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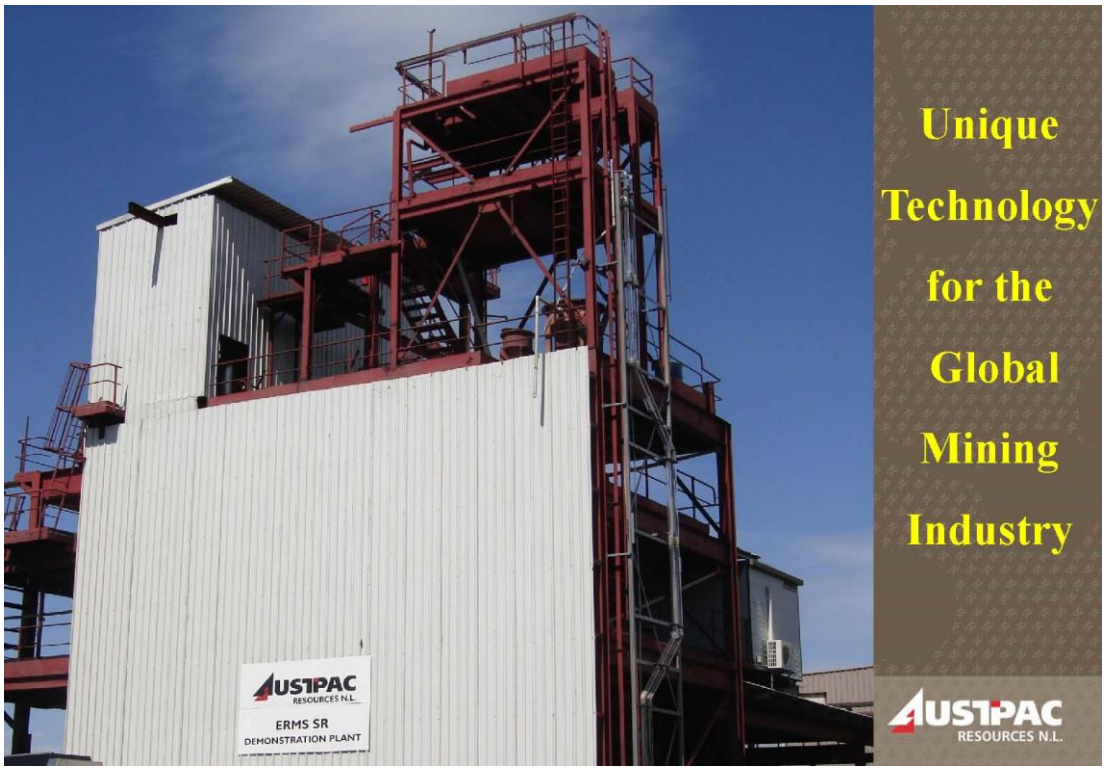
Investor Presentation:

"Commercialising Austpac's Value-adding Technologies"

Michael Turbott
Managing Director
September 2007



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Mike Turbott, Managing Director

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Austpac Resources -The Company

Listed on ASX July 1986	Code: APG
Shares on issue	649 million
Share price	12c (5th Sep 2007)
Market Cap	$78 million
Shareholders	4,200
Major shareholder	BHP Billiton 3.8%
$5.2M in cash, no debt	

Share price up 864% in fiscal 2007 [Intersuisse resources index]

Management

Terry Cuthbertson, Chairman
Extensive international corporate experience including a practical operating knowledge of business practices and structures in China and India.

Mike Turbott, Managing Director
35 years' experience in the mining industry. Managed a wide variety of exploration and development projects in Australia, New Zealand, PNG, Indonesia, Philippines and N. America. MD of Austpac since its formation

Robert Harrison, Non-Executive Director
40 years' experience in the marketing commodities in Africa and Australia, with over 20 years specialising in titanium minerals and zircon.

John Winter, General Manager - Process Development
Chemical engineer; 15 years experience, expert in fluid bed roasting and chloride chemistry, developed new processes and know-how that has led to four patents/applications to date.

