

**TWENTIETH ANNUAL GENERAL MEETING  
THURSDAY 13 NOVEMBER 2003**

**CHAIRMAN'S ADDRESS**

Ladies and Gentlemen

The 2002-2003 year for Austpac was one of positive progress toward the practical realisation of commercialising the ERMS, EARS and associated processes and opening the way to becoming a producer of high quality synthetic rutile.

The 2003 year together with the period up to this Annual General Meeting has seen the Company's most significant steps yet toward attainment of its strategic goals, which are themselves broadening by the continuing development of an enlarging range of applications for our technologies.

The supply and marketing agreements with the Iluka group for sourcing CRL ilmenite and selling the synthetic rutile product represent a milestone of material progress for Austpac and clear the road ahead for the company's future.

As stated in my introduction to the 2003 Annual Report, "it is indeed a long road to bring new resource technologies to commercial application..."; in our case thirteen years of Austpac's twenty year life. There is still some distance to travel, however the future shows every promise of being smoother, more clearly defined business wise, and certainly rewarding for the Company and its shareholders.

Michael Turbott in his Managing Director's report today will enlarge upon the highlights of recent announcements and the last quarterly report, namely:-

- Ability to proceed with the establishment of a 30,000 tonnes per annum synthetic rutile plant using the ERMS SR process.

- Adaptation of the Company's Low Temperature Roast technology (LTR) to the steel industry.
- Adaptation of the EARS acid regeneration technology for other industries.
- Augmentation of Austpac's working capital for the short term followed by the funding of a bankable feasibility study for the 30,000 tpa ERMS plant. These matters are already in progress.
- Examination of the increasing opportunities for Austpac's participation in the enhancement and value adding processes for the expanding mineral sands industry and where appropriate the application of the Company's technologies to a wider suite of commodities.

Before calling on Mike Turbott to present the Company's annual review of operations it is my pleasure to thank him and his lean and dedicated management team for their exceptional commitment to our determined emerging Company.

During the year, Austpac's operating costs were reduced by \$400,000 per annum following implementation of a cost containment program. Financial Benefits of \$299,000 were obtained from a Research and Development concession relating to the development of new technologies at the ERMS plant at Kooragang Island, Newcastle; including low temperature roasting, solids crushing, leaching and pyrohydrolysis.

The Company also reduced total liabilities by \$1.4 million during the period.

I thank my fellow directors for their support and for the time generously given to the Company. Each non-executive director undertakes clearly defined tasks contributing to the strategic development of Austpac. The Board and management work as a team.

Once again the directors and management express their appreciation of the loyalty and patience of our shareholders.

A.L. Paton  
Chairman