

## **Sale of Option over the Ni-Cu-PGE-V Musgrave Project in WA**

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### **SUMMARY**

- Phosphate Australia Limited (POZ) is pleased to announce the signing of an Option Agreement over the Company's Musgrave Ni-Cu-PGE-V Project, located in the Musgrave region of Western Australia.
- The agreement is with NiCul Minerals Limited (NCL), a wholly owned subsidiary of ASX listed PeppinNini Minerals Limited (PNN), an established Musgrave explorer.
- POZ have already been paid \$100,000 cash for the first year of the option, which is extendable for a further year by the payment of an additional \$50,000.
- The option is valid for two years and allows NCL to purchase 80% of POZ's Musgrave Project (permits E69/2864 and E69/3191) for \$500,000.
- After the exercise of the Option, an 80/20 Joint Venture would be formed with POZ 20% free carried until completion of a bankable feasibility study or NCL expending \$15 million on the Tenements (at which point POZ becomes a contributing party).
- At any point after the formation of the Joint Venture, POZ may elect to convert its 20% interest to a 1% gross revenue royalty.

The Directors of Phosphate Australia believe this deal works well for both parties and enhances the chances of a mineral discovery on the project area. PNN has been actively exploring the Musgrave region for a number of years and own a dedicated drilling rig in the region. Also a recent R&D collaboration between PNN and CSIRO allows for specialised fixed-wing electromagnetic data collection and interpretation.

POZ retains significant exposure to any new discovery with no outlay or financial exposure required, and the deal is cash positive for the Company.

Phosphate Australia Limited continues to evaluate further opportunities as the Company moves forward.

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Executive Chairman

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