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AUSTRALIAN STOCK EXCHANGE ANNOUNCEMENT

REPLACEMENT AUSTPAC-TICOR JOINT VENTURE AGREEMENT SIGNED

Austpac Resources N.L. and Ticor Limited have signed a non-exclusive Technology Licence and Permitted Project Exploitation Agreement to replace the July 2000 agreement for the exclusive worldwide use of the ERMS/EARS synthetic rutile process (the ERMS SR Process).

Austpac is now free to use its technology with other parties and so has initiated discussions with a view to developing an ERMS SR plant with an annual capacity of around 30,000 tpa. A plant of this size will establish the market for high grade synthetic rutile, and demonstrate the technology at a commercial scale, thereby underpinning the financing of a large scale project of at least 100,000 tpa capacity.

The new technology licence with Ticor covers "permitted projects", which are defined as new projects that may be initiated in the future by Ticor. In return for the licence to use the technology, Ticor will fund all project expenditure until the completion of a bankable feasibility study on each permitted project. At the time that Ticor commits to development of a permitted project, Austpac will be offered a 10% carried interest and the option to contribute to a further 20% interest in Ticor's share of the project. This will give the Company the opportunity to participate in any of Ticor's future synthetic rutile projects that use the ERMS SR process.

A second agreement has also been signed with Ticor to cover the ongoing Austpac-Ticor relationship in the AusRutile Project in Orissa, India. The AusRutile Project is being progressed through a joint venture between Austpac, Ticor and the Indian Government's mineral sands arm, Indian Rare Earths Limited (IRE).

Over the past two years the Austpac-Ticor Joint Venture has spent more than \$2.5 million on pilot plant test programs, engineering feasibility and assessment work on the AusRutile Project. Under the new agreement Austpac will not be liable to repay Ticor for past expenditure on the AusRutile Project, and Ticor will fund all ongoing expenditure. In the event that a decision is made to proceed with project construction, Austpac will retain a 7.4% carried interest and have the option to contribute to an additional 14.8% interest in the AusRutile Project.

Austpac looks forward to continued involvement in the AusRutile Project with Ticor and IRE. A new agreement between the parties is proposed to cover a feasibility study and possible development of a 100,000 tpa synthetic rutile plant at Chatrapur.

For further information please contact:

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