

ASX RELEASE

30 April 2009

ASX Code: POZ



QUARTERLY REPORT

Third Quarter - Period Ending 31 March 2009

Drilling Re-Commences at Highland Plains Phosphate Project With Two Rigs

Highlights:

- Drilling has now re-commenced at Phosphate Australia Limited's (POZ) 100% owned Highland Plains phosphate project in the Northern Territory.
- One of the drill rigs is an RC rig and will be operating initially in the Western Mine Target Zone. The aim here is to upgrade the resource in this shallower phosphatic area.
- The second drill rig onsite is a diamond rig and will be operating in the Western Mine Target Zone drilling PQ (large diameter) core samples to be used for further, more advanced metallurgical testwork.
- Initial metallurgical testing on Highland Plains material is well underway. The aim of this work is to assess how easily the silica will separate from the phosphate. This includes flotation work and POZ expects to be able to release initial results within the next two weeks.

1.0 During The Quarter

During the last quarter, a considerable amount of work has been achieved by POZ. This work is summarized below (*also see ASX Release dated 31 March 2009*).

2.0 Release of Maiden JORC Compliant Resource

A total JORC Inferred Resource at Highland Plains of **56 million tonnes at 16% P₂O₅** with a lower cut off of 10% P₂O₅.

This total resource includes within the Western Mine Target Zone a JORC Inferred Resource of **7 million tonnes at 23% P₂O₅** with a lower cut off of 20% P₂O₅.

These are the very first JORC compliant resources of POZ and provide a significant and tangible base upon which to build and promote our Company. The Board believes that these resource numbers will be significantly improved upon, not least by the RC drilling program currently underway.

Figure 1: Highland Plains Location and Transport/Shipping Options

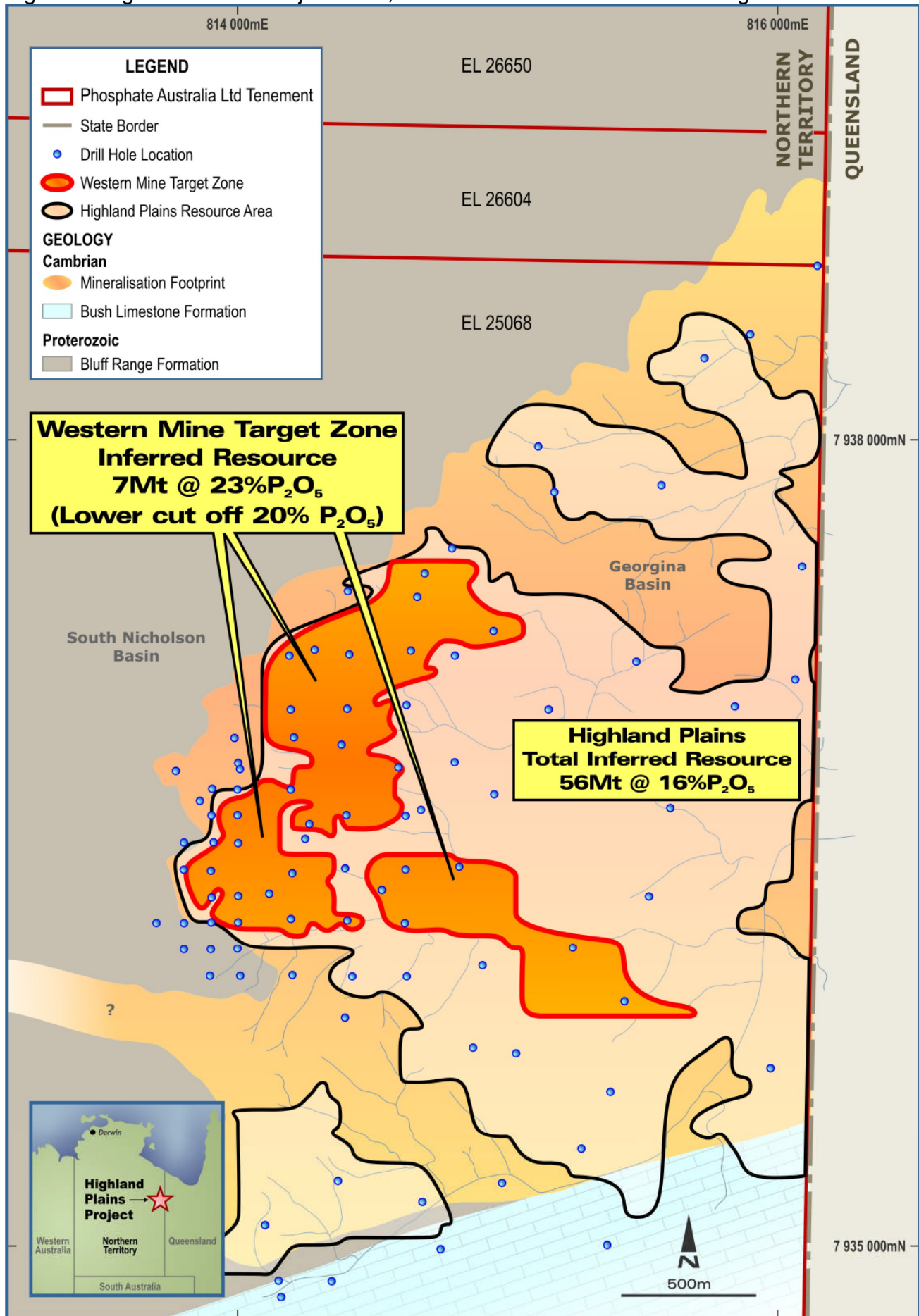


3.0 Identification of the Western Mine Target Zone

The identification of the area consisting of the Western Mine Target Zone is of major strategic importance to POZ. This area contains a higher grade, shallower zone where an initial, low capex, start up mining operation can be targeted.

Mineralisation begins at the western edge of the area almost at surface, and gently dips to the east. Drilling has shown some very high grades (including 5m at 30.5% P₂O₅ from 2m in hole HAC001) in this western area. This is the obvious place to target the commencement of a mining operation and enables POZ to target an operation that requires lower capex start up costs.

Figure 2: Highland Plains Project Area, Resources and Western Mine Target Zone



4.0 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).

5.0 Metallurgy

Metallurgical work is very important at Highland Plains. Georgina Basin phosphorites contain silica levels that are generally above what is optimal and this is a challenge that all operators in the Basin must face.

At POZ, we are specifically targeting a high grade/low contaminant product and as such, current metallurgical work is aimed at removing excess silica.

POZ expects to be able to release initial results from this work within the next two to three weeks.

6.0 Summary and Look Ahead

The Board of POZ are extremely pleased with the considerable and speedy progress to date. The Company only listed on the ASX in July 2008 and already has achieved a major drill campaign, metallurgical testwork and produced a very significant JORC compliant resource.

The initial success of the Company gives us the confidence to continue to advance the Highland Plains phosphate project as swiftly as is feasible. Current and ongoing work includes:

- 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 needed.
- 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.
- Metallurgical flotation testwork on existing samples targeting a high grade, low silica phosphate product.
- Logistics studies and economic comparisons for transport and port options.
- Promote the Company as a potential near term, low capex, phosphate producer.

The Western Mine Target Zone at Highland Plains does provide POZ with a considerable advantage. It contains areas of very shallow and high grade phosphate mineralisation and is now the primary target area for a start up operation with a potentially lower capex.

The Company is in a strong financial position with \$6.2 million cash on hand as at the end of the March quarter.



ANDREW JAMES
Managing Director

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.