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13 November 2019

SHAREHOLDER UPDATE
THE ZIRP PROOF OF CONCEPT TESTWORK AT NEWCASTLE SUCCESSFULLY COMPLETED

As advised on 31 October 2019 in Austpac's September Quarterly Report, the Proof of Concept (PoC) testwork program at Newcastle commenced during the last week of October and continued through the first week of November 2019.

This intensive, continuous program was completed on 8th November, and successfully processed zinc-contaminated steel furnace dust (BOF filter cake) and Spent Pickle Liquor (SPL) through the first three stages of Austpac's Zinc & Iron Recovery Process (ZIRP) to produce a reduced iron oxide-zinc oxide material for melting tests in an induction furnace, which is the last process stage; EIF.

The program commenced with the Evaporation stage (EVAP), which converted the filtercake and the SPL to solid iron oxide-zinc oxide-iron chloride pellets. The EVAP pellets were then campaigned through the new dual-purpose fluid bed roaster operating in Pyrohydrolysis (PYRO) mode. This produced solid iron oxide-zinc oxide pellets, while the HCl was captured from the roaster off-gas stream in a scrubber. The PYRO pellets were then campaigned through the roaster operating in Fluid Bed Pre-Reduction (FBPR) mode. This reduced the iron in the PYRO pellets so they are suitable for feeding to an induction furnace.

Austpac has now successfully demonstrated for the first time that ZIRP can convert zinc-contaminated BOF filter cake into a pre-reduced material suitable for conversion into iron and zinc oxide. The FBPR pellets will be smelted in an induction furnace to produce an iron product, pig iron, and zinc fuming off from the iron melt will be captured as zinc oxide.

To ensure the melt tests are undertaken to industry standards, the Company has signed a Technical Services Agreement with the CSIRO's Mineral Resources High Temperature Chemistry Division at Clayton Victoria. This is a well-equipped facility where experienced CSIRO personnel will report on and validate the melt results, and give Austpac an independent assessment of the process, while the products from the tests will assist discussions with the market.

The completion of the PoC program proved the technical capabilities of the ZIRP process. It demonstrated that ZIRP can reconstitute SPL into HCL and produce an iron/zinc oxide product. The program has allowed us to technically analyse the system and evaluate the necessary steps required to implement it in a ZIRP plant. Two steel companies visited Newcastle to observe the PoC testwork operations and discussions will continue with those groups regarding the use of the process. We continue to move toward our ultimate goal; commercialisation of the ZIRP process worldwide.

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

Austpac Resources N.L. is a mineral technology company which has developed a process to recycle zinc-contaminated furnace dusts and waste chloride solutions produced by steelmaking to recover high purity pig iron, zinc oxide and strong hydrochloric acid. Austpac's adjunct technologies also produce high-grade synthetic rutile from ilmenite, a preferred feedstock for titanium metal and titanium dioxide pigment production. Austpac also undertakes mineral exploration in Victoria.