

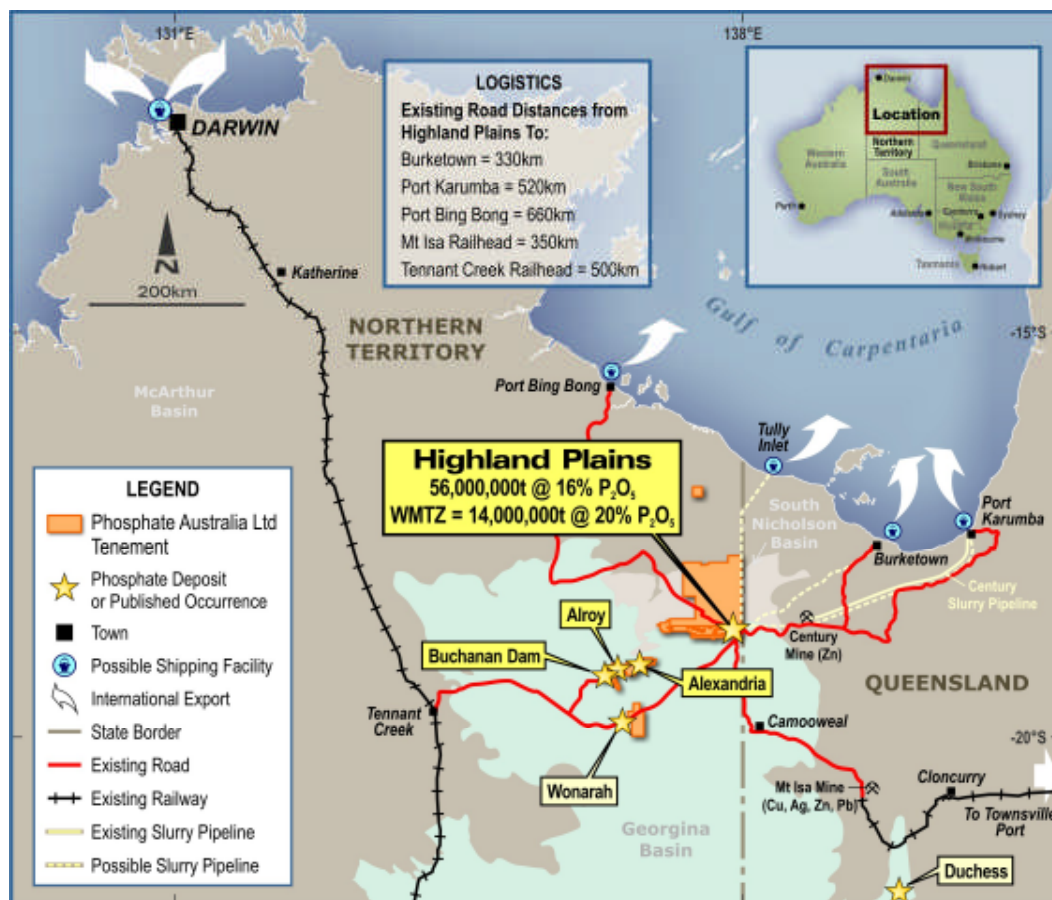
## Northern Territory Phosphate Project

### Significant Inferred Resource tonnage upgrade to 14 million tonnes at 20% P<sub>2</sub>O<sub>5</sub> for the Western Mine Target Zone of the Highland Plains project

#### Highlights:

- A new Inferred Resource of 14 Mt at 20% P<sub>2</sub>O<sub>5</sub> for the Western Mine Target Zone (WMTZ) calculated by independent resource consultancy, Cube Consulting.
- Previous estimate of 7 Mt at 23% P<sub>2</sub>O<sub>5</sub>.
- Boosts focus on the zone to host the start-up mine (Total Inferred resource at Highland Plains of 56 Mt P<sub>2</sub>O<sub>5</sub> at 16% P<sub>2</sub>O<sub>5</sub> has not been recalculated in this resource update).
- Metallurgical test results due at the end of October and may contribute to resource reclassification.

**Figure 1: Highland Plains Location and Transport Options**



## 1.0 Resource Upgrade

Phosphate Australia Limited (ASX: "POZ") is pleased to announce an increase to 14 Mt grading 20% P<sub>2</sub>O<sub>5</sub> at the flagship Western Mine Target Zone (WMTZ) within its Highland Plains phosphate project in the Northern Territory.

The project is located within EL 25068, 500 kilometres east of Tennant Creek and abutting the NT border with Queensland, 300 km from the Gulf of Carpentaria.

The enhanced WMTZ estimate, prepared at a cut-off of 15% P<sub>2</sub>O<sub>5</sub>, compares with the zone's previous estimate of 7 Mt at 23% P<sub>2</sub>O<sub>5</sub>. The Highland Plain's total Inferred Resource comprises 56 Mt grading 16% P<sub>2</sub>O<sub>5</sub>.

The latest Inferred resource is a significant improvement on the previous WMTZ resource and gives the Board of POZ further confidence in the robustness of the total project.

The resource was calculated by the Company's independent resource consultancy, Cube Consulting which will further update the resource model once metallurgical data is available. This is expected to allow part of the resource to be upgraded to an 'Indicated Resource' status, precipitating the commencement of pit design and initial mine planning.

The WMTZ has emerged as the principal focus of the Company. This zone is planned to support an initial startup mine with the production of 500,000 to 1,000,000 million tonnes per annum of beneficiated rock phosphate with trucking to the Gulf of Carpentaria coast.

