ASX RELEASE
3rd January 2013
ASX Code: POZ

Manchego Prospect, Musgrave WA: Phase 2 Drilling Results

Summary:

- Phase 2 RC drilling results at the Manchego Prospect in the Musgrave region of WA broaden the extensive area of copper mineralisation that was found in the Phase 1 drilling program. The mineralisation is still open in all directions.

- Latest drilling intersects massive, net-textured and disseminated mineralisation in all holes, with the exception of MRC 045 which missed the conductor.

- Drill assay results include MRC 056 with 7 metres at 0.25% Cu and MRC 054 with 26 metres at 0.16% Cu.

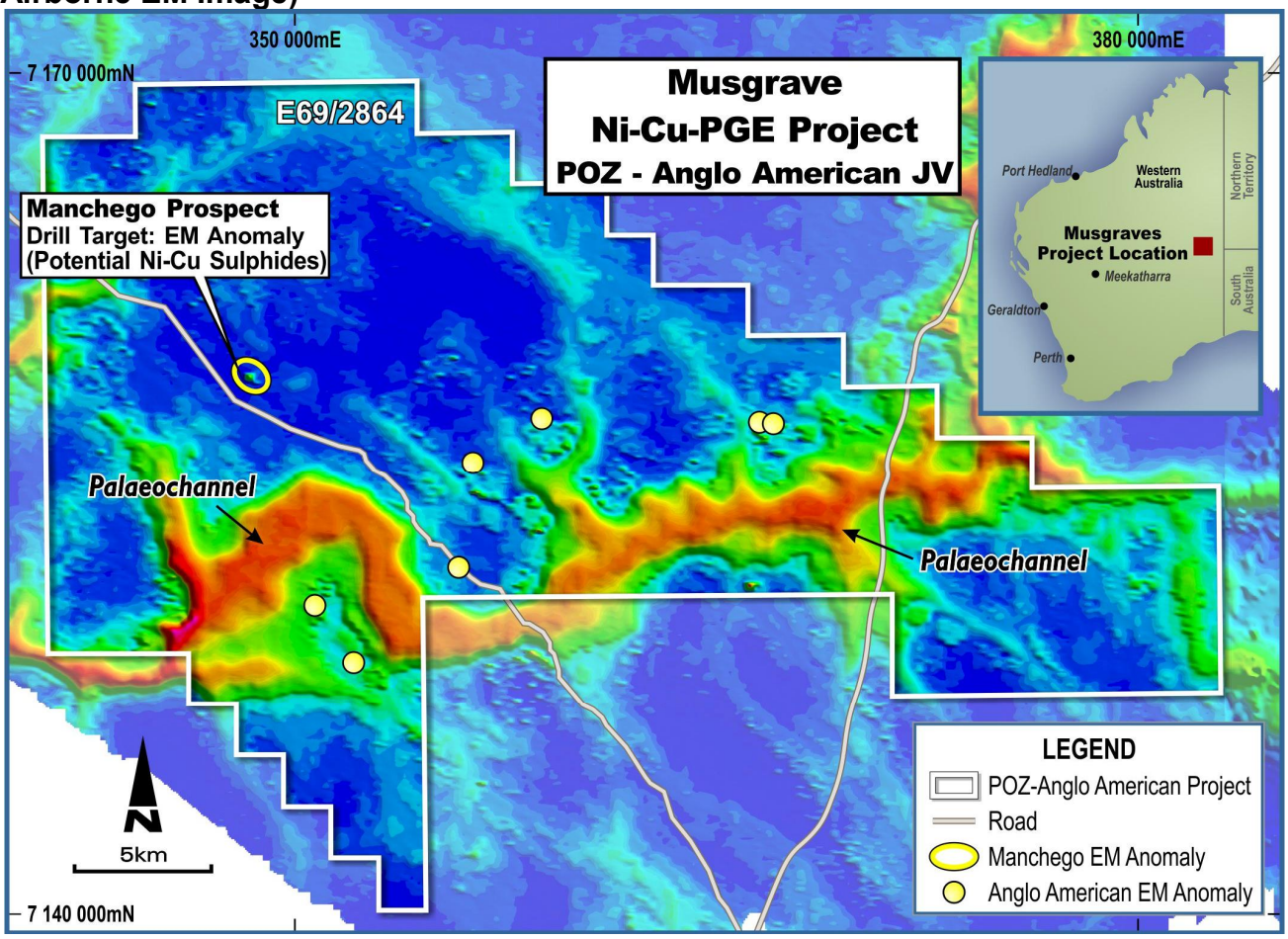
- Associated nickel and PGE's have been detected in several samples. MRC 052 has 3 metres at 0.46ppm Pt+Pd+Au and 725 ppm Ni which includes 1 metre at 1.0 ppm Pt+Pd+Au.

