



AUSTPAC RESOURCES N.L.
ACN 002 264 057

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30 April 2019

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 ENDING 31 MARCH 2019

We are pleased to provide Quarterly Report for the period ending 31 March 2019 for immediate release.

Yours faithfully

N.J. Gaston
Company Secretary

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QUARTERLY REPORT TO 31 MARCH 2019

Shareholder Share Purchase Plan

The Company received an excellent response to the Shareholder Share Purchase Plan announced on 1 February 2019, with small shareholders in particular supporting the plan very well.

The Shareholder Share Purchase Plan was extended to 15 April 2019 to allow those shareholders who were not aware of our recent progress to participate in the Plan.

The Plan was completed and results were announced on 26 April 2019; a total of \$426,233 was raised from over ninety shareholders.

Chinese Steelmaker to Fund the Development of Austpac's ZIRP Process

In March 2019 Austpac Resources NL announced an agreement for YanGang (Hong Kong) Co Limited to provide \$803,000 to finalise the testwork for Austpac's proprietary Zinc Iron Recovery Process (ZIRP). The process recycles two steel industry by-products, zinc-contaminated furnace dust and spent pickle liquor, and produces saleable pig iron, zinc oxide and strong hydrochloric acid.

Once the testwork program is successfully completed, Austpac will undertake a scoping study for a 10-15,000 tonnes per year commercial ZIRP plant to be sited in NSW, and the Agreement contains a provision for YanGang to fund the construction of the first ZIRP plant.

YanGang is a wholly-owned subsidiary of Tangshan Yanshan Iron and Steel Co Ltd of China. Yanshan is a Chinese steelmaker with an annual production of 9 million tonnes of steel; more than the combined steel production of Australia and New Zealand.

The Agreement required the \$803,000 to be provided through a placement of 365 million Austpac shares at \$0.0022; a significant premium over the current share price of \$0.001. This required shareholder approval and an Extraordinary General Meeting of Shareholders was convened on 24th April 2019. At that meeting, on a show of hands and by proxy, shareholders overwhelmingly supported the proposal to place shares with YanGang, and the funds have now been received. YanGang now is Austpac's largest shareholder with 12.6% of the Company's issued capital.

The testwork program at Newcastle will process zinc-contaminated dust through the first three stages of ZIRP (evaporation, pyrohydrolysis and pre-reduction) to make sufficient mixed zinc oxide-reduced iron oxide pellets for melt tests in an electric induction furnace and produce samples of pig iron and zinc oxide for market evaluation.

The validation of Austpac's furnace dust recycling process by a large steelmaker will allow the Company to develop other opportunities to implement its technology worldwide.

Newcastle Program

Planning for the ZIRP testwork program commenced in April 2019 with meetings at Newcastle with design engineers and equipment fabricators. The program will commence in May 2019, and drafting of the design drawings for the modifications to the existing equipment is commencing. This will allow suppliers to provide quotes for the fabrication and installation of this equipment.

Drilling at Nhill

During May 2019, Austpac will be undertaking a drilling program at Nhill, north-western Victoria, to follow up the highly encouraging zinc-gold intercepts encountered in the discovery drillhole, GG-01. This is the first Volcanic-Hosted Massive Sulphide (“VHMS”) mineralisation discovered in the north-western end of the recently-recognised and under-explored Stavely Arc.

Geophysical work undertaken subsequently to the discovery drillhole outlined two south-easterly trending gravity/magnetic anomalies which may represent lenses of VHMS mineralisation. GG-01 was located off the northern end of the interpreted western zone of hydrothermal mineralisation. Follow up drilling will initially test the central portion of this zone, 400m to the southeast of GG-01.

A drilling contractor is mobilising a rig capable of rapidly drilling through the younger Murray basin sediments, and obtain diamond drill core from the Cambrian basement volcanics which host the mineralisation in GG-01. It is expected the drilling program will be completed by mid-May 2019.

Extraordinary General Meeting 24 April 2019

The Extraordinary General Meeting of Shareholders held on 26 April 2019 approved the issue of 365 million shares at \$0.0022 each to YanGang (Hong Kong) Co Limited to raise \$803,000 in May 2019. Austpac has received these funds and the shares have now been issued.

For further information please contact:

Terry Cuthbertson
Austpac Resources N.L.

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

Austpac Resources N.L. is a mineral technology company currently focused on recycling waste chloride solutions and iron- and zinc oxide dusts produced by steelmaking to recover strong hydrochloric acid, high purity pig iron and zinc oxide. Austpac’s adjunct 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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

AUSTPAC RESOURCES N.L.

ABN

87.002.264.057

Quarter ended ("current quarter")

31 MARCH 2019

| 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 – R+D Tax Concession Refund | 260 | 260 |
| 1.2 Payments for | | |
| (a) exploration | - | - |
| (b) NIRP Mineral Technology Development | (98) | (195) |
| © ERMS- other | - | - |
| (d) Murray Basin | | |
| (e) Gold | (8) | (66) |
| (f) Administration | (123) | (331) |
| (g) Gold Funding | - | - |
| 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 Research and development refunds | | |
| 1.8 Other (provide details if material) | | |
| 1.9 Net cash from / (used in) operating activities | 31 | (332) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | | |
| (b) tenements (see item 10) | | |

Mining exploration entity and oil and gas exploration entity quarterly report

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|------------------------------------|--|
| (c) investments | | |
| (d) other non-current assets | | |
| 2.2 Proceeds from the disposal of: | | |
| (a) property, plant and equipment | | |
| (b) tenements (see item 10) | | |
| (c) investments | | |
| (d) 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 shares | 217 | 397 |
| 3.2 Proceeds from issue of converting notes | - | - |
| 3.3 Proceeds from exercise of share options | | |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | | |
| 3.5 Loan from shareholder | - | 200 |
| 3.6 Repayment of borrowings | | |
| 3.7 Transaction costs related to loans and borrowings | | |
| 3.8 Dividends paid | | |
| 3.9 Other (Shareholder Share Purchase Plan) | 426 | 426 |
| 3.10 Net cash from / (used in) financing activities | 643 | 1023 |

| | | |
|---|------------|------------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | 674 | 691 |
| 4.1 Cash and cash equivalents at beginning of period | 47 | 30 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | 31 | (332) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | 643 | 1023 |

Mining exploration entity and oil and gas exploration entity quarterly report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|---|------------------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 721 | 721 |

| 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 | 721 | 47 |
| 5.2 | Call deposits | | |
| 5.3 | Bank overdrafts | | |
| 5.4 | Other (provide details) | | |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 721 | 47 |

6. Payments to directors of the entity and their associates**Current quarter
\$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

NIL

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

7. Payments to related entities of the entity and their associates**Current quarter
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Mining exploration entity and oil and gas exploration entity quarterly report

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| 8.1 Loan facilities | | |
| 8.2 Credit standby arrangements | | |
| 8.3 Other (please specify) | | |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

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| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | 100 |
| 9.2 Development- N.I.R.P | 150 |
| 9.3 N.I.R.P funding (R&D) | - |
| 9.4 Staff costs | |
| 9.5 Administration and corporate costs | 80 |
| 9.6 Other – Placements | (803) |
| 9.7 Total estimated cash outflows | (473) |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|--|---------------------------|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | | | | |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | | | | |

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.

Sign here: Date:30.4.2019.....
(Director/Company secretary)

Print name:N.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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.