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26 October 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.
ANNUAL REPORT 2015

We are pleased to provide the 2015 Annual Report for Austpac Resources N.L. for immediate release.

Yours faithfully

N.J. Gaston
Company Secretary



Corporate Directory

MEMBERS OF THE BOARD

Mr Terry Cuthbertson *ACA*
Chairman

Mr Michael J. Turbott *BSc (Hons), FAusIMM, FAIG*
Managing Director

Mr Robert J. Harrison *FAICD*
Director

SECRETARIES

Mr Nicholas J. Gaston *ACIS*
Company Secretary

GENERAL MANAGERS

Mr John Winter *BEng (Hons) – Chemical Engineering, MIEAust, MIChemE*
General Manager, Technology Development

Mr Michael J. Smith *BSc, MSc, RPGeo, FAIG, FGSA, MASEG*
General Manager Exploration

AUDITORS

KPMG, The KPMG Centre
10 Shelley Street, King Street Wharf
Sydney, NSW 2000

SOLICITORS

Emil Ford
580 George Street
Sydney, NSW 2000

Gadens Lawyers
77 Castlereagh Street
Sydney, NSW 2000

SHARE REGISTRY

Link Market Services Limited
Securities Registration Services, Ernst and Young building
Level 12, 680 George Street
Sydney, NSW 2000

BANKERS

ANZ Bank
115 Pitt Street
Sydney, NSW 2000

STOCK EXCHANGE LISTING

Australian Securities Exchange Limited (Sydney)

AUSTPAC PLANT



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Chairman's Review

Austpac Resources N.L., Ixom Operations Pty Ltd (Ixom) and ABR Process Development (ABR) are jointly assessing the economic feasibility 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 at the Plant.

In July 2015, Austpac, Ixom and ABR agreed to investigate modifying the Newcastle plant by adding two items of equipment; ABR's zinc recovery cell and an induction furnace, so the plant will produce three valuable products, pig iron, zinc and hydrochloric acid. This will significantly improve the profitability of the plant.

The parties are presently finalising the capital and operating cost estimates for the Newcastle Zinc and Iron Recovery Plant. The study is well advanced and results are being reviewed by the parties.

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

Throughout the year, Austpac has pursued many avenues for sources of funds for working capital and also for the Newcastle plant, including the North American, Chinese and Indian steel

industries, Australian banks and both the Government and private sector institutions.

Subsequent to the end of the financial year, the Company announced on 25 September 2015 the commencement of a Share Purchase Plan which allows all shareholders to participate in a capital raising of up to \$4,200,000. The Company's Directors and management have committed to participating in the Plan, which will close on 30 October 2015.

Austpac is in negotiations with a potential new investor who is offering a facility of up to \$1,200,000 via a convertible note. The Board is currently negotiating the terms of this facility.

The Company is also discussing privately sourced project finance of up to \$15 million to complete the improved plant.



T. Cuthbertson
Chairman

AUSTPAC'S TECHNOLOGIES

ERMS ROAST

A high temperature roasting process to strongly enhance the magnetic susceptibility of ilmenite so it can be separated from other minerals. ERMS-roasted ilmenite is ideal for titania slag production but is unsuitable for the sulfate pigment process.

LTR ROAST

A low temperature roasting process to slightly increase the magnetic susceptibility of ilmenite so it can be separated from other minerals. LTR-roasted ilmenite is suitable for the sulfate pigment process.



ERMS SR ROAST

An oxidation/reduction roast to condition ilmenite for rapid leaching in hydrochloric acid to produce high grade synrutile.

CLR

A patented reactor to continuously leach roasted ilmenite to produce synrutile. All other synrutile processes use less efficient batch leaching.

IRON REDUCTION

A proprietary DRI process to reduce the iron oxide pellets produced by Austpac's EARS acid regeneration process to iron metal.

EARS

Acid regeneration process to produce strong hydrochloric acid and iron oxide pellets from waste iron chloride leach and pickle liquors.

IRON RECOVERY PROCESS for recycling steel industry waste

ERMS = Enhanced Roasting and Magnetic Separation
EARS = Enhanced Acid Regeneration System
SR = Synthetic Rutile or "Synrutile"

LTR = Low Temperature Roast
CLR = Continuous Leach Reactor
DRI = Direct Reduced Iron



Directors' Report on Operations

HIGHLIGHTS

- ▲ Austpac, Ixom Operations Pty Ltd and ABR Process Development have agreed to investigate changing the scope of the Newcastle Plant. By integrating ABR's zinc recovery process with Austpac's processes and adding an induction furnace, the plant will be able to produce three valuable products, pig iron, zinc and hydrochloric acid from waste chloride liquors and contaminated furnace dusts produced by the galvanising and steel manufacturing industries.
- ▲ Ixom, ABR and Austpac believe the modified facility will significantly improve the profitability and reduce the process risk of the Plant. They are jointly assessing the economic feasibility of the revised and innovative project, which will be termed the Newcastle Zinc and Iron Recovery Plant (NZIRP). The objective of this assessment is the funding for the completion of construction, commissioning and commencement of production.
- ▲ Austpac is finalising a new mass and energy balance for the NZIRP because the inputs and outputs have changed with the flowsheet modifications. Austpac is also revising capital and operating cost estimates for the Plant. When fully operational, the Plant will have the capacity to produce up to 15,000 tonnes per annum (tpa) of pig iron, 15,400 tpa of strong hydrochloric acid and ~4,000 tpa of zinc.
- ▲ It is anticipated that the evaluation will be completed and reviewed by the parties during the December quarter of 2015, and lead to an agreement on a program to fund and develop the NZIRP.

RECENT DEVELOPMENTS WITH IXOM OPERATIONS AND ABR PROCESS DEVELOPMENT

At the end of July 2015, Austpac signed an agreement with Ixom Operations Pty Ltd (formerly Orica Chemicals) and ABR Process Development (ABR) to jointly assess the economic feasibility 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.

Ixom manufactures, trades, and distributes chemicals to the water, mining, agriculture, oil and gas, steel and dairy industries and operates in 15 different countries. Its 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. It 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, iron and hydrochloric acid (HCl) from spent galvaniser liquors containing both zinc and iron chlorides, which is complementary to Austpac's processes.

The combination of Austpac's and ABR's processes and the addition of an induction furnace to the flowsheet enables the production of three valuable products (strong HCl, pig iron and zinc metal), by recycling waste chloride liquors and contaminated furnace dusts produced by the galvanising and steel manufacturing industries. ABR's process can be readily integrated into the flowsheet and this significantly expands the scope and profitability of the Newcastle plant. The combined process is unique and has world-wide applications. Ixom, ABR and Austpac are jointly assessing the economics of combining ABR's and Austpac's processes in the plant.

THE NEWCASTLE ZINC AND IRON RECOVERY PLANT (NZIRP)

Austpac's EARS/Iron Reduction process comprises three stages:

1. **Evaporation** – iron oxide (mill scale or furnace dust) is mixed with iron chloride liquors and injected into a fluid bed evaporator to remove water and produce mixed iron oxide/iron chloride pellets.
2. **Pyrohydrolysis** – the mixed oxide/chloride pellets are fed to a second fluid bed operating at ~950°C, which produces HCl gas (which is absorbed in water) and iron oxide pellets.
3. **Iron Reduction** – hot iron oxide pellets are fed with coal to a fluid bed vessel operating as a gasifier, which partially reduces the oxide to iron metal. A second fluid bed operating in tandem uses the reducing gases from the first vessel to complete the reduction process and produce iron pellets. These iron pellets can be sold directly as a feedstock for foundries or briquetted and sold to steel mini-mills for use in electric arc furnaces. The off-gas from the iron reduction stage is then used to fuel the evaporator.

During the year, a detailed review of the process resulted in two significant design changes to the flowsheet; the addition of an electric induction furnace to produce pig iron and the incorporation of the ABR zinc recovery cell. These changes expand the scope of Austpac's process. They are being implemented to reduce process risk and improve plant reliability, whilst the recovery of a third metal product, zinc, will significantly improve the profitability of the Newcastle plant.

The Induction Furnace

An induction furnace is an electrical furnace used to melt metals by applying induction heating. Furnace capacities range from less than one kilogram to 100 tonnes. The technology is fully mature and proven by industry. Austpac plans to discharge hot, partially-reduced iron oxide pellets together with residual carbon from the gasifier directly into an electric induction furnace. The furnace will complete the reduction process and the molten iron product will then be poured into moulds to produce iron 'pigs'. Pig iron is more valuable and has a wider market than the briquetted direct reduced iron originally planned for the Newcastle plant.

The ABR Zinc Recovery Cell

ABR has developed and patented a zinc recovery method which recovers zinc, iron, and HCl from zinc chloride liquors produced during the steel galvanising process. Steel is pickled in HCl to condition it for coating in a zinc bath. The acid bath is ultimately depleted in HCl and becomes contaminated with zinc and iron, so the bath must be periodically replenished. The ABR zinc recovery process is a complete recycling solution for galvanisers.

Electric Arc Furnaces (EAF) are widely used in mini-mills to convert scrap metal into steel. Other metals in the scrap are concentrated in the off-gases and captured as a fine dust. EAF dust contains iron oxide, high levels of zinc (up to 40%), and lower levels of other metals, and this contaminated dust presents a significant disposal problem. While Austpac's iron reduction process can produce saleable iron from steel mill furnace dust containing low levels of zinc, EAF dust contains too much zinc to produce iron acceptable to industry.

If zinc-rich EAF dust is mixed with other dusts and fed with the chloride liquor to the evaporator, some of the zinc reacts with the liquor to form zinc chloride, and a mixed iron oxide/zinc oxide/chloride pellet, together with other zinc minerals, is produced. When fed to the pyrohydrolysis reactor, the pellets break down into HCl gas, volatile zinc chloride, and pellets of iron and zinc oxide and other zinc minerals. The solids are fed directly to the gasifier, while the exit gases are scrubbed to separate zinc chloride liquor from the HCl. The gasifier partially reduces the iron in the pellets, while the zinc materials remain unaffected. Hot pellets from the gasifier are fed to the induction furnace, which reduces the iron to metal and the zinc is removed from the furnace gases by acid scrubbing.

The zinc chloride liquors are fed to the ABR cell, which produces zinc metal whilst the depleted liquor (a mix of HCl and iron chloride) is recycled to the pyrohydrolysis roaster to recover the acid and remaining iron.

