AUSTPAC
RESOURCES N.L.

Annual Report 2010

Contents

Chairman's Review	2	Statements of Financial Position	23
Directors' Report on Operations	3	Statements of Cash Flows	24
Directors' Report	10	Notes to the Financial Statements	25
Lead Auditor's Independence Declaration	15	Directors' Declaration	40
Corporate Governance Statement	16	Auditor's Report	41
Statements of Comprehensive Income	21	Additional Stock Exchange Information	43
Statements of Changes in Equity	22	Corporate Directory	45

Austpac's ERMS SR Demonstration Plant

Chairman's Review

Following the successful proving of Austpac's key technologies at the ERMS SR Demonstration Plant at Newcastle, the Company has focused on the EARS acid regeneration section of the plant with the objective of converting it into a robust facility for recycling steel mill by-products to produce iron and hydrochloric acid; the Newcastle Iron Recovery Plant project. When operating at full capacity the Plant will be able to process 13,000 tonnes per annum (tpa) of spent pickle liquor and 25,000 tpa of mill scale and produce 7,500 tpa of hydrochloric acid and 18,000 tpa of "Austpac Iron", a high grade iron product suitable for specialist foundry applications and steel making.

During the second half of 2009, a detailed review of the EARS process flow sheet identified a number of significant improvements that are now being incorporated into the Plant to ensure its operational reliability. The first activity undertaken at the Plant was the removal of equipment that was no longer required or that needed replacing. For example, the high temperature steel fluid bed vessels and heat exchangers are being replaced with refractory lined equipment for longevity.

In April 2010, the Newcastle City Council granted the necessary development approval which permits Austpac to use the Plant to recycle steel industry waste, and in May 2010, an environmental licence was issued allowing Austpac to commence operations as soon as the Plant is completed. Since the approvals were obtained, construction has progressed to the extent permitted by available funds. An important step was the purchase of a Koeppern roll briquetting press, which will enable Austpac iron products to access a number of markets as a high quality feed for steel making. The briquetting press was installed at the Plant in June 2010.

Another major objective during the year was to secure raw material supplies and sales for the products. This was achieved firstly through an agreement with Orica Australia for the supply of pickle liquor and the sale of hydrochloric acid, and secondly through an agreement with CMC Cometals Australia for the supply of steel industry mill scale and coal and for the sale of Austpac Iron chips or briquettes and char.

Austpac also undertook pilot scale work at Newcastle for a number of international companies interested in the ERMS SR process for synrutile production and in the EARS process for the treatment of chloride waste streams from industrial operations. The test programs were successful and they will very likely result in additional opportunities for Austpac's technologies around the world.

BHP Billiton continues as Austpac's largest shareholder with 5.74% of the issued capital. During the year, the Company again received continuing support from existing shareholders and new overseas investors. The Company also accessed funding through the Government Research and Development tax concession refund for eligible technology expenditure.

I would like to thank my fellow directors and the Company's management team for their dedicated efforts and the advances achieved. As Austpac continues to progress the commercialisation of its proprietary technologies, I am confident of developments that will bring rewards to our shareholders in the very near future.

T Cuthbertson
Chairman

EARS section of the ERMS SR Demonstration Plant which is being converted into the Newcastle Iron Recovery Plant

Directors' Report

2009/10 HIGHLIGHTS

THE NEWCASTLE IRON RECOVERY PLANT ON KOORAGANG ISLAND

The Newcastle Iron Recovery Plant will use the EARS acid regeneration and iron reduction sections of the ERMS SR Demonstration Plant at Newcastle, to commercially recover high grade iron and hydrochloric acid from steel mill by-products (mill scale and spent pickle liquor). The reconstruction and refurbishment of the EARS section of the Plant continued throughout the year. This entailed removal of surplus equipment, site clearance and preparation for the necessary modifications and extensions as well as the fabrication and re-installation of the improved equipment. Commissioning and initial production is scheduled for 2011.

BRIQUETTING SYSTEM TO INCREASE MARKETABILITY OF AUSTPAC'S IRON PRODUCT

Austpac Iron Chips (AIC), the high quality iron product that will be made at the Plant from mill scale and spent pickle liquor (SPL), will be briquetted to produce a premium feedstock for electric arc furnaces called Austpac Iron Briquettes (AIB). Briquetting testwork on AIC product was successfully undertaken during the December quarter of 2009 by CSIRO Minerals and in January 2010, a 12 tonne per hour Koeppern roll briquetting press was purchased for integration into the Plant.

LICENCES AND APPROVALS

The two licences necessary for Plant operations were obtained this year. In April 2010, the Newcastle City Council granted Development Consent to use the Newcastle Iron Recovery Plant to recycle steel industry wastes. In May 2010, an Environmental Protection Licence was issued by the NSW Department of Environment, Climate Change and Water for the Newcastle Iron Recovery Plant.

SALE OF EL 4521 AT HORSHAM

In late March 2010, Austpac agreed to sell Exploration Licence 4521 (WIM150) to Astron Limited for $5 million to accelerate the development of the Newcastle Iron Recovery Plant. The sale is subject to Ministerial approval, which is pending.

SUPPLY AND SALES AGREEMENTS

A major objective for the year under review was to obtain contracts for the Newcastle Iron Recovery Plant for the supply of raw materials and for the sale of its products. In August 2010, a Memorandum of Understanding was signed with Orica Australia Pty. Ltd. for the supply of SPL and for the sale of regenerated hydrochloric acid produced by the Plant. In September 2010, an agreement was signed with CMC Cometals Australia Pty. Ltd. for the supply of mill scale and coal to the Plant and for the sale of Austpac Iron Chips or Briquettes produced at the Plant. Both arrangements will accommodate the start-up and first years of operations at the Plant, and will allow for capacity expansion in the future.

TESTWORK ON NEW SILICA REMOVAL PROCESS

Pilot scale testwork was successfully undertaken for a major corporation in the titanium industry on a new silica reduction process which can be easily integrated into the ERMS SR process to further enhance the Company's high grade ERMS SR synrutile. Continued interest was shown by two other groups in our synrutile process and it is expected this activity will lead to alliances which will assist the future development of a commercial ERMS SR plant.

TESTWORK ON NEW INDUSTRIAL WASTE STREAM

Pilot scale testwork was also successfully undertaken at Newcastle to recover iron and hydrochloric acid from a chloride waste stream produced at an industrial plant by a major international corporation. It is likely this work will lead to further significant developments before the end of the year.

THE NEWCASTLE IRON RECOVERY PLANT

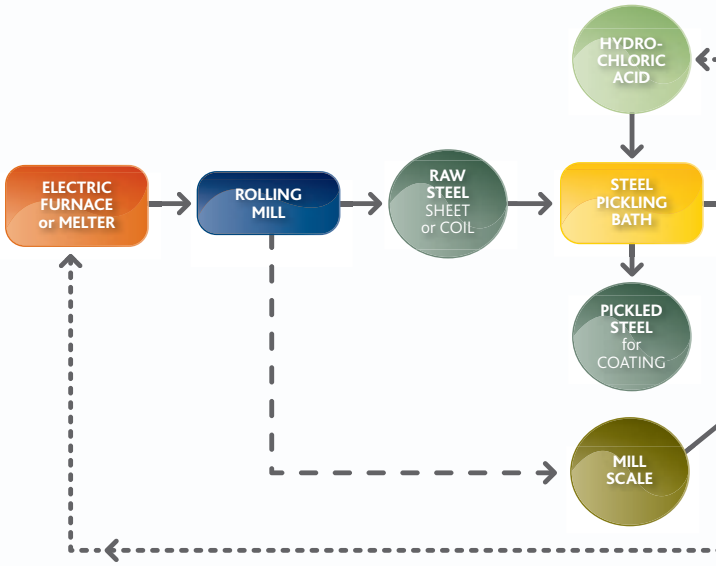
The Newcastle Iron Recovery Plant is a recycling project that will convert mill waste from the steel industry into saleable products for re-use by industry. Spent pickle liquor (SPL) and mill scale will be used to make hydrochloric acid (HCl) and high grade iron (referred to as Austpac Iron) using the EARS acid regeneration section of the ERMS SR Demonstration Plant at Newcastle. This will demonstrate that Austpac's technologies can profitably treat steel mill waste products, thereby creating significant commercial opportunities in the steel industry around the world.

