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13 July 2017

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

Dear Sir/Madam

RE : SHAREHOLDER UPDATE

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

Yours faithfully

N.J. Gaston  
Company Secretary



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## SHAREHOLDER UPDATE

Achievements during June 2017 at the Newcastle Zinc & Iron Recovery Plant and at EL 5291 Nhill include:

- An east coast-based Australian steelmaker has agreed to supply the furnace dusts and spent pickle liquor (SPL) required for the proving program underway at the Newcastle Zinc & Iron Recovery Plant.
- Equipment in the solids preparation area is being modified to produce a slurry of furnace dust which will be fed directly along with SPL to the fluid bed evaporator.
- The evaporator is being extensively reconditioned and replacement parts that have been fabricated off-site are being installed during July 2017. Commissioning and production of iron chloride/iron and zinc oxide pellets is planned for August 2017.
- An existing large refractory-lined fluid bed roaster will be used for both the second and third process stages. Quotes for fabrication of a new lower section and plenum for the roaster are awaited, and the roaster cap and refractory-lined off-gas ducts are in the design phase.
- The drill hole completed in May 2017 at Nhill intersected 76.6m of basaltic volcanics which are variably altered, fractured and veined with sulphide-filled fractures in localised breccia zones. Preliminary analyses from two zones deeper in the hole are anomalous in zinc, and the mineralisation may represent the halo of a system which requires further drilling.

### NEWCASTLE ZINC & IRON RECOVERY PLANT (NZIRP)

The pilot scale program, which involves making 5 tonnes of partially-reduced mixed oxide pellets for melting trials to prove the final stage of Austpac's zinc-iron-hydrochloric acid recovery process, was further progressed during June 2017.

An east coast-based Australian steelmaker has agreed to supply sufficient raw materials to support Austpac's testwork program at Newcastle. The selected steel furnace dust predominantly contains iron oxides and some zinc minerals, which is typical of those produced during steel-making. The SPL is from the steelmaker's pickling lines. Both materials will be delivered to the NZIRP in late-July 2017, where they will be stored in banded areas until required for processing.

The dusts, which contain agglomerated particles, will be mixed with fine coal and then transferred to a receive hopper in the existing solids preparation area. The equipment, which was commissioned in 2013, was re-tested last month and operated to specification. The solids will be mixed with water in the ball mill and ground to a fine slurry which will be pumped from the discharge tank via the ring main to a holding tank adjacent to the Fluid Bed Evaporator (EVAP).

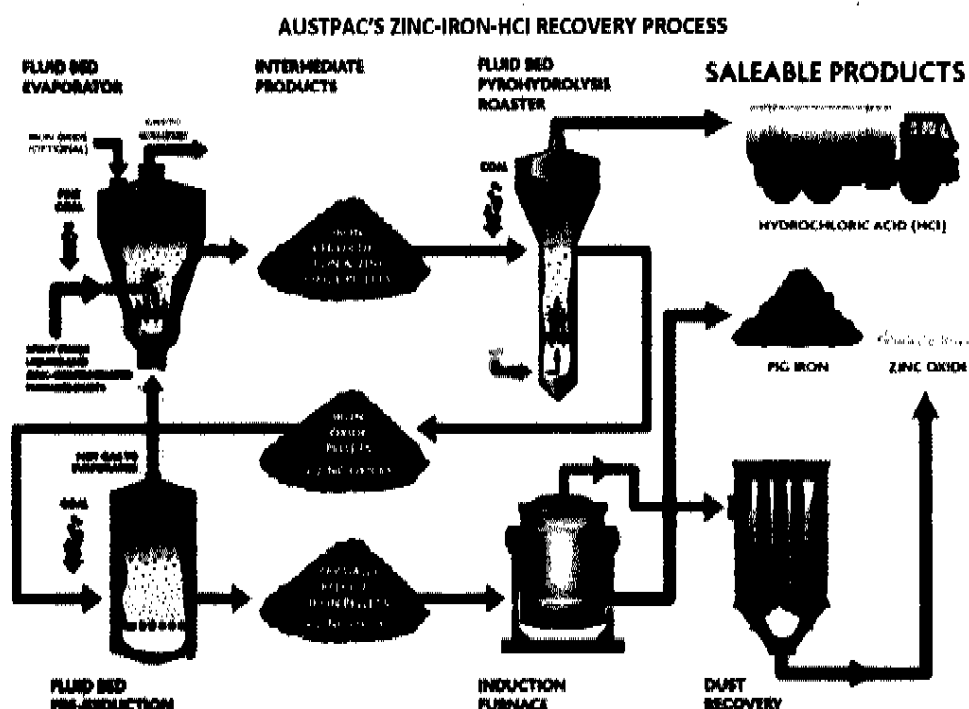
APG (2017-07-13) - Shareholder Update.docx