- The data from both phases of drilling at Manchego will now be further assessed by Farm-in partner Anglo American and Phosphate Australia prior to deciding on next year's follow-up work program.

Manchego Phase 2 Drilling: Drill chips from MRC 052 105-106 metres: 1.0 ppm Pt+Pd+Au, 0.20 % Cu, 0.14% Ni

Phosphate Australia Limited
ABN 51 129 158 550
37 Colin Street
West Perth WA 6005
T +61 8 9422 9555
F +61 8 9422 9599
E info@phosphateaustralia.com.au
W www.phosphateaustralia.com.au

Figure 1: POZ-Anglo American JV Area including Manchego Prospect (SPECTREM Airborne EM Image)



1.0 Musgrave Cu-Ni-PGE Project, WA: Background

Phosphate Australia Limited (POZ) has a Farm-In Agreement with Anglo American, one of the worldôs largest mining groups.

The Farm-In Agreement covers exploration licence E69/2864 (an area of 619km^2) in the Musgrave region of Western Australia (Figure 1).

1.1 Geology: Prospective For Magmatic Ni-Cu-PGE Deposits

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]

1.2 Manchego Prospect Background

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 (Figure 1). One of these anomalies, named Manchego, was ranked as a high priority target.

In September 2013 Anglo American completed a program of Reverse Circulation (RC) drilling at the Manchego Prospect (Phase One). Nine holes were drilled for a total of 1,142 metres. This drilling indicated significant copper mineralisation with some associated nickel and PGE's (ASX Release 28th Oct 2013).

Encouraged by these early results, a Phase 2 drilling program was commissioned at Manchego and a further 1,012 metres was drilled in this second program. The results from this Phase 2 drilling are in this report.

2.0 Phase 2 Drilling Assay Results and Comment

Geological logging of all samples was carried out on-site by Anglo American geologists. Narrow zones of massive sulphide, usually surrounded by thicker zones of net-textured and disseminated sulphide were logged in all holes drilled during Phase 2 (with the exception of MRC 55 which missed the conductor). All drilled samples were analysed at ALS Chemex in Perth. A summary of the assay results is shown in Table 1.

Returned assays continue to indicate extensive low grade copper mineralisation. The best mineralised interections are:

MRC 056 with 7 metres at 0.25% Cu from 150 metres.

MRC 054 with 26 metres at 0.16% Cu from 102 metres.

MRC 052 with 3 metres at 0.46ppm Pt+Pd+Au and 725 ppm Ni, which includes 1 metre at 0.20% Cu, 0.14% Ni and 1.0 ppm Pt+Pd+Au from 105 metres.

As in the Phase 1 drilling program, significant amounts of visible sulphides were observed whilst logging the RC drill chips. These sulphides consisted of varying amounts of pyrrhotite, pyrite and chalcopyrite.

A petrographical report on chip samples collected during phase 1 drilling confirms the occurrence of primary, massive, magmatic sulphides comprising Pyrrhotite,-Chalcopyrite, and minor-Pentlandite surrounded by net-textured and disseminated sulphide.

The petrographic report indicates that some of the sulphide has been remobilised during a later stage of deformation. This has formed a broad halo of Cu-PGE mineralisation devoid of Ni. Table 1 illustrates the association between the sulphides (as sulphur S%) and the copper mineralisation (Cu%).

The interpretation of the recent ground EM geophysics at Manchego is complicated, possibly because of multiple lenses of sulphide. This interpretation is currently a work in progress.

