

ASX RELEASE

27 July 2016

ASX Code: POZ



QUARTERLY REPORT

Period Ending 30 June 2016

Summary:

Highland Plains Phosphate Project, Northern Territory POZ 100% (under option)

- Subsequent to the end of the quarter, POZ granted an Option over the Highland Plains Phosphate Project.
- Under the Option, thirty days from the Commencement Date (14 July 2016), the incoming party will pay to POZ a A\$200,000 Option Fee. The Option period is for ninety days from the Commencement Date and entitles the incoming party to enter into a Joint Venture with POZ over the Project.
- Executive Chairman Jim Richards and Commercial Manager Yaxi Zhan conducted a site visit to view and assess the MMG Century zinc mine infrastructure which is currently on care and maintenance (the mine lies only 68km to the east of Highland Plains).

Blina Diamond Project, WA

POZ 100%

- The Blina Diamond Project covers a 40 km long diamondiferous palaeo-channel named Terrace 5. The channel drains the central section of the previously mined Ellendale diamond field.
- The Company has now applied for four mining leases over key areas of Terrace 5 and is pursuing the grant of these leases to enable bulk sampling operations over the most prospective and shallowest parts of the diamondiferous gravels.

Ellendale Diamond Mining Lease M04/372: Wardens Court Proceedings

- Because this forfeiture action was not contested, POZ now holds first in line tenement applications over mining lease M04/372 (formerly held by Kimberley Diamond Company). However, the most likely outcome of these dealings are that the Minister (of Mines and Petroleum) will refuse these applications, as flagged by File Notation Area note 12621 (POZ ASX Release dated 1 Feb 2016).

Mount Monger Gold Project, WA

POZ 100%

- One metre split samples (from previous composite sampling) from the Phase 1 drilling campaign were collected for assay. It was confirmed that these samples were not materially different in grade to the original composite samples.
- The project does have potential to provide satellite ore-feed for existing milling infrastructure at Randalls 11km to the west, and the Company is reviewing its options, including further drilling towards a resource or a joint venture farm-out.

1.0 Highland Plains Phosphate Project (Northern Territory). POZ 100% (under option)

The Highland Plains Phosphate Project in the NT has a JORC Code (2004) compliant Inferred Resource of 53 million tonnes at 16% P₂O₅ (ASX release 31 March 2009)^A. The Project is 100% owned by POZ and has no private royalties.

Subsequent to the end of the quarter, POZ granted an Option over the Highland Plains Phosphate Project. The incoming party is a private Australian company, P2O5 Pty Ltd ('P2O5'), representing a Sydney based consortium with various development interests in Asia.

1.1 Option Terms

Thirty days from the Commencement Date (14 July 2016), P2O5 will pay to POZ an Option Fee of A\$200,000. This Option (valid for ninety days from the Commencement Date) entitles P2O5 to enter into a Joint Venture with POZ over the Highland Plains Phosphate Project (and surrounding project areas).

To exercise the Option, P2O5 shall pay POZ US\$2,000,000 in cash. This payment will trigger the formation of a Joint Venture in which P2O5 shall have acquired an initial 51% and POZ will retain 49% of the phosphate assets. The aim of the Joint Venture shall be the mining and development of the rock phosphate assets of POZ and others.

A further 19% interest in the Joint Venture shall be acquired by P2O5 upon the deposit of A\$3,000,000 into an interest bearing trust account in the name of the Joint Venture Parties. This is to be used exclusively for development of the Joint Venture assets, including the preparation of a Bankable Feasibility Study and of a Mining Plan in respect to the Highland Plains Phosphate Resource within the Tenements. Following the above terms being satisfied, POZ's interest in the Joint Venture will be 30%. POZ will be entitled to a 30% shareholding (pre-IPO) of any public listing of the P2O5 share of the Joint Venture.

POZ shall be entitled at its sole discretion to convert its Joint Venture interest to a Royalty of 2% of all future Joint Venture gross revenue, based on the market free on board price for all shipments of phosphate rock from an Australian Port.