Richard Jurdeczka, Plant Construction Manager
Civil engineer; 33 years experience in design, construction and project management in industrial, infrastructure, mining and hydrocarbon projects

Austpac's Business

Mineral processing

- **Titanium Industry:**
  - Synthetic rutile for TiO_2 pigment & titanium metal
  - Fine mineral agglomeration
- **Iron and Steel Industries:**
  - Recycling waste iron oxides and chlorides
  - Direct reduction of iron ores ("DRI")

Gold exploration - south east China

The Titanium Industry:

- **95% of titanium used as TiO_2 pigment**
- **Paints 57%, Plastics 20%, Paper 12%**
- **$US8 billion industry; 3% pa growth**
- **Two pigment manufacturing processes – Chloride (60%) and Sulfate (40%)**
- **Chloride process requires high-grade feedstock**

Austpac's Strategy

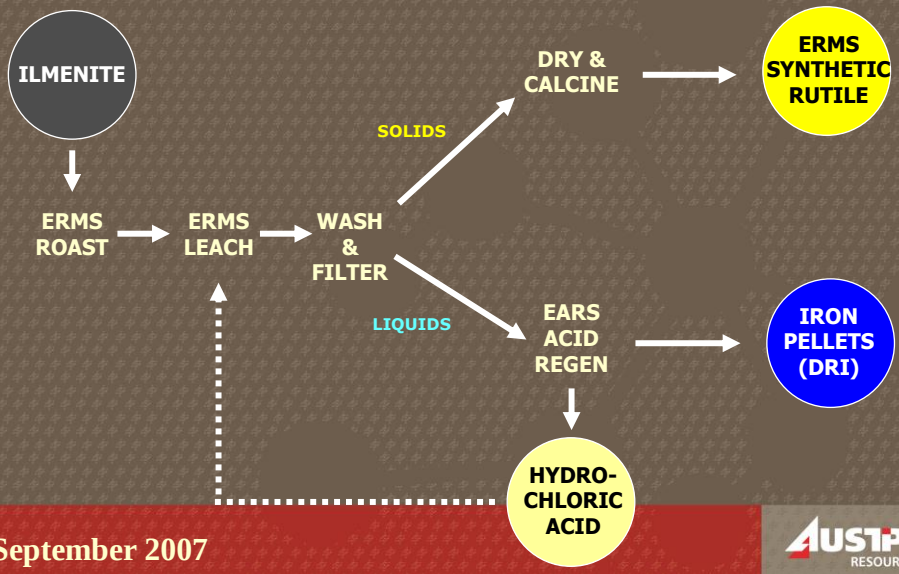
Use Austpac's value-adding technologies and innovative processes, to:

- Become a significant producer of high grade synthetic rutile feedstock for TiO_2 pigment and Titanium metal manufacturers
- Produce iron units and recover acid from waste for the world steel industry (BOO plants)
- Produce Direct Reduced Iron (DRI) pellets from iron ore fines (licences)

Our Processes

ERMS SR	**Roasts and leaches ilmenite to produce high grade synthetic rutile**
EARS	**Converts iron chlorides in spent leach liquors into hydrochloric acid and iron pellets**
Direct Reduced Iron	Innovative fluid bed process to reduce iron oxide to iron metal
Agglomeration	New fluid bed process to agglomerate fine minerals

ERMS SR & EARS Process



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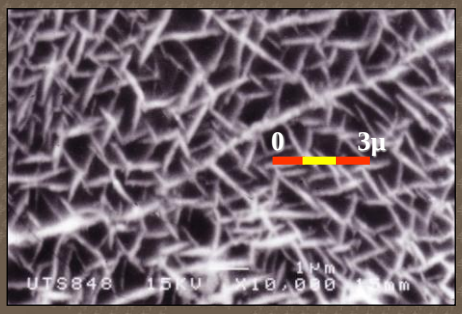
ERMS SR

World's highest quality synthetic rutile (>96% TiO_2)

TiO_2	97.0%
Fe_2O_3	0.55%
SiO_2	0.57%
Al_2O_3	0.17%
Cr_2O_3	0.01%
CaO	<0.01%
MgO	0.02%
MnO	0.01%
U+Th	<10ppm



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EARS Iron Pellets (DRI)

High purity feedstock for steelmaking and foundries

Fe	89.7%
FeO	6.00%
TiO_2	0.16%
SiO_2	0.18%
Cr_2O_3	0.08%
MgO	1.18%
MnO	2.29%
V_2O_5	0.84%
P_2O_5	0.007%

