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Laverton Gold Project, WA: Phase 1 Drill Results

HIGHLIGHTS

- 40 hole aircore drilling program for 1,619 metres completed on E38/3038 eastern targets.

- Assay results received: no economic mineralisation was encountered in the drilling.

- Two rock chip samples at the historic Mount Lucky gold mine returned 7.27ppm and 0.89ppm Au. A mapping and sampling program is planned for next quarter to generate drill targets at the Mount Lucky artisinal workings and other historic workings on E38/3038.

1.0 Drill Program and Results

Phosphate Australia Limited ('POZ' or the 'Company') conducted the Laverton aircore drilling program from 28 November to 2 December 2015. A total of 40 holes (GEAC001 ï GEAC040) were drilled for 1,619 metres.

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

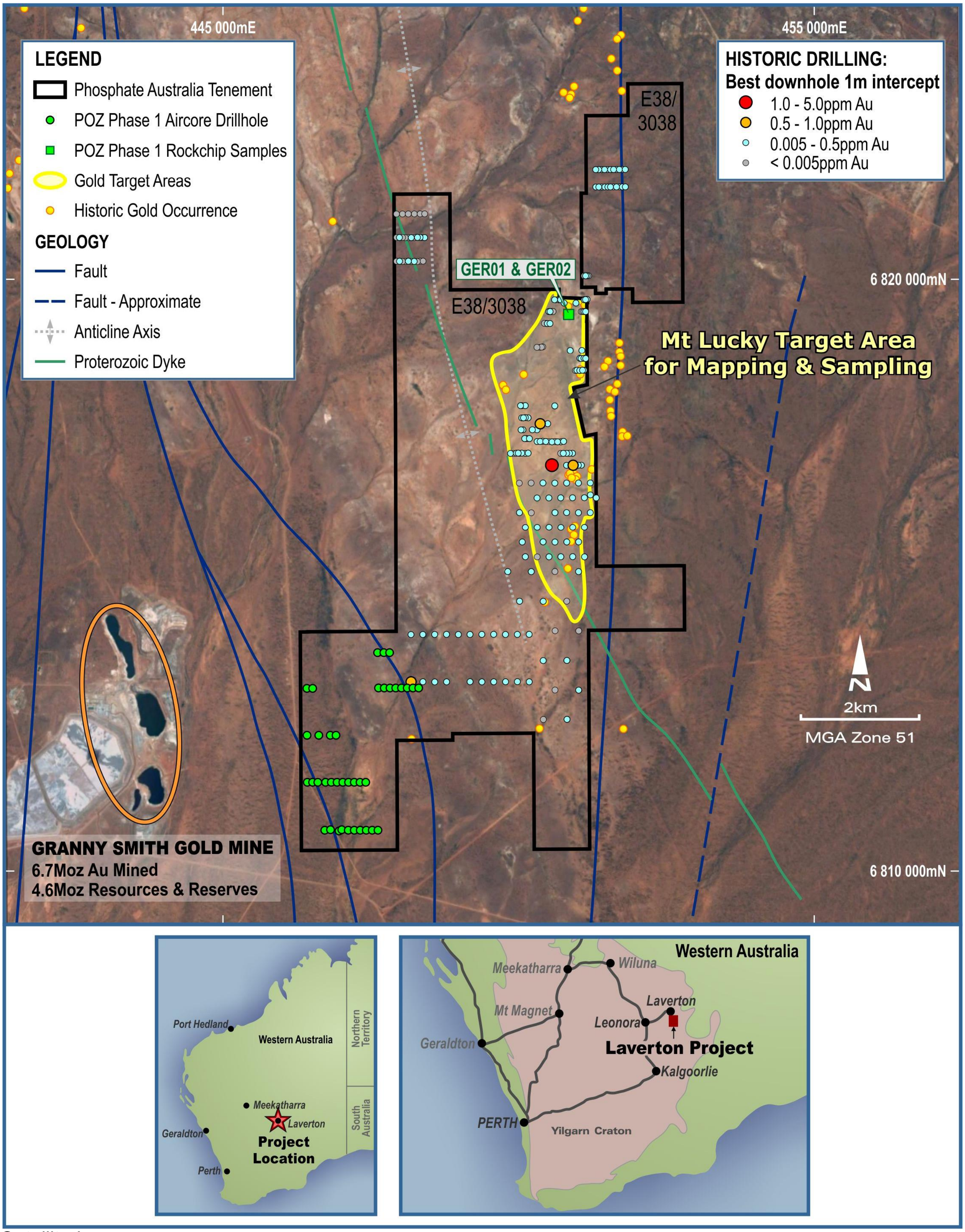
The highest grade intersection was a one metre wide laminated quartz vein with approximately 1% pyrite which returned 1m at 0.11ppm Au from a downhole depth of 42m in drillhole GEAC031. This result is not considered commercially significant. The drill hole locations are shown in Figure 1 and collars are listed in Appendix A.

