

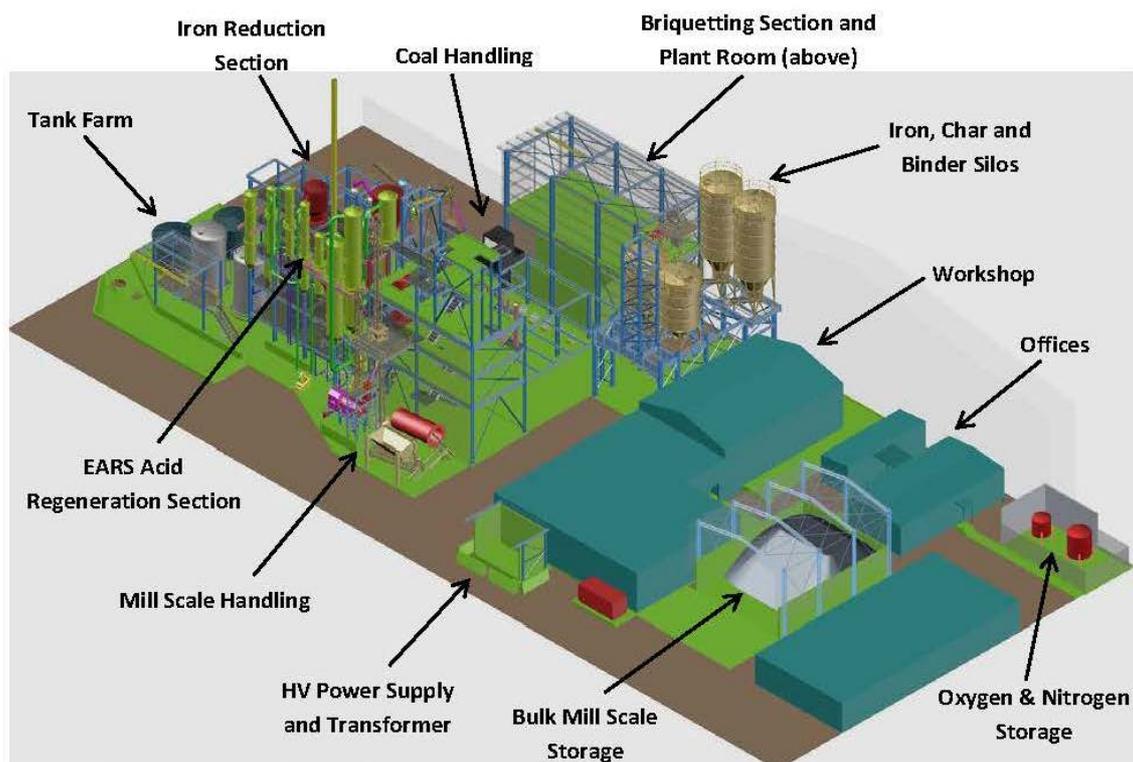


17 July 2012

SHAREHOLDER UPDATE

- Construction of the Newcastle Iron Recovery Plant at Kooragang Island continues with deliveries during the last six months of over \$6 million of equipment and installation is underway. The equipment has been selected based on industry-proven reliability, and many items have been purpose-designed by recognised specialist suppliers to ensure the operability of the Plant, which is designed to commercialise Austpac's unique EARS acid regeneration and iron reduction processes.
- The Plant will recycle mill scale and spent pickle liquor from steel mills, and will produce iron chips or briquettes and strong hydrochloric acid (HCl) for sale to the industry.
- Negotiations are well progressed for the next tranche of corporate investment capital for the Plant at Newcastle.
- Working capital requirements have been finalised.
- The Company is currently arranging a financial drawdown facility for future capital requirements.

NEWCASTLE IRON RECOVERY PLANT



Mill Scale and Coal Handling

Mill scale will be unloaded from trucks into the mill scale storage shed and fed into the Plant with a front end loader. The mill scale handling section includes a trommel and ball mill to clean and homogenize the feed as well as conveyors to elevate the mill scale to the EARS acid regeneration section.



Mill scale bulk storage under construction



Mill scale handling section

Coal will be delivered into a hopper by front end loader from an on-site coal storage facility, where it will be screened prior to being fed to the metallisation section of the plant.



Double deck screen for coal preparation

Solids and Liquids Handling

Cyclones are used to remove or recycle the fine solids that are blown over from fluid bed operations. Hot process water is cooled in an evaporative cooling tower and recycled to the Plant.



Cyclone for removal of solids from fluid bed off-gas (mill scale conveyors in background)



Process and cooling water pumps awaiting installation



Cooling tower for water treatment

Air and Gas Handling and Absorption Equipment

Air for the fluid bed process equipment is supplied by Italian-made Robuschi blowers. Four new blowers have been purchased to supplement the existing blowers at the Plant to ensure there is an adequate and reliable air supply.

A dedicated titanium-blade fan is used to pass HCl off-gases from the pyrohydrolysis roaster to the acid absorption columns. Fans are also used to handle stack gases.



Examining a Robuschi air blower prior to installation



Pyrohydrolysis off-gas fan

A number of packed columns are used in series to absorb the HCl gas from the fluid bed pyrohydrolysis roaster. The acid absorption equipment was designed by Rhine Ruhr, a recognised specialist in this field.



HCl absorption columns for EARS acid regeneration awaiting assembly

Liquid ring gas compressors use water to form a seal inside the machine and are used to safely handle fuel gases with no risk of ignition. They are also renowned for their reliability.



Liquid ring compressors for gas handling

The scrubbing system for CO₂ removal was designed and supplied by Rhine Ruhr to ensure that section of the Plant is state-of-the art.



Absorption columns for CO₂ removal



Absorption column internals

Heat Recovery

In the iron reduction section “stoves” are used to recover process heat by preheating the air supply to the fluid bed reduction vessels. Stoves have been used for this purpose for many years and are well proven and efficient. Hot gases exiting the section will also be used to generate process steam for the Plant using a waste heat boiler.



Refractory-lined stoves for heat recovery



Self-contained waste heat boiler

Power for the plant is reticulated to the site via an underground cable from the main 33,000V power supply. This is reduced with a step-down transformer to 415V, 2,000A for use in the Plant.

The Koeppern roll compactor for briquetting the reduced iron flakes (produced from mill scale) has now been installed and successfully commissioned using coal. Previous work using a small roll compactor at the CSIRO showed Austpac’s reduced iron would be an ideal material to recycle to electric furnaces for steel making.



Power supply transformer



Installed and commissioned briquetter

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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 steel making 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.