

ASX RELEASE

22 January 2016

ASX Code: POZ



QUARTERLY REPORT

Period Ending 31 December 2015

Summary:

Highland Plains Phosphate Project, Northern Territory

POZ 100%

- The Company is seeking potential partners for the Highland Plains Phosphate Project in the Northern Territory, with a view to jointly develop the project.

Laverton Gold Project, WA

POZ 100%

- 40 hole aircore drilling program for 1,619 metres completed on E38/3038 eastern targets.
- Assay results received: no economic mineralisation was encountered in the drilling.
- Two rock chip samples at the historic Mount Lucky gold mine returned 7.27ppm and 0.89ppm Au. A mapping and sampling program is planned for next quarter to generate drill targets at the Mount Lucky artinsal workings and other historic workings on E38/3038.

Mount Monger Gold Project, WA

POZ 100%

- 100% interest acquired (through pegging) in a 26.6 km² landholding in the Mount Monger gold field, this permit was recently granted.
- A potential palaeochannel target has been identified from historic drilling which includes an intercept of **9m @ 2.3g/t Au from 19m to end of hole**.
- 5km of untested and undercover BIF-hosted gold mineralisation targets along a strongly mineralised trend that includes the Cockeyed Bob, Rumbles, Maxwells, and Santa open pit gold mines.
- 10km by haul road from the currently operating 1.5Mtpa Randalls gold treatment plant.
- Maiden drilling program planned for first quarter of 2016.

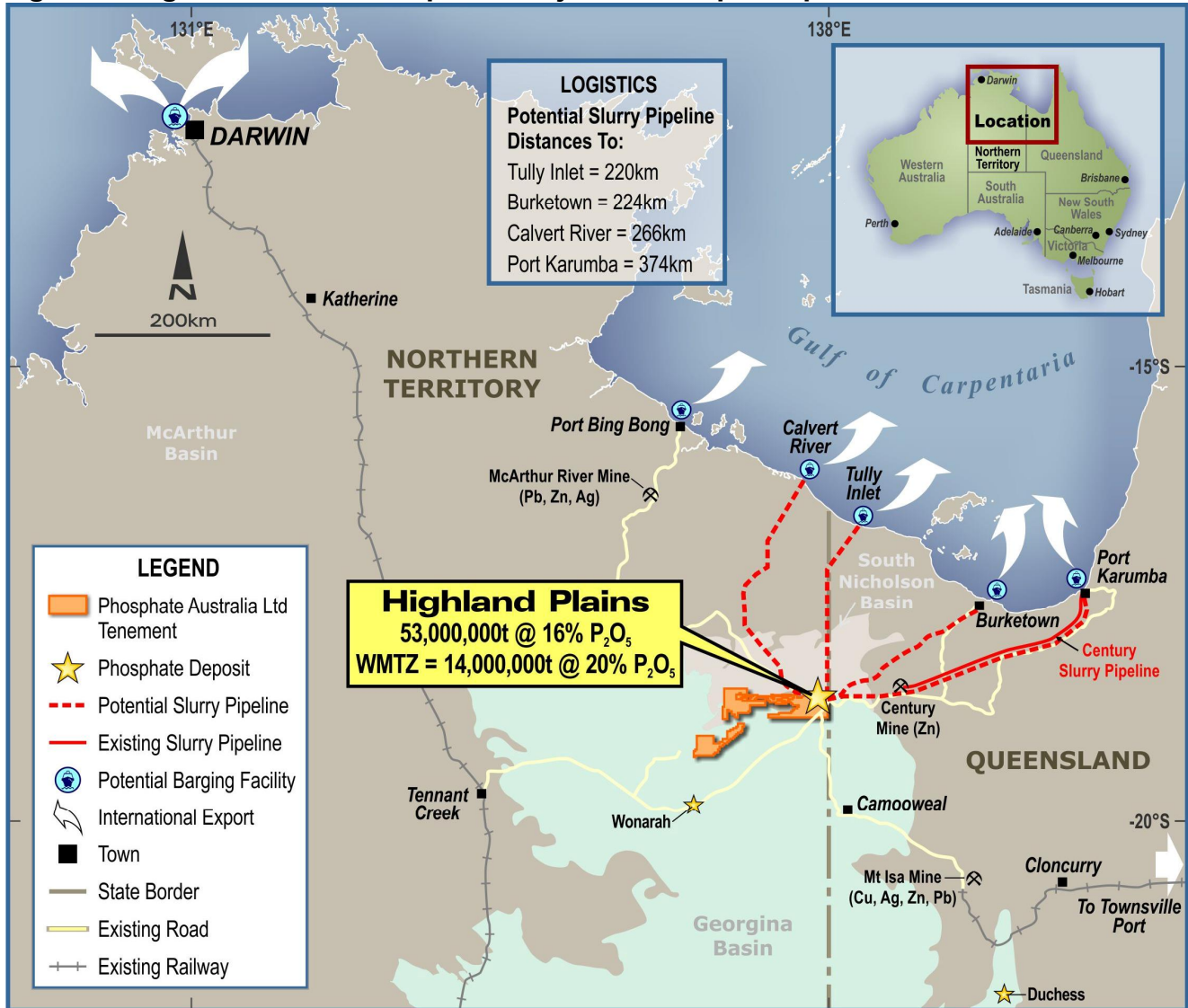
1.0 Highland Plains Phosphate Project (Northern Territory) Update

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).

