

**QUARTERLY REPORT**  
**Period Ending 31 December 2013**

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**Summary:**

**Musgrave Cu-Ni-PGE Project, WA (Anglo American Farm-in, POZ 30% Free Carried)**

- Phase 1 and 2 RC drilling results indicate an extensive area of copper mineralisation 350 x 400 metres open in all directions.
- Associated nickel and PGE's have been detected in several samples. MRC 052 has 3 metres at 0.46ppm Pt+Pd+Au and 725 ppm Ni which includes 1 metre at 1.0 ppm Pt+Pd+Au.
- The data from both phases of drilling at Manchego will now be further assessed by Farm-in partner Anglo American and Phosphate Australia prior to deciding on the 2014 follow-up work program.

**Tuckanarra Gold Project, WA:**

- Application for a Mining Lease and a Mining Proposal to allow for mining operations over the Project was lodged on 17th January 2014.
- Maiden Indicated and Inferred JORC (2004) resource at Tuckanarra: 2,020,000 tonnes at a grade of 1.55 g/t Au for 100,700 ounces of gold at 0.25g/t Au lower cut off (section 2.0 and Table 1 for resource details).

**R&D Tax Refund**

- During the next quarter, the Company expects to receive a Research and Development Tax Incentive Refund from the ATO for work conducted during the 2012-13 tax year. This refund is anticipated to be \$303,355; these funds (less 15% claim expenses) will be applied to general working capital.