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ERMS SR & EARS Process

Unique Features

Produces two valuable products

- Ultra-high grade synthetic rutile (for pigment and metal)
- Iron pellets for steel (instead of fine oxide waste)

Continuous - therefore lower capital & operating costs

Versatile - can treat any ilmenite and use any fuel (solid, liquid or gas)

Environmentally friendly - no solid or liquid wastes
- no radioactivity

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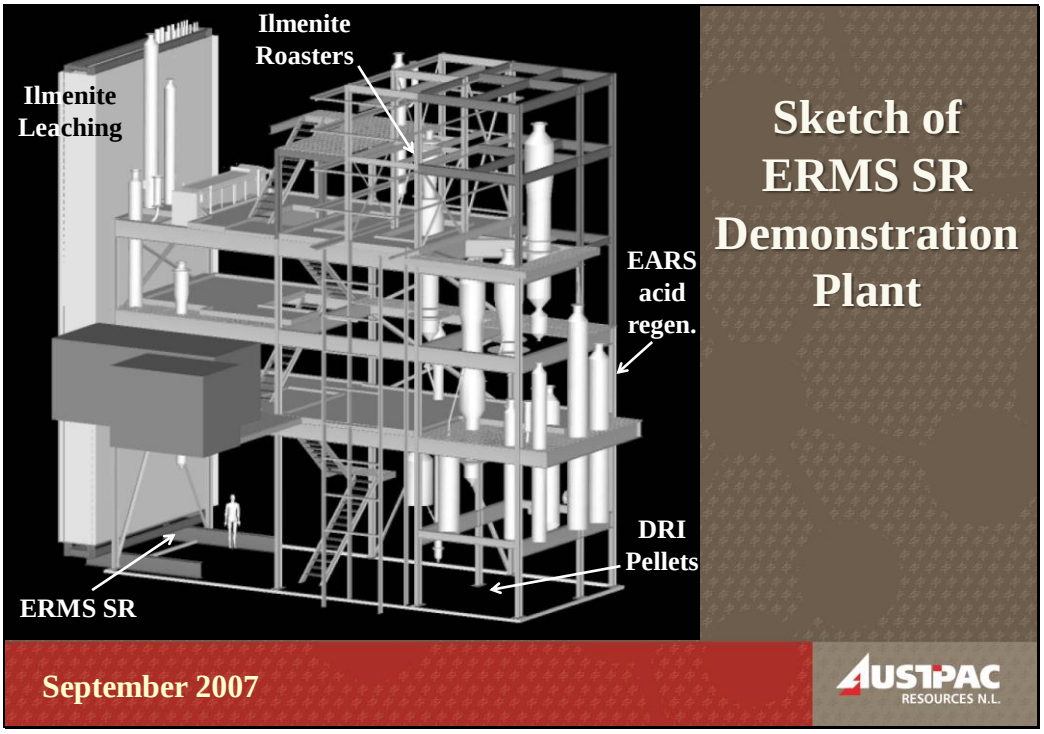
ERMS SR Demonstration Plant (3,000 tpa)
Raw Materials Feed Bins and Enclosure
Plant Control Room
Motor Control Centre
Roaster Train
Raw Materials Hoist Shaft
Magnetic Separation Building


Ilmenite Roasters
Ilmenite Leaching
EARS acid regen.
DRI Pellets
ERMS SR
Sketch of ERMS SR Demonstration Plant
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BHP Billiton & ERMS SR

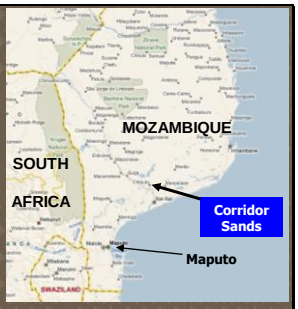
Research Agreement (Sep. 2006 - Jan. 2007)

Commercialisation Agreement (May 2007)

- BHPB share placement raised $ 5m (25,000 000 shares; largest shareholder with 3.8%)
- Integrated Demonstration Plant at Newcastle (3,000 tpa)
- BHPB licensed to use technology in Africa (fee based on gross sales revenue)
- BHPB owns Corridor Sands (>100Mt ilmenite)
- Next step: 60,000 tpa commercial ERMS SR plant

