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New Gold Project Acquired Over Historic Goldfield in Prolific Murchison District of Western Australia

Highlights:

- Acquisition of 100% interest in the historic Tuckanarra Gold Project in the prolific gold producing Murchison district of Western Australia.
- Numerous shallow high grade known targets including 7 m at 67.5 g/t from 43 metres (37 m true depth).
- Project area includes four former open pit mines that in total produced approx 95,000 ounces at an average grade of 2.8 g/t. Prior to this the area produced approx 30,000 ounces at a grade of just over one ounce per tonne.
- Large targets with Anglo Gold Australia previously exploring the ground at the Axial prospect.
- Tuckanarra is well known for its high grades and the Company is well positioned to target high grade, low cost shallow deposits with mills close by for a potentially early and profitable route to production.
- Situated centrally within the Murchison goldfield with nearby existing gold plants (not POZ assets) at Burnakura (20 km on existing haul road), Bluebird (on highway), Cue (40 km on highway) and Tuckabiana (planned mill 65 km on highway and haul road) opening up possibilities for toll treatment.
- Murchison district is currently undergoing a renaissance in gold with companies such as Doray Minerals Limited, Reed Resources, Silver Lake Resources limited and Ramelius Resources. Kentor Gold Limited is operating the Burnakura gold project (with mill) 20 km to the east.

The Tuckanarra gold project repositions Phosphate Australia as a serious gold explorer. However the Company will ensure that the wholly-owned Highland Plains phosphate project in the Northern Territory 56 Mt at 16% P_2O_5 (Inferred resource) remains within the Company until a strategic partner can be found for this project and will continue to actively promote the opportunity.

