



QUARTERLY REPORT TO 30 JUNE 2015

HIGHLIGHTS

- Austpac, Ixom Operations Pty Ltd (Ixom, formerly Orica Chemicals) and ABR Process Development (ABR) have signed a confidentiality agreement regarding the treatment and recovery of hydrochloric acid (HCl) and metals from spent pickle liquor (SPL) and associated materials sourced from galvanizing and/or steel manufacturing operations and any actual or potential commercial opportunities identified by the parties.
- One of ABR's processes recovers zinc metal and HCl from spent galvaniser liquors containing high levels of both zinc and iron chlorides. It is complementary to Austpac's processes and can be readily integrated into the Newcastle Iron Recovery Plant (NIRP). The ability to produce strong hydrochloric acid, pig iron and zinc metal by processing waste chloride liquors and contaminated furnace dusts from both the steel and the galvanising industries will significantly improve the profitability of the NIRP.
- During the quarter Austpac also continued to follow up sources for finance for the Newcastle Iron Recovery Plant; namely corporations involved in the steel waste and associated recycling industries, banks and other financial institutions. As outlined in the Shareholder Update dated 16th July 2015, this includes:
 - An Australian investment house with offices in Hong Kong which has a mandate to assist facilitating both project finance and placement capital. Interested parties in Australia and the Asian region are reviewing detailed information on the technology and the Company's requirements.
 - Having recognised the potential in China for steel waste recycling technology, the Company is working with two groups:
 - An existing corporate shareholder with connections in the Chinese steel and recycling industries has introduced Austpac's recycling technology to a number of companies and is continuing to follow up responses.
 - The Australian investment house continues its enquiries through its contacts in China.

While recent developments in China's steel industry have slowed progress, Austpac's technical and management team continues to provide data to interested groups in that country and elsewhere in the Asian region.

- Following discussions with two Australian banks earlier in 2015, additional new avenues for funding also continue to be assessed.
- In June 2015, Austpac received a R&D tax concession refund of \$472,000.

- In June 2015, Austpac completed a private placement of 19,926,923 fully paid ordinary shares to raise \$199,269.

NEWCASTLE IRON RECOVERY PLANT

Austpac has signed a confidentiality agreement with Ixom Operations Pty Ltd (Ixom, formerly Orica Chemicals) and ABR Process Development (ABR) regarding the treatment and recovery of hydrochloric acid (HCl) and metals from spent pickle liquor (SPL) and associated materials sourced from galvanizing and/or steel manufacturing operations and any actual or potential commercial opportunities identified by the parties.

Ixom manufactures, trades, and distributes chemicals to the water, mining, agriculture, oil and gas, steel and dairy sectors and operates in 15 different countries. Ixom's major customers in Australia include municipal water authorities, oil refineries and steel producers and galvanisers.

ABR is a private company based in Lismore with facilities in Brisbane and Melbourne. ABR has developed a number of innovative processes and technologies which add value to industrial chemical processes associated with purification, recycling, regeneration and metals recovery. One of ABR's processes recovers zinc metal and HCl from spent galvaniser liquors containing high levels of both zinc and iron chlorides, and this is complementary to Austpac's processes.

Austpac's NIRP will use the Company's EARS acid regeneration and iron reduction technology to process SPL, mill scale and furnace dusts from steel mills to produce strong HCl and iron briquettes. Test work at Newcastle has shown that iron oxide-rich, zinc-contaminated furnace dusts can also be used to make three products; iron metal and zinc oxide together with HCl. A bulk trial using 1,000 tonnes of contaminated dust from Port Kembla will be undertaken during the commissioning of the NIRP.

The combination of Austpac's and ABR's processes enables the production of three valuable products (HCl, pig iron, and zinc metal) from waste chloride liquors and contaminated furnace dusts produced by the galvanising and steel manufacturing industries. ABR's process can be readily integrated into and simplifies the NIRP flowsheet. Ixom, ABR and Austpac have commenced a joint assessment of the economics of combining ABR's and Austpac's processes in the Newcastle plant.

The ability to recycle galvaniser SPL and EAF dusts, which can contain very high levels of zinc as well as SPL and furnace dusts from steel mills to produce strong hydrochloric acid, pig iron and zinc metal, significantly expands the scope and profitability of the NIRP.

The combined process is unique and has world-wide applications.

During the Quarter, two large fluid bed roasters that will be used for pyrohydrolysis/acid regeneration and gasification/iron reduction were delivered to the Plant.



Positioning the roaster bodies alongside the Plant



Unloading the roaster caps and plenums (bases)

EL 5291 NHILL EXPLORATION

EL 5291 covers strong aeromagnetic and gravity features which represent the covered continuation of the Mount Staveley Volcanic Complex considered prospective for porphyry and VMS style mineralisation. Austpac has conducted magnetic and gravity geophysical surveys within the EL and completed 5 holes to test basement targets. Geologic and petrologic results are sufficiently encouraging to warrant further work.

In 2014 under a joint collaborative program between the Federal and Victorian Governments, 14 fully cored stratigraphic holes were completed to stimulate investment in this underexplored region. Austpac maintains contact with the Stavely Project team and is awaiting the release of the 2014 drilling data which is expected in the near future. The technical and financial Annual Reports for EL 5291 were due on the 28th July and were lodged prior to that date. EL 5291 expires on 4 August 2015, and Austpac has applied for renewal of the tenement.

Mining Exploration Entities:

EL 5291 (Nhill); Located between Nhill and Dimboola, Victoria; 100% Austpac Resources N.L.

For further information please contact:

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NOTE: This report is based on and accurately reflects information compiled by M.J. Turbott who is a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists and is a competent person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves.

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

Austpac Resources N.L. [www.austpacresources.com] is a minerals technology company currently focused on recycling waste chloride solutions and iron oxides produced by steelmaking to recover hydrochloric acid and iron metal. Austpac's 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.