ASX RELEASE
31 March 2009
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Maiden JORC Phosphate Resource at Highland Plains And Shallow Western Mine Target Zone Area Identified

1.0 Highlights

Phosphate Australia Limited (POZ) reports its maiden JORC code compliant phosphate resource at the Company's 100% owned Highland Plains Project in the Northern Territory. All quoted resource numbers were calculated by Independent Resource Consultants, Cube Consulting Pty Ltd.

1.1 Western Mine Target Zone: A higher grade, shallower area targeting an initial, low capex, start up mining operation:

Inferred Resource of 7 million tones at 23% P_2O_5 with a lower cut off of 20% P_2O_5.

The cut off grade at 20% P_2O_5 is a comparatively high grade and gives the potential for better project economics.

The aim of this phase 1 work has been to clearly identify the area at Highland Plains where a commercial phosphate mining operation could be initiated. This area has shallower mineralisation, with a lower anticipated strip ratio to enable the building of a low capex 'starter mine'.

Mineralisation begins at the western edge of the western area almost at surface, and gently dips to the east. Drilling has shown some very high grades (including 5m at 30.5% P_2O_5 from 2m in hole HAC001) in this western area. This is the obvious place to begin mining and enables POZ to target an operation that requires a low capex start up cost.

1.2 Total Resource at Highland Plains: Inferred Resource of 56 million tones at 16% P_2O_5 with a lower cut off of 10% P_2O_5.

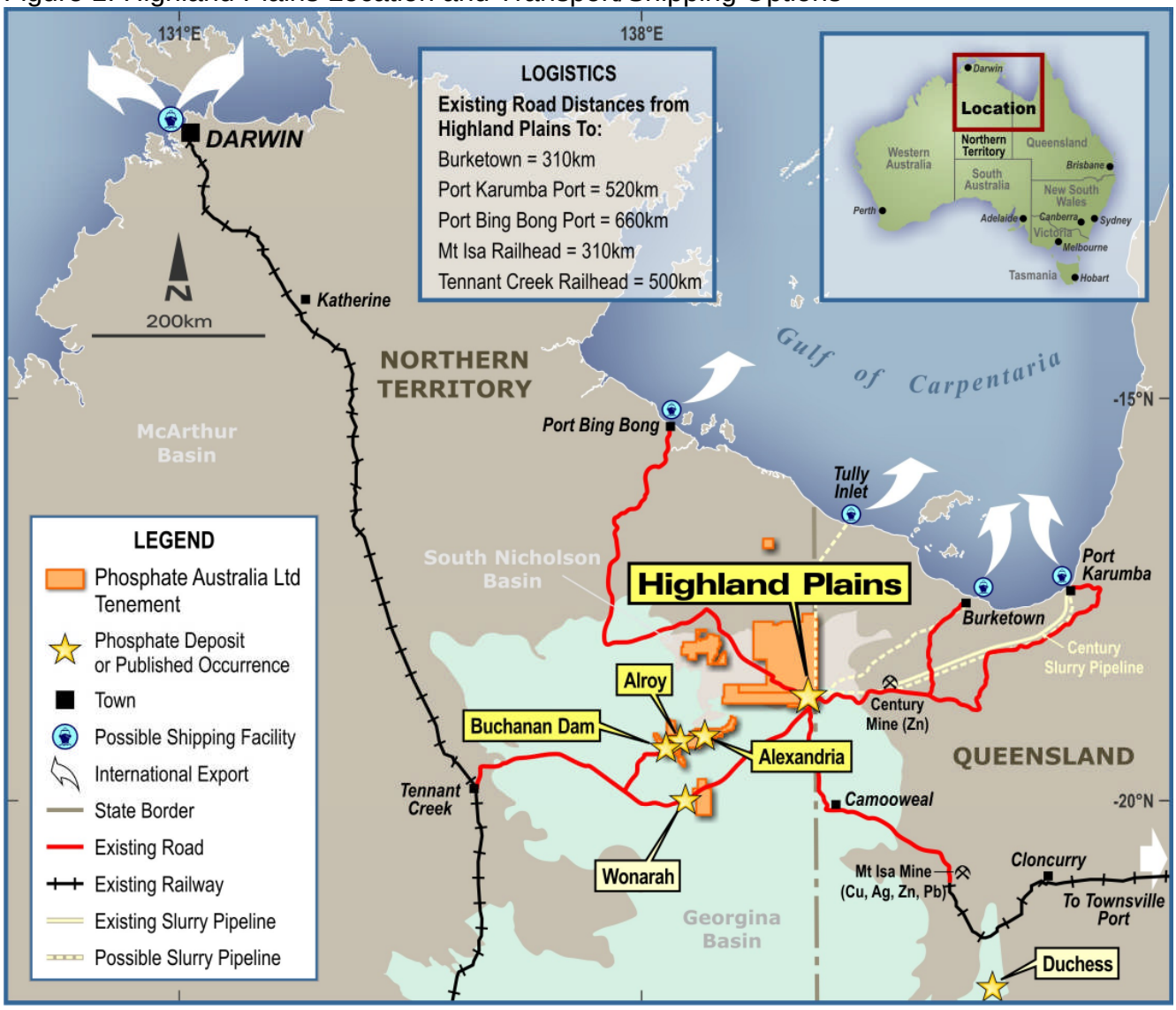
This resource confirms that Highland Plains is indeed a large and persistent mineralised phosphate body. These numbers are based upon the limited amounts of drilling to date over a large area.

