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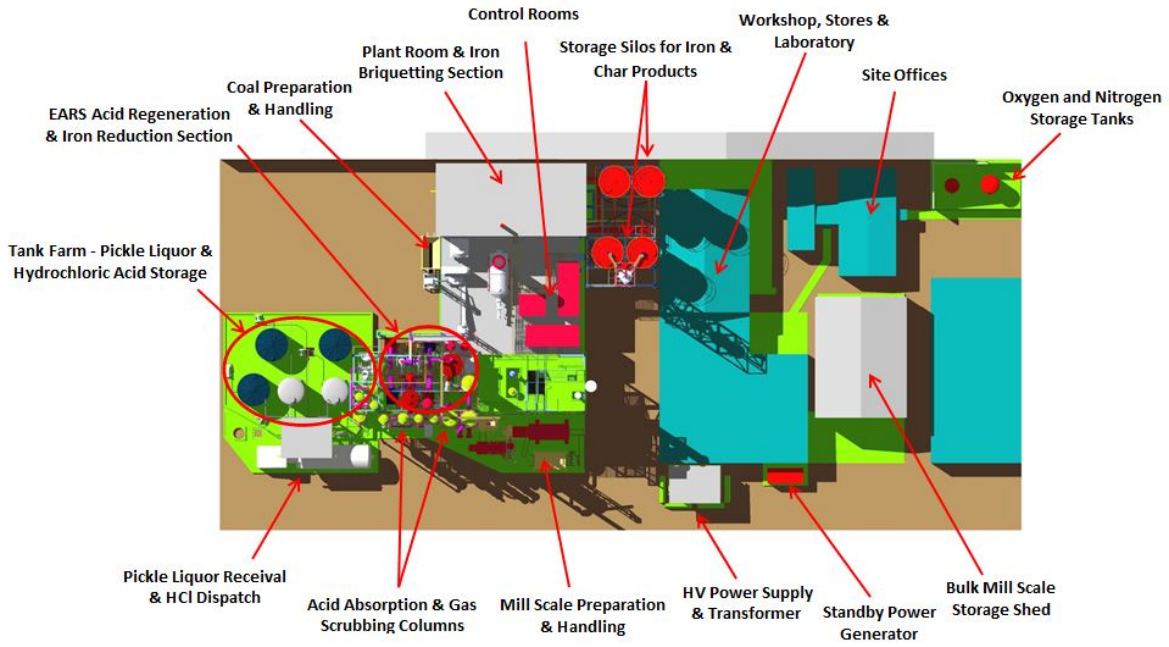
NEWCASTLE IRON RECOVERY PLANT – PROJECT UPDATE

- **Commissioning of mill scale preparation section commences**
- **First shipment of mill scale delivered to the Plant**

The Newcastle Iron Recovery Plant will showcase Austpac's proprietary waste recycling process to the steel industry. Construction at Newcastle has continued to progress, and commissioning of the mill scale preparation section has commenced. The first shipment of mill scale has been delivered to the Plant and will be processed during the commissioning stage. Developments are shown in the following photographs.

- Mill scale will be delivered in bulk to a covered and bunded concrete bunker and a front end loader will be used to transport the mill scale to a receival hopper in the mill scale preparation area, along the western wall of the Plant. The raw mill scale is conveyed to a trommel to remove oversize material, and then to a ball mill to homogenise the scale before it is fed into the Plant via a series of vertical Olds elevators. All equipment was individually tested before integrated commissioning commenced using mill scale. Initial operations indicate this section is capable of handling 10 tonnes per hour, which is well in excess of the design capacity of the Plant. Operations of this section will continue to ensure the reliability of the materials handling system prior to commencing full operations in the Plant.
- The first shipment of mill scale, comprising 20 tonnes of bagged material, was delivered to the plant this week, and it is being used for initial commissioning. Bulk shipments of mill scale will commence in October 2013.
- Construction and commissioning will continue into the fourth quarter of 2013 and be followed by initial production.

A number of steel mills have expressed an interest in licencing the technology to treat waste at their sites, and negotiations are well advanced with a major corporation for the commercial use of Austpac's iron recycling technology.



Layout plan of the Newcastle Iron Recovery Plant

A view of the Newcastle Iron Recovery Plant (NIRP) from the west.

A view of the NIRP from the north. The bunded SPL delivery/HCl acid load out area is in the middle foreground, and commissioning of the mill scale preparation area on the western wall of the Plant has commenced.

The first delivery of mill scale to the NIRP.

Unloading bagged mill scale.

A 20 tonne shipment of mill scale was received.

Mill scale (as received).

Adjusting conveyor belt tension prior to commissioning.

Charging the mill scale hopper.

First feed from the mill scale hopper.

Feeding mill scale into the trommel.

The 33 kVA switchyard and the high voltage switch room. The NIRP is connected to the switch room via a 350m underground cable.

The installation of the 2,000A, 33 kVA transformer and bunded housing is complete.

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

Austpac Resources N.L. [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 metal and titanium dioxide pigment production. The technology is also being used to process waste chloride solutions and iron oxides produced by steelmaking to recover hydrochloric acid and iron metal pellets