AUSTPAC
RESOURCES N.L.

Annual Report 2011

Recycling technology
for industry and the world

The cover page depicts two of the saleable products from the Newcastle Iron Recovery Plant – high grade iron briquettes and strong hydrochloric acid.

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Chairman's Review

The major development of the year occurred in April 2011, when Kronos International, Inc., (Kronos), a major titanium dioxide pigment producer, and Austpac Resources NL signed agreements which secured funding for the Newcastle Iron Recovery Plant. Kronos is providing $12.5 million for the construction of the Plant, its commissioning and its initial operations.

The initial funds were provided through two share issues totalling $6.5 million, and a further $6 million is being provided via a licence fee for Austpac's Enhanced Acid Regeneration System and Austpac Iron processes which Kronos may use at its plants around the world. Austpac retains ownership of the plant and there is no project debt finance. Kronos is now Austpac's largest shareholder with a 7% interest. BHP Billiton remains a major shareholder with a 5% interest.

During 2010 all regulatory approvals and permits were granted to allow operations to commence as soon as the Plant was built, and in the third quarter of 2010 agreements were put in place for the supply of raw materials and the sale of the products from the Plant. The final requirement to ensure the success of the project was adequate funding, which is now in place.

Work on the Newcastle Iron Recovery Plant commenced in May 2011 with detailed design of the plant and equipment and ordering of specialist items. The main equipment items and steelwork for process tower extensions are being fabricated at a number of locations around Australia and they will be delivered as required by the construction schedule. The project is now over 50% complete and construction will continue in the fourth quarter of 2011.

Commissioning of the Plant will commence in the last quarter of 2011 and will take three months. Production and sales will commence in the first half of 2012.

The Newcastle Iron Recovery Plant will enable steelmakers to follow up on their indicated interest in Austpac's recycling technologies for the steel industry. Our technologies allow the recycling of a number of steel mill waste materials produced by their operations and will reduce their environmental footprint. Commercial opportunities include "build-own-operate" recycling plants, joint participation in new plants or licensing our technologies to steel makers.

High grade synrutile produced at Austpac's ERMS SR Demonstration Plant in 2008 is now recognised as an ideal feedstock for the titanium metal production process because of its high purity. The increased value of this product, coupled with the high value of the iron co-product, has enhanced the economic outlook for an ERMS SR plant producing ultra-high grade synrutile feedstock for titanium sponge manufacture. Once the Iron Recovery Plant is fully operational the Company intends to progress this project.

The perseverance and dedication of Austpac management and staff has ensured the first commercial plant using Austpac technology is on the threshold of production, cash flow and profits.

T Cuthbertson
Chairman

New enclosure for the oxygen and nitrogen tanks

Mill scale screen ready for installation

Concrete plinth for process tower extension

Directors' Report on Operations

2010 –11 HIGHLIGHTS

- In 2010, Austpac signed two agreements for the supply of raw materials and the sale of products for initial operations at the Newcastle Iron Recovery Plant. Orica Australia will supply spent pickle liquor (SPL) and purchase the regenerated hydrochloric acid, while CMC Cometals Australia will supply mill scale and coal and purchase the iron products and char. These agreements will underpin the revenue from the Plant.

- All regulatory and environmental approvals are finalised so the Plant can commence operations once construction is finished.

- In early April 2011, Austpac signed definitive agreements with Kronos International, Inc. (Kronos) to provide $12.5 million for the construction, commissioning and initial operations of the Newcastle Iron Recovery Plant, together with other development work at Austpac's Newcastle facilities.

- Kronos has provided an initial $6.5 million by means of two share placements. In mid April 2011, Austpac issued 11,470,588 shares to Kronos at 8.5 cents each, raising $975,000. Following shareholder approval at an Extraordinary General Meeting in May 2011, Austpac issued a further 65 million shares at 8.5 cents each to raise $5,525,000.

- A further $6 million will be paid in licence fees allowing Kronos rights to use Austpac's Enhanced Acid Regeneration System (EARS) and Metallisation (Austpac Iron) processes at its plants around the world.

- Construction of the Newcastle Iron Recovery Plant at Newcastle commenced in May 2011. Detailed engineering and design is complete. Equipment and structural steelwork fabrication is under-way. Foundations for the two new process towers are complete, as is infrastructure such as site drainage and gas storage area enclosures. By the end of September 2011, the project was over 50% complete.

- Construction of the Plant will continue during the fourth quarter of 2011 and commissioning will commence later in the quarter and is expected to take three months. The Plant is scheduled to com-mence operations late in the first half of 2012.

- The high grade synrutile produced by Austpac's ERMS SR process is recognised to be an ideal feedstock for titanium metal manufacture because of the very low level of impurities, and as such will command a premium price in the market. The increased price for this product coupled with the high value iron co-product, indicates a future synrutile project to supply feedstock for titanium sponge production is becoming more economically attractive.

THE NEWCASTLE IRON RECOVERY PLANT

BACKGROUND TO TECHNOLOGY DEVELOPMENT

In 2007–08, Austpac constructed a plant at its facilities on Kooragang Island, Newcastle, to demonstrate that the Company's technologies could produce both high grade synthetic rutile (SR) and an iron co-product by leaching ilmenite in hydrochloric acid (HCl).

This plant, the ERMS SR Demonstration Plant, incorporated Austpac's ERMS SR ilmenite roasting process and the patented Continuous Leach process, which together with filtering, drying and calcining, produced ultra-high grade synrutile. The plant also incorporated the patented EARS process and included a novel final metallisation step, which converted the spent acid (iron chloride) leach liquors into fresh HCl and iron metal. The plant had a nominal capacity to produce 3,000 tpa of ERMS SR synrutile so the integrated EARS acid regeneration section had the capacity to recycle 13,000 tpa of iron chloride liquor.

Replacement of cooling tower at the Plant

AUSTPAC'S TECHNOLOGIES

ERMS ROAST

A high temperature roasting process to upgrade ilmenite concentrate to strongly enhance the magnetic susceptibility of the ilmenite so it can be easily separated from less magnetic gangue minerals, such as chromite. ERMS-roasted ilmenite is ideal for titania slag production but is unsuitable for the sulfate pigment process.

LTR ROAST

A low temperature roasting process to slightly increase the magnetic susceptibility of ilmenite so it can be separated from less magnetic gangue minerals. LTR-roasted ilmenite is a suitable feed-stock for the sulfate pigment process.

ERMS SR PROCESS

ERMS SR ROAST

An oxidation/reduction roast to condition ilmenite for rapid leaching in hydrochloric acid to produce high grade synrutile, an important feedstock for titanium dioxide pigment and titanium metal production.

CLR

A patented reactor to continuously leach roasted ilmenite to produce synrutile. All other synrutile processes use less efficient batch leaching.

AUSTPAC IRON

A DRI process to reduce the iron oxide pellets produced by Austpac's EARS acid regeneration process to iron metal pellets.

