



Phosphate Australia Limited

ABN 51 129 158 550

**Interim Financial Report
31 December 2015**

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PHOSPHATE AUSTRALIA LIMITED

INTERIM FINANCIAL REPORT

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2015.

DIRECTORS

The names of the Phosphate Australia Limited (the "Company") Directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr James (Jim) Richards – Non Executive Chairman

Mr Grant Mooney – Non Executive Director and Company Secretary

Mr Mark Thompson – Non Executive Director

OPERATING RESULTS

The loss from ordinary activities after tax of the Company for the half-year ended 31 December 2015 after income tax was \$468,826 (2014: \$1,472,930 profit).

REVIEW OF OPERATIONS

Phosphate Australia Limited (POZ) is pleased to present its half yearly Review of Operations for the six month period ended 31 December 2015.

1.0 Highland Plains Phosphate Project (Northern Territory)

POZ 100%

The Highland Plains Phosphate Project has a JORC compliant Inferred Resource of 53 million tonnes at 16% P₂O₅¹. 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.

During the period, the Company initiated an expert's scoping study for Highland Plains with a view to attracting investment capital to further develop the project.

Of particular interest to this scoping study is the Century Zinc Mine. This mine is only 68km east of the Highland Plains deposit, it has mains power, a full beneficiation plant and utilises a slurry pipeline to transport its product from Century to Port Karumba on the coast.

Century has stated it will end all production and processing in 2015. POZ has considerable interest in the Century infrastructure as one possible solution to greatly reduce the capital requirements needed to develop Highland Plains. As such, the Company is actively seeking investors who have an interest in financing the potential use of this infrastructure. The recent falls in the Australian dollar are seen by the Board as adding further operational cost advantages to the Highland Plains project.

2.0 Laverton Gold Project (Western Australia)

POZ 100%

The Laverton gold project is located 10 km southeast of Laverton in the highly-endowed Mount Margaret district of Western Australia. The tenements are 2.3km east of Granny Smith gold mine (plant capacity 3.5 Mtpa). The project was pegged by the Company at minimal cost and has no private royalty obligations. The Laverton Project consists of two tenements with a combined area of 44.6 km². The main tenement has recently been granted.

During the period, the Company 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.

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2.0 Laverton Gold Project (Western Australia) continued POZ 100%

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

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.

3.0 Mount Monger Gold Project (Western Australia) POZ 100%

The Mount Monger gold project, located in the Bulong district of the East Coolgardie mineral field, Western Australia. The project consists of tenement E25/525 (26.6km²) which was recently granted. POZ acquired the project at minimal cost through pegging, the Company owns 100% of the project with no private royalties or encumbrances.

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 Banded Iron Formation (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 held by POZ).

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

4.0 Horse Well Gold Project (Western Australia) 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>).

5.0 Musgrave Ni-Cu Project (Western Australia) 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 (PNN), an established Musgrave explorer. POZ is 20% free carried until completion of a bankable feasibility study or PNN 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.

During the period, a detailed aeromagnetic survey was completed (by PNN) across part of exploration licence E69/2864 to examine a number of geological environments considered to be highly prospective for nickel and copper mineralisation. The survey acquired approximately 7,500 line kilometres of data that will be utilised to improve the interpretation of the structural features and potential host rock distributions within the project area.

Subsequent to the end of the period PNN withdrew from the option agreement and POZ has relinquished tenement E69/2864.

PHOSPHATE AUSTRALIA LIMITED INTERIM FINANCIAL REPORT

6.0 Nicholson Iron Project (Northern Territory)

**POZ 100%
(Option Agreement)**

Prior to the period, a Joint Venture Option Agreement (JVOA) covering Phosphate Australia Limited's (POZ) 100% owned Nicholson Iron and Manganese Project in the Northern Territory was signed with Sydney based company Jimpec Resources Pty Ltd (Jimpec). The Company continues to work with Jimpec on the iron and manganese exploration of the Nicholson Project.

7.0 Blina Diamond Project (Western Australia)

POZ 100%

The Blina Diamond project 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.

A significant amount of historical exploration work within the project area includes geophysical surveys, geochemical sampling, aircore drilling, Bauer drilling and bulk sampling operations. The data is currently being assessed by POZ geologists.

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.

