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Mount Monger Gold Project, WA: Phase 1 Drill Results Kiaki Soaks Prospect Confirmed

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HIGHLIGHTS

- **87 hole aircore drilling program for 2,344 metres completed on E25/525.**
- **Drilling confirms a lode gold target at Kiaki Soaks of approximately 3 to 6 metres (true width) by 350m in strike and largely open at depth.**
- **Results include 12m @ 1.8g/t Au from 24m, and 6m @ 1.5g/t Au from 30m (composite samples).**
- **Awaiting results from the one metre sample splits.**

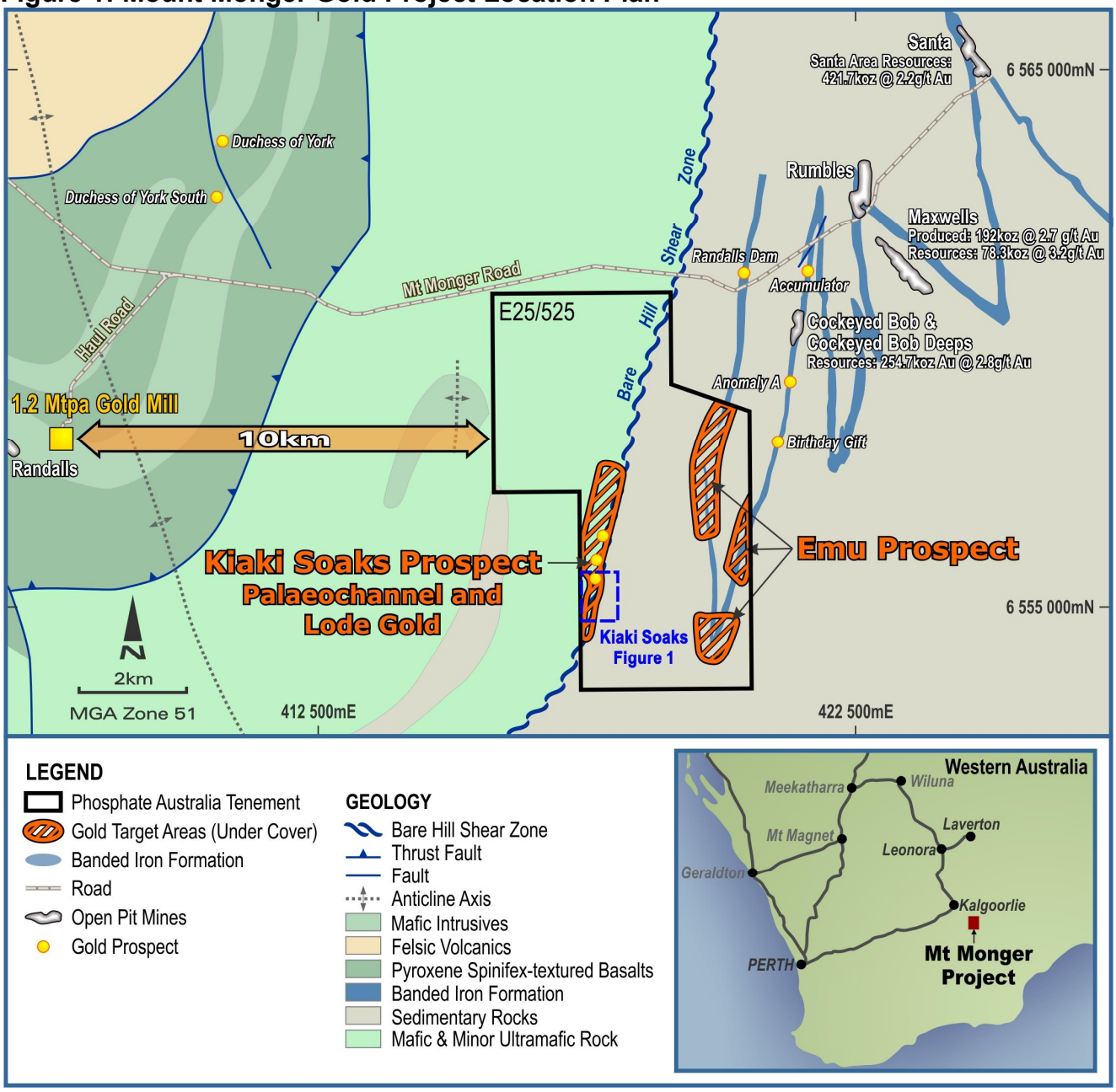
1.0 Introduction

Phosphate Australia Limited ('POZ' or the 'Company') conducted the Phase 1, 87 hole, 2,344m aircore drilling campaign (MMAC001 to 087) at its Mount Monger gold project from the 19 to 24 March 2016. Drilling was designed to test BIF-hosted mineralisation at the Emu Prospect, and a lode/palaeochannel target at the Kiaki Soaks Prospect (Figure 1).

The Prospects are well located in an active gold mining district and the Kiaki Soaks Prospect is only 11km east of the Silver Lake Randalls gold mill. A lode gold target was confirmed at the Kiaki Soaks Prospect which has up to 350 metres of strike.

Drillhole collar information is given in Appendix A and gold analyses greater than 0.2ppm are given in Appendix B. The Company estimates the total drilling and analytical costs will be approximately $60,000.

