

**August 15, 2012**

AUSTPAC AND ORIENT ZIRCONIC SIGN TWO AGREEMENTS

TOTALLING \$9.48 MILLION

- **AUSTPAC PLACES 33 MILLION SHARES AT 6 CENTS TO RAISE \$1.98 MILLION**
- **AUSTPAC AGREES TO SELL E.L. 4521 - VICTORIA (WIM 150) FOR \$7.5 MILLION**

- Austpac is pleased to announce that the Company has placed 33 million shares at 6 cents each with Orient Zirconic Resources (Australia) Pty Ltd (Orient Zirconic) to raise \$1.98 million.
- Austpac has also agreed, subject to the consent of Australian Zircon N.L. as farminee under the WIM 150 Farm-In Agreement, to sell E.L. 4521 to Orient Zirconic for \$7.5 million.
- Orient Zirconic Resources (Australia) Pty Ltd (Orient Zirconic) is a wholly owned subsidiary of Guangdong Orient Zirconic Ind. Sci. &Tech. Co., Ltd., a zirconium products manufacturer listed on the Shenzhen Stock Exchange in the People's Republic of China.

Share Placement

The \$1.98 million raised by the placement will be used to continue the development of the Newcastle Iron Recovery Plant, which is being constructed to recycle steel mill waste using Austpac's EARS acid regeneration and iron reduction technologies, and for working capital.

The 33 million shares held by Orient Zirconic represents a 3% interest in Austpac, making Orient Zirconic the Company's third largest shareholder after Kronos International (7%) and BHP Billiton (5%).

Orient Zirconic recognised the potential of Austpac's steel mill waste recycling technology and agreed to pay a premium for the shares. Consequently the two companies have agreed that once Austpac's recycling technology is commercially proven at the Newcastle Iron Recovery Plant, for a period of 12 months they will jointly investigate the potential for commercial applications for that technology within the Chinese steel industry.

Sale of E.L. 4521 - Victoria (WIM 150)

Austpac holds a 100% interest in Exploration Licence 4521 located near Horsham in the Wimmera area of Victoria. Austpac acquired the licence in 2000 which covers the large, fine-grained WIM 150 heavy mineral sand resource previously explored by CRA (Rio Tinto), and the Company commenced an evaluation of the fine grained minerals and the potential for near-surface coarse grained strand line deposits. The search for strand line deposits was unsuccessful.

In 2004 Austpac entered into a farm in agreement with Australian Zircon N.L. (AZC), which gives AZC the right to earn an 80% interest in that part of EL 4521 which covers the WIM 150 resource by completing a Bankable Feasibility Study (the WIM 150 Farm-In Agreement).

In June 2011 AZC transferred its assets, excluding the WIM 150 Farm-In Agreement, into a joint venture company, Murray Zircon Pty Ltd (MZL), in return for a 35% interest in MZL and cash payments. Orient Zirconic holds a 65% interest in MZL. MZL has recently obtained approval to reopen the Mindarie mineral sand mine in South Australia.

Earlier in 2012, Austpac was approached by Orient Zirconic who advised they wished to purchase EL 4521, subject to the rights of the farminee to earn an 80% interest as described above. Orient Zirconic informed Austpac that under an agreement signed in November 2010 and subject to Austpac's consent, AZC has agreed to sell its rights and benefits under the WIM 150 Farm-In Agreement to MZL. Austpac has therefore agreed to sell EL 4521 for \$7.5 million, subject to Orient Zirconic obtaining the consent of the farminee. The sale is also subject to Ministerial approval of the transfer of EL 4521 to Orient Zirconic.

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About Austpac Resources N.L. (ASX code: APG)

Austpac Resources N.L. [www.austpacresources.com] is a minerals technology company focused on the titanium, steel and iron ore industries. It has been listed on the Australian Stock Exchange since 1986. Austpac's key technology transforms ilmenite into high-grade synthetic rutile, a preferred feedstock for titanium metal and titanium dioxide pigment production. The technology is also being used to process waste chloride solutions and iron oxides produced by steelmaking to recover hydrochloric acid and iron metal pellets