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3,000 TPA ERMS SR SYNRUTILE DEMONSTRATION PLANT:

CONSTRUCTION OF STAGE 1 ON SCHEDULE

COMMISSIONING TO COMMENCE EARLY IN FEBRUARY 2008

Austpac is pleased to report that the construction of Stage 1 of the 3,000 tpa ERMS SR synrutile Demonstration Plant at Newcastle, NSW, has progressed very well and is on budget and on schedule to commence cold commissioning in the first week of February, 2008.

Stage 1 is the ilmenite roasting and magnetic separation section. Raw ilmenite concentrate will be slurried and pumped to the top of the process tower on to a belt filter which removes the bulk of the water. The concentrate will then be transferred through a series of conveyors and a weigh feeder into a pre-heater. This will remove remaining moisture and heat the ilmenite concentrate. The hot concentrate will then pass to an oxidation roaster and on to a reduction roaster to condition the ilmenite for magnetic separation and leaching. The roasted ilmenite concentrate will be cooled anerobically (in the absence of oxygen) and transferred to a rare earth drum magnetic separator, where the roasted ilmenite will be separated from the gangue (trash) minerals in the concentrate. Roasted ilmenite will then be stored ready for Stage 2, which is the ilmenite leaching and EARS acid regeneration section.

John Winter, General Manager - Process Engineering, is supervising the project, assisted by Austpac's engineering team. On-site construction is being undertaken by two Newcastle-based contract engineering groups, with specialist assistance where necessary from other outside contractors. Construction progress and delivered equipment are shown in a series of photographs (below).

On 14th January 2008, the Austpac team was expanded with the hiring of 9 experienced operators, who are presently undergoing two weeks of familiarisation regarding the ERMS SR process and its implementation in the Demonstration Plant. The operating team will commence cold commissioning of the plant in the first week of February 2008, followed by initial roaster testing, moving to hot commissioning late in the second week. The 150 tonnes of ilmenite concentrate purchased from Consolidated Rutile Limited (see ASX announcement dated 20th December, 2007) will be used to commission the plant before moving to the 24 hours/7 days per week continuous "production run". The production run will process 500 tonnes of "Mags1" ilmenite concentrate, purchased from the Ginkgo mine at Bemax's Pooncarie project in the Murray Basin, at the end of which it is planned to

process 70 tonnes of ilmenite concentrate from BHP Billiton's Corridor Sands deposit in Mozambique. The Stage 1 program is scheduled to be completed by mid-May 2008.

Construction of Stage 2, the ilmenite leaching and EARS acid regeneration section, will continue during Stage 1 operations and will be ready for commissioning in June. Commissioning is expected to take one month because of the complexity of this section. It is planned to commence 24 hours/7 days per week continuous operation of the leaching and EARS acid regeneration in July. It is anticipated that the ERMS SR synrutile production and testing program will be finished in August 2008.

Austpac's Board is very pleased with progress at the Demonstration Plant and commends the Newcastle team on their achievements to date. The Board is looking forward to a highly successful program that will prove all facets of the Company's technologies with respect to synrutile production, and also lead to commercial applications for our processes in the iron and steel industries.

For further information please contact

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

Austpac [www.austpacresources.com] is a minerals technology company focused on the titanium, steel and iron ore industries. It has been listed on the Australian Stock Exchange since 1986. Austpac's key technology transforms ilmenite into high-grade synthetic rutile, a preferred feedstock for titanium dioxide pigment production. The technology can also be used to process waste chloride solutions and iron oxides produced by steel making to recover hydrochloric acid and iron metal pellets. A third process can be used to produce Direct Reduced Iron (DRI) from both hematite and magnetite iron ores.