Figure 1: Mount Monger Gold Project Location Plan



2.0 Drill Program and Assay Results

1.1 Kiaki Soaks Lode Gold Prospect

Widespread gold mineralisation was identified at the Kiaki Soaks Prospect. Drilling confirms a lode gold target of approximately 3 to 6 metres (true width) by 350m in strike (Figures 1 and 2) and largely open at depth. Results include:

- 12m @ 1.8g/t Au from 24m in MMAC 62 (composite sample)
- 6m @ 1.5g/t Au from 30m in MMAC 66 (composite sample)
- 1m @ 4.2g/t Au from 27m in MMAC 67

The Kiaki Soaks gold target area is beneath 11 to 27 metres of cover (Sections A to F) and is hosted in highly weathered felsic sediments. Drilling has confirmed the easterly dipping Bare Hill Shear as the main structural control on mineralisation.

To the west of the shear is a basalt; the Bare Hill Shear appears to follow the competency contrast between the felsics and this basalt. There is supergene gold enrichment in places where the lode gold target meets the overlying cover.

The drill program found no evidence of a mineralised palaeochannel.

1.1 Emu Banded Iron Gold Prospect

POZ exploration drilling targeted banded irons hosted gold mineralisation similar to the nearby Rumbles and Cockeyed Bob mines. No gold mineralisation was encounter at the Emu Prospect and there will be no further work in this area.

2.0 Future Work

One metre sample splits (from the mineralised six metre composite samples) are now being collected, once the assay results from these one metre samples are in and assessed, a further exploration work program will be planned and implemented. Most likely shallow aircore drilling which is cost effective and works well in the area.

3.0 Conclusion

The first-pass POZ aircore drilling program at Mount Monger has been most successful. It has confirmed gold mineralisation on the Bald Hill Shear and identified the Kiaki Soaks lode gold target within that shear zone; 11km east of Silver Lakeôs Randalls gold mill.

The Kiaki Soaks Prospect has a strike length of 350 metres and has the potential to host significant gold mineralisation. The Company is currently awaiting the assay results from the split samples and will decide on the future exploration program at Kiaki Soaks once these results are received.

Jim Richards
Executive Chairman

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Figure 2: Kiaki Soaks Prospect POZ Phase 1 Drilling Results (>0.2 g/t Au)

