

Quarterly Activities Report for the period ending 30 September 2021

Austpac Resources NL (**Austpac Resources** or the **Company**) (ASX: APG) is pleased to provide an update on its quarterly activities for the period ending 30 September 2021.

The Company is currently in voluntary suspension of the trading of its securities following its ASX announcement on the 17th of June 2021. The suspension will remain in force pending the satisfactory resolution of ASX's queries in relation to certain prior issues of securities that occurred in the period between 2016 and 2019 and other Listing Rule matters (including any orders that may need to be made by the Federal Court of Australia), and ASX being satisfied that APG is otherwise in compliance with the Listing Rules.

The Company's primary activities for the reporting period were:

- Continuing discussions with third parties interested in assisting the Company to advance the development of its ZIRP technology;
- Continuing its detailed investigation into a number of matters arising from enquiries from the ASX regarding possible failures of the Company to fully comply with all the applicable requirements of the Corporations Act and Listing Rules; and
- Monitoring the impact of COVID19 on the proposed drill program at the Company's exploration property EL5291 at Nhill, Victoria.

During the quarter, the Company was approached and held initial discussions with an organisation to carry out testwork on steel waste using the Company's ZIRP technology.

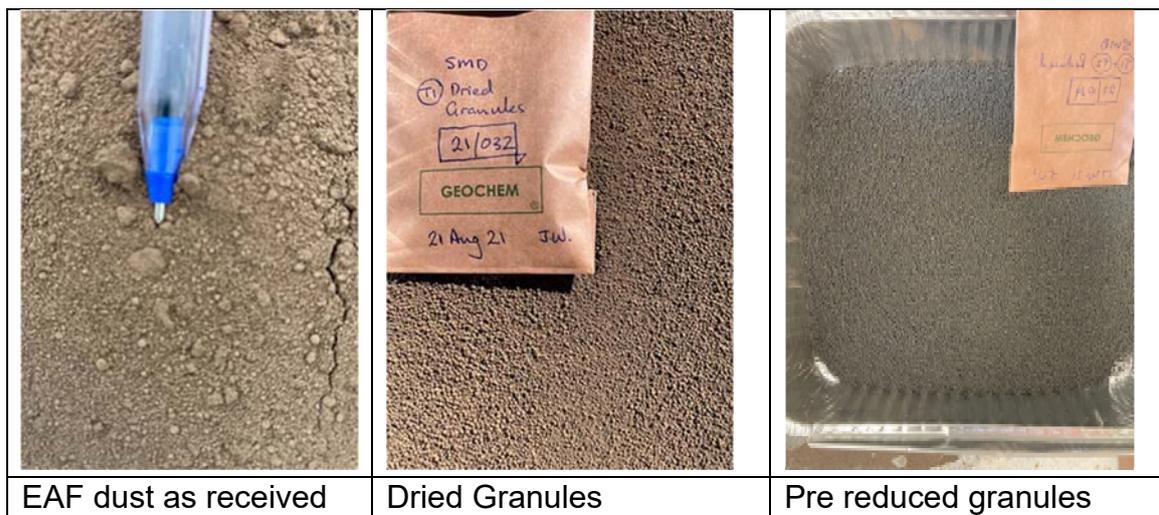
The Company continues to pursue new opportunities which are compatible with its current activities.

Zinc Iron Recovery Process (ZIRP)

As previously noted, the Company demonstrated last year that its ZIRP technology is capable of producing a quality zinc oxide and iron product from steel industry waste products.

The Company has recently conducted a review of its technology and has reconfigured the flowsheet to remove the acid regeneration part of the ZIRP to simplify the overall process. This was in conjunction with potential partners who were looking specifically at the recovery of iron and zinc without the need for treating spent pickle liquor.

As part of that review, bench scale test work was completed on a sample of EAF (Electric Arc Furnace) dust to demonstrate the capability of forming granules and subsequently pre-reduction of those formed granules without the need for the acid generation. This is a significant step in the simplification of the process for commercialising the ZIRP technology.



