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AUSTRALIAN STOCK EXCHANGE ANNOUNCEMENT

JOINT VENTURE FINALISED FOR ERMS SYNTHETIC RUTILE PLANT IN INDIA

Austpac is pleased to announce it has signed a definitive joint venture agreement with Indian Rare Earths Limited (IRE) for the development of a 10,000tpa ERMS synthetic rutile plant in India.

The agreement was signed in Sydney yesterday by Dr T.K. Mukherjee, Chairman and Managing Director of IRE, who is in Australia to finalise the joint venture. Dr Mukherjee is accompanied by Mr A. Dasgupta, Director, and Mr V.K. Verma, Executive Director (Marketing) of IRE.

IRE, a Government of India undertaking, was established in 1950 and has been developing the country's substantial heavy mineral sand resources. India has almost 20% of the world's ilmenite and zircon and around 6% of the world's rutile and the country's deposits are underexploited. IRE produces over 95% of India's heavy minerals, and has for some time been seeking appropriate technologies to upgrade ilmenite to a higher value product. This is the first joint venture IRE has formed for value addition to ilmenite.

A joint venture company, AusRutile India Private Limited, will be incorporated in India, in which Austpac will hold a 74% and IRE a 26% contributing interest. AusRutile will develop and operate the ERMS plant to commercially demonstrate Austpac's ERMS technology. The plant will be built adjacent to IRE's existing mineral sand mining and beneficiation complex, OSCOM, near Chatrapur in Orissa State. AusRutile will obtain ilmenite and regenerated hydrochloric acid from OSCOM as well as access to existing utilities, facilities and infrastructure, which will assist the implementation of the plant. The plant will produce 10,000tpa of high grade ERMS synthetic rutile (>96% TiO₂) for the export market.

The Brisbane based engineering group, Ausenco Limited, is commissioned to undertake a site specific study to finalise the plant layout and capital cost, which is estimated at US\$5.32 million. This study is expected to be completed before the end of 1999. The plant will take 15 months to build and commission and is expected to be in full production by mid 2001.

Once the demonstration plant is fully operational, AusRutile will consider establishing larger scale ERMS synthetic rutile plants in India. The deposit at OSCOM contains sufficient ilmenite to supply two 100,000tpa synthetic rutile plants for over 50 years. IRE also has access to other world class mineral sand deposits along the East and West Coast of the country.

For further information contact:

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