



LIBERTY RESOURCES
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Unit B3, 431 Roberts Road
Subiaco WA 6008
Telephone: +61 89287 4488
Facsimile: +61 89388 8862

ASX:	LBY
USA OTC QX:	LRTYY
Frankfurt:	AOB9HB

ASX Announcement

24th October 2011

First Offtake for the Proposed Urea Corp Fertiliser Project. Specialty, High Value Ammonia Products for Australian Miners

Liberty Resources Limited (LBY) and its wholly owned subsidiary Urea Corp of Australia Pty Ltd ("Urea Corp") has signed a Memorandum of Understanding with Nitrogenesys Pty Ltd that will enhance the commercialisation of Urea Corp's proposed low cost fertiliser project in Queensland ("Project").

Under this Memorandum, Nitrogenesys is bound to commence good faith negotiations for the entering into of a formal offtake agreement for Urea Corp to supply to Nitrogenesys USD\$1,000,000,000 (USD\$1 billion) worth of Ammonium Nitrate Solution from its proposed Project in Queensland.

Discussions will now commence with Nitrogenesys with respect to the formal offtake agreement, which will evolve as the Project advances.

This development is a key step for Liberty to develop a world class fertiliser export industry in Queensland, through Urea Corp.

"This is a first step in growing our partnering and offtake strategy for the Urea Corp Fertiliser Project. Mr Haythorpe said today. Some of the by product ammonia from the Urea Corp fertiliser project can be used to produce AN, an important product for miners. "It is an excellent first step towards illustrating what this Project can deliver. It gives some sense of the scale we aim to achieve with our larger fertiliser offtake negotiations. These negotiations are well underway in 4 countries with a number of the world's largest fertiliser manufacturers and distributors. There is significant demand for what the Project can produce - fertiliser and other products for farmers and miners alike. There are substantial benefits for Australian farmers, as well as local miners, in having a low cost domestic Urea fertiliser producer meet just some of their growing needs" Mr Haythorpe said today. Further details will be made available as the proposed Project progresses.

It will also assist Liberty in progressing Project finance, as well as Government approvals, both important steps.

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The formal offtake agreement with Nitrogenesys will be conditional on the following:

1. The completion of a satisfactory bankable feasibility study for the Project;
2. The obtaining of finance for the Project on satisfactory terms; and
3. Obtaining all approvals required to be in place under the laws of both the state of Queensland and the Commonwealth of Australia in relation to both the Project including Urea Corp and/or Liberty obtaining a mining lease as issued by the Queensland Government for the land covered by the Project.

Excess ammonia and urea solution are by products from granular urea production aimed at the fertiliser market. Ammonium Nitrate Solution can be sold into high value niche ammonia markets where it has a number of uses. Ammonia can be used to:

- manufacture ammonium nitrate (AN) explosive for use in coal and metal mines;
- manufacture urea ammonium nitrate (UAN) solutions ;
- sodium cyanide production; and

Nitrogenesys has reviewed the production costs and concluded that the world scale assets associated with Urea Corp production of granular urea combined with the sustainable low cost of conversion of coal to syngas creates the opportunity for the parties to achieve a position in the lowest cost quartile of sustainable syngas, urea and nitrogen based businesses within Australia and the region. Additional cost advantages are also expected due to logistics in distributing the planned products within Australia.

About Nitrogenesys:

Nitrogenesys Pty Ltd is an emerging player in the ammonia industry within Australia, based in Brisbane. Nitrogenesys has established a project plan to use sustainable gas producing assets and resources as feedstock for a pilot scale or mini ammonia plant. The tripartite agreements with Liberty Resources and Urea Corp will ensure that via the supply of ammonia from Urea Corp that the Nitrogenesys businesses can grow in accordance with market demand increases in each business sector.

Nitrogenesys was incorporated to provide the structure to bring together marketing, production and financing capabilities in support of the development of ammonia production plants and to develop ammonia-based projects in its own right. Nitrogenesys personnel have extensive expertise in ammonia, nitric acid and ammonium nitrate production, underground coal gasification and corporate development via its directors and shareholders. Nitrogenesys is a privately owned corporation. Nitrogenesys has a strong board and management team.

Key Nitrogenesys Executives

Rusty Mark – Managing Director: Mr. Mark has more than 15 years experience leading the project development and approvals processes in the coal, gas and energy industries including some of Queensland's first CSG and gas fired power projects. Mr Mark was a founding partner of Carbon

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Energy and is the recipient of the CSIRO Medal for Business Excellence for his role in commercialising UCG technology.

Ian Smith – Executive Director, Operations: Mr. Smith has more than 35 years' experience in the explosive and ammonium nitrate business. He has worked for a range of companies including DuPont Australia, Dyno-Wesfarmers and Dyno Nobel. He has specialist knowledge in project management of ammonia, nitric acid and ammonium nitrate manufacturing facilities, the importation of ammonium nitrate, initiation device (detonator) assembly, the manufacture of cast boosters and the importation and sale of explosives and related services.

Ross Paul – Director: Dr. Paul has extensive economic, financial and senior management experience gained in a number of roles in Australia and internationally. He is currently Managing Director of IQA Pty Ltd and has extensive experience in the resource sector providing corporate advice and capital raising to resource and industrial companies. In September 2009 he was appointed by the Premier to the Queensland Government's Smart State Council. Dr Paul chaired the development of the Council's 2010 report: *An EnergySmart Plan : Positioning Queensland for a diversified energy future 2010–2050*.

Contacts: **Liberty Resources**
Andrew Haythorpe
Managing Director
04027 737 973

www.libertyresources.com.au

Nitrogenesys
Rusty Mark
Managing Director
0431 477 086

www.nitrogenesys.com

Further information on Liberty Resources Limited can be obtained from its web site at
www.libertyresources.com.au

Andrew Haythorpe
Managing Director

About Liberty

Liberty Resources is developing a world class Urea Project in Queensland by converting un-mineable coal into hydrogen syngas, which is used to produce low cost Urea. Urbanization, especially in China and India, is driving demand for food production and presents an immediate market for urea.

Clean Fuels, including hydrogen, also present commercial opportunities for refined syngas.