The Board of POZ believe these resources have the potential to be significantly improved (particularly the higher grade shallow areas) with further drilling programs taking place this year.

1.4 Desktop Logistics Studies

An in-house logistics study using existing roads, ports and railways provides a number of potential logistics alternatives for shipping the phosphate product. These alternatives are currently being actively pursued (Figure 1).

Figure 1: Highland Plains Location and Transport/Shipping Options



2.0 Detailed Resource Calculations

Two sets of resource calculations at Highland Plains have been carried out.

Firstly a higher grade, lower tonnage, inferred resource in the western area has been delineated. This includes the shallow sub-cropping phosphate mineralisation and indicates an immediate target area for a start-up mining operation.

Secondly, a higher tonnage global inferred resource for the project as a whole. This provides further confidence that a large phosphate resource is indeed present at Highland Plains and also provides a baseline for building further resources.

The resource calculations were made using two separate models. It is important to note that POZ believes these resource numbers have the potential to be significantly improved with the further drilling programs taking place this year.

3.0 Western Mine Target Zone

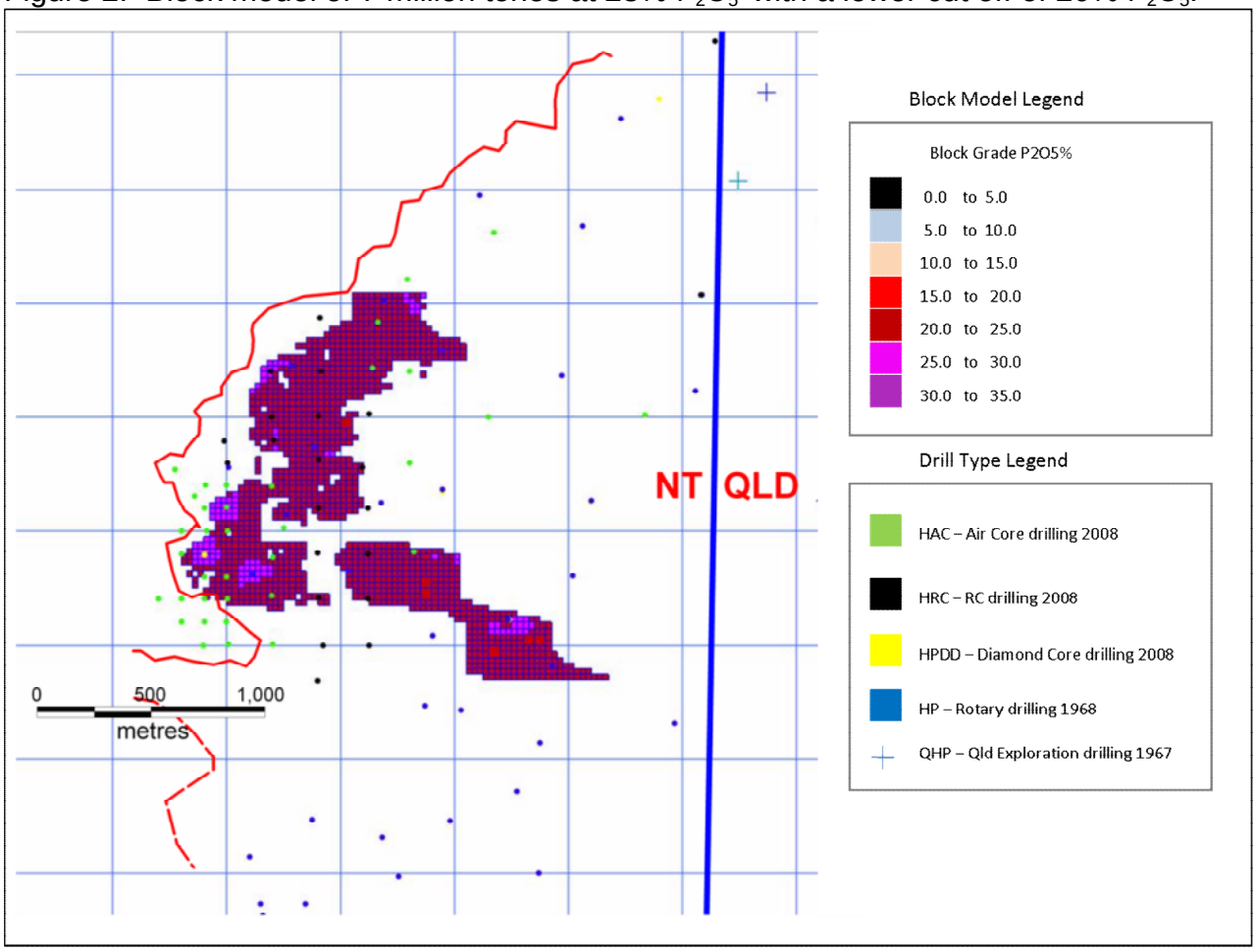
JORC Inferred Resource of 7 million tonnes at 23% P_2O_5 with a lower cut off of 20% P_2O_5.

The Western Mine Target Zone is defined in Figure 2. By its nature, this would be the area which would be most amenable to a start up mining operation. It consists of phosphate mineralisation that has the following characteristics:

