

Assay Batch 5: Best Phosphate Results So Far From Highland Plains Drilling

Highlights:

- Phosphate Australia Limited (POZ) reports its Batch 5 drilling results from the Company's 100% owned Highland Plains Phosphate Project in the Northern Territory. These results are the first assays received for the Company's 2009 Phase 2 follow-up RC drilling program.
- Results include the best hole to date **HRC063 19 metres at 25.6% P₂O₅ from 3 metres**, and includes **12 metres at 31.1% P₂O₅** from 9 metres. This represents exceptionally strong and thick mineralisation from a very shallow depth. Importantly, this hole is situated in the hub of the Western Mine Target Zone.
- The one month Phase 2 RC drilling campaign was successfully completed on 28 May. A total of 72 RC holes were drilled for 2594 metres.
- The large diameter PQ coring program has also been successfully completed. A total of 10 PQ holes were drilled for 207 metres.
- Metallurgical testwork is progressing well. Results will be reported once they are available.

Table 1: Drilling Assay Results - Highlights Batch 5

Hole	From (m)	To (m)	Width (m)	P ₂ O ₅ %	Fe ₂ O ₃ %	Al ₂ O ₃ %	CaO %	MgO %	SiO ₂ %	CaO:P ₂ O ₅ Ratio
HRC063	3	22	19	25.6	1.1	3.5	34.0	0.1	30.3	1.33
Includes										
HRC063	9	21	12	31.1	1.0	3.0	41.4	0.1	18.3	1.33
HRC060	9	23	14	25.3	1.4	3.7	33.9	0.1	30.4	1.34
Includes										
HRC060	17	23	6	28.7	1.6	3.0	39.0	0.1	22.1	1.36

1.0 Phase 2 RC Drilling Campaign and Batch 5 Assay Results

The Company's 2009 one month Phase 2 follow up drilling campaign has been particularly successful. A total of 72 RC holes were drilled for 2594 metres. The campaign was completed on 28 May.

The first set of assay results for the Phase 2 drilling are shown in Table 2 below (Batch 5). A summary of the aims of the drilling program follows:

1.1 Phase 2 Drilling – Western Mine Target Zone

The Phase 2 drilling was primarily designed as an infill program of the Western Mine Target Zone. This area is of significance as the best place to design a startup mining operation and enables POZ to target an operation with lower capital expenditure. Much of this area has now been drilled to a 100 x 100 m spacing.

Mineralisation begins at the western edge of the area almost at surface and dips gently to the east. Drilling has previously shown some very high grades (including 5m at 30.5% P₂O₅ from 2m in hole HAC001) in this western area. The Phase 2 drilling program was primarily intended to:

- Increase the resource
- Assist in pit design and mine planning
- Provide a greater level of confidence in the continuity of the resource
- Gather significant quantities of product for more advanced metallurgical testwork

The Batch 5 assay results are highly encouraging in terms of grade, thickness and shallow depth of cover. These results confirm the merit of the Board's decision to target the Western Mine Target Zone area.

Results include the best hole at Highland Plains to date, HRC063 **19 metres at 25.6% P₂O₅** from 3 metres and includes **12 metres at 31.1% P₂O₅** from 9 metres. This result indicates exceptionally strong and thick mineralisation and from a very shallow depth in the hub of the Western Mine Target Zone.

The results are strong and consistent and indicate the quality, grade and shallow nature of the mineralisation in this part of the Western Mine Target Zone.

1.2 Phase 2 Drilling – Highland Plains Resource Area

Part of the Phase 2 drilling campaign was also positioned in the Highland Plains Total Resource Area. This drilling program was primarily designed to:

- Test for mineralisation in areas as yet untested and not yet included in the total resource model
- Give a greater confidence in the continuity of the resource
- Give a better understanding of the mineralogy and metallurgy of the greater deposit

No results for this area were included in Batch 5 however. Further releases will report assay results from the Highland Plains Total Resource Area as they become available.

