



AUSTPAC RESOURCES N.L.

ACN 002 264 057

Level 3,

62 Pitt Street

SYDNEY NSW 2000

GPO Box 5297

SYDNEY NSW 2001

Telephone: (+61 2) 9252 2599

Facsimile: (+61 2) 9252 8299

Email: apgtio2@ozemail.com.au

www.austpacresources.com

Thursday 11 January 2018

ASX Announcement and Media Release (Code: ASX:APG)

AUSTPAC ARRANGES A \$1 MILLION INVESTMENT

Austpac Resources N.L. is pleased to announce the execution of an investment agreement with Bergen Global Opportunity Fund II, LLC, a New York-based institutional investor managed by Bergen Asset Management, LLC.

Under the agreement, Bergen will make an initial investment of A\$500,000 immediately and will invest a further A\$500,000 in 90 days, each by way of an interest-free unsecured converting security with a 24-month maturity. The key aspects of the investment are set out in the Appendix.

The funds will be used to complete the testwork program which commenced in 2017 at Austpac's Newcastle facilities. This will demonstrate that the unique, four-stage ZIRP process can combine iron and zinc oxide-rich furnace dusts with spent pickle liquor from the steel industry and commercially produce pig iron, zinc oxide and strong hydrochloric acid. Australian steelmakers are interested in the success of the program and are supplying sufficient quantities of feedstock for the testwork.

At the conclusion of the program, Austpac plans to convert the plant to a facility capable of processing up to 15,000tpa of steel furnace dusts on a commercial basis and to continue to progress the development and licencing of its proprietary technology.

Upon the completion of the testwork program, Bergen may also consider more significant project finance.

For further information please contact:

Mike Turbott

Managing Director

Austpac Resources N.L.

Tel (+61-2) 9252-2599

About Austpac Resources N.L.

Austpac Resources N.L. is a mineral technology company currently focused on recycling waste chloride solutions and iron- and zinc oxide dusts produced by steelmaking to recover strong hydrochloric acid, high purity pig iron and zinc oxide. Austpac's adjunct 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.

About Bergen Asset Management, LLC

Bergen Asset Management, LLC is a New York-based institutional investor with a particular focus on direct investments in small-cap companies around the world, and a track record of success in the Australian market.

Appendix - Key Aspects of the Funding

1. Certainty of access to funding. The Agreement provides the Company with certainty of access to funding. The investment will be made as follows:

- A. A\$500,000 invested on execution of the agreement by way of an interest-free unsecured converting security with a 24-month maturity (the “**Converting Security**”); and
- B. An additional A\$500,000 invested 90 days after the execution of the Agreement by way of an interest-free unsecured converting security with a 24-month maturity (the “**Second Converting Security**”),

for a total of A\$1,000,000.

2. Minimising dilution. The conversion price of the converting notes will be the lesser of 90% of the average of five daily volume-weighted average prices (“**VWAPs**”) of the Company’s shares during a specified period immediately prior to the date of issuance of the ordinary shares (rounded down to the next 1/10th of a cent), and 130% of the average of the daily VWAPs for 20 trading days prior to the date of execution of the Agreement.

This allows the Company to potentially issue new shares at prices that are linked to the prices prevailing at the time of the conversion (i.e. potentially at a premium to the current share price) and minimise the dilution for its shareholders.

3. Interest-free investment and focus on capital appreciation. Bergen’s return on investment depends on the Company’s share price appreciation, and consequently, its investment accrues no interest.

4. Other.

- A. The Investor will receive a commencement fee in connection with its investment in the Company, to be satisfied by way of issuance of 16,498,316 shares in the Company.
- B. The Agreement does not restrict the Company from raising additional funding.
- C. The Investor is a passive financial investor with no board participation rights.
- D. The Company is not subject to any financial ratio covenants other than the Company securing it against 6.8 million collateral shares.
- E. Currently, the Company may not issue more than 177,449,146 shares to the Investor, being the maximum number of equity securities issuable under the existing placement capacity of the Company as of the date of the Agreement, without shareholder approval. Consequently, the Converting Security and (if issued) the Second Converting Security shall not be converted into an aggregate of more than 154,150,830 shares in the absence of shareholder approval, and the purchase of the Second Converting Security by the Investor is subject to shareholder’s approval.