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Listings Officer
ASX Melbourne
ASX Announcement by Electronic Lodgement, Monday, August 22, 2011

EXPLORATION UPDATE

AMMAROO PHOSPHATE PROJECT (RUM 100%) – BARROW CREEK 1

DRILLING PROGRESS

Reverse Circulation drilling recommenced at the Barrow Creek 1 Deposit on Tuesday 15th August. Drilling is currently progressing at a rate in excess of 300 metres per day. A total 20,000 metres is planned for this program which will focus on extending the area of the resource and infilling the shallow high grade phosphate zones at 50 metre infill spacing. The objective of the latter being to define high grade (plus 30% P2O5) DSO.

Initial extensional drilling is currently being carried out contiguous to the northwest boundary of the known resource and is off to a promising start with holes located on a 200 metre spaced grid encountering strong phosphate readings at shallow depth. A detailed plan of the current drill program was released in the last Quarterly Report but is included below (Figure 1).

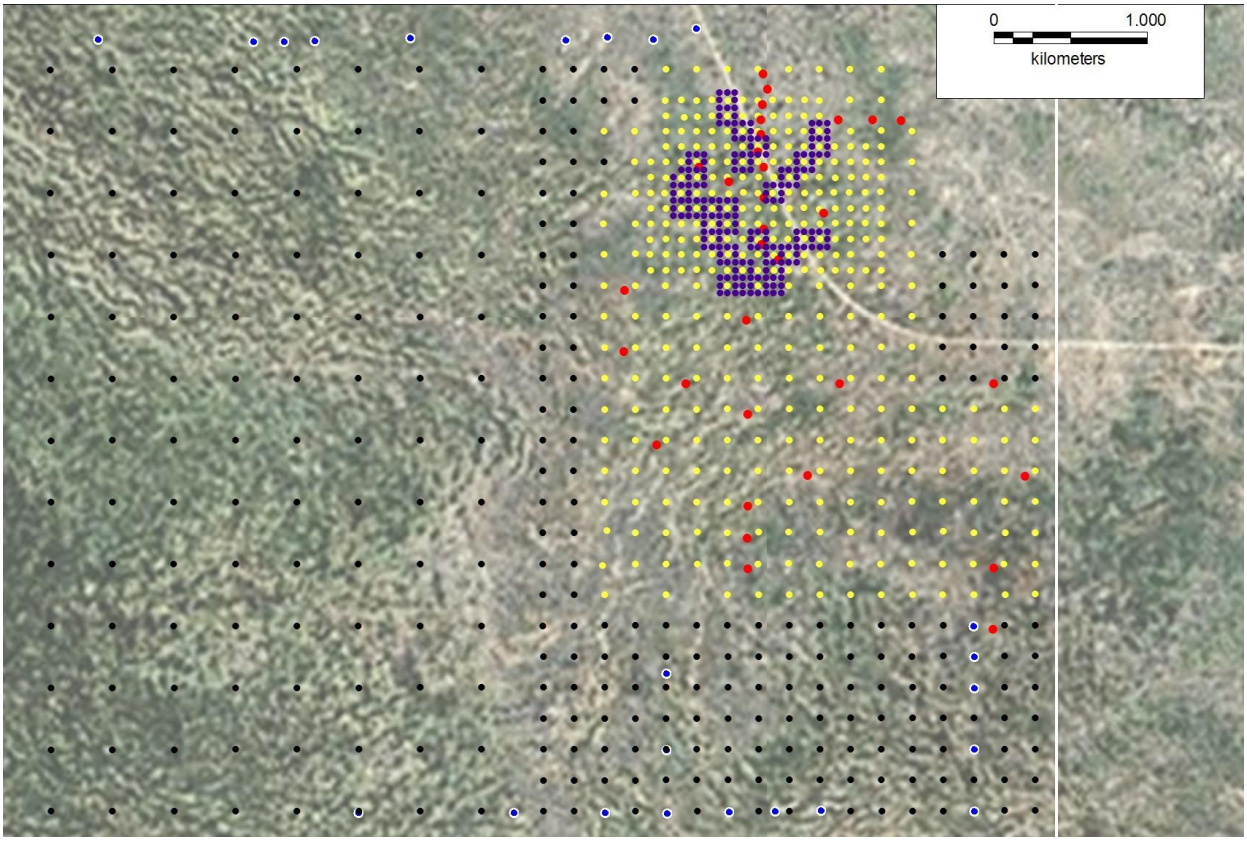

Figure 1: Black holes depict extensional drilling grid. Purple holes indicate potential high grade (plus 30% phosphate) resource area. Yellow is the existing JORC resource grid, red holes are the PQ diamond core holes and blue and white holes are the original exploration holes.

