
Strategic Partner Process Highland Plains Rock Phosphate Project (NT)

Highlights:

- **Discussions with a range of international partners**
- **Gresham Advisory Partners appointed as corporate advisers**

Strategic Partner Process:

Perth-based Phosphate Australia Limited (ASX: POZ) is pleased to provide the following information on its discussions with potential partners for the development of the Highland Plains Rock Phosphate Project ("Highland Plains") in the Northern Territory.

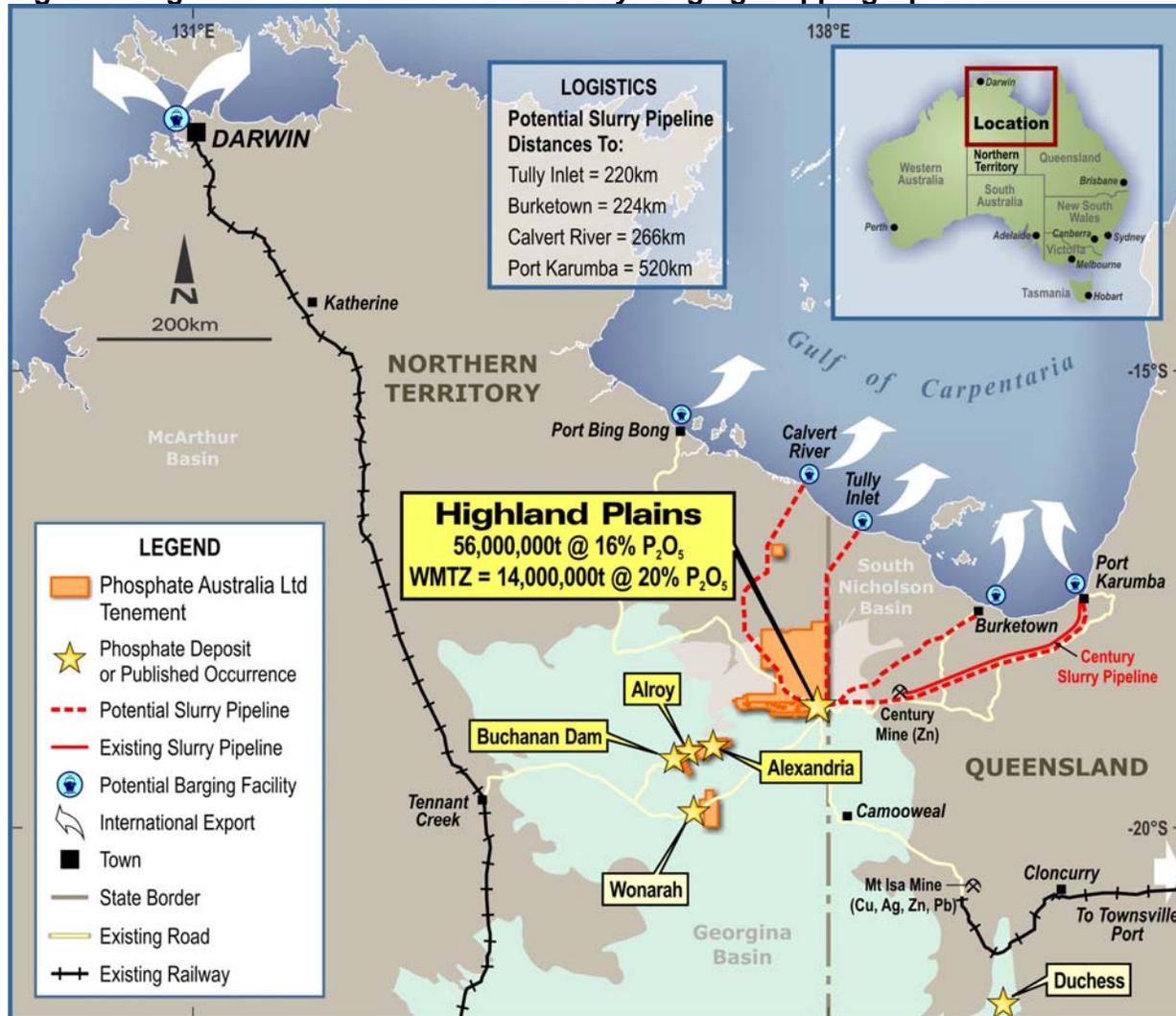
As noted in the Company's report on activities for the quarter ended 31 March 2010, POZ is focussing its efforts on the development of Highland Plains, which has a JORC compliant Inferred phosphate resource of 56 Mt at 16% P₂O₅. The project is 100% owned by POZ and the Company is currently targeting 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 to key markets.

