



Phosphate Australia Limited

ABN 51 129 158 550

**Interim Financial Report
31 December 2014**

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PHOSPHATE AUSTRALIA LIMITED

INTERIM FINANCIAL REPORT

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2014.

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 profit from ordinary activities after tax of the Company for the half-year ended 31 December 2014 after income tax was \$1,472,930 (2013: \$71,093 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 2014.

1.0 Highland Plains Phosphate Project (Northern Territory)

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. The project is 100% owned by POZ.

The Company is targeting the production and sale of 2-3 million tonnes per annum of premium grade rock phosphate using a slurry pipeline for transport to produce the lowest OPEX cost export product in Australia.

Further phosphate prospects in the vicinity of Highland Plains include Alexandria, Alroy and Buchannan Dam, with historic drill intersections of:

Alexandria – 6.1m @ 15.6% P₂O₅ from 48.8m

Alroy – 6.4m @ 12.0% P₂O₅ from 16.2m

Buchanan Dam – 6.1m @ 25% P₂O₅ from 12.2m

These prospects together with areas to the west of Highland Plains represent significant areas of phosphate exploration potential which have drill ready targets.

During the period, the management have been exploring commercial options for Highland Plains which includes the sourcing of a strategic partner or the possibility of a trade sale.

2.0 Tuckanarra Gold Project (WA)

The Tuckanarra Gold Project lies within the West Australian Murchison goldfield and has historic production of ~125,000 ounces. It was last mined in 1993 when the gold price was around US\$330 an ounce.

During the quarter, the Company completed the sale of the Tuckanarra Gold Asset to Monument Mining Limited (MMY), an established Canadian gold producer listed on the TSX-V exchange.

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2.0 Tuckanarra Gold Project (WA) (continued)

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 31 December 2014, 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.

3.0 Musgrave Ni-Cu 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 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.

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.

4.0 Nicholson Iron Project, (Northern Territory): 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.

¹ Neumann, N, Fraser, G 2007, Geochronological Synthesis and Time Space plots for Proterozoic Australia: AGSO Record p208.

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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 6.

Signed in accordance with a resolution of the Directors



JAMES RICHARDS
Chairman



GRANT MOONEY
Non Executive Director/Company Secretary

Dated: 13 March 2015

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 2014, 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 AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 13 March 2015

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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 2014

	NOTE	31 December 2014 \$	31 December 2013 \$
Gain on disposal of exploration assets	7	1,731,814	-
Other income from ordinary activities	5	44,497	42,455
Total Revenue		1,776,311	42,455
Exploration expenses		25,880	10,648
Exploration written off		8,716	5,894
Employee benefits expense		47,273	83,171
Corporate advisory fees		15,000	-
Depreciation expense		7,040	11,067
Rental expenses		59,040	57,601
Administration expenses		88,567	98,782
Loss on disposal of plant & equipment		-	7,554
Share based payments		48,740	-
Revaluation of shares		3,125	-
Total Expenses		303,381	274,717
Profit/(Loss) for the period before income tax expense		1,472,930	(232,262)
Income tax benefit	13	-	303,355
Profit/(Loss) for the period after related income tax expense		1,472,930	71,093
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 Income for the period		1,577,635	71,093
		Cents	Cents
Basic profit per share (cents per share)		0.914	0.044
Diluted profit per share (cents per share)		0.914	0.044

The accompanying notes form part of the financial statements.

PHOSPHATE AUSTRALIA LIMITED
INTERIM FINANCIAL REPORT

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	NOTE	31 December 2014 \$	30 June 2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents		3,456,219	1,706,470
Trade and other receivables		29,917	22,048
Prepayments		34,756	34,020
Total Current Assets		3,520,892	1,762,538
Non-Current Assets			
Property, plant and equipment		56,986	63,908
Environmental Bond		11,269	12,397
Available-for-sale financial assets	6	1,259,215	-
Exploration and evaluation expenditure	7	3,519,368	4,906,373
Total Non-Current assets		4,846,837	4,982,678
TOTAL ASSETS		8,367,730	6,745,216
LIABILITIES			
Current liabilities			
Trade and other payables		21,841	27,215
Provisions		15,612	14,099
TOTAL LIABILITIES		37,453	41,314
NET ASSETS		8,330,277	6,703,902
EQUITY			
Issued Capital	8	14,590,606	14,590,606
Reserves	9	308,805	198,165
Accumulated losses		(6,569,134)	(8,084,869)
TOTAL EQUITY		8,330,277	6,703,902

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 2014

	31 December 2014 \$	31 December 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Other income	7,748	-
Payments to suppliers and employees	(245,154)	(299,105)
Interest received	33,676	37,895
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(203,730)	(261,210)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(117)	(358)
Proceeds from disposal of property, plant & equipment	-	227
Payments for exploration, evaluation and development expenditure	(172,532)	(174,356)
Proceeds from disposal or farm out of exploration, evaluation and development expenditure	2,125,000	-
Deposits refunded	1,128	-
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES	1,953,479	(174,487)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue expenses	-	-
NET CASH FLOWS USED IN FINANCING ACTIVITIES	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD	1,749,749	(435,697)
Cash and cash equivalents at the beginning of the period	1,706,470	2,220,824
Cash and cash equivalents at the end of the period	3,456,219	1,785,127

The accompanying notes form part of the financial statements.

