

NT phosphate resource update due late October after strong assay results from drilling of Highland Plains project

Highlights:

- New resource estimate expected by late October for 56Mt Highland Plains phosphate project in NT after significant assay results from final round of May drilling.
- Strong phosphate mineralisation continues to be encountered, including high-grade intersections at shallow depth.
- Drill hole intersections include:
 - HRC121 with **10 metres at 24.7% P₂O₅ from 8 metres** (with **4 metres at 31.1% from 11 metres**) and
 - HRC072 with **5 metres at 24.7% P₂O₅ from 34 metres**.

Table 1: Drilling Assay Results - Highlights Batch 7

Hole	From (m)	To (m)	Width (m)	P ₂ O ₅ %	Fe ₂ O ₃ %	Al ₂ O ₃ %	CaO %	MgO %	SiO ₂ %	CaO:P ₂ O ₅ Ratio
HRC047B	33	40	7	17.6	4.8	3.1	24.0	0.20	44.5	1.36
HRC048B	37	45	8	22.7	3.6	5.1	28.6	0.14	32.9	1.26
HRC072	34	39	5	24.0	5.0	4.4	32.6	0.25	27.2	1.36
HRC102	26	34	8	20.5	4.9	5.8	29.2	0.56	30.6	1.42
HRC103	12	18	6	20.2	2.6	4.5	29.5	1.72	32.4	1.46
HRC106	10	14	4	21.0	1.1	3.9	28.7	0.55	39.3	1.37
HRC106	24	27	3	17.7	1.3	3.2	24.1	0.27	48.5	1.36
HRC115	10	14	4	19.3	4.3	5.0	26.2	0.23	39.2	1.36
HRC115	19	21	2	20.6	12.3	3.4	28.2	0.26	28.1	1.37
HRC121	8	18	10	24.7	1.0	3.2	33.2	0.08	33.4	1.34
Includes										
HRC121	11	15	4	31.1	0.5	2.3	41.7	0.08	20.6	1.34

1.0 Final assay results - Batch 7

Phosphate Australia Limited (ASX: "POZ") is pleased to announce that the Company has received the last of the 2009 Phase 2 follow-up drilling campaign assay results (Batch 7) for its wholly-owned 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.

The results included holes drilled into or close to high grade mineralisation within the Western Mine Target Zone within EL 25068. The Zone has an Inferred Resource of 7.0 million tonnes (Mt) grading 23% P₂O₅ within the Highland Plains total Inferred Resource of 56 Mt grading 16% P₂O₅.

The latest Batch 7 assay results received from the assay laboratory in Mount Isa, are shown in Table 2 at the end of this announcement. Drill collar location data has previously been released (ASX release 2nd June, 2009).

Based on the receipt of this data, the Company's resource consultancy, (Cube Consulting Pty Ltd of Perth) will enhance the resource model to achieve both a better understanding of the resource from a mine planning perspective, along with an updated resource estimate. It is expected that this new estimate will be available late in October.

Most of the area encompassing the Western Mine Target Zone (refer to Figure 2) has now been drilled out to a 100 metre spacing. This spacing, in conjunction with geophysical and core data should allow for a much better understating of the structural and stratigraphic controls on the Highland Plains phosphate mineralisation. ***In particular, defining the areas of shallower and higher grade mineralisation will have a significant impact on mine planning.***

2.0 Current Activities and Outlook

In addition to the anticipated resource upgrade, Phosphate Australia also expects to announce by late October an update on current metallurgical test work for the project's mineralisation, and anticipates by end of year to also receive reports on:

- The preliminary mining concept study based on the October resource update for the Western Mine Target Zone;
- Fauna and flora survey to support the application for a mining license;
- Road engineering survey outlining costs and options for product movement to the Gulf of Carpentaria; and
- Ground water analysis based on the drilling and installation of pump equipment on a series of bores in the Highland Plains Project area.

All of this data will allow Phosphate Australia to update the Highland Plains project timeline and better define the outcomes for the studies required in order to deliver a pre-feasibility report. The key inputs to this will comprise port investigations, pilot plant metallurgical studies and mine planning. It is expected that an engineering consultancy will be appointed by the company to co-ordinate this phase in keeping with the Board's philosophy of minimising fixed Company expenditure.

3.0 Summary

The Board is pleased with the excellent progress to date on Highland Plains. With cash on hand of approximately \$8.1 million after the recent capital raising in August, the Company is in a strong financial position to progress Highland Plains through the important near-term study schedule required to achieve our objective of developing Australia's lowest operating cost, new phosphate mining operation.

