



## QUARTERLY REPORT TO 30 SEPTEMBER 2013

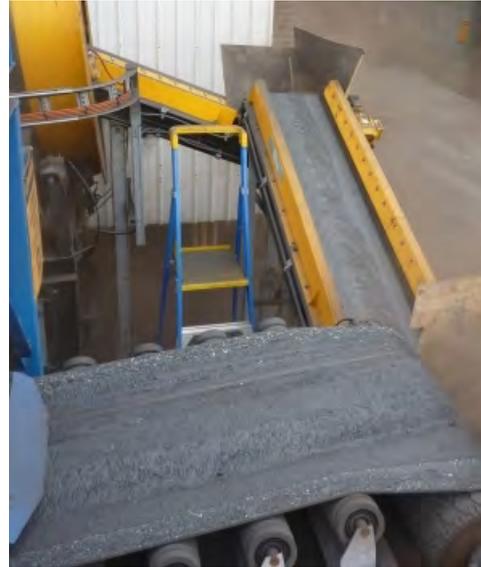
### HIGHLIGHTS

During the quarter the final stages of construction of the Newcastle Iron Recovery Plant progressed and commissioning of the mill scale preparation section of the Plant commenced. The Plant will showcase Austpac's proprietary waste recycling processes to the steel industry. Progress at Newcastle was illustrated in detail in the Company's 2013 Annual Report and further developments are described below and shown in the accompanying photographs.

- An initial shipment of mill scale, comprising 20 tonnes of bagged material, was delivered to the plant in September 2013, and has been used for initial commissioning.
- The first bulk shipment of 30 tonnes of mill scale was delivered to the Plant in early October 2013, and further shipments are expected on a monthly basis. The mill scale is being stored in a covered and bunded concrete bunker, which has a capacity of 800 tonnes, and it is transferred when required to the receival hopper at the Plant with a front end loader. The raw mill scale is conveyed to a trommel to remove oversize material, and then to a ball mill to homogenise the scale before it is transferred to the Plant using a series of vertical Olds elevators.
- The solids handling equipment was individually tested before integrated commissioning commenced using mill scale. Initial operations indicate this section is capable of handling up to 10 tonnes per hour, which is well in excess of the 3 tph design capacity of the Plant. The materials handling section will continue operating to ensure the reliability of the system prior to commencing full operations in the Plant.
- Construction and commissioning will continue into the fourth quarter of 2013 and be followed by initial production.
- A number of steel mills have expressed an interest in licencing the technology to treat waste at their sites, and negotiations are well advanced with a major corporation for the commercial use of Austpac's iron recycling technology.
- In October 2013, Austpac reached agreement with Kronos International, Inc to resolve the proceedings commenced by Kronos against Austpac in April, 2013, by way of a discontinuance of the proceedings. While the Project Agreement signed in April 2011 has been terminated by mutual consent, Kronos retains its rights to use certain Austpac technology under the ongoing Licence Agreement.



**First bulk mill scale delivery to the Plant**



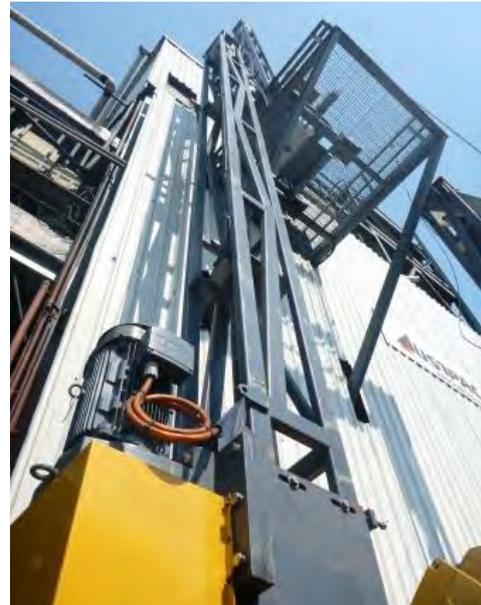
**Conveying mill scale into the trommel to remove oversize material**



**Front end loader blending mill scale**



**Mill scale preparation section in operation**



**Olds vertical elevators are used to transfer mill scale into the Plant**

**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.