

Dear Shareholder,

The company has had an excellent start to the year and we are working hard to advance our projects – especially our Urea fertiliser Project in Queensland.

Liberty is aiming to contribute to Queensland's economic recovery by bringing substantial new investment, at no (tax) cost to the local population, by developing a major new industry for the State which complies with “best of world” environmental and safety practises. Our 2010 scoping study has indicated a very low fertiliser production cost. Such development may ultimately create opportunities to lower otherwise rising food production costs.

### **Advisory Panel adds significant expertise and connections**

The Advisory Panel is actively assisting and advising on building our opportunities in North America and locally. The Panel has impressive experience in dealing with Governments and arranging financing for major projects across the globe.

For example, Ed Mercaldo first visited Perth in 1980 as a joint lead underwriter with the Bank of Montreal for Woodside Petroleum's first North West Shelf Project LNG train for A\$1.6bn. Such experience in pioneering finance in large scale Australian projects, is invaluable for a company such as Liberty.

### **Fertiliser - a new and very attractive industry for Queensland**

Our proposed development of a world class Fertiliser industry in Queensland will bring huge benefits, such as:

- Significant investment and jobs creation – we estimate that our projects at Denison and Galilee will create 1,000 new high-value jobs.
- New low-cost gas supply – alleviating future energy costs increases for the public.
- A safer and cleaner industry – contrary to some opinion our research confirms that UCG is safer and has less environmental impact than mining or coal seam gas (CSG) extraction. Also, no fracking is used.
- The conversion of low cost gas into low cost fertiliser should ultimately flow through to lower food prices.

### **Our commitment to Queensland – Flood victim relief.**

Friends, family, colleagues and large communities remain severely impacted by the Queensland floods. With so many disasters reported so regularly in the global media, we are often overwhelmed and unable to respond.

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Liberty Resources donated \$10,000 to the flood relief program and my family matched that donation with another \$10,000 to the Queensland Premier's flood victim relief program. We encourage a culture of action and "putting our money where our mouth is". I personally supported the recent rights issue with another \$400,000 commitment to the company.

### **Technically achievable and very commercial**

Our compelling business case is based on low cost gas which can be produced from our un-mineable coal assets. Our scoping study estimated cash costs to produce granulated urea of approximately A\$60/t. The Urea industry average is closer to \$200/t. We are enthusiastically pursuing this business advantage.

The projected long-term urea demand growth from China and India provides exciting opportunities for finance and product off take.

The UCG process is not complex and the technology required is both proven and readily available. Accordingly, we view the technical risk of our projects as being low while their commercial appeal is huge.

### **Busy times ahead**

2011 is shaping up as a very active year for the team at Liberty. We are focused on: obtaining the necessary environmental and Government approvals; undertaking studies to reduce risk and improve certainty; and sourcing financial partners for our projects.



*"I believe that the opportunity to attract large investment funding, to create a safe and clean new industry and rebuild Queensland infrastructure, without taxing local people, has never been so obvious."*

Yours Sincerely,



Andrew Haythorpe  
Managing Director

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