

ASX RELEASE

28 April 2016

ASX Code: POZ



QUARTERLY REPORT

Period Ending 31 March 2016

Summary:

Mount Monger Gold Project, WA

POZ 100%

- Phase 1 maiden 87 hole, 2,344m aircore drilling campaign completed and assay results reported.
- A 350 metre long gold target has been identified at the Kiaki Soaks Prospect.
- Assay results included 12m @ 1.8g/t Au from 24m and 6m @ 1.5g/t Au from 30m in (both are 6m composite samples).
- Awaiting results from one metre split samples.
- The Kiaki Soaks Prospect is 11km from the currently operating 1.5Mtpa Randalls gold treatment plant.

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 diamondiferous Ellendale lamproite field.
- The Company is currently applying for mining leases over certain key areas of the Terrace 5 channel.

Ellendale Diamond Mining Lease: Wardens Court Proceedings

- The Company is currently 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).

Highland Plains Phosphate Project, Northern Territory

POZ 100%

- The Company continues to pursue potential partnering opportunities for the Highland Plains Phosphate Project in the Northern Territory, with a view to jointly develop the project.

1.0 Mount Monger Gold Project, WA

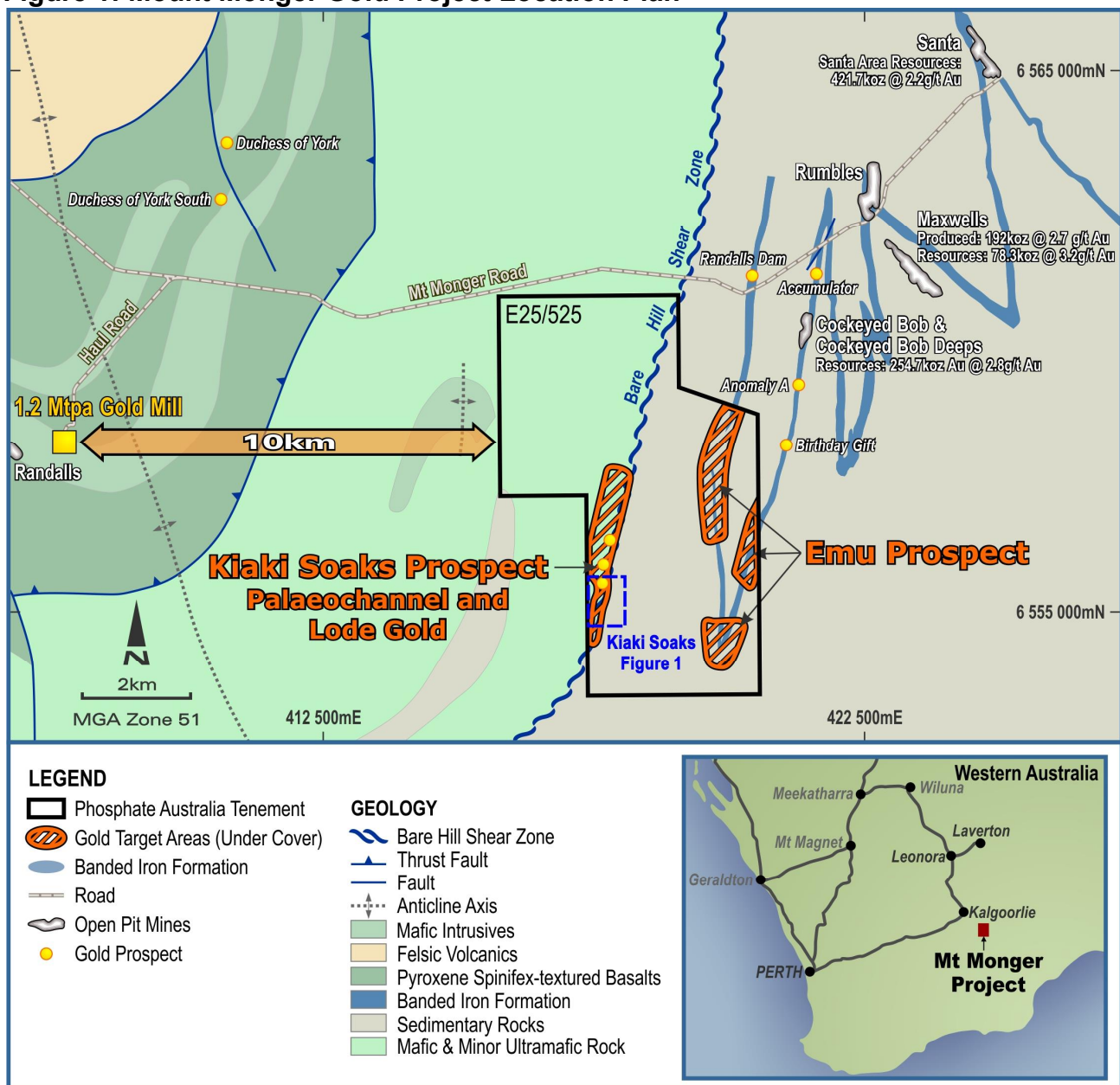
POZ 100%

During the quarter, Phosphate Australia Limited ('POZ' or the 'Company') conducted a Phase 1, 87 hole, 2,344m aircore drilling campaign (MMAC001 to 087) at its Mount Monger gold project from the 19 to 24 March 2016. Drilling was designed to test BIF-hosted mineralisation at the Emu Prospect, and a lode/palaeochannel target at the Kiaki Soaks Prospect (Figure 1).

