



# KORAB RESOURCES LIMITED

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Tuesday , 16 August t2011

## EXCELLENT RESULTS FROM GEOLSEC TESTS - UP TO 39% P2O5 & HIGH ABSORPTION RATES

- PHOSPHATE GRADES AT GEOLSEC UP TO 39% P2O5
- CSIRO TESTS SHOW GEOLSEC ROCK TO HAVE HIGH ABSORPTION RATES IN DIRECT APPLICATION ON SOILS
- GEOLSEC PHOSPHATE TO SHIP SAMPLES FOR FIELD TRIALS TO POTENTIAL OFF-TAKE PARTNERS AND OTHER BUYERS
- DIAMOND AND RC DRILLING PROGRAM AT RUM JUNGLE TO INCREASE PHOSPHATE TONNAGE & TEST VARIOUS RARE EARTHS, COPPER & NICKEL TARGETS
- INDICATIVE PHOSPHATE ROCK PRODUCTION COSTS & PRICING

Korab Resources, an Australian resource development and exploration company is very pleased to advise that it has conducted sampling program at its wholly owned Geolsec Phosphate Project located near Darwin in the Northern Territory as part of provision of samples to an number of potential off-take partners and other buyers. For information regarding off-takes please refer to ASX announcements:

[Phosphate offtake, gold IPOs, UAU IPO, Cu drilling - 24 December 2010](#), and

[Korab approached by a major trading house - 29 July 2011](#)

PHOSPHATE GRADES 21% - 39%, HALF OF THE SAMPLES ASSAYS OVER 36% P2O5

Assay results from the second batch range up to 36.4% P2O5. These results are in line with results from the first round of sampling conducted in conjunction with another potential off-take partner. The grades obtained from the first batch ranged up to 39% P2O5. Acid solubility tests conducted at the time have shown Geolsec to have very high acid solubility. In total 14 samples were tested with average grade of 31%. The minimum grade of 14 samples was 21% P2O5 and maximum grade of the samples was 39% P2O5. Half of samples had assayed greater than 36% P2O5. Sample locations are shown on next page. Korab expects to shortly provide samples for field trials by several parties overseas and in Australia. Historical tests completed by CSIRO have shown Geolsec rock phosphate to have high absorption rates when applied directly to acidic soils. These test have shown that absorption rates for multiple Geolsec phosphate rock samples were higher than those for Christmas Island phosphate rock.

DRILL PROGRAM TARGETING ADDITIONAL PHOSPHATE, BASE METALS & RARE EARTHS

Korab will be shortly undertaking drilling program at Rum Jungle. This program will include 50-60 reverse circulation and diamond drill holes at Geolsec and 20 drill holes at other locations. The aim of Geolsec program is to increase the tonnage of the available phosphate rock and to drill test several phosphate anomalies (see map on next page). The lateral extent and the footprint of the phosphate anomalies which will be drill tested significantly exceeds the footprint of the Geolsec deposit. In conjunction with phosphate rock drilling program, Korab will complete number of drill holes to further