- Higher contained grade.
- Higher cut off grade.
- Areas of shallow depth to mineralisation (including substantial areas of near outcropping mineralisation).
- Lower contained silica.
- Very low stripping ratios, assisted by significant thick drill intersections at high grade which have been previously reported.
- A spatially compact body, amenable to open pit mining.

This western area can be further modeled and optimized for higher grades etc, but for the purposes of this release, POZ has chosen a minimum cut off grade of 20%, which is a comparatively high grade. A higher cutoff grade is generally more desirable in terms of a starting point for creating a commercial product.

Figure 2: Block model of 7 million tones at 23% P_2O_5 with a lower cut off of 20% P_2O_5.



3.1 Mine Planning: Western Mine Target Zone

It is important to note that the aim of this Phase 1 work is to target the most suitable and cost effective area to initiate a mining operation. For planning purposes, POZ is initially targeting 500,000 tonnes per annum of shippable product. POZ has already commenced the process of marketing this tonnage figure to potential offtake partners and discussions are ongoing. Within this western zone, POZ is targeting an initial ten year mine life.

Given the global resource and potential upside from further drilling, POZ believes there is no immediate constraint on mine life. The aim is to demonstrate that the initial shallow western target area can produce a commercially robust and profitable project.

The shallow depth to ore in the western portion of the zone creates a point of difference and potentially provides a low capex startup for the Highland Plains project.

