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KRONOS AGREEMENTS SIGNED FOR CONSTRUCTION OF THE NEWCASTLE IRON RECOVERY PLANT AND FOR FURTHER TECHNOLOGY DEVELOPMENT WORK

Austpac is pleased to advise that the Company has signed definitive agreements with Kronos International, Inc. which provide funding for the construction, commissioning and initial operations of the Newcastle Iron Recovery Plant, together with other development work at Austpac's Newcastle facilities. Kronos will provide $12.5 million for this work; $6.5 million through share placements and $6 million for a technology licence.

Austpac will initially issue 11,470,588 shares to Kronos, priced at 8.5 cents each to raise $975,000. Austpac will issue a further 65 million shares at 8.5 cents each to raise $5,525,000, to be approved at an Extraordinary General Meeting planned for May 2011. Kronos will then become Austpac's largest shareholder, holding 7% of the Company. BHP Billiton will be Austpac's second largest shareholder with a 5% holding.

Kronos will also provide a further $6 million in licence fees to use Austpac's Enhanced Acid Regeneration System (EARS) and Metallisation (Austpac Reduced Iron, "ARI") processes at their titanium dioxide (TiO_2) pigment plants.

Kronos, together with its affiliates, is a major TiO_2 pigment producer with plants in the United States, Canada, Germany, Norway and Belgium. Kronos became interested in Austpac's technologies in 2010 following successful pilot scale testwork at Newcastle. This testwork demonstrated that fresh hydrochloric acid and iron could be produced from a chloride waste stream generated by the chloride TiO_2 pigment process.

The funds provided by Kronos will allow construction of the Newcastle Iron Recovery Plant to commence immediately. Austpac will rebuild the EARS and Metallisation sections that were used in 2008 to regenerate leach liquors produced by the Enhanced Roasting and Magnetic Separation Synthetic Rutile (ERMS SR) Demonstration Plant. These sections have been extensively redesigned and over $8 million will be spent to create a robust, state of the art plant capable of long term operation. Commissioning will commence in the fourth quarter of 2011, and operations are scheduled to commence by the end of the year. The Newcastle Iron Recovery Plant will be owned and operated by Austpac and subsequently it will be used to recycle mill scale and pickle liquor produced by the steel industry.

The Newcastle facilities will also be used for short periods in 2012 to undertake large scale testwork for Kronos.

During 2010, Austpac signed two agreements for the supply of raw materials and the sale of products for initial operations at the Newcastle Iron Recovery Plant. The first was with Orica Australia for the supply of spent pickle liquor and the sale of regenerated hydrochloric acid, and the second was with CMC Cometals Australia for the supply of mill scale and coal and the sale of iron products and char.

The Newcastle Iron Recovery Plant will showcase Austpac's recycling technologies for the steel industry and this is expected to lead to a number of commercial opportunities for Austpac's processes around the world. This includes participation in new recycling plants and licencing the technology to steel makers.

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

Austpac Resources N.L. [www.austpacresources.com] is a minerals technology company currently focused on recycling waste chloride solutions and iron oxides produced by steel making 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.

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WINNER: 2008 National Mining Awards APPLIED TECHNOLOGY OF THE YEAR