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€ 0.14

Issued capital  
88 million shares

Market capitalisation  
AU\$ 17 million  
€ 12 million



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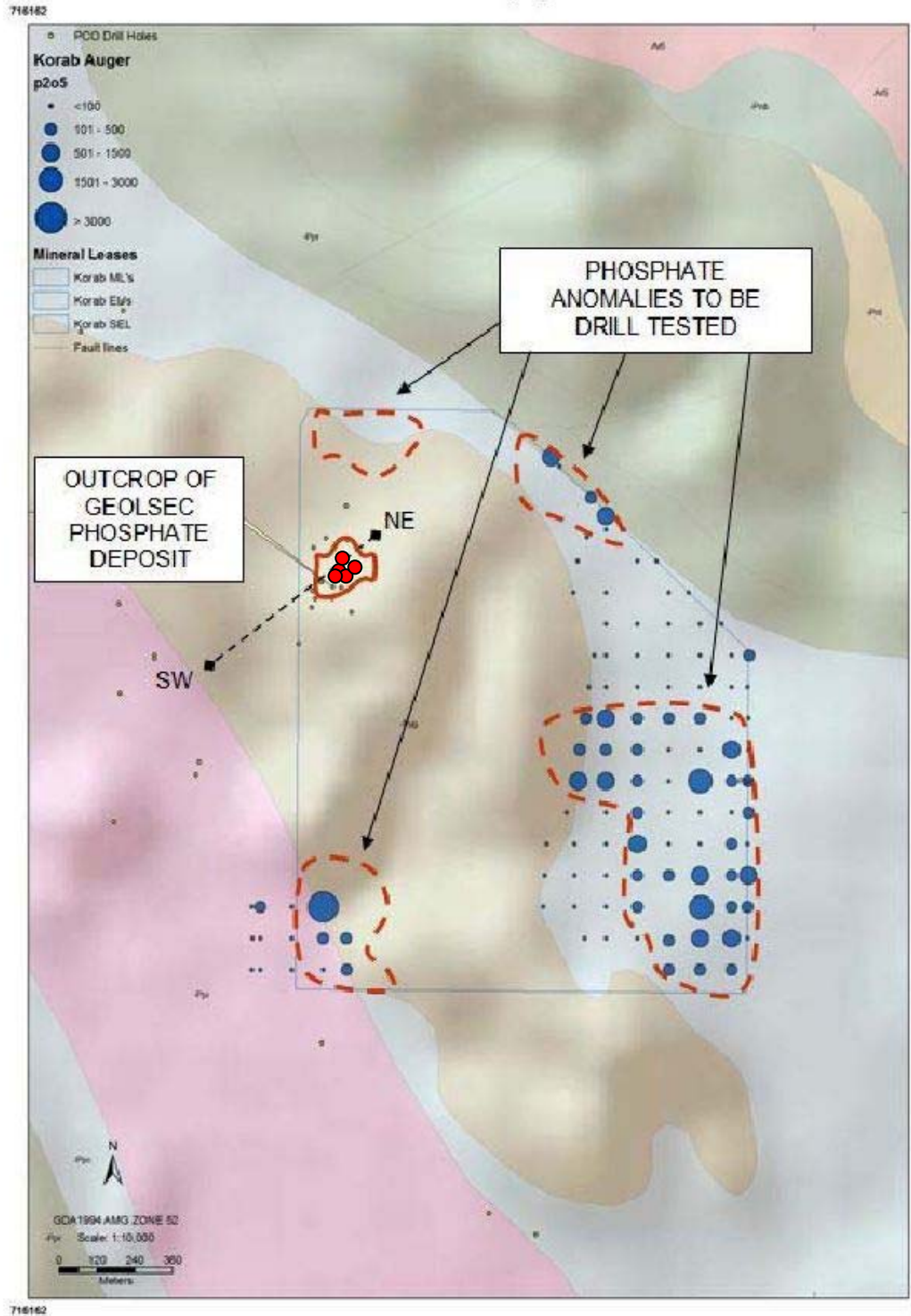


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test several nickel, copper and other base metals targets and to test dolomite breccias for rare earths mineralisation.



**Geolsec project - Geolsec phosphate deposit surface outcrop, location of Geolsec rock phosphate samples (red dots), location and extent of phosphate anomalies to be drill tested, location of the cross section "SW-NE" shown on page 3.**

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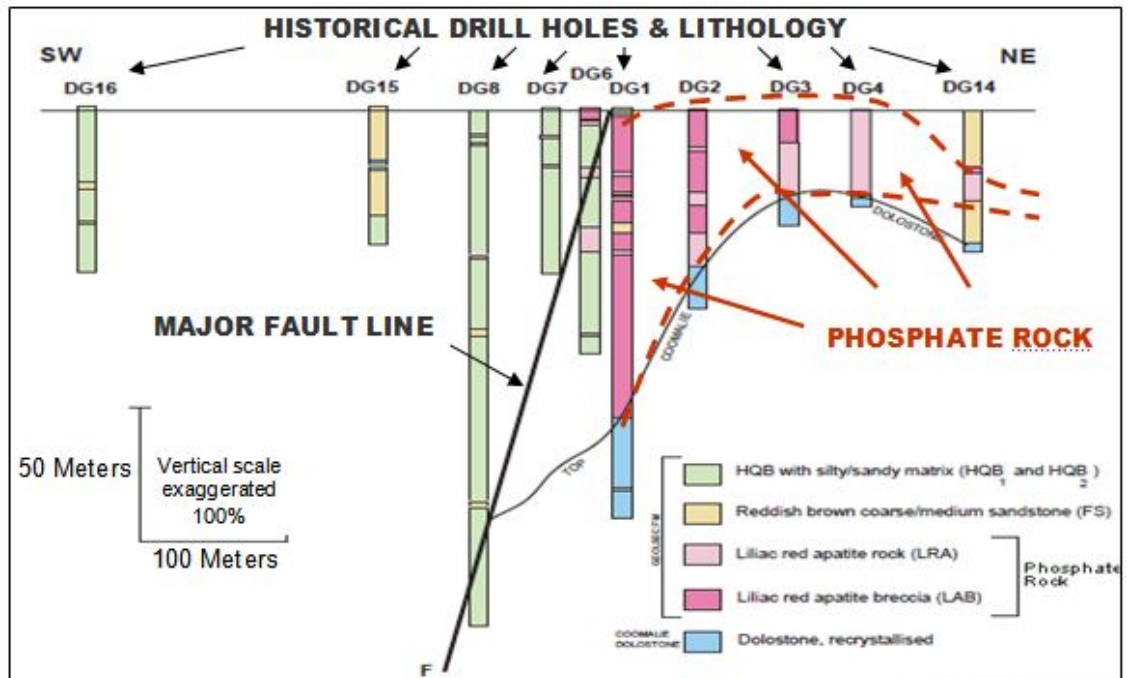




