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29 August 2017

The Manager
Company Announcements
Australian Stock Exchange Limited
Exchange Centre
Level 6
20 Bridge Street
SYDNEY NSW 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

enc

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Tuesday 29th August 2017

SHAREHOLDER UPDATE

Results confirm the strong alteration and significant zinc mineralisation intersected at Nhill requires follow-up drilling

Austpac **(ASX code: APG)** is encouraged by the additional results from Nhill and is pleased to advise that:

- The analyses of the second batch of samples confirm and extend the zinc plus accessory copper-gold mineralised zone intersected in GG-01, the company's first diamond drillhole within EL 5291 Nhill.
- The strong pervasive alteration of the basement volcanics and the highly anomalous zinc mineralisation (up to 3.6% Zn and 0.44g/t Au) are typical of the outer halo of a nearby porphyry-style hydrothermal system.
- Step out drilling is required to locate the source in this unexplored region of western Victoria.

In May 2017, Austpac completed one exploration drill hole to test the basement rocks for copper-lead-zinc mineralisation under a thick cover of much younger Murray Basin sediments. The program is being co-funded by the Victorian Government under the TARGET Minerals Exploration Initiative. The drill target was developed using recently acquired magnetic and gravity data and the innovative geological concepts developed by the Geological Survey of Victoria. The vertical hole, DH GG-01, passed through the cover sediments using mud rotary equipment and encountered competent basement at 248.9m. Diamond core drilling was then used to continue the hole for a further 75.6m and the hole was terminated at 324.5m.

The basement consists primarily of basaltic volcanics which, apart from two very narrow sections in the hole, have been strongly to intensely altered by hydrothermal fluids. The alteration is accompanied by sulphide mineralisation, which was deposited primarily as pyrite (iron sulphide) in fractures, along breccia boundaries and in vughs/amygdales (voids). The pyrite is often accompanied by significant amounts of sphalerite (zinc sulphide) and minor amounts of finely disseminated chalcopyrite (copper sulphide) and anomalous gold.

The results from initial 38 core samples submitted for analysis were very encouraging, as described in the Company's recent Quarterly Report to the ASX dated 30 July 2017.

Two intervals contain abundant visible sphalerite and pyrite mineralisation:

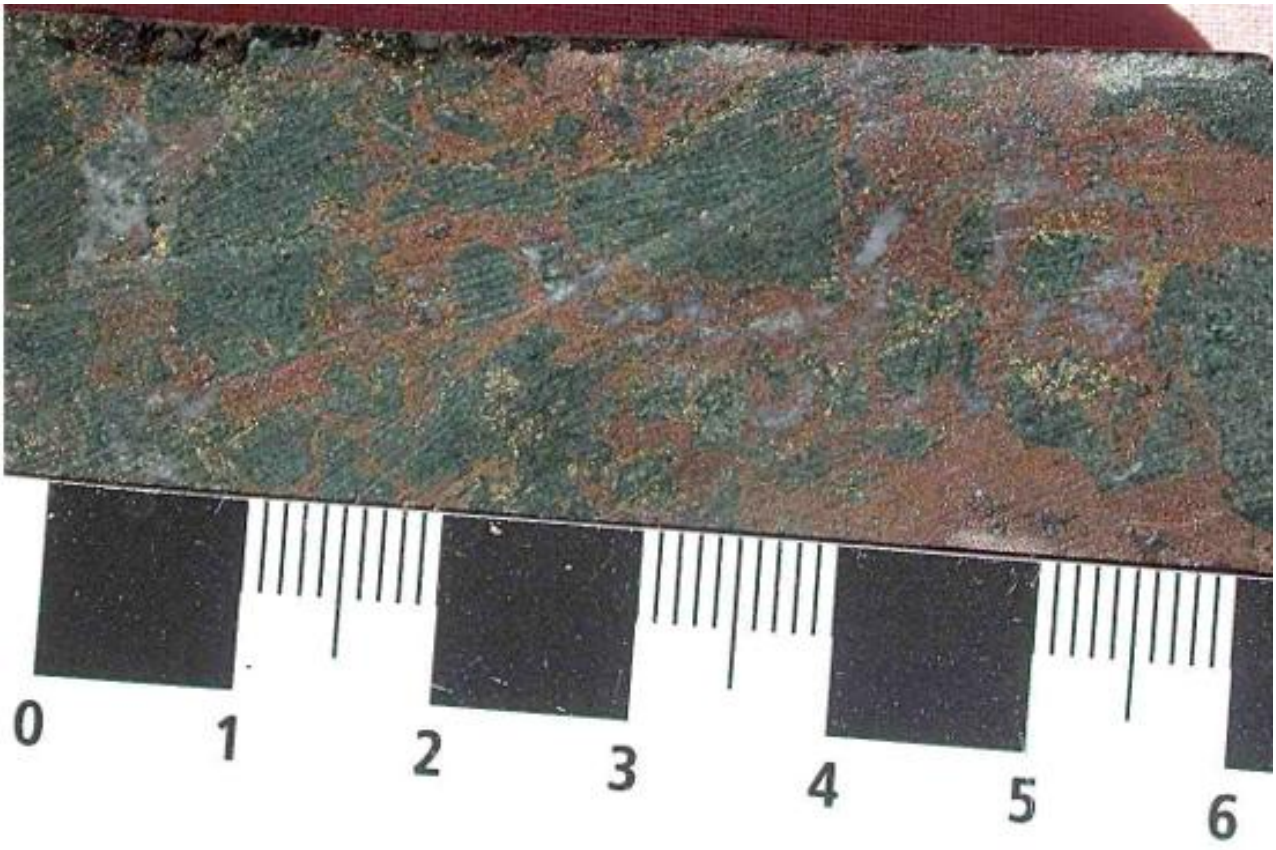
- 0.5m at 3.6% Zn with 0.44 g/t Au (intercept downhole from 308.0m to 308.5m). This included an 8cm section containing 15% sphalerite and 8% pyrite together with silica flooding (see photo).
- 0.5m at 1.2% Zn with 0.20 g/t Au (intercept downhole from 324.0m to 324.5m; end of the hole).

