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10 October 2013

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.
ANNUAL REPORT 2013

We are pleased to provide the 2013 Annual Report for Austpac Resources N.L. for immediate release.

Yours faithfully

N.J. Gaston
Company Secretary

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AUSTPAC RESOURCES N.L.

Annual Report 2013


AUSTPAC

Contents

Chairman's Review

The Newcastle Iron Recovery Plant has progressed significantly during the year. The profits and cash flow generated by the sale of EL 4521 to Orient Zirconic in December 2012 are being invested in the completion of construction of the Newcastle Iron Recovery Plant at Kooragang Island, Newcastle. As communicated to shareholders in regular updates and quarterly reports, the project has advanced quickly towards completion of construction and the commencement of commissioning.

The site civil works are finished, including driveways for truck access, bunkers for bulk mill scale delivery and iron briquette load-out, foundations for the high voltage transformer and the CO_2 stripping and absorption columns and the bunded tanker loading and dispatch station adjacent to the tank farm.

The Plant services room was completed with the installation of the blowers, compressors, waste heat boiler and hydraulic pumps, and electrical cabling to the equipment is well advanced. Installation of the pipework to connect low pressure and compressed air, water, steam, hydraulic oil and nitrogen to the process tower will commence once the fluid beds and other equipment is in place.

Erection of the north extension to the process tower has advanced and equipment has been installed as construction is completed, including the stoves which recover heat from the hot gas exiting the fluid bed coal gasifiers. The north tower houses the fluid beds which comprise the three elements of the EARS section of the Plant; evaporation, pyrohydrolysis and gasification-metallisation. Fabrication of these has been completed and they are being installed sequentially as erection is finalised.

The CO_2 stripping and absorption columns have been erected on the east side of the existing process tower and their internal fittings have been installed.

The 33 kVA high voltage transformer has been installed in a fire-proof structure alongside the Plant switch room, and the high voltage cables which connect the transformer via a 350m underground conduit to the switch room adjacent to the 33 kVA power supply are now in place.

The mill scale preparation area has been completed and commissioning of this section of the Plant has commenced using mill scale received from a steel mill.

The first commercial shipment of mill scale, comprising 20 tonnes of bagged material, was delivered to the Plant in September 2013, and is being used for initial commissioning. Bulk shipments of mill scale will commence in October 2013.

The Plant is approaching completion of construction and initial commissioning has commenced as described in the Directors' Report on Operations. Initial production is planned for the fourth quarter of 2013. The Newcastle Iron Recovery Plant will showcase Austpac's proprietary waste recycling process to the steel industry, and a number of mills have expressed interest in licencing the technology to treat wastes at their sites.

Austpac is also negotiating an agreement with a major corporation for the commercial use of the Company's iron recycling technology currently under development at Newcastle.

An independent valuation of the Austpac suite of technologies was completed in September 2013 and values the technologies in commercial settings at between $131 million and $161 million.

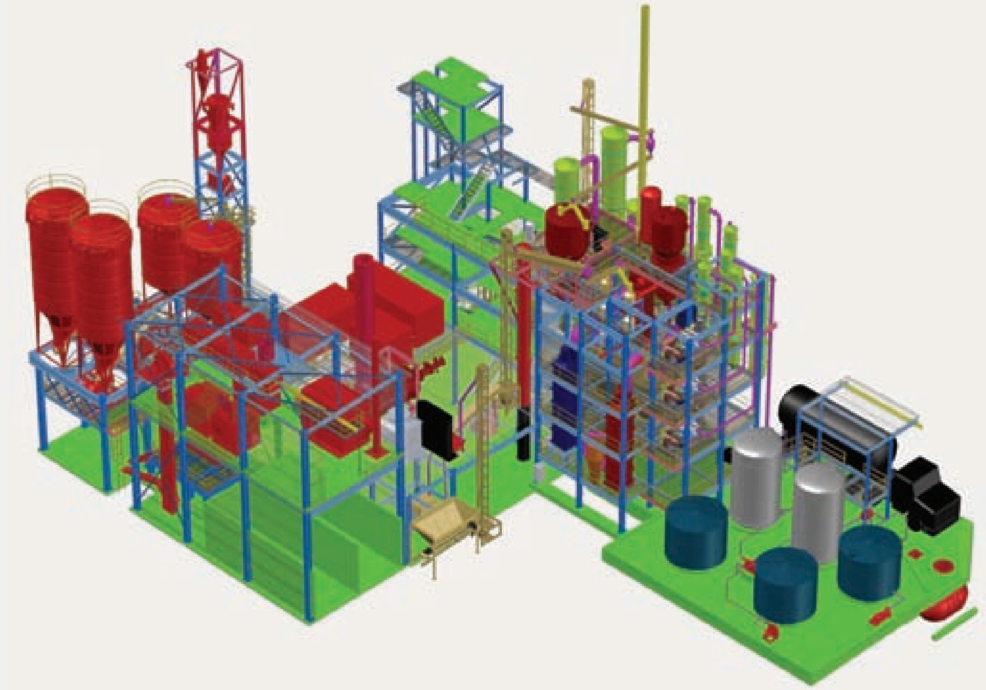
We look forward to commencement of commercial operations of the Newcastle Iron Recovery Plant in 2014.

T Cuthbertson
Chairman

Directors' Report on Operations

HIGHLIGHTS

- The Newcastle Iron Recovery Plant will have a capacity to recycle 17,000 tonnes per annum (tpa) of mill scale and 34,000 tpa spent pickle liquor from steel mills, and produce 18,000 tpa of iron chips or briquettes and 18,000 tpa of hydrochloric acid. The Plant will showcase Austpac's EARS acid recycling and iron reduction processes.
- In December 2012, Austpac received $7.5 million in cash representing proceeds of the sale of EL 4521 to Orient Zirconic Resources (Australia) Pty Ltd. These funds enabled the continuation of the construction of the Newcastle Iron Recovery Plant.
- In January 2013, detailed construction drawings were prepared for the extension of the process tower which houses the EARS acid regeneration and iron reduction/metallisation sections. At the end of the first quarter of 2013, equipment for the Plant was on site, in store, or in the suppliers' yards ready for delivery. A project construction team was on-site, and off-site fabrication of steelwork for the extension to the process tower and other equipment had commenced.
- By June 2013, substantial progress had been made with completion of civil works, construction of the Plant services room and installation of equipment, including the 33 kVA transformer at the Plant, the underground cables and the switch room adjacent to the 33 kVA switchyard, and erection of the steelwork for the process tower extension.
- By September 2013, the mill scale preparation section, which conditions this material prior to being fed into the Plant, had been completed and commissioning had commenced. Commissioning will continue as each section of the Plant is readied for operations, and initial production will follow in the fourth quarter of 2013.
- The Newcastle Iron Recovery Plant will demonstrate that Austpac's technologies are well placed to participate in additional opportunities in the steel and related industries. The industry continues to show considerable interest in the Company's technologies and two steel companies have already expressed an interest in licensing the Company's recycling processes.



3D diagram of the Newcastle Iron Recovery Plant

THE NEWCASTLE IRON RECOVERY PLANT

The Newcastle Iron Recovery Plant has been designed to recycle steel mill by-products such as mill scale, other iron oxide waste, and spent pickle liquor (iron chloride), in order to produce iron chips or briquettes and strong hydrochloric acid for sale to industry. The project commenced during the second quarter of 2011 and construction has continued through the year under review.

In the second half of 2012, a project review and process modelling resulted in a number of changes being made to the flowsheet to improve the operability and flexibility of the Plant and enable it to process a wider range of materials. These changes necessitated increasing the size of some equipment, and consequently the capacity of the iron chloride recycling section increased significantly, so when the Plant reaches full capacity it will produce 18,000 tonnes per annum (tpa) of iron and 18,000 tpa of hydrochloric acid.

During this period, modifications were incorporated into 3D drawings of the structure and equipment to assist construction and installation. Operating control sequences were finalised for the iron reduction section, and the design of the high temperature refractory distribution plates and tuyeres for the fluid beds in this section was completed. The Olds elevators for mill scale and coal handling were fully tested at the manufacturer's premises, and following minor modifications they were delivered to the Plant. Refurbishment included painting sections of the existing process tower, and reconditioning of the existing vibratory feeders, weigh feeders, gas analysis apparatus and the raw materials handling hoppers was also completed.

Construction of the Newcastle Iron Recovery Plant (NIRP) recommenced in January 2013 following the receipt of $7.5 million in cash in December 2012, representing proceeds of the sale of Exploration Licence 4521 in Victoria (WIM150) to Orient Zirconic Resources (Australia) Pty Ltd.

LAYOUT OF THE NEWCASTLE IRON RECOVERY PLANT

During the first quarter of 2013, construction schedules were finalised, the preparation of detailed construction drawings for the northern extension to the process tower progressed and revised quotes were obtained and orders were placed for the remaining equipment. The tower extension will house the four fluid bed vessels and ancillary equipment which comprise the acid regeneration and iron reduction (metallisation) sections and also support the CO_2 removal and the gas scrubbing equipment.

By the end of this quarter most of the equipment for the Plant, including all long lead time items, was either on site, in store, or awaiting delivery from the suppliers' yards. A project construction team had been formed, and off-site steel fabrication for the north tower and other structures had commenced. Work also started on the material handling systems for mill scale and coal delivery which includes conveyors, elevators and transfer bins. The remaining two silos which will store reduced iron chips and char were installed, as was the bucket elevator to transfer the briquetted iron product on the lower floor of the Plant services room, and site civil works commenced.

Installing the silo for the reduced iron product

Site civil works at the Plant were completed in July 2013. This included site stormwater drainage and overflow sumps, driveways for truck access to the product silos, bunkers for bulk mill scale delivery and iron briquette load-out, foundations for the high voltage transformer, and the CO_2 stripping and absorption columns, and the bunded tanker adjacent to the tank farm area for spent pickle liquor delivery and hydrochloric acid dispatch.

Pouring foundations for the CO_2 stripping and absorption columns

Pouring the slab for the bunded pickle liquor delivery and regenerated acid load-out area

The Plant services room was completed with the installation of the blowers, compressors, waste heat boiler and hydraulic pumps, and electrical cabling to the equipment commenced. The pipework necessary to connect low pressure and compressed air, water, steam, hydraulic oil and nitrogen to the process tower will be installed once the fluid beds and other equipment are in place.

The bulk oxygen and nitrogen storage tanks had been previously relocated and installed alongside the car park at the front of the site to facilitate access for the gas deliveries from BOC Australia. Nitrogen is used for process control and a review of the Plant's gas requirements indicated a larger supply was required in the event of an emergency shutdown. Consequently a larger vessel was installed. BOC also connected the nitrogen and oxygen vessel to a distribution control board in the Plant services room.

The Plant services room is above the briquetter and the iron briquette load-out bunker. The cooling tower and the holding tank for recycled water are on the right

The completed iron briquette load-out bunker is being used to store lock hoppers for the coal delivery system

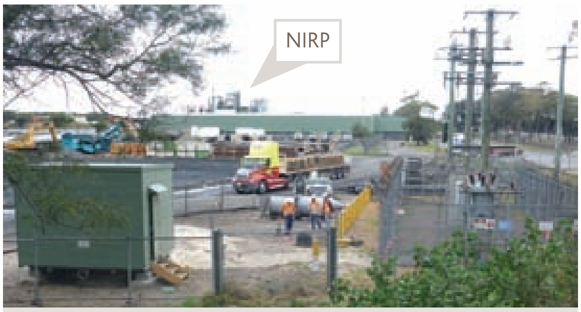
The Newcastle site is presently supplied with electricity from a 425A transformer connected to the 11 kVA power supply. Austpac has an allocation of 300A and the balance is used elsewhere on the site. However the NIRP at full capacity will draw 1,700A. This necessitated the purchase and installation in a fire-proof structure of a 2,000A 33 kVA transformer adjacent to the Plant and its connection to a high voltage switch room, which is located alongside the 33 kVA switchyard, via a 350m underground conduit. The HV switch room, the cables and the transformer have been installed and final connection to the grid is awaiting approval from the supply authority.

