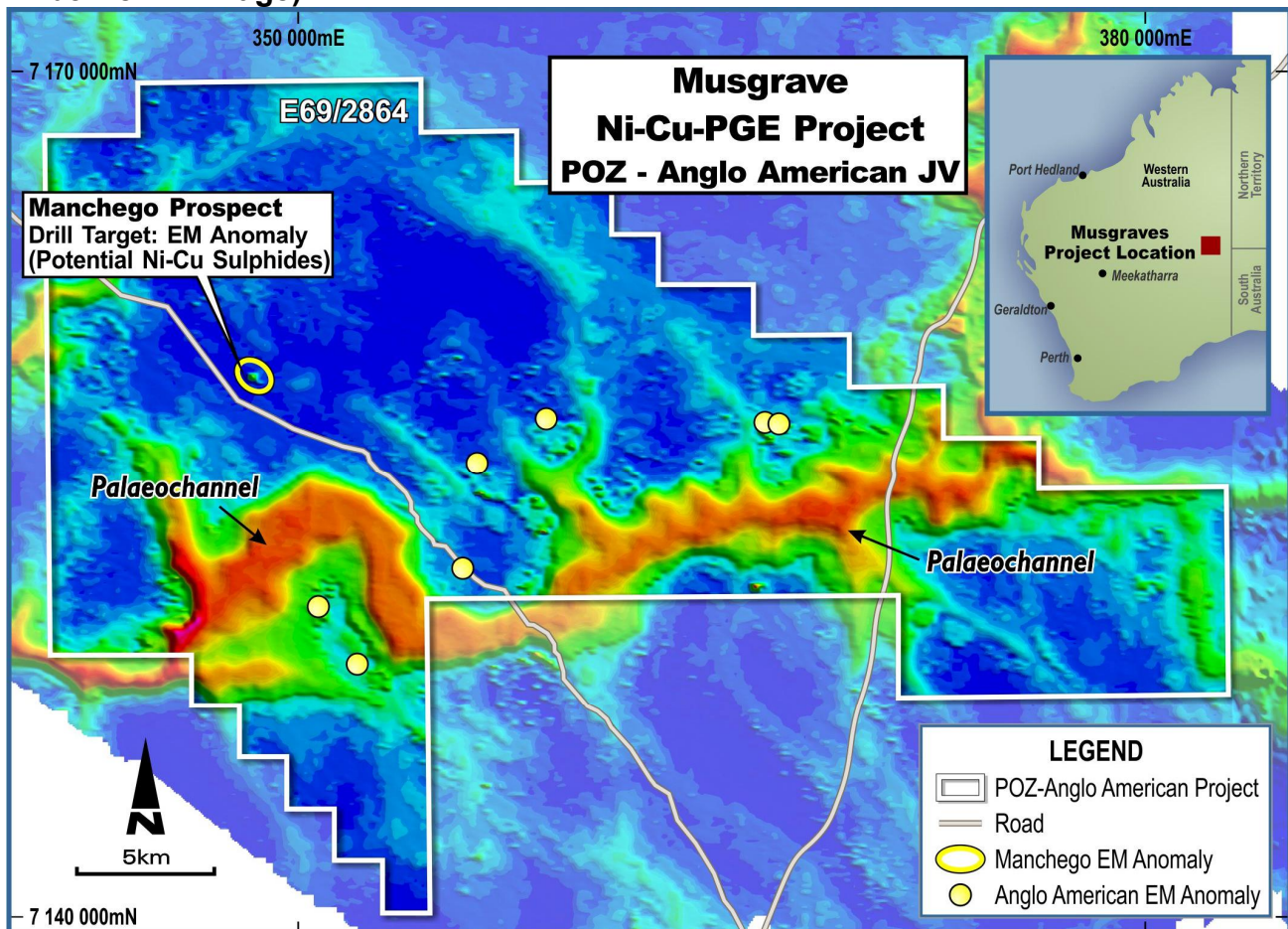


Manchego Prospect, Musgrave WA: Phase 2 Drilling To Commence Late October.

Summary:

- Phase 1 RC drilling results at the Manchego Prospect indicate extensive low grade copper mineralisation with some associated nickel and PGE's.
- Drill results include MRC 042 with 24 metres at 0.27% Cu from 66 metres, including 5 metres at 0.54% Cu, 0.11% Ni and 0.28 ppm Pt+Pd+Au from 71 metres.
- Grades up to 1.65% Cu over 1 metre from 71 metres in hole MRC 042.
- Phase 2 RC drilling program of ~1,000 metres to commence on 29th October 2013.
- Farm-in Partner Anglo American currently conducting follow up work. Ground and downhole EM surveys are underway.