The Mount Monger 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 the Kiaki Soaks Prospect is only 11km east of the Silver Lake 1.2Mtpa Randalls gold mill.

Drilling confirmed a lode gold target with 350 metres of strike at the Kiaki Soaks Prospect.

Figure 1: Mount Monger Gold Project Location Plan



1.1 Kiaki Soaks Lode Gold Prospect Assay Results

Widespread gold mineralisation was identified at the Kiaki Soaks Prospect. Drilling confirms a lode gold target of approximately 3 to 6 metres (true width) by 350m in strike (Figures 1 and 2) and largely open at depth. Results include:

- 12m @ 1.8g/t Au from 24m in MMAC 62 (6m composite sample)
- 6m @ 1.5g/t Au from 30m in MMAC 66 (6m composite sample)
- 1m @ 4.2g/t Au from 27m in MMAC 67

The Kiaki Soaks gold target area is beneath 11 to 27 metres of cover (Sections A to F) and is hosted in highly weathered felsic sediments. Drilling has confirmed the easterly dipping Bare Hill Shear as the main structural control on mineralisation.

To the west of the shear is a basalt; the Bare Hill Shear appears to follow the competency contrast between the felsics and this basalt. There is supergene gold enrichment in places where the lode gold target meets the overlying cover. The drill program found no evidence of a mineralised palaeo-channel.

1.2 Emu Gold Prospect Assay Results

At the Emu Prospect, POZ exploration drilling targeted banded iron hosted gold mineralisation, similar to the nearby Rumbles and Cockeyed Bob mines. No gold mineralisation was encountered at the Emu Prospect and there will be no further work in this area.

1.3 Future Work

One metre sample splits (from the mineralised six metre composite samples) are now being collected, once the assay results from these one metre samples are in and assessed, a further exploration work program will be planned and implemented. Most likely shallow aircore drilling which is cost effective and works well in the area.

1.4 Mount Monger Gold Project Conclusion

The first-pass POZ aircore drilling program at Mount Monger has been most successful. It has confirmed gold mineralisation on the Bald Hill Shear and identified the Kiaki Soaks lode gold target within that shear zone; 11km east of Silver Lake and Randalls gold mill.

The Kiaki Soaks Prospect has a strike length of 350 metres and has the potential to host significant gold mineralisation. The Company is currently awaiting the assay results from the split samples and will decide on the future exploration program at Kiaki Soaks once these results are received. The total drilling and analytical costs for the Phase 1 drilling campaign were approximately \$60,000.

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](#)

Figure 2: Kiaki Soaks Prospect POZ Phase 1 Drilling Results (>0.2 g/t Au)

