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AUSTRALIAN STOCK EXCHANGE ANNOUNCEMENT

**AUSTPAC RESOURCES N.L. SIGNS MEMORANDUM OF UNDERSTANDING
WITH ARDESHIR B. CURSETJEE & SONS LIMITED OF INDIA**

Austpac is pleased to announce that a Memorandum of Understanding has been signed with Ardeshir B. Cursetjee & Sons Limited (ABC) to study the production of synthetic rutile from its heavy mineral deposit south of Chatrapur in the state of Orissa, India (the South Chatrapur deposit).

The deposit was initially explored by the Atomic Minerals Division of the Department of Atomic Energy. ABC was granted an exploration licence following a competitive tender process held by the Orissa State Government. The State will also hold an interest in the project when it is developed through the Industrial Development Corporation of Orissa Limited.

The first phase will comprise a prefeasibility study, which will commence as soon as the South Chatrapur deposit is sufficiently delineated. ABC is currently assessing data from the resource to confirm the size and grade of the deposit, and have undertaken heavy mineral separation testwork. ABC estimates the deposit contains over six million tonnes of ilmenite.

The cost of the study will be borne by ABC as a capital contribution, with Austpac contributing technical and financial information for the project. Subject to the outcome of a final feasibility report, the parties plan to enter into a Joint Venture Agreement to establish an ERMS SR plant to produce up to 200,000 tonnes per year of high-grade synthetic rutile.

This is the second initiative for Austpac in India and is additional to the AusRutile Joint Venture with Ticor, also in Orissa. India has the largest resource of mineral sands in the world representing over 20% of the world's ilmenite resources, and Austpac is continuing to examine further opportunities in that country.

Austpac's prime objective is to establish the first ERMS SR facility as soon as is practicable. The Company therefore is evaluating a number of potential sites in Australia and elsewhere where a commercial plant could be readily implemented, and will be pursuing these as a priority in 2003.

For further information please contact:

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