4.0 Total Resource at Highland Plains:

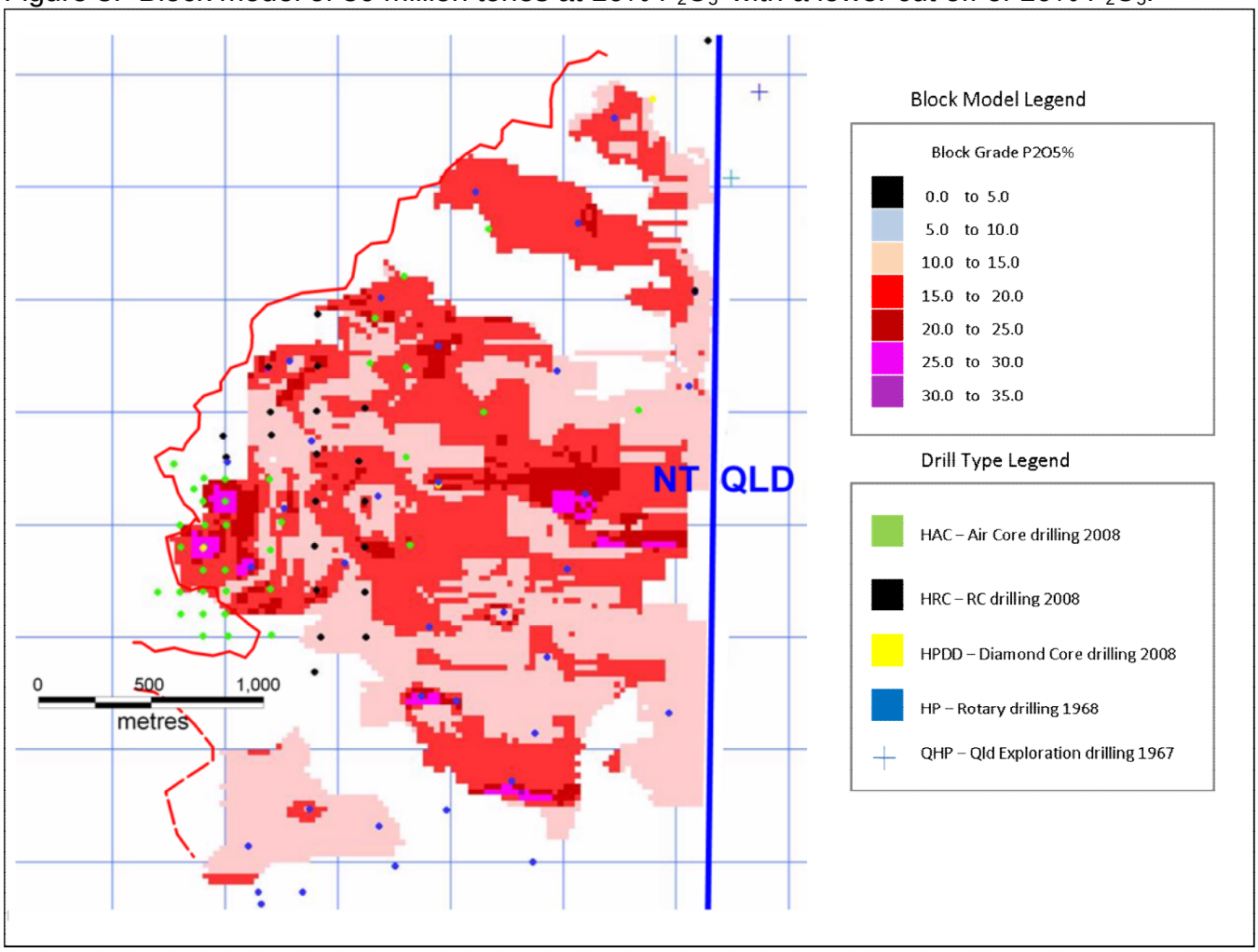
JORC Inferred Resource of 56 million tones at 16% P_2O_5 with a lower cut off of 10% P_2O_5.

POZ is highly encouraged by the confirmation that Highland Plains is indeed a large and persistent mineralised phosphate body. The resource area is large and there is considerable potential to upgrade this resource through further drilling.

In particular, higher grade areas have not yet been followed up by infill drilling and potentially mineralised areas not included in this resource are also yet to be drilled. These include most of the white areas within the Highland Plains embayment as marked on Figure 3.

