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ANNUAL GENERAL MEETING

23 November 2006

Austpac's Business - 2006

Mineral processing

- **Titanium minerals:**
  - Synthetic rutile for TiO_2 pigment & Ti metal
  - Fine mineral agglomeration
- **Iron and Steel Industries:**
  - Recycling waste iron oxides and chlorides
  - Direct reduction of iron ores

Gold exploration - China

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Minerals Processing Technologies:

Our processes were developed to treat mineral sands
Key proprietary technologies include:

- **ERMS SR** — Roasts and leaches ilmenite to produce high grade synthetic rutile ("SR")
- **EARS** — Converts iron chlorides in spent leach liquors into hydrochloric acid and iron pellets
- **Direct Reduced Iron** — Simple fluid bed process to reduce iron oxide to iron metal
- **Mineral Agglomeration** — Fluid bed process to agglomerate fine minerals

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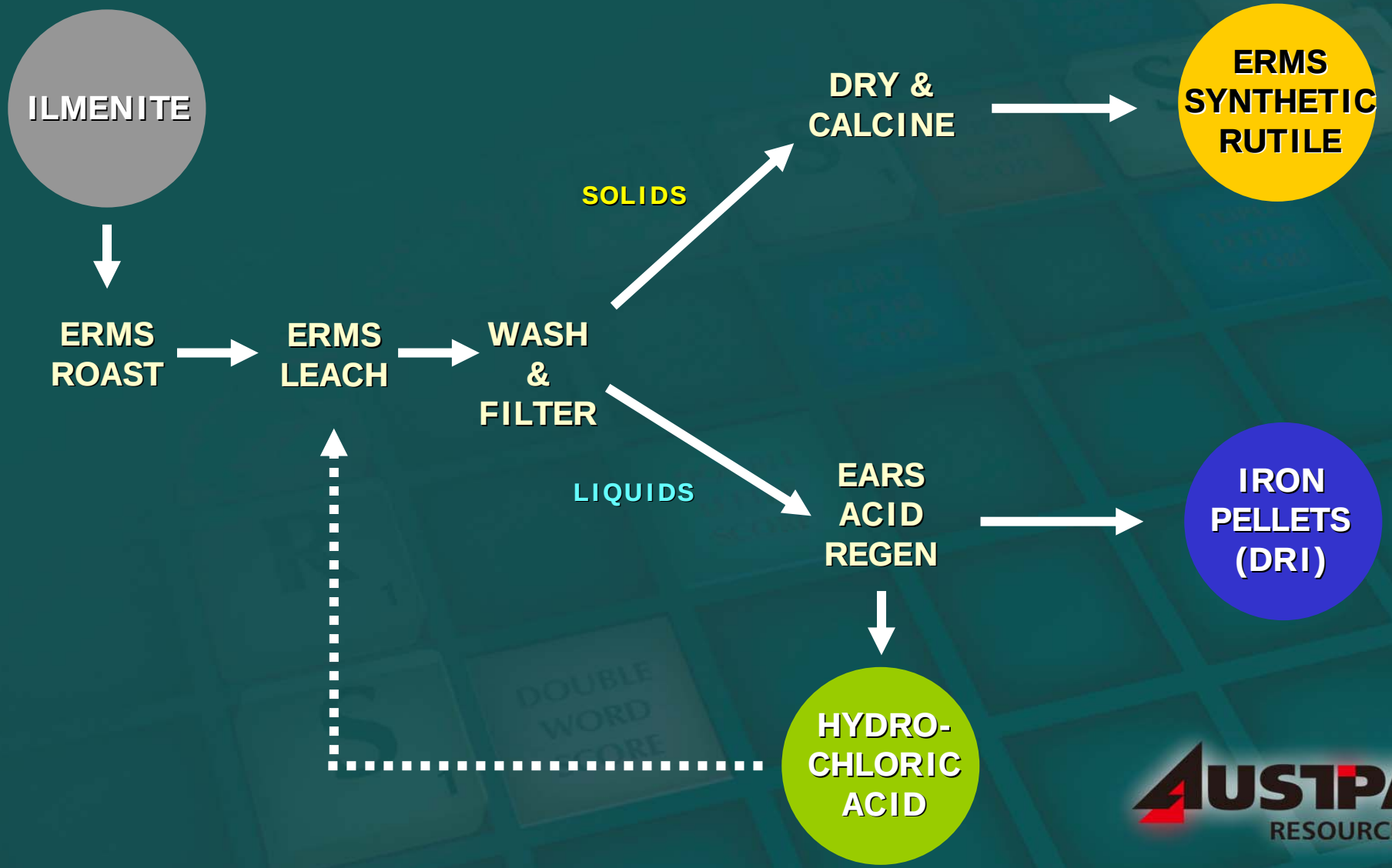
ERMS SR Process