Phosphate Australia Limited ('POZ' or 'Company') The Company is actively seeking partners for this project which is 100% owned by POZ and has no private royalties.

Figure 1: Highland Plains Phosphate Project with Export Options

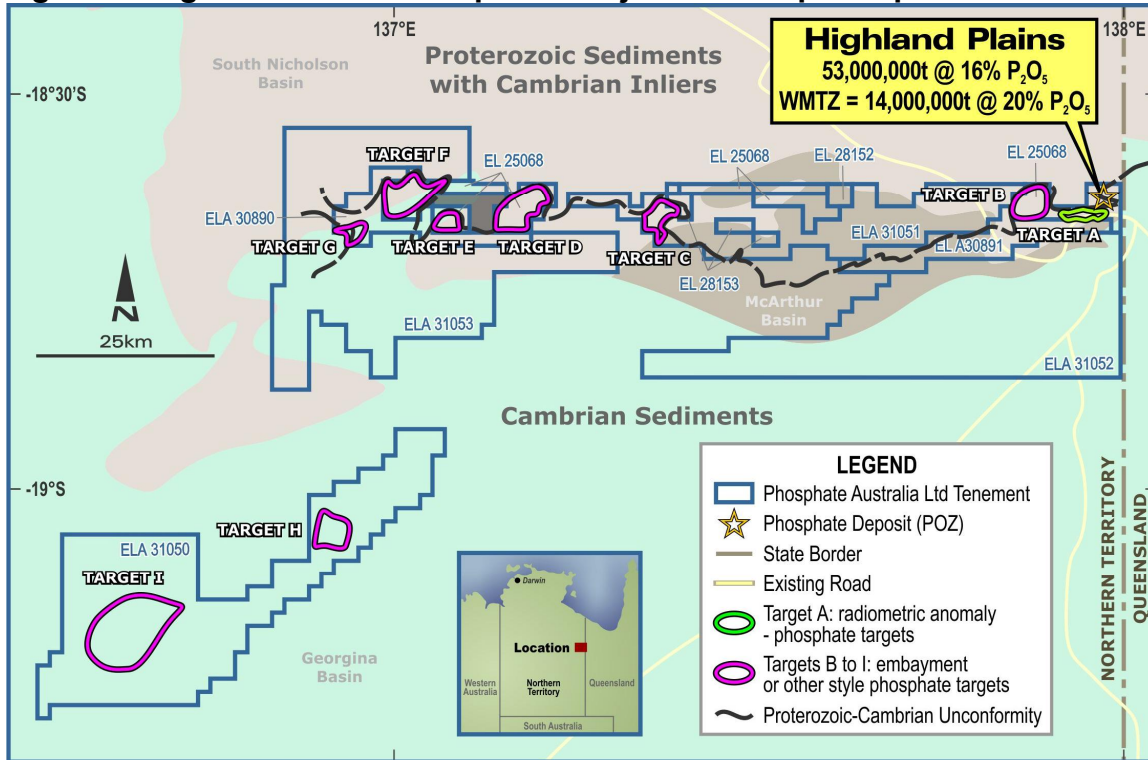


2.1 Northern Land Council Areas; Exploration Licence Applications

Previous POZ Exploration Licence Applications 26604, 26645, 26646, 26648, 26649, 26650, 27854, 27855, 27856 and 28220 which lie on Aboriginal freehold land to the north of the Highland Plains phosphate deposit have been refused by the NT Department of Mines and Energy and by the Northern Land Council (NLC).

This decision does not affect the Highland Plains Phosphate Project itself (which sits on a different and already granted permit). POZ notes that areas hosting significant phosphate exploration potential on Crown land to the west and south of Highland Plains are not affected by this decision (Figure 2). This decision is still under review and the outcome of this review is not known.

Figure 2: Highland Plains Phosphate Project with Export Options



2.0 Blina Diamond Project, WA: Acquisition

During the quarter, POZ announced the acquisition of the Blina Diamond Project in the Ellendale Diamond Province of the Kimberleys Region, Western Australia.

