AUSTPAC RESOURCES N.L.

Innovative Technologies for the Titanium, Steel and Iron Ore Industries

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What is Synrutile?

Upgrading Process
(Austpac = ERMS SR)

Ilmenite

Austpac Synrutile

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Titanium Metal

Light weight, great strength, corrosion resistance and very high melting point

Used in aircraft engines, cars, sports equipment (golf clubs, tennis racquets and bike frames), and general industrial equipment.

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Titanium Dioxide (TiO_2)

Titanium dioxide (TiO_2)pigment is used in the manufacture of paints, plastics, paper, ink, rubber, textiles, cosmetics, leather and ceramics.

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Austpac - the Company

Listed on ASX July 1986	Code: APG
Shares on issue	701 million
Share price	10c
Market Cap	$70 million
Shareholders	4,200
$4.5M in cash, no debt	
Major shareholder	BHP Billiton 3.8%

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ERMS SR Synrutile Process

ROASTING

Fluid Bed Roasters

LEACHING

Continuous Leach Vessel

SALEABLE PRODUCT

ERMS SR Synrutile

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ERMS SR Synrutile Process

Makes the

HIGHEST GRADE SYNRUTILE available today (97% TiO_2)

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EARS Acid Regeneration

Iron Chloride Liquors

Spent Liquors from Leaching

EARS Acid Regeneration

Recycled Hydrochloric Acid

SALEABLE PRODUCT

Iron Metal Pellets

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ERMS SR Synrutile Process

The only process that produces <u>two</u> valuable products

Ultra-high grade synthetic rutile
(titanium pigment ***<u>and</u>*** titanium metal production)

Iron Metal for Steel Production

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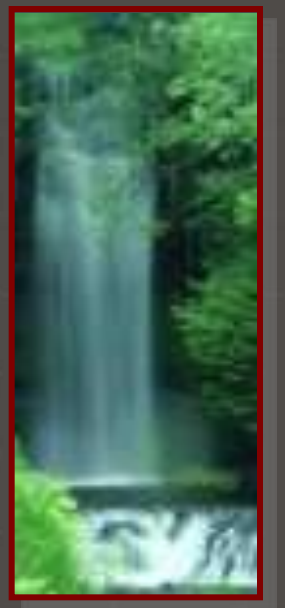
Versatile, Cost Effective and Environmentally Sustainable



- can use ANY ILMENITE from any deposit around the world
- can use ANY FUEL (solid, liquid or gas)
- produces NO LIQUID WASTE and NO SOLID WASTE (no landfill)
- is CARBON CAPTURE CAPABLE; captured CO_2 is saleable to other industries
- uses waste heat to GENERATE ELECTRICITY so is SELF-SUFFICIENT FOR POWER
- emits LESS CO_2 than other upgrading processes and makes more revenue per tonne of CO_2 produced

SUPERIOR PRODUCTS AT LOWER COST

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BHP Billiton: Corridor Sands

World's largest heavy mineral sand ilmenite resource (>100MT, 100-year-plus asset)

Will be low cost mineral sand mine

ERMS SR process an upgrading option

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3,000 tpa Demonstration Plant

- BHP Billiton Agreement
  June 2007
- Roasting and Magnetic Separation
  March 2008
- Leaching and Acid Regeneration
  July 2008 - commissioning
- Synrutile and Iron Pellet Production
  August to September 2008

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The Newcastle Team

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ERMS SR Can Process Any Ilmenite

- 150 tonnes of CRL Ilmenite
- 500 tonnes from Bemax's Murray Basin Project
- 70 tonnes from BHP Billiton's Corridor Sands Deposit

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Saleable Products

300 tonnes of ERMS SR Synrutile

200 tonnes Iron Pellets

Strong interest in purchasing and testing products already shown by various groups

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Commercial ERMS Synrutile Plant

- 60,000 tpa ERMS SR synrutile plant (+ 45,000 tpa iron pellets)
- Economically attractive:
  - Capital cost: ~$120M
  - EBITDA: > $ 45M p.a.
  - IRR: > 30%,
  - Payback: < 3 years

