

ASX RELEASE

24 April 2013

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QUARTERLY REPORT

Period Ending 31 March 2013

Summary:

Musgraves Ni-Cu Project, WA (Anglo-American Farm-in, POZ 30% Free Carried)

- High priority airborne electro-magnetic geophysical (AEM) anomaly, named Manchego, identified by Anglo American.
- Interpretation of Manchego by Anglo American models a 90 seimens bedrock conductor, potentially a nickel-copper sulphide body, 240 x 300 metres dipping at 45 degrees, with an unknown depth. The top of the conductor is modelled as 110 metres below the surface.
- Access agreement with Traditional Owners successfully negotiated and being finalised ahead of heritage surveys.
- Subject to all approvals, drilling of the Manchego anomaly is scheduled for the last week of August 2013.
- Seven other lower order AEM anomalies identified.

Tuckanarra Gold Project, WA:

- Maiden Indicated and Inferred JORC resource at Tuckanarra: 2,020,000 tonnes at a grade of 1.55 g/t Au for 100,700 ounces of gold at 0.25g/t Au lower cut off (see Table 1 for resource details).
- Resource model being updated to include the new Phase 4 drilling results (ASX release 22 March 2013) with pit design to commence thereafter.

Nicholson Iron Project, NT:

- Heads of Agreement signed for a Joint Venture on the Nicholson Iron Project in the Northern Territory extended to 17 May 2013.

Highland Plains Phosphate Project, NT:

- The Company is actively pursuing commercial options for the Highland Plains Phosphate Project (Inferred Resource of 53 Mt at 16% P₂O₅) which includes the possibility of a trade sale.

