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QUARTERLY REPORT TO 30 JUNE 2017

HIGHLIGHTS

- During the quarter under review, Austpac significantly advanced the program to make 5 tonnes of reduced iron pellets at the Newcastle Zinc and Iron Recovery Plant (NZIRP) for testing in an Electric Induction Furnace (EIF) at a commercial foundry. The program's objective is to prove the Company's recycling process and produce samples of pig iron and zinc oxide for marketing purposes.
- At the NZIRP, existing pilot scale equipment has been modified and refurbished, and it will be operated sequentially through the Fluid Bed Evaporation ("**EVAP**"), Pyrohydrolysis ("**PYRO**") and Fluid Bed Pre-Reduction ("**FBPR**") stages, as described later in this report.
- An east coast-based Australian steelmaker has agreed to supply the furnace dusts and spent pickle liquor (SPL) required for the NZIRP proving program.
- Equipment at ground level in the solids preparation area has been modified to produce a slurry of furnace dust which will be fed directly along with SPL to the EVAP unit in the process tower.
- The evaporator has been extensively reconditioned and replacement parts have now been installed. Commissioning and production of iron chloride/iron oxide/zinc oxide pellets is planned for August 2017, which will prove the EVAP step.
- An existing large refractory-lined fluid bed roaster will be used for both the PYRO and FBPR process stages. Quotes for fabrication of a new lower section and plenum for the roaster are being reviewed, whilst the roaster cap and refractory-lined off-gas ducts are in the design phase.
- Encouraging results were obtained from the drill hole completed in May 2017 at Nhill. The hole passed through younger cover sediments to intersect 76.6m of Cambrian basaltic volcanics from 248.9 to the end of the hole at 324.5m, much of which is strongly to intensely altered. It is cut by epidote and calcite veins higher in the hole with quartz veining toward the base. Localised breccia zones contain sulphides with pyrite infilling on fractures. Two breccia zones were anomalous in zinc and gold; 0.5m from 308.4m contained 3.6% Zn and 0.44g/t Au, and 0.5m from 324.0m to the end of the hole contained 1.2% Zn and 0.20g/t Au. The nature of the alteration and mineralisation suggest it may represent the outer halo of a hydrothermal system peripheral to the drill site and have a porphyry copper-gold or volcanogenic massive sulphide origin. Further drilling in this essentially unexplored region of Victoria is warranted.
- Austpac is still awaiting advice from the company with a significant heavy mineral resource in Asia that it is ready to sign the licence and investment agreement negotiated in 2016 for the use of the ERMS SR synrutile process.
- Discussions with financial institutions for both working capital and project finance continue.

NEWCASTLE ZINC & IRON RECOVERY PLANT (NZIRP)

The pilot scale program, which involves making 5 tonnes of partially-reduced iron oxide pellets for melting trials to prove the final stage of Austpac's zinc-iron-hydrochloric acid recovery process, was further progressed during the quarter under review.

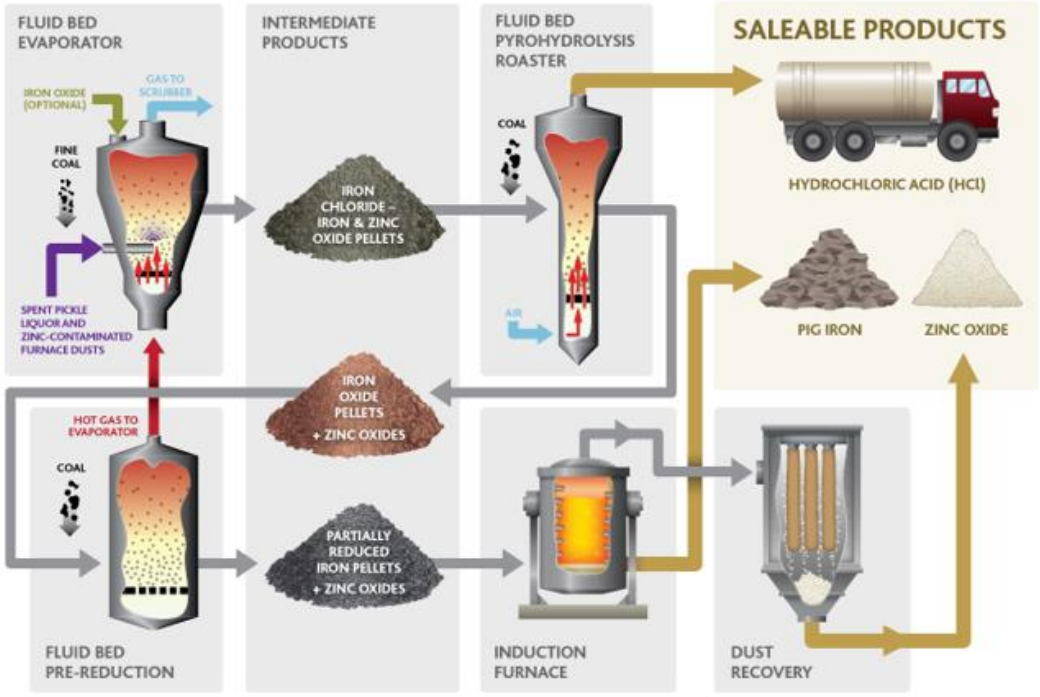
An east coast-based Australian steelmaker has agreed to supply sufficient raw materials to support Austpac's testwork program at Newcastle. The selected steel furnace dust predominantly contains iron oxides and some zinc minerals, which is typical of those produced during steel-making. The SPL is from the steelmaker's pickling lines. Both materials are being be delivered to the NZIRP where they will be stored in bunded areas until required for processing.