Austpac's ERMS SR Synrutile Process

3,000 tpa ERMS SR

Demonstration Plant

Newcastle, NSW

Process Tower

from Northeast

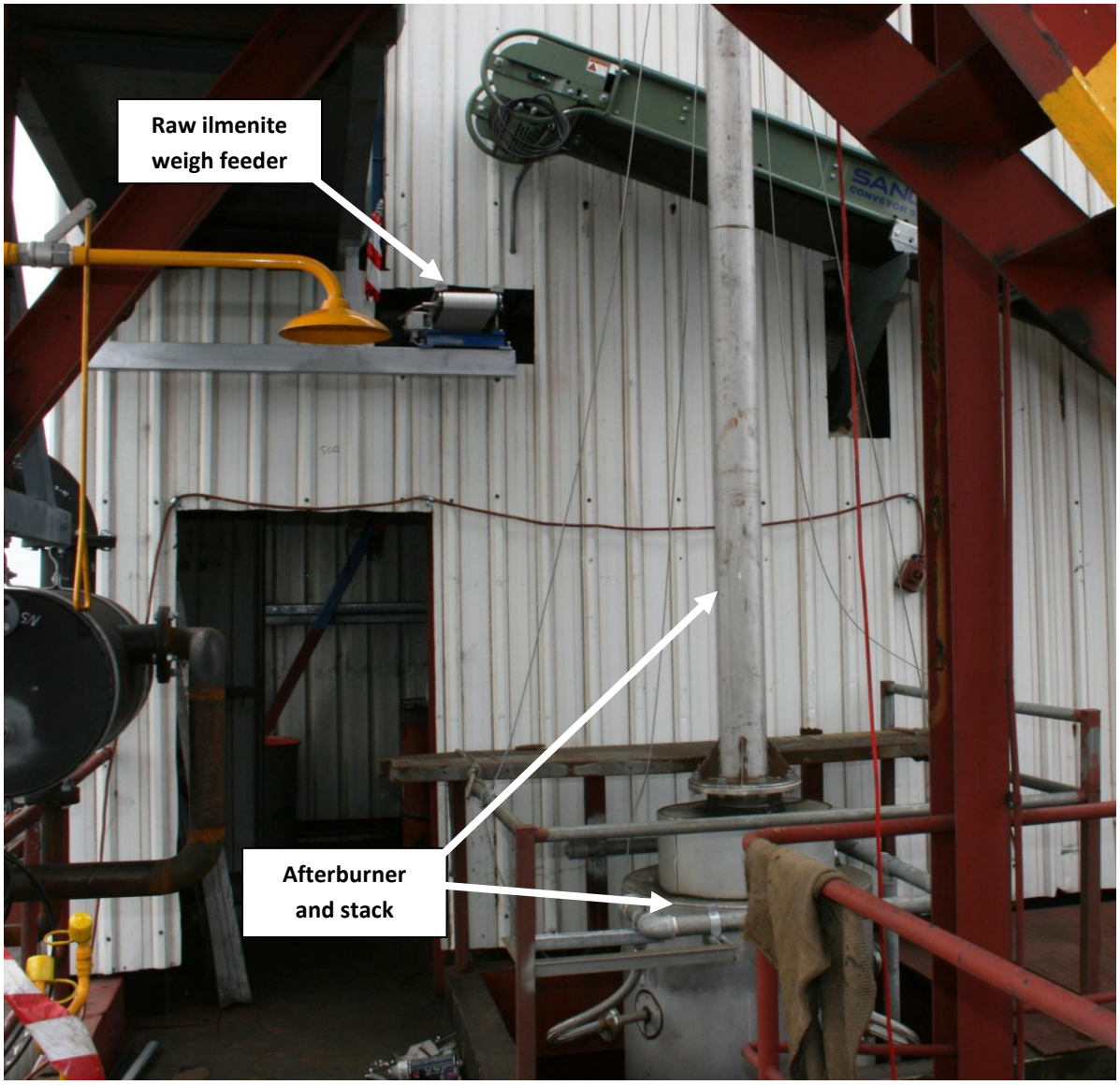
(150 tonne parcel of raw ilmenite concentrate in foreground for plant commissioning)

Site Office and Austpac Team (October 2007)

Austpac Team (January 2008)

Slurry Tank for Raw Ilmenite Concentrate Feed System

Raw Ilmenite Concentrate Feed Conveyors



Weigh Feeders for Raw Materials (Coal and Roasted Ilmenite)

Brown Coal Briquette Stockpile

Coal Crusher

Crushed Coal Screens

Ilmenite Reduction Roaster

Roasted Ilmenite Cooler

Rare Earth Drum Magnet for separation of Roasted Ilmenite

Wet Solids Filter Fan with Coal Crusher in background

Process Steam Boiler

Refurbished Batch Leaching Test Facilities

Automatic Titration Equipment on loan from BHP Billiton

Acid Tank Farm with Tank Plinths

BHP Billiton Executives discuss progress with John Winter (Nov. 2007)