In July 2017, an additional 31 drill core samples were analysed to fill in the gaps in the initial batch of samples. The results show that the zone of strongly anomalous base metals and gold extends over a broader interval within hole GG-01 than previously known. The additional results are highlighted in light grey in the table below, and anomalous results are marked in bold and an asterisk*.

The basaltic volcanics encountered at the base of drill hole GG-01 at Nhill are considered analogous to parts of the Cambrian Mount Stavely Volcanic Complex, ~170km to the southeast, where results of recent drilling intersected porphyry-style copper-gold mineralisation. Exploration in the Mallee region of western Victoria has been hampered by the thick cover of Murray Basin sediments. The mineralisation encountered in GG-01 is highly encouraging considering it is the first hole drilled in this previously untested terrain.

The strong alteration and mineralisation encountered in GG-01 is the result of the introduction of mineral-rich fluids into permeable fractures and breccia zones. The mineral assemblage observed is typical of the outer halo of a hydrothermal system, the source of which is offset from present drill hole. However, the distance and direction of its source cannot be assessed with a single drill hole and step-out drilling is required to fully test this hitherto unexplored region.

Below is a photograph of a 6cm section of core from 308.0m from the upper breccia zone:



Core sample showing altered basalt fragments (greenish) enclosed by a hydrothermal matrix of ~15% brown sphalerite (zinc sulphide), ~8% yellowish pyrite and subordinate pale grey quartz. Scale bar in centimetres.

ANALYSES FOR DRILLHOLE GG-01 - EL 5291 NHILL, VICTORIA

Note: Technical details regarding the sampling and analytical procedures used are attached to Austpac's Quarterly Report to the ASX for the Quarter dated 30 July 2017.

Batch 1 - 38 core samples plus 2 standards (no highlight)
Batch 2 - 31 core samples plus 2 standards (light grey highlight)
*** indicates anomalous values (bold)**

SAMPLE	FROM	TO	Interval		Au Au-TL43	Ag ME-CP43	Cu ME-ICP43	Pb ME-CP43	Zn ME-CP43	Zn Zn-G46
ID	m	m	m		ppm	ppm	ppm	ppm	ppm	%
GGS001	234.0	243.0	9.0		0.00	0.4	159	28	408	
GGS002	243.0	248.9	5.9		0.00	0.3	78	19	233	
GGS003	250.2	251.1	0.9		0.00	<0.1	6	21	91	
GGS004	251.1	251.6	0.5		0.00	0.2	286	13	185	
GGS041	251.6	252.6	1.0		0.00	<0.1	62	1.3	94	
GGS042	252.6	253.6	1.0		0.00	<0.1	76	2.3	95	
GGS044	259.0	260.0	1.0	*	0.00	0.3	**552**	3.9	103	
GGS045	260.0	261.0	1.0		0.00	<0.1	26	2.6	119	
GGS005	276.8	277.5	0.7		0.01	0.2	106	12	119	
GGS046	277.5	278.0	0.5		0.01	0.1	159	3.5	158	
GGS006	278.0	278.3	0.3		0.01	0.1	143	10	106	
GGS007	278.3	278.5	0.2		0.00	0.1	117	11	159	
GGS008	278.5	279.2	0.7		0.10	0.4	174	38	178	
GGS047	279.2	280.1	0.9		0.01	<0.1	35	3.5	99	
GGS048	280.1	281.1	1.0	*	**0.27**	0.2	108	6.0	198	
GGS009	281.1	281.6	0.5		0.10	0.4	155	22	140	
GGS010	281.6	282.2	0.6		0.09	0.6	144	25	285	
GGS011	282.2	282.5	0.3		0.06	0.4	244	19	277	
GGS012	282.5	283.0	0.5		0.02	0.3	214	11	149	
GGS013	283.0	283.5	0.5		0.03	0.2	127	11	107	
GGS014	283.5	284.0	0.5	*	**0.57**	0.3	198	7	117	
GGS016	284.0	284.5	0.5		0.05	0.2	178	8	137	
GGS017	284.5	285.0	0.5		0.03	0.4	320	11	143	
GGS018	285.0	285.5	0.5	*	0.03	0.8	**716**	19	156	
GGS019	285.5	286.0	0.5		0.02	0.2	179	6	103	
GGS020	286.0	286.5	0.5		0.03	0.1	70	5	103	
GGS021	286.5	287.0	0.5		0.03	0.4	284	5	167	
GGS022	287.0	287.5	0.5		0.03	0.3	181	9	107	
GGS023	287.5	288.0	0.5		0.04	0.2	209	4	140	
GGS049	288.0	289.0	1.0	*	**0.36**	0.1	108	1.7	83	
GGS050	289.0	290.0	1.0		0.11	0.1	113	2.9	77	
GGS051	292.5	293.5	1.0		0.02	0.1	207	3.8	135	
GGS052	293.5	294.5	1.0		0.01	<0.1	124	4.2	137	
GGS053	294.5	295.5	1.0		0.01	<0.1	119	3.2	115	
GGS054	295.5	296.5	1.0		0.01	<0.1	90	3.0	84	
GGS055	296.5	297.5	1.0		0.01	<0.1	85	3.1	92	