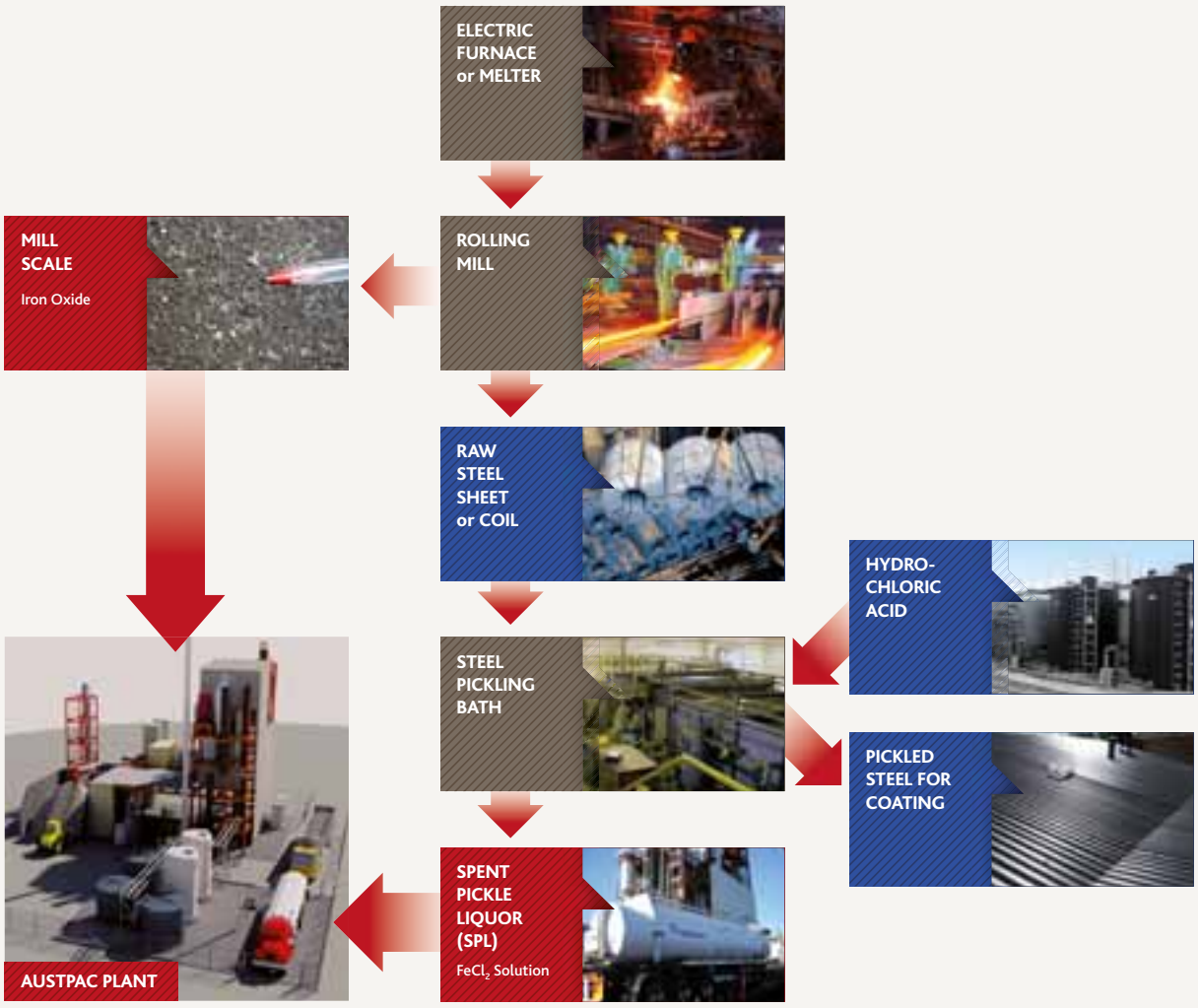
EARS

Acid regeneration process to produce strong hydrochloric acid from iron chloride solutions (eg from ilmenite leaching and steel mill cleaning).

NEWCASTLE IRON RECOVERY PLANT
for recycling steel mill waste

ERMS = Enhanced Roasting and Magnetic Separation
EARS = Enhanced Acid Regeneration System
SR = Synthetic Rutile or "Synrutile"
LTR = Low Temperature Roast
CLR = Continuous Leach Reactor
DRI = Direct Reduced Iron

STEEL INDUSTRY WASTE



The Demonstration Plant was commissioned in late 2008 and while it proved the technologies, the EARS section did not operate for sufficient time to obtain data to enable the design of a commercial ERMS SR plant. The EARS plant was commissioned on spent pickle liquor (iron chloride, SPL) from a steel mill, and early in 2009 it was realised that by rebuilding this section to withstand long term operations and prove the robustness of the EARS process, it could be used as a stand-alone plant to commercially recycle steel mill wastes.

The Newcastle Iron Recovery Plant project was conceived as a recycling project to convert mill waste from the steel industry into saleable products for re-use by industry. SPL and mill scale will be used to make HCl and high grade iron (referred to as Austpac Iron) using the EARS acid regeneration section of the ERMS SR Demonstration Plant at Newcastle. While the existing EARS plant was able to treat 13,000 tpa of SPL, most of the high temperature equipment required replacing with refractory-lined vessels and ducting, and the metallising section was redesigned and expanded to enable it to process up to 25,000 tpa of mill scale. At full capacity the plant will produce 7,200 tpa of strong HCl (25% w/w) and 18,700 tpa of Austpac Iron.

PROJECT COMMERCIALISATION

The three essential components required to make the Iron Recovery project a success are regulatory approvals, agreements for raw material supply and product sales, and adequate funds to complete the Plant.

Permits

An Environmental Protection Licence (No. 12876) was granted in 2008 by the Department of Environment, Climate Change and Water (DECCW) for the production of synrutile at the ERMS SR Demonstration Plant on Kooragang Island. In 2009, an application was made to vary the licence to operate the EARS section as a steel waste recovery facility. This was granted in May 2010, subject to Austpac demonstrating that once this plant was operational all emissions met the stringent conditions of the Licence.

In October 2009, Austpac lodged a Development Application to the Newcastle City Council (NCC) to use the "existing chemical plant to recover iron and hydrochloric acid from mill scale and pickle liquor". Development Approval was granted by the NCC in March 2010. A second DA was lodged during the second quarter of 2011 for approval to construct a covered bulk mill scale storage area at the site. This approval was granted in September 2011.

Construction Certificates have also been obtained for the new sections of the Newcastle Iron Recovery Plant, so all relevant permits and licences are in place for the construction and operation of the Plant.

Supply and Sales Agreements

Two agreements were finalised in 2010 for the supply of raw materials and the sale of products for initial operations at the Newcastle Iron Recovery Plant.

The first was signed in August 2010 with Orica Australia for the supply of spent pickle liquor and the sale of regenerated hydrochloric acid. Orica is an Australian listed public company with operations in over 50 countries around the world. The agreement, which is mutually renewable, will continue for two years and covers Plant commissioning, initial operations and includes provisions for full scale operations. 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.

The second agreement was signed in September 2010 with CMC Cometals Australia for the supply of mill scale and coal and the sale of the valuable products, iron chips or briquettes and char for foundry castings and steel making. CMC's parent company, the Commercial Metals Company of the USA and its subsidiaries, manufacture, recycle and market steel and metal products, related materials and services through a network of mini-mills, fabrication and processing plants 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 and initial operations and also includes provisions for full production. CMC will give Austpac a significant advantage as the Company moves to commercialise its technologies around the world.

Project Funding

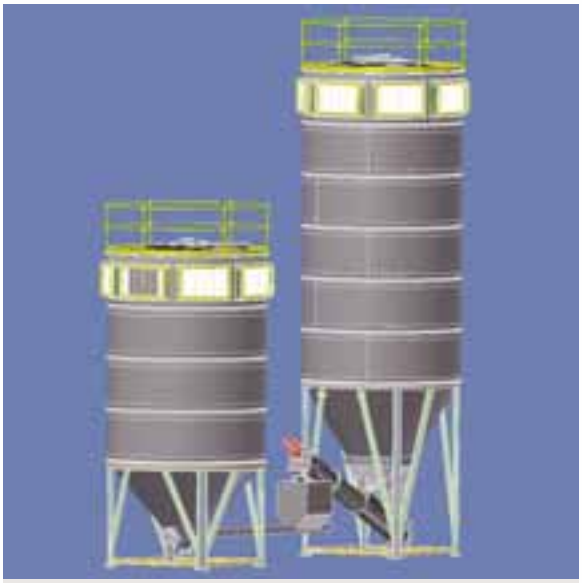
In April 2011, Austpac signed definitive agreements with Kronos International Inc., a subsidiary of Kronos Worldwide, Inc., which will provide $12.5 million for the construction, commissioning and initial operations of the Newcastle Iron Recovery Plant, together with other development work at Austpac's Newcastle facilities.

