



**Phosphate Australia Limited  
And Controlled Entities**

ABN 51 129 158 550

**Interim Financial Report  
31 December 2012**

**PHOSPHATE AUSTRALIA LIMITED AND CONTROLLED ENTITIES  
INTERIM FINANCIAL REPORT**

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# PHOSPHATE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## INTERIM FINANCIAL REPORT

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### DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2012.

### DIRECTORS

The names of the Group 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 Andrew James – Managing Director (Resigned 1 October 2012)

Mr Grant Mooney – Non Executive Director

Mr Mark Thompson – Non Executive Director (Appointed 1 October 2012)

### OPERATING RESULTS

The loss from ordinary activities of the Group for the half-year ended 31 December 2012 after income tax was \$1,249,932 (2011: \$666,988 loss).

### 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 2012.

#### Highland Plains Phosphate Project

The Highland Plains Phosphate Project has a JORC compliant Inferred Resource of 53 Mt at 16% P<sub>2</sub>O<sub>5</sub>. The project is 100%-owned by POZ with no private royalties; the Company is currently targeting the production and sale of up to 3 million tonnes per annum of beneficiated rock phosphate from Highland Plains, to be transported by slurry pipeline to a barging facility in the Gulf of Carpentaria for export.

The Group has committed significant resources to studies at Highland Plains which include multiple drill programs and the establishment of a JORC resource. Other Group Phosphate projects in the vicinity with historic drilling intersections include Buchanan Dam, Alroy and Alexandria.

At the end of 2012, the camp was de-mobilised from Highland Plains and sold, with environmental rehabilitation work taking place on-site. During the year, marketing of the project was undertaken in Australia and Asia and although no partner or buyer has as yet emerged, dialogue with parties is still ongoing.

#### Tuckanarra Gold Project

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. Phosphate Australia Limited (POZ) owns the Tuckanarra gold project 100% with no private royalties.

During the year, the Company completed a maiden indicated and inferred JORC resource at Tuckanarra totalling 2,020,000 tonnes @ 1.55 g/t Au for 100,700 ounces of gold See Table 1 for resource details at the cut off grade of 0.25 g/t Au and Table 2 for resource details at higher cut off grades. The resource was calculated by Perth based independent mining industry consultants Ravensgate.

The project is at an advanced stage with final resource modelling to be carried out followed by pit optimisation work.

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REVIEW OF OPERATIONS (continued)

**Table 1: Summary of Total Mineral Resources**

Resource	Cut Off (g/t)	Tonnes	Grade (g/t)	Ounces
Indicated	0.25	1,091,000	1.60	56,000
Inferred	0.25	929,000	1.50	44,700
Total	0.25	2,020,000	1.55	100,700

**Table 2: Total Mineral Resources, Indicated & Inferred**

	Category	Cut-Off	Volume ('000)	Tonnes ('000)	Grade (g/t)	Ounces ('000)
<b>All Material</b>	<b>Indicated</b>	-	467	1,095	1.59	56,000
		<b>0.25</b>	<b>465</b>	<b>1,091</b>	<b>1.60</b>	<b>56,000</b>
		0.50	442	1,040	1.65	55,300
		0.75	339	813	1.94	50,600
		<b>1.00</b>	<b>243</b>	<b>597</b>	<b>2.32</b>	<b>44,600</b>
		1.25	179	449	2.72	39,300
		1.50	133	338	3.17	34,400
		1.75	101	260	3.63	30,300
		2.00	81	209	4.06	27,300
		2.25	65	169	4.52	24,500
	2.50	53	138	5.00	22,200	
	<b>Inferred</b>	-	408	931	1.49	44,700
		<b>0.25</b>	<b>407</b>	<b>929</b>	<b>1.50</b>	<b>44,700</b>
		0.50	403	921	1.51	44,600
		0.75	341	792	1.65	41,900
		<b>1.00</b>	<b>236</b>	<b>566</b>	<b>1.96</b>	<b>35,600</b>
		1.25	169	417	2.26	30,300
		1.50	125	315	2.55	25,800
		1.75	94	241	2.84	22,000
		2.00	74	190	3.10	18,900
		2.25	62	157	3.30	16,700
	2.50	51	129	3.50	14,500	
	<b>Total</b>	-	874	2,026	1.55	100,700
		<b>0.25</b>	<b>872</b>	<b>2,020</b>	<b>1.55</b>	<b>100,700</b>
		0.50	845	1,961	1.58	99,900
		0.75	680	1,605	1.79	92,500
		<b>1.00</b>	<b>479</b>	<b>1,163</b>	<b>2.15</b>	<b>80,200</b>
		1.25	348	865	2.50	69,600
		1.50	258	653	2.87	60,200
		1.75	196	501	3.25	52,300
2.00		155	399	3.60	46,100	
2.25		127	326	3.93	41,200	
2.50	104	267	4.27	36,700		