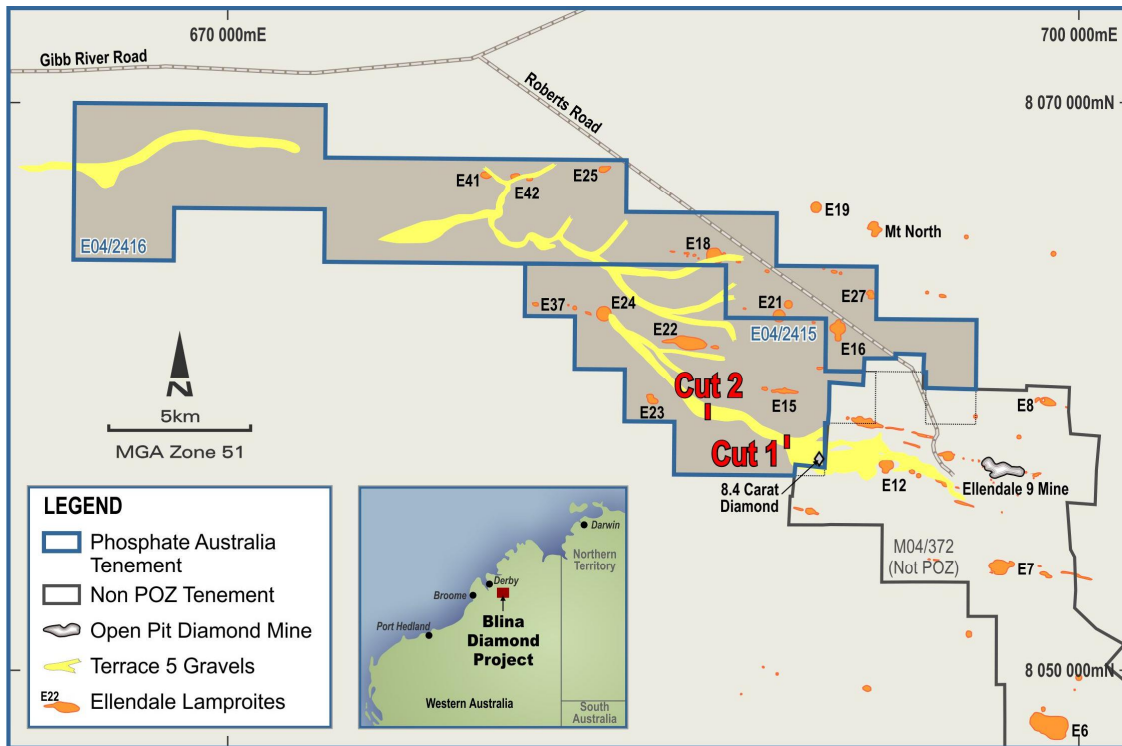
The project is 100% owned by POZ and has no private royalty obligations. The Blina Diamond Project consists of two POZ tenement applications with a combined area of 161 km² situated 100km east of Derby.

A significant amount of historical exploration work has been carried out by various companies over the project area including:

- 1987 to 1993 Stockdale Prospecting Limited (subsidiary of DeBeers)
- 1994 to 1997 Diamond Ventures NL, Ellendale Resources NL and Auridiam Limited
- 1994 to 2007 Kimberley Diamond Company (KDC)
- 2007 to 2014 Blina Diamonds NL (BDI).

Previous work includes geophysical surveys, geochemical sampling, aircore drilling, Bauer drilling and bulk sampling operations. The data is currently being assessed by POZ geologists.

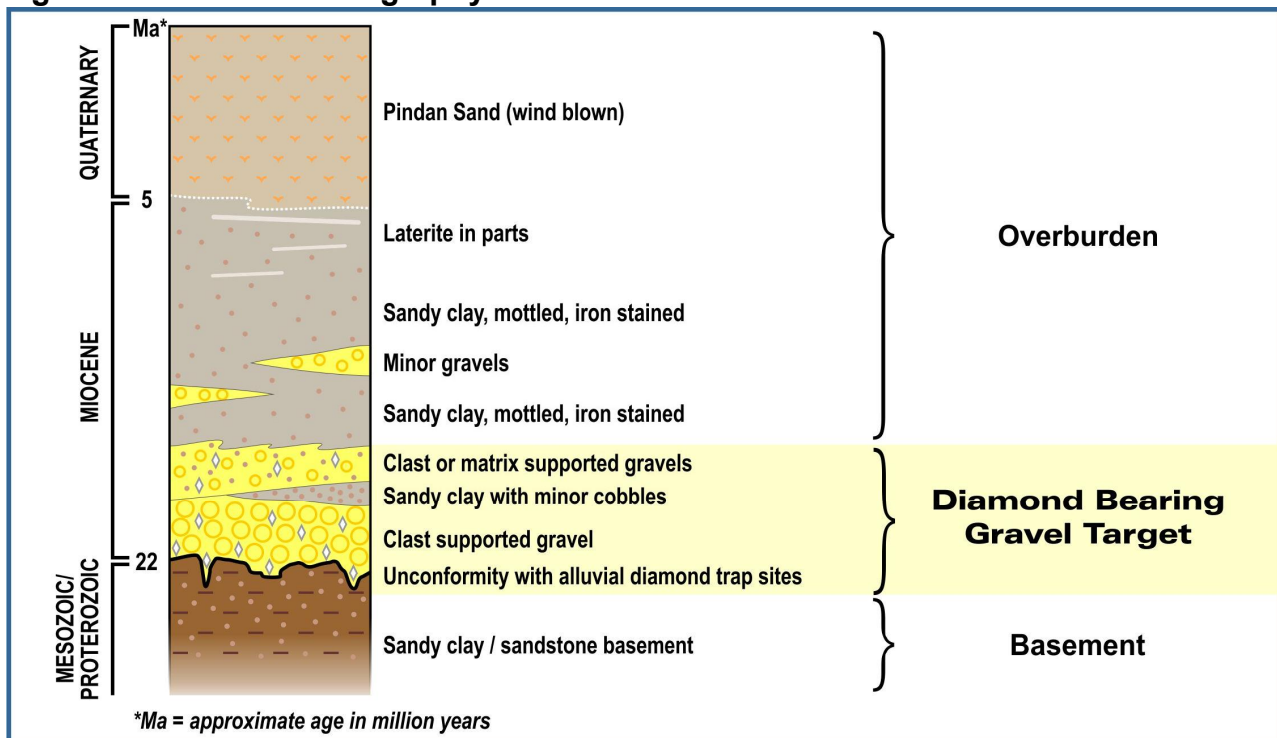
Figure 3: Blina Diamond Project, Tenements, Terrace 5 Alluvials and Lamproite Pipes



2.1 Terrace 5 Alluvial Diamond Prospect

Central to the Blina Diamond Project is a diamondiferous palaeo-channel, discovered in 1995 and named Terrace 5 (Figure 3). This channel has been tracked over a distance of some 40km and drains the central section of the diamondiferous Ellendale lamproite field. Gravels from this system are characterised by containing significant concentrations of relatively large diamonds². It is likely that there are multiple lamproitic sources for these diamonds that remain to be identified.

