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AUSTRALIAN STOCK EXCHANGE ANNOUNCEMENT

**INCO TO EVALUATE AUSTPAC'S EARS PROCESS FOR
THE GORO NICKEL PROJECT**

Austpac is pleased to announce that it has signed a Letter of Intent with Inco Limited (Inco, formerly International Nickel) under which Inco will evaluate Austpac's EARS hydrochloric acid regeneration process for use in the Goro nickel project in New Caledonia. The significance for Austpac is:

- A technical alliance with the world's second largest nickel producer,
- It is a new industry application for Austpac's technologies, in addition to the titanium mineral sands and the steel industries
- If implemented at Goro, the EARS plant will be one of the largest acid regeneration plants in the world

Austpac patented the EARS process in 1992 and since that time has refined the technology, primarily for the processing of iron chloride solutions generated by leaching ilmenite in the Company's ERMS SR synthetic rutile process. Inco plans to assess the EARS process for converting nickel chloride solutions into pure nickel oxides and hydrochloric acid and over recent months has been examining the potential of the EARS process to significantly reduce the capital and operating costs of this section of the Goro project. The Letter of Intent cements the relationship between Austpac and Inco and a formal agreement will be finalised over the next two months, details of which are in commercial confidence.

A staged testwork program is now underway at Austpac's pilot plant on Kooragang Island, Newcastle. This will initially evaluate the EARS system for the pelletising and pyrohydrolysis of nickel chlorides using existing equipment. The work is scheduled for completion by December 2003. If successful the pilot plant will be modified to allow fully integrated testing of the EARS process at Kooragang Island early in 2004.

Austpac Managing Director, Mike Turbott said, "This is a new application for our EARS process, and emphasizes the broadening scope for the Company's diverse technologies. In the event that the EARS process is selected for the Goro project,

that facility will be one of the largest acid regeneration plants in the world, handling around 700,000 tonnes of regenerated acid per year. This is twice the capacity of an EARS plant required for a 100,000 tpa ERMS SR plant, so the early commercialisation of the EARS process will also benefit Austpac's synthetic rutile and iron co-product development programs".

For further information please contact:

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Austpac Resources N.L. is an Australian listed minerals technology company and emerging synthetic rutile producer. Austpac's processes included technology to transform ilmenite into high grade synthetic rutile, a preferred feedstock for the titanium dioxide pigment production. They can also be used to beneficiate a range of heavy minerals, as well as chloride streams from a number of industrial operations.