

High grade shallow gold assays for Phosphate Australia in Phase 3 drilling at Tuckanarra project in WA

Highlights Phase 3 Drilling

- New discovery under cover at Tuckanarra's Battery prospect **11m @ 10.2 g/t** from 36m (composite) and PRC24 with **2m @ 7.4g/t** from 21m.
- The Cable West vein continues to show strong mineralisation with **13m @ 3.2 g/t Au from 41m**.
- New prospect defined at Lucknow **9m @ 2.4 g/t** from 15m.
- In-house **resource calculations** have commenced and resource consultants appointed.
- **Metallurgical and Environmental** studies ongoing.
- **Mining licence** to be applied for later in the year.

1.0 Introduction

Directors of Phosphate Australia Limited (POZ) are pleased to announce further strong gold intercepts from the latest and third round of drilling by the Company on its wholly-owned Tuckanarra gold project northeast of Cue in Western Australia's Meekatharra region.

Phosphate Australia only acquired the project in August last year now has sufficient confidence from its drilling results to date to apply for a mining lease later in the year.

The Phase 3 Reverse Circulation (RC) drilling program of 52 holes totalling 2,963 metres, was only completed in June and targeted the Cable West, Cable East, Maybelle North and Lucknow prospects to provide data to complement existing drilling and facilitate resource calculations on those prospects. The Drogue East and Battery prospects were also drilled as exploration targets.

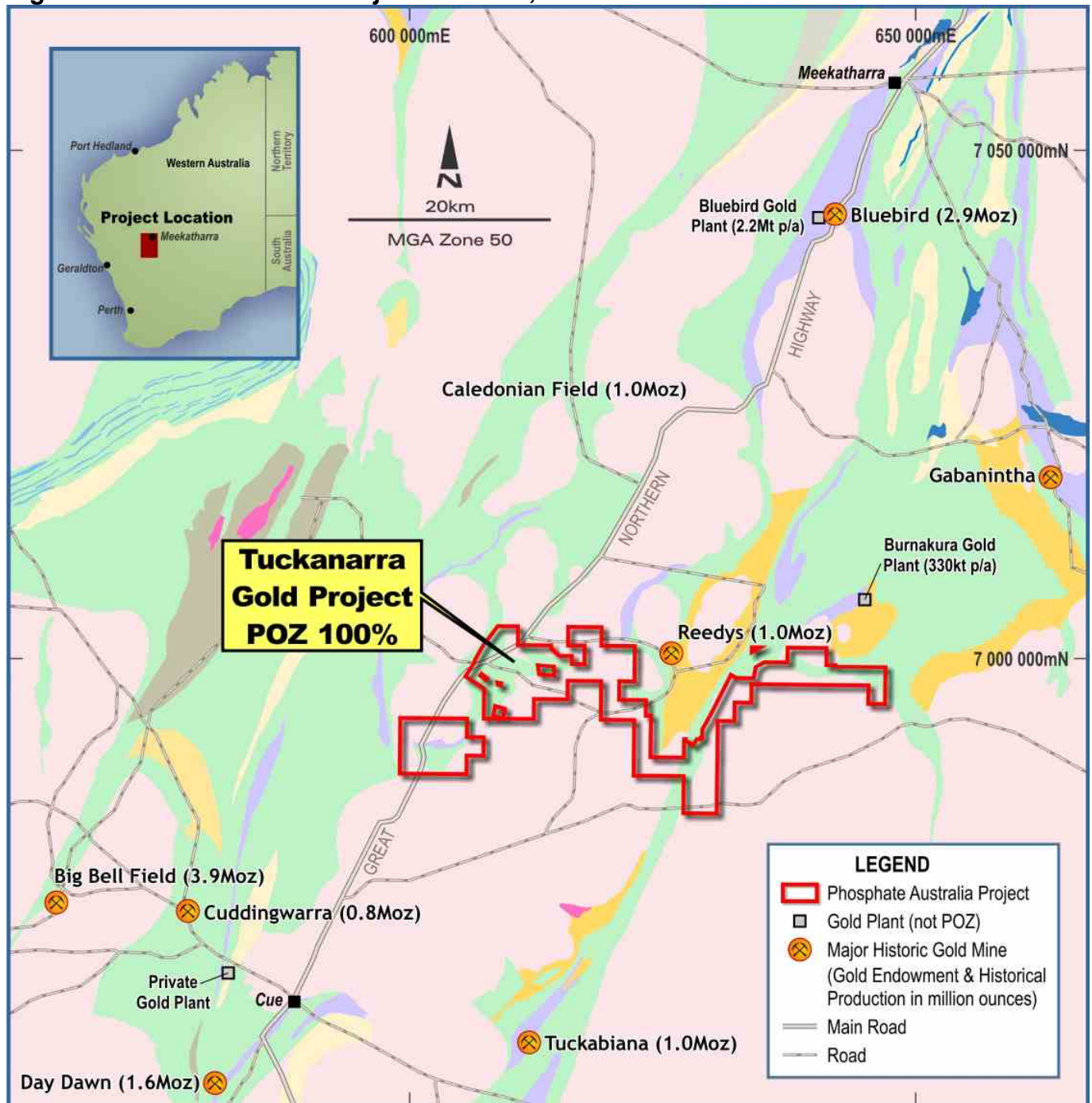
The Board believes the project has considerable potential for delineating significant shallow gold mineralisation, with excellent metallurgical recoveries.

