AUSTPAC RESOURCES N.L.
ACN 002 264 057
Level 3
62 Pitt Street
SYDNEY NSW 2000
GPO Box 5297
SYDNEY NSW 2001
Telephone: (+61 2) 9252 2599
Facsimile: (+61 2) 9252 8299
Email: apgtio2@ozemail.com.au
www.austpacresources.com

30 August 2012

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.
PRELIMINARY FINAL REPORT 30 JUNE 2012

We are pleased to provide Australian Stock Exchange preliminary final report for the year ended 30 June 2012.

Yours faithfully

N.J. Gaston
Company Secretary

enc

Rules 4.3A

Appendix 4E

Preliminary final report

Name of entity

AUSTPAC RESOURCES N.L.

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Financial year ended ('current period')
87 002 264 057		X	30 June 2012

Results for announcement to the market

Extracts from this report for announcement to the market (see note 1). $A'000

Revenues from ordinary activities *(item 1.1)*	Up	2,366.2%	to	5,549
Profit / (loss) from ordinary activities after tax attributable to members (*item 1.22*)	Up	5,233%	to	2,324
Profit (loss) from extraordinary items after tax attributable to members (*item 2.5(d))*	gain (loss) of	N/a	-	-
Profit / (Loss) for the period attributable to members *(item 1.11)*	Up	5,233%	to	2,324

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend *(Preliminary final report only - item 15.4)*	N/A ¢	N/A ¢
Previous corresponding period *(Preliminary final report - item 15.5)*	N/A ¢	N/A ¢

+Record date for determining entitlements to the dividend,
(in the case of a trust, distribution) *(see item 15.2)*: N/A

Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial performance

		Current period - $A'000	Previous corresponding period - $A'000
1.1	Revenues from ordinary activities *(see items 1.23 -1.25)*	5,549	225
1.2	Expenses from ordinary activities (*see items 1.26 & 1.27)*	(3,225)	(3,134)
1.3	Borrowing costs		-
1.4	Share of net profits (losses) of associates and joint venture entities (*see item 16.7*)		-
1.5	**Profit (loss) from ordinary activities before tax**	**2,324**	**(2,909)**
1.6	Income tax on ordinary activities *(see note 4)*		-
1.7	**Profit (loss) from ordinary activities after tax**	**2,324**	**(2,909)**
1.8	Profit (loss) from extraordinary items after tax (*see item 2.5*)		-
1.9	**Net profit (loss)**	**2,324**	**(2,909)**
1.10	Net profit (loss) attributable to outside +equity interests		-
1.11	**Net profit (loss) for the period attributable to members**	**2,324**	**(2,909)**
Non-owner transaction changes in equity			
1.12	Increase (decrease) in revaluation reserves		
1.13	Net exchange differences recognised in equity		
1.14	Other revenue, expense and initial adjustments recognised directly in equity (attach details)		
1.15	Initial adjustments from UIG transitional provisions		
1.16	Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)		-
1.17	**Total changes in equity not resulting from transactions with owners as owners**		-

Earnings per security (EPS)		Current period	Previous corresponding Period
1.18	Basic EPS	$0.0021	($0.003)
1.19	Diluted EPS	$0.0021	($0.003)

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+ See chapter 19 for defined terms.

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

		Current period - $A'000	Previous corresponding period - $A'000
1.20	Profit (loss) from ordinary activities after tax (*item 1.7*)	2,324	(2,909)
1.21	Less (plus) outside +equity interests		-
1.22	**Profit (loss) from ordinary activities after tax, attributable to members**	**2,324**	**(2,909)**

Revenue and expenses from ordinary activities

(see note 15)

		Current period - $A'000	Previous corresponding period - $A'000
1.23	Revenue from Licence fee income	5,380	200
1.24	Interest revenue	169	25
1.25	Other relevant revenue		-
1.26	Administration and corporate overheads	(3,143)	(3,052)
1.27	Depreciation and amortisation excluding amortisation of intangibles *(see item 2.3)*	(82)	(82)
	Capitalised outlays		
1.28	Interest costs capitalised in asset values	-	-
1.29	Outlays capitalised in intangibles (unless arising from an +acquisition of a business)	-	-