Figure 1: POZ-Anglo American JV Area including Manchego Prospect (SPECTREM Airborne EM Image)



1.0 Musgrave Cu-Ni-PGE Project, WA: Background

Phosphate Australia Limited (POZ) has a Farm-In Agreement with Anglo American, one of the world's largest mining groups.

The Farm-In Agreement covers exploration licence E69/2864 (an area of 619km²) in the Musgrave region of Western Australia (Figure 1).

1.1 Geology: Prospective For Magmatic Ni-Cu-PGE Deposits

The farm-in area is mainly underlain by the Giles Complex (~1,075 million years), one of the largest layered mafic-ultramafic complexes in the world. Similar large intrusive complexes elsewhere host magmatic Ni-Cu-PGE deposits (e.g. Voiseys Bay, Canada).¹

1.2 Manhego EM Anomaly: High Priority Drill Target

In 2012 Anglo American flew an airborne electro-magnetic (AEM) survey over the farm-in area using its proprietary SPECTREM system. This AEM survey identified a number of anomalies (Figure 1). One of these anomalies, named Manhego, was ranked as a high priority target.

2.0 Manhego Prospect Phase One Drilling

Anglo American recently completed a program of Reverse Circulation (RC) drilling at the Manhego Prospect (Phase One). Nine holes were drilled for a total of 1,142 metres.

2.1 Phase 1 Drilling Assay Results

Geological logging of all samples was carried out on-site by Anglo American geologists. As a result of this logging, sampling intervals were determined as either one metre samples, two metre composites or four metre composites. All drilled samples were analysed at ALS Chemex in Perth. A summary of the assay results is shown in Table 1.

Returned assays indicate extensive low grade copper mineralisation with some associated nickel and PGE's. The best mineralised intersections are:

MRC 042 with 24 metres at 0.27% Cu from 66 metres. This includes 5 metres at 0.54% Cu, 0.11% Ni and 0.28 ppm Pt+Pd+Au from 71 metres. From 71-72 metres the copper grade was 1.65% which was the highest grade Cu in this drill program.

MRC 048 with 43 metres at 0.18% Cu from 98 metres. This includes 4 metres at 0.53% Cu, 0.34% Ni and 0.37ppm Pt+Pd+Au from 114 metres.

Significant amounts of visible sulphides were observed whilst logging the RC drill chips. These sulphides consisted of varying amounts of pyrrhotite, pyrite and chalcopyrite. Table 1 illustrates the association between the sulphides (as sulphur (S%)) and the copper mineralisation (Cu%).

POZ is encouraged by the widespread nature of the copper mineralisation. The Ni/PGE association is also positive as it indicates these elements are present within the mineralising system.

It is noteworthy that the upper mineralised body (Figure 2) appears to be increasing in grade and thickness with depth.

Table 1: Phase 1 RC Drilling Sample Assays Summary

Drill Hole	From	To	Interval	Cu	Ni	Pt+Pd+Au	Pt	Pd	Au	Fe	S*	Ti	Sampled
	metre	metre	metre	%	ppm	ppm	ppm	ppm	ppm	%	%	%	Intervals
MRC040	4	8	4	0.09	420	0.06	0.02	0.03	0.01	14.5	0.0	1.2	4m
MRC040	66	100	34	0.21	346	0.11	0.03	0.07	0.01	12.4	>5.0	0.8	1&2m
MRC041	40	44	4	0.19	507	0.15	0.04	0.10	0.01	11.5	0.9	0.9	4m
MRC041	112	138	26	0.18	233	0.10	0.02	0.07	0.01	10.8	>5.4	0.5	1&2m
MRC042	66	90	24	0.27	525	0.15	0.03	0.10	0.02	14.4	3.8	1.1	1&2m
Includes	71	76	5	0.54	1144	0.28	0.06	0.19	0.03	22.0	5.9	1.4	1m
Includes	71	72	1	1.65 ^V	1080	0.26	0.06	0.18	0.03	22.2	17.0 [^]	1.4	1m
MRC043	40	56	16	0.11	220	0.11	0.04	0.06	0.01	12.1	0.4	1.4	1,2&4m
MRC043	80	82	2	0.34	457	0.11	0.03	0.07	0.01	15.7	2.0	1.5	1m
MRC044	62	72	10	0.12	211	0.07	0.03	0.04	0.01	8.3	0.2	1.0	1&2m
MRC044	126	144	18	0.17	163	0.11	0.03	0.07	0.01	11.5	4.1	0.7	1&2m
MRC044	168	169	1	0.31	492	0.32	0.08	0.21	0.03	10.8	0.5	0.9	1m
MRC045	No significant mineralisation												
MRC046	54	59	5	0.18	487	0.23	0.03	0.18	0.02	14.7	4.0	0.9	1&2m
MRC047	Hole abandoned - lost collar												
MRC048	98	141	43	0.18	658	0.11	0.02	0.08	0.01	17.1	>1.9	1.5	1,2&4m
Includes	114	118	4	0.53	3420	0.37	0.03	0.32	0.01	38.2	>9.3	1.0	1m
MRC048	165	180	15	Assays pending to end of hole									3&4m
Assay Detection Limits													
Units	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	%	%		
Lower Limit of Detection	1	1	-	0.005	0.001	0.005	0.01	0.01	0.01				
Upper Limit of Detection	10000	10000	-	-	-	-	50.0	10.0	10.0				