## 1.0 Musgrave Cu-Ni-PGE Project, WA (Anglo American Farm-in, POZ 30% Free Carried)

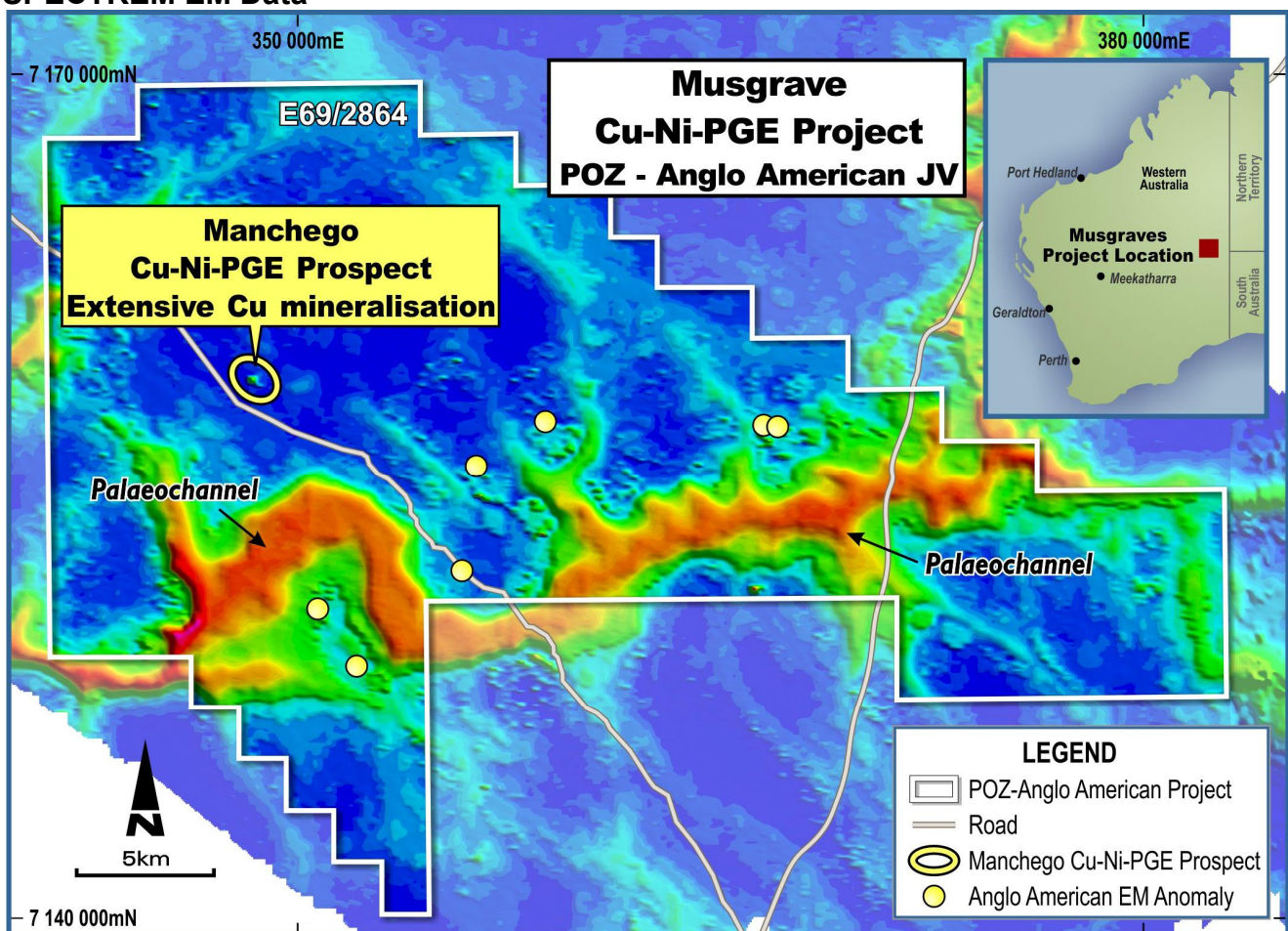
### 1.1 Background

The Musgrave Project lies in the relatively unexplored Musgrave Province of Western Australia, an area that is prospective for giant, magmatic style nickel-copper sulphide deposits. The most significant discovery in the Musgrave region to date is the BHP Billiton Ltd controlled Nebo-Babel deposit (393 Mt at 0.3% nickel, 0.3% copper and 0.18 g/t PGE).

POZ has a Farm-In agreement for the Musgrave Project with Anglo American one of the world's largest mining groups.

The Farm-In covers exploration licence E69/2864 (an area of 619km<sup>2</sup>) and Anglo American has the right to earn 70%. POZ is then free carried through the JV until completion of a bankable feasibility study (BFS).

**Figure 1: Musgrave Ni-Cu-PGM Project, WA. Manchego Prospect. Plan View over SPECTREM EM Data**



## 1.2 Geology

The Farm-In area is mainly underlain by the Giles Complex (~1,075 million years), one of the largest layered mafic-ultramafic complexes in the world. Similar large intrusive complexes elsewhere host magmatic Ni-Cu-PGE deposits (e.g. Voiseys Bay, Canada).<sup>1</sup>

## 1.3 Manhego Prospect Drilling

During the quarter, the Phase 1 RC drilling program over Manhego was completed. Nine holes were drilled for 1,142 metres. Full Phase 1 assay results were reported in the POZ ASX Release dated 28 October 2013<sup>3</sup>. These results indicate extensive low grade copper mineralisation with some associated nickel and PGE's.

Encouraged by these early results, a detailed ground EM geophysics survey was completed and a Phase 2 drilling program was commissioned at Manhego. 1,012 metres were drilled in this second program and these results were reported in the POZ ASX Release dated 3 January 2014.

## 1.4 Drilling Assay Results and Comment

Geological logging of all samples was carried out on-site by Anglo American geologists. Narrow zones of massive sulphide, usually surrounded by thicker zones of net-textured and disseminated sulphide were logged in all holes drilled during Phase 2 (with the exception of MRC 55 which missed the conductor). All drilled samples were assayed at ALS Chemex in Perth.

For full drilling results and reporting; refer to the POZ ASX Releases dated 28 October 2013<sup>3</sup> and 3 January 2014.

### Phase 1 Drilling Highlights:

MRC 042 with 24 metres at 0.27% Cu from 66 metres. This includes 5 metres at 0.54% Cu, 0.11% Ni and 0.28 ppm Pt+Pd+Au from 71 metres. From 71-72 metres the copper grade was 1.65% which was the highest grade Cu in this drill program.

MRC 048 with 43 metres at 0.18% Cu from 98 metres. This includes 4 metres at 0.53% Cu, 0.34% Ni and 0.37ppm Pt+Pd+Au from 114 metres.

### Phase 2 Drilling Highlights:

MRC 056 with 7 metres at 0.25% Cu from 150 metres.

MRC 054 with 26 metres at 0.16% Cu from 102 metres.

MRC 052 with 3 metres at 0.46ppm Pt+Pd+Au and 725 ppm Ni, which includes 1 metre at 0.20% Cu, 0.14% Ni and 1.0 ppm Pt+Pd+Au from 105 metres.

The widespread nature of the copper mineralisation at Manhego is encouraging and now extends over an area approximately 350 x 400 metres and remains open in all directions. The occurrence in MRC 52 of PGM+Au grades of up to 1.0 ppm is also a positive as it confirms the presence of PGM's in the mineralising system.