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ERMS SR Process

Unique Features:

Produces two valuable products:

- Ultra-high grade synthetic rutile (for pigment & metal)
- Iron pellets for steel (not fine oxide waste)

Continuous - therefore lower capital & operating costs

Versatile - can treat any ilmenite and use any fuel (solid, liquid or gas)

Environmentally friendly - no solid or liquid effluents

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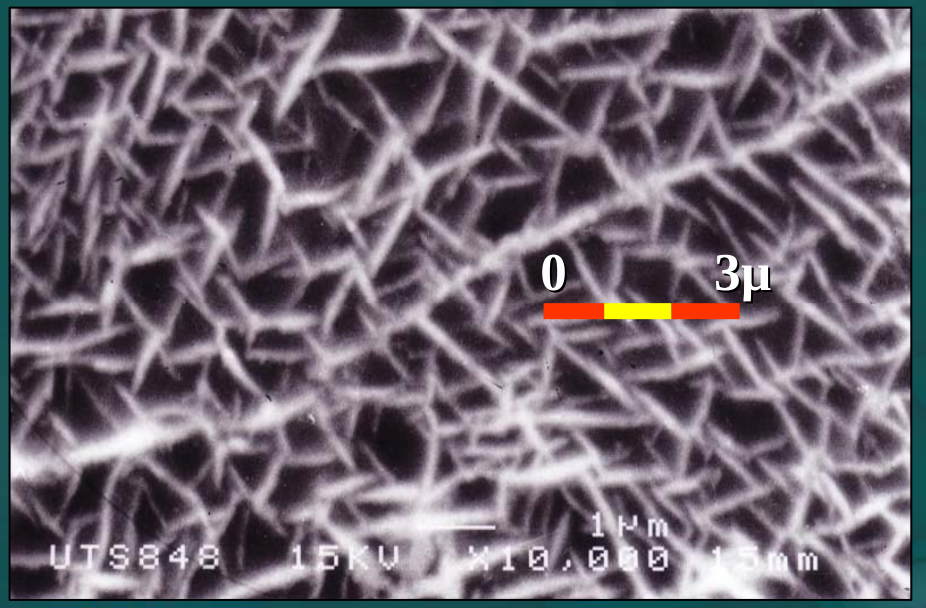
ERMS SR

Chemical Analysis

TiO_2	97.0%
Fe_2O_3	0.55%
SiO_2	0.57%
Al_2O_3	0.17%
Cr_2O_3	0.01%
CaO	<0.01%
MgO	0.02%
MnO	0.01%
U+Th	<10ppm



EARS Iron Pellets (DRI)

Chemical Analysis

Fe	89.7%
FeO	6.00%
TiO_2	0.16%
SiO_2	0.18%
Cr_2O_3	0.08%
CaO	0.03%
MgO	1.18%
MnO	2.29%
V_2O_5	0.84%
P_2O_5	0.007%

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Steel from EARS Pellets

Chemical Analysis

C	0.002%
P	0.005%
Mn	0.01%
Si	0.003%
S	0.015%
Ni	0.05%
Cr	0.01%
Cu	0.01%
V	0.001%
Ti	0.003%
Pb	0.01%
Sn	0.001%

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BHP Billiton & ERMS SR

- Research Agreement – September 2006
  - Metallising EARS oxide pellets
  - Continuous leach reactor
  - Re-estimation of Demonstration Plant costs
  - Capital and operating costs for large commercial plant
- Three month program is well advanced
  - Positive results to date
  - Completion before end 2006
- “Right to negotiate exclusive licence for ERMS SR for Africa”

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ERMS SR Demonstration Plant

ERMS SR – Commercialisation

Austpac's current plan:

- Scale-up from Demonstration Plant – ideally 20:1
- 60,000 tpa ERMS SR plant
- 30,000 tpa EARS iron pellets (DRI)
- Economically attractive
  - Capital cost: A$ 80M
  - EBITDA: > A$ 30M
  - IRR: > 30%, Payback: < 3 years
- South eastern Australia is attractive

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Other Technology Applications

- EARS – Recycling in the Steel Industry
- DRI – Iron oxides / iron ores
- Agglomeration of fine minerals

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EARS Recycling in the Steel Industry

- Regenerates low cost HCl from waste chloride solutions from steel pickling / galvanising operations
- Transforms iron units now lost as mill scales and dusts into high value electric arc furnace feed
- One tonne pickle liquor + two tonnes waste iron oxide = one tonne of fresh acid + 1.6 tonnes iron metal

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EARS Recycling in the Steel Industry

"BOO" EARS Plant example:

- Cost $130, Value >$750; Profit = $620 per tonne
- 50 tonnes/day plant – Capital cost ~ $6 million
- Generates $11million profit p.a.