The results support the new prospects at Battery and Lucknow and also confirm the presence of persistent gold mineralisation within the laterite and along the main structures targeted.

1.1 Project background

The Tuckanarra gold project lies within the prolific West Australian Murchison goldfield (Figure 1) and has historic production of ~125,000 ounces. It was last mined in 1993 when the gold price was around US\$330 an ounce. There is a substantial existing computerised historical database covering the Tuckanarra project with data on 2,556 holes totalling 96,626 metres.

Figure 1: Tuckanarra Gold Project Location, Tenements & Gold Plants



2.0 Phase 3 RC Drilling Results

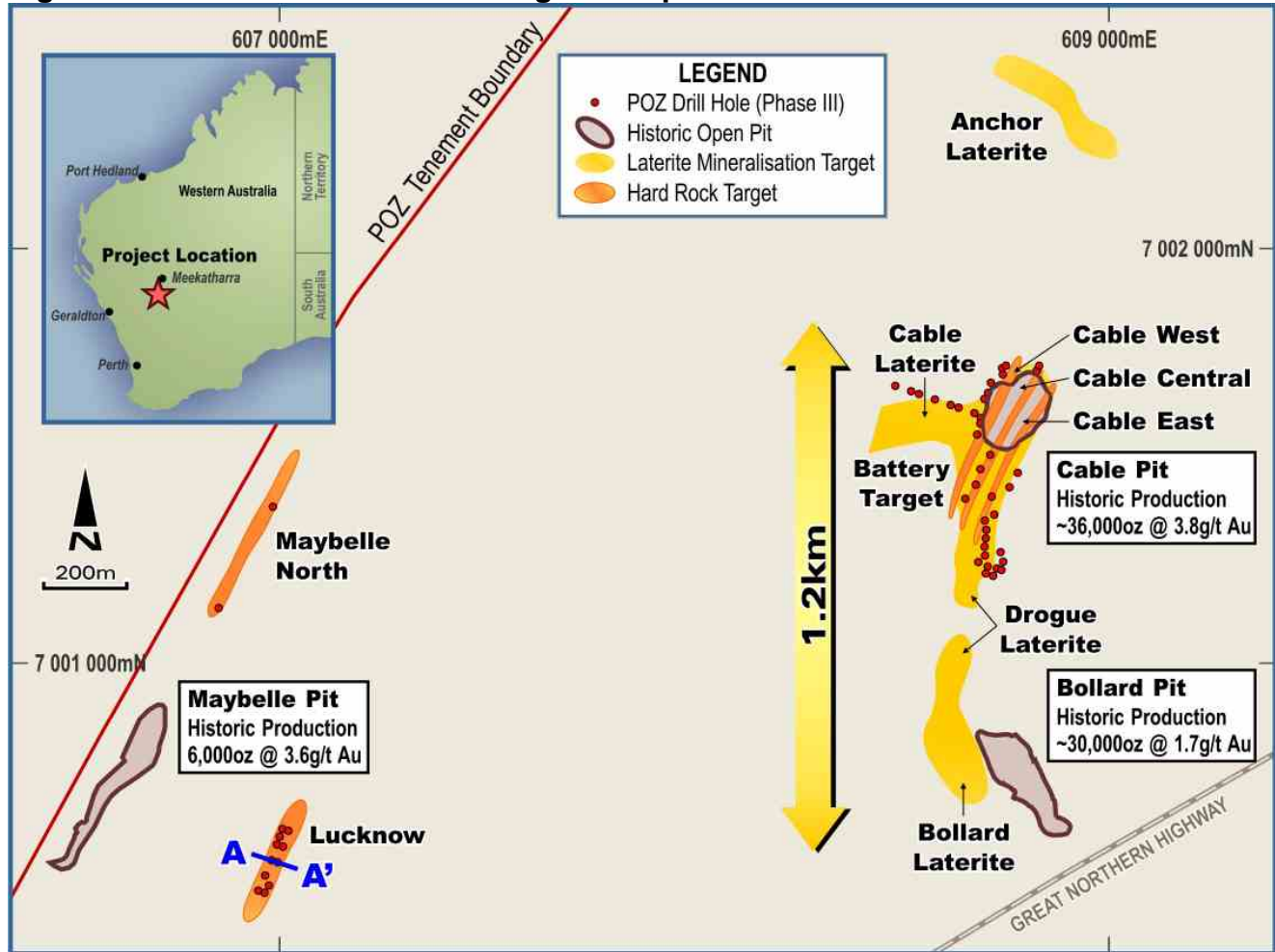
The Phase 3 drilling result highlights are in Table 1, below. Figure 2 shows the prospect locations, Figures 4 & 5 show the drillhole locations and Appendix B the drill collar locations. Full results for every hole are in Appendix A at the end of this report.

