Annual Report 2008

AUSTPAC
RESOURCES N.L.

2008 Applied Technology of the Year Award

Austpac Resources won the "Applied Technology of the Year" Award at the 2008 National Mining Awards. The awards were announced in Sydney at a gala dinner at the Excellence in Mining and Exploration Conference.

The organisers of the conference gave the following description of the significance of the award for Applied Technology of the Year: ***"From the Bronze Age to the Silicon Age, Man's ascent has been driven by the ability to treat rocks with technologies. With the large, shallow and obvious deposits now mostly depleted, we are looking deeper into the Earth for resources, using lower grade bulk resources and chasing an extraordinary new spectrum of materials used in our high-tech lifestyles. Technology itself is leading the cause in satisfying these new levels and types of demand. The Applied Technology Award recognises those who have taken the edge forward in its use"***.

Responding to the award, Managing Director Mike Turbott said, ***"After years of planning and construction, this award validates our belief in our technologies as Austpac moves to the next phase of commercialisation."***

Contents

Highlights	>>>	**2**
Chairman's Review	>>>	**4**
Directors' Report on Operations	>>>	**5**
Financial Section	>>>	**12**
Directors' Report	>>>	12
Lead Auditor's Independence Declaration	>>>	17
Corporate Governance Statement	>>>	18
Income Statements	>>>	23
Statements of Recognised Income and Expense	>>>	24
Balance Sheets	>>>	25
Statements of Cash Flows	>>>	26
Notes to the Financial Statements	>>>	27
Directors' Declaration	>>>	44
Auditor's Report	>>>	45
Additional Stock Exchange Information	>>>	47
Corporate Directory	>>>	**49**

AUSTPAC RESOURCES N.L.

Austpac's ERMS SR synrutile process is the most environmentally sustainable synrutile process available.

Highlights

ERMS SR Demonstration Plant

The planned 3,000 tonnes per year fully integrated ERMS SR synrutile Demonstration Plant was constructed, commissioned and operated at Austpac's Newcastle facilities to successfully prove the Company's technologies prior to building a commercial plant. The ERMS SR process is the first fully continuous synrutile process in the world, and the only one that produces two valuable products; high grade synrutile and iron pellets. The Demonstration Plant is fully automated with a computer control system and the programs developed will be used in any future commercial ERMS SR synrutile plant.

Demonstration Plant Operations

The first stage of operations commenced in March 2008 and concluded in July 2008, during which time Austpac roasted 720 tonnes of ilmenite concentrate on a 24 hours per day, 7 days per week basis. The roasted ilmenite was stored for leaching operations. The ilmenite leaching campaign commenced in September 2008 and is scheduled to conclude in October 2008. 400 tonnes of roasted ilmenite are being leached in the Company's patented continuous leach vessel to make 200 tonnes of high grade synrutile containing 97% TiO_2. The spent leach liquors are being treated in the ancillary EARS acid regeneration plant to produce fresh acid for leaching and 150 tonnes of iron pellets.

Product Market Trials

The high grade synrutile and the iron pellets generated during the operation of the Demonstration Plant will be tested by a number of potential customers interested in purchase agreements for the multiple products from a commercial ERMS SR plant. Discussions in this regard are now well advanced.

BHP Billiton Shareholding and LTR Licence

In June 2008, BHP Billiton increased its holding in Austpac from 3.5% to 7.25% and is Austpac's largest shareholder. BHP Billiton also licensed Austpac's LTR (Low Temperature Roasting) process for non-exclusive use in Africa. This is the second licence granted to BHP Billiton in the past twelve months.

Agreement with MultiServ Group

In January 2008, Austpac signed an agreement with MultiServ Group Limited to identify and evaluate worldwide opportunities for the application of Austpac's processes in the steel industry. MultiServ is the world's largest provider of outsourced, on-site mill services to the global steel and metals industries, with over 170 operating sites in 35 countries.

Commencement of Bankable Feasibility Study on WIM150

Australian Zircon (AZC) has committed to proceed with the first stage of a bankable feasibility study into Austpac's fully owned WIM150 zircon and titanium mineral resource. Prior to making this decision, AZC completed a prefeasibility study into many of the key aspects of taking the project closer to the development stage.

Technology Recognition

Austpac won the "Applied Technology of the Year" Award at the 2008 National Mining Awards which were announced in Sydney at the Excellence in Mining and Exploration Conference in September 2008.

Chairman's Review

This has been a year of high activity. The planned 3,000 tonnes per annum ERMS synthetic rutile Demonstration Plant in Newcastle was successfully completed.

< 1998

2008 >

During the year, Austpac roasted over 720 tonnes of ilmenite concentrate at the plant and started producing synrutile and iron pellet (DRI). Austpac makes the highest grade synthetic rutile in the world. The iron metal pellets will be used in the steel industry.

Following the completion of current operations at the Demonstration Plant, Austpac and BHP Billiton will jointly consider the next phase of development. Austpac is planning to undertake an engineering feasibility study on a 60,000 tpa ERMS SR plant in southeastern Australia. This is a modest scale-up from the 3,000 tpa Demonstration Plant. Austpac estimates indicate this plant will have excellent commercial viability.

In June 2008, BHP Billiton became a substantial shareholder with 7.25% of the issued capital of Austpac Resources NL, by participating in a placement of 57,000,000 fully paid ordinary shares, building on the initial share-holding of 3.5% acquired last year. BHP Billiton also obtained a licence for a second Austpac technology, the Low Temperature Roasting process.

During the year, the Company received continuing financial investment from BHP Billiton and other shareholders. The Company also accessed research and development funding by the Government Research and Development tax concession refund for eligible technology expenditure. It was therefore not necessary to call upon the five year, $3 million equity finance facility with the USA investment fund, YA Global Investments (formerly Cornell Capital Partners).

It was a rewarding experience to attend the 2008 Mining Awards and see our Managing Director accept the Applied Technology Award for the year.

I would like to thank my fellow directors and the management team for their dedicated efforts and the significant advances achieved. In another very exciting year, the Company continues to progress quickly towards the commercialisation of all of the Austpac proprietary technologies. I am confident this will bring rewards to our shareholders in the very near future.

T. Cuthbertson
Chairman

Directors' Report on Operations

Austpac has now proven the world's only fully continuous synrutile process, which produces two valuable products; ultra high grade synrutile and iron metal pellets.

The Year of Proving Austpac's Technology

During 2007–08, Austpac proved the Company's proprietary technologies at the 3,000 tonnes per annum ERMS SR Demonstration Plant at Kooragang Island near Newcastle. The construction, commissioning and operation of this plant are described later in this report. The proven technologies are:

› *Synthetic Rutile and Iron Production*

Austpac has now proven the world's only fully continuous synrutile process; the ERMS SR process, which produces two valuable products; ultra high grade synrutile and saleable iron metal pellets. The process is entering commercial development.

› *Acid Regeneration and Steel Waste Recycling*

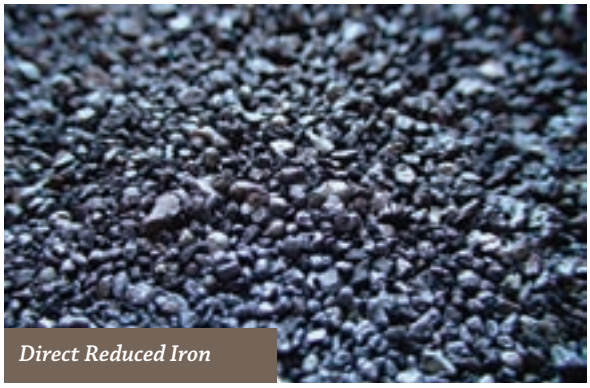
Using waste iron chloride solution from a steel mill, Austpac has successfully regenerated fresh hydrochloric acid using the patented EARS acid regeneration process. Austpac will use the Newcastle plant on a commercial basis to recycle waste from the steel and related industries.

› *Adding Value to Iron Ore*

Using iron ore fines from the Pilbara region of WA, Austpac demonstrated that it can produce direct reduced iron suitable for steel making. The Company intends to license this technology to iron ore producers.

Synrutile

Iron Ore Fines


Direct Reduced Iron

The ERMS SR Demonstration Plant, 2007-08

In July 2007, Austpac commenced construction of a 3,000 tpa ERMS SR plant to demonstrate the Company's synrutile, acid regeneration and direct reduced iron processes. At the time of writing, the Demonstration Plant is producing high grade synrutile and iron pellets. The Demonstration Plant was constructed and operated in two stages, as outlined below.

ERMS SR – Stage One

- Stage 1 was designed to roast ilmenite in order to condition it for leaching. This section comprises three interconnected fluid bed roasters for drying/pre-heating, oxidising and reducing the ilmenite. Ilmenite is then cooled anaerobically, and passed over a rare earth drum magnet to remove unwanted minerals from the roasted ilmenite.
- Stage 1 operations commenced in March 2008. A total of 720 tonnes of ilmenite concentrate was roasted; 150 tonnes from Consolidated Rutile's operations on North Stradbroke Island, 500 tonnes from Bemax Resources' Murray Basin operations, and BHP Billiton supplied 70 tonnes from the Corridor Sands deposit in Mozambique. Throughout the campaign, samples of the bulk-roasted ilmenite were bench-scale leached to evaluate the quality of the product. These tests consistently produced ultra high grade synrutile (97% TiO_2) with very low contaminants. Roasting operations were conducted on a 24 hours per day, 7 days per week basis and finished in July 2008.
- During the campaign, Austpac upgraded the roasting train by installing a larger, refractory-lined oxidation roaster to increase throughput and to simulate a commercial roasting plant. This markedly improved the performance of the roasting section.