Installing the drive head of the bucket elevator used to transfer the briquetted iron product

Electrical connection of the blowers on the lower floor of the plant room is underway

Installing a larger nitrogen storage tank

The bulk nitrogen and oxygen storage tanks are now connected to the Plant services room

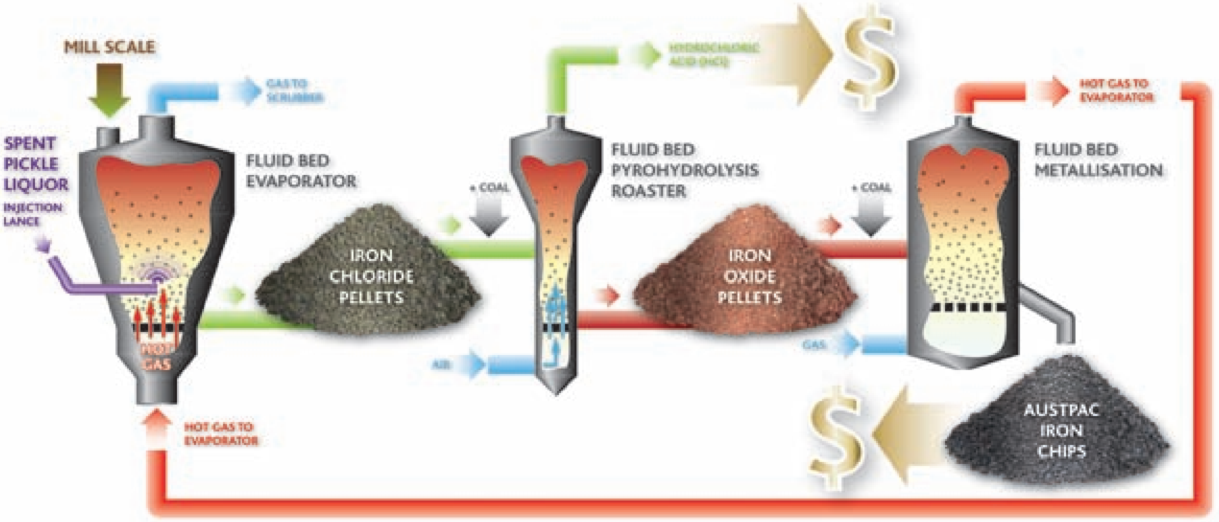


The 33 kVA switchyard and the high voltage switch room which is connected to the NIRP via a 350m underground cable

Drawing the cables from the HV transformer to the HV switch room for the 33 kVA power supply

The installation of the 2,000A, 33 kVA transformer and bunded housing is complete

AUSTPAC'S IRON RECOVERY PROCESS



Austpac's EARS acid regeneration and iron reduction process is illustrated above, and consists of an initial fluid bed evaporator fed with iron oxide (mill scale and/or iron oxide dusts) and spent pickle liquor, both by-products of steel making. Water is removed during this step. Agglomerated iron oxide/iron chloride particles are then transferred to a fluid bed pyrohydrolysis reactor operating at ~1,000˚C, which breaks the iron chloride down to hydrochloric acid gas (this is recovered using absorption columns) and iron oxide solids. The solids are then transferred to the metallisation section, where two fluid bed gasifiers reduce the iron oxide to metallic iron.

Preparing to install internal fittings into the CO_2 stripping and absorption columns

The gases from the metallisation section are passed through four stoves, which are used to recover heat from the hot exit gases, and then to CO_2 stripping and absorption columns supplied by the gas treatment specialists, Rhine Ruhr. The two columns, together with their internal packing, have been installed in the process tower and await connection to the Plant services room. The gases are combusted in an after-burner and the hot gas is used in a waste heat boiler to generate process steam. The exit gas is then scrubbed to ensure the discharge from the plant is well within environmentally acceptable limits.

Erection of the north tower extension to the process tower is advancing. The north tower houses the fluid bed and ancillary equipment which comprise the three elements of the EARS section of the Plant; namely evaporation, pyrohydrolysis and gasification-metallisation. Fabrication of these is well advanced and they will be installed sequentially as construction of the tower proceeds. The stoves to recover heat from the hot gas exiting the fluid bed coal gasifiers are in position and fully assembled.

Preparing the internal stainless steel trays for hoisting. The trays facilitate gas-liquid contact and achieve gas absorption in the columns

Installing the trays into the columns

View of a stove packed with refractory bricks prior to installation of the front cover

View of the Plant from the northwest, showing the mill scale handling section on the western wall, the structural steel for the north tower extension with the stove shells in position, the stove front covers stored in the completed bunded tanker delivery area (foreground), and the completed Plant services room (upper left centre)

A view of the NIRP from the west

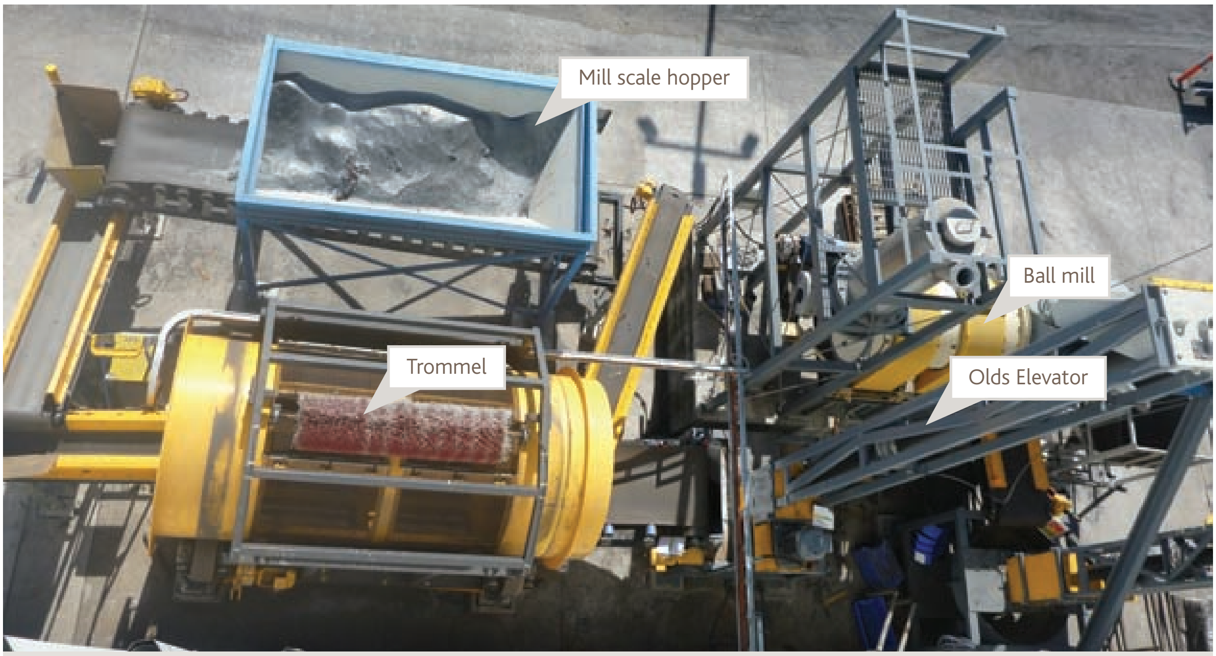
PLANT COMMISSIONING COMMENCES

The mill scale preparation section is located on the western wall of the Plant. Construction of this section has been completed and commissioning commenced in September 2013 using bagged mill scale which Austpac had previously received from a steel mill. The accompanying photographs illustrate the progress of the commissioning process. This will operate as follows:

- Raw mill scale will be delivered in bulk to a covered and bunded concrete bunker, the Mill Scale Storage Shed, and a front end loader will be used to transport the mill scale to the receival hopper in the mill scale preparation area.
- The raw mill scale is conveyed to a trommel to remove oversize material, and then to a ball mill to homogenise the scale before it is fed into the Plant via a series of vertical Olds elevators.

Charging the mill scale hopper

First feed from the mill scale hopper



Birds-eye view of the mill scale handling section of the Plant. Raw mill scale will be conveyed from the hopper to the trommel screen, then via an Olds elevator to the ball mill, preparatory to being elevated into the evaporation section in the Plant

- All equipment was individually tested before integrated commissioning commenced. Initial operations indicate this section is capable of handling up to 10 tonnes per hour, which is well in excess of the design capacity of the Plant. Operations of this section will continue to ensure the reliability of the materials handling system prior to commencing full operations at the Plant.

The first commercial shipment of mill scale, comprising 20 tonnes of bagged material, was delivered to the plant in September 2013, and is being used to continue commissioning.

The delivery of the first bulk shipment of 30 tonnes of mill scale is expected in early October 2013, and regular monthly shipments will follow.

The Newcastle Iron Recovery Plant is approaching completion of construction. Commissioning of the Plant has commenced as described above and will continue for at least three months as each section of the Plant becomes operable. Initial production is planned for the fourth quarter of 2013.

Unloading bagged mill scale

Mill scale (as received)

Feeding mill scale into the trommel

The first delivery of mill scale to the NIRP

Bunded bulk mill scale storage ready for first delivery

AUSTPAC'S TECHNOLOGIES – FUTURE DEVELOPMENTS

Steel Industry Opportunities

The Newcastle Iron Recovery Plant will showcase the EARS acid recycling and iron reduction processes, and the steel and related industries continue to show interest in these technologies and are closely following the development of the Plant.

- One steelmaker is interested in recovering iron from a waste dump of fine contaminated iron oxide. Initial pilot scale testing was positive with excellent metal recoveries. This company has requested Austpac to process a bulk sample of this material at the Plant and negotiations are well advanced for an agreement to cover this work and a licence to use the technology at mills operated by that group.
- A second company is interested in using the EARS acid regeneration and iron reduction processes at one of their plants in the USA to replace ageing equipment. This group has advised they intend to visit Newcastle to observe the Plant in operation, with a view to negotiating a technology licence.
- The Newcastle Plant will also be used to demonstrate that other industrial wastes, including mixed oxide fines from the steel industry and zinc-rich chloride liquors produced during galvanizing operations, can be recycled using Austpac's processes. Austpac has already successfully recycled these materials in pilot scale equipment, and commercial trials are expected to create further opportunities through licences or participation in recycling plants elsewhere.

It is anticipated that further opportunities for the technologies will emerge once the Newcastle Iron Recovery Plant reaches full capacity in 2014.

ERMS SR Synthetic Rutile Opportunities

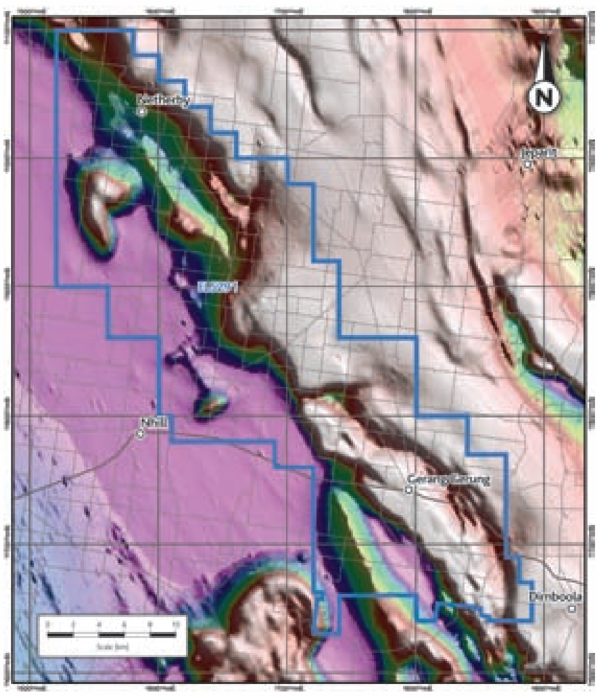
After the Plant is operating at full capacity, Austpac intends to produce bulk samples of very high grade synthetic rutile from roasted ilmenite the company holds at Newcastle. ERMS SR synrutile has been recognised by several manufacturers as a very attractive feedstock for the production of titanium sponge, the precursor to titanium metal. Austpac will work collaboratively with sponge manufacturers to produce synrutile at Newcastle for use in plant trials by several groups. The long term future for titanium metal is positive, underpinned by the aerospace industry, and a commercial ERMS SR plant to supply feedstock to titanium metal producers remains an important objective of the Company.