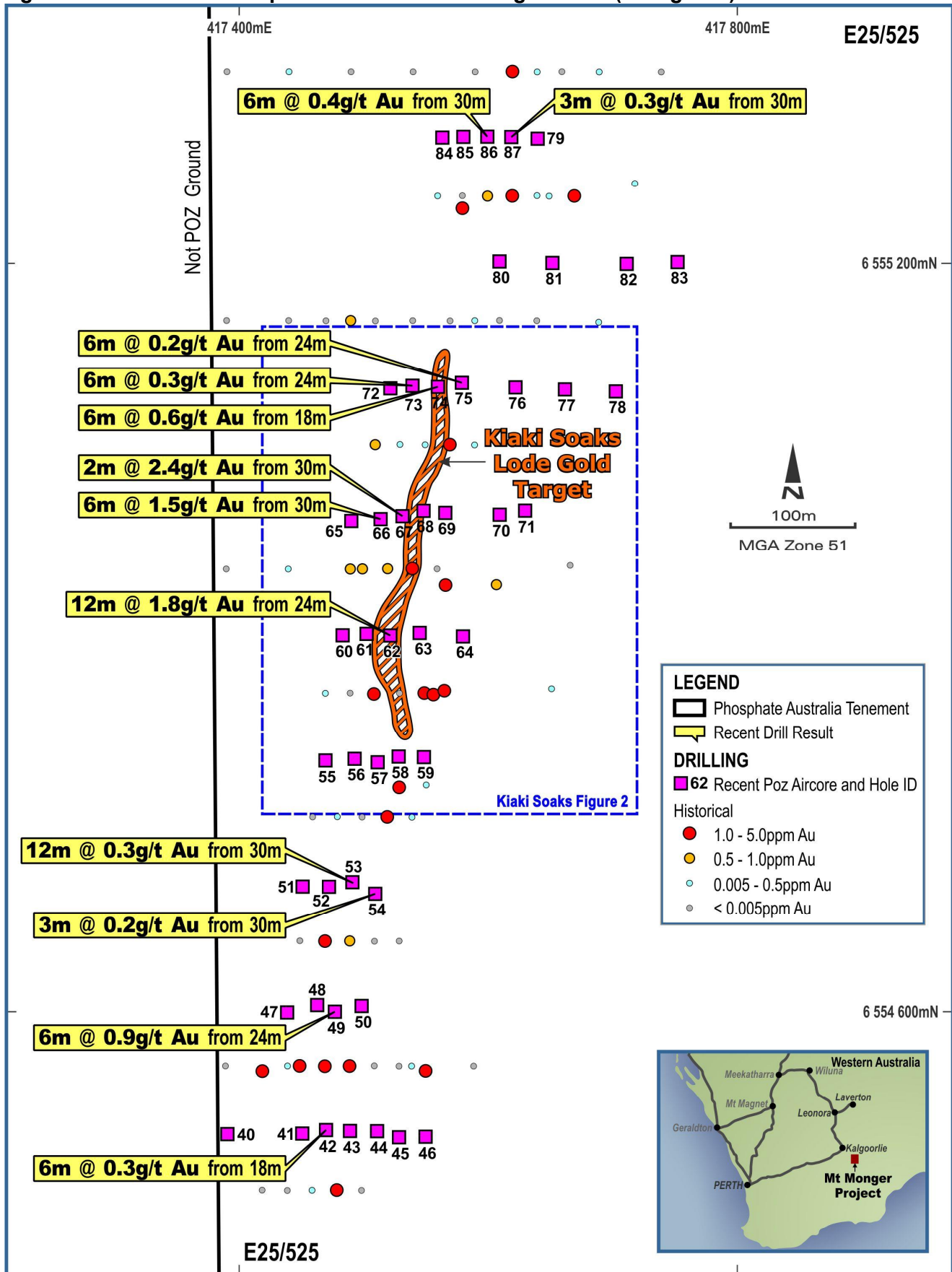
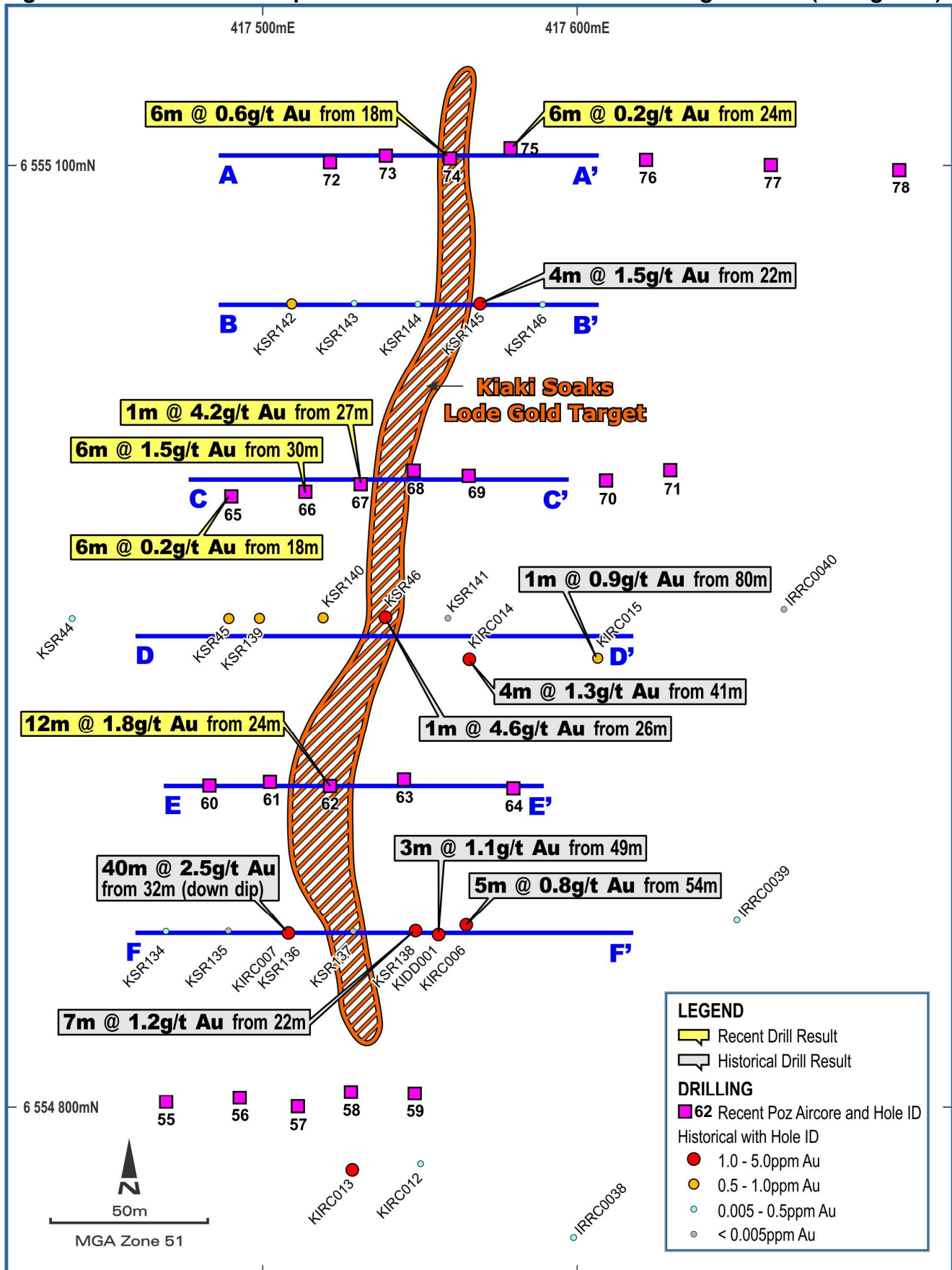
