



AUSTPAC RESOURCES N.L.

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AUSTRALIAN STOCK EXCHANGE ANNOUNCEMENT

SHAREHOLDER UPDATE

26 OCTOBER 2006

Austpac Resources N.L. is pleased to provide an update on activities.

- **BHP Billiton funded technology program at ERMS/EARS facilities at Newcastle:**
The program is progressing well with construction of the equipment to prove Austpac's iron reduction process completed, and successfully commissioned and operation under way. Computer simulation of the continuous leach vessel has commenced, and a cold test model is under construction. Costing of the Demonstration Plant at Newcastle and the scoping study for a large commercial ERMS SR plant is also advancing, with major equipment suppliers commissioned to provide quotes.
- Further approaches have been made by steel companies regarding our technologies with a view to undertaking testwork.
- Gold programmes in China are progressing with a further successful field trip undertaken in September/October 2006 and negotiations continuing.

The 2006 Austpac Resources N.L. Annual Report is being mailed to shareholders this week.

Further information will be provided on 31 October 2006 in the Company's Quarterly Report to the Australian Stock Exchange.

For further information please contact:

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Austpac Resources N.L. is an Australian listed minerals technology company and emerging synthetic rutile producer. The ERMS SR process produces high grade synthetic rutile, a preferred feedstock for titanium dioxide pigment production. The EARS process regenerates hydrochloric acid from waste chloride streams, as well as producing a valuable metal pellet co-product. Austpac also has processes for agglomerating fine high-titanium minerals, the direct reduction of iron ore, and the separation of minerals for titanium pigment feedstock.