



QUARTERLY REPORT TO 30 JUNE 2013

Newcastle Iron Recovery Plant

Construction of the Newcastle Iron Recovery Plant progressed significantly during the quarter. Three sections of the Plant are nearing completion and are being prepared for commissioning. Developments are illustrated in the photographs accompanying this report.

- Civil works are now complete. This includes driveways for truck access, bunkers for bulk mill scale delivery and iron briquette load-out, foundations for the high voltage transformer and the CO₂ stripping and absorption columns and the bunded tanker loading and despatch station adjacent to the tank farm.
- The Plant services room which houses the blowers, compressors, waste heat boiler and hydraulic pumps is complete and electrical cabling to the equipment is underway. Installation of the pipework to connect low pressure and compressed air, water, steam, hydraulic oil and nitrogen to the process tower is the next task.
- Erection of the north tower extension to the process tower is advancing and equipment is being installed as construction progresses; the stoves which recover heat from the hot gas exiting the fluid bed coal gasifiers are now complete. The north tower will house the fluid beds which comprise the three elements of the EARS section of the Plant; namely gasification-metallisation, pyrohydrolysis and evaporation. Fabrication of these is well advanced and they will be installed sequentially as erection proceeds.
- The mill scale preparation area is nearly finished, with several discharge chutes, safety guards on the equipment and electrical connection remaining to be completed before commissioning of this section of the Plant can commence.
- The CO₂ stripping and absorption columns have been installed on the east side of the existing process tower, with pipework for the scrubbing system awaiting installation.
- The 33 kVA high voltage transformer has been installed in a fire-proof structure alongside the Plant switch room, and the HV cables which connect the transformer via a 350m underground conduit to the 33 kVA power supply switch room are now in place.

Completion of construction and commencement of commissioning of the Plant will occur during the third quarter and initial production will follow in the fourth quarter of 2013. The Newcastle Iron Recovery Plant will showcase Austpac's proprietary waste recycling process to the steel industry, and a number of mills have expressed interest in licencing the technology to treat wastes at their sites.

Austpac is also negotiating an agreement with a major corporation for the commercial use of the Company's iron recycling technology currently under development at Newcastle.

EL 5291– Nhill Victoria

Three rotary drill holes were completed to test low amplitude magnetic anomalies in the southeastern portion of EL 5291. Each hole passed through a 120m thick blanket of young marine sediments before intersecting and obtaining chips from the very weathered top of the targeted Cambrian basement rocks. While the samples returned geochemically low analyses, petrology confirmed that the intrusive igneous rocks at the base of holes are extensively pyritised, veined and altered and therefore further drilling is warranted in this permissive geological setting.

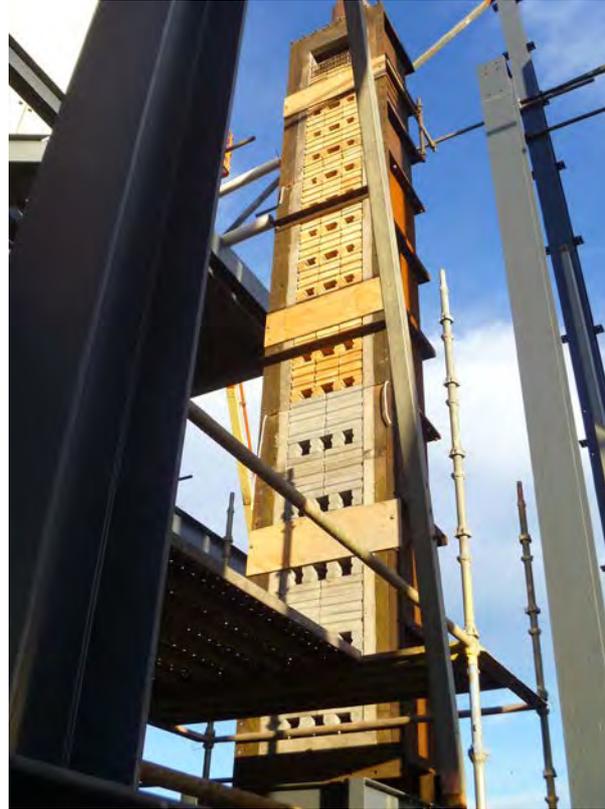
Progress at the Newcastle Iron Recovery Plant:



View of the Plant from the northwest, showing the mill scale handling section on the western wall, the structural steel for the north tower extension with the stove shells in position, the stove front covers stored in the completed bunded tanker delivery area (foreground), and the completed Plant services room (upper left centre)



Installation of the four stoves for heat recovery and transfer in the north tower is complete



The stoves are packed with refractory bricks to maximise heat recovery from the process gases



Mill scale is fed to the Plant via the Olds elevators installed on the western wall



Birds-eye view of the mill scale section of the Plant. Raw mill scale will be conveyed from the hopper to the trommel screen, then via an Olds elevator to the ball mill for homogenisation before being elevated into the Plant



Hoisting the fibreglass tank which will hold strong acid into the north tower



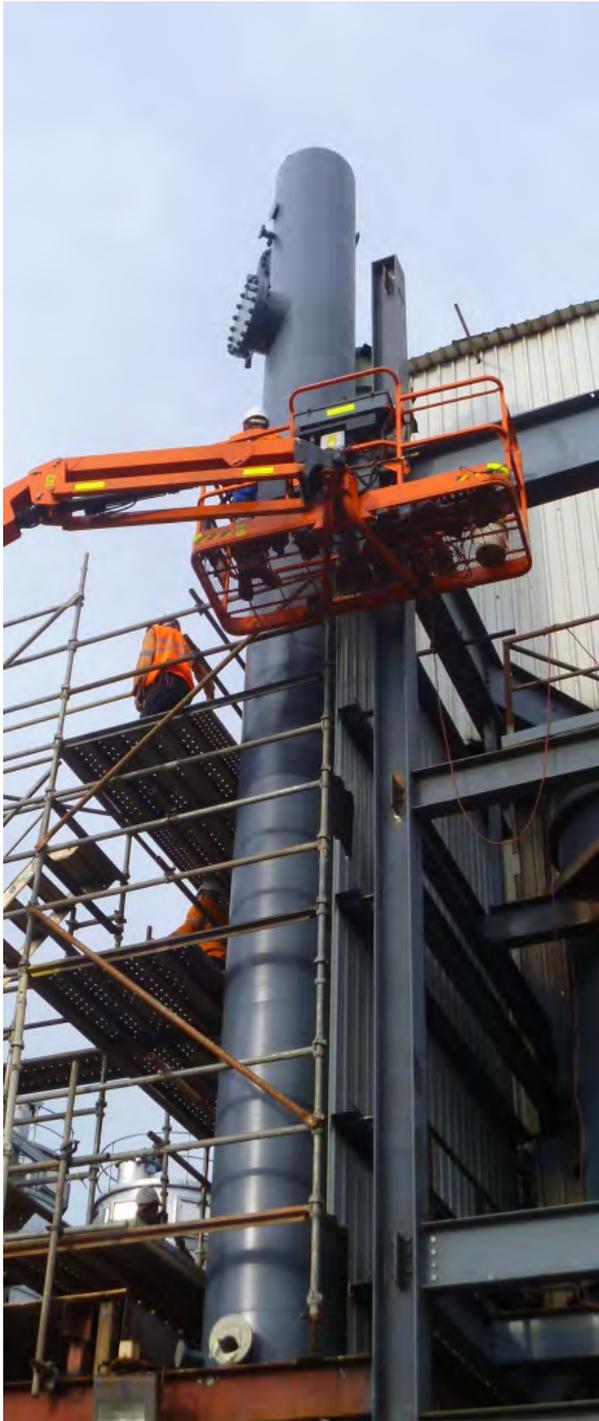
Pouring the slab for the bunded pickle liquor delivery and regenerated acid load-out area



Installing the lower section of the tower to support the magnetic separator (to separate iron chips from char before the products are diverted to their respective silos)



The completed lower section of the tower. The two silos in the foreground will store iron chips (right) and char (left)



Preparing to install internal fittings into the CO₂ stripping and absorption columns



Preparing the internal stainless steel trays for hoisting. The trays facilitate gas-liquid contact and achieve gas absorption in the columns



Installing the trays into the columns



Drawing the cables from the HV transformer to the HV switch room for the 33 kVA power supply



The Plant services room is above the briquetter and the iron briquette load-out bunker



Installing the 33 kVA transformer in the fire-proof building prior to roofing

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] 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.