



AUSTPAC RESOURCES N.L.  
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31 July 2015

The Manager  
Company Announcements  
Australian Stock Exchange Limited  
Exchange Centre  
Level 6  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

RE: AUSTPAC RESOURCES N.L.  
QUARTERLY REPORT FOR PERIOD ENDED 30 JUNE 2015

We are pleased to provide Quarterly Report for the period ended 30 June 2015 for immediate release.

Yours faithfully

N.J. Gaston  
Company Secretary

enc



## 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 16<sup>th</sup> 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 Staveley 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:**

Mike Turbott

Managing Director - Tel (+61 2) 9252 2599

*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](http://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.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10

Name of entity

**AUSTPAC RESOURCES N.L.**

ABN

**87 002 264 057**

Quarter ended ("current quarter")

**30 JUNE 2015**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from ERMS Funding		
(a) ERMS Licence Fee Income	-	-
(b) Funded Exercise - ERMS	-	-
(c) Funded Exercise - NIRP	-	9
(d) Joint Venture Funding - Murray Basin	-	-
(e) R&D Tax Concession rebate	472	879
Receipts from Exploration	-	-
(a) -	-	-
1.2 Payments for		
(a) Exploration	-	-
(b) NIRP Mineral Technology Development	(281)	(991)
(c) ERMS - Other	-	-
(d) Murray Basin	-	-
(e) Gold	(36)	(119)
(f) Administration	(205)	(827)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Tax paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(50)</b>	<b>(1,049)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows		
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc.	199	1,268
1.15 Proceeds from sale of forfeited shares		
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	199	1,268
	<b>Net increase (decrease) in cash held</b>	149	219
1.20	Cash at beginning of quarter/year to date	266	196
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	415	415

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

SALARY

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	-
4.2	Development - NIRP	100
	Funding - NIRP	-
4.3	Production	-
4.4	Administration	100
	<b>Total</b>	<b>200</b>

***Reconciliation of cash***

+ See chapter 19 for defined terms.

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	415	266
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	415	266

### Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed		
6.2	Interests in mining tenements acquired or increased		

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	1,343,660,166	1,269,047,240		
7.4 Changes during quarter (a) Increases through issues (b) Forfeited shares held for reissue (c) Increase in Share Purchase Plan Share Purchase Plan Balance	19,926,923 22,540,000 - 52,072,926		\$0.01	\$0.01
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

### Compliance statement

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 4\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: 30 June 2015  
(Company Secretary)

Print name: Nicholas J. Gaston

**Notes**

- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.