The data from both phases of drilling and the ground EM surveys at Manhego will now be further assessed by Anglo American and POZ prior to deciding on the 2014 work program.



Figure 2: Manchego Drilling Section 1

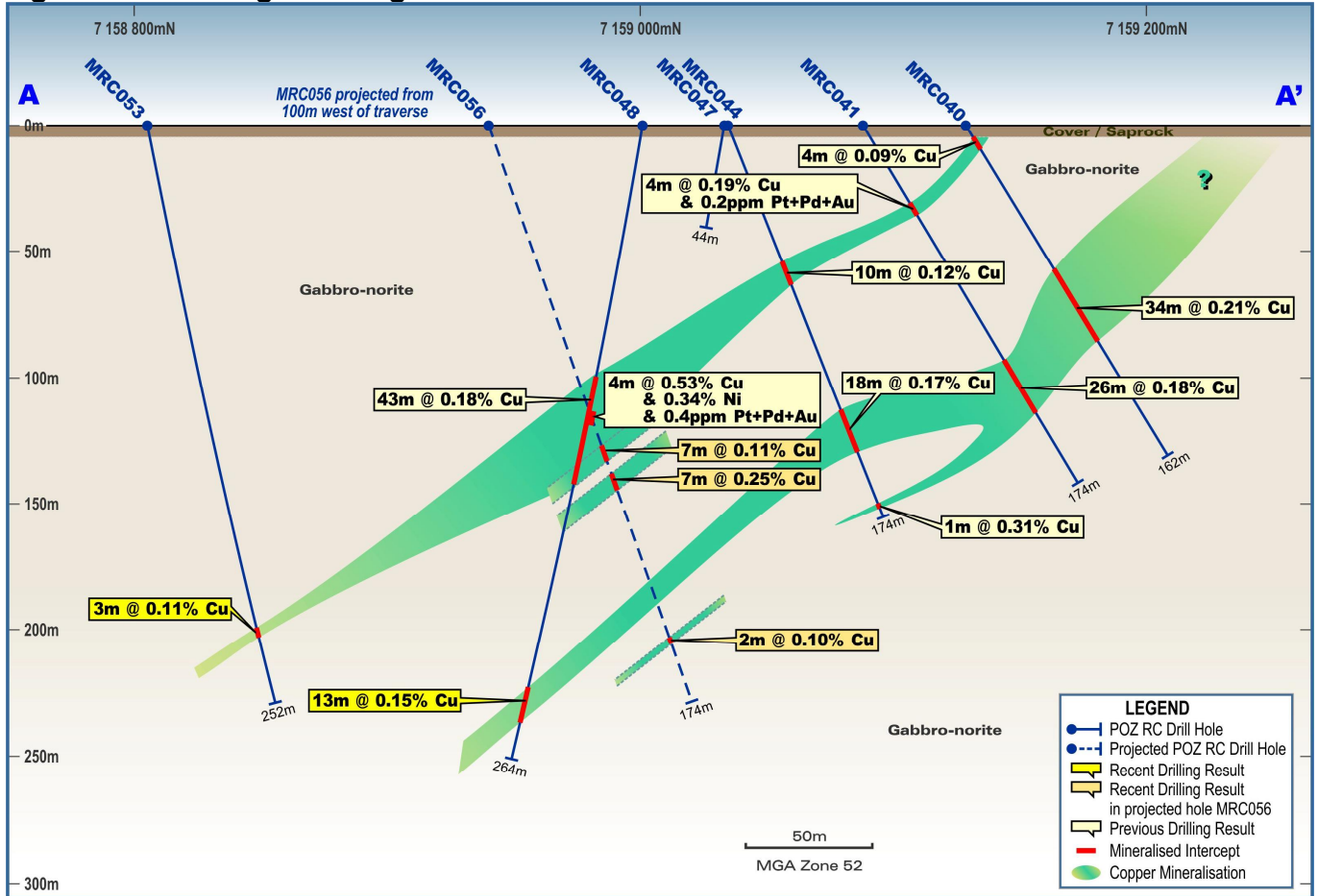
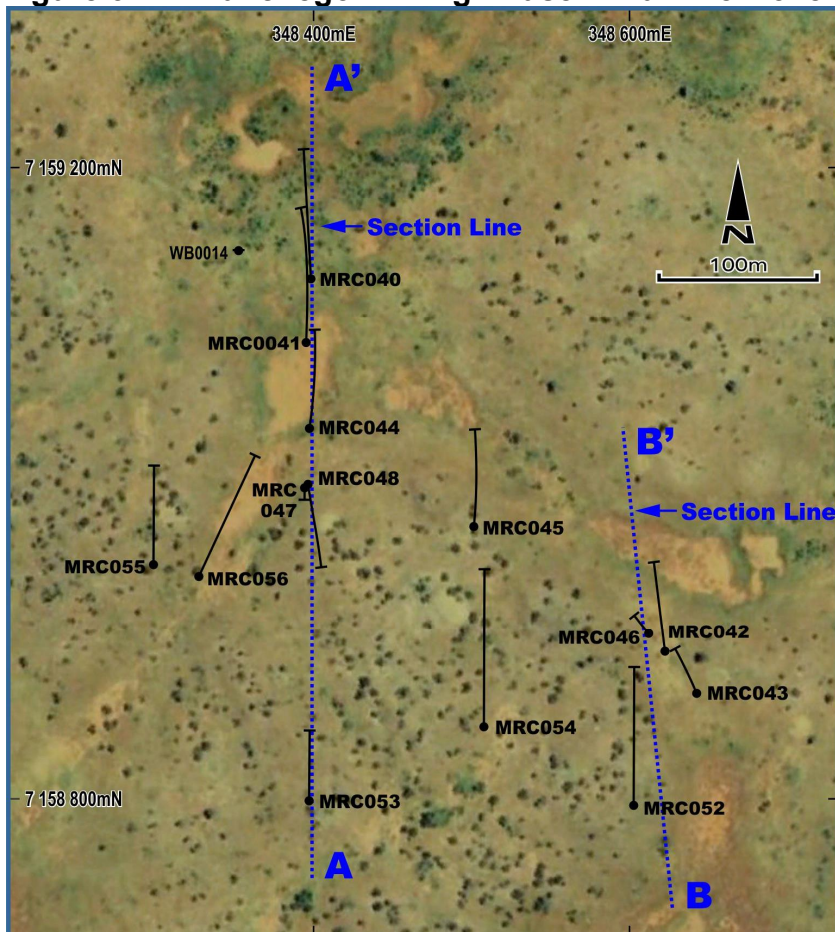


