

Highland Plains Phosphate Project, NT. Grant of Option

1.0 Introduction

Phosphate Australia Limited ('POZ') is pleased to announce it has granted an Option to sell 100% of its wholly owned Highland Plains Phosphate Project in the Northern Territory to a private Canadian company, P2O5 Resources Inc ('P2O5'). The initial Option fee payment of \$100,000 (plus GST) has already been received by POZ.

2.0 Option Sale Terms

The main terms of the Option are as follows:

2.1 Option Period

The Option commenced on 14 November 2018 (Commencement Date) and the Option Period runs for four months from that date. The Option is renewable for a Further Option Period of three months upon payment to POZ Minerals of a further \$100,000 plus GST.

2.2 Exercise of Option

To exercise the Option, P2O5 shall

- i. Pay to POZ **\$2,500,000** plus GST in cash.
- ii. Grant to POZ a **1.5% Free Alongside (FAS) Royalty** on gross revenue on all minerals shipped from the Highland Plains project via an Australian port.
- iii. POZ will be issued **10% of the shares in P2O5**. The P2O5 Shares shall be a free carried 10% interest in the Shares of P2O5 at all times from allocation until P2O5 is publicly listed and completes an IPO. Top up shares will be issued if required to maintain the POZ 10% holding in P2O5 until IPO.

Upon Exercising the Option, P2O5 will acquire 100% of the Highland Plains Phosphate Deposit and the associated Mineral Title (EL25068) will be transferred to P2O5.

2.3 Administration and Tenement Holding Costs

After the exercise of the Call Option, all holding and administrative costs including minimum expenditures, tenement rents, compliance and tenement management costs incurred in connection with the Tenement shall be borne by P2O5.

3.0 Summary

The option agreement over the Highland Plains Phosphate Project is a welcome step forward for the venture and POZ retains excellent exposure to any ongoing development of the project.

POZ Executive Chairman Jim Richards commented: *“The core focus of POZ Minerals is the bulk sampling and trial mining of the Blina Diamond Project in the Kimberley region of Western Australia. This recent deal over Highland Plains in the NT is an excellent way to add value to the Company, whilst maintaining our focus on Blina. The retained royalty and equity interest in the proposed listing company could prove extremely valuable as the project moves forward. In the event the Highland Plains project option is exercised, the \$2.5 million exercise fee would also be a significant contribution to the Company.”*

Jim Richards
Executive Chairman

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The information in this report that relates to previously reported exploration results is based on information compiled by Mr. Jim Richards who is a Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr. Richards is a Director of Phosphate Australia. 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 2012 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.