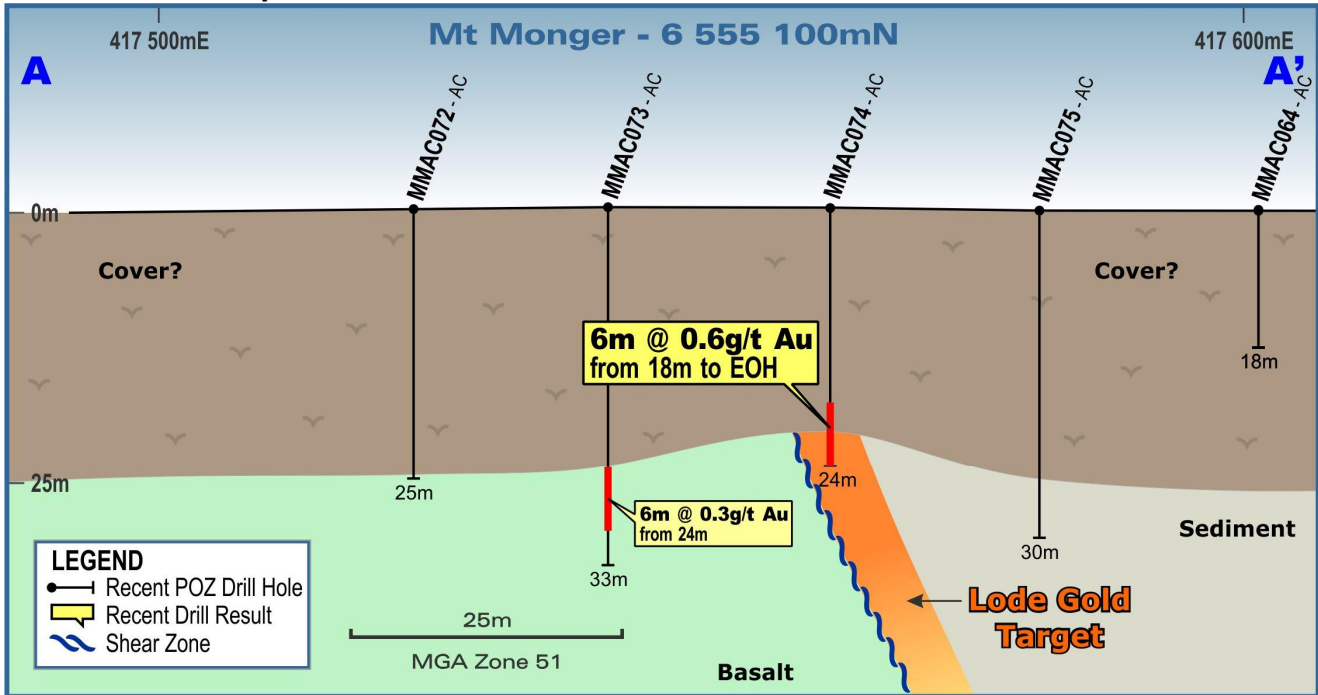