Since August 2015, Ixom, ABR and Austpac have been collaborating to produce estimates of inputs and outputs for the NZIRP. Austpac is finalising a new mass and energy balance



Delivering two fluid bed roaster bodies to be used for gasification in the NZIRP



Unloading the caps and plenums (bases) for the two roasters

for the Plant to incorporate modifications to the flowsheet. When fully operational the Plant will have the capacity to produce up to 15,000 tonnes per annum (tpa) of pig iron, 15,400 tpa of strong acid and ~4,000 tpa of zinc.

Austpac is also finalising new capital and operating cost estimates for the NZIRP based on a revised flowsheet. Preliminary indications are that the addition of the ABR zinc process cell and an induction furnace will be partially offset by

the simplification of the flowsheet, so while there will be an increase in capital cost, the increased revenue resulting from the sale of zinc and pig iron will significantly improve the profitability of the Newcastle project.

It is anticipated this study will be completed and reviewed by the parties during the December quarter of 2015, and lead to agreement on a program to fund and develop the NZIRP.

EL 5291 NHILL

Exploration Licence 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 five drill holes to test basement targets. Geologic and petrologic results are sufficiently encouraging to warrant further work. EL 5291 expired on 4 August 2015, and Austpac expects the tenement will be renewed during the current quarter.

In 2014, under a joint collaborative program between Geoscience Australia (GA) and the Geological Survey of Victoria, in partnership with the Deep Exploration Technologies Cooperative Research Centre, 14 fully cored stratigraphic holes were completed in the Staveley Zone, western Victoria. A total of 2,700 metres were drilled, and diamond core from 13 of the holes provided basement material for a range of analytical studies. This program is intended

to test geological models and assess the potential for a range of mineral systems, with a focus on porphyry copper-gold and volcanic-hosted massive sulphide systems in order to stimulate investment in this underexplored region.

Austpac has supplied basement samples and other technical data from its drilling operations in the Staveley Zone to GA personnel for further study, maintains contact with the Staveley Project team and is awaiting the release of the Government drilling data.

Austpac has been also approved to apply for an Exploration Grant under the Mineral Development Victoria TARGET Minerals Exploration Initiative. Austpac has identified a geophysical target for this initiative and awaits publication of the application guidelines. EL 5291 lies within the No. 1 priority area for the TARGET program and our exploration objectives are consistent with the Government's top priority commodities; copper, lead and zinc.

TABLE OF MINING EXPLORATION TENEMENTS

Nature of Title	Area	Name	Status
EL 5291	298 square kilometres	Nhill	Renewal for period of 5 years in process

Directors' Report

The directors of Austpac Resources N.L., ('the company') A.C.N. 002 264 057, present their report together with the financial report of the company and of the consolidated entity, being the company and its controlled entities, for the financial year ended 30 June 2015 and the auditors' report thereon.

Directors

The directors of the company at any time during or since the end of the financial year are:



TERRY CUTHBERTSON *ACA* **Chairman**

Age 65

Mr Cuthbertson is currently Chairman of Montec International Limited, S2 Net Limited, MyNetFone Ltd, South American Iron & Steel Ltd, Malachite Resources Ltd, Mint Wireless Ltd and Isentric Ltd. He was previously Group Finance Director for Tech Pacific Holdings Pty Ltd which generated over \$2 billion in revenues from operations throughout the Asia-Pacific Region. From 1986 to 1995 he was a Senior Partner of KPMG, specialising in strategic and corporate advice to major corporations. Mr Cuthbertson brings extensive international corporate experience to Austpac including a practical operating knowledge of business practices and structures in India, China and Southeast Asia.

Mr Cuthbertson was appointed a Director of Austpac Resources N.L. on 27 March 2001 and Chairman of Austpac Resources N.L. on 31 May 2004.



MICHAEL J. TURBOTT *BSc (Hons), FAusIMM, FAIG* **Managing Director**

Age 71

Mr Turbott was formerly a Director and Vice President of Kennecott Explorations (Australia) Ltd, and was in charge of the exploration programs that led to the discovery of the Lihir gold deposit in Papua New Guinea and to the acquisition and initial development of the Gordonstone (Kestrel) coal mine in the Bowen Basin, Queensland. His 47 years' experience in the mining industry has encompassed a wide variety of exploration and development projects in Australia, New Zealand, Papua New Guinea, Indonesia, Philippines, Canada and the USA.

Mr Turbott has been the Managing Director of Austpac Resources N.L. since its formation as an epithermal gold explorer in 1985. In 1988 Austpac became involved in the Westport ilmenite sand deposits in New Zealand. This led to the development of Austpac's proprietary ERMS roasting process to separate refractory ilmenite and, subsequently, to the patented EARS acid regeneration process. Under Mr Turbott's direction, since the mid 1990s Austpac has focused on its mineral sand technologies and has developed the ERMS SR process to produce very high grade synthetic rutile and a valuable iron co-product from ilmenite, a process to recover iron and hydrochloric acid from iron oxides and spent pickle liquor which are wastes produced by steel mills, a continuous leaching process, specialist know-how in low temperature roasting and in the treatment of iron minerals.



ROBERT J. HARRISON *FAICD* **Non-Executive Director**

Age 76

Mr Harrison has over 27 years' experience in the marketing of ilmenite, rutile and zircon. He was Managing Director of Consolidated Rutile Limited's marketing subsidiary Minerals Pty Limited for a number of years before forming the mineral sands marketing consultancy Minalex Agencies Pty Limited, of which he is Managing Director. Since 1986 Mr Harrison has provided marketing support, market surveys, statistical analyses and product reviews for titanium dioxide feedstocks, titanium dioxide pigments and zircon to a range of significant producers and consumers of those products in Australia, India, Africa, Europe and the North America.

Mr Harrison was appointed a Director of Austpac Resources N.L. on 1 September 2004.

Company Secretary

Mr Gaston is a Chartered Secretary with 42 years listed public company experience including Lend Lease Corporation, Peko Wallsend Limited and American Metals Climax (AMAX).

Officers who were previously partners of the audit firm

Officers who were previously partners of the current audit firm KPMG, at the time when KPMG undertook an audit of the company – T. Cuthbertson who retired from KPMG in 1995.

Directors' Interests and Benefits

The relevant interest of each director in the share capital of the company at the date of this report and as notified by the directors to the Australian Stock Exchange in accordance with Section 205G(1) of the *Corporations Act 2001* was:

	Ordinary Shares	
	Direct	Indirect
Terry Cuthbertson	–	7,166,667
Michael J. Turbott	14,367,785	3,283,333
Robert J. Harrison	6,500,000	–

Directors' Meetings

The number of meetings held and attended by each of the directors of the company during the financial year are:

	Board Meetings	Board Meetings held	Audit Committee		Remuneration Committee	
	attended	during the time the director held office	Meetings attended	Meetings held	Meetings attended	Meetings held
Terry Cuthbertson	12	12	2	2	1	1
Michael J. Turbott	12	12	2*	2	1*	1
Robert J. Harrison	12	12	2	2	1	1

* Attended by invitation

Principal Activities

The principal activity of the consolidated entity is the development of mineral processing technology and exploration and development of mineral sands deposits and gold deposits.

Review and Results of Operations

Operating and Financial Review

This report should be read in conjunction with the Chairman's Review, the Directors Report on Operations Pictorial, and Exploration Report in the front section of the 2015 Annual Report.

Operations

NIRP

The construction of Newcastle Iron Recovery Plant (NIRP) which is 85% completed and has been funded by licence fees, equity capital and the sale of EL 4521 for \$7.5 million in December 2012. At peak capacity the NIRP Plant will produce 18,000 tpa of iron and 18,000 tpa of hydrochloric acid.

Recently, Austpac has advanced negotiations and discussions with Ixom Operations Pty Ltd (Ixom, formerly Orica Chemicals) and ABR Process Development (ABR) for the commercial progression of the NIRP. By integrating ABR's zinc recovery cell with the NIRP, the Plant will be able to recover an additional product and fully utilise the 85% completed Newcastle project. The business objective is to improve the potential profitability of the Plant by recycling steel industry furnace dusts and by-products and producing pig iron, hydrochloric acid and zinc. Newcastle Iron (Zinc) Recovery Plant could produce, at peak capacity, 15,000 tpa of pig iron and 15,400 tpa of hydrochloric acid, and 4,000 tpa of zinc, based on preliminary estimates.

Technologies

The Austpac Resources N.L. suite of proprietary technologies has been developed over the last 25 years and embraces commercial value adding technology to beneficiate ilmenite to produce high grade synthetic rutile and iron co-products; and to recycle spent pickle liquor, mill scale, and dusts from blast and electric arc furnaces, which are wastes and by products from the steel industry, to produce strong hydrochloric acid, iron and zinc metal.

The schedule and timetable of development of the steel waste recycling technologies is to complete construction and commissioning of the Newcastle Iron (and Zinc potential) Recovery Plant in 2016 which employs the EARS acid regeneration technology which produces acid and iron.

Future Potential of Technologies to be further developed

Synthetic rutile technology which has been developed by Austpac since the 1980s has application potential for the titanium pigment industry and the titanium sponge industry.

Following the completion of construction and commissioning of the Newcastle Iron Recovery Plant, Austpac will progress with technology licenses to the steel and related industries for use of the technologies utilized at the Newcastle plant.

Exploration Division

Austpac maintains a low cost diversified activity which includes mineral sand technology, steel industry technology, acid regeneration and iron products, gold and base metals exploration.

The exploration division has historically generated cash flow to enable funding the construction of the Newcastle Plant. This low cost division has contributed to the longevity of the company through risk diversification.

Financial Position – Financial Performance

Austpac Resources N.L. reported a loss for the year ending 30 June 2015 of \$843,257 (2014: \$3,286,662 loss).

The consolidated balance sheet at 30 June 2015 includes \$35 million of capitalised technology expenditure which includes the Newcastle Iron Recovery Plant.

Financial Forecast

As at 30 June 2015 Austpac Resources N.L. carries no structured or secured debt and all technology assets are unsecured.

Austpac Resources N.L. will look to fund future operations through debt or equity, the successful commercialisation of mineral technologies or the joint venturing or sale of interests held in mineral and technology projects.

Risk Profile

Austpac Resources N.L. is a high risk emerging mineral and steel technology company.

Key business risks applicable to Austpac Resources N.L. include risks associated with access to continual funding, the commercialisation of Austpac's technology and Austpac's ability to achieve this commercialisation in line with financial forecasts.