On the back of the recent test work, the Company is in advanced discussions with a number of local and an overseas companies who are investigating the potential use of the ZIRP technology within their market.

As noted last quarter the Company closed its ZIRP facility at Kooragang Island, Newcastle on the basis that it now needed to build a dedicated plant to prove the process at a commercial scale and as previously stated, the Company is now of the view that a partner who can work hand in hand with the Company is likely to provide the most effective path to fast tracking the commercialisation of the technology.

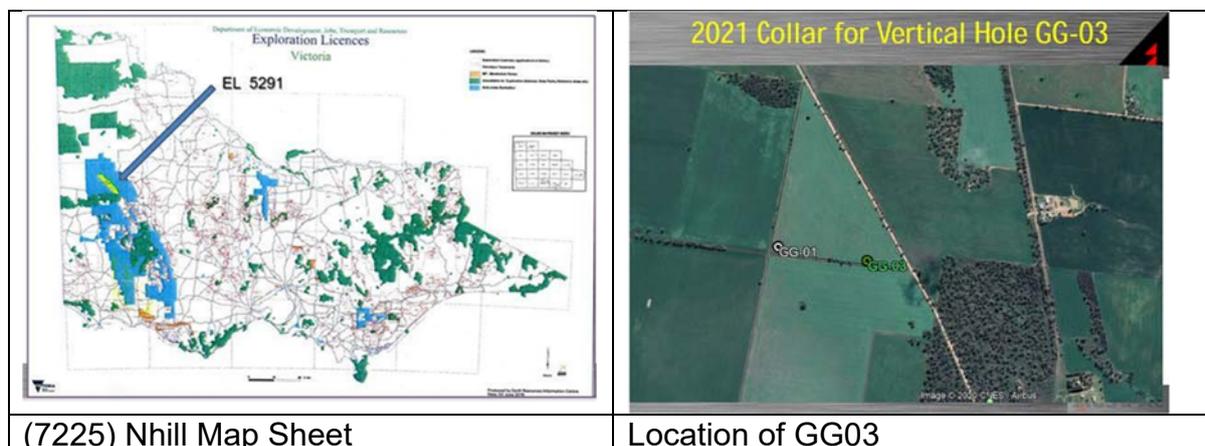
Nhill Exploration – EL 5291

The Company’s proposed drilling program at its Nhill project (**EL5291**) in Victoria continues to be impacted by the COVID19 issues. As such, there was no exploration undertaken by the Company during the quarter.

The Company has received quotations for the drilling program on EL5291 and drilling will be reassessed once the COVID19 pandemic stabilises. The Department of Jobs,

Precincts and Regions Victoria is considering the Company's application for a 1-year extension to the Nhill exploration licence.

As previously disclosed, geophysical work was undertaken on the exploration licence in early 2020 and as a result of that work the Company has determined the best location for the next drill hole GG03.



Voluntary Suspension from the ASX

During the quarter, the Company addressed a number of queries received from the ASX. These queries relate to a range of matters. The ASX has further questions and requests for information and the Company anticipates that the ASX may have additional questions and requests for information, including in relation to the Company's Annual Report (once reviewed by the ASX), the forensic investigation (upon completion), and other correspondence from the Company.

The Company most recently released an update on the status of the voluntary suspension on the 30th of July 2021 (see ASX announcement "*Update on Suspension from Official Quotation*").

We understand that the ASX is concerned that Company is not currently in compliance with Listing Rules 12.1 and 12.2.

