AUSTPAC RESOURCES N.L.
ACN 002 264 057
ABN 87 002 264 057

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27 February 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.
HALF-YEARLY REPORT 31 DECEMBER 2014

We are pleased to provide Stock Exchange half-yearly report 4D for period ended 31 December 2014 together with the Auditors Review report.

Yours faithfully

N.J. Gaston
Company Secretary

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Austpac Resources N.L. and its Controlled Entities
Half-year ended 31 December 2014
ABN 87 002 264 057

Appendix 4D
Results for announcement to the market

				$'000's
Revenue	0	0	To	0
Profit/ (loss) before tax	Down	49%	To	($1,017)
Profit/ (loss) attributable to equity holders	Down	49%	To	($1,017)

No dividend has been paid or proposed for the six-month period ended 31 December 2014.

Review of operations

Commentary on the results of the consolidated entity has been included in the Directors' Report.

	As at 31 December 2014	As at 31 December 2013
Net tangible asset per security (cents)	0.00	0.00

AUSTPAC RESOURCES N.L.
AND ITS CONTROLLED ENTITIES

ABN 87 002 264 057

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2014

Austpac Resources N.L. and its controlled entities

Directors' Report

The directors present their report together with the consolidated financial report for the half-year ended 31 December 2014 and the auditor's review report thereon.

Directors

The directors of the Company during or since the end of the half-year and until the date of this report are:

Name	*Period of Directorship*
Non-executive Mr Terry Cuthbertson	Director since March 2001, Chairman since May 2004
Non-executive Mr Robert Harrison	Director since 1 September 2004
Executive Mr Michael J. Turbott	Managing Director since March 1985

Review and Results of Operations

The net result of operations after applicable income tax expense for the half-year was a loss of $1,017,229 (2013: loss of $2,030,251).

In July 2014, Austpac completed a placement of 11,000,000 fully paid ordinary shares at 2.2 cents each to raise $242,000 for the continuing development of the Newcastle Iron Recovery Plant and for working capital.

In September 2014 Austpac completed a placement of 13,750,000 fully paid ordinary shares at 2.2 cents each to raise $302,500 for the continuing development of the Newcastle Iron Recovery Plant and for working capital.

In December 2014, Austpac completed a placement of 10,000,000 fully paid ordinary shares at 2.2 cents each to raise $220,000 for the continuing development of the Newcastle Iron Recovery Plant and for working capital.

The Newcastle Iron Recovery Plant

The Newcastle Iron Recovery Plant (NIRP) will utilise Austpac's EARS acid regeneration and iron reduction processes to recycle steel mill by-products such as mill scale, other iron oxide waste, and spent pickle liquor ("SPL", iron chloride liquor) and produce iron chips or briquettes and strong hydrochloric acid for sale to industry. The Plant has been designed for an operational life of at least 10 years. It will be operated as a commercial undertaking to generate an ongoing cash flow and importantly, it will demonstrate the Company's iron waste recycling technologies to steel makers interested in using them in their facilities around the world under licences or through joint undertakings with Austpac.

The NIRP project commenced in the second quarter of 2011, and by the end of that year construction was progressing rapidly with the majority of the design completed, equipment ordered and a team of contractors on site. Construction continued through 2012 with the completion of extensive civil works and ancillary facilities, and later in 2013 work commenced on the construction of the extension to the north of the process tower. The north process tower 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/palletisation, 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.

Work on the north process tower continued during the first half of 2014 with fabrication and installation of steel beams and other steelwork, and six solid screw feeders were completed and delivered to the Plant. Four will be used to discharge solids from product and raw material silos that were installed adjacent to the iron briquetting area in 2013 and two will be used to blend and convey iron pellets and binding material to the briquetter.

Negotiations continued during the half year with industry majors regarding funds for project completion. The Plant is now 85% complete, and 95% of the equipment, including all major equipment items, has been delivered and is stored on site.

Austpac Resources N.L. and its controlled entities

In December 2013, Austpac agreed with Australia's largest steel producer to undertake a bulk trial to recover iron and other by-products from waste iron oxide dusts. The agreement followed extensive laboratory and pilot scale testwork previously undertaken at Newcastle on furnace dusts, which produced samples of high quality iron, and it provides for Austpac to undertake a bulk trial of 1,000 tonnes of dusts collected from the off-gases and SPL produced during the steel-making processes at Port Kembla, New South Wales. Austpac will initially use mill scale to commission the NIRP, and the bulk dust sample will be processed during the latter part of commissioning. Austpac will process these materials at the NIRP to produce saleable iron briquettes, hydrochloric acid and other by-products. It was agreed that the iron briquettes will be purchased at appropriate commercial market rates for trials at the Port Kembla steel-making facility.