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.

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

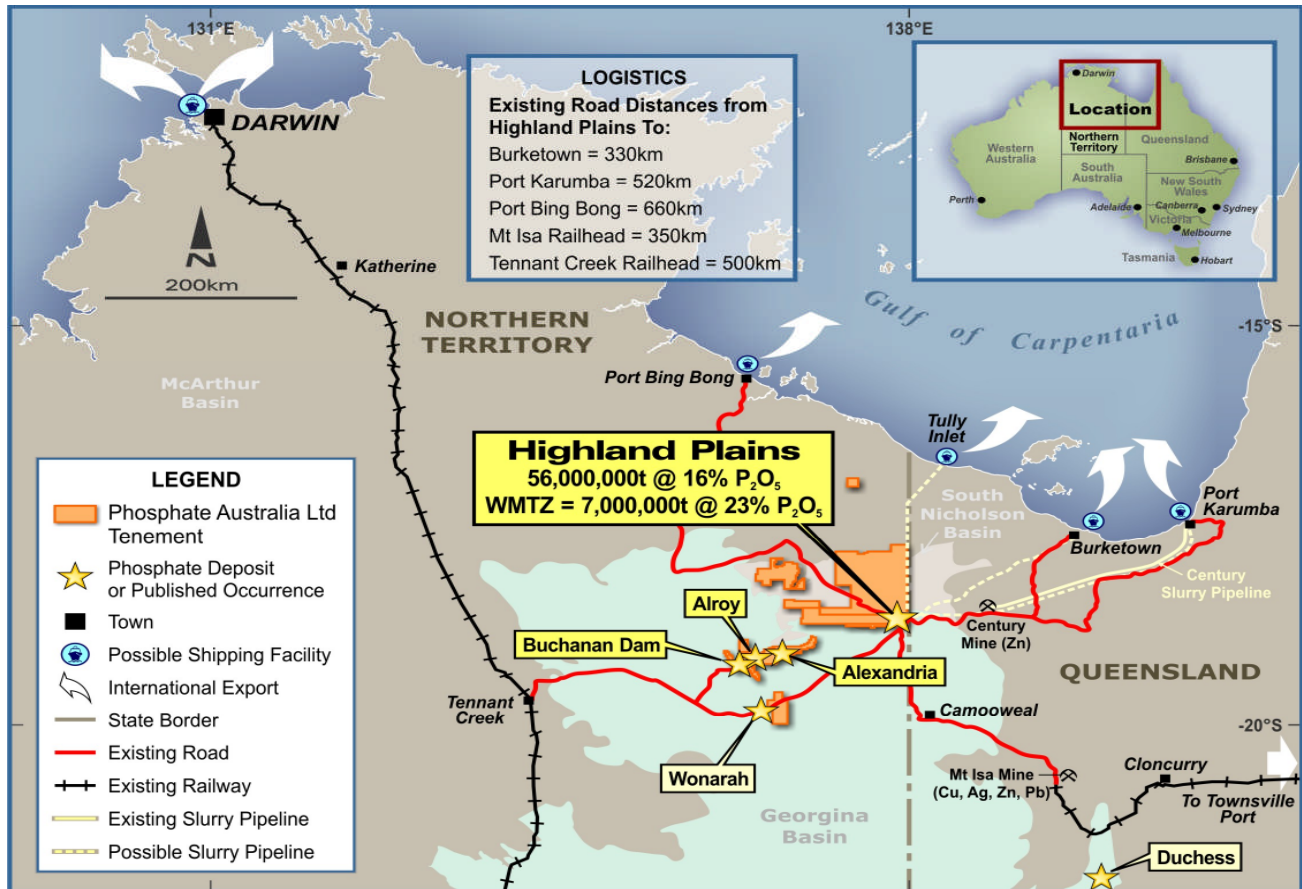


Figure 2: Highland Plains Batch 7 Drilling Results Locations

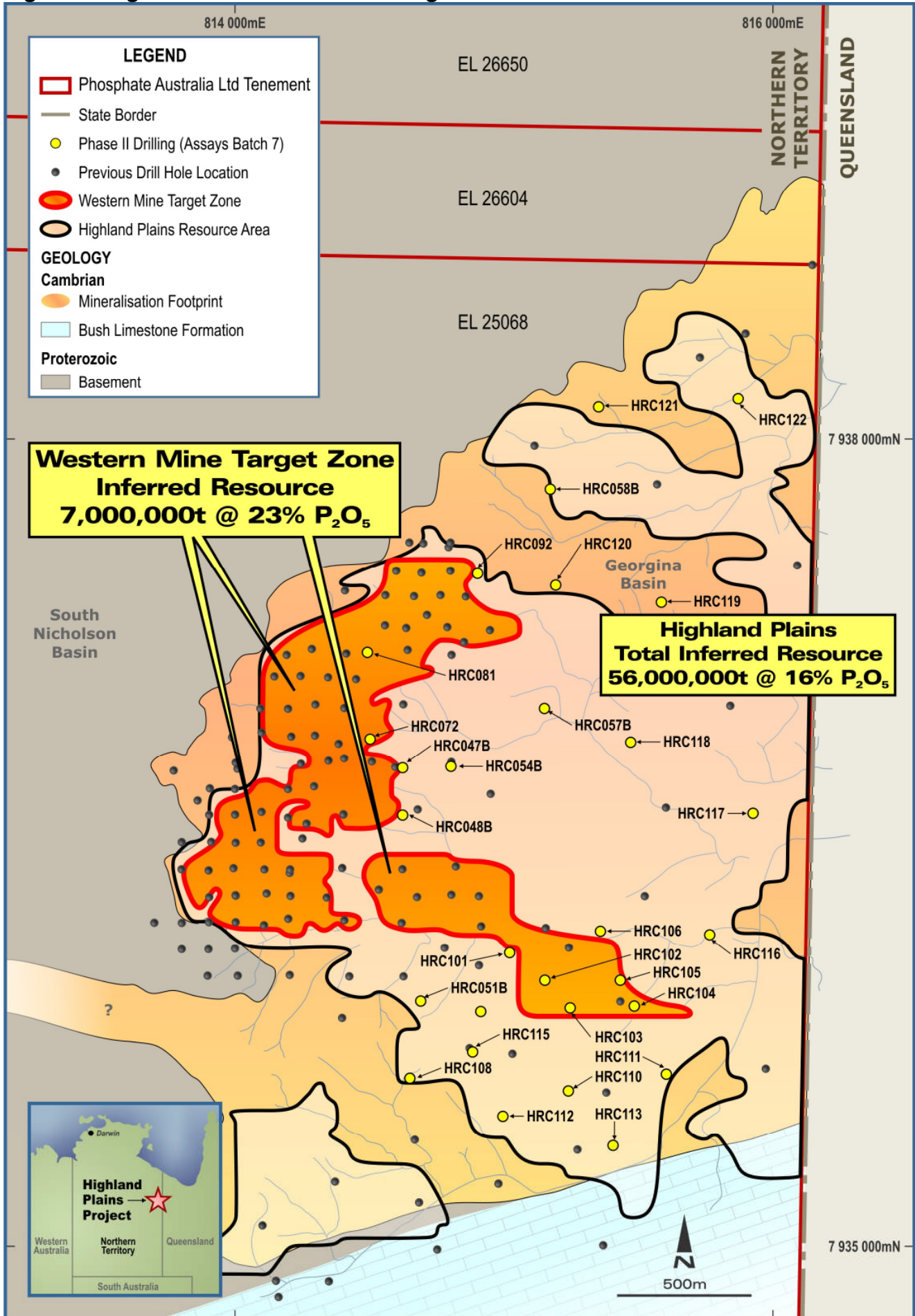


Table 2: Batch 7 Assay Results

Hole	From (m)	To (m)	Width (m)	P ₂ O ₅ %	Fe ₂ O ₃ %	Al ₂ O ₃ %	CaO %	MgO %	SiO ₂ %	CaO:P ₂ O ₅ Ratio
HRC047B	1	10	9	15.8	1.0	6.4	21.4	0.47	48.4	1.35
HRC047B	33	49	16	14.1	15.7	3.0	19.2	0.32	39.1	1.36
Includes										
HRC047B	33	40	7	17.6	4.8	3.1	24.0	0.20	44.5	1.36
HRC048B	37	45	8	22.7	3.6	5.1	28.6	0.14	32.9	1.26
HRC051B	12	17	5	10.7	5.4	4.0	14.3	0.17	60.0	1.34
HRC051B	17	20	3	15.5	10.7	4.8	21.1	0.31	39.9	1.36
HRC054B	41	43	2	11.4	2.0	3.7	15.8	0.49	61.7	1.39
HRC054B	Hole ends at 46 m – 5.2% P ₂ O ₅ . Requires deeper drilling.									
HRC057B	41	44	3	15.6	8.5	3.2	20.7	0.30	46.8	1.33
HRC057B	Hole ends in phosphate at 51 m – 6.3% P ₂ O ₅ . Requires deeper drilling.									
HRC058B	14	15	1	13.3	10.6	7.1	17.9	0.34	42.8	1.35
HRC072	34	39	5	24.0	5.0	4.4	32.6	0.25	27.2	1.36
HRC081	No significant phosphate mineralisation.									
HRC092	11	19	8	12.4	2.2	5.7	16.8	0.29	56.5	1.35
