



# KORAB RESOURCES LIMITED

www.korabresources.com.au

Monday, 15 June 2009

By Electronic Lodgement

Company Announcements Office  
ASX Limited  
Exchange Plaza  
Perth WA 6000

## GEOLSEC DEVELOPMENT UPDATE 4 UPDATE TO PROFIT TARGETS, MARKETING IN WA COMMENCED

Korab is pleased to provide the following update regarding the development of the GeolSec rock phosphate deposit in the Northern Territory by Korab's wholly owned subsidiary Geolsec Phosphate Operations Pty Ltd (**GEOLSEC**).

Korab is pleased to advise that marketing program targeting the Northern Territory agricultural sector is progressing as planned.

In addition to this program, **GEOLSEC** is evaluating further sales opportunities for its products. Korab is pleased to advise that as a result of very positive outcome of the review of Western Australian market,

**GEOLSEC** has commenced marketing of **GEOLSEC Bio+**, a bio-activated version of its organic phosphate fertiliser designed to be used in locations which are cooler and drier than tropical regions of Australia.



Grinding mill (50", 5 Roller Raymond Roller Mill)

***GEOLSEC** is aiming to commence production in 2010<sup>1</sup> with a targeted first year output of 10,000 tonnes p.a. to generate a projected pre-tax gross profit of around \$3 million. It will be targeting a 2nd year profit of \$8 million, and \$11 million in the 3rd year of operation. This represents a targeted gross profit of \$22 million over 3 years commencing 2010<sup>1</sup>. Subject to there being no capital dilution and to meeting the targeted sales revenue and operating expenses, this revenue stream represents a potential gross profit of 32 cents per share over 3 years commencing 2010.*

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 \$300,000 and \$500,000 with working capital requirements in the order of \$500,000 and \$800,000. Initially, the quarrying and grinding operations would be conducted on a campaign basis (4-6 weeks a year). Company intends to utilise two 50" 5 Roller Raymond Roller Mills with a grinding capacity of 15 tonnes per hour.

<sup>1</sup> Subject to receiving all permits and regulatory approvals.

ASX CODE

**KOR**

Last price  
AU¢ 7.5

Issued capital  
68 million shares

Market capitalisation  
AU\$5.1 million



### KORAB HOUSE

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PO BOX 195, SOUTH PERTH, WA, 6951 AUSTRALIA  
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Because of the deposit's location, its structure and its characteristics, the development of the GeolSec project should have a negligible environmental impact. Furthermore, through the development of GeolSec deposit as a preferred supplier of environmentally friendly organic products, Korab can help the environment and contribute to further spread of sustainable agriculture in Australia. This has a potential to provide substantial ongoing benefits to the environment and the community as well as to generate an early income for Korab and Korab's shareholders.

## GEOLSEC PHOSPHATE

Korab's GeolSec rock phosphate deposit is located 65 km south of Darwin, near Rum Jungle in the Northern Territory. Korab is intending to develop the deposit as a simple quarrying operation capable of supplying pastoralists, organic farmers and other users of phosphate based organic fertilisers with a superior environmentally friendly product.

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.



**GeolSec Phosphate Deposit Location**



Another benefit of the use of organic fertilisers based on phosphate rock 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 organic phosphate fertiliser in its pure form achieves the best results in the tropical areas which have high average temperatures, high rainfall and high soil acidity. The tropical areas of Australia meet all these requirements and are ideally suited for the use of the organic phosphate rock fertiliser.

However, the phosphate rock may be used just as effectively as an organic fertiliser and as soil regenerating agent under dry and cool conditions prevalent in the southern parts of Australia when blended with bio-activating agents such as poultry manure.

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**Aerial application**



**Sorghum Field**

Phosphate Rock (PR) is a natural mineral requiring minimum metallurgical processing. The direct application of PR avoids the production of polluting wastes such as phospho-gypsum and greenhouse gases, thus resulting in energy conservation and protection of environment from industrial pollution.

Being natural compound, PR can be used in organic agriculture.

**GEOLSEC** phosphate rock, thanks to its high specific gravity and small grind size is suitable for aerial application over large areas.

PR 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 PR is usually the cheapest.

**GEOLSEC** is a source of several nutrients other than P. PR is usually applied to replenish the soil P status, but **GEOLSEC** also provides other nutrients present in this phosphate rock.

Application of PR 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.

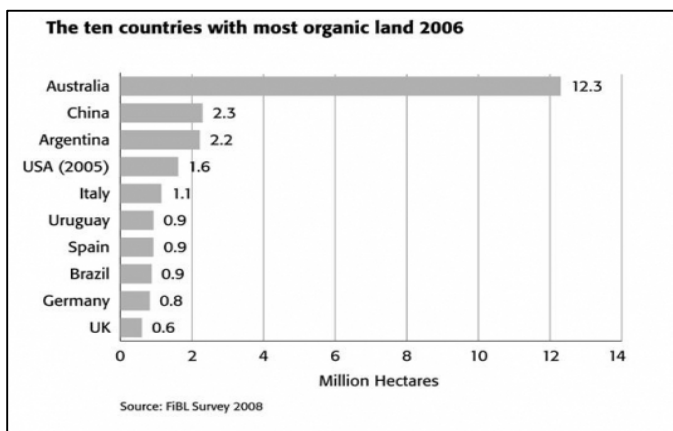
The incorporation of organic residues enhances biological activity and soil carbon (C) accumulation, leading to improved soil physical and chemical properties. PR has an important role in contributing to improving soil fertility and soil degradation control.

## ORGANIC FARMING MARKET POTENTIAL

Organic farming is the fastest growing sector of agriculture. It also has shown to be immune to the recent economic and financial crisis.

The organic farming sector in United States has grown at an annual rate of 17% while the economy has suffered the worst recession in 70 years.

Australia is the world leader in organic farming. The diagram on the right shows the top 10 countries globally with the largest area of land dedicated



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to organic farming. In 2006, Australia had 12.3 million hectares of land (or 42% of the total world organic farmland) being used for organic farming. Although Korab is initially focusing on the pastoralist and organic farmers in the Northern Territory and several niche segments of the Western Australian market, the general Australian organic farming sector offers Korab a very substantial marketing opportunity and a potential for strong sustainable growth. To put this opportunity into perspective, Korab's targeted first year's production of **GEOLSEC** phosphate is sufficient to treat approximately 40,000 hectares or less than one half of one per cent of the land currently being used for organic farming in Australia.

## ABOUT KORAB RESOURCES LTD

Korab Resources Ltd is an Australian mining and exploration company based in Perth with operations in Australia and Europe. Korab's mining projects include phosphate rock, gold, silver and magnesium. The company also manages exploration projects in Western Australia and the Northern Territory where it explores for gold, phosphates, uranium, PGM, nickel, iron ore, zinc, lead and copper. For more information about the Company's projects please visit our website at [www.korabresources.com.au](http://www.korabresources.com.au)

## CONTACT:

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## FACT SHEET

### Typical uses of phosphate rock

- pastures
- turf
- sorghum
- maize
- finger-millet
- black-gram
- rice
- rubber
- oil-palm
- coconut
- coffee
- cocoa
- tea
- lawns, parks
- golf courses

### Potential markets

- Northern Territory
- Western Australia
- Victoria
- NSW
- Indonesia