POZ's Joint Venture interest will be non-diluting and non-contributory until the Joint Venture has produced a Bankable Feasibility Study in relation to the rock phosphate resources on the tenements. Following completion of the Bankable Feasibility Study (BFS), both Parties interests are contributory on a pro-rata basis.

After the exercise of the Option, all holding and administrative costs including minimum expenditures, tenement rents, compliance and tenement management costs incurred by the Joint Venture shall be borne by P2O5 until the production of a BFS.

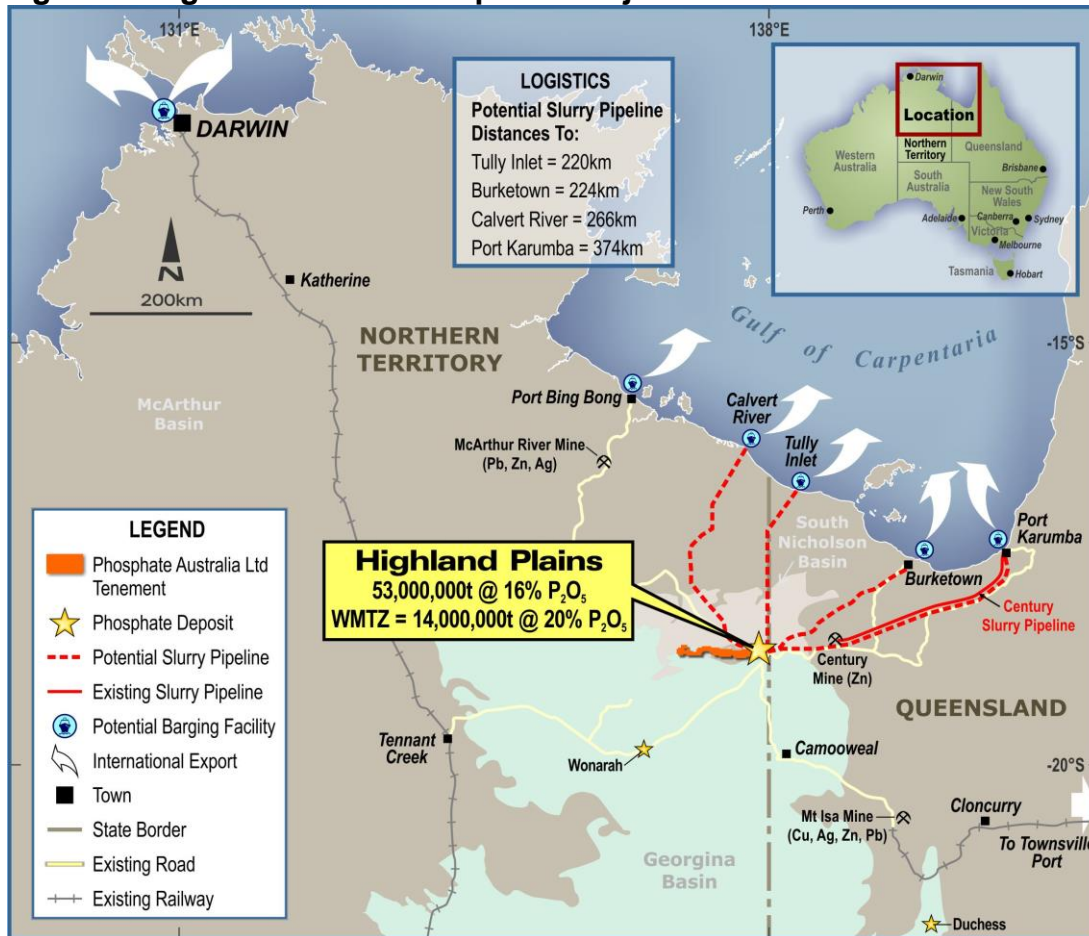
It is important to note that this Option Agreement is predicated upon the payment of the Option fee. Further Option terms relating to third party assets are commercial in confidence.