Table 1: Phase 2 RC Drilling Sample Assays Summary

Drill Hole	From	To	Interval	Cu	Ni	Pt+Pd+Au	Pt	Pd	Au	Fe	S	Sampled
	metre	metre	metre	%	ppm	ppm	ppm	ppm	ppm	%	%	Intervals
MRC 048[1]	235	248	**13**	**0.15**	313	0.14	0.03	0.10	0.01	12.4	5.8	1&4
MRC 052	22	31	**9**	**0.18**	214	0.06	0.02	0.03	0.01	16.1	0.7	1&2m
MRC 052	55	58	**3**	**0.12**	170	0.07	0.02	0.05	0.01	18.6	5.6	1m
MRC 052	88	93	**5**	**0.19**	194	0.05	0.02	0.03	0.01	14.6	3.6	1m
MRC 052	97	100	**3**	**0.16**	304	0.08	0.02	0.05	0.01	15.2	2.8	1m
MRC 052	105	108	**3**	**0.13**	725	0.46	0.16	0.27	0.02	21.3	5.6	1m
Includes	105	106	**1**	**0.20**	**1430**	**1.00**	0.41	0.54	0.05	28.4	11.0	1m
MRC 052	118	119	**2**	**0.16**	149	0.06	0.01	0.03	0.01	11.5	5.7	1m
MRC 052	172	174	**2**	**0.12**	130	0.08	0.03	0.04	0.01	10.2	0.2	2m
MRC 053	209	212	**3**	**0.11**	207	0.07	0.02	0.05	0.00	11.2	3.9	1m
MRC 054	102	128	**26**	**0.16**	204	0.10	0.03	0.05	0.01	12.0	1.3	1&2m
MRC 055	No significant mineralisation, conductor not drilled											
MRC 056	137	144	**7**	**0.11**	240	0.08	0.03	0.04	0.01	13.5	0.7	1,2&4m
MRC 056	150	157	**7**	**0.25**	332	0.12	0.03	0.08	0.01	11.5	2.3	1&2m
MRC 056	223	225	**2**	**0.10**	168	0.24	0.06	0.17	0.00	7.2	5.3	1m
WB014	102	116	**14**	**0.12**	179	0.09	0.03	0.05	0.01	10.9	4.6	1,2&4m
Assay Detection Limits												
Units				ppm	ppm	ppm	ppm	ppm	ppm	%	%	
Lower Limit of Detection				1	1	-	0.005	0.001	0.005	0.01	0.01	
Upper Limit of Detection				10000	10000	-	-	-	-	50.0	10.0	

[1] *Assays reported in this table for MRC 048 are from 165m to 280m only. Assays for the upper hole are reported in POZ ASX Release dated 28th October 2013.*

Sample intervals are length weighted and uncut
The mineralised intervals reported are down hole lengths, true widths are not known.
Every hole drilled in Phase 2 has been reported in Table 1.
Every assay result greater than the cut off grade of 0.10% Cu has been interval reported in Table 1.
All drilled samples were assayed and results less than 0.10% Cu have not been reported.
Cu, Ni, Fe and S assays were by ALS Chemex Procedure ME-ICP61.
Samples with elevated sulphur were further assayed using ALS Chemex Procedure S-IR08 lower limit 0.01% upper limit 50% S.
Pt, Pd and Au assays were by ALS Chemex Procedure PGM-ICP 23 with up to 30g fire assay with ICP AES finish.
A QAQC analysis on the two standards and the field duplicates that were used during the program was conducted by Anglo American and the results were deemed to be within acceptable limits for the context of the program.
Drill hole diameter was 5.25 inches.