Discussions with a range of potential international customers and development partners reflect support for the Company's strategy. In light of this support, and the appearance of generally more favourable conditions in the global agrichemicals sector, **the POZ Board now believes it is appropriate to institute a formal process to evaluate development and funding options for Highland Plains.** As a result, POZ is pleased to announce the appointment of leading independent Australian corporate adviser, **Gresham Advisory Partners Limited** ("Gresham") to assist the Company in this process.

POZ, with the assistance of Gresham, will evaluate a number of approaches for the development of Highland Plains, including structures that would enable a partnering approach to be taken to the development and ownership of the proposed slurry pipeline, given its potential as a key item of regional infrastructure.

It should be stressed that to date, discussions with third parties have been preliminary in nature. The Company's strategic partner process remains at an early stage and there can be no assurance that a binding proposal will emerge.

In the meantime, POZ remains focussed on evaluating and developing the Highland Plains project and adding value to its extensive tenement interests in the region.

Figure 1: Highland Plains Location and Slurry/Barging/Shipping Options


Jim Richards
Chairman

Further Information:

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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Jim Richards and Ms Lisa Wells, who are both Members of The Australasian Institute of Mining and Metallurgy. Mr Richards and Ms Wells are both Directors of POZ and Ms Wells is also a full time employee. Both Mr Richards and Ms Wells have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Richards and Ms Wells both consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Phosphate Australia at a Glance

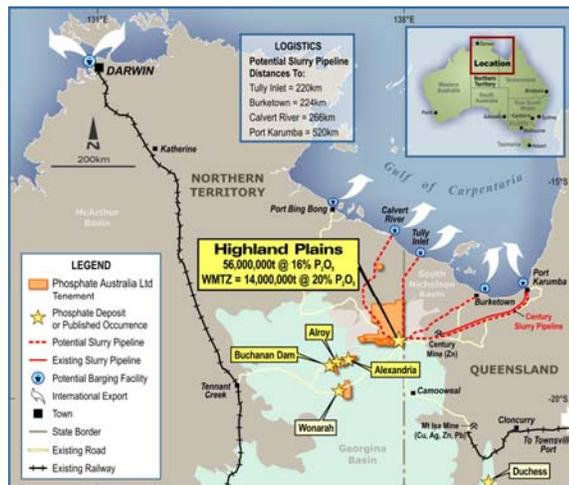
ASX Code: **POZ**

Phosphate Australia Limited is a rock phosphate development company targeting the production and sale of up to 3,000,000 tonnes per annum of premium grade beneficiated rock phosphate with low contaminants.

Highland Plains is the lead project with a JORC compliant Inferred Resource of 56 Mt at 16% P₂O₅. The permit is 100% controlled by POZ. The Western Mine Target Zone has been targeted for a potential start-up operation at Highland Plains. This is the shallowest part of the deposit, with outcropping mineralisation and comprises a JORC compliant Inferred Resource of 14 Mt at 20% P₂O₅ as a subset of the global Inferred Resource.

The company also controls three other known phosphate occurrences in the Northern Territory at Alexandria, Alroy and Buchanan Dam. Buchanan Dam has a historical intersection of 6.1 m at 25% P₂O₅ from 12.2 m.

Currently un-granted permit applications controlled by the company to the north of Highland Plains are prospective for iron and uranium with access subject to the negotiation of an agreement with the Traditional Owners.



Capital Structure Snapshot 18 March 2009

Ordinary Shares on Issue: 108.9 million
Escrowed Shares: 42.0 million
Top 20 Shareholders: 66.6 million (61%)

Unquoted Options on Issue: 24.6 million

Share Price: A\$0.14
Undiluted Market Cap: A\$15 million

Number of Shareholders: 1,124

Cash Balance: \$6.5 million

Board of Directors

Chairman: Jim Richards
Managing Director: Andrew James
Technical Director: Lisa Wells
Director/Company Secretary: Grant Mooney

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