Will jointly seek opportunities to apply ERMS SR process elsewhere in the world

Corridor Sands



- Near Chibuto, southern Mozambique
- Ownership:
  - 90% Corridor Sands Limitada (BHP Billiton)
  - 10% Industrial Development Corp. of South Africa
- World's largest known heavy mineral ilmenite resource (100-year-plus asset)
- BHP Billiton reconfiguring project

Titania Slag, ERMS SR option

Commercial ERMS SR Plant

- 60,000 tpa ERMS SR plant (+ 45,000 tpa DRI pellets)
- Scale-up from Demonstration Plant – only 20:1
- Economically attractive:
  - Capital cost: ~$ 85M
  - EBITDA: > $ 35M p.a.
  - IRR: > 30%, Payback: < 3 years
- South eastern Australia possible location

Our Processes

ERMS SR	Roasts and leaches ilmenite to produce high grade synthetic rutile
EARS	Converts iron chlorides in spent leach liquors into hydrochloric acid and iron pellets
Direct Reduced Iron	Innovative fluid bed process to reduce iron oxide to iron metal
Agglomeration	New fluid bed process to agglomerate fine minerals

Recycling in the Steel Industry

- EARS regenerates low cost hydrochloric acid from waste chloride solutions from steel pickling & galvanising operations
- Transforms iron units currently lost as mill scale and EAF dust into high value arc furnace feed

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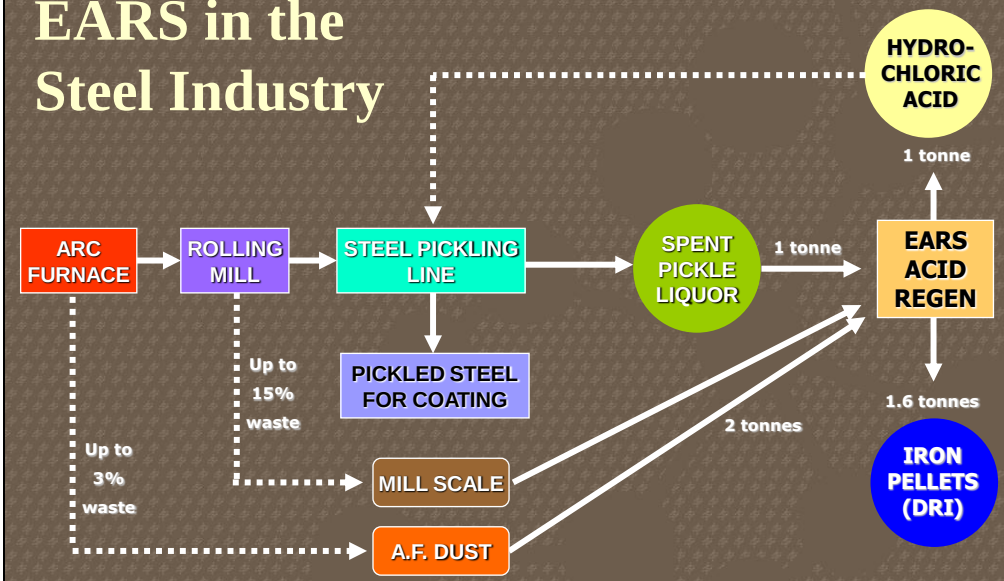
EARS in the Steel Industry



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OneSteel EARS Agreement

- Pilot scale test work with OneSteel successful - spent pickle liquors and iron oxide residues (mill scale & EAF dust)
- Demonstration Plant is next step for commercialisation
- This will prove viability for steel industry applications
- Will lead to early cash flows

"Build-Own-Operate" (BOO) EARS Plant

- 50 tpd plant – Capital cost ~ $ 6M
- Opex $130/t, Value >$750/t; Profit = $620/t
- Generates > $ 10M profit p.a.

