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SHARE PLACEMENT AND LICENSING AGREEMENTS SIGNED FOR THE
COMMERCIALISATION OF ERMS SR TECHNOLOGY
FOR SYNTHETIC RUTILE PRODUCTION

Austpac is pleased to announce that the detailed legal contracts have now been signed with BHP Billiton for the commercialisation of Austpac's ERMS SR synthetic rutile technology.

These agreements provide for the following:

- BHP Billiton has taken a placement of 25,000,000 fully paid ordinary Austpac Resources NL shares at 20 cents each, which raised \$5 million for the construction of Austpac's 3,000 tpa fully integrated ERMS SR Demonstration Plant at Newcastle. BHP Billiton is now Austpac's largest shareholder with a 3.8% holding.
- BHP Billiton has obtained a licence from Austpac to use the ERMS SR synthetic rutile technology in Africa. BHP Billiton will pay a fixed licence fee based on gross sales revenue.
- BHP Billiton will supply at least 550 tonnes of Corridor Sands ilmenite from Mozambique for the operation of the Demonstration Plant, from which around 180 tonnes of high grade ERMS SR synthetic rutile and 130 tonnes of DRI iron pellets will be produced for market assessment.
- Construction of the Demonstration Plant will be completed by the end of 2007, commissioning and operations will commence in January 2008
- Following completion of Demonstration Plant project, Austpac and BHP Billiton will jointly consider the next phase of commercialisation, which is a 60,000 tpa ERMS SR plant. Ongoing work would include a feasibility study to evaluate costs and potential sites for the plant, with consideration given to south eastern Australia and the Murray Basin.
- If BHP Billiton participates in the development of the 60,000 tpa commercial plant, BHP Billiton will be granted a further licence to use the ERMS SR technology worldwide, with the licence fee also based on sales revenue,.
- It is the intention of both companies to jointly seek opportunities in which to use the ERMS SR process.

Construction of the 3,000 ERMS SR Demonstration Plant will commence immediately.

The Plant will also incorporate Austpac's EARS acid regeneration and DRI iron reduction processes, which will facilitate the showcasing of these technologies for applications in the steel industry once the ERMS SR program with BHP Billiton has been completed.

For further information please contact:

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About Austpac Resources N.L. (ASX code: APG)

Austpac listed on the Australian stock exchange in July 1986, and is a minerals technology company and emerging synthetic rutile producer. Austpac's technology is able to transform ilmenite into high-grade synthetic rutile, a preferred feedstock for titanium dioxide pigment production. This technology can be used to beneficiate a range of heavy minerals, as well as process waste chloride streams from a number of industrial operations and recover iron units from waste oxides produced by steel making.