1.2 Century Zinc Mine Infrastructure: Trip to Queensland

During May, POZ Executive Chairman Jim Richards and Commercial Manager Yaxi Zhan conducted a field trip to view and assess the MMG Century zinc mine infrastructure. Thanks to MMG for facilitating this trip.

The proximity of the Century mine, plant and pipeline, just 68km to the east of Highland Plains, is most attractive. This site visit greatly assisted discussions which led to the signing of the Option deal outlined above.

Figure 1: Highland Plains Phosphate Project Location Plan



2.0 Blina Diamond Project, WA

POZ 100%

The Blina Diamond Project in the Ellendale Diamond Province of WA's Kimberley Region of is 100% owned by POZ and has no private royalty obligations. The project consists of two POZ tenement applications with a combined area of 161 km² situated 100km east of Derby.

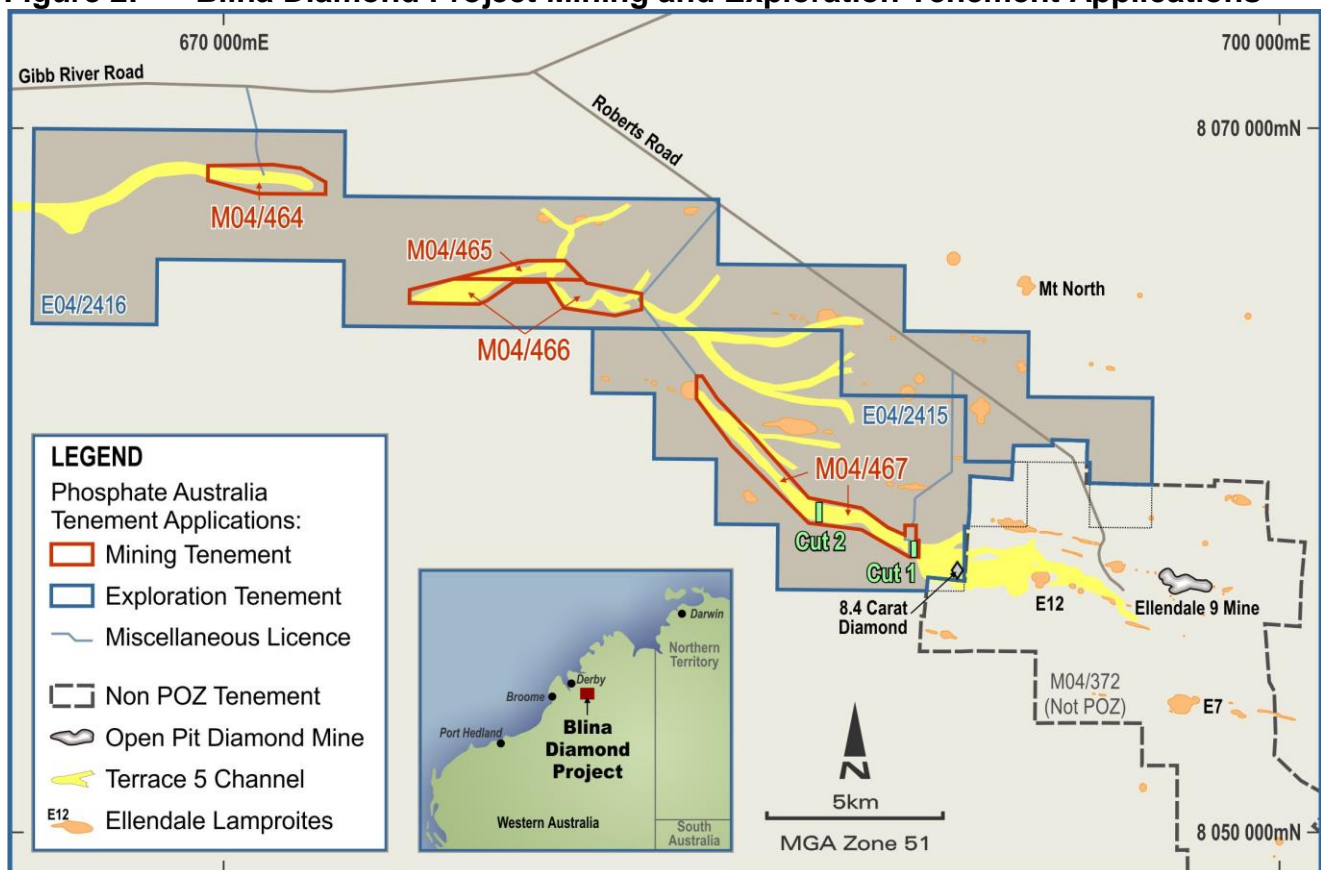
The key part of the Blina Diamond Project is a diamondiferous palaeo-channel, discovered in 1995 that drains the central section of the previously mined Ellendale diamond field. This channel is named Terrace 5 (Figure 2) and previous exploration has demonstrated it to extend over some 40km, with channel widths of 200 to 500m. Gravels (where present) average about one metre in thickness. Diamonds recovered from the gravels are considered large, with an average stone size of around 0.42 carats. Most stones are of gem quality. The largest diamond recovered to date from Terrace 5 weighed 8.44 carats (from Pit 82)¹, with stones larger than two carats common.¹

