



KORAB RESOURCES LIMITED

KORAB HOUSE

www.korab.com.au

Friday, 23 April 2010

GEOLSEC MINING LEASE GRANTED

HIGHLIGHTS

- **GeolSec mineral lease has been granted**
- **Geolsec phosphate project funding secured**
- **Low start-up costs and working capital needs**
- **Marketing indicates strong additional demand for GeolSec product**
- **Potential to generate pre-tax profit of 33 cents per share over 3 years¹**

GEOLSEC MINING LEASE GRANT

Korab is pleased to advise that it has been granted the GeolSec mining lease which contains the GeolSec phosphate deposit. The lease is located near Darwin in the Northern Territory offering some of the best logistics of any phosphate project in Australia. Korab intends to develop the GeolSec phosphate deposit as a supplier of organic phosphate fertiliser based on ground-up rock phosphate.

GEOLSEC PHOSPHATE AND OTHER PHOSPHATE ROCKS

GeolSec's organic phosphate product is a finely ground-up phosphate rock which is used for direct application by growers of organic produce and pastoralists. Not all phosphate deposits are suitable for this type of use. Majority of large phosphate deposit are not suitable for direct application because of their chemical composition and/or crystalline structure of the phosphate bearing mineral. As a consequence they have to be chemically treated and are therefore not suitable for use in organic farming. They are primarily used for production of various grades of phosphoric acid and soluble phosphate fertilisers which contribute to soil salinity problems, soil degradation, water pollution and other environmental damage.



Phosphate rocks suitable for use as direct application organic fertilisers sell at substantial premiums to other phosphate rocks which are not suitable for direct application. GeolSec phosphate rock, because of its chemical composition, crystalline structure and physical properties is ideally suited for direct application and as a consequence is likely to command a substantial pricing premium to other phosphate rocks. Unlike other phosphates rocks, it will not undergo any chemical processing or beneficiation prior to application and consequently would be suitable for use by certified organic farms. Direct application phosphate rock fertiliser prices have not been affected by the recent economic turmoil. Whilst soluble fertiliser demand has collapsed during 2008 and early part of 2009, the demand for organic fertilisers similar to GeolSec product has increased by around 17% in US alone. Similar growth rates were experienced in other regions. Australia is the world leader in organic farming. Over 40% of global organic farmland is located in Australia.

¹ Subject to meeting the targeted sales revenue and operating expenses

ASX
KOR
Last price
AU¢ 37

BERLIN
C6S.BE
Last price
€ 0.26

Issued capital
78.5 million shares

Market capitalisation
AU\$ 29 million
€ 20 million



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GeolSec product has major advantages over the chemically treated fertilisers and provides a number of benefits for the environment, farmers and consumers. More information about the benefits of GeolSec product is provided on the following pages as well as in the presentation made by Korab to the Australasian Fertiliser Conference held in Sydney in September 2009. Below is the link to the presentation which is available from Korab's website:

http://www.korab.com.au/KORFertiliserconfSeptember2009_000.pps

GEOLSEC PHOSPHATE ROCK PROJECT INFORMATION

Location

Korab's GeolSec rock phosphate deposit is located in the Northern Territory, 65 km south of Darwin on the outskirts of the regional centre of Batchelor. Korab is intending to develop the deposit as a simple quarrying operation utilising surface scrapers/crushers to minimise the environmental impact of the operations and to further reduce the operating costs. The quarry will be capable of supplying pastoralists, organic farmers and other users of phosphate based organic fertilisers with a superior environmentally friendly product. The deposit is accessible during both dry and wet seasons. Local infrastructure includes sealed highway, railway line, gas pipeline, high voltage power and potable water.



