



PHILLIPS RIVER MINING LIMITED

ACN 004 287 790

PRO RATA RIGHTS ISSUE REPLACEMENT PROSPECTUS

This Replacement Prospectus offers each Eligible Shareholder the right to acquire 3 New Shares for each 2 shares currently held, at an issue price of \$0.25 per Share.

If fully subscribed the Offer would raise \$13,401,443.75 and 53,605,775 New Shares would be issued.

The purpose of the Offer is to assist the Company apply for listing on ASX.

The Company will use any proceeds of the Offer for general working capital purposes, and the development of the assets of the Company.

The Company applied to the ASX for Official Quotation on 17 June 2016.

IMPORTANT NOTICE

This document should be read in its entirety. If you have any questions about the New Shares offered in this Replacement Prospectus, consult your stockbroker, accountant or other professional adviser.

The New Shares offered in this Replacement Prospectus should be considered speculative.

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1. SUMMARY OF ACTIVITIES

- On 23 May 2016 ASX removed Phillips River from the Official List as it had been inactive for 3 years.
- The Directors have completed some matters outlined in the Entitlements Issue Prospectus dated 21 March 2016 and the meeting of shareholders from May 2015 and now seeks listing on ASX. These include the acquisition of assets by the issue of 27,870,472 shares to interest associated with Lara and Kiwanda. These shares will be escrowed. The Company has also completed a 15% placement of 4,661,372 shares to various investors to raise \$1.1m.
- Shareholders should be aware that an investment in the Company should be considered as **SPECULATIVE** as the Company has no experience in mining for phosphate rock and in the absence of a resource report under the JORC Code there is uncertainty regarding the existence of any phosphate rock.
- The assets held by the Company have not been reported on as resources under the JORC Code and the exploratory work and mining activities have not been explored or reported on consistent with the current regulatory requirements. Accordingly the Directors will make no statements in the Replacement Prospectus which relate to the assets, the size of any resource in those assets or their relevant or expected value.
- Your Directors have carried out significant due diligence in respect of the assets and the resources and these reveal the opportunity for future activities. To the extent the ASX regulatory regime allows these matters are disclosed in the Replacement Prospectus.
- This Replacement Prospectus replaces a prospectus lodged with ASIC on 17 June 2016. There are several minor changes in this Replacement Prospectus to ensure that the disclosures are appropriate for the issue.

2. CORPORATE DIRECTORY

Directors

Mr. Christopher West (Chairman)
Mr. Mark Sumner (Managing Director)
Mr. Timothy Koster (Executive Director)

Company Secretary

Mr. Christopher West

Registered Office

Level 7, 92 Pitt Street
Sydney, NSW Australia

Telephone: +61 2 9236 4304

Website: www.phillipsriver.com.au

Share Registry

Advanced Share Registry Limited
110 Stirling Highway
Nedlands, WA 6009

Telephone: +61 8 9389 8033

Facsimile: +61 8 9389 7871

Solicitors

K & L Gates
Level 31
1 O'Connell Street
Sydney, NSW Australia

Telephone: +61 2 9513 2409

Facsimile: +61 2 9513 2399

Auditor

Nexia Court & Co
Level 16, 1 Market Street
Sydney, NSW Australia

Telephone: +61 2 9251 4600

Investigating Accountant

Nexia Court Financial Solutions Pty Ltd
Level 16, 1 Market Street
Sydney, NSW Australia

Telephone: +61 2 9251 4600

3. THIS REPLACEMENT PROSPECTUS

1. The date of this Replacement Prospectus is 18 July 2016.
2. There is no trading of rights provided for in this Replacement Prospectus.
3. The Directors understand that Kiwanda Mines and Spar Capital Nominees are expected to participate in the Offer.

4. TIMETABLE

This Offer of Shares will close on 20 July 2016.

Shares under the Offer will be allotted and issued immediately after the Offer has closed.

The Company, reserves the right to amend the Closing Date without notice, including (subject to the ASX Listing Rules and the Corporations Act), to close the Offer early, to extend the Offer, to accept late applications, either generally or in particular cases, or to withdraw the Offer before the allotment of New Shares.

If the Offer is withdrawn before the allotment of New Shares, all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.



Bahia Inglesa Plant

5. IMPORTANT NOTICES

OFFER

This Replacement Prospectus is issued by Phillips River Mining Limited (ACN 004 287 790). This Replacement Prospectus offers each Eligible Shareholder a right to acquire 3 New Shares for each 2 shares currently held, at an issue price of \$0.25 per Share.

RISK FACTORS

Subscribing for New Shares in the Company involves a number of risks. The key risk factors are set out in Section 12 of this Replacement Prospectus. They should be read carefully.

APPLICATION FOR RELISTING

Application for Official Quotation of the Company's Shares was made to the ASX on 17 June 2016.

The fact the ASX may grant Official Quotation of the Company's Shares is not to be taken as an indication of the merits of the Company or the New Shares offered in this Replacement Prospectus

NOTE TO INVESTORS

This Replacement Prospectus is dated **18 July 2016**. Applications may be accepted by the Company after the 7 day ASIC exposure period.

This Replacement Prospectus has been lodged with ASIC. ASIC and its officers take no responsibility for the contents of this Replacement Prospectus or the merits of the investment to which this Replacement Prospectus relates.

No New Shares may be issued on the basis of this Replacement Prospectus later than 13 months after the date of this Replacement Prospectus being 16 July 2017. No person is authorised to give information or to make any representation in connection with this Replacement Prospectus, which is not in the Replacement Prospectus. Any information or representation not in this Replacement Prospectus may not be relied on as being authorised by the Company in connection with this Replacement Prospectus.

It is important to read this Replacement Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, you should consider the risk factors that could affect the performance of the Company. No person guarantees the performance of the Company or the repayment of capital or any return on investment made pursuant to this Replacement Prospectus.

FORWARD LOOKING STATEMENTS

Various statements in this Replacement Prospectus constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed in this Replacement Prospectus.

Such factors include, but are not limited to:

- work expenditure commitments;
- the ability to raise sufficient capital to fund future exploration or development programs; and
- phosphate and coal qualities.

FINANCIAL AMOUNTS

The financial amounts in this Replacement Prospectus are in Australian dollars unless otherwise stated.

ELECTRONIC REPLACEMENT PROSPECTUS

A copy of this Replacement Prospectus can be downloaded from the Company's website at www.phillipsriver.com.au.

The Corporations Act prohibits any person giving another person an Application Form unless it is attached to a hard copy of this Replacement Prospectus or it accompanies the complete and unaltered version of this Replacement Prospectus.

6. DETAILS OF THE OFFER

OFFER

The Company is offering each Eligible Shareholder a right to subscribe for 3 New Shares for each 2 shares currently held, at an issue price of \$0.25 per New Share.

PURPOSE OF THE OFFER

The primary purpose of the Offer is to assist the Company's application to have its Shares admitted to trading on the ASX.

The Offer if fully subscribed would theoretically raise \$13,401,443.75. However the Directors have been advised that Lara Exploration does not intend to subscribe under the Offer. Accordingly the Offer table below specifies the Offer outcome without subscription by Lara Exploration.

The Company will use net proceeds of the Offer for general working capital purposes and the development of the Company's Assets.

Proceeds of the Offer:	Fully subscribed (including Lara Exploration).	Fully Subscribed (Excluding Lara Exploration)	Expected Proceeds
Proceeds	\$13,401,443	\$8,175,230	\$6,973,728
Usage of Funds:			
Asset Purchase	\$550,000	\$550,000	\$550,000
Working Capital	\$7,908,443	\$2,682,230	1,523,728
Debt Repayment*	\$4,900,000	\$4,900,000	4,900,000
Expenses of the Offers	\$43,000	\$43,000	\$43,000
Estimated total	\$13,401,443	\$8,175,230	\$6,973,728

* Please refer to Section 9.10 for detail regarding the "debt repayment".

ISSUED CAPITAL

As at the date of this Replacement Prospectus the Company has 35,737,183 Existing Shares on Issue. Based on the number of Shares at the date of this Replacement Prospectus up to 53,605,775 New Shares could be issued, which would raise \$13,401,443.75.

The Directors have been informed by Kiwanda Mines and Spar Capital Nominees Pty Limited that each intends to take up its full entitlement under this Replacement Prospectus, and that the Shares issued to it pursuant to this Replacement Prospectus will be on-transferred to third parties. The Directors have been advised that Lara Exploration is not expected to take up its share of the Offer and accordingly possible capital to be raised has been decreased by 20.9m shares and \$5.2m.

Should Kiwanda Mines and Spar Capital Nominees Pty Limited take up their full entitlements pursuant to this Replacement Prospectus and no other Shareholders take up entitlements then Kiwanda Mines would hold 30.75% of the Shares and Spar Capital Nominees Pty Limited would hold 30.75% of the Shares.

Kiwanda Mines and Spar Capital Nominees Pty Limited have informed the Directors that they intend to on-transfer the Shares acquired pursuant to this pro-rata entitlement offer to third parties.

RANKING OF NEW SHARES

The New Shares will be fully paid ordinary shares ranking equally with all Existing Shares.

NOMINEE FOR OVERSEAS SHAREHOLDERS

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document. The Company has decided not to make the Offer to overseas Shareholders who do not have a registered address in Australia, New Zealand, Singapore, Ireland, Peoples Republic of China, Hong Kong, Channel Islands, Switzerland, United States of America, Canada and the United Kingdom (**Overseas Shareholders**).

The Company has no Overseas Shareholder as defined.

MINIMUM SUBSCRIPTION

There is no minimum subscription by any Eligible Shareholder.

HOW TO PARTICIPATE IN THE OFFER

If you wish to participate in the Offer fill out the application attached to this Replacement Prospectus and send it to the Share Registry along with your payment.

Application Form:

- Fill in the number of New Shares you wish to apply for;
- Attach your cheque for the full number of New Shares applied for at \$0.25 per New Share and make the cheque payable to:
 “Phillips River Mining Limited Share Issue”; and
- Send the Form to the Company either by email to admin@advancedshare.com.au
or
- mail it to:
**Phillips River Mining Limited
C/- Advanced Share Registry Limited,
PO Box 1156,
Nedlands WA 6909**

CLOSING DATE

The Closing Date for the Offer is 20 July 2016 (**Closing Date**).

New Shares will be allotted immediately upon ASX advising that the Company's Shares will be listed, and statements of shareholding will be posted at that time.

The Directors reserve the right to vary, or extend the Closing Date.

NO UNDERWRITING

This Offer is not underwritten.

The Company has not received any formal commitments from any Shareholder in respect of their participation in the Offer. The Directors note that Kiwanda Mines and Spar Capital Nominees Pty Ltd have advised the Company that they intend to take up their full entitlement.

ASX LISTING

Application for Official Quotation by ASX of all Shares in the Company will be made to the ASX as soon as reasonably practicable following the lodgment of this Replacement Prospectus with ASIC.

If the ASX does not grant Official Quotation of the shares in the Company within 3 months of the Offer closing then the Company will not issue any New Shares and will return all Application Monies (without any interest).

