

Quarterly Activities Report for the period ending 31 March 2022

Austpac Resources NL (Austpac or the company) (ASX:APG) provides an update on its quarterly activities for the period ending 31 March 2022.

The Company is currently in voluntary suspension. Refer to company's ASX announcement on the 17th June 2021. The suspension will remain in force pending the satisfactory resolution of ASX's queries in relation to certain prior issues of securities with occurred in the period between 2016 and 2019 and other Listing Rule matters.

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

- Finalising an application to the Federal Court to seek declaratory relief in relation to certain prior share issues that occurred between 2016 and 2019.
- Working to finalise the Preliminary assessment report in conjunction with the EPA.
- Continuing discussions with steel mills to finance and construct a pilot plant to assess the ZIRP technology's commercial suitability for their steel mill waste stream.
- Continuing discussions with overseas companies interested in assisting the advancement of the Company's ZIRP technology.
- Pursuing an agreement to raise funds to pursue new opportunities which complement its current line of activities.

Voluntary Suspension from the Australian Stock Exchange

As noted above Austpac entered into voluntary suspension of trading its securities on the 17th June 2021 pending satisfactory resolution of queries from the ASX in relation to various prior issues of securities by the Company that occurred in the period between 2016 – 2019.

The Company expects to lodge its application to the Federal Court early May 2022.

Austpac Completes environmental report for the EPA.

Austpac completed a preliminary assessment report for the EPA. This was sent to the EPA in Mid-January 2022. EPA had some follow-up queries for Austpac. Austpac worked through those queries and replied to the EPA. Austpac are waiting on comment from the EPA.

Zinc Iron Recovery Process (ZIRP)

The Company demonstrated in 2019 that its ZIRP technology is capable of producing a quality Zinc oxide and iron product from steel mill waste stream.

The Company simplified the process as the customer base sought a process that did not require Spent Pickle liquor. Subsequently the company is in discussions with several parties on building a pilot plant to prove up the process commercially and produce a commercially acceptable product.

The market in Australia for Zinc Oxide is approx. 40,000 tonnes per year. Australia currently imports 7- 8,000 tonnes of Zinc Oxide annually.

Austpac remains in discussion with a couple of local companies and overseas companies who are investigating the potential use of ZIRP technology within their market.

Nhill Exploration – EL 5291

There was no exploration undertaken by the Company on EL 5291 during the quarter.

Tenement Holdings

In accordance with ASX Listing Rule 5.3.3, Austpac 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 \$37,000 (of which \$29,000 is bank guarantees).
- The Second loan facility of \$200,000 from Kore Management Services P/L (“Second Loan Facility”), of which the Company’s non-executive chairman, Mr T Cuthbertson has an interest. The two loan facilities total \$400,000. During the quarter, \$70,000 was drawn on the second \$200,000 facility. (Full details are provided in the Appendix 5B).
- The Second Loan Facility is unsecured loan with 12% interest per annum. Penalty interest of 15% per annum will apply on the outstanding loan amount in the event of default. The loan with interest is to be repaid, at the earlier of:
 - 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.
- At the end of the quarter, the unused loan facility available to the Company was \$130,000.
- Cash used in operating activities during the quarter was \$74,000.
- No payments were made to related parties of the Company during the quarter.

Further Information

For further information, please contact the Company on 0432 959 062 or by email at apgtio2@ozemail.com.au or visit the website at www.austpacresources.com

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")

31 March 2022

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|---|------------------------------------|--|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | | |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (2) | (4) |
| | (b) development | | |
| | (c) production | | |
| | (d) staff costs | - | (13) |
| | (e) administration and corporate costs (net of GST refunds) | (61) | (185) |
| 1.3 | Dividends received (see note 3) | | |
| 1.4 | Interest received | | |
| 1.5 | Interest and other costs of finance paid | (1) | (1) |
| 1.6 | Income taxes paid | | |
| 1.7 | Government grants and tax incentives | | |
| 1.8 | Others - Review and investigation costs of previous management activities | - | (31) |
| | Others - Site costs | (10) | (43) |
| 1.9 | Net cash from / (used in) operating activities | (74) | (277) |

| | | | |
|-----------|---|--|--|
| 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 (9 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 | 70 | 170 |
| 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 | 70 | 170 |

| | | | |
|-----------|--|------|-------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 41 | 144 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (74) | (277) |
| 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 (9 months) \$A'000 |
|---|--|------------------------------------|--|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 70 | 170 |
| 4.5 | Effect of movement in exchange rates on cash held | | |
| 4.6 | Cash and cash equivalents at end of period | 37 | 37 |

| 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 | 8 | 12 |
| 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) | 37 | 41 |

| 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 | 400 | 270 |
| 7.2 Credit standby arrangements | | |
| 7.3 Other (please specify) | | |
| 7.4 Total financing facilities | 400 | 270 |
| 7.5 Unused financing facilities available at quarter end | | 130 |
| 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. \$200,000 has been drawn down as at 31 December 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. <p>In December 2021, the Lender has provided a new loan facility of \$200,000. The loan is unsecured loan with 12% interest per annum. \$70,000 has been drawn down as at 31 March 2022. The loan with interest is to be repaid, 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. <p>Penalty interest of 15% per annum will apply on the outstanding loan amount in the event of default.</p> | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (74) |
| 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) | (74) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 37 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | 130 |
| 8.6 Total available funding (item 8.4 + item 8.5) | 93 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 1.25 |
| <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> | |

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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?

Answer: The recent March quarter included payment for share registry fees and audit fees (1.2 (e) \$61,000). 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.

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 April 2022

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

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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.