Sample intervals are length weighted and uncut

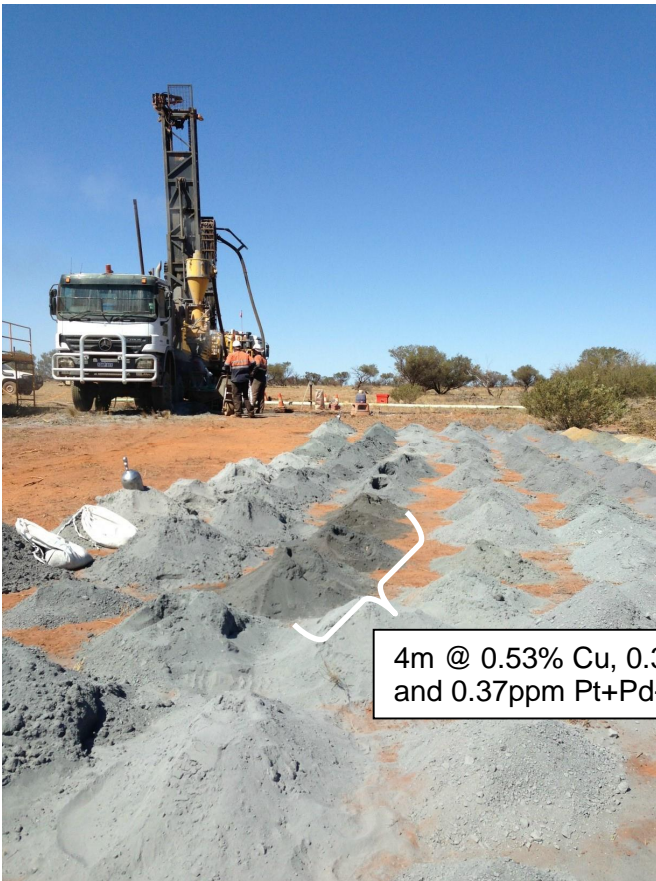
** Where the '>' is used for sulphur grade, one or more of the metres that have made up the intersection have assayed >10% S (the maximum value for the assay type). The average S grade in the table above has been derived from allocating the >10% S values as 10% S.*

^V This Cu assay used ALS Chemex procedure ME-OG62 with a lower limit of 0.001% Cu and an upper limit of 40% Cu.

[^] This sample was assayed separately for Sulphur and this value is as per assay. ALS Chemex Procedure S-IR08 lower limit 0.01% upper limit 50%.

Cu, Ni, Fe, S and Ti assays were by ALS Chemex Procedure ME-ICP61.

Pt, Pd and Au assays were by ALS Chemex Procedure PGM-ICP 23 with up to 30g fire assay with ICP AES finish. A QAQC analysis on the two standards and the field duplicates that were used during the program was conducted by Anglo American and the results were deemed to be within acceptable limits for the context of the program. Drill hole diameter was 5.25 inches.



RC Drill Chips from **MRC 048**. The four mounds of darker sample (114-118m) correlate with the most mineralised intersection: **4m @ 0.53% Cu, 0.34% Ni and 0.37ppm Pt+Pd+Au.**

4m @ 0.53% Cu, 0.34% Ni and 0.37ppm Pt+Pd+Au.

