



AUSTPAC RESOURCES N.L.
ACN 002 264 057

Level 3
62 Pitt Street
SYDNEY NSW 2000
GPO Box 5297
SYDNEY NSW 2001
Telephone: (+61 2) 9252 2599
Facsimile: (+61 2) 9252 8299
Email: apgtio2@ozemail.com.au
www.austpacresources.com

28 August 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.
PRELIMINARY FINAL REPORT 30 JUNE 2015

We are pleased to provide Australian Stock Exchange preliminary final report for the year ended 30 June 2015.

Yours faithfully

N.J. Gaston
Company Secretary

enc

Appendix 4E

Preliminary final report

Name of entity

AUSTPAC RESOURCES N.L.

ABN or equivalent company reference

87 002 264 057

Half yearly (tick)

Preliminary final (tick)

Financial year ended ('current period')

30 June 2015

Results for announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

Revenues from ordinary activities (item 1.1)	Down		to	-
Loss from ordinary activities after tax attributable to members (item 1.22)	Down	68%	to	(1,055)
Loss (loss) from extraordinary items after tax attributable to members (item 2.5(d))				-
Loss for the period attributable to members (item 1.11)	Down	68%	to	(1,055)
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend (Preliminary final report only - item 15.4)		N/A ¢		N/A ¢
Previous corresponding period (Preliminary final report - item 15.5)		N/A ¢		N/A ¢
+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (see item 15.2)		N/A		
Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

Condensed consolidated statement of financial performance

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues from ordinary activities (<i>see items 1.23 -1.25</i>)	-	-
1.2 Expenses from ordinary activities (<i>see items 1.26 & 1.27</i>)	(1,055)	(3,287)
1.3 Borrowing costs	-	-
1.4 Share of net profits (losses) of associates and joint venture entities (<i>see item 16.7</i>)	-	-
1.5 Profit (loss) from ordinary activities before tax	(1,055)	(3,287)
1.6 Income tax on ordinary activities (<i>see note 4</i>)	-	-
1.7 Profit (loss) from ordinary activities after tax	(1,055)	(3,287)
1.8 Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>)	-	-
1.9 Net profit (loss)	(1,055)	(3,287)
1.10 Net profit (loss) attributable to outside ⁺ equity interests	-	-
1.11 Net profit (loss) for the period attributable to members	(1,055)	(3,287)
Non-owner transaction changes in equity		
1.12 Increase (decrease) in revaluation reserves		
1.13 Net exchange differences recognised in equity		
1.14 Other revenue, expense and initial adjustments recognised directly in equity (attach details)		
1.15 Initial adjustments from UIG transitional provisions		
1.16 Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	-	-
1.17 Total changes in equity not resulting from transactions with owners as owners	-	-

Earnings per security (EPS)	Current period	Previous corresponding Period
1.18 Basic EPS (in cents)	(.08 cents)	(.26 cents)
1.19 Diluted EPS (in cents)	(.08 cents)	(.26 cents)

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

	Current period - \$A'000	Previous corresponding period - \$A'000
1.20 Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	(1,055)	(3,287)
1.21 Less (plus) outside ⁺ equity interests	-	-
1.22 Profit (loss) from ordinary activities after tax, attributable to members	(1,055)	(3,287)

Revenue and expenses from ordinary activities

(see note 15)

	Current period - \$A'000	Previous corresponding period - \$A'000
1.23 Revenue from Licence fee income	-	-
1.24 Interest revenue	-	21
1.25 Sale of EL4521	-	-
1.26 Administration and corporate overheads	(987)	(3,236)
1.27 Depreciation and amortisation excluding amortisation of intangibles (<i>see item 2.3</i>)	(68)	(72)
Capitalised outlays		
1.28 Interest costs capitalised in asset values	-	-
1.29 Outlays capitalised in intangibles (unless arising from an ⁺ acquisition of a business)	-	-

Consolidated retained profits

	Current period - \$A'000	Previous corresponding period - \$A'000
1.30 Retained profits (accumulated losses) at the beginning of the financial period	(50,804)	(47,517)
1.31 Net profit (loss) attributable to members (<i>item 1.11</i>)	(1,055)	(3,287)
1.32 Net transfers from (to) reserves (<i>details if material</i>)	-	-
1.33 Net effect of changes in accounting policies	-	-
1.34 Dividends and other equity distributions paid or payable	-	-
I.F.R.S		
1.35 Retained profits (accumulated losses) at end of financial period	(51,859)	(50,804)

