

ASX RELEASE

28 January 2014

ASX Code: POZ



QUARTERLY REPORT

Period Ending 31 December 2014

Summary:

Tuckanarra Gold Project, WA

Sale Completed

- During the quarter, Phosphate Australia Limited (POZ) completed the sale of the Tuckanarra Gold Asset (located in the Murchison of Western Australia) to Monument Mining Limited (MMY), an established Canadian gold producer listed on the TSX-V exchange.
- The sale price received was \$2 million (Australian dollars) in cash and 10 million shares in MMY.

Musgrave Cu-Ni-PGE Project, WA

POZ 100% (80% under Option)

- The project is currently operated (under option) by ASX listed PepinNini Minerals Limited (PNN), an established Musgrave explorer. POZ are 20% free carried
- A detailed aeromagnetic survey was completed (by PNN) across part of exploration licence E69/2864 (Figure 1). 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 and assist in the targeting of on-ground exploration.

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 (AYR) Horse Well Gold Project which lies approximately 50km north-east of the major Jundee gold mine. This project is currently being actively explored by AYR.

1.0 Tuckanarra Gold Project (WA) Sale Completed

During the quarter, Phosphate Australia Limited (POZ) completed the sale of the Tuckanarra Gold Asset (located in the Murchison of Western Australia) to Monument Mining Limited (MMY), an established Canadian gold producer listed on the TSX-V exchange.

The full sale price of A\$2 million in cash and 10 million shares in MMY was paid to POZ in return for 100% of the Tuckanarra Gold Project. The common shares were issued at a deemed price of C\$0.25 cents per share and will be subject to the statutory four months and one day hold period imposed by Canadian securities legislation. At the end of the quarter, the MMY shares had a market value of A\$1,132,635.

The Directors of Phosphate Australia believe this sale is an excellent outcome for the Company and represents a significant increase to the cash backing of POZ. It is the intention of POZ for the cash component of the sale to be used for potential future acquisitions, exploration and general working capital.

2.0 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 (PNN), an established Musgrave explorer. POZ are 20% free carried until completion of a bankable feasibility study or NCL 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 quarter 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 (Figure 1). 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.

The new data will improve geophysical mapping of the basement rock architecture and will assist the identification and refinement of priority targets to be investigated on-ground by electromagnetic surveying, surface sampling, mapping, and potentially vacuum drilling. Data from the survey has been received and processing, interpretation and target ranking activities are underway. The process for obtaining land access and statutory approvals for the intended work program has commenced with the aim of initiating exploration activities in the first quarter(Q1) of 2015.

PNN has been actively exploring the Musgrave region for a number of years and own a dedicated drilling rig in the area. The directors of POZ look forward to the continued active exploration of this project area held under option by PNN.