Figure 1: Tuckanarra Gold Project Location

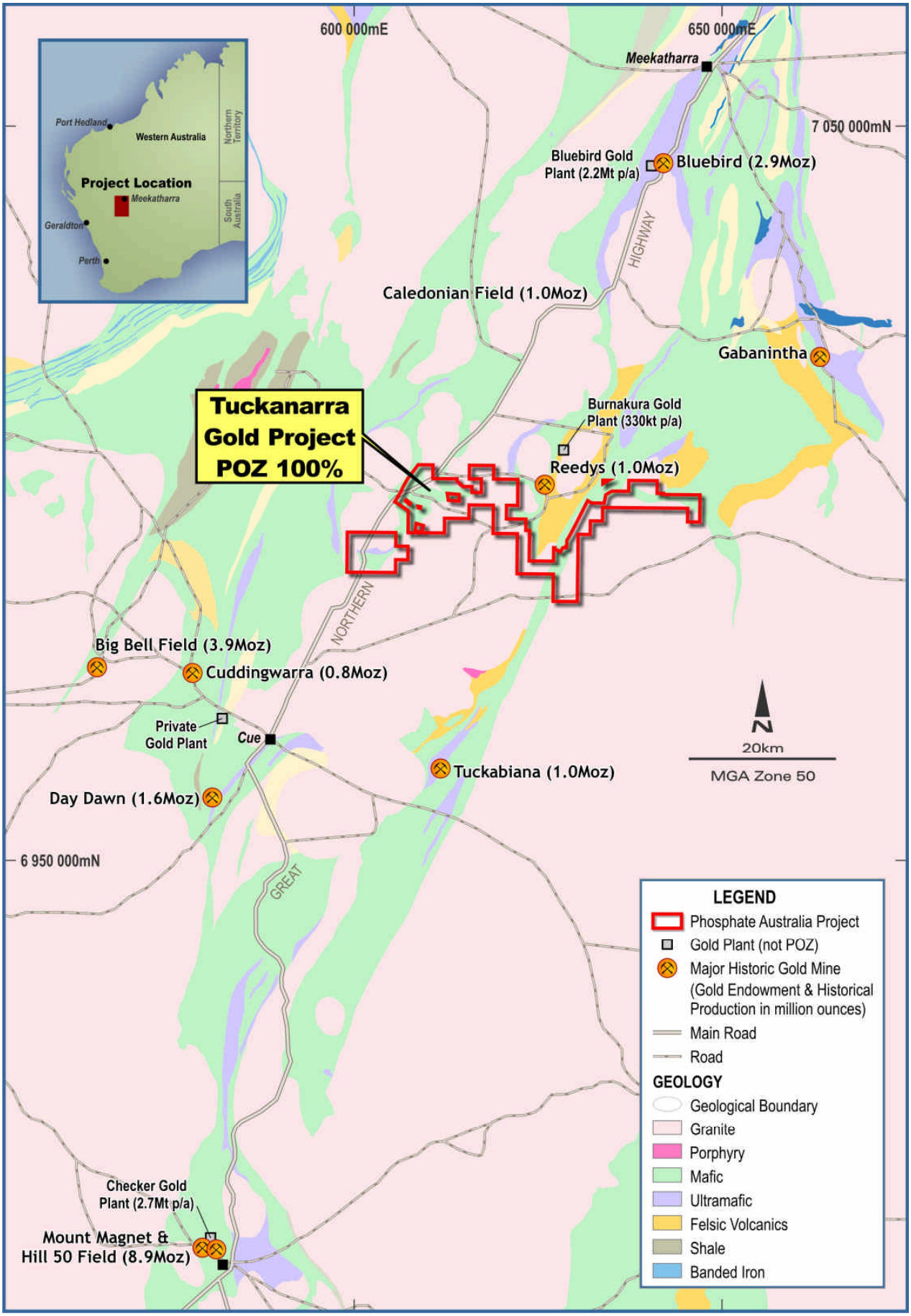
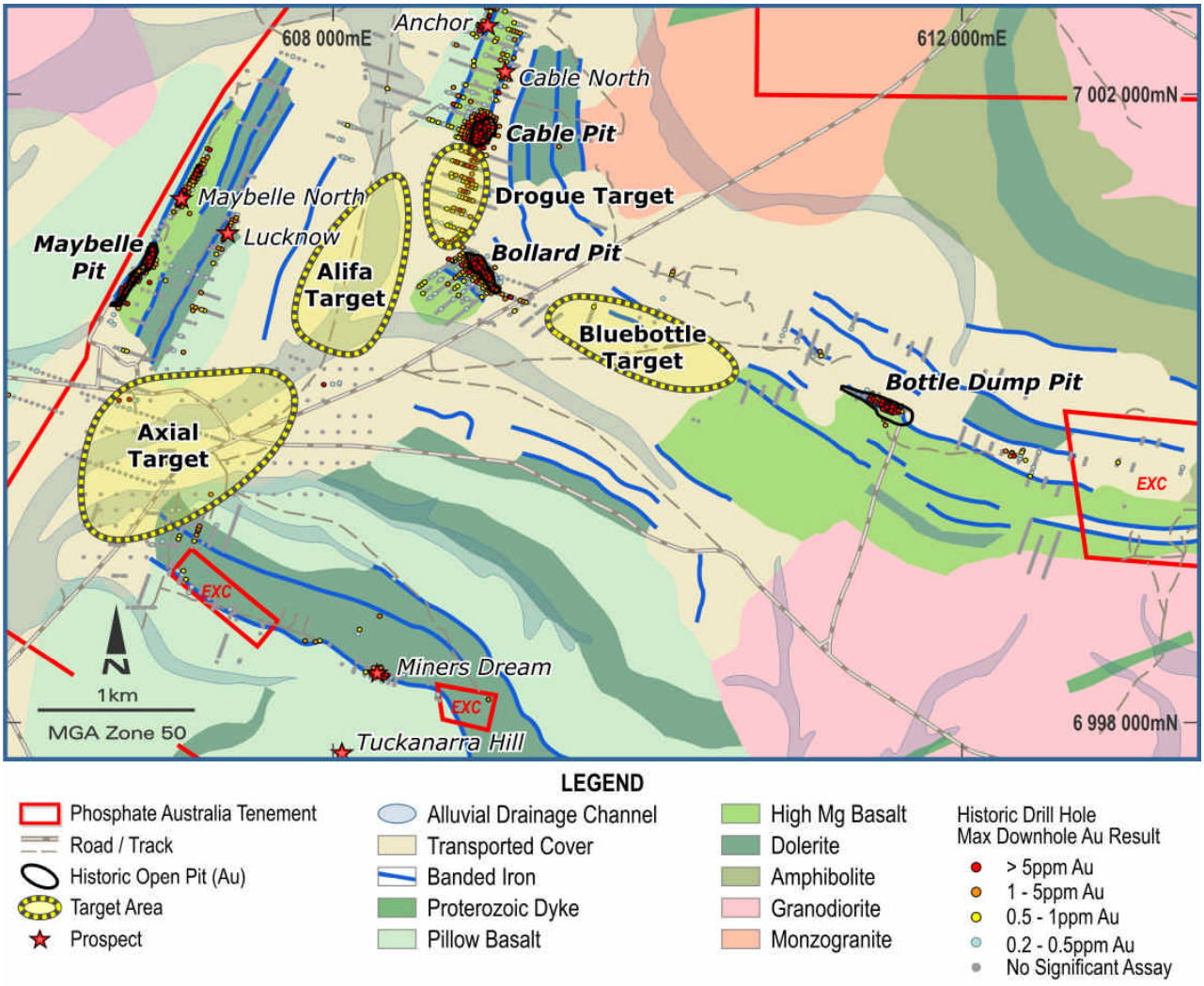