The ERMS SR Demonstration Plant was built in 2008 to prove Austpac's synrutile technology and the EARS section of the Plant required refurbishing to facilitate long term commercial operations. This includes the design of new materials handling systems for receipt of raw materials and despatch of finished products, the use of refractory lined vessels and ducts for high temperature operations, and the inclusion of additional components in the metallising section to improve product quality and plant operability.

The following modifications have been made to the Plant's flow sheet, layout and equipment to ensure the Iron Recovery Plant is capable of commercial operations:

- Infrastructure for the delivery and handling of up to 25,000 tonnes per annum (tpa) of mill scale and 6,000 tpa of coal, the production and despatch of up to 18,000 tpa of the iron product, either as Austpac Iron Chips or Austpac Iron Briquettes,
- Infrastructure for the delivery of 13,000 tpa SPL and the despatch of 7,500 tpa of regenerated HCl,
- Replacement of some high temperature equipment (e.g. pyrohydrolysis roaster, gasifier, afterburner, heat exchanger and connecting duct work) with refractory lined components,
- Sourcing a number of specialist items (e.g. transfer valves capable of handling high temperature solids from Canada) and other equipment from offshore suppliers,
- Installation of improved materials handling systems and relocation of some equipment and pipe work to improve plant operability, and
- Redesign and fabrication of the metallising section for Austpac Iron production.

Removal of a Steel Fluid Bed Vessel



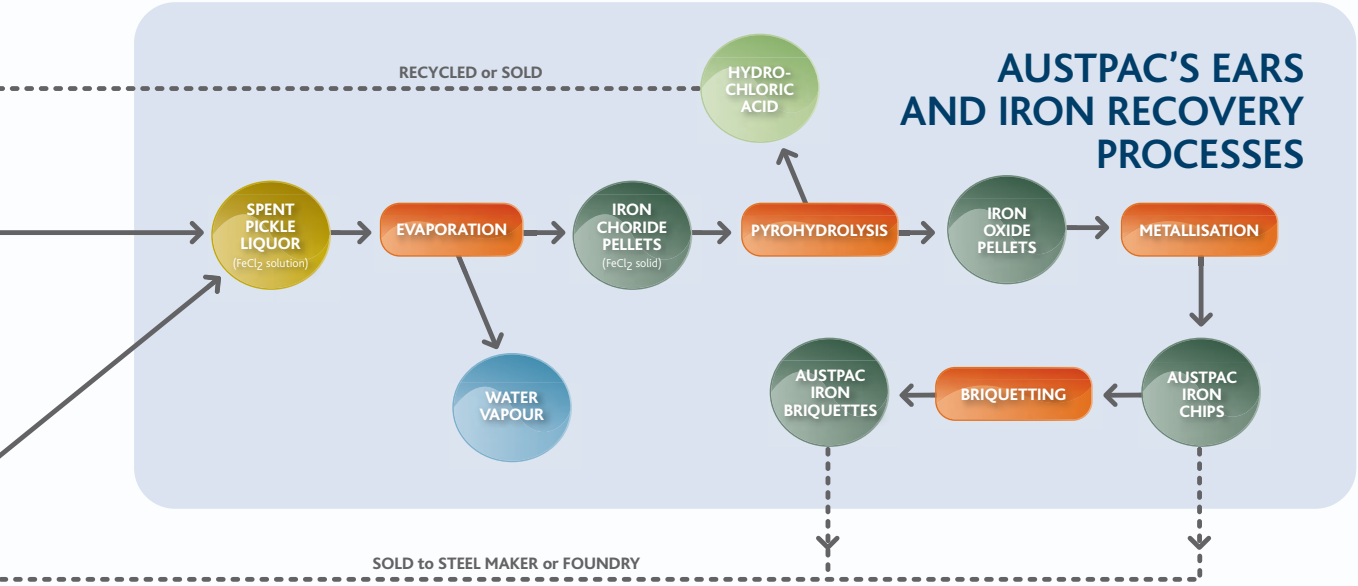
The revised Plant flow sheet incorporates commercially robust equipment and adheres to best design and safety practice, and Austpac is confident that the Plant will achieve excellent operability and produce high quality materials within specifications.

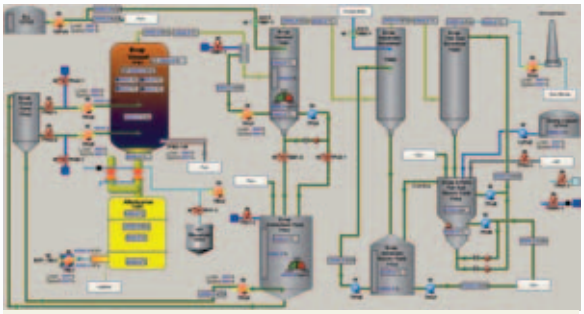
The Newcastle Iron Recovery Plant will demonstrate the effectiveness of Austpac's EARS and iron reduction technologies for recycling steel mill by-products, and will act as a model reference site to assist Austpac in developing additional commercial opportunities in the steel and related industries. Austpac's objective is to establish a number of waste treatment plants around the world, either as build-own-operate plants or in association with steelmakers. Our first plant will create permanent jobs in Newcastle and will convert steel waste from the Hunter region and elsewhere in eastern Australia into saleable products in an environmentally effective manner.

The Plant will commence commercial operations during 2011.