Figure 2: Manchego Drilling Section 1

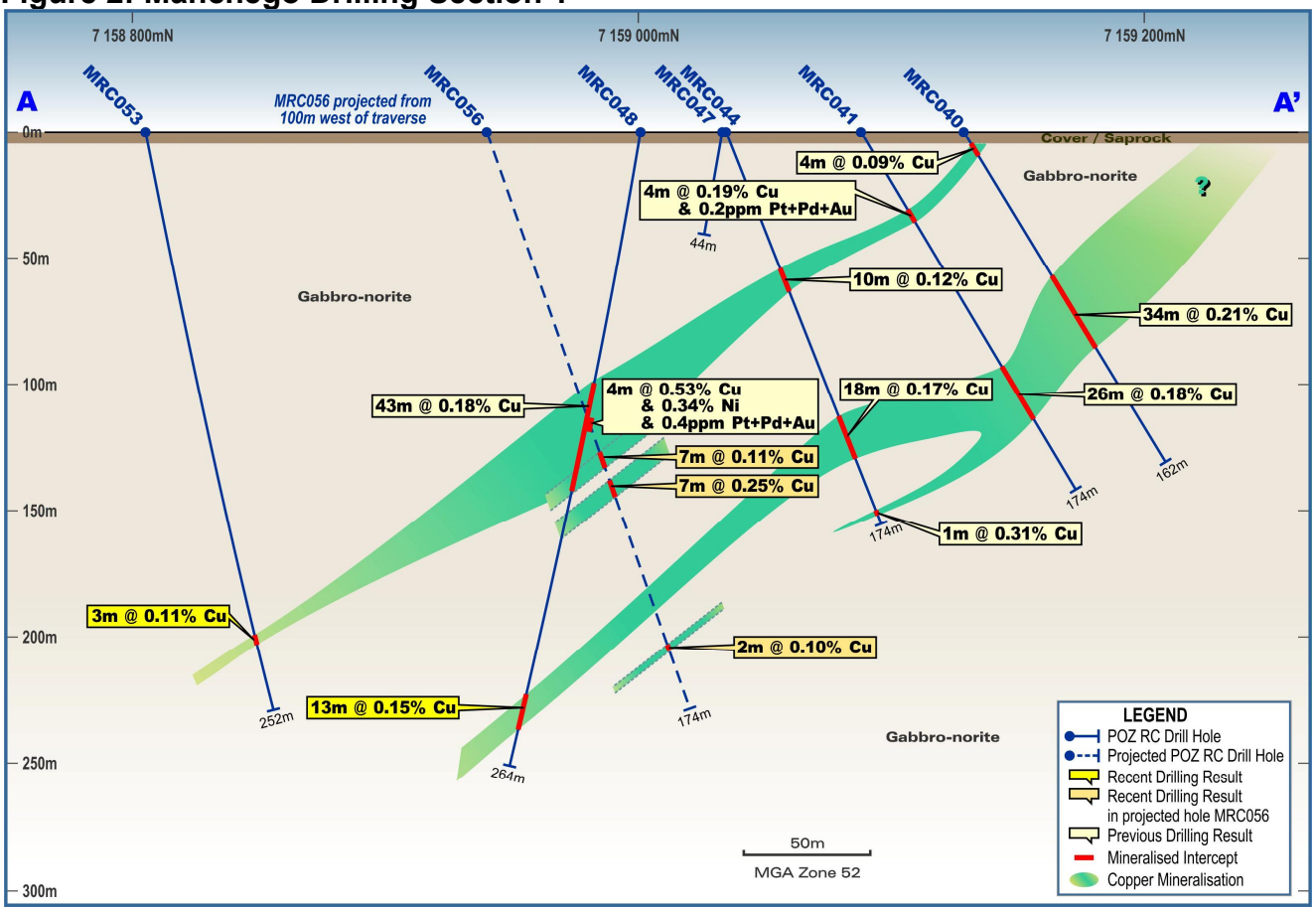


Figure 3: Manchego