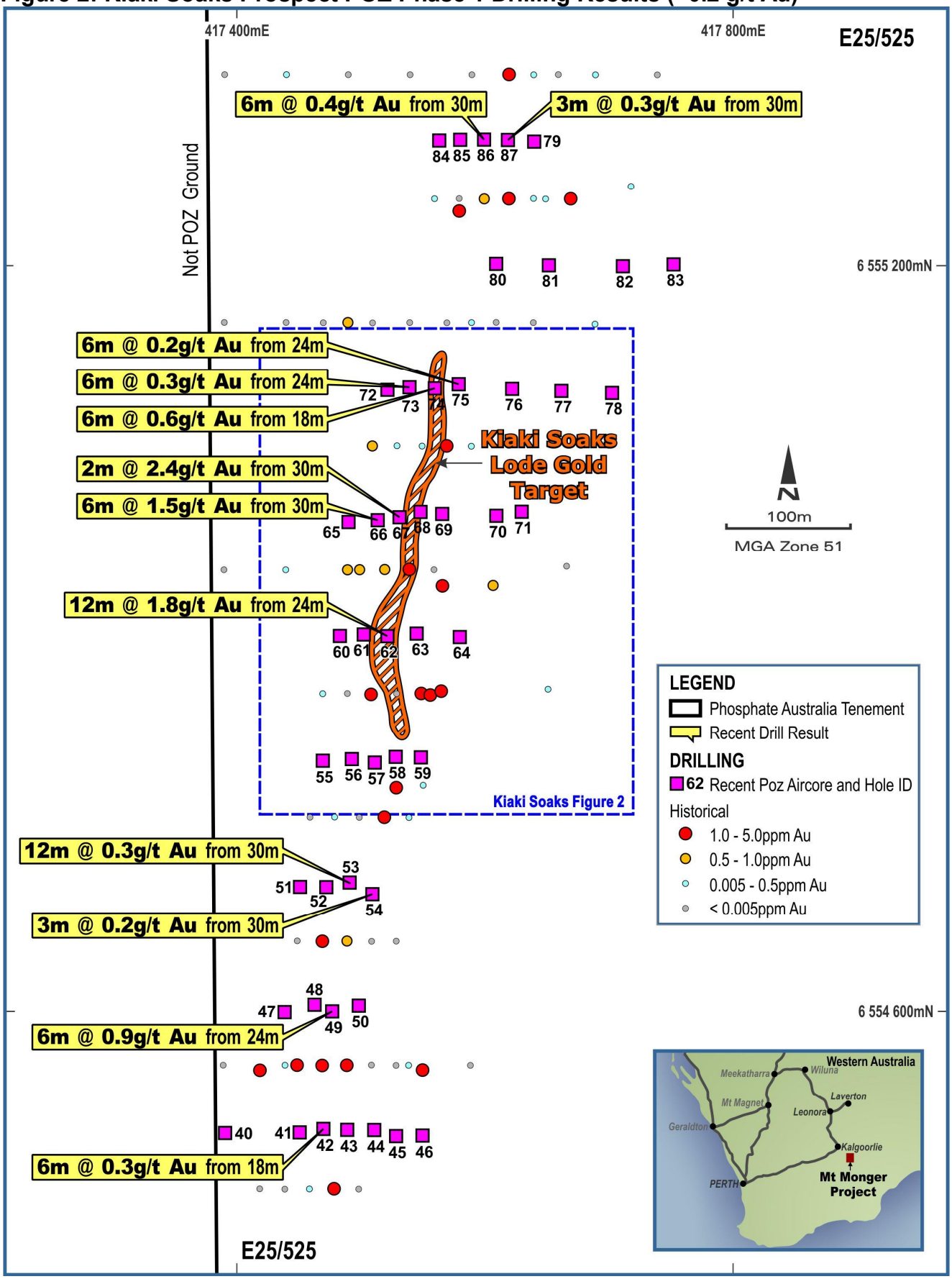
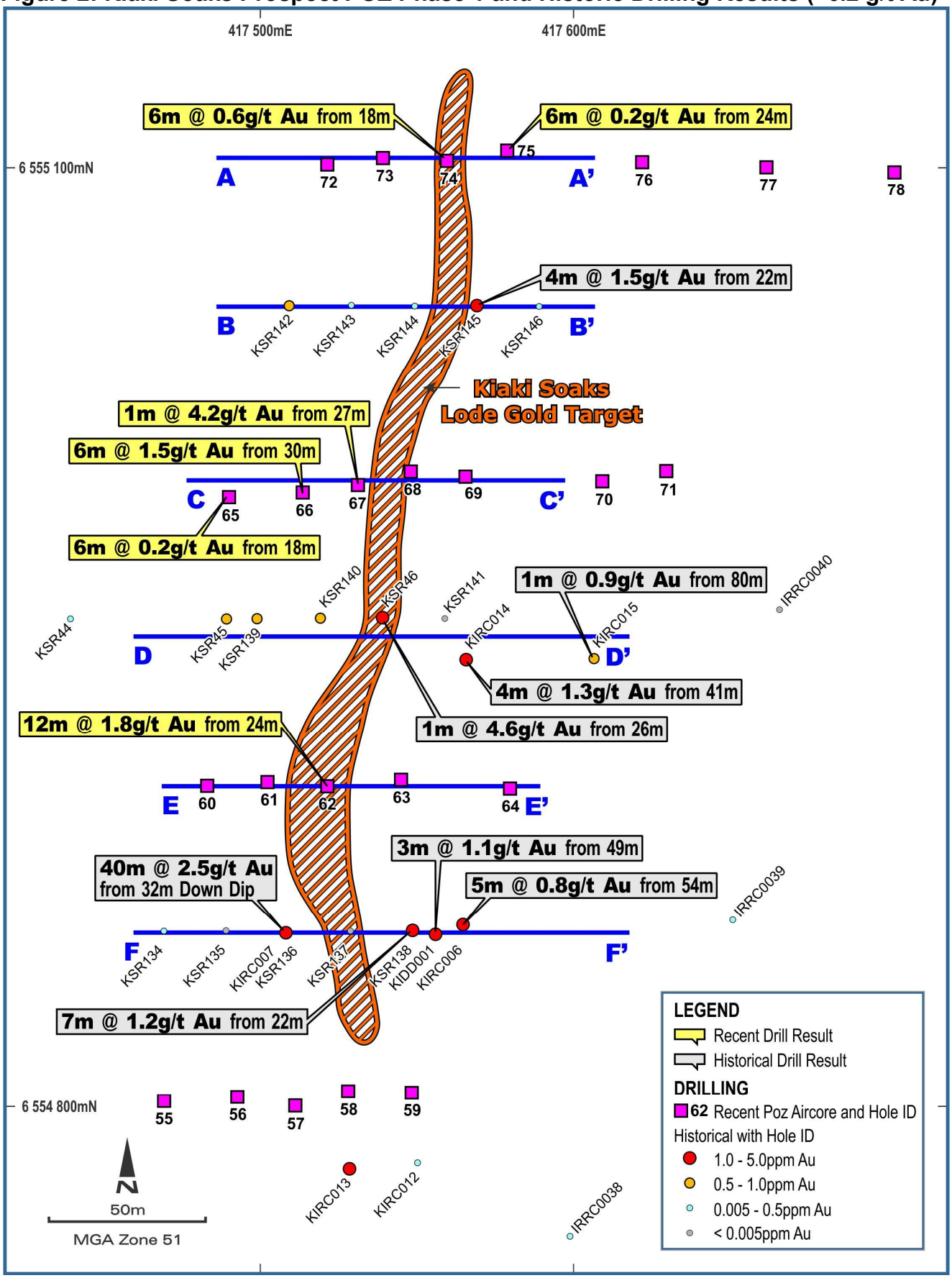