Austpac ERMS SR Synthetic Rutile

EXPLORATION LICENCE 5291 NHILL

In 2009, the Geological Survey of Victoria (GSV) published a report on the prospectivity for copper, gold and nickel in and around the Dimboola Arc Domain, a NNW trending belt of volcanic rocks covered by sediments of the Murray Basin in Western Victoria.

In August 2010, Austpac was granted EL 5291, covering a substantial portion of this geological target between the regional towns of Nhill and Dimboola. The tenement covers strong NNW-trending magnetic and gravity anomalies delineated by government survey data. These anomalies represent features within the ancient basement that underlie the much younger Murray Basin sediments, and they are believed to include extensions of the Mount Staveley Volcanic Complex which is very prospective for base metal mineralisation. The only previous investigation of the basement in the EL was in 1994, when a widely spaced drilling program tested a different exploration concept.



Area of EL 5291 superimposed on image of total magnetic intensity data

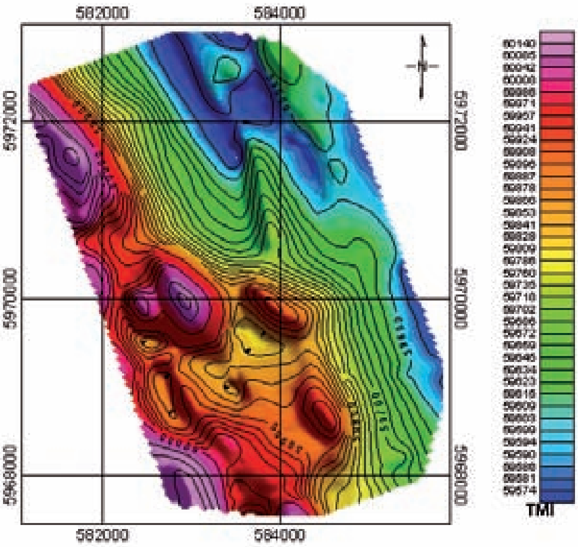
Late in 2012, an initial ground magnetic survey using a station spacing of 1m was undertaken along road reserves in the southeastern portion of EL 5291 to validate the concepts suggested by the GSV, based on an earlier airborne magnetic survey which used a station spacing of 50m. In February 2013, a systematic ground magnetic survey at 100m line and 1m station spacing was undertaken over an area south of Gerang Gerung.

The close-spaced survey provides much higher resolution presentation of the magnetic data than the airborne data, as shown in the accompanying image, and allows much more reliable models of the basement geology to be developed.

A new work program was approved by the Victorian Department of Primary Industry (DPI) and access agreements were obtained from local landowners and registered with the DPI to facilitate further exploration. Additional computer modelling of the detailed ground magnetics resulted in the finalisation of drillhole locations planned as an initial test for a geological setting conducive to significant base metal mineralisation.

During May 2013, three rotary drill holes were completed to test low amplitude magnetic anomalies in the southeastern portion of EL 5291. Each hole passed through a 120m thick blanket of young marine sediments before intersecting the very weathered top of the targeted Cambrian basement rocks. While the samples returned geochemically low analyses, petrology confirms that the intrusive igneous rocks at the base of holes are pyritised, veined and altered and further drilling is planned to test this permissive geological setting.

Ground magnetic survey operations following crop harvesting



Contoured image of high resolution ground magnetic results

SALE OF WIM150 PROJECT

On 15 August 2012, Austpac announced that the Company had placed 33 million shares at 6 cents each with Orient Zirconic Resources (Australia) Pty Ltd (Orient Zirconic) to raise $1.98 million.

Austpac and Orient Zirconic agreed that once Austpac's recycling technology is commercially proven at the Newcastle Iron Recovery Plant, for a period of 12 months they will jointly investigate the potential for commercial applications for that technology within the Chinese steel industry.

Austpac also announced on 15 August 2012 that the Company had agreed, subject to the consent of Australian Zircon N.L. as farminee under the WIM150 Farm-In Agreement, to sell Exploration Licence 4521 (EL 4521) to Orient Zirconic for $7.5 million. In November 2012, Australian Zircon consented to the sale and the transfer of the exploration licence to Orient Zirconic and on 19 December 2012, Austpac announced that the Victorian Minister for Minerals and Energy had approved the transfer of EL 4521 to Orient Zirconic, that the Company had received $7.5 million from Orient Zirconic, and that the funds would be used for the continuing construction of the Newcastle Iron Recovery Plant.

Schedule of Mining Tenements in Victoria at 30 September 2013

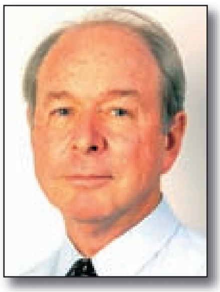
Nature of Title	Area	Name	Status
EL 5291	**559 sq km**	**Nhill**	**Granted 5/8/2010 for five years**

Directors' Report

The directors of Austpac Resources N.L., ('the company') A.C.N. 002 264 057, present their report together with the financial report of the company and of the consolidated entity, being the company and its controlled entities, for the financial year ended 30 June 2013 and the auditors' report thereon.

Directors

The directors of the company at any time during or since the end of the financial year are:



TERRY CUTHBERTSON *ACA* **Chairman**
Age 63

Mr Cuthbertson is currently Chairman of Montec International Limited, S2 Net Limited, Mint Wireless Ltd, and MyNetFone Ltd, South American Iron & Steel Ltd and OMI Ltd, and is a Non-Executive Director of Malachite Resources Ltd. He was previously Group Finance Director for Tech Pacific Holdings Pty Ltd which generated over $2 billion in revenues from operations throughout the Asia-Pacific Region. From 1986 to 1995 he was a Senior Partner of KPMG, specialising in strategic and corporate advice to major corporations. Mr Cuthbertson brings extensive international corporate experience to Austpac including a practical operating knowledge of business practices and structures in India, China and Southeast Asia.

Mr Cuthbertson was appointed a Director of Austpac Resources N.L. on 27 March 2001 and Chairman of Austpac Resources N.L. on 31 May 2004.

MICHAEL J. TURBOTT *BSc (Hons), FAusIMM, FAIG* **Managing Director**
Age 69

Mr Turbott was formerly a Director and Vice President of Kennecott Explorations (Australia) Ltd, and was in charge of the exploration programs that led to the discovery of the Lihir gold deposit in Papua New Guinea and to the acquisition and initial development of the Gordonstone (Kestrel) coal mine in the Bowen Basin, Queensland. His 45 years' experience in the mining industry has encompassed a wide variety of exploration and development projects in Australia, New Zealand, Papua New Guinea, Indonesia, Philippines, Canada and the USA.

Mr Turbott has been the Managing Director of Austpac Resources N.L. since its formation as an epithermal gold explorer in 1985. In 1988 Austpac became involved in the Westport ilmenite sand deposits in New Zealand. This led to the development of Austpac's proprietary ERMS roasting process to separate refractory ilmenite and, subsequently, to the patented EARS acid regeneration process. Under Mr Turbott's direction, since the mid 1990s Austpac has focused on its mineral sand technologies and has developed the ERMS SR process to produce very high grade synthetic rutile and a valuable iron co-product from ilmenite, a process to recover iron and hydrochloric acid from iron oxides and spent pickle liquor which are wastes produced by steel mills, a continuous leaching process, specialist know-how in low temperature roasting and in the treatment of iron minerals.

ROBERT J. HARRISON *FAICD* **Non-Executive Director**
Age 74

Mr Harrison has over 25 years' experience in the marketing of ilmenite, rutile and zircon. He was Managing Director of Consolidated Rutile Limited's marketing subsidiary Minerals Pty Limited for a number of years before forming the mineral sands marketing consultancy Mineralex Agencies Pty Limited, of which he is Managing Director. Since 1986 Mr Harrison has provided marketing support, market surveys, statistical analyses and product reviews for titanium dioxide feedstocks, titanium dioxide pigments and zircon to a range of significant producers and consumers of those products in Australia, India, Africa, Europe and the North America.

Mr Harrison was appointed a Director of Austpac Resources N.L. on 1 September 2004.

Company Secretary

Mr Gaston is a Chartered Secretary with 40 years listed public company experience including Lend Lease Corporation, Peko Wallsend Limited and American Metals Climax (AMAX).

Officers who were previously partners of the audit firm

Officers who were previously partners of the current audit firm KPMG, at the time when KPMG undertook an audit of the company – T. Cuthbertson who retired from KPMG in 1995.

Directors' Interests and Benefits

The relevant interest of each director in the share capital of the company at the date of this report and as notified by the directors to the Australian Stock Exchange in accordance with Section 205G(1) of the *Corporations Act 2001* was:

	Ordinary Shares	
	Direct	*Indirect*
Terry Cuthbertson	–	7,766,667
Michael J. Turbott	18,867,785	3,283,333
Robert J. Harrison	6,500,000	–

Directors' Meetings

The number of meetings held and attended by each of the directors of the company during the financial year are:

	Board Meetings *attended*	Board Meetings *held during the time the director held office*	Audit Committee		Remuneration Committee	
			Meetings attended	*Meetings held*	*Meetings attended*	*Meetings held*
Terry Cuthbertson	12	12	2	2	1	1
Michael J. Turbott	12	12	2 *	2	1 *	1
Robert J. Harrison	12	12	2	2	1	1

** Attended by invitation*

Principal Activities

The principal activity of the consolidated entity is the development of mineral processing technology and exploration and development of mineral sands deposits and gold deposits.

Review and Results of Operations

Operating and Financial Review

This report should be read in conjunction with the Chairman's Review, the Directors Report on Operations Pictorial, and Exploration Report in the front section of the 2013 Annual Report.

Operations

NIRP

The Newcastle Iron Recovery Plant which is currently approaching the completion of construction and commencement of commissioning has been funded by licence fees, equity capital and the sale of EL 4521 for $7.5 million in December 2012.

Production is planned for the last calendar quarter of 2013. At peak capacity the NIRP plant will produce 18,000 tpa of iron and 18,000 tpa of hydrochloric acid.

Technologies

The Austpac Resources N.L. suite of proprietary technologies has been developed over the last 20 years and embraces commercial value adding technology to beneficiate ilmenite to produce high grade synthetic rutile; and to recycle spent pickle liquor and mill scale steel industry waste to produce high grade hydrochloric acid and direct reduced iron.

The schedule and timetable of development of these technologies is to complete in 2013 construction and commissioning of the Newcastle Iron Recovery Plant which employs the EARS acid regeneration technology which produces acid and iron.

In 2014 negotiations will continue with international groups for the development of the next technology for production of synthetic rutile employing the ERMS technology.

Future Potential of Technologies To Be Further Developed

Synthetic rutile technology which has been developed by Austpac since the 1980s has application potential for the titanium pigment industry and the titanium sponge industry. Discussions continue with major overseas companies for these applications.

Following the completion of construction and commissioning of the Newcastle Iron Recovery Plant, Austpac will progress with technology licenses to the steel and related industries for use of the technologies utilized at the Newcastle plant.

Bulk trials leading to technology licences are planned for 2014.

Exploration Division

Austpac maintains a low cost diversified activity which includes mineral sand technology, steel industry technology, acid regeneration and iron products, gold and base metals exploration.

The exploration division generated the profit and cash flow to enable the Newcastle Iron Recovery Plant to reach completion. This low cost division has contributed to the longevity of the company through risk diversification.

Financial Position – Financial Performance

Austpac Resources N.L. reported a $3.7 million profit for the year ending 30 June 2013. This reflects the $6.7 million profit on the sale of EL 4521.

Austpac maintains a low cost corporate overhead and a small Newcastle technology team.