- Discussions commenced with steel companies regarding testwork
- Demonstration Plant essential for commercialisation

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Iron Ore to DRI

- Value addition in the iron ore industry:
  - Reduction of magnetite sands to direct reduced iron (DRI)
  - Reduction of low value iron ore fines to high value DRI
- The continuous metallisation unit now testing EARS iron oxide will demonstrate process using iron ores (Pilbara sample)
- ERMS SR Demonstration Plant will also be used to process bulk iron ore samples
- Iron ore producers interested in process

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Fine Mineral Agglomeration

- New fluid bed process; no binders
- Demonstrated on “Hi-Ti” minerals

- WIM 150 could supply a south eastern Australia ERMS SR plant

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Technology Opportunities are:

ERMS SR

- Demonstration Plant (3,000 tpa) - Newcastle
- First commercial plant (60,000 tpa) - south eastern Australia
- Large commercial plant(s) / technology licence

EARS Acid Regeneration

- Recycling in steel industry
- Nickel applications

DRI

- Magnetite sands
- Iron ore fines

Agglomeration

- Fine titanium minerals
- ERMS SR from WIM 150 deposit

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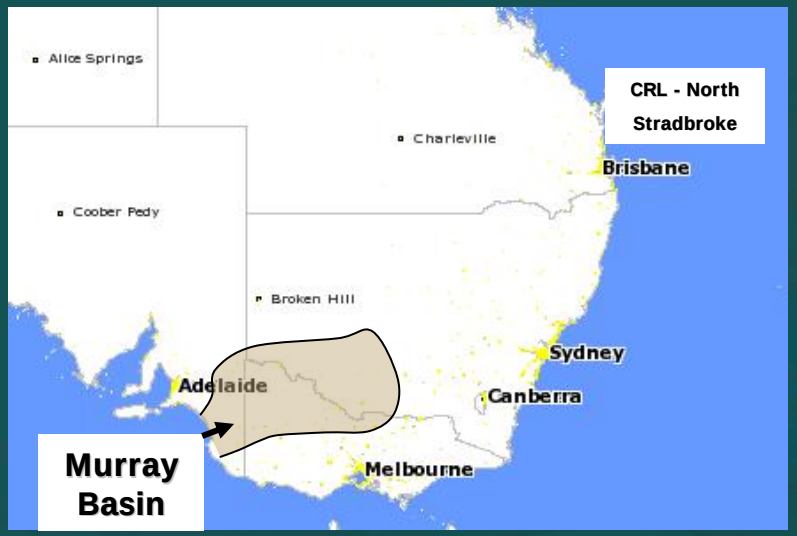
Mineral Sand Developments

Eastern Australia



- 2006 – two new mineral sand mines commenced production in the Murray Basin
- Unsaleable ilmenite (high chrome)
- ERMS SR is the only suitable process for upgrading