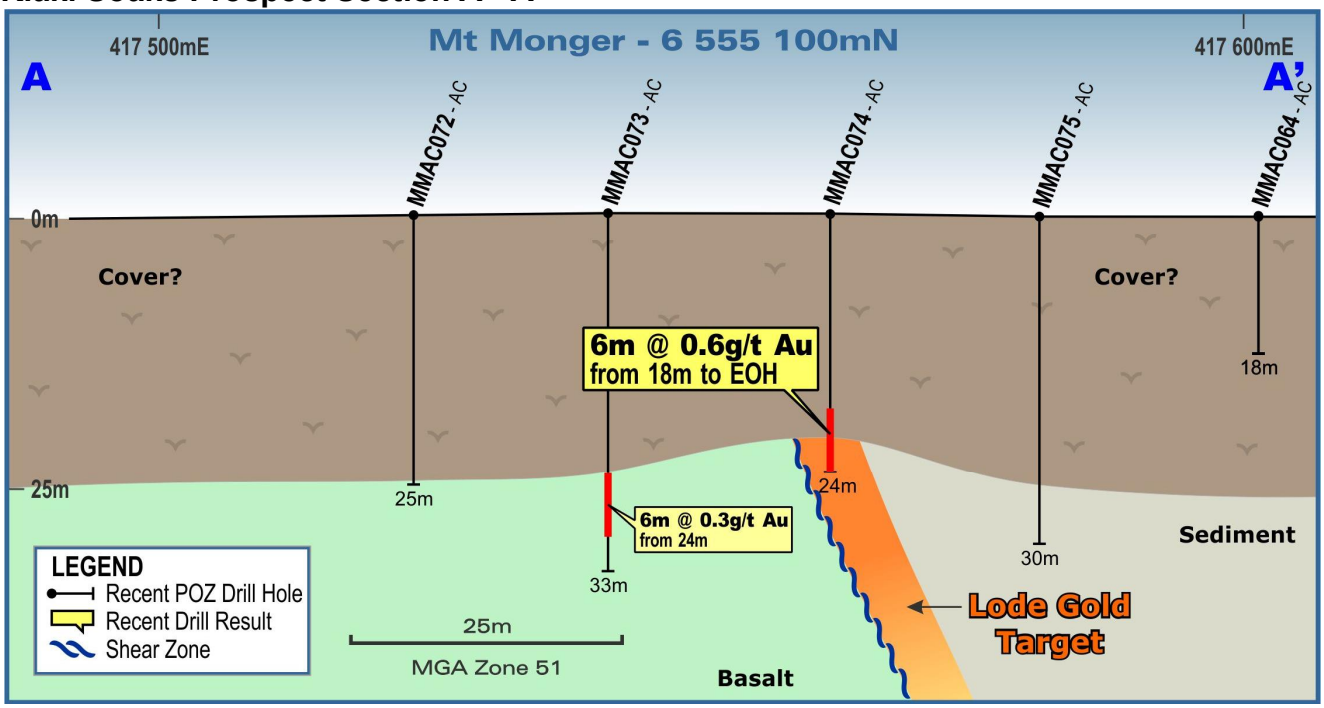


