ANNUAL GENERAL MEETING

24th November 2008

The year of

AUSTPAC RESOURCES N.L.

Presentation by
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Managing Director

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ERMS SR Demonstration Plant

Timelines

- 2004 – Concept developed and tested
- 2006 – BHP Billiton Research Agreement
- 2007 – BHP Billiton invested $5M
  Project started in July
  Construction advanced by Sept

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ERMS SR Demonstration Plant

2008 Achievements

- Plant construction completed
- BHP Billiton invested further $3M
- Plant commissioned
- Production program completed
- Technologies proven

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ERMS SR Demonstration Plant

Construction

Stage 1 - Ilmenite roasting

Stage 2 - Synrutile production
Acid regeneration
Iron co-product

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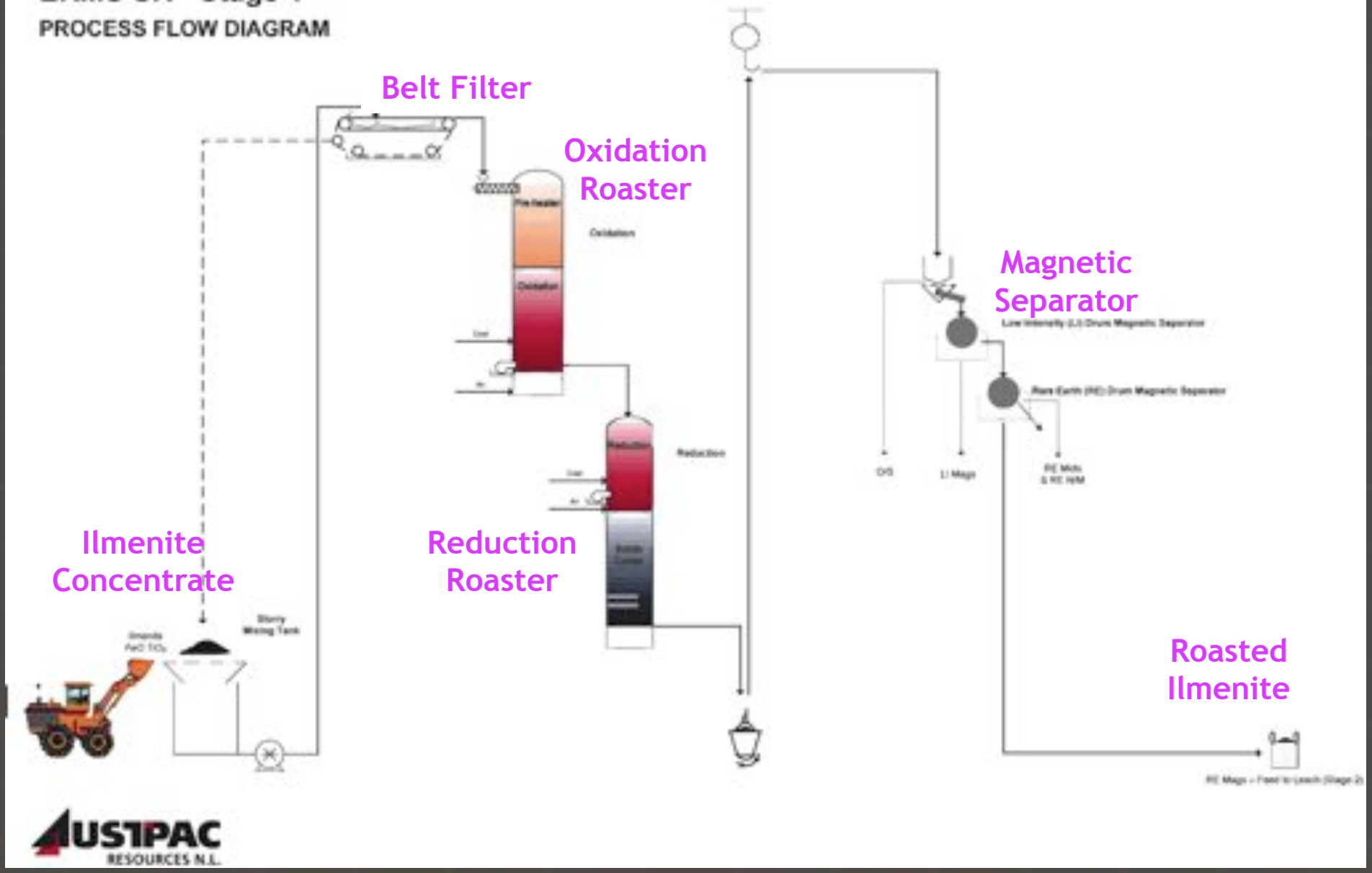
ERMS SR - Stage 1