Dividends

No dividends were paid or declared by the company during the year. The directors do not recommend the payment of a dividend.

State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year which are not disclosed in the Annual Report.

Subsequent Events

The Company has announced on 25 September 2015 a Share Purchase Plan which allows all shareholders to participate in a total capital raising of up to \$4,200,000. Each shareholder appearing on the company Share Register as of 24 September 2015 is eligible to take up between \$1,000 and \$15,000 of ordinary shares in Austpac Resources N.L. at \$0.006 each. The terms and conditions of the plan were mailed to all shareholders. This opportunity is the first Shareholder Purchase Plan since September 2004. The Directors, Managing Director and Company Secretary have committed to participating in the Share Purchase Plan.

The Company is in negotiations with a potential new investor who is offering a facility of up to \$1,200,000 funding via a convertible note, subject to certain conditions and further due diligence by the potential investor. As at the date of this report, the Board are currently negotiating the terms of this facility.

Likely Developments

Except as described elsewhere in this Annual Report, further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Environmental Regulation

The consolidated entity's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its technology development.

The directors are not aware of any breach during the period covered by this report.

Options

During or since the end of the financial year no options have been granted by the company and there are no outstanding options on issue at the date of this report.

Indemnification and Insurance of officers and auditors

The company does not have a Directors' and Officers' insurance against liability which may arise from holding the position of Director or Officer.

The company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the company or related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Non-audit services

During the year KPMG, the company's auditor, has performed taxation services totaling \$34,500 (2014: \$37,500) in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- ▲ All non-audit services were subject to the corporate governance procedures adopted by the company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- ▲ The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 *Professional Independence*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

A copy of the Lead auditors' independence declaration as required under Section 307C of the Corporations Act, is provided on page 12, is included in the Directors' Report.

Remuneration Report (audited)

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

The Board remuneration policy is to ensure the remuneration package properly reflects the duties and responsibilities of the director. The Remuneration Committee ascertains non-executive Director remuneration and also staff remuneration which are separate and distinct. Remuneration is set by the Board of Directors. The company has a remuneration policy aimed at retention of key technical staff to ensure the progression and commercialisation of the company's technologies.

The company is managed by the Managing Director, supported by the Board of Directors. The company does not have senior executive staff. The company has no employees that are specified executives.

Executive Directors are solely remunerated by fixed remuneration packages, including base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles) as well as employer contributions to super funds.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain directors, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 22 November 2007 when shareholders approved an aggregate remuneration of \$150,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually.

Each non-executive director either receives a fee for being a director of the company and, if other services are provided, under a consultancy agreement. An additional fee may be payable for each board committee on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees.

Non-executive directors have long been encouraged by the Board to hold shares in the company (purchased by the director on market or issued in lieu of fees at a market price). It is considered good governance for directors to have a stake in the company. The directors of the company can participate in the Employee Share Purchase Plan.

Consequences of performance on shareholder wealth:

	2015	2014	2013	2012	2011	2010
Profit (loss) attributable to owners of the Company	(843,257)	(3,286,662)	3,724,532	2,843,549	(2,909,149)	(2,638,301)
Share price (\$) as at 30 June	0.01	0.02	0.01	0.03	0.04	0.03

The overall level of compensation does not take into consideration the profit and/or share price. The overall level of compensation has remained at the same level since 2007 and Austpac Resources N.L. will re-evaluate the level of compensation when the mineral technologies have been commercialised.

Executive director remuneration

The company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company.

Remuneration consists of fixed remuneration only, and as such does not vary with the company's performance.

Fixed Remuneration**Objective**

Remuneration is set by the Board of Directors and compensation levels for key management personnel are competitively set to attract and retain appropriately qualified and experienced personnel. All Directors have elected to forgo Director and Consulting Fees in the period ended 30 June 2015. The Managing Director has voluntarily elected to reduce the salary package provided in the period to 30 June 2015 in light of the cost containment program. Remuneration levels reflect a cost containment programme implemented in November 2014.

Structure

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles) as well as employer contributions to super funds.

Variable Remuneration

There is no variable performance related remuneration.

Employment contracts

Currently no employee is employed under contract.

Details of the nature and amount of each major element of the emoluments of each director of the company for the year ending 30 June 2015 are:

2015	Short Term		Post Employment		Total
	Base	Non Monetary Benefits	Consulting Fees	Super	
	\$	\$	\$	\$	\$
Mr M.J. Turbott	36,334	71,808	–	10,000	118,142
Mr T. Cuthbertson	–	–	–	–	–
Mr R. Harrison	–	–	–	–	–
	36,334	71,808	–	10,000	118,142

Details of the nature and amount of each major element of the emoluments of each director of the company for the year ending 30 June 2014 are:

2014	Short Term		Post Employment		Total
	Base	Non Monetary Benefits	Consulting Fees	Super	
	\$	\$	\$	\$	
Mr M.J. Turbott	249,004	80,098	–	70,000	399,102
Mr T. Cuthbertson	70,000	–	35,000	–	105,000
Mr R. Harrison	50,000	–	35,000	–	85,000
	369,004	80,098	70,000	70,000	589,102

Key management personnel receive additional benefits as non-cash benefits, as part of the terms and conditions of their appointment. The key management personnel receive non-cash benefits related to motor vehicles leases, and insurance paid for the Managing Director. The Company pays fringe benefits tax on these benefits. Consultancy fees relate to additional services provided by Messrs Cuthbertson and Harrison for professional time in excess of normal Director duties.

Compensation levels for key management personnel are competitively set to attract and retain appropriately qualified and experienced personnel. All Director's have elected to forgo Director and Consulting Fees in the period ended 30 June 2015. The Managing Director has voluntarily elected to reduce the salary package provided in the period to 30 June 2015 in light of the cost containment program. Remuneration levels reflect a cost containment programme implemented in November 2014.

Notsag Pty Limited, a company which provides corporate, financial, underwriting and guarantee services, employs Mr N. Gaston and provides his services as company secretary. Notsag Pty Limited received fees of \$100,100 during the financial year ended 30 June 2015 (\$300,300 – 2014). Notsag Pty Limited received \$185,000 for underwriting services in the financial year ended 30 June 2015.

EMPLOYEE SHARE PLANS

Directors are entitled to participate in the Employee Share Purchase Plan when issues are proposed. All issues under the plan are approved in Annual General Meeting before being allocated. No shares were issued under the plan during the financial year ended 30 June 2015.

LOANS FROM DIRECTORS

In November 2014, Terry Cuthbertson loaned to Austpac Resources NL \$50,000. The loan is a zero interest loan and is held at call with 24 hours notice. The loan amount payable to T. Cuthbertson at 30 June 2015 remains \$50,000.

End of remuneration report

Signed at Sydney this first day of October 2015 in accordance with a resolution of the Board of Directors of Austpac Resources N.L.



T. Cuthbertson
Chairman



M.J. Turbott
Managing Director

Lead Auditor's Independence Declaration

Under Section 307C of the *Corporations Act 2001*



To: the directors of Austpac Resources N.L.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'D. Camilleri', with a horizontal line extending to the right.

Daniel Camilleri
Partner

Sydney

1 October 2015

Corporate Governance Statement

This Statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

Board of Directors

The Board is responsible for the overall Corporate Governance of the consolidated entity including formulating its strategic direction, establishing goals for management and monitoring the achievement of these goals. The Board has established a framework for the management of the consolidated entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

A description of the company's main corporate governance practices is set out below. All these practices were in place for the entire year.

Board Process

The Board usually holds 12 scheduled meetings every year plus any additional meetings as required. The agenda for Board meetings is prepared by the Company Secretary in conjunction with the Chairman and Managing Director. Standing agenda items include the Managing Directors report, financial report and project activity reports together with governance and compliance issues. Board papers are circulated in advance.

The monthly board papers include monthly and year to date financial reports for all projects and corporate expenditure. A monthly revised forecast for the financial year is presented at each Board Meeting and compared against approved budgets.

Twelve monthly budgets are submitted for the forthcoming financial year, three months in advance and reviewed three times for refinement and ultimate approval.

Three year and five year plans are maintained and revised in accordance with requirements and financial capability of the consolidated entity.

Composition of the Board

At the date of this report, the Board of Directors comprises a non-executive independent chairman, one independent Director and the Managing Director.

The members of the Board of Directors appear on page 6 of the Annual Report with brief resumes and profiles. The Board elects Directors on the basis of Corporate requirements and project activity. High calibre independents with substantial experience at senior levels are sought when required. Directors are considered independent if they meet the following independent Directors standard:

- ▲ Is not a substantial shareholder of Austpac Resources N.L.;
- ▲ Has not within the last 3 years been employed in a senior capacity by Austpac Resources N.L. or been a director after ceasing to hold any such employment;
- ▲ Is not a principal or employee of a professional advisor to Austpac Resources N.L.;
- ▲ Is not a material supplier or customer of Austpac Resources N.L. or an officer of or directly or indirectly associated with a significant supplier or customer;
- ▲ Has no material contractual relationship with Austpac Resources N.L. or any of its associates other than as a director of Austpac Resources N.L.;
- ▲ Has no other interest or relationship that could interfere with the director's ability to act in the best interests of Austpac Resources N.L. and independently of management; and
- ▲ Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Austpac Resources N.L.

In this context the Board considers material, any director-related business relationship that is or is likely in the future to be more than 10 per cent of the director-related business's revenue.

All directors are expected to act in the best interests of Austpac Resources N.L.

The members of each Board Committee are independent Directors. The Audit Committee and the Remuneration Committee are chaired by an independent Director and are composed of independent Directors.

Board Committees

Two permanent Board Committees have been established to assist in the execution of the Board's responsibilities as described below. These are:

- ▲ Audit Committee
- ▲ Remuneration Committee

These Committees have charters which are reviewed on a regular basis. All Board members are free to attend any meeting of any Board Committee. All Committees have access to professional advice from the employees within Austpac Resources N.L. and from appropriate external advisors. Committees may meet these external advisors without Management being present.

The Board does not have a Nomination Committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a Nomination Committee can be adequately handled by the full board.

AUDIT COMMITTEE

The role of the Audit Committee is documented in a Charter which is approved by the Board of Directors. In accordance with this Charter, all members of the Committee must be non-executive directors with a majority being independent. The role of the Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity.

The Committee also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report.

