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AUSTPAC SECURES ILMENITE SUPPLY FOR

3,000 TPA ERMS SR SYNTHETIC RUTILE PLANT

Austpac is pleased to announce that it has secured supplies of ilmenite for the 3,000 tpa ERMS SR synrutile Demonstration Plant under construction at the Company's facilities on Kooragang Island, Newcastle. It is planned to process a total of 720 tonnes of ilmenite from three sources and produce around 350 tonnes of high grade synrutile and 250 tonnes of iron pellets for market trials.

A 150 tonne parcel of "ROM ilmenite" has been purchased from Consolidated Rutile Limited. This is a run-of-mine ilmenite concentrate produced from the heavy mineral mining operations on Stradbroke Island. Previous tests on this type of ilmenite undertaken in 2003 produced a high grade synrutile containing 98% TiO₂, and this parcel will be used to commission the Newcastle plant. The consignment has now been delivered and stockpiled at the Plant.

500 tonnes of "Mags 1" ilmenite has been purchased from BeMaX Resources Limited's Murray Basin operations. This material is the magnetic fraction from the heavy mineral concentrate produced at the Ginkgo mine. It contains relatively high levels of chrome and radio-elements, and is being stockpiled at the mine site. Recent tests by Austpac on a sample of the concentrate produced a high grade synrutile containing 97% TiO₂ and very low levels of chrome and radio-elements. The 500 tonnes will be used for the "production run", a 24 hour per day continuous 30 day operation to make around 250 tonnes of synrutile.

A third parcel of 70 tonnes of ilmenite concentrate is being supplied by BHP Billiton, as part of the agreement Austpac and BHP Billiton signed in June 2007 for the construction and operation of the Demonstration Plant at Newcastle. This has been produced by a pilot plant at BHP Billiton's Corridor Sands deposit in Mozambique and will be shipped to Newcastle in the first quarter of 2008. BHP Billiton may decide to ship a larger sample from Corridor later in 2008 for further testwork, though meaningful results will be obtained from the initial 70 tonne sample.

Construction of Stage One, the roasting and magnetic separation section, of the Demonstration Plant is nearing completion. The ilmenite pre-heater, oxidation and reduction roasters, anaerobic cooler and afterburner have been installed for some time, and the air, nitrogen and LPG gas supply tanks are in place. Installation of electrical controls, the ilmenite and coal feed system and the magnetic separation unit is well advanced. Much of the infrastructure for Stage Two has been installed during construction of Stage One. Nine plant operators have been hired to start training on 14 January 2008 and they will be involved with development of the plant operating procedures. It is planned to start commissioning the plant late in January 2008, using the 150 tonnes of ilmenite from Stradbroke Island. This will be followed by the 500 tonnes of Murray Basin ilmenite and the 70 tonnes from Corridor Sands. At a feed rate of 8.5 tonnes per day the roasting campaign will take approximately three months.

While the roasting campaign is underway Stage Two construction will be completed. This includes the ilmenite leaching/synrutile finishing and the EARS acid regeneration sections. After a short break at the end of Stage One operations, commissioning of Stage Two will commence in June 2008. Stage Two is designed to have twice the capacity of Stage One to fully test some of the critical process areas. It has a feed capacity of 17 tonnes per day and a synrutile production capacity equivalent to 3,000 tpa. The synrutile commissioning and production runs, which will sequentially process the three roasted ilmenite bulk samples, will take approximately 45 days, and it is anticipated that synrutile testwork will be completed on schedule during August 2008.

The operations at the Demonstration Plant during the first half of 2008 will provide essential data required for the detailed engineering design and costing study for the proposed 60,000 tpa commercial plant. The study will form part of the Bankable Feasibility Study that will commence later in 2008 once all synrutile testwork is complete.

Further updates on progress at the Demonstration Plant will be provided early in the New Year.

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

Austpac listed on the Australian stock exchange in July 1986, and is a minerals technology company focussed on the titanium, steel and iron ore industries. Austpac's key technology transforms ilmenite into high-grade synthetic rutile, a preferred feedstock for titanium dioxide pigment and titanium metal production. The technology can also be used to recycle waste chloride solutions and iron oxides produced by steel making to recover hydrochloric acid and iron metal pellets. A third process can be used to produce Direct Reduced Iron (DRI) from both hematite and magnetite iron ore.