

5 September 2007

SHAREHOLDER UPDATE

Austpac Resources N.L. is pleased to provide the following update on activities:

- **ERMS SR Demonstration Plant**

Under the Agreement signed with BHP Billiton in June 2007, funding for Austpac's 3,000 tpa ERMS SR Demonstration Plant was secured through the placement of 25 million shares at 20 cents each, so raising \$5 million. This investment made BHP Billiton the largest shareholder in Austpac Resources NL with 3.8% of the issued capital.

Austpac has appointed Richard Jurdeczcka as Construction Manager, reporting to Project and Technology Manager John Winter. Additional engineering, IT, trades, OH&S and administrative staff have also been appointed. The expanded team will be responsible for completing the Demonstration Plant on schedule and within budget.

It is anticipated that construction of the roasting section of the Plant will be completed in January 2008, and ilmenite roasting operations will commence immediately thereafter. A 2-3 month roasting campaign is planned, during which time at least 550 tonnes of ilmenite will be processed. Discussions are underway to secure a bulk ilmenite sample for commissioning and initial operations, which will be followed by 100 tonnes of ilmenite from BHP Billiton's Corridor Sands deposit in Mozambique.

Construction of the Ilmenite leaching/calcining section for synrutile production, together with the EARS acid regeneration section (which will include the DRI equipment) is dependent upon equipment delivery and external fabrication schedules, which have longer lead times than previously indicated by the suppliers. The synrutile production campaign is now expected to be completed during the third quarter of 2008.

- **OneSteel and Treatment of Steel Industry Waste**

In March 2007 Austpac signed an agreement with OneSteel to investigate the potential for Austpac's EARS acid regeneration and DRI (Direct Reduced Iron) processes to regenerate acid from spent pickle liquor and to recover iron from mill scale and electric arc furnace dust ("EAF dust") which are wastes generated by steel making. OneSteel provided pickle liquor, mill scale and EAF dust for pilot scale test work at Austpac's facilities on Kooragang Island.

The program has now been successfully completed and the results are exceptional. Hydrochloric acid was regenerated from the spent pickle liquor, and high value DRI iron pellets were made from both mill scale and EAF dust. Very significantly, the EAF dust supplied by OneSteel contained 50% zinc oxide. This was removed by the DRI process and we are confident that we will be able to recover the zinc in metal form, significantly adding value to EARS as a waste treatment process.

The new process will not only be applicable to EAF dust, but also to the waste zinc-rich chloride solutions produced by steel galvanising operations. Large scale test work will be undertaken using the Demonstration Plant once the ERMS SR processing is completed next year. However the broadening of the applications for Austpac's processes to recover metals from hazardous wastes is a significant new step toward their commercialisation.

- In China the commercial arrangements are being finalised to allow drilling for significant Carlin-style sulphide gold mineralisation beneath operating gold mines in Guangxi Province. Sampling of exposed sulphide mineralisation at these mines was highly encouraging. The project is owned by a private Chinese company which will contribute significant technical data, including drill results, local operational expertise and valuable contacts with government. The targets are located in the highly prospective “Golden Triangle”, which also contains the 4.6 million ounce gold deposit being mined by Sino Gold. It is now expected that binding agreements will be completed within two months.

For further information please contact:

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About Austpac Resources N.L. (ASX code: APG)

Austpac listed on the Australian stock exchange in July 1986, and is a minerals technology company and emerging synthetic rutile producer. Austpac’s technology is able to transform ilmenite into high-grade synthetic rutile, a preferred feedstock for titanium dioxide pigment production. This technology can be used to beneficiate a range of heavy minerals, as well as process waste chloride streams from a number of industrial operations and recover iron units from waste oxides produced by steel making.