Figure 2: Kiaki Soaks Prospect POZ Phase 1 and Historic Drilling Results (>0.2 g/t Au)

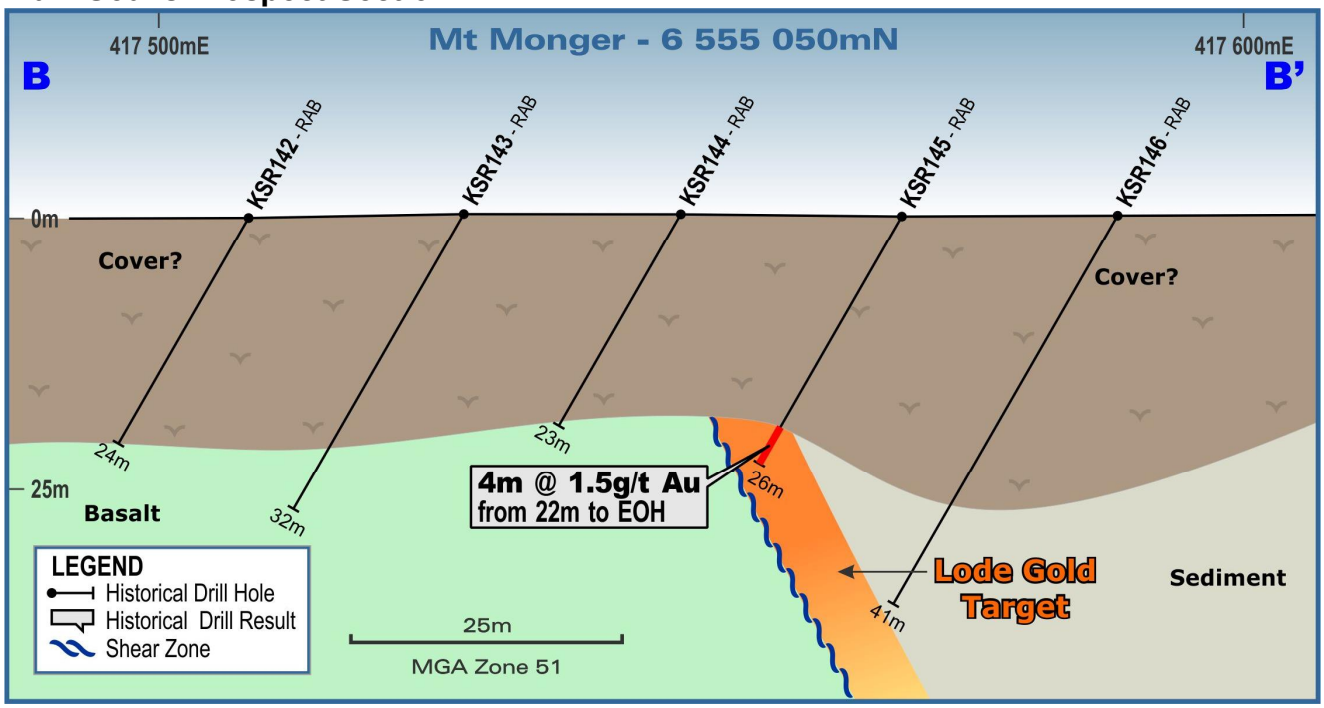


Lode target projected to surface

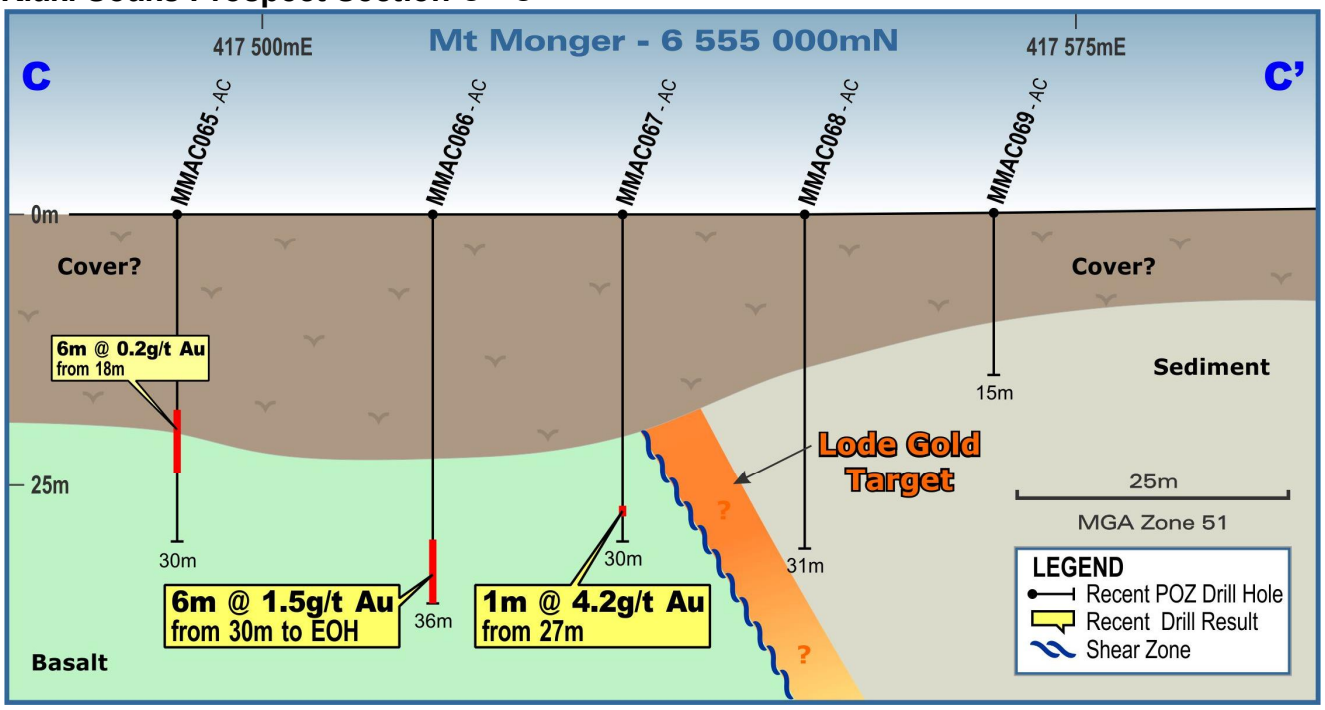
Kiaki Soaks Prospect Section A - A'



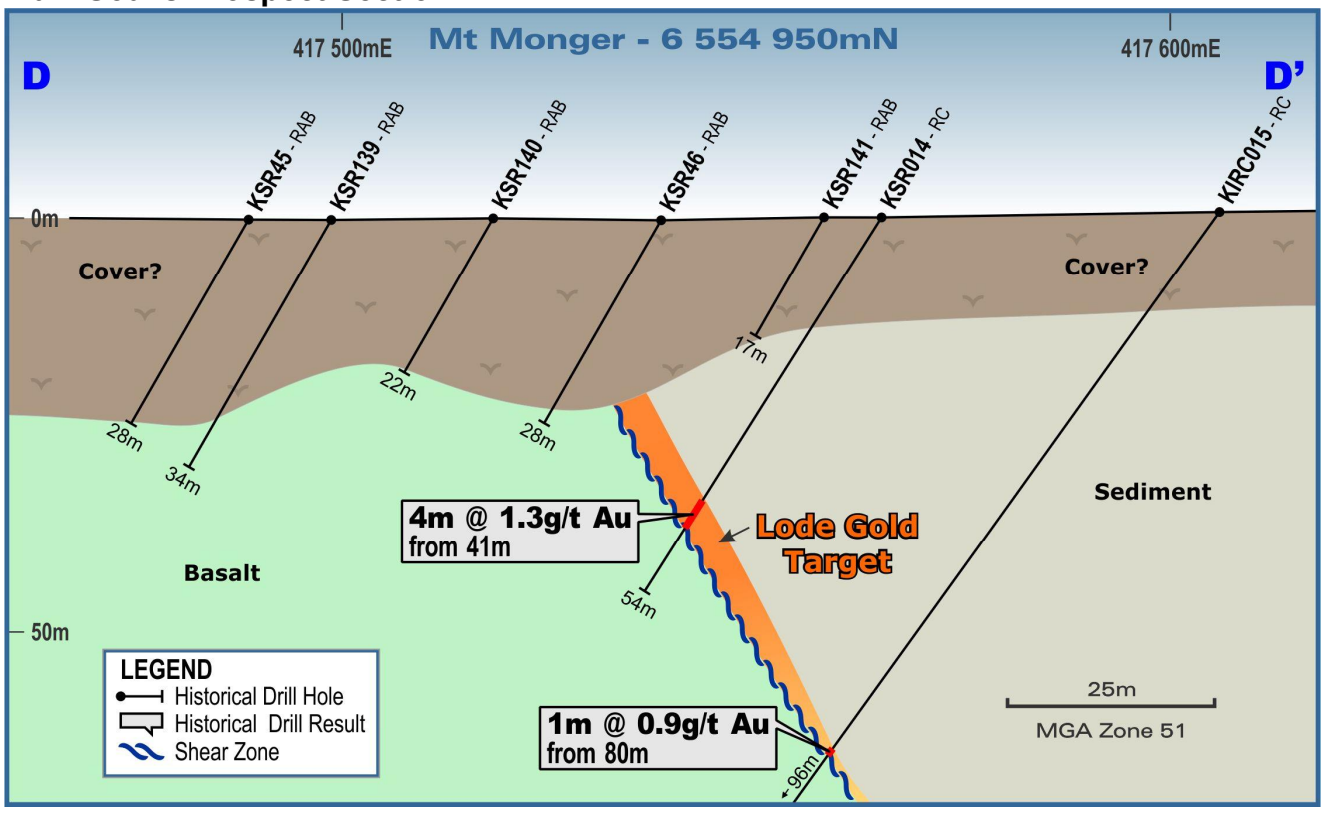
Kiaki Soaks Prospect Section B - B'