Details of this pivotal transaction follow. With permits, supply and sale agreements and funding in place, the success of the Newcastle Iron Recovery Plant is now assured.

KRONOS PARTICIPATION

Kronos Worldwide, together with its affiliates, is a major TiO_2 pigment producer with plants in the United States, Canada, Germany, Norway and Belgium. Kronos became interested in Austpac's technologies in 2010 following successful pilot scale testwork at Newcastle. This testwork demonstrated that fresh hydrochloric acid and iron could be produced from a chloride waste stream generated by the chloride TiO_2 pigment process.

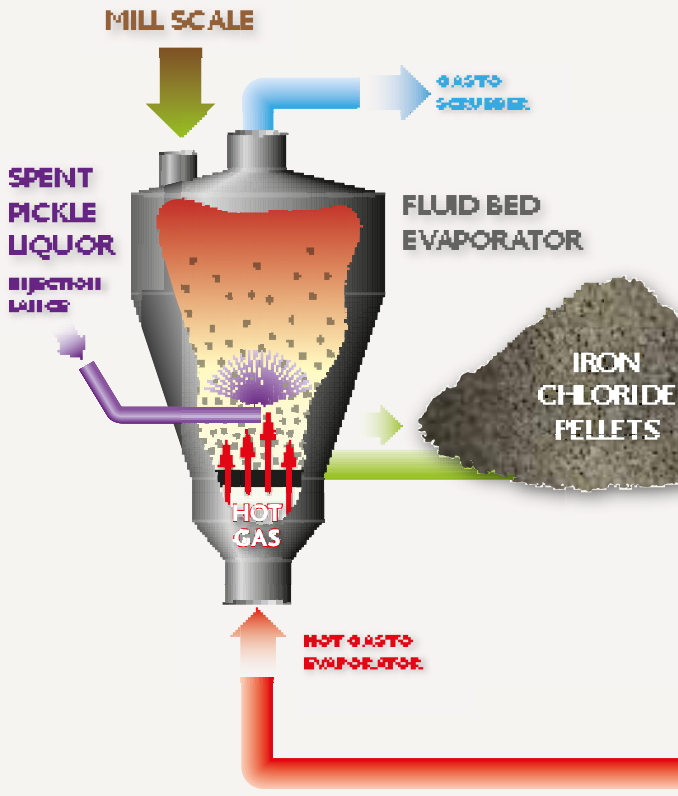
Initial funds were provided through two share issues totaling $6.5 million, and a further $6 million will be provided via a licence fee to enable Kronos to use Austpac's Enhanced Acid Regeneration System (EARS) and Metallisation/Austpac Iron processes at its plants around the world.



Product silos for briquetting section

In April 2011, Austpac issued 11,470,588 shares to Kronos, which provided $975,000 allowing the project to commence. An Extraordinary General Meeting of shareholders held on 23 May 2011 overwhelmingly approved the issue of a further 65 million shares to Kronos, which raised a further $5,525,000 and completed the $6.5 million share placement. Kronos is now Austpac's largest shareholder with a 7% interest, while BHP Billiton is the second largest with a 5% interest.

AUSTPAC'S IRON RECOVERY PROCESS



THE NEWCASTLE IRON RECOVERY PLANT PROJECT STATUS

In 2009 and 2010, extensive reviews of the Iron Recovery Plant concept established the modifications required to convert the existing EARS plant into a steel waste recycling facility, as described below.

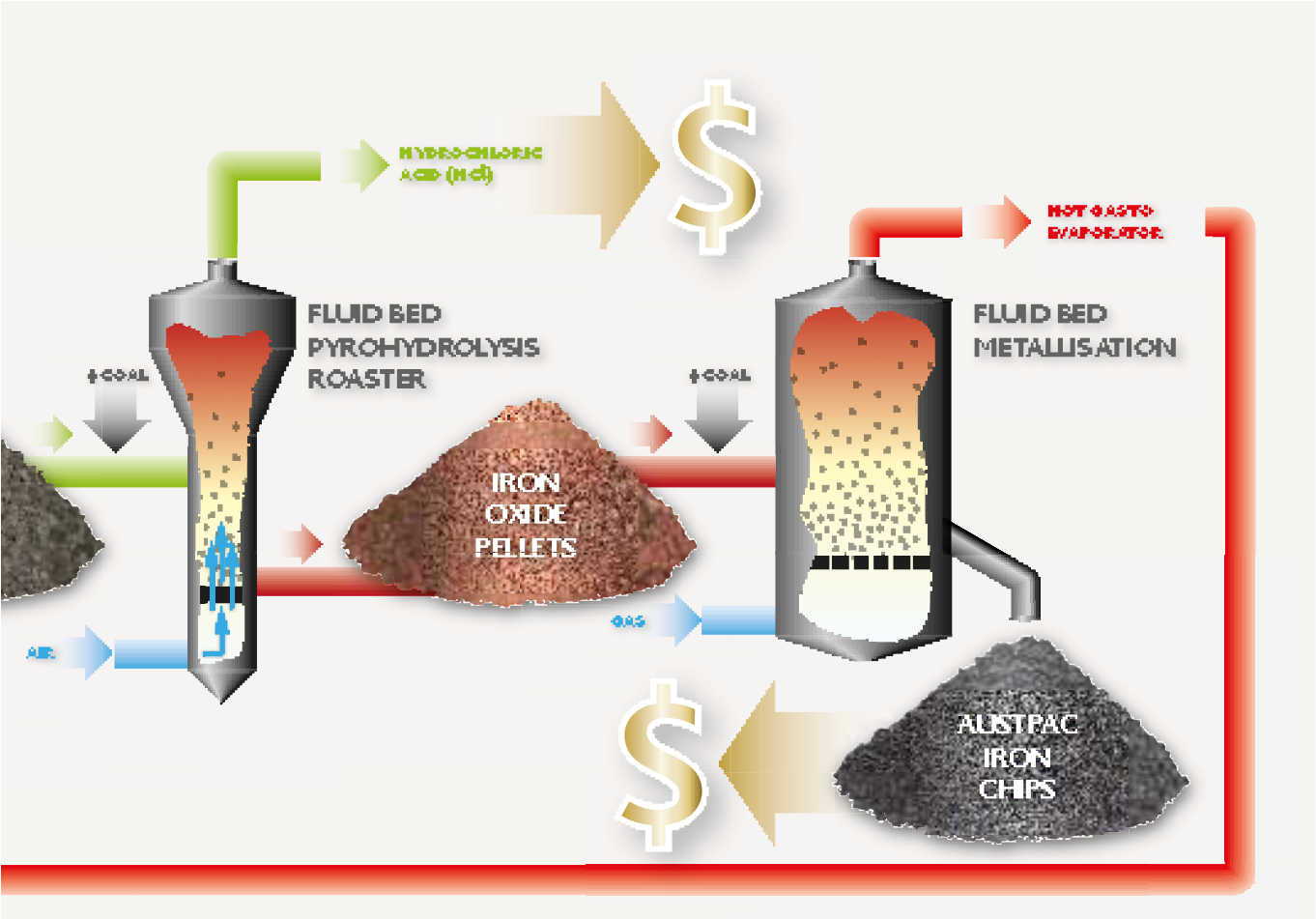
- New and expanded infrastructure and materials handling systems for the delivery and storage of large volumes of mill scale, SPL and coal and for the handling and despatch of the Austpac Iron, HCl and char products to markets.
- Replacement of most high temperature equipment and ducting with refractory-lined components together with sourcing high temperature valves and other specialist items from offshore suppliers.
- Redesign and fabrication of the metallising section, including expanding the process tower to house the larger equipment for the production of Austpac Iron chips.
- Design, fabrication and erection of a separate new structure to house the product silos, the briquetter and iron briquette load-out facilities, as well as a mezzanine floor for ancillary equipment such as the air blowers, steam boiler and an enlarged motor control centre.