Table 1: Drilling Assay Results Highlights Phase 3 RC Program

Hole	From metre	To metre	Width metre	Au g/t	Project Area	Comments
PRC018	0	4	4	1.53	Cable West Vein	
PRC018	76	81	5	1.89	Cable West Vein	
PRC019*	65	79	14	1.30	Cable West Vein	
PRC020	52	74	22	1.50	Cable West Vein	
PRC022*	42	47	5	4.45	Cable East	Mineralised to EOH
PRC024	21	23	2	7.44	Battery	New Discovery
PRC026*	41	54	13	3.18	Cable West Vein	
PRC028	67	75	8	1.32	Cable West Vein	
PRC029*	59	66	7	1.90	Cable West Vein	
PRC032*	30	45	15	1.26	Cable West Vein	
PRC033*	68	86	18	1.41	Cable East	
PRC038	23	31	8	3.02	Cable East	
PRC045	39	43	4	2.20	Cable East	
PRC045	57	65	8	2.40	Cable East	Mineralised to EOH
PRC048	40	46	6	1.85	Cable East	
PRC055*	36	47	11	10.21	Battery	Mineralised to EOH
PRC059	15	20	5	2.03	Lucknow	
PRC060	15	24	9	2.41	Lucknow	
PRC061	35	44	9	1.56	Lucknow	
PRC067	24	30	6	1.79	Maybelle	Metallurgical Hole
PRC068	25	28	3	2.23	Maybelle	Metallurgical Hole

* includes composite sample
EOH – End of hole

There are a number of composite samples included in these results for which the follow up split sample assays are awaited. It is anticipated the split assays will improve the grade and narrow the width of the mineralised intersections, thus allowing better resource modelling definition. The follow up splits assays are not expected to be material to these results and will not be reported as a separate item.

Figure 2: Tuckanarra Phase 3 Drilling & Prospect Areas


2.1 Cable West Vein - Results and Update

The Cable West Vein target is a strongly mineralised structure with very high grades in part.

The best result from the Phase 3 drilling targeting this structure is from hole PRC26 intersecting **13m at 3.2 g/t Au** from 41m.