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**Geolsec phosphate deposit – cross section “SW-NE” (location of this cross-section is shown on surface map on page 2)**

**Location of Geolsec near Batchelor town, 70 km from Darwin on Google Earth image**



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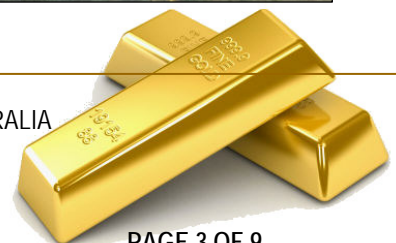
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### ABOUT GEOSLEC PHOSPHATE

Geolsec phosphate deposit is located at Rum Jungle in close proximity to the Darwin port (70 km by 4-lane Stuart Highway) allowing for easy access to most ports in Asia and Australia.

Local infrastructure includes road, rail, high-voltage power, potable water and piped gas. Geolsec project is located less than 2km from the regional centre of Batchelor (see Google image on page 3). Geolsec phosphate deposit extends from surface to 40-120 meters depth (see cross section on page 3) and is located on Castlemaine hill with good access by all-weather road.

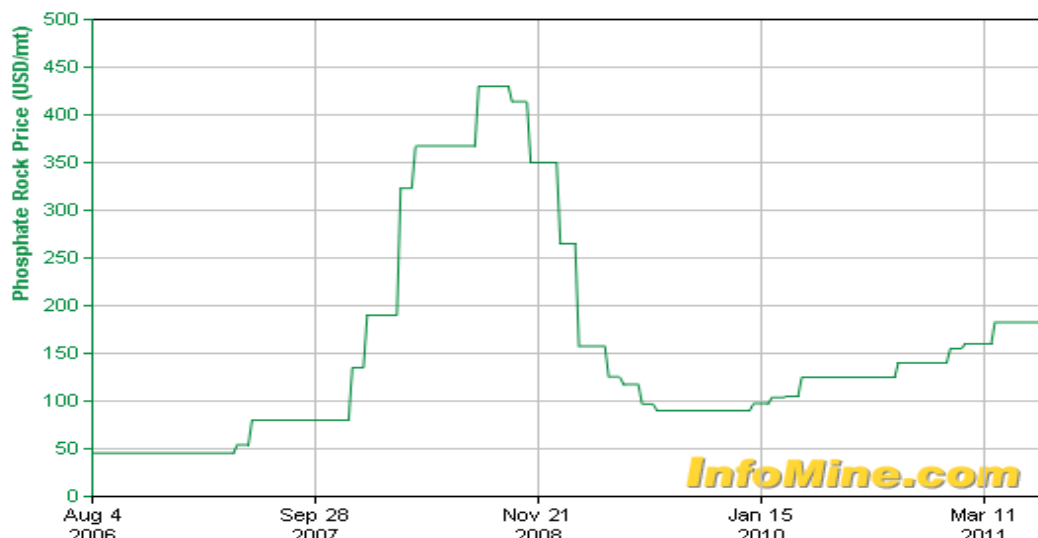
Korab intends to develop the Geolsec deposit as a simple quarrying operation with negligible environmental impact. Commencement of quarrying operations at Geolsec is conditional on receiving all required permits and approvals which have not yet been secured.