SAMPLE	FROM	TO	Interval		Au Au-TL43	Ag ME-CP43	Cu ME-ICP43	Pb ME-CP43	Zn ME-CP43	Zn Zn-G46
ID	m	m	m		ppm	ppm	ppm	ppm	ppm	%
GGS024	297.5	298.0	0.5	*	0.08	0.4	**747**	5	200	
GGS025	298.0	298.5	0.5	*	0.07	0.4	**544**	10	384	
GGS056	298.50	299.25	0.8		0.02	0.1	183	17.2	388	
GGS057	299.25	300.25	1.0		0.02	0.1	226	3.0	154	
GGS058	300.25	301.25	1.0		0.08	0.1	215	3.2	148	
GGS059	301.25	302.25	1.0		0.04	0.1	99	4.4	142	
GGS060	302.25	303.25	1.0	*	0.02	0.2	326	15.1	**453**	
GGS026	305.0	305.5	0.5	*	0.07	0.5	307	56	**783**	
GGS027	305.5	306.0	0.5	*	0.02	0.2	223	43	**1,380**	
GGS028	306.0	306.5	0.5	*	**0.20**	0.3	257	47	**2,280**	
GGS029	306.5	307.0	0.5		0.01	0.2	280	6	287	
GGS031	307.0	307.5	0.5	*	**0.59**	0.3	273	7	544	
GGS032	307.5	308.0	0.5	*	**0.23**	0.2	199	6	332	
GGS033	308.0	308.5	0.5	*	0.44	0.4	269	13	**>10000**	**3.60**
GGS061	308.5	309.2	0.7		0.01	<0.1	135	9.7	282	
GGS062	309.2	309.9	0.7		0.01	0.1	216	11.1	180	
GGS063	309.9	310.7	0.8		0.02	0.1	200	4.4	135	
GGS064	310.7	311.5	0.8	*	**0.51**	0.1	171	3.1	94	
GGS034	311.5	312.0	0.5		0.02	0.2	257	8	255	
GGS035	312.0	312.5	0.5		0.04	0.2	266	22	365	
GGS036	312.5	313.0	0.5		0.02	0.1	165	8	170	
GGS037	313.0	313.5	0.5		0.09	0.2	219	5	192	
GGS038	313.5	314.0	0.5	*	**0.22**	0.2	205	12	311	
GGS039	314.0	314.5	0.5		0.01	0.1	157	3	150	
GGS065	317.5	318.2	0.7	*	**0.21**	0.3	**1,230**	3.8	**1,400**	
GGS066	318.2	319.0	0.8	*	0.00	0.1	**558**	2.6	201	
GGS067	319.0	319.8	0.8		0.00	0.1	227	2.4	146	
GGS068	319.8	320.6	0.8		0.00	<0.1	276	1.5	133	
GGS069	320.6	321.4	0.8	*	0.02	0.1	354	2.4	**1,410**	
GGS070	321.4	322.2	0.8	*	0.07	<0.1	169	2.9	**887**	
GGS071	322.2	323.1	0.9	*	0.01	0.1	336	1.6	**564**	
GGS072	323.1	324.0	0.9	*	0.01	0.2	214	3.2	**498**	
GGS040	324.0	324.5 EOH	0.5	*	**0.20**	**0.8**	**619**	5	**>10000**	**1.20**

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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 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.