

19 March 2018

SHAREHOLDER UPDATE

- The commercial test work program is progressing, and further refinements were made to the EVAP unit to ensure the successful operation of this important process stage during the production run at the plant.
- During a recently completed test work run, the EVAP unit produced excellent mixed oxide-chloride pellets at its design capacity.
- Further test work runs planned for April 2018 are targeted at increasing the EVAP's production rate to 100kg per hour.
- Negotiations continue with steelmakers for their use of Austpac's recycling technology.

The Newcastle Zinc & Iron Recovery Plant (NZIRP)

During the first weeks in March 2018, Austpac management undertook further development work to modify and repair some of the equipment used by the EVAP unit, the important first stage of Austpac's Zinc-Iron Recovery process. This unit was initially commissioned last September, and it converts steel furnace dusts and spent pickle liquor (SPL) from the steel industry into solid iron oxide +-zinc oxide + iron chloride pellets (mixed oxide-chloride pellets) for the next process stage.

The furnace dust slurry and SPL feed preparation and delivery systems were refined, the off-gas scrubbing system tested and the EVAP unit was prepared for a one-day test run to evaluate the improvements. Once operations commenced and the unit had reached normal operating temperature, it commenced producing ideally-sized, high quality mixed oxide-chloride pellets. Production rate continually increased during the day, and prior to shut down the unit was making pellets at design capacity of 50 kg per hour.

A further test run is planned for April, prior to which further enhancements will be made to the unit. This includes enlarging the gas supply lines and the tapping and general handling of the pellets. The objective of the improvements is to enable the EVAP unit to achieve a production rate of up to 100kg per hour, which is well above original design capacity. This will significantly reduce the time and cost of the production run, which will commence once other equipment items presently being fabricated are delivered, installed and commissioned.

Business Opportunities

We are in discussion with regard to two opportunities in the steel business and are working towards an agreement which is likely be finalised once the test work program is complete and the final products are evaluated by the parties.

For further information please contact:

Mike Turbott - Managing Director

Tel (+61-2) 9252-2599

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

Austpac Resources N.L. is a mineral technology company currently focused on recycling waste chloride solutions and iron- and zinc oxide dusts produced by steelmaking to recover strong hydrochloric acid, high purity pig iron and zinc oxide. Austpac's adjunct 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.