In the first half of 2014 and after upgrading the pilot scale facility, Austpac undertook further testwork using furnace dust, spent pickle liquor and coal supplied from Port Kembla. The aim of this work was to confirm the earlier testwork results by processing larger samples and to obtain operating parameters for the bulk trial. Initial results confirmed that zinc-free iron could be produced from the contaminated dusts, together with regenerated acid and by-products.

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; the product was a stable mixed iron oxide/iron chloride pellets which is ideal for pyrohydrolysis. A second phase of testwork was then undertaken using the SPL and furnace dust from the steel mill in Port Kembla. Analyses of the materials used and the end products collected by engineers from the steel mill confirmed that a zinc-free iron pellet was produced from the furnace dust.

One further pilot plant campaign will be undertaken to obtain operational parameters for the 1,000 tonne bulk test planned for later in 2015 during commissioning of the NIRP.

Iron oxide dusts are produced by all steel making facilities and they often contain other minor metals such as zinc, making them difficult to recycle due to accumulation issues. Consequently many facilities around the world have very large stockpiles, some containing millions of tonnes of the waste dust. Austpac's process separates and concentrates these minor metals allowing them to be recovered. Austpac's processes are believed to be the only viable technology to recover both iron and minor metals from steel mill dusts. Once the trial is completed, the Company will be well placed to licence its technologies to iron and steel plants around the world.

Nhill

Since mid-2010, Austpac has been undertaking a low-key investigation of the gold and base metal potential within its wholly owned Exploration Licence 5291 near Nhill in western Victoria. The Nhill tenement covers strong NNW-trending magnetic and gravity anomalies delineated by government survey data, and they represent features within the ancient basement that underlies the much younger sediments of the Murray Basin. Activities are focused on a NNW-trending belt of Cambrian rocks known as the Mount Stavely Volcanic Complex, which are characterised by very strong features in the aeromagnetic and gravity data. This part of Victoria received attention following positive studies by Geoscience Victoria and the national agency, Geoscience Australia. Several resource companies are also enthusiastic about the mineral potential of this belt and they have initiated drilling programs on their tenements in western Victoria. The Mount Stavely units have been considered to be the equivalent to the well-mineralised Mount Read Volcanics of western Tasmania, while an alternative interpretation considers these rocks to be associated with an ancient tectonic boundary analogous to the Macquarie Arc in NSW, which hosts large porphyry copper deposits such as Cadia Ridgeway. This interpretation is supported by recent exploration which has identified a number of porphyry style prospects with encouraging anomalous mineralisation within the Mount Stavely Volcanics.

Austpac's work within EL 5291 commenced with a gravity survey and a detailed ground magnetic survey to outline anomalies that could represent permissive geology for base metal mineralisation below a thick blanket of younger sediments. In May 2013, three rotary holes were drilled to test low-amplitude magnetic anomalies. Each hole passed through 120m of sediments before intersecting the weathered top of Cambrian basement, which while not geochemically anomalous, were altered and veined intrusive rocks. Late in 2013, Austpac completed a fourth drillhole to test the edge of a circular low magnetic anomaly in the Cambrian basement. Samples recovered from the base of the drillhole at 144m depth were extremely oxidised and hence not geochemically anomalous, but petrology indicated they are intensely altered mafic volcanics. Two hydrothermal alteration events were identified; an early higher temperature phase and later lower temperature epidote-quartz-chlorite alteration. The pervasively altered basement at this site was more pervasively altered than the basement encountered in the three earlier holes, which suggested the fourth hole may be closer to the centre of hydrothermal alteration.

In March 2014, a vertical rotary drillhole CD5 was completed on a magnetic low interpreted to be a strongly altered zone in the basement potentially capping an intrusive body at depth. The hole encountered the basement at 149m and was continued for another 16m to a total depth of 165m. Petrology indicates that the basement comprises intensely altered basalt, wherein the original mineral constituents are completely replaced by fine grained quartz, chlorite and epidote, with fine aggregates of sulphide minerals (pyrite and marcasites, with rare chalcopyrite and bornite). Local areas of hydrothermal brecciation were observed and this strong propylitic alteration is typically found in the outer or upper portion of a porphyry system. Assays from the CD5 rock fragments are low reflecting metal depletion on the ancient land surface beneath the Murray Basin sediments. The work to date is encouraging and diamond drilling is required to test for a deep porphyry target at Nhill.

By October 2014, Geoscience Australia (GA) had completed a drilling program in the Stavely Zone, western Victoria to test geological models and assess the potential for a range of mineral systems, with a focus on porphyry copper-gold and volcanic-hosted massive sulphide systems. This collaborative project is being undertaken with the Geological Survey of Victoria, in partnership with the Deep Exploration Technologies Cooperative Research Centre. A total of 2,700 metres were drilled, and diamond core from 13 of the holes provided basement material for a range of analytical studies. Austpac also provided GA with basement samples from its drilling operations at Nhill to assist their evaluation. Initial results of this study are expected during the June quarter of 2015, but the comprehensive report is not expected until the end of 2015.

