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22 October 2015

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

Dear Sir/Madam

RE: SHAREHOLDER UPDATE-  
NEWCASTLE IRON RECOVERY PLANT

We are pleased to provide an announcement from the Managing Director of Austpac Resources NL for immediate release.

Yours faithfully

N.J. Gaston  
Company Secretary

enc

22 October 2015

## **NEWCASTLE ZINC AND IRON RECOVERY PLANT** **PROJECT UPDATE**

Negotiations and discussions between Ixom Operations Pty Ltd (Ixom) and ABR Process Development (ABR) continue to advance for the commercial progression of the Newcastle Plant. By integrating ABR's zinc recovery cell into the flowsheet, together with the addition of an electric induction furnace, the Plant will be able to recover three valuable products (strong HCl, pig iron and zinc metal) by recycling chloride liquors and furnace dusts produced by the galvanising and steel manufacturing industries. Austpac has spent \$18.5 million to date on this project, which is 85% complete. The modifications to the plant, termed the Newcastle Zinc and Iron Recovery Plant (NZIRP), will reduce process risk, improve plant reliability, and significantly improve its profitability.

In August 2015, Ixom, ABR and Austpac agreed to jointly assess the economics of combining ABR's and Austpac's processes in the Newcastle plant, with the objective of funding the completion of construction, commissioning and commencement of production. This involved generating revised inputs and outputs, and capital and operating costs for the revised project.

Austpac has finalised a new mass and energy balance for the combined plant and ABR has provided cost estimates for the zinc recovery section, which Austpac has combined with costs for the extensive modifications to the original flowsheet and for the induction furnace. Austpac is now finalising the cost estimates, but it is clear that the significant revenue generated by the production and sale of zinc more than offsets the increase in capital cost.

The NZIRP will produce up to 15,000 tonnes per annum (tpa) of pig iron, 15,400 tpa of strong acid, and 3,700 tpa of zinc, and estimates indicate that the NZIRP will be a very robust project.

The study will be completed during October for review by the parties, to be followed by negotiations that are anticipated to lead later in the December quarter to agreement on a program to fund and develop the NZIRP.

Austpac is pleased to advise that the initial response to the Shareholder Share Purchase Plan announced on 25 September 2015 has been positive, with early applications all for the full entitlement of \$15,000 representing 2,500,000 shares per shareholder.

For further information please contact:

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### **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.