The main lithologies encountered under the transported cover during drilling, were fresh basalt with minor BIF and felsics/meta-sediments. POZ believes this drill program has successfully tested the western gold targets.

The Company estimates the total drilling and analytical costs will be approximately $40,000.

Phosphate Australia Limited
ABN 51 129 158 550
37 Colin Street
West Perth WA 6005
T +61 8 9422 9555
F +61 8 9422 9599
E info@phosphateaustralia.com.au
W www.phosphateaustralia.com.au

Figure 1 POZ Phase 1 Aircore Drilling and Mount Lucky Prospect Location Plan



Satellite Image

2.0 Mount Lucky Prospect: Future Work

Concurrent with the drilling program, two samples were taken from the historic Mount Lucky gold mine (Figure 1), also on E38/3038. Sample GER 01 (rock chip) returned grades of 7.27ppm Au and GER 02 (rock float) returned 0.89ppm Au.

Mount Lucky gold mine showing approximate location of rock chip sample GER 01

Rock chip sample GER 01 taken from roof of the Mount Lucky workings. Quartz veining in sheared sericite-limonite-argillic alteration.

A follow up mapping and sampling program is planned in the vicinity of the numerous artisinal workings that make up the Mount Lucky Prospect during the next quarter. This mapping will aim to generate drill targets for the 2016 field season.

3.0 Conclusion

The Phase 1 aircore drilling program efficiently examined a previously un-tested and prospective greenstone target in the vicinity of the world class Granny Smith gold mine. Work undertaken concurrently with this drilling program has indicated further potential for gold mineralisation on the tenement and this will be followed up with a mapping and sampling program in the next quarter with a view to drilling any areas with the potential to host a significant gold deposit.

Jim Richards
Executive Chairman

Enquiries To: Mr Jim Richards +61 8 9422 9555

References

Drilling Commences at Laverton Gold Project, WA; AZX announcement dated 01/12/2015: http://www.asx.com.au/asxpdf/20151201/pdf/433gvs42ny5tmd.pdf

Laverton Gold Project WA, Acquisition and Drilling Program; AZX announcement dated 24/08/2015: http://www.asx.com.au/asxpdf/20150824/pdf/430qyygn46qyqy.pdf

The information in this report that relates to previously reported exploration results is based on information compiled by Mr. Jim Richards who is a Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr. Richards is a Director of Phosphate Australia. 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. 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.