1.0 Musgrave Ni-Cu Project, WA (Anglo American Farm-in, POZ 30% Free Carried)

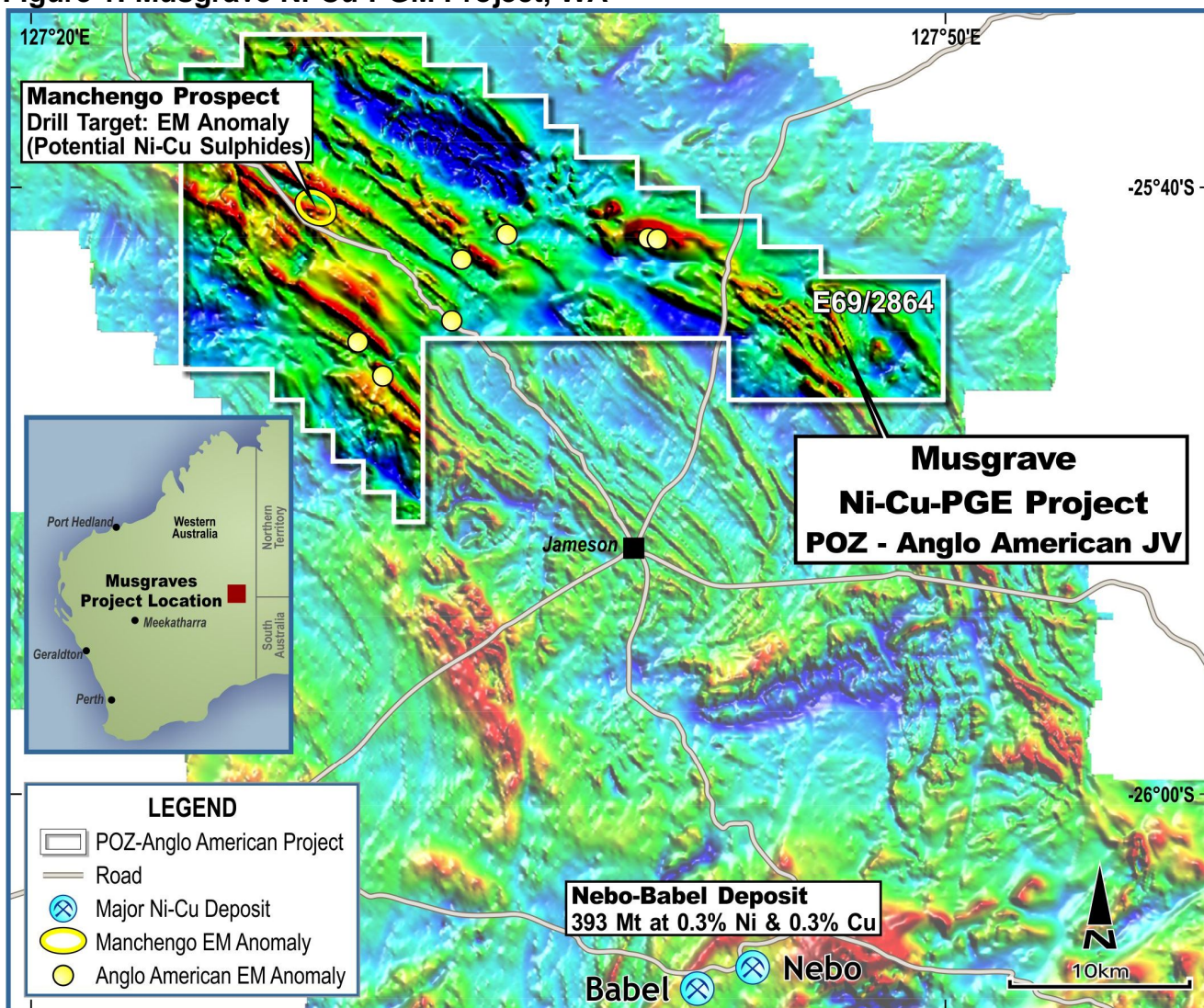
1.1 Background

The Musgrave Project lies in the relatively unexplored Musgrave Province of Western Australia, an area that is prospective for giant, magmatic style nickel-copper sulphide deposits of the Voiseys Bay type. The BHP Billiton Ltd controlled Nebo-Babel deposit (393 Mt at 0.3% nickel, 0.3% copper and 0.18 g/t PGE) remains the most significant discovery in the Musgrave region to date.

In April 2012, POZ entered into a Farm-In agreement for the Musgrave Project with Anglo American Exploration (Australia) Pty Ltd ('Anglo American'), a wholly owned subsidiary of Anglo American Plc, one of the world's largest mining groups.

The Farm-In covers exploration licence E69/2864 (an area of 619km²) and Anglo American has the right to earn 70% in a JV by spending \$3 million and completing a minimum 5,000 metres of drilling. POZ is then free carried through the JV until completion of a bankable feasibility study (BFS).

Figure 1: Musgrave Ni-Cu-PGM Project, WA



1.2 Geology

The Farm-In area is mainly underlain by the Giles Complex (~1,075 million years), one of the largest layered mafic-ultramafic complexes in the world. Similar large intrusive complexes elsewhere host magmatic Ni-Cu-PGE deposits (e.g. Voiseys Bay, Canada).¹

1.3 Manchego EM Anomaly: High Priority Drill Target

In 2012 Anglo American flew an airborne electro-magnetic (AEM) survey over the Farm-in area using its proprietary SPECTREM system. This AEM survey identified a number of anomalies.

One of these anomalies, named Manchego, has been ranked as a high priority anomaly and is recommended by Anglo American for follow up drilling. Manchego is located at what appears to be the confluence of two interpreted mafic dykes within the Jameson intrusive complex and does not follow the strong NW-SE trending magnetic layers of the Jameson intrusion (Figure 1).

A thick, clay-bearing palaeo-channel is detected through the central part of the tenement, but the Manchego conductor to the north of this palaeo-channel stands out as a discrete, late-time EM response (Figure 2).

Anglo American currently models the Manchego two line AEM response as a conductor (or plate) that is 240 x 300 metres in size, dipping 45 degrees to the north with an unknown depth extent.

The anomaly has a calculated conductance value of 90 seimens on both lines. For the SPECTREM AEM system, these are high conductance values which indicate potential sulphides. The top of the conductor is modelled at approximately 110 metres below the surface (Figures 3 and 4). The thickness of the conductor is not a parameter that can be modelled and is unknown.