WITHDRAWAL

The Company may at any time withdraw this Replacement Prospectus and the Offer and return all Application Monies in accordance with the Corporations Act and ASX Listing Rules.

ENQUIRIES

If you have any queries about your Entitlement or how to participate in the Offer, contact Phillips River Mining Limited on +61 2 9236 4304 from 9:00 am to 5:00 pm (AEST).

7. COMPANY INFORMATION

COMPANY INFORMATION

The Company is an Australian public company. The Company was previously on the official list of the ASX (ASX code: PRH) but was removed on 23 May 2016.

The Company was incorporated on 18 April 1951 and first admitted to ASX on 28 January 1993. The Company was removed from the official list in May 2016.

The primary Assets of the Company are located in South America with a presence in Chile (Copiapo, Bahia Inglesa) and Colombia (Bogota).

DIRECTORS

Christopher West – Chairman

Chris West has over 30 years of experience in corporate finance and resource funds management. He is the head of Spar Capital, a boutique fund manager. Between 1991 and 2007, Chris was the Head of Corporate Finance and Funds Management at Allco Finance Group, where he led a corporate finance and funds management team in over \$30 billion of public and private financings and had over \$15 billion in assets under management. Prior to Allco, Chris was the head of project finance and resources at State Bank of New South Wales, where he led a team geologists and engineers managing a \$1.5 billion portfolio of resource assets across coal, iron ore, oil & gas, bauxite and copper. Chris holds a Bachelor of Commerce from the University of New South Wales and a Master of Business Administration from the University of Sydney.

Timothy Koster - Executive Director

Mr Koster is an investment banking and business development professional with over 30 years of experience. He has a strong track record of establishing, financing and developing investment and operational businesses. Mr Koster established Azure Water and Energy Infrastructure Fund focused on Middle East water and energy utility assets. He also established Convergence Capital, a structured finance and business development investment bank, based in Australia and the Dubai International Finance Centre. He has funded several acquisitions and divestments of mining assets in Australia and China.

Mark Sumner – Managing Director

Mark Sumner is the founder of Kiwanda Group. Prior to founding Kiwanda Group in 2008, Mark was an investment specialist at Madison Avenue Financial Group, a private wealth boutique with approximately \$220 million in assets under management. Since 2008, Mark has been the Managing Director of Kiwanda Group. As Managing Director of Kiwanda Group, Mark has arranged private and public equity investments into oil, natural gas, gold, zinc/lead, iron ore and gold projects in Asia, South America and Sub-Saharan Africa.

8. ASSETS

The primary objective is to expand the operations of the Company's Assets in a professional way to generate cash flow at the earliest opportunity.

The Company holds the following assets.

Phosphate

The Bahia Inglesa phosphate mine in northern Chile has been in active production for about 25 years. The Company's plan is to progressively increase existing phosphate production on-site from its current 10,000 tonnes per annum ("tpa") to initially 50,000tpa. That level of production may not be achieved and may be affected by many factors including no phosphate resource or insufficient phosphate to support that level of production. Subsequent activities will seek to increase production further.

The on-site mining equipment has been assessed by the Company's advisors as being capable of producing the 50,000tpa intended by the Company. Production is currently occurring. While historically the equipment has produced 50,000tpa of product, historical activities should not be taken as a guide to future activities.



Existing Bahia Inglesa plant and equipment



Bahia Inglesa mine yard

The mining operations are carried out by a local mining contractor who has been in place for many years.

The mine has not been estimated or measured as a JORC compliant resource. The Directors and their advisers have carried out due diligence in respect of the operations. The Directors are satisfied that phosphate is produced from the mine and that it exists. The phosphate rock product is on the surface and near to the surface (pellets and fines).

The mine is in the Atacama Desert with minimal vegetation coverage. The license area is quite large – basically a rectangular plot approximately 20 kilometers by 12 kilometers.

The Company carried out a trenching program in July 2015 which confirmed previous drill results undertaken by the government and by the vendor. None of this work satisfies the JORC Code for reporting a resource and accordingly we do not provide the results under the ASX regulatory framework, or the previous results from drilling activities.

The material gathered under the trenching programme was sent to laboratories in Canada and was checked by the on-site laboratory in Bahia Inglesa. Concentrations of P₂O₅ (phosphorous pentoxide) the active constituent in phosphate rock, occurred in a range consistent with the original studies carried out by the Chilean government authorities and the product sold by the existing mine owner. Both laboratories provided similar results.

The Company has carried out laboratory tests on random samples of the retail based product currently produced at the mine – the label on the bag placed the P₂O₅ at 19%. The existing operations produce a bagged product (small and large bags) which are delivered directly to distributors and farmers. The phosphate rock produced and sold is a direct application fertiliser at a notional and labelled 19% P₂O₅ which suits the acidic Chilean soils.

The capacity to increase production to initially 50,000tpa and subsequently higher levels has a number of risks and conditions which need to be satisfied, these include and are not limited to the Risks outlined in Section 11 of the Replacement Prospectus. Other matters to be satisfied include:

- The existence of sufficient raw material to actually produce bags of phosphate rock. While the Directors have some confidence on this matter there is no JORC compliant resource measurement in place. Should there prove to be insufficient resource or in too low a concentration available then the Company will be unable to produce sufficient product to satisfy its objective of producing and selling 50,000tpa.
- The existing mining contractor may not be able to produce sufficient quantity of product or may mismanage its operations. This would mean that even though the contractor and staff have been on-site for an extended period of time that there would be insufficient product produced to reach the objective of 50,000tpa.
- The Company has retained the existing General Manager of the mine on a 3 year contract. The General Manager may prove to be ineffective in running the mine and its operations particularly at higher levels of production in which case the Company's capacity to reach its objective of 50,000tpa of product would be compromised or not achieved.
- In particular Investors should note that the Company may never achieve the stated objective of increasing production to 50,000tpa.
- The ongoing provision and periodic renewal of mining permits and licenses is necessary to ensure the product can be produced.

Historical mining costs at Bahia Inglesa have ranged between US\$45 and US\$75 per tonne. Recent sale prices of the Bahia Inglesa product have typically been from US\$115 to US\$125 per tonne on a delivered basis in Santiago, Chile. Past results are not indicative of future performance and the Company can give no assurance that these mining costs will be able to be achieved in the future.

No forecasts of future financial performance have been included in this Replacement Prospectus. As production is increased certain fixed costs are spread over a larger production base and the cost per tonne decreases.

The proposed further exploration program involves a drill program and basin floor modeling. The Directors have established a target JORC resource for the entire site (both Bahia Inglesa and Ki). Permits and environmental approvals are in place for the drill program and existing licenses are in place for mining operations of 50,000 tonnes per annum.

Competent Person's Statement

The information in this Replacement Prospectus that relates to the mining assets is based on information compiled by Andre Gauthier who is qualified to provide such information under the 2012 edition of the JORC Code. Andre Gauthier is a consultant to Gold Holdings Limited and has been retained by Phillips River. Andre Gauthier has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which is being undertaken to qualify as a Competent Person as defined in the JORC Code. The relevant professional body to which Mr Andre Gauthier belongs to qualify him as a Competent Person for JORC purposes is the Ordre des Ingénieurs du Québec (Quebec Institute of Engineers) which is a JORC Recognised Professional Organisation.

Andre Gauthier has consented in writing to the inclusion in this Replacement Prospectus of the matters based on his information in the form and context in which it appears. The original report dated 2 April 2015 may be viewed as the attachment to the Explanatory Memorandum prepared for the Company's General Meeting held on 15 May 2015. The report is available to view on the Company's website www.phillipsriver.com.au

The Company is not aware of any new information other than the information in this Replacement Prospectus. A direct extract from the original JORC report for the Bahia Inglesa mine prepared by the Competent Person follows:

"Bahia Inglesa

*The phosphate mineralization at Bahia Inglesa was initially located on the follow up of airborne radiometric anomalies by the Chilean state agencies CORFO (Corporación de Fomento) and CCHEN (Comisión Chilena de Energía Nuclear). The focus of initial investigation was to locate a potential uranium resource. Phosphate was subsequently discovered at the site. CORFO and CCHEN conducted an extensive exploration program in the project area from 1983 to 1985. Work included geologic mapping, 929 meters of reverse circulation drilling in 50 drill holes, 154 vertical meters of pitting in 27 pits and surface sampling, various metallurgical test work and resource studies. CORFO and CCHEN calculated total resources in all categories for P2O5. They then estimated the size of the resource (**Noted: Directors have deleted the reference to the reported size of the resource as it is not JORC compliant**) The resource estimate was completed in the 1980's and is not compliant with the JORC mineral reporting code.*

The Bahia Inglesa phosphate deposits are typical of sedimentary hosted phosphate deposits and are hosted in the Miocene to Pliocene formations of the Bahia Inglesa Formation. This is comprised of up to 42 m siltstones, fine sands, shelly coquinas pebble beds, and phosphate-rich rocks deposited on a crystalline basement, composed of Paleozoic metamorphic rocks and Cretaceous granitoids. These deposits represent a near shore shallow marine setting. It is partially covered in some localities by a thin cover of Pliocene clastic and chemical sediments.

The principal target area lies in a 20 km by 12 km graben-like basin along the coast between Bahia Inglesa and the Copiapó River. Within the broad target area outliers of basement occur and there are a number of sub-basins separated by basement highs. Phosphate mineralization occurs in the upper part of the Bahia Inglesa Formation in 3

different stratigraphic locations. The Lower Phosphate Manto is an extensive unit 0.1 to 0.4 meters thick and is hosted within the lower part of a sandstone-siltstone unit. One to 2 meters above the Lower Phosphate Manto is the Main Manto which is up to 2 meters thick and consists of a phosphate pebble conglomerate. The third type of mineralization is described as fluvial deposits which are up to 7 meters thick and consist of conglomeratic units interbedded with phosphatic sandstones. Clasts in the conglomerates are described as consisting of 70% phosphorite and 30% basement lithologies.” END OF EXTRACT FROM COMPETENT PERSON’S JORC REPORT

Phosphate Rock

Phosphorus is one of the essential nutritional elements for plant growth.

- Phosphorus is consumed as the part of the principal component of the nitrogen-phosphorus-potassium fertiliser cycle used on food crops.
- Phosphate rock minerals are the only significant global resources of phosphorus.
- Major producing countries of phosphate rock include: Morocco, USA, Russia, Tunisia, South Africa.
- Major producers include: Yuntianhua Group; Mosaic Co.; Groupe OCP; PhosAgro; CPG-GTC; Foskor.

