Phosphate Australia under the radar at Highland Plains Phosphate Project, but not for long

Phosphate Resources (ASX:POZ) concluded a successful quarter with a total JORC Inferred Resource at Highland Plains in the Northern Territory 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 is a JORC Inferred Resource of 7 million tonnes at 23% P2O5 with a lower cut off of 20% P2O5.

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

The Company had $6.2 million cash on hand as at the end of the March quarter.

Highlights

- Drilling has now re-commenced at Phosphate Australia's 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.

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.

Next steps

The company is extremely pleased with the considerable and speedy progress to date. The Company 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.
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