Anglo American have classified Manchego as a high priority anomaly, it is a well defined bedrock conductor target that is likely to be explained by sulphide mineralisation; potentially a nickel-copper sulphide body.

A ground EM geophysical survey is planned over Manchego in early July, this survey will further define the Manchego conductor ahead of an RC drill program. Manchego is situated within close proximity to a main road.

Anglo American has also identified 7 other AEM anomalies (Figure 1) within E69/2864, which rank as lower grade anomalies. These anomalies are not planned for follow up drilling at this time, although that may change in the future depending on the results of the Manchego drilling.

1.4 Clearances To Drill

Anglo American is leading negotiations for access arrangements to tenement E69/2864. A meeting was held with the Traditional Owners in late March and access was successfully negotiated; the access agreement will now progress through the Ngaanyatjarra Council and the Aboriginal Lands Trust (ALT) for final sign off, this is expected to be completed in June 2013.

A high impact heritage clearance survey required for the drilling of the Manchego anomaly is anticipated to take place later this quarter, with drilling currently scheduled for the last week of August 2013. This timeline is subject to change².

Figure 2: Manchego AEM Anomaly: Ni-Cu Sulphide Drill Target, Plan View over SPECTREM Late Tau X Data

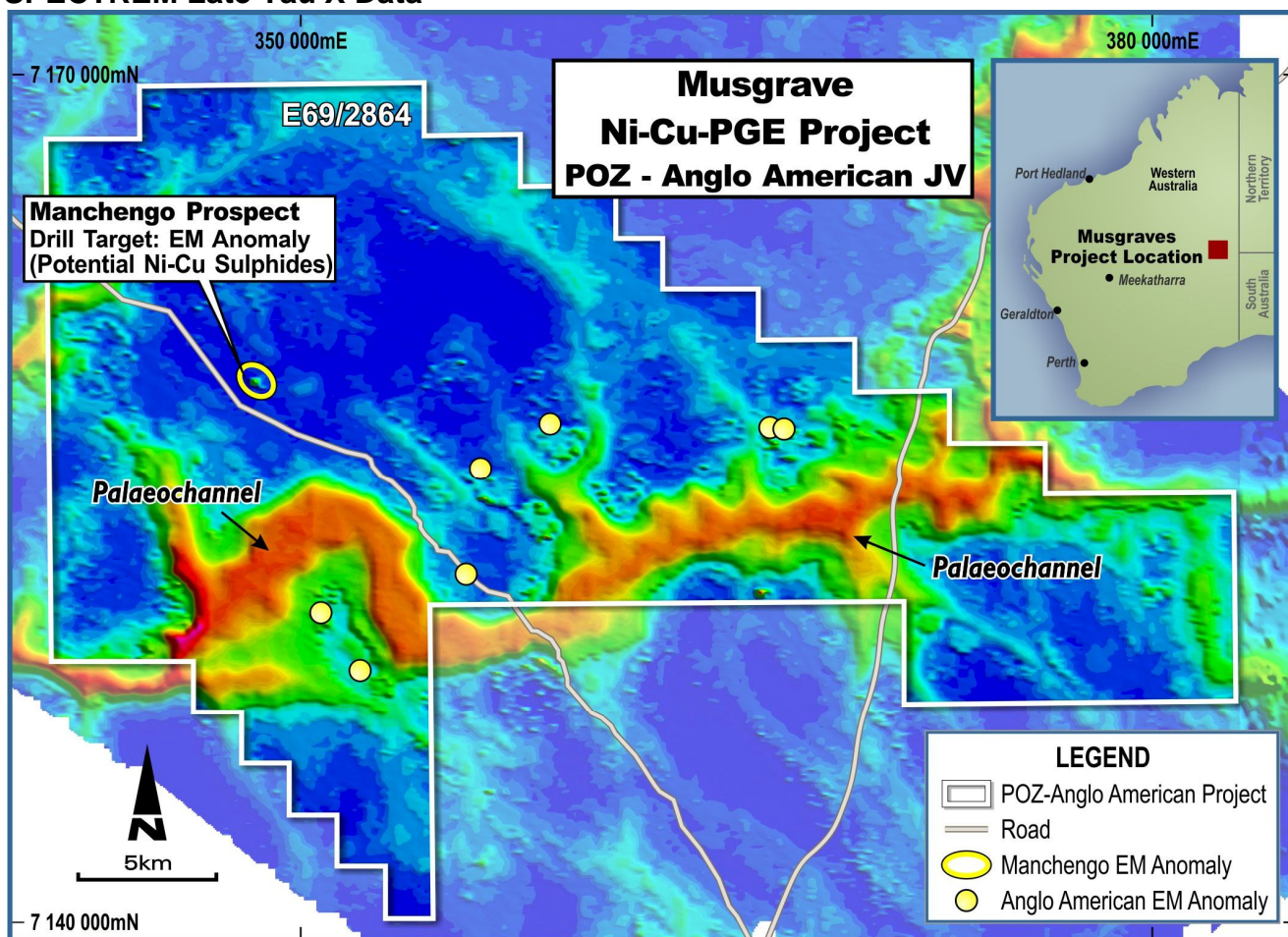


Figure 3: Manchego AEM Anomaly, Ni-Cu Sulphide Drill Target, Plan View of Tau Z