During the December quarter 2014, Austpac registered an interest in applying for an Exploration Grant under the Mineral Development Victoria TARGET Minerals Exploration Initiative. EL 5291 is located in the designated No. 1 priority area for the TARGET program of co-funded exploration operations. The Company's exploration objectives are consistent with the Government's top priority commodities; copper, lead and zinc. It is expected that proposals for exploration grants will be sought in the June quarter of 2015, and Austpac will submit a program that will continue to test the prospective Nhill area.

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

Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the half-year ended 31 December 2014.

Subsequent Events

Subsequent to 31 December 2014, there has not arisen in the interval between 31 December 2014 and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the company, to affect significantly the operations of the consolidated entity in future financial years.

Signed in accordance with a Resolution of the Directors on 27 February 2015.

M.J. Turbott
Managing Director

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Austpac Resources N.L.

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review

KPMG

KPMG

Anthony Jones
Partner

Sydney

27 February 2014

Austpac Resources N.L. and its controlled entities

Condensed consolidated statement of comprehensive income
For the half-year ended 31 December 2014

	6 months ended 31 Dec 2014 $	6 months ended 31 Dec 2013 $
Administrative expenses	(1,001,710)	(2,031,768)
Results from operating activities	(1,001,710)	(2,031,768)
Finance income	1,086	17,559
Finance expenses	(16,605)	(16,042)
Net financing income	(15,519)	1,517
Profit/(loss) before tax	(1,017,229)	(2,030,251)
Income tax benefit	-	-
Net profit / (loss) for the period	(1,017,229)	(2,030,251)
Other comprehensive income for the period net of income tax	-	-
Total comprehensive profit/ (loss) for the period	(1,017,229)	(2,030,251)
Basic and diluted profit/(loss) per share		
Cents	(0.08)	(0.17)

The condensed consolidated statement of comprehensive income is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 11 to 12.

Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2014

	Issued Capital $	Accumulated Losses $	Total Equity $
Balance at 1 July 2013	81,662,554	(47,517,177)	34,145,377
Loss for the period	-	(2,030,251)	(2,030,251)
Other comprehensive income for the period	-	-	-
Issue of ordinary shares	2,150,000	-	2,150,000
Balance at 31 December 2013	83,812,554	(49,547,428)	34,265,126
Balance at 1 July 2014	84,338,554	(50,803,839)	33,534,715
Loss for the period	-	(1,017,229)	(1,017,229)
Other comprehensive income for the period	-	-	-
Issue of ordinary shares	764,500	-	764,500
Balance at 31 December 2014	85,103,054	(51,821,068)	33,281,986

The condensed consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 11 to 12.

Austpac Resources N.L. and its controlled entities

Condensed consolidated statement of financial position
As at 31 December 2014

	Note	31 Dec 2014 $	30 June 2014 $
Current Assets			
Cash and cash equivalents		52,115	89,098
Trade and other receivables		313,279	600,310
Total Current Assets		365,394	689,408
Non-Current Assets			
Property, plant and equipment		301,148	337,937
Intangible assets		35,016,594	34,562,713
Total Non-Current Assets		35,317,742	34,900,650
Total Assets		35,683,136	35,590,058
Current Liabilities			
Trade and other payables		1,149,108	811,982
Interest-bearing loans and borrowings		122,284	132,239
Employee benefits		948,058	905,424
Total Current Liabilities		2,219,450	1,849,645
Non-Current Liabilities			
Interest-bearing loans and borrowings		181,700	205,698
Total Non-Current Liabilities		181,700	205,698
Total Liabilities		2,401,150	2,055,343
Net Assets		33,281,986	33,534,715
Equity			
Issued capital	7	85,103,054	84,338,554
Accumulated losses		(51,821,068)	(50,803,839)
Total equity attributable to equity holders of the parent		33,281,986	33,534,715

The condensed consolidated statement of financial position is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on page 11 to 12.

Austpac Resources N.L. and its controlled entities

Condensed consolidated statement of cash flows
For the half-year ended 31 December 2014

	Six months ended 31 Dec 2014 $	Six months ended 31 Dec 2013 $
Cash flows from Operating Activities		
Cash paid to suppliers and employees	(845,045)	(3,076,597)
Interest received	1,086	17,559
Interest paid	(16,605)	(16,042)
Income tax refund received	407,049	577,274
Net cash (used in) operating activities	(453,515)	(2,497,806)
Cash flows from investing activities		
Payments for mineral technology development/exploration and evaluation	(314,021)	(1,626,425)
Net cash (used in) / provided by investing activities	(314,021)	(1,626,425)
Cash flows from financing activities		
Proceeds from the issue of share capital	764,500	2,150,000
Payment of finance lease liabilities	(33,947)	(36,641)
Net cash (used in) / provided by financing activities	730,553	2,113,359
Net increase/(decrease) in cash held	(36,983)	(2,010,872)
Cash and cash equivalents at 1 July	89,098	2,726,781
Cash and cash equivalents at 31 December	52,115	715,909

The condensed consolidated statement of cash flows is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 11 to 12.