Appendix A Drillhole and Rock Sample Information

Hole ID	mE_MGA94	mN_MGA94	mRL (nominal)	HoleType	MaxDepth	Dip	Azi
GEAC001	446704	6810696	420	AC	50	-60	270
GEAC002	446800	6810702	420	AC	44	-60	270
GEAC003	446937	6810685	420	AC	50	-60	270
GEAC004	446996	6810711	420	AC	41	-60	270
GEAC005	447099	6810699	420	AC	41	-60	270
GEAC006	447199	6810704	420	AC	25	-60	270
GEAC007	447292	6810702	420	AC	41	-60	270
GEAC008	447399	6810699	420	AC	80	-60	270
GEAC009	447499	6810696	420	AC	74	-60	270
GEAC010	447602	6810701	420	AC	50	-60	270
GEAC011	446401	6811504	420	AC	50	-60	270
GEAC012	446498	6811500	420	AC	47	-60	270
GEAC013	446593	6811498	420	AC	53	-60	270
GEAC014	446706	6811501	420	AC	53	-60	270
GEAC015	446798	6811490	420	AC	62	-60	270
GEAC016	446900	6811504	420	AC	47	-60	270
GEAC017	446994	6811500	420	AC	50	-60	270
GEAC018	447099	6811495	420	AC	50	-60	270
GEAC019	447201	6811497	420	AC	19	-60	270
GEAC020	447297	6811496	420	AC	26	-60	270
GEAC021	447393	6811497	420	AC	26	-60	270
GEAC022	446402	6812301	420	AC	25	-60	270
GEAC023	446602	6812302	420	AC	13	-60	270
GEAC024	446795	6812298	420	AC	26	-60	270
GEAC025	446894	6812302	420	AC	47	-60	270
GEAC026	446398	6813098	420	AC	29	-60	270
GEAC027	446499	6813102	420	AC	23	-60	270
GEAC028	447609	6813099	420	AC	44	-60	270
GEAC029	447699	6813097	420	AC	10	-60	270
GEAC030	447804	6813100	420	AC	26	-60	270
GEAC031	447900	6813099	420	AC	44	-60	270
GEAC032	447997	6813098	420	AC	35	-60	270
GEAC033	448098	6813098	420	AC	32	-60	270
GEAC034	448200	6813097	420	AC	43	-60	270
GEAC035	448297	6813102	420	AC	83	-60	270
GEAC036	447896	6813100	420	AC	53	-60	270
GEAC037	447890	6813100	420	AC	41	-60	270
GEAC038	447601	6813697	420	AC	18	-60	270
GEAC039	447700	6813698	420	AC	89	-60	270
GEAC040	447799	6813696	420	AC	59	-60	270
GER01	450836	6819411	420	rock sample	-	-	-
GER02	450836	6819411	420	rock sample	-	-	-

Appendix B
Assay Results: Au greater than 0.1ppm

Hole ID	From (m)	To (m)	Au (g/t)
GEAC031	42	43	0.11
GER01	rock sample		7.27
GER02	rock sample		0.89

Appendix C
JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code Explanation	Commentary
	Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Six metre spear composite samples were taken from drill spoil which had been collected in a bucket and placed on the ground. At the decision of the geologist, composite sample size was adjusted according to geological mapping. These adjusted spear samples varied from 8m composites to individual metres. At the decision of the geologist, 1m intervals were riffle-split at a 12.5 : 87.5 ratio, where the smaller sample was collected in a calico bag.
Sampling Techniques	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where óindustry standardô work has been done this would be relatively simple (e.g. óreverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assayö). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	Aircore drilling was used to obtain 1 m samples from which 6m composite samples were generated. These samples were subsequently pulverised to produce a 25g charge for aqua regia digest, analysed by ICPMS at Intertek Genalysis Perth.
Drilling Techniques	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	Aircore drilling was undertaken by Challenge Drilling using their Aircore Rig 2. Bit diameter is 2.5ö All holes were drilled at 60° towards the west.
Drill sample Recovery	Method of recording and assessing core and chip sample recoveries and results assessed	Drill chip recovery was logged by the geologist as a visual estimate