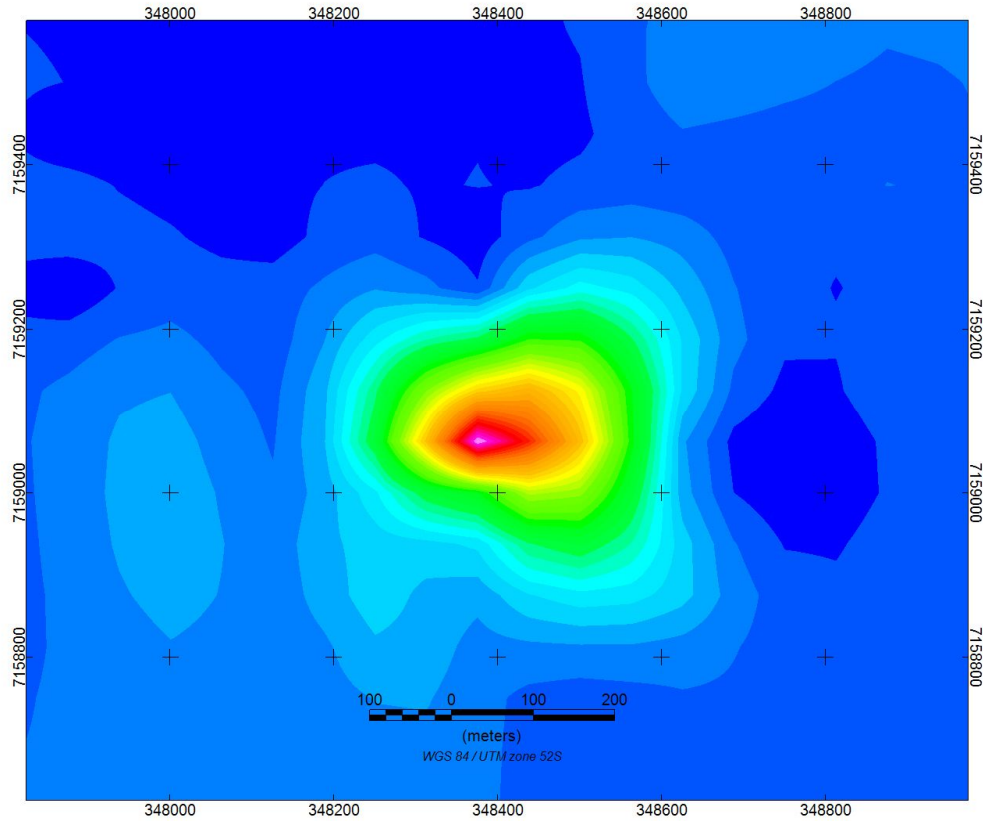
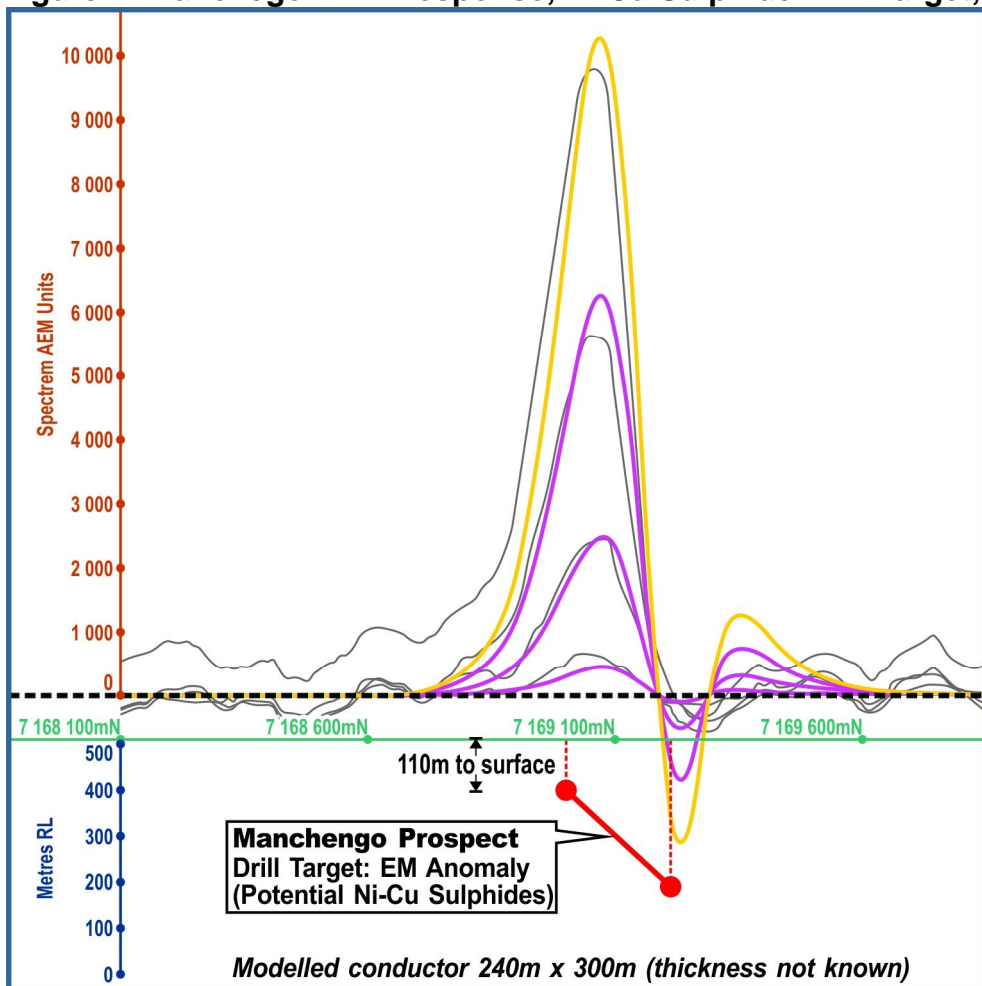


Figure 4: Manchego AEM Response, Ni-Cu Sulphide Drill Target, Section View



1.3 Other Musgrave Areas

Tenements E69/2862 and E69/2863 held within the POZ-Anglo American farm-in deal were also flown by Spectrem in 2012. However, no top-order anomalies were reported on this ground. Anglo American withdrew from the Farm-In and the tenements have subsequently been dropped.

2.0 Tuckanarra Gold Project (WA)

The Tuckanarra gold project lies within the West Australian Murchison goldfield (Figure 5) and has historic production of ~125,000 ounces. It was last mined in 1993 when the gold price was around US\$330 an ounce. Phosphate Australia Limited (POZ) owns the Tuckanarra gold project 100% with no private royalties.