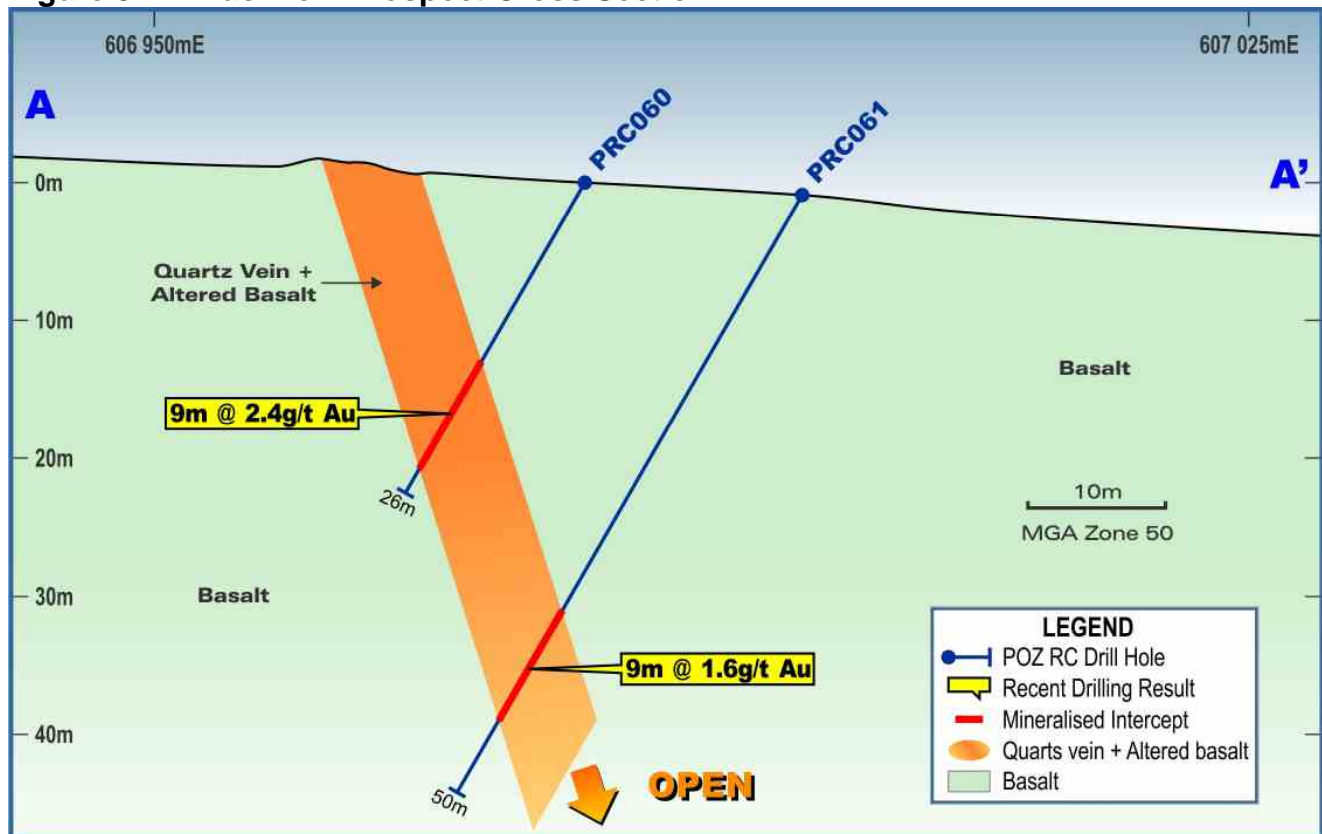
2.2 Cable East Vein - Results and Update

Further infill drilling of the Cable East vein has provided additional data for the resource modelling, best result in the Phase 3 program was **5m @ 4.5g/t from 42m** in hole PRC22.

2.3 Lucknow Prospect

The Lucknow prospect was discovered by historic drilling, it was unmined and the previous work was not followed up. POZ targeted Lucknow in this current round of drilling and has successfully delineated a mineralised structure.

Thirteen holes for 353 metres were drilled at Lucknow, with the best result being **9m @ 2.4 g/t** from 15m in hole PRC61. The results from Lucknow are now being included in a resource model currently being constructed.

Figure 3: Lucknow Prospect Cross Section


2.4 Battery Prospect

The conceptual target at 'Battery' which is concealed under cover along strike from the numerous workings that surround the old Cable battery (Figure 4) was drilled during Phase 3 and the Company is pleased to confirm a new discovery based upon the original concept.

Two holes reported high grade results, PRC55 with **11m @ 10.2 g/t** from 36m (part composite) and PRC24 with **2m @ 7.4g/t** from 21m. These strong intersections warrant follow up and are an exciting target for future drilling in this un-mined area.