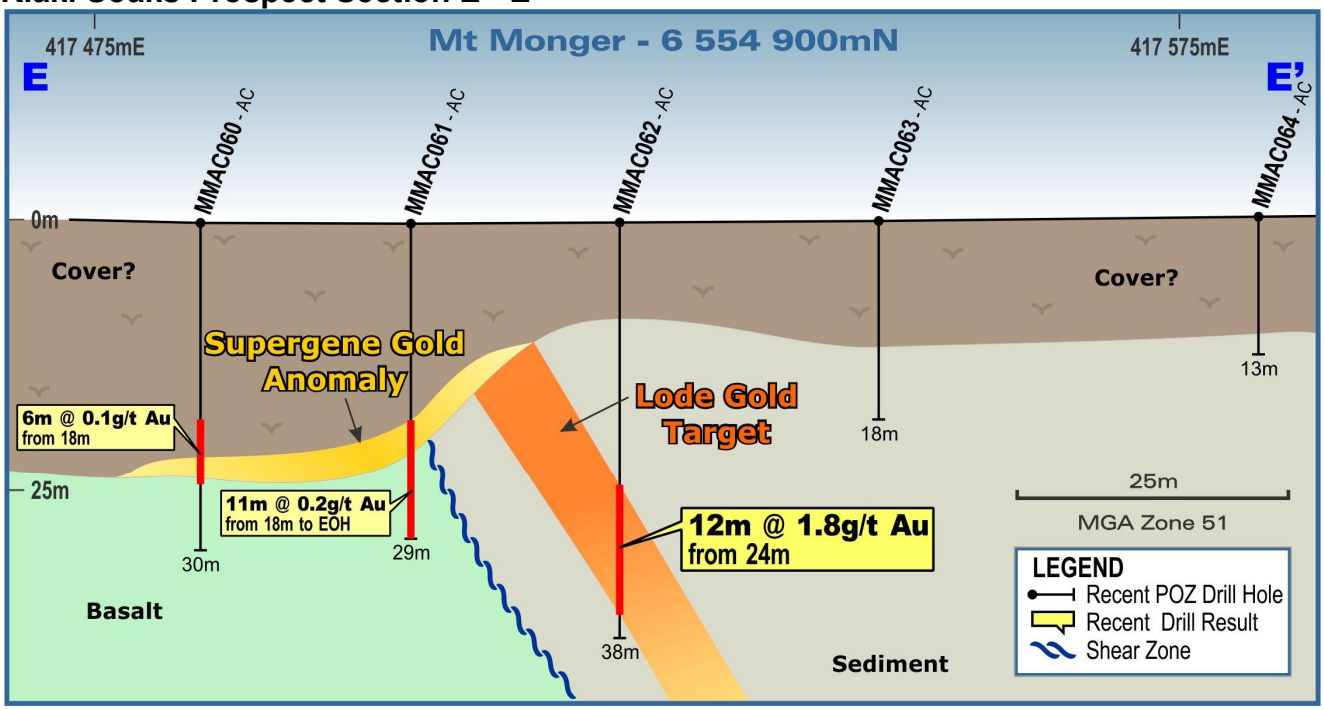
Kiaki Soaks Prospect Section C - C'



