

Quarterly Activities Report for the period ending 31st March 2023

Austpac Resources NL (Austpac or the company) (ASX:APG) is pleased to provide an update on its quarterly activities for the period ending 31 March 2023.

The Company is currently in voluntary suspension. Refer to company's ASX announcement on the 17th June 2021. The suspension remains in force pending the satisfactory resolution of ASX's queries in relation to Rule 12.1 and Rule 12.2. These rules relate to current and future financing of the company and its activities in the last 12 months plus future plans.

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

- The company has been approached in regard to a couple of funding opportunities to pursue new projects which complement its current line of activities.
- Reapplying for Nhill exploration lease.
- Continuing discussions with steel mills to finance and construct a pilot plant to assess the ZIRP process's commercial suitability for the steel Industry Urban mining project as part of the circular economy drive.
- Completion of an application to the Federal Court to seek declaratory relief in relation to certain prior share issues that occurred between 2016 and 2019.
- Start the work program to dismantle the Newcastle plant, slated for completion by end of June 2023 and complete the closure of the Newcastle site.

Funding and Opportunities

The company management have assessed a number of funding proposals during the quarter in regard to new opportunities. They are currently pursuing two of these proposals which will provide the company with funds to continue its current activities and add to its exploration activities. The company will keep shareholders informed as things progress.

Nhill Exploration – EL008168

An application was submitted to the Department of Jobs and Precincts Victoria (Department) for a new mining license EL008168. The application was submitted and accepted by the Department and is currently under review by the Department.

The application covers a similar area to the previous exploration license held by Austpac resources EL5291. The company will be seeking new updated tenders for drilling of this concession once the new licence is approved.

Zinc Iron Recovery Process (ZIRP) Urban Mining project

The Company demonstrated in 2019 that its ZIRP process 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. 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 process within their market.

Voluntary Suspension from the Australian Stock Exchange

As previously announced 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 hearing for the above issue was heard in the federal court on the 31st January 2023. A determination was handed down on the 21st February 2023.

The Federal court granted orders relieving on selling shareholders of any civil liabilities in relation to these sales, except for Notsag Pty Ltd and Mr Nicholas John Gaston, former Company Secretary of Austpac.

Excerpt from Federal court ruling.

“For a period of 28 days from the publication of such orders on the ASX website, any person who claims to have suffered substantial injustice or who claims they are likely to suffer substantial injustice by reasons of the contraventions referred to above or making of such orders may apply within that period to vary or discharge the orders.”

As at the 31st March 2023 no person has made a claim in relation to the above. The period for application was 28 days after publication of the Federal court order. The date of publication of the Federal court orders was the 21st February 2023. The final date of application was the 21st March 2023.

As the date to apply has past Austpac Resources and its current directors are clear of any claims against it pertaining to the share issue that required federal court relief.

Newcastle plant

In late January 2023 work begun on the dismantling of the Newcastle site. This work is expected to be completed by the end of June 2023, this will include the cancellation of the EPA license and all association with the Newcastle site.

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 2023

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	(8)	(9)
	(b) development		
	(c) production		
	(d) staff costs		
	(e) administration and corporate costs (net of GST refunds)	7	(89)
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 - Site costs	-	(13)
	Others - Legal fees related to Federal Court Hearing	-	(28)
	Others - Review and investigation costs of previous management activities	-	(37)
1.9	Net cash from / (used in) operating activities	(2)	(177)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) exploration & evaluation		
	(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	5	155
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	5	155

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	31	56
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2)	(177)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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)	5	155
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	34	34

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	5	2
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)	34	31

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>		

7. Financing facilities	<p><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i></p> <p><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i></p>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	500	500
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	500	450
7.5	Unused financing facilities available at quarter end		50
7.6	<p>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> <div style="border: 1px solid black; padding: 10px;"> <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 31st 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>On 2nd December 2022, the Lender agreed to renew the above loan, with accrued interest to 2nd December 2022. The renewed loan (with accrued interest) is an unsecured loan with 12% interest per annum from 2nd December 2022. The loan with interest is to be repaid, at the earlier of:</p> <ul style="list-style-type: none"> • Twelve months from 2nd December 2022; and • If there is a change of 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> <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. \$200,000 has been drawn down as at 30 December 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> <p>On 2nd December 2022, the Lender has provided another new loan facility of \$100,000. The loan is unsecured loan with 12% interest per annum. 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> </div>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2)
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)	(2)
8.4	Cash and cash equivalents at quarter end (item 4.6)	34
8.5	Unused finance facilities available at quarter end (item 7.5)	50
8.6	Total available funding (item 8.4 + item 8.5)	84
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	42
	<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?	
	Answer: N/A	
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: N/A	
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: N/A	
	<i>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.</i>	

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.

Date: 28th April 2023

Authorised by: The Board
(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*

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

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.