2.5 Droque East Prospect (area of PRC47 on Figure 4)

The high grades reported at Droque East during the Phase 2 program were not repeated in this current drilling round. However, mineralisation was detected with the best result at Droque East from the Phase 3 drilling being **3m @ 1.6 g/t** from 30m in hole PRC47.

Figure 4: Cable & Battery, Phase 3 drilling

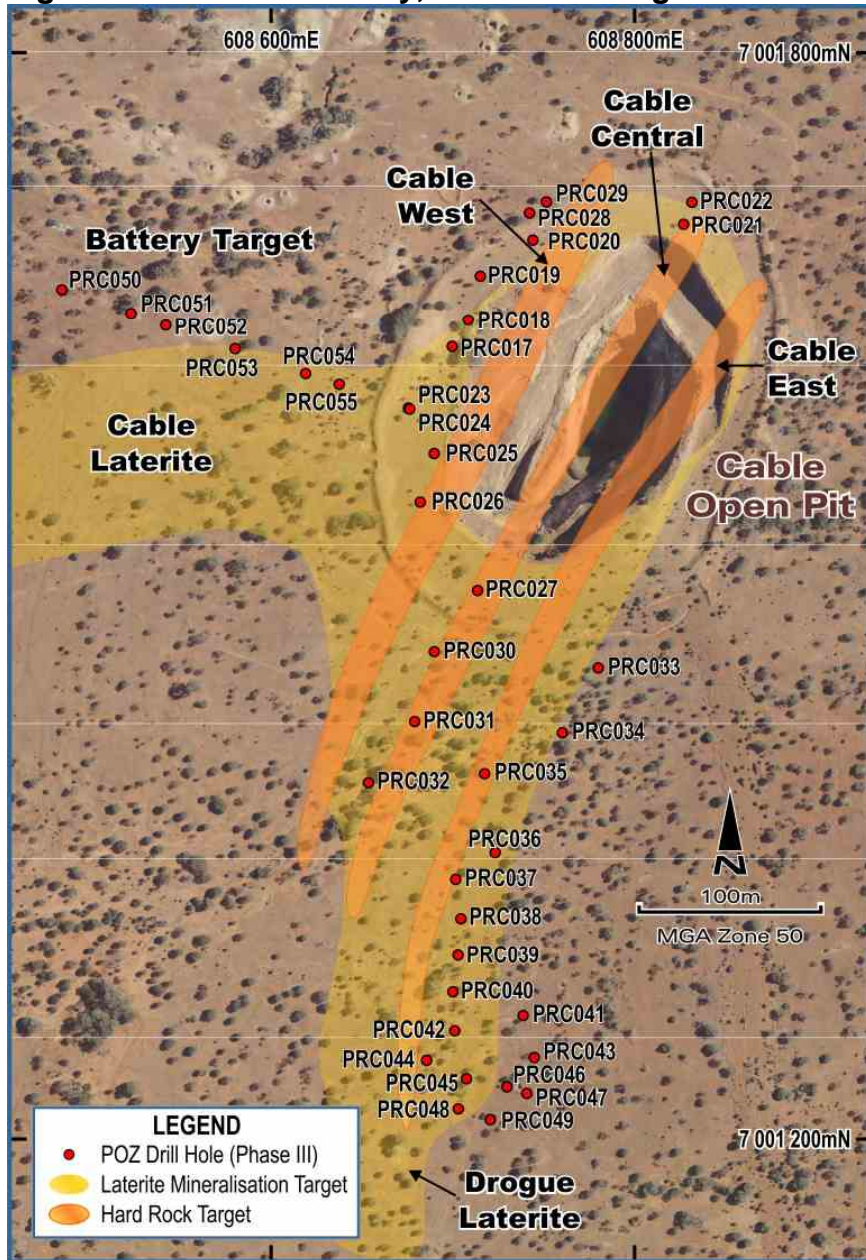
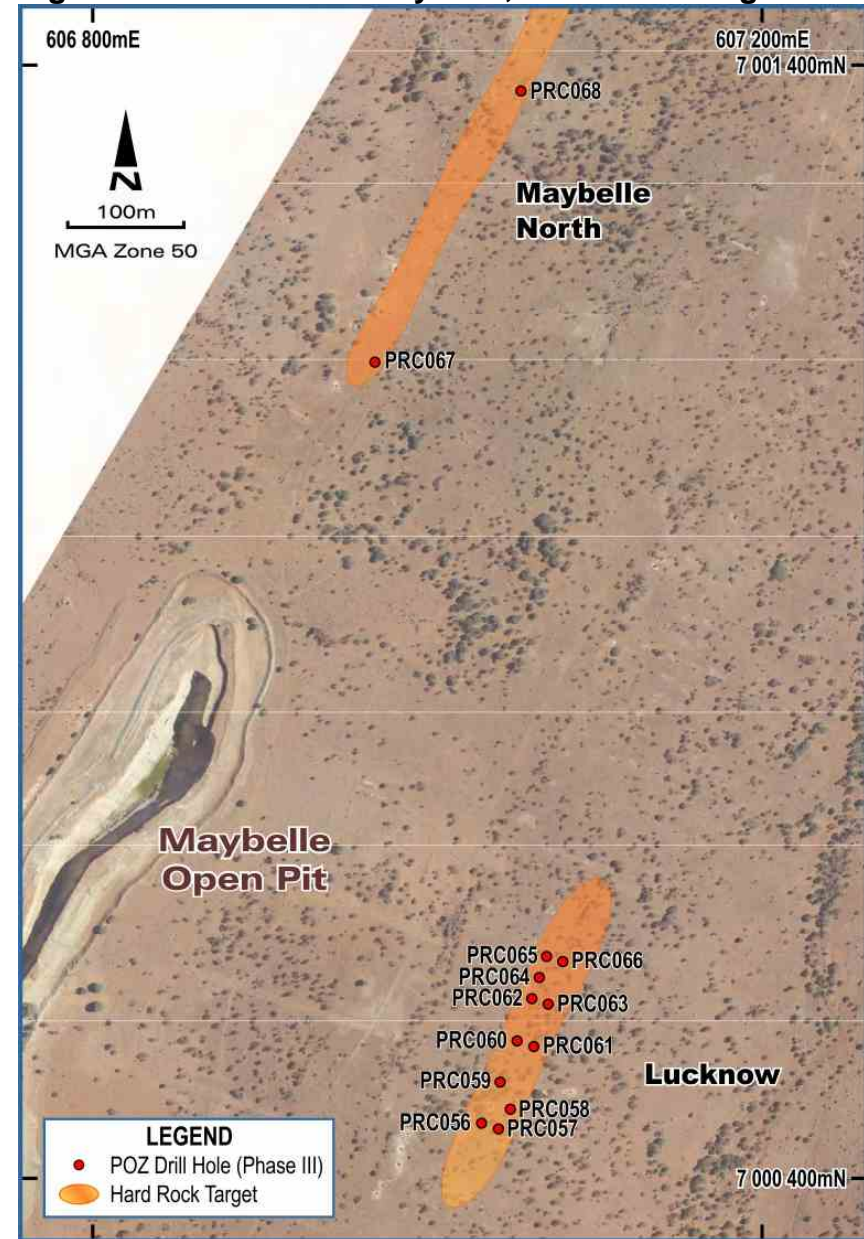