The furnace dust, which contains agglomerated particles, will be mixed with fine coal and then transferred to a receival hopper in the existing solids preparation area. The equipment, which was commissioned in 2013, was re-tested in June 2017 and operated to specification. The solids will be mixed with water in the ball mill and ground to a fine slurry which will be pumped from the discharge tank via the ring main to a holding tank adjacent to the Fluid Bed Evaporator (EVAP).

The existing EVAP unit required extensive reconditioning. A new plenum for the fluid bed has been installed, as has the off-gas stack for the scrubber. The gas burner for the EVAP unit is operational, as are the blowers and fans for the EVAP unit and the off-gas scrubber. Refurbishment and installation work is now essentially complete and the unit is scheduled for initial commissioning in early August 2017, which will be followed by production of iron chloride/iron oxide/zinc oxide pellets.

A single fluid bed roaster will be used for both the Pyrohydrolysis (PYRO) and Fluid Bed Pre-Reduction (FBPR) stages of the process. An existing refractory-lined roaster is being modified for these dual duties. A number of local and interstate groups have provided quotes for the fabrication of a replacement base and plenum for this roaster. The refractory-lined roaster cap and off-gas ductwork which will be integrated with the EVAP gas scrubbing system are in the design phase.

AUSTPAC'S ZINC-IRON-HCl RECOVERY PROCESS



EL 5291 NHILL

At Nhill, one exploration drill hole was completed in May to test the basement rocks beneath cover of much younger Murray Basin sediments for copper-lead-zinc mineralisation. The program is being co-funded by the Victorian Government under the TARGET Minerals Exploration Initiative. The drill target was developed through interpretation of magnetic and gravity data, together with the application of innovative geological concepts promulgated by the Geological Survey of Victoria. The vertical hole, referred to as drill hole GG-01, passed through the marine sediments using mud rotary equipment, before encountering competent basement at 248.9m. Diamond core drilling was then used to continue the hole for a further 75.6m and the hole was terminated at 324.5m.

The basement encountered within drillhole GG-01 consists primarily of basaltic volcanics. These rocks are considered analogous to parts of the Cambrian Mount Stavely Volcanic Complex, which is well known to the south-east of EL 5291 where the sediment cover is thinner. In much of the hole the basalt is strongly to intensely altered. It is cut by epidote and calcite veins higher in the hole with quartz veining toward the base, as well as by localised breccia zones containing sulphides and with pyrite infilling on fractures.