### INDICATIVE CAPEX, PRODUCTION OPERATING COSTS AND PRODUCT PRICING

CAPEX and start-up costs are estimated at between \$200,000 and \$300,000. Operating costs for Geolsec Phosphate Operations Pty Ltd are expected to be as follows:

- Indicative operating cost for bulk, un-processed, un-ground phosphate rock ~ \$30 per tonne.
- Indicative operating cost for un-processed, ground-up phosphate rock in 1 tonne bulk bags ~ \$70 per tonne.
- Indicative operating cost for un-processed, ground-up phosphate rock in retail-size 15-20 kg bags ~ \$100 per tonne.

Ground-up phosphate rock for direct application wholesales in Australia for between \$450 and \$750 per 1 tonne bag. Bagged ground-up rock phosphate for direct application retails for between A\$1,000 and A\$1,200 per tonne (packaged in 15-20kg bags). Bulk rock phosphate for chemical processing sells for between US\$160-US\$180 per tonne. Historical prices of phosphate rock have been volatile moving in line with supply constraints and market demand (see diagram below). Most government, NGO and international bodies expect that phosphate rock prices will increase over time as shortages develop due to overpopulation and growing demand for food. Of even greater significance to Korab are recent reports on sustainability, population and agriculture published by UN and EU where recommendations have been made for increased use of direct application rock phosphate in preference to soluble fertilisers to stop further degradation of farmland and ground water.



**Spot price of phosphate rock for chemical processing (last 5 years)**

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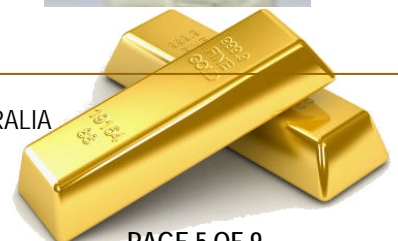
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### BENEFITS OF DIRECT APPLICATION PHOSPHATE ROCK

Organic farming is the fastest growing sector of the global economy. Australia is the largest organic producer globally with 12 million hectares under organic cultivation. Geolsec's organic phosphate fertiliser is environmentally and nutritionally superior to chemical fertilisers and can be used on a wide variety of crops and pastures.

Organic fertilisers based on ground-up rock phosphate such as GEOLSEC offer several advantages over chemically processed soluble fertilisers such as DAP, MAP or superphosphate:

- Organic fertilisers slowly release nutrients into the soil matching the speed at which the nutrients are being absorbed by the plants.
- Phosphate rock has the ability to restore microelemental and microbial soil balance which in turn leads to less reliance on artificial fertilisers and better crop yields.
- Use of organic phosphate instead of chemically processed phosphate avoids the serious environmental degradation caused by increased concentrations of fertilisers in the ground water, the rivers and the coastal waters. Use of organic phosphate rock reduces the risk of harmful accumulation of nutrients in the soil and reduces soil salinity problems
- Plants grown on organic phosphate rock fertiliser have a better nutritional quality.
- Because of phosphate rock's unique chemical composition, incorporation of phosphate rock into the soil enhances its biological activity and increases soil carbon (C) accumulation, leading to improved soil fertility and restoration of its physical and chemical properties.
- Organic phosphate rock is a source of several nutrients other than P. Rock phosphates are usually applied to replenish soil P status, but phosphate rock also provides other nutrients not present in soluble fertilisers. Application of organic phosphate has a potential trigger effect on plant growth and crop yields as a result not only of phosphorus release but also because of phosphate rock's effect on increasing exchangeable calcium (Ca) and reducing aluminium saturation.
- Phosphate rocks for direct application can be more efficient than artificial fertilizers in terms of phosphorus (P) recovery by plants under certain conditions. Based on the unit cost of P, natural phosphate rock is usually the cheapest.
- Phosphate rocks are natural minerals requiring no metallurgical processing. Their direct application avoids production of polluting wastes such as phospho-gypsum and greenhouse gases, thus resulting in energy conservation and protection of environment.



