



AUSTPAC RESOURCES N.L.
ACN 002 264 057

Level 12, Currency House

23 Hunter Street

SYDNEY NSW 2000

GPO Box 5297

SYDNEY NSW 2001

Telephone: (+61 2) 9221 3211

Facsimile: (+61 2) 9223 1975

Email: apgtio2@ozemail.com.au

www.austpacresources.com

QUARTERLY REPORT TO 30 JUNE 2000

HIGHLIGHTS

- Austpac signed a 50/50 joint venture with Ticor to exploit Austpac's technologies for upgrading titaniferous feedstocks on a worldwide basis. Ticor, a major listed Australian public company, is already a significant participant in the titanium dioxide industry.
- The joint venture will initially focus on India where an initial ERMS synthetic rutile plant with 15,000 tpa capacity is planned. Ticor will provide loan funds for Austpac's share of the capital cost.
- Austpac and Ticor envisage building a full scale synthetic rutile plant with a capacity of up to 200,000 tpa in India once the initial plant is operating at design capacity.
- Austpac has identified a major opportunity in the Murray Basin for its synthetic rutile technology and will pursue this in the coming quarter.

JOINT VENTURE WITH TICOR TO EXPLOIT AUSTPAC'S TECHNOLOGIES

Ticor is a major listed Australian public company and is a significant participant in the titanium dioxide (TiO₂) industry. Ticor owns 50% of the Tiwest Joint Venture, the only fully integrated TiO₂ operation in the world. The Tiwest JV includes the mining and processing of mineral sands, the upgrading of ilmenite to synthetic rutile and the production of TiO₂ pigment.

On 4 July 2000, Austpac and Ticor jointly released the following statement to the Australian Stock Exchange:

Quote

Austpac Resources N.L. (Austpac) and Ticor Limited (Ticor) announce that they have formed a 50/50 joint venture for the global development of Austpac's ERMS and EARS technologies for upgrading titaniferous feedstock. The joint venture will participate in the AusRutile Joint Venture which was formed in August 1999 by Austpac and Indian Rare Earths Limited (IRE) to develop ERMS synthetic rutile plants in India. A joint venture company, AusRutile India Private Limited (AusRutile) has been formed to manage the Indian operations. Austpac and Ticor will each directly hold a 37% shareholding in AusRutile and IRE will hold the balance of 26%. Ticor's participation in the project is subject to the formal approval of IRE and relevant Indian authorities.

The AusRutile project will commence with the construction of an initial plant of at least 10,000 tonnes per year of synthetic rutile adjacent to IRE's mineral sand operations at OSCOM in Orissa State.

The Joint Venture provides for a series of payments to Austpac totalling \$3 million based on agreed milestones being achieved. In addition, loan funds for Austpac's share of the initial synthetic rutile plant in India will be provided by Ticor.

Once the initial plant is operating at design capacity it is envisaged that a full commercial scale plant will be built. If requested by Austpac, Ticor will also provide loan funds for Austpac's share of the development costs of this plant. The resource at OSCOM is sufficient to support a plant producing over 200,000 tonnes per year of synthetic rutile.

Mr Rod Ruston, Managing Director of Ticor, and Mr Mike Turbott, Managing Director of Austpac, both stated that this was an exciting opportunity to develop their respective companies as it provides both groups the opportunity to expand their activities in the titanium minerals feedstock industry.

Unquote

While the initial focus of the joint venture is on India, the joint venture contemplates evaluating other opportunities for upgrading titania feedstock as agreed between Austpac and Ticor. Participation in such opportunities will be on a 50:50 basis, and if requested by Austpac, Ticor will also provide loan funds for Austpac's share of any developments.

INDIA - SYNTHETIC RUTILE PLANT

Ausenco Limited have completed the design work for the 15,000 tpa ERMS synthetic rutile plant planned for Orissa, and capital and operating costs will be finalised shortly. Preparation of the final report is well advanced. During August Austpac, Ticor and IRE will meet both in Australia and India to advance the approval process for the plant. It is anticipated that all necessary approvals will be in place by the end of the third quarter allowing plant construction to proceed on schedule with synthetic rutile production occurring by the end of 2001.

MURRAY BASIN

Austpac has continued to discuss the application of the ERMS technology to remove chromite from ilmenite concentrates in the Murray Basin. A major testwork program at our Newcastle pilot plant with one group is planned for the fourth quarter.

Austpac has also identified a major opportunity for the production of synthetic rutile in the Basin. While at this stage details are commercially sensitive, the opportunity will be pursued during the third quarter.

NOTE: This report is based on and accurately reflects information compiled by M.J. Turbott who is a member of the Australasian Institute of Mining and Metallurgy and a member 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.