Figure 2: Main Prospect and Target Locations



1.0 Introduction

Phosphate Australia Limited (POZ) is pleased to announce the acquisition of 100% of the historic Tuckanarra gold project in the prolific gold producing Murchison district of Western Australia. This acquisition includes almost all of the historic workings and all four of the open pits at Tuckanarra that produced a total of around 95,000 ounces up to 1995.

The project consists of three exploration tenements and eight prospecting tenements, with a combined area of 270.4 km^2. These permits are all currently in application and it is anticipated the main tenements will be granted by mid October. Heritage agreements have already been signed with the traditional owner claimant group for the area.

The project area is a well known historic goldfield dating back to 1900 with numerous smaller workings. During this time production was approximately 30,000 ounces at a grade just over one ounce per tonne.

Between 1988 and 1994, Metana Minerals mined four large open pits that targeted known mineralisation previously defined as approximately 95,000 ounces of gold at a grade of 2.8 g/t (see Table 1). The mined material was treated at the nearby Reedys mining centre.

The Metana bulk mining operations were over shallow, oxidised, higher grade material and there are large areas of mineralisation that were not mined despite having very interesting drill intersections. The historic follow up work in the area looks very much underdone with plenty of potential to build on existing prospects and discover new ones.

Tuckanarra is extremely well situated, centrally within the Murchison goldfield with the Great Northern Highway running through the project area. Nearby existing gold plants (not POZ assets) at Burnakura (20 km on existing haul road), Bluebird (on highway), Cue (40 km on Highway) and Mount Magnet (130 km on Highway) opening up possibilities for toll treatment.

There are a number of highly prospective targets for immediate follow up, which include existing areas of known shallow mineralisation, undrilled targets based on geophysics and/or geochemistry, on strike extensions to existing pits and en-echelon structures parallel to existing pits and deeper targets under existing pits.

Anglo Gold Australia Limited (Anglo) operated the Tuckanarra project from 2000 to 2002. Anglo explored for large gold orebodies at the Axial prospect (Fig 2). This area has an excellent structural setting and is prospective for the large style orebodies that interest larger companies. Some limited drilling was conducted at the Axial prospect by Anglo. The POZ board believes there is still considerable potential to discover a large deposit in this area.

POZ has acquired an extensive computerised database compiled from historic data by Anglo. It consists of previous drilling, assay and soil geochemistry data over the Tuckanarra project. This includes data on 2,556 holes totalling 96,626 metres. The value of this data is very considerable as it enables POZ to specifically target the most prospective areas based upon previous drill results thus minimising upfront exploration expenditure and saving time. The Company anticipates that some of these results should be able to be incorporated by POZ into new resource estimations.