NB: HQ Diamond drilling core assays have not been included in the resource calculations. Poor recoveries, preferential washout of the soft phosphate zones and inconsistent assays have led to the diamond core being used for preliminary metallurgical testing only at this point. It is planned to commence larger diameter PQ coring in April; this wider core should allow better recoveries.

Figure 3: Block model of 56 million tones at 16% P_2O_5 with a lower cut off of 10% P_2O_5.



5.0 Phosphate Australia Global Resource Base

The Directors of POZ are confident that the tonnages of phosphate mineralisation on the company's 100% owned tenements can be significantly increased as required, through the following programs:

- Follow up drilling at Buchanan Dam based upon historic drilling which included 6.1m at 25.0% P_2O_5 from 12.2m.
- Follow up drilling at Alroy based upon historic drilling which included 4.6m at 15.5% P_2O_5 from 17.4m.
- Exploration drilling on the Company's 100% owned tenements. Highly prospective areas include targets along strike from Highland Plains, various radiometric anomalies and other historic phosphate occurrences such as Alexandria.

6.0 Logistics Studies

The transport of the phosphate rock from Highland Plains to a viable port is one of the keys to commercial success. The proximity of Highland Plains to the Gulf of Carpentaria coast is a distinct advantage. Initial in-house studies have identified the following potential transport options (Figure 1).

6.1 Existing Road Options

These options use existing roads. The upgrade of these roads where necessary would be required for a trucking operation.

From	To	Transport	Distance km	Comment
Highland Plains	Burketown	Road	310	To the Ballast Grounds
Highland Plains	Port Karumba	Road	520	via Gregory Downs
Highland Plains	Port Bing Bong	Road	660	-

Burketown port limits and Port Karumba are both Queensland Government owned assets. Karumba is actively used to ship concentrate from the Century zinc mine. Port Bing Bong is a privately held asset owned and operated by a nearby McArthur River mine operator. Any access to Port Bing Bong would have to be agreed with this party.

Burketown is not an active Port. However, the Queensland Government does have published Port limits for Burketown running from the Albert River north to the Gulf of Carpentaria (*www.msq.qld.gov.au/resources/file/eb0795406dfb5f1/Pdf_s8po22**burketown**.pdf).*

POZ has also obtained a hydrographic survey (dated 1973) which shows deeper water extends from the Burketown Ballast Grounds on the Albert River to the Gulf. A road connects this area to Burketown. The potential of this location is currently being further investigated.

6.2 Existing Road and Rail Options

A combination of road and rail is also an option. The Buchanan Dam phosphate project (POZ 100%) is particularly well sited for the Darwin rail option as it is considerably closer to the railhead at Tennant Creek.

From	To	Transport	Distance km	Comment
Highland Plains	Mount Isa	Road	310	via Camooweal
Mount Isa	Townsville Port	Rail	950	QLD port
Or				
Highland Plains	Tennant Creek	Road	500	Railhead
Tennant Creek	Darwin Port	Rail	950	NT port
Or				
Buchanan Dam	Tennant Creek	Road	300	Other POZ Project
Tennant Creek	Darwin Port	Rail	950	NT port

6.3 Slurry Options

For lowest transport costs per tonne (albeit at a higher capex), slurry pipelines are one of the best options for moving large tonnages of rock phosphate. The table below indicates the possible distances over which slurry pipelines would need to be built to access the coast.

From	To	Transport	Distance km	Comment
Highland Plains	Horse Island	Slurry	220	Gulf coast
Highland Plains	Burketown	Slurry	520	To Ballast Grounds
Highland Plains	Port Karumba	Slurry	360	Existing gulf port

POZ is currently working on targeting a low capex startup for production and as such is not yet doing studies on slurry pipelines. However, slurry pipelines may become viable as the project progresses, especially as the global resource increases.

6.4 Logistics Overview

Various road and road rail options with associated distances have been outlined above. The following potential ports have also been mentioned; Burketown, Karumba, Townsville (all in Queensland) and Darwin and Bing Bong (in the Northern Territory).