ERMS SR – Stage Two

- Stage 2 is the ilmenite leaching and EARS acid regeneration section of the plant. Roasted ilmenite and hydrochloric acid (HCl) are mixed and pumped into Austpac's patented continuous leach vessel, where the iron is leached from the ilmenite leaving a high TiO_2 solid. The solid synrutile is separated from the iron chloride solutions on a filter, and is then dried and heated to 800°C (calcined) and finally passed over a magnetic separator to remove any remaining waste minerals. The finished synrutile is stored in bags ready for shipping to selected consumers for market trials.
- The iron chloride rich "spent leach liquor" is pumped to the adjacent EARS acid regeneration plant, where it is dried in a fluid bed evaporator to form solid iron chloride pellets. These are then heated to 850°C in the fluid bed pyrohydrolysis reactor to form hydrogen chloride gas and iron oxide pellets. The gas is absorbed in water and forms strong HCl which is returned to the leaching section. The iron oxide is then passed to Austpac's proprietary fluid bed "metalliser" where it is reduced to iron metal in a single step.
- The commissioning of the synrutile and iron pellet production section commenced in July 2008, with hydrostatic testing of the ilmenite leaching section, including Austpac's patented continuous leach vessel. The calcining section and the fluid bed roasters for the EARS acid regeneration section were installed in July 2008 and the piping and hot gas duct connections and instruments were then fitted. Iron ore fines were used for the initial testing of the EARS section to ensure proper transfer of solids throughout the system, and to commission the fluid bed metallising section.
- Steel mill waste (spent pickle liquor) was then used to commission the EARS section of the plant. This had the benefits of regenerating the initial charge of hydrochloric acid required for ilmenite leaching, avoiding the need to purchase fresh acid, and demonstrating that the EARS system can process pickle liquor from steel mill waste.

- The current ilmenite leaching campaign will produce up to 200 tonnes of ERMS synrutile and 150 tonnes of iron pellets for market trials.

- A tank farm was installed next to the process tower to ensure the secure and safe storage of spent leach liquor, pickle liquor and fresh hydrochloric acid. Additional tanks were installed to recycle process water and to capture all storm water run off, both saving water and ensuring that the plant produces no liquid waste.
- A carbon dioxide (CO_2) absorption system was installed in the EARS section to remove over half of the CO_2 from the exit roaster gas. The CO_2 is very pure and in a commercial plant would be stored for sale to other industries, thus creating revenue whilst also demonstrating environmental responsibility.
- Data from the operation of the Demonstration Plant will be used for detailed engineering design and for the bankable feasibility study into a 60,000 tpa commercial ERMS SR plant. This study is scheduled to start in the fourth quarter of 2008.
- Austpac's ERMS SR synrutile process is the most environmentally sustainable synrutile process available.

Award-winning Technologies in the Titanium, Steel and Iron Ore Industries

Austpac's key technology transforms ilmenite into high grade synthetic rutile, which is used for titanium dioxide pigment manufacture and is a preferred feedstock for titanium metal production.

A second Austpac technology is used to process waste chloride solutions and iron oxides produced by steel making to recover hydrochloric acid and iron metal.

A third process can be used to upgrade the low value hematite and magnetite iron ore fines created by iron ore mining and produce valuable iron metal.

The four most important components of our intellectual property are summarised below:

- **ERMS SR** ***(Enhanced Roasting and Magnetic Separation Synrutile)*** process – a unique process to upgrade ilmenite, a common titanium mineral. The process comprises two steps. In the first step, ilmenite is roasted to condition it for leaching. It is then leached in hydrochloric acid to remove the iron component. The TiO_2-rich product is called synrutile. The spent leach liquor is then treated by Austpac's EARS acid regeneration process to produce fresh acid. The ERMS SR process thus produces two valuable products; ultra high grade synrutile and metallic iron pellets.
- **EARS** ***(Enhanced Acid Regeneration System)*** process – a patented process to recycle waste iron chloride solutions from the titanium and steel industries and produce fresh hydrochloric acid and iron metal pellets. By adding iron oxide wastes from the steel industry, the yield of iron can be significantly increased, so adding value to steel waste treatment.
- **DRI** ***(Direct Reduced Iron)*** process – Austpac's new value adding process to make direct reduced iron (DRI) from iron oxides generated by the EARS process and iron ore fines in order to produce a high grade feedstock for use in arc furnaces for steel making.
- **LTR** ***(Low Temperature Roasting)*** process – employs controlled low temperature fluid bed roasting to enable ilmenite to be easily separated from deleterious minerals so it can be used in the sulfate process to make titanium dioxide pigment.

Commercial Applications for **Synrutile** Production

Titanium is used in the form of titanium dioxide pigment in paints, plastics and printing inks. Around 5% is used as titanium metal in aerospace, medical and sports applications.

The pigment market is over US$8 billion per annum (pa) and has grown annually at around 3% for the past 30 years; the metal market is over US$2 billion pa and growing rapidly. The chloride pigment process (which accounts for 60% of world production) and titanium metal production require a high grade feedstock. Synrutile comprises approximately 25% of the feedstock for pigment, and the demand for high grade synrutile is projected to grow significantly over the next five years to meet the increasing demand for titanium metal from industries such as aerospace, medicine and sport.

Current world production of synrutile is around 800,000 tonnes per annum (tpa), the majority of which is produced in Western Australia. In contrast to existing commercial synrutile processes, ERMS SR has two major advantages:

- ERMS SR produces an ultra high grade synrutile that can be used as feedstock for both pigment and metal.
- ERMS SR also produces a saleable iron pellet co-product, rather than the iron oxide wastes produced by other processes which present significant challenges for disposal.

BHP Billiton, the world's largest resource group, recognised the potential of the ERMS SR technology in 2006 by supporting a $500,000 program to evaluate some aspects of the technology. In June 2007, Austpac made a placement of 25,000,000 fully paid ordinary shares at 20 cents each to BHP Billiton. This raised $5 million which was used for the construction of the Demonstration Plant.

In June 2008, BHP Billiton participated in a placement of shares, together with a group of professional investors, taking its holding in Austpac to 55 million shares. BHP Billiton is now Austpac's largest and substantial shareholder with a 7.25% holding.

In mid 2007, BHP Billiton was granted a licence to use the ERMS SR technology in Africa, subject to payment of a royalty based on gross annual sales, and in June 2008, Austpac licensed the LTR (Low Temperature Roasting) technology to BHP Billiton for non-exclusive use in Africa.

BHP Billiton owns the massive Corridor Sands heavy mineral deposit in southern Mozambique, which contains one third of the world's ilmenite. The ERMS SR process has been used to treat Corridor Sands ilmenite and produce ultra high grade synrutile.

Austpac has developed the only synrutile process that produces two high grade saleable products. It is a continuous process, capable of economically treating lower grade, often contaminated ilmenites that are common around the world, without creating environmental discharge problems.

Commercial Applications in the **Steel** Industry

The steel industry faces the need to cost-effectively handle waste products generated in steel mills. These wastes cause increased costs and loss of product. Austpac has developed solutions for these steel industry challenges and aims to use the EARS section of the Demonstration Plant to generate an early cash flow without any further capital outlay.

In the steel industry, products such as coated or galvanized steel must be cleaned to remove surface oxide scale prior to being finished. The cleaning process is termed "pickling", and is generally achieved in a bath of hydrochloric acid. The acid removes the iron scale and forms an iron chloride solution, known as Spent Pickle Liquor (SPL), which is removed from the bath and replaced with acid. In some steel mills the SPL is processed in an acid regeneration plant; the fresh acid is re-used, but the iron oxide must be disposed of in ponds or landfills. However many mills do not reprocess their SPL, and the acidic spent liquors have a high disposal cost. In both cases the iron in the liquor is lost as waste.

Furthermore, in the steel mill rolling process, as much as 5% of the iron is lost as iron oxide, termed "mill scale". Electric arc furnaces which are used to melt scrap iron commonly produce iron waste in the form of dusts, termed "EAF dust". Both mill scale and EAF dust represent lost iron to the steel plant, as well as a difficult and costly environmental clean-up issue.

Austpac's patented EARS process was developed to recycle the spent liquor generated by leaching ilmenite. The final step in the process is the reduction of iron oxide to iron metal using the Company's proprietary DRI process. The EARS/DRI process therefore has direct application in the steel industry as a highly cost-effective, environmentally friendly commercial method to regenerate hydrochloric acid from SPL, while converting the iron in the liquor to a

saleable metal pellet. Approximately 0.4 tonne of iron can be recovered with each tonne of regenerated acid. However, to augment the saleable iron output from an EARS plant, waste mill scale can be added to the process circuit, increasing the iron yield to up to 1.6 tonnes of metal pellets per tonne of acid.

There are many hundreds of steel processing centres around the world that would benefit from an effective environmental waste recycling process, and therefore Austpac has sought to exploit this opportunity.

In January 2008, Austpac signed an agreement with MultiServ Group Limited to identify and evaluate worldwide opportunities for the application of Austpac's processes in the steel industry. MultiServ is the world's largest provider of outsourced, on-site mill services to the global steel and metals industries, with over 170 operating sites in 35 countries.

MultiServ will visit Newcastle and observe the regeneration of acid from pickle liquor using the EARS section of the Demonstration Plant. MultiServ may elect, at any time up to 31 December 2008, to negotiate an exclusive agreement with Austpac for joint exploitation of the technology, including the procurement of funding for any plant built to recycle mill waste.

Austpac's unique EARS regeneration process can economically recover the chloride and the iron from pickle liquors, and recover iron from both mill scale and EAF dust when recycled through an EARS plant. The EARS process is expected to be accepted as the environmental solution to the significant waste disposal problem of the world steel industry.

Commercial Applications in the **Iron Ore** Sector

Austpac's DRI process can be used to produce Direct Reduced Iron from both hematite and magnetite iron ores.

In 2007, pilot scale testwork on fine iron ore from the Pilbara region in Western Australia achieved good metallisation, and similar results were obtained in September 2008 from the 5 tonnes of iron ore used to commission the metalliser in the Demonstration Plant, proving the Austpac DRI process is applicable for upgrading iron ore fines. Further testwork will be undertaken after completion of the Demonstration Plant synrutile/iron pellet production campaign underway at the time of writing.

Austpac's ultimate objective is to license the DRI process to iron ore producers interested in adding value.

Environmental Benefits of Austpac Technologies

Austpac's processes are carbon-capture capable, and emit far less CO_2 per tonnne of product than similar upgrading or recycling processes.

- ERMS SR can use any ilmenite from any deposit in the world.
- The process can use any fuel (solid, liquid or gas).
- It can use treated waste water where available.
- It produces no liquid waste and no solid waste (no landfill).
- ERMS SR is carbon-capture capable; captured CO_2 is saleable to other industries.
- It uses waste heat to generate electricity so is self-sufficient for power.
- Austpac technology can economically recycle steel industry wastes.