Our Processes

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Iron Ore to DRI

- Value addition in the iron ore industry:
  - Magnetite sands to DRI
  - Low value iron ore fines to high value DRI
- The continuous metallisation unit at Newcastle demonstrated the process using Pilbara iron ore fines
- ERMS SR Demonstration Plant will be used to process bulk iron ore samples

Interest from iron ore producers

Our Processes

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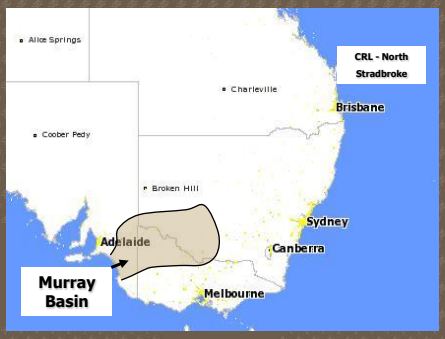
Fine Mineral Agglomeration

- New fluid bed process; no binders
- Demonstrated on "Hi-Ti" minerals

Austpac's fine-grained WIM 150 deposit in the Murray Basin could supply an ERMS SR plant for >50 years

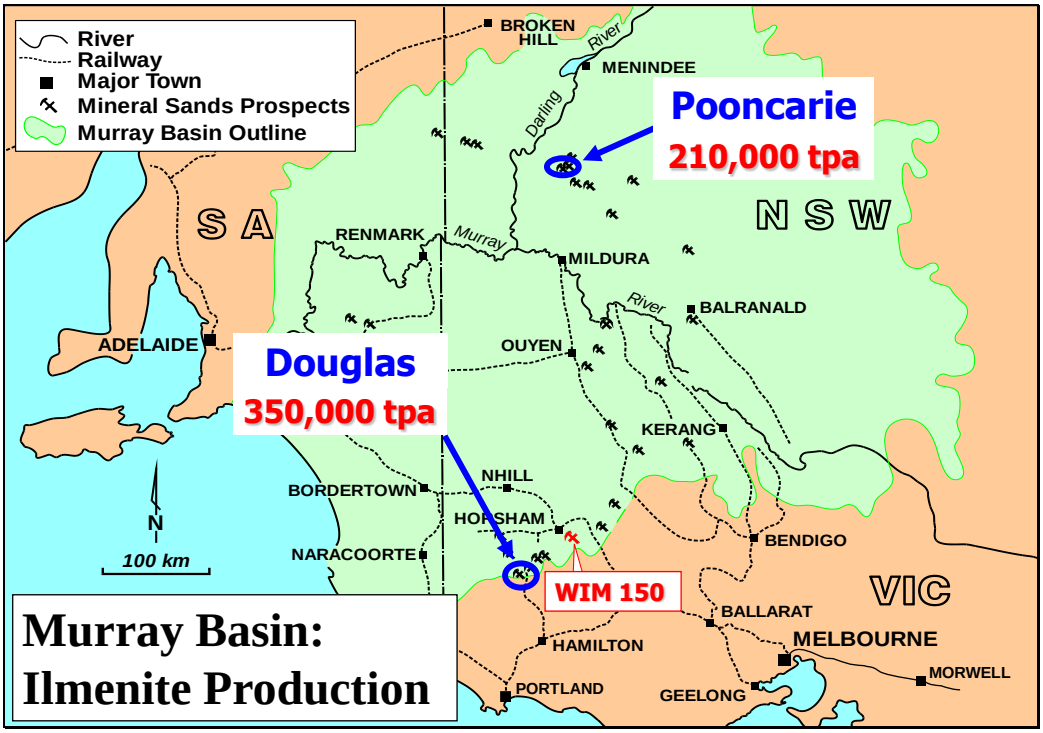
Murray Basin Mineral Sand Developments



Huge value-add potential

- 2006 – two new mineral sand mines commenced production in the Murray Basin
- Unsaleable ilmenite (high chrome & U+Th)

ERMS SR: only suitable process for upgrading ilmenite


River
Railway
Major Town
Mineral Sands Prospects
Murray Basin Outline
BROKEN HILL
River
MENINDEE
Darling
Pooncarie
210,000 tpa
S A
N S W
RENMARK
Murray
MILDURA
River
BALRANALD
ADELAIDE
Douglas
350,000 tpa
OUYEN
KERANG
NHILL
BORDERTOWN
HORSHAM
BENDIGO
N
100 km
NARACOORTE
WIM 150
VIC
BALLARAT
HAMILTON
MELBOURNE
MORWELL
PORTLAND
GEELONG
Murray Basin:
Ilmenite Production