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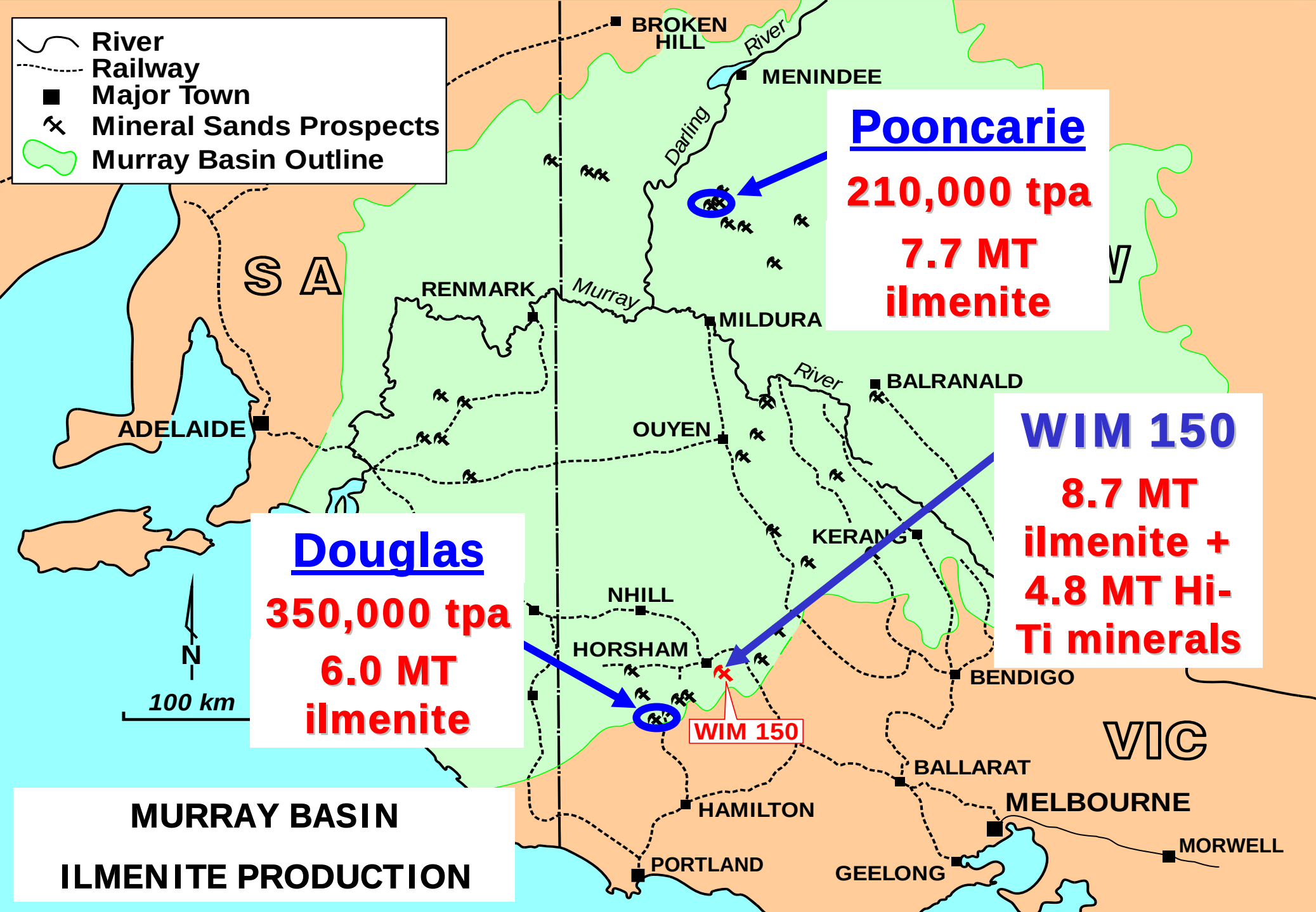
River
Railway
Major Town
Mineral Sands Prospects
Murray Basin Outline
BROKEN HILL
River
MENINDEE
Darling
Pooncarie
210,000 tpa
7.7 MT
ilmenite
S A
RENMARK
Murray
MILDURA
River
BALRANALD
ADELAIDE
OUYEN
WIM 150
8.7 MT
ilmenite +
4.8 MT Hi-
Ti minerals
KERANG
Douglas
350,000 tpa
6.0 MT
ilmenite
NHILL
HORSHAM
BENDIGO
N
100 km
WIM 150
VIC
BALLARAT
HAMILTON
MELBOURNE
MORWELL
PORTLAND
GEELONG
MURRAY BASIN
ILMENITE PRODUCTION

Austpac's WIM 150 Deposit

- Very large, fine grained HM deposit - zircon and high chrome ilmenite
- ERMS SR process - ~96% TiO_2 fine grained SR
- Austpac's new agglomeration process solves fine grained problem
- Proven reserves adequate for major ERMS SR plant for over 100 years
- Australian Zircon N.L. drilling in Dec. 2006

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South East China Gold

- State-owned Gold Bureau offered opportunity to explore below operating oxide gold mines
- Exclusive LOI for four mines plus exploration areas
- Carlin (Nevada) geologic setting
- Sino Gold's Jinfeng deposit – 4 million ounces
- Third party to fund initial exploration
- Negotiations for formal agreement well advanced

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Austpac in 2007:

- ERMS SR - Commercialisation
- EARS - Recycling in the Steel Industry
- DRI - Iron oxides / iron ores
- Agglomeration of fine minerals
- WIM 150
- China Gold

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