

## **Ellendale Diamond Mining Lease, WA. Proceedings in Warden's Court**

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Phosphate Australia Limited (ASX:POZ or the Company) is pursuing a forfeiture action in the Mining Warden's Court of WA regarding the Ellendale diamond mining tenement M04/372 (which adjoins the POZ Blina Diamond Project Figure 1).

The tenement M04/372 was until last year operated by Kimberley Diamond Company Pty Ltd (KDC), a wholly owned subsidiary of Kimberley Diamonds Limited (ASX: KDL). On 1 July 2015, KDC was placed into voluntary administration by KDL.<sup>1</sup>

On 19 October 2015, the assigned liquidators for KDC filed a Notice of Disclaimer of Onerous Property under the Corporations Act, seeking to terminate their rights, interests and property relating to Ellendale. The liquidators have, to date, chosen not to contest the forfeiture action.

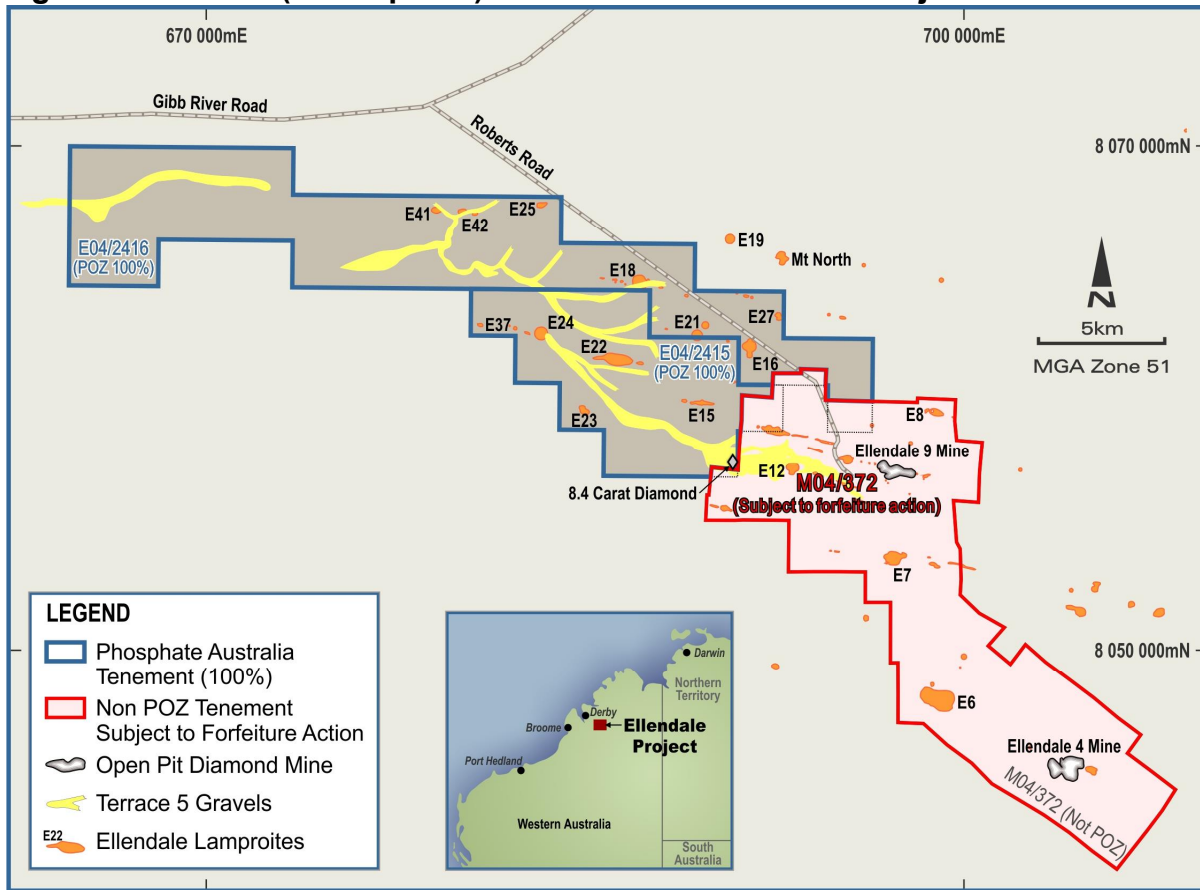
Should the POZ action be successful, it will enable the Company to apply for the first-in-line exploration rights (free from any previous liabilities) over the current area of M04/372. It is also noted that the Department of Mines and Petroleum's Tengraph plan system has a notation (No.12621) to the effect that applications in the area may be refused (by the Minister) in the public interest under s.111A of the *Mining Act 1978*.

It has been previously reported by the former mine operator (ASX Release dated 31 December 2014) that the Ellendale mine (on tenement M04/372) was the world's leading source of rare fancy yellow diamonds, contributing 'an estimated 50% of global supply'.<sup>2</sup>

The Blina Diamond Project currently held 100% by POZ and the diamond source lamproites on M04/372 make a good natural fit for future exploration and potential development. This in turn could also include a commercial outcome for any ongoing environmental issues.

This action is still at an early stage, however the Directors of POZ believe their legal position has merit and it is the intention of the Company to pursue the action to its natural conclusion.

**Figure 1: M04/372 (under plaintiff) and POZ Blina Diamond Project Tenements**



We hereby request that this release lift the trading halt over the Company's securities.

Jim Richards BSc. (Hons) Geology, MAusIMM, MAIG  
Executive Chairman

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<sup>1</sup> Kimberley Diamonds Limited, ASX Announcement dated 1/7/2015.  
<http://www.asx.com.au/asxpdf/20150701/pdf/42zkbchk0938k5.pdf>

<sup>2</sup> Kimberley Diamonds Limited, ASX Quarterly Report dated 30/10/2014.  
<http://www.asx.com.au/asxpdf/20141030/pdf/42tb3nt44508lc.pdf>

*The information in this report that relates to previously reported exploration results is based on information compiled by Mr. Jim Richards who is a Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr. Richards is a Director of Phosphate Australia. Mr. Richards has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Richards consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.*