The port, road and road/rail alternatives are currently the focus of further studies and economic comparisons which are actively being pursued.

7.0 Summary and Look Ahead

These highly encouraging maiden resources confirm Highland Plains as a substantial phosphate body. The resource numbers now give POZ the confidence to progress the Highland Plains project on a number of fronts, these include:

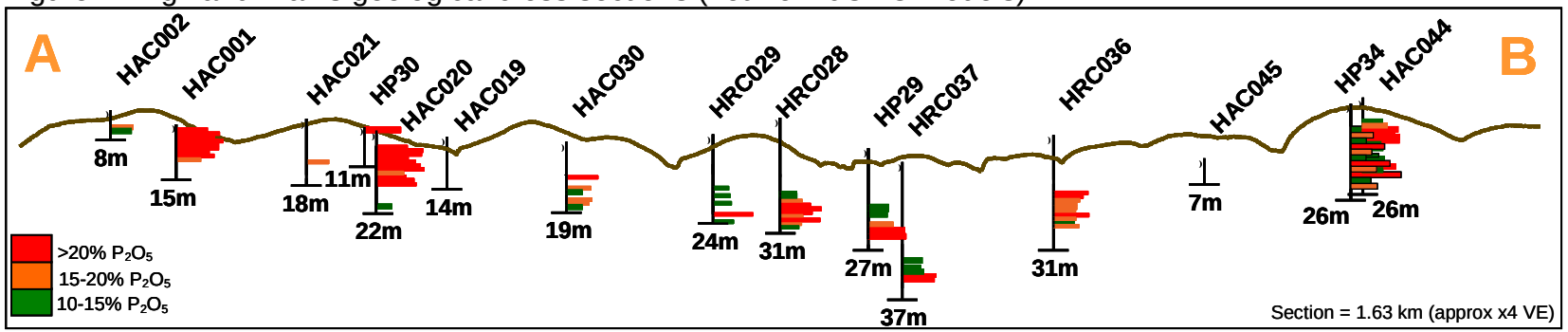
- RC drilling in the western mine target zone, to identify further shallow high grade phosphate as a potential starter mining operation. POZ aims to upgrade this area to a measured resource where required.
- RC drilling in the currently undrilled parts of Highland Plains to add to the current global resource.
- RC drilling to infill areas of potentially higher grade to lift the overall grade of the resource.
- PQ diamond drill in western mine target zone to gain samples for metallurgical testwork.
- Continue metallurgical testwork on existing samples targeting a commercial phosphate product.
- Logistics studies and economic comparisons for transport and port options.
- Promote the Company as a potential near term, low capex, phosphate producer.

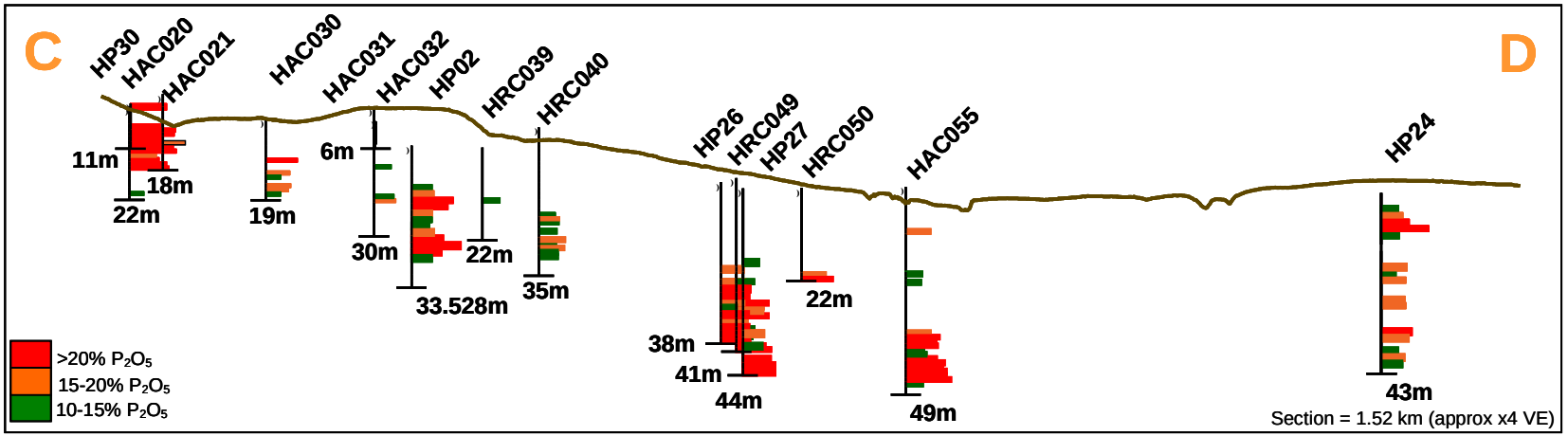
Highland Plains has considerable advantages due to its western zone containing areas of very shallow and high grade mineralisation as identified in the drilling. Having an immediate target area where a start up operation with a potentially low capex can be pursued is a distinct advantage.