PROCESS FLOW DIAGRAM



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Stage1 Construction

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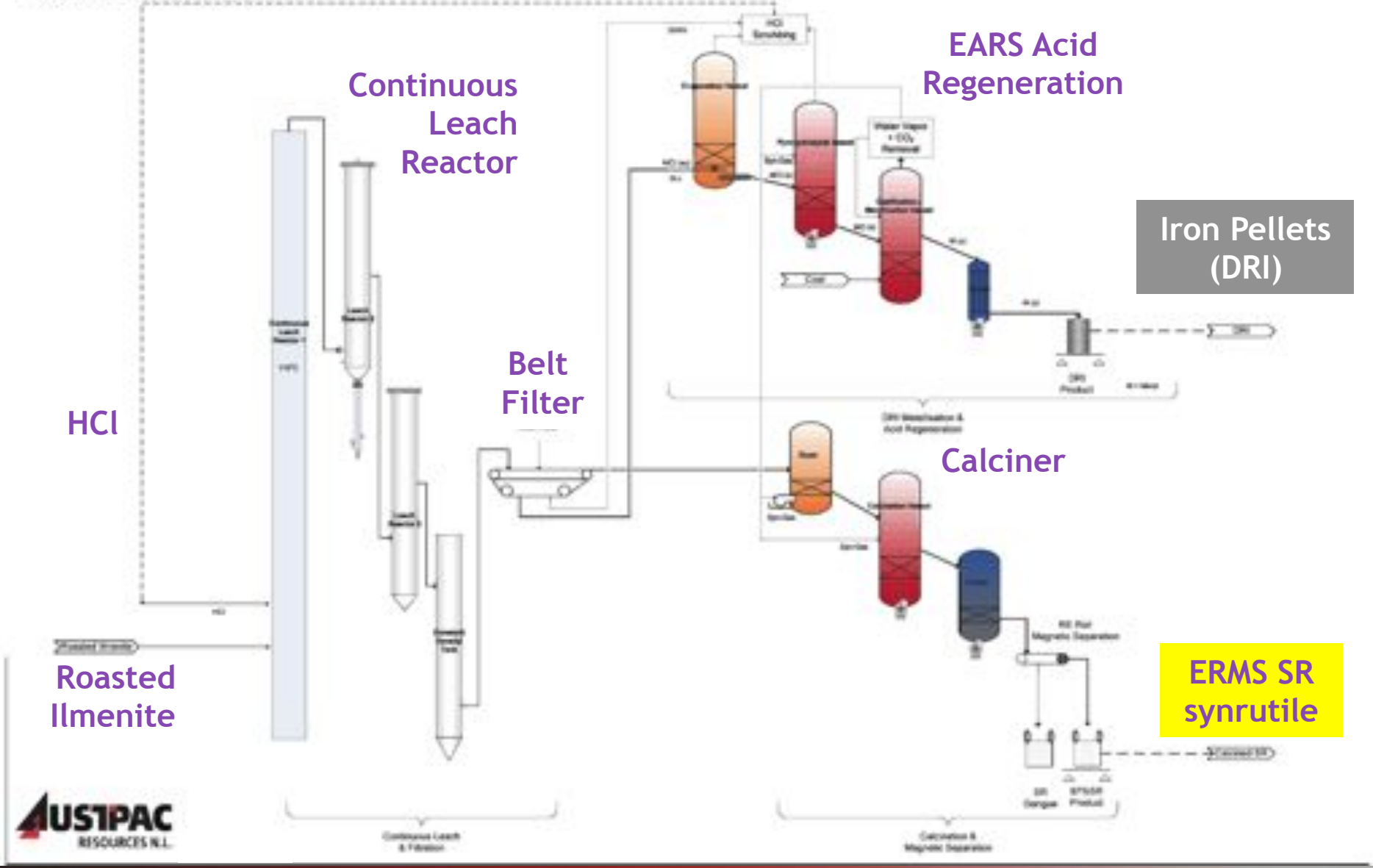
ERMS SR – Stage 2

