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## **High Grade Phosphate Drilling Assay Results Near Surface At Highland Plains**

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### **1.0 Highlights**

Phosphate Australia Limited (POZ) is pleased to report initial drilling results from the Company's 100% owned Highland Plains Phosphate Project in the Northern Territory.

The best intersection was from aircore Hole HAC001 which included **5 metres at 30.5% P<sub>2</sub>O<sub>5</sub>** as below:

**Table 1: Hole HAC001 Assay Result**

<b>Hole</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Width (m)</b>	<b>P<sub>2</sub>O<sub>5</sub> %</b>	<b>Fe<sub>2</sub>O<sub>3</sub> %</b>	<b>Al<sub>2</sub>O<sub>3</sub> %</b>	<b>CaO %</b>	<b>MgO %</b>	<b>SiO<sub>2</sub> %</b>	<b>CaO:P<sub>2</sub>O<sub>5</sub> Ratio</b>
HAC001	1	10	9	27.1	5.4	3.5	36.1	0.13	22.08	1.33
Includes										
HAC001	2	7	5	30.5	2.1	2.6	40.9	0.10	19.40	1.34

*All assays by XRF*

POZ believes the HAC001 result above to be an outstanding intersection of high grade phosphate from such a shallow depth. The hole also confirms that high grade material (as recognised in the original drilling) does indeed occur in the area.

Also of note from 2-7metres in HAC001 are the low levels of iron and aluminum, a low CaO:P<sub>2</sub>O<sub>5</sub> ratio and low magnesium levels. The silica appears to be in the form of coarse chert nodules which could potentially be easily screened off. Further, more detailed, assays are awaited to determine the levels of other metals in this and other drilled material.

### **2.0 Aircore/RC Drilling**

To date a total of 52 holes for 906.5 metres of aircore/RC drilling has taken place. Drilling has been slower than anticipated due to the presence of coarse hard chert nodules within the soft phosphate horizons (see core photos below). Although this has made drilling and sampling more challenging, the profound hardness and grain size contrast between the chert and phosphate should greatly assist in any beneficiation process.

Initial assay results have only been received for 10 holes. Drilling commenced in the shallow western portion of Highland Plains. As a result of this, a number of the holes were drilled into areas of unmineralised Proterozoic material. This is required as a part of the resource definition drilling to define the mineralised boundary and these holes were not mineralised – as expected.



Photo 1: Aircore drilling at Highland Plains

Some of the holes in Table 2 with less than 10% phosphate may have already had the main phosphate higher grade material eroded and only have lower grade (<10% P<sub>2</sub>O<sub>5</sub>) left. Aircore Hole HAC001 does exhibit lower grade Phosphate below the main high grade horizon described above (Table 3).

The location of all holes are shown in Figure 1 and results for holes indicated below:

**Table 2: Aircore/RC Drilling Results**

Hole	From (m)	To (m)	Width (m)	P2O5 %	Fe <sub>2</sub> O <sub>3</sub> %	Al <sub>2</sub> O <sub>3</sub> %	CaO %	MgO %	SiO <sub>2</sub> %	CaO:P <sub>2</sub> O <sub>5</sub> Ratio
HAC001	1	10	9	27.1	5.4	3.5	36.1	0.13	22.08	1.33
Includes										
HAC001	2	7	5	30.5	2.1	2.6	40.9	0.10	19.4	1.34
HAC002	4	6	2	14.8	3.5	7.2	19.5	0.30	47.96	1.32
HAC003, HAC004, HAC013, HAC014, HAC015, HAC016 and HAC019: No assay greater than 10% P2O5										
T1-35	16	20	4	13.2	0.5	5.9	18.3	0.52	55.01	1.39
T1-35	31	32	1	11.05	3.05	2.29	15.20	0.15	63.97	1.38

*All assays by XRF, All holes were vertical*

Importantly, recent POZ aircore hole TI-35 was twinned next to historic hole HP-35. The historic hole gave results of 4.6m metres at 15.8% P<sub>2</sub>O<sub>5</sub> from 15.2 metres. This compares well with the result for the POZ hole as shown in Table 2 (4 m at 13.2% P<sub>2</sub>O<sub>5</sub>). Although the modern hole gave a slightly lower grade, the depth and grade comparisons do compare well within depth, sampling and geological variables. This result allows us to gain more confidence in the veracity of the historic drilling. More of these twinned holes are planned.

