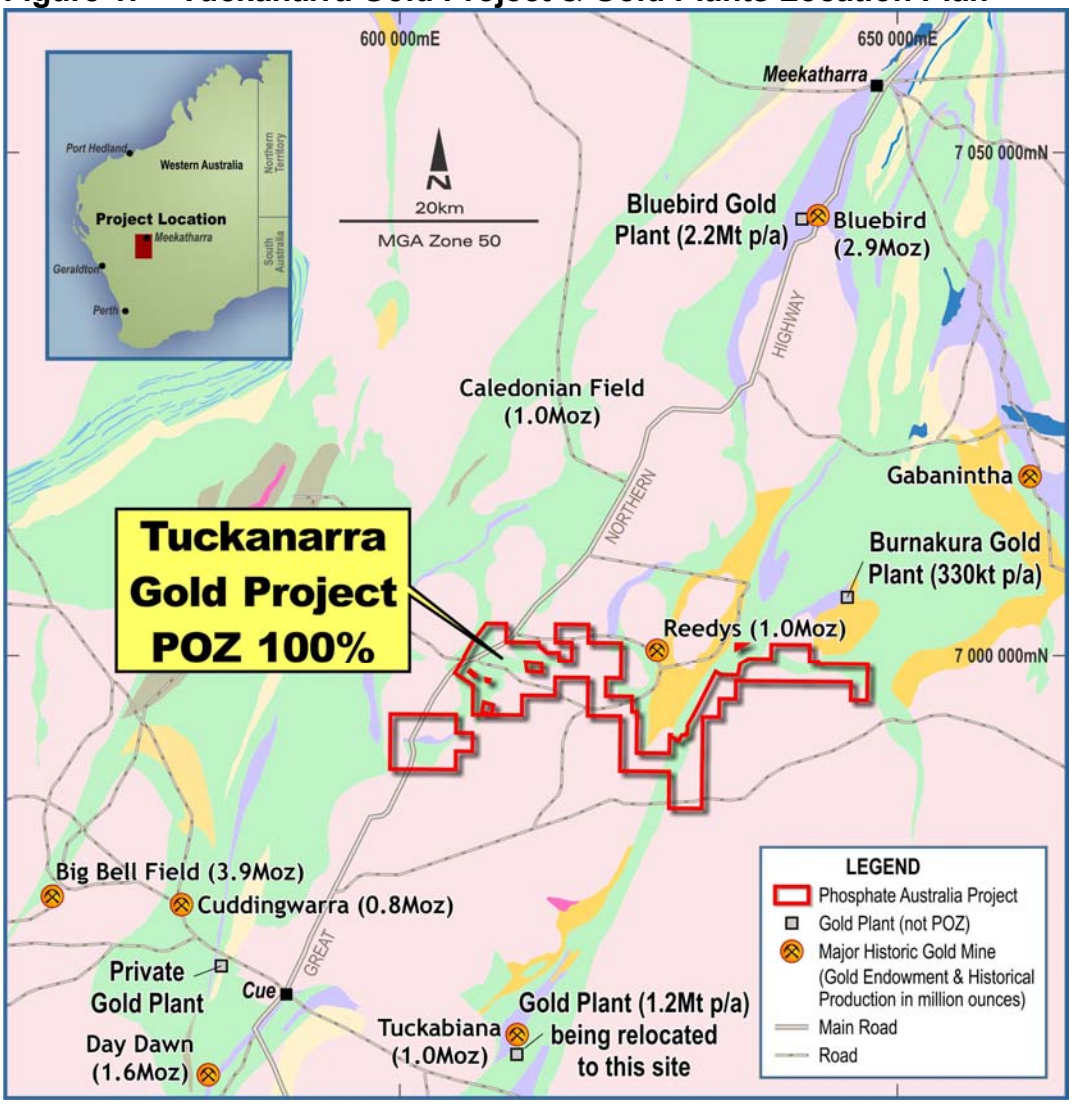
**ASX RELEASE**
**17 May 2012**
**ASX Code: POZ**

# Tuckanarra Gold Project WA
# Excellent Initial Metallurgical Recoveries

## Highlights

- Extremely favourable Initial metallurgical recoveries of between **94.7% and 99.3% gold** at a 75 micron grind for 48 hour cyanide bottle rolls.
- Potential for gravity circuit recoveries of between **53.4% and 75.6% gold at the high grade Cable West vein.**
- Follow up 1metre split sampling is **4m @ 195.1 g/t from 6m** at the Drogue East discovery.
- **3000 metre RC drilling program** to commence in May 2012.