Figure 3: Manchego Drilling Phase 1 Plan View over satellite image



## 2.0 Tuckanarra Gold Project (WA) Update

The Tuckanarra Gold Project lies within the West Australian Murchison goldfield (Figure 3) and has previous production of ~125,000 ounces. POZ owns the Tuckanarra Gold Project 100% with no private royalties.

As announced 27 December 2012, the Company completed a maiden **Indicated and Inferred JORC (2004) resource at Tuckanarra totalling 2,020,000 tonnes @ 1.55 g/t Au for 100,700 ounces** of gold. See Table 1 for resource details at the cut off grade of 0.25 g/t Au. The resource was calculated by Perth based independent mining industry consultants Ravensgate. POZ ASX Announcement dated 27th December 2012<sup>3</sup>.

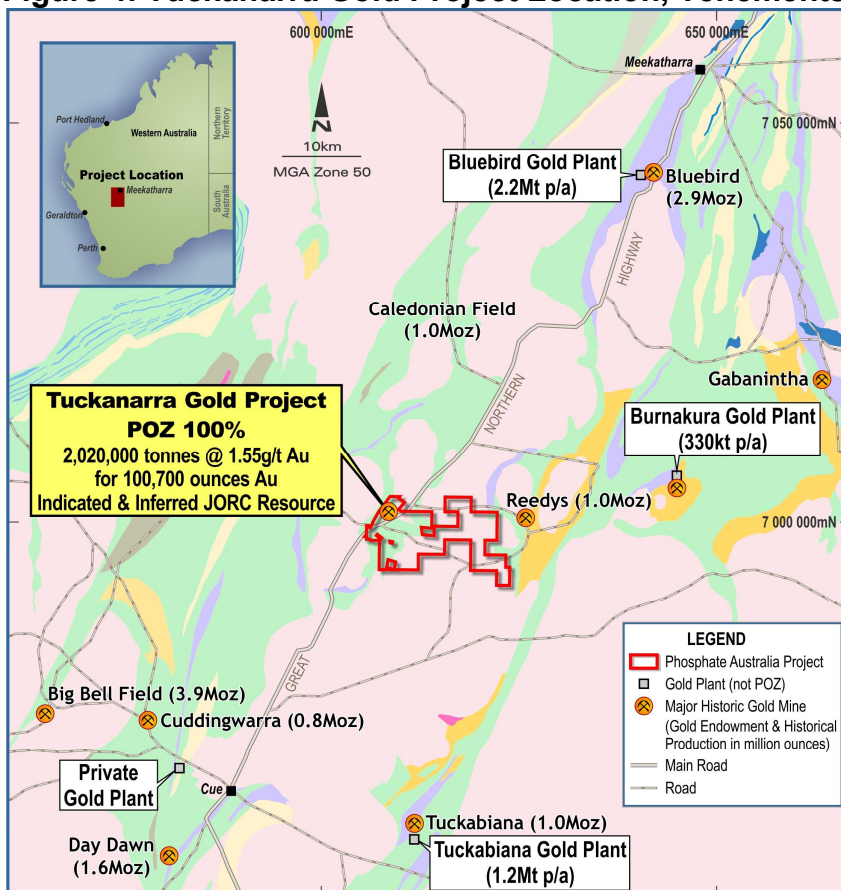
**Table 1: Summary of Total Mineral Resources at Tuckanarra**