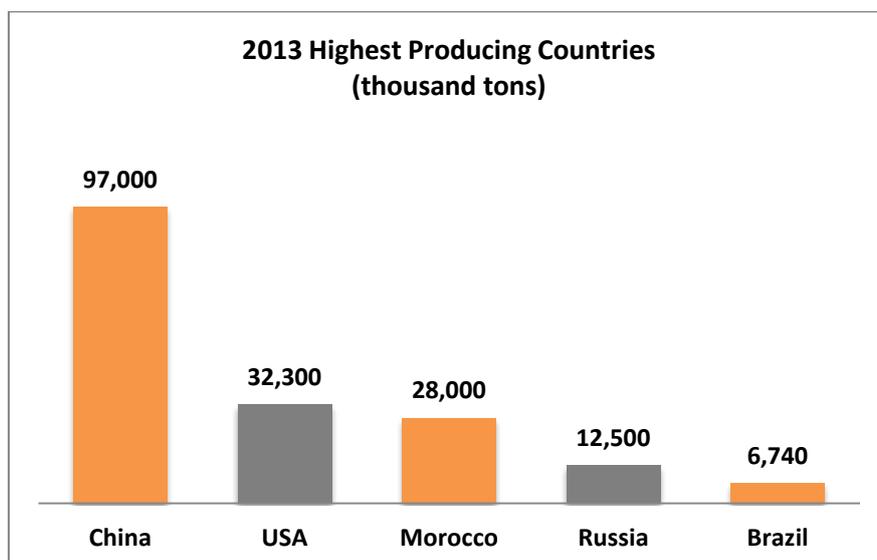


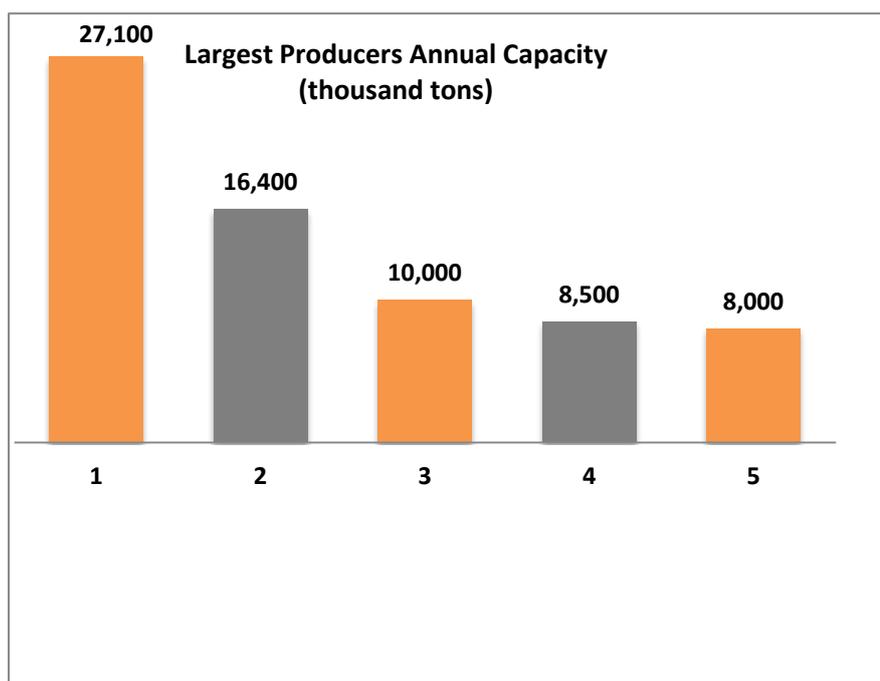
Bahia Inglesa Rock Phosphate Nodules

- Most phosphate rock goes into the production of phosphate based chemical fertilisers (eg MAP and Diammonium Phosphate (DAP) or more commonly known as superphosphate).
- Corn and cotton are the most nutrient intensive crops and typically consume more phosphate rock than most common crops.

Sources: USGS Mineral Commodity Summary: Phosphate Rock 2013, CRU Group Phosphates 2013

The Market for Phosphate Rock





Sources: USGS Mineral Commodity Summary: Phosphate Rock 2013
CRU Group Phosphates 2013

Major Markets

- Latin America is expected to account for 19.3% of the future annual demand growth for phosphate rock.
- Expected growth rate in global demand for phosphate-based fertilisers is approximately 2%pa.
- Brazil's demand growth is expected to grow by more than 5% annually in the next 5 years.
- Latin America currently imports the majority of its consumed phosphate rock from Morocco.

Chilean Phosphate Market

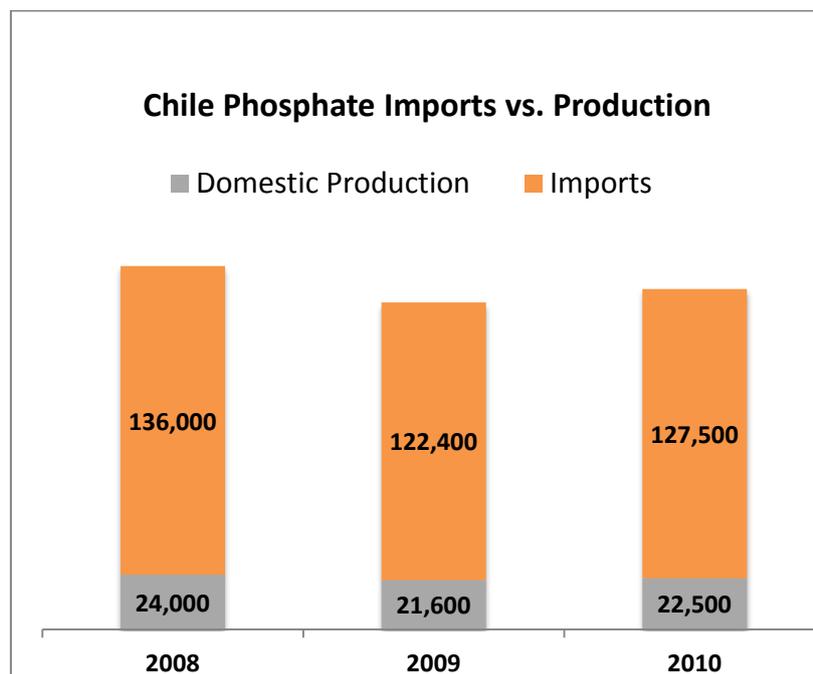
Chile currently imports 85% of its annual phosphate rock and phosphate-based fertiliser needs in the form of super phosphate, Diammonium Phosphate (DAP) from USA and Mexico and Monoammonium Phosphate (MAP) from USA.

The Company's main objective is to satisfy Chilean demand for phosphate and phosphate based fertilisers. Following this the other nearby markets of Argentina and Brazil will be targeted. The Company will be targeting price based results and will not be limited by individual markets or a desire to only satisfy local demand.

The Chilean market for phosphate rock lies to the south of Bahia Inglesa, straight down the Pan American highway. Road transport is simple and effective even though the main agricultural areas are between 300 and 800kms south. At targeted production of 100,000tpa this would be truck movements of less than 10 per day.



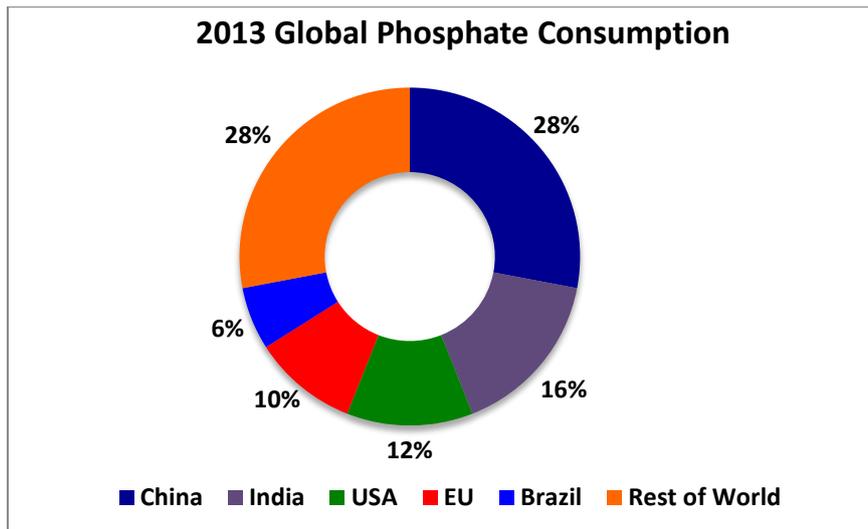
Unmined license area to horizon



Sources: CRU Group 2013
 Agrium 2011 Annual Report
 USGS Minerals Industry of Chile 2012

There is also direct road access between Chile and Argentina, Brazil, Uruguay and Bolivia. The easiest secondary market after Chile, for Bahia Inglesa phosphate is the northern Argentinian agricultural areas. There are a number of roads linking Copiapo to the border with Argentina. These roads then lead on to the northern provinces of Argentina and the southern states of Brazil and its agricultural areas.

Brazil is Latin America's largest fertiliser consumer and accounts for 57% of all Latin American fertiliser consumption. Over 50% of fertiliser consumed in Brazil is imported by sea and then trans-shipped internally to the agricultural areas.



Global population is projected to reach over 9 billion by 2050. Global crop output will need to expand to meet the larger population demand for food – by increased yields and expanded acreage.

Sources: Mosaic Co. Annual Report; World Agriculture Towards 2030/2050: June 2012. Agricultural Development Economics Division. FAO of the United Nations; United States Census Bureau 2014; CRU Group Phosphates 2013

Argentina is the region’s second largest fertiliser consumer and the second largest phosphate importer in the region. Due to the direct road access, the Company will be competitive in product delivery to the region’s largest phosphate users. As these agricultural areas are well inland the Company will hold a competitive price advantage. Alternative users will need to import by ship and then transport via road – the product from Bahia Inglesa will be directly loaded onto trucks and transported via road with no trans-shipping requirements.

There is also a freight train service which runs from Antofogasta, Chile (to the north of Bahia Inglesa) to Salta Province in Argentina. This service currently carries numerous bulk products including lithium, copper, salt, borax, butane etc.

The Bahia Inglesa phosphate mine sells marine chemical sediment phosphate rock (phosphorus pentoxide) with minor processing is upgraded to market levels. It is noted that the existing product is sold in bags marked as 19% P₂O₅ direct application fertiliser. Distributors have stated that the product competes successfully with global phosphate rock providers.

Phosphate rock for agricultural users is determined by the general reactivity of the product. All products are not the same. Bahia Inglesa produced phosphate rock is comparable to rock produced in North Carolina, Florida and Morocco, so it sits broadly in the middle of the range of global suppliers. In the final analysis the Bahia Inglesa phosphate rock product can be sold as feedstock into the wholesale market for superphosphate where it is not sold as direct application fertiliser.

PHOSPHATE ASSETS

1. Bahia Inglesa

The Company has the right to acquire 100% of certain mining licenses at Bahia Inglesa, Copiapo, Chile covering 6,090 hectares and consisting of:

- 277 tenements (1,385 hectares total) owned by SCM.
- 941 tenements (4,705 hectares total) owned by BiFox.