Figure 2: Manhego Drilling Section 1

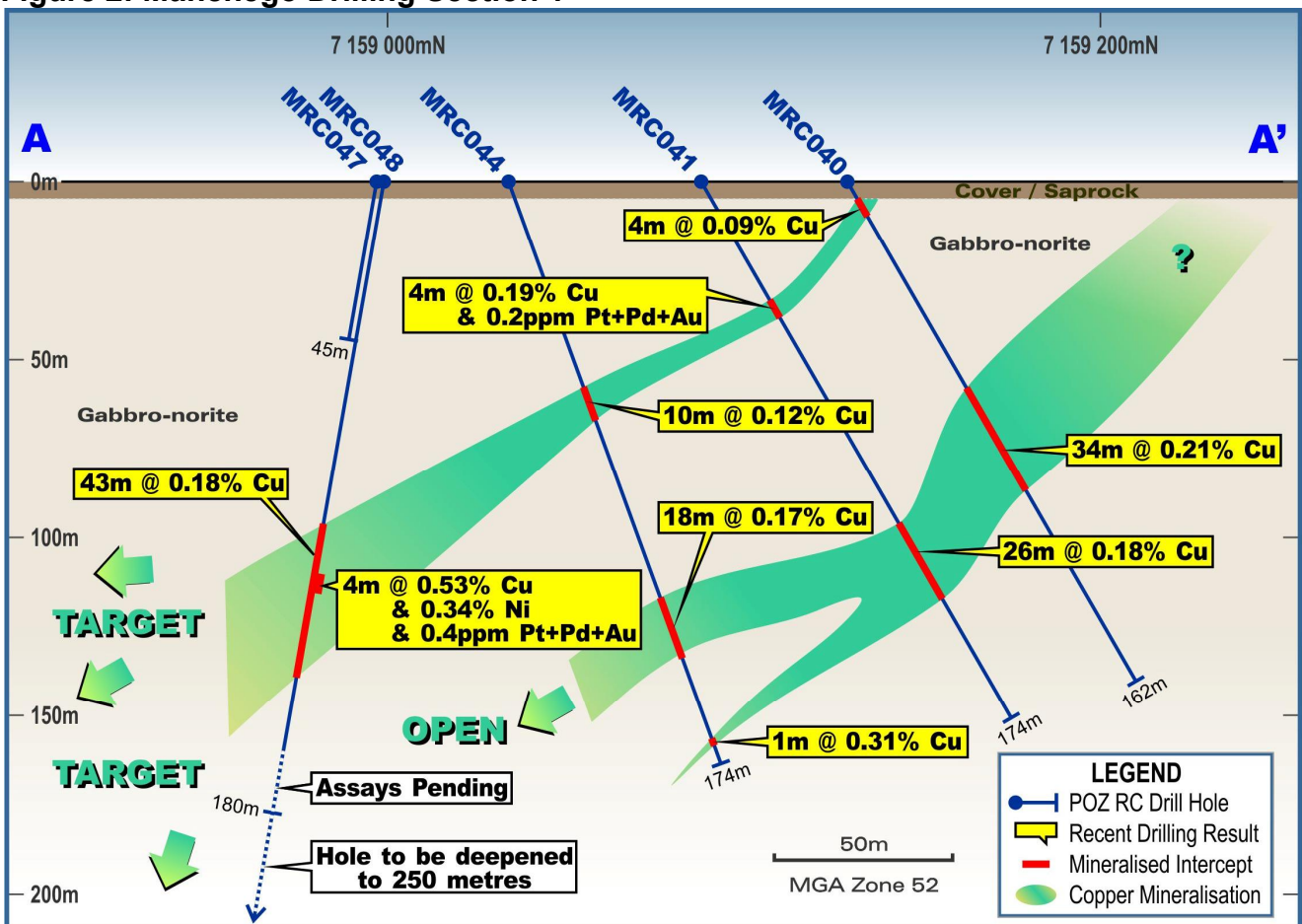
