

ASX RELEASE

29 October 2014

ASX Code: POZ



QUARTERLY REPORT

Period Ending 30 September 2014

Summary:

Tuckanarra Gold Project, WA

Awaiting Final Sale

- During the quarter Phosphate Australia Limited (POZ) announced the conditional sale of the Company's Tuckanarra Gold Asset (located in the Murchison region of Western Australia) to TSX listed gold producer Monument Mining Limited (MMY).
- The sale price was \$2 million (Australian dollars) in cash and 10 million shares in MMY.
- The transaction is expected to be completed by 13 November 2014.

Musgrave Cu-Ni-PGE Project, WA

POZ 100% (80% under Option)

- An Option Agreement has been signed over the Company's Musgrave Ni-Cu-PGE-V Project, located in the Musgrave region of Western Australia.
- This agreement is with NiCul Minerals Limited (NCL), a wholly owned subsidiary of ASX listed PepinNini Minerals Limited (PNN), an established Musgrave explorer.
- POZ has been paid \$100,000 cash for the first year of the option, which is extendable for a further year by the payment of an additional \$50,000.

Horse Well Gold Project, WA

POZ 20%

- During the quarter, POZ completed the sale of 80% of tenement E69/2820 to Alloy Resources Limited (ASX: AYR). The tenement is situated approximately 75km north-east of Wiluna in the Warburton Mineral Field of Western Australia.
- The sale price was \$50,000 Australian dollars equivalent, payable as \$25,000 in cash and the balance in the form of 3,125,000 shares in AYR (equivalent to \$25,000 at \$0.008 per AYR share).

1.0 Tuckanarra Gold Project (WA) Update POZ 100% (awaiting sale completion)

On 29 August 2014, Phosphate Australia Limited (POZ) announced the conditional sale of the Tuckanarra Gold Asset (located in the Murchison of Western Australia) to Monument Mining Limited (TSX-V: MMY and FSE: D7Q1MMY) 'MMY', an established Canadian gold producer listed on the TSX-V exchange.

MMY has already paid to POZ a non-refundable deposit of A\$50,000, and both parties have signed an agreement for sale of the Tuckanarra Gold Project to MMY. The transaction is expected to be completed by the 13 November 2014.

The acquisition is subject to satisfactory completion by MMY of due diligence and receipt of TSX Venture Exchange acceptance.

At completion, the balance of the cash consideration will be paid (\$1,950,000) and 10,000,000 shares in MMY will be issued to POZ. These common shares will be issued at a deemed price of C\$0.25 per share and will be subject to the statutory four months and one day hold period imposed by Canadian securities legislation. After this period the shares will be freely tradable on the TSX-V.

The Directors of Phosphate Australia believe this sale is an excellent outcome for the Company. It will represent a substantial boost to the cash backing of POZ and opens up a number of options as the Company moves forward. 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)

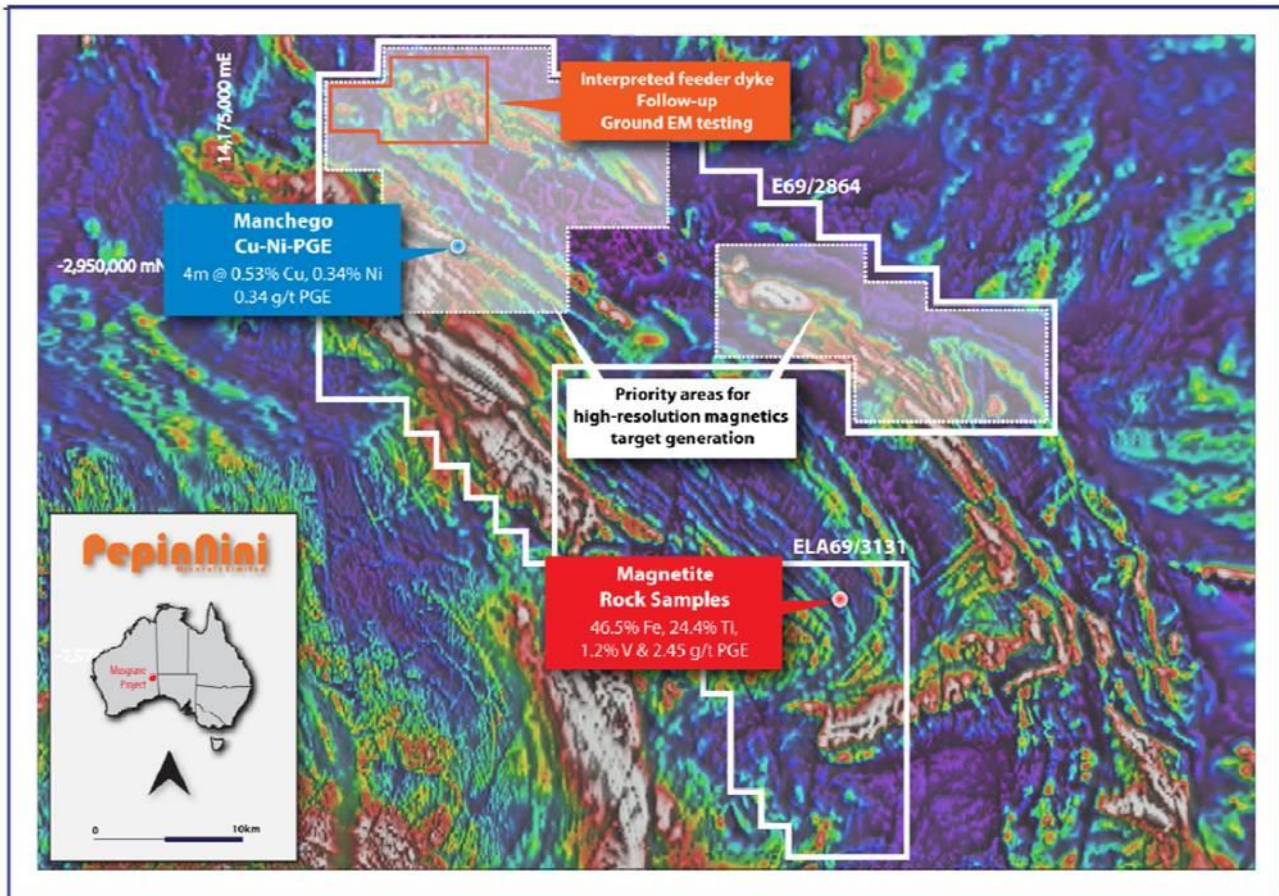
The Musgrave Project lies in the relatively unexplored Musgrave Province of Western Australia. The project area consists of two 100% POZ held tenements, E69/2864 and E69/3191 (both granted) for a total area of 785.7km².