Drilling Section 2

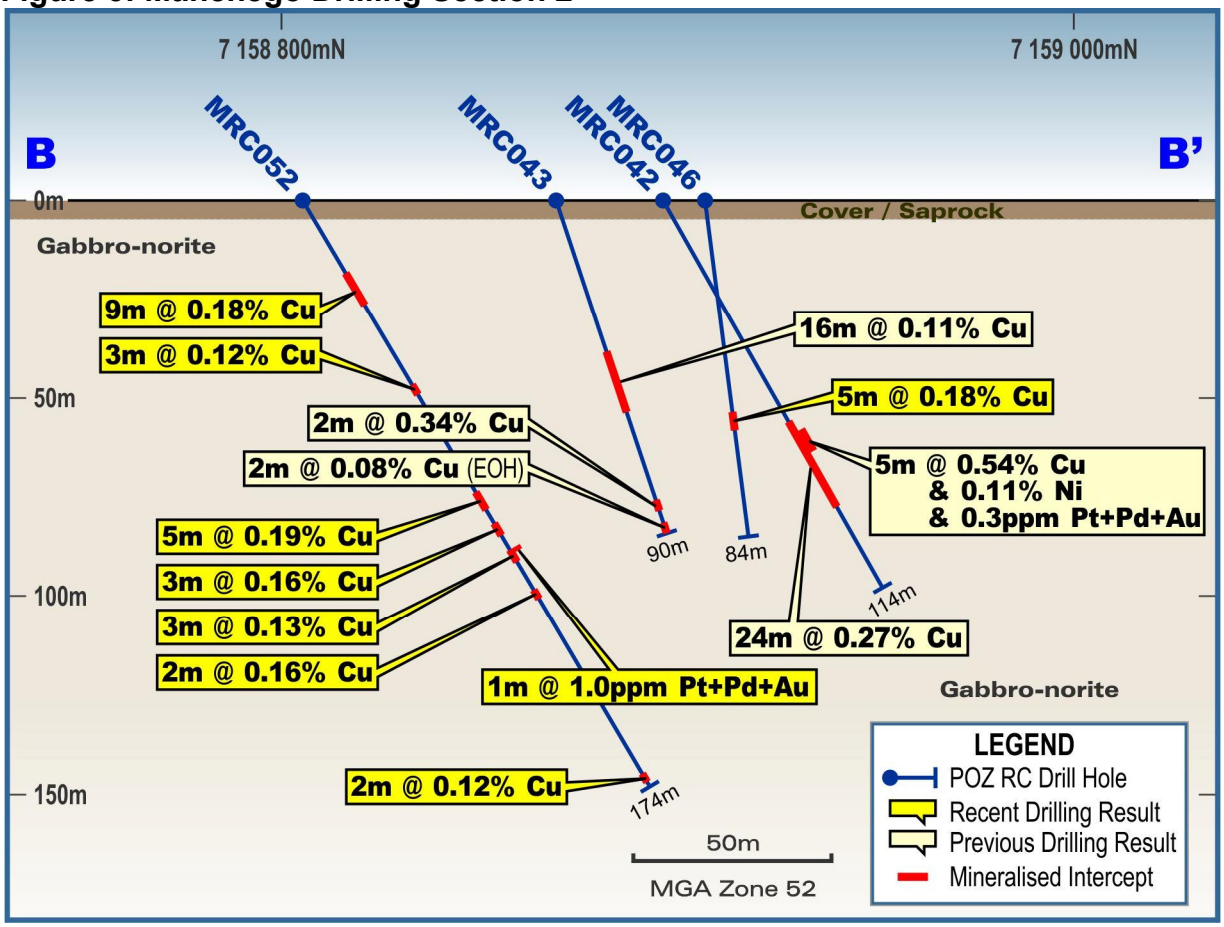
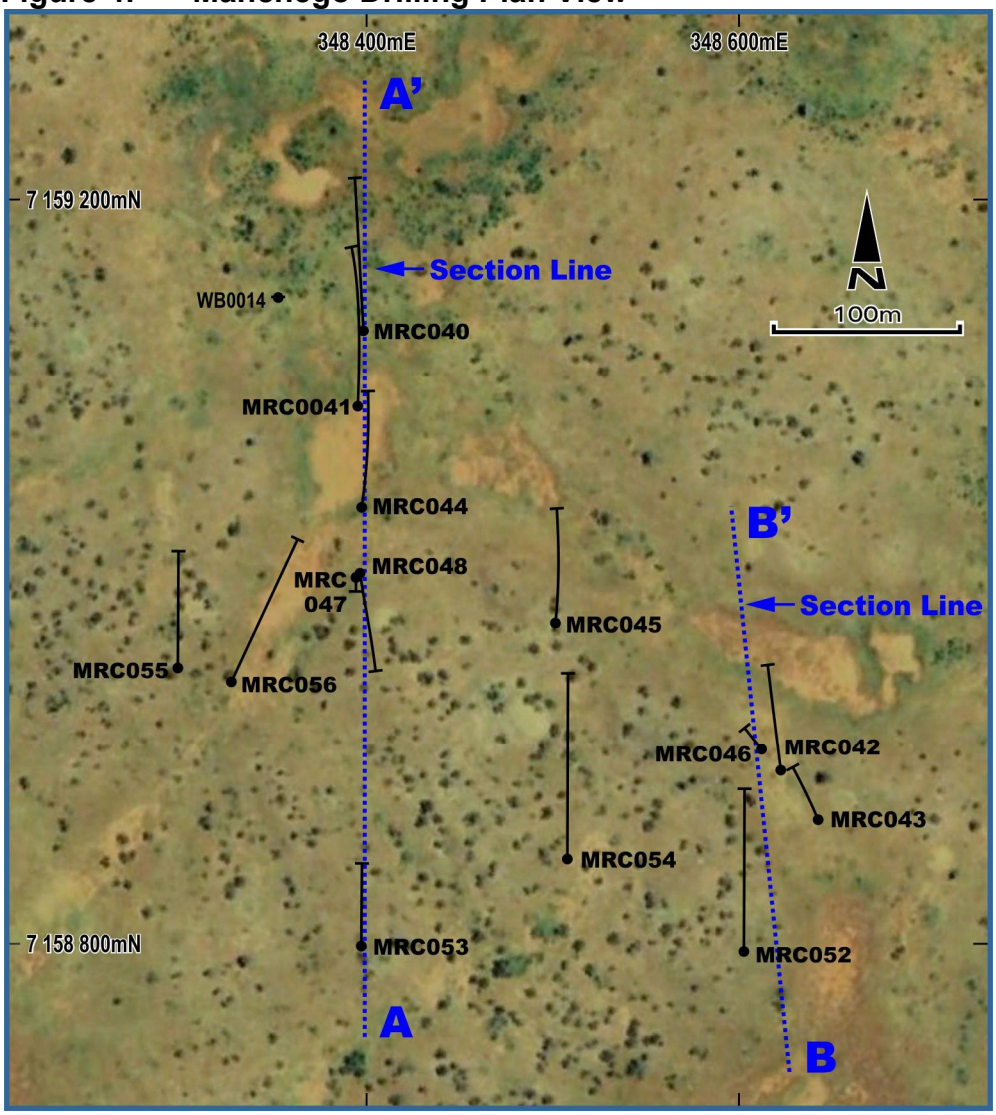


