

30 March 2001

AUSTRALIAN STOCK EXCHANGE ANNOUNCEMENT

**AUSRUTILE PROJECT, ORISSA, INDIA**

In the interests of a fully informed share market, Austpac Resources N.L. wishes to clarify statements made yesterday by its joint venture partner in the above project, Ticor Limited during an Open Briefing interview. In the briefing Ticor's Managing Director, Rod Ruston was asked about progress of the Austpac (37%) - Ticor (37%) - Indian Rare Earths Limited (IRE - 26%) joint venture, AusRutile India Private Limited. He replied:

*"We are currently working with Indian Rare Earths to finalise the joint venture agreement and to secure tenure over the mineral resource. The design of the 10,000 tpa pilot plant is nearing completion. Construction of this plant in Orissa is expected to start in the second half of 2001 if all tenure issues are resolved by that time."*

Austpac is concerned that this statement does not accurately reflect the current status of this project and its progress towards production, which is expected to start in 2002.

The position is as follows:

**1. Background:** IRE holds the mining rights over the Chatrapur (OSCOM) heavy mineral deposit, which contains over 23 million tonnes of ilmenite. Austpac, Ticor and IRE have agreed that the joint venture company, AusRutile, will initially purchase ilmenite from Indian Rare Earths for the 10,000 tpa synthetic rutile plant. They have further agreed that when AusRutile increases its synthetic rutile capacity by at least 100,000 tpa, AusRutile will have direct access to sufficient heavy minerals to feed the AusRutile synthetic rutile plants through a sub-lease of part of IRE's Mining Lease. This is an integral part of the AusRutile agreement.

**2. Current status:** The Parties are now finalising the detailed arrangements which cover all aspects of the project and allow for its future expansion. These arrangements, including the Mining Sub-lease agreement, are on track, and are expected to be completed within the next two months. It is this sublease that was mentioned as the "tenure issue" in the Open Briefing comments by Mr Ruston.

As a normal and expected part of the project's progress, government approvals are required. The approval of the Mining Sub-lease by the Orissa State Government is the next step after all the above project agreements are in place. The final design and costing report will be completed in July 2001, and as the State of Orissa is a strong supporter of the project, AusRutile aims to have all necessary approvals in place so that construction can start in the second half of 2001.

The project is proceeding to plan with excellent results using the ERMS and EARS technologies on Orissa ilmenite in our recently upgraded Newcastle pilot plant. Ausenco are incorporating these results into the design for the 10,000 tpa plant, and are on schedule to complete this stage in July 2001.

For further information please contact:

M.J. Turbott, Managing Director  
Austpac Resources N.L.  
Ph: (02) 9221 3211

AusRutile Project (30-03-01)