The members of the Audit Committee during the year were:

- ▲ Mr R. Harrison (Chairman)
- ▲ Mr T. Cuthbertson

The profiles of these Directors are included on page 6 of the Annual Report. The Directors of this Committee are independent Directors.

The external auditors, the Managing Director and Company Secretary, are invited to Audit Committee meetings. The Committee meets at least twice a year.

The responsibilities of the Audit Committee include:

- ▲ reviewing the financial report and other financial information distributed externally;
- ▲ monitoring corporate risk assessment processes;
- ▲ reviewing any new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- ▲ reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- ▲ reviewing the nomination and performance of the auditor. The external auditors were appointed in 1985. The lead external audit engagement partner was last rotated in 2015;
- ▲ liaising with the external auditors and ensuring that annual and half-year statutory audits are conducted in an effective manner;
- ▲ monitoring the establishment of an appropriate internal control framework and considering enhancements;
- ▲ monitoring the establishment of appropriate ethical standards;
- ▲ monitoring the procedures in place to ensure compliance with the Corporations Act 2001 and Stock Exchange Listing Rules and all other regulatory requirements;
- ▲ addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, Australian Stock Exchange and financial institutions;
- ▲ reviewing reports on any major defalcations, frauds and thefts from the company and ensuring that the company's Internal Control Plan is adhered to;
- ▲ improving the quality of the accounting function.

The Audit Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year as follows:

Audit Planning

- ▲ To discuss the external audit plan;
- ▲ To discuss any significant issues that may be foreseen;
- ▲ To discuss the impact of any proposed changes in accounting policies on the financial statements;
- ▲ To review the nature and impact of any changes in accounting policies adopted by the consolidated entity during the year;
- ▲ To review the fees proposed for the audit work to be performed.

Prior to announcement of results

- ▲ To review the half-yearly and annual report prior to lodgment of those documents with the ASX, and any significant adjustments required as a result of the audit;
- ▲ To make the necessary recommendation to the Board for the approval of these documents.



Half-yearly and annual reporting

- ▲ To review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made;
- ▲ To review the draft financial report and the audit report and to make the necessary recommendation to the Board for the approval of the financial report.

The Managing Director and Company Secretary/Chief Financial Officer have declared in writing to the Board that Austpac Resources N.L. Financial Report for the year ended 30 June 2015 presents fairly, in all material respects, Austpac Resources N.L. financial condition and operational results and is in accordance with applicable Accounting Standards. The Committee has the power to conduct or authorise investigations into, or consult independent experts on, any matters within the Committee's scope of responsibility. The Committee has a documented charter which incorporates the ASX Best Practice Guidelines.

The Committee assists the Board to fulfill its corporate governance and disclosure responsibilities in relation to financial reporting, internal control structure, risk management systems and external audit. This includes:

- ▲ exercising oversight of the accuracy and completeness of the financial statements and their adequacy for security holders, compliance with the *Corporations Act 2001*, ASX Listing Rules and other regulatory requirements;
- ▲ making informed decisions regarding accounting policies, practices and disclosures;
- ▲ reviewing the scope and results of operational risk reviews and external audits;
- ▲ assessing the performance and adequacy of Austpac Resources N.L.'s internal control framework including accounting, compliance and operational risk management controls;
- ▲ annual review of the external auditor's performance taking into account the duration of the appointments, date of partner rotation, fees paid and considering matters requiring discussion in the absence of Management; and
- ▲ other related matters including monitoring insurance coverage, related party transactions and monitoring litigation other than course of business.

The Audit Committee also has responsibility for the oversight and monitoring of risk management. It is also responsible for the nomination and removal of external auditors. The following principles and practices are adopted:

- ▲ The external auditor must remain independent of Austpac Resources N.L. at all times;
- ▲ The external auditor is to be appointed to all controlled entities in the Group;
- ▲ The external auditor must not undertake staff recruitment or provide internal audit, management, or IT consulting services to Austpac Resources N.L.;
- ▲ The external auditor is not to provide non-audit services under which the auditor assumes the role of management, becomes an advocate for Austpac Resources N.L. or audits its own professional expertise;
- ▲ The external audit engagement partner and review partner will be rotated every five years.

The external auditor provides an annual declaration of independence as required by the *Corporations Act 2001*, which is consistent with Professional Statement F.1 of the Code of Professional Conduct as recognised by Australia's professional accounting bodies.

Risk Management

Oversight of the risk management system

The Board oversees the establishment, implementation and annual review of Austpac Resources N.L. risk management system with assistance from the Audit Committee. Management has established and implemented a risk management system for assessing, monitoring and managing operational financial reporting and compliance risk for Austpac Resources N.L.

Functional systems of risk management and reporting between project level, senior management and the Board of Directors have been established.

The Managing Director and the Company Secretary/Chief Financial Officer have declared, in writing to the Board, that Austpac Resources N.L.'s financial reporting, risk management and associated compliance and controls have been assessed and are operating efficiently and effectively.

During each Audit Committee meeting the Audit Committee reports to the Board on the status of risks through integrated risk management programmes aimed at ensuring all risks are identified, assessed and appropriately managed.

Risk Profile

In order to identify the material risks facing Austpac Resources N.L. and prioritise the actions necessary to mitigate these risks, an annual risk review is undertaken to identify, assess, monitor and manage the financial, operational and strategic risks.

Risk management and compliance and control

A robust risk management framework coupled with thorough internal reporting processes and highly qualified, competent and reliable staff provides Austpac Resources N.L. with a solid platform from which Austpac Resources N.L. manages the main areas of risk impacting the business.

Assessment of effectiveness

The effectiveness of risk management practices is assessed and reported to both Executive Management and the Audit Committee.

Commitment to shareholders and an informed market

The Board believes that security holders and the investment market generally, should be informed of all major business events that influence Austpac Resources N.L. in a timely and widely available manner. The full board of directors ensures that Austpac Resources N.L. meets its disclosure obligations under ASX Listing Rule 3.1.

Austpac Resources N.L. produces two sets of financial information annually; the half-yearly Financial Report for the six months to 31 December and the Annual Report and Financial Report for the year to 30 June. This is in addition to the Australian Stock Exchange quarterly working capital reports in July, October, January and April.

Shareholders have the right to attend the Annual General Meeting of Shareholders, usually held towards the end of November each year. Shareholders are provided with an explanatory memorandum on the resolutions proposed in the Notice of Meeting.

A copy of the Notice of Meeting is mailed to shareholders who are encouraged to vote on all resolutions. Unless specifically stated in the Notice of Meeting, all holders of securities are eligible to vote on all resolutions. In the event that shareholders cannot attend the Annual General Meeting of Shareholders they are able to lodge a proxy in accordance with the Corporations Act 2001. Proxy forms may be lodged by facsimile. Austpac Resources N.L.'s external auditor also attends the AGM and is available to answer any questions about the audit and the audit report from security holders.

Staff and director trading in Austpac Resources N.L.'s securities

Austpac Resources N.L. Board members may only trade in Austpac Resources N.L.'s securities during a nominated trading window which is within three weeks after any announcement to the Australian Stock Exchange. At other times, they may trade with the concurrence of two Non-Executive Directors, one of which must be the Chairman. Trading in securities by Directors and senior staff at any time requires the consent of two Non-Executive Directors, one of which must be the Chairman. All other employees require the prior consent of the Managing Director to trade in securities.

Share trading policy

Austpac Resources N.L. approved a share trading policy on 10 January 2012. This policy was lodged with the Australian Securities Exchange on 10 January 2012.

REMUNERATION COMMITTEE

The Remuneration Committee meets in January each year or more frequently if Cost Containment programs are to be implemented. The members of the Remuneration Committee are:

- ▲ Mr T. Cuthbertson (Chairman)
- ▲ Mr R. Harrison

The profiles of these Directors are included on page 6 of the Annual Report. The Directors of this Committee are independent Directors.

The Remuneration Committee assists the Board in ensuring that Austpac Resources N.L.'s remuneration levels are appropriate in the markets in which it operates and are applied fairly to attract and retain appropriately qualified and experienced directors and senior staff. The Committee obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies.

The Committee also has the responsibility to review and approve, on behalf of the Board, recommendations for annual staff remuneration made by Management and review and recommend to the Board:

- ▲ proposals for changes to remuneration policies and human resources issues which are referred to the Board by the Managing Director;
- ▲ remuneration recommendations relating to the Chairman, Non-Executive Directors, the Managing Director and senior Management, including incentive policies for the Managing Director and the senior Management team;
- ▲ Austpac Resources N.L. recruitment, retention and termination policies and procedures for senior Management;
- ▲ incentive schemes;
- ▲ superannuation arrangements;
- ▲ creation or amendment of any employee or executive share schemes; and
- ▲ the remuneration framework for Non-Executive Directors including the amount of directors' fees, any increase in the overall amount of directors' fees and any increase requiring security holder approval.

Code of conduct

The Group has advised each director, manager and employee to comply with the Group's Ethical Standards, covering:

- ▲ aligning the behaviour of the board and management with the code of conduct by maintaining appropriate core Group values and objectives;
- ▲ fulfilling responsibilities to shareholders by delivering shareholder value;
- ▲ usefulness of financial information by maintaining appropriate accounting policies, practices and disclosure;
- ▲ fulfilling responsibilities to clients, customers and consumers by maintaining high standards of product quality, service standards, commitments to fair value, and safety of goods produced;
- ▲ employment practices such as occupational health and safety, employment opportunity, training and education support, community activities, sponsorships and donations;
- ▲ responsibilities to the individual, such as privacy, use of privileged or confidential information, and conflict resolution;
- ▲ compliance with legislation including policies on legal compliance in countries where the legal systems and protocols are significantly lower than Australia's;
- ▲ managing actual or potential conflicts of interest;
- ▲ corporate opportunities such as preventing directors and key executives from taking improper advantage of property, information or position for personal gain;
- ▲ reporting of unlawful or unethical behaviour including protection of those who report violations in good faith;
- ▲ the processes for monitoring and ensuring the compliance with the code of conduct.

Diversity

The board considers the appropriate blend of diversity on the board and in the Group's senior executive positions. The board also considers gender, age, ethnic and cultural diversity.

The key elements of the diversity policy considerations are as follows:

- ▲ increased gender diversity on the board and senior executive positions and throughout the Group;
- ▲ annual assessment of board gender diversity objectives and performance against objectives by the board and nomination committee.