Figure 4: Manchego Drilling Plan View



3.0 Summary

POZ continues to be encouraged by the widespread nature of the copper mineralisation at Manchego which now extends over an area approximately 350 x 400metres and is open in all directions. The occurrence in MRC 52 of PGM+Au grades of up to 1.0 ppm is also a positive and confirms the presence of PGM's in the mineralising system.

The occurrence of narrow massive sulphide intervals comprising elevated Cu coincident with Ni and PGE indicate that primary magmatic sulphides do occur at Manchego. Petrography shows that some of these zones have experienced a period of remobilisation that has broadened the Cu-PGE footprint.

The data from both phases of drilling and from the recent ground EM surveys at Manchego will now be further assessed by Anglo American and POZ prior to deciding on next year's work program.

Jim Richards BSc. (hons) Geology, MAusIMM, MAIG
Executive Chairman

Enquiries: Mr Jim Richards, Executive Chairman, 08 9422 9555

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

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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). 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 Manchego Drilling Collar File

Hole Id	Hole Type	Hole Size	Datum-Zone	Easting	Northing	Dip	Azi	Depth
		Inches		m	m	Deg	Deg	Metres
MRC0048*	RC	5.25"	MGA94_52	348398	7158998	-80	180	90
MRC0052	RC	5.25"	MGA94_52	348603	7158796	-60	0	174
MRC0053	RC	5.25"	MGA94_52	348399	7158799	-80	0	252
MRC0054	RC	5.25"	MGA94_52	348509	7158846	-60	0	198
MRC0055	RC	5.25"	MGA94_52	348301	7158948	-60	0	126
MRC0056	RC	5.25"	MGA94_52	348329	7158941	-70	25	246
WB0014	RC	5.25"	MGA94_52	348355	7159147	-90	0	126
							Total	**1,212**

Survey by hand held GPS

* MRC 048 was drilled during Phase 1 to 180m. During Phase 2, this hole was re-entered and drilled from 180m to 270m for 90m drilling in Phase 2.