Consolidated retained profits

		Current period - $A'000	Previous corresponding period - $A'000
1.30	Retained profits (accumulated losses) at the beginning of the financial period	(54,085)	(51,176)
1.31	Net profit (loss) attributable to members (*item 1.11*)	2,324	(2,909)
1.32	Net transfers from (to) reserves *(details if material)*	-	-
1.33	Net effect of changes in accounting policies	-	-
1.34	Dividends and other equity distributions paid or payable	-	-
	I.F.R.S		
1.35	**Retained profits (accumulated losses) at end of financial period**	**(51,761)**	**(54,085)**

+ See chapter 19 for defined terms.

Intangible and extraordinary items

		Consolidated - current period			
		Before tax $A'000 (a)	Related tax $A'000 (b)	Related outside +equity interests $A'000 (c)	Amount (after tax) attributable to members $A'000 (d)
2.1	Amortisation of goodwill	N/A	N/A	N/A	N/A
2.2	Amortisation of other intangibles	N/A	N/A	N/A	N/A
2.3	**Total amortisation of intangibles**	N/A	N/A	N/A	N/A
2.4	Extraordinary items (details)	N/A	N/A	N/A	N/A
2.5	**Total extraordinary items**	**N/A**	**N/A**	**N/A**	**N/A**

Comparison of half year profits
(Preliminary final report only)

		Current year - $A'000	Previous year - $A'000
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the *1st* half year (item 1.22 in the half yearly report)	755	(1,403)
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the *2nd* half year	1,569	(1,506)

+ See chapter 19 for defined terms.

	Condensed consolidated statement of financial position	At end of current period $A'000	As shown in last annual report $A'000	As in last half yearly report $A'000
	Current assets			
4.1	Cash	205	5,602	2,353
4.2	Receivables	711	1,056	906
4.3	Investments	-	-	-
4.4	Inventories	-	-	-
4.5	Tax assets	-	-	-
4.6	Other (provide details if material)	-	-	-
4.7	**Total current assets**	**916**	**6,658**	**3,259**
	Non-current assets			
4.8	Receivables	-	-	-
4.9	Investments (equity accounted)	-	-	-
4.10	Other investments	-	-	-
4.11	Inventories	-	-	-
4.12	Mineral technology development and exploration and evaluation expenditure capitalised *(see para .71 of AASB 1022)*	28,535	18,414	23,689
4.13	Development properties (+mining entities)	-	-	-
4.14	Other property, plant and equipment (net)	435	428	392
4.15	Intangibles (net)	-	-	-
4.16	Tax assets	-	-	-
4.17	Other (provide details if material)	-	-	-
4.18	**Total non-current assets**	**28,970**	**18,842**	**24,081**
4.19	**Total assets**	**29,886**	**25,500**	**27,340**
	Current liabilities			
4.20	Payables	2,755	924	1,826
4.21	Interest bearing liabilities	73	149	122
4.22	Tax liabilities	-	-	-
4.23	Provisions	701	636	697
4.24	Other (Project Funds in Advance)	-	-	-
4.25	**Total current liabilities**	**3,529**	**1,709**	**2,645**
	Non-current liabilities			
4.26	Payables	-	-	-
4.27	Interest bearing liabilities	365	278	272
4.28	Tax liabilities	-	-	-
4.29	Provisions exc. tax liabilities	-	-	-
4.30	Other (provide details if material)	-	-	-
4.31	**Total non-current liabilities**	**365**	**278**	**272**

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position continued

4.32	**Total liabilities**	**3,894**	**1,987**	**2,917**
4.33	**Net assets**	**25,992**	**23,513**	**24,423**

	Equity			
4.34	Capital/contributed equity	77,753	77,598	77,753
4.35	Reserves	-	-	-
4.36	Retained profits (accumulated losses)	(51,761)	(54,085)	(53,330)
4.37	**Equity attributable to members of the parent entity**	**25,992**	**23,513**	**24,423**
4.38	Outside +equity interests in controlled entities	-	-	-
4.39	**Total equity**	**25,992**	**23,513**	**24,423**