Resource Category	Tonnes	Grade (g/t)	Ounces Au
Indicated	1,091,000	1.60	56,000
Inferred	929,000	1.50	44,700
Total	2,020,000	1.55	100,700

The Tuckanarra Gold Project has shallow mineralisation, excellent metallurgical recoveries, high grades in part and proximity to third party gold mills in the region (Figure 4).

On 20th January 2014, a Mining Lease Application and a Mining Proposal to allow for mining operations at Tuckanarra was lodged with the Department of Minerals and Energy. The Company's aim is to expedite the grant of this permitting and position Tuckanarra to enable a swift commissioning to mining operations at some point in the future.

**Figure 4: Tuckanarra Gold Project Location, Tenements & Regional Gold Plants**



### **3.0 Highland Plains Phosphate Project (Northern Territory) Update**

The Highland Plains Phosphate Project has a JORC (2004) compliant Inferred Resource of 53 million tonnes at 16% P<sub>2</sub>O<sub>5</sub>, (POZ ASX release dated 31 March 2009<sup>3</sup>). Substantial amounts of drilling and scoping study work have been done at Highland Plains with proposed solutions for beneficiation to higher grades and product transport logistics using a slurry pipeline. The project is 100% owned by POZ.

The Highland Plains deposit is only 68km west of the Century zinc mine which utilises a slurry pipeline to the coast and is currently preparing for the end of open pit production in mid 2015.

The Board is currently exploring commercial options for Highland Plains.

### **4.0 Nicholson Iron and Manganese Project, (Northern Territory) Update**

The Nicholson Iron and Manganese Project is 100% owned by POZ and covers various tenements in the Northern Territory. The Project is currently under a Joint Venture Option Agreement (JVOA) with Sydney based company Jimpec Resources Pty Ltd (Jimpec) having the right to earn-in to 80% of the Project.

Jimpec are well connected to Chinese interested in iron ore supply and are currently seeking partners to assist in the development of this Project.

### **5.0 R&D Tax Refund**

During the next quarter, the Company expects to receive a Research and Development Tax Incentive Refund from the ATO for work conducted during the 2012-13 tax year. This refund is anticipated to be \$303,355; these funds (less 15% claim expenses) will be applied to general working capital.

### **6.0 Summary and Outlook**

It has been a busy quarter with two drilling campaigns at the Manchego Prospect in the Musgrave region of WA. The initial results are encouraging and the Company looks forward to working with farm-in partner Anglo American on the Prospect in the year ahead.

At the 100% owned Tuckanarra Gold Project, the lodging of the Applications for a Mining Lease and a Mining Proposal are an important milestone and the Board believes the granting of these applications will add significant value to the project.

The Company has a cash balance of \$1.785 million (31st December 2013).

Jim Richards  
Executive Chairman

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<sup>1</sup> Neumann, N, Fraser, G 2007, Geochronological Synthesis and Time Space plots for Proterozoic Australia: AGSO Record p208.

<sup>2</sup> Anglo American, Oct 2013, Quarterly Report to POZ and other communications.

<sup>3</sup> The Company is not aware of any new information or data that materially affects the information included in the previous announcement (JORC 2004) and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

The information in this report that relates to previously reported Exploration Results for the Phase 2 Musgrave Project, Manchego drilling is based on information compiled by Mr Jim Richards who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Richards is a Director of POZ. 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 (the JORC Code). 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.