The Anglo database is being used by POZ geologists to model known mineralisation in 3D revealing targets in high grade gold bearing structures. For example an unmined structure in the vicinity of the cable pit was drilled previously and gave an intersection of 7 metres at 19.8 g/t from 33 m (true depth 29 m), POZ can now more efficiently target this structure in 3D which does not appear to have been achieved from previous drilling.

Anglo also flew a high quality airborne magnetic survey over the area which has proved very useful in targeting prospective areas of magnetite destruction particularly at the Axial prospect.

Under the terms of the acquisition agreement with vendor Gold and Mineral Resources Pty Ltd, the Company will pay consideration for 100% of the Tuckanarra project comprising one million POZ shares and A$45,000 cash, there are no outstanding royalty commitments included in the deal.

POZ are currently planning drill holes and will be submitting an application with the Department of Mines to drill Tuckanarra as soon as the core tenements are granted (around mid October). The Company is anticipating a substantial Phase 1 drilling program will be completed in November - December 2011, leading into increased drilling activity in 2012 with an initial resource estimate aimed for by May 2012.

Company Chairman Mr Jim Richards has previously worked in the Murchison at the nearby Bluebird mine and is familiar with the area and its styles of mineralisation.

Bollard Pit, one of four open pit mines at Tuckanarra

POZ Directors Jim Richards and Andrew James inspect one of the two old mill foundations at Tuckanarra dating back to the 1900's

2.0 Drilling Targets

There are numerous targets in the area that need drilling follow up, these include, but are by no means limited to:

Table 1: Prospect Target Highlights –Figures 2, 3 and 4

	Target	Note
1	Drogue	Areas between the existing Cable and Bollard pits and their surrounds host significant unmined but drilled mineralisation both laterite and primary. Much of this is less than 40 metres deep and represents a target of shallow, oxidized, high grade, low cost ounces. High grade drill results at Drogue include 7 m @ 67.5 g/t from 43 m (uncut).
2	Axial Prospect	Anglo had a large target in this area. The target is under cover and in an excellent structural setting with magnetic destruction of BIF's on a flexure.
3	Cable West	Targeting a shallow high grade structure using 3D software, the structure is in the vicinity of the old shallow Cable laterite pit, but is unmined. Intersections include 7 metres at 19.8 g/t from 33 m (true depth 29 m).
4	Alifa	Undrilled large geophysical target under shallow transported cover in prospective BIF magnetic destruction setting.
5	Bluebottle	The Bluebottle target area has never been drilled and lies between two significant gold deposits (Bollard and Bottle dump).
6	Cable East Cutback	Follow up 7-10 m wide high grade mineralised structure from the base of Cable pit, 60-100 m target strike (includes 7 m @ 8.3 g/t), depth is open.
7	Maybelle East and North	There is potential in this area for mineralisation similar to Maybelle.
8	Lucknow	Historic RAB drilling gave 8 m at 2.4 g/t from 9 m. BIF hosted, requires follow up.
9	Bollard and Bottle Dump Cutback Targets	Following up high grade mineralised structures beneath existing pits using 3D software to target drilling.

The aims of the ongoing drill campaigns will be to

1. Enable existing and known mineralisation to be re-classified as resources by further drilling.

2. To extend known gold mineralisation further.

2. To discover new gold mineralisation on the existing targets.

4. To gather metallurgical samples for testwork.

5. To verify existing data.

The extensive database allows considerable cost savings and better targeting of drilling.