Statements of Comprehensive Income

For the year ended 30 June 2015

Austpac Resources N.L.
and its Controlled Entities

	Note	CONSOLIDATED		THE COMPANY	
		2015	2014	2015	2014
		\$	\$	\$	\$
Administrative expenses		(1,283,898)	(3,682,596)	(1,283,898)	(3,682,596)
Results from operating activities		(1,283,898)	(3,682,596)	(1,283,898)	(3,682,596)
Financial income	2	491	21,320	491	21,320
Financial expenses	2	(32,119)	(32,435)	(32,119)	(32,435)
Net financing income / (expense)	2	(31,628)	(11,115)	(31,628)	(11,115)
Profit / (loss) attributable to owners of company		(1,315,526)	(3,693,711)	(1,315,526)	(3,693,711)
Income tax benefit	5	472,269	407,049	472,269	407,049
Profit / (loss) attributable to owners of company		(843,257)	(3,286,662)	(843,257)	(3,286,662)
Other comprehensive income for the period, net of income tax		-	-	-	-
Total comprehensive income for the period attributable to owners of company		(843,257)	(3,286,662)	(843,257)	(3,286,662)
Basic and diluted earnings / (loss) per share (cents)	7	Cents (0.06)	Cents (0.26)		

The Statements of Comprehensive Income are to be read in conjunction with the Notes to the Financial Statements set out on pages 22 to 36.

Statements of Changes in Equity

For the year ended 30 June 2015

Austpac Resources N.L. and its Controlled Entities

	CONSOLIDATED and COMPANY		
	Share Capital	Accumulated Losses	Total Equity
	\$	\$	\$
Balance at 1 July 2013	81,662,554	(47,517,177)	34,145,377
Profit/ (loss) attributable to owners of company	–	(3,286,662)	(3,286,662)
Other comprehensive income for period attributable to owners of company	–	–	–
Shares issued	2,676,000	–	2,676,000
Balance at 30 June 2014	84,338,554	(50,803,839)	33,534,715
Balance at 1 July 2014	84,338,554	(50,803,839)	33,534,715
Profit/ (loss) attributable to owners of company	–	(843,257)	(843,257)
Other comprehensive income for period attributable to owners of company	–	–	–
Shares issued (net of underwriting costs)	1,082,198	–	1,082,198
Balance at 30 June 2015	85,420,752	(51,647,096)	33,773,656

The Statements of Changes in Equity are to be read in conjunction with the Notes to the Financial Statements as set out on pages 22 to 36.

Statements of Financial Position

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As at 30 June 2015

Austpac Resources N.L. and its Controlled Entities		CONSOLIDATED		THE COMPANY	
		2015	2014	2015	2014
		2015	2014	2015	2014
		\$	\$	\$	\$
ASSETS					
Cash and cash equivalents	8	204,012	89,098	204,012	89,098
Other receivables	9	218,877	600,310	218,877	600,310
Total Current Assets		422,889	689,408	422,889	689,408
Property, plant and equipment	11	272,098	337,937	272,098	337,937
Intangible assets	12	35,035,851	34,562,713	35,035,851	34,562,713
Total Non-Current Assets		35,307,949	34,900,650	35,307,949	34,900,650
Total Assets		35,730,838	35,590,058	35,730,838	35,590,058
LIABILITIES					
Trade and other payables	13	701,551	811,982	701,551	811,982
Loans and borrowings	14	173,103	132,239	173,103	132,239
Employee benefits	15	933,533	905,424	933,533	905,424
Total Current liabilities		1,808,187	1,849,645	1,808,187	1,849,645
Loans and borrowings	14	148,995	205,698	148,995	205,698
Total Non-Current Liabilities		148,995	205,698	148,995	205,698
Total Liabilities		1,957,182	2,055,343	1,957,182	2,055,343
Net Assets		33,773,656	33,534,715	33,773,656	33,534,715
EQUITY					
Issued capital	16	85,420,752	84,338,554	85,420,752	84,338,554
Accumulated losses		(51,647,096)	(50,803,839)	(51,647,096)	(50,803,839)
Total equity		33,773,656	33,534,715	33,773,656	33,534,715

The Statements of Financial Position are to be read in conjunction with the Notes to the Financial Statements set out on pages 22 to 36.

Statements of Cash Flows

For the year ended 30 June 2015

	Note	CONSOLIDATED		THE COMPANY	
		2015	2014	2015	2014
		\$	\$	\$	\$
Cash Flows from Operating Activities					
Cash paid to suppliers and employees		(1,325,997)	(3,583,635)	(1,325,997)	(3,583,635)
Interest received		491	21,320	491	21,320
Interest paid		(32,119)	(32,435)	(32,119)	(32,435)
Income tax refund received		879,318	577,274	879,318	577,274
Net cash from operating activities	21	(478,307)	(3,017,476)	(478,307)	(3,017,476)
Cash Flows from Investing Activities					
Payments for intangible assets:					
Mineral Technology Development		(473,138)	(2,205,129)	(473,138)	(2,205,129)
Net cash from investing activities		(473,138)	(2,205,129)	(473,138)	(2,205,129)
Cash Flows from Financing Activities					
Proceeds from issue of share capital (net of underwriting costs)		1,082,198	2,660,000	1,082,198	2,660,000
Payment of finance lease liabilities		(65,839)	(75,078)	(65,839)	(75,078)
Loan from related party		50,000	–	50,000	–
Net cash from financing activities		1,066,359	2,584,922	1,066,359	2,584,922
Net increase/(decrease) in cash held		114,914	(2,637,683)	114,914	(2,637,683)
Cash and cash equivalents at 1 July		89,098	2,726,781	89,098	2,726,781
Cash and cash equivalents at 30 June		204,012	89,098	204,012	89,098

The Statements of Cash Flows are to be read in conjunction with the Notes to the Financial Statements set out on pages 22 to 36.

Notes to the Financial Statements



For the year ended 30 June 2015

Note 1: Significant Accounting Policies

(A) SIGNIFICANT ACCOUNTING POLICIES

Austpac Resources N.L. (the "company") is a company domiciled in Australia. The consolidated financial report of the company for the year ended 30 June 2015 comprises the company and its subsidiaries (the "consolidated entity"). The consolidated entity is a for profit entity, and is primarily involved in the development of mineral processing technology and exploration of mineral sand deposits and gold deposits.

Austpac Resources N.L. principal registered office is Level 3, 62 Pitt Street, Sydney NSW 2000.

The financial report was authorised for issue by the directors on 1 October 2015.

Statement of Compliance

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The company and the consolidated entity's financial report also complies with the International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board.

(B) BASIS OF PREPARATION

The financial report is presented in Australian dollars, which is the company's functional currency.

The financial report is prepared on the historical cost basis.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report.

(C) GOING CONCERN

The company and the consolidated entity has a net current asset deficiency of \$1,385,298 at 30 June 2015 (2014 net current asset deficiency: \$1,160,237).

The financial report has been prepared on the basis of a going concern. This 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 consolidated entity will be able to fund the net asset deficiency and fund future operations through the funding offered by potential new investors, share issues, the successful commercialisation of mineral technologies, sale of surplus assets or the joint venturing or sale of interests held in mineral tenements or technology projects.

Without the receipt of funding offered by potential new investors, share issues, successful commercialisation of mineral technologies, sale of surplus assets or joint venturing or sale of interests held in mineral tenements and technology projects, or a combination of these events, the company and the consolidated entity may not be able to continue as a going concern. These circumstances indicate there is a material uncertainty as to whether the company and the consolidated entity will be able to continue as a going concern.

If the company and the consolidated entity are 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 their assets and extinguish their liabilities other than in the normal course of business and at amounts different from those stated in the financial report.



(D) BASIS OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial report from the date that control commences until the date that control ceases.

In the company's financial statements, investments in subsidiaries are carried at the lower of cost or recoverable amount.

(ii) Jointly controlled operations and assets

The interest of the consolidated entity in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

(iii) Transactions eliminated on consolidation

All intragroup balances and transactions, including any unrealised gains or losses are eliminated on consolidation.

(E) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(F) PROPERTY, PLANT AND EQUIPMENT

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1 (K)). The carrying amount of property, plant and equipment is reviewed annually by directors to ensure that it is not in excess of the recoverable amount from those assets. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between proceeds from disposal and the carrying amount of the item) is recognized in the statement of comprehensive income.

Leased assets

Leases in terms of which the consolidated entity assumes substantially all of the risks and rewards of ownership are classified as finance leases. The property acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

- ▲ fixtures and fitting, and property, plant and equipment: 7 years
- ▲ leased plant and equipment and motor vehicles: 10 years

The residual value and actual lives are assessed at each reporting date.

(G) INTANGIBLE ASSETS – MINERAL TECHNOLOGY DEVELOPMENT

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statements of comprehensive income as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the statement of comprehensive income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy 1(K)).

Amortisation

Mineral technology development assets are not currently being amortised as the policy applied by the consolidated entity is to amortise these assets on a systematic basis over projected revenue streams once commercial licence agreements have been agreed.

(H) INTANGIBLE ASSETS – EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations, in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment, accounting policy 1(K)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

(I) TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs, subsequent to initial recognition, these assets are measured at amortised cost less impairment losses (see accounting policy 1 (K)).

(J) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash balances and call deposits.

(K) IMPAIRMENT

The carrying amounts of the consolidated entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

Recoverable amounts are estimated annually for intangible assets not yet available for use. An impairment loss is recognised where the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of comprehensive income.

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(L) EMPLOYEE BENEFITS

Liabilities for employee entitlements for wages, salaries and annual and long service leave represent present obligations resulting from employees' services up to reporting date, based on current wage and salary rates, including related on-costs. Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in the statement of comprehensive income in the periods during which services are rendered by employees. Obligations for employee benefits that are due or are expected to be paid more than 12 months after the end of the period in which the employees render the service are inflated for future expected salaries and discounted to their present value using an appropriate corporate bond rate.

(M) PROVISIONS

Provisions are recognised in the statement of financial position when the consolidated entity has a present legal or constructive obligation and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

(N) TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value plus any directly attributable costs, subsequent to initial recognition, these liabilities are measured at amortised cost.

(O) REVENUE

Revenue from License Fees are recognised in the profit or loss initially in proportion to the stage of completion of the transaction at the reporting date, then once completed on a straight line basis over the life of the agreement. The stage of completion is assessed by reference to surveys of work performed, when the work performed cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable in accordance with the underlying agreement.