**Figure 1: Tuckanarra Gold Project & Gold Plants Location Plan**





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## 1.0 Introduction

The Tuckanarra gold project lies within the prolific West Australian Murchison goldfield (Figure 1). The Tuckanarra project has historic production of ~125,000 ounces and was last mined in 1993 when the gold price was around US$330 an ounce. The project is 100% owned by Phosphate Australia Limited (POZ) with no private royalties.

There is a substantial existing computerised historical database covering the Tuckanarra project with data on 2,556 holes totalling 96,626 metres. Tuckanarra is particularly well located within the central Murchison region and is adjacent to the Great Northern Highway. A number of existing gold plants are within ore trucking distance of Tuckanarra and a third party are currently relocating a gold plant to Tuckabiana (Figure 1).

The Board believes the project has considerable potential for delineating significant shallow high grade gold mineralisation. POZ has so far completed two separate drilling programs and a third is due to commence this month.

## 2.0 Metallurgical Results

Initial metallurgical test results have been received for 48 hour cyanide bottle rolls and indicate extremely favourable extraction of between **94.7% and 99.3% gold** at a 75 micron grind.

The five test samples were composited from the Company's previous RC and aircore drilling chips. These samples represent the main resource target rock types. Further metallurgical testwork will be required at a later stage using diamond drill core.

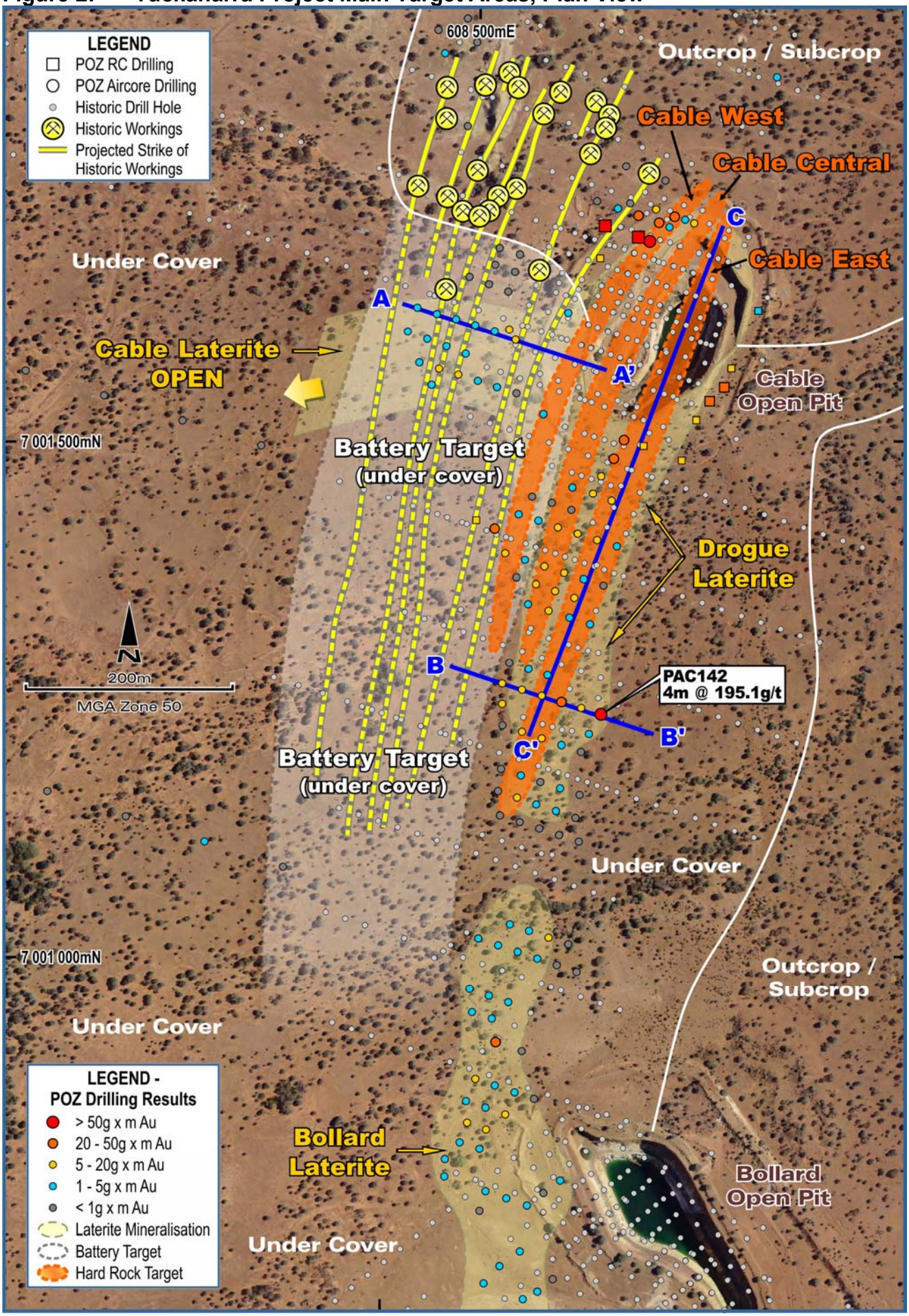
Importantly, the two high grade Cable West vein samples gave **gravity recoveries of 53.4% and 75.6% gold** for the oxidised and fresh material respectively. This is significant as it may open up opportunities for a lower capital cost gravity recovery circuit at Tuckanarra which could greatly assist initial project economics. Results are summarised in Table 1.