The consolidated balance sheet at 30 June 2013 includes $32 million of capitalised technology expenditure which includes the Newcastle Iron Recovery Plant.

An independent valuation at the time of this report values the suite of technologies in commercial settings at between $131.8 million and $161.2 million.

Financial Forecast

The 30 June 2013 working capital position is positive by $1,730,014 and represents an improved working capital position of $3,806,024 from June 2012.

Run of business creditors relating to the Newcastle Iron Recovery project of $1,250,761 have reduced from $2,617,109 at 30 June 2012.

Total liabilities at 30 June 2013 have reduced by $1,206,955 from 30 June 2012.

Austpac Resources N.L. continued a profitable trend through 2012 ($2.8 million profit) and 2013 ($3.7 million profit) and these profits were assisted by technology licence fee income and the sale of EL 4521, together with surplus funds invested for interest income.

Austpac Resources N.L. carries no structured or secured debt and all technology assets are unsecured.

Austpac Resources N.L. will look 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.

Risk Profile

Austpac Resources N.L. is a high risk emerging mineral and steel technology company.

Dividends

No dividends were paid or declared by the company during the year. The directors do not recommend the payment of a dividend.

State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year which are not disclosed in the Annual Report.

Subsequent Events

There are no events subsequent to the end of the financial year ending 30 June 2013 which materially affect the annual report.

Likely Developments

Except as described elsewhere in this Annual Report, further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Environmental Regulation

The consolidated entity's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its technology development.

The directors are not aware of any breach during the period covered by this report.

Options

During or since the end of the financial year no options have been granted by the company and there are no outstanding options on issue at the date of this report.

Indemnification and Insurance of officers and auditors

The company does not have a Directors' and Officers' insurance against liability which may arise from holding the position of Director or Officer.

The company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the company or related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Non-audit services

During the year KPMG, the company's auditor, has performed taxation services totaling $37,500 (2012: $37,500) in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 *Professional Independence*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

A copy of the Lead auditors' independence declaration as required under Section 307C of the Corporations Act, as provided on page 20, is included in the Directors' Report.

Remuneration Report (audited)

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

The Board remuneration policy is to ensure the remuneration package properly reflects the duties and responsibilities of the director. The Remuneration Committee ascertains non-executive Director remuneration and also staff remuneration which are separate and distinct. Remuneration is set by the Board of Directors. The company has a remuneration policy aimed at retention of key technical staff to ensure the progression and commercialisation of the company's technologies.

The company is managed by the Managing Director, supported by the Board of Directors. The company does not have senior executive staff. The company has no employees that are specified executives.

Executive Directors are solely remunerated by fixed remuneration packages, including base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles) as well as employer contributions to super funds.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain directors, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 22 November 2007 when shareholders approved an aggregate remuneration of $150,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually.

Each non-executive director either receives a fee for being a director of the company and, if other services are provided, under a consultancy agreement. An additional fee may be payable for each board committee on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees.

Non-executive directors have long been encouraged by the Board to hold shares in the company (purchased by the director on market or issued in lieu of fees at a market price). It is considered good governance for directors to have a stake in the company. The non-executive directors of the company can participate in the Employee Share Purchase Plan.

Consequences of performance on shareholder wealth

	2013	2012	2011	2010	2009
Profit attributable to owners of the Company	3,724,532	2,843,549	(2,909,149)	(2,638,301)	(1,712,616)
Share price	0.01	0.03	0.04	0.03	0.03

The overall level of compensation does not take into consideration the profit and/or share price. The overall level of compensation has remained at the same level since 2007 and Austpac Resources N.L. will re-evaluate the level of compensation when the mineral technologies have been commercialised.

Executive director remuneration

The company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company and so as to align the interests of executives with those of shareholders.

Remuneration consists of fixed remuneration only, and as such does not vary with the company's performance.

Fixed Remuneration

Objective

Remuneration is set by the Board of Directors and reflects a cost containment program implemented in January 2009.

Structure

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles) as well as employer contributions to super funds.

Variable Remuneration

There is no variable performance related remuneration.

Employment contracts

Currently no employee is employed under contract.

Details of the nature and amount of each major element of the emoluments of each director of the company for the year ending 30 June 2013 are:

2013		Short Term		Post Employment	
	Base	*Non Monetary Benefits*	*Consulting Fees*	*Super*	Total
	$	$	$	$	$
Mr M.J. Turbott	283,004	82,266	–	50,000	415,270
Mr T. Cuthbertson	70,000	–	35,000	–	105,000
Mr R. Harrison	50,000	–	35,000	–	85,000
	403,004	**82,266**	**70,000**	**50,000**	**605,270**

Details of the nature and amount of each major element of the emoluments of each director of the company for the year ending 30 June 2012 are:

2012		Short Term		Post Employment	
	Base	*Non Monetary Benefits*	*Consulting Fees*	*Super*	Total
	$	$	$	$	$
Mr M.J. Turbott	218,004	82,266	–	75,717	375,987
Mr T. Cuthbertson	70,000	–	35,000	–	105,000
Mr R. Harrison	50,000	–	35,000	–	85,000
	338,004	**82,266**	**70,000**	**75,717**	**565,987**

Non monetary benefits relate to motor vehicles during the financial year for the Managing Director and consultancy fees relate to additional services provided by Messrs Cuthbertson and Harrison for professional time in excess of normal Director duties.

Notsag Pty Limited, a company which provides corporate, financial, underwriting and guarantee services, employs Mr N. Gaston and provides his services as company secretary. Notsag Pty Limited received fees of $291,200 during the financial year ended 30 June 2013 ($291,200 – 2012).

Compensation levels for key management personnel are competitively set to attract and retain appropriately qualified and experienced personnel.

EMPLOYEE SHARE PLANS

Directors are entitled to participate in the Employee Share Purchase Plan when issues are proposed. All issues under the plan are approved in Annual General Meeting before being allocated. No shares were issued under the plan during the financial year ended 30 June 2013.

OTHER BENEFITS

Key management personnel receive additional benefits as non-cash benefits, as part of the terms and conditions of their appointment. The key management personnel receive non-cash benefits related to motor vehicles leases, and the Company pays fringe benefits tax on these benefits.

Signed at Sydney this twenty sixth day of September 2013 in accordance with a resolution of the Board of Directors of Austpac Resources N.L.

T. Cuthbertson	**M.J. Turbott**
Chairman	Managing Director

Lead Auditor's Independence Declaration

Under Section 307C of the *Corporations Act 2001*
Year ended 30 June 2013

To: the directors of Austpac Resources N.L.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been:

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

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

KPMG

Anthony Jones
Partner

Sydney

26 September 2013

Corporate Governance Statement

This Statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

Board of Directors

The Board is responsible for the overall Corporate Governance of the consolidated entity including formulating its strategic direction, establishing goals for management and monitoring the achievement of these goals. The Board has established a framework for the management of the consolidated entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

A description of the company's main corporate governance practices is set out below. All these practices were in place for the entire year.

Board Process

The Board usually holds 12 scheduled meetings every year plus any additional meetings as required. The agenda for Board meetings is prepared by the Company Secretary in conjunction with the Chairman and Managing Director. Standing agenda items include the Managing Director's report, financial report and project activity reports together with governance and compliance issues. Board papers are circulated in advance.

The monthly board papers include monthly and year to date financial reports for all projects and corporate expenditure. A monthly revised forecast for the financial year is presented at each Board Meeting and compared against approved budgets.

Twelve monthly budgets are submitted for the forthcoming financial year, three months in advance and reviewed three times for refinement and ultimate approval.

Three year and five year plans are maintained and revised in accordance with requirements and financial capability of the consolidated entity.

Composition of the Board

At the date of this report, the Board of Directors comprises a non-executive independent chairman, one independent Director and the Managing Director.

The members of the Board of Directors appear on page 14 of the Directors' Report with brief resumes and profiles. The Board elects Directors on the basis of Corporate requirements and project activity. High calibre independents with substantial experience at senior levels are sought when required. Directors are considered independent if they meet the following independent Directors standard:

- Is not a substantial shareholder of Austpac Resources N.L.;
- Has not within the last 3 years been employed in a senior capacity by Austpac Resources N.L. or been a director after ceasing to hold any such employment;
- Is not a principal or employee of a professional advisor to Austpac Resources N.L.;
- Is not a material supplier or customer of Austpac Resources N.L. or an officer of or directly or indirectly associated with a significant supplier or customer;
- Has no material contractual relationship with Austpac Resources N.L. or any of its associates other than as a director of Austpac Resources N.L.;
- Has no other interest or relationship that could interfere with the director's ability to act in the best interests of Austpac Resources N.L. and independently of management; and
- Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Austpac Resources N.L.

In this context the Board considers material, any director-related business relationship that is or is likely in the future to be more than 10 per cent of the director-related business's revenue.

All directors are expected to act in the best interests of Austpac Resources N.L.

The members of each Board Committee are independent Directors. The Audit Committee and the Remuneration Committee are chaired by an independent Director and are composed of independent Directors.

Board Committees

Two permanent Board Committees have been established to assist in the execution of the Board's responsibilities as described below. These are:

- Audit Committee;
- Remuneration Committee.

These Committees have charters which are reviewed on a regular basis. All Board members are free to attend any meeting of any Board Committee. All Committees have access to professional advice from the employees within Austpac Resources N.L. and from appropriate external advisors. Committees may meet these external advisors without Management being present.

The Board does not have a Nomination Committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a Nomination Committee can be adequately handled by the full board.

AUDIT COMMITTEE

The role of the Audit Committee is documented in a Charter which is approved by the Board of Directors. In accordance with this Charter, all members of the Committee must be non-executive directors with a majority being independent. The role of the Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity.

The Committee also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report.

The members of the Audit Committee during the year were:

- Mr T. Cuthbertson (Chairman)
- Mr R. Harrison

The profiles of these Directors are included on page 14 of the Directors' Report. The Directors of this Committee are independent Directors.

The external auditors, the Managing Director and Company Secretary, are invited to Audit Committee meetings. The Committee meets at least twice a year.

The responsibilities of the Audit Committee include:

- reviewing the financial report and other financial information distributed externally;
- monitoring corporate risk assessment processes;
- reviewing any new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- reviewing the nomination and performance of the auditor. The external auditors were appointed in 1985. The lead external audit engagement partner was last rotated in 2013;
- liaising with the external auditors and ensuring that annual and half-year statutory audits are conducted in an effective manner;
- monitoring the establishment of an appropriate internal control framework and considering enhancements;
- monitoring the establishment of appropriate ethical standards;
- monitoring the procedures in place to ensure compliance with the Corporations Act 2001 and Stock Exchange Listing Rules and all other regulatory requirements;
- addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, Australian Stock Exchange and financial institutions;
- reviewing reports on any major defalcations, frauds and thefts from the company and ensuring that the company's Internal Control Plan is adhered to;
- improving the quality of the accounting function.

The Audit Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year as follows:

Audit Planning

- To discuss the external audit plan;
- To discuss any significant issues that may be foreseen;
- To discuss the impact of any proposed changes in accounting policies on the financial statements;
- To review the nature and impact of any changes in accounting policies adopted by the consolidated entity during the year;
- To review the fees proposed for the audit work to be performed.

Prior to announcement of results

- To review the half-yearly and annual report prior to lodgment of those documents with the ASX, and any significant adjustments required as a result of the audit;
- To make the necessary recommendation to the Board for the approval of these documents.

Half-yearly and annual reporting

- To review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made;
- To review the draft financial report and the audit report and to make the necessary recommendation to the Board for the approval of the financial report.

The Managing Director and Company Secretary/Chief Financial Officer have declared in writing to the Board that Austpac Resources N.L. Financial Report for the year ended 30 June 2013 presents fairly, in all material respects, Austpac Resources N.L. financial condition and operational results and is in accordance with applicable Accounting Standards. The Committee has the power to conduct or authorise investigations into, or consult independent experts on, any matters within the Committee's scope of responsibility. The Committee has a documented charter which incorporates the ASX Best Practice Guidelines.