(P) EXPENSES**Operating lease payments**

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

Net financing costs

Interest income and expense is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

(Q) INCOME TAX

Income tax on the profit/(loss) for the years presented comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at balance date and any adjustment to tax payable in respect of previous years. Deferred assets and liabilities are recognised for temporary differences between the tax values of assets and their carrying amounts in the financial statements.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(R) DERIVATIVES

The consolidated entity is exposed to changes in interest rates and commodity prices from its activities. The consolidated entity does not hedge these risks.

(S) SEGMENT REPORTING

The consolidated entity operates in one segment only, being Mineral Sands and Mineral Sands Technology Development in Australia.

(T) ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Recoverability of intangible assets

The carrying amount of intangible assets relate to mineral technology development totaling \$35,035,851 (\$34,562,713 – 2014). The consolidated entity assesses intangibles which are not being amortised annually in accordance with the accounting policy in note 1(K). The ultimate recoupment of cost carried forward are dependent upon the successful development, commercialisation or sale of the respective technology.

(U) GOODS AND SERVICES TAX

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financial activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(V) NEW STANDARDS/INTERPRETATIONS NOT YET ADOPTED**New Accounting Standards**

There were no new accounting standards or interpretations adopted for the first time in these Financial Statements.

New Accounting Standards and Interpretations that are not yet mandatory

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below. The Consolidated Entity and the Company do not plan to adopt these standards early.

AASB 9 – Financial Instruments

AASB 9, published in July 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carried forward the guidance on recognition and derecognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. As the Consolidated Entity or the Company do not have hedging arrangements, this will not have a significant impact to the Consolidated Entity, the Company or their results.

AASB 15 – Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Consolidated Entity or the Company do not consider that this will have a significant impact to the Consolidated Entity, the Company or their results.

	CONSOLIDATED		THE COMPANY	
	2015	2014	2015	2014
	\$	\$	\$	\$
Note 2: Net Financing Costs				
Interest income	491	21,320	491	21,320
Interest expense	(32,119)	(32,435)	(32,119)	(32,435)
Net financing expense	(31,628)	(11,115)	(31,628)	(11,115)
Note 3: Auditors' Remuneration				
Audit Services – KPMG Australia				
– Audit and review of financial reports	80,000	78,000	80,000	78,000
Other Services				
Auditors of the company – KPMG Australia				
– Taxation services	34,500	37,500	34,500	37,500
	114,500	115,500	114,500	115,500
Note 4: Personnel Expenses				
Wages, salaries and leave entitlements taken	470,529	1,256,364	470,529	1,256,364
Contributions to defined contribution superannuation funds	136,571	173,323	136,571	173,323
Increase / (decrease) in liability for employee benefits	28,109	(169,539)	28,109	(169,539)
	635,209	1,260,148	635,209	1,260,148
Note 5: Income Tax Expense				
Recognised in the statement of comprehensive income				
Current tax (benefit) / expense				
Current period income tax (benefit)/expense	(101,318)	(679,204)	(101,318)	(679,204)
R&D Refund	472,269	407,049	472,269	407,049
Deferred tax expense				
Current year deferred tax assets not recognised	101,318	679,204	101,318	679,204
Income tax benefit in statement of comprehensive income	472,269	407,049	472,269	407,049
Numerical reconciliation between tax benefit and pre-tax net profit / loss				
Profit / (Loss) before tax	(1,315,526)	(3,693,711)	(1,315,526)	(3,693,711)
Prima facie income tax benefit / (expense) using the domestic corporation tax rate of 30%	394,658	1,108,114	394,658	1,108,114
Non-deductible expenses	(293,340)	(428,910)	(293,340)	(428,910)
R&D Refund	472,269	407,049	472,269	407,049
Current year deferred tax assets not recognised	(101,318)	(679,204)	(101,318)	(679,204)
Income tax benefit on pre-tax net profit / (loss)	472,269	407,049	472,269	407,049

Note 6: Deferred Tax Assets and Liabilities

Deferred tax assets and (liabilities) are attributable to the following:

	CONSOLIDATED		THE COMPANY	
	2015	2014	2015	2014
	\$	\$	\$	\$
Mineral technology development	(3,046,131)	(2,940,000)	(3,046,131)	(2,940,000)
Employee benefits	280,060	271,627	280,060	271,627
Unused tax losses	2,766,071	2,668,373	2,766,071	2,668,373
Net tax (asset)/liability	–	–	–	–
Deferred tax assets not recognised				
Deferred tax assets not recognised because it is probable that the benefits will be utilised against future taxable profits or future capital gains comprise:				
Unused tax losses	2,816,343	2,479,739	2,816,343	2,479,739

The deductible temporary differences do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits therefrom. Included in the \$2,816,343 of unused tax losses not recognized include \$2,090,291 of unused capital losses.

Note 7: Earnings Per Share

The calculation of basic and diluted earnings per share at 30 June 2015 was based on the loss attributable to ordinary shareholders of \$843,257 (2014: \$3,286,662 loss) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2015 of 1,334,576,188 (2014: 1,249,272,586), calculated as follows:

	CONSOLIDATED	
	2015	2014
Weighted average number of shares		
Issued ordinary shares at 1 July	1,291,121,033	1,196,954,367
Effect of shares issued	43,455,155	52,318,219
Weighted average number of ordinary shares at 30 June	1,334,576,188	1,249,272,586
Earnings per share		
Basic and diluted earnings / (loss) per share	2015 cents (0.06)	2014 cents (0.26)

	CONSOLIDATED		THE COMPANY	
	2015	2014	2015	2014
	\$	\$	\$	\$
Note 8: Cash and Cash Equivalents				
Bank balances	204,012	89,098	204,012	89,098
Note 9: Other Receivables				
Current				
Other receivables	218,877	600,310	218,877	600,310

Note 10: Consolidated Entities**PARTICULARS IN RELATION TO THE COMPANY AND ITS CONTROLLED ENTITIES**

Parent Entity:	Austpac Resources N.L.
Significant Subsidiaries:	Almeth Pty Ltd Austpac Technology Pty Ltd

HOLDING	
2015	2014
100%	100%
100%	100%

All controlled entities are incorporated in Australia and carry on business in Australia.

Note 11: Property, Plant and Equipment**Cost**

	CONSOLIDATED			THE COMPANY		
	Plant and Equipment	Fixtures and Fittings	Total	Plant and Equipment	Fixtures and Fittings	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2013	1,516,426	61,926	1,578,352	1,516,426	61,926	1,578,352
Acquisitions	48,689	–	48,689	48,689	–	48,689
Disposals	(27,700)	–	(27,700)	(27,700)	–	(27,700)
Balance at 30 June 2014	1,537,415	61,926	1,599,341	1,537,415	61,926	1,599,341

Balance at 1 July 2014	1,537,415	61,926	1,599,341	1,537,415	61,926	1,599,341
Acquisitions	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
Balance at 30 June 2015	1,537,415	61,926	1,599,341	1,537,415	61,926	1,599,341

Depreciation and impairment losses

Balance at 1 July 2013	1,154,801	61,926	1,216,727	1,154,801	61,926	1,216,727
Depreciation for the year	72,377	–	72,377	72,377	–	72,377
Depreciation on disposal	(22,700)	–	(22,700)	(22,700)	–	(22,700)
Impairment of asset	(5,000)	–	(5,000)	(5,000)	–	(5,000)
Balance at 30 June 2014	1,199,478	61,926	1,261,404	1,199,478	61,926	1,261,404

Balance at 1 July 2014	1,199,478	61,926	1,261,404	1,199,478	61,926	1,261,404
Depreciation for the year	65,839	–	65,839	65,839	–	65,839
Depreciation on disposal	–	–	–	–	–	–
Balance at 30 June 2015	1,265,317	61,926	1,327,243	1,265,317	61,926	1,327,243

Carrying amounts

At 1 July 2013	361,625	–	361,625	361,625	–	361,625
At 30 June 2014	337,937	–	337,937	337,937	–	337,937
At 1 July 2014	337,937	–	337,937	337,937	–	337,937
At 30 June 2015	272,098	–	272,098	272,098	–	272,098

The consolidated entity leases motor vehicles under finance lease agreements. At 30 June 2015 the net carrying amount of the leased motor vehicles, classified under plant and equipment was \$272,098 (2014: \$337,937). The leased equipment secures lease obligations (see note 18).

Note 12: Intangible Assets

	CONSOLIDATED		THE COMPANY	
	Mineral Technology Development	Total	Mineral Technology Development	Total
	\$	\$	\$	\$
Balance at 1 July 2013	32,346,679	32,346,679	32,346,679	32,346,679
Expenditure	2,216,034	2,216,034	2,216,034	2,216,034
Balance at 30 June 2014	34,562,713	34,562,713	34,562,713	34,562,713
Balance at 1 July 2014	34,562,713	34,562,713	34,562,713	34,562,713
Expenditure	473,138	473,138	473,138	473,138
Balance at 30 June 2015	35,035,851	35,035,851	35,035,851	35,035,851

The recoverable amount of mineral technology development assets was based on a value in use model. Key assumptions used in the valuation of the mineral technology development assets include cash flow estimates for five years of both product and licence cash inflows and a terminal value based on a NIL growth rate. A discount rate of 20.1%-21.2% (post tax) was used to discount these cashflows. A reasonable possible change in key assumptions including the product and licence cash flows, and a change in the discount rate could result in impairment.

Austpac Resources N.L. mineral technology development relates to the Newcastle Iron Recovery Plant which employs the EARS acid regeneration technology, as well as ERMS mineral technology development. The ultimate recoupment of costs carried forward are dependent upon the successful development and commercialisation of the technology.

Note 13: Trade and Other Payables

	CONSOLIDATED		THE COMPANY	
	2015	2014	2015	2014
	\$	\$	\$	\$
Other trade payables and accrued expenses	701,551	811,982	701,551	811,982

Note 14: Loans & Borrowings

This note provides information about the contractual terms of the consolidated entity's loans and borrowings. For more information about the consolidated entity's exposure to interest rates, see note 23.

Current Liabilities

Finance lease liabilities	123,103	132,239	123,103	132,239
Related party loan	50,000	–	50,000	–
	173,103	132,239	173,103	132,239

Non-Current Liabilities

Finance lease liabilities	148,995	205,698	148,995	205,698
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The consolidated entity's lease liabilities are secured by the leased assets of \$272,098, per Note 11, (2014: \$337,937), as in the event of a default, the assets revert to the lessor.