Criteria	JORC Code Explanation	Commentary
	Measures taken to maximise sample recovery and ensure representative nature of the samples	Drill spoil was passed through a cyclone and collected in a bucket before being placed on the ground. Composite samples were collected by spearing the sample on the ground, taking care to sample a representative section.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	Not applicable.
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	Chips and core were geologically logged in detail. Mineral Resource estimations, mining studies and metallurgical studies would not be applicable at this stage of exploration.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	Drill chip logging was quantitative in nature. Information collected includes: weathering, lithology, alteration style and intensity, colour, foliation intensity, texture, mineralogy, veining intensity and style, sulphides, water content of sample, sample recovery, comments.
	The total length and percentage of the relevant intersections logged	All drillholes were logged in full.
Sub Sampling Techniques and Sample Preparation	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	At the decision of the geologist the drill spoil was passed through a riffle splitter set to 12.5 : 87.5 and the smaller split collected in a calico bag. Sample was collected dry.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	6m composite samples were collected by spearing the drill spoil. These samples were pulverised at Intertekȇs Kalgoorlie preparation facility and the pulps transported to Perth, where they were Aqua Regia digested and analysed by ICPMS.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Spear samples were taken so that a representative selection of each 1m interval was collected to create 6m composite samples.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Not required at this early stage of exploration

Criteria	JORC Code Explanation	Commentary
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes are deemed appropriate for the grain size of the material being sampled.
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.	Samples assayed by ICPMS following an aqua regia digestion by Intertek Genalysis Perth. This techniques are considered total.
	For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No geophysical tools were used to determine element concentrations.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	Standard laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of the in house procedures.
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel.	Not applicable.
	The use of twinned holes.	No twinned holes were drilled
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Sampling data was initially recorded on paper logging sheets, which have subsequently been scanned to pdf and saved on the Company server. Geochemical results were received electronically and are also stored on the Company server.
	Discuss any adjustment to assay data.	There are no adjustments to the assay data.
Location of Data points	Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	Drillhole collars were laid out and then captured after drilling by hand-held GPS.
	Specification of the grid system used.	Grid system is MGA94_51
	Quality and adequacy of topographic control.	No topographic controls are recorded. No obvious topography was encountered.
Data spacing	Data spacing for reporting of Exploration Results.	Drillhole positions are shown in Figure 1 and Appendix A.

Criteria	JORC Code Explanation	Commentary
and distribution	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	Not applicable at this stage of exploration
	Whether sample compositing has been applied.	A maximum of six metre sample composites were used.
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	Local statigraphy is believed to be subvertical, dipping strongly to the east. The orientation of mineralisation is not known at this stage.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Any sampling bias due to drillhole orientation is not known at this stage
Sample Security	The measures taken to ensure sample security.	Samples were collected as drilling was taking place and were secured in green cyclone bags sealed with cable ties. They were transported to Intertek Kalgoorlie in a closed bulka bag and delivered directly to the sample preparation staff.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	At this early stage of exploration, no review of the sampling techniques and data has been initiated or is necessary

Section 2 Reporting of Exploration Results

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	Exploration Licence E38/3038 is 100% held by Phosphate Australia with no encumbrances. There is no Native Title claim over the tenement area.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The tenement has been granted with no impediments.

Criteria	JORC Code Explanation	Commentary
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	No historic drilling is recorded in this area.
Geology	Deposit type, geological setting and style of mineralisation.	Drilling was undertaken in Archaean BIF-greenstones of the Kurnalpi Terrane of the Eastern Goldfields Superterrane. At this stage no deposit type or style of mineralisation is recognised. BIF hosted Archaean lode gold deposits were targeted.
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: · easting and northing of the drill hole collar · elevation or RL (Reduced Level ï elevation above sea level in metres) of the drill hole collar · dip and azimuth of the hole · down hole length and interception depth · hole length.	See: **Appendix A** (easting, northing, elevation, dip, azimuth, hole length) **Appendix B** (down hole length and interception depth)
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.	Not applicable.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Not applicable
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	Not applicable

Criteria	JORC Code Explanation	Commentary
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. ‘down hole length, true width not known’).	The mineralised intervals reported are down hole lengths and true widths are not known.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Refer to **Figure 1** and **Appendices A and B** in body of text
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	Analytical results with Au > 0.1ppm are presented in **Appendix B**
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	No other substantive exploration data is known.
Further work	The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive	The Company is considering its options for further work.