POZ has sold an option to purchase 80% of the project to NiCul Minerals Limited (NCL), a wholly owned subsidiary of ASX listed PepinNini Minerals Limited (PNN), an established Musgrave explorer.

- The option is valid for two years and allows NCL to purchase 80% of POZ's Musgrave Project (permits E69/2864 and E69/3191) for \$500,000.
- After the exercise of the Option, an 80/20 Joint Venture would be formed with POZ 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.

The Directors of Phosphate Australia believe this deal works well for both parties and enhances the chances of a mineral discovery on the project area. PNN has been actively exploring the Musgrave region for a number of years and own a dedicated drilling rig in the area. Also a recent R&D collaboration between PNN and CSIRO allows for specialised fixed-wing electromagnetic data collection and interpretation.

Figure 1: Musgrave Projects Location (on airborne magnetics (Geoscience Australia))



3.0 Horse Well Gold Project, WA

POZ 20%

POZ has sold 80% of the Horse Well gold project in Western Australia to Alloy Resources Limited (AYR). This sale is pursuant to the Option Agreement between POZ and AYR dated 12 September 2012. AYR will continue to operate the tenement under the terms of an unincorporated joint venture. POZ retains a 20% interest in E69/2820 which is free carried up to the completion of a bankable feasibility study.

E69/2820 is a part of AYR's Horse Well Gold Project which lies approximately 50km north-east of the major Jundee gold mine.

The Directors of Phosphate Australia believe this sale is an excellent outcome for the Company. It gives POZ a free carry in a significant gold exploration project with a proven and capable operator. It is the intention of POZ for the cash component of the sale to be used for general working capital.

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). Considerable amounts of drilling, metallurgy and scoping study work has been done at Highland Plains with successful solutions for beneficiation to higher grades and product transport logistics using a slurry pipeline having been defined. The project is 100% owned by POZ.

Further scoping and pre-feasibility work is required at Highland Plains and the Company is actively seeking partners for the project.

5.0 Summary and Outlook

The Company has achieved three important deals during the quarter. Most important was the sale of the Tuckanarra Gold Project, and the Company looks forward to the completion of this sale by 13 November 2014.

The sale of the option over the Musgrave Project in WA allows POZ to retain significant exposure to any new discovery with no outlay or financial exposure required, and the deal is cash positive for the Company.

Similarly, the Horse Well gold project sale in WA also maintains POZ exposure to the area, whilst a significant regional explorer actively works on the project.

The Company has a cash balance of \$1.73 million (30 September 2014).

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, Manhego 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 previously reported resource estimations for the Tuckanarra Gold Project Area deposits, including the Anchor, Bollard, Cable, Drogue, Maybelle, Maybelle North and Miners Dream deposits, were carried out by Mr Craig Harvey utilizing resource drilling data sets provided by Phosphate Australia Limited. Mr Harvey is a Principal Consultant with Ravensgate Mining Industry Consultants and is also a Member of the Geological Society of Southern Africa. Mr Harvey has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Harvey also consents to the inclusion in the report of the resource estimation matters for these deposits based on the reporting 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
E20/782	WA Aus	Tuckanarra	Granted	100%	0%	n/a	Awaiting sale completion with MMY
E20/783	WA Aus	Tuckanarra	Granted	100%	0%	n/a	Awaiting sale completion with MMY
E51/1614	WA Aus	Weld Range	Application	100%	0%	n/a	
E69/2820	WA Aus	Wiluna	Granted	20%	0%	80%	Joint Venture with Alloy Resources Limited
E69/2864	WA Aus	Musgraves	Granted	100%	0%	n/a	PPN option to purchase 80%
E69/3191	WA Aus	Musgraves	Granted	100%	0%	n/a	PPN option to purchase 80%
M20/527	WA Aus	Tuckanarra	Granted	100%	0%	n/a	Awaiting sale completion with MMY
P20/2180	WA Aus	Tuckanarra	Granted	100%	0%	n/a	Awaiting sale completion with MMY
P20/2181	WA Aus	Tuckanarra	Granted	100%	0%	n/a	Awaiting sale completion with MMY
P20/2182	WA Aus	Tuckanarra	Granted	100%	0%	n/a	Awaiting sale completion with MMY
P20/2183	WA Aus	Tuckanarra	Granted	100%	0%	n/a	Awaiting sale completion with MMY
P20/2184	WA Aus	Tuckanarra	Granted	100%	0%	n/a	Awaiting sale completion with MMY
P20/2185	WA Aus	Tuckanarra	Granted	100%	0%	n/a	Awaiting sale completion with 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
EL25600	NT Aus	Alroy	Granted	0%	0%	100%	
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%	