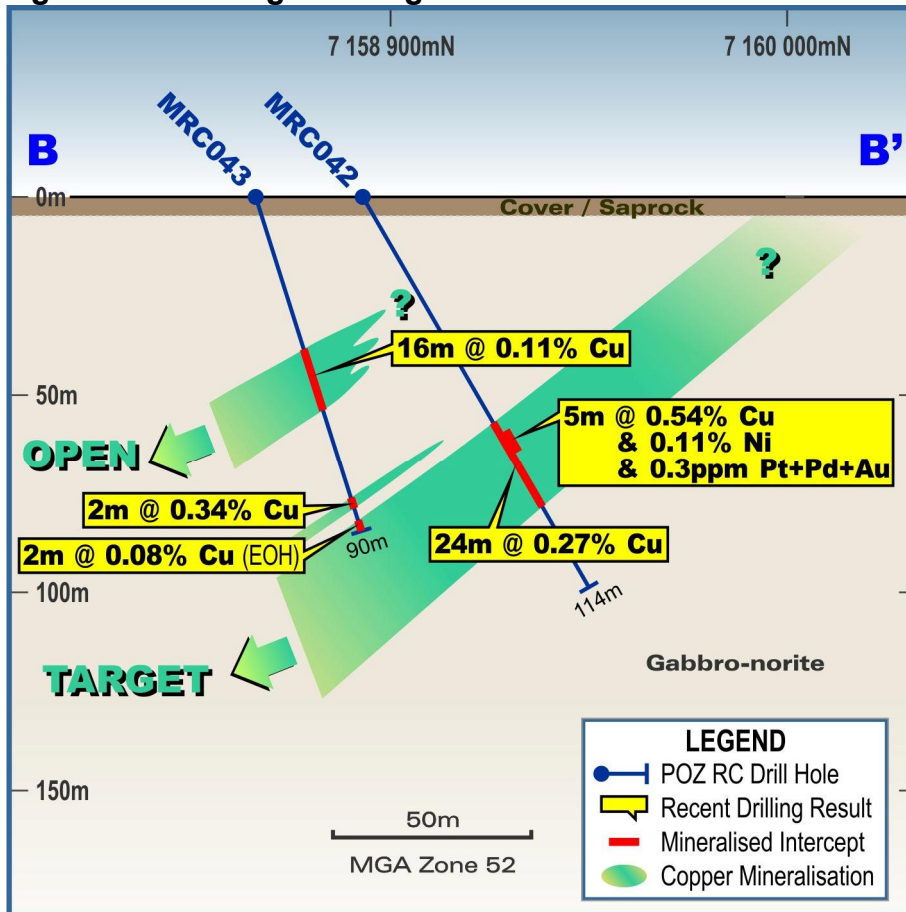