To exercise the BiFox/SCM Option, the Company must pay the following amounts and royalty:

Milestone	Payment (USD)	Condition
Execution of "Purchase Option Agreement"	\$400,000	Cash payment due upon date of signing of the "Purchase Option Agreement".
12 Months	\$3,000,000	Cash payment due 12 months from date of "Purchase Option Agreement"
24 Months	\$8,000,000	Cash payment 24 months from date of "Purchase Option Agreement"
48 Months	\$2,000,000	Cash payment 24 months from date of "Purchase Option Agreement", payable if phosphate concentrate (30% P ₂ O ₅) prices are greater than US \$200 per ton
Production Royalty	2%	Payable on production if phosphate concentrate (30%) prices are less than US\$200 per ton.
Production Royalty	3%	Payable on production if phosphate concentrate (30%) prices are between US\$200 and US\$300 per ton.
Production Royalty	5%	Payable on production if phosphate concentrate (30%) prices are greater than US\$300 per ton.

BiFox/SCM Fine

The Civil Court of Copiapo has previously ruled that SCM and Bifox have undertaken mining activities in a reserved area which resulted in environmental damage and disturbance. SCM and Bifox have been fined a total of CH\$3122.360.430 (approximately US\$5 million) with respect to the environmental damage caused by them ("**Court Ruling**").

The Court Ruling related to the disturbance of a paleontological site which was reserved within the licensed area. The disturbed environmental area has since been fenced off. SCM and Bifox are also required to provide reparations to the disturbed area.

Kiwanda and Phillips River are not subject to these arrangements. However, the parties cannot enter into the Purchase Option Agreement without BiFox and SCM satisfying the fines.

The fine imposed on the vendors of the Bahia Inglesa mine is a corporate fine. Pending the resolution of the fine and the restitution works at the site it is agreed that the site may be leased by the Company. The lease provides for full unfettered access to the site and the carriage of all operations at the site.

SCM and Bifox have requested assistance from Kiwanda and Lara (the "Sponsors") in assisting with the negotiations with the Chilean Government in relation to the fine. The legal representatives of the Sponsors have had an initial meeting with the head of the Chilean government department to explore avenues for completion of the discussions.

The Sponsors have presented to the government a formal plan of management for the disturbed area. There are some scientific issues to be completed and resolved regarding the plan of management by the government. These include the preservation of existing paleontological remains that have been exposed from the historical mining and professional advice is being sought on these issues. The parties do not consider these as difficult issues given the location in the Atacama Desert and the very low impact of the environment on the disturbed area. It is expected to take some months to resolve the agreement on reinstatement once the plan of management is approved. The implementation of the plan is expected to cost less than US\$100,000. This is a cost to SCM and Bifox and not to the Company.

Following agreement on the reinstatement of the disturbed area the government has indicated that further discussions on the fine may be lodged.

2. Ki Exploration Licenses

The Company owns 50% of the "Ki Exploration Licenses", and the right to acquire the remaining 50%. The KI Exploration Licenses are a series of 53 exploration licences adjacent to the BiFox/SCM mining properties covering a total area of approximately 19,900 hectares. These are exploration licenses and permits which are held to carry out exploration activities and in particular a mandated drill programme. The exploration permits are precautionary as the basin surrounding Bahia Inglesa is encompassed in the KI licenses. The Directors have carried out minor trenching activities and review of the area. The trenching has established that the phosphate seams evident in Bahia Inglesa extend to the KI ground. As the area of the licenses is some 200 square kilometres in the Atacama Desert the resource is not fully explored. There are no mining activities on site and as far as the Directors are aware there have never been any activities other than the preliminary Kiwanda trenching programme.

The Directors commissioned MEC Mining to establish an exploration programme for the site and this has been prepared but not implemented. The licenses are renewed periodically each 2 years. The company intends to continue renewal at least until the exploration programme has been completed.

COAL ASSETS

The Company holds the following coal interests:

1. 23.48% Ownership of the Issued and Outstanding Securities of Carbhid SAS

The Company owns a 50% interest and the right to acquire the other 50% of a 23.48% interest in Carbhid SAS, a Colombia-based coal mining company with offices in Bogota (“Carbhid”). Carbhid is the owner and operator of the:

Escalones Coal Mining Property in the Boyaca Department of Colombia.

- Full mining permit in place.
- 90.58 hectares of licensed mining area.
- Environmental permit in force and environmental management plan approved.

El Diamante & Carbhid-2 Mines:

- Development and investment plan scales monthly capacity up to 1,000 tons per month by end of 2015.

Carbhid-4:

- Cisquera bed targeted for multiple mine shafts.
- Additional mine to be brought online in 2016.
- Development plan sequentially add four more declines to increase output significantly.

Cisquera Coal Quality	
Gross Calorific Value:	7,700 kcal/kg
Free Swelling Index:	5.0
Sulfur:	0.8%
Volatile Matter:	30%
Ash:	9%

2. Escalones Coal Mining Lease Option

The Company has an option to acquire from Carbhid a 51% interest in the Escalones Mining Lease. The lease covers the Escalones Mining Property. The option allows the Company to earn a 51% interest in the Escalones Mining Lease by funding further development costs associated with the build-out of mining shafts, equipment upgrades and general production capacity expansion.

Escalones Coal Mining Block:

- In production
- Off-take contracts in place.
- Significant expansion potential.

Production

Sale price is variable over time but averages US\$49 per ton or a gross margin of US\$13 per ton. There is a firm off-take agreement in place with Emgesa for the production of the mine. Emgesa operates 12 coal fired power stations in Colombia.

3. Pelaya Coal Project Option

The Pelaya Coal Project is located in the Cesar Department of Colombia and comprises one exploration license totalling 1,642 hectares. The Company has the right to acquire the "Pelaya Option", which is an option to acquire a 100% interest in the Pelaya Coal Project's exploration license, conditional upon the Company paying, and achieving, the following:

Milestone	Date	Cash Payment (USD)	Work Expenditure (USD)
Signing the "Pelaya Option Agreement"	Upon Signing	\$350,000	-
Exploration Commitment	Years 1-4	-	\$5,000,000
Payment	12 months from the date of the Pelaya Option Agreement	\$200,000	-
Payment	24 months from the date of the Pelaya Option Agreement	\$200,000	-
Feasibility Study	2 Years from the date of the Pelaya Option Agreement	-	\$3,000,000
Payment	36 months from the date of the Pelaya Option Agreement	\$200,000	-
Payment	48 months from the date of the Pelaya Option Agreement	\$350,000	-
Payment	60 months from the date of the Pelaya Option Agreement	\$2,500,000	-
TOTAL	-	\$3,800,000	\$8,000,000

An initial US\$60,000 down payment has been made towards the first \$350,000 execution payment.

The project is a coal-bearing sedimentary sequence through Quaternary-age cover with indications of a potential world class coal deposit. Pelaya is adjacent to Prodeco Group's (Glencore/Xstrata) metallurgical coal exploration program in Cesar. Five priority diamond drill targets have been identified for a 2,000 meter drill program.

9. FINANCIAL INFORMATION

9.1 Information deemed to be incorporated in this Replacement Prospectus

In accordance with section 712 of the Corporations Act, this Replacement Prospectus incorporates all other necessary financial information by reference to information contained in the Relevant Financial Statements including the 2015 Annual Report and audited accounts.

Investors and their professional advisers are able to obtain copies of the Relevant Financial Statement for 2015 and previous years free of charge by contacting the Company at its registered office during normal business hours prior to the Closing Date. The Relevant Financial Statement is also available by searching ASIC or the ASX' s (ASX code: PRH) records relating to the Company.

9.2 Contents of included documents to be incorporated

Set out below is a summary of the information contained in the Relevant Financial Statements that is deemed to be incorporated in this Replacement Prospectus:

- (a) **2015 Annual Report,**
- (b) **2014 Annual Report,**
- (c) **2013 Annual report and**
- (d) **2012 Annual Report,**

showing the following:

- (i) Consolidated Statement of Profit or Loss and Other Comprehensive Income;
- (ii) Consolidated Statement of Financial Position;
- (iii) Consolidated Statement of Changes in Equity;
- (iv) Consolidated Statement of Cash Flows; and
- (v) Notes to the Financial Statements.

9.3 Operational and Expenditure Plans of the Company – Working Capital

The Company will accept subscription for New Shares to raise up to \$13.4 million. The Company has enough working capital to carry out its stated objectives regardless of the outcome of this offering. Working Capital for ASX listing purposes is required to be a minimum of \$1.5m after providing for the first years administration costs of the Company. The Company has a low level of administration costs.

Working Capital	A\$'000
Cash as per Replacement Prospectus	1,842
Add:	
Trade Receivables	22
Prepayment and other assets	1
Less:	
Current liabilities	-
First year's budgeted admin costs	(245)
Cost of acquiring plant, equipment, tenements already deducted from cash balance	-
Working capital as per ASX	1,620

9.4 Operational and Expenditure Plans of the Company - Use of Funds

The Company's expenditure plans are the best estimates available to the Company at this time, however these things are subject to changes in line with results as they emerge, on-site conditions and other circumstances and opportunities.

The Company has assumed various operating parameters to establish net cashflow from operations of \$1m. The main assumptions are as follows:

- Production of phosphate rock is increased to 40,000tpa (rather than the higher 50,000tpa)
- Operating costs (ie mining costs) per tonne are estimated at US\$50 per tonne
- Phosphate rock price per tonne US\$115
- Mine Administration costs US\$88,000 per annum
- Management and administration costs are US\$350,000 per annum
- Executive salaries US\$360,000 per annum

The assumptions have then been further discounted - revenue from sales by approximately 50% and the full value of costs is taken on the assumption of 50,000tpa of production in reaching the estimated cashflow from operations. The Company believes this is a prudent approach to estimated cashflow. There is no guarantee however that any of the assumptions will be accurate or be delivered. While the information and assumptions are all based upon historical performance this should not be taken as guide to future activities or future performance of the Company and its cashflow. This is not a forecast and has only been included so potential investors can evaluate the prospects for the Company from operations.

The Directors have carried out sufficient investigations on the operations of the mine to be satisfied that working capital will be sufficient at each point in time.

The Company has the intention and the capacity to pay the further cash payments as required for the Bahia Inglesa Project and Pelaya Coal Project.

9.5 Dividends

The Directors have resolved that the intent of the Company is to generate cashflow as soon as possible. Shareholders should be rewarded with dividends as soon as this is possible.

The Company will be in development mode for some time as it expands production and this will take a portion of the cashflow. The development of the assets and early dividends to shareholders are competing activities. It is the Director's policy to balance the two and plan to have cashflow equally devoted to further asset development and dividend payments.

9.6 Effect of the Offer – General

The principal effect of the Offer is expected to be minimal however any net proceeds will:

- (i) increase the Company's cash reserves by the net proceeds of the Offer; and
- (ii) increase the number of Shares on issue by the number applied for (up to 53,605,775).

9.7 Effect – Share capital

If all Eligible Shareholders take up their rights in full, the Offer will have no effect on the control of the Company. Each Shareholder should be aware that if they do not participate in the Offer and all other Shareholders do participate in the Offer, their holdings are likely to be diluted by approximately 53.6m Shares (as compared to their holdings and number of shares on issue as at the date of this Replacement Prospectus).

9.8 No Underwriting

The Offer is not underwritten.