With ongoing exploration drilling, there is further potential for Phosphate Australia to increase the global resource base at Highland Plains.

## 2.0 Current Activities and Outlook

A number of current activities are advancing Highland Plains:

- Initial flotation metallurgy results are due to be reported late in October.
- The preliminary mining concept study based on the current resource update for the Western Mine Target Zone.
- The fauna and flora survey fieldwork has been completed to support the application for a mining license.
- A road engineering survey is underway to define costs and options for product movement to the Gulf of Carpentaria.
- Ground water analysis based on the drilling and installation of pump equipment on a series of bores in the Highland Plains Project area is ongoing with a drill rig on-site.

### 3.0 Summary

The resource tonnage upgrade at the WMTZ at Highland Plains is pleasing and with cash on hand of approximately \$8 million, the Company is in a strong financial position to progress the project through the important near-term studies and reporting schedule required to achieve the Company's objective of developing Australia's lowest operating cost, new phosphate mining operation.

**ANDREW JAMES**  
Managing Director

*The Information in this report that relates to Mineral Resources is based on information compiled by Rick Adams and Ted Hansen who are members of the Australasian Institute of Mining and Metallurgy (AusIMM). Rick Adams and Ted Hansen are directors of Cube Consulting Pty Ltd. and have 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 a competent Person as defined in the December 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Rick Adams and Ted Hansen consent to the inclusion in this report of the Information, in the form and context in which it appears.*

*The information in this report that relates to all other aspects of Exploration Results (other than Mineral Resources) 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.*

Figure 2: Western Mine Target Zone Resource

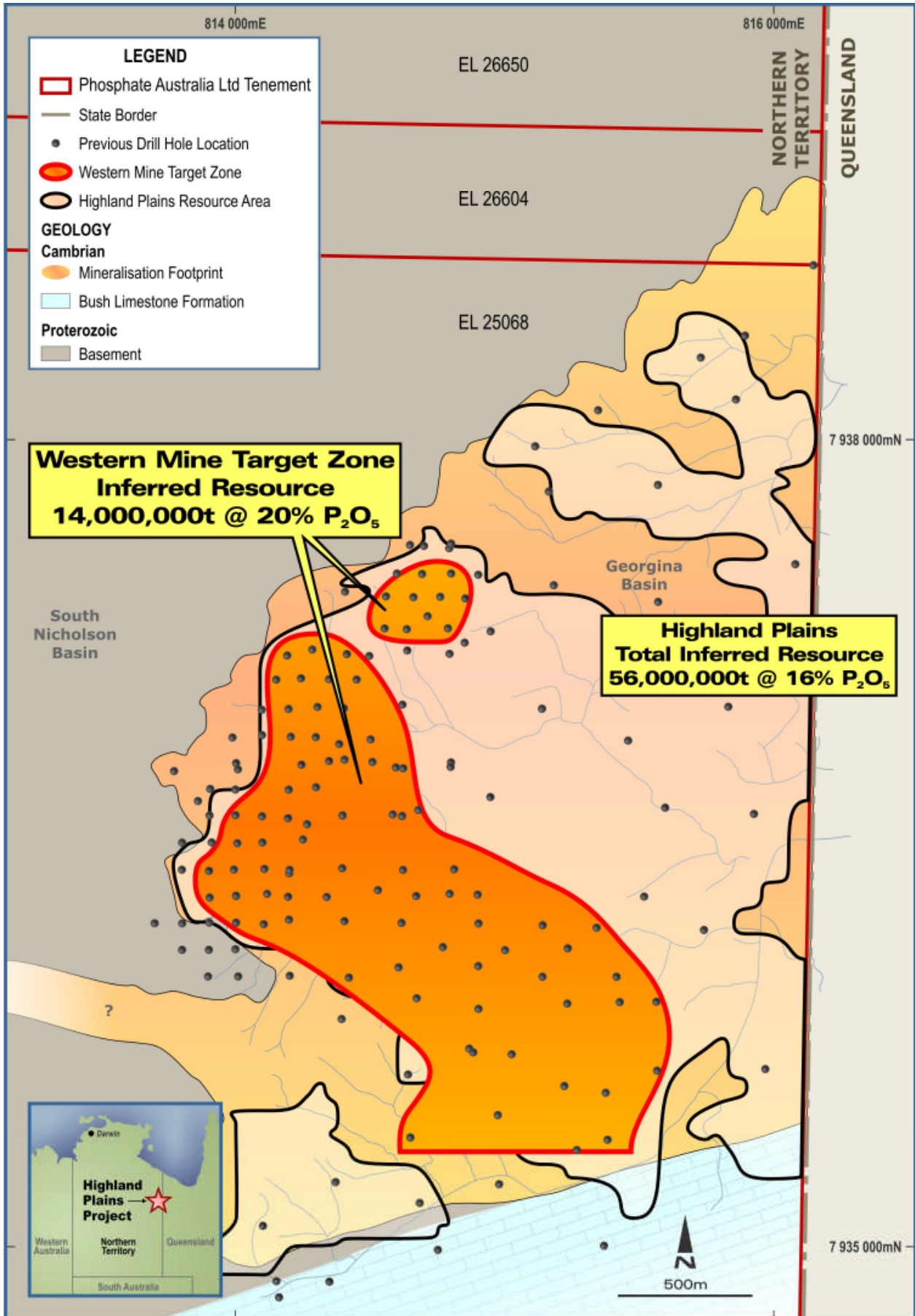


Figure 3: Western Mine Target Zone East – West Cross Section