Figure 3: Manchego Drilling Section 2



2.2 Follow Up EM Survey

Anglo American has commissioned a follow up ground EM survey to target areas of potentially deeper mineralisation. Downhole EM on the Phase 1 drill holes will also be conducted at this time. These follow-up EM surveys are currently underway.

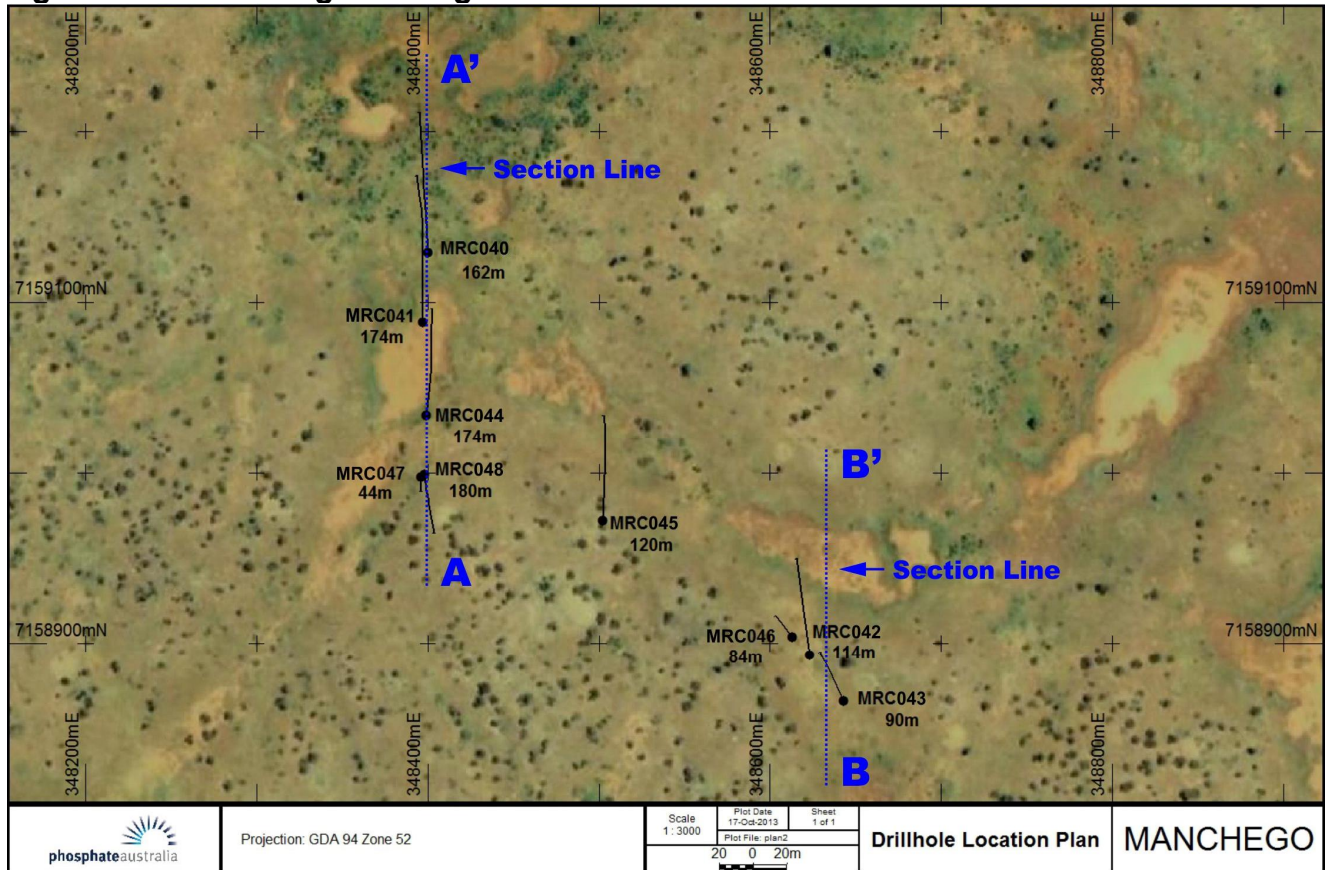
2.3 Follow Up Phase 2 Drilling Program

A drill rig has been mobilised to Manchego and is due to commence a follow-up RC drill program (Phase 2) on the 29th October 2013. This program will consist of approximately five drill holes for ~1,000 metres.

Phase 2 drilling will commence by deepening hole MRC048 from 180 to 250 metres. Other drill hole positioning will be dependent on results from the current ground EM surveys. Step out drilling from the initial Phase 1 drilling program will also occur. Phase 2 drilling is currently planned to test the west, southwest and southern extents of the Phase 1 drilling.

Results from the Phase 2 drill program will be released once they are available and have been assessed.

Figure 4: Manchego Drilling Plan View



3.0 Summary

Phosphate Australia is encouraged by the widespread low grade copper mineralisation at Manchego. The associated nickel and PGE in part indicates these target elements are present within the mineralising system which is also a positive.

The Phase 2 follow up RC drilling at Manchego is imminent and presents an exciting potential opportunity for a discovery.

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Executive Chairman

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¹ Neumann, N, Fraser, G 2007, Geochronological Synthesis and Time Space plots for Proterozoic Australia: AGSO Record p208.

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.

Appendix A Manchego Drilling Collar File

Hole_ID	Hole Type	Hole Size	Datum-Zone	Easting	Northing	Dip	Azmiuth	Depth
		Inches				Deg	Deg	Metres
MRC0040	RC	5.25"	MGA94_52	348400	7159129	-60	360	162
MRC0041	RC	5.25"	MGA94_52	348397	7159088	-60	360	174
MRC0042	RC	5.25"	MGA94_52	348623	7158893	-60	360	114
MRC0043	RC	5.25"	MGA94_52	348643	7158866	-70	330	90
MRC0044	RC	5.25"	MGA94_52	348399	7159034	-70	360	174
MRC0045	RC	5.25"	MGA94_52	348502	7158972	-60	360	120
MRC0046	RC	5.25"	MGA94_52	348613	7158904	-80	315	84
MRC0047	RC	5.25"	MGA94_52	348396	7158997	-80	180	44
MRC0048	RC	5.25"	MGA94_52	348398	7158999	-80	180	180
							Total	1142

Survey by hand held GPS