Figure 4: Terrace 5 Stratigraphy



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

2.3 Blina Diamond Project :Key Points

The Blina Diamond Project is the kind of undertaking which interests POZ due to the following key factors:

1. The project is situated within a highly endowed diamond belt with excellent logistics and significant exploration upside.
2. A considerable amount of historic exploration has been done on the POZ permits and the Company has access to this data.
3. The potential for finding high value fancy yellow diamonds is very high.
4. Any diamonds produced would be conflict free and could represent an opportunity for branding and premium pricing.
5. The setting up of an alluvial diamond mining operation would be relatively modest in terms of capital cost.
6. Acquisition costs were minimal.
7. The project is 100% owned and carries no private royalties.

Phosphate Australia is pleased with this acquisition and is now seeking permitting to explore the project.

Table 1 (JORC Code, 2012 Edition), references (numbered above) and supporting information to this report is available on the POZ ASX Release dated 9 October 2015:

[click here](#)

3.0 Laverton Gold Project, WA: Phase 1 Drilling Program

During the quarter, POZ) conducted the Laverton aircore drilling program from 28 November to 2 December 2015. A total of 40 holes (GEAC001 . GEAC040) were drilled for 1,619 metres.

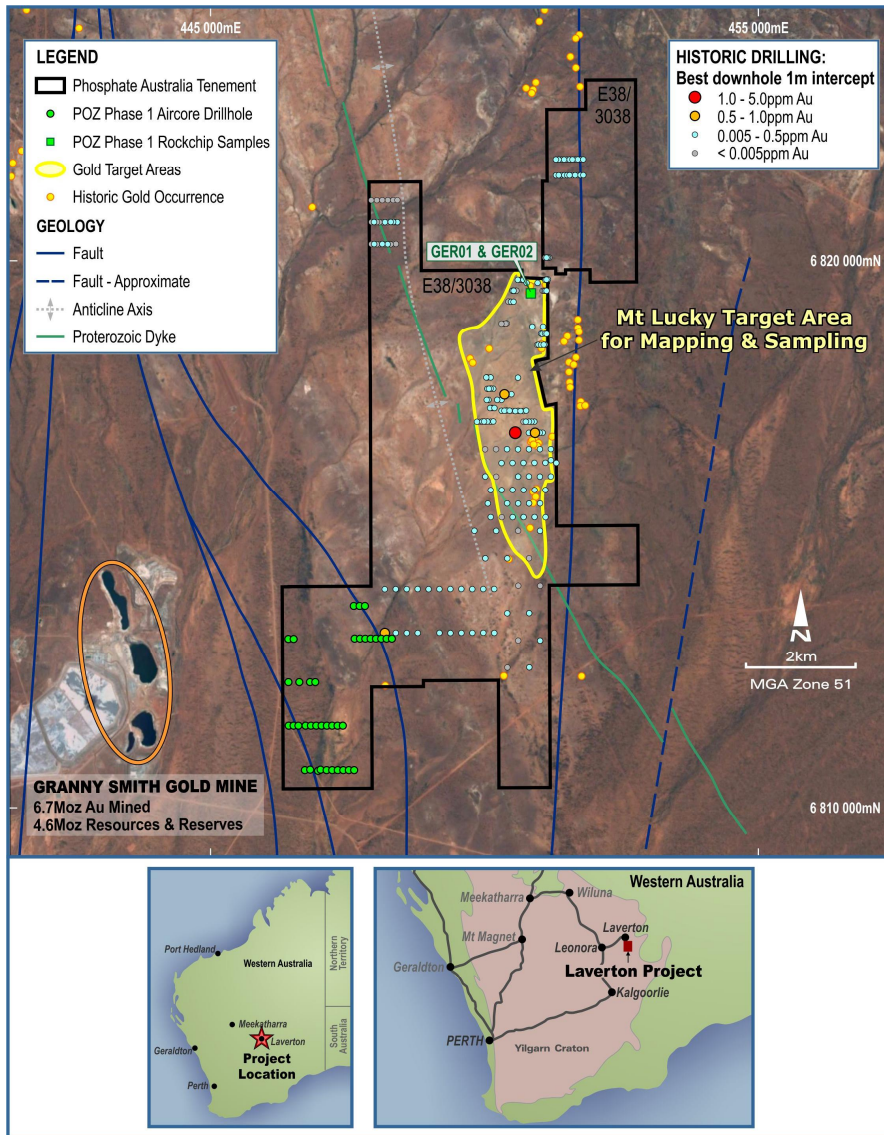
The Company has received the assay results from this program. No economic mineralisation was encountered.

The highest grade intersection was a one metre wide laminated quartz vein with approximately 1% pyrite which returned 1m at 0.11ppm Au from a downhole depth of 42m in drillhole GEAC031. This result is not considered commercially significant. The drill hole locations are shown in Figure 5.