9.9 Other Information related to the New Shares

For the purpose of satisfying the ASX Information Form, the Company confirms the following:

- **Partly-paid securities:** The Company has no partly-paid securities on issue and no call program in place.
- **Employee Incentive Scheme:** The Company has no employee incentive scheme in place.
- **Dividend or distribution plan:** The Company has no dividend or distribution plan in place.

9.10 Loan and Funding Activities of the Company

Kiwanda Australia has provided loan facilities to the Company. The repayment value of these loans when fully drawn is approximately \$4.9 million. The Company has currently drawn down funds with a repayment value of \$4,084,000 under the loan facility. Kiwanda Australia in turn has borrowed funds from Kiwanda Mines on equivalent terms.

The Company will use \$4,084,000 of the proceeds of this Rights offer and the placement completed on 9 June 2015 to fully repay the loans which have been provided by Kiwanda Australia. As such, the loans to the Company by Kiwanda Australia will be repaid from equity subscriptions, including subscriptions received from Kiwanda Mines. It is our understanding that Kiwanda Australia will in turn repay the funds it owes to Kiwanda Mines.

In order to loan the above funds to Kiwanda Australia, Kiwanda Mines has borrowed funds from various investors in the form of convertible notes (**Convertible Notes**). The terms of the Convertible Notes are such that at the re-listing of the shares of the Company, at the Convertible Note investor's option, the Convertible Notes may be converted into ordinary shares in the Company. In the event that this conversion occurs then Convertible Note holders will receive shares in the Company equal to 150% of the face value of the Convertible Note which they hold. The shares in the Company for the purposes of this conversion are valued at \$0.30 (being the share value that Phillips River used in acquiring the Kiwanda Assets). These shares are not sourced from the Company – instead they come from the Shares held by Kiwanda Mines in Phillips River. The conversion or otherwise of the Convertible Notes has no dilutionary or other effect on Shareholders.

It is noted that the loan facilities provided by Kiwanda Australia to the Company are recorded as an equity instrument under the Accounting Standards. While the auditors have correctly classified the exposure under the Accounting Standards, the Company views the exposure as a loan which is repayable at its maturity. The table at Section 6 detailing the Use of Proceeds identifies that \$4,084,000 is used as debt repayment. Accordingly while the Company views the repayment as a debt repayment of monies owed, the accounting treatment recognises it as an adjustment to the equity of the Company with an attached expense. Therefore the Company's balance sheet does not have a "loan" of \$4,084,000 appearing on it either before or after this Offer.

The Directors of the Company are of the view that recognition of the exposure to Kiwanda Australia as either debt and or equity does not affect the cash outcome for the Company – the Company repays the obligation owed to Kiwanda Australia and the cash in the Company remains unaffected.

The Company has also been provided with new debt facilities from third party lenders to assist in the further working capital requirements of the Company. These loans are fully drawn advances and bear interest at 15%pa payable at maturity. The loans are repayable after 12 months. Kiwanda Mines has provided the lenders with the capacity to have the loan funds repaid and to acquire shares in the Company at the lenders option.

9.11 Pro-forma balance sheet

The pro forma balance sheet has been prepared for illustrative purposes to show the impact of the transactions described below as if they had occurred at 31 December 2015. The balance sheet at 31 December 2015 was reviewed by Nexia Court & Co. Nexia Court & Co gave an unqualified review opinion with an emphasis of matter that the going concern of the Company was dependent on a successful equity raising and the continued support of Kiwanda Australia.

The pro-forma balance sheet as at 31 December 2015 has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards, although it is in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act. The pro-forma balance sheet has been reviewed by Nexia Court Financial Solutions Pty Ltd.

The information in this section should be read in conjunction with the Risk Factors set out in section 11 and other information contained in this Replacement Prospectus.

A\$'000	As at 31 Dec.2015	Adjustments					As at 31 Dec.2015
	Reviewed	Additional borrowing (note 1)	Acquisition (note 2)	Repay debt (note 3 and 4)	Placement and Offer (note 5)	Bifox Option (note 6)	Pro- forma
Assets							
Current assets							
Cash and cash equivalents	3	696	983	(3,703)	4,434	(571)	1,842
Trade and other receivables	22	-	-	-	-	-	22
Loan receivable from associates	-	350	185	864	-	571	1,970
Prepayment and other assets	1	-	-	-	-	-	1
Total Current Assets	26	1,046	1,168	(2,839)	4,434	-	3,835
Non-current assets							
Property, Plant and Equipment	5	-	-	-	-	-	5
Investment in associates	-	-	1,981	-	-	-	1,981
Total non-current assets	5	-	1,981	-	-	-	1,986
Total Assets	31	1,046	3,149	(2,839)	4,434	-	5,821
Liabilities							
Current liabilities							
Trade and other payables	(87)	(252)	-	339	-	-	-
Funds received in advance	-	-	(1,067)	-	1,067	-	-
Loan from Kiwanda Australia	-	(167)	167	-	-	-	-
Total current liabilities	(87)	(419)	(900)	339	1,067	-	-
Non-current liabilities							
Interest bearing loans and borrowings	-	(607)	-	-	-	-	(607)
Provisions	-	-	(192)	-	-	-	(192)
Total non-current liabilities	-	(607)	(192)	-	-	-	(799)
Total Liabilities	(87)	(1,026)	(1,092)	339	1,067	-	(799)
Net Assets	(56)	20	2,057	(2,500)	5,501	-	5,022
Equity							
Issued capital	58,595	(105)	389	2,298	5,459	-	66,636
Reserves	-	-	954	-	-	-	954
Notes	1,603	2,481	714	(4,798)	-	-	-
Accumulated losses	(60,254)	(2,356)	-	-	42	-	(62,568)
Total equity	(56)	20	2,057	(2,500)	5,501	-	5,022

Adjustments

1. **Additional borrowings** – Subsequent to 31 December 2015, the Company has drawn down a further A\$167,000 in funding under the short term loan agreement with Kiwanda Australia to provide additional working capital to the Company and for additional funding of \$350,000 to the Coal Alliance and Phosphate Alliance, which will be associated companies on completion of the Offer. Additional trade creditors of \$252,000 were incurred and will be repaid out of the proceeds of the Offer.

The Company has borrowed a further \$658,000 to fund working capital. The terms of these borrowings are discussed in section 9.10. Costs of \$50,666 were incurred in respect of the borrowings, payable to unrelated parties via Spar Capital which is a related party. The amount of \$607,334 recognised in the pro forma balance sheet reflects the loan less borrowing costs in accordance with Australian Accounting Standards.

On 23 May 2016, the final repayment terms of the notes payable to Kiwanda Australia were agreed such that \$4,084,000 will be repaid in cash. As a result all interest charges and the 150% increase in face value as described in section 9.10 were crystallised resulting in an expense of \$2,190,000. The movement in notes is discussed below at note 3.

2. **Acquisition** – on 24 May 2016, Kiwanda Mines transferred its 50% interest in the Kiwanda Assets to Kiwanda Australia and on 9 June 2016, the Company acquired Kiwanda Australia and therefore the 50% interest in the Kiwanda Assets from Kiwanda Mines in accordance with the Heads of Agreement as set out in section 17 – Material Contracts. The remaining 50% to be acquired from Lara is subject to an escrow agreement dated 23 June 2016 as set out in section 17 – Material Contracts. The acquisition of the remaining 50% is conditional on a number of events, including the listing of the Company on the ASX and the repayment of US\$570,000 in promissory notes to Lara.

The Company has issued 13,935,236 shares, 11,703,991 options, 14,067,367 contingent shares and 12,441,250 contingent options to Kiwanda Mines as consideration for the Acquisition. In addition, royalties are also payable on the achievement of production milestones as discussed in section 17- Material Contracts.

Under the terms of the terms of the Andean Phosphate Agreement and South American Coal Alliance Agreements (see section 17 – Material Contracts) the Company will not have control over the Kiwanda Assets as a result of its 50% interest and therefore the Directors have recognised the investment as an acquisition of assets rather than the acquisition of a business. As a result, the investment in the Kiwanda Assets has been recognised in the pro forma as an investment in associates. As Kiwanda Australia is wholly owned it is consolidated in the pro forma balance sheet in accordance with Australian Accounting Standards.

The pro forma adjustment to recognise the fair value of the investment in associates, being the Kiwanda Assets, is based on updated valuations prepared by the Independent Valuer in December 2015 and Directors' valuations of the BiFox/SCM Option and Escalones Option based on the updated valuations.

3. **Repayment of notes**—Kiwanda Australia has provided funding via notes. The Directors have deemed that this form of borrowing has characteristics which are closer to equity than debt, and accordingly have deemed this funding as an equity instrument. Accordingly, the funding via the Kiwanda Australia notes has been accounted for as an equity instrument in accordance with Australian Accounting Standards in Phillips River's 31 December 2015 balance sheet. The notes are issued at a 30% discount to face value and have a 15% pa coupon, payable on maturity and are redeemed at 150% of their face value. The terms of the notes are set out in section 9.10.

Following the Acquisition and Offer, all notes will be repaid. The movement in notes is summarised below:

	\$'000
Notes issued to Kiwanda Australia at 31 December 2015	1,603
Additional amounts drawn down subsequent to 31 December 2015	291
Expense recognised on repayment (see note 2)	2,190
Phillips River Notes at 23 May 2016	4,084
Consolidation elimination on control of Kiwanda Australia	(4,084)
Notes issued to Kiwanda Mines by Kiwanda Australia recognised on control of Kiwanda Australia (see section 9.10)	4,798
Repayment of notes	(4,798)
Pro forma notes	-

4. **Repayment of other Borrowings** – the pro forma adjustment reflects the repayment of the Company's trade creditors of \$339,000 and the repayment of \$864,000 in loans to Kiwanda Group LLC and Kiwanda Mines on behalf of associated companies.
5. **Placement of shares and Offer** – on 9 June 2016 the Company completed a placement for 15% of the issued capital, raising \$1,165,343 through the issue of 4,661,372 shares at \$0.25 cents. The pro forma adjustment for the Offer reflects the issue of 18,003,028 shares at \$0.25 a share raising \$4,500,757. Of this amount \$1,067,000 has been received in advance by Kiwanda Australia and will be settled through the issue of shares.

The cash received as a result of the placement of shares and Offer is summarised below:

	\$'000
Proceeds from the placement of shares	1,165
Proceeds from Offer	4,501
Gross proceeds	5,666
Amounts received in advance by Kiwanda Australia	(1,067)
Transaction costs	(165)
Total adjustment	4,434

6. **Initial payment under the Bifox/SCM Option** – the adjustments reflect the payment of US\$400,000 for the execution of the Bifox/SCM Option as set out in section 8.

10. RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES

The following is a summary of the rights and liabilities attaching to the New Shares being offered in this Replacement Prospectus. This summary is not exhaustive.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

Rights and Liabilities of Shares

General Meetings

Shareholders are entitled to attend and vote at general meetings of the Company. Shareholders may requisition meetings of the Company.

Voting Rights

- Each Shareholder is entitled to vote;
- On a show of hands every Shareholder has one vote; and
- On a poll every Shareholder has one vote for each Share held.