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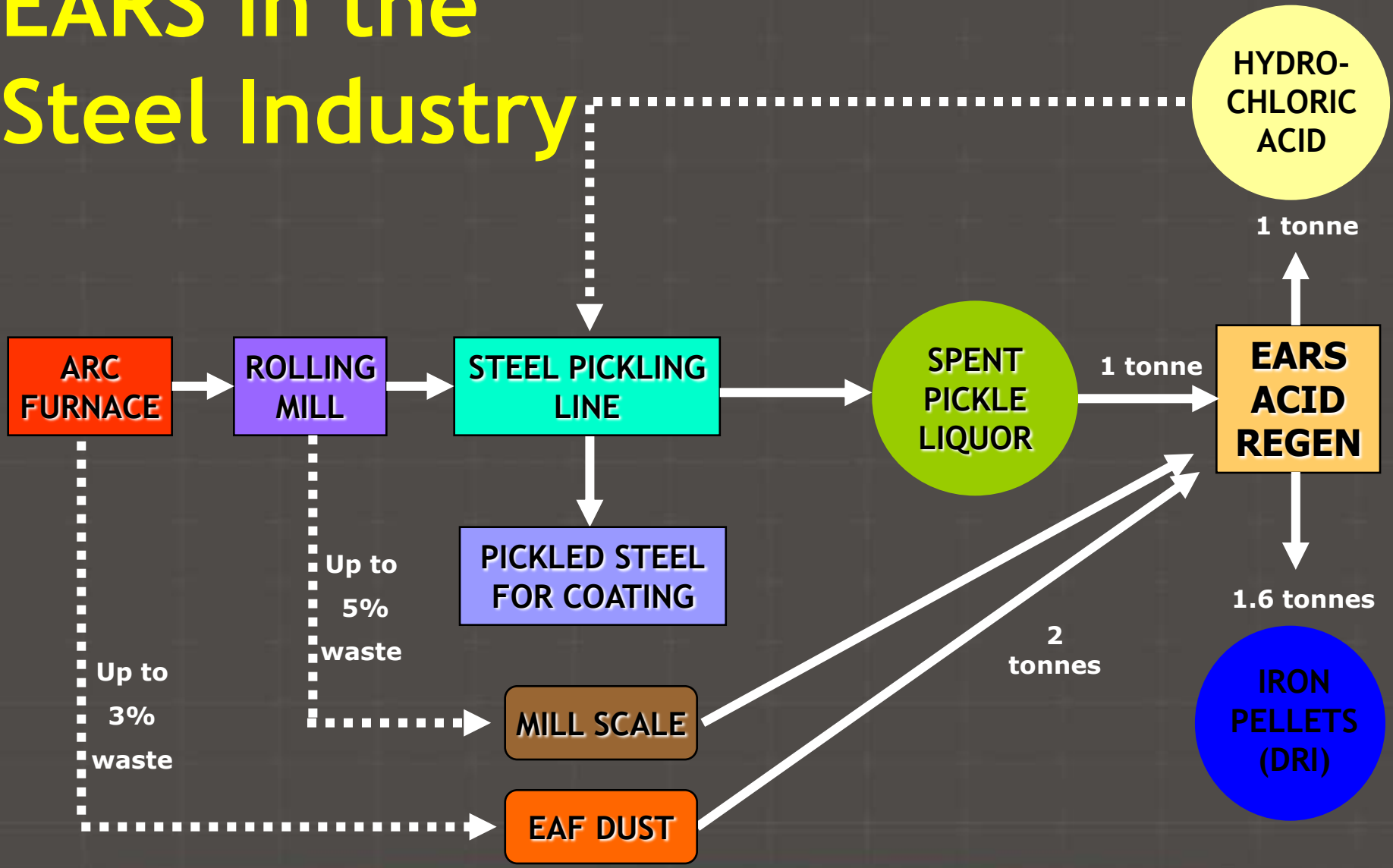
EARS in the Steel Industry