Table 2: RC Drilling Assay Results - Batch 5

Hole	From (m)	To (m)	Width (m)	P ₂ O ₅ %	Fe ₂ O ₃ %	Al ₂ O ₃ %	CaO %	MgO %	SiO ₂ %	CaO:P ₂ O ₅ Ratio
HRC022	6	14	8	24.4	0.6	2.7	32.9	0.1	33.7	1.35
Includes										
HRC022	11	13	2	35.4	0.6	1.6	47.3	0.1	10.3	1.34
HRC038	9	16	7	21.2	0.6	3.6	28.5	0.2	40.3	1.34
Includes										
HRC038	12	14	2	27.5	0.7	3.3	37.9	0.2	24.8	1.38
HRC059	9	12	3	28.1	4.7	3.2	36.5	0.1	22.5	1.30
HRC060	9	23	14	25.3	1.4	3.7	33.9	0.1	30.4	1.34
Includes										
HRC060	17	23	6	28.7	1.6	3.0	39.0	0.1	22.1	1.36
HRC061	15	19	4	21.0	2.4	7.3	27.3	0.3	33.6	1.30
Includes										
HRC061	16	18	2	25.8	3.8	6.7	33.2	0.2	21.3	1.29
HRC062	6	25	19	16.9	1.7	5.3	22.5	0.2	46.8	1.33
Includes										
HRC062	22	24	2	31.3	2.6	2.9	42.5	0.1	13.2	1.36
HRC063	3	22	19	25.6	1.1	3.5	34.0	0.1	30.3	1.33
Includes										
HRC063	9	21	12	31.1	1.0	3.0	41.4	0.1	18.3	1.33
HRC064	10	29	19	11.7	6.6	6.0	15.7	0.3	50.5	1.34
Includes										
HRC064	26	28	2	24.2	8.7	4.4	32.8	0.3	17.2	1.36
HRC065	2	16	14	14.8	3.3	5.0	19.6	0.2	50.2	1.32
Includes										
HRC065	2	6	4	18.0	1.1	4.5	23.4	0.2	46.6	1.30
HRC066	16	28	12	16.1	5.0	4.2	21.5	0.2	46.4	1.34
Includes										
HRC066	24	28	4	21.4	3.1	3.9	28.6	0.2	36.5	1.34
HRC074	Hole drilled on edge of embayment and defines the edge of the mineralisation - not mineralised.									