Figure 3: Kiaki Soaks Prospect POZ Phase 1 and Historic Drilling Results (>0.2 g/t Au)

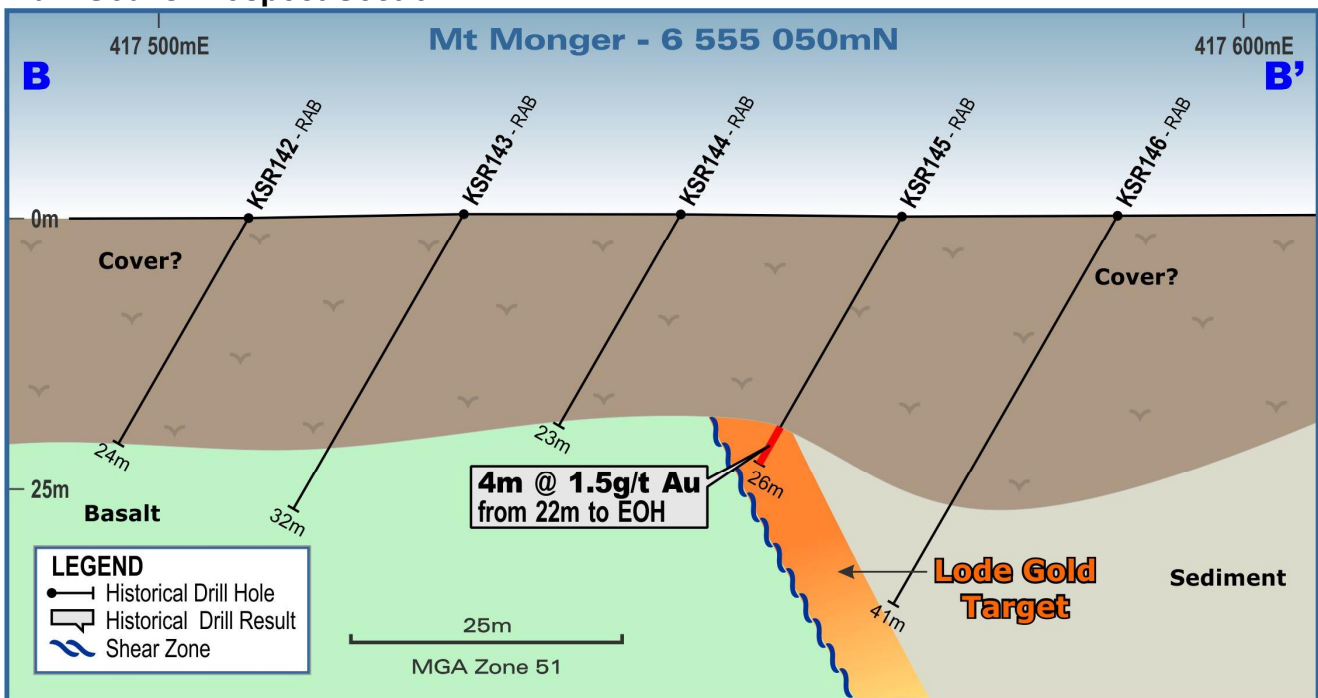


Lode target projected to surface

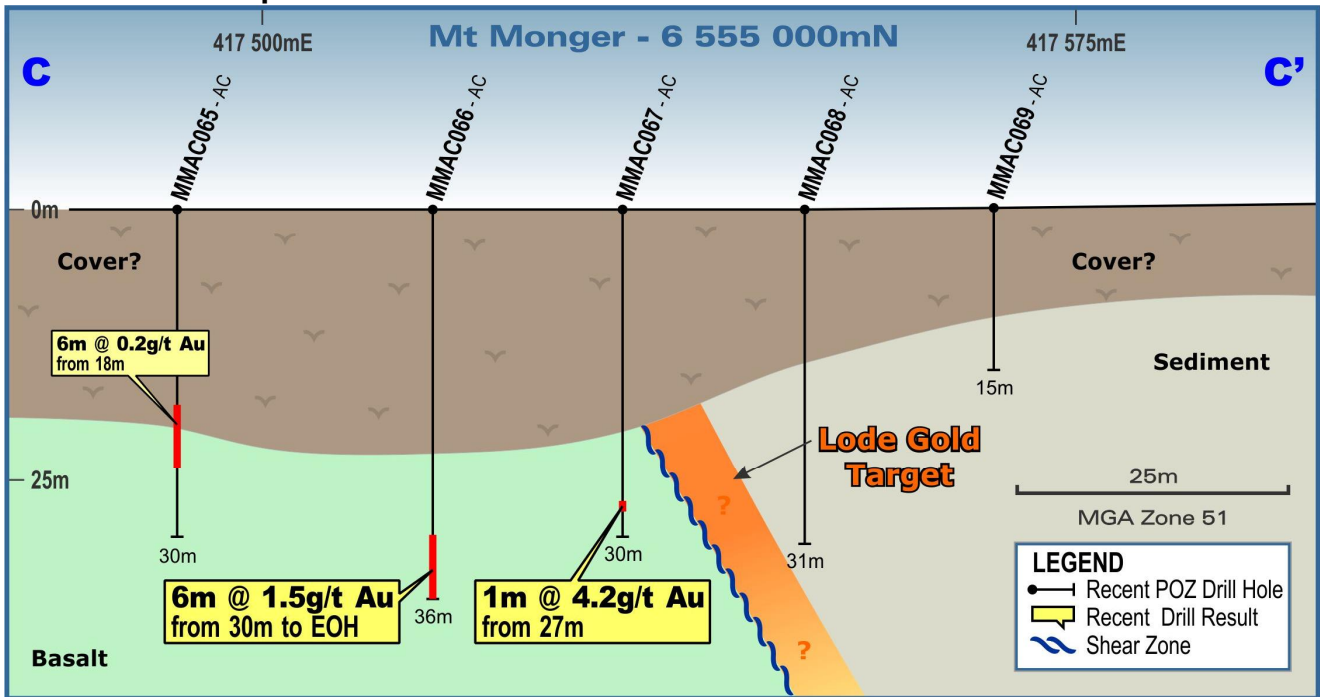
Kiaki Soaks Prospect Section A - A'



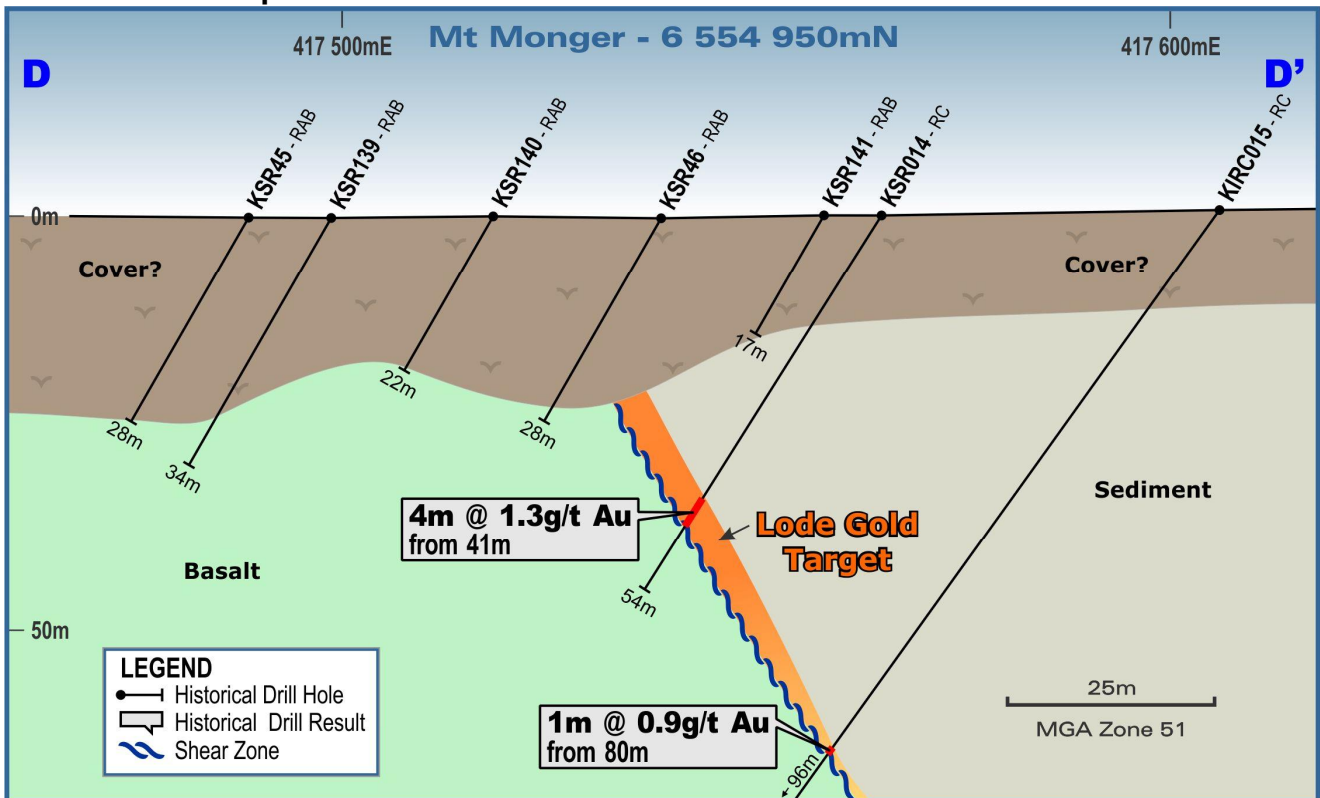
Kiaki Soaks Prospect Section B - B'