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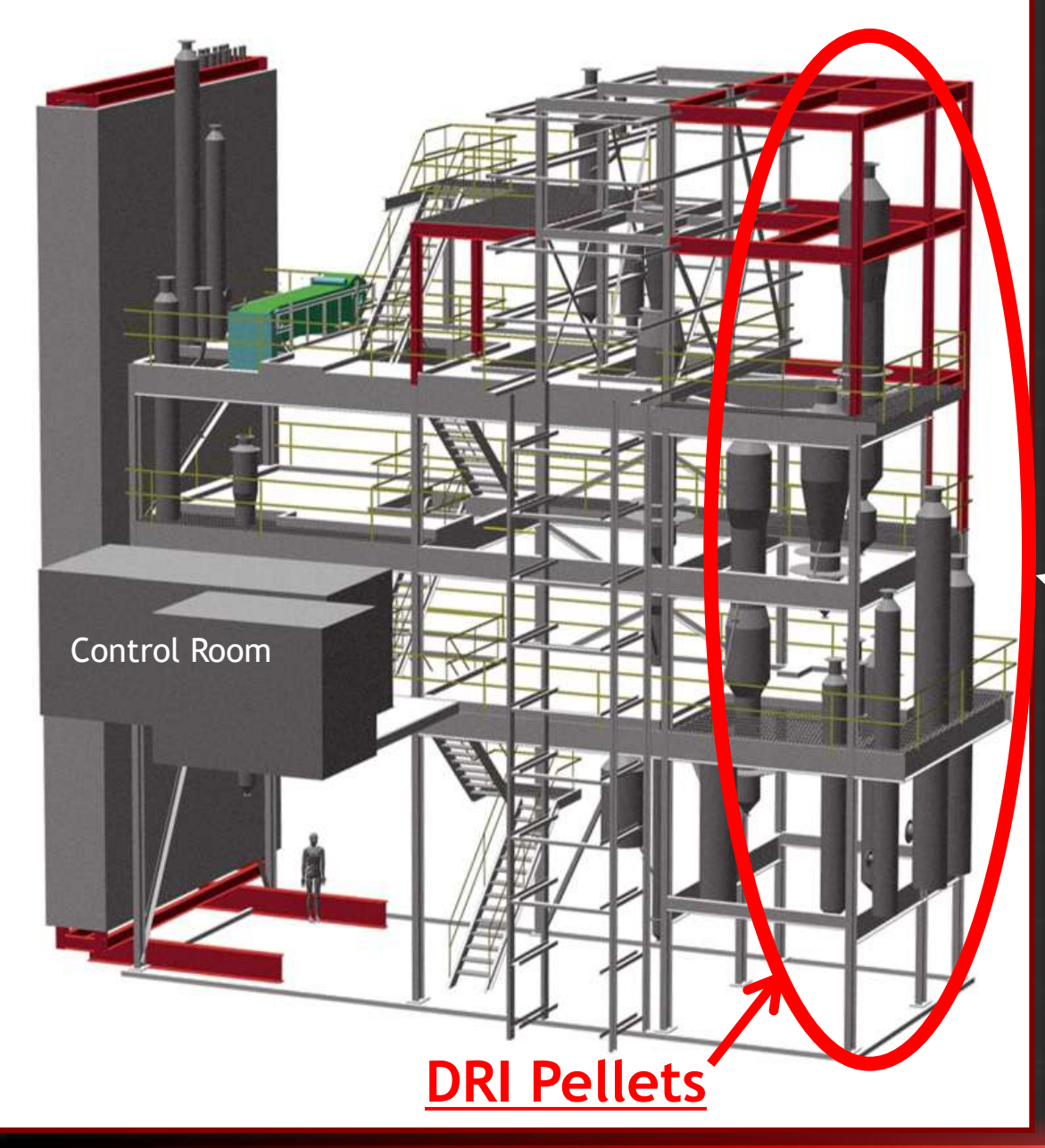

ERMS SR Demonstration Plant

EARS PLANT
40 tpd capacity

EPA has licensed the Plant to treat steel wastes

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Commercial EARS Plant

"Build-Own-Operate" Steel Waste Plant

- Capital cost of 50 tpd plant <$10M
- Opex $130/t, Value >$850/t, **Profit = $650/t**
- Generates >$10M profit/year

