



The Speculator

By David Haselhurst
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Austpac says it's still on target with its Newcastle plant

We added technology developer Austpac Resources (APG) to our portfolio at 6c in March 2011 and like so many stocks this year they've wilted to reach a new year's low of 2.8c last week.

At that price the stock carries a market capitalisation of barely \$30 million. Yet its major shareholders include BHP-Billiton (5%) and the New York Stock Exchange-listed multinational Kronos International Inc. (7.5%). Kronos put up \$12.5 million last year to become a shareholder and fund the building and initial operations of the plant.

Those companies became involved with Austpac and its patented technology to recycle waste products from the production of steel and other metals such as titanium and with other likely customers will pay for access to the technology.

This week, Austpac's managing-director Mike Turbott produced an update on the building of its Newcastle Iron Recovery Plant on Kooragang Island. The plant, when it's operational probably early next year, will recycle mill scale and spent pickle liquor from steel mills to produce iron ore chips or briquettes and strong hydrochloric acid.

All is going to plan, according to Turbott and, as he pointed out in the company's last quarterly report, Auspac and Kronos were in discussions regarding project completion and financing terms.

He promises a fuller update with Austpac's June quarterly report due at the end of this month. With such substantial shareholders this has got to be regarded as a potential recovery stock, particularly since the latest update reveals some significant expansion in the scale and size of the plant's capacity.