The main lithologies encountered under the transported cover during drilling, were fresh basalt with minor BIF and felsics/meta-sediments. POZ believes this drill program has successfully tested the western gold targets.

The Company estimates the total drilling and analytical costs will be approximately \$40,000.

Figure 5: Laverton Gold Project Phase 1 Aircore Drilling and Mount Lucky Prospect Location Plan



3.1 Mount Lucky Prospect: Future Work

Concurrent with the drilling program, two samples were taken from the historic Mount Lucky gold mine (Figure 5), also on E38/3038. Sample GER 01 (rock chip) returned grades of 7.27ppm Au and GER 02 (rock float) returned 0.89ppm Au.



Mount Lucky gold mine showing approximate location of rock chip sample GER 01



Rock chip sample GER 01 taken from roof of the Mount Lucky workings. Quartz veining in sheared sericite-limonite-argillic alteration.

A follow up mapping and sampling program is planned in the vicinity of the numerous artisanal workings that make up the Mount Lucky Prospect during the next quarter. This mapping will aim to generate drill targets for the 2016 field season.

4.0 Mount Monger Gold Project, WA

POZ 100%

During the quarter, POZ announced the acquisition of the Mount Monger gold project, located in the Bulong district of the East Coolgardie mineral field, Western Australia. POZ acquired the project at minimal cost through pegging, the Company owns 100% of the project with no private royalties or encumbrances.

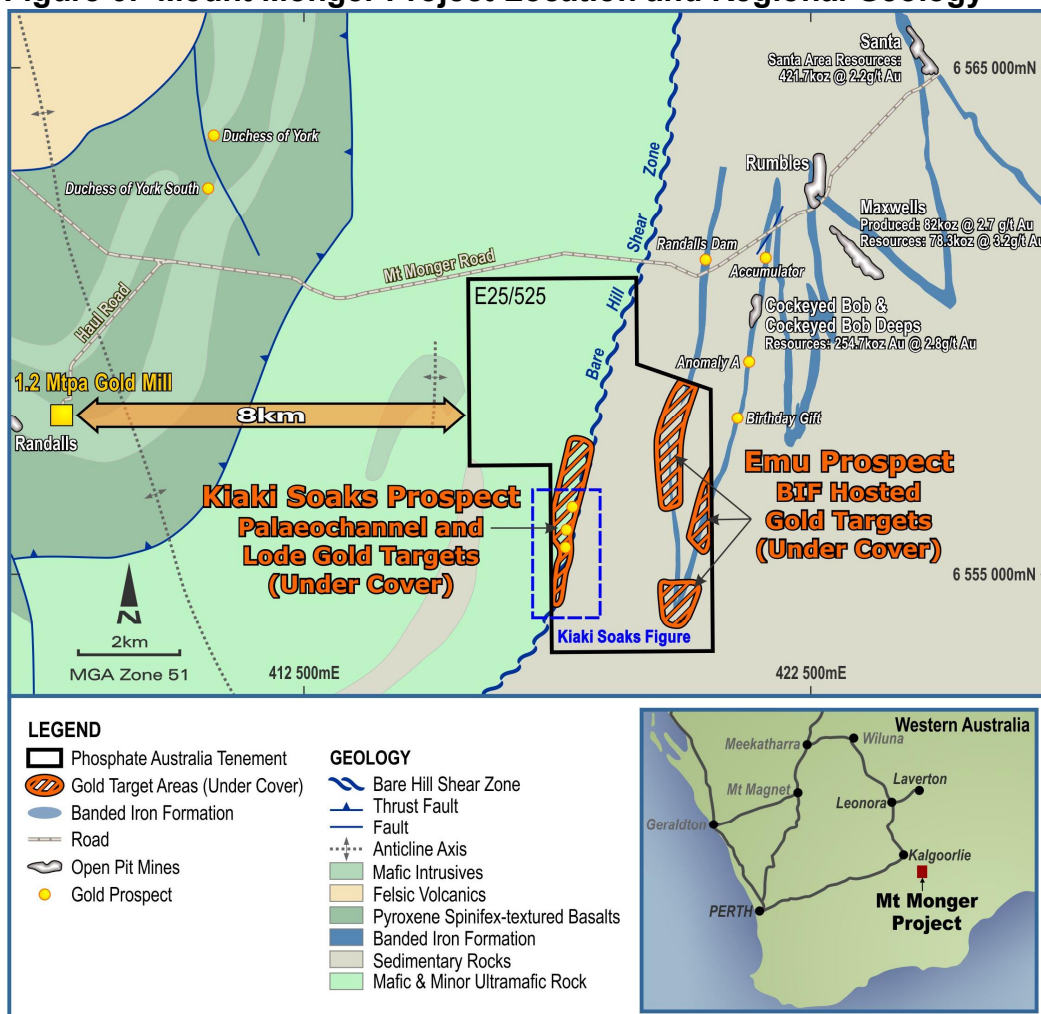
The Mount Monger project is 43km east of Kambalda and approximately 70km by road from Kalgoorlie (Figure 1). The project consists of tenement E25/525 (26.6km²) which was recently granted.

The project is adjacent to excellent infrastructure. It is 8km east from the currently operating 1.2Mtpa Randalls gold mill and 4.2km west of the Maxwells open pit presently being mined. Access is via the all-weather Mt Monger Road.