ERMS SR is the highest grade, most environmentally sustainable synrutile process available in the world today. Applications of the technology in the steel industry provide cost-effective solutions to the high cost of and environmental issues associated with waste product disposal.

Exploration Licence 4521 – WIM150 Project

Australian Zircon (AZC) has committed to proceed with the first stage of a bankable feasibility study into the WIM150 zircon and titanium mineral resource. Prior to making this decision, AZC completed a prefeasibility study into many of the key aspects of taking the project closer to the development stage. AZC has reported that the prefeasibility study found that:

- Testwork supports the application of conventional feed preparation techniques (scrubber, trommel and cyclones) together with fine grain spirals to recover around 85–90% of raw feed zircon to an acceptable grade heavy mineral concentrate.
- Conventional mining methods such as those in use at Mindarie (bulldozer, truck and shovel) can be applied.
- No extraordinary requirements for either mining or tails disposal have been identified.
- A mobile rather than static primary concentrator plant and feed preparation layout would be preferable to manage issues related to the large areal extent of the WIM150 mineralisation.

On behalf of AZC, Snowden Mining Industry Consultants has completed a Mineral Resource Estimate for the WIM150 Project, in accordance with the latest JORC Code. This work has incorporated the results of both earlier drilling from CRAE Pty Ltd and the verification aircore drilling conducted by AZC in December 2006 within the zircon rich core of the project area. The AZC drilling has confirmed the overall reliability of the CRAE drilling results in that area. The details of the resource estimation will be reported by AZC in due course.

A program of drilling was conducted during November 2007 within a zircon rich portion of WIM150. The program provided more detailed data on the variability of the mineral components within the ore zone, and also delivered a five tonne bulk sample of high zircon WIM150 ore. Downer EDI Mining completed processing this bulk sample in the second quarter of 2008. Using standard mineral sands technology and processes, feed preparation testwork achieved an 84% recovery of zircon to a Heavy Mineral Concentrate. Subsequent mineral separation plant testwork produced ilmenite, secondary ilmenite, HiTi (high titanium) and zircon products. The overall recovery of zircon to a final product was approximately 61%.

AZC has advised Austpac that Stage One of a bankable feasibility study is to commence shortly, with a detailed review of the applicable regulatory regime and an assessment of water supply options. Plans will be prepared for pilot plant scale mineral recovery testwork. The results of this work, when complete, will be used to further refine flow sheet design at each stage of mineral processing. Particular attention will be given to slimes thickening and disposal of tailings, and additional testwork will be undertaken to investigate mineral product quality.

The Horsham Joint Venture between Austpac and AZC commenced in February 2004 when the companies executed a farm-in agreement to investigate the potential for the development of Austpac's WIM150 heavy mineral deposit. AZC will earn an 80% participating interest by completing a bankable feasibility study on WIM150, after which Austpac may elect to maintain a 20% working interest or convert to a 10% net profit interest.

Gold Exploration

Several new and promising opportunities were created in the Golden Triangle of southern China during 2007–08 in a cooperative venture with Archipelago Resources PLC of the UK.

Austpac will maintain a close brief on gold exploration opportunities meeting the criteria of geological merit and commercial return, both in this region and also within prospective areas in other countries.

Directors' Report

The directors of Austpac Resources N.L., ('the Company') A.C.N. 002 264 057, present their report together with the financial report of the Company and of the consolidated entity, being the Company and its controlled entities, for the financial year ended 30 June 2008 and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year are:

TERRY CUTHBERTSON *ACA* **Chairman** Age 58

Mr Cuthbertson is currently Chairman of Montec International Limited, S2 Net Limited, Mint Wireless Ltd and MyNetFone Ltd and non-Executive Director of Healthzone Limited. He was previously Group Finance Director for Tech Pacific Holdings Pty Ltd which generated over $2 billion in revenues from operations throughout the Asia-Pacific Region. From 1986 to 1995 he was a Senior Partner of KPMG, specialising in strategic and corporate advice to major corporations. Mr Cuthbertson brings extensive international corporate experience to Austpac including a practical operating knowledge of business practices and structures in India, China and Southeast Asia.

Mr Cuthbertson was appointed a Director of Austpac Resources N.L. on 27 March 2001 and Chairman of Austpac Resources N.L. on 31 May 2004.

MICHAEL J. TURBOTT *BSc (Hons), FAusIMM, MAIG* **Managing Director** Age 64

Mr Turbott was formerly a Director and Vice President of Kennecott Explorations (Australia) Ltd, and was in charge of the exploration programs that led to the discovery of the Lihir gold deposit in Papua New Guinea and to the acquisition and initial development of the Gordonstone coal mine in the Bowen Basin, Queensland. His 40 years' experience in the mining industry has encompassed a wide variety of exploration and development projects in Australia, New Zealand, Papua New Guinea, Indonesia, Philippines, Canada and the USA.

Mr Turbott has been the Managing Director of Austpac Resources N.L. since its formation as an epithermal gold explorer in 1985. In 1988 Austpac became involved in the Westport ilmenite sand deposits in New Zealand. This led to the development of Austpac's proprietary ERMS roasting process to separate refractory ilmenite and, subsequently, to the patented EARS acid regeneration process. Under Mr Turbott's direction, since the mid 1990s Austpac has focused on its mineral sand technologies and has developed a proprietary continuous leaching process and specialist know-how in low temperature roasting and in the treatment of iron minerals. The ERMS SR process is used for the production of high grade synthetic rutile and iron metal pellets from ilmenite. Austpac's technologies are also applicable to the steel industry where they can recover hydrochloric acid, iron and zinc from waste pickle liquors, mill scale and electric arc furnace dust. Austpac also has a process to produce direct reduced iron from iron ore fines.

ROBERT J. HARRISON *FAICD* **Non-Executive Director** Age 69

Mr Harrison has over 20 years' experience in the marketing of ilmenite, rutile and zircon. He was Managing Director of Consolidated Rutile Limited's marketing subsidiary Minerals Pty Limited for a number of years before forming the mineral sands marketing consultancy Mineralex Agencies Pty Limited, of which he is Managing Director. Since 1986 Mr Harrison has provided marketing support, market surveys, statistical analyses and product reviews for titanium dioxide feedstocks, titanium dioxide pigments and zircon to a range of significant producers and consumers of those products in Australia, India, Africa, Europe and North America.

Mr Harrison was appointed a Director of Austpac Resources N.L. on 1 September 2004.

Company Secretary

Mr Gaston is a Chartered Secretary with 35 years listed public company experience including Lend Lease Corporation, Peko Wallsend Limited and American Metals Climax (AMAX).

Officers who were previously partners of the audit firm

Officers who were previously partners of the current audit firm KPMG, at the time when KPMG undertook an audit of the Company – T. Cuthbertson who retired from KPMG in 1995.

Directors' Interests and Benefits

The relevant interest of each director in the share capital of the Company at the date of this report and as notified by the directors to the Australian Stock Exchange in accordance with Section 205G(1) of the Corporations Act 2001 was:

	Ordinary Shares	
	Direct	**Indirect**
Terry Cuthbertson	–	4,266,667
Michael J. Turbott	10,867,785	3,283,333
Robert J. Harrison	3,000,000	–

In accordance with the Company's articles of association, Mr Robert Harrison retires from the Board of Directors and, being eligible, offers himself for re-election.

Directors' Meetings

The number of meetings held and attended by each of the directors of the Company during the financial year are:

	Board Meetings **attended**	***Board Meetings*** **held during the time the director held office**	***Audit Committee***		***Remuneration Committee***	
			Meetings attended	**Meetings Held**	**Meetings attended**	**Meetings Held**
Terry Cuthbertson	13	13	2	2	1	1
Michael J. Turbott	13	13	2	2	1	1
Robert J. Harrison	13	13	2	2	1	1

Principal Activities

The principal activity of the consolidated entity is the development of mineral processing technology and exploration and development of mineral sands deposits and gold deposits.

Review and Results of Operations

A review of the operations of the consolidated entity for the year and the results of those operations are contained in the section entitled *Directors' Report on Operations* commencing in the front section of this Annual Report.

Dividends

No dividends were paid or declared by the Company during the year. The directors do not recommend the payment of a dividend.

State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year which are not disclosed in the Annual Report.

Subsequent Events

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity in future financial years.

Likely Developments

Except as described elsewhere in this Annual Report, further information about likely developments in the operations of the consolidated entity and the expected results of those operations has not been included as disclosure of such information would likely result in unreasonable prejudice to the consolidated entity.

Environmental Regulation

The consolidated entity's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its technology development.

The directors are not aware of any breach during the period covered by this report.

Remuneration Report

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

The Board remuneration policy is to ensure the remuneration package properly reflects the duties and responsibilities of the director. The Remuneration Committee ascertains non-executive Director remuneration and also staff remuneration which are separate and distinct. Remuneration is set by the Board of Directors. The Company has a remuneration policy aimed at retention of key technical staff to ensure the progression and commercialisation of the Company's technologies.

The Company is managed by the Managing Director, supported by the Board of Directors. The Company does not have a senior executive staff. The Company has no employees that are specified executives.

Executive Directors are solely remunerated by fixed remuneration packages, including base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles) as well as employer contributions to super funds.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 22 November 2007 when shareholders approved an aggregate remuneration of $150,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually.

Each non-executive director either receives a fee for being a director of the company and, if other services are provided, under a consultancy agreement. An additional fee may be payable for each board committee on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees. At this time there are no such committees, operating or required.

Non-executive directors have long been encouraged by the Board to hold shares in the Company (purchased by the director on market or issued in lieu of fees at a market price). It is considered good governance for directors to have a stake in the company whose board he or she sits. The non-executive directors of the company can participate in the Employee Share Purchase Plan.

Executive director remuneration

The company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company and so as to:

- align the interests of executives with those of shareholders

Remuneration consists of fixed remuneration only.

Fixed Remuneration

Objective

Remuneration is set by the Board of Directors and reflects a cost containment programme implemented in 2003 reducing overheads.

Structure

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles) as well as employer contributions to super funds.

Variable Remuneration

There is no variable remuneration.

Employment contracts

Currently no employee is employed under contract.

