

**ASX RELEASE**

**17 October 2008**

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## **QUARTERLY REPORT**

**First Quarter - Period Ending 30 September 2008**

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### **DRILLING UNDERWAY AT HIGHLAND PLAINS PHOSPHATE PROJECT**

Phosphate Australia Limited (POZ) is pleased to report that drilling is well underway at the Company's 100% owned Highland Plains Phosphate Project in the Northern Territory. A total of 21 holes for 223 metres have so far been drilled.

Drilling commenced in the western area of Highland Plains where the shallowest phosphate targets are situated. Assays will be required to quantify phosphate mineralisation and these results will follow in due course.

Drilling is anticipated to continue through until mid-December with a view to working towards a JORC compliant resource for release next year.



RC Drilling at Highland Plains

A temporary camp has been established at Highland Plains and equipment including front end loader (see below), light truck and vehicles have been purchased and are on site. The all weather camp should be installed by the end of October.



The Board is pleased with the progress so far at Highland Plains. Since listing in July 2008, the Company has secured the required Mines Department, environmental and Aboriginal clearances for the drilling. Logistics and camp facilities have been established and the drilling program commenced.

POZ is on track to achieve its target of drilling out the Highland Plains phosphate project by the end of the year. As of September 30<sup>th</sup>, POZ had \$8 million cash on hand and on deposit.



ANDREW JAMES  
Managing Director  
*Phosphate Australia Limited*

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves 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.*