Significant work on the Newcastle Iron Recovery Plant project commenced in May 2011. The EARS and Metallisation sections were extensively redesigned, equipment lists were finalised and ordering of long lead time equipment commenced. The Plant has been designed as a state of the art facility and to be robust and capable of long term operation.

By September 2011, the following milestones had been achieved:

- A 25 year lease had been signed for the Kooragang Island site, Newcastle.
- Key consultant reports and process modelling to confirm final Plant design had been completed, as was the detailed engineering of the major sections of the Plant.
- 3D modelling of the equipment layout has been undertaken to assist with Plant construction.
- The HAZOP studies (plant hazards and operability) of each section of the Plant were completed and all recommendations were incorporated into the flow sheets.
- Ordering of major equipment items was complete. Equipment is being fabricated by various suppliers at a number of sites around Australia.
- Construction of the new section of the Plant is proceeding on schedule, and installation of the equipment will commence in October 2011.
- Repair and maintenance of existing equipment that will be re-used in the Plant is well advanced, as is the relocation of gas supply tanks and ancillary equipment.
- Regular technical and project progress reviews are held with Kronos.

At the end of September 2011, the Newcastle Iron Recovery project was over 50% complete. Construction of the Plant will continue during the fourth quarter of 2011 and commissioning will start later in the quarter. Commissioning is expected to take three months, and the Plant is scheduled to commence integrated operations in the first half of 2012.



The Plant will be owned and operated by Austpac, and at full capacity it will produce over 18,000 tpa of high grade iron and 7,000 tpa of hydrochloric acid. Based on current commodity prices it is estimated this will return $7 million annually to Austpac.

Mill scale handling section

NEW DEVELOPMENTS AND APPLICATIONS FOR AUSTPAC'S TECHNOLOGIES

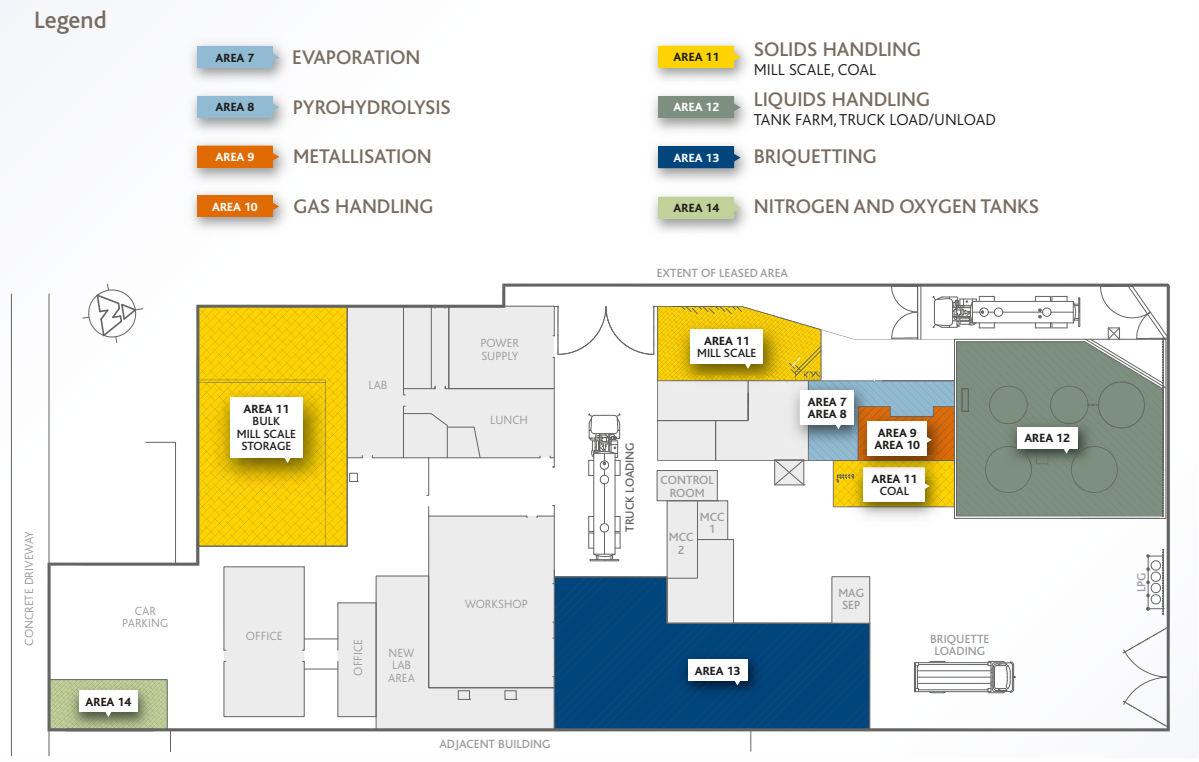
The Newcastle Iron Recovery Plant when operational will showcase Austpac's recycling technologies to the steel galvanising and other related industries. Several steelmakers have already expressed keen interest in our technologies to recycle a number of waste or by-products generated by their operations to reduce their manufacturing costs and at the same time improve their environmental footprint. This interest is expected to grow once the Newcastle plant is operational, and it is anticipated that this will lead to a number of commercial opportunities for Austpac's processes around the world. Such opportunities include "build-own-operate" recycling plants, joint participation in new plants with, or licensing the technologies to steel makers.

In 2007–08, the ERMS SR Demonstration Plant at Newcastle proved that Austpac owned the only continuous process in the world capable of producing very high grade (>97% TiO_2) synrutile together with a valuable iron co-product. Other synrutile processes produce fine iron oxide slurries containing other process wastes that have disposal costs and ultimately lead to environmental liabilities. Apart from generating income by recycling steel waste, the Newcastle Iron Recovery Plant will also generate sufficient data to allow Austpac to re-evaluate a conceptual 60,000 tpa ERMS SR synrutile plant. This project was deferred in 2009 while the iron recycling project was pursued.

The high grade synrutile produced by the ERMS SR process is an ideal feedstock for titanium metal manufacture because of the very low level of impurities, and as such will command a premium price in the market. In 2008 high grade synrutile was priced at US$600 per tonne, and in 2012 a price of over US$1,200 per tonne is predicted which, when coupled with the high value iron co-product, suggests this project has become more economically attractive.

In the last six months, we have received enquiries from several groups regarding the status of the synrutile project because of the world shortage of suitable ultra-high grade feedstock for titanium metal production. It is anticipated these enquiries will lead to new alliances to produce synrutile, and Austpac is planning to advance the 60,000 tpa ERMS SR project as resources permit.

GENERAL ARRANGEMENT DRAWING OF THE NEWCASTLE IRON RECOVERY PLANT



MURRAY BASIN EXPLORATION, VICTORIA

MINERAL SANDS – WIM150 DEPOSIT, EL 4521

Under a farm-in agreement signed in 2004, Australian Zircon N.L. (AZC) 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, after which Austpac may elect to maintain a 20% participating interest or convert to a 10% net profits interest in the WIM150 project.

In February 2011, AZC completed an infill drilling program in the northern sector of the project area, entailing 22 holes for a total of 471 metres. Austpac understands that the results from this drilling will enable an update to the Indicated Mineral Resource model for the WIM150 deposit to be completed later in 2011.

AZC informed Austpac that during the first quarter of 2011 it appointed an experienced engineer to manage the compilation of data and supervision of consultants relevant to a bankable feasibility study on the WIM150 project. AZC has also advised it has contracted Coffey Environments, CPG Mineral Technologies and AMC Consultants to undertake work on the WIM150 Feasibility Study.