Details of the nature and amount of each major element of the emoluments of each director of the Company for the year ending 30 June 2008 are:

	Base	*Short Term* Non Monetary Benefits	Consulting Fees	*Post Employment* Super	2008 Total
	$	$	$	$	$
Mr M.J. Turbott	182,502	20,700	–	62,660	265,862
Mr T. Cuthbertson	52,500	–	30,000	–	82,500
Mr R. Harrison	35,000	–	30,000	–	65,000
	270,002	**20,700**	**60,000**	**62,660**	**413,362**

Details of the nature and amount of each major element of the emoluments of each director of the Company for the year ending 30 June 2007 are:

	Base	*Short Term* Non Monetary Benefits	Consulting Fees	*Post Employment* Super	2007 Total
	$	$	$	$	$
Mr M.J. Turbott	166,067	20,700	–	16,607	203,374
Mr T. Cuthbertson	30,000	–	20,000	–	50,000
Mr R. Harrison	17,500	–	20,000	–	37,500
	213,567	**20,700**	**40,000**	**16,607**	**290,874**

Non cash benefits relate to motor vehicles during the financial year for the Managing Director and consultancy fees relate to additional services provided by Messrs Cuthbertson and Harrison for professional time in excess of normal Director duties.

Notsag Pty Limited, a company which provides corporate, financial, underwriting and guarantee services, employs Mr N. Gaston and provides his services as company secretary. Notsag Pty Limited received fees of $176,727 during the financial year ended 30 June 2008.

Employee Share Plans

Directors are entitled to participate in the Employee Share Purchase Plan when issues are proposed. All issues under the plan are approved in Annual General Meeting before being allocated. 12,000,000 shares were issued under the plan during the financial year ended 30 June 2008 – and were approved at the Annual General Meeting held on 22 November 2007.

Options

During or since the end of the financial year no options have been granted by the Company and there are no outstanding options on issue at the date of this report.

Indemnification and Insurance

The Company does not have a Directors' and Officers' insurance against liability which may arise from holding the position of Director or Officer.

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer of the Company or related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Non-audit services

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties. These fees are detailed in Note 3 of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 *Professional Independence*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

A copy of the Lead auditor's independence declaration as required under Section 307C of the Corporations Act, as provided on page 17, is included in the Directors' Report.

Signed at Sydney this twenty sixth day of September 2008 in accordance with a resolution of the Board of Directors of Austpac Resources N.L.

T. Cuthbertson
Chairman

M.J. Turbott
Managing Director

Lead Auditor's Independence Declaration

under Section 307 of the Corporations Act 2001
YEAR ENDED 30 JUNE 2008

To: the directors of Austpac Resources N.L.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

A. Jones
Partner

Sydney
26 September 2008

Corporate Governance Statement

This Statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

Board of Directors

The Board is responsible for the overall Corporate Governance of the consolidated entity including formulating its strategic direction, establishing goals for management and monitoring the achievement of these goals. The Board has established a framework for the management of the consolidated entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

A description of the Company's main corporate governance practices is set out below. All these practices were in place for the entire year.

Board Process

The Board usually holds 12 scheduled meetings every year plus any additional meetings as required. The agenda for Board meetings is prepared by the Company Secretary in conjunction with the Chairman and Managing Director. Standing agenda items include the Managing Director's report, financial report and project activity reports together with governance and compliance issues. Board papers are circulated in advance.

The monthly board papers include monthly and year to date financial reports for all projects and corporate. A monthly revised forecast for the financial year is presented at each Board Meeting and compared against approved budgets.

Twelve monthly budgets are submitted for the forthcoming financial year, three months in advance and reviewed three times for refinement and ultimate approval.

Three year and five year plans are maintained and revised in accordance with requirements and financial capability of the consolidated entity.

Composition of the Board

At the date of this report, the Board of Directors comprises a non-executive independent chairman, one independent Director and the Managing Director.

The members of the Board of Directors appear on page 12 of the Directors' Report with brief resumes and profiles. The Board elects Directors on the basis of Corporate requirements and project activity. High calibre independents with substantial experience at senior level are sought when required. Directors are considered independent if they meet the following independent Directors standard:

- Is not a substantial shareholder of Austpac Resources N.L.;
- Has not within the last 3 years been employed in a senior capacity by Austpac Resources N.L. or been a director after ceasing to hold any such employment;
- Is not a principal or employee of a professional advisor to Austpac Resources N.L.;
- Is not a material supplier or customer of Austpac Resources N.L. or an officer of or directly or indirectly associated with a significant supplier or customer;
- Has no material contractual relationship with Austpac Resources N.L. or any of its associates other than as a director of Austpac Resources N.L.;
- Has no other interest or relationship that could interfere with the director's ability to act in the best interests of Austpac Resources N.L. and independently of management; and
- Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Austpac Resources N.L.

In this context the Board considers material, any director-related business relationship that is or is likely in the future to be more than 10 per cent of the director-related business's revenue.

All directors are expected to act in the best interests of Austpac Resources N.L.

The members of each Board Committee are independent Directors. The Audit Committee and the Remuneration Committee are chaired by an independent Director and are composed of independent Directors.

Board Committees

Two permanent Board Committees have been established to assist in the execution of the Board's responsibilities as described below. These are:

- Audit Committee
- Remuneration Committee

These Committees have charters which are reviewed on a regular basis. All Board members are free to attend any meeting of any Board Committee. All Committees have access to professional advice from the employees within Austpac Resources N.L. and from appropriate external advisors. Committees may meet these external advisors without Management being present.

AUDIT COMMITTEE

The role of the Audit Committee is documented in a Charter which is approved by the Board of Directors. In accordance with this Charter, all members of the Committee must be non-executive directors with a majority being independent. The role of the Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity.

The Committee also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report.

The members of the Audit Committee during the year were:

- Mr T. Cuthbertson (Chairman)
- Mr R. Harrison

The profiles of these Directors are included on page 12 of the Directors' Report. The Directors of this Committee are independent Directors.

The external auditors, the Managing Director and Company Secretary, are invited to Audit Committee meetings. The Committee meets twice a year.

The responsibilities of the Audit Committee include:

- reviewing the financial report and other financial information distributed externally;
- monitoring corporate risk assessment processes;
- reviewing any new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- monitoring the activities of the internal control function;
- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- reviewing the nomination and performance of the auditor. The external auditors were appointed in 1985. The lead external audit engagement partner was last rotated in 2005;
- liaising with the external auditors and ensuring that annual and half-year statutory audits are conducted in an effective manner;
- monitoring the establishment of an appropriate internal control framework and considering enhancements;
- monitoring the establishment of appropriate ethical standards;
- monitoring the procedures in place to ensure compliance with the Corporations Act 2001 and Stock Exchange Listing Rules and all other regulatory requirements;
- addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, Australian Stock Exchange and financial institutions;
- reviewing reports on any major defalcations, frauds and thefts from the Company and ensuring that the Company's Internal Control Plan is adhered to;
- improving the quality of the accounting function.

The Audit Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year as follows:

Audit Planning

- To discuss the external audit plan;
- To discuss any significant issues that may be foreseen;
- To discuss the impact of any proposed changes in accounting policies on the financial statements;
- To review the nature and impact of any changes in accounting policies adopted by the consolidated entity during the year;
- To review the fees proposed for the audit work to be performed.

Prior to announcement of results

- To review the half-yearly and annual report prior to lodgment of those documents with the ASX, and any significant adjustments required as a result of the audit;
- To make the necessary recommendation to the Board for the approval of these documents.

Half-yearly and annual reporting

- To review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made;
- To review the draft financial report and the audit report and to make the necessary recommendation to the Board for the approval of the financial report.

The Managing Director and Company Secretary/Chief Financial Officer have declared in writing to the Board that Austpac Resources N.L. Financial Report for the year ended 30 June 2008 presents fairly, in all material respects, Austpac Resources N.L. financial condition and operational results and is in accordance with applicable Accounting Standards. The Committee has the power to conduct or authorise investigations into, or consult independent experts on, any matters within the Committee's scope of responsibility. The Committee has a documented charter which incorporates the ASX Best Practice Guidelines.

The Committee assists the Board to fulfil its corporate governance and disclosure responsibilities in relation to financial reporting, internal control structure, risk management systems and internal and external audit. This includes:

- exercising oversight of the accuracy and completeness of the financial statements and their adequacy for security holders, compliance with the Corporations Act 2001, ASX Listing Rules and other regulatory requirements;
- making informed decisions regarding accounting policies, practices and disclosures;
- reviewing Austpac Resources N.L.'s policies and procedures for convergence with the Australian equivalents to International Financial Reporting Standards ("AIFRS") for reporting periods beginning on 1 July 2006;
- reviewing the scope and results of operational risk reviews and external audits;
- assessing the performance and adequacy of Austpac Resources N.L.'s internal control framework including accounting, compliance and operational risk management controls;
- annual review of the performance of the internal audit team, including a review of their independence, coordination with external auditors, resource levels and a review of their findings and management responses;
- annual review of the external auditor's performance taking into account the duration of the appointments, date of partner rotation, fees paid and considering matters requiring discussion in the absence of Management; and
- other related matters including monitoring insurance coverage, related party transactions and monitoring litigation other than in the normal course of business.

The Audit Committee also has responsibility for the oversight and monitoring of risk management. It is also responsible for the nomination and removal of external auditors. The following principles and practices are adopted:

- The external auditor must remain independent of Austpac Resources N.L. at all times;
- The external auditor is to be appointed to all controlled entities in the Group;
- The external auditor must not undertake staff recruitment or provide internal audit, management, or IT consulting services to Austpac Resources N.L.;

- The external auditor is not to provide non-audit services under which the auditor assumes the role of management, becomes an advocate for Austpac Resources N.L. or audits its own professional expertise;
- The external audit engagement partner and review partner will be rotated every five years.

The external auditor provides an annual declaration of independence as required by the *Corporations Act 2001*,which is consistent with Professional Statement F.1 of the Code of Professional Conduct as recognised by Australia's professional accounting bodies.

Risk Management

Oversight of the risk management system

The Board oversees the establishment, implementation and annual review of Austpac Resources N.L. risk management system with assistance from the Audit Committee. Management has established and implemented a risk management system for assessing, monitoring and managing operational financial reporting and compliance risk for Austpac Resources N.L.

Functional systems of risk management and reporting between project level, senior management and the Board of Directors have been established.