Figure 5: Lucknow & Maybelle, Phase 3 drilling



3.0 Metallurgical Studies

Metallurgical studies are ongoing with the latest round of drilling collecting metallurgical samples from the Lucknow and Maybelle prospects. These samples are currently being prepared for cyanide bottle roll tests.

For information on metallurgy results at Tuckanarra refer to the POZ ASX release dated 17 May 2012.

4.0 Resource Modelling and Environmental Studies

In-house gold resource modelling, incorporating the recent three phases of Company drilling and also the historic drilling, is currently underway. Independent resource consultants have been appointed to assist with the reporting of a gold resource at Tuckanarra.

Environmental consultants have been commissioned to commence fauna and flora surveys and on-site studies with a view to the Company applying for a mining license later in the year.

More information on the gold mineralisation at Tuckanarra can be found in the POZ ASX release dated 12 June 2012.

5.0 Summary

The Tuckanarra gold project is progressing well, the shallow and in parts high grade mineralisation, excellent initial metallurgical recoveries and the proximity of various third party gold processing mills, give the Company considerable confidence in this project.

Further strong results from the Phase 3 drilling program have enabled the Company to confidently move towards resource modelling, further metallurgical studies and an environmental survey. The Company intends to apply for a mining lease later in the year.

The Company acquired the un-granted permits at Tuckanarra in August 2011 and the Board is very pleased with the rapid progress on the project to date.

Jim Richards
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.

Appendix A: Phase 3 Drilling Assay Results

Hole	From metre	To metre	Width metre	Au g/t	Comments	Project Area
PRC017	0	4	4	15.64		Cable West Vein
PRC017*	28	42	14	0.42	Includes Composite	Cable West Vein
PRC018	0	4	4	1.53		Cable West Vein
PRC018	76	81	5	1.89		Cable West Vein
PRC019	1	5	4	0.49		Cable West Vein
PRC019*	24	42	18	0.41		Cable West Vein
PRC019*	65	79	14	1.30		Cable West Vein
PRC020	1	4	3	0.77		Cable West Vein
PRC020	52	74	22	1.50		Cable West Vein
PRC021*	24	36	12	0.73		Cable West Vein
PRC021*	48	60	12	0.85		Cable West Vein
PRC022*	0	6	6	0.26		Cable West Vein
PRC022*	42	47	5	4.45	Mineralised to EOH	Cable East
PRC023*	4	12	8	0.51		Cable West Vein
PRC023*	24	30	6	1.35		Cable West Vein
PRC023*	68	84	16	0.61		Cable West Vein
PRC024	0	6	6	0.45		Battery
PRC024	21	23	2	7.44		Battery
PRC025	5	16	11	0.56		Cable West Vein
PRC025*	36	54	18	0.51		Cable West Vein
PRC026*	0	12	12	0.39		Cable West Vein
PRC026*	41	54	13	3.18		Cable West Vein
PRC027*	12	24	12	0.36		Cable West Vein
PRC027*	36	48	12	0.46		Cable West Vein
PRC027	55	61	6	1.10		Cable West Vein
PRC027	71	74	3	0.82		Cable West Vein
PRC028	0	5	5	0.43		Cable West Vein
PRC028*	12	30	18	0.21		Cable West Vein
PRC028	67	75	8	1.32		Cable West Vein
PRC029*	1	12	11	0.51		Cable West Vein
PRC029*	30	42	12	0.70		Cable West Vein
PRC029*	59	66	7	1.90		Cable West Vein
PRC030	11	16	5	0.52		Cable West Vein
PRC031	NSR					Cable West Vein
PRC032*	30	45	15	1.26		Cable West Vein
PRC033*	68	86	18	1.41		Cable East
PRC034	52	60	8	0.70		Cable East
PRC035	6	12	6	0.51		Cable East
PRC035*	32	38	6	1.66	Mineralised to EOH	Cable East
PRC036*	24	30	6	1.39		Cable East
PRC036*	42	54	12	0.81		Cable East
PRC037	8	12	4	0.53		Cable East
PRC038	5	9	4	0.48		Cable East
PRC038	23	31	8	3.02		Cable East

Hole	From metre	To metre	Width metre	Au g/t	Comments	Project Area
PRC039	4	10	6	1.08		Cable East
PRC040	4	12	8	0.92		Cable East
PRC040	30	41	11	0.81		Cable East
PRC041	NSR					Drogue East
PRC042	2	8	6	0.87		Cable East
PRC042	31	35	4	1.30		Cable East
PRC043	NSR					Drogue East
PRC044	4	13	9	0.74		Cable East
PRC044	23	25	2	2.75		Cable East
PRC045	0	8	8	0.82		Cable East
PRC045	39	43	4	2.20		Cable East
PRC045	57	65	8	2.40	Mineralised to EOH	Cable East
PRC046*	0	7	7	0.24		Drogue East
PRC047	30	33	3	1.62		Drogue East
PRC047*	54	59	5	0.45		Drogue East
PRC048	1	5	4	0.79		Cable East
PRC048	40	46	6	1.85		Cable East
PRC049	NSR					Drogue East
PRC050	4	5	1	0.52	Exploration	Battery
PRC051	NSR				Exploration	Battery
PRC052	0	3	3	0.56	Exploration	Battery
PRC053	0	3	3	0.46	Exploration	Battery
PRC054	0	3	3	0.56	Exploration	Battery
PRC055	0	5	5	0.87	Exploration	Battery
PRC055*	36	47	11	10.21	Mineralised to EOH	Battery
PRC056	NSR				Southern end	Lucknow
PRC057*	41	48	7	0.24	Southern end	Lucknow
PRC058	40	46	6	0.58		Lucknow
PRC059	15	20	5	2.03		Lucknow
PRC060	15	24	9	2.41		Lucknow
PRC061	35	44	9	1.56		Lucknow
PRC062	16	21	5	1.53		Lucknow
PRC063	32	37	5	1.17		Lucknow
PRC064	12	14	2	0.55	Northern end	Lucknow
PRC065	10	12	2	0.90	Northern end	Lucknow
PRC066	28	33	5	0.96	Northern end	Lucknow
PRC067	24	30	6	1.79	Metallurgical Hole	Maybelle
PRC068	25	28	3	2.23	Metallurgical Hole	Maybelle

