



AUSTPAC RESOURCES N.L.
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30 October 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 30 SEPTEMBER 2015

We are pleased to provide Quarterly Report for the period ended 30 September 2015 for immediate release.

Yours faithfully

N.J. Gaston
Company Secretary

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QUARTERLY REPORT TO 30 SEPTEMBER 2015

HIGHLIGHTS

- **Negotiations and discussions between Ixom Operations Pty Ltd (Ixom) and ABR Process Development (ABR) for the commercial progression of the Newcastle Plant continue to advance. In August 2015, the parties agreed to jointly assess the economics of combining ABR's and Austpac's processes in the Newcastle plant, with the objective of funding the completion of construction, commissioning and commencement of production.**
- **By integrating ABR's zinc recovery cell and incorporating an electric induction furnace into the flowsheet, the Plant will be able to recover three valuable products; concentrated hydrochloric acid, pig iron and zinc metal from chloride liquors and furnace dusts produced by the galvanising and steel manufacturing industries. As well as producing three value-added products, the modifications will reduce process risk, improve plant reliability and significantly improve its profitability.**
- **Ixom and ABR have provided relevant industry information and Austpac's assessment involved generating revised inputs and outputs, and capital and operating costs for the revised project, now termed the Newcastle Zinc and Iron Recovery Plant (NZIRP).**
- **Austpac has finalised a new mass and energy balance for the NZIRP, and the modifications will enable the plant to produce up to 15,000 tonnes per annum (tpa) of pig iron, 15,000 tpa of 33% HCl, and 3,700 tpa of zinc**
- **Austpac has now also finalised the capital and operating cost estimates for the NZIRP. This entailed combining the costs for ABR's zinc recovery section, the induction furnace for pig iron, and the extensive modifications to the original flowsheet. The significant revenue generated by the production and sale of zinc more than offsets the increase in capital cost, and the NZIRP will be an economically robust project.**
- **The results of the study are now being reviewed by the parties, and Austpac anticipates this will lead to agreement on a program to fund and develop the NZIRP during the current quarter.**
- **Austpac is pleased to advise that the initial response to the Shareholder Share Purchase Plan announced on 25 September 2015 has been positive, and at the request of shareholders the offer is being extended.**

NEWCASTLE ZINC AND IRON RECOVERY PLANT

In August 2015, senior executives from Austpac, Ixom Operations Pty Ltd (Ixom) and ABR Process Development (ABR) met to discuss modifying Austpac's iron recovery plant at Newcastle by adding ABR's proprietary zinc recovery process and an electric induction furnace to the flowsheet. Austpac has to date spent \$18.5 million on the "Newcastle Iron Recovery Plant", which was 85% complete and designed to produce briquetted iron and strong (25%) hydrochloric acid (HCl). With the additional equipment, the modified plant would produce pig iron, concentrated (33%) HCl and zinc metal by recycling chloride liquors and furnace dusts produced by the galvanising and steel manufacturing industries. The parties therefore agreed to assess the economics of the modified Newcastle plant, with the objective of funding the completion of construction, commissioning and commencement of production. This included generating revised inputs and outputs, and capital and operating costs for the revised project, now termed the Newcastle Zinc and Iron Recovery Plant (NZIRP).

During the quarter, the parties discussed and exchanged data to assist Austpac with the study. Initially a new mass and energy balance was developed for the NZIRP; this provided the inputs and outputs necessary to develop the Plant's operating costs. Austpac also developed a capital cost estimate by revising existing estimates for the completion of construction and combining these with the cost for the zinc recovery section, provided by ABR, and the cost of the induction furnace, provided by a leading furnace manufacturer.

The study concluded that the NZIRP will produce up to 15,000 tonnes per annum (tpa) of pig iron, 15,000 tpa of concentrated acid, and 3,700 tpa of zinc.

Austpac recently completed the capital and operating cost estimates for the Plant. These include the extensive modifications to the original flowsheet, the introduction of ABR's zinc recovery cells and the induction furnace. The significant revenue generated by the production and sale of zinc more than offsets the increase in capital cost.

The modifications to the Plant reduce process risk, improve Plant reliability, and significantly enhance its profitability; the NZIRP will be an economically robust project

Ixom and ABR are now reviewing the study results, which at this stage remain confidential. Austpac anticipates this will lead during the current quarter to agreement on a program to fund and develop the NZIRP.

The ability to recycle galvaniser SPL and EAF dusts, which generally contain very high levels of zinc, as well as SPL and furnace dusts from steel mills to produce concentrated hydrochloric acid, pig iron and zinc metal, is unique.

The combined technologies have applications in mini-mills in the USA, Europe and many other countries, which are widely used to produce iron and steel by using electric arc furnaces.

CORPORATE

The initial response to the Shareholder Share Purchase Plan, announced to the ASX on 25 September 2015, has been positive and at the request of shareholders the offer is being extended.

Austpac is in negotiations with a potential new investor who is offering a facility of up to \$1,200,000 via convertible notes. The Board is currently negotiating the terms of this facility.

The Company is also discussing privately sourced project finance of up to \$15 million to complete the improved plant.

EL 5291 NHILL EXPLORATION

EL 5291 covers strong aeromagnetic and gravity features which represent the covered continuation of the Mount Staveley Volcanic Complex considered prospective for porphyry and VMS style mineralisation. Austpac has previously conducted magnetic and gravity geophysical surveys within the EL and completed 5 holes to test basement targets. Geologic and petrologic results are sufficiently encouraging to warrant further work.

The technical and financial Annual Reports for EL 5291 were lodged to support renewal of EL 5291, which expired on 4 August 2015. Austpac is awaiting the renewal of the tenement, which is expected during the current quarter.

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 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.

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")

30 SEPTEMBER 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 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	-	-
(d) Joint Venture Funding - Murray Basin	-	-
(e) R&D Tax Concession rebate	-	-
Receipts from Exploration	-	-
(a) -	-	-
1.2 Payments for		
(a) Exploration	-	-
(b) NIRP Mineral Technology Development	(109)	(109)
(c) ERMS - Other	-	-
(d) Murray Basin	-	-
(e) Gold	(36)	(36)
(f) Administration	(69)	(69)
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	(214)	(214)
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.	-	-
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	-	-
	Net increase (decrease) in cash held	(214)	(214)
1.20	Cash at beginning of quarter/year to date	415	415
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	201	201

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	100
	Funding - NIRP	(800)
4.3	Production	-
4.4	Administration	80
	Total	(620)

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	201	415
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	201	415

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	1,343,660,166	1,269,047,240		
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	19,926,923 22,540,000 - 52,072,926		\$0.01	\$0.01
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: 30 September 2015
(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.