The Committee assists the Board to fulfill its corporate governance and disclosure responsibilities in relation to financial reporting, internal control structure, risk management systems and external audit. This includes:

- exercising oversight of the accuracy and completeness of the financial statements and their adequacy for security holders, compliance with the Corporations Act 2001, ASX Listing Rules and other regulatory requirements;
- making informed decisions regarding accounting policies, practices and disclosures;
- reviewing the scope and results of operational risk reviews and external audits;
- assessing the performance and adequacy of Austpac Resources N.L.'s internal control framework including accounting, compliance and operational risk management controls;
- annual review of the external auditor's performance taking into account the duration of the appointments, date of partner rotation, fees paid and considering matters requiring discussion in the absence of Management; and
- other related matters including monitoring insurance coverage, related party transactions and monitoring litigation other than in the normal course of business.

The Audit Committee also has responsibility for the oversight and monitoring of risk management. It is also responsible for the nomination and removal of external auditors. The following principles and practices are adopted:

- The external auditor must remain independent of Austpac Resources N.L. at all times;
- The external auditor is to be appointed to all controlled entities in the Group;
- The external auditor must not undertake staff recruitment or provide internal audit, management, or IT consulting services to Austpac Resources N.L.;
- The external auditor is not to provide non-audit services under which the auditor assumes the role of management, becomes an advocate for Austpac Resources N.L. or audits its own professional expertise;
- The external audit engagement partner and review partner will be rotated every five years.

The external auditor provides an annual declaration of independence as required by the *Corporations Act 2001*, which is consistent with Professional Statement F.1 of the Code of Professional Conduct as recognised by Australia's professional accounting bodies.

Risk Management

Oversight of the risk management system

The Board oversees the establishment, implementation and annual review of Austpac Resources N.L. risk management system with assistance from the Audit Committee. Management has established and implemented a risk management system for assessing, monitoring and managing operational financial reporting and compliance risk for Austpac Resources N.L.

Functional systems of risk management and reporting between project level, senior management and the Board of Directors have been established.

The Managing Director and the Company Secretary/Chief Financial Officer have declared, in writing to the Board, that Austpac Resources N.L.'s financial reporting, risk management and associated compliance and controls have been assessed and are operating efficiently and effectively.

During each Audit Committee meeting the Audit Committee reports to the Board on the status of risks through integrated risk management programmes aimed at ensuring all risks are identified, assessed and appropriately managed.

Risk Profile

In order to identify the material risks facing Austpac Resources N.L. and prioritise the actions necessary to mitigate these risks, an annual risk review is undertaken to identify, assess, monitor and manage the financial, operational and strategic risks.

Risk management and compliance and control

A robust risk management framework coupled with thorough internal reporting processes and highly qualified, competent and reliable staff provides Austpac Resources N.L. with a solid platform from which Austpac Resources N.L. manages the main areas of risk impacting the business.

Assessment of effectiveness

The effectiveness of risk management practices is assessed and reported to both Executive Management and the Audit Committee.

Commitment to shareholders and an informed market

The Board believes that security holders and the investment market generally, should be informed of all major business events that influence Austpac Resources N.L. in a timely and widely available manner. The full board of directors ensures that Austpac Resources N.L. meets its disclosure obligations under ASX Listing Rule 3.1.

Austpac Resources N.L. produces two sets of financial information annually; the half-yearly Financial Report for the six months to 31 December and the Annual Report and Financial Report for the year to 30 June. This is in addition to the Australian Stock Exchange quarterly working capital reports in July, October, January and April.

Shareholders have the right to attend the Annual General Meeting of Shareholders, usually held towards the end of November each year. Shareholders are provided with an explanatory memorandum on the resolutions proposed in the Notice of Meeting.

A copy of the Notice of Meeting is mailed to shareholders who are encouraged to vote on all resolutions. Unless specifically stated in the Notice of Meeting, all holders of securities are eligible to vote on all resolutions. In the event that shareholders cannot attend the Annual General Meeting of Shareholders they are able to lodge a proxy in accordance with the Corporations Act 2001. Proxy forms may be lodged by facsimile. Austpac Resources N.L.'s external auditor also attends the AGM and is available to answer any questions about the conduct of the audit and the audit report from security holders.

Staff and director trading in Austpac Resources N.L.'s securities

Austpac Resources N.L. Board members may only trade in Austpac Resources N.L.'s securities during a nominated trading window which is within three weeks after any announcement to the Australian Stock Exchange. At other times, they may trade with the concurrence of two Non-Executive Directors, one of which must be the Chairman. Trading in securities by Directors and senior staff at any time requires the consent of two Non-Executive Directors, one of which must be the Chairman. All other employees require the prior consent of the Managing Director to trade in securities.

Share trading policy

Austpac Resources N.L. approved a share trading policy on 10 January 2012. This policy was lodged with the Australian Securities Exchange on 10 January 2012.

REMUNERATION COMMITTEE

The Remuneration Committee meets in January each year or more frequently if Cost Containment programs are to be implemented. The members of the Remuneration Committee are:

- Mr T. Cuthbertson (Chairman)
- Mr R. Harrison

The profiles of these Directors are included on page 14 of the Directors' Report. The Directors of this Committee are independent Directors.

The Remuneration Committee assists the Board in ensuring that Austpac Resources N.L.'s remuneration levels are appropriate in the markets in which it operates and are applied fairly to attract and retain appropriately qualified and experienced directors and senior staff. The Committee obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies.

The Committee also has the responsibility to review and approve, on behalf of the Board, recommendations for annual staff remuneration made by Management and review and recommend to the Board:

- proposals for changes to remuneration policies and human resources issues which are referred to the Board by the Managing Director;
- remuneration recommendations relating to the Chairman, Non-Executive Directors, the Managing Director and senior Management, including incentive policies for the Managing Director and the senior Management team;
- Austpac Resources N.L. recruitment, retention and termination policies and procedures for senior Management;
- incentive schemes;
- superannuation arrangements;
- creation or amendment of any employee or executive share schemes; and
- the remuneration framework for Non-Executive Directors including the amount of directors' fees, any increase in the overall amount of directors' fees and any increase requiring security holder approval.

Code of conduct

The Group has advised each director, manager and employee to comply with the Group's Ethical Standards, covering:

- aligning the behaviour of the board and management with the code of conduct by maintaining appropriate core Group values and objectives

- fulfilling responsibilities to shareholders by delivering shareholder value
- usefulness of financial information by maintaining appropriate accounting policies, practices and disclosure
- fulfilling responsibilities to clients, customers and consumers by maintaining high standards of product quality, service standards, commitments to fair value, and safety of goods produced
- employment practices such as occupational health and safety, employment opportunity, training and education support, community activities, sponsorships and donations
- responsibilities to the individual, such as privacy, use of privileged or confidential information, and conflict resolution
- compliance with legislation including policies on legal compliance in countries where the legal systems and protocols are significantly lower than Australia's
- managing actual or potential conflicts of interest
- corporate opportunities such as preventing directors and key executives from taking improper advantage of property, information or position for personal gain
- reporting of unlawful or unethical behaviour including protection of those who report violations in good faith
- the processes for monitoring and ensuring the compliance with the code of conduct.

Diversity

The board is committed to having an appropriate blend of diversity on the board and in the Group's senior executive positions. The board has established a policy regarding gender, age, ethnic and cultural diversity.

The key elements of the diversity policy are as follows:

- increased gender diversity on the board and senior executive positions and throughout the Group;
- annual assessment of board gender diversity objectives and performance against objectives by the board and nomination committee.

Statements of Comprehensive Income

For the year ended 30 June 2013

Austpac Resources N.L. and its Controlled Entities		CONSOLIDATED		THE COMPANY	
		2013	2012	2013	2012
	Note	$	$	$	$
Continuing Operations					
Licence Fee Revenue		–	5,380,000	–	5,380,000
Other income	21	**6,399,138**	–	**6,399,138**	–
Administrative expenses		**(3,320,490)**	(2,961,357)	**(3,320,490)**	(2,961,357)
Results from operating activities		**3,078,648**	2,418,643	**3,078,648**	2,418,643
Financial income	2	**100,552**	119,405	**100,552**	119,405
Financial expenses	2	**(31,942)**	(39,084)	**(31,942)**	(39,084)
Net financing income	2	**68,610**	80,321	**68,610**	80,321
Profit attributable to owners of company		**3,147,258**	2,498,964	**3,147,258**	2,498,964
Income tax benefit	5	**577,274**	344,585	**577,274**	344,585
Profit attributable to owners of company		**3,724,532**	2,843,549	**3,724,532**	2,843,549
Other comprehensive income					
Other comprehensive income		–	–	–	–
Other comprehensive income for the period, net of income tax		–	–	–	–
Total comprehensive income for period attributable to owners of company		**3,724,532**	2,843,549	**3,724,532**	2,843,549
		cents	**cents**		
Basic and diluted earnings per share (cents)	7	**0.31**	0.26		

The Statements of Comprehensive Income are to be read in conjunction with the Notes to the Financial Statements set out on pages 30 to 44.

Statements of Changes in Equity

For the year ended 30 June 2013

Austpac Resources N.L. and its Controlled Entities	CONSOLIDATED and COMPANY		
	Share Capital	Accumulated Losses	Total Equity
	$	$	$
Balance at 1 July 2011	77,598,554	(54,085,258)	23,513,296
Profit attributable to owners of company	–	2,843,549	2,843,549
Other comprehensive income for period attributable to owners of company	–	–	–
Shares issued	1,158,000	–	1,158,000
Balance at 30 June 2012	**78,756,554**	**(51,241,709)**	**27,514,845**
Balance at 1 July 2012	78,756,554	(51,241,709)	27,514,845
Profit attributable to owners of company	–	3,724,532	3,724,532
Other comprehensive income for period attributable to owners of company	–	–	–
Shares issued	2,906,000	–	2,906,000
Balance at 30 June 2013	**81,662,554**	**(47,517,177)**	**34,145,377**

The Statements of Changes in Equity are to be read in conjunction with the Notes to the Financial Statements as set out on pages 30 to 44.

Statements of Financial Position

As at 30 June 2013

Austpac Resources N.L. and its Controlled Entities		CONSOLIDATED		THE COMPANY	
		2013	2012	2013	2012
	Note	$	$	$	$
ASSETS					
Cash and cash equivalents	8	**2,726,781**	240,189	**2,726,781**	240,189
Other receivables	9	**1,400,477**	1,216,616	**1,400,477**	1,216,616
Total Current Assets		**4,127,258**	1,456,805	**4,127,258**	1,456,805
Property, plant and equipment	11	**361,625**	434,630	**361,625**	434,630
Intangible assets	12	**32,346,679**	29,520,550	**32,346,679**	29,520,550
Total Non-Current Assets		**32,708,304**	29,955,180	**32,708,304**	29,955,180
Total Assets		**36,835,562**	31,411,985	**36,835,562**	31,411,985
LIABILITIES					
Trade and other payables	13	**1,250,761**	2,617,109	**1,250,761**	2,617,109
Loans and borrowings	14	**71,520**	73,141	**71,520**	73,141
Employee benefits	15	**1,074,963**	842,565	**1,074,963**	842,565
Total Current liabilities		**2,397,244**	3,532,815	**2,397,244**	3,532,815
Loans and borrowings	14	**292,941**	364,325	**292,941**	364,325
Total Non-Current Liabilities		**292,941**	364,325	**292,941**	364,325
Total Liabilities		**2,690,185**	3,897,140	**2,690,185**	3,897,140
Net Assets		**34,145,377**	27,514,845	**34,145,377**	27,514,845
EQUITY					
Issued capital	16	**81,662,554**	78,756,554	**81,662,554**	78,756,554
Accumulated losses		**(47,517,177)**	(51,241,709)	**(47,517,177)**	(51,241,709)
Total equity		**34,145,377**	27,514,845	**34,145,377**	27,514,845

The Statements of Financial Position are to be read in conjunction with the Notes to the Financial Statements set out on pages 30 to 44.

