AUSTPAC RESOURCES N.L.
ACN 002 264 957

Level 3,
62 Pitt Street
Sydney NSW 2000
GPO Box 5297
SYDNEY NSW 2001
Telephone: (+61 2) 9252 2599
Facsimile: (+61 2) 9252 8299
Email: apgtio2@ozemail.com.au
www.austpacresources.com

January 20, 2014

NEWCASTLE IRON RECOVERY PLANT – PROJECT UPDATE

- **Commissioning of mill scale preparation section continues**
- **Pilot scale equipment upgraded to handle fine oxide dusts**
- **First shipment of mill scale for 2014 received**
- **Steel industry transaction signed with BlueScope**

Construction and commissioning of the Newcastle Iron Recovery Plant (NIRP) which will showcase Austpac's proprietary waste recycling technologies to the steel industry is continuing.

Modifications have been made to the mill scale preparation section to enable the Plant to handle very fine material such as the iron oxide waste dusts produced by furnaces during the iron and steel making processes. Closed chutes and hoppers, covers for the conveyors and a cover over the trommel have been installed to minimize dust emissions and protect the mill scale and fine dusts from wind and rain.

Overview of mill scale preparation area prior to modifications.

Covers have been installed for weather protection and dust suppression.

The extensive expansion and upgrading of the pilot scale equipment at the Plant is almost completed. This equipment has been designed to duplicate the processes being undertaken in the NIRP, and it includes an evaporator to produce mixed iron oxide/iron chloride pellets from fine dusts and pickle liquor, and a new batch fluid bed roaster for both pyrohydrolysis and metallisation. This will facilitate the testing of a wide variety of steel mill wastes, especially fine iron oxide dusts, to verify they will be suitable as feed for the Plant. This state of the art facility is vital for day to day operations of the Plant as constant monitoring of the products from each stage of the Plant is essential to maintain quality control.

Fluid bed evaporator to produce mixed iron oxide/chloride pellets for pyrohydrolysis (acid regeneration)

The batch fluid bed roaster shell ready for installation. This will be used for pyrohydrolysis and metallisation

The venturi-scrubber to recover HCl acid from the batch roaster exit gas streams

On 16th January, the first shipment of bagged mill scale for 2014 was delivered to the Plant, witnessed by a representative from CMC Cometals-Australia. Following inspection, the bulk bags have been stored in the mill scale storage facility ready for processing when the Plant commences operations.

Inspecting mill scale upon delivery

Stacking the bulk bags in the mill scale shed

Erection of the fabricated steel sections in the north tower extension is continuing preparatory to installation of the four fluid bed reactors, gas scrubbers and pumps. The two fluid bed roasters for iron oxide reduction are awaiting completion of their refractory lined plenum and gas distributor plate. Once these are fitted, the roasters will be installed beside the stoves (now in place) at the lowest level of the north tower.

BlueScope Steel Agreement

On 19 December 2013, Austpac announced the Company had signed an agreement with BlueScope Steel, Australia's largest steel producer, to undertake a bulk trial to recover iron and other by-products from waste iron oxide dusts. The announcement advised:

> *BlueScope Steel (AIS) Pty Ltd (BlueScope) has agreed with Austpac to undertake a bulk trial at the Newcastle Iron Recovery Plant (NIRP) to recover iron from the fine iron oxide dusts produced by steel mills. BlueScope also has the right to negotiate licences to use the Company's recycling technologies at their steel mills. This agreement follows extensive laboratory and pilot scale testwork previously undertaken at Newcastle on BlueScope's dusts, which produced samples of high quality iron.*
>
> *BlueScope will provide a 1,000 tonne sample of dusts collected from the off-gases produced from the steel-making processes, together with sufficient spent pickle liquor, which Austpac will process at the NIRP to produce saleable iron briquettes, hydrochloric acid and other by-products. Austpac will initially use mill scale to commission the NIRP, and BlueScope's dusts will be processed during the latter part of commissioning. BlueScope has agreed to purchase the iron briquettes at appropriate commercial market rates, and plans to trial them at their Port Kembla steel-making facility.*
>
> *BlueScope operates steel processing facilities in New South Wales, Victoria and New Zealand. When the trial has been completed, BlueScope has the right to negotiate with Austpac for licences to use the technology at one or more of their plants.*

The announcement is significant because BlueScope is the first steelmaker to recognise the potential of and commit resources to Austpac's recycling technologies. The 1,000 tonne bulk trial for BlueScope will be undertaken during the latter part of commissioning of the NIRP.

Iron oxide dusts are produced by all steel making facilities and they often contain other metals such as zinc, making them difficult to recycle. Consequently many facilities around the world have large stockpiles, some containing millions of tonnes of the waste dust.

The iron and other metals can be recovered separately with Austpac's processes, which are believed to be the only viable technology to treat steel mill dusts. Once the trial is completed, the Company will be well placed to licence its technologies to iron and steel plants around the world. Discussions have commenced with steel producers in the US who are interested in Austpac's technologies.

For further information please contact:
Mike Turbott
Managing Director - Tel (+61-2) 9252-2599

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

Austpac Resources N.L. [www.austpacresources.com] is a minerals technology company focused on the steel and titanium industries. It has been listed on the Australian Stock Exchange since 1986. Austpac's technologies are used to process waste chloride solutions and iron oxides produced by steelmaking to recover hydrochloric acid and iron metal pellets. Anothert technology, the ERMS SR process, can be used to transform ilmenite into high-grade synthetic rutile, a preferred feedstock for titanium metal and titanium dioxide pigment production.