The Company has applied for four mining leases and three miscellaneous licences over key target areas of the Terrace 5 channel with a view to trial bulk sampling of gravels. These targeted areas represent areas with shallower overburden and higher bulk sampling grades identified from previous work.

The Company has compiled the considerable amount of historical data into a modern database. This data along with previous fauna and flora, groundwater and other studies are now being used to generate applications for permitting of bulk sampling operations, which can be submitted to the mines department once the mining applications are granted. The tenements are currently progressing to grant through the Native Title process; although no particular outcome from this course can be guaranteed by the Company.

Further detailed information including the Table 1 (JORC Code, 2012 Edition) and references are available on the POZ ASX Release dated 9 October 2015: [click here](#)

Figure 2: Blina Diamond Project Mining and Exploration Tenement Applications



2.1 Ellendale Diamond Mining Lease: Wardens Court Proceedings

On 1 February 2016, the Company reported it was pursuing a forfeiture action in the Mining Warden's Court of WA regarding tenement M04/372. This tenement covers the Ellendale diamond mine previously operated by Kimberley Diamonds Ltd and also adjoins the POZ Blina Diamond Project (Figure 2).

Because this forfeiture action was not contested, POZ now holds first in line tenement applications over M04/372. However, the most likely outcome of these dealings are that the Minister (of Mines and Petroleum) will refuse these applications, as flagged by File Notation Area note 12621 (POZ ASX Release dated 1 Feb 2016).

The Company maintains an interest in securing the mineral rights to tenement M04/372 and will continue to pursue those rights in the best interests of the Company.

3.0 Mount Monger Gold Project, WA

POZ 100%

The Mount Monger Gold Project is 43km east of Kambalda and approximately 70km by road from Kalgoorlie. The project consists of tenement E25/525 (26.6km²) which was recently granted. The Company owns 100% of the project with no private royalties or encumbrances. The project is well located in an active gold mining district and is only 11km east of the 1.2Mtpa Randalls gold mill operated by Silver Lake Limited.

In March 2016, POZ conducted an 87 hole, 2,344m aircore drilling campaign at its Mount Monger gold project. Drilling confirmed a lode gold target with 350 metres of strike at the Kiaki Soaks Prospect.

During the June quarter, one metre split samples (from previous drill composite sampling) were collected and were confirmed as not being materially different to the original composite samples.

