



The Speculator

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Austpac sees profits to come in waste recovery

Stockbroker Alpha Securities yesterday released a bullish recommendation on its listed client Austpac Resources NL (APG).

My portfolio stock APG is developing new technology for recycling waste from steel industry. Alpha believes the stock offers “speculative buying appeal in the range of 4-8c a share, with excellent medium term upside as additional opportunities in the steel and titanium industries are realised.”

Austpac closed last week at 3.7c.

At its plant on Newcastle’s Kooragang Island, Austpac has developed the capacity to recycle 17,000 tonnes/year of mill scale and 34,000 tonnes a year of spent liquor from steel mills to produce 18,000 tonnes/year of iron chips or briquettes and 18,000 tonnes/year of hydrochloric acid.

We carried Austpac into the portfolio at 6c a share in early 2011 and no doubt the stock has accumulated many stale bulls after successive share issues to fund development. The most recent was a placement in August this year of 33 million shares at 6c to raise \$1.98 million from Orient Zirconic Resources (Australia) Pty Ltd to develop acid regeneration and iron recoveries within the Chinese steel industry.

Austpac has also developed what it describes as ERMS SR technology (Enhanced Roasting and Magnetic Separation Synthetic Rutile) to recover high-grade synrutile from ilmenite. A plant to produce 60,000 tonnes a year of synrutile is under consideration to serve the titanium metal industry. This would meet around one quarter of the present requirement of Japan’s two major titanium producers, Toho Titanium Co Ltd and Osaka Titanium Corporation.

Widely-held share register

Austpac today has 1,192 million shares on issue which a 3.7c a share give it a market capitalisation of \$44.1 million. Of the 4376 ordinary shareholders, the current top 20 shareholders have 37% of the capital with the largest and only substantial holder being Kronos International Inc, a subsidiary of Kronos Worldwide Inc, a major producer of titanium dioxide pigments in Europe and North America with 6.4%, followed by BHP Billiton Innovation Pty Ltd (4.6%).

Shareholders might hope to learn more of the company’s outlook at its annual meeting at Sydney’s Menzies Hotel on November 15 when managing-director Mike Turbott will no doubt update his investors of what’s in store.