Page 1 of 3

The existing EVAP unit required extensive reconditioning. A new plenum for the fluid bed has been fabricated and awaits installation, and other replacement parts are on order. The blowers and fans for the EVAP unit and the off-gas scrubber are operational. Refurbishment and installation work continues and the unit is scheduled for initial commissioning in early August 2017 to be followed by production of iron chloride/iron and zinc oxide pellets.

A single fluid bed roaster will be used for both the Pyrohydrolysis (PYRO) and Fluid Bed Pre-Reduction (FBPR) stages of the process. An existing refractory-lined roaster is being modified for these dual duties. Construction drawings for a replacement base and plenum for this roaster have been completed and a number of local and interstate groups are providing quotes for fabrication. The refractory-lined roaster cap and off-gas ductwork to be integrated with the EVAP gas scrubbing system are still in the design phase.

The modified and refurbished pilot scale equipment will be operated sequentially through the EVAP, PYRO and FBPR stages shown below. These first three stages have been previously demonstrated at the NZIRP and the current program will produce 5 tonnes of partially-reduced mixed oxide pellets for melting trials in an Electric Induction Furnace ("EIF") at a commercial foundry. This will produce samples of pig iron and also recover zinc oxide from the furnace off-gas, and will prove the fourth stage of Austpac's recovery process while providing samples for marketing purposes.



### EL 5291 NHILL

At Nhill, one exploration drill hole was completed in May to test the basement rocks beneath cover of Murray Basin sediments for copper-lead-zinc mineralisation. The program is being co-funded by the Victorian Government under the TARGET Minerals Exploration Initiative. The vertical hole passed through a thick sequence of sediments using mud rotary equipment before encountering competent basement at 248.9m. Diamond core drilling was then used to continue the hole for a further 76.6m for a total hole depth of 324.5m.

The basement consists primarily of basaltic volcanics, which are considered analogous to the Cambrian Mount Stavelly Volcanic Complex to the south-east of EL 5291 where the sediment cover is thinner. Visually, the basalt is variably fractured and altered, and it is cut by epidote and calcite veins higher in the hole and quartz veining toward the base, as well as by localised breccia zones with pyrite infilling on fractures.

APG (2017-07-13) - Shareholder Update.docx

Page 2 of 3

Core samples were submitted for geochemical analysis and petrological examination and while initial geochemical analyses have been received, further analyses and the petrographic interpretation are still awaited. Anomalous zinc mineralisation was encountered in two zones, which together with the nature of the alteration, veining and sulphides infilling fractures in breccia zones, suggests the mineralisation may be the outer halo of a hydrothermal system peripheral to the drill site. Subject to further analyses and petrological confirmation, further drilling is warranted within EL 5291.

### **ERMS SR SYNRTILE TECHNOLOGY LICENCE**

Austpac is still awaiting advice from the company with a significant heavy mineral resource in Asia that it has obtained final approvals for their project and is ready to sign the licence and investment agreement negotiated in 2016 for the use of the ERMS SR synrutile process.

For further information please contact:

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

Austpac Resources N.L. ([www.austpacresources.com](http://www.austpacresources.com)) is a minerals technology company currently focused on recycling waste chloride solutions and iron oxides produced by steelmaking to recover hydrochloric acid and iron metal. Austpac's technologies also transform ilmenite into high-grade synthetic rutile, a preferred feedstock for titanium metal and titanium dioxide pigment production. The Company has been listed on the Australian Stock Exchange since 1986.