



AUSTPAC RESOURCES N.L.
ACN 002 264 057

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31 October 2011

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

Dear Sir/Madam

RE: AUSTPAC RESOURCES N.L.
QUARTERLY REPORT FOR PERIOD ENDED 30 SEPTEMBER 2011

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

Yours faithfully

N.J. Gaston
Company Secretary

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QUARTERLY REPORT TO 30 SEPTEMBER 2011 HIGHLIGHTS

- Construction of the Newcastle Iron Recovery Plant at Kooragang Island has progressed on schedule. The plant will recycle mill scale and spent pickle liquor from steel mills and produce iron chips or briquettes and strong hydrochloric acid for sale to the industry.
- At the end of October 2011, the Newcastle Iron Recovery project is over 55% complete. Details of the considerable progress made during this quarter are described later in this report and in the Shareholder Update released to the ASX on 18 October 2011.
- Construction of the Plant will continue during the December quarter of 2011 and commissioning of sections of the plant will start later in the same quarter.
- Commissioning is expected to take three months and will continue into the March quarter of 2012. Integrated operations will commence once all sections of the Plant are commissioned.

THE NEWCASTLE IRON RECOVERY PLANT

Project Background and Funding

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

The funds were provided through two share issues in April and May 2011 totaling \$6.5 million, and a further \$6 million is being provided to the project via a licence fee to enable Kronos to use Austpac's Enhanced Acid Regeneration System (EARS) and Metallisation/Austpac Reduced Iron ("ARI") processes at its plants around the world.

Project Progress

At the end of the second quarter of 2011, the Newcastle Iron Recovery project was over 30% complete. Design and engineering of the extensions to the process tower was well advanced, infrastructure installation and procurement of major equipment items was underway with long lead time items ordered.

At the end of October 2011, the Newcastle Iron Recovery project is over 55% complete. Considerable progress made during the quarter includes:

- Detailed engineering of the major sections and extensions to the Plant was completed.

- The construction of the new sections of the Plant has proceeded on schedule. Foundations for the northern and eastern extensions to the process tower were completed, fabricated steel work for these towers is being delivered to site and erection is commencing.
- Major equipment items are being fabricated off-site and will be ready for delivery and installation as required by the construction schedule.
- A Construction Certificate has been issued for the bulk mill scale storage shed and foundations for this shed and for the mill scale handling area in the Plant are complete.
- A new motor control centre, which is housed in a prefabricated building, was installed in the tower and electrical fit-out has commenced.
- The bulk nitrogen tank has been relocated and installed in a new gas handling enclosure, a new bulk oxygen tank has also been installed, and connection of services to this area is underway.
- Regular technical and project progress reviews and site visits by Kronos staff have continued.

Construction of the Plant will continue during the fourth quarter of 2011 and commissioning of sections of the plant will start later in the same quarter. Commissioning is expected to take three months, and integrated operations will commence once commissioning of all sections of the Plant are complete. Production will commence during the first half of 2012.

MURRAY BASIN, VICTORIA

In August 2011, the Supreme Court of WA delivered the judgement that the Farm-In Agreement between Australian Zircon NL (AZC) and Austpac was non-assignable, and that therefore Austpac's Sale Agreement with Astron Limited was frustrated and at an end. Astron's appeal against this decision was discontinued in October 2011. Austpac has prepared the necessary documentation to seek renewal of Exploration Licence 4521.

AZC has advised Austpac that it is undertaking a comparative study on the recovery of heavy minerals from WIM150 ore in order to select the preferred process route. AZC has designed drilling programs to be conducted in October-November 2011 to provide core for geotechnical studies and to construct additional groundwater monitoring bores. A flora/fauna environmental study has commenced.

For further information please contact:

Mike Turbott
Managing Director - Tel (+61-2) 9252-2599

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

About Austpac Resources N.L. (ASX code: APG)

Austpac Resources N.L. [www.austpacresources.com] is a minerals technology company currently focused on recycling waste chloride solutions and iron oxides produced by steel making to recover hydrochloric acid and iron metal. Austpac's technologies also transform ilmenite into high grade synthetic rutile, a preferred feedstock for titanium metal and titanium dioxide pigment production. The Company has been listed on the Australian Stock Exchange since 1986.

WINNER: 2008 National Mining Awards APPLIED TECHNOLOGY OF THE YEAR

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

AUSTPAC RESOURCES N.L.

ABN

87 002 264 057

Quarter ended ("current quarter")

30 SEPTEMBER 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from ERMS Funding		
(a) ERMS Licence Fee Income	1,300	1,300
(b) Funded Exercise - ERMS	-	-
(c) Funded Exercise - EARS	-	-
(d) Joint Venture Funding - Murray Basin	-	-
(e) R&D Tax Concession rebate	315	315
Receipts from Gold Funding	-	-
(a) China Gold J.V.	-	-
1.2 Payments for		
(a) Exploration	-	-
(b) ERMS Mineral Technology Development	(1,373)	(1,373)
(c) ERMS - Other	(44)	(44)
(d) Murray Basin	(17)	(17)
(e) Gold	(24)	(24)
(f) Administration	(575)	(575)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Tax paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(418)	(418)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows		
1.13 Total operating and investing cash flows		
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	-	-
1.15 Proceeds from sale of forfeited shares		
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(418)	(418)
1.20	Cash at beginning of quarter/year to date	7,073	7,073
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	6,655	6,655

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	40
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

SALARY

Non-cash financing and investing activities

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

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

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Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	40
	Development – India	-
4.2	Development - ERMS/EARS Demonstration Plant	6,000
	Funding - ERMS/EARS	-
	Funding - India/Murray Basin SR	-
4.3	Production	-
4.4	Administration	500
	Total	6,540

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	6,655	7,073
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		6,655	7,073

Changes in interests in mining tenements

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

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	1,067,222,905	1,005,822,905	
7.4	Changes during quarter (a) Increases through issues (b) Increase in Share Purchase Plan Share Purchase Plan Balance	- - 61,400,000		
7.5	+Convertible debt securities <i>(description)</i>			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	Options <i>(description and conversion factor)</i>		<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter			
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	Debentures <i>(totals only)</i>			
7.12	Unsecured notes <i>(totals only)</i>			

+ See chapter 19 for defined terms.

Compliance statement

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

Sign here: Date: 31 October 2011
(Company Secretary)

Print name: Nicholas J. Gaston

Notes

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

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+ See chapter 19 for defined terms.