

**19 September 2008****3,000 TPA ERMS SYNRTLILE DEMONSTRATION PLANT**

- **AUSTPAC PRODUCES DRI USING IRON ORE FINES**
- **SOLIDS TRANSFER FOR EARS SECTION COMMISSIONED**

Austpac is pleased to provide a further progress report on the commissioning of the Company's ERMS SR (synrutile) Demonstration Plant at Newcastle, NSW. This week the following milestones have been reached:

- The **solids transfer and material handling systems** of the EARS acid regeneration section of the Demonstration Plant have been successfully commissioned, as have the fluid bed roasters for iron chloride pelletising, pyrohydrolysis, coal gasification and metallisation.
- **Austpac's Direct Reduced Iron (DRI) process is now operational.** The purpose of the fluid bed metalliser is to reduce iron oxide to iron metal using the Company's proprietary DRI process. Iron ore fines from Pilbara region of WA were used in the metalliser to successfully produce a DRI product. It is highly significant that Austpac's DRI process has now been demonstrated as applicable for value-adding to iron ore. Austpac has acquired a 50 tonne bulk sample of this material, which is held ready for further processing as appropriate. The DRI process is protected by a patent application.

The EARS section of the Plant, which has a 40 tonnes per day capacity, will now begin to process 100 tonnes of spent pickle liquor acquired from a major steel pickling plant. 40 tonnes of regenerated hydrochloric acid will be stored for leaching and the remainder will be used by the galvanising industry. Once this operation is completed, ilmenite leaching will start, together with the production of ultra high grade synrutile and DRI pellets for market trials.

With DRI being produced at the Demonstration Plant, and with pickle liquor regeneration and synrutile and iron pellet production about to commence, Austpac looks forward to the commercialisation of the Company's innovative technologies.

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

Austpac [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 dioxide pigment production. The technology can also be used to process waste chloride solutions and iron oxides produced by steel making to recover hydrochloric acid and iron metal pellets. A third process can be used to produce Direct Reduced Iron (DRI) from both hematite and magnetite iron ores.