In July 2011, AZC conducted a drilling program to obtain approximately 13 tonnes of WIM150 ore for metallurgical testwork. Approval was obtained from the Victorian DPI for the proposed program. The drilling and subsequent metallurgical testwork as well as progress in other areas will assist in the renewal of this tenement in December 2011.

SALE OF EL 4521

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 was delayed pending the outcome of legal action taken by Australian Zircon to prevent the sale.

The matter was heard in the Supreme Court of Western Australia in December 2010. In August 2011, the WA Supreme Court delivered a judgement in favour of Australian Zircon. The court also declared that the Sale Agreement with Astron was frustrated and at an end.

BASE METAL AND GOLD EXPLORATION WITHIN EL 4521

For several years, Austpac has been investigating the potential for gold and base metal mineralisation in the basement rocks which occur beneath the much younger marine sediments of the Murray Basin. In February 2010, Austpac was granted funding of $14,000 under Round 3 of the Department of Primary Industries "Rediscover Victoria" Drilling Program for a fence of vertical air core holes designed to further investigate the basement rocks in the western portion of EL 4521.

During November 2010, Austpac completed a 16 hole drilling program in the south-western portion of EL 4521, which is not subject to the WIM150 farm-in agreement with AZC. Future exploration interest will focus on a 300m wide zone across 4 adjacent drillholes. A petrology study undertaken on two samples of core from within this zone indicates they are strongly altered mafic to ultramafic igneous rocks, and suggests they represent part of the Cambrian age Mount Stavely Volcanics. The final report to the Victorian DPI on these drilling operations was submitted and the grant funding received. The results encouraged Austpac to identify a prospective area near Nhill in Western Victoria.

BASE METAL AND GOLD EXPLORATION AT NHILL (EL 5291)

During 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 Mount Stavely Volcanic Complex, which is considered highly prospective for base metal deposits.

Austpac completed a compilation of past exploration operations within EL 5291 at Nhill in Victoria. Several major companies recently conducted significant surface technical work, but did not undertake drilling into the target basement formations. Discussions with geological staff at Geoscience Victoria have contributed to a better appreciation of the potential mineralisation within EL 5291. Previous and new detailed computer model interpretation of low level aero-magnetic survey data acquired over EL 5291 is being used to assess the variations in the depth to the prospective basement lithologies.

Schedule of Mining Tenements in Victoria at 30 September 2011

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 2011 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 61

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 67

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 43 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.

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

Age 72

Mr Harrison has over 23 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 38 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	–

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 2011, Justice Corby of the Supreme Court of Western Australia ruled that the Farm-In Agreement with Australian Zircon N.L. was not assignable, and that therefore the Sale Agreement with Astron Limited was ended.

In September 2011, Astron Limited lodged an appeal against the decision.

Austpac Resources N.L. currently holds 100% of EL4521. Under the Farm-In Agreement Australian Zircon has the right to earn an 80% interest in the WIM 150 project by completing a bankable feasibility study.

Other than 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, is 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 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 program 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 2011 are:

	Short Term			*Post Employment*	2011
2011	Base $	Non Monetary Benefits $	Consulting Fees $	Super $	Total $
Mr M.J. Turbott	218,004	72,881	–	75,717	366,602
Mr T. Cuthbertson	70,000	–	35,000	–	105,000
Mr R. Harrison	50,000	–	35,000	–	85,000
	338,004	**72,881**	**70,000**	**75,717**	**556,602**

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
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**

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 $273,000 during the financial year ended 30 June 2011 ($239,900 – 2010).

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. No shares were issued under the plan during the financial year ended 30 June 2011.

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 twenty sixth day of September 2011 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 2011

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 2011 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, 26 September 2011

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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 levels 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.

The Board does not have a Nomination Committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a Nomination Committee can be adequately handled by the full board.

AUDIT COMMITTEE

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

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

The members of the Audit Committee during the year were:

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

The profiles of these Directors are included on page 10 of the Directors' Report. The Directors of this Committee are independent Directors.

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

The responsibilities of the Audit Committee include:

- reviewing the financial report and other financial information distributed externally;
- monitoring corporate risk assessment processes;
- reviewing any new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- 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 polices on the financial statements;
- To review the nature and impact of any Changes in accounting polices 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 2011 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 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.

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.

Share trading policy

Austpac Resources NL approved a share trading policy on 10 January 2011. This policy was lodged with the Australian Securities Exchange on 10 January 2011.

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.

Code of conduct

The Group has advised each director, manager and employee to comply with the Group's Ethical Standards, covering:

- aligning the behaviour of the board and management with the code of conduct by maintaining appropriate core Group values and objectives;
- fulfilling responsibilities to shareholders by delivering shareholder value;
- usefulness of financial information by maintaining appropriate accounting policies, practices and disclosure;
- fulfilling responsibilities to clients, customers and consumers by maintaining high standards of product quality, service standards, commitments to fair value, and safety of goods produced;
- employment practices such as occupational health and safety, employment opportunity, training and education support, community activities, sponsorships and donations;
- responsibilities to the individual, such as privacy, use of privileged or confidential information, and conflict resolution;
- compliance with legislation including policies on legal compliance in countries where the legal systems and protocols are significantly lower than Australia's;
- managing actual or potential conflicts of interest;
- corporate opportunities such as preventing directors and key executives from taking improper advantage of property, information or position for personal gain;
- reporting of unlawful or unethical behaviour including protection of those who report violations in good faith;
- the processes for monitoring and ensuring the compliance with the code of conduct.

Diversity

The board is committed to having an appropriate blend of diversity on the board and in the Group's senior executive positions. The board has established a policy regarding gender, age, ethnic and cultural diversity.

The key elements of the diversity policy are as follows:

- increased gender diversity on the board and senior executive positions and throughout the Group;
- annual assessment of board gender diversity objectives and performance against objectives by the board and nomination committee.

The Group's performance against the diversity policy objectives are as follows:

	30 June 2011		30 June 2010	
Gender representation	*Female (%)*	*Male (%)*	*Female (%)*	*Male (%)*
Board representation	–	100%	–	100%
Key management personnel representation	–	100%	–	100%
Group representation	–	100%	–	100%

Statements of Comprehensive Income

For the year ended 30 June 2011

Austpac Resources N.L. and its Controlled Entities	Note	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	THE COMPANY 2011 $	THE COMPANY 2010 $
Licence Fee Income		**200,000**	–	**200,000**	–
Administrative expenses		**(3,417,910)**	(3,017,388)	**(3,417,910)**	(3,017,388)
Loss before financing costs		**(3,217,910)**	(3,017,388)	**(3,217,910)**	(3,017,388)
Financial income	2	**25,692**	17,606	**25,692**	17,606
Financial expenses	2	**(24,567)**	(17,176)	**(24,567)**	(17,176)
Net Financing expense	2	**1,125**	430	**1,125**	430
Loss before tax		**(3,216,785)**	(3,016,958)	**(3,216,785)**	(3,016,958)
Income tax benefit	5	**307,636**	378,657	**307,636**	378,657
Loss after tax		**(2,909,149)**	(2,638,301)	**(2,909,149)**	(2,638,301)
Other comprehensive income					
Other comprehensive income		**–**	–	**–**	–
Other comprehensive income for the period, net of income tax		**–**	–	**–**	–
Total comprehensive income for the period		**(2,909,149)**	(2,638,301)	**(2,909,149)**	(2,638,301)
Basic and diluted loss per share	7	**2011 cents** (0.30)	**2010 cents** (0.30)		

The Statements of Comprehensive Income are to be read in conjunction with the notes to the financial statements set out on pages 25 to 39.