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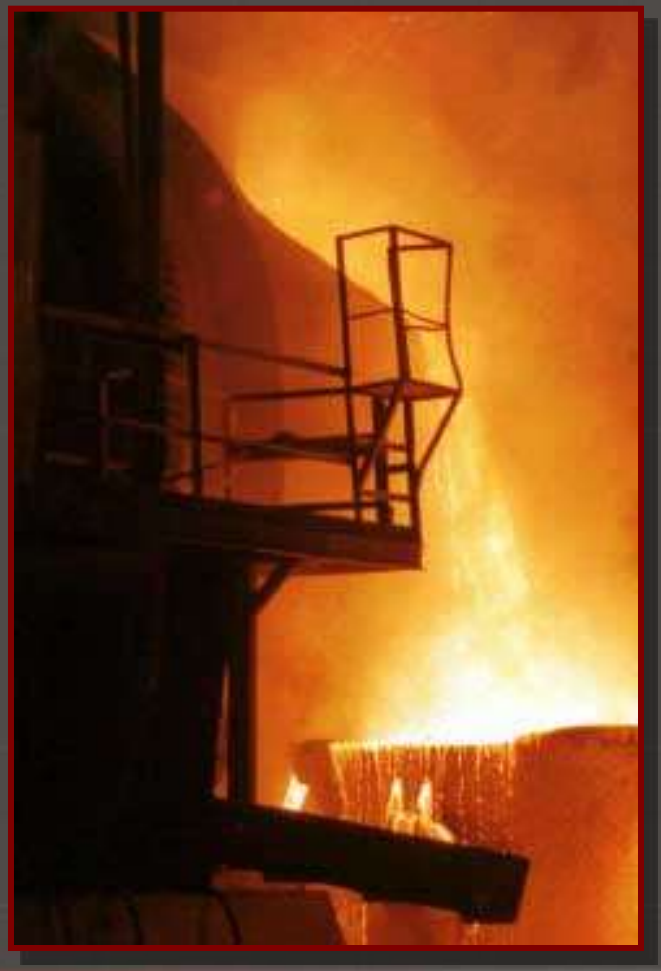
MultiServ Group Agreement

- WORLDWIDE applications of the EARS process
- 170 operating sites in 35 countries
- Immediate introduction to the world's steel industry



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Austpac's Patented EARS Process

THE ENVIRONMENTAL SOLUTION FOR THE WORLD'S STEEL INDUSTRY WASTE

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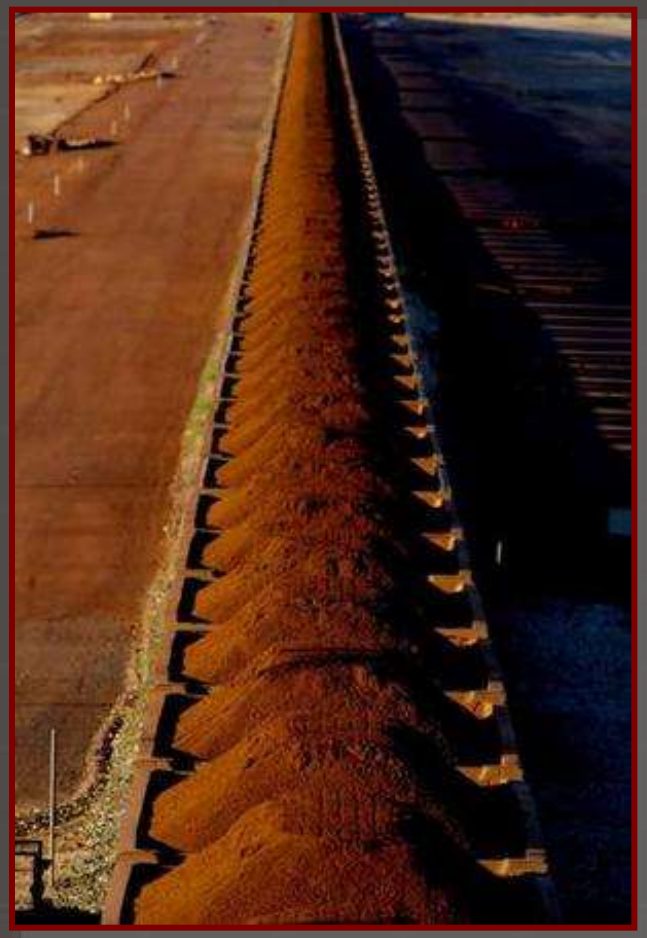
Austpac and IRON ORE