# PHOSPHATE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## INTERIM FINANCIAL REPORT

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### REVIEW OF OPERATIONS (continued)

#### Musgraves PGE-Ni-Cu Project

The Musgrave Project lies in the highly prospective Musgrave Province of Western Australia. In April 2012, POZ entered into a Farm-In agreement for the Musgrave Project with Anglo American Exploration (Australia) Pty Ltd ("Anglo American") Pty Ltd, a wholly owned subsidiary of Anglo American Plc, one of the world's largest mining groups.

Anglo American has the right to earn 70% in the project by spending \$3 million and completing a minimum of 5,000 metres drilling. POZ is free carried through the JV period until completion of a BFS.

During the year, Anglo flew its proprietary SPECTREM EM Survey and identified a number of bedrock conductors that have been recommended for follow up drilling.

Anglo American is leading negotiations with the Ngaanyatjaraku Land Council to finalise an Access Agreement for the tenements which are located within Aboriginal Reserve lands. The aim of Anglo American is to follow up these SPECTREM anomalies once ground access has been secured.

#### 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.

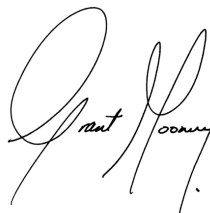
#### AUDITOR'S INDEPENDENCE DECLARATION

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: 8<sup>th</sup> March 2013

The information in this report that relates to Exploration Results, Mineral Resources or ore reserves 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. 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 new and updated resource estimations for the Tuckanarra Gold Project Area deposits, including the Anchor, Bollard, Cable, Drogue, Maybelle, Maybelle North and Miners Dream deposits, were also 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.

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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 2012, 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



J W Vibert  
Partner - Audit & Assurance

Perth, 8 March 2013

**PHOSPHATE AUSTRALIA LIMITED AND CONTROLLED ENTITES  
INTERIM FINANCIAL REPORT**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	NOTE	31 December 2012 \$	31 December 2011 \$
Other revenues from ordinary activities	5	107,076	104,225
<b>Total Revenue</b>		<b>107,076</b>	<b>104,225</b>
Exploration write offs		347,008	2,266
Employee benefits expense		223,987	214,543
Corporate advisory fees		17,588	124,069
Depreciation expense		61,167	127,115
Rental expenses		110,380	92,340
Interest Paid		-	102
Administration expenses		158,205	175,343
Loss on disposal of plant & equipment		285,553	-
Share based payments		153,120	35,435
<b>Total Expenses</b>		<b>1,357,008</b>	<b>771,213</b>
<b>Loss for the period before income tax expense</b>		<b>1,249,932</b>	<b>666,988</b>
Income tax expense		-	-
<b>Loss for the period after related income tax expense</b>		<b>1,249,932</b>	<b>666,988</b>
Other Comprehensive Income:			-
<b>Total Comprehensive Loss for the period</b>		<b>1,249,932</b>	<b>666,988</b>
Basic and diluted loss per share (cents per share)		(1.035)	(0.608)

*The accompanying notes form part of the financial statements.*

**PHOSPHATE AUSTRALIA LIMITED AND CONTROLLED ENTITIES**  
**INTERIM FINANCIAL REPORT**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2012**