A review of the historic drilling data has identified a palaeochannel and a lode gold target at the Kiaki Soaks Prospect in the eastern tenement area. The western tenement area contains the Emu Prospect, seven strike kilometres of largely undercover BIF which is prospective for gold. To the north along strike, this same BIF unit hosts the Cockeyed Bob, Rumbles, Maxwells and Santa open pit gold mines (not POZ).

POZ aims to commence the drill testing of these targets in the first quarter of 2016.

Figure 6: Mount Monger Project Location and Regional Geology



4.1 Kiaki Soaks Prospect, Palaeochannel Target

Historic drilling delineated mineralisation which POZ has re-interpreted as a potential gold bearing palaeochannel. This target includes an intersection of 9m @ 2.3g/t Au from 19m to end of hole (Figures 7&9). The bottom 1m interval in this hole returned 1.95g/t Au and is open at depth.

Figure 7: Mount Monger Project, Kiaki Soaks palaeochannel targets with historic drill collars

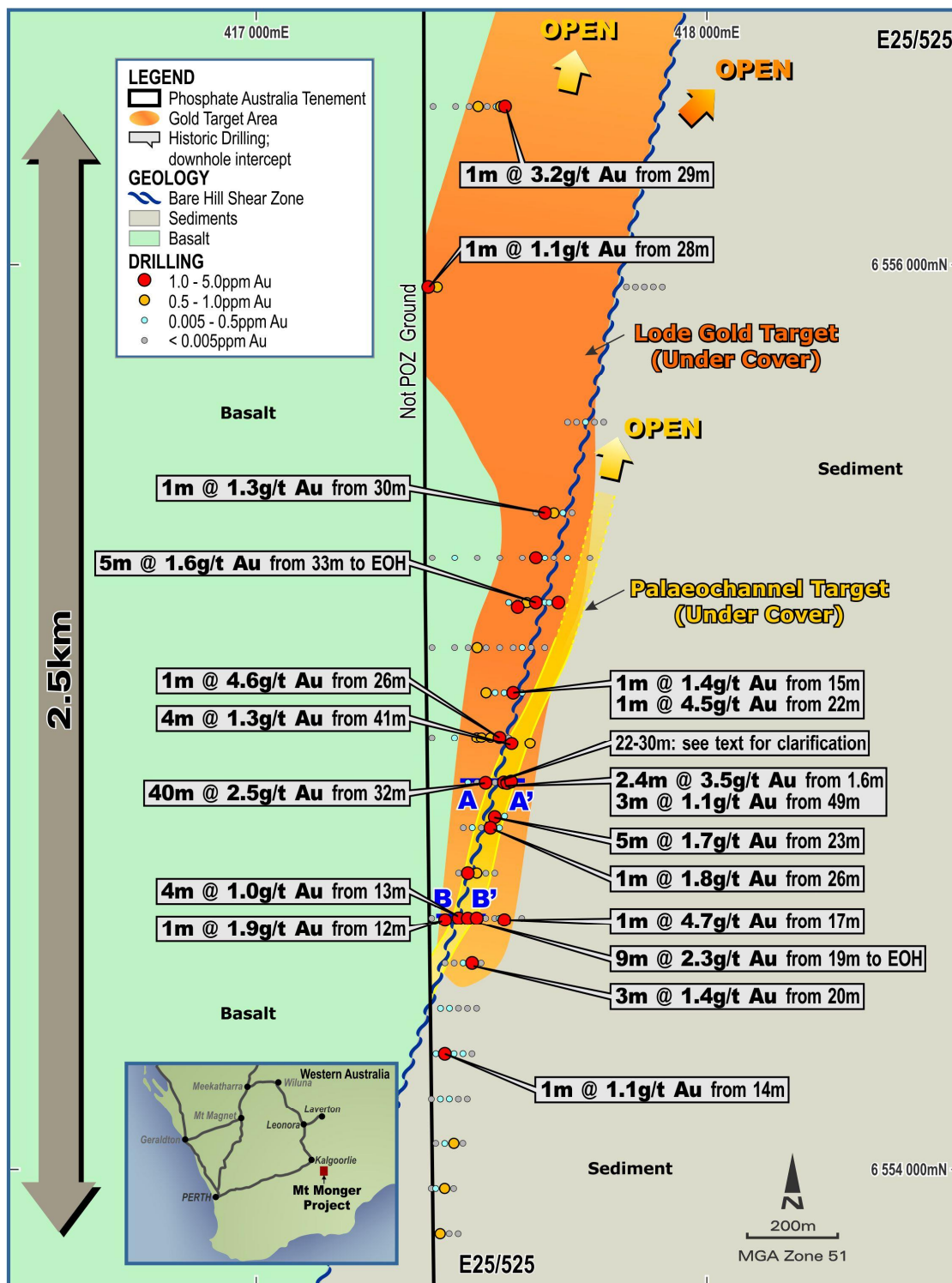


Figure 8 Cross section A – A' through Kiaki Soaks lode gold and Palaeochannel target