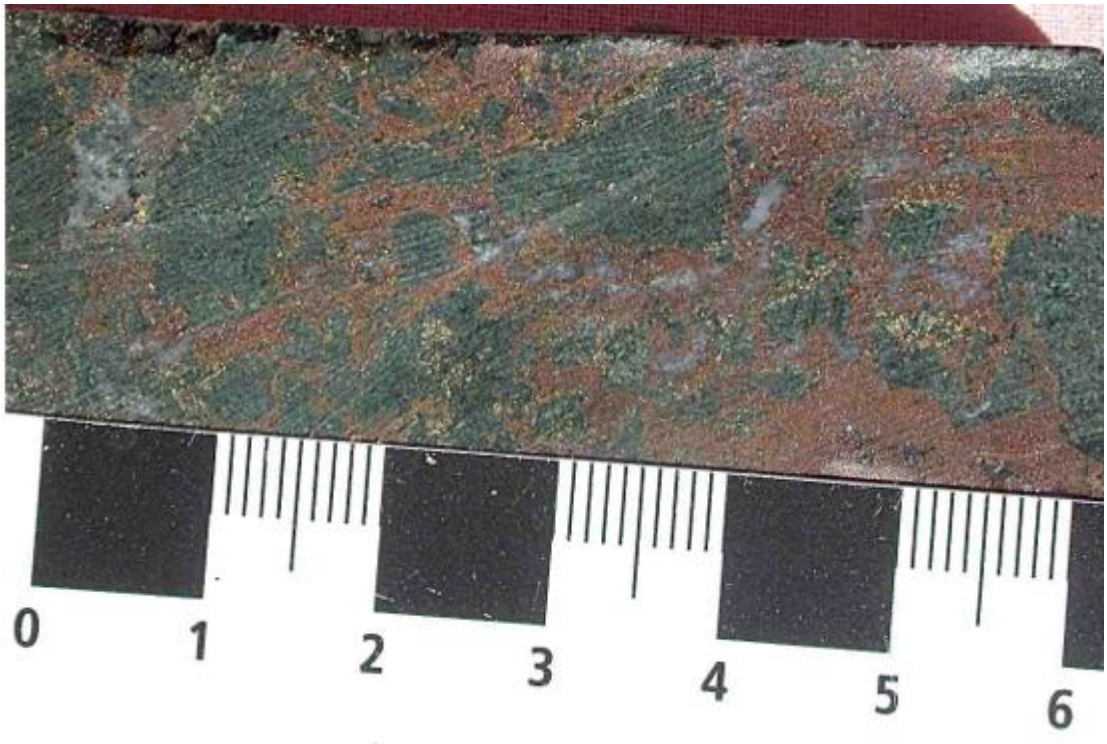
Two batches of core samples were submitted for geochemical analysis and one batch of core was submitted for petrological examination. Geochemical analyses have been received for the initial batch of 38 core samples, and analyses for the second batch of 31 samples are awaited (see table below).

Anomalous zinc and gold values were encountered in two breccia zones lower in the hole where abundant sphalerite (zinc sulphide) was observed. Two 0.5m core samples (down-hole length; true width is not known) from these zones contained:

From 308.0m to 308.5m, 0.5m at 3.6% Zn and 0.44 g/t Au

From 324.0m to 324.5m, 0.5m at 1.2% Zn and 0.20 g/t Au.

A photo of a 6cm section of core from 308.0m from the upper breccia zone is shown below:



Core sample showing altered basalt fragments (greenish) enclosed by a hydrothermal matrix of ~15% brown sphalerite (zinc sulphide), ~8% yellowish pyrite and subordinate pale grey quartz. Scale bar in centimetres.

The extent of the alteration, veining and sulphides infilling fractures in breccia zones, suggests the mineralisation in drillhole GG-01 represents a significant influx of fluids containing sulphide and base metals, which may be the outer halo of a hydrothermal system peripheral to the drill site. It is expected the remaining analyses will confirm the vertical extent of the anomalous mineralisation within this hole. The covered Cambrian basement in western Victoria is essentially unexplored, and to intersect mineralisation in the first core hole at Nhill is very encouraging.

Further drilling is warranted within EL 5291 to investigate the lateral extent of the mineralisation at this location and to seek the source of the narrow mineralised zones intersected in hole GG-01, which may have a porphyry copper-gold or volcanogenic massive sulphide origin.