Figure 1: Musgrave Project Location and High-Resolution Airborne Magnetics Area

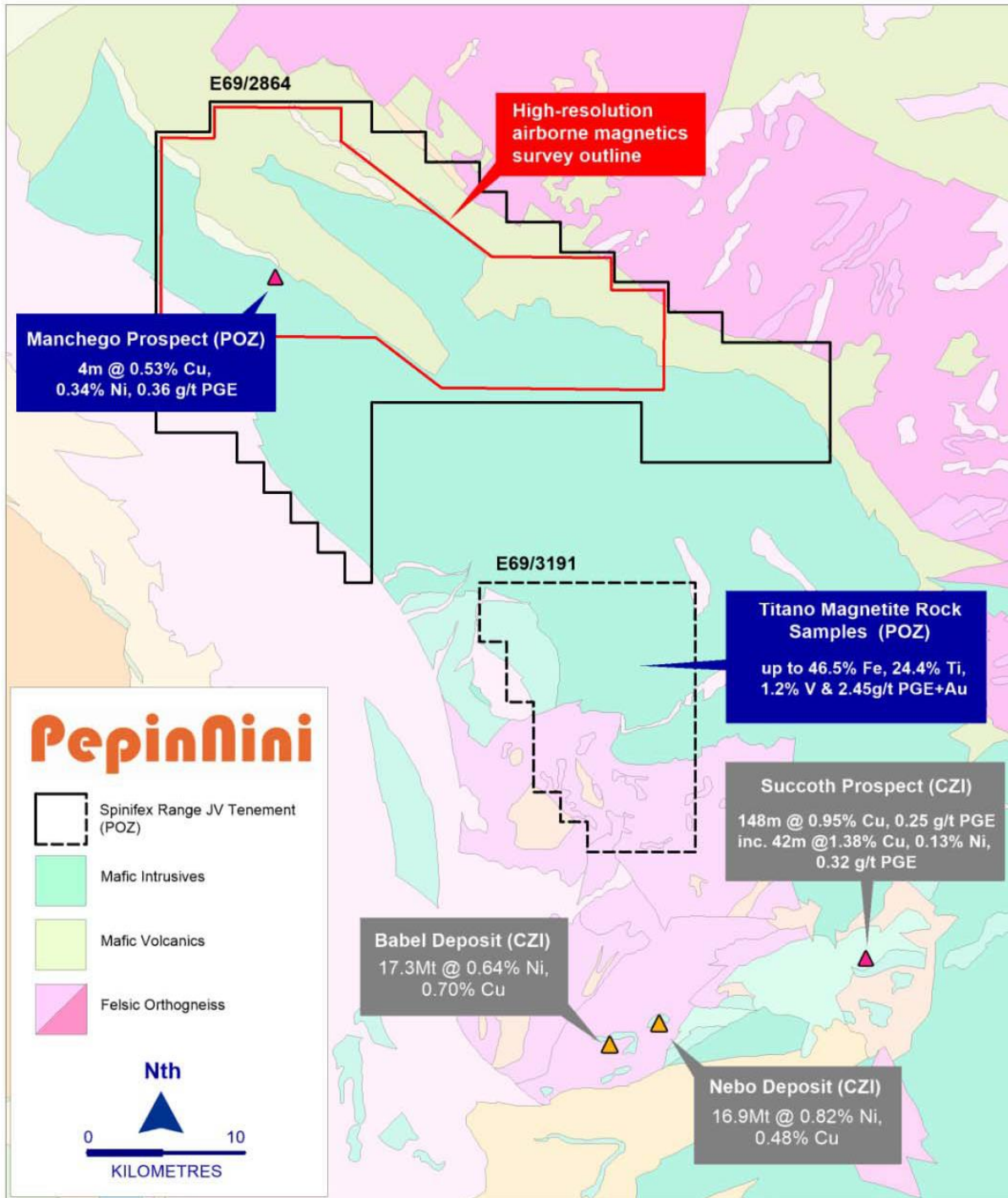


Figure and source text courtesy of Pepinnini Minerals Limited

3.0 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 (AYR) Horse Well Gold Project which lies approximately 50km north-east of the major Jundee gold mine. This project is currently being actively explored by AYR (<http://www.alloyres.com/projects-horsewell.php>).

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

The Highland Plains Phosphate Project has a JORC (2004) compliant Inferred Resource of 53 million tonnes at 16% P₂O₅, (see ASX release dated 31 March 2009¹). Drilling, metallurgy and scoping study work have been undertaken at Highland Plains with successful solutions for beneficiation to higher grades and product transport logistics using a slurry pipeline. The project is 100% owned by POZ.

The Company is actively seeking partners for this project.

5.0 Summary and Outlook

The completion of the cash and scrip sale of the Tuckanarra Gold Project during the last quarter was an important milestone for the company. POZ is now in a strong position to assess and acquire new projects for future development.

A fresh exploration perspective at the Musgrave Ni-Cu-PGE Project in WA by our partners PepinNini Minerals Limited, gives POZ some exciting exposure to a potential new mineral discovery in this under-explored province.

The Company has a cash balance of \$3.46 million (30 September 2014) and holds ten million shares in Monument Mining Limited (MMY), listed on the TSX-V exchange.

Jim Richards
Executive Chairman

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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 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 information in this report that relates to previously reported Exploration Results for the Musgrave TMR Project, 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 2004 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 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.

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
E04/2388	WA Aus	Ellendale	Application	100%	100%	0%	Application
E20/782	WA Aus	Tuckanarra	Granted	0%	0%	100%	Sold to MMY
E20/783	WA Aus	Tuckanarra	Granted	0%	0%	100%	Sold to MMY
E51/1614	WA Aus	Weld Range	Application	0%	0%	100%	Withdrawn
E51/1665	WA Aus	Carbar Well	Application	100%	0%	0%	Application
E69/2820	WA Aus	Wiluna	Granted	20%	0%	0%	Joint Venture with Alloy Resources Limited
E69/2864	WA Aus	Musgraves	Granted	100%	0%	0%	PPN option to purchase 80%
E69/3191	WA Aus	Musgraves	Granted	100%	0%	0%	PPN option to purchase 80%
M20/527	WA Aus	Tuckanarra	Granted	0%	0%	100%	Sold to MMY
P20/2180	WA Aus	Tuckanarra	Granted	0%	0%	100%	Sold to MMY
P20/2181	WA Aus	Tuckanarra	Granted	0%	0%	100%	Sold to MMY
P20/2182	WA Aus	Tuckanarra	Granted	0%	0%	100%	Sold to MMY
P20/2183	WA Aus	Tuckanarra	Granted	0%	0%	100%	Sold to MMY
P20/2184	WA Aus	Tuckanarra	Granted	0%	0%	100%	Sold to MMY
P20/2185	WA Aus	Tuckanarra	Granted	0%	0%	100%	Sold to MMY

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
EL30604	NT Aus	Alroy	Application	100%	100%	0%	
EL30605	NT Aus	Alroy	Application	100%	100%	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%	