Appendix B -

Section 1 Sampling Techniques and Data

Criteria	JORC Code Explanation	Commentary
Sampling Techniques	Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	The targets at Manchego were sampled using Reverse Circulation (RC) drill holes. Geological logging of all samples was carried out on-site by Anglo American geologists. As a result of this logging, sampling intervals were determined as either one metre samples, two metre composites or four metre composites. One metre samples were rotary split and collected in calico bags. Composite samples were collated by a field assistant and split using a riffle splitter to gain a representative sample.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where ôindustry standardô work has been done this would be relatively simple (e.g. ôreverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assayô). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	Reverse circulation drilling was used to obtain 1, 2 or 4m samples from which up to 3kg of raw sample was pulverized such that 85% passed 75 micron to produce a 30 g charge for fire assay. Then Fire assay fusion - lead flux with Ag collector - for Pt, Pd and Au. Nominal sample weight 30 g. Pt, Pd, Au package using 30 g lead fire assay with ICP-AES finish. Four acid "near total" digestion for geochem samples. 43 elements by HF-HNO3-HClO4 acid digestion, HCl leach and ICP-AES.

Criteria	JORC Code Explanation	Commentary
Drilling Techniques	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	Drilling was by Reverse Circulation face sampling hammer. Hole diameter was 5.25 inches.
Drill sample Recovery	Method of recording and assessing core and chip sample recoveries and results assessed	During logging, chip sample recoveries appeared within acceptable norms and at this stage in the program, recoveries were not recorded.
	Measures taken to maximise sample recovery and ensure representative nature of the samples	Samples were rotary split and composites were subsequently riffle split.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	Not assessed at this early stage in the program.
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	Chips were geologically logged in detail. A resource estimation, mining studies or metallurgical studies would not be applicable to this stage of exploration. Chip trays were retained.
	Whether logging is qualitative or quantitative in nature. Core (or costean,channel, etc) photography.	Chip logging was quantitative including lithology, mineralogy, mineralisation, weathering, colour and other features of the samples.
	The total length and percentage of the relevant intersections logged	All drillholes were logged in full.
Sub Sampling Techniques and Sample Preparation	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	RC chip samples were rotary split and composites were subsequently riffle split. Sampling was all done dry
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Up to 3kg of raw sample was pulverized such that 85% passed 75 microns to produce a 30 g charge for various assay techniques. This was done by ALS Chemex in Wangara and was deemed an appropriate technique for the style of mineralisation.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	At the rig site, the sub sampling was done on the rig (rotary split) or by an Anglo American field assistant (riffle split) under the direct supervision of the Anglo American geologist. At the ALS laboratory, pulverization and splitting were done using the ALS quality control procedures.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Three field duplicates were used per hundred samples.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample sizes are considered to be appropriate to correctly represent the sulphide mineralisation at Manchego based on the style of mineralisation (massive and disseminated sulphides), the thickness and consistency of the intersections, the sampling methodology and percent value assay ranges for the primary elements.

Criteria	JORC Code Explanation	Commentary
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.	Cu, Ni, Fe and S assays were by ALS Chemex Procedure ME-ICP61.The analytical technique used a four acid digest multi element suite with ICP/OES or ICP/MS finish Samples with elevated sulphur were further assayed using ALS Chemex Procedure S-IR08 which uses an induction furnace. Pt, Pd and Au assays were by ALS Chemex Procedure PGM-ICP 23 with up to 30g fire assay with ICP AES finish. Detection levels are included in Table 1.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No geophysical tools were used to determine material element concentrations.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	Sample preparation checks for fineness were carried out by the laboratory as part of their internal procedures to ensure the grind size of 85% passing 75 micron was being attained. Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of the in house procedures. In house blanks, standards and duplicates were also used. Three quartz blanks and three field duplicates were used per hundred samples. For standards, a tholeiitic basalt with background base metal concentrations was used for unmineralised drilled intersections. A weakly mineralised gabbro-norite (Cu 2500ppm, Ni 2260ppm) was used for for mineralised drilled intersections. The standards were inserted at a frequency of one in 20 samples. Analysis of the blanks, standards and duplicates sample data reveals that precision of the assays is within acceptable limits for the current purposes.
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel.	Chips were logged in the field by an Anglo American contract geologist and the chip trays were subsequently viewed by Anglo American staff geologists.
	The use of twinned holes.	No twin holes were drilled
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Primary data was collected for both projects using the geological logging software, FieldMarshall, on laptop computers. The information was validated by Anglo American geologists and compilated into an SQL database server.
	Discuss any adjustment to assay data.	There have been no adjustments to the assay data. Field duplicates, field blanks (standard) and standard reference materials were removed and used for QAQC purposes. Samples that reported elements such as Cu and S >10,000ppm were re-analysed using an ore grade method (see methods) and these assays were incorporated into the database.

