

## ASX RELEASE

1st October 2012

ASX Code: POZ



## QUARTERLY REPORT

Period Ending 30 September 2012

---

### Highlights:

#### Board Changes:

- Mr Andrew James has resigned as Managing Director and also from the Board of Phosphate Australia Limited (POZ); effective 1st October 2012.
- Mr Jim Richards will move from his role as Non-Executive Chairman to Executive Chairman; effective 30<sup>th</sup> September 2012.
- Mr Mark Thompson has been appointed as a Non-Executive Director of the Company; effective 1<sup>st</sup> October 2012.

#### Gold:

- In-house resource modelling on the Tuckanarra Project in WA is nearly completed and will shortly be handed over to POZ's independent consultants to complete resource calculations and pit optimisation modelling.

#### Phosphate:

- The Company has been working for some time to attract a Strategic Financial Partner ("SFP") for the Highland Plains phosphate project in the NT and despite encouragement; has not found a suitable partner to date.
- As a result of this, the Board has decided to place the project on hold and explore other commercial options for Highland Plains which includes the possibility of a trade sale.

Enquiries To: Mr Jim Richards +61 8 9422 9555

## 1.0 Board Changes

Mr Andrew James has resigned both as Managing Director and from the Board of Phosphate Australia Limited (POZ) effective 1<sup>st</sup> October 2012.

The Board thanks Mr James for his hard work, diligence and stewardship of the Company over the past four years. Mr James was the founding Director of the Company and his technical and management skills have enabled POZ to develop its projects in an effective and cost efficient manner. The Board wishes Mr James well in his future endeavours.

Mr Jim Richards will take over the running of the Company as Executive Chairman effective 30<sup>th</sup> September 2012. Mr Richards has spent more than 22 years experience as a geologist and is also an experienced Company Director. He was formerly the Chief Executive Officer of United Minerals Corporation NL (UMC), leading the technical team which discovered the high grade Railway iron deposit in the Pilbara. BHP Billiton acquired the Railway deposit in 2010 through a \$204 million take-over of UMC.

Mr Mark Thompson has been appointed as a Non-Executive Director of the Company effective 1<sup>st</sup> October 2012. Mr Thompson has more than 20 years industry experience in gold exploration and mining management, working extensively on major resource projects throughout Australia, Africa and South America.

He is a former Manager and Director of several private geological consultancies, founded and served on the Board of ASX-listed Catalyst Metals Ltd and is a member of the Australian Institute of Geoscientists and the Society of Economic Geologists. Mr Thompson is currently the Managing Director of ASX listed Talga Gold Limited.

The new Board consisting of Jim Richards, Grant Mooney and Mark Thompson has a varied and experienced background and is well equipped to move the Company forwards into a new and successful phase of operations

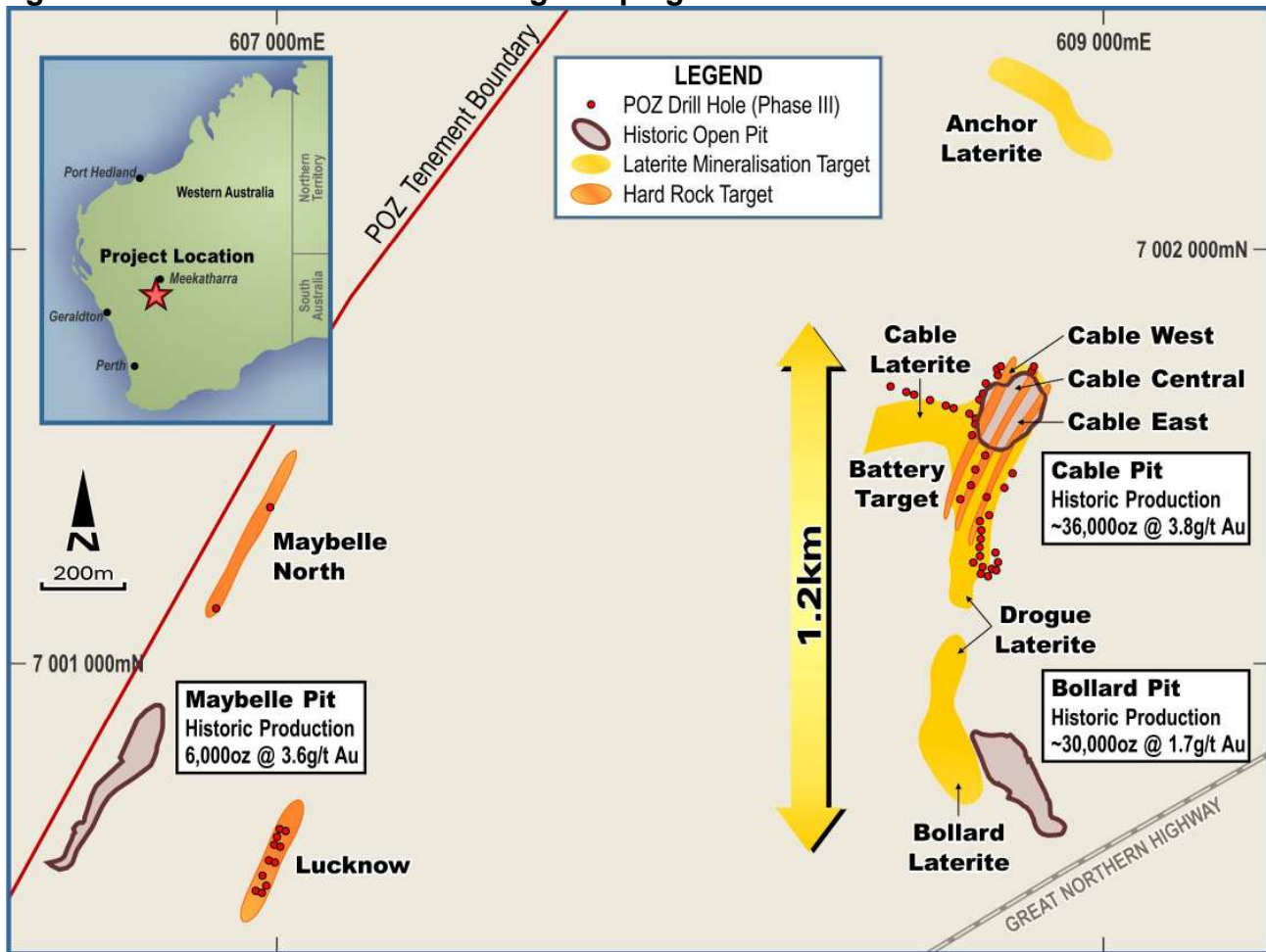
## 2.0 Tuckanarra Gold Project (WA)