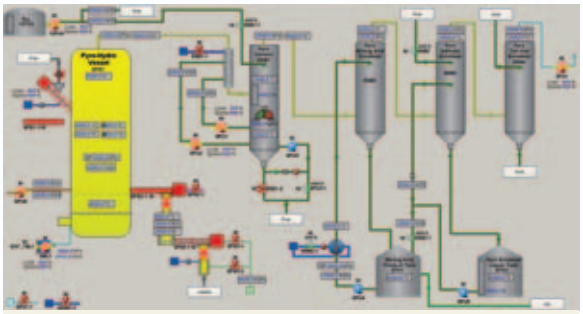
Refurbishment of the EARS Plant

AUSTPAC'S EARS AND IRON RECOVERY PROCESSES

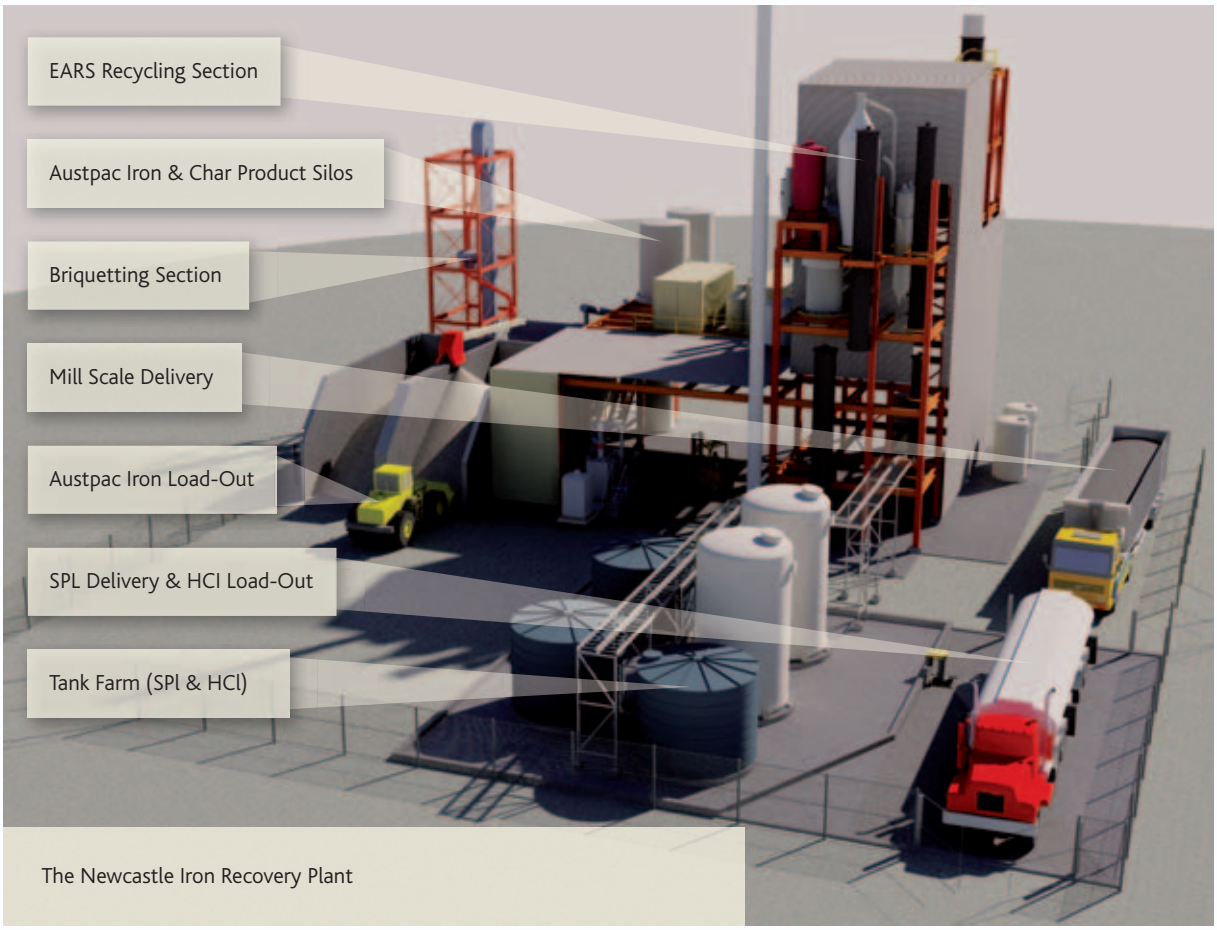




EARS Iron Chloride Evaporation



EARS Iron Chloride Pyrohydrolysis



The Newcastle Iron Recovery Plant

BRIQUETTING TESTS AND PURCHASE OF ROLL BRIQUETTING MACHINE

During the rolling process in a steel mill, some of the iron on the surface of the steel oxidises and flakes off. This iron oxide is called mill scale, which may be used for other processes but is often dumped. Austpac's iron reduction process converts the mill scale to iron metal, and because it is derived from steel, the iron is extremely pure, in contrast to Direct Reduced Iron, which is derived from iron ore which contains contaminants such as silica and other minerals. Austpac Iron will therefore be a premium product.

Mill scale flakes comprise coarse and fine particles, and when the particles are reduced to iron metal by Austpac's process there is no physical change to the size of the flakes. Austpac Iron Chips can be used directly for some specialist foundry applications, but to ensure they can be used in an electric arc furnace (EAF) without blowing out of the vessel, the chips will require briquetting.

Late in 2009, briquetting tests were undertaken by CSIRO Minerals at its Brisbane facilities on a sample of Austpac Iron Chips produced from mill scale. A Taiyo K-102 briquetting press with a 500 kg/hour capacity was used and it was concluded from a number of tests that the chips make briquettes that are ideally suited for use in an EAF.

To ensure Austpac has the flexibility to produce either iron chips or briquettes, the Company purchased a Koeppern roll briquetting press for the Newcastle Iron Recovery Plant in January 2010. The briquetting press weighs 35 tonnes and has a nominal capacity of 12 tonnes per hour (tph), though as Austpac Iron has a high bulk density, it will produce at least 30 tonnes per hour of briquettes. A substantial reinforced concrete plinth was laid as a base for the press and in early June an engineer from Koeppern Australia spent two weeks at the Plant

Concrete Plinth for the Roll Briquetting Press

Installation of the Roll Briquetting Press

Delivery of Bulk Mill Scale

Dried Mill Scale

supervising the installation, including levelling and aligning of the press. Maintenance checks were undertaken on the bearings and gears and a few minor items were replaced or refurbished. The press was then powered up and the main drive motors were successfully operated. When complete, this section of the plant will also include three large silos for raw materials, a magnetic separator and a vibrating screen, conveyors and product bunkers.

Austpac Iron Chips

Austpac Iron Briquettes

LICENCES AND APPROVALS

Applications for relevant licences from local and State authorities to operate the Newcastle Iron Recovery Plant were lodged in 2009, and progressed with the relevant authorities during early 2010.

During the first quarter of 2010, Newcastle City Council granted Development Consent to "use the existing chemical plant to recover iron and hydrochloric acid from mill scale and spent pickle liquor." Austpac's previous approval was to construct an experimental chemical plant to produce small quantities of synrutile.

A new Environmental Protection Licence was granted in late May 2010 by the NSW Department of Environment, Climate Change and Water, for the operation of the Newcastle Iron Recovery Plant. This will allow the production of up to 10,000 tonnes of 25% hydrochloric acid, which would require almost 18,000 tpa of SPL. This is significantly more than the Newcastle plant's capacity of 13,000 tpa of SPL. This complements the Development Consent granted in the first quarter by Newcastle City Council.

SUPPLY AND SALES AGREEMENTS

Negotiations for the supply of raw materials and the sale of finished products have been progressed through the year, and a number of additional sources and outlets for products were identified.

In August 2010, Austpac signed a Memorandum of Understanding with Orica Australia Pty. Ltd. (Orica) for the supply of spent pickle liquor and the sale of regenerated hydrochloric acid that will be produced at Austpac's Newcastle Iron Recovery Plant. The MoU will be replaced by a definitive agreement, which is in preparation.

Orica is an Australian-owned, publicly-listed global company with operations in around 50 countries. Orica has three business divisions; Orica Mining Services, Minova, and Orica Chemicals, and the Company is currently ranked as one of the top 30 companies listed on the Australian Stock Exchange based on market capitalisation.

The initial agreement, which is mutually renewable, will continue for two years and covers Plant commissioning, initial operations and includes provisions for the expansion of Plant capacity. The parties also intend to explore mutually beneficial opportunities to broaden the use of Austpac's acid regeneration technology in the chemicals industry at other locations around the world.

In September 2010, Austpac signed an agreement with CMC Cometals Australia ("CMCCA") for the supply of raw materials for the production of Austpac Iron and for the marketing of the iron products, in the form of chips or briquettes, and of the char derived from coal by the process; two valuable commodities that will be produced at Austpac's Newcastle Iron Recovery Plant.

CMCCA is a division of CMC (Australia) Pty Ltd, which is owned by Commercial Metals Company ("CMC") of the USA. CMC and its subsidiaries manufacture, recycle and market steel and metal products, related materials and services through a network including steel mini-mills, steel fabrication and processing plants, construction-related product warehouses, a copper tube mill, metal recycling facilities and marketing and distribution offices in the United States and in strategic international markets.

The mutually renewable agreement will have an initial term of two years from the commencement of production and covers Plant commissioning, initial operations and contemplates Plant expansion. Austpac's EARS recycling process will be widely applicable throughout the steel industry, and CMCCA will give Austpac a significant advantage as the Company moves to commercialise its technologies around the world.

