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11 June 2014

The Manager
Company Announcements
Australian Stock Exchange Limited
Exchange Centre
Level 6
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

RE: SHAREHOLDER UPDATE –
NEWCASTLE IRON RECOVERY PLANT

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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June 11, 2014

NEWCASTLE IRON RECOVERY PLANT – PROJECT UPDATE

- **Negotiations have advanced with a major international corporation to develop markets for the Company's iron products and technologies around the world**
- **Plant construction and equipment commissioning continues to advance**
- **Pilot scale processing of waste furnace dusts for BlueScope Steel enters second stage**

Marketing Austpac's Iron Products and Technologies

Austpac has advanced negotiations with a major international corporation with respect to funding for the Newcastle Iron Recovery Plant (NIRP). This corporation has tested some of the iron products produced in the Company's pilot scale equipment at Newcastle and confirmed they are highly suitable for use in specialty sectors of the steel industry.

The objective of the parties is to form a commercial alliance to maximize the benefits generated by commercial operations at the NIRP, and also to identify both specific markets and applications for Austpac's technologies around the world.

Progress at Newcastle

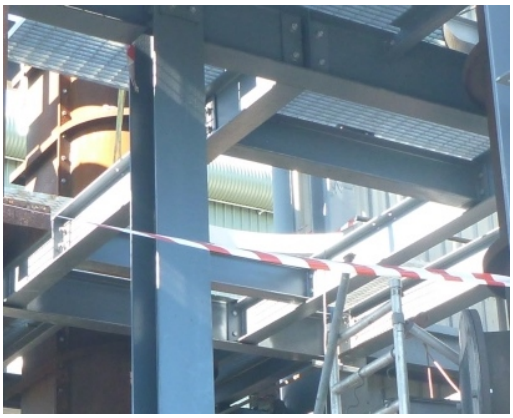
Construction and commissioning of the Newcastle Iron Recovery Plant (NIRP) is continuing.

Construction focused on the North Process Tower which will house the main process units of the Plant; namely the EARS acid regeneration and iron reduction/metallisation equipment. This comprises four fluid beds for evaporation/pelletisation, pyrohydrolysis, gasification and iron reduction, two stoves for heat recovery, and ancillary pumps and gas compressors. The acid absorption and gas scrubbing columns will be installed on the external walls adjacent to the fluid beds.

During April 2014, work focused on fabricating and painting the steel support beams for RL9 in the North Process Tower. By the end of May 2014, installation of one section had been completed and work is ongoing. RL9 supports the two gasification and metallisation (G&M) fluid beds, which will be installed once fabrication of the high temperature tuyeres and the refractory lining of the plenums have been completed.

A further shipment of mill scale was received in May 2014, bringing the total stored in the mill scale shed at Newcastle to 150 tonnes. This material will be used for commissioning the NIRP when it is ready for start-up operations.

A completed section of the steel structure of RL9 which will support the G&M fluid beds



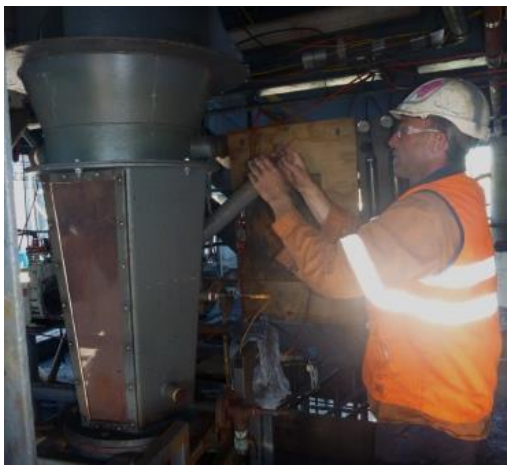
Detail of the support beams and cross members installed in Level 9 of the North Tower