Condensed notes to the consolidated interim financial report

1. Reporting Entity

Austpac Resources N.L. (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2014 comprises the Company and its subsidiaries (the "consolidated entity").

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2014 is available upon request from the Company's registered office.

2. Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2014.

This consolidated interim financial report was approved by the Board of Directors on 27 February 2015.

3. Significant Accounting Policies

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2014.

4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2014.

5. Going Concern

The financial report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the normal course of business. The Directors believe that the Company and the consolidated entity will be able to fund future operations through share issues, the successful commercialisation of mineral technologies or the joint venturing or sale of interests held in mineral projects.

Without the commercialisation of mineral technologies, equity raisings or joint venturing or sale of interests held in mineral tenements and projects, there is uncertainty whether the consolidated entity will be able to continue as a going concern.

If the consolidated entity is unable to continue as a going concern, it may be required to make adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities in order to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

Condensed notes to the consolidated interim financial report

6. Segment Reporting

The Company operates in one segment only, being Mineral Sands and Mineral Sands Technology Development in Australia.

7. Capital and Reserves

Dividends
No dividends were declared or paid by the consolidated entity during the period (2013:nil).

In July 2014, Austpac completed a placement of 11,000,000 fully paid ordinary shares at 2.2 cents each to raise $242,000 for the continuing development of the Newcastle and Iron Recovery Plant and for working capital.

In September 2014 Austpac completed a placement of 13,750,000 fully paid ordinary shares at 2.2 cents each to raise $302,500 for the continuing development of the Newcastle Iron Recovery Plant and for working capital.

In December 2014, Austpac completed a placement of 10,000,000 fully paid ordinary shares at 2.2 cents each to raise $220,000 for the continuing development of the Newcastle Iron Recovery Plant and for working capital.

Terms and Conditions
Ordinary Shares
Holders of fully paid ordinary shares are entitled to receive dividends if declared and are entitled to one vote per share at shareholders meetings. There are no partly paid listed shares.

Partly Paid Shares
Holders of Austpac Resources N.L. Employee Share Purchase plan shares are entitled to the same rights as ordinary shareholders, including entitlements to dividends if declared, once the shares are paid in full. The amount of unpaid capital is $3,947,028 (June 2014: $7,537,623). In the event of winding up, ordinary shareholders rank after creditors.

8. Events subsequent to balance date

Subsequent to 31 December 2014, there has not arisen in the interval between 31 December 2014 and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the company, to affect significantly the operations of the consolidated entity in future financial years.

9. Contingent Liabilities

There has been no significant change in the consolidated entity's contingent liabilities as set out in the annual financial report to 30 June 2014.

10. Financial Risk Management

Aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2014. The carrying amount of the Group's financial assets and liabilities equals their respective fair values as at 31 December 2014, with the exception of the Group's finance lease liabilities. The carrying amount of these financial liabilities amounts to $303,984 versus a fair value of $325,163.

Austpac Resources N.L. and its controlled entities
Directors' Declaration

In the opinion of the directors of Austpac Resources N.L. ("the Company"):

(a) the financial statements and notes, set out on pages 6 to 11, are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2014 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and

  (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this twenty seventh day of February 2015.

Signed in accordance with a resolution of the directors:

Michael J. Turbott
Managing Director

KPMG

Independent auditor's review report to the members of Austpac Resources N.L.

Report on the financial report

We have reviewed the accompanying half-year financial report of Austpac Resources N.L., which comprises the condensed consolidated statement of financial position as at 31 December 2014, condensed consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year period ended on that date, notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year period.

Directors' responsibility for the half year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Austpac Resources N.L., ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Austpac Resources N.L. is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*

Material Uncertainty regarding continuation as going concern

Without qualifying our conclusion, we draw attention to note 5 in the half-year financial report. This indicates that the half-year financial report has been prepared on a going concern basis which assumes the continuity of normal business activities, realisation of assets and the settlement of liabilities in the ordinary course of business. In note 5, the directors state why they consider the going concern basis used in the preparation of the financial report is appropriate as they consider that the commercialisation of mineral technologies, equity raisings or joint venturing will fund future operations. The matters set out in note 5 indicate a material uncertainty as to whether the consolidated entity will be able to continue as a going concern.

KPMG

KPMG

Anthony Jones
Partner

Sydney

27 February 2015