Figure 3: Mount Monger Gold Project Location Plan

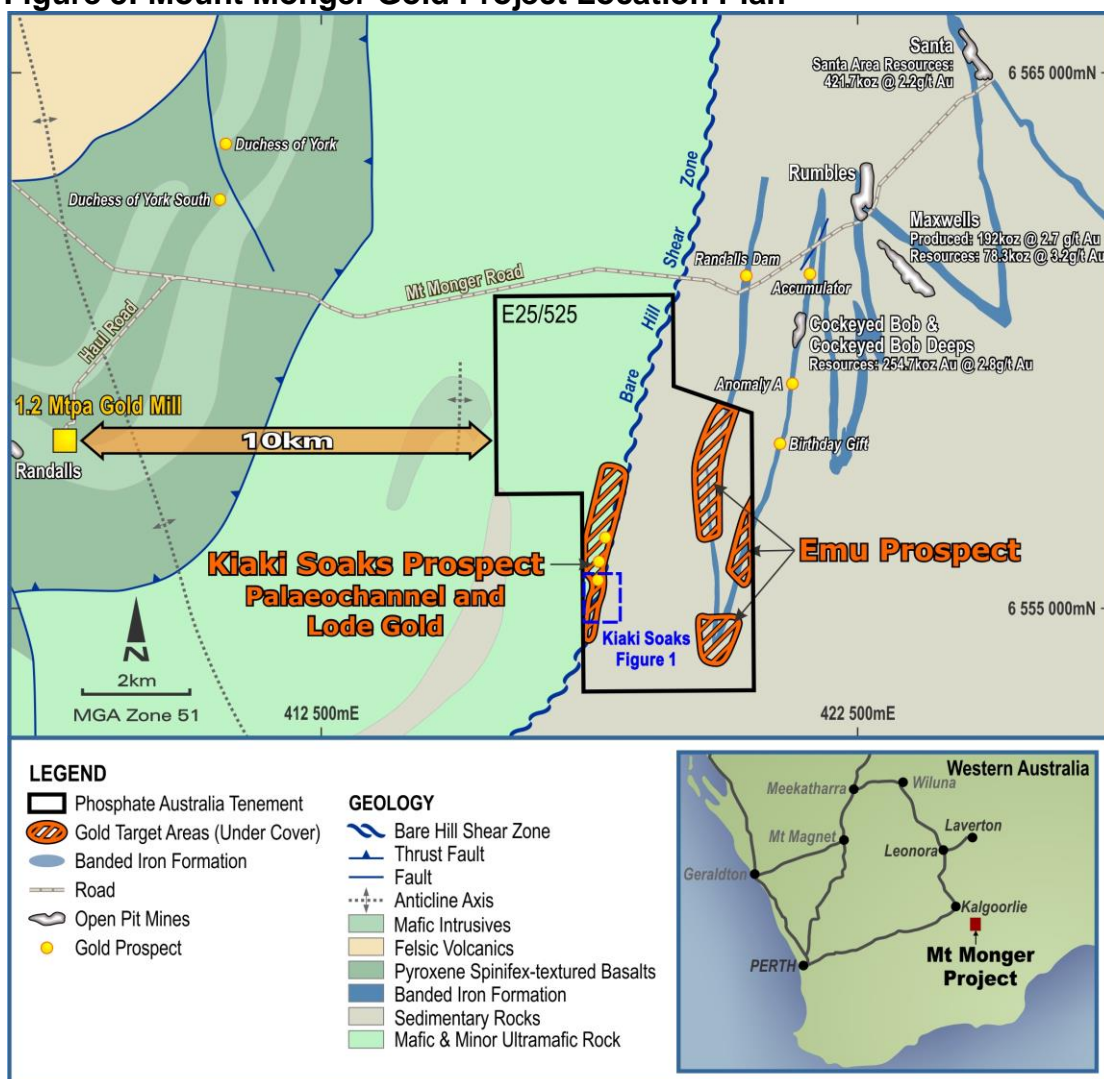
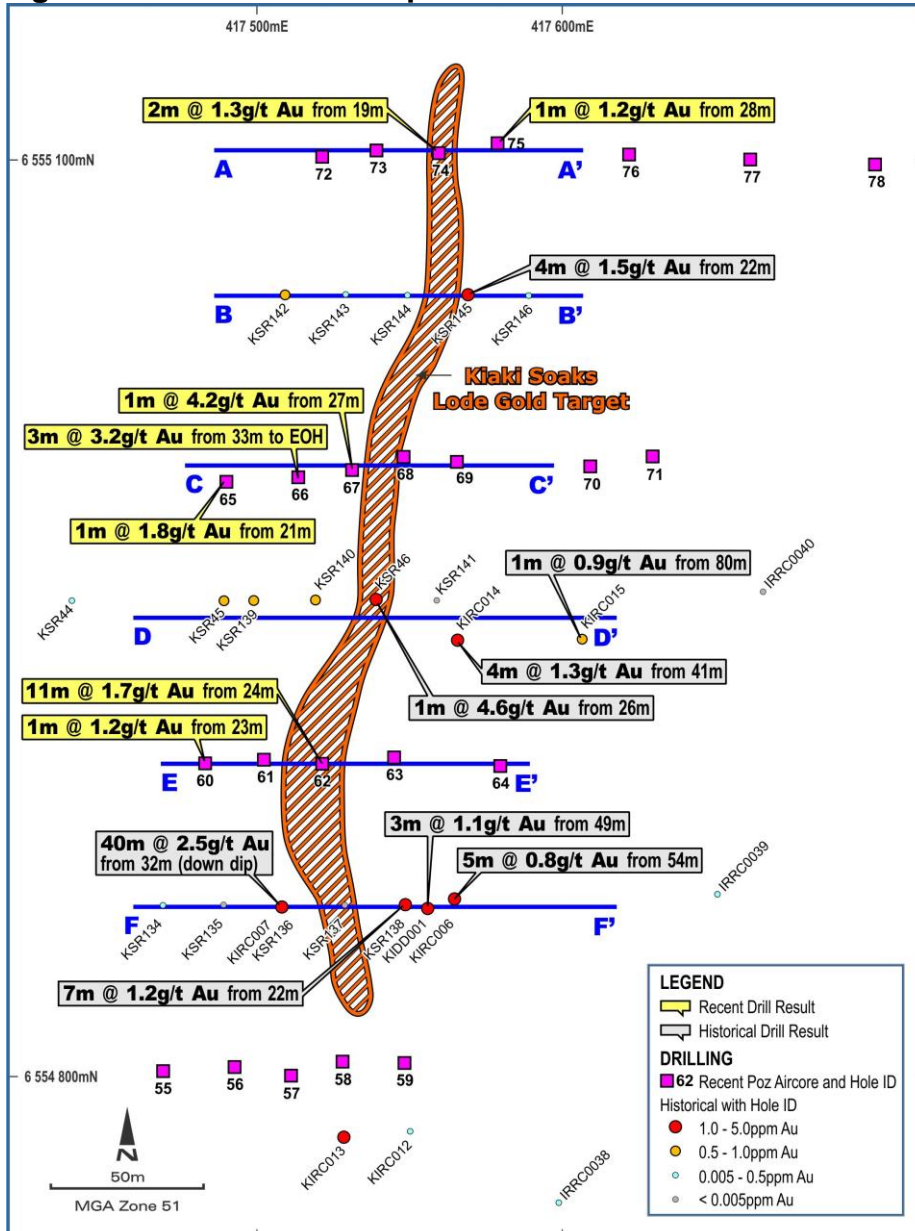


