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SHAREHOLDER UPDATE

Shareholder Share Purchase Plan

The Company has received an excellent response to the Shareholder Share Purchase Plan announced on 1 February 2019. Small shareholders in particular have supported the plan very well.

The Shareholder Share Purchase Plan has been extended to 15 April 2019 to allow those shareholders who are not aware of our recent progress to participate.

Chinese Steelmaker to Fund the Development of Austpac's ZIRP Process

In March 2019 Austpac Resources NL announced an agreement for YanGang (Hong Kong) Co Limited to provide funds to finalise the testwork for Austpac's proprietary Zinc Iron Recovery Process (ZIRP). The process recycles two steel industry by-products, zinc-contaminated furnace dust and spent pickle liquor, and produces saleable pig iron, zinc oxide and strong hydrochloric acid.

Once the testwork program is successfully completed, YanGang proposes to fund the construction in Australia of the first ZIRP plant.

YanGang, a wholly-owned subsidiary of Tangshan Yanshan Iron and Steel Co Ltd of China (Yanshan), will invest \$803,000 via a placement of 365 million shares at \$0.0022, a significant premium over the current share price of \$0.001.

Yanshan is a Chinese steelmaker with an annual production of 9 million tonnes of steel, which is more than the combined steel production of Australia and New Zealand.

The objective of the Newcastle testwork program is to process zinc-contaminated dust through the first three stages of ZIRP (evaporation, pyrohydrolysis and pre-reduction) to make sufficient mixed zinc oxide-reduced iron oxide pellets for melt tests in an electric induction furnace and produce samples of pig iron and zinc oxide for market evaluation.

Upon completion of the testwork, Austpac will undertake a scoping study for a 10-15,000 tonnes per year commercial ZIRP plant to be sited in NSW.

This validation of Austpac's furnace dust recycling process by a large steelmaker will allow the Company to develop other opportunities to implement its technology.

Drilling at Nhill

Austpac also plans to commence a drilling programme at Nhill, north-western Victoria, during the quarter to follow up the highly encouraging zinc-gold intercepts encountered in drillhole GG-01. This is the first Volcanic-Hosted Massive Sulphide (“VHMS”) mineralisation discovered in the north-western end of the recently-recognised and under-explored Stavely Arc.

Subsequent geophysical work outlined two south-easterly trending gravity/magnetic anomalies which are believed to represent lenses of VHMS mineralisation, and GG-01 was located off the northern end of the interpreted western zone of hydrothermal mineralisation. Follow up drilling will initially test the central portion of this zone, 400m to the southeast of GG-01.

Extraordinary General Meeting 24 April 2019

A Notice of Meeting for the Extraordinary General Meeting of Shareholders to approve the issue of shares to YanGang (Hong Kong) Co Limited has been mailed to shareholders.

Planning for the ZIRP testwork program is underway and meetings at Newcastle will be held this week with design engineers and equipment fabricators. The program will commence following the completion of the Shareholder Share Purchase Plan and upon receipt of the proceeds of the share placement to YanGang.

Action Required

We urge shareholders to complete and return the proxy form enclosed with the Notice of Meeting for the Extraordinary General Meeting of Shareholders on 24 April 2019.

We also encourage shareholders to participate in the Shareholder Share Purchase Plan if you have not already done so.

Terry Cuthbertson

Chairman

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. Austpac also undertakes mineral exploration in Victoria.