* includes composite sample

NB: holes PRC034, 037, 038, 040 and 045 are awaiting some composite results; significant mineralisation is not expected in these intervals

All results are uncut

Fire assay on a 25g charge by Genalysis Laboratories

Appendix B: Phase 3 Drilling Collar File

Hole	Depth	mN	mE	mRL
PRC017	101	7001639.45	608699.37	491.078
PRC018	104	7001653.69	608708.15	491.506
PRC019	83	7001675.53	608714.46	491.654
PRC020	83	7001694.23	608743.1	493.211
PRC021	65	7001707.92	608824.34	497.173
PRC022	47	7001719.49	608829.8	497.462
PRC023	89	7001606.03	608676.25	491.377
PRC024	71	7001603.71	608676.89	491.324
PRC025	65	7001576.82	608689.7	492.079
PRC026	68	7001551.04	608679.6	492.067
PRC027	83	7001505.04	608712.91	492.912
PRC028	89	7001711.16	608740	492.832
PRC029	83	7001717.39	608753.3	493.686
PRC030	59	7001470.56	608690.12	491.982
PRC031	56	7001432.35	608678.93	490.988
PRC032	53	7001401.22	608653.22	490.029
PRC033	92	7001462.13	608780.38	494.48
PRC034	89	7001426.25	608760.02	493.09
PRC035	38	7001405.44	608718.9	491.588
PRC036	92	7001361.03	608722.22	492.007
PRC037	59	7001346.02	608699.77	490.915
PRC038	38	7001325	608701	491.704
PRC039	41	7001303.61	608700.28	490.764
PRC040	47	7001283.31	608700.25	490.945
PRC041	41	7001270.37	608737.29	492.256
PRC042	53	7001261.73	608700.74	490.709
PRC043	56	7001247	608748	492.302
PRC044	35	7001242.46	608682.35	490.576
PRC045	65	7001239.43	608706.31	490.957
PRC046	35	7001228.4	608727.03	491.72
PRC047	59	7001225.71	608739.3	493.029
PRC048	53	7001219.13	608702.49	491.016
PRC049	41	7001213.18	608719.72	491.521
PRC050	74	7001667.89	608481.87	487.364
PRC051	59	7001654.79	608521.7	488.173
PRC052	35	7001647.95	608541.09	488.551
PRC053	68	7001635.16	608578.76	489.297
PRC054	71	7001622.26	608616.35	490.085
PRC055	47	7001614.74	608639.25	490.825
PRC056	29	7000450.35	606950.37	488.227
PRC057	53	7000446.31	606963.09	487.496
PRC058	53	7000463.71	606974.52	487.588
PRC059	29	7000487.09	606966.7	489.055
PRC060	26	7000524.53	606980.78	490.269
PRC061	50	7000519.82	606994.88	489.288
PRC062	26	7000562.58	606995.85	490.364
PRC063	44	7000558.05	607008.67	489.375
PRC064	23	7000581.48	607000.51	490.676
PRC065	20	7000600.58	607006.98	490.64
PRC066	47	7000595.68	607021.03	489.452
PRC067	41	7001142.36	606851.93	487.284
PRC068	35	7001383.03	606981.32	484.767
Total	2963			