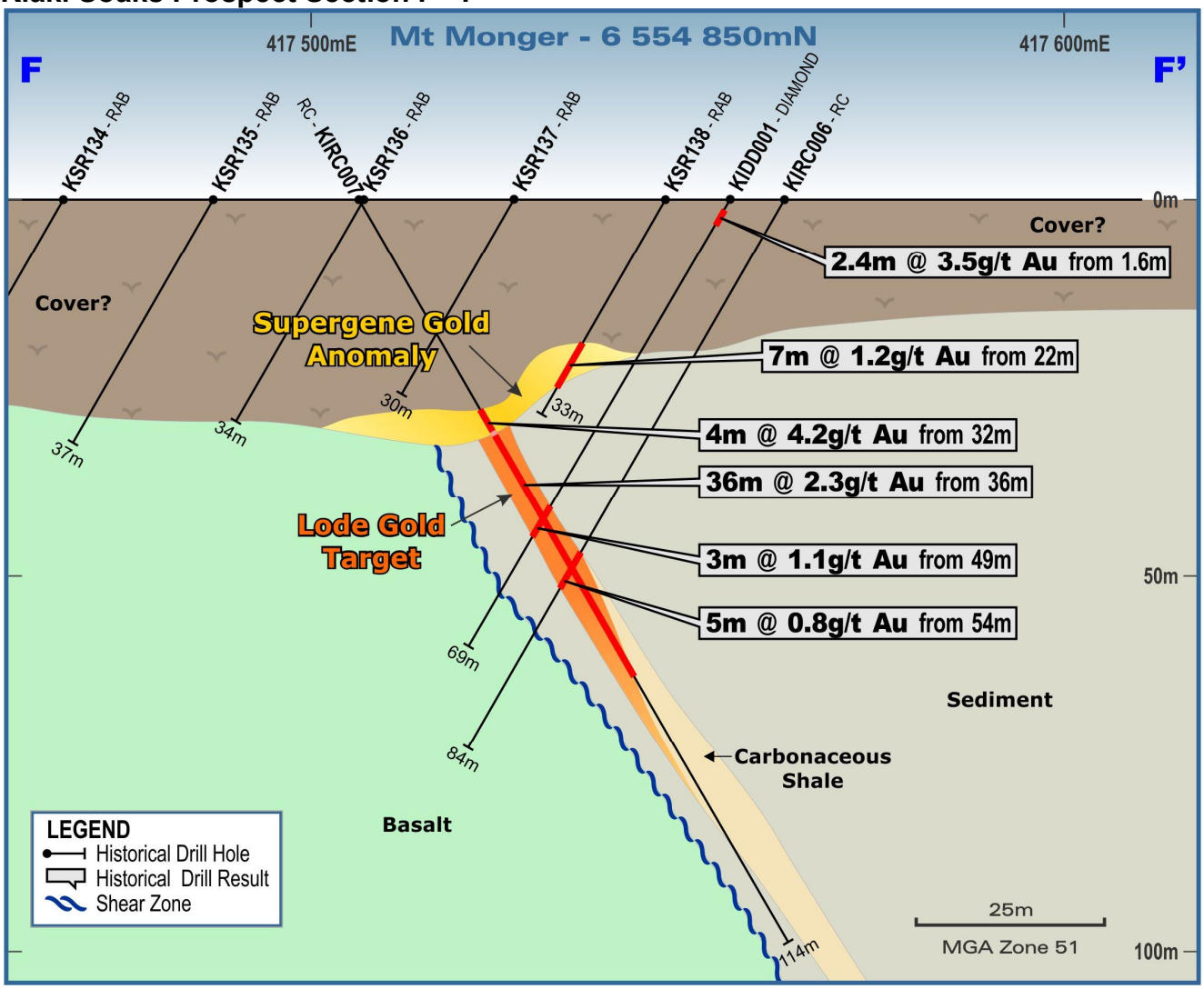
Kiaki Soaks Prospect Section D - D'



Kiaki Soaks Prospect Section E - E'



Kiaki Soaks Prospect Section F - F'



Appendix A
Drillhole Information (MGA zone 51)

HoleID	mE	mN	Dip deg	Azi deg	Total Depth (m)
MMAC001	420178	6558498	-60	90	24
MMAC002	420098	6558509	-60	90	24
MMAC003	420023	6558500	-60	90	34
MMAC004	419939	6558501	-60	90	6
MMAC005	419861	6558501	-60	90	7
MMAC006	419774	6558503	-60	90	17
MMAC007	419700	6558494	-60	90	20
MMAC008	419981	6557838	-60	90	22
MMAC009	419899	6557852	-60	90	39
MMAC010	419824	6557847	-60	90	39
MMAC011	419738	6557846	-60	90	48
MMAC012	419656	6557848	-60	90	36
MMAC013	419575	6557842	-60	90	28
MMAC014	419500	6557850	-60	90	39
MMAC015	419975	6557295	-60	90	60
MMAC016	419894	6557301	-60	90	57
MMAC017	419819	6557303	-60	90	42
MMAC018	419737	6557302	-60	90	39
MMAC019	419657	6557300	-60	90	26
MMAC020	419585	6557299	-60	90	25
MMAC021	419502	6557293	-60	90	27
MMAC022	420108	6556300	-60	90	21
MMAC023	420031	6556300	-60	90	24
MMAC024	419951	6556301	-60	90	32
MMAC025	420191	6556304	-60	270	13
MMAC026	420271	6556300	-60	270	14
MMAC027	420347	6556298	-60	270	9
MMAC028	420358	6555748	-60	270	24
MMAC029	420431	6555748	-60	270	18
MMAC030	420511	6555748	-60	270	15
MMAC031	419761	6555167	-60	90	15
MMAC032	419680	6555171	-60	90	10
MMAC033	419600	6555167	-60	90	10
MMAC034	419521	6555169	-60	90	7
MMAC035	419437	6555171	-60	90	8
MMAC036	419790	6555593	-60	90	27
MMAC037	419709	6555603	-60	90	30
MMAC038	419635	6555599	-60	90	17
MMAC039	419545	6555599	-60	90	27
MMAC040	417391	6554501	-90	0	6
MMAC041	417451	6554502	-90	0	21
MMAC042	417470	6554505	-90	0	24
MMAC043	417490	6554504	-90	0	46
MMAC044	417512	6554504	-90	0	27
MMAC045	417529	6554499	-90	0	33
MMAC046	417551	6554499	-90	0	33
MMAC047	417439	6554599	-90	0	18
MMAC048	417463	6554605	-90	0	20
MMAC049	417478	6554599	-90	0	39

