

Incitec Pivot Limited

ABN 42 004 080 264
70 Southbank Blvd
Southbank Victoria 3006
GPO Box 1322
Melbourne Victoria 3001
T 61 3 8695 4400
F 61 3 8695 4419
www.incitecpivot.com.au

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Senator Scott Ludlam
8 Cantonment Street
FREMANTLE WA 6160

Dear Senator Ludlam

I refer to your recent correspondence regarding the sourcing of the phosphate rock from West Sahara.

As you obviously appreciate, the situation within the Kingdom of Morocco is a complex one. Incitec Pivot Limited (IPL), as a responsible Australian company, is determined to fulfill its legal and ethical obligations in relation to procurement of phosphate rock from the region.

To this end, IPL continues to closely monitor the overall situation and has actively engaged with many parties on this matter. We have held discussions with our supplier, Office Cherifien des Phosphates (OCP), and representatives of the Kingdom of Morocco. We have an on-going dialogue with representatives of the Australia West Sahara Association and we have met with representatives of the Popular de Liberacion de Saquia el Hamra Rio de Oro ('Polisario') and the Saharawi Arab Democratic Republic (SADR).

You appropriately raised the views of the United Nations in this matter. IPL has had full regard to the international law and we note that Hans Correll, the former Under Secretary General Legal Affairs prepared an opinion in 2002 which formally considered the West Saharan situation in the context of Article 73 of the UN Charter. He concluded that mineral resource activities in a Non Self Governing Territory (such as West Sahara) are illegal only if conducted in disregard of the needs and interests of the people of that territory.

Phosphate rock is a naturally occurring resource and is a vital component of Single Superphosphate (SSP), a fertiliser essential for widespread and efficient food production throughout the world. In Australia, the minimum content of phosphorus within SSP is mandated. IPL blends phosphate rock drawn from a broad range of suppliers to produce the regulated content. Currently, we are using phosphate rock from Vietnam, Nauru, Christmas Island and from OCP. Other sources used in past years include China, Jordon and Togo and we continually seek new sources of useable rock.

You may be assured that this issue is taken very seriously within our company and we will continue to carefully assess all ongoing developments.

Yours sincerely



Kerry Gleeson
Company Secretary