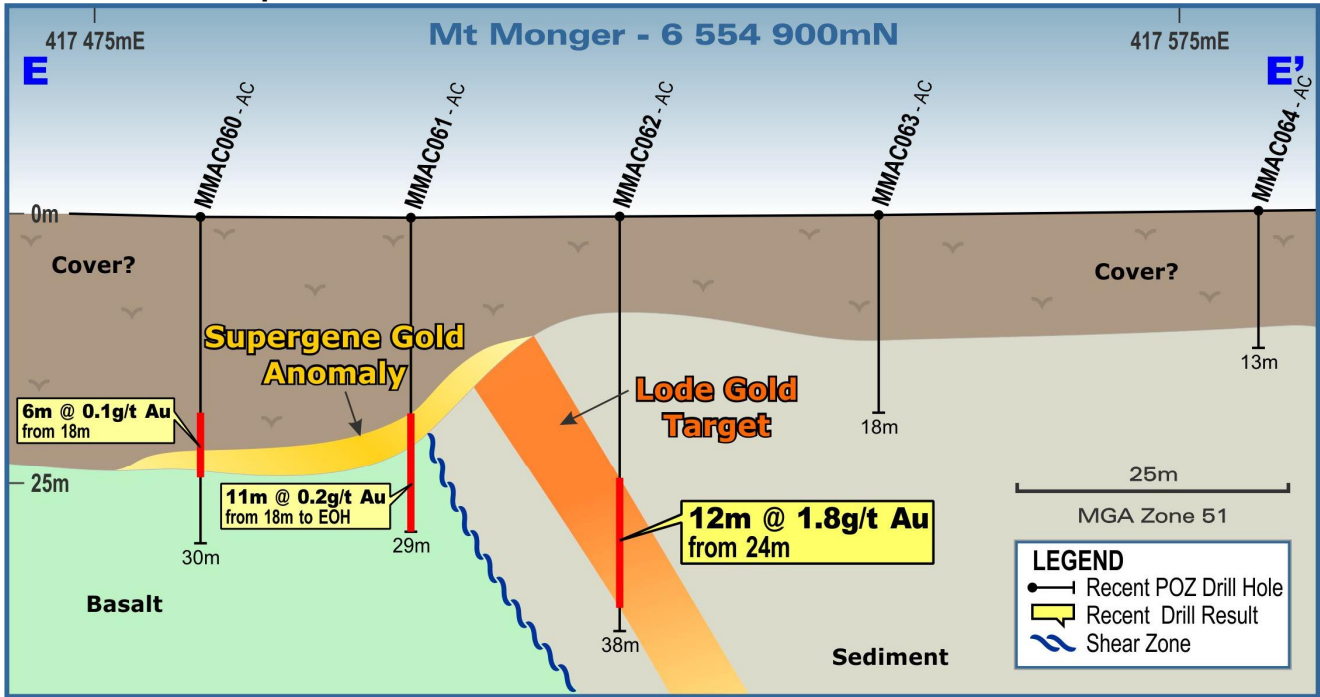
Kiaki Soaks Prospect Section C - C'