Statements of Changes in Equity

For the year ended 30 June 2011

Austpac Resources N.L. and its Controlled Entities	CONSOLIDATED and COMPANY		
	Share Capital	Accumulated Losses	Total Equity
	$	$	$
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
Balance at 1 July 2010	68,789,454	(51,176,109)	17,613,345
Total comprehensive income for the period	–	(2,909,149)	(2,909,149)
Shares Issued	8,809,100	–	8,809,100
Balance at 30 June 2011	**77,598,554**	**(54,085,258)**	**23,513,296**

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 39.

Statements of Financial Position

As at 30 June 2011

Austpac Resources N.L. and its Controlled Entities	Note	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	THE COMPANY 2011 $	THE COMPANY 2010 $
ASSETS					
Cash and cash equivalents	8	**5,602,552**	502,299	**5,602,552**	502,299
Other receivables	9	**1,055,761**	1,308,704	**1,055,761**	1,308,704
Total Current Assets		**6,658,313**	1,811,003	**6,658,313**	1,811,003
Property, plant and equipment	11	**428,137**	297,047	**428,137**	297,047
Intangible assets	12	**18,414,255**	17,162,704	**18,414,255**	17,162,704
Total Non-Current Assets		**18,842,392**	17,459,751	**18,842,392**	17,459,751
Total Assets		**25,500,705**	19,270,754	**25,500,705**	19,270,754
LIABILITIES					
Trade and other payables	13	**923,677**	770,652	**923,677**	770,652
Interest bearing loans and borrowings	14	**149,405**	48,354	**149,405**	48,354
Employee benefits	15	**636,066**	586,050	**636,066**	586,050
Total Current liabilities		**1,709,148**	1,405,056	**1,709,148**	1,405,056
Interest bearing loans and borrowings	14	**278,261**	252,353	**278,261**	252,353
Total Non-Current Liabilities		**278,261**	252,353	**278,261**	252,353
Total Liabilities		**1,987,409**	1,657,409	**1,987,409**	1,657,409
Net Assets		**23,513,296**	17,613,345	**23,513,296**	17,613,345
EQUITY					
Issued capital	16	**77,598,554**	68,789,454	**77,598,554**	68,789,454
Accumulated Losses		**(54,085,258)**	(51,176,109)	**(54,085,258)**	(51,176,109)
Total equity		**23,513,296**	17,613,345	**23,513,296**	17,613,345

The Statements of Financial Position are to be read in conjunction with the notes to the financial statements set out on pages 25 to 39.

Statements of Cash Flows

For the year ended 30 June 2011

	Note	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	THE COMPANY 2011 $	THE COMPANY 2010 $
Cash Flows from Operating Activities					
Cash paid to suppliers and employees		**(2,783,650)**	(2,434,330)	**(2,783,650)**	(2,434,330)
Interest received		**25,692**	16,605	**25,692**	16,605
Interest paid		**(24,567)**	(17,176)	**(24,567)**	(17,176)
Income tax refund received		**378,656**	–	**378,656**	–
Net cash used in operating activities	22	**(2,403,869)**	(2,434,901)	**(2,403,869)**	(2,434,901)
Cash Flows from Investing Activities					
Payments for property, plant and equipment		**–**	–	**–**	–
Payments for intangible assets:					
Mineral Technology Development		**(1,139,924)**	(1,069,099)	**(1,139,924)**	(1,069,099)
Exploration and Evaluation		**(92,684)**	(111,789)	**(92,684)**	(111,789)
Net cash used in investing activities		**(1,232,608)**	(1,180,888)	**(1,232,608)**	(1,180,888)
Cash Flows from Financing Activities					
Proceeds from issue of share capital		**8,809,100**	3,980,000	**8,809,100**	3,980,000
Payment of finance lease liabilities		**(72,370)**	(67,004)	**(72,370)**	(67,004)
Net cash from financing activities		**8,736,730**	3,912,996	**8,736,730**	3,912,996
Net increase in cash held		**5,100,253**	297,207	**5,100,253**	297,207
Cash and cash equivalents at 1 July		**502,299**	205,092	**502,299**	205,092
Cash and cash equivalents at 30 June		**5,602,552**	502,299	**5,602,552**	502,299

The Statements of Cash Flows are to be read in conjunction with the notes to the financial statements set out on pages 25 to 39.

Notes to the Financial Statements

For the year ended 30 June 2011

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 2011 comprises the company and its subsidiaries (the "consolidated entity").

The financial report was authorised for issue by the directors on 26 September 2011.

Statement of Compliance

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) 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, which is the company's and consolidated entities functional currency.

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.

(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 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 statement of comprehensive income. 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 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 statement of comprehensive income 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:

- fixtures and fitting, and 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 statements of comprehensive income 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 statement of comprehensive income.

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

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

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

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment, accounting policy 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 recognized initially at fair value plus any directly attributable transaction costs, subsequent to initial recognition, these assets are measured 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 statement of comprehensive income 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 statement 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 statement 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 recognized initially at fair value plus any directly attributable costs, subsequent to initial recognition, these liabilities are measured at amortised cost.

(O) REVENUE

Revenue from License Fees are recognised in the profit or loss initially in proportion to the stage of completion of the transaction at the reporting date, then once completed on a straight line basis over the life of the agreement. The stage of completion is assessed by reference to surveys of work performed, when the work performed cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable in accordance with the underlying agreement.

(P) EXPENSES

Operating lease payments

Payments made under operating leases are recognised in the statement 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.

(Q) INCOME TAX

Income tax on the loss for the years presented comprises current and deferred tax. Income tax is recognised in the statement 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.

(R) 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.

(S) SEGMENT REPORTING

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

(T) 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 $18,414,255 ($17,162,704 – 2010). 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.

(U) 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 statement 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.

(V) 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.

(W) 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 2011, 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.

	CONSOLIDATED		THE COMPANY	
	2011	2010	2011	2010
	$	$	$	$
Note 2: Net Financing Costs				
Interest Income	**25,692**	17,606	**25,692**	17,606
Interest Expense	**(24,567)**	(17,176)	**(24,567)**	(17,176)
Net financing income	**1,125**	430	**1,125**	430
Note 3: Auditors' Remuneration				
Audit Services – KPMG Australia				
– Audit and review of financial reports	**55,000**	60,000	**55,000**	60,000
Other Services				
Auditors of the company – KPMG Australia				
– Taxation services	**37,500**	37,500	**37,500**	37,500
	92,500	97,500	**92,500**	97,500
Note 4: Personnel Expenses				
Wages and salaries	**721,912**	705,124	**721,912**	705,124
Contributions to defined contribution superannuation funds	**224,482**	135,331	**224,482**	135,331
Increase in liability for employee benefits	**50,016**	90,041	**50,016**	90,041
	996,410	930,496	**996,410**	930,496
Note 5: Income Tax Expense				
Recognised in the statement of comprehensive income				
Current tax benefit				
Current period income tax benefit	**(872,745)**	(804,922)	**(872,745)**	(804,922)
R&D Refund	**307,636**	378,657	**307,636**	378,657
Deferred tax expense				
Current year deferred tax assets not recognised	**872,745**	804,922	**872,745**	804,922
Income tax benefit in statement of comprehensive income	**307,636**	378,657	**307,636**	378,657
Numerical reconciliation between tax benefit and pre-tax net loss				
Loss before tax	**(3,216,786)**	(3,016,958)	**(3,216,786)**	(3,016,958)
Prima facie income tax benefit using the domestic corporation tax rate of 30%	**965,036**	905,087	**965,036**	905,087
Non-deductible expenses	**(195,723)**	(100,166)	**(195,723)**	(100,166)
R & D Refund	**307,636**	378,657	**307,636**	378,657
Current year deferred tax assets not recognised	**(769,313)**	(804,922)	**(769,313)**	(804,922)
Income tax benefit on pre-tax net loss	**307,636**	378,657	**307,636**	378,657