These resource numbers now underpin POZ as a company with substantial potential to progress to being a mine operator. Drilling due to begin in early April is firmly aimed at upgrading this initial resource estimate and also to further progress important metallurgical studies.

MR ANDREW JAMES
Managing Director

Figure 4: Highland Plains geological cross sections (not from JORC models)





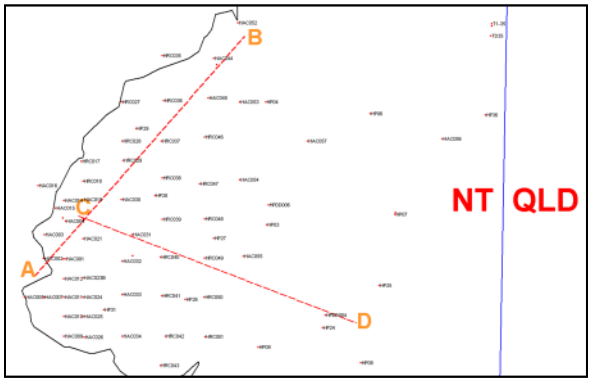
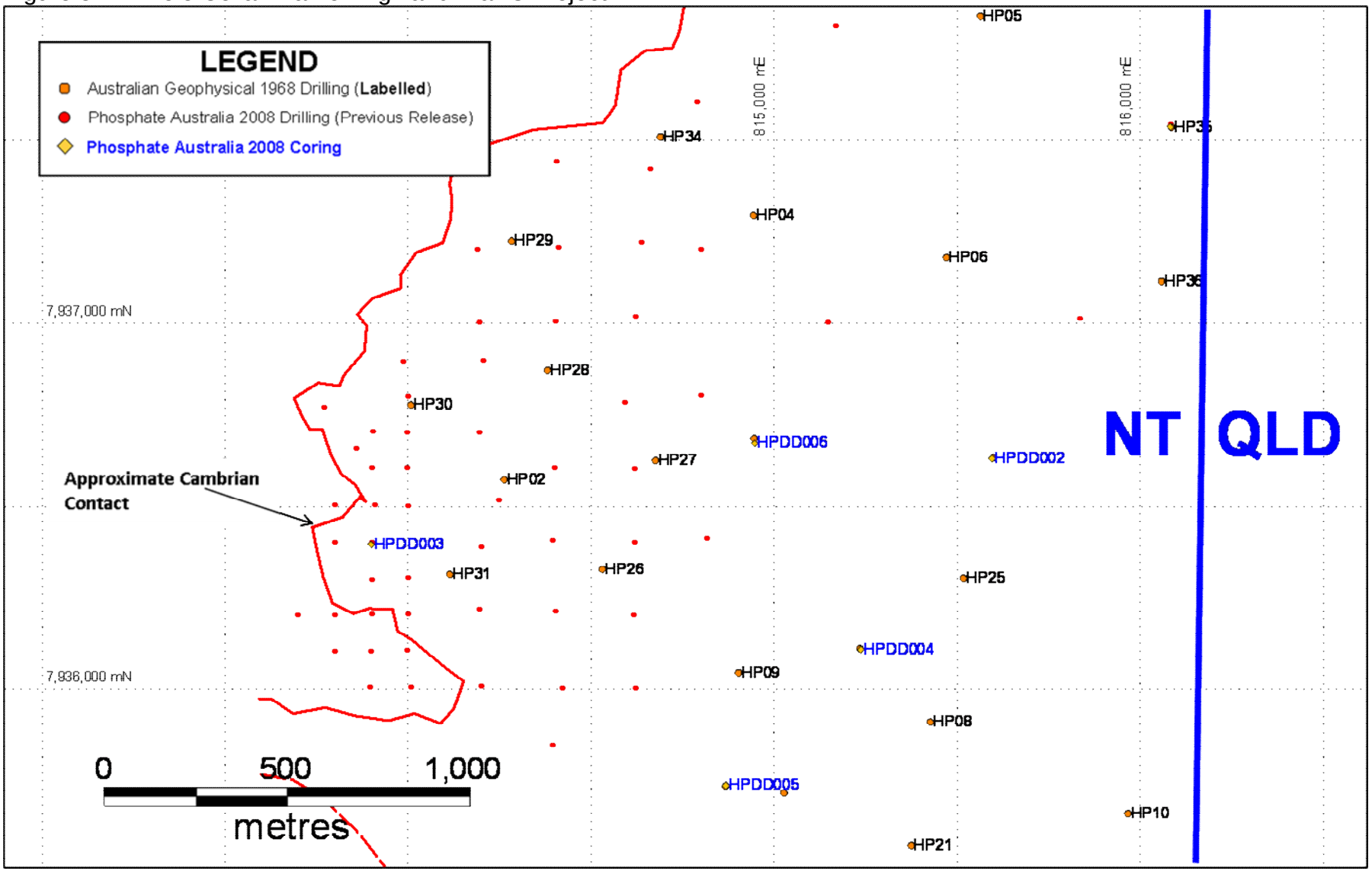