Austpac Iron Briquettes are suitable for use in Electric Arc Furnaces

NEW DEVELOPMENTS AND APPLICATIONS FOR AUSTPAC'S TECHNOLOGIES

During the year, a number of international companies contacted Austpac enquiring about the applicability of specific technologies to treat industrial waste streams, as well as commissioning testwork to upgrade low grade ilmenite and the supply of high grade synrutile for new applications in the industry. Testwork continued through the year with very positive results.

A most important breakthrough was achieved when it was demonstrated that a process to significantly reduce the silica content of synrutile could be integrated into the ERMS SR process for a very small incremental operating cost and no additional capital cost. This innovation has the potential to unlock high-silica ilmenites that hitherto have not been suitable as a synrutile feedstock and to greatly improve the viability of a number of low grade ilmenite deposits. A large pilot scale leach vessel was constructed to further investigate this new process and it was used to process Murray Basin ilmenite to improve the high grade synrutile produced by the ERMS SR Demonstration Plant, which has led to further third party testwork. If necessary this silica reduction process can be incorporated into the flow sheet of Austpac's proposed 60,000 tpa ERMS SR plant in Eastern Australia.

Several titanium metal manufacturers have shown interest in the enhanced product and it is anticipated this new technology will lead to the development of new alliances for synrutile production in the future.

TESTWORK ON INDUSTRIAL CHLORIDE WASTE MATERIALS

Pilot scale testwork was successfully undertaken at Newcastle to recover iron and hydrochloric acid from a chloride waste stream produced at an industrial plant by a major international corporation. This work may result in several new patent applications and Austpac expects this will lead to further significant developments before the end of 2010.

Iron Chloride Pellets made from an Industrial Waste Stream

Austpac Iron Chips made from an Industrial Waste Stream

Pilot Scale Fluid Bed Iron Chloride Evaporator in Operation

EXPLORATION LICENCE 4521 – HORSHAM, VICTORIA
(100% AUSTPAC)

Australian Zircon N.L. (AZC), under a farm-in agreement signed in 2004, has the right to earn an 80% interest in the portion of EL 4521 that covers the WIM150 heavy mineral sands deposit by completing a Bankable Feasibility Study. Thereafter Austpac may elect to maintain a 20% participating interest or convert to a 10% net profits interest in the WIM150 project.

AZC has commenced the first stage of the Study with a review of the water supply options for the project. During the year, drilling completed to the east of Taylors Lake improved the understanding of the local hydrogeological conditions and regular monitoring of the groundwater observation bores was undertaken. A new water bore was completed to a depth of 49 metres in an area close to the southern boundary of the WIM150 core resource known to contain saline groundwater which may be suitable for future mineral processing. Pipe fittings were installed to allow the measurement of the water level. The purpose of the bore is to enable the water level in this hole and in several other monitoring bores to be recorded during a water pumping test of an adjacent borehole. The pumping test was completed during January 2010, and analysis of the data undertaken by the hydrological contractor, Coffey Environments, is encouraging.

Austpac has for several years been investigating the potential for gold and base metal mineralisation in the Cambrian basement rocks which occur beneath the much younger marine sediments of the Murray Basin. Exploration has been undertaken in the western half of EL 4521, outside the area covered by the farm-in agreement with AZC. Aircore drilling, which was completed during January and April 2009 based on high quality aeromagnetic coverage, intersected favourable intermediate volcanic lithologies at two separate localities and further work was warranted.

In November 2009, Austpac applied for funding under Round 3 of the Department of Primary Industries *Rediscover Victoria Drilling* Grant Program. The program proposed by Austpac consists of a fence of vertical air core holes designed to further investigate the basement rocks below the Murray Basin mineral sands in the western portion of EL 4521. It focuses on the McKenzie River target to test for potential copper-gold mineralised zones within the basement. In the first quarter of 2010, the Department advised the application was successful, and that Austpac had been awarded a grant to the value of $14,000, which will cover 50% of the direct drilling costs of the follow-up program. During the second quarter 2010, Austpac expanded the copper-gold search and in August 2010, the Victorian Department of Primary Industries granted Austpac a new tenement (EL 5291), covering an area of 746 square kilometres in western Victoria. The tenement covers extensions of the Stavely Volcanic Complex, which is considered highly prospective for base metal deposits.

In late March 2010, Austpac announced that the Company had agreed to sell Exploration Licence 4521 (which contains WIM150) to Astron Limited for $5 million to accelerate the development of the Newcastle Iron Recovery Plant. The sale is subject to Ministerial approval, and this approval has been delayed pending the outcome of legal action by Australian Zircon N.L. The matter is set for hearing in the Supreme Court of Western Australia in December 2010.

Pumping Test at WIM150

Schedule of Mining Tenements in Victoria at 30 September 2010

Nature of Title	Area	Name	Status
EL 4521	**377 sq km**	**Horsham**	**Granted 1/12/09 for two years**
EL 5291	**746 sq km**	**Nhill**	**Granted 5/8/10 for five years**

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 2010 and the auditors' 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 60

Mr Cuthbertson is currently Chairman of Montec International Limited, S2 Net Limited, Mint Wireless Ltd, and MyNetFone Ltd, South American Iron & Steel Ltd, SBN Ltd and OMI Ltd. 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, FAIG* Managing Director

Age 66

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 42 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 71

Mr Harrison has over 22 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 the 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 37 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	–	6,266,667
Michael J. Turbott	14,867,785	3,283,333
Robert J. Harrison	5,000,000	–

In accordance with the company's articles of association, 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	12	12	2	2	1	1
Michael J. Turbott	12	12	2	2	1	1
Robert J. Harrison	12	12	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

In August 2010 Austpac Resources N.L commenced a share placement to raise $2.7 million. At the date of signing this report $520,675 had been banked.

In August 2010 Austpac Resources N.L has been granted EL5291, which is effective for 5 years from the 5th of August 2010. The license allows Austpac Resources N.L to carry out low impact exploration in the licensed area until there is an approved work plan.

The sale of EL4521 is currently in progress with both parties (Austpac Resources N.L. and Astron Limited) signing the *'Business Sale and Purchase and Transfer of Exploration License Agreement'*. In May 2010, Australian Zircon N.L. initiated proceedings in the WA Supreme Court regarding the sale of EL4521 to Astron Limited.

Austpac Resources N.L has also entered into two major agreements subsequent to year end:

- Austpac has signed a Memorandum of Understanding with Orica Australia Pty Ltd on the 13th of August 2010, for the supply of spent pickle liquor and the sale of regenerated hydrochloric acid (HCl) that will be produced at Austpac's Newcastle Iron Recovery Plant.
- Austpac has also signed an agreement on 10 September 2010 with CMC Cometals Australia for the supply of raw materials and for the marketing of Austpac Iron products, in the form of chips or briquettes and char, that will be produced at Austpac's Newcastle Iron Recovery Plant.

Other than the matters discussed above, 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 Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely Developments

Except as described elsewhere in this Annual Report, further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

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.

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 of officers and auditors

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 or auditor 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 auditors' independence declaration as required under Section 307C of the Corporations Act, as provided on page 15, is included in the Directors' Report.

Remuneration Report (audited)

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. 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 January 2009.

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 2010 are:

	Short Term			*Post Employment*	**2010**
	Base $	**Non Monetary Benefits** $	**Consulting Fees** $	**Super** $	**Total** $
Mr M.J. Turbott	208,000	20,000	–	50,000	278,000
Mr T. Cuthbertson	70,000	–	35,000	–	105,000
Mr R. Harrison	50,000	–	35,000	–	85,000
	328,000	**20,000**	**70,000**	**50,000**	**468,000**

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 2009 are:

	Short Term			*Post Employment*	2009
	Base $	**Non Monetary Benefits** $	**Consulting Fees** $	**Super** $	**Total** $
Mr M.J. Turbott	208,000	20,700	–	62,660	291,360
Mr T. Cuthbertson	70,000	–	35,000	–	105,000
Mr R. Harrison	50,000	–	35,000	–	85,000
	328,000	**20,700**	**70,000**	**62,660**	**481,360**

Non monetary 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 $239,900 during the financial year ended 30 June 2010 ($231,780 - 2009).