HRC101	19	25	6	14.1	2.0	3.0	19.5	0.26	55.7	1.38
HRC101	26	31	5	10.7	6.7	4.9	15.6	0.41	54.7	1.46
HRC102	17	34	17	15.4	4.9	4.3	21.6	0.32	47.3	1.40
Includes										
HRC102	26	34	8	20.5	4.9	5.8	29.2	0.56	30.6	1.42
HRC103	12	18	6	20.2	2.6	4.5	29.5	1.72	32.4	1.46
HRC104	9	20	11	9.9	20.6	4.3	13.7	0.50	42.3	1.38
HRC105	11	13	2	17.5	5.8	3.4	23.4	0.20	44.5	1.34
HRC105	13	16	3	9.8	15.1	4.8	12.9	0.36	49.8	1.32
HRC105	18	23	5	12.0	18.5	4.9	16.1	0.61	38.7	1.34
HRC106	10	14	4	21.0	1.1	3.9	28.7	0.55	39.3	1.37
HRC106	24	27	3	17.7	1.3	3.2	24.1	0.27	48.5	1.36
HRC106	39	55	16	9.8	12.5	2.9	15.1	1.26	49.0	1.54
HRC106	Hole ends at 55 m – 10.7% P ₂ O ₅ . Requires deeper drilling.									
HRC108	No significant phosphate mineralisation.									
HRC109	2	15	13	11.9	4.7	4.6	15.6	0.16	56.8	1.31
Includes										
HRC109	4	7	3	15.8	3.1	6.1	20.7	0.18	47.2	1.31
HRC110	7	16	9	12.2	4.2	4.0	16.5	0.23	58.2	1.35
Includes										
HRC110	10	12	2	17.6	1.4	4.2	23.9	0.24	47.9	1.36
HRC111	9	11	2	15.1	3.3	3.4	20.4	0.19	53.4	1.35
HRC112	11	16	5	14.5	3.3	4.0	19.5	0.14	54.1	1.34
HRC113	9	16	7	14.9	6.5	4.1	20.5	0.20	47.7	1.38
HRC115	10	14	4	19.3	4.3	5.0	26.2	0.23	39.2	1.36