### 3.0 Diamond Drilling

POZ has also run a short program of diamond drilling with the following aims:

- To provide detailed geological information regarding the mineralisation
- To twin holes to ensure sampling integrity and
- To provide information regarding waste/gangue material

To date a total of 5 diamond HQ core holes have been drilled for 91.8 metres.

Although recovery was good in hole HPDD002 the other holes had problems with sample integrity. The phosphate mineralisation is very soft (photos 3 & 4) and tended to wash out whilst drilling. Larger diameter (PQ) coring planned for geotechnical studies next year should overcome this problem.

The high grade phosphate discovered in hole HAC001 was twinned with diamond hole HPDD002. The photos of this core (photos 3 & 4) together with the corresponding assays in Table 3 shows what this high grade phosphate looks like.



Photo 2: Diamond Drilling at Highland Plains. POZ Managing Director Andrew James (second from left) and Chairman Jim Richards (Right).



Photo 3: Diamond Hole HPDD002 from 1.3 to 5.6m.



Photo 4: Diamond Hole HPDD002 from 5.6 to 14.3m

Table 3: Assays from HAC001 twinned with DPD002 above

Hole	From (m)	To (m)	Width (m)	P2O5 %	Fe <sub>2</sub> O <sub>3</sub> %	Al <sub>2</sub> O <sub>3</sub> %	CaO %	MgO %	SiO <sub>2</sub> %	CaO:P <sub>2</sub> O <sub>5</sub> Ratio
HAC001	0	1		7.17	7.72	6.60	9.14	0.20	61.96	1.27
HAC001	1	2		22.42	4.28	5.84	29.68	0.17	29.47	1.32
HAC001	2	3		30.84	2.60	3.32	41.30	0.11	16.60	1.34
HAC001	3	4		27.53	1.74	2.36	36.87	0.07	27.66	1.34
HAC001	4	5		33.82	1.36	2.12	45.02	0.06	13.05	1.33
HAC001	5	6		30.32	1.34	2.83	40.74	0.09	20.54	1.34
HAC001	6	7		30.24	3.31	2.45	40.43	0.06	18.91	1.34
HAC001	7	8		23.80	8.62	3.14	31.89	0.14	27.10	1.34
HAC001	8	9		27.20	9.90	3.10	36.21	0.11	17.16	1.33
HAC001	9	10		17.79	15.90	5.94	22.64	0.35	28.21	1.27
HAC001	10	11		7.76	6.35	9.07	8.90	0.83	58.77	1.15
HAC001	11	12		2.46	5.14	9.57	2.36	0.88	71.05	0.96
HAC001	12	13		1.39	3.15	9.41	1.66	0.82	75.10	1.20
HAC001	13	14		2.52	2.63	8.24	3.35	0.72	74.62	1.33
HAC001	14	15		1.34	4.18	10.05	1.77	0.95	73.73	1.32

