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May 26, 2008

SHAREHOLDER UPDATE

3,000 TPA SYNRUTILE DEMONSTRATION PLANT

- **STAGE 1 OPERATIONS WELL ADVANCED**
- **STAGE 2 CONSTRUCTION 90% COMPLETE**

Austpac is pleased to report that Stage 1, the ilmenite roasting section of Austpac's ERMS SR synrutile Demonstration Plant at Newcastle, has now been running successfully on a **24 hour 7 days a week** basis for **three months**. The roasted ilmenite continues to meet specifications and bench leaching of samples of the roasted material consistently produces **ultra high grade synrutile, containing 97% TiO_2, with low contaminants and low radioactivity.**

The roasting campaign commenced in March 2008 with the processing of 150 tonnes of CRL ilmenite. **The plant has now roasted over 300 tonnes** of the 500 tonne ilmenite parcel purchased from Bemax's Murray Basin operations. Once roasting of Bemax ilmenite is complete, the Plant will process 70 tonnes of ilmenite from BHP Billiton's Corridor Sands deposit in Mozambique. **The campaign will conclude at the end of June 2008**.

Austpac is also pleased to report that construction of **Stage 2 of the Company's synrutile plant at Newcastle is now over 90% complete.** Stage 2 comprises the ilmenite leaching/synrutile production section and the EARS acid regeneration/iron metal pellet production. Major advances have been made over the past month and most **large scale construction tasks are now complete.**

- Austpac's **patented continuous leach vessel** and associated tanks and pumps have been installed, and final piping is well advanced. **The leaching section will be ready for hydrostatic pressure testing in early June 2008**.

- The calcining section, the final step in producing ultra high grade synrutile, is in place. All fluid bed roasters are installed with pipe work and insulation currently being finalised. **The calcining section will be ready for commissioning by mid June 2008.**

- The EARS acid regeneration section, the cornerstone of Austpac's EARS technology, is currently being built. Absorption vessels are fabricated and ready for installation. Fluid bed vessels for evaporation, pyrohydrolysis and metallisation **to produce the saleable iron pellets will be completed in 3-4 weeks.**

- The tank farm is complete, with spent leach liquor, pickle liquor and fresh acid receival tanks in place. Tanks have also been installed to **recycle process water and to capture all storm water run off, both saving water and ensuring that the Plant produces no liquid waste.** Austpac's ERMS SR synrutile process is the most environmentally sustainable ilmenite upgrading process available.

Austpac's Chief Chemical Engineer and General Manager of Technology Development John Winter commented that **the Demonstration Plant has operated reliably and consistently since operations started in early March 2008**. Winter said, "I am very happy with the way roasting has progressed, and I look forward to starting Stage 2 and to showing the world that **we produce the highest grade synrutile and an extremely valuable iron co-product**".

Commissioning of Stage 2 will begin as scheduled in July 2008, and **synrutile/iron pellet production will commence in August 2008 and finish in September 2008**. Data for the Demonstration Plant will then be used for detailed engineering design and a bankable feasibility study into a **60,000 tpa commercial ERMS SR plant.**

To hear the Boardroom Radio interview with managing Director Mike Turbott regarding this update, please refer to the following website:

http://www.brr.com.au/event/45855

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.