Dividend Rights

- The Directors may from time to time declare a dividend.
- The Directors may set aside amounts as reserves to be applied for any purpose.
- The Directors may grant to Shareholders the right to reinvest cash dividends paid by the Company by subscribing for Shares in the Company.

Winding-up

If the Company is wound up, the liquidator may divide among the Shareholders any part of the Company.

Transfer of Shares

Shares in the Company are transferable, subject to the registration of the transfer being lawful and not breaching the Corporations Act and the ASX Listing Rules.

Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at a general meeting.

11. RISK FACTORS

Introduction

This Entitlements Issue is part of an effort to transform and revitalise the Company, thereby improving the prospect of creating value for Shareholders. This process is not risk free. Shareholders should understand that investing in the Company should be considered to be **speculative**.

The Directors strongly recommend Shareholders consider the risk factors described below, together with all other information in this Replacement Prospectus, before deciding whether to apply for New Shares.

The risks identified in this Section 11, as well as other risks, may have a material impact on the financial performance of the Company and the market price of the New Shares. The Section is not intended to set out an exhaustive list of the risk factors.

Company Specific Contractual risks

The ability of the Company to achieve its objectives will depend on the counterparties to any agreements with the Company. If any party defaults in the performance of their obligations, the Company may approach a court to seek remedy. Legal action can be costly. Contracts to which the Company is a party are governed by laws of jurisdictions outside Australia. There is a risk that the Company may not be able to seek the legal redress that it could expect under Australian law and generally there can be no guarantee that a legal remedy will be granted on the appropriate terms.

The Company is exposed to some particular risks in respect to the Purchase Option with BiFox/SCM. To transfer effective title to the Company the vendor needs to resolve the outstanding fine and environmental restitution at the mine site. Should this not be resolved by the end of the agreed lease period with BiFox/SCM then there is uncertainty regarding ongoing mining at the site. In the event that BiFox/SCM are unable to provide good title then the Company is not required to pay the purchase price for the Bahia Inglesa mine.

The sales arrangements with distributors of the BiFox phosphate product need to be renewed once the Company takes over the operations of the mine. Contact with each of the parties has indicated that all wish to increase the offtake however this is undocumented until such time as the mining operations commence. It is possible that no distributor would wish to renew the sales contracts and this would leave the Company without any known distribution capability.

The Company is exposed to the ongoing contractual arrangement with Emgesa in Colombia in respect of its coal delivery contract with Carhid. In the event that a default under the contract were to occur there is little prospect of an alternative offtake agreement being available in the short term.

General Risks

The Management Team

The day-to-day operations and strategic management of the Company depends on its senior management and its key personnel. There can be no assurance that there will be no impact on the Company if one or more of these employees cease employment. The Company's ability to recruit and retain qualified management will also be critical to its success.

Legal environment

Each of the Colombian and Chilean legal systems is less developed than more established countries and this could result in the following risks:

- Political difficulties in obtaining legal redress in the courts in respect of a breach of law or regulation or in an ownership dispute;
- a higher degree of discretion held by various government officials or agencies;
- the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and court in matters affecting the Company.

Government and Political Factors

The introduction of new mining and/or mining exploration legislation, or amendments to existing legislation by governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and the financial performance of the Company. Any adverse developments in political and regulatory conditions in Colombia or Chile could adversely affect the Company's prospects. Government policy changes, such as changes in both monetary and fiscal policies, resource expropriation, methods of taxation and currency exchange controls may negatively impact the performance of the Company as a whole.

Exploration Success

The Coal Assets and Phosphate Assets are at varying levels of exploration and development. Potential investors should understand that mineral exploration and development projects carry a high degree of risk. Even if an apparently viable mineral deposit is held or identified, there is no guarantee that it can be economically exploited.

Environmental Risks

The Company will be operating in multiple jurisdictions with variable environmental requirements. The operations in Chile at Bahia Inglesa have limited environmental conditions as it is located in the Atacama Desert and the environment is essentially sand and rock. There is little discernible difference between mined areas and pristine desert. However BiFox incurred a fine from mining in a preserved paleontological area. This needs to be monitored. Should the Company undertake such an error then the Company would be liable for any fine and or requirement to restitution.

The operations in Colombia are underground coal mines. This presents a higher level of potential risk as the world becomes progressively more active regarding decreasing the use of fossil fuel usage. In the event of any adverse movements then it is the view of the Company that it would shut down its operations. Currently the community is dependent upon the local coal fired power station for electricity supply which Carbid supplies with coal. In the short to medium term this is not considered to be a major concern but in due course different arrangements will need to be instituted.

Dilution Risks

The Company may need to raise further capital after this Offer has closed to continue its development plan. Should this be necessary then it may be that existing shareholders will be diluted by the extent of any further shares that are issued as a result of further shares being issued. The Directors note that this does not apply in respect of the Kiwanda Convertible Note holders where conversion occurs there is no dilutionary effect other than for Kiwanda Mines.

Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve resource or reserve estimates, predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. The Company may never achieve commercial viability through the successful exploration and/or mining of the Coal and Phosphate Assets. Until the Company is able to realise value from the Coal and Phosphate Assets or any other projects, it is likely to incur ongoing operating losses. The mining operation is carried under contract with a local contractor. The terms of the mining contract will not be finalised until the Company takes over the operations of the mine. The Company is reliant on this contractor or a replacement contractor to carry out the mining operations as the Company has no direct mining employees of its own. Should the existing contractor cease mining or be unable to continue mining for whatever reason then the Company will have to cease mining operations until a replacement mining contractor can be retained. There is no guarantee that any new or replacement contractor will have the same skill or experience in carrying out the mining on the site and this may lead to decreased mining output. Or indeed there is no guarantee that any replacement mining contractor could be found at all.

License Renewal Risk

The Company has the risk that its various exploration, exploitation and mining licenses will not be renewed. While these have no current conditions there is the possibility that conditions could be added which may make the licenses uneconomic or not capable of renewal

The 66 exploration licenses at KI have various renewal dates ranging from September 2016 to June 2017. The renewal occurs each two years and is only subject to payment of the fee.

The various coal mining licenses held by Carbhid and associates expire in 2042 and are not considered at risk.

The exploitation licenses at Bahia Inglesa are renewed each two years and are only subject to payment of the renewal fee.

Commodity Price Volatility

Commodity price fluctuations. Namely Phosphate Rock and Coal. Historically, commodity prices have been volatile and subject to wide fluctuations for many reasons, including but not limited to:

- Global and regional supply and demand, and expectations regarding future supply and demand for commodities;
- Geopolitical uncertainty;
- Proximity to, and capacity and cost of, transportation;
- Price, availability and government subsidies of alternative fuels;
- Price and availability of new technologies;
- Political, economic and military developments in the Company's operational jurisdiction, domestic and foreign governmental regulations and actions, including export restrictions, taxes, repatriations and nationalisations;
- Global and regional economic conditions; and
- Weather conditions and natural disasters.

It is impossible to predict accurately future commodities price movements and commodities prices may not remain at their current levels.

Other risks include:

Other risks related to the resource sector include:

- Changes in global supply and demand due to an economic downturn.
- Currency exchange rate fluctuations.
- Inflation and other cost increases.
- Safety, health and environmental exposures and related regulations.
- Regulation affecting greenhouse gas emissions.
- Inaccurate estimates of a target's resources.
- Failure to discover commercially viable resources and/or reserves.
- Inability to maintain necessary exploration licenses and concessions.
- Delays or suspensions in drilling and/or exploration operations due to use of independent contractors.
- Vulnerability of drilling and mining operations to natural disasters, operating difficulties and loss of physical assets.
- Labour disruptions.
- Inadequate access to necessary infrastructure services, including transportation and utilities.
- Shortages and long delivery lead times for key inputs.
- Poor relationships with local communities, government and non-government organisations.
- Uncertainty in outcome of exploration, development and production activities.

12. INVESTIGATING ACCOUNTANTS REPORT

On 20 July 2016 the Company received an Investigating Accountants Report prepared by Nexia Court Financial Solutions. The report is attached at Annexure 1.

13. INDEPENDENT GEOLOGIST'S REPORTS

On 10 February 2016 the Company obtained the geologist's reports from Andre Gauthier attached at Annexure 2.

Mr Gauthier has received no professional fees from Phillips River for preparing the report or otherwise. Mr Gauthier's fees were paid by Lara Exploration.

Mr Gauthier has provided his written consent to the inclusion of the reports in this Replacement Prospectus in the form and context in which it is set out in Annexure 2.

In June and July 2015 the Company completed a trenching program at Bahia Inglesa. The results of the trenching program are included as part of Annexure 2.

14. LEGAL OPINION – COLOMBIAN TENEMENTS

On 9 March 2016 the Company obtained a legal opinion from Lloreda Camacho & Co. (Solicitors) in relation to the Colombian tenements, attached at Annexure 3.

Lloreda Camacho & Co. has received professional fees of US\$15,047 for preparing the legal opinion. During the 24 months preceding lodgment of this Replacement Prospectus with ASIC, Lloreda Camacho & Co. has earned no other fees from the Company.

Lloreda Camacho & Co. has provided its written consent to the inclusion of the opinion in this Replacement Prospectus in the form and context in which it is set out in Annexure 3.

15. LEGAL OPINION – CHILEAN MINING CONCESSIONS

On 9 March 2016 the Company obtained a legal opinion from Carcelen, Desmadryl, Guzman & Tapia (Solicitors) in relation to the Chilean tenements, attached at Annexure 4.

On 9 March 2016 the Company obtained a legal opinion from Carcelen, Desmadryl, Guzman & Tapia (Solicitors) in relation to the Chilean tenements, attached at Annexure 4.

Carcelen, Desmadryl, Guzman & Tapia have received professional fees of US\$9,386 for preparing the legal opinion. During the 24 months preceding lodgment of this Replacement Prospectus with ASIC, Carcelen, Desmadryl, Guzman & Tapia has earned no other fees from the Company.

Carcelen, Desmadryl, Guzman & Tapia have provided its written consent to the inclusion of the opinion in this Replacement Prospectus in the form and context in which it is set out in Annexure 4.

16. EXPERT'S REPORT – CHILEAN EXPLORATION CONCESSIONS

On 7 March 2016 the Company obtained a report from Tecnomin Servicios Tecnicos Para La Minería (Engineers) in relation to the Chilean exploration concessions, attached at Annexure 5.

On 7 March 2016 the Company obtained a report from Tecnomin Servicios Tecnicos Para La Minería (Engineers) in relation to the Chilean exploration concessions, attached at Annexure 5.

Tecnomin Servicios Tecnicos Para La Minería has received professional fees of US\$5,000 for preparing the report. During the 24 months preceding lodgment of this Replacement Prospectus with ASIC, Tecnomin Servicios Tecnicos Para La Minería has earned no other fees from the Company.

Tecnomin Servicios Tecnicos Para La Minería has provided its written consent to the inclusion of the report in this Replacement Prospectus in the form and context in which it is set out in Annexure 5.