Figure 3: Cable – Drogue – Bollard Prospect Locations and Highlights

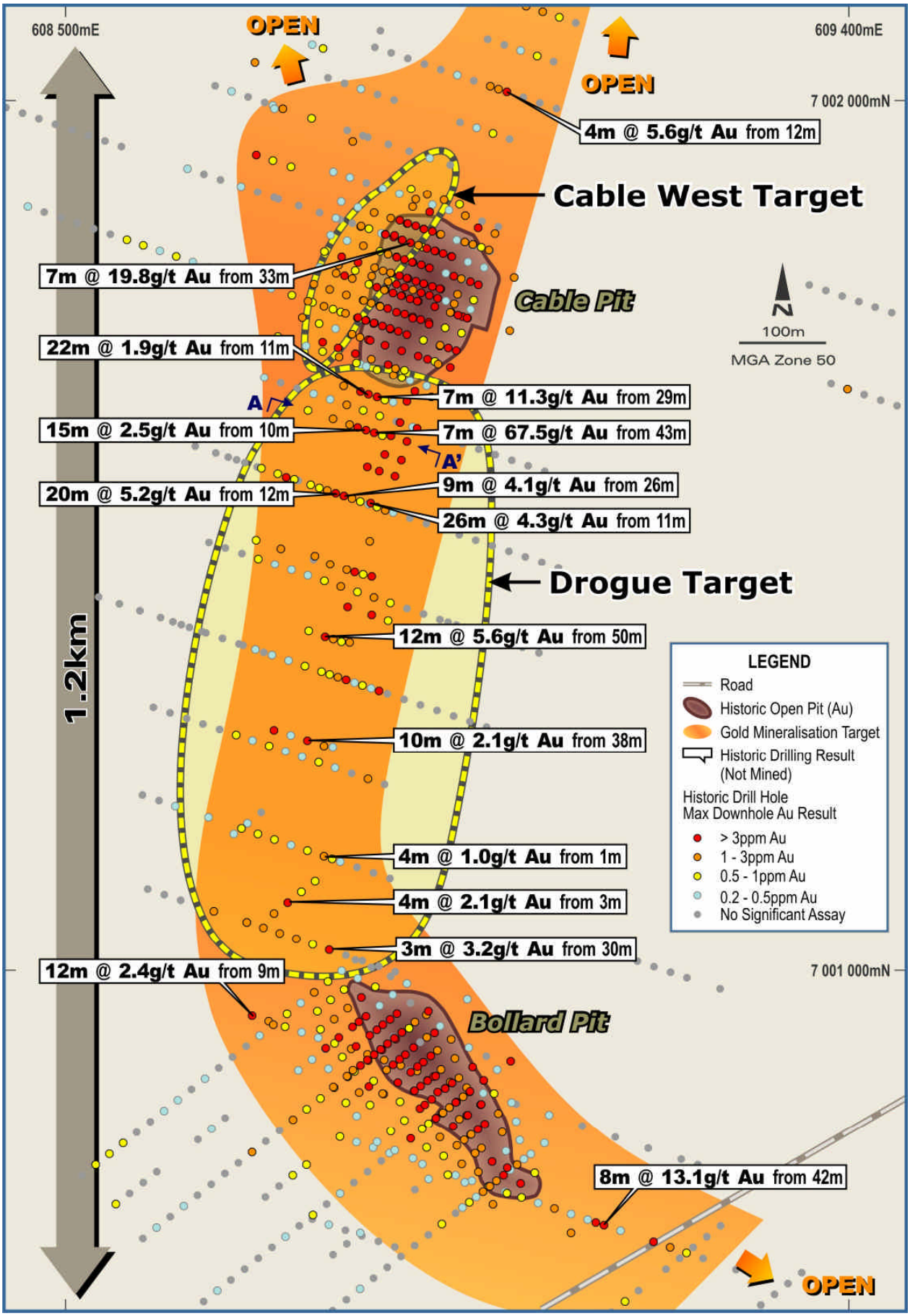
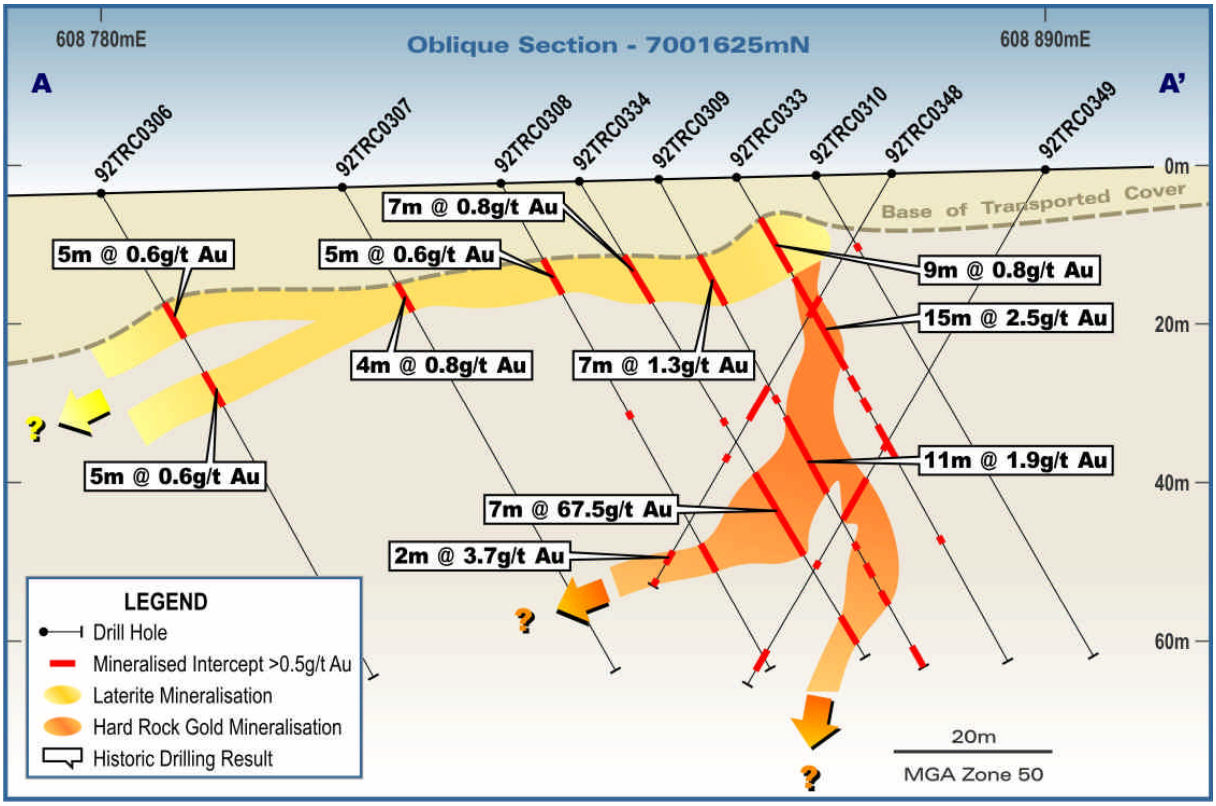