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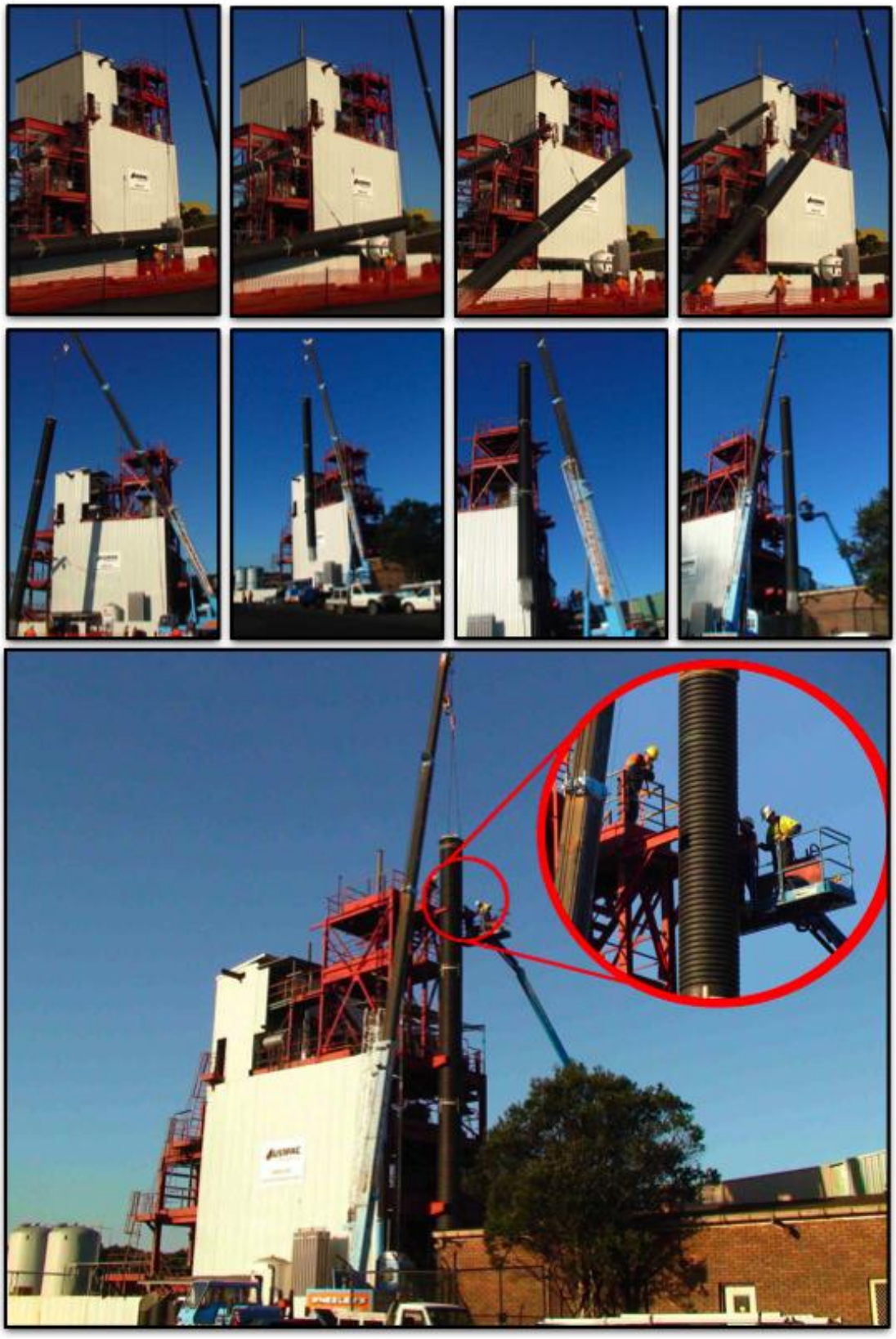
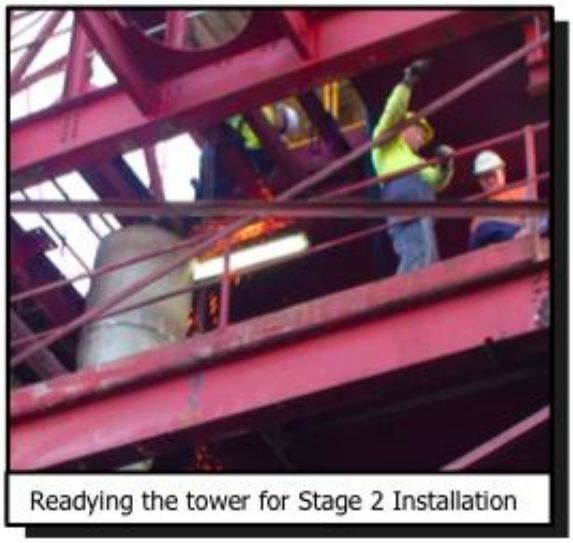
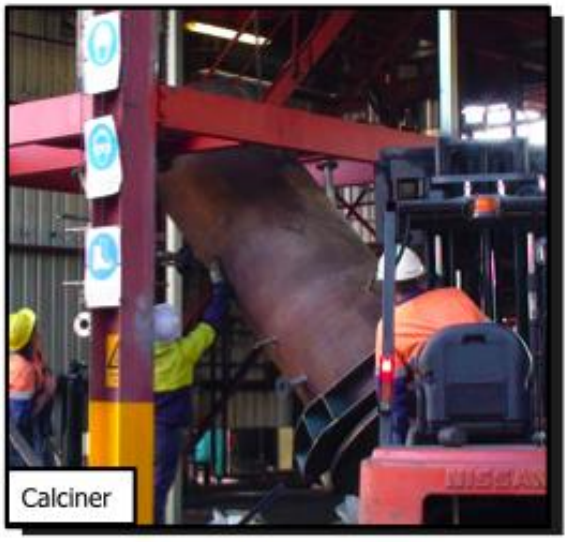


