

11 September 2006

AUSTRALIAN STOCK EXCHANGE ANNOUNCEMENT

Austpac signs agreement for the ongoing development of the ERMS SR synthetic rutile process

Austpac Resources N.L. is pleased to announce it has signed a Research Agreement with BHP Billiton to continue the ongoing development of the Company's ERMS SR technology for the production of high grade synthetic rutile and the direct reduced iron co-product (DRI). Under the agreement, BHP Billiton will provide funds for:

- the commissioning and operation of the equipment designed to prove Austpac's proprietary continuous metallisation process, which is now in the final stages of construction at the Newcastle plant,
- additional modeling of the proprietary continuous leach vessel that will form part of the proposed ERMS SR Demonstration Plant planned for Newcastle,
- a review and update of the capital cost estimate for the Demonstration Plant, and
- an independent concept level cost study to obtain updated capital and operating costs for a commercial scale ERMS SR plant.

The agreed work program will take approximately three months and should be completed in November this year.

The program will enable Austpac to complete essential testing of the metallisation and leaching steps to confirm the final design and layout of the equipment in the Demonstration Plant. It will also prove those two key steps prior to the development of the Demonstration Plant.

On completion of the Research Agreement, BHP Billiton will have a right to acquire an exclusive licence for the ERMS SR technology for TiO₂ applications in Africa, and to continue funding the development of the technology, including the Demonstration Plant, through equity participation or otherwise, on terms to be agreed.

For further information please contact:

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Austpac Resources N.L. is an Australian listed minerals technology company and emerging synthetic rutile producer. The ERMS SR process produces high grade synthetic rutile, a preferred feedstock for titanium dioxide pigment production. The EARS process regenerates hydrochloric acid from waste chloride streams, as well as producing a valuable metal pellet co-product. Austpac also has processes for agglomerating fine high-titanium minerals, the direct reduction of iron ore, and the separation of minerals for titanium pigment feedstock.