The Managing Director and the Company Secretary/Chief Financial Officer have declared, in writing to the Board, that Austpac Resources N.L.'s financial reporting, risk management and associated compliance and controls have been assessed and are operating efficiently and effectively.

During each Audit Committee meeting the Audit Committee reports to the Board on the status of risks through integrated risk management programmes aimed at ensuring all risks are identified, assessed and appropriately managed.

In addition the Managing Director and Company Secretary/Chief Financial Officer have declared in writing to the Board that:

a) Austpac Resources N.L.'s financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and

b) Austpac Resources N.L's risk management, internal compliance and control systems are operating efficiently and effectively in all material respects.

Risk Profile

In order to identify the material risks facing Austpac Resources N.L. and prioritise the actions necessary to mitigate these risks, an annual risk review is undertaken to identify, assess, monitor and manage the financial, operational and strategic risks.

Risk management and compliance and control

A robust risk management framework coupled with thorough internal reporting processes and highly qualified, competent and reliable staff provides Austpac Resources N.L. with a solid platform from which Austpac Resources N.L. manages the main areas of risk impacting the business.

Assessment of effectiveness

The effectiveness of risk management practices is assessed and reported to both Executive Management and the Audit Committee.

Commitment to shareholders and an informed market

The Board believes that security holders and the investment market generally, should be informed of all major business events that influence Austpac Resources N.L. in a timely and widely available manner. The full board of directors ensures that Austpac Resources N.L. meets its disclosure obligations under ASX Listing Rule 3.1.

Austpac Resources N.L. produces two sets of financial information annually; the half-yearly Financial Report for the six months to 31 December and the Annual Report and Financial Report for the year to 30 June. This is in addition to the Australian Stock Exchange quarterly working capital reports in July, October, January and April.

Shareholders have the right to attend the Annual General Meeting of Shareholders, usually held towards the end of November each year. Shareholders are provided with an explanatory memorandum on the resolutions proposed in the Notice of Meeting.

A copy of the Notice of Meeting is mailed to shareholders who are encouraged to vote on all resolutions. Unless specifically stated in the Notice of Meeting, all holders of securities are eligible to vote on all resolutions. In the event that shareholders cannot attend the Annual General Meeting of Shareholders they are able to lodge a proxy in accordance with the Corporations Act 2001. Proxy forms may be lodged by facsimile. Austpac Resources N.L.'s external auditor also attends the AGM and is available to answer any questions about the conduct of the audit and the audit report from security holders.

Staff and director trading in Austpac Resources N.L.'s securities

Austpac Resources N.L. Board members may only trade in Austpac Resources N.L.'s securities during a nominated trading window which is within three weeks after any announcement to the Australian Stock Exchange. At other times, they may trade with the concurrence of two Non-Executive Directors, one of which must be the Chairman. Trading in securities by Directors and senior staff at any time requires the consent of two Non-Executive Directors, one of which must be the Chairman. All other employees require the prior consent of the Managing Director to trade in securities.

REMUNERATION COMMITTEE

The Remuneration Committee meets in January each year or more frequently if Cost Containment programs are to be implemented. The members of the Remuneration Committee are:

- Mr T. Cuthbertson (Chairman)
- Mr R. Harrison

The profiles of these Directors are included on page 12 of the Directors' Report. The Directors of this Committee are independent Directors.

The Remuneration Committee assists the Board in ensuring that Austpac Resources N.L.'s remuneration levels are appropriate in the markets in which it operates and are applied fairly to attract and retain appropriately qualified and experienced directors and senior staff. The Committee obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies.

The Committee also has the responsibility to review and approve, on behalf of the Board, recommendations for annual staff remuneration made by Management and review and recommend to the Board:

- proposals for changes to remuneration policies and human resources issues which are referred to the Board by the Managing Director;
- remuneration recommendations relating to the Chairman, Non-Executive Directors, the Managing Director and senior Management, including incentive policies for the Managing Director and the senior Management team;
- Austpac Resources N.L. recruitment, retention and termination policies and procedures for senior Management;
- incentive schemes;
- superannuation arrangements;
- creation or amendment of any employee or executive share schemes; and
- the remuneration framework for Non-Executive Directors including the amount of directors' fees, any increase in the overall amount of directors' fees and any increase requiring security holder approval.

Income Statements

FOR THE YEAR ENDED 30 JUNE 2008

Austpac Resources N.L. and its Controlled Entities	Note	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	THE COMPANY 2008 $	THE COMPANY 2007 $
Administrative expenses		**(3,532,557)**	(2,222,372)	**(3,532,557)**	(2,222,372)
Loss before financing costs		**(3,532,557)**	(2,222,372)	**(3,532,557)**	(2,222,372)
Financial income	2	**217,887**	16,048	**217,887**	16,048
Financial expenses	2	**–**	(1,219)	**–**	(1,219)
Net Financing costs	2	**217,887**	14,829	**217,887**	14,829
Loss before tax		**(3,314,670)**	(2,207,543)	**(3,314,670)**	(2,207,543)
Income tax benefit	5	**–**	–	**–**	–
Loss after tax		**(3,314,670)**	(2,207,543)	**(3,314,670)**	(2,207,543)
Attributable to:					
Equity holders of the parent		**(3,314,670)**	(2,207,543)	**(3,314,670)**	(2,207,543)
		2008 cents	**2007 cents**		
Basic and diluted loss per share	7	(0.49)	(0.36)		

The income statements are to be read in conjunction with the notes to the financial statements set out on pages 27 to 43.

Statements of Recognised Income & Expense

FOR THE YEAR ENDED 30 JUNE 2008

Austpac Resources N.L. and its Controlled Entities	**CONSOLIDATED**		**THE COMPANY**	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
Loss for the year	**(3,314,670)**	(2,207,543)	**(3,314,670)**	(2,207,543)
Total recognised income and expense for the year	**(3,314,670)**	(2,207,543)	**(3,314,670)**	(2,207,543)
Attributable to:				
Equity holders of the parent	**(3,314,670)**	(2,207,543)	**(3,314,670)**	(2,207,543)

The statements of recognised income and expense are to be read in conjunction with the notes to the financial statements as set out on pages 27 to 43.

Balance Sheets

AS AT 30 JUNE 2008

Austpac Resources N.L. and its Controlled Entities	Note	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	THE COMPANY 2008 $	THE COMPANY 2007 $
ASSETS					
Cash and cash equivalents	8	**5,258,604**	115,382	**5,258,604**	115,382
Other receivables	9	**750,002**	5,055,550	**750,002**	5,055,550
Total Current Assets		**6,008,606**	5,170,932	**6,008,606**	5,170,932
Property, plant and equipment	11	**274,565**	317,881	**274,565**	317,881
Intangible assets	12	**11,817,542**	5,485,284	**11,817,542**	5,485,284
Total Non-Current Assets		**12,092,107**	5,803,165	**12,092,107**	5,803,165
Total Assets		**18,100,713**	10,974,097	**18,100,713**	10,974,097
LIABILITIES					
Trade and other payables	13	**959,409**	445,912	**959,409**	445,912
Interest bearing loans and borrowings	14	**85,854**	49,282	**85,854**	49,282
Employee benefits	15	**427,527**	370,456	**427,527**	370,456
Total Current liabilities		**1,472,790**	865,650	**1,472,790**	865,650
Interest bearing loans and borrowings	14	**163,661**	249,515	**163,661**	249,515
Total Non-Current Liabilities		**163,661**	249,515	**163,661**	249,515
Total Liabilities		**1,636,451**	1,115,165	**1,636,451**	1,115,165
Net Assets		**16,464,262**	9,858,932	**16,464,262**	9,858,932
EQUITY					
Issued capital	16	**63,289,454**	53,369,454	**63,289,454**	53,369,454
Accumulated Losses	17	**(46,825,192)**	(43,510,522)	**(46,825,192)**	(43,510,522)
Total equity		**16,464,262**	9,858,932	**16,464,262**	9,858,932

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 27 to 43.

Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2008

	Note	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	THE COMPANY 2008 $	THE COMPANY 2007 $
Cash Flows from Operating Activities					
Cash paid to suppliers and employees		**(3,445,602)**	(1,757,840)	**(3,445,602)**	(1,757,840)
Interest received		**217,887**	16,048	**217,887**	16,048
Interest paid		**–**	(1,219)	**–**	(1,219)
Income tax refund		**241,079**	340,195	**241,079**	340,195
Net cash used in operating activities	23	**(2,986,636)**	(1,402,816)	**(2,986,636)**	(1,402,816)
Cash Flows from Investing Activities					
Payments for property, plant and equipment		**(16,944)**	(5,969)	**(16,944)**	(5,969)
Payments for intangible assets:					
Mineral Technology Development		**(5,368,622)**	–	**(5,368,622)**	–
Exploration and Evaluation		**(4,227)**	(1,856)	**(4,227)**	(1,856)
Net cash used in investing activities		**(5,389,793)**	(7,825)	**(5,389,793)**	(7,825)
Cash Flows from Financing Activities					
Proceeds from issue of share capital		**13,568,933**	1,524,604	**13,568,933**	1,524,604
Payment of finance lease liabilities		**(49,282)**	(59,542)	**(49,282)**	(59,542)
Net cash from financing activities		**13,519,651**	1,465,062	**13,519,651**	1,465,062
Net increase/(decrease) in cash held		**5,143,222**	54,421	**5,143,222**	54,421
Cash and cash equivalents at 1 July		**115,382**	60,961	**115,382**	60,961
Cash and cash equivalents at 30 June		**5,258,604**	115,382	**5,258,604**	115,382

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 27 to 43.

Note 1:
Significant Accounting Policies

(A) SIGNIFICANT ACCOUNTING POLICIES

Austpac Resources N.L. (the "Company") is a company domiciled in Australia. The consolidated financial report of the Company for the year ended 30 June 2008 comprises the Company and its subsidiaries (the "consolidated entity").

The financial report was authorised for issue by the directors on 26 September 2008.

Statement of Compliance

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The Company and the consolidated entity's financial report also complies with the IFRSs and interpretations adopted by the International Accounting Standards Board.