Note 15: Employee Benefits**Current**

Liability for long service leave	389,676	360,404	389,676	360,404
Liability for annual leave	543,857	545,020	543,857	545,020
	933,533	905,424	933,533	905,424

Note 16: Contributed Equity

Issued and paid up Capital

1,300,421,033 (2014: 1,215,321,033) ordinary shares fully paid
75,800,000 (2014: 75,800,000) ordinary shares paid to \$0.01

Movements in Ordinary Share Capital

Balance at the beginning of the financial year

Shares Issued:

Placement of 71,666,666 ordinary shares to Australian investors at 3 cents each – November 2013

Staff Share Purchase Plan

Share paid in full – April 2014

Placement of 22,500,000 ordinary shares to Australian investors at 2.2 cents each – June 2014

Placement of 11,000,000 ordinary shares to Australian Investors at 2.2 cents each – July 2014

Placement of 13,750,000 ordinary shares to Australian Professional Investors at 2.2 cents each – Sept 2014

Placement of 10,000,000 ordinary shares to Australian Professional Investors at 2.2 cents each – December 2014

Placement of 30,423,077 ordinary shares to Australian Professional Investors at 1 cent each – April 2015

Placement of 19,926,923 ordinary shares to Australian Professional Investors at 1 cent each – June 2015

Underwriting fees with respect to placements in the period to 30 June 2015

CONSOLIDATED		THE COMPANY	
2015	2014	2015	2014
\$	\$	\$	\$
84,814,054	83,546,054	84,814,054	83,546,054
792,500	792,500	792,500	792,500
85,606,554	84,338,554	85,606,554	84,338,554
84,338,554	81,662,554	84,338,554	81,662,554
–	2,150,000	–	2,150,000
–	31,000	–	31,000
–	495,000	–	495,000
242,000	–	242,000	–
302,500	–	302,500	–
220,000	–	220,000	–
304,231	–	304,231	–
199,269	–	199,269	–
(185,802)	–	(185,802)	–
85,420,752	84,338,554	85,420,752	84,338,554

Share issues made during the year were to increase the working capital of the company and to develop the Newcastle Iron Recovery Plant.

Terms and Conditions

Ordinary Shares

Holders of fully paid ordinary shares are entitled to receive dividends if declared and are entitled to one vote per share at shareholders meetings.

Partly Paid Shares

Holders of Austpac Resources N.L. Employee Share Purchase plan shares are entitled to the same rights as ordinary shareholders, including entitlements to dividends if declared, once the shares are paid in full. The amount of unpaid capital is \$4,050,067 (2014: \$7,472,623). In the event of winding up, ordinary shareholders rank after creditors.

Employee Share Purchase Plan

Of the 75,800,000 Employee Share Purchase Plan shares 22,540,000 were noted as forfeited by existing holders at the November 2014 Annual General Meeting. These shares are held in trust by the Directors for re-issue.

Shareholder Share Purchase Plan

The Company has announced on 25 September 2015 a Share Purchase Plan which allows all shareholders to participate in a total capital raising of up to \$4,200,000. Each shareholder appearing on the company Share Register as of 24 September 2015 is eligible to take up between \$1,000 and \$15,000 of ordinary shares in Austpac Resources N.L. at \$0.006 each. The terms and conditions of the plan were mailed to all shareholders. This opportunity is the first Shareholder Purchase Plan since September 2004. The Directors, Managing Director and Company Secretary have committed to participating in the Share Purchase Plan.

Dividends

No dividends were declared or paid during the financial year ended 30 June 2015.

Note 17: Commitments

Exploration and evaluation expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the company and consolidated entity are required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments.

These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report and are payable:

	CONSOLIDATED		THE COMPANY	
	2015	2014	2015	2014
	\$	\$	\$	\$
Less than one year	164,000	106,548	164,000	106,548
Between one and five years	656,000	10,011	656,000	10,011
	820,000	116,559	820,000	116,559

The above commitment relates to Austpac's interest in EL5291. The Company applied to renew this licence in August 2015. The Company expect the licence to be renewed and granted back to Austpac. The above commitments reflect the expected minimum exploration expenditure requirements under the new licence.

Note 18: Lease Liabilities

Lease (Capital – Finance)

Lease commitments in respect of capitalised finance leases are payable as follows:

Less than one year	123,103	132,239	123,103	132,239
Between one and five years	148,995	205,698	148,995	205,698
	272,098	337,937	272,098	337,937

The consolidated entity leases equipment under finance leases expiring from one to four years.

Operating Leases

Leases as lessee

Non-cancelable operating lease rentals are payable as follows:

Less than one year	225,722	271,690	225,722	271,690
Between one and five years	137,724	363,446	137,724	363,446
	363,446	635,136	363,446	635,136

The consolidated entity leases property at Kooragang Island and office property in Sydney.

During the year ended 30 June 2015, \$303,074 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2014: \$267,613).

Note 19: Key Management Personnel Disclosures

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors: Mr T. Cuthbertson (Chairman)
Mr R. Harrison

Executive directors: Mr M. Turbott

Details of the nature and amount of each major element of the emoluments of each director of the company for the year ending 30 June 2015 are:

2015	Short Term			Post Employment	
	Base	Non Monetary Benefits	Consulting Fees	Super	2015 Total
	\$	\$	\$	\$	\$
Mr M.J. Turbott	36,334	71,808	–	10,000	118,142
Mr T. Cuthbertson	–	–	–	–	–
Mr R. Harrison	–	–	–	–	–
	36,334	71,808	–	10,000	118,142

Details of the nature and amount of each major element of the emoluments of each director of the company for the year ending 30 June 2014 are:

2014	Short Term			Post Employment	
	Base	Non Monetary Benefits	Consulting Fees	Super	2014 Total
	\$	\$	\$	\$	\$
Mr M.J. Turbott	249,004	80,098	–	70,000	399,102
Mr T. Cuthbertson	70,000	–	35,000	–	105,000
Mr R. Harrison	50,000	–	35,000	–	85,000
	369,004	80,098	70,000	70,000	589,102

Non monetary benefits relate to motor vehicles during the financial year and insurance paid for the Managing Director. Consultancy fees relate to additional services provided by Messrs Cuthbertson and Harrison for professional time in excess of normal Director duties in FY14.

Notsag Pty Limited, a company which provides corporate, financial, underwriting and guarantee services, employs Mr N. Gaston and provides his services as company secretary. Notsag Pty Limited received fees of \$100,100 during the financial year ended 30 June 2015 (\$300,300 – 2014). Notsag Pty Limited received \$185,000 for underwriting services in the financial year ended 30 June 2015.

Austpac Resources N.L. engaged Mr T. Cuthbertson and Mr R. Harrison for the provision of consultancy services. The terms and conditions of the services are no more favourable than those available, or which might reasonable be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The details of the transactions are as follows:

		2015	2014
		\$	\$
Specified Directors	Mr T. Cuthbertson		
	Mr R. Harrison		
	Consultancy Fees	–	35,000
	Consultancy Fees	–	35,000
K. Turbott (spouse of M. Turbott) provided secretarial services to the company. The details of the transactions with K. Turbott are as follows: No further services.			
Specified Directors	Mr M. Turbott		
	Secretarial Services	–	75,996

Note 19: Key Management Personnel Disclosures continued

Equity Instruments

Movement in shares

The movement during the reporting period in the number of ordinary shares of Austpac Resources N.L. held, directly, indirectly or beneficially, by each key management personnel, including their personally-related entities is as follows:

	2015				2014		
	Held at 1 July	Purchases	Forfeited	Held at 30 June	Held at 1 July	Purchases	Held at 30 June
Specified Directors							
Mr T. Cuthbertson							
– Fully Paid Ordinary Shares	166,667	–	–	166,667	166,667	–	166,667
– Partly Paid Ordinary Shares	7,600,000	–	(600,000)	7,000,000	7,600,000	–	7,600,000
Mr M. Turbott							
– Fully Paid Ordinary Shares	6,251,118	1,187,074	–	7,438,192	5,251,118	1,000,000	6,251,118
– Partly Paid Ordinary Shares	15,900,000	(1,187,074)	(4,500,000)	10,212,926	16,900,000	(1,000,000)	15,900,000
Mr R. Harrison							
– Fully Paid Ordinary Shares	–	–	–	–	–	–	–
– Partly Paid Ordinary Shares	6,500,000	–	–	6,500,000	6,500,000	–	6,500,000

The above equity holdings include directors' entitlements arising under the consolidated entity Employee Share Purchase Plan. No shares were granted as compensation in 2015.

Loans from Directors

In November 2014, Terry Cuthbertson loaned to Austpac Resources NL \$50,000. The loan is a zero interest loan and is held at call with 24 hours notice. The loan amount payable to T. Cuthbertson at 30 June 2015 remains \$50,000.

Options and rights over equity instruments

No options were granted since the beginning of the financial year.

Apart from the details disclosed in this note, no other Director has entered into a material contract with the company or the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year end.

Wholly owned group

Details of interests in wholly owned controlled entities are set out in Note 10.

Note 20: Events Subsequent to the end of the Financial Year

The Company has announced on 25 September 2015 a Share Purchase Plan which allows all shareholders to participate in a total capital raising of up to \$4,200,000. Each shareholder appearing on the company Share Register as of 24 September 2015 is eligible to take up between \$1,000 and \$15,000 of ordinary shares in Austpac Resources N.L. at \$0.006 each. The terms and conditions of the plan were mailed to all shareholders. This opportunity is the first Shareholder Purchase Plan since September 2004. The Directors, Managing Director and Company Secretary have committed to participating in the Share Purchase Plan.

The Company is in negotiations with a potential new investor who is offering a facility of up to \$1,200,000 funding via a convertible note, subject to certain conditions and further due diligence by the potential investor. As at the date of this report, the Board are currently negotiating the terms of this facility.

Note 21: Reconciliation of Cash Flows from Operating Activities

	CONSOLIDATED		THE COMPANY	
	2015	2014	2015	2014
	\$	\$	\$	\$
Profit/(loss) for the year	(843,257)	(3,286,662)	(843,257)	(3,286,662)
Adjustments for:				
Depreciation	65,839	72,337	65,839	72,337
Write off of PPE	–	5,000	–	5,000
Operating Profit/(loss) before changes in working capital and provisions	(777,418)	(3,209,325)	(777,418)	(3,209,325)
(Increase)/decrease in receivables	381,433	800,167	381,433	800,167
(Decrease)/increase in payables / provisions	(82,322)	(608,318)	(82,322)	(608,318)
Net cash used in operating activities	(478,307)	(3,017,476)	(478,307)	(3,017,476)

Note 22: Fair Value of Financial Assets and Liabilities

Fair values versus carrying amounts

The Consolidated Entity's accounting policies and disclosures may require the measurement of fair values for both financial and non financial assets and liabilities. The Consolidated Entity has an established framework for fair value measurement. When measuring the fair value of an asset or a liability, the Consolidated Entity uses market observable data where available.