Figure 5: Drillhole Collar Plan of Highland Plains Project



Appendix A: Phosphate Australia Limited Highland Plains Phosphate Project

Geological Interpretation and Mineral Resource Estimation

Following the completion of the 2008 drilling program Cube Consulting Pty Ltd was commissioned to review the newly acquired drilling assay information with particular reference to the existing historical drilling data and if appropriate provide Phosphate Australia Limited with an estimate of the phosphate resource classified in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves ("**2004 JORC Code"**). The review by Cube concluded that the new drilling data provided sufficient support for the grade and mineralised volume indicated by the historical data to allow the estimation of an Inferred Resource using all available data for the Highland Plains Project.

Geological logging, sample preparation and assaying undertaken by Phosphate Australia were conducted in accordance with industry standard practice. Interpretation and geostatistical analysis of data formed the basis of Mineral Resource estimate using Ordinary Block Kriging ("**OK**") methods for global resource reporting purposes. Classification and reporting of all Mineral Resources has been undertaken by Cube in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves ("**2004 JORC Code"**).

Project Global Mineral Resources are listed below:

Highland Plains Project Mineral Resource plus 10.0% P2O5 March 2009

	Inferred Mineral Resources		
Highland Plains Deposit	**Tonnes** (Mt)	**Grade** (%P2O5)	Lower Cut Off Grade (%P2O5)
Global Resource	**56**	**16**	**10**

Contained within the March 2009 Global Resource, Cube has estimated an inferred Resource of **7mt at 23% P2O5** above a 20% P2O5 cut-off, confined to the western portion of the Global Resource.

This resource has been defined by Phosphate Australia's 2008 drilling programme, using a refined geological interpretation based on multi-element analysis.

The Information in this report that relates to Mineral Resources is based on information compiled by Rick Adams and Ted Hansen who are members of the Australasian Institute of Mining and Metallurgy (AusIMM). Rick Adams and Ted Hansen are directors of Cube Consulting Pty Ltd. And have 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 a competent Person as defined in the December 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Rick Adams and Ted Hansen consent to the inclusion in this report of the Information, in the form and context in which it appears.

Phosphate Australia Limited:

The information in this report that relates to all other aspects of the Exploration Results (other than Mineral Resources) 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.