	NOTE	31 December 2012 \$	30 June 2012 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,721,299	2,342,150
Trade and other receivables		20,867	191,472
Prepayments		37,319	55,430
Other current assets		177,340	172,555
<b>Total Current Assets</b>		<b>1,956,825</b>	<b>2,761,607</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		101,456	650,724
Exploration, evaluation and development expenditure	6	7,238,637	7,100,414
<b>Total Non-Current assets</b>		<b>7,340,093</b>	<b>7,751,138</b>
<b>TOTAL ASSETS</b>		<b>9,296,918</b>	<b>10,512,745</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		54,177	930,920
Provisions		15,268	67,156
<b>TOTAL LIABILITIES</b>		<b>69,445</b>	<b>998,076</b>
<b>NET ASSETS</b>		<b>9,227,473</b>	<b>9,514,669</b>
<b>EQUITY</b>			
Issued Capital	7	14,223,312	13,413,696
Share Option Reserve	8	541,175	388,055
Accumulated losses		(5,537,014)	(4,287,082)
<b>TOTAL EQUITY</b>		<b>9,227,473</b>	<b>9,514,669</b>

*The accompanying notes form part of the financial statements.*



**PHOSPHATE AUSTRALIA LIMITED AND CONTROLLED ENTITES  
INTERIM FINANCIAL REPORT**

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**STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	NOTE	31 December 2012 \$	31 December 2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(518,678)	(478,552)
Income tax refund		59,780	238,238
Interest received		63,384	102,706
Interest paid		-	(102)
		<u>(395,514)</u>	<u>(137,710)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(7,027)	(5,127)
Proceeds from disposal of property, plant & equipment		241,648	-
Payments for exploration, evaluation and development expenditure		(455,574)	(543,033)
		<u>(220,953)</u>	<u>(548,160)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share issue expenses		(4,384)	-
		<u>(4,384)</u>	<u>-</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS HELD</b>		(620,851)	(685,870)
Cash and cash equivalents at the beginning of the period		<u>2,342,150</u>	<u>3,638,701</u>
<b>Cash and cash equivalents at the end of the period</b>		<u><b>1,721,299</b></u>	<u><b>2,952,831</b></u>

*The accompanying notes form part of the financial statements.*

**PHOSPHATE AUSTRALIA LIMITED AND CONTROLLED ENTITES  
INTERIM FINANCIAL REPORT**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2012**

	Ordinary Shares	Share Option Reserve	Accumulated Loss	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2011</b>	13,328,696	345,250	(2,620,726)	11,053,220
Loss for the period	-	-	(666,988)	(666,988)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for half year</b>	-	-	<b>(666,988)</b>	<b>(666,988)</b>
Shares based payments	85,000	42,805	-	127,805
<b>Balance as at 31 December 2011</b>	<b>13,413,696</b>	<b>388,055</b>	<b>(3,287,714)</b>	<b>10,514,037</b>

	Ordinary Shares	Share Option Reserve	Accumulated Loss	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2012</b>	13,413,696	388,055	(4,287,082)	9,514,669
Loss for the period	-	-	(1,249,932)	(1,249,932)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for half year</b>	-	-	<b>(1,249,932)</b>	<b>(1,249,932)</b>
Issue of 11,000,000 shares at an issue price of \$0.074 per share	814,000	-	-	814,000
Issue of 6,000,000 Directors options	-	148,800	-	148,800
Issue of 300,000 employee options	-	4,320	-	4,320
Share issue costs	(4,384)	-	-	(4,384)
<b>Balance as at 31 December 2012</b>	<b>14,223,312</b>	<b>541,175</b>	<b>(5,537,014)</b>	<b>9,227,473</b>

The accompanying notes form part of the financial statements.

# PHOSPHATE AUSTRALIA LIMITED AND CONTROLLED ENTITIES INTERIM FINANCIAL REPORT

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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### 1. CORPORATE INFORMATION

The financial report of Phosphate Australia Limited (the Group) for the half-year ended 31 December 2012 was authorised for issue in accordance with a resolution of the directors on 8 March 2013.

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 2012 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.

#### (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 Group'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 2012.

# PHOSPHATE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## INTERIM FINANCIAL REPORT

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (d) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2012, the Group 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 2012.

It has been determined by the Group 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 Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. 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 Group accounting policies.

#### 3. FINANCIAL RISK MANAGEMENT

Other aspects of the Group'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 2012.

#### 4. SEGMENT INFORMATION

The Group 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 Group operates solely in the natural resources exploration industry in Australia, and has determined that this is the only operating segment. The Group is predominantly involved in phosphate exploration and also explores for gold, manganese, iron and uranium.

