



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

## QUARTERLY REPORT TO 31 MARCH 1999

### HIGHLIGHTS

- Agreement was reached with Indian Rare Earths (IRE) on commercial parameters governing the design, construction and operation of a 10,000 tpa ERMS synthetic rutile plant in India, with Austpac holding 74% interest and IRE 26% interest. A definitive Joint Venture Agreement is expected to be completed during May 1999.
- A new technology joint venture was formed with Rothschild to maintain the ERMS and EARS technologies. This replaces the old R&D Syndication Agreement.
- Austpac also placed four million shares with Rothschild via Arrow Resources Investment Limited to raise \$120,000 for working capital.
- A 1 for 8 non-renounceable rights issue at 3 cents per share has been offered to members of the Company in Australia and New Zealand to provide funds for advancement of the Company's projects, including the proposed ERMS plant in India. The issue closes on Thursday 6 May 1999.

### TITANIUM

#### ERMS AND EARS TECHNOLOGIES

#### NEW TECHNOLOGY DEVELOPMENT JOINT VENTURE FORMED WITH ROTHSCHILD

During the quarter Austpac and N.M. Rothschild & Sons (Australia) Limited formed a Technology Joint Venture for the continued development of the Company's technologies, and for the maintenance of the ERMS and EARS processes' worldwide patents and the pilot plants at Newcastle. Austpac and Arrow Resources Management Pty Limited, a subsidiary of Rothschild, will hold a 90% and 10% participating interest respectively in the Joint Venture. Projects that use the technologies will pay a royalty to the Joint Venture, 90% of which will accrue to Austpac. Austpac is the joint venture manager and has an exclusive licence to commercialise the technologies. Austpac's 90% share of royalty income is in addition to any income the company receives as an equity participant in any project.

The Technology Joint Venture replaces the commercially complex Research and Development Syndicate formed with Rothschild in 1993 to develop the ERMS and EARS processes, simplifies the benefits accruing from commercial exploitation of the technologies and provides ongoing additional funding to support the technologies.

Rothschild also demonstrated their continued commitment to the Company by taking a placement of four million shares in Austpac Resources N.L. at 3 cents, providing \$120,000 for working capital.

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.