Intangible and extraordinary items

		<i>Consolidated - current period</i>			
		Before tax \$A'000 (a)	Related tax \$A'000 (b)	Related outside +equity interests \$A'000 (c)	Amount (after tax) attributable to members \$A'000 (d)
2.1	Amortisation of goodwill	N/A	N/A	N/A	N/A
2.2	Amortisation of other intangibles	N/A	N/A	N/A	N/A
2.3	Total amortisation of intangibles	N/A	N/A	N/A	N/A
2.4	Extraordinary items (details)	N/A	N/A	N/A	N/A
2.5	Total extraordinary items	N/A	N/A	N/A	N/A

Comparison of half year profits

(Preliminary final report only)

		Current year - \$A'000	Previous year - \$A'000
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the <i>1st</i> half year (item 1.22 in the half yearly report)	(1,017)	(2,030)
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the <i>2nd</i> half year	(38)	(1,257)

Condensed consolidated statement of financial position		At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Current assets				
4.1	Cash	202	89	52
4.2	Receivables	213	600	313
4.3	Investments	-	-	-
4.4	Inventories	-	-	-
4.5	Tax assets	-	-	-
4.6	Other (provide details if material)	-	-	-
4.7	Total current assets	415	689	365
Non-current assets				
4.8	Receivables	-	-	-
4.9	Investments (equity accounted)	-	-	-
4.10	Other investments	-	-	-
4.11	Inventories	-	-	-
4.12	Mineral technology development and exploration and evaluation expenditure capitalised (<i>see para .71 of AASB 1022</i>)	35,013	34,563	35,017
4.13	Development properties (+mining entities)	-	-	-
4.14	Other property, plant and equipment (net)	269	338	301
4.15	Intangibles (net)	-	-	-
4.16	Tax assets	-	-	-
4.17	Other (provide details if material)	-	-	-
4.18	Total non-current assets	35,282	34,901	35,318
4.19	Total assets	35,697	35,590	35,683
Current liabilities				
4.20	Payables	772	812	1,149
4.21	Interest bearing liabilities	123	132	122
4.22	Tax liabilities	-	-	-
4.23	Provisions	905	905	948
4.24	Other (Project Funds in Advance)	-	-	-
4.25	Total current liabilities	1,800	1,849	2,219
Non-current liabilities				
4.26	Payables	-	-	-
4.27	Interest bearing liabilities	149	206	182
4.28	Tax liabilities	-	-	-
4.29	Provisions exc. tax liabilities	-	-	-
4.30	Other (provide details if material)	-	-	-
4.31	Total non-current liabilities	149	206	182

Condensed consolidated statement of financial position continued

4.32	Total liabilities	1,949	2,055	2,401
4.33	Net assets	33,748	33,535	33,282
	Equity			
4.34	Capital/contributed equity	85,607	84,339	85,103
4.35	Reserves	-	-	-
4.36	Retained profits (accumulated losses)	(51,859)	(50,804)	(51,821)
4.37	Equity attributable to members of the parent entity	33,748	33,535	33,282
4.38	Outside ⁺ equity interests in controlled entities	-	-	-
4.39	Total equity	33,748	33,535	33,282
4.40	Preference capital included as part of 4.37	-	-	-

Notes to the condensed consolidated statement of financial position

Technology, Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

	Current period \$A'000	Previous corresponding period - \$A'000	
5.1	Opening balance	34,563	32,347
5.2	Expenditure incurred during current period	450	2,216
5.3	Expenditure written off during current period	-	-
5.4	Acquisitions, disposals, revaluation increments, etc.	-	-
5.5	Expenditure transferred to Development Properties	-	-
5.5A	I.F.R.S. Compliance Adjustment	-	-
5.6	Closing balance as shown in the consolidated balance sheet (item 4.12)	35,013	34,563

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period \$A'000	Previous corresponding period - \$A'000	
6.1	Opening balance	N/A	N/A
6.2	Expenditure incurred during current period	-	-
6.3	Expenditure transferred from exploration and evaluation	-	-

6.4	Expenditure written off during current period	-	-
6.5	Acquisitions, disposals, revaluation increments, etc.	-	-
6.6	Expenditure transferred to mine properties	-	-
6.7	Closing balance as shown in the consolidated balance sheet (item 4.13)	-	-

Condensed consolidated statement of cash flows

	Current period \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities		
7.1	-	-
7.2	(1,070)	(3,584)
7.3		
7.4		
7.5	-	21
7.6	(32)	(32)
7.7	472	577
7.8		
7.9	(630)	(3,018)
Cash flows related to investing activities		
7.10		
7.11	-	
7.12		
7.13		
7.14		
7.15		
7.16	(450)	(2,205)
7.17	(450)	(2,205)
Cash flows related to financing activities		
7.18	1,268	2,660
7.19		
7.20	(75)	(75)
7.21		
7.22		
7.23	1,193	2,585
7.24	113	(2,638)
7.25	89	2,727
7.26		
7.27	202	89

