



January 21, 2010

SHAREHOLDER UPDATE

BRIQUETTER PURCHASED FOR NEWCASTLE IRON RECOVERY PLANT

FOLLOWING SUCCESSFUL TESTWORK AT CSIRO MINERALS

Austpac is pleased to provide an update on progress towards commercial operations at the Iron Recovery Plant at Newcastle, NSW.

- In early January 2010 Austpac purchased a used Koeppern roller press briquetter for installation in the Newcastle Iron Recovery Plant. This equipment will allow Austpac to produce briquettes of ARI (Austpac Reduced Iron) instead of smaller iron flakes or pellets. Smaller pellets are not suitable to feed into arc furnaces for steel making, so the briquettes will make ARI a far more commercially attractive product.
- The Koeppern briquetter has a nominal capacity of 12 tonnes per hour (tph), and it will only need to be operated for up to six hours each day, thus saving significant costs.
- The briquetter's installation will be supervised by Koeppern Machinery Australia, a subsidiary of the German manufacturer, to ensure it is commissioned and operates to original specifications.
- ARI produced in Austpac's pilot scale equipment at the Kooragang Island Plant was used for briquetting trials at CSIRO Minerals' small scale briquetting equipment. This work was undertaken late last year and competent briquettes suitable for arc furnace feed were produced, reinforcing confidence in our briquetted iron product.
- Ordering of long lead time equipment is underway and construction/installation is proceeding with commissioning of the Newcastle Iron Recovery Plant scheduled for the second quarter of 2010.



ARI Briquettes produced by CSIRO Minerals



12 tph Koeppern roll press briquetter

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

WINNER: 2008 National Mining Awards APPLIED TECHNOLOGY OF THE YEAR

Austpac Resources N.L. [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.