Fair values are categorised into different levels in a fair value hierarchy based on the following valuation techniques:

- ▲ Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- ▲ Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ▲ Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability can be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Consolidated Entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Financial assets and liabilities are stated at cost. The fair values together with the carrying amounts shown in the financial statement of financial position are as follows:

	Carrying amount	Fair value	Fair value	Carrying amount	Fair value	Fair value
	2015	2015	hierarchy level	2014	2014	hierarchy level
	\$	\$		\$	\$	
Consolidated						
Trade and other receivables	218,877	218,877	2	600,310	600,310	2
Cash and cash equivalents	204,012	204,012	1	89,098	89,098	1
Finance lease liabilities	272,098	295,069	2	337,937	374,663	2
Loans and borrowings	50,000	50,000				
Trade and other payables	701,551	701,551	2	811,982	811,982	2
The Company						
Trade and other receivables	218,877	218,877	2	600,310	600,310	2
Cash and cash equivalents	204,012	204,012	1	89,098	89,098	1
Finance lease liabilities	272,098	295,069	2	337,937	374,663	2
Loans and borrowings	50,000	50,000				
Trade and other payables	701,551	701,551	2	811,982	811,982	2

Note 22: Fair Value of Financial Assets and Liabilities continued

Estimation of fair values

The following summarises the major methods and assumptions used in estimating fair values of financial instruments:

(1) Receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value, if the effect of discounting is material.

(2) Loan and borrowings

The fair value is estimated at the present value of future cash outflows. Future cash flows are discounted using appropriate market rates.

Note 23: Financial Risk Management

Overview

This note presents information about the company's and consolidated entity's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The company and the consolidated entity do not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

Credit Risk

Credit risk is the risk of financial loss to the consolidated entity and to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the consolidated entity's receivables from customers.

Presently, the consolidated entity undertakes technology development and exploration and evaluation activities exclusively in Australia. At the balance date there were no significant concentrations of credit risk.

Cash and cash equivalents

The consolidated entity's limits its exposure to credit risk by only investing in cash deposits with major banks.

Trade and other receivables

The consolidated entity and the company are exposed to credit risk in relation to receivables recorded on the statement of financial position.

The company and consolidated entity have established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and investments. The directors do not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure. The consolidated entity's maximum exposure to credit risk at the reporting date was:

		CONSOLIDATED CARRYING AMOUNT	
		2015	2014
		\$	\$
Receivables	Note 9	218,877	600,310
Cash and cash equivalents	Note 8	204,012	89,098

Guarantees

The consolidated entity's policy is not to provide financial guarantees.

Liquidity risk

Liquidity risk is the risk that the consolidated entity and the company will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

The consolidated entity and the company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The consolidated entity does not have any external borrowings.

The company anticipates a need to raise additional capital in the next 12 months to meet forecast operational, construction and exploration activities. The decision on how the company will raise future capital will depend on market conditions existing at that time.

Note 23: Financial Risk Management continued

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	6 months or less	6–12 months	1–2 years	2–5 years
	\$	\$	\$	\$	\$	\$
Consolidated 30 June 2015						
Finance lease liabilities	272,098	314,166	39,769	106,405	89,229	78,763
Trade and other payables	772,277	772,277	772,277	–	–	–
Loans and borrowings	50,000	50,000	50,000	–	–	–
Consolidated 30 June 2014						
Finance lease liabilities	337,937	399,383	49,044	115,044	131,092	104,203
Trade and other payables	811,982	811,982	811,982	–	–	–
Loans and borrowings	–	–	–	–	–	–

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency Risk

The consolidated entity is not exposed to currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of consolidated entity entities, which is the Australian dollar (AUD).

The consolidated entity has not entered into any derivative financial instruments.

Exposure to currency risk

The consolidated entity and the company is not exposed to currency risk and at balance date the consolidated entity and the company holds no financial assets or liabilities which are exposed to foreign currency risk.

Interest rate risk

The consolidated entity is exposed to interest rate risk on cash investments, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The consolidated entity does not use derivatives to mitigate these exposures.

The consolidated entity adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short terms deposit bearing interest income at commercial rates.

Profile

At the reporting date the interest rate profile of the consolidated entity's and the company's interest-bearing financial instruments was:

Fixed rate instruments

	CONSOLIDATED CARRYING AMOUNT		COMPANY CARRYING AMOUNT	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets (surplus cash invested)	204,012	89,098	204,012	89,098
Financial liabilities (plant and equipment leases)	272,098	337,937	272,098	337,937

Related party loan payable of \$50,000 is subject to zero interest and therefore does not present any interest rate risk exposure to the Company.

Fair value sensitivity analysis for fixed rate instruments

The consolidated entity does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Commodity Price Risk

The consolidated entity operates primarily in mineral sands technology development and in exploration and evaluation and accordingly the consolidated entity's financial assets and liabilities are subject to minimal commodity price risk.

Capital Management

The consolidated entity's objectives when managing capital are to safeguard the consolidated entity's ability to continue as a going concern, in order to maintain a strong capital base sufficient to maintain future technology development and exploration of projects. In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or sell assets to reduce debt. The consolidated entity's focus has been to raise sufficient funds through equity to fund technology development and exploration and evaluation activities. The consolidated entity monitors capital on the basis of the gearing ratio, however there are no external borrowings at 30 June 2015.

The consolidated entity provides employees with opportunities to participate in the Austpac Resources N.L. Staff Share Purchase Plan.

There were no changes in the consolidated entity's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

Directors' Declaration

1. In the opinion of the Directors of Austpac Resources N.L:
 - a) the financial statements and notes set out on pages 18 to 36 and the remuneration report in the Director's Report are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the financial position of the company and consolidated entity as at 30 June 2015 and of their performance for the year ended on that date; and
 - ii) complying with Australia Accounting Standards and the Corporations Regulations 2001;
 - b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(A); and payable.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the individuals acting in the role of chief executive officer and chief financial officer functions for the financial year ended 30 June 2015.

Signed in accordance with a resolution of the Directors.



T. Cuthbertson
Director



M.J. Turbott
Director

Sydney, 1st day of October 2015

Auditor's Report



Independent auditor's report to the members of Austpac Resources N.L.

Report on the financial report

We have audited the accompanying financial report of Austpac Resources N.L. (the Company), which comprises the statements of financial position as at 30 June 2015, and statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, notes 1 to 23 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company and the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Austpac Resources N.L. is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2015 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Emphasis of Matter

Without modifying our opinion, we draw attention to note 1(c) which indicates that the Company and the Group has a net current asset deficiency of \$1,385,298 at 30 June 2015. As set out in note 1(c) the Directors have indicated why they consider the going concern basis used in the preparation of the financial report is appropriate. As discussed in note 1(c) the going concern assumption is dependent on the receipt of funding offered by potential new investors, share issues, the successful commercialisation of mineral technologies, sale of surplus assets or joint venturing or sale of interests held in mineral tenements or technology projects. or a combination of these events.

This indicates the existence of material uncertainties as to whether the Company and the Goup will be able to continue as a going concern and realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Austpac Resources N.L. for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Daniel Camilleri
Partner

Sydney
1 October 2015

Additional Stock Exchange Information

Directors' Interests

The maximum contingent liability of the group for termination benefits under service agreements with directors and persons who take part in the management of the parent entity amount to \$nil at 30 June 2015.

Shareholdings

Substantial Shareholders

The number of shares held by the substantial shareholders listed in the holding company's register as at 12 September 2015 was: 76,470,588.

Class of Shares and Voting Rights

At 12 September 2015 there were 3,973 holders of the ordinary shares of the holding company. The voting rights attaching to the ordinary shares, set out in Article 32 of the holding company's Articles of Association, are:

'Subject to any rights or restrictions for the time being attached to any class or classes of shares –

- a) at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or attorney; and
- b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share he holds.'

Offices and Officers

Company Secretary:	Nicholas John Gaston
Principal Registered Office:	Level 3, 62 Pitt Street, Sydney NSW 2000
Telephone:	(02) 9252 2599

Location of Registers of Securities:	Link Market Services Limited Securities Registration Services, HSBC Building 680 George Street, Sydney NSW 2000
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Austpac Resources N.L. is an Australian incorporated listed public no liability company domiciled in Australia.

Distribution of Shareholders as at 12 September 2015

	Number of Ordinary Shareholders
1–1,000	184
1,001–5,000	565
5,001–10,000	499
10,001–100,000	1,748
100,001 and over	977
	3,973
Holders of less than a marketable parcel	2,398

The 20 largest shareholders hold 33.4% of the ordinary shares of the holding company.

20 Largest Shareholders as at 12 September 2015

	Number of Ordinary Shares held	Percentage (%) held to Issued Capital
Kronos International Inc.	76,470,588	5.26%
BHP Billiton Innovation Pty Ltd	52,949,600	3.64%
Rosemarie Cremona	45,210,316	3.11%
Christopher Leech	36,200,387	2.49%
Orient Zirconic Resources (Australia) Pty Ltd	33,000,000	2.27%
Richard Loudon Delaney & Ian Arthur Cains	24,285,599	1.67%
Prestcorp Pty Ltd	20,549,408	1.41%
Barrios Pty Ltd	20,362,987	1.40%
Rik Deaton	20,235,800	1.39%
Stephen Joseph Harris	19,000,000	1.31%
Trandara Pty Ltd	17,820,614	1.23%
Ivan James Bota	17,419,870	1.20%
Michael Turbott	15,900,000	1.09%
Tugcan Rauf Sackesen	15,000,000	1.03%
Claxton R & E Pty Ltd	13,337,732	0.92%
Fergus Peter Gordon	12,392,453	0.85%
FGDG Super Pty Ltd	12,250,000	0.84%
John David Winter	11,660,000	0.80%
Kerry Cameron King & Christine Margaret King	11,311,849	0.78%
Frisco Holdings Pty Ltd	10,912,500	0.75%
	486,269,703	33.44%



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