

31 July 2015

NEWCASTLE IRON RECOVERY PLANT **PROJECT UPDATE**

Austpac has signed a confidentiality agreement with Ixom Operations Pty Ltd (Ixom, formerly Orica Chemicals) and ABR Process Development (ABR) regarding the treatment and recovery of hydrochloric acid (HCl) and metals from spent pickle liquor (SPL) and associated materials sourced from galvanizing and/or steel manufacturing operations and any actual or potential commercial opportunities identified by the parties.

Ixom manufactures, trades, and distributes chemicals to the water, mining, agriculture, oil and gas, steel and dairy sectors and operates in 15 different countries. Ixom's major customers in Australia include municipal water authorities, oil refineries and steel producers and galvanisers.

ABR is a private company based in Lismore with facilities in Brisbane and Melbourne. ABR has developed a number of innovative processes and technologies which add value to industrial chemical processes associated with purification, recycling, regeneration and metals recovery. One of ABR's processes recovers zinc metal and HCl from spent galvaniser liquors containing high levels of both zinc and iron chlorides, and this is complementary to Austpac's processes.

Austpac's Newcastle Iron Recovery Plant (NIRP) will use the Company's EARS acid regeneration and iron reduction technology to process SPL, mill scale and furnace dusts from steel mills to produce strong HCl and iron briquettes. Test work at Newcastle has shown that iron oxide-rich, zinc-contaminated furnace dusts can also be used to make three products; iron metal and zinc oxide together with HCl. A bulk trial using 1,000 tonnes of contaminated dust from Port Kembla will be undertaken during the commissioning of the NIRP.

The combination of Austpac's and ABR's processes enables the production of three valuable products (strong HCl, pig iron, and zinc metal) by recycling waste chloride liquors and contaminated furnace dusts produced by the galvanising and steel manufacturing industries. ABR's process can be readily integrated into the NIRP flowsheet and it would significantly expand the scope and profitability of the NIRP. The combined process is unique and has world-wide applications. Ixom, ABR and Austpac are jointly assessing the economics of combining ABR's and Austpac's processes in the Newcastle plant.

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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 steelmaking 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.