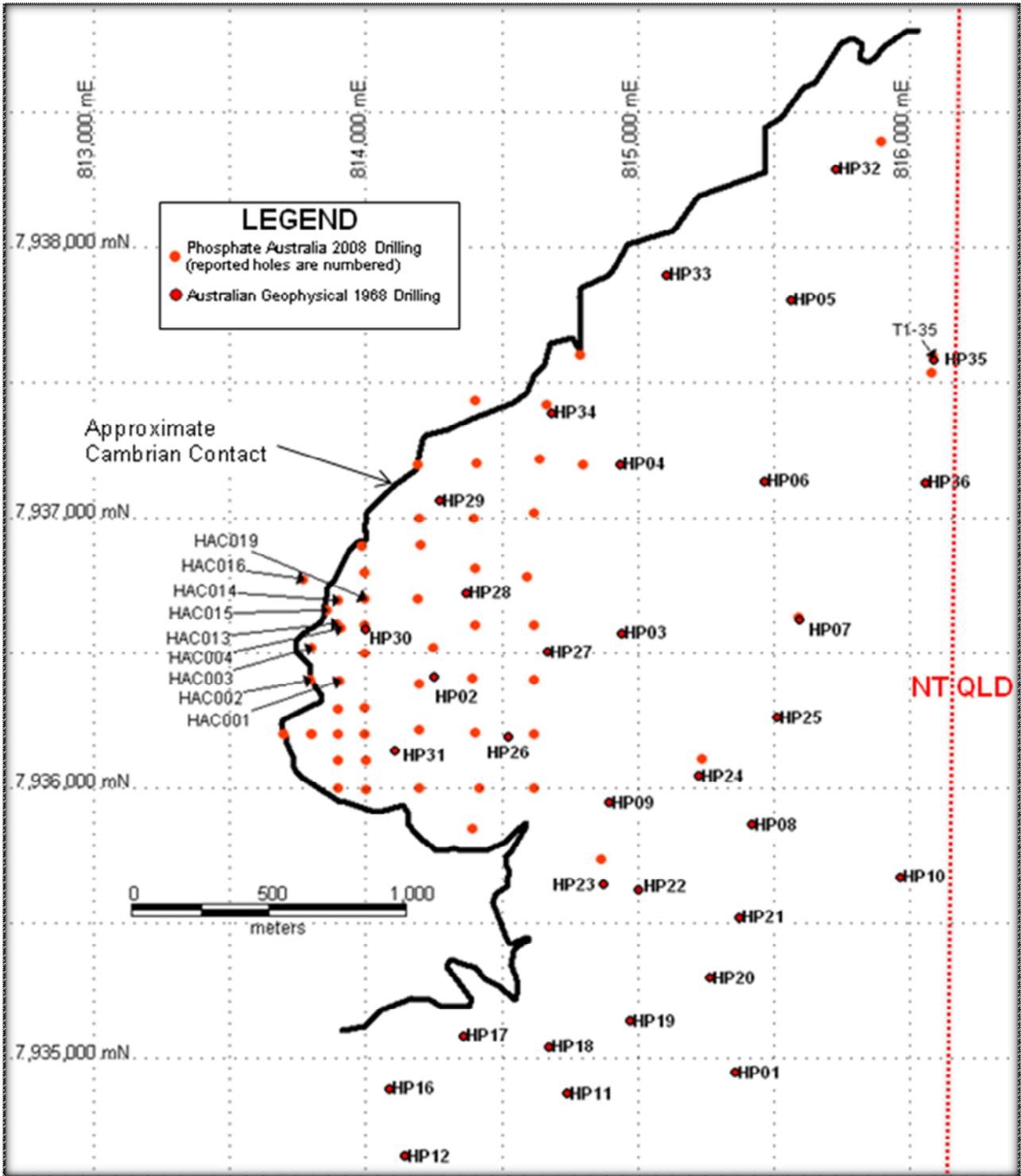


Figure 1: Drillhole Collar Plan of Highland Plains Project

#### 4.0 Summary and Look Ahead

Whilst the appraisal of Highland Plains is still in its early phase, the Company is pleased with the progress to date. A further RC rig has been mobilised to site and is due to arrive today in order to maximize the end of year drilling campaign.

The initial results in this report have demonstrated the opportunity at Highland Plains for significant intersections of high grade phosphate mineralisation within 1 metre from surface and the Board is excited by the possibilities this opens up for the Company.

An all weather camp has been installed on site and POZ continues to be focused on drilling the Highland Plains Phosphate Project this year leading to a JORC compliant resource early next year.



ANDREW JAMES  
Managing Director

*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.*