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. 8,000,000 shares were issued under the plan during the financial year ended 30 June 2010 – and were approved at the Annual General Meeting held on 26 November 2009.

OTHER BENEFITS

Key management personnel receive additional benefits as non-cash benefits, as part of the terms and conditions of their appointment. The key management personnel receive non-cash benefits related to motor vehicles leases, and the Company pays fringe benefits tax on these benefits.

(End of Remuneration Report)

Signed at Sydney this thirtieth day of September 2010 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 307C of the *Corporations Act 2001*
Year ended 30 June 2010

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 2010 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

Shane O'Connor
Partner

Sydney, 30 September 2010

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 Directors' 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 10 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 the first page of the Directors' Report (page 10). 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 2010;
- 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 2010 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 fulfill 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 10 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.

Statements of Comprehensive Income

For the year ended 30 June 2010

Austpac Resources N.L. and its Controlled Entities	Note	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	THE COMPANY 2010 $	THE COMPANY 2009 $
Administrative expenses		**(3,017,388)**	(2,556,417)	**(3,017,388)**	(2,556,417)
Profit (Loss) before financing costs		**(3,017,388)**	(2,556,417)	**(3,017,388)**	(2,556,417)
Financial income	2	**17,606**	58,212	**17,606**	58,212
Financial expenses	2	**(17,176)**	(9,375)	**(17,176)**	(9,375)
Net Financing income/(expense)	2	**430**	48,837	**430**	48,837
Profit (Loss) before tax		**(3,016,958)**	(2,507,580)	**(3,016,958)**	(2,507,580)
Income tax benefit	5	**378,657**	794,964	**378,657**	794,964
Profit (Loss) after tax		**(2,638,301)**	(1,712,616)	**(2,638,301)**	(1,712,616)
Other comprehensive income		–	–	–	–
Other comprehensive income for the period, net of income tax		–	–	–	–
Total comprehensive income for the period		**(2,638,301)**	**(1,712,616)**	**(2,638,301)**	**(1,712,616)**
		2010 cents	**2009 cents**		
Basic and diluted loss per share	7	**(0.30)**	(0.22)		

The statements of comprehensive income are to be read in conjunction with the notes to the financial statements set out on pages 25 to 40.

Statements of Changes in Equity

For the year ended 30 June 2010

Austpac Resources N.L. and its Controlled Entities	CONSOLIDATED and COMPANY		
	Share Capital	Accumulated Losses	Total Equity
	$	$	$
Balance at 1 July 2008	63,289,454	(46,825,192)	16,464,262
Total comprehensive income for the period	–	(1,712,616)	(1,712,616)
Shares Issued	1,520,000	–	1,520,000
Balance at 30 June 2009	64,809,454	(48,537,808)	16,271,646
Balance at 1 July 2009	64,809,454	(48,537,808)	16,271,646
Total comprehensive income for the period	–	(2,638,301)	(2,638,301)
Shares Issued	3,980,000	–	3,980,000
Balance at 30 June 2010	**68,789,454**	**(51,176,109)**	**17,613,345**

The statements of Changes in Equity are to be read in conjunction with the notes to the financial statements as set out on pages 25 to 40.

Statements of Financial Position

As at 30 June 2010

Austpac Resources N.L. and its Controlled Entities	Note	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	THE COMPANY 2010 $	THE COMPANY 2009 $
ASSETS					
Cash and cash equivalents	8	**502,299**	205,092	**502,299**	205,092
Other receivables	9	**1,308,704**	1,476,337	**1,308,704**	1,476,337
Total Current Assets		**1,811,003**	1,681,429	**1,811,003**	1,681,429
Property, plant and equipment	11	**297,047**	218,614	**297,047**	218,614
Intangible assets	12	**17,162,704**	15,981,816	**17,162,704**	15,981,816
Total Non-Current Assets		**17,459,751**	16,200,430	**17,459,751**	16,200,430
Total Assets		**19,270,754**	17,881,859	**19,270,754**	17,881,859
LIABILITIES					
Trade and other payables	13	**770,652**	911,743	**770,652**	911,743
Interest bearing loans and borrowings	14	**48,354**	67,254	**48,354**	67,254
Employee benefits	15	**586,050**	496,009	**586,050**	496,009
Total Current liabilities		**1,405,056**	1,475,006	**1,405,056**	1,475,006
Interest bearing loans and borrowings	14	**252,353**	135,207	**252,353**	135,207
Total Non-Current Liabilities		**252,353**	135,207	**252,353**	135,207
Total Liabilities		**1,657,409**	1,610,213	**1,657,409**	1,610,213
Net Assets		**17,613,345**	16,271,646	**17,613,345**	16,271,646
EQUITY					
Issued capital	16	**68,789,454**	64,809,454	**68,789,454**	64,809,454
Accumulated Losses	17	**(51,176,109)**	(48,537,808)	**(51,176,109)**	(48,537,808)
Total equity		**17,613,345**	16,271,646	**17,613,345**	16,271,646

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 25 to 40.

Statements of Cash Flows

For the year ended 30 June 2010

	Note	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	THE COMPANY 2010 $	THE COMPANY 2009 $
Cash Flows from Operating Activities					
Cash paid to suppliers and employees		**(2,434,330)**	(2,532,512)	**(2,434,330)**	(2,532,512)
Interest received		**16,605**	58,212	**16,605**	58,212
Interest paid		**(17,176)**	(9,375)	**(17,176)**	(9,375)
Income tax refund received		**–**	395,655	**–**	395,655
Net cash used in operating activities	22	**(2,434,901)**	(2,088,020)	**(2,434,901)**	(2,088,020)
Cash Flows from Investing Activities					
Payments for property, plant and equipment		**–**	–	**–**	–
Payments for intangible assets:					
Mineral Technology Development		**(1,069,099)**	(4,095,682)	**(1,069,099)**	(4,095,682)
Exploration and Evaluation		**(111,789)**	(68,592)	**(111,789)**	(68,592)
Net cash used in investing activities		**(1,180,888)**	(4,164,274)	**(1,180,888)**	(4,164,274)
Cash Flows from Financing Activities					
Proceeds from issue of share capital		**3,980,000**	1,245,836	**3,980,000**	1,245,836
Payment of finance lease liabilities		**(67,004)**	(47,054)	**(67,004)**	(47,054)
Net cash from financing activities		**3,912,996**	1,198,782	**3,912,996**	1,198,782
Net increase/(decrease) in cash held		**297,207**	(5,053,512)	**297,207**	(5,053,512)
Cash and cash equivalents at 1 July		**205,092**	5,258,604	**205,092**	5,258,604
Cash and cash equivalents at 30 June		**502,299**	205,092	**502,299**	205,092

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 25 to 40.

Notes to the Financial Statements

For the year ended 30 June 2010

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 2010 comprises the company and its subsidiaries (the "consolidated entity").

The financial report was authorised for issue by the directors on 30 September 2010.

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 amendment.

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.

(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.

(iv) Changes in accounting policies

Starting as of 1 July 2009, the Group has changed its accounting policies in the following areas:

Determination and presentation of operating segments

As from 1 July 2009 the Group determines and presents segment information based on the information that internally is provided by the Chief Executive Officer, who is the Group's chief decision maker, to the Company's Board. This change in accounting policy is due to the adoption of *AASB8: Operating Segments*. Previously segment information has been re-presented in conformity with the transitional requirement of AASB8. The change in accounting policy only impacts the presentation and disclosure aspects of segment information.