Statements of Cash Flows

For the year ended 30 June 2013

	Note	CONSOLIDATED		THE COMPANY	
		2013	2012	2013	2012
		$	$	$	$
Cash Flows from Operating Activities					
Licence Fee Income		–	5,380,000	–	5,380,000
Cash paid to suppliers and employees		**(4,326,314)**	(1,112,285)	**(4,326,314)**	(1,112,285)
Interest received		**94,258**	119,405	**94,258**	119,405
Interest paid		**(31,942)**	(39,084)	**(31,942)**	(39,084)
Income tax refund received		**344,585**	307,636	**344,585**	307,636
Net cash from operating activities	22	**(3,919,413)**	4,655,672	**(3,919,413)**	4,655,672
Cash Flows from Investing Activities					
Proceeds on sale of EL 4521		**7,500,000**	–	**7,500,000**	–
Payments for intangible assets:					
Mineral Technology Development		**(3,789,098)**	(10,894,961)	**(3,789,098)**	(10,894,961)
Exploration and Evaluation		**(137,758)**	(53,519)	**(137,758)**	(53,519)
Net cash from investing activities		**(3,573,144)**	(10,948,480)	**(3,573,144)**	(10,948,480)
Cash Flows from Financing Activities					
Proceeds from issue of share capital		**2,906,000**	1,004,000	**2,906,000**	1,004,000
Payment of finance lease liabilities		**(73,139)**	(73,555)	**(73,139)**	(73,555)
Net cash from financing activities		**2,832,861**	930,445	**2,832,861**	930,445
Net increase/(decrease) in cash held		**2,486,592**	(5,362,363)	**2,486,592**	(5,362,363)
Cash and cash equivalents at 1 July		**240,189**	5,602,552	**240,189**	5,602,552
Cash and cash equivalents at 30 June		**2,726,781**	240,189	**2,726,781**	240,189

The Statements of Cash Flows are to be read in conjunction with the Notes to the Financial Statements set out on pages 30 to 44.

Notes to the Financial Statements

For the year ended 30 June 2013

Note 1: Significant Accounting Policies

(A) SIGNIFICANT ACCOUNTING POLICIES

Austpac Resources N.L. (the "company") is a company domiciled in Australia. The consolidated financial report of the company for the year ended 30 June 2013 comprises the company and its subsidiaries (the "consolidated entity"). The consolidated entity is a for profit entity, and is primarily involved in the development of mineral processing technology and exploration of mineral sand deposits and gold deposits.

Austpac Resources N.L. principal registered office is Level 3, 62 Pitt Street, Sydney NSW 2000.

The financial report was authorised for issue by the directors on 26 September 2013.

Statement of Compliance

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The company and the consolidated entity's financial report also complies with the International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board.

(B) BASIS OF PREPARATION

The financial report is presented in Australian dollars, which is the company's functional currency.

The financial report is prepared on the historical cost basis.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report.

(C) 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 a material 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.

(D) BASIS OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial report from the date that control commences until the date that control ceases.

In the company's financial statements, investments in subsidiaries are carried at the lower of cost or recoverable amount.

(ii) Jointly controlled operations and assets

The interest of the consolidated entity in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

(iii) Transactions eliminated on consolidation

All intragroup balances and transactions, including any unrealised gains or losses are eliminated on consolidation.

(E) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(F) PROPERTY, PLANT AND EQUIPMENT

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1 (K)). The carrying amount of property, plant and equipment is reviewed annually by directors to ensure that it is not in excess of the recoverable amount from those assets. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between proceeds from disposal and the carrying amount of the item) is recognized in the Statement of Comprehensive Income.

Leased assets

Leases in terms of which the consolidated entity assumes substantially all of the risks and rewards of ownership are classified as finance leases. The property acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

- fixtures and fitting, and property, plant and equipment 7 years
- leased plant and equipment and motor vehicles 10 years

The residual value and actual lives are assessed at each reporting date.

(G) INTANGIBLE ASSETS – MINERAL TECHNOLOGY DEVELOPMENT

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statements of comprehensive income as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the statement of comprehensive income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy 1(K)).

Amortisation

Mineral technology development assets are not currently being amortised as the policy applied by the consolidated entity is to amortise these assets on a systematic basis over projected revenue streams once commercial licence agreements have been agreed.

(H) INTANGIBLE ASSETS – EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations, in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment, accounting policy 1(K)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

(I) TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs, subsequent to initial recognition, these assets are measured at amortised cost less impairment losses (see accounting policy 1 (K)).

(J) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash balances and call deposits.

(K) IMPAIRMENT

The carrying amounts of the consolidated entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

Recoverable amounts are estimated annually for intangible assets not yet available for use. An impairment loss is recognised where the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of comprehensive income.

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(L) EMPLOYEE BENEFITS

Liabilities for employee entitlements for wages, salaries and annual leave represent present obligations resulting from employees' services up to reporting date, calculated on undiscounted amounts based on current wage and salary rates, including related on-costs. Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in the statement of comprehensive income in the periods during which services are rendered by employees. Obligations for employee benefits that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(M) PROVISIONS

Provisions are recognised in the statement of financial position when the consolidated entity has a present legal or constructive obligation and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

(N) TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value plus any directly attributable costs, subsequent to initial recognition, these liabilities are measured at amortised cost.

(O) REVENUE

Revenue from License Fees are recognised in the profit or loss initially in proportion to the stage of completion of the transaction at the reporting date, then once completed on a straight line basis over the life of the agreement. The stage of completion is assessed by reference to surveys of work performed, when the work performed cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable in accordance with the underlying agreement.

(P) EXPENSES

Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

Net financing costs

Interest income and expense is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

(Q) INCOME TAX

Income tax on the profit/(loss) for the years presented comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at balance date and any adjustment to tax payable in respect of previous years. Deferred assets and liabilities are recognised for temporary differences between the tax values of assets and their carrying amounts in the financial statements.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(R) DERIVATIVES

The consolidated entity is exposed to changes in interest rates and commodity prices from its activities. The consolidated entity does not hedge these risks.

(S) SEGMENT REPORTING

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

(T) ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Recoverability of intangible assets

The carrying amount of intangible assets relating to mineral technology development and exploration and development total $32,346,679 ($29,520,550 – 2012). The consolidated entity assesses intangibles which are not being amortised annually in accordance with the accounting policy in note 1(K). The ultimate recoupment of cost carried forward are dependent upon the successful development and commercial exploitation or sale of the respective areas and technology.

(U) GOODS AND SERVICES TAX

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financial activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(V) NEW STANDARDS/INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these financial statements.

None of these new standards, amendments and interpretations is expected to have any significant impact on the financial statements of the company and consolidated entity.

	CONSOLIDATED		THE COMPANY	
	2013	2012	2013	2012
	$	$	$	$
Note 2: Net Financing Costs				
Interest income	**100,552**	119,405	**100,552**	119,405
Interest expense	**(31,942)**	(39,084)	**(31,942)**	(39,084)
Net financing income	**68,610**	80,321	**68,610**	80,321
Note 3: Auditors' Remuneration				
Audit Services – KPMG Australia				
– Audit and review of financial reports	**75,000**	70,000	**75,000**	70,000
Other Services				
Auditors of the company – KPMG Australia				
– Taxation services	**37,500**	37,500	**37,500**	37,500
	112,500	107,500	**112,500**	107,500
Note 4: Personnel Expenses				
Wages and salaries	**1,345,974**	1,178,411	**1,345,974**	1,178,411
Contributions to defined contribution superannuation funds	**153,683**	226,842	**153,683**	226,842
Increase in liability for employee benefits	**232,128**	141,584	**232,128**	141,584
	1,731,785	1,546,837	**1,731,785**	1,546,837
Note 5: Income Tax Expense				
Recognised in the statement of comprehensive income				
Current tax (benefit) / expense				
Current period income tax (benefit) / expense	**944,177**	749,689	**944,177**	749,689
R&D Refund	**577,274**	344,585	**577,274**	344,585
Utilisation of previously unrecognised tax loss	**(944,177)**	(749,689)	**(944,177)**	(749,689)
Income tax benefit in statement of comprehensive income	**577,274**	344,585	**577,274**	344,585
Numerical reconciliation between tax benefit and pre-tax net profit / loss				
Profit / (Loss) before tax	**3,147,258**	2,498,964	**3,147,258**	2,498,964
Prima facie income tax benefit / (expense) using the domestic corporation tax rate of 30%	**(944,177)**	(749,689)	**(944,177)**	(749,689)
Non-deductible expenses	**(465,024)**	(257,810)	**(465,024)**	(257,810)
R&D Refund	**577,274**	344,585	**577,274**	344,585
Utilisation of previously unrecognized tax losses	**1,409,201**	1,007,499	**1,409,201**	1,007,499
Income tax benefit on pre-tax net profit / loss	**577,274**	344,585	**577,274**	344,585

Note 6: Deferred Tax Assets and Liabilities

	CONSOLIDATED		THE COMPANY	
	2013	2012	2013	2012
	$	$	$	$
Deferred tax assets and (liabilities) are attributable to the following:				
Mineral technology development	**(2,346,965)**	(2,208,146)	**(2,346,965)**	(2,208,146)
Exploration and evaluation	**–**	(288,452)	**–**	(288,452)
Employee benefits	**322,489**	252,769	**322,489**	252,769
Unused tax losses	**2,024,476**	2,243,829	**2,024,476**	2,243,829
Net tax (asset)/liability	**–**	–	**–**	–
Deferred tax assets not recognised				
Deferred tax assets not recognised because it is probable that the benefits will be utilised against future taxable profits comprise:				
Unused tax losses	**949,951**	2,076,477	**949,951**	2,076,477

The deductible temporary differences do not expire under the current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilize the benefits therefrom.

Note 7: Earnings Per Share

The calculation of basic and diluted earnings per share at 30 June 2013 was based on the profit/(loss) attributable to ordinary shareholders of $3,724,532 (2012: $2,843,549) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2013 of 1,189,808,979 (2012: 1,098,255,761), calculated as follows:

	CONSOLIDATED	
	2013	2012
	No. of shares	No. of shares
Weighted average number of shares		
Issued ordinary shares at 1 July	**1,134,921,029**	1,086,054,367
Effect of shares issued	**54,887,950**	12,201,394
Weighted average number of ordinary shares at 30 June	**1,189,808,979**	1,098,255,761
Earnings per share	**2013 cents**	**2012 cents**
Basic and diluted earnings per share	**0.31**	0.26

	CONSOLIDATED		THE COMPANY	
	2013	2012	2013	2012
	$	$	$	$
Note 8: Cash and Cash Equivalents				
Bank balances	**2,726,781**	240,189	**2,726,781**	240,189
Note 9: Other Receivables				
Current				
Other receivables	**1,400,477**	1,216,616	**1,400,477**	1,216,616

Note 10: Consolidated Entities

PARTICULARS IN RELATION TO THE COMPANY AND ITS CONTROLLED ENTITIES

		HOLDING	
		2013	2012
Parent Entity:	Austpac Resources N.L.		
Significant Subsidiaries:	Almeth Pty Ltd	**100%**	100%
	Austpac Technology Pty Ltd	**100%**	100%

All controlled entities are incorporated in Australia and carry on business in Australia.