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ORE BENEFICIATION

Extensive trenching in three trenches has tested free digging phosphate rock less than 7 metres below the land surface as depicted in the Figure below.

Figure 1: Trench number three containing shallow phosphate rock (white material).

A two tonne bulk sample collected from trench number two has been comprehensively treated at the testing laboratory in Adelaide. The results of the testing are recorded in Table 1 below.

The data in Table 1 is extremely encouraging as it demonstrates that by simply screening the coarser product removed from the trench divides the bulk into a high grade and low grade sample.

The table demonstrates that the overall head assay of the 2.045 tonne sample was 21.6% P_2O_5. However if the coarser fraction of 1.127 tonnes (54% of the total) that would not pass through a 13.2mm (approximately half inch) mesh screen was retained, it would have a head assay of 28% P_2O_5.

In addition to Trench 3 currently being tested, other samples of run of mill ore are to be excavated and treated similarly at the testing laboratories in Adelaide to confirm the reliability of this beneficiation opportunity over a large-scale area. Some harder material from diamond drill core will also be put through a primary crusher and then screened and tested.

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Table 1 Bulk Trench Sample - Distribution of minerals on BCR261 Dry Sample

Fraction	Weight		Assay						Distribution					
	kg	%	Al2O3 %	CaO %	Fe2O3 %	MgO %	P2O5 %	SiO2 %	Al2O3 %	CaO %	Fe2O3 %	MgO %	P2O5 %	SiO2 %
--75+50mm	323.12	15.4	2.5	42.3	2.43	0.29	29.5	17.5	6.1	21.0	14.6	7.0	21.4	8.5
--50+38mm	312.48	14.9	2.2	43.7	2.33	0.27	31.1	15.0	5.3	21.0	13.5	6.3	21.8	7.0
-38+25mm	169.07	8.1	3.2	39.3	2.37	0.35	27.5	21.8	4.2	10.2	7.4	4.4	10.4	5.5
-25+19mm	148.05	7.1	4.3	35.7	2.36	0.47	24.6	27.0	4.9	8.1	6.5	5.2	8.2	6.0
-19+13.2mm	174.73	8.3	5.2	32.5	2.40	0.55	22.2	31.6	7.0	8.7	7.8	7.2	8.7	8.3
-13.2+9.5mm	127.88	6.1	5.9	29.8	2.31	0.62	20.4	35.0	5.8	5.9	5.5	5.9	5.9	6.7
-9.5+6.7mm	152.85	7.3	6.9	27.3	2.40	0.70	18.3	38.4	8.1	6.4	6.8	8.0	6.3	8.8
-6.7+3.35mm	194.39	9.3	8.7	23.1	2.59	0.87	15.3	41.8	13.0	6.9	9.3	12.6	6.7	12.2
-3.35+1.7mm	130.75	6.2	10.3	19.8	2.71	0.99	12.7	45.5	10.3	4.0	6.6	9.6	3.7	8.9
-1.7+0.85mm	111.25	5.3	11.7	16.8	2.94	1.14	10.7	48.4	10.0	2.9	6.1	9.4	2.7	8.1
-850+600um	39.01	1.9	12.6	15.0	3.18	1.23	9.1	50.0	3.8	0.9	2.3	3.6	0.8	2.9
-600+300um	63.04	3.0	13.0	13.6	3.29	1.27	8.3	51.5	6.3	1.3	3.8	6.0	1.2	4.9
-300+150um	41.70	2.0	13.2	12.7	3.46	1.30	7.3	53.6	4.2	0.8	2.7	4.0	0.7	3.4
-150+75um	33.70	1.6	12.2	11.4	3.40	1.20	6.3	57.7	3.2	0.6	2.1	3.0	0.5	2.9
-75+38um	23.91	1.1	10.6	9.2	2.96	1.04	5.0	64.4	1.9	0.3	1.3	1.9	0.3	2.3
minus 38um	48.53	2.3	16.0	12.2	4.10	1.66	7.6	47.6	6.0	0.9	3.7	6.0	0.8	3.5
Calculated Head	2094.46	100.0	6.2	31.0	2.57	0.64	21.3	31.8	100.0	100.0	100.0	100.0	100.0	100.0
Assay Head			6.4	30.5	2.53	0.65	20.9	32.9						