	CONSOLIDATED		THE COMPANY	
	2011	2010	2011	2010
	$	$	$	$
Note 6: Deferred Tax Assets and Liabilities				
Deferred tax assets and (liabilities) are attributable to the following:				
Mineral technology development	**(5,251,880)**	(4,904,219)	**(5,251,880)**	(4,904,219)
Exploration and evaluation	**(272,397)**	(244,592)	**(272,397)**	(244,592)
Employee benefits	**190,820**	175,815	**190,820**	175,815
Unused tax losses	**5,333,457**	4,972,996	**5,333,457**	4,972,996
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	**1,664,844**	895,531	**1,664,844**	895,531

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 2011 was based on the (loss) attributable to ordinary shareholders of $2,909,149 (2010: ($2,638,301)) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2011 of 984,454,609 (2010: 893,142,334), calculated as follows:

	CONSOLIDATED	
	2011	2010
	No. of shares	No. of shares
Weighted average number of shares		
Issued ordinary shares at 1 July	**943,609,494**	814,609,494
Effect of shares issued	**40,845,115**	78,532,840
Weighted average number of ordinary shares at 30 June	**984,454,609**	893,142,334
Loss per share	**2011 cents**	**2010 cents**
Basic and diluted loss per share	**(0.30)**	(0.30)

	CONSOLIDATED		THE COMPANY	
	2011	2010	2011	2010
	$	$	$	$
Note 8: Cash and Cash Equivalents				
Bank balances	**5,602,552**	502,299	**5,602,552**	502,299
Note 9: Other Receivables				
Current				
Other receivables and prepayments	**1,055,761**	1,308,704	**1,055,761**	1,308,704

Note 10: Consolidated Entities

PARTICULARS IN RELATION TO THE COMPANY AND ITS CONTROLLED ENTITIES

		HOLDING	
		2011	2010
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 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**
Balance at 1 July 2010	1,356,094	61,926	**1,418,020**	1,356,094	61,926	**1,418,020**
Acquisitions	180,387	–	**180,387**	180,387	–	**180,387**
Disposals	–	–	**–**	–	–	**–**
Balance at 30 June 2011	1,536,481	61,926	**1,598,407**	1,536,481	61,926	**1,598,407**
Depreciations and impairment losses						
Balance at 1 July 2009	995,020	38,887	**1,033,907**	995,020	38,887	**1,033,907**
Depreciation for the year	71,384	15,682	**82,936**	71,384	15,682	**82,936**
Balance at 30 June 2010	1,066,404	54,569	**1,120,973**	1,066,404	54,569	**1,120,973**
Balance at 1 July 2010	1,066,404	54,569	**1,120,973**	1,066,404	54,569	**1,120,973**
Depreciation for the year	42,411	6,886	**49,297**	42,411	6,886	**49,297**
Balance at 30 June 2011	1,108,815	61,455	**1,170,270**	1,108,815	61,455	**1,170,270**
Carrying amounts						
At 1 July 2009	195,575	23,039	**218,614**	195,575	23,039	**218,614**
At 30 June 2010	289,690	7,357	**297,047**	289,690	7,357	**297,046**
At 1 July 2010	289,690	7,357	**297,047**	289,690	7,357	**297,047**
At 30 June 2011	427,666	471	**428,137**	427,666	471	**428,137**

The consolidated entity leases motor vehicles under finance lease agreements. At 30 June 2011 the net carrying amount of the leased motor vehicles, classified under plant and equipment was $427,666 (2010: $289,690). 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 2009	15,278,299	703,517	**15,981,816**	15,278,299	703,517	**15,981,816**
Expenditure	1,069,101	111,787	**1,180,888**	1,069,101	111,787	**1,180,888**
Balance at 30 June 2010	16,347,398	815,306	**17,162,704**	16,347,398	815,306	**17,162,704**
Balance at 1 July 2010	16,347,398	815,306	**17,162,704**	16,347,398	815,306	**17,162,704**
Expenditure	1,158,867	92,684	**1,251,551**	1,158,867	92,684	**1,251,551**
Balance at 30 June 2011	17,506,265	907,990	**18,414,255**	17,506,265	907,990	**18,414,255**

During 2010 Austpac Resources N.L entered into a '*Business Sale and Purchase and Transfer of Exploration License Agreement*' with Astron Limited for the sale of EL4521. In May 2010, Australian Zircon N.L. initiated proceedings in the WA Supreme Court regarding the sale of EL4521 to Astron Limited.

In August 2011, Justice Corboy of the Supreme Court of Western Australia ruled that the Farm-In Agreement with Australian Zircon N.L. was not assignable, and that therefore the Sale Agreement with Astron Limited was ended. In September 2011, Astron Limited lodged an appeal against the decision.

Austpac Resources N.L. currently holds 100% of EL4521. Under the Farm-In Agreement Australian Zircon has the right to earn an 80% interest in the WIM 150 project by completing a bankable feasibility study.

Note 13: Trade and Other Payables

	CONSOLIDATED		THE COMPANY	
	2011	2010	2011	2010
	$	$	$	$
Other trade payables and accrued expenses	**923,677**	770,652	**923,677**	770,652

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	**149,405**	48,354	**149,405**	48,354
Non-Current Liabilities				
Finance lease liabilities	**278,261**	252,353	**278,261**	252,353

The consolidated entity's lease liabilities are secured by the leased assets of $427,666, per Note 11, (2010: $289,690), as in the event of a default, the assets revert to the lessor.

Note 15: Employee Benefits

Current				
Liability for long service leave	**191,487**	188,972	**191,487**	188,972
Liability for annual leave	**444,579**	397,078	**444,579**	397,078
	636,066	586,050	**636,066**	586,050

Note 16: Contributed Equity

	CONSOLIDATED		THE COMPANY	
	2011	2010	2011	2010
	$	$	$	$
Issued and paid up Capital				
1,024,654,367 (2010: 882,209,494) ordinary shares fully paid	**76,950,054**	68,140,954	**76,950,054**	68,140,954
61,400,000 (2010: 61,400,000) ordinary shares paid to $0.01	**648,500**	648,500	**648,500**	648,500
	77,598,554	68,789,454	**77,598,554**	68,789,454
Movements in Ordinary Share Capital				
Balance at the beginning of the financial year	**68,789,454**	64,809,454	**68,789,454**	64,809,454
Shares Issued:				
Placement of 14,876,429 ordinary shares to Australian investors – August 2010	**520,675**		**520,675**	
Placement of 51,097,856 ordinary shares to Australian investors – January 2011	**1,788,425**		**1,788,425**	
Placement of 11,470,588 ordinary shares to Kronos – April 2011	**975,000**		**975,000**	
Placement of 65,000,000 ordinary shares to Kronos – May 2011	**5,525,000**		**5,525,000**	
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
	77,598,554	68,789,454	**77,598,554**	68,789,454

Share issues made during the year were to increase the working capital of the company and to develop the Newcastle Iron Recovery Plant.

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 $7,096,123 (2010: $6,795,768). 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 2011.

	CONSOLIDATED		THE COMPANY	
	2011	2010	2011	2010
	$	$	$	$

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	**237,983**	271,450	**237,983**	271,450
Between one and five years	**594,567**	821,975	**594,567**	821,975
	832,550	1,093,425	**832,550**	1,093,425

Note 18: Lease Liabilities

Lease (Capital – Finance)

Lease commitments in respect of capitalised finance leases are payable as follows:

Not later than one year	**149,405**	48,354	**149,405**	48,354
Later than one year but not later than five years	**278,261**	252,353	**278,261**	252,353
	427,666	300,707	**427,666**	300,707

Lease liabilities include $28,160 (2010: $24,567) for interest payable not later than one year.
Lease liabilities include $74,643 (2010: $50,841) 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	**250,174**	124,000	**250,174**	124,000
Between one and five years	**998,452**	80,000	**998,452**	80,000
	1,248,626	204,000	**1,248,626**	204,000

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

During the year ended 30 June 2011, $227,342 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2010: $228,419).