17. ADDITIONAL INFORMATION

Litigation

At the date of this Replacement Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

The Directors are aware of a potential claim for no more than \$181,720 which relates to an agreement entered into by the Company in 2003. The Directors consider that there are grounds for the Company rejecting this claim in its entirety.

Market Price of Shares

The Company's shares are not listed and do not carry a quoted price.

Interests of Directors – Security Holdings

The Directors of the Company are associates. The relevant interest of each of the Directors in the securities of the Company (both direct and indirect), as of the date of this Replacement Prospectus, together with their respective Entitlement, is as follows:

Name of Existing Director	Holder of Relevant Interest	Common Directorships	Number of Existing Fully Paid Shares Held by Holder	Percentage Interest in Voting Shares*
Christopher John West	Kiwanda Mines (NA) LLC Kiwanda Group LLC Spar Capital Nominees Pty Ltd	Director of Phillips River Mining Limited	14,573,037	40.78%
Timothy Hanley Koster	Kiwanda Mines (NA) LLC Kiwanda Group LLC Spar Capital Nominees Pty Ltd	Director of Phillips River Mining Limited	14,573,037	40.78%
Mark Douglas Sumner	Kiwanda Mines (NA) LLC Kiwanda Group LLC Spar Capital Nominees Pty Ltd	Director of Phillips River Mining Limited	14,573,037	40.78%
TOTAL			14,573,037	40.78%

Remuneration of Directors

The remuneration of the Directors is decided by the Board. The total maximum remuneration of the non-executive Directors is initially set by the Constitution and subsequently varied by an ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules. The total maximum remuneration of non-executive Directors can be varied by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

For the financial year ending 30 June 2015, the Company paid by way of approved remuneration for services provided by all Directors or former directors of the Company (executive, non-executive and alternate), companies associated with those Directors or former directors of the Company or their associates in their capacity as Directors or former directors of the Company, employees, consultants or advisers (inclusive of employer superannuation contributions) a total of \$240,000.

The proposed annual remuneration of the Directors is set out in the table below. These amounts do not include superannuation and other statutory contributions which will be in addition to these amounts.

Director	Total Remuneration
Chris West	\$25,000
Mark Sumner	\$25,000
Timothy Koster	\$25,000

The Directors intend to draw remuneration once the Offer of New Shares is completed. Directors may also receive remuneration from net operating income (profit) resulting from the sale of its fertiliser products. This remuneration will be reported in the normal way in the company's accounts. Any such additional remuneration payable from profits of fertiliser sales is not expected to exceed \$350,000 in total.

Material Contracts

(i) Heads of Agreement

The Heads of Agreement provides the Company with the rights to acquire the Kiwanda Assets for a mixture of cash and Shares. Pursuant to the Heads of Agreement, the price nominated for share-based acquisitions was \$0.30 per Share. Various milestones need to be achieved before the Company is obliged to pay the full purchase price to the Vendors as disclosed in the Explanatory Statement.

A further detailed description of the Heads of Agreement is contained in the Explanatory Statement.

(ii) BiFox Option Agreement

The "Fourth Extension Agreement" was entered into 1 October 2014 between Kiwanda Chile SA, SCM Bahia Inglesa (SCMI) and Compania Minera De Fosfatos Naturales Limitada (BiFox Ltda) (BiFox Option Agreement). The BiFox Option Agreement grants Kiwanda Chile SA an option to purchase 280 phosphate mining tenements owned by SCMI and 941 phosphate mining tenements owned by BiFox located in Santiago, Chile, in consideration for certain scheduled payments and royalties as set out in the BiFox Option.

(iii) Pelaya Option Agreement

The "Letter of Intent ("LOI") Option over Coal Mining Concession Area located in Pelaya (Colombia)" was entered into 10 August 2013 between Andean Coal (BVI) Ltd and Marlen T Coronado, Miguel O J Rodriguez, Carlos A C Giron, German Reyes and Gustavo A Sanchez (Pelaya Option Agreement). The Pelaya Option agreement grants Andean Coal (BVI) Ltd (a related entity of Kiwanda) an option to acquire all interests in Carbones De Pelaya S.A.S (Carbonos). Carbonos holds certain mining interests in Colombia as set out in the Pelaya Option Agreement.

(iv) Andean Phosphate Alliance Agreement

The "South American Phosphate Alliance Agreement" was entered into on 12 December 2011 between Kiwanda Group LLC and Lara Exploration Ltd (Phosphate Alliance Agreement). The Coal Alliance Agreement sets out the terms and conditions between the partnership with Kiwanda and Lara with respect to the evaluation, acquisition and exploration, development and mining of coal within Chile and Colombia.

(v) South American Coal Alliance Agreement

The "South American Coal Alliance Agreement" was entered into on 9 July 2012 between Kiwanda Mining Partners LP (Kiwanda Partners) and Lara Exploration Ltd (Coal Alliance Agreement). The Coal Alliance Agreement sets out the terms and conditions between the partnership with Kiwanda Partners and Lara with respect to the evaluation, acquisition and exploration, development and mining of coal within Peru and Colombia

(vi) Escrow Agreement.

An Escrow Deed between Lara Exploration and Kiwanda Australia Pty Limited whereby

Lara Exploration has executed the share transfer of its interest in the BVI companies which hold the option to acquire the assets. The shares in Phillips River have been issued to Lara Exploration as a result of the share transfer being received. However the Heads of Agreement at (i) above require certain other conditions to be met. Pending those other matters being met including the payment of the Promissory note to Lara of US\$570,000 and the relisting of the shares of Phillips River on ASX the share transfer form is held in escrow. This is designed to protect the interests of Lara Exploration.

Interests of Experts and Advisors

Other than as set out below or elsewhere in this Replacement Prospectus, no person named in this Replacement Prospectus is performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Replacement Prospectus.

And no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the promotion of the Company; or
- (b) the Offer.

K & L Gates has acted as the solicitors to the Company in relation to the Offer.

Consents

Each of the parties referred to in this Section 17 (*Consents*):

- (a) does not make, or purport to make, any statement in this Replacement Prospectus other than those referred to in this Section 17; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Replacement Prospectus other than a reference to its name and a statement included in this Replacement Prospectus with the consent of that party as specified in this Section 17.

K & L Gates has given its written consent to being named as the solicitors to the Company in this Replacement Prospectus and has not withdrawn its consent prior to the lodgment of this Replacement Prospectus with the ASIC. **Mr Andre Gauthier** provided the Competent Persons Report for the Explanatory Memorandum for the EGM and for this Replacement Prospectus and has given his consent to being named and the report included by reference in the Replacement Prospectus and has not withdrawn his consent prior to the lodgment of this Replacement Prospectus with the ASIC.

Nexia Court Financial Solutions Pty Ltd has given its written consent to being named as the auditors to the Company in this Replacement Prospectus and has not withdrawn its consent prior to the lodgment of this Replacement Prospectus with the ASIC.

Expenses of the Offer

In the event that all Entitlements are accepted, the total cash expenses of the Offer are estimated to be approximately \$43,000 and are expected to be applied towards the items set out in the table below:

Expense	\$
ASIC fees	2,500
ASX fees	paid
Legal and Accounting fees	40,500
Broker fees	-
Printing and distribution	-
Miscellaneous	
TOTAL	43,000

Electronic Replacement Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Replacement Prospectus and electronic application form on the basis of a paper Replacement Prospectus lodged with the ASIC, and the publication of notices referring to an electronic Replacement Prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Replacement Prospectus as an electronic Replacement Prospectus, please ensure you have received the entire Replacement Prospectus accompanied by the Application Form.

If you have not, please phone the Company on +61 2 92 622 922 and the Company will send you, for free, either a hard copy or a further electronic copy of the Replacement Prospectus, or both. Alternatively, you may obtain a copy of this Replacement Prospectus from the Company's website at www.phillipsriver.com.au

CHESS and Issuer Sponsorship

The Company has applied to be a participant in CHESS, for those Shareholders who have, or wish to have, a sponsoring stockbroker. Shareholders who do not wish to participate through CHESS will be issuer sponsored by the Company.

The Company will not issue share certificates.

Instead, the Company will provide Shareholders with a statement setting out the number of New Shares allotted to them under this Replacement Prospectus. The statement will include the Shareholder's Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to Shareholders if there have been any changes in their shareholding in the Company during the preceding month.

Privacy Act

If you complete an application for New Shares, you will provide personal information to the Company (directly or to Advanced Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your Shares in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and Advanced Share Registry.

You can access, correct and update the personal information we hold about you. Please contact the Company or Advanced Share Registry if you wish to do so at the relevant contact numbers set out in this Replacement Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. Please note, if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

Compliance with the JORC Code and Competent Persons Statement

Information in relation to the Phosphate Assets and the Coal Assets have been compiled in accordance with the **JORC Code, 2012 Edition**:

- (a) Table 1 report Phosphate, Section 1 Sampling Techniques and Data;
- (b) Table 1 report Phosphate, Section 2 Reporting of Exploration Report;
- (c) Table 1 report Coal, Section 1 Sampling Techniques and Data; and
- (d) Table 1 report Coal, Section 2 Reporting of Exploration Report,

as detailed in Annexure B (Competent Person's Report) to the Explanatory Statement (unless otherwise stated in the notes for a particular resource and reserve). Section 2 of Table 1 of Annexure B of the Explanatory Statement to the Notice of General Meeting contains information prepared by Mr Andre Gauthier, a Competent Person for JORC purposes.

The Company advises that the relevant professional body to which Mr Andre Gauthier belongs to qualify him as a Competent Person for JORC purposes is the Ordre des Ingénieurs du Québec (Quebec Institute of Engineers) which is a JORC Recognised Professional Organisation. None of the Company's assets have complying resources under the JORC Code. Please refer to the Explanatory Statement.

Corporate Governance Statement

The Board is responsible for the governance of the Company, and recognise the need for the highest standards of behaviour and accountability.

The Board will continue to develop strategies for the Company, review strategic objectives, and monitor the performance against those objectives.

The overall goals of the corporate governance process are to:

- drive Shareholder value;
- assure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board's primary responsibilities are:

- setting the strategic direction of the Company;
- monitoring the financial performance of the Company, including approving the financial statements;
- ensuring adequate internal control systems and procedures exist and compliance with these systems and procedures;
- identifying significant business risks and ensuring those risks are adequately managed;
- reviewing the performance and remuneration of executive Directors; and
- establishing and maintaining appropriate ethical standards.

The Board has in place policies and practices consistent, where considered appropriate having regard to the Company's current size and structure, with the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Recommendations". Such policies include, the Board Charter, Board Code of Conduct, Audit Committee Charter, Continuous Disclosure, Trading in Securities and Risk Management Policies.

Taxation Considerations

It is the responsibility of all potential Shareholders to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before taking up their Entitlements and investing in New Shares. Taxation consequences will depend on particular Eligible Shareholders or Entitlement Holder's circumstances.

Neither the Company nor any of its officers, employees, agents and advisers accept any liability or responsibility in respect of taxation consequences connected with an investment in New Shares or dealing with an Entitlement offered in this Replacement Prospectus.