Direct Reduced Iron *(DRI)* Process produces iron metal from iron ore fines

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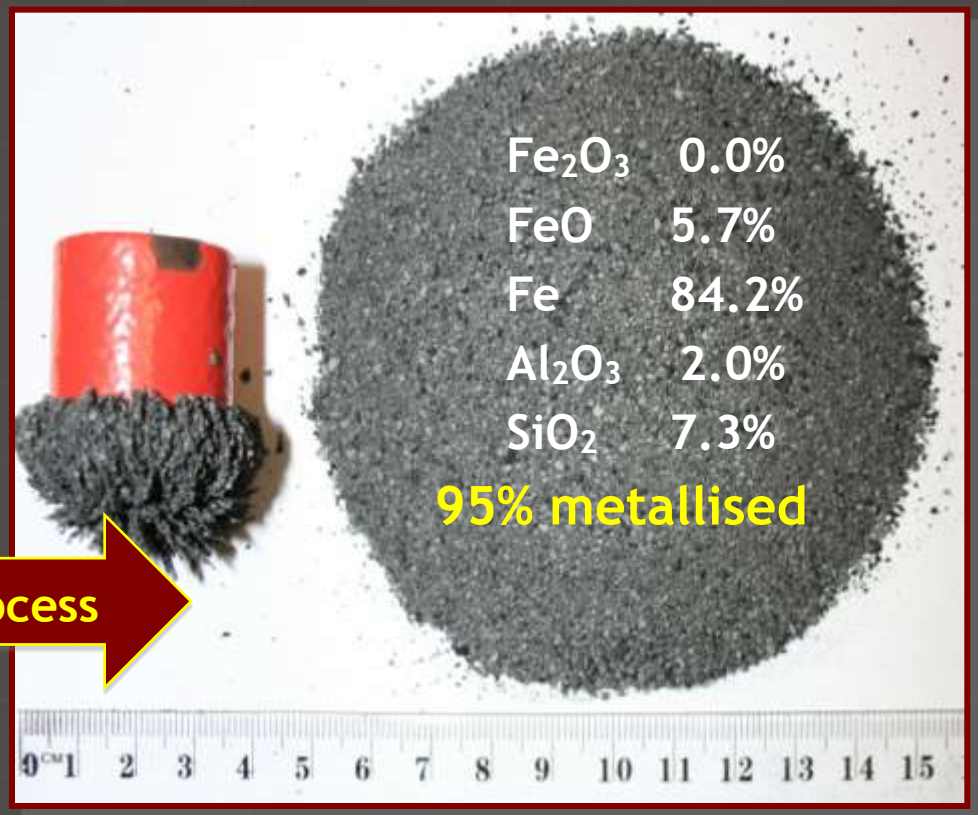
Iron Ore and DRI

LOW VALUE PRODUCT

Iron Ore

DRI Process

HIGH VALUE IRON



Austpac's Direct Reduced Iron

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Project Timelines (Australia only)

(Fiscal Years)

★ Cash Flow

Project	2007-08	2008-09	2009-10	2010-11	2011-12
3,000 tpa SynRutile Demonstration Plant					
60,000 tpa SR Plant - S.E. Australia					
Waste Plant #1 *Newcastle Demonstration Plant*					
Waste Plant #2 *Australia*					
DRI from iron ore *Licences*					

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Cash Generation Potential
(Australia only; EBITDA, Fiscal Years)

Projects	2007-08	2008-09	2009-10	2010-11	2011-12
60,000 tpa SR Plant S.E. Australia	-	-	-	$35M	$45M
Newcastle Waste Plant	-	$4M	$10M	$10M	$10M
Waste Plant #2 Australia	-	-	$3M	$10M	$10M
Projects EBITDA (Annual totals)		**$4M**	**$13M**	**$55M**	**$65M**

Plus: Worldwide steel industry waste recycling

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Austpac's innovations
will allow profitable entry to…

The Titanium Industry

The Steel Industry

The Iron Ore Industry

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Why Austpac?

Austpac's patented technologies make the ***world's highest grade products using environmentally sustainable processes***

Austpac has an ***operating Demonstration Plant*** and ***agreements in place with BHP Billiton and other international companies*** to use the technologies

Less than a year ago ***BHP Billiton recognised the value of the ERMS SR process*** and became ***Austpac's largest shareholder, facilitating the 3,000 tpa ERMS SR Demonstration Plant at Newcastle***

Investors in Austpac will ***benefit in the near and medium term*** as ***commercialisation*** continues and the Company's operations start generating ***cash flows***

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