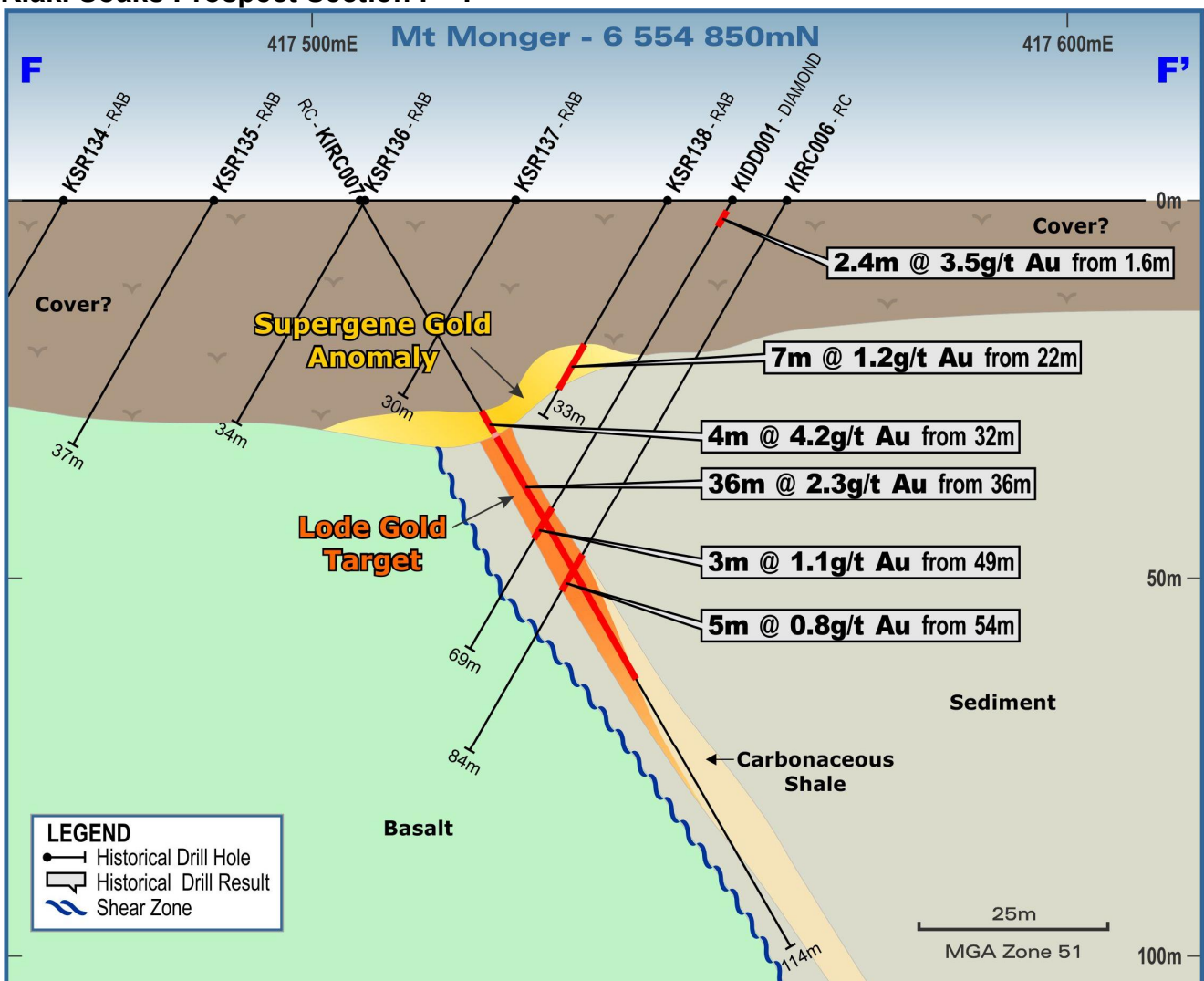
Kiaki Soaks Prospect Section D - D'



Kiaki Soaks Prospect Section E - E'



Kiaki Soaks Prospect Section F - F'



2.0 Blina Diamond Project, WA

POZ 100%

The Blina Diamond Project in the Ellendale Diamond Province of the Kimberley Region of Western Australia 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.

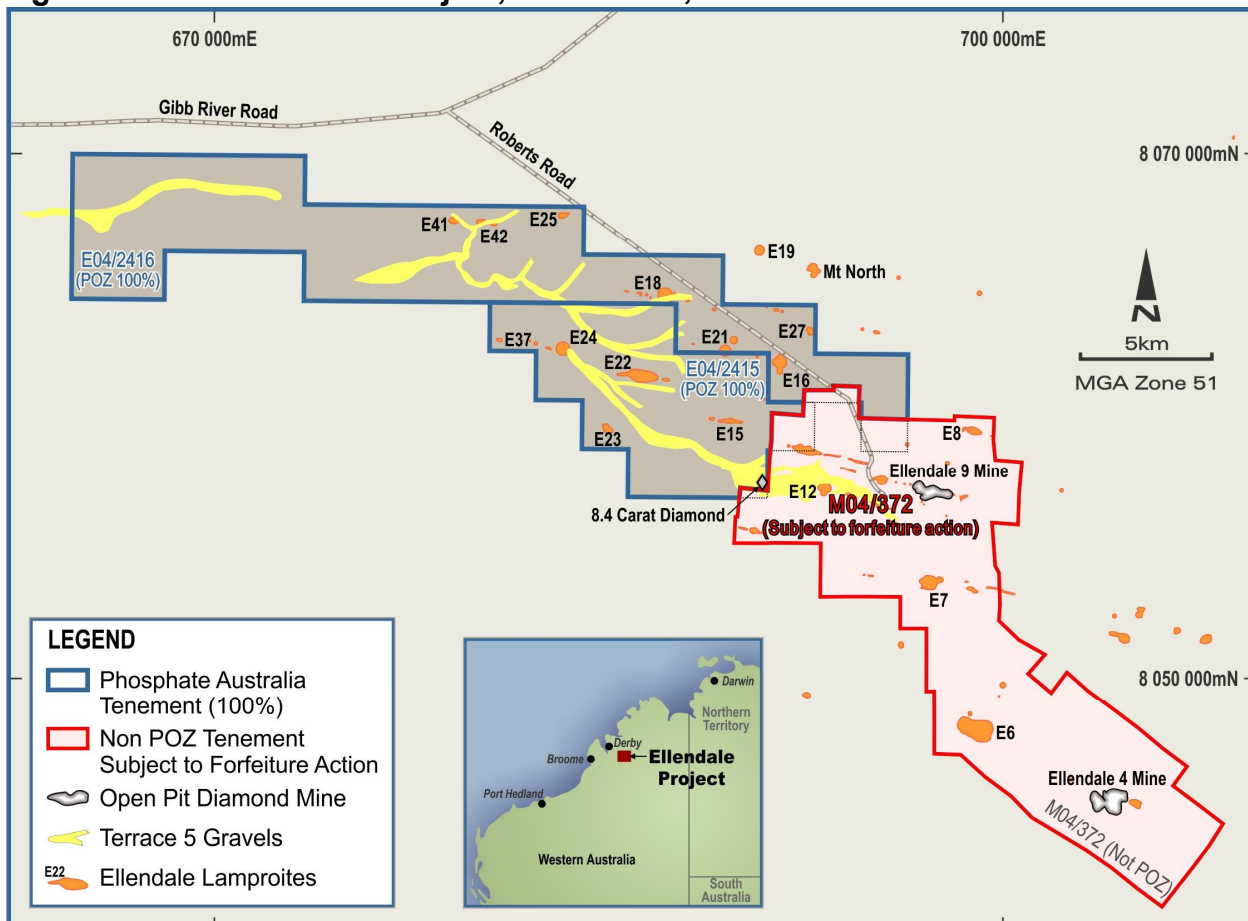
Central to the Blina Diamond Project is a diamondiferous palaeo-channel, discovered in 1995 and named Terrace 5 (Figure 4). This channel has been tracked over a distance of some 40km and drains the central section of the diamondiferous Ellendale lamproite field.