Iluka
Murray Basin
Operations
High-chrome Ilmenite
BeMaX
Map Area
Access
Site Office
& Plant
DOUGLAS MINE SITE
ILUKA
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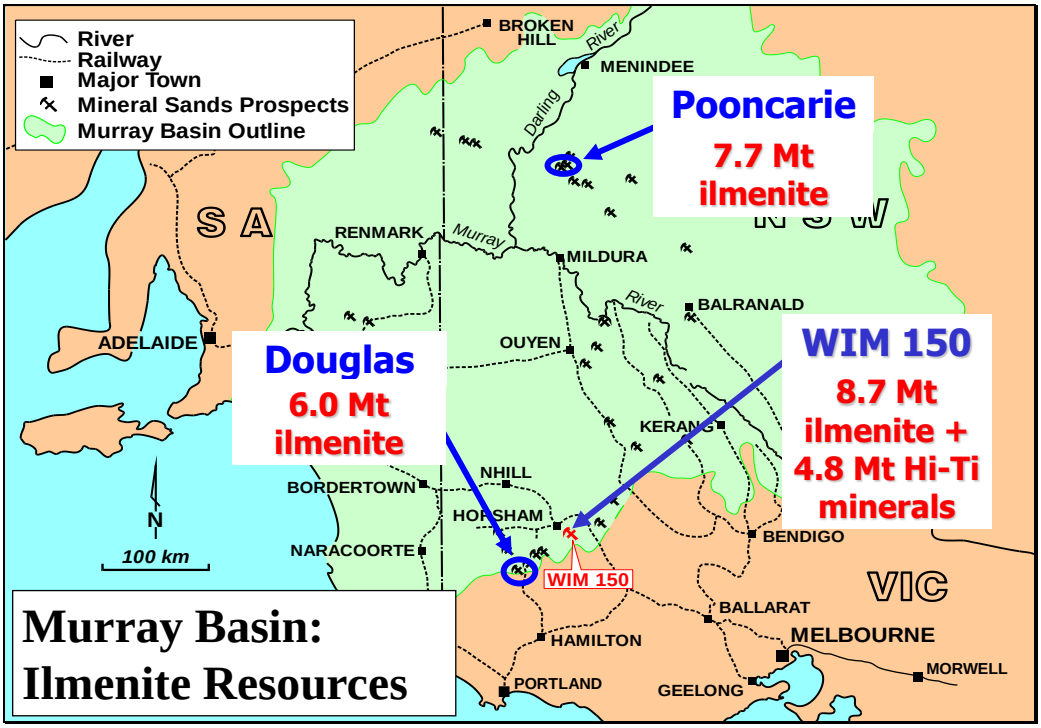

Austpac's WIM 150 Deposit

- Very large, fine grained HM deposit - zircon and high chrome ilmenite - 50 year mine life
- ERMS SR process produces ~96% TiO_2 fine grained synrutile
- Austpac's agglomeration process solves fine grain size problem
- JV with Australian Zircon (zircon-focused) Austpac can utilise Ti minerals

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Austpac's Forward Program:

- ERMS SR - Commercialisation with BHP Billiton
- EARS – Early cash flow from the Steel Industry
- DRI – Adding value to iron oxides and iron ores
- WIM 150 (Austpac to treat titanium minerals)

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Project Timelines

(Fiscal Years)

Project	2007-08	2008-09	2009-10	2010-11	2011-12
Demonstration Plant (3,000tpa)					
60,000 tpa ERMS SR Plant - S.E. Australia					
EARS Plant #1 (Australia)					
EARS Plant #2 (Australia)					
DRI from iron ore fines (licences)					

☆ Cash Flow

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Cash Generation Potential

(EBITDA, Fiscal Years)

Project	2007-08	2008-09	2009-10	2010-11	2011-12
60,000 tpa ERMS SR Plant - S.E. Australia	-	-	-	$30M	$35M
EARS Plant #1 (Australia)	-	$4M	$10M	$10M	$10M
EARS Plant #2 (Australia)	-	-	$3M	$10M	$12M
Project EBITDA (Cumulative)		**$4M**	**$13M**	**$50M**	**$57M**

PLUS: DRI from iron ore, worldwide steel industry, gold

Investment Case:

- World class, proprietary, value-adding technologies
- Widely applicable to Titanium and Steel Industries
- Experienced management team
- JVs with BHP Billiton & OneSteel
- ERMS SR plant(s) in the Murray Basin (ilmenite purchase and WIM 150)
- Solution for Steel Industry wastes
- Low entry price into exciting growth company with long term earnings capability