Criteria	JORC Code Explanation	Commentary
Location of Data points	Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	Hole collars for all holes were surveyed by the onsite geologist using a hand held GPS. This is deemed of sufficient accuracy for the current level of exploration. Drill holes were surveyed at 50m intervals using a Camteq Proshot Survey Instrument which is capable of collecting Azimuth, Inclination, Magnetic Field, Roll Face, Temperature, Date, and Time with azimuth accuracy of +/- 0.5 degrees RMS, and dip accuracy of +/- 0.2 degrees RMS.
	Specification of the grid system used.	Grid system used is MGA94_52
	Quality and adequacy of topographic control.	The Manchego area has no discernible relief. No topographic controls were used or deemed necessary for the current level of exploration
Data spacing and distribution	Data spacing for reporting of Exploration Results.	Drillholes has been predicated on the positions of ground geophysical EM conductors. The position of drillholes is shown in Figure 4
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	Not applicable to this stage of exploration
	Whether sample compositing has been applied.	Yes. Sample compositing has been applied and sampled intervals are described in Table 1
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	The orientation of mineralisation is not known. However, Section A-A' gives one possible interpretation in which drilling has been sub perpendicular to the mineralisation.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Any sampling bias due to drilling orientation is not known at this stage.
Sample Security	The measures taken to ensure sample security.	Chain of custody from Manchego to ALS Chemex lab in Malaga was managed and tracked by Anglo American. Delivery was by standard courier. Whilst in lab storage, samples were kept in a locked yard.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	At this early stage of exploration, no review of the sampling techniques and data has been initiated.

Section 2 REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	The Manchego Prospect sits within the Musgraves JV which comprises one exploration licence, E69/2864, covering 619km2. POZ has a Farm-In agreement with Anglo American Exploration (Australia) Pty Ltd (ôAnglo Americanõ), a wholly owned subsidiary of Anglo American Plc. Anglo have the right to earn a 70% interest in the tenement with POZ being free carried to BFS for the remaining 30%. The tenement is Aboriginal Freehold Land and an access agreement has been entered into with the Ngannyatjarra Land Council There is no Native Title Claim over the area.

Criteria	JORC Code Explanation	Commentary
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The tenement is in good standing and there are no known impediments for the Manchego Prospect.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	1960's: Westfield Resources assess the titaniferous-vanidiferous magnetite bands within the gabbro-anorthosite within the Jameson and Finlay Ranges. It was determined that there was little potential for a chromite deposit. 1996-2006: BHP in joint venture with AXG Mining completed significant geochemical sampling over the area using a broad suite of elements. Although Cu-Ni-PGE anomalies were generated from this work, current exploration has been focused on targeting geophysical EM anomalies.
Geology	Deposit type, geological setting and style of mineralisation.	See para 1.1
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length.	Refer to Annexure A in body of text. Further details are not material for this stage of exploration.
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.	All reported assays have been length weighted. No top-cuts have been applied. A nominal 0.1% Cu lower cut-off is applied.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	All results were low grade and so aggregation of intercepts was deemed statistically acceptable.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	Not applicable.
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	See notes to Table 1. The mineralised intervals reported are down hole lengths, true widths are not known.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Refer to Figures and Table 1 in body of text.

Criteria	JORC Code Explanation	Commentary
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	Every Phase 2 hole drilled has been reported in Table 1. Every assay result greater than the cut off grade of 0.10% Cu has been reported as a sample interval in Table 1. All drilled samples were assayed and results less than 0.10% Cu have not been reported.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples ï size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	Geological logging for each metre has been recorded. Water table was recorded at between 10 and 12 metres. No bulk sampling or metallurgical work has been commissioned at this stage. No significant deleterious or contaminating substances were found in the assay work to date.
Further work	The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive	The data from both phases of drilling at Manchego will now be further assessed by Anglo American and Phosphate Australia prior to deciding on next year's work program.