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. *(If an amount is quantified, show comparative amount.)*

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Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous corresponding period - \$A'000
8.1 Cash on hand and at bank	202	89
8.2 Deposits at call		-
8.3 Bank overdraft		-
8.4 Other (provide details)		-
8.5 Total cash at end of period (item 7.27)	202	89

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding Period
9.1 Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	N/A	N/A
9.2 Profit after tax / +equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.37)		

Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

<p><i>Classification of securities as ordinary shares</i> The following securities have been classified as ordinary shares and included in basic earnings per share:</p> <p>(a) ordinary shares</p> <p><i>Classification of securities as potential ordinary shares</i> No securities have been classified as potential ordinary shares. No options are in existence.</p>

Earnings per security (EPS)	Current period	Previous corresponding Period
Basic EPS (in cents)	(.08 cents)	(.26 cents)
Diluted EPS (in cents)	(.08 cents)	(.26 cents)

	CONSOLIDATED	
	2015 \$'000	2014 \$'000
Earnings reconciliation		
Net profit (loss)	(1,055)	(3,287)
Net profit (loss) attributable to outside equity interests		
Restatement of prior year earnings for effect of change in accounting policy adjusted directly against retained profits		
Basic earnings	(1,055)	(3,287)
After-tax effect of interest	-	-
Diluted earnings		
(Diluted EPS has not been calculated for ordinary shares as there are no potential ordinary shares on issue that are dilutive in respect of these shares).	-	-
Weighted average number of shares used as the denominator		
Number for basic earnings per share		
Ordinary shares	-	-

NTA backing

(see note 7)

	Current period	Previous corresponding period
11.1 Net tangible asset backing per ⁺ ordinary security	N/A	N/A

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

12.1 Discontinuing Operations

N/A

Control gained over entities having material effect

13.1 Name of entity (or group of entities)	N/A
13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺ acquired	\$
13.3 Date from which such profit has been calculated	
13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	\$

Loss of control of entities having material effect

14.1 Name of entity (or group of entities)	N/A
14.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	\$
14.3 Date to which the profit (loss) in item 14.2 has been calculated	
14.4 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	\$
14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$

Dividends (in the case of a trust, distributions)

15.1 Date the dividend (distribution) is payable

N/A

15.2 ⁺Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if ⁺securities are not ⁺CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if ⁺securities are ⁺CHESS approved)

15.3 If it is a final dividend, has it been declared?
(Preliminary final report only)

Amount per security

		Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year	¢	¢	¢
15.5	Previous year	¢	¢	¢
15.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year	¢	¢	¢
15.7	Previous year	¢	¢	¢

Total dividend (distribution) per security (interim plus final) **N/A**
(Preliminary final report only)

15.8 ⁺Ordinary securities

15.9 Preference ⁺securities

Current year	Previous year
¢	¢
¢	¢

Half yearly report - interim dividend (distribution) on all securities or Preliminary final report - final dividend (distribution) on all securities N/A

	Current period \$A'000	Previous corresponding period - \$A'000
15.10 +Ordinary securities (each class separately)		
15.11 Preference +securities (each class separately)		
15.12 Other equity instruments (each class separately)		
15.13 Total		

The +dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions). (For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)

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Details of aggregate share of profits (losses) of associates and joint venture entities N/A

Group's share of associates' and joint venture entities':	Current period \$A'000	Previous corresponding period - \$A'000
16.1 Profit (loss) from ordinary activities before tax	N/A	N/A
16.2 Income tax on ordinary activities		
16.3 Profit (loss) from ordinary activities after tax		
16.4 Extraordinary items net of tax		
16.5 Net profit (loss)		
16.6 Adjustments		
16.7 Share of net profit (loss) of associates and joint venture entities		

Material interests in entities which are not controlled entities

N/A

The economic entity has an interest (that is material to it) in the following entities. (If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period - \$A'000
17.1 Equity accounted associates and joint venture entities				
17.2 Total				
17.3 Other material interests				
17.4 Total				

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of + securities	Total number	Number quoted	Issue price per security	Amount paid up per security
18.1 Preference + securities (description)	-	-	-	-
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-
18.3 +Ordinary securities	1,343,660,166	1,269,047,240	-	-
18.4 Changes during current period (a) Increases through issues		-		
July 2014	11,000,000		\$0.022	
Sept 2014	13,750,000		\$0.022	
Dec 2014	10,000,000		\$0.022	
April 2015	30,423,077		\$0.01	
June 2015	19,926,923		\$0.01	
Other - Balance of				
(b) Share purchase shares	52,072,926			\$0.01
(c) Increase through issues				
(d) Forefeited shares held for re-issue	22,540,000			