4.40	Preference capital included as part of 4.37	**-**	**-**	**-**

Notes to the condensed consolidated statement of financial position

Technology, Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

		Current period $A'000	Previous corresponding period - $A'000
5.1	Opening balance	18,414	17,162
5.2	Expenditure incurred during current period	10,121	1,252
5.3	Expenditure written off during current period	-	-
5.4	Acquisitions, disposals, revaluation increments, etc.	-	-
5.5	Expenditure transferred to Development Properties	-	-
5.5A	I.F.R.S. Compliance Adjustment	-	-
5.6	**Closing balance as shown in the consolidated balance sheet** (*item 4.12*)	**28,535**	**18,414**

Development properties

(To be completed only by entities with mining interests if amounts are material)

		Current period $A'000	Previous corresponding period - $A'000
6.1	Opening balance	N/A	N/A
6.2	Expenditure incurred during current period	-	-
6.3	Expenditure transferred from exploration and evaluation	-	-

+ See chapter 19 for defined terms.

6.4	Expenditure written off during current period	-	-
6.5	Acquisitions, disposals, revaluation increments, etc.	-	-
6.6	Expenditure transferred to mine properties	-	-
6.7	**Closing balance as shown in the consolidated balance sheet** *(item 4.13)*	**-**	**-**

Condensed consolidated statement of cash flows

		Current period $A'000	Previous corresponding period - $A'000
	Cash flows related to operating activities		
7.1	Receipts from customers (licence fee income)	5,380	200
7.2	Payments to suppliers and employees	(1,198)	(2,983)
7.3	Dividends received from associates		
7.4	Licence fee income		
7.5	Interest and other items of similar nature received	169	25
7.6	Interest and other costs of finance paid	(25)	(25)
7.7	Income taxes refund	315	379
7.8	Other (provide details if material)		
7.9	**Net operating cash flows**	**4,641**	**(2,404)**
	Cash flows related to investing activities		
7.10	Payment for purchases of property, plant and equipment		
7.11	Proceeds from sale of property, plant and equipment		
7.12	Payment for purchases of equity investments		
7.13	Proceeds from sale of equity investments		
7.14	Loans to other entities		
7.15	Loans repaid by other entities		
7.16	Other (Mineral Technology and Development Expenditure and Exploration Expenditure)	(10,121)	(1,233)
7.17	**Net investing cash flows**	**(10,121)**	**(1,233)**
	Cash flows related to financing activities		
7.18	Proceeds from issues of +securities (shares, options, etc.)	155	8,809
7.19	Proceeds from borrowings		
7.20	Lease payments	(72)	(72)
7.21	Dividends paid		
7.22	Other (provide details if material)		
7.23	**Net financing cash flows**	**83**	**8,737**
7.24	**Net increase (decrease) in cash held**	**(5,397)**	**5,100**
7.25	Cash at beginning of period *(see Reconciliation of cash)*	5,602	502
7.26	Exchange rate adjustments to item 7.25.		
7.27	**Cash at end of period** *(see Reconciliation of cash)*	205	5,602

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+ See chapter 19 for defined terms.

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. *(If an amount is quantified, show comparative amount.)*

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current period $A'000	Previous corresponding period - $A'000
8.1	Cash on hand and at bank	205	5,602
8.2	Deposits at call		-
8.3	Bank overdraft		-
8.4	Other (provide details)		-
8.5	**Total cash at end of period** *(item 7.27)*	**205**	**5,602**

Other notes to the condensed financial statements

Ratios		Current period	Previous corresponding Period
9.1	**Profit before tax / revenue** Consolidated profit (loss) from ordinary activities before tax (*item 1.5*) as a percentage of revenue (*item 1.1*)	N/A	N/A
9.2	**Profit after tax / +equity interests** Consolidated net profit (loss) from ordinary activities after tax attributable to members (*item 1.11*) as a percentage of equity (similarly attributable) at the end of the period (*item 4.37*)		

+ See chapter 19 for defined terms.

Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

Classification of securities as ordinary shares
The following securities have been classified as ordinary shares and included in basic earnings per share:

(a) ordinary shares

Classification of securities as potential ordinary shares
No securities have been classified as potential ordinary shares. No options are in existence.