TABLE OF INITIAL GEOCHEMICAL ANALYSES FROM DRILL HOLE GG-01

SAMPLE ID	FROM metres	TO metres	INTERVAL metres	Au ppm	Ag ppm	Cu ppm	Pb ppm	Zn ppm	Zn %
				ALS Au TL43	ALS ME ICP43	ALS ME ICP44	ALS ME ICP45	ALS ME ICP46	ALS Zn OG46
GGS001	234.0	243.0	9.0	0.00	0.4	159	28	408	
GGS002	243.0	248.9	248.9	0.00	0.3	78	19	233	
Pending*	248.9	250.2	1.3						
GGS003	250.2	251.1	0.9	0.00	<0.1	6	21	91	
GGS004	251.1	251.6	0.5	0.00	0.2	286	13	185	
Pending*	251.6	276.8	25.2						
GGS005	276.8	277.5	0.5	0.01	0.2	106	12	119	
Pending*	277.5	278.0	0.5						
GGS006	278.0	278.3	0.3	0.01	0.1	143	10	106	
GGS007	278.3	278.5	0.2	0.00	0.1	117	11	159	
GGS008	278.5	279.2	0.7	0.10	0.4	174	38	178	
Pending*	279.2	281.1	1.9						
GGS009	281.1	281.6	0.5	0.10	0.4	155	22	140	
GGS010	281.6	282.2	0.6	0.09	0.6	144	25	285	
GGS011	282.2	282.5	0.3	0.06	0.4	244	19	277	
GGS012	282.5	283.0	0.5	0.02	0.3	214	11	149	
GGS013	283.0	283.5	0.5	0.03	0.2	127	11	107	
GGS014	283.5	284.0	0.5	0.57	0.3	198	7	117	
GGS015	CRM-1	-	-	0.06	0.5	1,700	39	213	
GGS016	284.0	284.5	0.5	0.05	0.2	178	8	137	
GGS017	284.5	285.0	0.5	0.03	0.4	320	11	143	
GGS018	285.0	285.5	0.5	0.03	0.8	716	19	156	
GGS019	285.5	286.0	0.5	0.02	0.2	179	6	103	
GGS020	286.0	286.5	0.5	0.03	0.1	70	5	103	
GGS021	286.5	287.0	0.5	0.03	0.4	284	5	167	
GGS022	287.0	287.5	0.5	0.03	0.3	181	9	107	
GGS023	287.5	288.0	0.5	0.04	0.2	209	4	140	
Pending*	288.0	297.5	9.5						
GGS024	297.5	298.0	0.5	0.08	0.4	747	5	200	

	From	To	Interval	Au ppm	Ag ppm	Cu ppm	Pb ppm	Zn ppm	Zn %
GGS025	298.0	298.5	0.5	0.07	0.4	544	10	384	
Pending*	298.5	305.0	6.5						
GGS026	305.0	305.5	0.5	0.07	0.5	307	56	783	
GGS027	305.5	306.0	0.5	0.02	0.2	223	43	1,380	
GGS028	306.0	306.5	0.5	0.20	0.3	257	47	2,280	
GGS029	306.5	307.0	0.5	0.01	0.2	280	6	287	
GGS030	CRM-2	-	-	0.12	0.9	3,610	10	91	
GGS031	307.0	307.5	0.5	0.59	0.3	273	7	544	
GGS032	307.5	308.0	0.5	0.23	0.2	199	6	332	
GGS033	308.0	308.5	0.5	0.44	0.4	269	13	>10000	3.60
Pending*	308.5	311.5	3.0						
GGS034	311.5	312.0	0.5	0.02	0.2	257	8	255	
GGS035	312.0	312.5	0.5	0.04	0.2	266	22	365	
GGS036	312.5	313.0	0.5	0.02	0.1	165	8	170	
GGS037	313.0	313.5	0.5	0.09	0.2	219	5	192	
GGS038	313.5	314.0	0.5	0.22	0.2	205	12	311	
GGS039	314.0	314.5	0.5	0.01	0.1	157	3	150	
Pending*	314.5	324.0	9.5						
GGS040	324.0	324.5	0.5	0.20	0.8	619	5	>10000	1.20
	324.5	End of Hole	-	-	-	-	-	-	-

Notes:

1. Samples GGS015 and GGS030 are Certified Reference Samples (CRMs) inserted for quality control.
2. Pending* - Analyses for 38 samples of core are reported above. Analyses are pending for a further 31 core samples from within the Pending* intervals.

Mining Exploration Entities:

EL 5291 (Nhill); Located between Nhill and Dimboola, Victoria; 100% Austpac Resources N.L.

For further information please contact:

Mike Turbott

Managing Director - Tel (+61 2) 9252 2599

NOTE: This report is based on and accurately reflects information compiled by M.J. Turbott who is a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists and is a competent person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves.

About Austpac Resources N.L. (ASX code: APG)

Austpac Resources N.L. [www.austpacresources.com] is a minerals technology company currently focused on recycling waste chloride solutions and zinc-contaminated iron oxide dusts produced by steelmaking to recover hydrochloric acid, iron metal and zinc oxide. Austpac's technologies also transform ilmenite into high grade synthetic rutile, a preferred feedstock for titanium metal and titanium dioxide pigment production. The Company has been listed on the Australian Stock Exchange since 1986.