As announced 27 December 2012, the Company completed a maiden Indicated and Inferred JORC resource at Tuckanarra totalling 2,020,000 tonnes @ 1.55 g/t Au for 100,700 ounces of gold. See Table 1 for resource details at the cut off grade of 0.25 g/t Au. The resource was calculated by Perth based independent mining industry consultants Ravensgate.

Table 1: Summary of Total Mineral Resources at Tuckanarra at 0.25g/t Au lower cut off

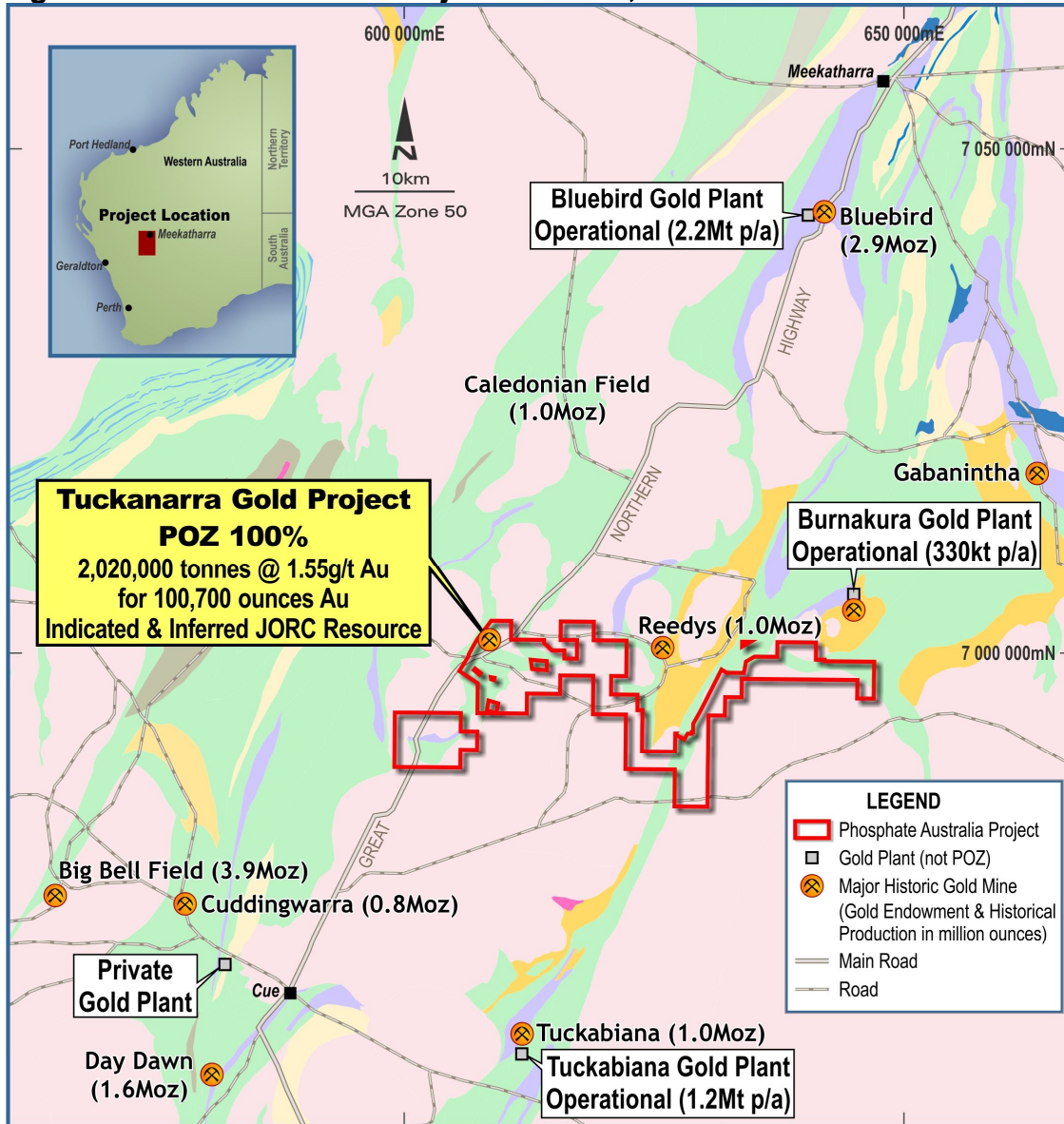
Resource Category	Tonnes	Grade (g/t)	Ounces Au
Indicated	1,091,000	1.60	56,000
Inferred	929,000	1.50	44,700
Total	2,020,000	1.55	100,700