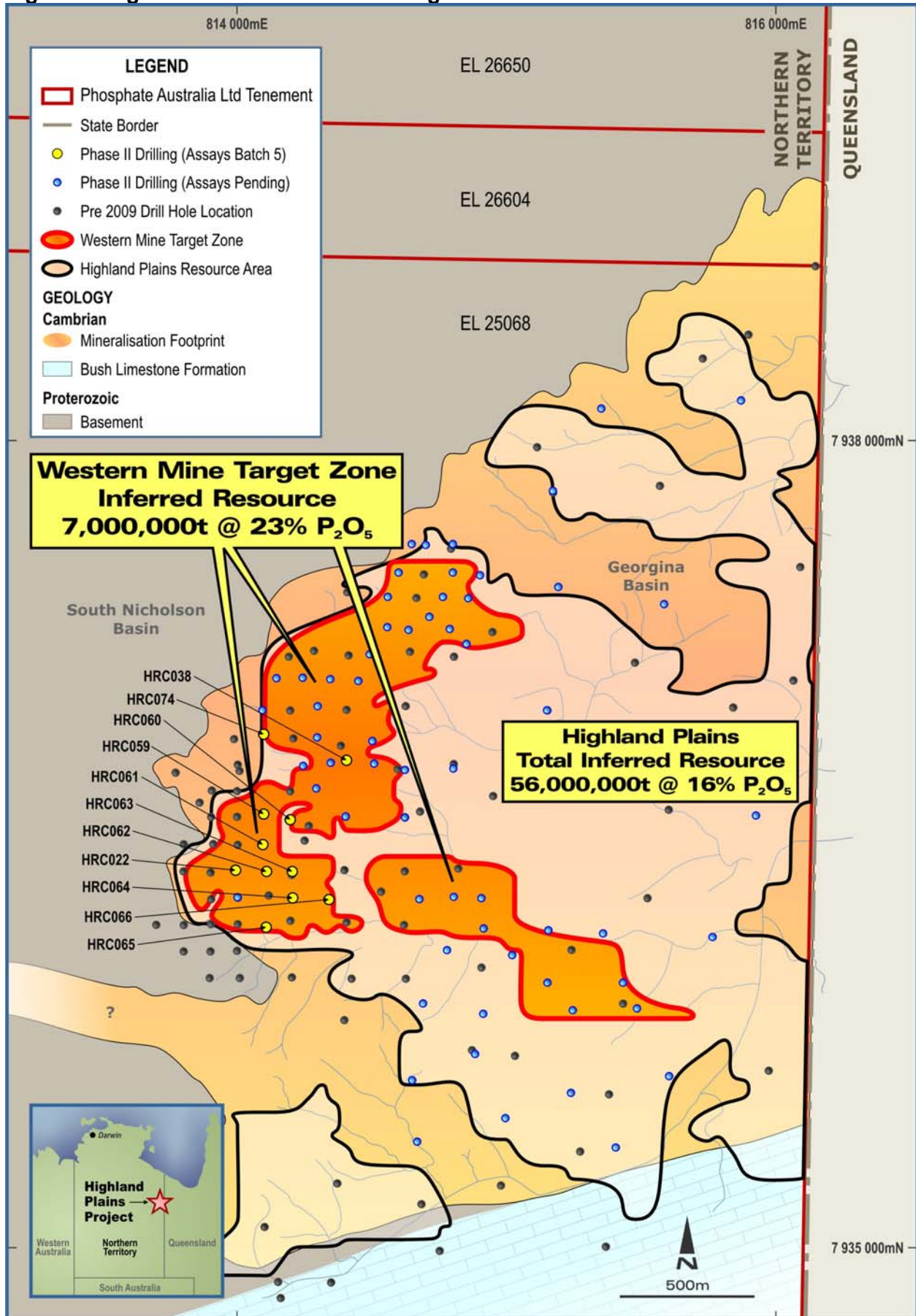
NB:

All assays by XRF; assays are uncut.

All holes were vertical RC except where drilling conditions required, then water was injected and aircore returns used.

All holes for which assay results have been received are included.

Figure 1: Highland Plains Phase 2 Drilling Results Locations



2.0 Large Diameter PQ Coring Program

Concurrently with the Phase 2 drilling program, a very successful large diameter PQ coring drill program has also been completed. A total of 10 PQ holes were drilled for 207 metres. All holes had excellent core recovery including through the friable phosphatic intervals.

In order to progress the Western Mine Target Zone and plan a mining operation there, larger diameter core was acquired. This core provides further information including:

- Material for more advanced metallurgical studies
- Geotechnical samples for studies of rock strength and specific gravity etc
- Assay comparison data

This information will be utilized along with the RC drilling and other metallurgical information to assist in formulating a pit optimization model and mine planning.

3.0 Ongoing Metallurgical Testing Results

The current round of metallurgical testing is progressing well. Final results are taking longer to produce than was initially planned primarily because of the geographical separation of the two laboratories involved. Material is being sized, floated and tested in Perth, but each step is being assayed in Adelaide. This situation will be rectified for the next phase of testing. Results will be reported once they are available.

4.0 Summary and Look Ahead

The Board is pleased with progress to date. A decision was made earlier in the year to specifically target the shallower Western Mine Target Zone as a potential startup mining operation that requires lower capital expenditure. This decision has now been shown to be fully justified, with exceptional assay results now being returned from the Phase 2 RC drilling program within this zone.

The Company is extremely well placed. POZ has an advanced phosphate project at Highland Plains comprising a very significant JORC compliant resource, a fully funded ongoing technical testing program to further advance this project and \$6.2 million cash on hand (as at the end of the March quarter).

