



AUSTPAC RESOURCES N.L.
ACN 002 264 057

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www.austpacresources.com

11 January 2018

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

Dear Sir/Madam

RE: \$1,000,000 INVESTMENT IN AUSTPAC RESOURCES NL

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

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Thursday 11 January 2018

ASX Announcement and Media Release (Code: ASX:APG)

AUSTPAC ARRANGES A \$1 MILLION INVESTMENT

Austpac Resources N.L. is pleased to announce the execution of an investment agreement with Bergen Global Opportunity Fund II, LLC, a New York-based institutional investor managed by Bergen Asset Management, LLC.

Under the agreement, Bergen will make an initial investment of A\$500,000 immediately and will invest a further A\$500,000 in 90 days, each by way of an interest-free unsecured converting security with a 24-month maturity. The key aspects of the investment are set out in the Appendix.

The funds will be used to complete the testwork program which commenced in 2017 at Austpac's Newcastle facilities. This will demonstrate that the unique, four-stage ZIRP process can combine iron and zinc oxide-rich furnace dusts with spent pickle liquor from the steel industry and commercially produce pig iron, zinc oxide and strong hydrochloric acid. Australian steelmakers are interested in the success of the program and are supplying sufficient quantities of feedstock for the testwork.

At the conclusion of the program, Austpac plans to convert the plant to a facility capable of processing up to 15,000tpa of steel furnace dusts on a commercial basis and to continue to progress the development and licencing of its proprietary technology.

Upon the completion of the testwork program, Bergen may also consider more significant project finance.

For further information please contact:

Mike Turbott

Managing Director

Austpac Resources N.L.

Tel (+61-2) 9252-2599

About Austpac Resources N.L.

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.

About Bergen Asset Management, LLC

Bergen Asset Management, LLC is a New York-based institutional investor with a particular focus on direct investments in small-cap companies around the world, and a track record of success in the Australian market.

Appendix - Key Aspects of the Funding

1. Certainty of access to funding. The Agreement provides the Company with certainty of access to funding. The investment will be made as follows:

- A. A\$500,000 invested on execution of the agreement by way of an interest-free unsecured converting security with a 24-month maturity (the “**Converting Security**”); and
- B. An additional A\$500,000 invested 90 days after the execution of the Agreement by way of an interest-free unsecured converting security with a 24-month maturity (the “**Second Converting Security**”),

for a total of A\$1,000,000.

2. Minimising dilution. The conversion price of the converting notes will be the lesser of 90% of the average of five daily volume-weighted average prices (“**VWAPs**”) of the Company’s shares during a specified period immediately prior to the date of issuance of the ordinary shares (rounded down to the next 1/10th of a cent), and 130% of the average of the daily VWAPs for 20 trading days prior to the date of execution of the Agreement.

This allows the Company to potentially issue new shares at prices that are linked to the prices prevailing at the time of the conversion (i.e. potentially at a premium to the current share price) and minimise the dilution for its shareholders.

3. Interest-free investment and focus on capital appreciation. Bergen’s return on investment depends on the Company’s share price appreciation, and consequently, its investment accrues no interest.

4. Other.

- A. The Investor will receive a commencement fee in connection with its investment in the Company, to be satisfied by way of issuance of 16,498,316 shares in the Company.
- B. The Agreement does not restrict the Company from raising additional funding.
- C. The Investor is a passive financial investor with no board participation rights.
- D. The Company is not subject to any financial ratio covenants other than the Company securing it against 6.8 million collateral shares.
- E. Currently, the Company may not issue more than 177,449,146 shares to the Investor, being the maximum number of equity securities issuable under the existing placement capacity of the Company as of the date of the Agreement, without shareholder approval. Consequently, the Converting Security and (if issued) the Second Converting Security shall not be converted into an aggregate of more than 154,150,830 shares in the absence of shareholder approval, and the purchase of the Second Converting Security by the Investor is subject to shareholder’s approval.



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11 January 2018

**Company Announcements Office
Australian Securities Exchange**

Notice under Section 708A(5)(e) of the *Corporations Act 2001* (Cth)

On 11 January 2018, Austpac Resources N.L. ("the **Company**") issued 23,298,316 fully paid ordinary shares in accordance with the terms of its convertible securities subscription agreement with Bergen Global Opportunity Fund II, LLC, which was announced to the market on 11 January 2018.

Accordingly the Company gives notice under section 708A(5)(e) of the *Corporations Act 2001* (Cth) (the "**Corporations Act**") that:

1. the abovementioned ordinary shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act;
2. as at the date of this notice the Company has complied with:
 - (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - (b) section 674 of the Corporations Act; and
3. as at the date of this notice there is no "excluded information" (as defined in subsection 708A(7) of the Corporations Act) which is required to be disclosed by the Company.