Note 11: Property, Plant and Equipment

	CONSOLIDATED			THE COMPANY		
	Plant and Equipment	Fixtures and Fittings	Total	Plant and Equipment	Fixtures and Fittings	Total
	$	$	$	$	$	$
Cost						
Balance at 1 July 2011	1,536,481	61,926	1,598,407	1,536,481	61,926	1,598,407
Acquisitions	147,695	–	147,695	147,695	–	147,695
Disposals	(167,750)	–	(167,750)	(167,750)	–	(167,750)
Balance at 30 June 2012	1,516,426	61,926	1,578,352	1,516,426	61,926	1,578,352
Balance at 1 July 2012	1,516,426	61,926	1,578,352	1,516,426	61,926	1,578,352
Acquisitions	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
Balance at 30 June 2013	**1,516,426**	**61,926**	**1,578,352**	**1,516,426**	**61,926**	**1,378,352**
Depreciations and impairment losses						
Balance at 1 July 2011	1,108,815	61,455	1,170,270	1,108,815	61,455	1,170,270
Depreciation for the year	72,576	471	73,047	72,576	471	73,047
Depreciation on disposal	(99,595)		(99,595)	(99,595)		(99,595)
Balance at 30 June 2012	1,081,796	61,926	1,143,722	1,081,796	61,926	1,143,722
Balance at 1 July 2012	1,081,796	61,926	1,143,722	1,081,796	61,926	1,143,722
Depreciation for the year	73,005	–	73,005	73,005	–	73,005
Depreciation on disposal	–	–	–	–	–	–
Balance at 30 June 2013	**1,154,801**	**61,926**	**1,216,727**	**1,154,801**	**61,926**	**1,216,727**
Carrying amounts						
At 1 July 2011	427,666	471	428,137	427,666	471	428,137
At 30 June 2012	434,630	–	434,630	434,630	–	434,630
At 1 July 2012	434,630	–	434,630	434,630	–	434,630
At 30 June 2013	**361,625**	**–**	**361,625**	**361,625**	**–**	**361,625**

The consolidated entity leases motor vehicles under finance lease agreements. At 30 June 2013 the net carrying amount of the leased motor vehicles, classified under plant and equipment was $361,625 (2012: $434,630). The leased equipment secures lease obligations (see note 18).

Note 12: Intangible Assets

	CONSOLIDATED			THE COMPANY		
	Mineral Technology Development	Exploration and Evaluation	Total	Mineral Technology Development	Exploration and Evaluation	Total
	$	$	$	$	$	$
Balance at 1 July 2011	17,506,265	907,990	18,414,255	17,506,265	907,990	18,414,255
Expenditure	11,052,776	53,519	11,106,295	11,052,776	53,519	11,106,295
Balance at 30 June 2012	**28,559,041**	**961,509**	**29,520,550**	**28,559,041**	**961,509**	**29,520,550**
Balance at 1 July 2012	28,559,041	961,509	29,520,550	28,559,041	961,509	29,520,550
Expenditure	3,787,638	139,353	3,926,991	3,787,638	139,353	3,926,991
Sale of EL4521	–	(1,100,862)	(1,100,862)	–	(1,100,862)	(1,100,862)
Balance at 30 June 2013	**32,346,679**	**–**	**32,346,679**	**32,346,679**	**–**	**32,346,679**

Austpac Resources N.L. mineral technology development relates to the Newcastle Iron Recovery Plant which employs the EARS acid regeneration technology, as well as ERMS mineral technology development. The mineral technology development was valued by Halligans Associates, an independent valuer, at 30 June 2013 between $131.8 million to $161.2 million. The ultimate recoupment of costs carried forward are dependent upon the successful development and commercial exploitation of the technology.

Exploration and evaluation expenditure relates to EL 4521. Refer to Note 21 for further details.

Note 13: Trade and Other Payables

	CONSOLIDATED		THE COMPANY	
	2013	2012	2013	2012
	$	$	$	$
Other trade payables and accrued expenses	**1,250,761**	2,617,109	**1,250,761**	2,617,109

Note 14: Loans and Borrowings

This note provides information about the contractual terms of the consolidated entity's loans and borrowings.
For more information about the consolidated entity's exposure to interest rates, see note 24.

	CONSOLIDATED		THE COMPANY	
	2013	2012	2013	2012
Current Liabilities				
Finance lease liabilities	**71,520**	73,141	**71,520**	73,141
Non-Current Liabilities				
Finance lease liabilities	**292,941**	364,325	**292,941**	364,325

The consolidated entity's lease liabilities are secured by the leased assets of $361,625, per Note 11, (2012: $434,630), as in the event of a default, the assets revert to the lessor.

Note 15: Employee Benefits

	CONSOLIDATED		THE COMPANY	
	2013	2012	2013	2012
Current				
Liability for long service leave	**424,675**	356,305	**424,675**	356,305
Liability for annual leave	**650,288**	486,260	**650,288**	486,260
	1,074,963	842,565	**1,074,963**	842,565

Note 16: Contributed Equity

	CONSOLIDATED		THE COMPANY	
	2013	2012	2013	2012
	$	$	$	$
Issued and paid up Capital				
1,120,154,367 (2012: 1,058,121,029) ordinary shares fully paid	**80,860,054**	77,954,054	**80,860,054**	77,954,054
76,800,000 (2012: 76,800,000) ordinary shares paid to $0.01	**802,500**	802,500	**802,500**	802,500
	81,662,554	78,756,554	**81,662,554**	78,756,554
Movements in Ordinary Share Capital				
Balance at the beginning of the financial year	**78,756,554**	77,598,554	**78,756,554**	77,598,554
Shares Issued:				
Placement of 23,533,338 ordinary shares to Australian investors at 3 cents each (part of 57 million – July 2012)	**706,000**	–	**706,000**	–
Placement of 33,000,000 ordinary shares to Orient Zirconic Resources (Australia) Pty Ltd at 6 cents each – August 2012	**1,980,000**	–	**1,980,000**	–
Placement of 5,500,000 ordinary shares to Australian investors at 4 cents each – December 2012	**220,000**	–	**220,000**	–
Staff Share Purchase Plan 15,400,000 at 4.75 cents each – November 2011		154,000		154,000
Placement of 33,466,662 ordinary shares to Australian Investors at 3 cents each (part of 57 million) – June 2012		1,004,000		1,004,000
	81,662,554	78,756,554	**81,662,554**	78,756,554

Share issues made during the year were to increase the working capital of the company and to develop the Newcastle Iron Recovery Plant.

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.

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 $7,537,623 (2012: $6,788,623). In the event of winding up, ordinary shareholders rank after creditors.

Dividends

No dividends were declared or paid during the financial year ended 30 June 2013.

Note 17: Commitments

Exploration and evaluation expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the company and consolidated entity are required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report and are payable:

	CONSOLIDATED		THE COMPANY	
	2013	2012	2013	2012
	$	$	$	$
Less than one year	**126,453**	129,936	**126,453**	129,936
Between one and five years	**194,859**	321,659	**194,859**	321,659
More than five years	**–**	–	**–**	–
	321,312	451,595	**321,312**	451,595

Note 18: Lease Liabilities

Lease (Capital – Finance)

Lease commitments in respect of capitalised finance leases are payable as follows:

	CONSOLIDATED		THE COMPANY	
	2013	2012	2013	2012
	$	$	$	$
Less than one year	**71,520**	73,141	**71,520**	73,141
Between one and five years	**292,941**	364,325	**292,941**	364,325
More than five years	**–**	–	**–**	–
	364,461	437,466	**364,461**	437,466

Lease liabilities do not include $31,103 (2012: $31.943) for interest payable not later than one year. Lease liabilities include $38,789 (2012: $82.467) for interest payable later than one year but not later than five years.

The consolidated entity leases equipment under finance leases expiring from one to four years. At the end of the lease term the consolidated entity has the option to purchase the equipment at 40% of cost.

Operating Leases

Leases as lessee

Non–cancelable operating lease rentals are payable as follows:

	CONSOLIDATED		THE COMPANY	
	2013	2012	2013	2012
	$	$	$	$
Less than one year	**267,594**	250,174	**267,594**	250,174
Between one and five years	**766,530**	998,452	**766,530**	998,452
More than five years	**–**	–	**–**	–
	1,034,124	1,248,626	**1,034,124**	1,248,626

The consolidated entity leases property at Kooragang Island and office property in Sydney.

During the year ended 30 June 2013, $257,844 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2012: $244,859).

Note 19: Key Management Personnel Disclosures

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors: Mr T. Cuthbertson (Chairman)
Mr R. Harrison

Executive directors: Mr M. Turbott

Details of the nature and amount of each major element of the emoluments of each director of the company for the year ending 30 June 2013 are:

2013	Base	Short Term *Non Monetary Benefits*	*Consulting Fees*	Post Employment *Super*	Total
	$	$	$	$	$
Mr M.J. Turbott	283,004	82,266	–	50,000	415,270
Mr T. Cuthbertson	70,000	–	35,000	–	105,000
Mr R. Harrison	50,000	–	35,000	–	85,000
	403,004	**82,266**	**70,000**	**50,000**	**605,270**

Details of the nature and amount of each major element of the emoluments of each director of the company for the year ending 30 June 2012 are:

2012	Base	Short Term *Non Monetary Benefits*	*Consulting Fees*	Post Employment *Super*	Total
	$	$	$	$	$
Mr M.J. Turbott	218,004	82,266	–	75,717	375,987
Mr T. Cuthbertson	70,000	–	35,000	–	105,000
Mr R. Harrison	50,000	–	35,000	–	85,000
	338,004	**82,266**	**70,000**	**75,717**	**565,987**

Non monetary benefits relate to motor vehicles during the financial year for the Managing Director. Consultancy fees relate to additional services provided by Messrs Cuthbertson and Harrison for professional time in excess of normal Director duties.

Notsag Pty Limited, a company which provides corporate, financial, underwriting and guarantee services, employs Mr N. Gaston and provides his services as company secretary. Notsag Pty Limited received fees of $291,200 during the financial year ended 30 June 2013 ($291,200 – 2012).

Austpac Resources N.L. engaged Mr T. Cuthbertson and Mr R. Harrison for the provision of consultancy services. The terms and conditions of the services are no more favourable than those available, or which might reasonable be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The details of the transactions are as follows:

		Transaction	2013 $	2012 $
Specified Directors	Mr T. Cuthbertson	Consultancy Fees	**35,000**	35,000
	Mr R. Harrison	Consultancy Fees	**35,000**	35,000
K. Turbott (spouse of M. Turbott) provided secretarial services to the company.				
The details of the transactions with K. Turbott are as follows:				
Specified Directors	Mr M. Turbott	Consultancy Fees	**75,996**	75,996

Note 19: Key Management Personnel Disclosures continued

Equity Instruments

Movement in shares

The movement during the reporting period in the number of ordinary shares of Austpac Resources N.L. held, directly, indirectly or beneficially, by each key management personnel, including their personally-related entities is as follows:

	2013			2012		
	Held at 1 July	Purchases	Held at 30 June	Held at 1 July	Purchases	Held at 30 June
Specified Directors						
Mr T. Cuthbertson						
– Fully Paid Ordinary Shares	166,667	–	**166,667**	166,667	–	166,667
– Partly Paid Ordinary Shares	7,600,000	–	**7,600,000**	6,100,000	1,500,000	7,600,000
Mr M. Turbott						
– Fully Paid Ordinary Shares	6,800,000	–	**6,800,000**	6,800,000	–	6,800,000
– Partly Paid Ordinary Shares	15,351,118	–	**15,351,118**	11,351,118	4,000,000	15,351,118
Mr R. Harrison						
– Fully Paid Ordinary Shares	–	–	**–**	–	–	–
– Partly Paid Ordinary Shares	6,500,000	–	**6,500,000**	5,000,000	1,500,000	6,500,000

The above equity holdings include directors' entitlements arising under the consolidated entity Employee Share Purchase Plan. No shares were granted as compensation in 2013.

Options and rights over equity instruments

No options were granted since the beginning of the financial year.

Apart from the details disclosed in this note, no other Director has entered into a material contract with the company or the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year end.

Wholly owned group

Details of interests in wholly owned controlled entities are set out in Note 10.

Non Key management personnel disclosures

Identity of related parties

The company has a related party relationship with its subsidiaries (see note 10), and with its directors. There are no amounts payable/receivable from related parties at 30 June 2013.

Note 20: Events Subsequent to the end of the Financial Year

There are no events subsequent to the end of the financial year ending 30 June 2013 which materially affect the annual report.

Note 21: Interest in Joint Venture Operations

Austpac sold EL4521 to Orient Zirconic for $7,500,000 during the year ended 30 June 2013. EL4521 had a carrying value of $1,100,862 (including legal and tenement fees of $125,679), resulting in a gain on disposal of $6,399,138 which is included in the consolidated statement of comprehensive income.