The Tuckanarra gold project lies within the prolific West Australian Murchison goldfield (Figure 2). The Tuckanarra project has historic production of ~125,000 ounces and was last mined in 1993 when the gold price was around US\$330 an ounce.

The Company has completed three successful drilling programs over the past year at Tuckanarra and is aiming to announce a JORC resource for the project as soon as the resource modelling and calculations have been completed.

The in-house wire frame resource modelling is nearly completed and will shortly be handed over to the Company's independent consultants for resource calculations and pit optimisation modelling.

The Tuckanarra gold project continues to progress well. The shallow and in parts high grade mineralisation, excellent initial metallurgical recoveries and the proximity of various third party gold processing mills, give the Company considerable confidence in this project.

**Figure 2: Tuckanarra Phase 3 drilling campaign drill hole locations**


### 3.0 Highland Plains Phosphate Project Update (Northern Territory)

Highland Plains has a JORC compliant Inferred Resource of 53 Mt at 16% P<sub>2</sub>O<sub>5</sub>. The project is 100% owned by POZ.

The Company has been working for some time to attract a Strategic Financial Partner (“SFP”) in the project and despite considerable encouragement has not to date found a suitable partner.

As a result of this, the Board has placed the project on hold for the time being and is exploring other commercial options for Highland Plains which includes the possibility of a trade sale.

As part of a due-diligence process, selected sample pulps from the Company’s reverse circulation drilling programs were re-assayed for trace elements. The selected samples had an average P<sub>2</sub>O<sub>5</sub> grade of 14.9%. The assayed lead values were anomalous with an average value of 190 ppm. These elevated lead values mainly occurred at the base of the phosphate beds, particularly where they directly overlie basement rocks, and could probably be mitigated through selective mining practices. A metallurgical solution may also be possible to reduce lead in a beneficiated rock phosphate product although the Company does not intend to pursue this work at the present time.

The project's camp has been de-mobilised from site to Camooweal (QLD) and any outstanding environmental rehabilitation requirements will now take place.

#### **4.0 Corporate Update**

In recognition of the current challenging commercial conditions, the Board has instigated a series of cost saving measures within the Company. These savings commenced with Directors' salaries and flow down through the rest of Company. These changes will result in a significant lowering of operational costs.

#### **5.0 Summary and Outlook**

The Company has strong projects at Highland Plains (phosphate), Tuckanarra (gold) and the Musgraves (Ni-PGE-Cu) Joint Venture with Anglo American. With a refreshed and experienced Board and Management, together with lower operating costs and a cash balance of \$1.89 million (30th September), the Company is well placed as it moves forward to 2013.

Jim Richards  
Executive Chairman

Enquiries To: Mr Jim Richards +61 8 9422 9555

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr James 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 a 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.*