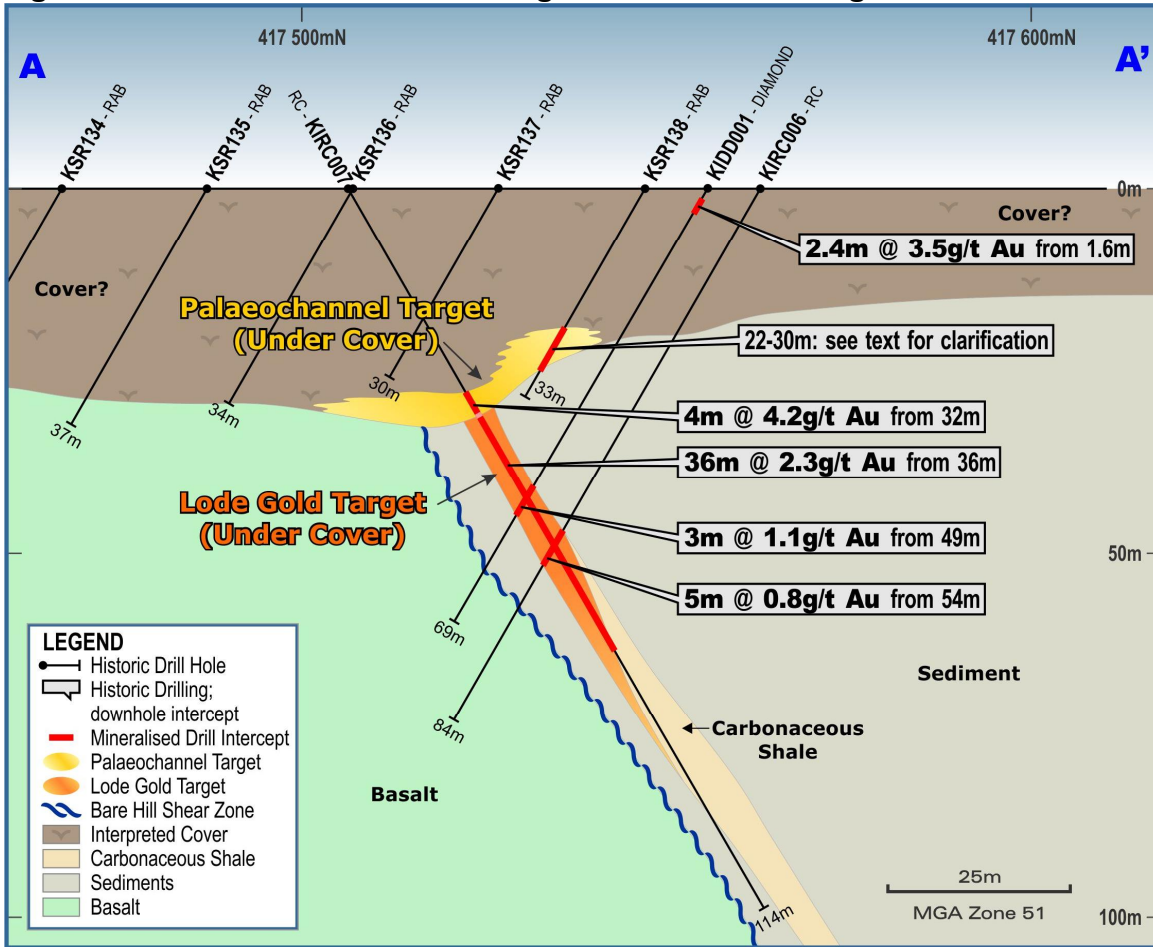
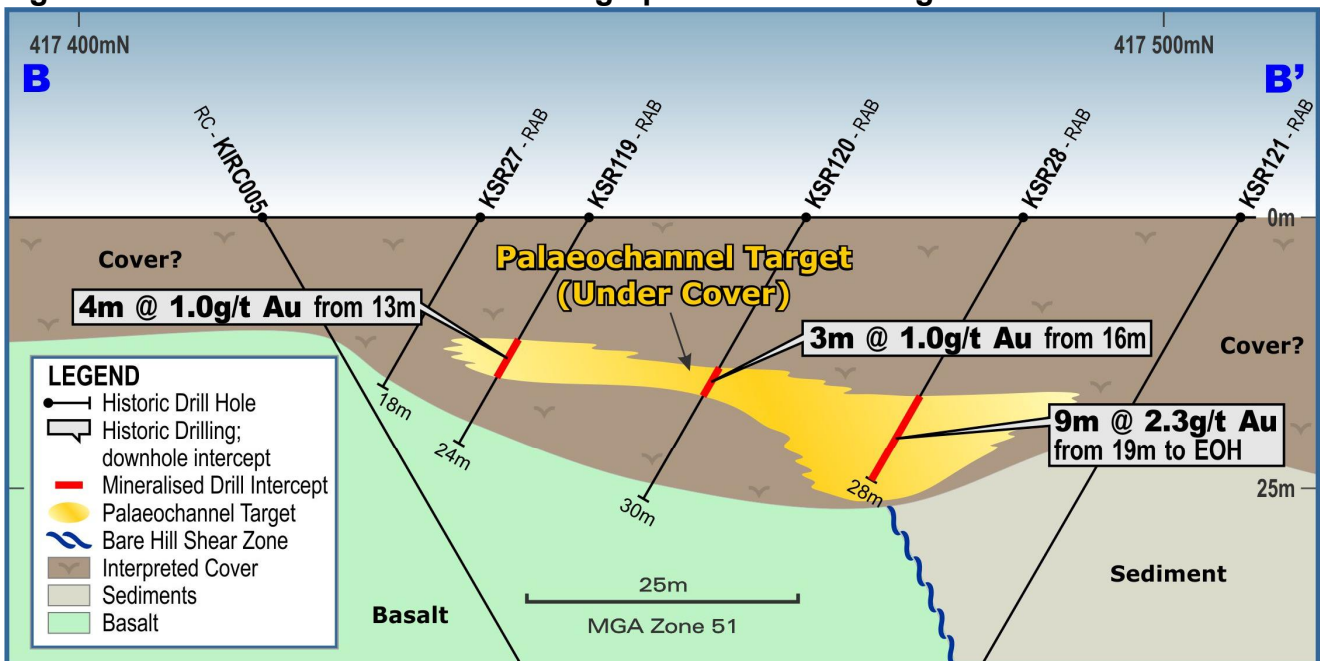


