



20 January 2011

TERMS AGREED WITH KRONOS WORLDWIDE FOR THE DEVELOPMENT OF THE NEWCASTLE IRON RECOVERY PLANT

Austpac is pleased to announce that the Company and Kronos Worldwide Inc, a major titanium dioxide pigment producer, have agreed in principle on the terms for an investment in Austpac's Newcastle facilities, including funds for the construction and commissioning of the Newcastle Iron Recovery Plant. Austpac will commercially operate this plant which will use the EARS process to recycle mill scale and pickle liquor from steel mills and produce iron and hydrochloric acid for sale to the steel industry. The plant will also be able to process other chloride wastes, such as those produced by the TiO₂ industry.

In November 2010, Austpac announced that Kronos was interested in using Austpac's EARS technology to recycle chloride waste streams created by the manufacture of pigment. This followed successful pilot scale work at Newcastle during 2010, which demonstrated that fresh hydrochloric acid and iron can be produced from these wastes.

Further details remain confidential until definitive agreements are finalised. These are expected to be signed in February. Construction of the Newcastle Iron Recovery Plant will commence as soon as practical after the transaction is completed.

For further information please contact:

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

Austpac Resources N.L. [www.austpacresources.com] is a minerals technology company currently focused on recycling waste chloride solutions and iron oxides produced by steel making to recover hydrochloric acid and iron metal. Austpac's technologies also transform ilmenite into high-grade synthetic rutile, a preferred feedstock for titanium metal and titanium dioxide pigment production. The Company has been listed on the Australian Stock Exchange since 1986.

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