Presentation of financial statements

As from 1 July 2009 the Group applies revised *AASB101: Presentation of Financial Statements*. As a result, the Group presents in the consolidated statement of changes in equity all owners changes to equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

(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 statement of comprehensive income 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 otherwise 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 1(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 statements of comprehensive income.

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 employee benefit expense in the statement of comprehensive income in the periods during which services are rendered by employees. Obligations for employee benefits that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(M) PROVISIONS

Provisions are recognised in the statements of financial position 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 statements of comprehensive income on a straight-line basis over the term of the lease.

Net financing costs

Interest income and expense is recognised in the statement of comprehensive income 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 statements of comprehensive income 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. 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 consolidated entity 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 $17,162,704 ($15,981,816 – 2009). The consolidated entity assesses intangibles which are not being amortised annually in accordance with the accounting policy in note 1(K). The ultimate recoupment of cost carried forward are dependent upon the successful development and commercial exploitation or sale of the respective areas and 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 statements of financial position.

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.

(U) PRESENTATION OF FINANCIAL STATEMENTS

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(V) NEW STANDARDS/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 2010, but have not been applied in preparing this financial report.

- AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for Group's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.

> AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which became mandatory for the Group's 30 June 2011 financial statements, are not expected to have significant impact on the financial statements.

	CONSOLIDATED		THE COMPANY	
	2010	2009	2010	2009
	$	$	$	$
Note 2: Net Financing Costs				
Interest Income	**17,606**	58,212	**17,606**	58,212
Interest Expense	**(17,176)**	(9,375)	**(17,176)**	(9,375)
Net financing income/(expense)	**430**	48,837	**430**	48,837
Note 3: Auditors' Remuneration				
Audit Services – KPMG Australia				
– Audit and review of financial reports	**60,000**	50,000	**60,000**	50,000
Other Services				
Auditors of the company – KPMG Australia				
– Taxation services	**37,500**	35,000	**37,500**	35,000
	97,500	85,000	**97,500**	85,000
Note 4: Personnel Expenses				
Wages and salaries	**705,124**	640,395	**705,124**	640,395
Contributions to defined contribution superannuation funds	**135,331**	210,216	**135,331**	210,216
Increase in liability for employee benefits	**90,041**	68,482	**90,041**	68,482
	930,496	919,093	**930,496**	919,093
Note 5: Income Tax Expense				
Recognised in the statement of comprehensive income				
Current tax benefit				
Current period income tax	**(804,922)**	(752,274)	**(804,922)**	(752,274)
R&D Refund	**378,657**	794,964	**378,657**	794,964
Deferred tax expense				
Current year deferred tax assets not recognised	**804,922**	752,274	**804,922**	752,274
Income tax benefit in statement of comprehensive income	**378,657**	794,964	**378,657**	794,964
Numerical reconciliation between tax benefit and pre-tax net loss				
Profit (Loss) before tax	**(3,016,958)**	(2,507,580)	**(3,016,958)**	(2,507,580)
Add: non-deductible expenses	**333,886**	–	**333,886**	–
	(2,683,072)	(2,507,580)	**(2,683,072)**	(2,507,580)
Prima facie income tax benefit using the domestic corporation tax rate of 30%	**(804,922)**	(752,274)	**(804,922)**	(752,274)
R & D Refund	**378,657**	794,964	**378,657**	794,964
Decrease in income tax benefit due to:				
Current year deferred tax assets not recognised	**804,922**	752,274	**804,922**	752,274
Income tax benefit on pre-tax net loss	**378,657**	794,964	**378,657**	794,964

	CONSOLIDATED		THE COMPANY	
	2010	2009	2010	2009
	$	$	$	$
Note 6: Deferred Tax Assets and Liabilities				
Deferred tax assets and (liabilities) are attributable to the following:				
Mineral technology development	**(4,904,219)**	(4,583,490)	**(4,904,219)**	(4,583,490)
Exploration and evaluation	**(244,592)**	(211,055)	**(244,592)**	(211,055)
Employee benefits	**175,815**	148,803	**175,815**	148,803
Unused tax losses	**4,972,996**	4,645,742	**4,972,996**	4,645,742
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	**895,531**	317,698	**895,531**	317,698

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 profit/loss per share at 30 June 2010 was based on the (loss) attributable to ordinary shareholders of ($2,638,301) (2009: $1,712,616) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2010 of $893,142,334 (2009: 774,517,017), calculated as follows:

	CONSOLIDATED	
	2010	2009
	No. of shares	No. of shares
Weighted average number of shares		
Issued ordinary shares at 1 July	**814,609,494**	758,609,494
Effect of shares issued	**78,532,840**	15,907,523
Weighted average number of ordinary shares at 30 June	**893,142,334**	774,517,017
Loss per share	**2010 cents**	**2009 cents**
Basic and diluted loss per share	**(0.30)**	(0.22)

	CONSOLIDATED		THE COMPANY	
	2010	2009	2010	2009
	$	$	$	$
Note 8: Cash and Cash Equivalents				
Bank balances	**502,299**	205,092	**502,299**	205,092
Note 9: Other Receivables				
Current				
Other receivables and prepayments	**1,308,704**	1,476,337	**1,308,704**	1,476,337

Note 10: Consolidated Entities

PARTICULARS IN RELATION TO THE COMPANY AND ITS CONTROLLED ENTITIES

		HOLDING	
		2010	2009
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 2008	1,190,595	61,926	**1,252,521**	1,190,595	61,926	**1,252,521**
Acquisitions	–	–	**–**	–	–	**–**
Disposals	–	–	**–**	–	–	**–**
Balance at 30 June 2009	1,190,595	61,926	**1,252,521**	1,190,595	61,926	**1,252,521**
Balance at 1 July 2009	1,190,595	61,926	**1,252,521**	1,190,595	61,926	**1,252,521**
Acquisitions	165,499	–	**165,499**	165,499	–	**165,499**
Disposals	–	–	**–**	–	–	**–**
Balance at 30 June 2010	1,356,094	61,926	**1,418,020**	1,356,094	61,926	**1,418,020**
Depreciations and impairment losses						
Balance at 1 July 2008	950,721	27,235	**977,956**	950,721	27,235	**977,956**
Depreciation for the year	44,299	11,652	**55,951**	44,299	11,652	**55,951**
Balance at 30 June 2009	995,020	38,887	**1,033,907**	995,020	38,887	**1,033,907**
Balance at 1 July 2009	995,020	38,887	**1,033,907**	995,020	38,887	**1,033,907**
Depreciation for the year	71,385	15,682	**82,936**	71,385	15,682	**82,936**
Balance at 30 June 2010	1,066,405	54,569	**1,120,973**	1,066,405	54,569	**1,120,973**
Carrying amounts						
At 1 July 2008	239,874	34,691	**274,565**	239,874	34,691	**274,565**
At 30 June 2009	195,575	23,039	**218,614**	195,575	23,039	**218,614**
At 1 July 2009	195,575	23,039	**218,614**	195,575	23,039	**218,614**
At 30 June 2010	289,690	7,357	**297,046**	289,690	7,357	**297,046**

The consolidated entity leases motor vehicles under finance lease agreements. At 30 June 2010 the net carrying amount of the leased motor vehicles, classified under plant and equipment was $306,707 (2009: $202,461). The leased equipment secures lease obligations (see note 19).