Installation of patented Continuous Leach Vessel.

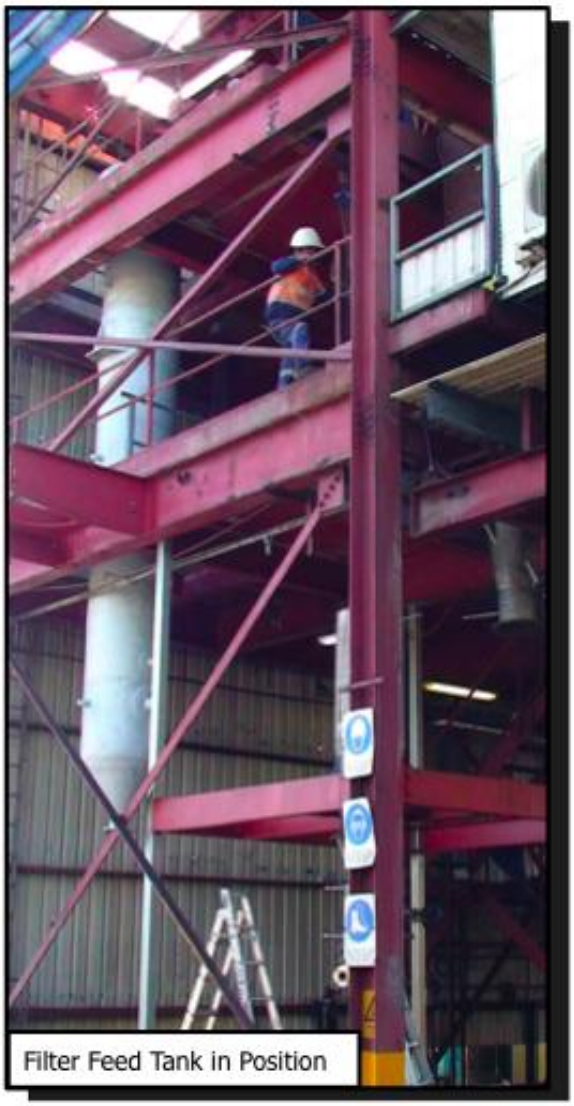
Filter feed tank



Readying the tower for Stage 2 Installation