N. J. Gaston

Company Secretary

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96. Origin: Appendix 5. Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/2003, 24/10/05, 01/08/12, 04/03/13

Name of entity

AUSTPAC RESOURCES N.L. (the **Company**)

ABN

87 002 264 057

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | FULLY PAID ORDINARY |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 16,498,316 commencement fee fully paid ordinary shares plus 6,800,000 fully paid ordinary collateral shares and 578,000 Converting Securities with a face value of A\$1.00 per Converting Security. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

Ordinary Shares

Ordinary Shares will rank *pari passu* with existing Ordinary Shares.

Converting Securities

- The face value of each Converting Security is A\$1.00 and the aggregate face value of all the Converting Securities is A\$578,000 (the **Principal Amount**).
- The Converting Securities do not bear interest.
- The Converting Securities shall be convertible into new Ordinary Shares of the Company determined by dividing the Principal Amount by, at the election of the Holder: (a) 90% of the average of five daily VWAPs per share during a specified period prior to the conversion date of the Converting Security; or (b) 130% of the average of the daily VWAPs per share during the 20 trading days prior to 10 January 2018.
- The Ordinary Shares issued upon conversion of the Converting Securities will rank *pari passu* with existing Ordinary Shares.
- The Converting Securities do not carry any voting rights at meetings of shareholders of the Company, and have no rights of participation in any rights issues undertaken by the Company prior to their conversion.

+ See chapter 19 for defined terms.

<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>The Ordinary Shares rank <i>pari passu</i> with existing Ordinary Shares. On conversion of the Converting Securities, the Ordinary Shares will rank <i>pari passu</i> with existing Ordinary Shares.</p>
<p>5 Issue price or consideration</p>	<p>16,498,316 fully paid ordinary shares - A\$98,000</p> <p>6,800,000 Ordinary Shares are issued for nil consideration.</p> <p>A\$578,000 for the Converting Securities.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The Ordinary Shares were issued to secure the Converting Securities Subscription Agreement, details of which were announced to the market on 11 January 2018.</p> <p>The purpose of the issue of the Converting Securities is to raise capital for corporate and working capital purposes to progress the Newcastle Zinc Iron Recovery Plant development.</p>
<p>6a Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b-6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>N/A</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>N/A</p>
<p>6c Number of ⁺securities issued without security holder approval under rule 7.1</p>	<p>N/A</p>

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	N/A				
6e	Number of ⁺ securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A				
6f	Number of securities issued under an exception in rule 7.2	N/A				
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A				
6h	If securities issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A				
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A				
7	⁺ Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	11 January 2018				
8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="695 1585 995 1624">Number</th> <th data-bbox="995 1585 1289 1624">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1624 995 1662">1,474,785,499</td> <td data-bbox="995 1624 1289 1662">ORDINARY</td> </tr> </tbody> </table>	Number	⁺ Class	1,474,785,499	ORDINARY
Number	⁺ Class					
1,474,785,499	ORDINARY					

+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	578,000	Converting Securities with a face value of A\$1.00 each
	52,072,926	Share Purchase Plan (Staff)
	22,540,000	Forfeited shares held for re-issue
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Pro rata issue

11 Is security holder approval required?	N/A
12 Is the issue renounceable or non-renounceable?	N/A
13 Ratio in which the +securities will be offered	N/A
14 +Class of +securities to which the offer relates	N/A
15 +Record date to determine entitlements	N/A
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17 Policy for deciding entitlements in relation to fractions	N/A
18 Names of countries in which the entity has security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19 Closing date for receipt of acceptances or renunciations	N/A

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

- 32 How do security holders dispose of their entitlements (except by sale through a broker)? N/A
- 33 +Issue date N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A	
39	+Class of +securities for which quotation is sought	N/A	
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	N/A	
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other +security)</p>	N/A	
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	Number	+Class
		N/A	N/A

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

 - There is no reason why those +securities should not be granted +quotation.

 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: 11 January 2018
(Company secretary)

Print name: N.J. Gaston.....

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for ⁺eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before the ⁺ issue date or agreement to issue	1,509,660,976
Add the following:	
<ul style="list-style-type: none"> • Number of fully paid ⁺ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ⁺ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ⁺ordinary securities that became fully paid in that 12 month period 	<p style="margin: 0;">-</p> <p style="margin: 0;">-</p> <p style="margin: 0;">-</p>
<i>Note:</i>	
<ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	-
“A”	1,509,660,976

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	226,449,146
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>7 March 2017 - 19,000,000</p> <p>9 January 2018 – 30,000,000</p> <p>11 January 2018 – 23,298,316</p> <p>Converting Notes – 82,571,428</p>
“C”	154,869,744
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15	
<i>Note: number must be same as shown in Step 2</i>	226,449,146
Subtract “C”	154,869,744
<i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.15] – “C”	71,579,402 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1.A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A”	
<i>Note: number must be same as shown in Step 1 of Part 1</i>	
Step 2: Calculate 10% of “A”	
“D”	0.10
<i>Note: this value cannot be changed</i>	
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A</p> <p><i>Notes:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.10] – “E”	<i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.