DIVIDENDS

No dividends have been paid or declared since the start of the financial period and the Directors do not recommend the payment of a dividend in respect of the financial half-year.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from the lead auditor of Phosphate Australia Limited, Grant Thornton Audit Pty Ltd, which is included on page 7.

Signed in accordance with a resolution of the Directors



JAMES RICHARDS
Chairman



GRANT MOONEY
Non Executive Director/Company Secretary

Dated: 11 March 2016

PHOSPHATE AUSTRALIA LIMITED

INTERIM FINANCIAL REPORT

Competent Persons Statement

¹ 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 Mineral Resources at the Highland Plains Phosphate Project 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.

The information in this report that relates to previously reported Exploration 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.

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**Auditor's Independence Declaration
To The Directors of Phosphate Australia Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Phosphate Australia Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

MARetic

M A Petricevic
Partner - Audit & Assurance

Perth, 11 March 2016

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PHOSPHATE AUSTRALIA LIMITED
INTERIM FINANCIAL REPORT

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	NOTE	31 December 2015 \$	31 December 2014 \$
Gain on disposal of exploration assets	7	-	1,731,814
Other income from ordinary activities	5	45,817	44,497
Total Revenue		45,817	1,776,311
Exploration expenses		39,622	25,547
Exploration written off		150,557	8,716
Employee benefits expense		99,419	47,606
Accounting and audit		27,004	34,879
Corporate advisory fees		-	15,000
Company secretarial		24,000	24,046
Depreciation expense		8,309	7,040
Rental expenses		45,873	59,040
Administration expenses		56,334	29,642
Share based payments		66,650	48,740
Revaluation of shares		(3,125)	3,125
Total Expenses		(514,643)	303,381
Profit/(Loss) for the period before income tax expense		(468,826)	1,472,930
Income tax benefit		-	-
Profit/(Loss) for the period after related income tax expense		(468,826)	1,472,930
Items that may be subsequently reclassified to profit or loss:			
Current year gain on available-for-sale financial assets		-	104,705
Other Comprehensive Income:		-	104,705
Total Comprehensive (Loss)/Income for the period		(468,826)	1,577,635
		Cents	Cents
Basic (loss)/profit per share (cents per share)		(0.291)	0.914
Diluted (loss)/profit per share (cents per share)		(0.291)	0.914

The accompanying notes form part of the financial statements.

PHOSPHATE AUSTRALIA LIMITED
INTERIM FINANCIAL REPORT

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	NOTE	31 December 2015 \$	30 June 2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents		3,046,994	3,669,560
Trade and other receivables		80,668	76,459
Other		24,850	34,613
Total Current Assets		3,152,512	3,780,932
Non-Current Assets			
Property, plant and equipment		51,083	58,018
Environmental Bond		11,381	11,381
Financial assets	6	18,750	15,625
Exploration and evaluation expenditure	7	3,746,461	3,503,956
Total Non-Current assets		3,827,675	3,588,980
TOTAL ASSETS		6,980,187	7,369,612
LIABILITIES			
Current liabilities			
Trade and other payables		54,447	57,524
Provisions		32,324	16,796
TOTAL LIABILITIES		86,771	74,320
NET ASSETS		6,893,416	7,295,592
EQUITY			
Issued Capital	8	14,590,606	14,590,606
Reserves	9	117,630	204,100
Accumulated losses		(7,814,820)	(7,499,114)
TOTAL EQUITY		6,893,416	7,295,592

The accompanying notes form part of the financial statements.

PHOSPHATE AUSTRALIA LIMITED
INTERIM FINANCIAL REPORT

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	31 December 2015 \$	31 December 2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Other income	-	7,748
Payments to suppliers and employees	(271,254)	(245,154)
Interest received	43,125	33,676
	<hr/>	<hr/>
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(228,129)	(203,730)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(1,374)	(117)
Payments for exploration, evaluation and development expenditure	(393,063)	(172,532)
Proceeds from disposal or farm out of exploration, evaluation and development expenditure	-	2,125,000
Deposits refunded	-	1,128
	<hr/>	<hr/>
NET CASH FLOWS (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(394,437)	1,953,479
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue expenses	-	-
	<hr/>	<hr/>
NET CASH FLOWS USED IN FINANCING ACTIVITIES	-	-
	<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD	(622,566)	1,749,749
	3,669,560	1,706,470
Cash and cash equivalents at the beginning of the period	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	3,046,994	3,456,219

The accompanying notes form part of the financial statements.