Figure 9 Cross section B – B' through palaeochannel target



The Company aims to commence drill testing of this project in the first quarter of 2016.

Table 1 (JORC Code, 2012 Edition), references (numbered above) and supporting information to this report is available on the POZ ASX Release dated 23 December 2015: [click here](#)

6.0 Musgrave Project, WA

POZ 100% (80% under option)

The Musgrave Project lies in the relatively unexplored Musgrave Province of Western Australia. The project area consists of two 100% POZ held tenements, E69/2864 and E69/3191 (both granted) for a total area of 785.7km².

The project is currently operated (under option) by ASX listed PepinNini Minerals Limited (ASX: PNN), an established Musgrave explorer. POZ are 20% free carried until completion of a bankable feasibility study or expending \$15 million on the Tenements (at which point POZ becomes a contributing party). At any point after the formation of the Joint Venture, POZ may elect to convert its 20% interest to a 1% gross revenue royalty.

The Spinifex Range Project (E69/2864) has potential for polymetallic nickel-copper-vanadium-titanium(Ti)-platinum group elements (PGE) mineralisation associated with large mafic intrusions. The tenement block covers part of the Jameson Intrusion and is located within 50 kilometres of the Nebo-Babel and Succoth mineral deposits. PNN are exploring for magmatic nickel-copper sulphides and PGE's.

7.0 Horse Well Gold Project, Wiluna WA

POZ 20%

POZ retains a 20% interest in E69/2820 which is free carried up to the completion of a bankable feasibility study. This tenement is a part of Alloy Resources Limited (ASX: AYR) Horse Well Gold Project which lies approximately 50km north-east of the major Jundee gold mine. This project is currently being explored by AYR (<http://www.alloyres.com/projects-horsewell.php>).

8.0 Summary and Outlook

The Board are encouraged by our ongoing acquisition of quality mineral projects and the exploration of those projects. We look forward to drilling the Mount Monger Gold Project in the first quarter of 2016 and the Company is well placed to conduct active exploration in the year ahead.

The Company has a cash balance of \$3.05 million (31 December 2015).

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%	100%	0%	Application
E12/11	WA Aus	Withdrawn	0%	100%	100%	Withdrawn
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%	100%	0%	Application
E52/3276	WA Aus	Application	100%	0%	0%	Application
E52/3316	WA Aus	Application	100%	0%	0%	Application
E69/2820	WA Aus	Granted	20%	0%	0%	Joint Venture with Alloy Resources Limited
E69/2864	WA Aus	Granted	100%	0%	0%	PPN option to purchase 80%
E69/3191	WA Aus	Granted	100%	0%	0%	PPN option to purchase 80%
E69/3401	WA Aus	Application	100%	0%	0%	Application
E80/4935	WA Aus	Withdrawn	0%	100%	100%	Withdrawn
E80/4937	WA Aus	Withdrawn	0%	100%	100%	Withdrawn
L04/98	WA Aus	Application	100%	100%	0%	Application
L04/99	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%	JIMPEC have a Joint Venture Option Agreement to acquire 80% of the iron ore and manganese rights
EL26604	NT Aus	Nicholson	Refused	0%	0%	100%	
EL26645	NT Aus	Nicholson	Refused	0%	0%	100%	JIMPEC have a Joint Venture Option Agreement to acquire 80% of the iron ore and manganese rights
EL26646	NT Aus	Murphy	Refused	0%	0%	100%	
EL26648	NT Aus	Nicholson	Refused	0%	0%	100%	
EL26649	NT Aus	Nicholson	Refused	0%	0%	100%	
EL26650	NT Aus	Nicholson	Refused	0%	0%	100%	
EL27854	NT Aus	Manganese	Refused	0%	0%	100%	
EL27855	NT Aus	Manganese	Refused	0%	0%	100%	
EL27856	NT Aus	Manganese	Refused	0%	0%	100%	
EL28152	NT Aus	Nicholson	Withdrawn	0%	0%	100%	
EL28153	NT Aus	Nicholson	Granted	100%	0%	0%	
EL28220	NT Aus	Nicholson	Refused	0%	0%	100%	
EL30890	NT Aus	HP West	Application	100%	0%	0%	POZ 100%
EL30891	NT Aus	HP West	Application	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: for the applications marked as refused, the negotiating period with the relevant Land Council has now expired, POZ has been informed of the NT DME's notice of intention to refuse the grant of these permits. These permits were applied for over Aboriginal freehold land. This decision is under review by the relevant authorities.