Terrace 5 was once a major alluvial system with channel widths from 200-500m. Gravels (where present) are variable, but 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)⁶, with stones larger than two carats common.¹

The Company is currently applying for mining leases over certain key areas of the Terrace 5 channel. Areas with a shallow overburden and better historical bulk sampling grades are the main targets. The project is 100% owned by POZ and carries no private royalties.

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

Figure 4: Blina Diamond Project, Tenements, Terrace 5 Alluvials



3.0 Ellendale Diamond Mining Lease: Wardens Court Proceedings

During the quarter, the Company reported it was 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 4).

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.¹

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*.

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.

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

4.0 Highland Plains Phosphate Project (Northern Territory) **POZ 100%**

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

Previous POZ Exploration Licence Applications 26604, 26645, 26646, 26648, 26649, 26650, 27854, 27855, 27856 and 28220 are no longer held by the Company. The Highland Plains phosphate deposit and areas hosting significant phosphate exploration potential to the west and south of Highland Plains are not affected by these tenement changes.

5.0 Musgrave Project, WA**POZ 100%**

During the quarter, the project operator withdrew from the joint venture option over the Company's Musgrave Project. Over two million dollars has been spent on the POZ Musgrave Project since 2011, most of which was expended by two separate joint venture partners. Despite a number of discoveries, most notably the Manchego Cu/Ni prospect, commercial success has remained elusive.

The Company has now surrendered E69/2864 and is not planning on actively pursuing further exploration in the Musgrave region at this time.

6.0 Summary and Outlook

The Board are encouraged by the drilling results from the Kiaki Soaks Gold Project at Mount Monger and will be pursuing follow up work in the next quarter. The pegging of mining leases at the Blina Diamond Project will also be completed in the next quarter and this will enable the Company to seek full permitting for operations over this project.

The Company continues to pursue potential partnering opportunities for the Highland Plains Phosphate Project in the Northern Territory, with a view to jointly develop the project.

The Company has a cash balance of \$2.8 million (31 March 2016).

Jim Richards
Executive Chairman

Enquiries To: Mr Jim Richards +61 8 9422 9555

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%	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
E52/3276	WA Aus	Application	100%	0%	0%	Application
E52/3316	WA Aus	Application	100%	0%	0%	Application
E52/3426	WA Aus	Application	100%	100%	0%	Application
E69/2820	WA Aus	Granted	20%	0%	0%	Joint Venture with Alloy Resources Limited
E69/2864	WA Aus	Surrendered	100%	0%	100%	Surrendered
E69/3191	WA Aus	Granted	100%	0%	0%	Granted
E69/3401	WA Aus	Application	100%	0%	0%	Application
L04/98	WA Aus	Application	100%	0%	0%	Application
L04/99	WA Aus	Application	100%	0%	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%
EL26604	NT Aus	Nicholson	Refused	0%	0%	100%	Refused
EL26645	NT Aus	Nicholson	Refused	0%	0%	100%	Refused
EL26646	NT Aus	Murphy	Refused	0%	0%	100%	Refused
EL26648	NT Aus	Nicholson	Refused	0%	0%	100%	Refused
EL26649	NT Aus	Nicholson	Refused	0%	0%	100%	Refused
EL26650	NT Aus	Nicholson	Refused	0%	0%	100%	Refused
EL27854	NT Aus	Manganese	Refused	0%	0%	100%	Refused
EL27855	NT Aus	Manganese	Refused	0%	0%	100%	Refused
EL27856	NT Aus	Manganese	Refused	0%	0%	100%	Refused
EL28153	NT Aus	Nicholson	Granted	100%	0%	0%	POZ 100%. Area reduced from 8 to 3 blocks.
EL28220	NT Aus	Nicholson	Refused	0%	0%	100%	Refused
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	Application	100%	100%	0%	POZ 100%
EL31051	NT Aus	HP West	Application	100%	100%	0%	POZ 100%
EL31052	NT Aus	HP West	Application	100%	100%	0%	POZ 100%
EL31053	NT Aus	HP West	Application	100%	100%	0%	POZ 100%

NB: Previous POZ Exploration Licence Applications 26604, 26645, 26646, 26648, 26649, 26650, 27854, 27855, 27856 and 28220 are no longer held by the Company. The Highland Plains phosphate deposit and areas hosting significant phosphate exploration potential to the west and south of Highland Plains are not affected by these tenement changes.