PHOSPHATE AUSTRALIA LIMITED
INTERIM FINANCIAL REPORT

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2015

	Ordinary Shares	Share Option Reserve	Financial Assets Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2015	14,590,606	204,100	-	(7,499,114)	7,295,592
Loss for the period	-	-	-	(468,826)	(468,826)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for half year	-	-	-	(468,826)	(468,826)
1,300,000 Employee options issued exercisable at \$0.026 each	-	13,000	-	-	13,000
5,000,000 Directors options issued exercisable at \$0.07 each	-	49,000	-	-	49,000
500,000 Employee options issued exercisable at \$0.044 each	-	4,650	-	-	4,650
Write back expired options	-	(153,120)	-	153,120	-
Balance as at 31 December 2015	14,590,606	117,630	-	(7,814,820)	6,893,416
	Ordinary Shares	Share Option Reserve	Financial Assets Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	14,590,606	198,165	-	(8,084,869)	6,703,902
Profit for the period	-	-	-	1,472,930	1,475,930
Other comprehensive income	-	-	104,705	-	104,705
Total comprehensive profit for half year	-	-	104,705	1,472,930	1,557,635
Transfer of expired options to accumulated losses	-	(42,805)	-	42,805	-
Directors options issued	-	45,500	-	-	45,500
Employee options issued	-	3,240	-	-	3,240
Balance as at 31 December 2014	14,590,606	204,100	104,705	(6,569,134)	8,330,277

The accompanying notes form part of the financial statements.

PHOSPHATE AUSTRALIA LIMITED

INTERIM FINANCIAL REPORT

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

1. CORPORATE INFORMATION

The financial report of Phosphate Australia Limited (the "Company") for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 11 March 2016.

Phosphate Australia Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange (ASX Code: POZ).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These interim financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Phosphate Australia Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the following:

Financial assets

Financial assets include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists

(b) Basis of preparation

The interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

PHOSPHATE AUSTRALIA LIMITED

INTERIM FINANCIAL REPORT

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2015.

(d) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2015, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2015.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

(e) Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2015. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

3. FINANCIAL RISK MANAGEMENT

Other aspects of the Company's financial risk management objectives and policies are consistent with that disclosed in the annual financial report as at and for the year ended 30 June 2015.

4. SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company operates solely in the natural resources exploration industry in Australia, and has determined that there are no operating segments. The Company is predominantly involved in phosphate exploration and also explores for gold, manganese, iron and uranium.

PHOSPHATE AUSTRALIA LIMITED
INTERIM FINANCIAL REPORT

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

5. OTHER INCOME FROM ORDINARY ACTIVITIES

	31 December 2015 \$	31 December 2014 \$
Interest received from financial institutions	45,817	36,749
Other income	-	7,748
Total other income	45,817	44,497

6. FINANCIAL ASSETS

	31 December 2015 \$	30 June 2015 \$
Investment in Listed Entities	18,750	15,625
Total Financial Assets	18,750	15,625

Financial assets relate to shares held in listed entities and the fair value is therefore determined by reference to active market transactions.

7. EXPLORATION AND EVALUATION EXPENDITURE

Opening balance Exploration and evaluation	3,503,956	4,906,373
Exploration and evaluation capitalised during period	393,062	375,712
Less written off ⁽¹⁾	(150,557)	(227,308)
Less cost of sold project ⁽²⁾	-	(1,550,821)
Closing balance Exploration and evaluation	3,746,461	3,503,956

⁽¹⁾ Previously capitalised exploration and evaluation expenditure is written off when a tenement is no longer held.

⁽²⁾ On 12 November 2014, the Company sold the Tuckanarra Gold project, to Monument Mining Limited (MMY). The sale price was \$2,000,000 in cash and 10,000,000 shares in MMY, a Canadian gold producer listed on the TSX-V exchange. At sale date these shares were valued at \$AUD 1,132,635. A gain on sale was recognised of \$1,731,814.

