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NEWCASTLE IRON RECOVERY PLANT **PROJECT UPDATE**

Austpac continues to advance negotiations and discussions with Ixom Operations Pty Ltd (Ixom, formerly Orica Chemicals) and ABR Process Development (ABR) for the commercial progression of the Newcastle Iron Recovery Plant (NIRP). By integrating ABR's zinc recovery cell with the NIRP, the Plant will be able to recover an additional product and fully utilise the 85% completed Newcastle project on which \$18.5 million has been spent to date. The business objective is to improve the potential profitability of the Plant by recycling steel industry furnace dusts and by-products and producing pig iron, hydrochloric acid and zinc.

Ixom, ABR and Austpac are jointly assessing the economic feasibility of combining ABR's and Austpac's processes in the NIRP with the objective of funding the completion of construction, commissioning and commencement of production at the Plant.

Austpac is finalising a new mass and energy balance for the Plant because the inputs and outputs have changed with modifications to the flowsheet. When fully operational the Plant will have the capacity to produce up to 15,000 tonnes per year (tpa) of pig iron, 15,400 tpa of strong acid (33%w/w), and 4,000 tpa of zinc. The Company is also generating new capital and operating costs for the Plant based on the revised flowsheet. Preliminary indications are that the addition of the ABR zinc process cell and an induction furnace will be partially offset by the simplification of the flowsheet, so while there will be an increase in capital costs, the increased revenue resulting from the sale of zinc and pig iron will significantly improve the profitability of the NIRP project.

The commercial evaluation is progressing well and Austpac will continue to report as the assessment for investment proceeds.

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 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.