

ASX RELEASE

27 May 2013

ASX Code: POZ



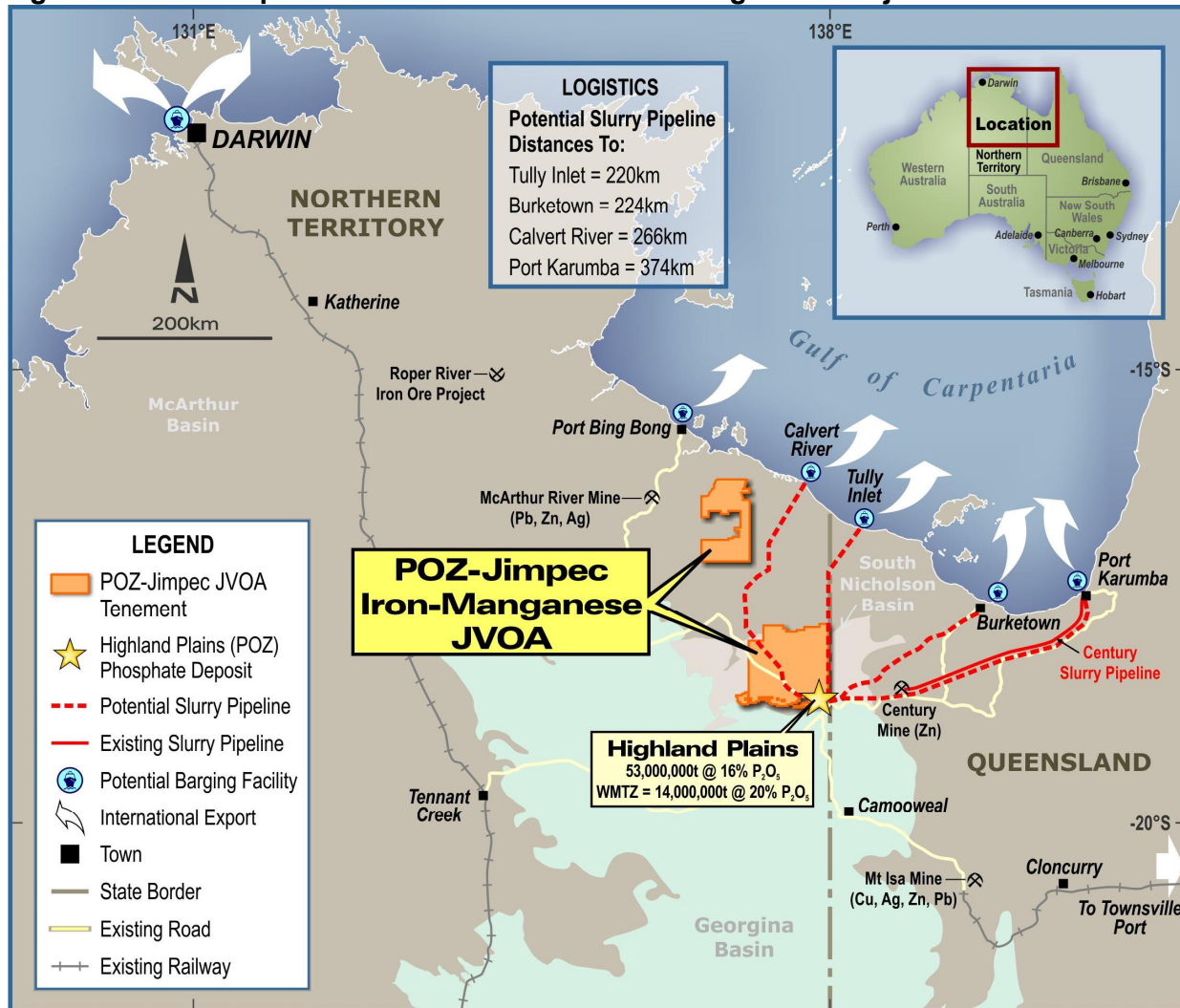
Phosphate Australia Secures A Partner for Nicholson Iron and Manganese Project (Northern Territory)

