



## QUARTERLY REPORT TO 31 DECEMBER 2014

### HIGHLIGHTS

- The negotiations with a major international company involved in the steel industry advanced during the quarter under review with extensive exchange of technical information in support of the discussions regarding the provision of project funding to complete construction, equipment installation and commissioning of and initial production at the Newcastle Iron Recovery Plant.

Austpac's and the company's USA engineers also held technical meetings in January 2015 to further the assessment of the multiple applications in the iron and steel sector in Australia and overseas for Austpac's technologies.

- A major European-based international diversified engineering, technology and equipment provider continued their in-depth review of Austpac's technologies, having recognised the value that the Company's processes could add to its business.
- In December 2014, the Company completed a private placement of 10,000,000 fully paid ordinary shares at 2.2 cents each to raise \$220,000. These shares were placed with professional investors. The funds are being used for working capital and the ongoing construction and commissioning of the Newcastle Iron Recovery Plant.
- Exploration momentum is building along the Mount Stavelly Volcanic Belt in western Victoria, as companies and Government agencies undertake drilling campaigns, endorsing Austpac's exploration program at Nhill.

### NEWCASTLE IRON RECOVERY PLANT

The negotiations with the USA-based international diversified steel company continued to advance regarding the funding required to complete construction, equipment installation and commissioning of and initial production at the Newcastle Iron Recovery Plant. During the December 2014 quarter, Austpac provided technical data so the company's engineers could assess the applications and value of the technology. In January 2015, Austpac and the company's engineers held productive technical meetings to review the applications for the technology throughout the steel industry. The company has a metals recycling division and focus was on the recovery of iron and removal of contaminants such as zinc from steel furnace dusts.

The European-based major diversified engineering, technology and equipment provider described in the September quarterly report continued their in-depth review of Austpac's technologies. The company has a world-wide network to provide services to many industries, and they recognise the synergies and hence the value that Austpac's processes could add to its business.

During the quarter, work at the Newcastle Iron Recovery Plant continued while negotiations were progressed for the provision of the funds to complete the construction, equipment installation, commissioning and initial production at the Plant.

As previously described, during the first half of 2014 the pilot scale facility at Newcastle was modified and used to process iron oxide-rich furnace dusts from a steel mill. This included the three steps of evaporation, pyrohydrolysis and metallisation that comprise Austpac's EARS/Iron Reduction process. During the September 2014 quarter, modifications were made to the fluid bed evaporator so that spent pickle liquor (SPL) could be kept separate from the reactive furnace dust slurry until it was entrained in the fluid bed. This proved highly successful and stable mixed iron oxide/iron chloride pellets were produced, which are ideal for pyrohydrolysis.

Following the modifications to the evaporator, the second phase of testwork was undertaken using SPL and furnace dust from the steel mill in Port Kembla, New South Wales. Analyses of the materials used and the end products collected by engineers from the steel mill have now been received. They confirmed that a zinc-free iron pellet was produced from the furnace dust.

One further pilot plant campaign is planned to assist operational planning for the 1,000 tonne bulk test planned for 2015 during commissioning of the Newcastle Iron Recovery Plant.

#### **EL 5291 NHILL EXPLORATION**

Austpac has lodged a "Registration of Interest" to gain eligibility to apply for an Exploration Grant under the Mineral Development Victoria TARGET Minerals Exploration Initiative and the lodgement has been formally recognised. EL 5291 is located in the designated No. 1 priority area for the TARGET program of co-funded exploration operations. Our exploration objectives are consistent with the Government's stated top priority commodities which are copper, lead and zinc.

#### **Mining Exploration Entities**

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

#### **For further information please contact:**

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*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](http://www.austpacresources.com)] is a minerals technology company currently focused on recycling waste chloride solutions and iron oxides produced by steel making to recover hydrochloric acid and iron metal. 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.