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NEWCASTLE IRON RECOVERY PLANT – PROJECT UPDATE

Construction of the Newcastle Iron Recovery Plant has progressed significantly since the project update dated 16 June 2013. Three sections of the Plant are nearing completion and are being prepared for commissioning. Developments are illustrated in the accompanying photographs:

- Civil works, which were a major task involving site drainage and extensive concrete work for equipment foundations and driveways for vehicle access, have now been completed. This included the bunkers for bulk mill scale delivery and iron briquette load-out, the foundations for the high voltage transformer and the CO_2 stripping and absorption columns, the driveway beneath the product silos for truck access for char and iron chip load out, and the bunded tanker loading and despatch station adjacent to the tank farm.
- Cladding and roofing of the plant room has been finished and electrical cabling to the blowers, compressors, waste heat boiler and hydraulic pumps is being completed. The next task is installation of the pipework to connect low pressure and compressed air, water, steam, hydraulic oil and nitrogen to the process tower.
- Erection of steelwork for the north tower extension to the process tower is advancing and equipment is being installed as this progresses. The stoves which will recover heat from the hot gases exiting the fluid bed coal gasifiers are in position and have been packed with refractory bricks and the front covers are now installed. The north tower will house the fluid beds which comprise the three elements of the EARS section of the Plant; namely gasification-metallisation, pyrohydrolysis and evaporation, which will be installed sequentially as steel erection proceeds.
- In the mill scale preparation area, the lubrication lines for the rotating equipment and the conveyors have been installed, the Olds elevators which will transfer mill scale into the Plant are in place, and electrical cabling has commenced. Several discharge chutes and safety guards on the equipment remain to be completed before commissioning of the mill scale section can commence.
- The internal components have now been installed in the CO_2 stripping and absorption columns on the east side of the existing process tower, with pipework for the CO_2 scrubbing system awaiting installation.
- A fire-proof structure to house the 33 kVA high voltage transformer has been erected alongside the Plant switch room, the transformer has been positioned and construction of the roof is underway. The HV cables to connect the transformer to the switch room 350m away have been drawn through the underground conduit which was previously installed.

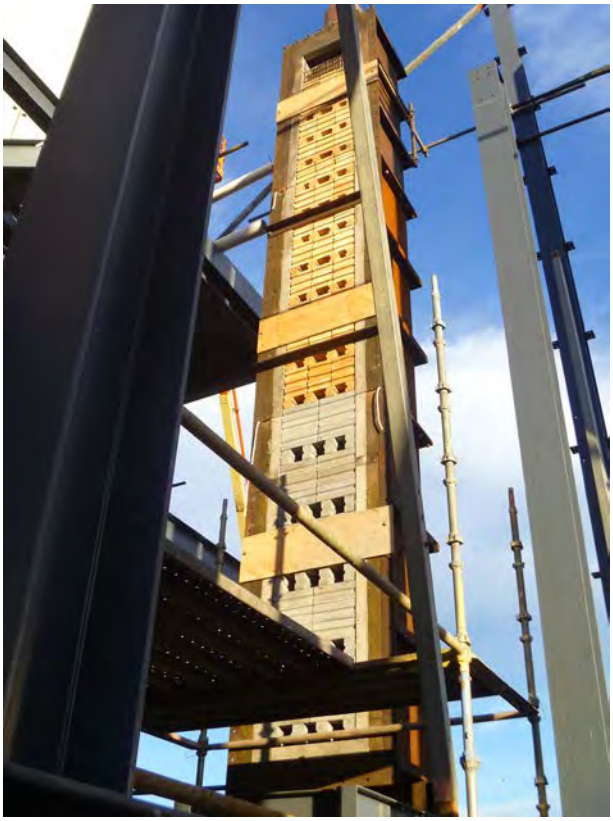
Completion of construction and commencement of commissioning of the Plant will occur during the third quarter and initial production will follow in the fourth quarter of 2013. The Newcastle Iron Recovery Plant will showcase Austpac's proprietary waste recycling process to the steel industry, and a number of mills have expressed interest in licencing the technology to treat wastes at their sites.