8. ISSUED CAPITAL

	31 December 2015 Number	31 December 2015 \$	30 June 2015 Number	30 June 2015 \$
Opening balance	161,168,333	14,590,606	161,168,333	14,590,606
Movements	-	-	-	-
Closing balance	161,168,333	14,590,606	161,168,333	14,590,606

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INTERIM FINANCIAL REPORT

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

9. RESERVES

	31 December 2015 Number	30 June 2015 Number	31 December 2015 \$	30 June 2015 \$
Share option reserve				
Opening balance	12,100,000	7,750,000	204,100	198,165
Employee options issued 05.11.14	-	400,000	-	3,240
Director options issued 05.11.14	-	5,000,000	-	45,500
Employee & consultant options issued 29.07.15	1,300,000	-	13,000	-
Director options issued 03.11.15	5,000,000	-	49,000	-
Employee options issued 03.11.15	500,000	-	4,650	-
Less – expired options	(6,300,000)	(1,050,000)	(153,120)	(42,805)
Closing balance	12,600,000	12,100,00	117,630	204,100

The share option reserve arises as the share options granted vest over the vesting period. Amount transferred out of the reserve and into issued capital when the options are exercised.

Using the Black & Scholes options valuation and methodology, the fair value of the options were calculated. The following inputs were used:

INPUT	EMPLOYEE & CONSULTANT OPTIONS	DIRECTORS' OPTIONS	EMPLOYEE OPTIONS
Exercise Price	\$0.026	\$0.044	\$0.044
Share price	\$0.018	\$0.024	\$0.024
Grant date	29/7/15	3/11/15	3/11/15
Expected volatility (i)	100%	100%	100%
Expiry date	29/7/18	3/11/18	9/11/17
Expected dividends	Nil	Nil	Nil
Risk free interest rate	2.0%	2.0%	2.0%
Value per option	\$0.01	\$0.0093	\$0.0093
Number of options	1,300,000	5,000,000	500,000
Value of options	\$13,000	\$49,000	\$4,650

- (i) The expected price volatility is based on the historic volatility (based on the remaining life of options), adjusted for any expected changes to future volatility due to public available information.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

10. COMMITMENTS AND CONTINGENCIES

In June 1992 the High Court of Australia held in the Mabo case that the common law of Australia recognises a form of native title. The full impact that the Mabo decision may have on tenements held by the Company is not yet known. The Company is aware of native title claims that have been lodged with the National Native Title Tribunal ("the Tribunal") over several areas in the Northern Territory in which the Company holds interests. The native title claims have been accepted by the Tribunal for determination under section 63(1) of the Native Title Act 1993 (Commonwealth).

Exploration Expenditure Commitments

The Company has minimum statutory commitments as conditions of tenure of certain mining tenements. Whilst these obligations may vary, a reasonable estimate of the minimum commitments if it is to retain all of its present interests in mining and exploration properties is \$135,000 (30 June 2015: \$106,000).

11. RELATED PARTY TRANSACTIONS WITH DIRECTOR RELATED ENTITIES

During the half year, a company associated with Grant Mooney were paid for company secretarial services provided to the Company totalling \$28,000 (2014: \$28,000). An amount of \$4,000 (30 June 2015: \$Nil) was owing to these companies as at 31 December 2015.

Arrangements with other related parties continue to be in place. For details of these arrangements, refer to the 30 June 2015 annual financial report.

12. EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations or the state of affairs of the Company in the future financial years.

PHOSPHATE AUSTRALIA LIMITED

INTERIM FINANCIAL REPORT

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Phosphate Australia Limited, we declare that:

- (a) the financial statements and notes of the entity are in accordance with the *Corporations Act 2001*, including:
 - i. give a true and fair view of the Company's financial position as at the 31 December 2015 and of its performance for the half-year ended; and
 - ii. comply with Australian Accounting Standards (AASB 134 *Interim Financial Reporting*);
- (b) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



JAMES RICHARDS
Chairman



GRANT MOONEY
Non Executive Director/Company Secretary

Perth, 11 March 2016

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Independent Auditor's Review Report To the Members of Phosphate Australia Limited

We have reviewed the accompanying half-year financial report of Phosphate Australia Limited (“Company”), which comprises the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, other explanatory information and the directors’ declaration.

Directors’ responsibility for the half-year financial report

The directors of Phosphate Australia Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company’s financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Phosphate Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Phosphate Australia Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 11 March 2016