Production volumes, start-up cost and working capital

GeolSec is aiming to commence production in 2010² with a targeted first year output of 15,000 tons p.a. (notwithstanding the recently identified additional demand for our product), to generate a projected pre-tax gross profit of around \$5 million. GeolSec will be targeting a 2nd year profit of \$9 million, and a 3rd year profit of \$12 million. This represents a targeted pre-tax profit of \$26 million over 3 years commencing 2010³. This revenue stream represents a potential gross profit of 33 cents per share over 3 years³. It is anticipated that the production could be expanded to 30,000 tpa by 2012-2013. There is a potential for the project to operate for at least 5 years at a rate of 30,000 tpa. The start-up costs are estimated at between \$200,000 and \$300,000 with working capital requirements in the order of \$300,000 and \$500,000. Initially, the quarrying and grinding operations would be conducted on a campaign basis (6-8 weeks a year) during the dry season from July to September. The demand for the direct application phosphate rock is seasonal in nature with the bulk of the product sales taking place during the months preceding the start of the wet season in October. Notwithstanding the intent of the company to initially operate the project on a campaign basis only during the dry season, the elevated location of the deposit allows for a year-round operation should this be required at a later stage.

Organic phosphate benefits

A summary of information regarding direct application organic phosphate can be found below. For more information visit Korab's website at: <http://www.korab.com.au/geolsec.htm>

² Subject to receiving all permits and approvals

³ Subject to meeting the targeted sales revenue and operating expenses

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Organic fertilisers based on ground-up rock phosphate offer several advantages over soluble fertilisers such as DAP, MAP or superphosphate. They slowly release nutrients into the soil matching the speed at which the nutrients are being absorbed by the plants. This reduces the risk of harmful accumulation of nutrients in the soil, reduces soil salinity and limits the serious environmental degradation caused by concentration of fertilisers in the ground water, rivers and the coastal waters.

One of the many benefits of phosphate rock organic fertilisers is their ability to restore microelemental and microbial soil balance which in turn leads to less reliance on artificial fertilisers and better crop yields. Application of phosphate rock to tropical acid soils has a potential trigger effect on plant growth and crop yields as a result not only of P release but also of their effects on increasing exchangeable calcium (Ca) and reducing Al saturation. The resulting plants have a better nutritional quality.



GEOLSEC phosphate rock, thanks to its high specific gravity and small grind size is suitable for aerial application over large areas. *GEOLSEC* is a source of several nutrients other than P. Phosphate rock is usually applied to replenish the soil P status, but *GEOLSEC* also provides other nutrients present in this phosphate rock. The incorporation of the organic residues present in *GEOLSEC* enhances biological activity and soil carbon (C) accumulation, leading to improved physical and chemical

soil properties. Thus *GEOLSEC* will have an important role in contributing to improving soil fertility and reversing the degradation of Australian soils.

GeolSec phosphate rock is a natural mineral requiring no metallurgical processing. As a consequence of this, using GeolSec product as a substitute for soluble fertilisers avoids the production of polluting wastes such as phospho-gypsum and greenhouse gases, thus resulting in energy conservation and protection of environment from further industrial pollution. Because of the deposit's location, its structure and its characteristics, the development of the GeolSec deposit should have a negligible environmental impact. Furthermore, through the development of GeolSec deposit as a preferred supplier of environmentally friendly organic products that can be substituted for soluble fertilisers, Korab can contribute to solving soil salinity and water pollution problems. Availability of domestically produced and distributed organic fertiliser will also assist in further spread of sustainable agriculture around Darwin and elsewhere in Australia. This has a potential to provide substantial ongoing benefits to the environment and the local community. As a consequence of the GeolSec product being so beneficial to the environment, Geolsec has received large number of enquiries from environmentally conscious public and private sector entities based in Australia and overseas seeking to establish commercial relationship with the company.

ABOUT KORAB RESOURCES LIMITED

Korab Resources Ltd is an Australian mining and exploration company based in Perth with operations in Australia and Europe. Korab's quarrying and mining projects include rock phosphate, gold, silver and magnesium. More information about Korab's gold projects can be sourced from recent ASX announcements. The company also manages exploration projects in Western Australia and the Northern Territory. For more information about Korab please visit our website at www.korabresources.com.au Korab's shares are traded on Australian Securities Exchange (ASX) and on the Berlin Stock Exchange (Berliner Börse).

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