



19th February 2008

3,000 TPA ERMS SR SYNRTLILE DEMONSTRATION PLANT:

COLD COMMISSIONING OF STAGE 1 SUCCESSFULLY COMPLETED;

HOT COMMISSIONING NOW COMMENCING

Austpac is pleased to report that mechanical cold commissioning of Stage 1, the ilmenite roasting and magnetic separation section of the Demonstration Plant, has been successfully achieved. Progress is shown in a series of photographs in this report.

Final checks and testing of the computer control systems are now underway and will be completed by Wednesday 20th February 2008 to allow hot commissioning to commence later this week. The Plant will switch to 24 hours 7 days per week operations during the week commencing Monday 25th February 2008 to continue hot commissioning on a continuous basis. The 150 tonnes of ilmenite concentrate purchased from Consolidated Rutile Limited is being used to commission the plant. The Plant will commence the "production run" in mid March 2008, processing 500 tonnes of ilmenite concentrate purchased from Bemax's Murray Basin operations. This will be followed by 70 tonnes of ilmenite concentrate from BHP Billiton's Corridor Sands deposit in Mozambique. The Stage 1 ilmenite roasting program is scheduled to be completed in mid May 2008. The roasted ilmenite product will be stored in bulker bags ready for Stage 2

Stage 2 of the Demonstration Plant, the ilmenite leaching/synrutile production and EARS acid regeneration section, will be ready for commissioning in June 2008. This section will complete the production run in August 2008, by which time 300 tonnes of high grade ERMS SR synrutile will have been produced, together with 250 tonnes of metallised iron pellets, ready for customer plant trials. Strong interest has been shown in both products, and arrangements for the off-take of the products will be finalised over the next few months.

For further information please contact

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

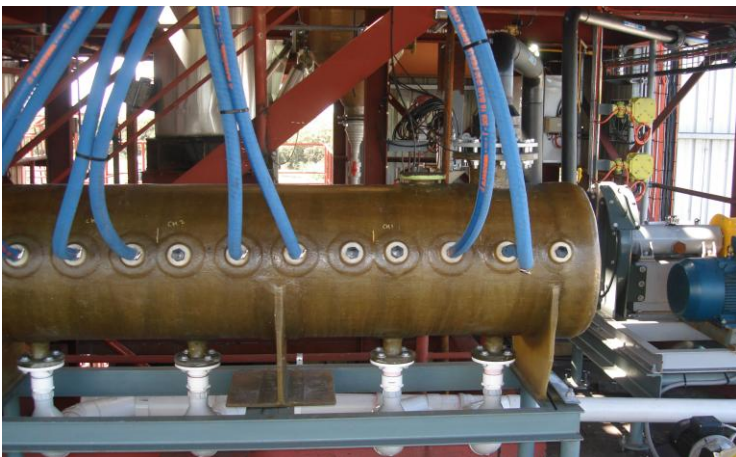
Austpac [www.austpacresources.com] is a minerals technology company focused on the titanium, steel and iron ore industries. It has been listed on the Australian Stock Exchange since 1986. Austpac's key technology transforms ilmenite into high-grade synthetic rutile, a preferred feedstock for titanium dioxide pigment production. The technology can also be used to process waste chloride solutions and iron oxides produced by steel making to recover hydrochloric acid and iron metal pellets. A third process can be used to produce Direct Reduced Iron (DRI) from both hematite and magnetite iron ores.



View of Process Tower showing installation of the Vacuum Belt Filter, Ilmenite Conveyors, and Exhaust Scrubbers and Stacks



Delkor engineer installing and commissioning the Vacuum Belt Filter



Filtrate Reival Tank for Vacuum Belt Filter



**Installed
Coal Weigh-Feeders
and
Roasted Ilmenite feed chute
to the
Rare Earth Magnetic
Separator**



**Ilmenite and Coal Feed
and
Cyclone Solids Return
to the
Reduction Roaster**



**Exhaust Scrubber,
Exhaust Fan
and Stacks**



**Roasted Ilmenite Cooler,
Loop Seal Discharge
and Roasted Product
Weigh Scale**



**Rare Earth Drum Magnet
discharge system.
Roasted Ilmenite Product
and Non-Mag reject
fractions will
fill bulker bags on
separate weigh scales.**



**Austpac Plant Operator
undergoing
Fire Training
instruction**