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 2011 are:

2011		*Short Term*		*Post Employment*	2011
	Base	Non Monetary Benefits	Consulting Fees	Super	Total
	$	$	$	$	$
Mr M.J. Turbott	218,004	72,881	–	75,717	366,602
Mr T. Cuthbertson	70,000	–	35,000	–	105,000
Mr R. Harrison	50,000	–	35,000	–	85,000
	338,004	**72,881**	**70,000**	**75,717**	**556,602**

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:

2010		*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

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 $273,000 during the financial year ended 30 June 2011 ($239,900 – 2010).

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

The details of the transactions are as follows:

			2011	2010
		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	**76,293**	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:

	2011			2010	
	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	6,100,000	–	**6,100,000**	5,100,000	6,100,000
Mr M. Turbott					
– Fully Paid Ordinary Shares	6,800,000	–	**6,800,000**	6,800,000	6,800,000
– Partly Paid Ordinary Shares	11,351,118	–	**11,351,118**	9,351,118	11,351,118
Mr R. Harrison					
– Fully Paid Ordinary Shares	–	–	**–**	–	–
– Partly Paid Ordinary Shares	5,000,000	–	**5,000,000**	4,000,000	5,000,000

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 2011, Justice Corboy of the Supreme Court of Western Australia ruled that the Farm-In Agreement with Australian Zircon N.L. was not assignable, and that therefore the Sale Agreement with Astron Limited was ended.

In September 2011, Astron Limited lodged an appeal against the decision.

Austpac Resources N.L. currently holds 100% of EL4521. Under the Farm-In Agreement Australian Zircon has the right to earn an 80% interest in the WIM 150 project by completing a bankable feasibility study.

Other than 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.

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.

Note 21: Interest in Joint Venture Operations CONTINUED

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	
	2011	2010	2011	2010
	$	$	$	$
Non-Current Assets – intangibles				
Exploration and/or evaluation expenditure	**907,990**	815,306	**907,990**	815,306

Note 22: Reconciliation of Cash Flows from Operating Activities

Loss for the year	**(2,909,149)**	(2,638,301)	**(2,909,149)**	(2,638,301)
Adjustments for:				
Depreciation	**49,297**	87,066	**49,297**	87,066
Operating loss before changes in working capital and provisions	**(2,859,852)**	(2,551,235)	**(2,859,852)**	(2,551,235)
(Increase)/decrease in receivables	**252,942**	167,633	**252,942**	167,633
(Decrease)/increase in payables	**203,041**	**(**51,299)	**203,041**	**(**51,299)
Net cash used in operating activities	**(2,403,869)**	(2,434,901)	**(2,403,869)**	(2,434,901)

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 statement of financial position are as follows:

		Carrying amount 2011	Fair value 2011	Carrying amount 2010	Fair value 2010
		$	$	$	$
Consolidated	Trade and other receivables	**1,055,761**	**1,055,761**	1,308,704	1,308,704
	Cash and cash equivalents	**5,602,552**	**5,602,552**	502,299	502,299
	Finance lease liabilities	**427,666**	**427,666**	300,707	300,707
	Trade and other payables	**923,677**	**923,677**	770,652	770,652
The Company	Trade and other receivables	**1,055,761**	**1,055,761**	1,308,704	1,308,704
	Cash and cash equivalents	**5,602,552**	**5,602,552**	502,299	502,299
	Finance lease liabilities	**427,666**	**427,666**	300,707	300,707
	Trade and other payables	**923,677**	**923,677**	770,652	770,652

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 do 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 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 statement 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	
		2011	2010
	Note	$	$
Receivables	9	**1,055,761**	1,308,704
Cash and cash equivalents	8	**5,602,552**	502,299

Impairment losses

None of the consolidated entity's other receivables are past due (2010: 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 2011						
Finance lease liabilities	427,666	530,469	122,132	55,432	64,771	288,134
Trade and other payables	923,677	923,677	923,677	–	–	–
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	–	–	–

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 optimizing 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 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	
	2011	2010	2011	2010
	$	$	$	$
Fixed rate instruments				
Financial assets (surplus cash invested)	**5,602,552**	502,299	**5,602,552**	502,299
Financial liabilities (plant and equipment leases)	**427,666**	300,707	**427,666**	300,707

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 2011.

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.

Note 25: Contingencies

The directors are of the opinion that there are no contingent liabilities as at 30 June 2011.

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 39 and the remuneration report in the Director's Report 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 2011 and of their performance for the year ended on that date; and
      ii) complying with Australia Accounting Standards 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 2011.

Signed in accordance with a resolution of the Directors.

T. Cuthbertson
Director

M.J. Turbott
Director

Sydney, 26th day of September 2011

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 consolidated statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes I to 25 and the directors' declaration of the Company and 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note I, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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 of the financial report that gives a true and fair view 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, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

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

Continued over page ...

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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 Group's financial position as at 30 June 2011 and of their performance for the year ended on that date; and

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

(b) the financial report of the Group 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 in pages 12 to 14 of the directors' report for the year ended 30 June 2011. 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 2011, complies with Section 300A of the Corporations Act 2001.

KPMG

Shane O'Connor
Partner

Sydney
26 September 2011

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 2011.

Shareholdings

Substantial Shareholders

The number of shares held by the substantial shareholders listed in the holding company's register as at 12 September 2011 was: 131,470,588.

Class of Shares and Voting Rights

At 12 September 2011 there were 4,476 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 12 September 2011

	Number of Ordinary Shareholders
1–1,000	169
1,001–5,000	601
5,001–10,000	569
10,001–100,000	2,102
100,001 and over	1,035
	4,476
Holders of less than a marketable parcel	1,459

The 20 largest shareholders hold 33.58% of the ordinary shares of the holding company.

20 Largest Shareholders as at 12 September 2011

	Number of Ordinary Shares held	Percentage (%) held to Issued Capital
Kronos International Inc.	76,470,588	7.04%
BHP Billiton Innovation Pty Ltd	55,000,000	5.06%
Christopher Leech	29,085,711	2.68%
Barrios Pty Ltd	25,944,331	2.39%
Richard Louden Delaney and Ian Arthur Cains	19,298,112	1.78%
Prestcorp Pty Ltd	15,888,108	1.46%
Rik Deaton	15,644,845	1.44%
Michael Turbott	15,051,118	1.39%
Ivan James Bota	13,494,070	1.24%
John William Trude & Lynette Harriet Gardener	12,500,000	1.15%
Camtan Pty Ltd	12,000,000	1.10%
Frisco Holdings Pty Ltd	10,050,000	0.93%
Stephen Joseph Harris	9,658,512	0.89%
Rosemarie Cremona	9,600,000	0.88%
Kerry and Christine King	8,881,049	0.82%
John David Winter	7,669,000	0.71%
Ian James Hay & Bronwyn Ann Hay	7,500,000	0.69%
Fei Yin Yip	7,053,334	0.65%
Feta Nominees Pty Ltd	6,995,074	0.64%
Anthony Prestia	6,950,592	0.64%
	364,734,444	33.58%

Corporate Directory

MEMBERS OF THE BOARD

Mr Terry Cuthbertson *ACA*
Chairman

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

Mr Robert J. Harrison *FAICD*
Director

SECRETARIES

Mr Nicholas J. Gaston *ACIS*
Company Secretary

GENERAL MANAGERS

Mr John Winter
BEng (Hons) – Chemical Engineering, MIEAust, MIChemE
General Manager, Technology Development

Mr Michael J. Smith *BSc, MSc, RPGeo, FAIG, MGSA, MASEG*
General Manager Exploration

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SOLICITORS

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Sydney NSW 2000

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Sydney NSW 2000

BANKERS

ANZ Bank
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