**Table 1: Metallurgical Testing Gold Recovery Results. Bottle Rolls:**

| Material Type | Head Assay: consists of two assays for each sample | | Calculated Head Grade | Solids Tail Value | Gravity Recovery | Lime Cons | NaCN Cons | Total Extraction |
|---|---|---|---|---|---|---|---|---|
| | Au (g/t) | Au (g/t) | Au (g/t) | Au (g/t) | % | kg/t | kg/t | % |
| Cable West oxide | 8.01 | 6.13 | 9.53 | 0.14 | 53.4 | 3.08 | 0.82 | **98.5** |
| Cable West fresh | 9.75 | 10.10 | 11.80 | 0.08 | 75.8 | 0.39 | 0.96 | **99.3** |
| Cable East oxide | 4.95 | 3.43 | 4.56 | 0.17 | 35.8 | 0.83 | 1.52 | **96.3** |
| Pisolite | 1.06 | 1.01 | 1.14 | 0.06 | 12.9 | 1.85 | 2.61 | **94.7** |
| Laterite/Saprolite /Clays | 1.24 | 1.30 | 1.50 | 0.05 | 8.9 | 0.83 | 1.63 | **96.7** |

NB: Bottle rolls, 75 micron grind, 0.1% NaCN for 48 hours. Gravity recovery via 3" Knelson and amalgamation.

**Figure 2: Tuckanarra Project Main Target Areas, Plan View**




NB: Sections A-A' and C-C' are published in the POZ ASX release dated 19 March 2012

## 3.0 Assay Results: Follow Up 1m Split Sampling

The follow up assay results of the composite samples from the Phase 2 aircore drilling have now been received. These assays gave a good correlation to the original composite results and are now being used to assist in the resource modelling currently being undertaken by the company.

Of particular interest were the split samples from the new discovery at **Drogue East** in aircore hole PAC142. The original composite sample was 6m @ 156.5g/t Au from 6-12m. The intersection based on the one metre split results is now 4m @ 195.1 g/t from 6m. The detailed split results were:

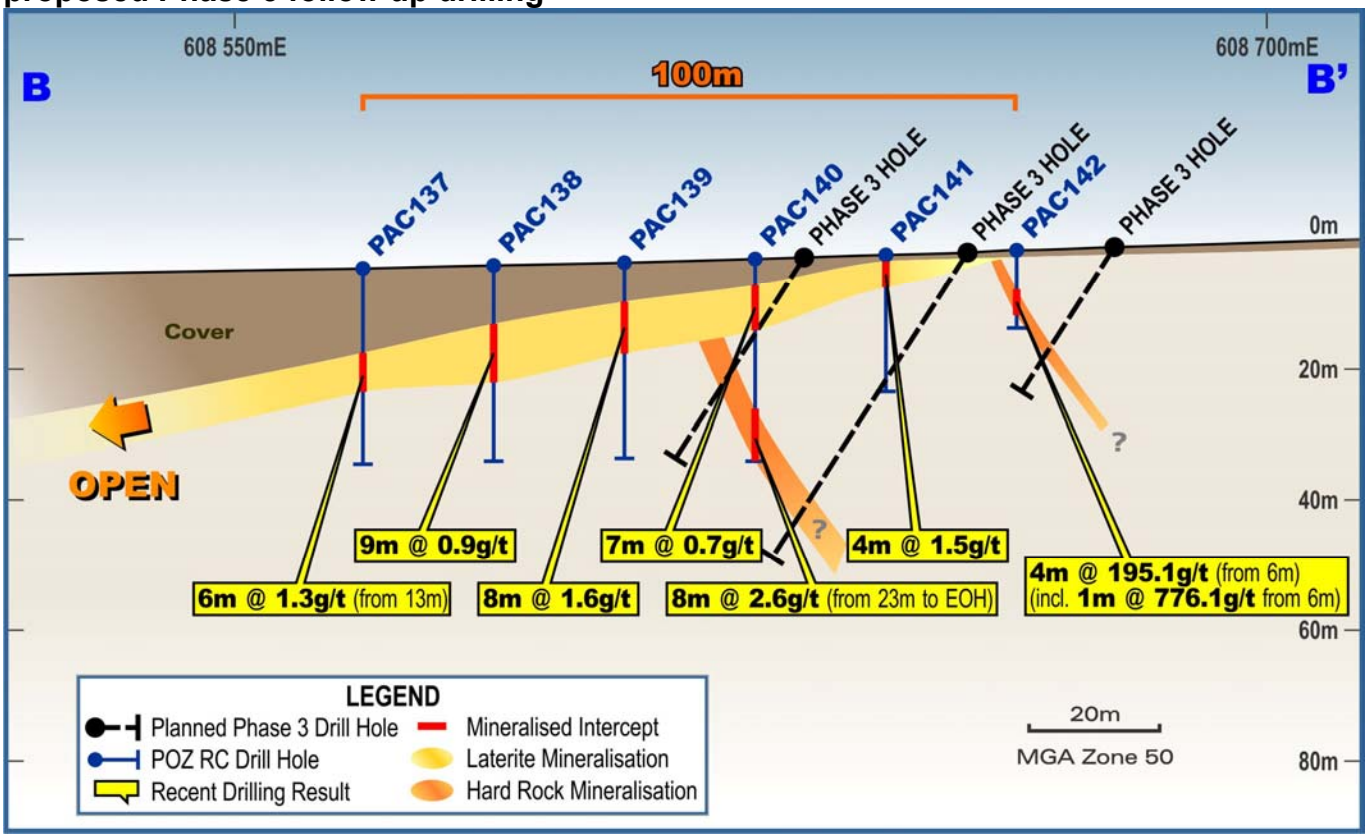
**PAC 142**

| | |
|---|---|
| 6-7m | 776.1g/t |
| 7-8m | 3.0g/t |
| 8-9m | 1.7g/t |
| 9-10m | 1.1g/t |
| 10-11m | 0.5 g/t |

**Aircore hole PAC 142 6-7metres - native gold on aircore drill chips**

On this same section line, hole PAC 140 also gave good split results, 8m @ 2.6g/t from 23m (hole ends in 0.6g/t). These shallow targets on this line will be the subject of follow up drilling in the upcoming Phase 3 RC drilling program (Figure 3).

**Figure 3: Section B-B' Drogue East discovery with 1m split results (update) and proposed Phase 3 follow up drilling**




## 4.0 Phase 3 Drilling Program

A 3000m Phase 3 Reverse Circulation drilling program has been planned since last month and all government permitting is secured. There have been delays in the contracted drill rigs availability due to a rig breakdown. Drilling is now due to commence on 24th May 2012.

Drill targets for the Phase 3 program include:

- Cable West Vein: Follow up high grade hits along strike
- Cable East Vein: Infill drilling on the 500m long structure
- Drogue East New Discovery: Follow up the 4m @ 195.1g/t
- Battery Target: Drill strike extensions of old workings under alluvial cover (in the vicinity of and parallel to line A to A' on Figure 2)

Further details of these targets are included in the POZ ASX release dated 19 March 2012

## 5.0 Summary

The Board of POZ is extremely pleased with the rapid progress at Tuckanarra. The excellent initial metallurgical results are an important milestone and will greatly assist project economics. Of particular significance are the good gravity recoveries from the high grade Cable West vein, which may have an impact of lowering capital start up costs.

The shallow nature, excellent recoveries and in places extremely high grades of the mineralisation at Tuckanarra bode well for the future of the project.

The Company is also currently pursuing a strategic partnership for its 100% owned flagship phosphate project at Highland Plains (53 million tonnes @16% $P_2O_5$) in the Northern Territory, and detailed discussions with interested parties are ongoing.

Jim Richards
Chairman

*NB: All exploration results are uncut*
*Fire assay on a 25g charge by Genalysis laboratories*

*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 information in this report that relates to metallurgical testwork is based on information compiled by Mr Fred Kock who is a member of the Australian Institute of Mining and Metallurgy. Mr Kock is a Director of Orway Mineral Consultants.*