JORC CODE, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code Explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *Diamond drilling was employed to yield NQ2-size; whole core which was cut lengthwise into halves. Continuous lengths of core were collected in calico bags, sealed and delivered to ALS Laboratories office in Orange, NSW No intervals were less than 0.5m or greater than 1.0m in total length.* ***Historical Drilling*** *There has been no historical drilling at this prospect. In 1994, North Exploration drilled several holes in the region which were targeted at very strong magnetic anomalies. The Norths drillhole which is nearest to GG-01 is DIMB RM6 which is ~ 7 km SSE of Austpac hole GG-10. The Norths hole was terminated at 246m and failed to reach basement.* ***Mineral Resource Estimate*** *Not applicable*
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *Sample representivity was ensured by a combination of procedures regarding Quality Control (GC) and quality assurance testing (QA). At least 2 certified reference material standards were inserted into each assay batch.* ***Historical Drilling*** *Not applicable (same for all following items)*
	Aspects of the determination of mineralisation that are material to the Public Report. In cases where" industry standard" work has been done this would be relatively simple (eg reverse circulation drilling was used to obtain 1m samples from which 3 kg was pulverised to produce a 30g charge for fire assay. In other cases, more explanation may be required, such as where there is coarse	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *Drill core sampling techniques are considered industry standard for the Nhill Project.* *The NQ half diamond core from hole GG-01 has been sampled over lengths of not less than 0.5m and not more than 1.0m.* *The diamond drill samples were submitted to ALS Laboratories office in Orange, NSW (ALS). Laboratory sample preparation involved crushing to 70% less than 6mm (ALS method CRU-21), then pulverising of entire sample to >85% passing 75 microns (ALS Method PUL-21).*

	gold, that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	*Diamond core samples were analysed by ALS method ME- ICP43 and trace level gold determined by aqua regia digest of a 25g sub-sample followed by ALS method Au-TL43. Samples reporting in excess of 10,000ppm zinc were re-analysed using ALS ore grade method ZN-OG46.*
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face sampling bit or other type, whether core is oriented and if so, by what method, etc).*	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *During May 2017, a single vertical hole was completed by Titeline Drilling Pty Ltd of Ballarat, Victoria.* *The hole was initially drilled by the Rotary Mud method through HWT and HQ steel casing until the driller encountered penetration refusal in competent basement rock at 248.9 metres. This was followed by core drilling NQ2 through HQ casing. The hole was terminated at the depth of 324.5m* *Diamond drilling was standard tube, and the drill core was not orientated.* *The drilling program was supervised by Austpac's General Manager Exploration.*
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *Diamond core recoveries were logged and recorded in the database.* *Diamond core recovery for the basement rocks encountered in drillhole GG-01 was excellent.*
	Measures taken to maximise sample recovery and ensure representative nature of the sample.	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *Diamond core is reconstructed into continuous runs as it is stored into labelled core trays with annotated core blocks.* *Depths are checked against the values written on the core blocks and rod counts are routinely carried out by the driller.*
	Whether a relationship exists between sample recovery and grade, and whether sample bias may have occurred due to the preferential loss/gain of fine/coarse material.	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *This is not an issue with diamond drilling.*
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining*	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *Geological logging of samples followed industry common practice. Qualitative logging of drill core included, but was not limited to, lithology, mineralogy, alteration, veining, structure and*

	studies and metallurgical studies.	*weathering.* *Magnetic susceptibility measurements were recorded every 1m in the drill core. Density measurements were made on a selected suite of core.*
	Whether logging is qualitative or quantitative in nature and core photography.	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *All logging is quantitative, based on visual field estimates.* *Systematic photography of the diamond drill core was accomplished.*
	The total length and percentage of the relevant intersections logged.	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *Detailed diamond core logging, with digital capture, was conducted by Austpac's consultant geologist for the entire length of the diamond drill core, and reviewed by Austpac's General Manager Exploration*
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn, and whether quarter, half or all core taken.*	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *Half core of the NQ diamond drill core was sawn length-wise into half core using a diamond blade core saw, and the half core was sampled for geochemical analysis.*
	If non-core, whether riffled, tube sampled, rotary split etc, and whether sampled wet or dry	*Not applicable for diamond drill core*
	For all sample types, the nature, quality and appropriateness of the sample preparation technique	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *Standard industry procedures were followed to ensure sub-sampling adequacy and consistency for the diamond drill core.*
	Quality control procedures adopted for all sub-sampling stages to maximise representativity of samples	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *Standards comprising certified reference materials of different values are submitted with the core samples delivered to the analytical laboratory as part of the quality control procedures.*
	Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second half sampling.	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *No second-half sampling of the diamond core has been conducted at this stage.*
	Whether sample sizes are appropriate to the grain size	***Nhill Project*** ***Gerang Gerung Prospect***