Figure 4: Kiaki Soaks Prospect POZ Phase 1 and Historic Drilling Results (>0.2 g/t Au)



Lode target projected to surface

3.1 Mount Monger Gold Project Conclusion

The Kiaki Soaks Prospect has a strike length of 350 metres and has the potential to host significant gold mineralisation.

This prospect has the potential for satellite ore-feed for existing milling infrastructure and the Company is reviewing its options, which include further shallow aircore drilling to prove up a resource or a joint venture farm-out.

Table 1 (JORC Code, 2012 Edition), references and supporting information to this report is available on the POZ ASX Release dated 18 April 2016. [Mount Monger Drill Results Phase 1](#)

4.0 Summary and Outlook

The Highland Plains Option agreement is a welcome step forward for that project and POZ retains excellent exposure to any ongoing development of the venture.

The Blina Diamond Project continues to progress well and the pegging of four mining leases during the quarter is an important milestone. The Company is pursuing the grant of these leases to enable bulk sampling operations over the most prospective and shallowest parts of the diamondiferous gravels.

The drilling at the Mount Monger Project has given the Company some answers and it now appears there is potential at Kiaki Soaks to target satellite ore-feed for existing milling infrastructure. The Company is reviewing its options, which include further shallow aircore drilling to prove up a resource or a joint venture farm-out.

The Company has a cash balance of approximately \$2.6 million (30 June 2016).

Jim Richards
Executive Chairman

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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.

The Information in this report that relates to Highland Plains Mineral Resources is based on information compiled by Rick Adams and Ted Hansen who are members of the Australasian Institute of Mining and Metallurgy. 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. Rick Adams and Ted Hansen consent to the inclusion in this report of the Information, in the form and context in which it appears.

^AThe 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/year have not materially changed.

Appendix A - Interests In Mining Tenements

Table 1: Western Australia

Lease	State	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
E04/2415	WA Aus	Application	100%	0%	0%	Application
E04/2416	WA Aus	Application	100%	0%	0%	Application
E04/2424	WA Aus	Application	100%	0%	0%	Application
E04/2429	WA Aus	Application	100%	0%	0%	Application
M04/464	WA Aus	Application	100%	100%	0%	Application
M04/465	WA Aus	Application	100%	100%	0%	Application
M04/466	WA Aus	Application	100%	100%	0%	Application
M04/467	WA Aus	Application	100%	100%	0%	Application
E25/525	WA Aus	Granted	100%	0%	0%	Granted
E38/3038	WA Aus	Granted	100%	0%	0%	Granted
E38/3058	WA Aus	Granted	100%	0%	0%	Granted
E45/4629	WA Aus	Application	100%	0%	0%	Application
E46/1141	WA Aus	Application	100%	0%	0%	Application
E52/3276	WA Aus	Application	100%	0%	0%	Application
E52/3316	WA Aus	Application	100%	0%	0%	Application
E52/3426	WA Aus	Application	100%	0%	0%	Application
E69/2820	WA Aus	Granted	20%	0%	0%	Joint Venture with Alloy Resources Limited
E69/3191	WA Aus	Surrendered	0%	0%	100%	Surrendered
E69/3401	WA Aus	Application	100%	0%	0%	Application
E80/4953	WA Aus	Application	100%	0%	0%	Application
L04/98	WA Aus	Application	100%	100%	0%	Application
L04/99	WA Aus	Application	100%	100%	0%	Application
L04/100	WA Aus	Application	100%	100%	0%	Application

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
EL25068	NT Aus	Highland Plains	Granted	100%	0%	0%	POZ 100%
EL28153	NT Aus	Nicholson	Granted	100%	0%	0%	POZ 100%.
EL30890	NT Aus	HP West	Granted	100%	0%	0%	POZ 100%
EL30891	NT Aus	HP West	Granted	100%	0%	0%	POZ 100%
EL31050	NT Aus	HP West	Withdrawn	0%	0%	100%	POZ 100%
EL31051	NT Aus	HP West	Withdrawn	0%	0%	100%	POZ 100%
EL31052	NT Aus	HP West	Withdrawn	0%	0%	100%	POZ 100%
EL31053	NT Aus	HP West	Withdrawn	0%	0%	100%	POZ 100%