18.5	+Convertible debt securities <i>(description and conversion factor)</i>	-	-	-	-
18.6	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.7	Options <i>(description and conversion factor)</i>	-	-	<i>Exercise price</i>	<i>Expiry date (if any)</i>
18.8	Issued during current period				
18.9	Exercised during current period				
18.10	Expired during current period				
18.11	Debentures <i>(description)</i>				
18.12	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.13	Unsecured notes <i>(description)</i>	-	-		
18.14	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				

Segment reporting

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The consolidated entity comprises one main business segment, based on the consolidated entity's management reporting system. Mineral sands and technology development.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The consolidated entity's business segments operate geographically as follows:

Australia Mineral sands and technology development

Primary Reporting Geographic Segments	AUSTRALIA		CONSOLIDATED	
	2015 \$'000's	2014 \$'000's	2015 \$'000's	2014 \$'000's
Revenue				
External segment revenue	-	18	-	18
Inter-segment revenue				
Total segment revenue	-	18	-	18
Other unallocated revenue				
Total revenue	-	<u>18</u>	-	<u>18</u>
Result				
Segment result – Profit / (loss)	(1,055)	(3,287)	(1,055)	(3,287)
Share of net profit or loss/result of equity accounted investments				
Unallocated corporate expenses				
Profit from ordinary activities before income tax				
Income tax (expense) / benefit				
Profit from ordinary activities after income tax				
Extraordinary items after tax				
Net profit	<u>(1,055)</u>	<u>(3,287)</u>	<u>(1,055)</u>	<u>(3,287)</u>
Depreciation and amortisation		-		-
Non-cash expenses other than depreciation and amortisation		-		-
Individually significant items		-		-

COMMENTARY

CORPORATE

In July 2014, Austpac completed a private placement of 11,000,000 fully paid ordinary shares at 2.2 cents each to raise \$242,000.

In September 2014, the Company completed a private placement of 13,750,000 fully paid ordinary shares at 2.2 cents each to raise \$302,500. These shares were placed with professional investors and the funds were used for working capital and the ongoing construction and commissioning of the Newcastle Iron Recovery Plant.

In December 2014 the Company completed a private placement of 10,000,000 fully paid ordinary shares at 2.2 cents each to raise \$220,000. These shares were placed with professional investors. The funds were used for working capital and the ongoing construction and commissioning of the Newcastle Iron Recovery Plant.

In April 2015 the Company completed a private placement of 30,423,077 fully paid ordinary shares at 1 cent each to raise \$304,230.

In June 2015, the Company completed a private placement of 19,926,923 fully paid ordinary shares at 1 cent each to raise \$199,269. These funds were used for working capital and progressing completion of construction and commencement of commissioning of the Newcastle Iron Recovery Plant.

In June 2015, Austpac received a R&D tax concession refund of \$472,000.

NEWCASTLE IRON RECOVERY PLANT

The main focus of the Company during the year has been seeking and evaluating sources of finance for the Newcastle Iron Recovery Plant, which is 85% complete. These efforts are described later in the report, and a significant development occurred in June 2015.

In June 2015, Austpac has signed an 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 iron oxide-rich furnace 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 year Austpac 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, including:

- 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.

BlueScope Steel Agreement and Furnace Dust Processing

In December 2013, Austpac announced it had signed an agreement with BlueScope Steel, Australia's largest steel producer, to undertake a bulk trial to recover iron and other by-products from waste iron oxide dusts. This agreement follows extensive laboratory and pilot scale testwork previously undertaken at Newcastle on BlueScope's dusts, which produced samples of high quality iron.

The pilot scale work necessitated upgrading the equipment so it was able to handle the fine dusts. The new equipment duplicates the processes undertaken in the NIRP, including the initial step of evaporation/pelletisation of fine iron oxide dust and spent pickle liquor. The mixed iron oxide/iron chloride pellets are then roasted in a fluid bed to produce solid iron oxide pellets and hydrochloric acid gas which is captured in a scrubber. The iron oxide pellets are then reduced in Austpac's metallisation roaster to produce iron pellets, completing the three process steps. Confirmatory pilot plant testwork is planned prior to commencing the bulk trial.