The Company's securities will not be reinstated to official quotation until:

1. The Company has responded to and/or addressed all of ASX's queries to ASX's satisfaction; and
2. The Company has obtained all of the requisite Federal Court orders relating to various issues of securities; and

3. The ASX is satisfied that:

- The Company is in compliance with its obligations under the Listing Rules including in particular Listing Rules 12.1 and 12.2, its disclosure obligations in Chapter 3, and its obligations under Listing Rule 10.1;
- APG has adequate systems and controls in place to manage its obligations to comply with the Listing Rules; and
- it is otherwise appropriate to reinstate APG's securities

The Company has engaged legal representation in order to make an application for the required orders to the Federal Court of Australia, which is expected to be filed in the near future.

Tenement Holdings

In accordance with ASX Listing Rule 5.3.3, Auspac Resources provides the following information in relation to its tenement holdings at the end of the quarter:

Tenement Number	Company Ownership	Location	Area
EL5291	100%	Between Nhill and Dimboola, Victoria	74 km ²

Corporate

- Cash at the end of the quarter was \$51,000, which comprises of \$22,000 cash in its bank account and a bank guarantee of \$29,000 in its bank deposit account.
- AS previously disclosed, the Company has a loan facility of \$200,000 with Kore Management Services P/L, of which the Company's non-executive chairman, Mr T Cuthbertson has an interest. During the quarter, \$45,000 was drawn down on that facility (full details provided in the Appendix 5B). The remaining funds available under the loan facility are \$55,000.
- Cash used in operating activities during the quarter was \$138,000.
- Expected cash outflows for the next two quarters is \$40,000 per quarter. The Company has cash and unused loan facilities totalling \$106,000. Excluding the bank guarantee of \$29,000, the amount of available cash and unused loan facilities is \$77,000
- No payments were made to related parties of the Company during the quarter.
- The Company is considering various funding options and continuing to review potential new projects.

Further Information

For further information, please contact the Company on (02) 9252 2599 or by email at apgtio2@ozemail.com.au or visit the website at www.austpacresources.com

– END –

This report has been authorised by the Board.

For further information please contact:
CEO Colin ILES

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Austpac Resources NL

ABN

87 002 264 057

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(2)	(2)
(b) development		
(c) production		
(d) staff costs	(13)	(13)
(e) administration and corporate costs (net of GST refunds)	(93)	(93)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Others - Review and investigation costs of previous management activities	(5)	(5)
Others - Site costs	(25)	(25)
1.9 Net cash from / (used in) operating activities	(138)	(138)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(e) investments		
	(f) other non-current assets		
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities		
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	45	45
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	45	45
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	144	144
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(138)	(138)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	45	45
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	51	51

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	22	115
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other – bank guarantees	29	29
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	51	144

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	nil
6.2	Aggregate amount of payments to related parties and their associates included in item 2	nil
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	200	145
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	200	145
7.5 Unused financing facilities available at quarter end		55
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>Kore Management Services Pty Limited ("the Lender"), of which the Company Chairman Terry Cuthbertson has an interest, provided the Company with a loan facility of \$200,000. The loan is an unsecured loan with 10% interest per annum. \$45,000 has been drawn down during this quarter in addition to \$100,000 drawn on 28 June 2021. The loan with interest, is to be repaid within 3 business days, at the earlier of:</p> <ul style="list-style-type: none"> • After 12 months from the date of each drawdown: and • If there is a change in management and directors and the Lender does not agree with those changes. 		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(138)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(138)
8.4 Cash and cash equivalents at quarter end (item 4.6)	51
8.5 Unused finance facilities available at quarter end (item 7.5)	55
8.6 Total available funding (item 8.4 + item 8.5)	106
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.77
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: The recent September quarter included annual payment for listing fees and audit fees (1.2 (e) \$45,000). The above cash payments are unlikely to reoccur in the following two quarters. Management has estimated cash expenditures of around \$40,000 per month from hereon.</p>	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The company has received proposals from financial institutions to fund the company's working capital and projects for the business. These proposals are currently under review and consideration.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The business expects to continue its operations base on the future estimated cash expenditure of \$40,000 per month and plans to raise additional funds for the business - as noted in 8.8.2 above.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

29 October 2021

Date:

By the board

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.