(B) BASIS OF PREPARATION

The financial report is presented in Australian dollars. The entity has not elected to early adopt any accounting standards and amendments:

New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing this financial report:

- Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Company's 30 June 2010 financial statements. The Company has not yet determined the potential effect of the revised standard on the Company's disclosures.
- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Company's 30 June 2010 financial statements and will constitute a change in accounting policy for the Company. In accordance with the transitional provisions the Company will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. The Company has not yet determined the potential effect of the revised standard on future earnings.
- Revised AASB 127 *Consolidated and Separate Financial Statements* changes the accounting for investments in subsidiaries. Key changes include: the remeasurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the Company's 30 June 2010 financial statements. The Company has not yet determined the potential effect of the revised standard on the Company's financial report.

The financial report is prepared on the historical cost basis.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report.

The accounting policies have been applied consistently by all entities in the consolidated entity.

(C) GOING CONCERN

The financial report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the normal course of business. The Directors believe that the Company and the consolidated entity will be able to fund future operations through share issues, the successful commercialisation of mineral technologies or the joint venturing or sale of interests held in mineral projects.

Without the commercialisation of mineral technologies, equity raisings or joint venturing or sale of interests held in mineral tenements and projects, there is uncertainty whether the consolidated entity will be able to continue as a going concern.

If the consolidated entity is unable to continue as a going concern, it may be required to make adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities in order to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

(D) BASIS OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial report from the date that control commences until the date that control ceases.

In the Company's financial statements, investments in subsidiaries are carried at cost.

(ii) Jointly controlled operations and assets

The interest of the consolidated entity in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

(iii) Transactions eliminated on consolidation

All intragroup balances and transactions, including any unrealised gains or losses are eliminated on consolidation.

(E) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(F) PROPERTY, PLANT AND EQUIPMENT

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1 (k)). The carrying amount of property, plant and equipment is reviewed annually by directors to ensure that it is not in excess of the recoverable amount from those assets. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased assets

Leases in terms of which the consolidated entity assumes substantially all of the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

- property, plant and equipment 7 years
- leased plant and equipment and motor vehicles 10 years

The residual value and actual lives are assessed annually.

(G) INTANGIBLE ASSETS – MINERAL TECHNOLOGY DEVELOPMENT

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see Accounting Policy 1(K)).

Amortisation

Mineral technology development assets are not currently being amortised as the policy applied by the consolidated entity is to amortise these assets on a systematic basis over projected revenue streams once commercial licence agreements have been agreed.

(H) INTANGIBLE ASSETS – EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations, in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment, accounting policy (k)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

(I) TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at amortised cost less impairment losses (see accounting policy 1 (K)).

(J) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash balances and call deposits.

(K) IMPAIRMENT

The carrying amounts of the consolidated entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

Recoverable amounts are estimated annually for intangible assets not yet available for use. An impairment loss is recognised where the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income

statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(L) EMPLOYEE BENEFITS

Liabilities for employee entitlements for wages, salaries and annual leave represent present obligations resulting from employees' services up to reporting date, calculated on undiscounted amounts based on current wage and salary rates, including related on-costs. Obligations for contributions to defined contribution superannuation plans are recognised as an expense in the income statement as incurred.

(M) PROVISIONS

Provisions are recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

(N) TRADE AND OTHER PAYABLES

Trade and other payables are stated at amortised cost.

(O) EXPENSES

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Net financing costs

Interest income and expense is recognised in the income statement as it accrues, using the effective interest method.

(P) INCOME TAX

Income tax on the loss for the years presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at balance sheet date and any adjustment to tax payable in respect of previous years. The balance sheet liability method is used under which deferred assets and liabilities are recognised for temporary differences between the tax values of assets and their carrying amounts in the financial statements.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(Q) DERIVATIVES

The consolidated entity is exposed to changes in interest rates and commodity prices from its activities. The consolidated entity does not hedge these risks.

(R) SEGMENT REPORTING

The Company operates in one segment only, being Mineral Sands and Mineral Sands Technology Development in Australia.

(S) ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Recoverability of intangible assets

The carrying amount of intangible assets relating to mineral technology development and exploration and development total $11,817,542. The consolidated entity assesses intangibles which are not being amortised annually in accordance with the accounting policy in note 1(K). The recoverable amount of the intangibles is considered by reference to independent valuations of the technology.

(T) GOODS AND SERVICES TAX

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financial activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

	CONSOLIDATED		THE COMPANY	
	2008	2007	2008	2007
	$	$	$	$
Note 2: Net Financing Costs				
– Interest Income	**217,887**	16,048	**217,887**	16,048
– Interest Expense	**–**	(1,219)	**–**	(1,219)
Net financing income/(expense)	**217,887**	14,829	**217,887**	14,829
Note 3: Auditor's Remuneration				
Audit Services – KPMG Australia				
– Audit and review of financial reports	**50,000**	55,500	**50,000**	55,500
Other Services				
Auditors of the Company – KPMG Australia				
– Taxation services	**36,000**	22,000	**36,000**	22,000
Note 4: Personnel Expenses				
Wages and salaries	**571,845**	479,888	**571,845**	479,888
Contributions to defined contribution superannuation funds	**210,090**	66,624	**210,090**	66,624
Increase in liability for employee benefits	**57,071**	64,243	**57,071**	64,243
	839,006	610,755	**839,006**	610,755
Note 5: Income Tax Expense				
Recognised in the income statement				
Current tax benefit				
Current year	**(994,401)**	(662,263)	**(994,401)**	(662,263)
Deferred tax expense				
Current year deferred tax assets not recognised	**994,401**	662,263	**994,401**	662,263
Income tax benefit in income statement	**–**	–	**–**	–
Numerical reconciliation between tax benefit and pre-tax net loss				
Loss before tax	**(3,314,670)**	(2,207,543)	**(3,314,670)**	(2,207,543)
Prima facie income tax benefit using the domestic corporation tax rate of 30%	**(994,401)**	(662,263)	**(994,401)**	(662,263)
Decrease in income tax benefit due to:				
Current year deferred tax assets not recognised	**994,401**	662,263	**994,401**	662,263
Income tax benefit on pre-tax net loss	**–**	–	**–**	–

	CONSOLIDATED		THE COMPANY	
	2008	2007	2008	2007
	$	$	$	$
Note 6 : Deferred Tax Assets and Liabilities				
Deferred tax assets and (liabilities) are attributable to the following:				
Mineral technology development	**(3,354,785)**	(1,456,316)	**(3,354,785)**	(1,456,316)
Exploration and evaluation	**(190,477)**	(189,209)	**(190,477)**	(189,209)
Employee benefits	**128,258**	111,137	**128,258**	111,137
Unused tax losses	**3,417,004**	1,534,388	**3,417,004**	1,534,388
Net tax (asset)/liability	**–**	–	**–**	–
Deferred tax assets not recognised				
Deferred tax assets not recognised because it is probable that the benefits will be utilised against future taxable profits comprise:				
Unused tax losses	**4,413,090**	3,418,689	**4,413,090**	3,418,689

The deductible temporary differences do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits there from.

Note 7: Loss per share

The calculation of basic and diluted earnings per share at 30 June 2008 was based on the loss attributable to ordinary shareholders of $3,314,670 (2007:$2,207,543) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2008 of 683,707,201 (2007: 612,057,493), calculated as follows:

Weighted average number of shares		
Issued ordinary shares at 1 July	**656,104,461**	585,104,461
Effect of shares issued	**27,602,740**	26,953,032
Weighted average number of ordinary shares at 30 June	**683,707,201**	612,057,493
Earnings per share	**2008 cents**	**2007 cents**
Basic and diluted loss per share	**(0.49)**	(0.36)

Note 8: Cash and Cash Equivalents				
Bank balances	**5,258,604**	115,382	**5,258,604**	115,382
Note 9: Other Receivables				
Current				
Other receivables and prepayments	**750,002**	5,055,550	**750,002**	5,055,550

Note 10: Consolidated Entities

		CONSOLIDATED	
		2008	2007
PARTICULARS IN RELATION TO THE COMPANY AND ITS CONTROLLED ENTITIES			
Parent Entity:	Austpac Resources N.L.		
Significant Subsidiaries:	Almeth Pty Ltd	**100%**	100%
	Austpac Technology Pty Ltd	**100%**	100%

All controlled entities are incorporated in Australia and carry on business in Australia.

Note 11: Property, Plant and Equipment

	CONSOLIDATED			THE COMPANY		
	Plant and equipment	Fixtures and fittings	Total	Plant and equipment	Fixtures and fittings	Total
	$	$	$	$	$	$
Cost						
Balance at 1 July 2006	981,981	39,013	**1,020,994**	981,981	39,013	**1,020,994**
Acquisitions	222,386	5,969	**228,355**	222,386	5,969	**228,355**
Disposals	(13,772)	–	**(13,772)**	(13,772)	–	**(13,772)**
Balance at 30 June 2007	1,190,595	44,982	**1,235,577**	1,190,595	44,982	**1,235,577**
Balance at 1 July 2007	1,190,595	44,982	**1,235,577**	1,190,595	44,982	**1,235,577**
Acquisitions	–	16,944	**16,944**	–	16,944	**16,944**
Disposals	–	–	**–**	–	–	**–**
Balance at 30 June 2008	1,190,595	61,926	**1,252,521**	1,190,595	61,926	**1,252,521**
Depreciations and impairment losses						
Balance at 1 July 2006	754,850	4,537	**759,387**	754,850	4,537	**759,387**
Depreciation and amortisation charge for the year	149,341	8,968	**158,309**	149,341	8,968	**158,309**
Balance at 30 June 2007	904,191	13,505	**917,696**	904,191	13,505	**917,696**
Balance at 1 July 2007	904,191	13,505	**917,696**	904,191	13,505	**917,696**
Depreciation and amortisation charge for the year	46,530	13,730	**60,260**	46,530	13,730	**60,260**
Balance at 30 June 2008	950,721	27,235	**977,956**	950,721	27,235	**977,956**
Carrying amounts						
At 1 July 2006	227,131	34,476	**261,607**	227,131	34,476	**261,607**
At 30 June 2007	286,404	31,477	**317,881**	286,404	31,477	**317,881**
At 1 July 2007	286,404	31,477	**317,881**	286,404	31,477	**317,881**
At 30 June 2008	239,874	34,691	**274,565**	239,874	34,691	**274,565**

The consolidated entity leases motor vehicle under finance lease agreements. At 30 June 2008 the net carrying amount of the leased motor vehicles, classified under plant and equipment was $239,874 (2007: $286,402). The leased equipment secures lease obligations (see note 19).