HRC115	19	21	2	20.6	12.3	3.4	28.2	0.26	28.1	1.37
HRC116	8	17	9	10.9	1.4	4.4	15.0	0.17	62.3	1.38
HRC117	11	25	14	12.0	3.9	6.1	16.5	0.35	54.7	1.38
Includes										
HRC117	14	17	3	16.9	1.0	5.6	23.7	0.23	46.5	1.40
HRC118	14	21	7	12.0	1.7	3.6	17.1	0.80	58.8	1.43
HRC119	23	27	4	16.7	1.2	4.1	22.5	0.17	51.0	1.35
HRC120	24	31	7	19.2	4.4	3.4	26.2	0.21	39.3	1.36

Hole	From (m)	To (m)	Width (m)	P ₂ O ₅ %	Fe ₂ O ₃ %	Al ₂ O ₃ %	CaO %	MgO %	SiO ₂ %	CaO:P ₂ O ₅ Ratio
HRC121	8	18	10	24.7	1.0	3.2	33.2	0.08	33.4	1.34
Includes										
HRC121	11	15	4	31.1	0.5	2.3	41.7	0.08	20.6	1.34
HRC122	19	20	1	18.9	1.0	6.5	25.9	0.27	39.7	1.32
HRC122	Hole ends at 25 m – 13.5% P ₂ O ₅ . Requires deeper drilling.									

NB: All assays by XRF; assays are uncut.

All holes were vertical RC and drilled dry except where drilling conditions required, then water was injected and aircore returns used.

All Phase 2 drilling campaign holes have now been reported

Contaminants can vary widely within the above intersections. The mineralisation can be modeled according to metallurgical input requirements and mined accordingly to diminish contaminants (especially iron).