Figure 4: Drogue Prospect Section (marked on Figure 3 as A – A')



NB: All drill intersections are uncut

3.0 Local Geology and Mineralisation

The Tuckanarra greenstone belt comprises a series of mafic and inter-banded mafic and iron formations with clastic sediments. The sequence is folded into a south-westerly plunging anticline.

Where the mineralised veins intersect major competency contrasts such as high magnesium basalt and BIF contacts, veining becomes layer parallel resulting in larger deposits such as the Bollard and Cable deposits. These axial planar faults can develop into shear zones such as Bottle Dump, where the intersection of the shear zone with banded iron formation helps define the steeply south-east plunging mineralised shoot.

A number of styles of gold mineralisation have been identified in the area including

1) Quartz veining associated with interflow sediments and mafic volcanic rocks.
2) Mineralised banded iron formations (BIF's) +/- quartz veining.
3) Quartz veins within basalts.
4) Pyritic quartzite in the southern portion of the tenement area.
5) Gold mineralisation within laterite horizons.

The main Tuckanarra project area regolith (weathered zone) can be classified as follows:

- 30% of the area comprises outcrop, where the majority of the historical gold mines were found.
- 40% of the area is in-situ and transported laterite (e.g. Cable).
- 30% of the area is active drainages that may represent deeper transported cover, up to 40 metres depth (e.g. Axial prospect).