	CONSOLIDATED			THE COMPANY		
	Mineral Technology Development	Exploration and Evaluation	Total	Mineral Technology Development	Exploration and Evaluation	Total
	$	$	$	$	$	$
Note 12: Intangible Assets						
Balance at 1 July 2006	4,854,586	628,842	**5,483,428**	4,854,586	628,842	**5,483,428**
Expenditure	–	1,856	**1,856**	–	1,856	**1,856**
Balance at 30 June 2007	4,854,586	630,698	**5,485,284**	4,854,586	630,698	**5,485,284**
Balance at 1 July 2007	4,854,586	630,698	**5,485,284**	4,854,586	630,698	**5,485,284**
Expenditure	6,328,031	4,227	**6,332,258**	6,328,031	4,227	**6,332,258**
Balance at 30 June 2008	11,182,617	634,925	**11,817,542**	11,182,617	634,925	**11,817,542**

	CONSOLIDATED		THE COMPANY	
	2008	2007	2008	2007
	$	$	$	$
Note 13: Trade and Other Payables				
Other trade payables and accrued expenses	**959,409**	445,912	**959,409**	445,912
Note 14: Interest Bearing Loans & Borrowings				
This note provides information about the contractual terms of the consolidated entity's interest bearing loans and borrowings. For more information about the consolidated entity's exposure to interest rates, see note 24.				
Current Liabilities				
Finance lease liabilities	**85,854**	49,282	**85,854**	49,282
Non-Current Liabilities				
Finance lease liabilities	**163,661**	249,515	**163,661**	249,515
The consolidated entity's lease liabilities are secured by the leased assets of $249,515 (2007: $286,402), as in the event of a default, the assets revert to the lessor.				
Note 15: Employee Benefits				
Current				
Liability for long service leave	**141,163**	115,468	**141,163**	115,468
Liability for annual leave	**286,364**	254,988	**286,364**	254,988
	427,527	370,456	**427,527**	370,456

Note 16: Contributed Equity

	CONSOLIDATED		THE COMPANY	
	2008	2007	2008	2007
	$	$	$	$
Issued and paid up Capital				
717,254,461 (2007: 619,254,461) ordinary shares fully paid	**62,800,954**	53,000,954	**62,800,954**	53,000,954
48,850,000 (2007: 36,850,000) ordinary shares paid to $0.01	**488,500**	368,500	**488,500**	368,500
	63,289,454	53,369,454	**63,289,454**	53,369,454
Movements in Ordinary Share Capital				
Balance at the beginning of the financial year	**53,369,454**	46,939,454	**53,369,454**	46,939,454
Shares Issued:				
Staff Share Purchase Plan (paid to 1 cent) 12,000,000 at 10.7 cents each – November 2007	**120,000**		**120,000**	
Placement – International investors – 41,000,000 ordinary shares issued in December 2007	**4,100,000**		**4,100,000**	
Placement – BHP Billiton and professional investors – 57,000,000 ordinary shares issue in June 2008	**5,700,000**		**5,700,000**	
Placement – Australian investors – 15,000,000 ordinary shares issued in August 2006		300,000		300,000
Placement – Australian investors 15,000,000 ordinary shares issued in November 2006		1,050,000		1,050,000
Staff Share Purchase (paid to 1 cent) 8,000,000 at 7.8 cents each – November 2006		80,000		80,000
Placement of 25,000,000 ordinary shares for cash to BHP Billiton – June 2007		5,000,000		5,000,000
	63,289,454	53,369,454	**63,289,454**	53,369,454

Share issues made during the year were to increase the working capital of the Company.

Terms and Conditions

Ordinary Shares

Holders of fully paid ordinary shares are entitled to receive dividends if declared and are entitled to one vote per share at shareholders meetings. There are no partly paid listed shares.

Partly Paid Shares

Holders of Austpac Resources N.L. Employee Share Purchase plan shares are entitled to the same rights as ordinary shareholders, including entitlements to dividends if declared, once the shares are paid in full. The amount of unpaid capital is $5,947,768 (2007: $4,783,768). In the event of winding up, ordinary shareholders rank after creditors.

Dividends

No dividends were declared or paid during the financial year ended 30 June 2008.

Note 17: Capital and Reserves

Reconciliation of movement in capital and reserves attributable to equity holders of the parent

	Consolidated and Company		
	Share Capital	Accumulated Losses	Total Equity
	$	$	$
Balance at 1 July 2006	46,939,454	(41,302,979)	**5,636,475**
Total recognised income and expense	–	(2,207,543)	**(2,207,543)**
Shares Issued	6,430,000	–	**6,430,000**
Balance at 30 June 2007	53,369,454	(43,510,522)	**9,858,932**
Balance at 1 July 2007	53,369,454	(43,510,522)	**9,858,932**
Total recognised income and expense	–	(3,314,670)	**(3,314,670)**
Shares Issued	9,920,000	–	**9,920,000**
Balance at 30 June 2008	63,289,454	(46,825,192)	**16,464,262**

Note 18: Commitments

Exploration and evaluation expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Company and consolidated entity are required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report and are payable:

	CONSOLIDATED		THE COMPANY	
	2008	2007	2008	2007
	$	$	$	$
Within one year	**68,100**	2,150,000	**68,100**	2,150,000
Between one and five years	**28,375**	–	**28,375**	–

Note 19: Lease Liabilities

	CONSOLIDATED		THE COMPANY	
	2008	2007	2008	2007
	$	$	$	$
Lease (Capital – Finance)				
Lease commitments in respect of capitalised finance leases are payable as follows:				
Not later than one year	**85,854**	49,282	**85,854**	49,282
Later than one year but not later than five years	**163,661**	249,515	**163,661**	249,515
	249,515	298,797	**249,515**	298,797

Lease liabilities include $14,001 (2007: $21,387) for interest payable not later than one year. Lease liabilities include $32,776 (2007: $46,777) for interest payable later than one year but not later than five years.

The consolidated entity leases equipment under finance leases expiring from one to four years.
At the end of the lease term the consolidated entity has the option to purchase the equipment at 40% of cost.

Operating Leases

Leases as lessee

Non-cancelable operating lease rentals are payable as follows:				
Less than one year	**120,000**	96,000	**120,000**	96,000
Between one and five years	**203,880**	254,000	**203,880**	254,000

During the year ended 30 June 2008, $106,664 was recognised as an expense in the income statement in respect of operating leases (2007: $90,328).

Note 20: Key Management Personnel Disclosures

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors
Mr T. Cuthbertson (Chairman)
Mr R. Harrison

Executive directors
Mr M. Turbott

Austpac Resources N.L. engaged Mr T. Cuthbertson and Mr R. Harrison for the provision of consultancy services. The terms and conditions of the services are no more favourable than those available, or which might reasonable be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The details of the transactions are as follows:

			2008	2007
		Transaction	$	$
Specified Directors	Mr T. Cuthbertson	Consultancy Fees	**30,000**	20,000
	Mr R. Harrison	Consultancy Fees	**30,000**	20,000
K. Turbott (spouse of M. Turbott) provided secretarial services to the company.				
The details of the transactions with K. Turbott are as follows:				
Specified Directors	Mr M. Turbott	Consultancy Fees	**66,000**	56,333

Equity Instruments

Movement in shares

The movement during the reporting period in the number of ordinary shares of Austpac Resources N.L. held, directly, indirectly or beneficially, be each key management personnel, including their personally-related entities is as follows:

	2008			2007	
	Held at 1 July	Purchases	Held at 30 June	Held at 1 July	Held at 30 June
Mr T. Cuthbertson					
– Fully Paid Ordinary Shares	166,667	–	166,667	166,667	166,667
– Partly Paid Ordinary Shares	2,600,000	1,500,000	4,100,000	1,600,000	2,600,000
Mr M. Turbott					
– Fully Paid Ordinary Shares	6,800,000	–	6,800,000	6,800,000	6,800,000
– Partly Paid Ordinary Shares	4,351,118	3,000,000	7,351,118	2,351,118	4,351,118
Mr R. Harrison					
– Fully Paid Ordinary Shares	–	–	–	–	–
– Partly Paid Ordinary Shares	1,500,000	1,500,000	3,000,000	500,000	1,500,000

The above equity holdings include directors' entitlements arising under the Company Employee Share Purchase Plan.

Options and rights over equity instruments

No options were granted since the beginning of the financial year.

Apart from the details disclosed in this note, no other Director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year end.

Wholly owned group

Details of interests in wholly owned controlled entities are set out in Note 10.

Non Key management personnel disclosures

Identity of related parties

The consolidated entity has a related party relationship with its subsidiaries (see note 10), and with its directors (see note 20).

Notsag Pty Limited, a company which provides corporate, financial, underwriting and guarantee services, employs Mr N. Gaston and provides his services as Company Secretary. Notsag Pty Limited received fees of $176,727 (2007: $137,500) during the year ended 30 June 2008.

Note 21: Events Subsequent to the end of the Financial Year

There are no events subsequent to the end of the financial year ending 30 June 2008 which materially affect the financial report.

Note 22: Interest in Joint Venture Operations

Joint Venture percentage interests are indicated in the tenement schedule appearing in the front section of the annual report. All activities relate to mineral sands and mineral technology development. No mineral sands production has occurred during the current financial year.

Expenditure and activity commitments relating to these joint ventures are determined by regular review of joint venture management committees in accordance with the requirements of issuing tenement.

The directors are aware of no substantial contingencies. No capital expenditure commitments are currently a part of joint venture activity.

Included in the assets and liabilities of the Company and the consolidated entity are the following items which represent the Company's and the consolidated entity's interest in the assets and liabilities employed in the joint ventures.