Cumulative Fractions

Fraction	Weight		Assay						Distribution					
	kg	%	Al2O3 %	CaO %	Fe2O3 %	MgO %	P2O5 %	SiO2 %	Al2O3 %	CaO %	Fe2O3 %	MgO %	P2O5 %	SiO2 %
Total plus 50mm	323.12	15.4	2.5	42.3	2.43	0.29	29.5	17.5	6.1	21.0	14.6	7.0	21.4	8.5
Total Plus 38mm	635.60	30.3	2.3	43.0	2.38	0.28	30.3	16.3	11.4	42.0	28.1	13.3	43.2	15.5
Total Plus 25mm	804.67	38.4	2.5	42.2	2.38	0.29	29.7	17.4	15.6	52.2	35.5	17.7	53.7	21.1
Total Plus 19mm	952.73	45.5	2.8	41.2	2.38	0.32	28.9	18.9	20.4	60.4	42.0	22.9	61.8	27.1
Total Plus 13.2mm	1127.45	53.8	3.2	39.9	2.38	0.36	27.9	20.9	27.4	69.1	49.8	30.0	70.6	35.4
Total Plus 9.5mm	1255.33	59.9	3.4	38.8	2.37	0.38	27.1	22.3	33.2	75.0	55.3	35.9	76.4	42.1
Total Plus 6.7mm	1408.18	67.2	3.8	37.6	2.38	0.42	26.2	24.1	41.3	81.4	62.1	43.9	82.7	50.9
Total Plus 3.35mm	1602.57	76.5	4.4	35.8	2.40	0.47	24.8	26.2	54.3	88.3	71.4	56.5	89.4	63.1
Total Plus 1.70mm	1733.32	82.8	4.9	34.6	2.42	0.51	23.9	27.7	64.7	92.3	78.0	66.1	93.1	72.0
Total Plus 850um	1844.57	88.1	5.3	33.5	2.46	0.55	23.1	28.9	74.7	95.1	84.0	75.6	95.8	80.1
Total Plus 600um	1883.58	89.9	5.4	33.2	2.47	0.56	22.8	29.4	78.4	96.0	86.3	79.1	96.6	83.1
Total Plus 300um	1946.62	92.9	5.7	32.5	2.50	0.59	22.4	30.1	84.7	97.3	90.2	85.1	97.7	87.9
Total Plus 150um	1988.32	94.9	5.8	32.1	2.52	0.60	22.0	30.6	88.9	98.2	92.9	89.1	98.4	91.3
Total Plus 75um	2022.02	96.5	5.9	31.8	2.53	0.61	21.8	31.0	92.1	98.8	95.0	92.1	98.9	94.2

QUANTITATIVE ASSAY DATA CHECK

There are two recognized standard analytical methods for determining phosphate assays. The cheaper, more widely used method is ICP4, which forms the basis for the ore reserve calculations completed on the Barrow Creek 1 Resource. More recently we have been re-assaying some intersections and finding that a more costly XRF assay is producing higher grade assays. More specifically, we submitted 100 duplicate samples for check assay using both methods and found the XRF method was on average assaying an additional 3% higher than the ICP4 method.

A recently completed diamond core drilling program enabled us to drill 32 large diameter PQ core (Figure 2) holes within the resource area. This information will provide invaluable data such as density measurements for the ore, metallurgical characteristics and stratigraphic information for understanding the ore consistency and its surrounding strata. Most importantly, 425 core samples representing one meter intervals within the phosphate layer are being assayed by both analytical methods, ICP4 and XRF to determine what approach to take in the future.

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Figure 2: PQ Diamond Drill Core DDH 3 showing red surface sand and loam to 3 metres with 6 metres of phosphate bed immediately beneath. Each tray length is one metre. The highest grade white/yellow phosphate up to 32% P2O5 occurs from 5 to 9 metres below surface.

ROCK MECHANICS AND MINING

Some preliminary consideration has been given to an efficient way of mining given the unique characteristics of this deposit. Some bulk samples were forwarded to a large mining equipment company in Western Australia. Rock specialists from the U.S.A have conducted point load tests on the bulk samples. They have estimated that using a downward cutting surface excavating machine, each machine could mine at 300 and 600 tonnes per hour at a very competitive mining cost.

It would seem likely that a trial mining exercise using such a machine on site could be attempted next year when the resource drilling is complete.

D.W.Muller M.Sc., M.B.A., F.Aus.I.M.M.
Managing Director

The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr. David Muller, who is a Fellow of the Australian Institute of Mining and Metallurgy. Mr. Muller is Managing Director and a consultant to the Company. Mr. Muller has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australian Code for Reporting of Exploration results, Mineral resources and Ore Reserves". Mr. Muller consents to the inclusion in this report on the matters based on his information in the form and context in which it appears.