#### 5. REVENUE FROM ORDINARY ACTIVITIES

	31 December 2012 \$	31 December 2011 \$
<b>Other income</b>		
Interest received from financial institutions	46,461	102,931
Other income	60,615	1,294
<b>Total revenues</b>	<b>107,076</b>	<b>104,225</b>

#### 6. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	31 December 2012 \$	30 June 2012 \$
Opening balance Exploration, evaluation and development	7,100,414	6,211,243
Exploration, evaluation and development capitalised during period	453,348	1,331,629
Less written off	(315,125)	(442,458)
Closing balance Exploration, evaluation and development	<b>7,238,637</b>	<b>7,100,414</b>

**PHOSPHATE AUSTRALIA LIMITED AND CONTROLLED ENTITIES  
INTERIM FINANCIAL REPORT**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

**7. ISSUED CAPITAL**

	<b>31 December 2012 \$</b>	<b>30 June 2012 \$</b>
Issued and paid up capital	<b>14,223,312</b>	<b>13,413,696</b>
	No of shares	\$
Opening Balance	109,876,250	13,413,696
Add movements:		
Issue of 11,000,000 shares at an issue price of \$0.074 per share	11,000,000	814,000
Share issue costs		(4,384)
Closing balance	<b>120,876,250</b>	<b>14,223,312</b>

**8. SHARE OPTION RESERVE**

	<b>31 December 2012 \$</b>	<b>30 June 2012 \$</b>
Opening Balance	388,055	345,250
Consultant Options – 1 July 2011	-	7,370
Employee options – 14 October 2011	-	15,885
Consultant options – 11 November 2011	-	19,550
Directors options – 23 November 2012	148,800	-
Employee options – 21 December 2012	4,320	-
Closing balance	<b>541,175</b>	<b>388,055</b>

The share option reserve arises as the share options granted vest over the vesting period. Amounts are 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	<b>DIRECTORS OPTIONS 23 Nov 12</b>	<b>EMPLOYEE OPTIONS 21 Dec 12</b>
Exercise Price	\$0.08	\$0.065
Share price	\$0.047	\$0.030
Grant date	23-Nov-12	21-Dec-12
Expected volatility (i)	100%	100%
Expiry date	26-Nov-15	21-Dec-15
Expected dividends	Nil	Nil
Risk free interest rate	3.5%	3.5%
Value per option	\$0.0248	\$0.0144
Number of options	6,000,000	300,000
Value of options	\$148,800	\$4,320

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

# PHOSPHATE AUSTRALIA LIMITED AND CONTROLLED ENTITIES

## INTERIM FINANCIAL REPORT

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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#### 9. 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 Group is not yet known. The Group 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 Group 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 Group 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 \$939,360.

#### 10. 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 Group totalling \$36,000 (2011: \$38,250). An amount of \$4,000 (2011: \$6,000) was owing to these companies as at 31 December 2012.

Arrangements with other related parties continue to be in place. For details of these arrangements, refer to the 30 June 2012 annual financial report.

#### 11. 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 consolidated entity in the future financial years, other than the following:

- On 3<sup>rd</sup> January, POZ and Sydney based Company Jimpec Resources Pty Ltd (Jimpec) signed a Heads of Agreement in which POZ granted Jimpec a period of exclusivity to negotiate a Joint Venture Option Agreement (JVOA) covering POZ's 100% controlled Nicholson Iron Project in the Northern Territory. There is no guarantee this Joint Venture will be settled, but Jimpec has paid \$50,000 to POZ for a 16 week period of exclusivity during which the JVOA is negotiated.

# PHOSPHATE AUSTRALIA LIMITED AND CONTROLLED ENTITIES INTERIM FINANCIAL REPORT

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## DIRECTORS' DECLARATION

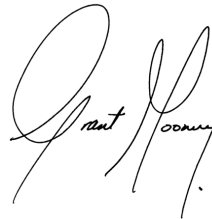
In accordance with a resolution of the directors of Phosphate Australia Limited, we declare that:

- (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 Group's financial position as at the 31 December 2012 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, 8 March 2013

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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 consolidated financial statements being the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year..

#### **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 consolidated 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 Phosphate Australia Limited consolidated entity's financial position as at 31 December 2012 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.



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 consolidated entity's financial position as at 31 December 2012 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



J W Vibert  
Partner - Audit & Assurance

Perth, 8 March 2013