	CONSOLIDATED		THE COMPANY	
	2013	2012	2013	2012
	$	$	$	$
Non-Current Assets – intangibles				
Exploration and/or evaluation expenditure	–	961,509	–	961,509

Note 22: Reconciliation of Cash Flows from Operating Activities

	CONSOLIDATED		THE COMPANY	
	2013	2012	2013	2012
	$	$	$	$
Profit/(Loss) for the year	**3,724,532**	2,843,549	**3,724,532**	2,843,549
Adjustments for:				
Depreciation	**73,005**	73,047	**73,005**	73,047
Proceeds on sale of EL 4521	**(6,399,138)**		**(6,399,138)**	
Operating Profit/(loss) before changes in working capital and provisions	**(2,601,601)**	2,916,596	**(2,601,601)**	2,916,596
(Increase)/decrease in receivables	**(183,861)**	(160,855)	**(183,861)**	(160,855)
(Decrease)/increase in payables	**(1,133,951)**	1,899,931	**(1,133,951)**	1,899,931
Net cash used in operating activities	**(3,919,413)**	4,655,672	**(3,919,413)**	4,655,672

Note 23: Fair Value of Financial Assets and Liabilities

Financial assets and liabilities are stated at cost. The fair values together with the carrying amounts shown in the statement of financial position are as follows:

		Carrying amount 2013	Fair value 2013	Carrying amount 2012	Fair value 2012
		$	$	$	$
Consolidated	Trade and other receivables	**1,440,477**	**1,440,477**	1,216,616	1,216,616
	Cash and cash equivalents	**2,726,781**	**2,726,781**	240,189	240,189
	Finance lease liabilities	**364,461**	**364,461**	437,466	437,466
	Trade and other payables	**1,250,761**	**1,250,761**	2,617,109	2,617,109
The Company	Trade and other receivables	**1,440,477**	**1,440,477**	1,216,616	1,216,616
	Cash and cash equivalents	**2,726,781**	**2,726,781**	240,189	240,189
	Finance lease liabilities	**364,461**	**364,461**	437,466	437,466
	Trade and other payables	**1,250,761**	**1,250,761**	2,617,109	2,617,109

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine the fair value.

Note 24: Financial Risk Management

Overview

This note presents information about the company's and consolidated entity's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The company and the consolidated entity do not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

Credit Risk

Credit risk is the risk of financial loss to the consolidated entity and to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the consolidated entity's receivables from customers.

Presently, the consolidated entity undertakes technology development and exploration and evaluation activities exclusively in Australia. At the balance date there were no significant concentrations of credit risk.

Cash and cash equivalents

The consolidated entity's limits its exposure to credit risk by only investing in cash deposits with major banks.

Trade and other receivables

The consolidated entity and the company are exposed to credit risk in relation to receivables recorded on the statement of financial position.

The company and consolidated entity have established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and investments. The directors do not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure. The consolidated entity's maximum exposure to credit risk at the reporting date was:

		CONSOLIDATED CARRYING AMOUNT	
		2013	2012
	Note	$	$
Receivables	9	**1,400,477**	1,216,616
Cash and cash equivalents	8	**2,726,781**	240,189

Impairment losses

None of the consolidated entity's receivables are past due (2012: nil).

Guarantees

The consolidated entity's policy is not to provide financial guarantees.

Liquidity risk

Liquidity risk is the risk that the consolidated entity and the company will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

The consolidated entity and the company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The consolidated entity does not have any external borrowings.

The company anticipates a need to raise additional capital in the next 12 months to meet forecast operational and exploration activities. The decision on how the company will raise future capital will depend on market conditions existing at that time.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	6 months or less	6–12 months	1–2 years	2–5 years
	$	$	$	$	$	$
Consolidated 30 June 2013						
Finance lease liabilities	364,461	434,217	51,311	51,311	155,703	175,892
Trade and other payables	1,250,761	1,250,761	1,250,761	–	–	–
Consolidated 30 June 2012						
Finance lease liabilities	437,466	554,338	52,542	52,542	105,084	344,170
Trade and other payables	2,617,109	2,617,109	2,617,109	–	–	–

Note 24: Financial Risk Management continued

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency Risk

The consolidated entity is not exposed to currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of consolidated entity entities, which is the Australian dollar (AUD).

The consolidated entity has not entered into any derivative financial instruments.

Exposure to currency risk

The consolidated entity and the company is not exposed to currency risk and at balance date the consolidated entity and the company holds no financial assets or liabilities which are exposed to foreign currency risk.

Interest rate risk

The consolidated entity is exposed to interest rate risk on cash investments, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The consolidated entity does not use derivatives to mitigate these exposures.

The consolidated entity adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short terms deposit bearing interest income at commercial rates.

Profile

At the reporting date the interest rate profile of the consolidated entity's and the company's interest-bearing financial instruments was:

	CONSOLIDATED CARRYING AMOUNT		COMPANY CARRYING AMOUNT	
	2013	2012	2013	2012
	$	$	$	$
Fixed rate instruments				
Financial assets (surplus cash invested)	**2,726,781**	240,189	**2,726,781**	240,189
Financial liabilities (plant and equipment leases)	**364,461**	437,466	**364,461**	437,466

Fair value sensitivity analysis for fixed rate instruments

The consolidated entity does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Commodity Price Risk

The consolidated entity operates primarily in mineral sands technology development and in exploration and evaluation and accordingly the consolidated entity's financial assets and liabilities are subject to minimal commodity price risk.

Capital Management

The consolidated entity's objectives when managing capital are to safeguard the consolidated entity's ability to continue as a going concern, in order to maintain a strong capital base sufficient to maintain future technology development and exploration of projects. In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or sell assets to reduce debt. The consolidated entity's focus has been to raise sufficient funds through equity to fund technology development and exploration and evaluation activities. The consolidated entity monitors capital on the basis of the gearing ratio, however there are no external borrowings at 30 June 2013.

The consolidated entity provides employees with opportunities to participate in the Austpac Resources N.L. Staff Share Purchase Plan.

There were no changes in the consolidated entity's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

Note 25: Contingencies

In April 2013, Kronos International Inc. (Kronos) terminated the Project Agreement signed in April 2011 and commenced proceedings in the Federal Court of Australia to recover damages and the initial investment in Austpac under that agreement.

Austpac is strongly of the opinion that the claim is without foundation and will be vigorously defended.

Construction of the Newcastle Iron Recovery Plant, which is being funded by Austpac, continues.

Directors' Declaration

1. In the opinion of the Directors of Austpac Resources N.L:
   a) the financial statements and notes set out on pages 26 to 44 and the remuneration report in the Director's Report are in accordance with the *Corporations Act 2001*, including:
      i) giving a true and fair view of the financial position of the company and consolidated entity as at 30 June 2013 and of their performance for the year ended on that date; and
      ii) complying with Australia Accounting Standards and the Corporations Regulations 2001;
   b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(A); and
   c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the individuals acting in the role of chief executive officer and chief financial officer functions for the financial year ended 30 June 2013.

Signed in accordance with a resolution of the Directors.

T. Cuthbertson
Director

M.J. Turbott
Director

Sydney, 26th day of September 2013

Auditors' Report

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

Report on the financial report

We have audited the accompanying financial report of Austpac Resources N.L. (the Company), which comprises the statements of financial position as at 30 June 2013, and statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, notes 1 to 25 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company and the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Austpac Resources N.L. is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2013 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Emphasis of Matter

Without modifying our opinion, attention is drawn to note 1(c) in the financial report which indicates that the financial report has been prepared on a going concern basis, which assumes the continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary course of business. In note 1(c), the directors state why they consider the going concern basis used in the preparation of the financial report is appropriate. As set out in that note, the assumption of the going concern is dependent on the commercialisation of mineral technologies, equity raisings or joint venturing or sale of interests held in mineral tenements and projects. This indicates the existence of a material uncertainty as to whether the Group will be able to continue as a going concern.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Austpac Resources N.L. for the year ended 30 June 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Anthony Jones
Partner

Sydney
26 September 2013

Additional Stock Exchange Information

Directors' Interests

The maximum contingent liability of the group for termination benefits under service agreements with directors and persons who take part in the management of the parent entity amount to $nil at 30 June 2013.

Shareholdings

Substantial Shareholders

The number of shares held by the substantial shareholders listed in the holding company's register as at 12 September 2013 was: 76,470,588.

Class of Shares and Voting Rights

At 12 September 2013 there were 4,243 holders of the ordinary shares of the holding company. The voting rights attaching to the ordinary shares, set out in Article 32 of the holding company's Articles of Association, are:

"Subject to any rights or restrictions for the time being attached to any class or classes of shares –

a) at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or attorney; and

b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share he holds."

Offices and Officers

Company Secretary:	Nicholas John Gaston
Principal Registered Office:	Level 3, 62 Pitt Street, Sydney NSW 2000
Telephone:	(02) 9252 2599
Location of Registers of Securities:	Link Market Services Limited Securities Registration Services, HSBC Building 680 George Street, Sydney NSW 2000

Austpac Resources N.L. is an Australian incorporated listed public no liability company domiciled in Australia.

Distribution of Shareholders as at 12 September 2013

	Number of Ordinary Shareholders
1–1,000	181
1,001–5,000	580
5,001–10,000	523
10,001–100,000	1,953
100,001 and over	1,006
	4,243
Holders of less than a marketable parcel	1,471

The 20 largest shareholders hold 36.20% of the ordinary shares of the holding company.

20 Largest Shareholders as at 12 September 2013

	Number of Ordinary Shares held	Percentage (%) held to Issued Capital
Kronos International Inc.	76,470,588	6.39%
BHP Billiton Innovation Pty Ltd	55,000,000	4.59%
Christopher Leech	33,878,547	2.83%
Rosemarie Cremona	33,056,941	2.76%
Orient Zirconic Resources (Australia) Pty Ltd	33,000,000	2.76%
Barrios Pty Ltd	22,004,987	1.84%
Richard Louden Delaney and Ian Arthur Cains	20,762,599	1.73%
Michael Turbott	19,051,118	1.59%
Prestcorp Pty Ltd	18,363,108	1.53%
Rik Deaton	16,235,800	1.36%
Ivan James Bota	15,216,070	1.27%
John William Trude and Lynette Harriet Gardener	12,800,000	1.07%
John David Winter	11,660,000	.97%
Stephen Joseph Harris	11,000,000	.92%
Fergus Peter Gordon	10,223,953	.85%
Frisco Holdings Pty Ltd	10,200,000	.85%
G&J Paul Pty Ltd	9,800,000	.82%
Kerry Cameron King and Christine Margaret King	8,881,049	.74%
Breakthrough Pty Ltd	8,000,000	.67%
Tony Trajce Ilievski	7,933,298	.66%
	433,538,058	**36.20%**

Corporate Directory

MEMBERS OF THE BOARD

Mr Terry Cuthbertson *ACA*
Chairman

Mr Michael J. Turbott *BSc (Hons), FAusIMM, FAIG*
Managing Director

Mr Robert J. Harrison *FAICD*
Director

SECRETARIES

Mr Nicholas J. Gaston *ACIS*
Company Secretary

GENERAL MANAGERS

Mr John Winter *BEng (Hons) – Chemical Engineering, MIEAust, MIChemE*
General Manager, Technology Development

Mr Michael J. Smith *BSc, MSc, RPGeo, FAIG, MGSA, MASEG*
General Manager Exploration

AUDITORS

KPMG, The KPMG Centre
10 Shelley Street, King Street Wharf
Sydney NSW 2000

SOLICITORS

Emil Ford
580 George Street
Sydney NSW 2000

Gadens Lawyers
77 Castlereagh Street
Sydney NSW 2000

SHARE REGISTRY

Link Market Services Limited
Securities Registration Services
Ernst and Young Building
Level 12, 680 George Street
Sydney NSW 2000

BANKERS

ANZ Bank
115 Pitt Street
Sydney NSW 2000

STOCK EXCHANGE LISTING

Australian Securities Exchange Limited (Sydney)

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