

9 February 2004

FARM-IN AGREEMENT TO ADVANCE WIM 150 DEPOSIT
MURRAY BASIN, VICTORIA

Austpac Resources N.L. (ASX:APG) and Southern Titanium N.L. (ASX:STN) are pleased to announce they have signed a farm-in agreement to investigate the development of Austpac's WIM 150 heavy mineral deposit near Horsham in Victoria. Southern Titanium will earn an 80% participating interest by completing a bankable feasibility study on WIM 150, after which Austpac may elect to maintain a 20% working interest or convert to a 10% net profit interest.

The strategic importance of this agreement arises from the following:

- This alliance will draw on the significant expertise of both parties:
 - From its work at Mindarie in South Australia, Southern Titanium has experience in the testing and design of processes for the recovery of relatively fine grained heavy mineral sands. Southern Titanium believes advances in gravity separation processes and subsequent mineral separation of heavy minerals at fine sizes will lead to the design of a viable project around the WIM 150 resource
 - Austpac has already tested the processing of WIM 150 ilmenite, using its own proprietary processes. The deposit contains approximately 12.5 million tonnes of ilmenite. The results on ilmenites from WIM 150 and from other Murray Basin deposits have been encouraging and, through Austpac, Southern Titanium plans to undertake larger scale pilot plant work.
- Southern Titanium believes that the WIM deposits in Victoria represent the most concentrated and rich sources of zircon worldwide. Given the rapidly declining ratio of zircon to ilmenite in the known but as yet undeveloped deposits there is little doubt that these deposits should become increasingly valuable:
 - Importantly, the WIM 150 Project will be able to draw on the experience gained from the production and marketing of Southern Titanium's zircon rich Mindarie Project
 - The WIM 150 deposit contains approximately five million tonnes of zircon and preliminary analysis suggests that production of 140,000 tonnes of zircon per annum could be possible, which would make Southern Titanium a major supplier of zircon in the world.
- Southern Titanium also considers that the WIM 150 deposit has a number of attributes which will facilitate a low capital expenditure:

- Like the Mindarie Project, it is well positioned near rail and other infrastructure
- The 'core' deposit covers approximately 44km² on predominantly cereal cropping and grazing land
- A reasonable global estimate is 750Mt at 4.0%HM, with an average thickness of the ore body of 10.3m (range 3.8-14.5m)
- Overburden thickness averages 7.8m including around 4.5m of clay (remainder barren sand).

The farm-in agreement positions Austpac to receive financial benefit from the deposit without requiring any immediate cash investment. This allows Austpac to concentrate on near-term commercialisation opportunities for its ERMS/EARS technology platform, as demonstrated by the recent announcements regarding:

- A 30,000 tpa ERMS synthetic rutile plant in eastern Australia (Consolidated Rutile Limited and Iluka Resources Limited)
- A roasting plant using Austpac's LTR technology (NZ Steel, a subsidiary of Bluescope Steel) and
- The use of the Company's EARS acid regeneration process for the Goro Nickel Project in New Caledonia (Inco).

NOTE: This report is based on and accurately reflects information compiled by M.J. Turbott who is a member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists and is a competent person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves.

Austpac Resources N.L. is an Australian listed minerals technology company and emerging synthetic rutile producer. Austpac's processes include technology to transform ilmenite into high grade synthetic rutile, a preferred feedstock for titanium dioxide pigment production. They can also be used to beneficiate a range of heavy minerals, as well as process waste chloride streams from a number of industrial operations.