View of the Plant from the north-west, showing the mill scale handling section on the western wall, the structural steel for the north tower extension with the stove shells in position, the stove front covers (foreground), and the completed plant room (upper left centre)

Installing the roof on the plant room. This houses the blowers, compressors, the waste heat boiler and the hydraulic pumps

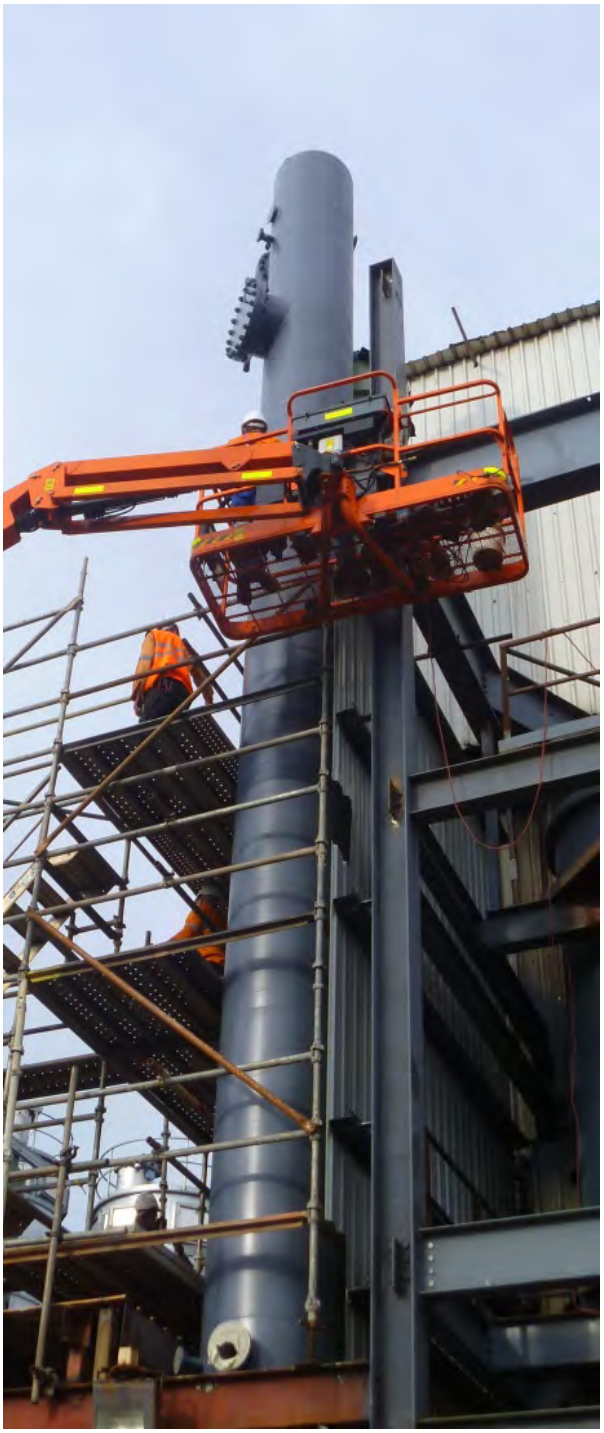
The completed plant room above the iron briquette product load-out bunker

The four stoves for heat recovery and transfer have been installed in the north tower



View of a stove packed with refractory bricks prior to installation of the front cover

Birds-eye view of the mill scale handling section of the Plant. Raw mill scale will be conveyed from the hopper to the trommel screen, then via an Olds elevator to the ball mill, preparatory to being elevated into the evaporation section in the Plant



Preparing to install internal fittings into the CO_2 stripping and absorption columns

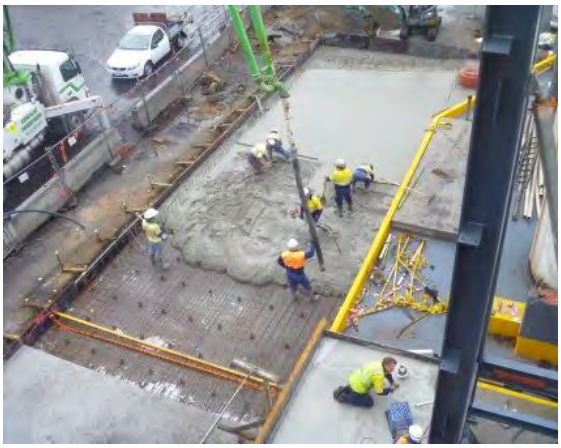
Preparing the internal stainless steel trays for hoisting. The trays facilitate gas-liquid contact and achieve gas absorption in the columns

Installing the trays into the columns

Installing the lower section of the tower to support the magnetic separator (to separate iron chips from char before the products are diverted to their respective silos)

The completed lower section of the tower. The two silos in the foreground will store iron chips (right) and char (left)

Hoisting the fibreglass tank which will hold strong acid into the north tower



Pouring the slab for the bunded pickle liquor delivery and regenerated acid load-out area

Drawing the 33 kVA cables from the HV transformer to the HV switch room

Construction of the fire-proof building to house the 33 kVA transformer

Installing the high voltage transformer

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

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 metal and titanium dioxide pigment production. The technology is also being used to process waste chloride solutions and iron oxides produced by steelmaking to recover hydrochloric acid and iron metal pellets