Note 12: Intangible Assets

	CONSOLIDATED			THE COMPANY		
	Mineral Technology Development	Exploration and Evaluation	Total	Mineral Technology Development	Exploration and Evaluation	Total
	$	$	$	$	$	$
Balance at 1 July 2008	11,182,617	634,925	**11,817,542**	11,182,617	634,925	**11,817,542**
Expenditure	4,095,682	68,592	**4,164,274**	4,095,682	68,592	**4,164,274**
Balance at 30 June 2009	15,278,299	703,517	**15,981,816**	15,278,299	703,517	**15,981,816**
Balance at 1 July 2009	15,278,299	703,517	**15,981,816**	15,278,299	703,517	**15,981,816**
Expenditure	1,069,099	111,789	**1,080,888**	1,069,099	111,789	**1,080,888**
Balance at 30 June 2010	16,347,398	815,306	**17,162,704**	16,347,398	815,306	**17,162,704**

The sale of EL4521 is currently in progress with both parties (Austpac Resources N.L. and Astron Limited) signing the *'Business Sale and Purchase and Transfer of Exploration License Agreement'*. In May 2010, Australian Zircon N.L. initiated proceedings in the WA Supreme Court regarding the sale of EL4521 to Astron Limited.

Note 13: Trade and Other Payables

	CONSOLIDATED		THE COMPANY	
	2010	2009	2010	2009
	$	$	$	$
Other trade payables and accrued expenses	**770,652**	911,743	**770,652**	911,743

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	**48,354**	67,254	**48,354**	67,254
Non-Current Liabilities				
Finance lease liabilities	**252,353**	135,207	**252,353**	135,207

The consolidated entity's lease liabilities are secured by the leased assets of $300,707 (2009: $202,461), as in the event of a default, the assets revert to the lessor.

Note 15: Employee Benefits

Current				
Liability for long service leave	**188,972**	168,782	**188,972**	168,782
Liability for annual leave	**397,078**	327,227	**397,078**	327,227
	586,050	496,009	**586,050**	496,009

Note 16: Contributed Equity

	CONSOLIDATED		THE COMPANY	
	2010	2009	2010	2009
	$	$	$	$
Issued and paid up Capital				
882,209,494 (2009: 761,209,494) ordinary shares fully paid	**68,140,954**	64,240,954	**68,140,954**	64,240,954
61,400,000 (2009: 53,400,000) ordinary shares paid to $0.01	**648,500**	568,500	**648,500**	568,500
	68,789,454	64,809,454	**68,789,454**	64,809,454
Movements in Ordinary Share Capital				
Balance at the beginning of the financial year	**64,809,454**	63,289,454	**64,809,454**	63,289,454
Shares Issued:				
Placement – International and institutional investors				
67,000,000 ordinary shares issued in August 2009	**2,010,000**	–	**2,010,000**	–
Staff Share Purchase Plan (paid to 1 cent)				
8,000,000 at 5 cents each – November 2009	**80,000**	–	**80,000**	–
Placement – Australian professional investors				
54,000,000 ordinary shares issued in May 2010	**1,890,000**	–	**1,890,000**	–
Staff Share Purchase Plan (paid to 1 cent)				
8,000,000 at 6.6 cents each – November 2008		80,000		80,000
Placement – Australian professional investors				
48,000,000 ordinary shares issued in May 2009		1,440,000		1,440,000
	68,789,454	64,809,454	**68,789,454**	64,809,454

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 $6,795,768 (2009: $6,395,768). 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 2010.

	CONSOLIDATED		THE COMPANY	
	2010	2009	2010	2009
	$	$	$	$

Note 17: 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:

Within one year	**271,450**	28,375	**271,450**	28,375
Between one and five years	**821,975**	–	**821,975**	–

Note 18: Lease Liabilities

Lease (Capital – Finance)
Lease commitments in respect of capitalised finance leases are payable as follows:

Not later than one year	**48,354**	67,254	**48,354**	67,254
Later than one year but not later than five years	**252,353**	135,207	**252,353**	135,207
	300,707	202,461	**300,707**	202,461

Lease liabilities include $24,567 (2009: $17,176) for interest payable not later than one year.
Lease liabilities include $50,841 (2009: $19,408) 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	**124,000**	124,000	**124,000**	124,000
Between one and five years	**–**	80,000	**–**	80,000
	124,000	204,000	**124,000**	204,000

The consolidated entity leases office property at Kooragang Island and in Sydney.

During the year ended 30 June 2010, $228,419 was recognised as an expense in the income statement in respect of operating leases (2009: $159,494).

Note 19: 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

Note 19: Key Management Personnel Disclosures CONTINUED

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 2010 are:

	Short Term			*Post Employment*	2010
	Base	Non Monetary Benefits	Consulting Fees	Super	Total
	$	$	$	$	$
Mr M.J. Turbott	208,000	20,000	–	50,000	278,000
Mr T. Cuthbertson	70,000	–	35,000	–	105,000
Mr R. Harrison	50,000	–	35,000	–	85,000
	328,000	**20,000**	**70,000**	**50,000**	**468,000**

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 2009 are:

	Short Term			*Post Employment*	2009
	Base	Non Monetary Benefits	Consulting Fees	Super	Total
	$	$	$	$	$
Mr M.J. Turbott	208,000	20,700	–	62,660	291,360
Mr T. Cuthbertson	70,000	–	35,000	–	105,000
Mr R. Harrison	50,000	–	35,000	–	85,000
	328,000	**20,700**	**70,000**	**62,660**	**481,360**

Non monetary 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 $239,900 during the financial year ended 30 June 2010 ($231,780 - 2009).

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 reasonably 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:

			2010	2009
		Transaction	$	$
Specified Directors	Mr T. Cuthbertson	Consultancy Fees	**35,000**	35,000
	Mr R. Harrison	Consultancy Fees	**35,000**	35,000

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	**76,171**	66,000

Note 19: Key Management Personnel Disclosures CONTINUED

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, by each key management personnel, including their personally-related entities is as follows:

	2010			2009	
	Held at 1 July	Purchases	Held at 30 June	Held at 1 July	Held at 30 June
Specified Directors					
Mr T. Cuthbertson					
– Fully Paid Ordinary Shares	166,667	–	**166,667**	166,667	166,667
– Partly Paid Ordinary Shares	5,100,000	1,000,000	**6,100,000**	4,100,000	5,100,000
Mr M. Turbott					
– Fully Paid Ordinary Shares	6,800,000	–	**6,800,000**	6,800,000	6,800,000
– Partly Paid Ordinary Shares	9,351,118	2,000,000	**11,351,118**	7,351,118	9,351,118
Mr R. Harrison					
– Fully Paid Ordinary Shares	–	–	**–**	–	–
– Partly Paid Ordinary Shares	4,000,000	1,000,000	**5,000,000**	3,000,000	4,000,000

The above equity holdings include directors' entitlements arising under the consolidated entity 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 19).

Note 20: Events Subsequent to the end of the Financial Year

In August 2010 Austpac Resources N.L commenced a share placement to raise $2.7 million. At the date of signing this report $520,675 had been banked.

In August 2010 Austpac Resources N.L has been granted EL5291, which is effective for 5 years from the 5th of August 2010. The license allows Austpac Resources N.L to carry out low impact exploration in the licensed area until there is an approved work plan.

The sale of EL4521 is currently in progress with both parties (Austpac Resources N.L. and Astron Limited) signing the *'Business Sale and Purchase and Transfer of Exploration License Agreement'*. In May 2010, Australian Zircon N.L. initiated proceedings in the WA Supreme Court regarding the sale of EL4521 to Astron Limited.

Austpac Resources N.L has also entered into two major agreements subsequent to year end:

- Austpac has signed a Memorandum of Understanding with Orica Australia Pty Ltd on the 13th of August 2010, for the supply of spent pickle liquor and the sale of regenerated hydrochloric acid (HCl) that will be produced at Austpac's Newcastle Iron Recovery Plant.
- Austpac has also signed an agreement on 10 September 2010 with CMC Cometals Australia for the supply of raw materials and for the marketing of Austpac Iron products, in the form of chips or briquettes and char, that will be produced at Austpac's Newcastle Iron Recovery Plant.

