



AUSTPAC RESOURCES N.L.
ACN 002 264 057

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28 July 2011

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 JUNE 2011

We are pleased to provide Quarterly Report for the period ended 30 June 2011 for immediate release.

Yours faithfully

N.J. Gaston
Company Secretary

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QUARTERLY REPORT TO 30 JUNE 2011

HIGHLIGHTS

- Early in the June 2011 quarter, Austpac secured funding from major titanium dioxide pigment producer, Kronos Worldwide Inc., for the construction of the Newcastle Iron Recovery Plant and for other development work at Austpac's Newcastle facilities.
- The project is funded entirely by equity and licence fee income with no project finance debt.
- Construction of the Iron Recovery Plant at Newcastle commenced in May 2011. Detailed engineering and design as well as ordering of key equipment is essentially complete. Construction of the new site drainage system is underway and concrete foundations for gas supply and additional facilities are now complete. Based on progress to date the project is over 30% complete
- Commissioning of the Plant will commence in the fourth quarter of 2011, and operations will commence in the first quarter of 2012.

THE NEWCASTLE IRON RECOVERY PLANT

Project Background and Funding

The Newcastle Iron Recovery Plant project commenced during the quarter following the mid-April 2011 signing of definitive agreements with Kronos International Inc., for the provision of \$12.5 million in funding for the construction, commissioning and initial operations of the Plant, together with other development work at Austpac's Newcastle facilities.

Initial funds were provided through two share issues totaling \$6.5 million, and a further \$6 million will be provided via a licence fee to enable Kronos to use Austpac's Enhanced Acid Regeneration System (EARS) and Metallisation/Austpac Reduced Iron ("ARI") processes at their titanium dioxide (TiO₂) pigment plants.

In April 2011, Austpac issued 11,470,588 shares to Kronos, which provided \$975,000 allowing the project to commence in May 2011.

An Extraordinary General Meeting of shareholders held on 23 May 2011 overwhelmingly approved the issue of a further 65 million shares to Kronos, which raised a further \$5,525,000 and completed the \$6.5 million share placement.

Kronos is now Austpac's largest shareholder with a 7% interest, while BHP Billiton remains the second largest with a 5% interest.

In late May 2011, an additional \$200,000 was also received from Kronos as the initial payment for the technology licence. The balance of the \$6 million will be drawn down as required by the project for construction, commissioning and additional process development work.

Project Progress

Achievements during the quarter included:

- A long term, 25 year lease has been signed for the Kooragang Island site, Newcastle.
- Key consultant reports to confirm final Plant design have been completed.

- Detailed engineering of the gasification, metallisation, hot solids transfer and carbon capture sections of the plant was completed.
- 3D modelling of the equipment layout has been undertaken to assist with Plant construction.
- The HAZOP study (plant hazards and operability) was completed and all recommendations were incorporated into the flow sheets.
- Procurement of major equipment items is well advanced, with all long lead time items ordered.
- Selection and ordering of instruments, electrical equipment and cables is progressing.
- Design of the structure and foundations for the briquetting section and the new plant room has been finalised, as has the northern extension to the process tower. Construction of these areas will commence in early August.
- A reinforced concrete slab has been poured in readiness for the relocation of the nitrogen and oxygen tanks and vaporizers.
- Repair and maintenance of existing equipment for re-use in the Plant (pumps, fans, tanks, heat exchangers, etc.) is well advanced.
- Regular technical and project progress reviews are being held with Kronos.

The Newcastle Iron Recovery project is advancing well and is over 30% complete. Commissioning of the Plant will commence in the fourth quarter of 2011, followed by operations in the first quarter of 2012. Production during commissioning and initial operations will be at reduced capacity; at full capacity the Plant will produce 19,000 tpa of high grade iron and over 7,000 tpa of hydrochloric acid. Based on current commodity prices it is estimated this will return \$7 million annually to Austpac.

MURRAY BASIN, VICTORIA

Discussions with geological staff at Geoscience Victoria have contributed to a better appreciation of the potential mineralisation within EL 5291, near Nhill in western Victoria. Previous detailed computer modelling and interpretation of low level aeromagnetic survey data acquired over EL 5291 is being used to assess the variations in the depth to the prospective basement lithologies.

Australian Zircon (AZC) has advised Austpac that it will conduct a drilling program at WIM 150 (EL 4521) to obtain approximately 16 tonnes of WIM150 ore for metallurgical testwork. Approval has been obtained from the Victorian DPI for the proposed program. AZC has also advised it has contracted Coffey Environments, CPG Mineral Technologies and AMC Consultants to undertake work on the WIM 150 Feasibility Study. The drilling and subsequent metallurgical testwork as well as progress in other areas will assist in the renewal of this tenement in December.

A decision by the WA Supreme Court is still pending in regard to the litigation by Australian Zircon.

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.

WINNER: 2008 National Mining Awards APPLIED TECHNOLOGY OF THE YEAR

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 JUNE 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from ERMS Funding		
(a) ERMS Licence Fee Income	200	200
(b) Funded Exercise - ERMS	61	353
(c) Funded Exercise - EARS	-	-
(d) Joint Venture Funding - Murray Basin	-	-
(e) R&D Tax Concession rebate	-	380
Receipts from Gold Funding	-	-
(a) China Gold J.V.	-	-
1.2 Payments for		
(a) Exploration	-	-
(b) ERMS Mineral Technology Development	(690)	(1,540)
(c) India	(-)	(-)
(d) Murray Basin	(20.3)	(381)
(e) Gold	(22)	(87)
(f) Administration	(533)	(2,462)
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	(1,004.3)	(3,537)
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.	6,500	8,809
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	6,500	8,809
	Net increase (decrease) in cash held	5,495.7	5,272
1.20	Cash at beginning of quarter/year to date	1,577.9	1,801.6
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	7,073.6	7,073.6

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	40
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	40
Development – India	-
4.2 Development - ERMS/EARS Demonstration Plant	3,000
Funding - ERMS/EARS	-
Funding - India/Murray Basin SR	-
4.3 Production	-
4.4 Administration	350
Total	3,390

+ See chapter 19 for defined terms.

Reconciliation of cash

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	7,073.6	1,577.9
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		7,073.6	1,577.9

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 <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	1,067,222,905	1,005,822,905	
7.4	Changes during quarter (a) Increases through issues (b) Increase in Share Purchase Plan Share Purchase Plan Balance	76,470,588 - 61,400,000		
7.5	+Convertible debt securities <i>(description)</i>			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	Options <i>(description and conversion factor)</i>		<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 <i>(totals only)</i>			
7.12	Unsecured notes <i>(totals only)</i>			

+ See chapter 19 for defined terms.

Compliance statement

- 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: 28 July 2011
(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.