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## **ERMS SR DEMONSTRATION PLANT PROGRESS**

**AND**

## **PLACEMENT OF 13,000,000 FULLY PAID ORDINARY AUSTPAC RESOURCES N.L. SHARES**

Austpac Resources is pleased to advise that the construction of the ERMS SR (Synthetic Rutile) Demonstration Plant at the Company's facilities at Kooragang Island, Newcastle, is proceeding well with the integrated fluid bed roasting section nearing completion. This section, which comprises a pre-heater, oxidation and reduction roasters, a two stage anaerobic cooler, and an afterburner together with auxiliary materials handling equipment, gas and air lines and electrics, is the first stage of Austpac's proposed ERMS SR plant with a nominal capacity of 1500 tpa of high grade synthetic rutile. Progress can be viewed on the Company's website, [www.austpacresources.com](http://www.austpacresources.com).

Austpac has recently initiated a study of potential sites for a commercial ERMS SR plant, which would process ilmenite purchased from the new mineral sand mines that are nearing production in the Murray Basin. These mines have the potential to supply a world class ERMS SR facility, which would be able to produce high grade synthetic rutile from chrome-contaminated ilmenite concentrates that are currently planned to be stockpiled or returned to the mine after removal of the rutile and zircon. Site selection criteria include access to ilmenite, proximity to rail transport, suitable port facilities and skilled labour, and the availability and cost of energy. A number of sites in South Australia and Victoria are being evaluated. This work will continue in conjunction with the Demonstration Plant construction so that the results can be used in Austpac's ERMS SR final feasibility study.

The Company is also pleased to announce the placement of 13,000,000 fully paid ordinary shares at 3.3 cents each to raise \$429,000.

These funds will be used to continue upgrading the Newcastle plant and for working capital. This issue will rank equally with the existing issued capital of the company. This placement was made to Australian professional investors.

For further information please contact:

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