Processing of Iron Oxide Furnace Dusts for BlueScope Steel

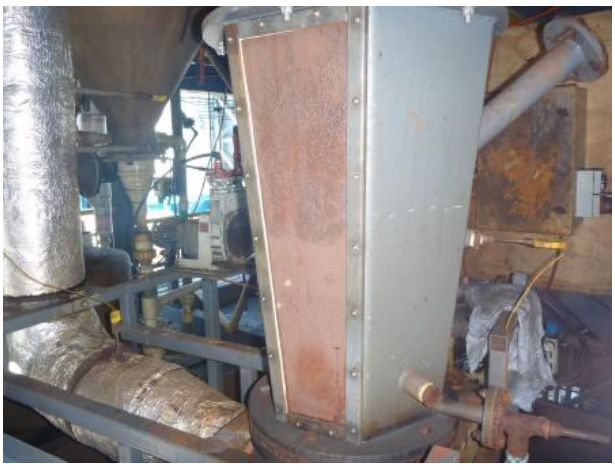
As previously reported, when the NIRP commences operations, Austpac will process a bulk sample of waste iron oxide dusts containing low levels of zinc that are produced by BlueScope Steel's furnaces during steel-making operations at their Port Kembla facilities. BlueScope will provide the raw materials for this trial and will test the resulting iron and other products at Port Kembla. Prior to the bulk trial, Austpac has been processing furnace dust through the Company's pilot scale facility at Newcastle to generate parameters for the operations in the NIRP.

The first phase of the pilot scale test work was successfully completed in April 2014 using furnace dust, spent pickle liquor and coal supplied by BlueScope. This test work involved producing iron chloride/iron oxide pellets from a slurry of furnace dusts and spent pickle liquor using the fluid bed evaporator. These pellets were then processed in the batch fluid bed roaster to produce hydrochloric acid and iron oxide, and then reduced to metallic iron using Austpac's proprietary iron reduction process. While details are confidential, results confirm that a zinc-free iron product was produced, together with regenerated acid and by-products.

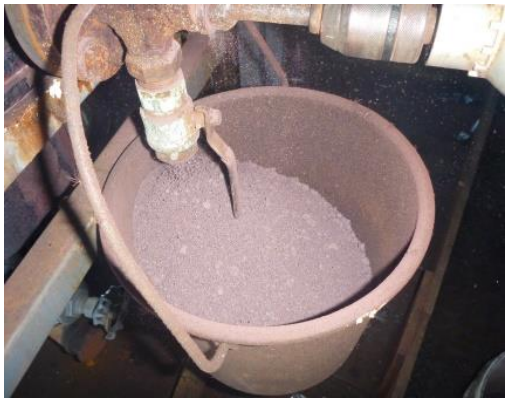
In late May 2014, following equipment modifications to improve process efficiency, a second phase of pilot scale work commenced to duplicate the initial results. By early June 2014, the fluid bed evaporator was producing iron oxide/iron chloride pellets from furnace dusts and spent pickle liquor. This work is ongoing and when complete, the pellets will be used to pass through the two subsequent process steps to produce iron, acid and by-products for confirmatory analysis.



Adjusting the pilot scale fluid bed evaporator during start-up



The fluid bed evaporator producing iron oxide/iron chloride pellets from pickle liquor and furnace dust



Discharging iron chloride/iron oxide pellets from the fluid bed evaporator (3rd June)

Iron chloride/iron oxide pellets (1-4mm in diameter)

Industrial Applications for Austpac Technologies

Iron oxide dusts produced by many steel making facilities (e.g. blast, basic oxygen and electric arc furnaces) are unsuitable for recycling if they contain other metals such as zinc. The recent pilot scale testwork at Newcastle demonstrates Austpac's technology is able to separate iron from other metals contained in furnace dusts and recover saleable iron products and other products. This technology will be showcased on a larger scale in the Newcastle Iron Recovery Plant and a number of steel producers and a major European process equipment supplier, have indicated an interest in commercial applications for the Company's processes.

For further information please contact:

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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 steel and titanium industries. It has been listed on the Australian Stock Exchange since 1986. Austpac's technologies are used to process waste chloride solutions and iron oxides produced by steelmaking to recover hydrochloric acid and iron metal pellets. Another technology, the ERMS SR process, can be used to transform ilmenite into high-grade synthetic rutile, a preferred feedstock for titanium metal and titanium dioxide pigment production.