Other than the matters discussed above, 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 Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Note 21: 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.

Note 21: Interest in Joint Venture Operations CONTINUED

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	
	2010	2009	2010	2009
	$	$	$	$
Non-Current Assets – intangibles				
Exploration and/or evaluation expenditure	**815,306**	703,517	**815,306**	703,517

Note 22: Reconciliation of Cash Flows from Operating Activities

Loss for the year	**(2,638,301)**	(1,712,616)	**(2,638,301)**	(1,712,616)
Adjustments for:				
Depreciation	**87,066**	55,951	**87,066**	55,951
Operating loss before changes in working capital and provisions	**(2,551,235)**	(1,656,665)	**(2,551,235)**	(1,656,665)
(Increase)/decrease in receivables	**167,633**	(452,171)	**167,633**	(452,171)
(Decrease)/increase in payables	**(51,299)**	20,816	**(51,299)**	20,816
Net cash used in operating activities	**(2,434,901)**	(2,088,020)	**(2,434,901)**	(2,088,020)

Note 23: 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 2010	Fair value 2010	Carrying amount 2009	Fair value 2009
		$	$	$	$
Consolidated	Trade and other receivables	**1,308,704**	**1,308,704**	1,476,337	1,476,337
	Cash and cash equivalents	**502,299**	**502,299**	205,092	205,092
	Finance lease liabilities	**300,707**	**300,707**	202,461	202,461
	Trade and other payables	**770,652**	**770,652**	911,743	911,743
The Company	Trade and other receivables	**1,308,704**	**1,308,704**	1,476,337	1,476,337
	Cash and cash equivalents	**502,299**	**502,299**	205,092	205,092
	Finance lease liabilities	**300,707**	**300,707**	202,461	202,461
	Trade and other payables	**770,652**	**770,652**	911,743	911,743

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 24: Financial Risk Management

Overview

This note presents information about the company's and consolidated entity'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 consolidated entity 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 consolidated entity 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 consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the consolidated entity's receivables from customers and investment securities.

Presently, the consolidated entity 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 consolidated entity's limits its exposure to credit risk by only investing in cash deposits with major banks.

Trade and other receivables

The consolidated entity and the company are exposed to credit risk in relation to receivables recorded on the statements of financial position.

The company and consolidated entity 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 consolidated entity's financial assets represents the maximum credit exposure. The consolidated entity's maximum exposure to credit risk at the reporting date was:

		CONSOLIDATED CARRYING AMOUNT	
		2010	2009
	Note	$	$
Receivables	9	**1,308,704**	1,476,337
Cash and cash equivalents	8	**502,299**	205,092

Impairment losses

None of the consolidated entity's other receivables are past due (2009: nil).

Guarantees

Consolidated entity's policy is not to provide financial guarantees.

Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity'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 consolidated entity's reputation.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The consolidated entity 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 2010	$	$	$	$	$	$
Finance lease liabilities	300,707	376,115	36,460	36,461	143,894	159,300
Trade and other payables	770,652	770,652	770,652	–	–	–
Consolidated 30 June 2009						
Finance lease liabilities	202,461	239,045	42,215	42,215	41,821	112,794
Trade and other payables	911,743	911,743	911,743	–	–	–

Note 24: Financial Risk Management CONTINUED

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

The consolidated entity has not entered into any derivative financial instruments.

Exposure to currency risk

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

Interest rate risk

The consolidated entity 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 consolidated entity does not use derivatives to mitigate these exposures.

The consolidated entity 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 consolidated entity's and the company's interest-bearing financial instruments was:

	CONSOLIDATED CARRYING AMOUNT		COMPANY CARRYING AMOUNT	
	2010	2009	2010	2009
	$	$	$	$
Fixed rate instruments				
Financial assets (surplus cash invested)	**502,299**	59,571	**502,299**	59,571
Financial liabilities (plant and equipment leases)	**300,707**	202,461	**300,707**	202,461

Fair value sensitivity analysis for fixed rate instruments

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

Capital Management

The consolidated entity's objectives when managing capital are to safeguard the consolidated entity'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 consolidated entity may issue new shares or sell assets to reduce debt. The consolidated entity's focus has been to raise sufficient funds through equity to fund technology development and exploration and evaluation activities. The consolidated entity monitors capital on the basis of the gearing ratio, however there are no external borrowings at 30 June 2010.

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

There were no changes in the consolidated entity'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.

Contingencies

The Directors are of the opinion there are no contingent liabilities as at 30 June 2010.

Directors' Declaration

1. In the opinion of the Directors of Austpac Resources N.L:
   a) the financial statements and notes set out on pages 21 to 40 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 2010 and of their performance for the year ended on that date; and
      ii) 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 2010.

Signed in accordance with a resolution of the Directors.

T. Cuthbertson
Director

M.J. Turbott
Director

Sydney, 30th day of September 2010

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 statements of financial position as at 30 June 2010, and the statements of comprehensive income, statements of changes in equity and cashflow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 24 and the directors' declaration of the Group 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 of the consolidated entity, 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 and the Group's financial position and of their performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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 and the group's financial position as at 30 June 2010 and of their 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 of the consolidated entity also complies with International Financial Reporting Standards as disclosed in note 1.

Material uncertainty regarding continuation as a going concern

Without qualification to our opinion, attention is drawn to note 1(c) in the financial report which indicates that:

The financial report has been prepared on a going concern basis 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, the assumption of the going concern is dependent on 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. This indicates the existence of material 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 12-14 of the directors' report for the year ended 30 June 2010. 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 2010, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Shane O'Connor
Partner

Sydney
30 September 2010

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 2010.

Shareholdings

Substantial Shareholders

The number of shares held by the substantial shareholder listed in the holding company's register as at 10 September 2010 was: 55,000,000.

Class of Shares and Voting Rights

At 10 September 2010 there were 4,381 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 2010

	Number of Ordinary Shareholders
1–1,000	163
1,001–5,000	607
5,001–10,000	552
10,001–100,000	2,031
100,001 and over	1,028
	4,381
Holders of less than a marketable parcel	1,483

The 20 largest shareholders hold 27.45% of the ordinary shares of the holding company.

20 Largest Shareholders as at 10 September 2010

	Number of Ordinary Shares held	Percentage (%) held to Issued Capital
BHP Billiton Innovation Pty Ltd	55,000,000	5.74%
Barrios Pty Ltd	25,698,457	2.68%
Richard Louden Delaney and Ian Arthur Cains	18,987,112	1.98%
Christopher Leech	17,157,384	1.79%
Rik Deaton	15,664,845	1.63%
Prestcorp Pty Ltd	15,478,108	1.62%
Michael Turbott	15,051,118	1.57%
Maurice Bertram Pears and Judith Lorraine Pears	9,529,385	.99%
Stephen Joseph Harris	9,058,512	.95%
Colin Costello	9,031,852	.94%
Pagodatree Investments Ltd	8,440,250	.88%
John David Winter	7,669,000	.80%
HSBC Custody Nominees (Australia) Ltd	7,573,004	.79%
G&J Paul Pty Ltd	7,474,010	.78%
Kerry and Christine King	7,374,049	.77%
Frisco Holdings Pty Ltd	7,000,000	.73%
Anthony Prestia	6,950,592	.73%
Robert Charles Claxton	6,759,216	.71%
Tony Trajce Ilievski	6,600,000	.69%
Rosemarie Cremona	6,589,858	.68%
	263,086,752	**27.45%**

Corporate Directory

MEMBERS OF THE BOARD

Chairman
Mr Terry Cuthbertson
ACA

Managing Director
Mr Michael J. Turbott
BSc (Hons), FAusIMM, FAIG

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
Ernst and Young Building
Level 12, 680 George Street
Sydney NSW 2000

BANKERS

ANZ Bank
115 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**