



AUSTPAC RESOURCES N.L.

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19 December 2008

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

Dear Sir/Madam

RE: AUSTPAC RESOURCES NL
SHAREHOLDER UPDATE

We are pleased to provide an announcement from the Managing Director of Austpac Resources NL for immediate release.

Yours faithfully

N.J. Gaston
Company Secretary

enc

**19 December 2008****SHAREHOLDER UPDATE****EARS ACID REGENERATION PLANT UPGRADE DESIGNS COMPLETE****MILL WASTE SUPPLY ARRANGEMENTS WELL ADVANCED**

Austpac is pleased to provide an update on progress towards commercial operations using the EARS acid regeneration section of the ERMS SR Demonstration Plant at Newcastle, NSW.

- Austpac proved the various technologies at the Demonstration Plant earlier this year, and the Company has now advanced the plans for upgrading the EARS section of the Plant so it can operate on a continuous commercial basis. The major step of designing the essential equipment items that will be refurbished is complete and costing is underway. These structural and physical upgrades, scheduled to begin in the New Year, will ensure the commercial longevity of the EARS plant.
- Austpac has been approached by a number of groups and discussions are well advanced to secure a supply of both spent pickle liquor (SPL) as well as mill scale (iron oxide waste). Austpac will regenerate fresh acid and direct reduced iron from the SPL, and by adding mill scale and other steel mill wastes to the process will significantly increase the yield of saleable iron. By recycling steel mill wastes, Austpac's EARS plant will assist in solving a significant disposal problem for the steel industry, as well as provide a positive cash flow for the Company in 2009.
- Austpac's fully owned and operated EARS plant will have direct applications in the steel industry as a highly cost-effective and environmentally friendly commercial method to recycle steel mill wastes. The EARS plant at Newcastle has the capacity to process 13,000 tonnes per year of SPL.
- As announced earlier this week, MultiServ have requested a six month extension to the agreement to identify and evaluate worldwide opportunities for the application of Austpac's processes in the steel industry, which was due to expire at the end of 2008. Austpac's aim is to have the plant in full commercial operation during the first half of 2009, which will give Austpac the opportunity to further demonstrate the capabilities of its EARS process to MultiServ and other interested groups.

As well as focussing on the stand-alone commercial EARS plant, Austpac continues to plan for the 60,000 tpa commercial ERMS SR plant. The production of ultra high grade synrutile by Austpac during October 2008 generated strong industry interest and samples are being tested by six international companies. Austpac will continue discussions with these groups as results become available during the first quarter of 2009.

Preparation for the detailed engineering design and a bankable feasibility study into the 60,000 plant is ongoing.

For further information please contact:

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About Austpac Resources N.L. (ASX code: APG)***WINNER: 2008 National Mining Awards APPLIED TECHNOLOGY OF THE YEAR***

Austpac Resources N.L. [www.austpacresources.com] is a minerals technology company focused on the titanium, steel and iron ore industries. It has been listed on the Australian Stock Exchange since 1986. Austpac's key technology transforms ilmenite into high-grade synthetic rutile, a preferred feedstock for titanium dioxide pigment production. The technology can also be used to process waste chloride solutions and iron oxides produced by steel making to recover hydrochloric acid and iron metal pellets. A third process can be used to produce Direct Reduced Iron (DRI) from both hematite and magnetite iron ores.