The areas of transported cover and active drainage channels have the potential to hide undiscovered gold deposits. Systematic RC/aircore drilling is the most effective way to test these areas.

4.0 Mining History

4.1 Mining History Pre 1980's

The Tuckanarra district has a long history of gold mining and exploration with the first mine (Nemesis, not on POZ tenements) discovered and developed in 1900.

Subsequent exploration and development located a number of other deposits in the general area with the majority being developed as small underground mines mining rich quartz veins associated with banded iron rich rocks and mining narrow very high grade gold. In general the historic gold mines in the area were mined down to the water table located at approximately 40 metres depth.

4.2 1980 to 1987: Tuckanarra Minerals

In the early 1980s Tuckanarra Minerals commenced work in the area and acquired a significant ground holding centred on the historic Tuckanarra workings. The Company completed detailed mapping, rock chip sampling and drilling.

In the late 1980's Metana Minerals which was mining the Reedy Mining Centre located 30 km to the east of Tuckanarra, purchased the Tuckanarra group of tenements from Tuckanarra Minerals.

4.3 1988 to 1996: Metana Minerals

Between 1988 and 1990 Metana Minerals (renamed Gold Mines of Australia) completed soil geochemistry over a large portion of the tenement holding. This work was successful at delineating a large number of discrete gold in soil anomalies with twenty potential targets identified.

Between 1990 and 1995 Gold Mines of Australia completed a number of drilling programs encompassing RAB, RC and diamond drilling over the defined gold anomalies and historic workings.

The work of Metana Minerals culminated in the delineation of mineable gold mineralisation at the Maybelle, Bollard, Bottle Dump and Cable Prospects which were mined between 1990-1994. Production records are incomplete. However a summary of available information is shown in Table 2. The majority of the pits were mined to a vertical depth of approximately 40 metres which broadly corresponded to the water table.

4.4 1996 to 2003: St Barbara Mines Limited

In 1996 St Barbara Gold Mines purchased the Reedys plant and tenements from Metana Minerals (GMA). Little work was done until Anglo Gold Australia (Anglo) farmed in to the project and became the managing joint venture partner in late 2000.

4.5 2000 to 2002: Anglo Gold Australia, Axial Prospect

From 2000 to 2002, Anglo Gold Australia farmed into the Tuckanarra tenements from St Barbara Mines Limited. Initially, a detailed airborne magnetic and radiometric survey was flown over the entire tenement package. Historic data was compiled into a high quality computerised database. This database is now held by POZ.

The Axial prospect was recognised as a primary target. This fold axis is in a very favourable structural location, it is covered by an alluvial palaeochannel and does have the potential to be a significant focus for an Anglo sized large gold target.

After some drilling on the Axial prospect, Anglo withdrew from the joint venture in 1994 as they did not feel that the area hosted an Anglo sized gold deposit. However, the Axial prospect covers a large area with alluvial cover and upon reviewing the Anglo drilling and reports, POZ believes that there is considerable potential to discover a major gold deposit at the Axial prospect.

4.6 2003 to 2006: Mercator Gold Pty Ltd

St Barbara Mines Ltd entered into an agreement with Mercator Gold Australia Pty Ltd (Mercator) that saw Mercator inherit St Barbara's Murchison assets, including Tuckanarra. Mercator completed a number of lines of geophysical induced polarization to test for the presence of chargeable zones that may have a gold-sulphide association. This avenue of exploration was not successful.

4.7 2006 to Present:

A number of private parties have since held the Tuckanarra project.