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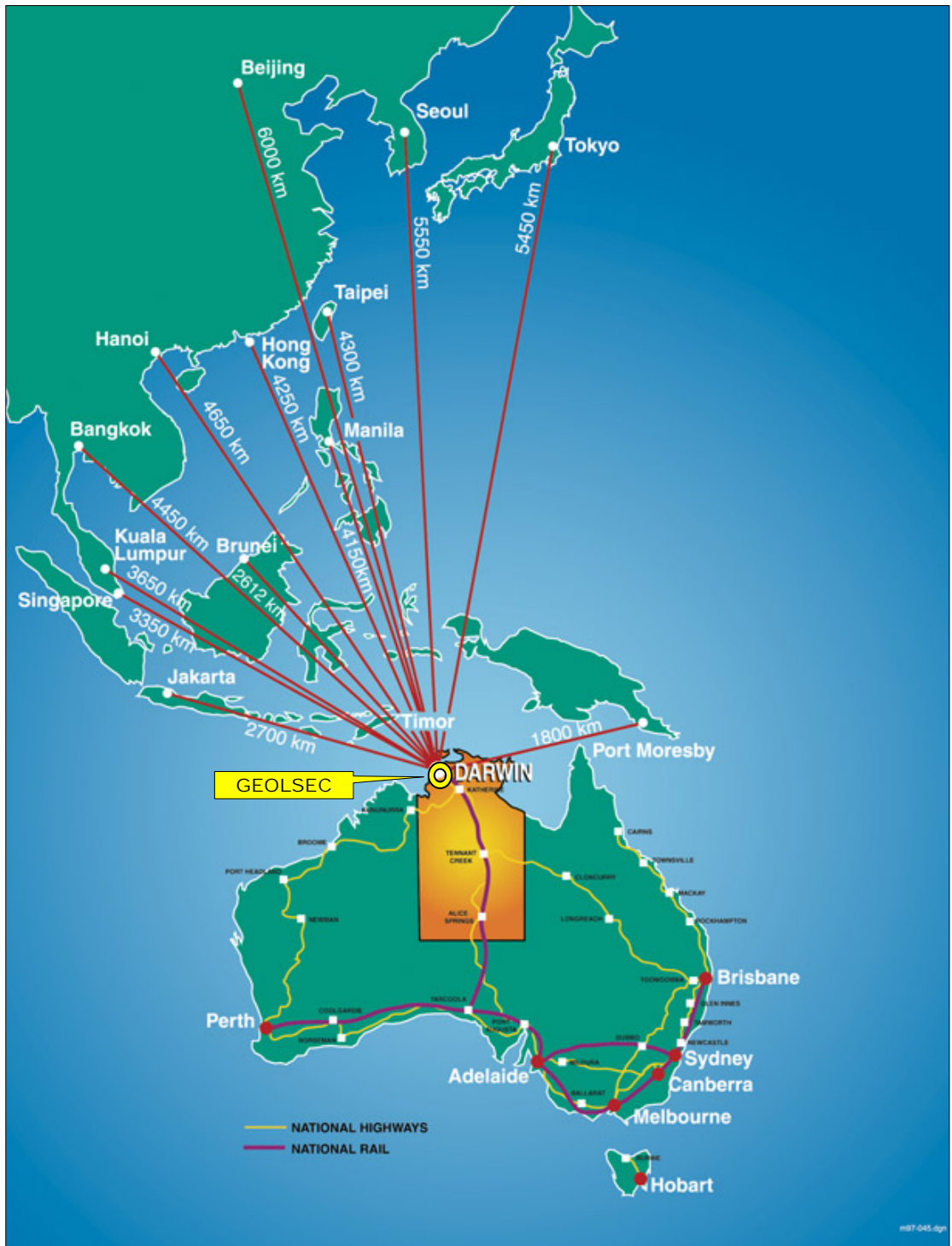
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**Geolsec is located near a major port, transcontinental highway and Darwin-to-Adelaide rail link making this one of the best located phosphate projects in Australia. This location provides Geolsec with unrivalled logistics and transport options**



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Geolsec, Batchelor and Green Alligator projects form the Rum Jungle group where Korab has 100% rights to all minerals other than gold and uranium and thorium and 10% rights to uranium and thorium. Uranium Australia Ltd (which is in the process of adopting new name "Polymetallica Minerals Ltd) has 90% rights to uranium and thorium. Melrose Gold Mines Ltd has 100% rights to gold.

CONTACT: Andrej K. Karpinski - Executive Chairman, in Australia: (08) 9474 6166

## 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 and magnesium. The company also manages polymetallic exploration projects at Ashburton Downs and Tucker Creek in Western Australia and at Rum Jungle in the Northern Territory. More information about Korab's projects can be sourced from our website at [www.korabresources.com.au](http://www.korabresources.com.au) Korab's shares are listed on Australian Securities Exchange (ASX) and trade on Australian Securities Exchange (ASX) and on the Berlin Stock Exchange (Berliner Börse).