	CONSOLIDATED		THE COMPANY	
	2008	2007	2008	2007
	$	$	$	$
Non-Current Assets – intangibles				
Exploration and/or evaluation expenditure	**634,925**	630,698	**634,925**	630,698

Note 23: Reconciliation of Cash Flows from Operating Activities

Loss for the year	**(3,314,670)**	(2,207,543)	**(3,314,670)**	(2,207,543)
Adjustments for:				
Depreciation	**60,260**	158,309	**60,260**	158,309
Operating loss before changes in working capital and provisions	**(3,254,410)**	(2,049,234)	**(3,254,410)**	(2,049,234)
(Increase)/decrease in receivables	**60,186**	420,195	**60,186**	420,195
(Decrease)/increase in payables	**207,588**	226,223	**207,588**	226,223
Net cash used in operating activities	**(2,986,636)**	(1,402,816)	**(2,986,636)**	(1,402,816)

Note 24: Interest rate risk

The consolidated entity's investments in fixed-rate term deposits are exposed to a risk of change in their fair value due to changes in interest rates. The consolidated entity's investments in variable-rate bank accounts are exposed to a risk of change in cash flows due to changes in interest rates. Investments in short-term receivables and payables are not exposed to interest rate risk.

Fair Value of Financial Assets and Liabilities

Financial assets and liabilities are stated at net fair value.

The fair values together with the carrying amounts shown in the balance sheet are as follows:

		Carrying amount 2008	Fair Value 2008	Carrying amount 2007	Fair value 2007
		$	$	$	$
CONSOLIDATED	Trade and other receivables	**750,002**	**750,002**	5,055,550	5,055,550
	Cash and cash equivalents	**5,258,604**	**5,258,604**	115,382	115,382
	Finance lease liabilities	**249,515**	**249,515**	298,797	298,797
	Trade and other payables	**959,409**	**959,409**	445,912	445,912
THE COMPANY	Trade and other receivables	**750,002**	**750,002**	5,055,550	5,055,550
	Cash and cash equivalents	**5,258,604**	**5,258,604**	115,382	115,382
	Finance lease liabilities	**249,515**	**249,515**	298,797	298,797
	Trade and other payables	**959,409**	**959,409**	445,912	445,912

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Note 25: Financial Risk Management

Overview

This note presents information about the Company's and Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Company and the Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Presently, the Group undertakes technology development and exploration and evaluation activities exclusively in Australia. At the balance sheet date there were no significant concentrations of credit risk.

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in cash deposits with major banks.

Trade and other receivables

As the Group operates primarily in technology development and exploration activities, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

The Company and Group have established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and investments. The management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

Note 25: Financial Risk Management *continued*

	Note	CONSOLIDATED CARRYING AMOUNT 2008	2007
Receivables	9	750,002	5,055,550
Cash and cash equivalents	8	5,258,604	115,382

Impairment losses

None of the Group's other receivables are past due (2007: nil).

Guarantees

Group policy is not to provide financial guarantees.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

The Company anticipates a need to raise additional capital in the next 12 months to meet forecast operational and exploration activities. The decision on how the Company will raise future capital will depend on market conditions existing at that time.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual Cash Flows	6 months or less	6–12 months	1–2 years	2–5 years
	$	$	$	$	$	$
CONSOLIDATED 30 JUNE 2008						
Finance lease liabilities	249,515	296,292	78,945	20,910	41,821	154,616
Trade and other payables	959,409	959,409	959,409	–	–	–
CONSOLIDATED 30 JUNE 2007						
Finance lease liabilities	298,797	366,962	35,335	35,335	99,855	196,437
Trade and other payables	445,912	445,912	445,912	–	–	–

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Group is not exposed to currency risk on investments, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, which is primarily the Australian dollar (AUD).

The Group has not entered into any derivative financial instruments.

Exposure to currency risk

The Group and the Company is not exposed to currency risk and at balance sheet date the Group and the Company holds no financial assets or liabilities which are exposed to foreign currency risk.

Interest rate risk

The Group is exposed to interest rate risk on cash investments, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short terms deposit bearing interest income at commercial rates.

Profile

At the reporting date the interest rate profile of the Group's and the Company's interest-bearing financial instruments was:

	CONSOLIDATED CARRYING AMOUNT		COMPANY CARRYING AMOUNT	
	2008	**2007**	**2008**	**2007**
Fixed rate instruments				
Financial assets (surplus cash invested)	**1,669,908**	83,582	**1,669,903**	83,582
Financial liabilities (plant and equipment leases)	**249,515**	298,797	**249,515**	298,797

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Commodity Price Risk

The Group operates primarily in mineral sands technology development and in exploration and evaluation and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to maintain a strong capital base sufficient to maintain future technology development and exploration of projects. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund technology development and exploration and evaluation activities. The Group monitors capital on the basis of the gearing ratio, however there are no external borrowings at 30 June 2008.

The Group provides employees with opportunities to participate in the Austpac Resources NL Staff Share Purchase Plan.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Directors' Declaration

1. In the opinion of the Directors of Austpac Resources N.L:
   a) the financial statements and notes set out on pages 23 to 43 are in accordance with the Corporations Act 2001, including:
      i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2008 and of their performance for the year ended on that date; and
      ii) a) complying with Australia Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
      b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(A); and
      c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the individuals acting in the role of chief executive officer and chief financial officer functions for the financial year ended 30 June 2008.

Signed in accordance with a resolution of the Directors.

T. Cuthbertson
Director

M.J. Turbott
Director

Sydney, twenty sixth day of September 2008

Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTPAC RESOURCES N.L.

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Austpac Resources N.L. (the Company), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 24 and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion:

(a) the financial report of Austpac Resources N.L. is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Continued overpage ...

Uncertainty regarding continuation as a going concern

Without qualification to our opinion, attention is drawn to the following matter:

The financial report has been prepared on a going concern basis as discussed in note 1(c) which assumes continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary course of business. In note 1(c), the directors state why they consider the going concern basis used in the preparation of the financial report is appropriate. As discussed in that note, without the commercialisation of mineral technologies, equity raisings or joint venturing or sale of interests held in mineral tenements and projects referred to by the directors, there are significant uncertainties as to whether the consolidated entity will be able to continue as a going concern.

Report on the remuneration report

We have audited the Remuneration Report included on pages 14 and 15 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Austpac Resources N.L. for the year ended 30 June 2008, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Anthony Jones
Partner

Sydney

26 September 2008

Additional Stock Exchange Information

Directors' Interests

The maximum contingent liability of the group for termination benefits under service agreements with directors and persons who take part in the management of the parent entity amount to $nil at 30 June 2008.

Shareholdings

SUBSTANTIAL SHAREHOLDERS

The number of shares held by the substantial shareholder listed in the holding Company's register as at 10 September 2008 was: 55,000,000.

CLASS OF SHARES AND VOTING RIGHTS

At 10 September 2008 there were 4,390 holders of the ordinary shares of the holding Company. The voting rights attaching to the ordinary shares, set out in Article 32 of the holding Company's Articles of Association, are:

"Subject to any rights or restrictions for the time being attached to any class or classes of shares –

a) at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or attorney; and

b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share he holds."

Offices and Officers

Company Secretary:	Nicholas John Gaston
Principal Registered Office:	Level 3, 62 Pitt Street, Sydney NSW 2000 Telephone: (02) 9252 2599
Location of Registers of Securities:	Link Market Services Limited Securities Registration Services, HSBC Building 680 George Street, Sydney NSW 2000

Austpac Resources N.L. is an Australian incorporated listed public no liability Company domiciled in Australia.

Distribution of Shareholders as at 10 September 2008

	Number of Ordinary Shareholders
1–1,000	155
1,001–5,000	634
5,001–10,000	601
10,001–100,000	2,097
100,001 and over	903
	4,390
Holders of less than a marketable parcel	804

The 20 largest shareholders hold 30.68% of the ordinary shares of the holding compay.

20 Largest Shareholders as at 10 September 2008

	Number of Ordinary Shares Held	Percentage (%) Held to Issued Capital
BHP Billiton Innovation Pty Ltd	55,000,000	7.25
Barrios Pty Ltd	25,574,113	3.37
Christopher Leech	22,279,455	2.94
Richard Louden Delaney & Ian Arthur Cains	18,425,000	2.43
Prestcorp Pty Ltd	12,756,127	1.68
Michael Turbott	12,651,118	1.67
ANZ Nominees Ltd	10,885,615	1.43
Pagodatree Investments Ltd	10,000,000	1.32
Stephen Joseph Harris	8,358,512	1.10
Anthony Prestia	6,950,592	.92
Maurice Bertram Pears & Judith Lorraine Pears	6,004,202	.79
William John Gaymans & Zelda E Gaymans	5,784,968	.76
John William Trude & Peter Graham Eckett	5,685,000	.75
Lando Pty Ltd	5,000,000	.66
Kerry & Christine King	4,923,382	.65
Bradley John Chapman	4,650,600	.61
Rik Deaton	4,526,511	.60
Benjamin Brian Spurgin	4,517,766	.60
Citicorp Nominees Pty Ltd	4,510,249	.59
Prof Alan Jonathan Berrick	4,266,667	.56
	232,749,877	30.68

Corporate Directory

MEMBERS OF THE BOARD	**Chairman** **Mr Terry Cuthbertson** *ACA* **Managing Director** **Mr Michael J. Turbott** *BSc (Hons), FAusIMM, MAIG* **Director** **Mr Robert J. Harrison** *FAICD*
SECRETARIES	**Company Secretary** **Mr Nicholas J. Gaston** *ACIS*
GENERAL MANAGERS	**General Manager, Technology Development** **Mr John Winter** *BEng (Hons) – Chemical Engineering, MIEAust, MIChemE* **General Manager Exploration** **Mr Michael J. Smith** *BSc, MSc, RPGeo, FAIG, MGSA, MASEG*
AUDITORS	**KPMG** The KPMG Centre 10 Shelley Street, King Street Wharf Sydney, NSW 2000
SOLICITORS	**Gadens Lawyers** 77 Castlereagh Street Sydney NSW 2000
SHARE REGISTRY	**Link Market Services Limited** Securities Registration Services 680 George Street Sydney NSW 2000
BANKERS	**ANZ Bank** 68 Pitt Street Sydney, NSW 2000
STOCK EXCHANGE LISTING	**Australian Securities Exchange Limited (Melbourne)**

PROUDLY PRODUCED BY **APM GRAPHICS MANAGEMENT** → PH: 1800 806 930

AUSTPAC
RESOURCES N.L.

ABN: 87 002 264 057

Level 3, 62 Pitt Street
Sydney, NSW 2000

GPO Box 5297
Sydney, NSW 2001

Phone: **+61 (0) 2 9252 2599**
Fax: **+61 (0) 2 9252 8299**
Email: **apgtio2@ozemail.com.au**
Website: **www.austpacresources.com**