Earnings per security (EPS)	Current period	Previous corresponding Period
Basic EPS	$0.0021	($0.003)
Diluted EPS	$0.0021	($0.003)

	CONSOLIDATED	
	2011 $'000	**2010 $'000**
Earnings reconciliation		
Net profit (loss)	2,324	(2,909)
Net profit (loss) attributable to outside equity interests		-
Restatement of prior year earnings for effect of change in accounting policy adjusted directly against retained profits		
Basic earnings	2,324	(2,909)
After-tax effect of interest		-
Diluted earnings		
(Diluted EPS has not been calculated for ordinary shares as there are no potential ordinary shares on issue that are dilutive in respect of these shares).	-	-
Weighted average number of shares used as the denominator Number for basic earnings per share		
Ordinary shares	-	-

NTA backing *(see note 7)*	Current period	Previous corresponding period
11.1 Net tangible asset backing per +ordinary security	N/A	N/A

+ See chapter 19 for defined terms.

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

12.1 Discontinuing Operations

N/A

Control gained over entities having material effect

13.1 Name of entity (or group of entities)	N/A
13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was +acquired	$
13.3 Date from which such profit has been calculated	
13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	$

Loss of control of entities having material effect

14.1 Name of entity (or group of entities)	N/A
14.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	$
14.3 Date to which the profit (loss) in item 14.2 has been calculated	
14.4 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	$
14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	$

+ See chapter 19 for defined terms.

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	N/A
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	
15.3	If it is a final dividend, has it been declared? *(Preliminary final report only)*	

Amount per security

		Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
	(Preliminary final report only)			
15.4	**Final dividend:** Current year	¢	¢	¢
15.5	Previous year	¢	¢	¢
	(Half yearly and preliminary final reports)			
15.6	**Interim dividend:** Current year	¢	¢	¢
15.7	Previous year	¢	¢	¢

Total dividend (distribution) per security (interim *plus* final) N/A

(Preliminary final report only)

	Current year	Previous year
15.8 +Ordinary securities	¢	¢
15.9 Preference +securities	¢	¢

+ See chapter 19 for defined terms.

Half yearly report - interim dividend (distribution) on all securities *or* Preliminary final report - final dividend (distribution) on all securities N/A

		Current period $A'000	Previous corresponding period - $A'000
15.10	+Ordinary securities *(each class separately)*		
15.11	Preference +securities *(each class separately)*		
15.12	Other equity instruments *(each class separately)*		
15.13	**Total**		

The +dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

Details of aggregate share of profits (losses) of associates and joint venture entities N/A

Group's share of associates' and joint venture entities':		Current period $A'000	Previous corresponding period - $A'000
16.1	Profit (loss) from ordinary activities before tax	N/A	N/A
16.2	Income tax on ordinary activities		
16.3	**Profit (loss) from ordinary activities after tax**		
16.4	Extraordinary items net of tax		
16.5	**Net profit (loss)**		
16.6	Adjustments		
16.7	**Share of net profit (loss) of associates and joint venture entities**		

+ See chapter 19 for defined terms.

Material interests in entities which are not controlled entities N/A

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (*item 1.9*)	
17.1 Equity accounted associates and joint venture entities	Current period	Previous corresponding period	Current period $A'000	Previous corresponding period - $A'000
17.2 Total				
17.3 Other material interests				
17.4 Total				

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of +securities	Total number	Number quoted	Issue price per security	Amount paid up per security
18.1 Preference +securities *(description)*	-	-	-	-
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-
18.3 +Ordinary securities	1,082,622,905	1,005,822,905	-	-
18.4 Changes during current period (a) Increases through issues		-		
Other - Balance of (b) Share purchase shares	76,800,000			$0.01
(c) Increase through issues	15,400,000			$0.01

+ See chapter 19 for defined terms.