BlueScope will provide a 1,000 tonne sample of dusts collected from the off-gases produced from their steel-making facilities at Port Kembla, together with sufficient spent pickle liquor, which Austpac will process at the NIRP to produce saleable iron briquettes, hydrochloric acid and other by-products. Austpac will initially use mill scale to commission the NIRP, and BlueScope's dusts will be processed during the latter part of commissioning. BlueScope has agreed to purchase the iron briquettes at appropriate commercial market rates, and plans to trial them at their Port Kembla steel-making facility.

BlueScope operates steel processing facilities in New South Wales, Victoria and New Zealand. When the trial has been completed, BlueScope has the right to negotiate with Austpac for licences to use the technology at one or more of their plants.

Iron oxide dusts are produced by all steel making facilities and they often contain other minor metals such as zinc, making them difficult to recycle due to accumulation issues. Consequently many facilities around the

world have very large stockpiles, some containing millions of tonnes of the waste dust. Austpac's process separates and concentrates these minor metals allowing them to be recovered. BlueScope is the first steelmaker to recognise the potential of and commit resources to Austpac's recycling technologies. Once the trial is completed, the Company will be well placed to licence its technologies to iron and steel plants around the world. Discussions have commenced with international steel producers who are interested in Austpac's technologies.

AUSTPAC'S TECHNOLOGIES AND SYNTHETIC RUTILE

During 2007-08 Austpac constructed and operated the ERMS SR Demonstration Plant at Newcastle, which not only produced a very high grade synthetic rutile from ilmenite, but also recycled spent leach liquor to produce fresh hydrochloric acid and iron metal. Austpac's synrutile was recognized by titanium sponge manufacturers as a premium feedstock for the production of titanium sponge, the precursor of titanium metal. Consequently the establishment of a commercial ERMS SR plant to service the titanium metal industry remains a longer term objective of the Company.

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.

The Mount Staveley Volcanic Complex is now the subject of strong exploration interest from Government agencies and from private companies. In 2014 under a joint collaborative program between the Federal and Victorian Governments, 14 fully cored stratigraphic holes were completed along east-west transects to stimulate investment in this underexplored region. The results will assist Austpac's program as the Nhill target area lies between two of the northernmost drill holes. Austpac has maintained contact with the Staveley Project team and is awaiting the release of the drilling data, which is expected in the near future.

The technical and financial Annual Reports to the Victorian Government for EL 5291 have been lodged 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.

Basis of financial report preparation

19.1 The accounting policies adopted are consistent with those of the previous financial year. The Australian Accounting Standards Board (A.A.S.B.) is implementing the Financial Reporting Councils policy of adopting the International Financial Reporting Standards (I.F.R.S.), which has applied to the Austpac Resources N.L. reporting period from 1 July 2005.

Austpac Resources N.L. has undertaken a policy of review and assessment of the impact of I.F.R.S. on Austpac Resources N.L. financial reporting.

Management is considering the impact on the financial reports of the company. The principal area of impact on Austpac Resources N.L. is the carrying value of capitalised expenditure on Technology Development in the Austpac Resources N.L. Statement of Financial Position.

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

None	-
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- 19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

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- 19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

-

- 19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

- 19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

-

- 19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

-

- 19.8 The financial report has been prepared on the basis of a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the normal course of business. The directors believe that the company and the consolidated entity will be able to fund future operations through share issues, the successful commercialisation of mineral technologies and the joint venturing of interests held in mineral projects.

Without the equity raisings and joint venturing or sale of interests held in mineral tenements and projects there is uncertainty whether the consolidated entity will be able to continue as a going concern.

If the consolidated entity is unable to continue as a going concern, it may be required to make adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities in order to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

Additional disclosure for trusts

20.1	Number of units held by the management company or responsible entity or their related parties.	-
20.2	A statement of the fees and commissions payable to the management company or responsible entity. Identify: <ul style="list-style-type: none"> • initial service charges • management fees • other fees 	-

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place	TO BE ADVISED
Date	26 NOVEMBER 2015
Time	3.00PM
Approximate date the ⁺ annual report will be available	

Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views
- 2 This report gives a true and fair view of the matters disclosed
- 3 This report is based on ⁺accounts to which one of the following applies.
(Tick one)

<input type="checkbox"/> The ⁺ accounts have been audited.	<input type="checkbox"/> The ⁺ accounts have been subject to review.
<input type="checkbox"/> The ⁺ accounts are in the process of being audited or subject to review.	<input checked="" type="checkbox"/> The ⁺ accounts have <i>not</i> yet been audited or reviewed.

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+ See chapter 19 for defined terms.

- 4 The audit report is not attached.
- 5 The entity does have a formally constituted audit committee.

Sign here: Date: 28 August 2015
(Company Secretary)

Print name: NICHOLAS J. GASTON.....