Highlights:

- A Joint Venture Option Agreement (JVOA) covering Phosphate Australia Limited's (POZ) 100% owned Nicholson Iron and Manganese Project in the Northern Territory has been signed with Sydney based company Jimpec Resources Pty Ltd (Jimpec).
- Jimpec has paid POZ \$200,000 for an option over 80% of the iron and manganese rights within the Nicholson Project (\$200,000 is in addition to \$50,000 previously paid for a period of exclusivity announced in the POZ Quarterly Report for the period ending 31 Dec 2012).
- The option can be exercised by Jimpec within 3 years by payment of A\$1.5 million to POZ, provided that Jimpec has spent a minimum of A\$1.5 million on iron and manganese exploration on the tenements during that period.
- Upon exercise of the option, Jimpec shall have acquired 80% of the iron and manganese rights and POZ will retain a 20% interest in the iron and manganese rights free carried, until completion of a Definitive Feasibility Study (DFS).
- POZ may elect to convert its 20% free carried interest to a 2% Free On Board (FOB) gross royalty at any time.
- POZ will retain all rights to any other minerals on the Nicholson Project tenements. The area of POZ's 100% owned Highland Plains phosphate deposit is excluded from the agreement.

Jimpec is a Sydney based company with an experienced technical, management and commercial team with extensive involvement in the iron ore and steel industry in China. The Company has considerable expertise in other areas of project development including providing innovative logistics and bulk mineral transportation solutions.

Figure 1: POZ-Jimpec JVOA Nicholson Iron and Manganese Project Tenements



1.0 Background to the Nicholson Iron and Manganese Project NT

The Nicholson Project comprises 100% owned POZ tenements EL25068, EL28152, EL28153, EL28157, EL(A)26604, EL(A)26645, EL(A)26649, EL(A)26650, EL(A)26648, EL(A)28220, EL(A)27854, EL(A)27855 and EL(A)27856 located in the Northern Territory (NT) of Australia (figure 1).

The tenements cover areas of known iron occurrences and are prospective for Clinton style oolitic iron mineralisation. Geological mapping by the Northern Territory Geological Survey (NTGS) has identified outcropping iron-bearing formations on the Company's tenements that lie within the South Nicholson Group. NTGS mapping confirmed that one of these formations is equivalent to the host unit for the Constance Range iron ore deposits that lie just over the border in Queensland (figure 2).