PROCESS FLOW DIAGRAM



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Stage 2 Construction

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ERMS SR Demonstration Plant

2008 Operations

- Stage 1: Roasting Section
  - Construction completed February
  - 24/7 operation - March until July
  - 600t roasted ilmenite ready for leaching

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ERMS SR Demonstration Plant

2008 Operations

- Stage 2: Synrutile and EARS acid regen.
  - Construction completed Aug/Sept
  - Commissioned solids feed and metalliser with iron ore (DRI)
  - Commissioned EARS with pickle liquor (HCl)
  - Commissioned cont. leach reactor (Synrutile)
  - Produced samples for market trials (Oct)

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2008 Achievements

- ERMS SR process - PROVEN
- EARS process - PROVEN
- DRI process - PROVEN
- WINNER - 2008 Applied Technology of the Year

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Where to from here?

Commercialisation:

- Steel waste treatment – EARS section of Demonstration Plant
- ERMS SR Synrutile Plant – 60,000 tpa feasibility study

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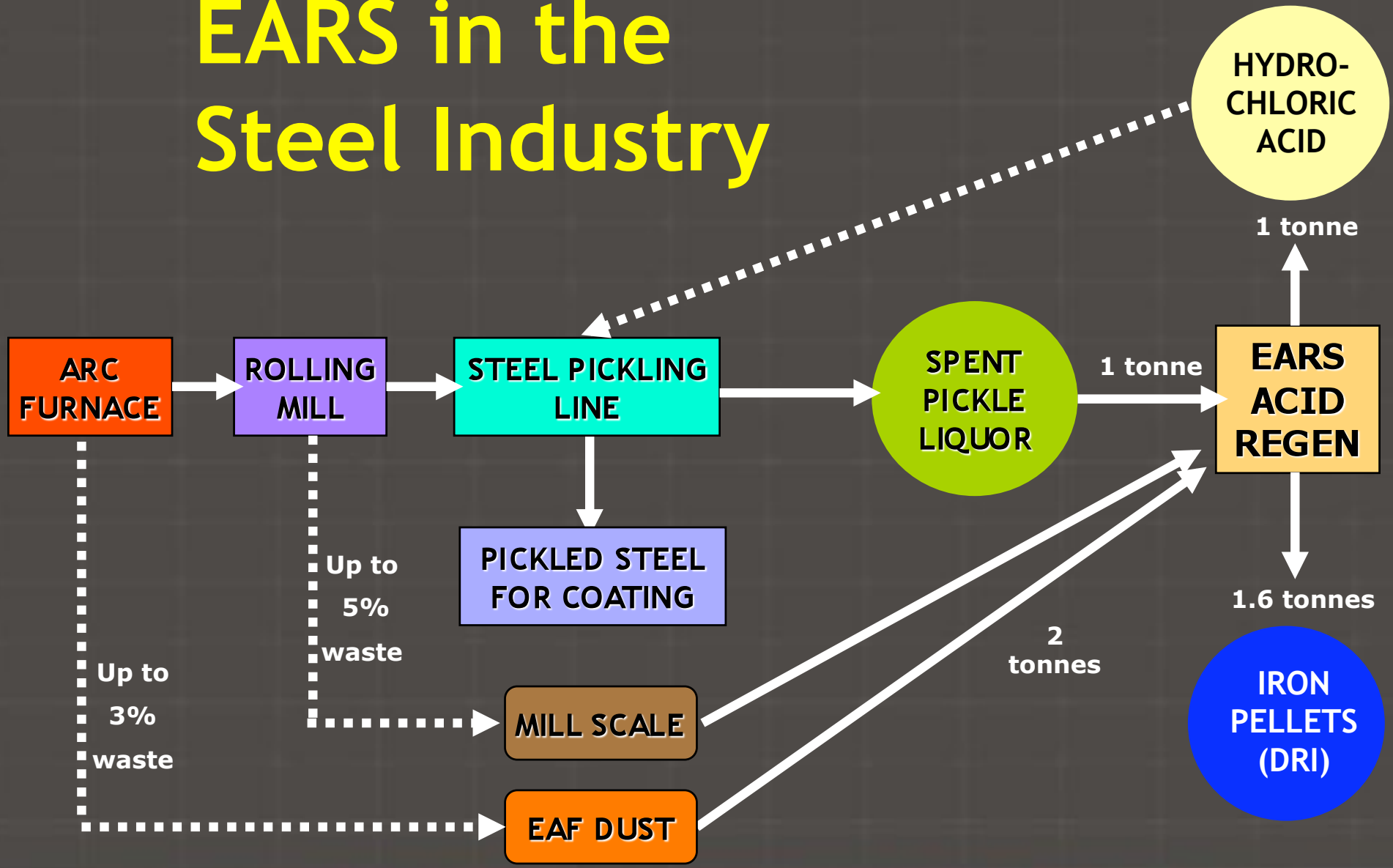
EARS in the Steel Industry



