



AUSTPAC RESOURCES N.L.

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## **SHAREHOLDER UPDATE**

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

- The Heads of Agreement signed with BHP Billiton for the continuing development of the ERMS SR (synthetic rutile) process, by providing \$5 million in funding for the construction of the 3,000 tpa ERMS SR Demonstration Plant at Newcastle, contained binding terms that are now being incorporated into formal Contracts. The preparation of these Contracts is on schedule and, as announced in May 2007, will be finalised this month. 25,000,000 fully paid ordinary shares will be issued to BHP Billiton at 20 cents to raise \$5 million and construction work on the Demonstration Plant will commence in June 2007.
- The Austpac team is finalising the detailed planning necessary to ensure the Demonstration Plant is completed on schedule and within budget. It is anticipated that construction of the Plant will be well advanced by the end of 2007 and that ilmenite roasting operations will commence in January 2008.
- Under the agreement signed in March 2007 with OneSteel, the program to investigate recycling opportunities for the Austpac EARS acid regeneration and DRI (Direct Reduced Iron) processes has also progressed on schedule. The planned pilot scale test work to process OneSteel's spent pickle liquor, waste mill scale and electric arc furnace dust to produce fresh hydrochloric acid and recover the iron oxides as metallised iron pellets for steelmaking is nearing completion. Results are expected in July 2007.
- Storage facilities are now in place at the Demonstration Plant and approvals are being finalised to receive a bulk delivery of 20,000 litres of spent pickle liquor from OneSteel's Newcastle operations. The pickle liquor will be used to commission the EARS section of the Plant prior to the start of ilmenite leaching operations. Importantly, it will also confirm the applicability of the EARS process to recycle this type of material in a continuous operation at a commercial scale for the steel industry.

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.