HoleID	mE	mN	Dip deg	Azi deg	Total Depth (m)
MMAC051	417452	6554700	-90	0	33
MMAC052	417473	6554700	-90	0	33
MMAC053	417492	6554703	-90	0	44
MMAC054	417510	6554694	-90	0	33
MMAC055	417470	6554801	-90	0	33
MMAC056	417493	6554802	-90	0	45
MMAC057	417512	6554799	-90	0	39
MMAC058	417529	6554804	-90	0	33
MMAC059	417549	6554804	-90	0	24
MMAC060	417484	6554902	-90	0	30
MMAC061	417503	6554903	-90	0	29
MMAC062	417522	6554901	-90	0	38
MMAC063	417546	6554904	-90	0	18
MMAC064	417581	6554901	-90	0	13
MMAC065	417491	6554994	-90	0	30
MMAC066	417514	6554995	-90	0	36
MMAC067	417532	6554998	-90	0	30
MMAC068	417549	6555002	-90	0	31
MMAC069	417566	6555000	-90	0	15
MMAC070	417610	6554999	-90	0	14
MMAC071	417631	6555002	-90	0	13
MMAC072	417522	6555100	-90	0	25
MMAC073	417540	6555102	-90	0	33
MMAC074	417560	6555101	-90	0	24
MMAC075	417580	6555105	-90	0	30
MMAC076	417623	6555101	-90	0	21
MMAC077	417662	6555099	-90	0	15
MMAC078	417703	6555098	-90	0	12
MMAC079	417641	6555301	-90	0	33
MMAC080	417610	6555202	-90	0	33
MMAC081	417652	6555201	-90	0	30
MMAC082	417712	6555200	-90	0	27
MMAC083	417753	6555201	-90	0	15
MMAC084	417564	6555301	-90	0	45
MMAC085	417581	6555302	-90	0	44
MMAC086	417600	6555302	-90	0	39
MMAC087	417619	6555302	-90	0	33

Appendix B
Assay Results: Au greater than 0.1ppm

Hole ID	From (m)	To (m)	Composite Length (m)	Au (ppm)
MMAC042	18	24	6	0.26
MMAC047	12	18	6	0.13
MMAC048	12	18	6	0.16
MMAC049	24	30	6	0.85
MMAC053	30	36	6	0.26
MMAC053	36	42	6	0.32
MMAC054	30	33	3	0.21
MMAC055	30	33	3	0.11
MMAC056	36	42	6	0.14
MMAC057	24	30	6	0.17
MMAC060	18	24	6	0.12
MMAC061	18	24	6	0.13
MMAC061	24	29	5	0.17
MMAC062	24	30	6	2.46
MMAC062	30	36	6	1.06
MMAC065	18	24	6	0.16
MMAC066	30	36	6	1.52
MMAC067*	27	28	1	4.17
MMAC067*	28	29	1	0.35
MMAC073	24	30	6	0.32
MMAC074	18	24	6	0.63
MMAC075	24	30	6	0.23
MMAC084	42	45	3	0.16
MMAC086	30	36	6	0.41
MMAC086	36	39	3	0.11
MMAC087	30	33	3	0.34

Samples marked with an asterisk (*) are 1m splits.
All other samples are 3 or 6m composites.

References

Drilling Commenced at the Mount Monger Gold Project, WA: AZX announcement dated 16/03/2016: http://www.asx.com.au/asxpdf/20160316/pdf/435wlrb4z0lytt.pdf

Mount Monger Gold Project, WA. Acquisition; AZX announcement dated 23/12/2015: http://www.asx.com.au/asxpdf/20160316/pdf/435wlrb4z0lytt.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 C
JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code Explanation	Commentary
Sampling Techniques	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 25:75 ratio, where the smaller sample was collected in a calico bag and the larger sample collected in a bucket and placed on the ground.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where ôindustry standardôwork has been done this would be relatively simple (e.g. ôreverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assayô). 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 composite and 1m samples which were 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 Bostech Drilling using Aircore Rig 5. Bit diameter is 2.5ò All holes MMAC001 ï 039 were drilled at 60° to either the east or west (see Table 1). All holes MMAC040 ï 087 were drilled vertically.

Criteria	JORC Code Explanation	Commentary
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
	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 25:75 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.	Composite samples and 1m split samples were collected by spearing the drill spoil. These samples were pulverised at Intertekôs 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 composite samples.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field	Not required at this stage of exploration

Criteria	JORC Code Explanation	Commentary
	duplicate/second-half sampling.	
	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 technique is 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.

Criteria	JORC Code Explanation	Commentary
	Specification of the grid system used.	Grid system is MGA94_51
	Quality and adequacy of topographic control.	No topographic controls are recorded.
Data spacing and distribution	Data spacing for reporting of Exploration Results.	Drillhole locations are shown in Figures 1 and 2
	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.	No sample compositing has been applied
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 dipping strongly to the east. The orientation of mineralisation is not known at this stage but is believed to be a combination of lode gold mineralisation and saprolitic gold dispersion during weathering.
	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 to the after-hours sample dropoff enclosure, which is secured with a coded padlock.
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 E25/525 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.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	1998: Mount Monger Gold Project RAB drilling program. Identified shear-hosted Au mineralisation along the Bare Hill Shear 1999: Solomon (Australia) drilled three RC holes to test shear Au mineralisation at depth. 2001-2002:AurionGold drilled 12 RC and one DDH drillholes. No discussion of Au prospectivity. 2004:2005: Integra Mining RAB program, targeting BIF-hosted Maxwells-style Au mineralisation.
Geology	Deposit type, geological setting and style of mineralisation.	Drilling was undertaken in Archaean metasediment-greenstones of the Kurnalpi Terrane of the Eastern Goldfields Superterrane. The Company believes both lode gold mineralisation and saprolitic gold dispersal are represented..
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 for +0.2ppm Au intercepts)

Criteria	JORC Code Explanation	Commentary
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
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. ódown hole length, true width not knownô).	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 **Figures 1-3** and **Appendices 1 and 2** 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 > 0.2ppm are presented in **Table 2**

Criteria	JORC Code Explanation	Commentary
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 ï 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	**Figure 2** shows an exploration target.