18.5	**+Convertible debt securities** (*description and conversion factor)*	-	-	-	-
18.6	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.7	**Options** *(description and conversion factor)*	-	-	*Exercise price*	*Expiry date (if any)*
18.8	Issued during current period				
18.9	Exercised during current period				
18.10	Expired during current period				
18.11	**Debentures** *(description)*				
18.12	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.13	**Unsecured notes** *(description)*	-	-		
18.14	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				

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Segment reporting

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The consolidated entity comprises one main business segment, based on the consolidated entity's management reporting system. Mineral sands and technology development.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The consolidated entity's business segments operate geographically as follows:

Australia Mineral sands and technology development

Primary Reporting Geographic Segments	AUSTRALIA 2012 $'000's	AUSTRALIA 2011 $'000's	CONSOLIDATED 2012 $'000's	CONSOLIDATED 2011 $'000's
Revenue				
External segment revenue	5,549	225	5,549	225
Inter-segment revenue				
Total segment revenue	5,549	225	5,549	225
Other unallocated revenue				
Total revenue	5,549	225	5,549	225
Result				
Segment result – Profit / (loss)	2,324	(2,909)	2,324	(2,909)
Share of net profit or loss/result of equity accounted investments				
Unallocated corporate expenses				
Profit from ordinary activities before income tax				
Income tax (expense) / benefit				
Profit from ordinary activities after income tax				
Extraordinary items after tax				
Net profit	2,324	(2,909)	2,324	(2,909)
Depreciation and amortisation	-	-	-	-
Non-cash expenses other than depreciation and amortisation	-	-	-	-
Individually significant items	-	-	-	-

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COMMENTARY

CORPORATE

In July 2012, Austpac completed a placement of 57 million fully paid ordinary shares at 3 cents each to raise $1,710,000 for the continuing development of the Newcastle Iron Recovery Plant and for working capital.

In August 2012, Austpac completed a placement of 33 million fully paid ordinary shares at 6 cents each to Orient Zirconic Resources (Australia) Pty Ltd to raise $1,980,000 for the continuing development of the Newcastle Iron Recovery Plant and for working capital. The 33 million shares held by Orient Zirconic represents a 3% interest in Austpac, making Orient Zirconic the Company's third largest shareholder after Kronos International (7%) and BHP Billiton (5%).

In August 2012, Austpac also announced the sale of EL4521 to Orient Zirconic for $7.5 million, subject to the consent of Australian Zircon N.L. as farminee to the WIM150 Farm-In Agreement and the approval of the Minister.

THE NEWCASTLE IRON RECOVERY PLANT

Project Background and Funding

The Newcastle Iron Recovery Plant project commenced during the June 2011 quarter following the mid-April 2011 signing of definitive agreements with Kronos International Inc., for the provision of $12.5 million 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 totaling $6.5 million, and a further $6 million was provided via a licence fee to enable Kronos to use Austpac's Enhanced Acid Regeneration System (EARS) and Metallisation/Austpac Reduced Iron ("ARI") processes at their titanium dioxide (TiO_2) pigment plants.

Newcastle Iron Recovery Plant

The Newcastle Iron Recovery Plant was conceived to 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. The project commenced in May 2011 with detailed design and ordering of long lead time items.

Construction continued during the second half of 2011 and the first quarter of 2012 with foundations, process tower structures and ancillary buildings including the mill scale bulk storage shed and suspended plant room, relocation of the bulk gas storage area, the motor control center, and the power supply upgrade either well-advanced or complete. Most of the equipment required for the plant was ordered with much of it delivered to site. Space limitations at the Kooragang site necessitated the leasing of a storage facility adjacent to the Plant, as well as an off-site warehouse to store equipment until required for installation.

Since the project's inception last year, engineers from Kronos' Leverkusen plant in Germany have visited Newcastle to familiarize them with our technology, contribute their knowledge to the project and interact with Austpac's engineering team. This has included process engineers, project construction engineers and experts in computer modeling of chemical processes.

Process modeling during the first quarter of 2012 indicated that a number of changes could be incorporated into the flowsheet to improve the operability and production flexibility of the Newcastle Plant. A detailed technical review of the project was therefore undertaken by the engineering team, which comprises John Winter and seven full time specialist employees and consultants. The review identified a number of modifications or changes to some of the equipment yet to be ordered and it was agreed to incorporate these improvements which necessitated increasing the size of some equipment. Consequently the capacity of the iron chloride recycling section has doubled to give the Plant sufficient flexibility to process a wide range of materials. The Plant will now be able to

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process up to 25,000 tonnes per year of spent pickle liquor (the original design was 13,000 tpy), which will result in greater revenue when the Plant reaches full capacity.