The previously reported resource estimations for the Tuckanarra Gold Project Area deposits, including the Anchor, Bollard, Cable, Drogue, Maybelle, Maybelle North and Miners Dream deposits, were carried out by Mr Craig Harvey utilizing resource drilling data sets provided by Phosphate Australia Limited. Mr Harvey is a Principal Consultant with Ravensgate Mining Industry Consultants and is also a Member of the Geological Society of Southern Africa. Mr Harvey has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Harvey also consents to the inclusion in the report of the resource estimation matters for these deposits based on the reporting information in the form and context in which it appears.

The Information in this report that relates to Mineral Resources is based on information compiled by Rick Adams and Ted Hansen who are members of the Australasian Institute of Mining and Metallurgy (AusIMM). Rick Adams and Ted Hansen are directors of Cube Consulting Pty Ltd. And have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a competent Person as defined in the December 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves+ (the JORC Code). Rick Adams and Ted Hansen consent to the inclusion in this report of the Information, in the form and context in which it appears.

## Appendix A - Interests In Mining Tenements

Table 1: Western Australia

Lease	Mineral Field	Location	Status	Held at end of quarter %	Acquired during the quarter %	Disposed of during the quarter %	Beneficial interests in farm-in or farm-out agreements at the end of the quarter
E09/2010	WA Aus	Talsiker	Application	0%	0%	100%	
E20/782	WA Aus	Tuckanarra	Granted	100%	0%	n/a	
E20/783	WA Aus	Tuckanarra	Granted	100%	0%	n/a	
E51/1614	WA Aus	Weld Range	Application	100%	100%	n/a	
E69/2820	WA Aus	Wiluna	Granted	100%	0%	n/a	Alloy Resources Limited have a Joint Venture Option Agreement to acquire 80%
E69/2864	WA Aus	Musgraves	Granted	100%	0%	n/a	Anglo American have a Joint Venture Option Agreement to acquire 70%
E69/3154	WA Aus	Musgraves	Application	100%	0%	n/a	Applications in lost ballot
E69/3155	WA Aus	Musgraves	Application	100%	0%	n/a	Applications in lost ballot
E69/3191	WA Aus	Musgraves	Application	100%	0%	n/a	
P20/2180	WA Aus	Tuckanarra	Granted	100%	0%	n/a	
P20/2181	WA Aus	Tuckanarra	Granted	100%	0%	n/a	
P20/2182	WA Aus	Tuckanarra	Granted	100%	0%	n/a	
P20/2183	WA Aus	Tuckanarra	Granted	100%	0%	n/a	
P20/2184	WA Aus	Tuckanarra	Granted	100%	0%	n/a	
P20/2185	WA Aus	Tuckanarra	Granted	100%	0%	n/a	



Table 2: Northern Territory

Lease	Mineral Field	Location	Status	Held at end of quarter %	Acquired during the quarter %	Disposed of during the quarter %	Beneficial interests in farm-in or farm-out agreements at the end of the quarter
EL25600	NT Aus	Alroy	Granted	100%	0%	0%	
EL26646	NT Aus	Murphy	Application	100%	0%	0%	
EL25068	NT Aus	Highland Plains	Granted	100%	0%	0%	JIMPEC have a Joint Venture Option Agreement to acquire 80% of the iron ore and manganese rights
EL28152	NT Aus	Nicholson	Granted	100%	0%	0%	
EL28153	NT Aus	Nicholson	Granted	100%	0%	0%	
EL28157	NT Aus	Nicholson	Granted	100%	0%	0%	
EL26604	NT Aus	Nicholson	Application	100%	0%	0%	
EL26645	NT Aus	Nicholson	Application	100%	0%	0%	
EL26648	NT Aus	Nicholson	Application	100%	0%	0%	
EL26649	NT Aus	Nicholson	Application	100%	0%	0%	
EL26650	NT Aus	Nicholson	Application	100%	0%	0%	
EL27854	NT Aus	Manganese	Application	100%	0%	0%	
EL27855	NT Aus	Manganese	Application	100%	0%	0%	
EL27856	NT Aus	Manganese	Application	100%	0%	0%	
EL28220	NT Aus	Nicholson	Application	100%	0%	0%	

There were no tenements in which the beneficial percentage interests in farm-in or farm-out agreements were acquired or disposed of during the quarter.