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SHAREHOLDER UPDATE

Newcastle Zinc & Iron Recovery Plant (NZIRP) First Stage of Test Plant Successfully Commissioned

Austpac (**ASX code: APG**) is pleased to advise the successful commissioning of the Fluid Bed Evaporation ("EVAP") unit in Newcastle.

The EVAP unit is the critical Stage One of the three-stage program currently underway at the NZIRP. The program aims to produce five tonnes of reduced iron pellets for testing in an Electric Induction Furnace (EIF) at a commercial foundry. The program's objective is to prove the Company's recycling process and produce samples of pig iron and zinc oxide for marketing purposes.

Sequential activities during August 2017 included:

- Delivery of ten tonnes of furnace dust and spent pickle liquor (SPL) supplied by an east coast-based steel producer
- Commissioning of the solids feed system to deliver furnace dust to the ball mill
- Commissioning the ball mill and producing a fine slurry of furnace dust suitable for pumping to the EVAP unit
- Final assembly of EVAP gas supply and commissioning the burner train and off-gas ducting to the scrubbing system
- Commissioning the fluid delivery system to inject furnace dust slurry and SPL into the EVAP fluid bed
- Installing an intermittent solids discharge system to tap the dry mixed chloride-oxide pellets from the fluid bed
- Coordinating the start-up and hot commissioning of the entire EVAP system
- The production of optimally-sized mixed chloride-oxide pellets during the first day of operations

Minor modifications are being made to the EVAP system to maximise operability. Conversion of ten tonnes of furnace dust to mixed chloride-oxide pellets during a production run is scheduled for September 2017. Stages Two and Three will follow upon completion of the EVAP production stage, and the ensuing pre-reduced iron oxide/zinc oxide will be converted to pig iron and zinc oxide in an EIF.

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.