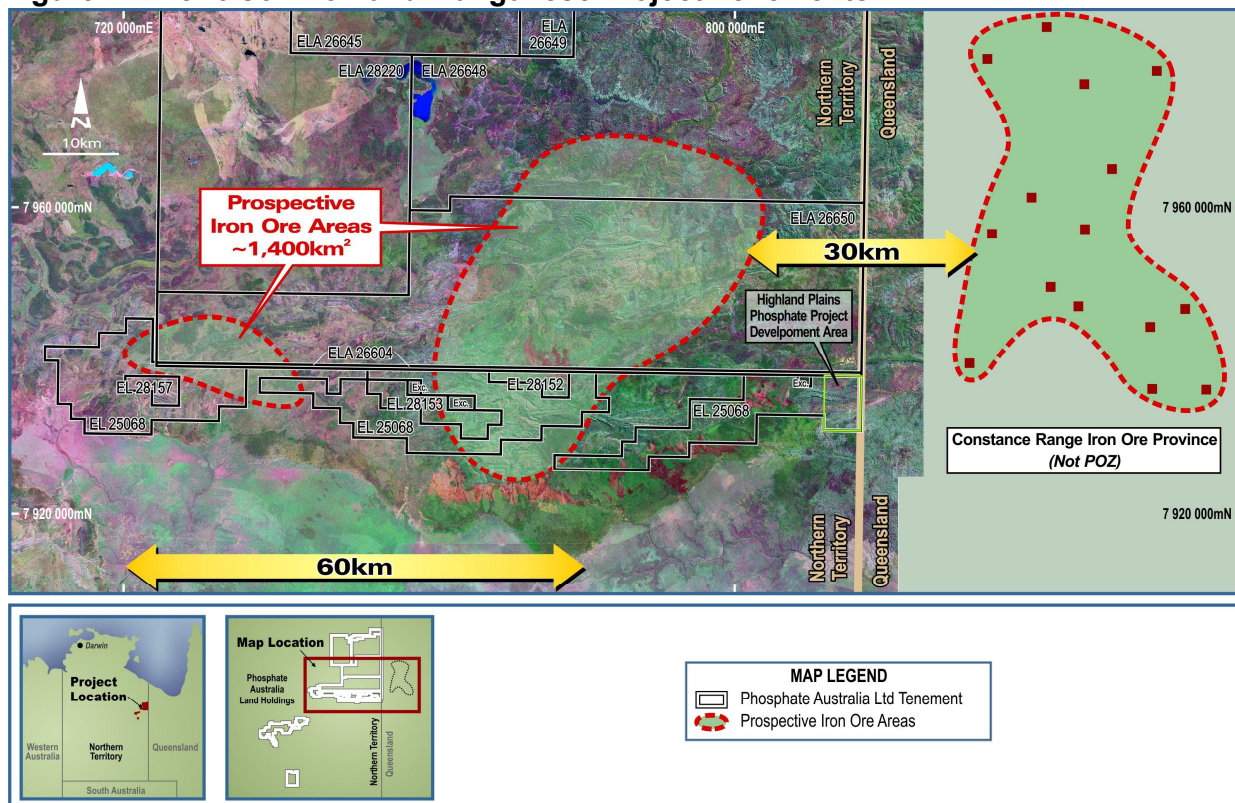
Iron ore exploration was conducted in the Constance Range area in Queensland in the early 1960s by BHP and others. Results for this exploration are based upon historical data that was prepared before the introduction of the JORC Code and as such are not a resource. However, significant amounts of iron mineralisation were reported by BHP at Constance Range during this period (Queensland Government Mining Journal, Spring 2008).

Beneficiating this style of iron mineralisation can be favourable as it is considerably softer than standard banded iron formations. Since the discontinuation of the Constance Range iron ore project in the early 1960s, iron ore industry economics have changed considerably.

The stratiform oolitic ironstones for which POZ's Nicholson tenements are prospective are excellent iron ore exploration targets. The Roper River iron occurrences (NT) also have a similar geological setting.

The Company's tenements in the South Nicholson Basin are virtually un-explored for iron ore and have considerable potential for Constance Range type iron ore discoveries. POZ has conducted initial helicopter reconnaissance and mapping work and has confirmed the presence of multiple iron rich bodies with sampled grades up to 63.7% Fe (5.1% SiO₂, 1.79% Al₂O₃ and 0.04% P). For details see POZ ASX releases dated 9 June 2010, 29 July 2010 and 10 August 2010.

Figure 2: Nicholson Iron and Manganese Project Tenements



1.1 Manganese Potential

The northerly tenements covered by the JVOA with Jimpec (EL(A)'s 27854,5 and 6 (figure 1)) are prospective for manganese. Areas adjoining these tenements have previously been explored by BHP utilising airborne electro-magnetic (AEM) surveys to target Groote Eylandt style manganese deposits.

The POZ-Jimpec tenements are on Aboriginal Trust Land and were not included in this original AEM survey. Opportunity exists for a manganese discovery on these under-explored tenements with an AEM survey being a good first step.

1.2 Land Access

The granted tenements within the JVOA are on Crown Land and as such are currently available for exploration. Permitting has already been secured for exploration drilling on EL25068.

The un-granted tenements within the JVOA are on Aboriginal Freehold Land and access to these areas is currently being sought with the assistance of the Northern Land Council in the NT.

1.3 JVOA Summary

The Company is pleased with the implementation of the Joint Venture Option Agreement and looks forward to working with Jimpec on the forthcoming iron and manganese exploration of the Nicholson Project.

Jim Richards
Executive Chairman

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.