	of the material being sampled	***Austpac Resources Diamond Drilling*** *The sample sizes are considered to be fully appropriate to correctly represent the observed mineralisation.*
Quality of assay data and laboratory tests	*The nature, quality and appropriate\ness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *The sample analytical procedures are developed by Australian Laboratory Services for the Australian minerals industry and are considered to represent the highest standard of analysis available to the Australian exploration industry. The methods employed for these drill core samples (viz. ME-ICP43, ZN-OG46 and Au-TL43) are considered appropriate for the styles of mineralisation being sought (porphyry copper-gold and volcanogenic massive sulphide).*
	For geophysical tools, spectrometers, handheld XRF instruments etc, the parameters used in determining the analysis including instrument make and model, reading times, calibration factors applied and their derivation, etc.	*Not applicable*
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *Laboratory QA/QC procedures entailed the insertion of different certified reference materials (CRMs) relevant to the target mineralisation into the sample batches. For every 20 samples, one CRM was included.* *The analytical laboratory conducts its own routine quality controls within their own practices and the results from those validations were reported to Austpac Resources. Results for the CRM standards give confidence in the accuracy and precision of the ALS analytical data.*
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *The company's General Manager Exploration has verified significant intersections reported by the company's consultant geologist.*
	The use of twinned holes	*No twinned holes have been drilled.*
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic protocols)	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *Primary data were collected for drill hole GG-01 using the company's standard template applying documented codes. The information was transferred by the company's consulting geologist*

		to a digital database and checked by company staff.
	Discuss any adjustment to assay data	*No adjustment or calibrations were made to any assay data used in this report.*
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and downhole surveys) trenches, mine workings and other locations used in Mineral Resource estimation.*	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *The location of the actual drill hole collar was surveyed immediately on completion of drilling using a handheld Garmin GPS instrument to an accuracy of +/- 3m. The collar survey was performed by Austpac staff. The method of surveying is considered appropriate at this early stage of exploration.* *Drillhole GG-01 was surveyed by the drilling contractor with a single shot survey tool at the base of the drillhole.*
	Specification of the grid system used.	*The grid system used is GDA94. Zone 54*
	Quality and adequacy of topographic control.	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *At the site of drillhole GG-01, the terrain is very gently undulating, and the use of a handheld Garmin GPS instrument together with interpolation between elevation contours on the published KIATA 1:25,000 topographic sheet number 7225-S Is considered adequate at this early stage of exploration.*
Data spacing and distribution	*Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity for the Mineral Resource and Ore Reserve estimation procedure(s) and classification applied.*	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *Not applicable at this early stage of exploration.*
.	*Whether sample compositing has been applied*	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *The samples represent core lengths not less than 0.5m and not greater than 1m, and no compositing was employed*
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structure and the extent to which this is known considering the deposit type.*	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *As drill hole GG-01 was the first hole drilled at this prospect, a vertical orientation for the hole was considered appropriate at this early stage of exploration.*
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *As drill hole GG-01 was the first hole drilled at this prospect, there is insufficient information at*

	introduced a sampling bias, this should be assessed and reported if material.	*present to define continuity of any mineralised structures, and determine if any orientation sampling bias can be identified.*
Sample security	*The measures taken to ensure sample security.*	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *Sample security is managed by the company's General Manager of Exploration until samples are received by the manager of the analytical laboratory at ALS in Orange, NSW.*
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *The Managing Director of Austpac, who is a Fellow of the AusIMM and also a Fellow of the AIG, participated in a review of sampling techniques and data and endorsed operational procedures.*