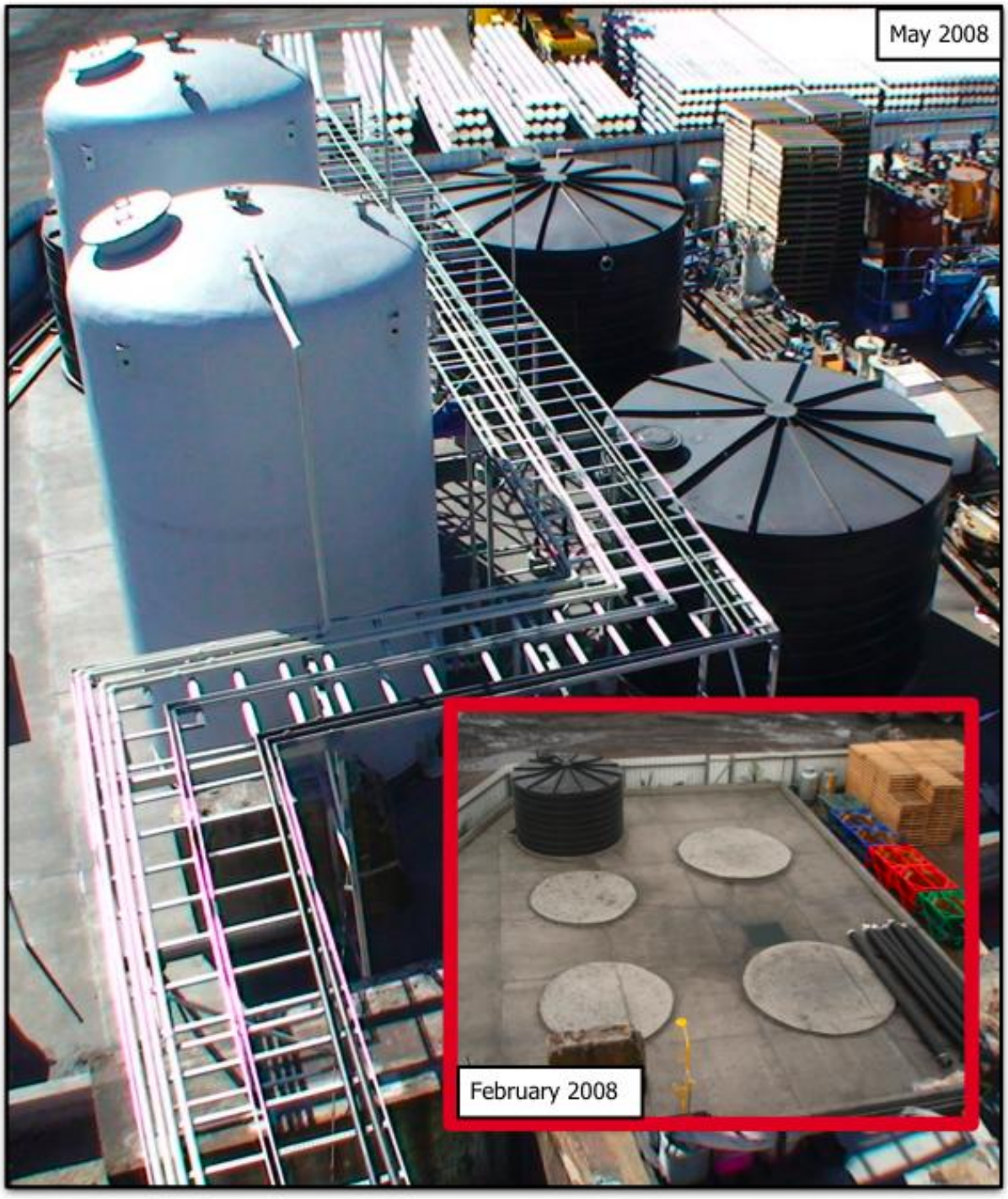


Calciner



Filter Feed Tank in Position

Ongoing construction of Stage 2.



Tank Farm Completed