The process design of the Plant has now been fixed and the Piping and Instrumentation Diagrams ("P&ID"s, which represent the detailed process flowsheet) have been finalized. Detailed drafting of these has been completed and this has been used to create a 3D digital model with piping and cabling layouts to assist ordering and Plant construction.

During the last six months over $6 million of equipment has been delivered and installation is proceeding. The equipment has been selected based on industry-proven reliability, and many items have been purpose-designed by recognised specialist suppliers to ensure the operability of the Plant. These items include delivery of the absorption columns for both the acid regeneration and CO_2 removal sections, air blowers for the fluid beds, fans and liquid ring compressors for gas handling, the 33,000V power supply step down transformer, the waste heat boiler, heat recovery stoves, and specialist high temperature valves for handling hot oxides and iron produced in the Plant. Refurbishment of the process tower structure is underway, the mill scale storage and handling section is well advanced and the briquetter has been installed and commissioned using coal. Construction is continuing.

Project Time-Lines, Raw Material Supply and Product Sales

Construction and installation of equipment will continue for the remainder of 2012. Commissioning will commence in early 2013, followed by the commercial production of iron briquettes and hydrochloric acid.

Raw material supplies and sales for the Plant's initial operations will be achieved through two agreements signed in 2010; one with Orica Australia for the supply of spent pickle liquor and the sale of regenerated hydrochloric acid, and a second with CMC Cometals Australia for the supply of mill scale and coal and the sale of iron products and char.

ADDITIONAL OPPORTUNITIES FOR AUSTPAC'S TECHNOLOGIES

Over the past year a number of companies involved in the steel and related industries have shown interest in the development of the Newcastle Plant which will showcase our EARS acid recycling and iron reduction processes. Discussions are continuing with one steelmaker who has requested Austpac to conduct a bulk trial on a sample from a waste dump of fine contaminated iron oxide. Pilot scale tests confirmed this material could produce an iron product suitable for steel production. This trial will be conducted in 2013 and our intention is to negotiate a site-specific licence to recycle this waste.

The operating Newcastle Plant will also be used to trial large samples of other wastes, including mixed iron and other oxide fines from steel making and zinc-rich chloride liquors produced during galvanizing operations. Successful pilot scale testwork has also been undertaken on these materials. Larger scale trials at the Plant will lead to industry recognition of Austpac's green, highly effective recycling technology, and this will develop into additional commercial opportunities including licences or participation in recycling plants elsewhere.

During 2008 Austpac produced a very high grade synthetic rutile from ilmenite in the ERMS SR Demonstration Plant at Newcastle. This is considered to be a very attractive feedstock by titanium sponge manufacturers for titanium metal production. The establishment of a commercial, 60,000 tonnes/year ERMS SR plant in Australia to service the titanium metal industry is therefore another important objective of the Company.

Recent discussions with a titanium metal group confirmed that the long term future is positive for Ti metal and would be underpinned by the aerospace industry. The group expressed a strong interest in our future synrutile project and it was agreed that when the recycling section of the Newcastle facility is operating, the synrutile section will be used to produce bulk samples of synrutile from roasted ilmenite that have been stored since 2008. This would generate data for engineering design of the synrutile plant and the resulting samples will be used in trials to make titanium sponge, which would lead to a feasibility study for the 60,000 tonnes/year synrutile plant.

MURRAY BASIN, VICTORIA

EL 4521 – WIM 150

Austpac currently holds 100% of Exploration Licence 4521 which was renewed on 1 December 2011 for a period of one year. Under a Farm-In Agreement signed in 2004, Australian Zircon N.L. has the right to earn an 80% interest in the WIM 150 project by completing a bankable feasibility study.

Austpac recently applied for a Retention Licence over the WIM 150 project area to extend tenure over the WIM 150 heavy mineral sand deposit for the completion of ongoing feasibility studies and approvals that would allow mining operations to commence in the future.

In early 2010 Austpac announced an agreement with Astron Limited for the sale of EL 4521 and Australian Zircon commenced action in the Supreme Court of Western Australia to prevent the sale. In August 2011, Justice Corboy of the Court ruled that the WIM150 Farm-In Agreement was not assignable without consent of the other party, and therefore the sale to Astron Limited was ended.