**Competent Person:** The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Andrew Hawker, who is an independent geological consultant and is a member of The Australasian Institute of Mining and Metallurgy. Andrew Hawker has in excess of 5 years 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'. Andrew Hawker consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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**Port of Darwin – 70 km by road or rail from Geolsec**



**4-lane Stuart Highway from Geolsec, Batchelor and Green Alligator projects to Darwin**



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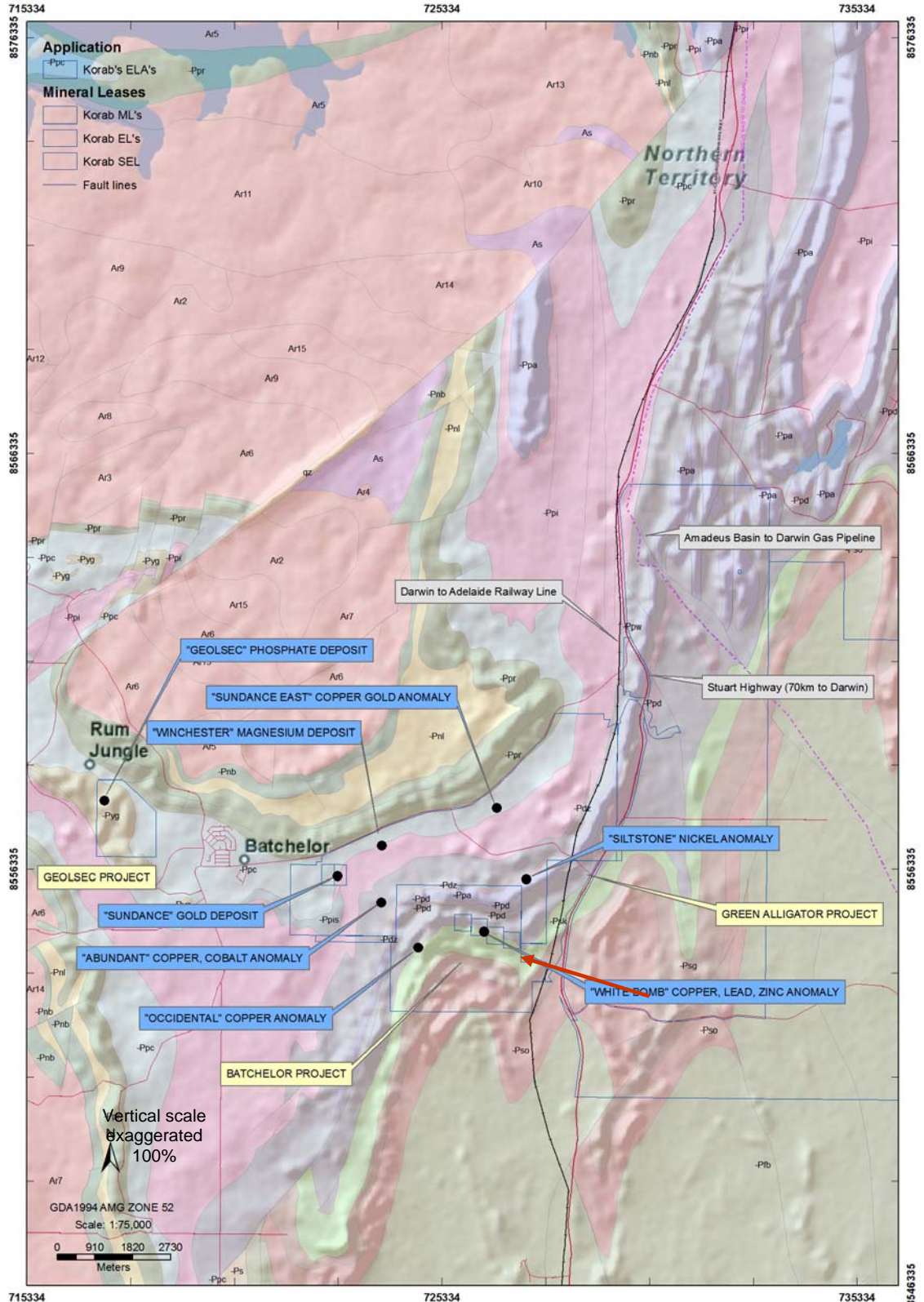


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## Korab's Rum Jungle group of projects – geology, deposits, anomalies & infrastructure



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