The Tuckanarra Gold Project has shallow mineralisation, excellent metallurgical recoveries, possible amenability for heap leaching and proximity to third party gold mills in the region (Figure 5).

The Board believes the best way to add value to the Tuckanarra Project is to continue to progress the planning and permitting for a future gold mine. With this in mind, the resource model is being updated to include the new Phase 4 drilling results (ASX release 22 March 2013) with pit design to commence thereafter.

Concurrently with this, documentation is being prepared to apply for a mining lease over the project which will include a full mining proposal. The Board is keen to advance and commercialise Tuckanarra as soon as possible.

Figure 5: Tuckanarra Gold Project Location, Tenements & Gold Plants



3.0 Nicholson Iron Project, (Northern Territory): Heads of Agreement

On 3rd January 2013, POZ and Sydney based Company Jimpec Resources Pty Ltd (Jimpec) signed a Heads of Agreement in which POZ granted Jimpec a period of exclusivity to negotiate a Joint Venture Option Agreement (JVOA) covering POZ’s 100% controlled Nicholson Iron Project in the Northern Territory (ASX POZ: 31 Jan 2013). This period of exclusivity was recently extended to 27 May 2013.

4.0 Highland Plains Phosphate Project Update (Northern Territory)

The Highland Plains Phosphate Project has a JORC compliant Inferred Resource of 53 million tonnes at 16% P₂O₅. Substantial amounts of drilling and scoping study work have been done at Highland Plains with proposed solutions for beneficiation to higher grades and product transport logistics using a slurry pipeline. The project is 100% owned by POZ.

The Project's camp has been de-mobilised from site and sold. The Company has reported all outstanding environmental rehabilitation requirements as closed out to the NT Mines Department.

The Board is currently exploring commercial options for Highland Plains which includes the possibility of a trade sale.

5.0 Summary and Outlook

The Board of POZ is very pleased with the progress at the West Musgrave Project and sees the proposal by Anglo American to drill the Manchego Ni-Cu sulphide Prospect as a significant development for the Company. Importantly, Phosphate Australia has a 30% free carry to BFS on this Project which is indicative of the favourable deal the Company has with Anglo American.

At the 100% owned Tuckanarra Gold Project, the Board believes the best way to add value is to continue to progress the planning and permitting for a future gold mine. With this in mind, the resource model is being updated to include the new Phase 4 drilling results with pit design to commence thereafter.

The Company has a cash balance of \$1.55 million (31st March).

Jim Richards
Executive Chairman

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¹ Neumann, N, Fraser, G 2007, Geochronological Synthesis and Time Space plots for Proterozoic Australia: AGSO Record p208.

² Anglo American, April 2013, Quarterly Report to POZ and other communications.

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.

The new and updated resource estimations for the Tuckanarra Gold Project Area deposits, including the Anchor, Bollard, Cable, Drogue, Maybelle, Maybelle North and Miners Dream deposits, were also carried out by Mr Craig Harvey utilizing resource drilling data sets provided by Phosphate Australia Limited. Mr Harvey is a Principal Consultant with Ravensgate Mining Industry Consultants and is also a Member of the Geological Society of Southern Africa. Mr Harvey has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Harvey also consents to the inclusion in the report of the resource estimation matters for these deposits based on the reporting information in the form and context in which it appears.