



AUSTPAC RESOURCES N.L.
ACN 002 264 057

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30 January 2015

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

Dear Sir/Madam

RE: AUSTPAC RESOURCES N.L.
QUARTERLY REPORT FOR PERIOD ENDED 31 DECEMBER 2014

We are pleased to provide Quarterly Report for the period ended 31 December 2014 for immediate release.

Yours faithfully

N.J. Gaston
Company Secretary

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QUARTERLY REPORT TO 31 DECEMBER 2014

HIGHLIGHTS

- The negotiations with a major international company involved in the steel industry advanced during the quarter under review with extensive exchange of technical information in support of the discussions regarding the provision of project funding to complete construction, equipment installation and commissioning of and initial production at the Newcastle Iron Recovery Plant.

Austpac's and the company's USA engineers also held technical meetings in January 2015 to further the assessment of the multiple applications in the iron and steel sector in Australia and overseas for Austpac's technologies.

- A major European-based international diversified engineering, technology and equipment provider continued their in-depth review of Austpac's technologies, having recognised the value that the Company's processes could add to its business.
- In December 2014, the Company completed a private placement of 10,000,000 fully paid ordinary shares at 2.2 cents each to raise \$220,000. These shares were placed with professional investors. The funds are being used for working capital and the ongoing construction and commissioning of the Newcastle Iron Recovery Plant.
- Exploration momentum is building along the Mount Stavelly Volcanic Belt in western Victoria, as companies and Government agencies undertake drilling campaigns, endorsing Austpac's exploration program at Nhill.

NEWCASTLE IRON RECOVERY PLANT

The negotiations with the USA-based international diversified steel company continued to advance regarding the funding required to complete construction, equipment installation and commissioning of and initial production at the Newcastle Iron Recovery Plant. During the December 2014 quarter, Austpac provided technical data so the company's engineers could assess the applications and value of the technology. In January 2015, Austpac and the company's engineers held productive technical meetings to review the applications for the technology throughout the steel industry. The company has a metals recycling division and focus was on the recovery of iron and removal of contaminants such as zinc from steel furnace dusts.

The European-based major diversified engineering, technology and equipment provider described in the September quarterly report continued their in-depth review of Austpac's technologies. The company has a world-wide network to provide services to many industries, and they recognise the synergies and hence the value that Austpac's processes could add to its business.

During the quarter, work at the Newcastle Iron Recovery Plant continued while negotiations were progressed for the provision of the funds to complete the construction, equipment installation, commissioning and initial production at the Plant.

As previously described, during the first half of 2014 the pilot scale facility at Newcastle was modified and used to process iron oxide-rich furnace dusts from a steel mill. This included the three steps of evaporation, pyrohydrolysis and metallisation that comprise Austpac's EARS/Iron Reduction process. During the September 2014 quarter, modifications were made to the fluid bed evaporator so that spent pickle liquor (SPL) could be kept separate from the reactive furnace dust slurry until it was entrained in the fluid bed. This proved highly successful and stable mixed iron oxide/iron chloride pellets were produced, which are ideal for pyrohydrolysis.

Following the modifications to the evaporator, the second phase of testwork was undertaken using SPL and furnace dust from the steel mill in Port Kembla, New South Wales. Analyses of the materials used and the end products collected by engineers from the steel mill have now been received. They confirmed that a zinc-free iron pellet was produced from the furnace dust.

One further pilot plant campaign is planned to assist operational planning for the 1,000 tonne bulk test planned for 2015 during commissioning of the Newcastle Iron Recovery Plant.

EL 5291 NHILL EXPLORATION

Austpac has lodged a "Registration of Interest" to gain eligibility to apply for an Exploration Grant under the Mineral Development Victoria TARGET Minerals Exploration Initiative and the lodgement has been formally recognised. EL 5291 is located in the designated No. 1 priority area for the TARGET program of co-funded exploration operations. Our exploration objectives are consistent with the Government's stated top priority commodities which are copper, lead and zinc.

Mining Exploration Entities

EL 5291 (Nhill); Located between Nhill and Dimboola, Victoria; 100% Austpac Resources N.L.

For further information please contact:

Mike Turbott

Managing Director - Tel (+61 2) 9252 2599

NOTE: This report is based on and accurately reflects information compiled by M.J. Turbott who is a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists and is a competent person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves.

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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10

Name of entity

AUSTPAC RESOURCES N.L.

ABN

87 002 264 057

Quarter ended ("current quarter")

31 DECEMBER 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from ERMS Funding		
(a) ERMS Licence Fee Income	-	-
(b) Funded Exercise - ERMS	-	-
(c) Funded Exercise - NIRP	-	9
(d) Joint Venture Funding - Murray Basin	-	-
(e) R&D Tax Concession rebate	-	407
Receipts from Exploration	-	-
(a) -	-	-
1.2 Payments for		
(a) Exploration	-	-
(b) NIRP Mineral Technology Development	(113)	(598)
(c) ERMS - Other	-	-
(d) Murray Basin	-	-
(e) Gold	-	(62)
(f) Administration	(145)	(547)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Tax paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(258)	(791)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	-
1.13 Total operating and investing cash flows		
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	220	765
1.15 Proceeds from sale of forfeited shares		
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	220	765
	Net increase (decrease) in cash held	(38)	(26)
1.20	Cash at beginning of quarter/year to date	208	196
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	170	170

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

SALARY

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	-
4.2	Development - NIRP	300
	Funding - NIRP	(300)
4.3	Production	-
4.4	Administration	150
	Total	150

Reconciliation of cash

+ See chapter 19 for defined terms.

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	170	208
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	170	208

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	1,307,039,571	1,231,239,571		
7.4 Changes during quarter (a) Increases through issues (b) Forfeited shares held for reissue (c) Increase in Share Purchase Plan Share Purchase Plan Balance	10,000,000 22,540,000 - 53,260,000		\$0.022	\$0.022
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

Compliance statement

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 4\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 31 December 2014
(Company Secretary)

Print name: Nicholas J. Gaston

Notes

- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.