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Steel Waste Treatment

EARS Section,
Newcastle
Demonstration
Plant

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Steel Waste Treatment

Newcastle Demonstration Plant

- EARS Plant capacity - 40tpd = 13,000 tpa
- EPA licensed to treat steel waste
- Upgrade for commercial operation
- Pickle liquor supply agreements
- HCl acid and iron sales

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Steel Waste Treatment

Newcastle Demonstration Plant

- Plant upgrade – 3 months
- Q2 2009 – commercial operations
- 1-2 year operation at Newcastle
- Operating at 50% capacity, plant will generate profit >$3M per year

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Steel Waste Treatment

The Future

- EARS process will be “bullet-proof” and environmentally acceptable
- Build-Own-Operate EARS plants at steel mills – Australia and the World
- Collaboration with inter^{nl}. companies in the industry – eg. MultiServ

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ERMS SR Products

SYNRUTILE

(97% TiO2 ultra-high grade)

IRON PELLETS

(95% metallised)

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ERMS SR Process

The only synrutile process that:

- Produces two valuable products -
  - Ultra-high grade synrutile for titanium metal and TiO_2 pigment
  - Iron pellets for steel production
- Is continuous - patented leach reactor
- Generates less CO_2 and is more environmentally acceptable (no effluent)

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Commercial ERMS SR Plant

- 60,000 tpa synrutile + 45,000 tpa iron
- Location - Eastern Australia
- 97% TiO_2 product has created strong interest, samples being tested
- Ilmenite supply agreement
- Synrutile and iron off-take agreements

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Commercial ERMS SR Plant

60,000 tpa Feasibility Study

- Site selection – location, logistics
- Engineering design package – Austpac
- Engineering Feasibility – Engineering Group
- Bankable Feasibility:
  - Project participants
  - Project financing
  - Project approvals

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Commercial ERMS SR Plant

- 60,000 tpa synrutile + 45,000 tpa iron
  (Updated estimate July 2008)
- Economically attractive project:
  - Capital cost: ~$120M
  - EBITDA: > $ 45M p.a.
  - IRR: > 30%,
  - Payback: < 3 years

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Current Status

- Built/commissioned the ERMS SR Demonstration Plant
- Proved our technologies
- Produced high grade synrutile
- Generated corporate interest in ERMS SR and steel waste projects

Austpac in strongest position ever

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2008 - Year of Achievement

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