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AUSTRALIAN STOCK EXCHANGE ANNOUNCEMENT

AGREEMENT TO EXPLORE FOUR GOLD MINES AND ADDITIONAL GOLD PROSPECTS IN CHINA'S 'GOLDEN TRIANGLE'

Austpac Resources NL is pleased to announce that it has signed an agreement with Archipelago Resources PLC and the government-owned China Guangxi Gold Company (CGGC) to form an incorporated Cooperative Joint Venture (CJV) to explore for and develop any economic sulphide gold mineralisation discovered at a number of mines and prospects in the Guangxi Zhuang Autonomous Province (Guangxi) and Yunnan Province in southern China. The projects are located in the 'golden triangle', a region hosting many gold deposits, including some containing over 1 million ounces. The golden triangle is considered one of the most prospective gold districts in the country.

Under the CJV agreement, Austpac and Archipelago will earn an 80% interest in any gold deposits discovered by the CJV, and the CGGC will hold the remaining 20%. Under a separate agreement between Archipelago and Austpac, Archipelago may earn a 40% interest in the CJV by spending A\$2 million, and has the right to earn a 60% interest in the four mines covered by the CJV by spending a total of A\$3.5 million on the projects. Austpac will then retain a 20% interest in the CJV and any resulting discoveries by contributing to ongoing expenditure. Austpac and Archipelago may withdraw from individual projects at agreed milestones and/or expand exploration to new projects brought to the CJV by CGGC.

Mineralisation in China's golden triangle is frequently structurally controlled with mineralisation associated with domes and fault structures within Permo-Triassic host rocks. The gold deposits also frequently show an association with finer clastic or carbonate sediments and are commonly described as "Carlin type" after similar mineralisation in the Carlin trend in Nevada. The recently discovered 4 million ounce Jinfeng sulphide gold deposit now being developed by Sino Gold is located within this region.

The four gold mines comprising the initial CJV package are Gaolong, Nabi and Badu in Guangxi Province and Naneng in the adjoining Yunnan Province. Current operations at the mines are small in scale, being limited to near surface oxide ores processed by way of heap leach. However mining has exposed primary sulphide mineralisation, with samples assaying up to 6 g/t Au, and the projects have very good potential to support both open pit and underground mining operations, subject to the design and construction of an appropriate processing plant(s) to treat the sulphide ore.

The CJV will also include the evaluation of additional mines and prospects owned or acquired by CGGC within Guangxi province. Austpac and Archipelago consider the broad ranging nature of the CJV to be very attractive, commercial and in the best interest of all of the CJV parties, as it maximises the potential to locate, delineate and develop a viable operation.

Austpac Resources N.L. is an Australian listed minerals technology company and emerging synthetic rutile producer. The ERMS SR process produces high grade synthetic rutile, a preferred feedstock for titanium dioxide pigment production. The EARS process regenerates hydrochloric acid from waste chloride streams, as well as producing a valuable metal pellet co-product. Austpac also has processes for agglomerating fine high-titanium minerals, the direct reduction of iron ore, and the separation of minerals for titanium pigment feedstock.

Subject to further appropriate documentation and statutory approvals to set up the CJV Company, exploration is scheduled to start early next year.

The CGGC is the subsidiary of the National Gold Company of the Peoples Republic of China responsible for the administration of gold mine development in Guangxi, the holder of many gold mining and exploration rights, and a major shareholder in a number of operating gold mines which are processing oxide gold ore.

Archipelago is a mining company listed on the AIM market of the London Stock Exchange, and is developing the 1.7 million ounce Toka Tindung gold deposit in Sulawesi, Indonesia, where production is scheduled to commence in the third quarter of 2007 at an initial rate of 150,000 ounces per year.

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