Governing Law

This Replacement Prospectus and the contracts that arise from the acceptance of Applications are governed by the law applicable in New South Wales. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

Representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Replacement Prospectus. Any information or representation that is not in this Replacement Prospectus may not be relied on as having been authorised by the Company in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to the information in this Replacement Prospectus.

18. APPLICATION FOR OFFICIAL QUOTATION BY ASX

The following information is provided in accordance with the Listing Rules and the ASX Information Form and Checklist (**ASX Checklist**) for the purposes of the Company's application for admission to official quotation by the ASX.

(a) Audit Committee

- (i) In accordance with Listing Rule 1.1 Condition 13 and Item 6 of the ASX Checklist, the Company has established an audit committee.
- (ii) In accordance with Listing Rule 1.1 Condition 13 and Item 7 of the ASX Checklist, the Company will comply with the recommendations set by the ASX Corporate Governance Council in relation to composition and operation of the audit committee.

(b) Remuneration Committee

Given the early stage of the Company's redevelopment and by reason of the Company currently engaging no employees, the Company has not currently established a remuneration committee. The Company, however, intends to establish a remuneration committee in due course.

(c) Existing and Proposed Capital Structure

The Directors have been informed by Kiwanda Mines and Spar Capital Nominees Pty Limited that each intends to take up its full entitlement under this Replacement Prospectus.

The following table illustrates the number of shares to be issued to Kiwanda Mines and Spar Capital Nominees Pty Limited if they take up their full entitlement.

	Kiwanda Mines	Spar Capital Nominees Pty Limited
Fully paid ordinary shares currently on issue	6,967,618	6,967,618
Rights issue	10,451,427	10,451,427
Total	17,419,045	17,419,045

In accordance with Item 19 of the ASX Checklist, the following Table illustrates the movement in the issued capital of the Company where the Company issues shares and the Offer is fully subscribed by all existing shareholders:

Securities	Number – Fully Subscribed
Fully paid ordinary shares currently on issue	35,737,183
Rights issue	53,605,775
Total	89,342,957

(d) Dividend/distribution policy

The Company does not currently have a dividend policy given the early stage of the Company's redevelopment.

19. DIRECTORS' STATEMENT

The Directors state for the purposes of section 731 of the Corporations Act, they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe any statements by them in this Replacement Prospectus are true and not misleading or deceptive, and with respect to any other statements made in this Replacement Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe the persons making the statement(s) were competent to make such statements, those persons have given the consent required by section 716(2) of the Corporations Act and have not withdrawn that consent before lodgment of this Replacement Prospectus with ASIC.

Each Director consents to the lodgment of this Replacement Prospectus with ASIC, and has not withdrawn that consent prior to this Replacement Prospectus being lodged.

This Replacement Prospectus is prepared on the basis that:

- Certain matters may be reasonably expected to be known to professional advisers of the kind with whom Applicants may reasonably be expected to consult; and
- Information is known to Applicants or their professional advisers by virtue of any legislation or laws of any State or Territory of Australia or the Commonwealth of Australia.

This Replacement Prospectus is dated **18 July 2016**.



Christopher West
Director
For and on behalf of
Phillips River Mining Limited

20. GLOSSARY

\$, A\$, or AUD	means the lawful currency of the Commonwealth of Australia.
Advanced Share Registry	means Advanced Share Registry Limited (ABN 14 127 175 946).
AEST	means Australian Eastern Standard time
Annual Report	means an Annual Report of the Company.
Applicant	means a person who applies for New Shares in accordance with this Replacement Prospectus.
Application Monies	means money received by the Company pursuant to the Offer being the issue price of \$0.25 per New Share multiplied by the number of New Shares applied for.
Assets	means the Coal Assets and the Phosphate Assets.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.
ASX Information Form	means the document entitled "Information Form and Checklist (ASX Listing)" contained in Appendix 1A of the ASX Listing Application and Agreement.
ASX Listing Rules	means the listing rules of the ASX.
ASX Settlement Operating Rules	means the settlement rules of the securities clearing house which operates CHESS.
BiFox	means Compania Minera de Fosfatos Naturales BiFox Ltda.
Board	means the board of Directors unless the context indicates otherwise.
Business Day	means Monday to Friday (inclusive) in Sydney, Australia, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.
Carbhid	means Carbhid SAS, a Colombia based coal mining company.
CDE	means Consejo de Defensa del Estado.
CHESS	means Clearing House Electronic Sub-Register System.
Closing Date	means 20 July 2016, being the date specified in Section 5 (<i>Timetable</i>) and in Section 7 (<i>Closing Date</i>).
Coal Assets	has the meaning given to it in Section 7 of this Replacement Prospectus.
Company	means Phillips River Mining Limited (ACN 004 287 790).
Constitution	means the constitution of the Company at the date of this Replacement Prospectus.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Directors	means the directors of the Company at the date of this Replacement Prospectus.
Eligible Shareholder	means a Shareholder of the Company as at the Record Date.
Existing Share	Means a fully paid ordinary share in the capital of the Company on issue as at the Record Date.
Explanatory Statement	means the Notice of Meeting and Explanatory Statement issued to Shareholders by the Company for the purpose of the extraordinary general meeting convened 15 May 2015.
JORC	means Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
JORC Code	means the 2012 Edition of the ' <i>Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves</i> '.
JORC Report	means a written report which complies with the JORC Code.
Kiwanda Mines	means Kiwanda Mines (NA) LLC.
Ki Exploration Licenses	has the meaning given to it in the "Phosphate Assets" details of Section 7 (<i>Proposed Kiwanda Transaction</i>).
Lara	means Lara Exploration Limited.

New Share Offer	means a Share offered in this Replacement Prospectus.
Official Quotation	means official quotation on ASX.
Pelaya Coal Project	means the means the project referred to as the "Pelaya Coal Project" and described in the "Coal Assets" details in Section 7 (Proposed Kiwanda Transaction) of this Replacement Prospectus.
Pelaya License	means the mining exploration licence in connection with the Pelaya Coal Project.
Pelaya Option	means the option in favour of Kiwanda to acquire all the interest in the Pelaya Licence pursuant to the Pelaya Letter of Intent and as described in the "Coal Assets" details in Section 7 (Proposed Kiwanda Transaction) of this Replacement Prospectus.
Pelaya Option Agreement	means the agreement to be entered into for the purchase of 100% interest in Carbones de Pelaya S.A.S, as detailed in, and pursuant to, the Pelaya Letter of Intent.
Purchase Option Agreement	means the agreement to be entered into for the purchase of certain tenements held by BiFox and SCM as detailed in, and pursuant to, the Fourth Extension Agreement.
Record Date	means the date which is 3 days after the date of the Replacement Prospectus.
Relevant Financial Statements	means the following documents: <ul style="list-style-type: none"> (a) the 2014 Annual Report lodged with the ASX on 1 October 2014; (b) the 2013 Annual Report lodged with the ASX on 30 September 2013; and (c) the 2012 Annual Report lodged with the ASX on 1 October 2012.
Replacement Prospectus	means this Replacement Prospectus dated 18 July 2016.
SCM	means SCM Bahia Inglesa Ltda.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Timetable	means the timetable set out in Section 3 of this Replacement Prospectus.

Application Form

In this Application Form, a word or phrase defined in the Replacement Prospectus issued by the Company on 18 July 2016 (Replacement Prospectus) has the same meaning as in the Replacement Prospectus.
 As an Eligible Shareholder you are entitled to acquire New Shares at an issue price of \$0.25 per New Share. You will receive an allocation of 3 New Shares for every 2 shares currently held.

If you decide not to take up your rights at all, you do not need to take any action. This Offer closes at 5:00pm (AEST) on 20 July 2016.

PLEASE COMPLETE BELOW (using block letters) – refer overleaf for details and further instructions on how to complete this form.
 I/We apply for the following number of shares and attach a cheque, money order or bank draft in Australian currency drawn on an Australian branch of a financial institution for the amount payable:

A Rights applied for at Price per New Share **A\$ 0.25** **B** Application Monies **A\$**

Email Address (only used for purpose of electronic communication of shareholder information)

Telephone Number where you can be contacted during Business Hours Contact Name (PRINT)

Cheques or bank drafts to be attached to this form and returned to admin@advancedshare.com.au

C Cheque Number BSB Account Number
 Total Amount **A\$**

D Chess HIN

PHILLIPS RIVER MINING LIMITED

ACN 004 287 790

ENTITLEMENTS ISSUE CLOSES 5:00PM (AEST) ON 20 July 2016.

1. Completion of the Entitlement and Acceptance Form

If you are paying by BPAY just follow the BPAY instructions

Complete the Application Form to pay by cheque or bank draft.

Complete all relevant sections of the Application Form USING BLOCK LETTERS.

A. Application for New Shares

Please enter into Section A the number of shares you wish to apply for.

B. Payment amount

Please enter into Section B the total amount of the cheque or bank draft for payment of your shares at the issue price of A\$0.25 per share. To calculate the total amount required for payment, multiply the number of shares you wish to apply for in Section A by A\$0.25.

C. Contact Details

Please enter the notice details of the applicant, including details of the address and e-mail.

D. CHESSE details

CHESSE HIN (if you want to add this holding to a specific CHESSE holder, write the number in Section D).

E. Contact details

Please enter your contact telephone number where we may contact you regarding your acceptance, if necessary.

F. Cheque, money order or bank draft details

Please enter your cheque, money order or bank draft details in Section C. Cheques, money orders or bank drafts must be drawn on an Australian branch of an Australian bank in Australian currency, made payable to: "Phillips River Mining Limited Share Issue A/C" and crossed "Not Negotiable".

2. How to lodge your Entitlement and Acceptance Form

The completed Entitlement and Acceptance Form with the Application Monies may be mailed to the postal address, set out below.

Postal Delivery

Phillips River Mining Limited
C/- Advanced Share Registry Limited,
PO Box 1156,
Nedlands
WA 6909

Your completed Application Form and Application Monies must be received by the Company no later than 5:00pm (AEST) on 20 July 2016.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Company on (02) 9262 2922 during business hours.

A completed Form is an offer by an Eligible Shareholder to the Company to subscribe for New Shares in the Australian dollar amount specified in the Form on the terms and conditions set out in this Replacement Prospectus and the Form. To the extent permitted by law, an application by an Eligible Shareholder under the Offer is irrevocable.

The Company reserves the right to decline any Form in whole or in part, without giving any reason. A Form may be accepted by the Company (at its absolute discretion) in respect of the full number, or selected number, of New Shares specified in the Form or any of them, without further notice to an Eligible Shareholder. Acceptance of a Form will give rise to a binding contract.

We advise that the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the securities you hold) to be included in the register of Phillips River Mining Limited. If some or all of the information is not collected, it might not be possible to administer your shareholding. Information must continue to be included in the register if you cease to be a shareholder. Information in the register is available for inspection by you and the public (upon payment of a fee) as permitted under the *Corporations Act 2001*. These obligations are not altered by the Privacy Amendment (Private Sector) Act. The information is collected by the Phillips River Mining Limited, Advanced Share Registry Limited, and may also be disclosed to regulatory bodies (such as the Australian Taxation Office), print service providers and mail houses.