Photographs of Mined Pits on the Tuckanarra Gold Project

Bollard Pit looking north-west

Bottle Dump Pit looking north

Cable Pit looking south-west

Maybelle Pit looking south

Table 2: Metana / GMA Open Cut Mining Summary at Tuckanarra - 1990 to 1994

Prospect	Status	Status	Tonnes	Grade g/t	Ounces
Cable	Open Pit - Mined	Indicated Resource - Presumed Mined	294,000	3.82	36,108
Bollard	Open Pit - Mined	Indicated Resource - Presumed Mined	547,000	1.70	29,897
Bottle Dump	Open Pit - Mined Phase 1	Reported as Mined From Pit	43,586	2.90	4,064
Bottle Dump	Open Pit - Mined Phase 2	Measured Resource Presumed Mined From Pit	142,107	4.23	19,327
Maybelle	Open Pit - Mined	Reported as Mined From Pit	52,000	3.6	6,019
Total	**Presumed Mined**		**1,078,693**	**2.75**	**95,415**

Cable: Indicated Resource based upon RC drilling of 213 holes for 9,822 metres within laterites and oxidised bedrock. Cutoff of 1.2 g/t and top cut of 20.0 g/t, A38142 Metana Minerals 1992-3. Production figures not available. A38142 Metana Minerals 1992-3

Bollard: Indicated Resource based upon RC drilling of 141 holes for 5,392 metres within laterites and oxidised bedrock. Cutoff of 0.4 g/t and top cut of 20.0 g/t, A38142 Metana Minerals 1992-3. Production figures not available. A35574 Metana Minerals 1992-4.

Bottle Dump Phase 1: Material reported as mined. Further data not available on mined material refer to A45177 GMA NL.

Bottle Dump Phase 2: Measured Resource based upon RC drilling and metallurgical work. Cutoff of 1.0 g/t and top cut of 20.0 g/t. No ore loss or dilution was applied. refer to A44359 GMA NL.

Maybelle: Production reported as 52,000 tonnes at 3.6 g/t, recoveries not reported. A44359 GMA NL.

5.0 Metallurgy

POZ believes the shallow oxidized material (up to 40 metres in depth) should give good recoveries and the company will be undertaking its own metallurgical testwork as part of the process for calculating resources.

5.0 Conclusion

The Board of POZ is excited by the potential of the Tuckanarra gold project and believe the project has the opportunity to add significant value for shareholders.

It is the intention of the Company to now focus its time and efforts in drilling the Tuckanarra project with the intention of reporting an initial resource estimate by May 2012.

The Company is also proceeding to drill the Iroquois manganese project in this quarter and for the Highland Plains phosphate project to remain within the Company until a suitable strategic partner can be found.

The Company is well resourced to pursue aggressive drilling programs at Tuckanarra.

Jim Richards
Chairman

Appendix A Sampling and Assay Data:

A considerable amount of historical work has been carried out at Tuckanarra and assay techniques vary, but a summary is:

Metana soil sampling assay: Aqua Regia digest to 1 ppb detection.

Metana RAB drilling: all sampling done on 4 m composites by spearing, anomalous samples were then resampled at 1 m intervals by spearing.

Metana RC and Aircore drilling: mostly this drilling was sampled at 1 metre intervals, with minor areas as 4 m composites, sampling technique not reported.

RAB drilling assays by aqua regia digest and AAS finish to a detection limit of 0.02 ppm.

RC and Aircore drilling assay techniques are not specifically reported but are inferred from their context in the old reports to be the same as for RAB.

Appendix B Notes on Drilling Intersections:

All drill intersections reported are from several different RC or Aircore drilling programs, mainly by Metana, deeper holes are at 60 degrees from horizontal, some shallow laterite holes were vertical, sample intervals were one metre, results are uncut weighted averages. True widths are not yet assessed.

Appendix C – Tenement Schedule

Tenement	Area km2	Status
E20/781	39.7	Application
E20/782	3.1	Application
E20/783	207.8	Application
E51/1494	9.2	Application
P20/2180	1.75	Application
P20/2181	1.25	Application
P20/2182	1.14	Application
P20/2183	2	Application
P20/2184	1.96	Application
P20/2185	1.25	Application
P20/2186	1.28	Application
P20/2187	1.94	Application
Total	**270.43**	

The information in this report that relates to Targets, Exploration Results, Mineral Resources, Ore Reserves is based on information compiled by Mr Jim Richards who is a Member of The Australasian Institute of Mining and Metallurgy. Any information referring to exploration target size and type is conceptual in nature, there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. True widths of drilling results have not been assessed. 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.