In August 2012, Austpac announced the sale of EL4521 to Orient Zirconic for $7.5 million, subject to the consent of Australian Zircon N.L. as farminee to the WIM150 Farm-In Agreement. In November 2010, Orient Zirconic signed an option agreement with Australian Zircon to require the transfer of the right to earn 80% of EL 4521 to a joint venture company, Murray Zircon Limited (65% Orient Zirconic and 35% Australian Zircon). Australian Zircon has stated that the option agreement has expired, and Orient Zirconic has advised it is still afoot. The parties are currently in discussions to resolve this impasse.

AZC has recently advised Austpac that the Victorian Minister for Planning has determined that an Environment Effects Statement ("EES") is required for the project, and that the work conducted on the BFS and EES included:

Hydrogeology: The hydrogeological model was updated to incorporate the results from the extended pump test in the Renmark aquifer.

Environmental Studies: The first Technical Reference Group meeting, comprising representatives of Victorian government departments, was held in Horsham on 30th May to consider the EES reports.

Stakeholder Consultation: The project team addressed the Horsham Rural City Council elected body on 28th May. Three public information sessions were held in Horsham in mid-June.

Mineral Processing: MSP (mineral separation plant) testwork continued through the quarter with the completion of the zircon sighter flotation testwork.

Mine Planning: Mine planning activities focused on fine tuning the mining sequence, including developing the materials balance and stockpile locations.

EL 5291 – NHILL

Exploration Licence 5291 near Nhill in western Victoria was acquired in 2010 to evaluate the potential for base and precious metal mineralisation in the basement beneath the relatively shallow, flat-lying cover of Murray Basin sediments. Previous detailed computer modelling and interpretation of low level aeromagnetic survey data acquired over area has been used to assess the variations in the depth to the prospective basement lithologies.

During 2012, Austpac undertook field studies and computer modelling of aeromagnetic data to develop potential drill targets. This work is ongoing. Aeromagnetic modelling was also used to delineate less prospective areas prior to the second anniversary of the tenement and in accordance with the conditions of the Licence, 25% of EL 5291 has been relinquished.

Basis of financial report preparation

19.1 The accounting policies adopted are consistent with those of the previous financial year. The Australian Accounting Standards Board (A.A.S.B.) is implementing the Financial Reporting Councils policy of adopting the International Financial Reporting Standards (I.F.R.S.), which has applied to the Austpac Resources N.L. reporting period from 1 July 2005.

Austpac Resources N.L. has undertaken a policy of review and assessment of the impact of I.F.R.S. on Austpac Resources N.L. financial reporting.

Management is considering the impact on the financial reports of the company. The principal area of impact on Austpac Resources N.L. is the carrying value of capitalised expenditure on Technology Development in the Austpac Resources N.L. Statement of Financial Position.

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

None	-

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

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19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

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19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

-

19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

-

19.8 The financial report has been prepared on the basis of a going concern. The 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

+ See chapter 19 for defined terms.

entity will be able to fund future operations through share issues, the successful commercialisation of mineral technologies and the joint venturing of interests held in mineral projects.

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

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

Additional disclosure for trusts

20.1	Number of units held by the management company or responsible entity or their related parties.	-
20.2	A statement of the fees and commissions payable to the management company or responsible entity. Identify: • initial service charges • management fees • other fees	-

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place	ALL SEASONS PREMIER MENZIES HOTEL CARRINGTON STREET, SYDNEY
Date	15 NOVEMBER 2012
Time	3.00PM
Approximate date the +annual report will be available	

+ See chapter 19 for defined terms.

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views

2 This report gives a true and fair view of the matters disclosed

3 This report is based on +accounts to which one of the following applies.
(Tick one)

☐	The +accounts have been audited.	☐	The +accounts have been subject to review.
☐	The +accounts are in the process of being audited or subject to review.	✓	The +accounts have *not* yet been audited or reviewed.

4 The audit report is not attached.

5 The entity does have a formally constituted audit committee.

Sign here: ..... Date: 30 August 2012
(Company Secretary)

Print name: NICHOLAS J. GASTON.....

+ See chapter 19 for defined terms.