Section 2 Reporting of Exploration Results

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	*Type, reference, name or number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *Drillhole GG-01 is located within Exploration Licence 5291, which is not subject to any joint venture arrangement, or any royalty arrangement, or any native title arrangement. There is no historical site or national park issue at this site.*
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *The tenement EL 5291 is in good standing and no impediments are known to exist.*
Exploration done by other parties	*Acknowledgement and appraisal of exploration by other parties.*	***Nhill Project*** ***Gerang Gerung Prospect*** ***Austpac Resources Diamond Drilling*** *The majority of previous exploration within the area of EL 5291 has addressed potential mineral resources contained within the overlying Murray Basin sediments, including gypsum, mineral sands and coal. The only prior drilling which targeted potential mineral resources within the Cambrian basement rocks in the area of EL 5291 was conducted by North Exploration during 1994. The exploration strategy of Austpac differs significantly to that of North Exploration.*
Geology	*Deposit type, geological*	***Nhill Project***

<table>
<tr><td></td><td>setting and style of mineralisation</td><td>Gerang Gerung Prospect
Austpac Resources Diamond Drilling
Austpac acknowledges valuable guidance provided by the Geological Survey of Victoria and by Geoscience Australia with respect to the exploration potential of the Staveley Arc which is inferred from geophysical data (magnetics and gravity) to transect the area of Exploration Licence 5291. The potential styles of mineralisation include volcanogenic massive sulphide deposits and porphyry copper or copper/gold deposits.</td></tr>
<tr><td>Drill hole information</td><td>A summary of all information material to the under-standing of the exploration results including a tabulation of the following information for all Material drill holes:
Easting and northing of the drill collar
Elevation or RL of the drill collar
Dip and azimuth of the hole
Down hole length and interception depth
Hole length.</td><td>Nhill Project
Gerang Gerung Prospect
Austpac Resources Diamond Drilling
Austpac has drilled only one hole, number GG-01, at the Gerang Gerung prospect.

GG-01 Drill Hole Collar Data<table><tr><td>Easting (MGA</td><td>577.779</td></tr><tr><td>Northing (MGA)</td><td>5,976,084</td></tr><tr><td>Elevation</td><td>134m</td></tr><tr><td>Pre-collar depth</td><td>248.9m</td></tr><tr><td>Azimuth</td><td>0</td></tr><tr><td>Declination</td><td>-90</td></tr><tr><td>Core drilled</td><td>75.6m</td></tr><tr><td>Total depth</td><td>324.5m</td></tr><tr><td>Casing size</td><td>HWT and HQ</td></tr><tr><td>Core size</td><td>NQ2</td></tr></table>Previous drilling in the broad region by North Exploration, which is readily available in published records, is considered to have no direct relationship to drill hole GG-01.</td></tr>
<tr><td></td><td>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the report, the Competent person should clearly explain why this is the case.</td><td>No material drillhole information has been excluded.</td></tr>
<tr><td>Data aggregation methods</td><td>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</td><td>No top-cutting of analytical results has been applied.</td></tr>
<tr><td></td><td>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be</td><td>No aggregation of analytical results has been applied.</td></tr>
</table>

	stated and some typical examples of such aggregation should be shown in detail,	
	The assumptions used for any reporting of metal equivalent values should be clearly stated,	*No metal equivalent values are used for reporting exploration results.*
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of mineralisation with respect to the drillhole angle is known it should be reported.*	*At this early stage of exploration on this prospect, the geometry of mineralisation with respect to the drillhole angle is not known.*
	If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (eg down hole length, true width not known).	*Refer to table in text.*
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole, hole locations and appropriate sectional views.*	*As GG-01 is the first hole to be drilled on this prospect, it is not appropriate to consider that a significant discovery is being reported.*
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades should be practiced to avoid misleading Reporting of Exploration Results.*	*All base metal and precious metal values considered to be significant for the styles of mineralisation being sought have been reported. Some subjective judgement has been used.*
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported, including (but not limited to) geological observations, geophysical survey results, geochemical survey results, bulk samples – size and method of treatment, metallurgical test results, bulk density, groundwater, geotechnical and rock characteristics, potential deleterious or contaminating substances.*	*Relevant exploration data is discussed in the text.*
Further work	*The nature and scale of*	*At this early stage of exploration at this prospect,*

	planned further work (eg tests for lateral extensions or depth extensions or large scale step out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, providing this information is not commercially sensitive.	*no specific planning for the location of follow-up drilling has been implemented.*

Section 3 Estimation and Reporting of Mineral Resources

There has been no estimation or reporting of Mineral Resources.