PHOSPHATE AUSTRALIA LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2014

	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
	Ordinary Shares	Share Option Reserve	Financial Assets Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2013	14,590,606	195,925	-	(7,939,156)	6,847,375
Profit for the period	-	-	-	71,093	71,093
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for half year	-	-	-	71,093	71,093
Balance as at 31 December 2013	14,590,606	195,925	-	(7,868,063)	6,918,468

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 2014

1. CORPORATE INFORMATION

The financial report of Phosphate Australia Limited (the "Company") for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 13 March 2015.

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 consolidated 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 2014 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:

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include listed securities.

All AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income'.

AFS equity investments impairment reversals are not recognised in profit or loss and any subsequent increase in fair value is recognised in other comprehensive income.

PHOSPHATE AUSTRALIA LIMITED

INTERIM FINANCIAL REPORT

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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 consolidated financial report for the year ended 30 June 2014.

(d) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2014, 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 2014.

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 2014. 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.

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 2014.

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 this is the only operating segment. The Company is predominantly involved in phosphate exploration and also explores for gold, manganese, iron and uranium.

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INTERIM FINANCIAL REPORT

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

5. OTHER INCOME FROM ORDINARY ACTIVITIES

	31 December 2014	31 December 2013
	\$	\$
Interest received from financial institutions	36,749	37,160
Other income	7,748	5,295
Total other income	44,497	42,455

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2014	30 June 2014
	\$	\$
Investment in Listed Entities	1,259,215	-
Total Available-for-Sale Financial Assets	1,259,215	-

7. EXPLORATION AND EVALUATION EXPENDITURE

Opening balance Exploration and evaluation	4,906,373	4,593,836
Exploration and evaluation capitalised during period	172,532	318,431
Less written off	(8,716)	(5,894)
Less cost of sold project ⁽¹⁾	(1,467,886)	-
Less farm-out of projects ⁽²⁾	(82,935)	-
Closing balance Exploration and evaluation	3,519,368	4,906,373

⁽¹⁾ 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 \$1,664,749.

⁽²⁾ During the period the Company farmed-out two of its exploration projects for consideration of cash and shares. In accordance with accounting standards, their consideration has been credited against costs previously capitalised, which amounted to \$82,935 with the remainder accounted for as a gain on disposal, which amounted to \$67,065.

8. ISSUED CAPITAL

	31 December 2014	30 June 2014
	\$	\$
Issued and paid up capital	14,590,606	14,590,606
	No of shares	\$
Opening Balance	161,168,333	14,590,606
Add movements	-	-
Closing balance	161,168,333	14,590,606

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

9. RESERVES

Share option reserve	31 December 2014 Number	30 June 2014 Number	31 December 2014 \$	30 June 2014 \$
Opening Balance	7,750,000	7,350,000	198,165	195,925
Employee options issued 22 December 2012	-	400,000	-	2,240
Directors' options issued 5 November 2014	5,000,000	-	45,500	-
Employee options issued 5 November 2014	400,000	-	3,240	-
Less – expired options	(1,050,000)	-	(42,805)	-
Closing balance	12,100,00	7,750,000	204,100	198,165

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	DIRECTORS' OPTIONS	EMPLOYEE OPTIONS
Exercise Price	\$0.019	\$0.019
Share price	\$0.013	\$0.013
Grant date	5/11/14	5/11/14
Expected volatility ⁽ⁱ⁾	130%	140%
Expiry date	5/11/17	5/11/16
Expected dividends	Nil	Nil
Risk free interest rate	2.5%	2.5%
Value per option	\$0.0091	\$0.0081
Number of options	5,000,000	400,000
Value of options	\$45,500	\$3,240

- (i) Volatility using the Black & Scholes method was determined by looking at similar companies for a similar period.

Financial Assets Reserve

The Financial Assets Reserve records revaluation of financial assets.

	31 December 2014 \$	30 June 2014 \$
Opening Balance	-	-
Gain on revaluation of Monument Mining Shares – 31 Dec 2014	104,705	-
Closing balance	104,705	198,165
Total Financial Assets Reserve	104,705	198,165

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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 \$254,000 (2013: \$130,440).

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 (2013: \$28,000). An amount of \$4,000 (2013: \$4,000) was owing to these companies as at 31 December 2014.

Arrangements with other related parties continue to be in place. For details of these arrangements, refer to the 30 June 2014 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.

13. INCOME TAX BENEFIT

	31 December 2014 \$	31 December 2013 \$
R&D Tax Refund	-	303,355
Income Tax Benefit	-	303,355

The Company has sufficient tax losses to offset against the taxable profit for the period, as such there is no tax payable at 31 December 2014.

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 2014 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, 13 March 2015

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 2014, 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 2014 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 2014 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, 13 March 2015