Furthermore, for an Australian phosphate explorer, POZ has some strategic advantages. The Company is completely independent, has no private royalties in place on any of its projects and has projects it controls 100%. POZ is very well positioned to continue to advance our Highland Plains project to an independent mining operation.



ANDREW JAMES
Managing Director

Table 3: Phase 2 RC Drilling Collar File

HOLE #	DRILL TYPE	NORTHING	EASTING	HOLE DEPTH
HRC022	RC	7936404	813995	21.0
HRC023C	RC	7936298	813998	28.0
HRC047B	RC	7936780	814594	57.0
HRC048B	RC	7936600	814620	57.0
HRC051B	RC	7935999	814623	28.0
HRC054B	RC	7936800	814800	46.0
HRC057B	RC	7937002	815149	51.0
HRC058B	RC	7937813	815167	25.0
HRC059	RC	7936611	814098	28.0
HRC060	RC	7936592	814195	29.0
HRC061	RC	7936500	814095	28.0
HRC062	RC	7936400	814108	29.0
HRC063	RC	7936401	814202	31.0
HRC064	RC	7936305	814204	40.0
HRC065	RC	7936197	814104	27.0
HRC066	RC	7936300	814338	47.0
HRC067	RC	7936600	814401	45.0
HRC068	RC	7936708	814295	41.0
HRC069	RC	7936791	814247	35.0
HRC070	RC	7936802	814348	43.0
HRC071	RC	7936800	814508	42.0
HRC072	RC	7936885	814502	40.0
HRC073	RC	7936895	814299	39.0
HRC074	RC	7936903	814100	22.0
HRC075	RC	7936993	814099	31.0
HRC076	RC	7937011	814303	36.0
HRC077	RC	7937111	814150	30.0
HRC078	RC	7937115	814245	32.0
HRC079	RC	7937109	814349	38.0
HRC080	RC	7937106	814450	43.0
HRC081	RC	7937202	814493	43.0
HRC082	RC	7937303	814558	43.0
HRC083	RC	7937294	814635	40.0
HRC084	RC	7937343	814711	40.0
HRC085	RC	7937300	814788	37.0
HRC086	RC	7937247	814850	39.0
HRC087	RC	7937414	814856	40.0
HRC088	RC	7937417	814764	34.0
HRC089	RC	7937415	814562	34.0
HRC090	RC	7937505	814602	28.0
HRC091	RC	7937508	814803	30.0
HRC092	RC	7937498	814901	33.0
HRC093	RC	7937610	814804	22.0
HRC094	RC	7937608	814703	16.0
HRC095	RC	7937609	814650	13.0

HOLE #	DRILL TYPE	NORTHING	EASTING	HOLE DEPTH
HRC096	RC	7936303	814672	46.0
HRC097	RC	7936313	814797	38.0
HRC098	RC	7936309	814898	43.0
HRC099	RC	7936198	814905	47.0
HRC100	RC	7936117	814771	41.0
HRC101	RC	7936101	815009	39.0
HRC102	RC	7936001	815140	46.0
HRC103	RC	7935900	815233	40.0
HRC104	RC	7935910	815468	35.0
HRC105	RC	7936006	815417	43.0
HRC106	RC	7936186	815345	55.0
HRC107	RC	7936193	815143	31.0
HRC108	RC	7935635	814640	28.0
HRC109	RC	7935734	814871	22.0
HRC110	RC	7935598	815224	40.0
HRC111	RC	7935662	815584	22.0
HRC112	RC	7935502	814982	28.0
HRC113	RC	7935396	815388	25.0
HRC114	RC	7935410	814657	28.0
HRC115	RC	7935884	814903	31.0
HRC116	RC	7936177	815746	40.0
HRC117	RC	7936625	815911	43.0
HRC118	RC	7936884	815460	57.0
HRC119	RC	7937399	815576	43.0
HRC120	RC	7937458	815186	46.0
HRC121	RC	7938119	815351	31.0
HRC122	RC	7938153	815861	25.0
Total Phase 2				2594 m

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.