



March 4, 2009

## SHAREHOLDER UPDATE

- **Project to convert Newcastle EARS Plant to profit centre underway**
- **Supply arrangements for pickle liquor and mill waste well advanced**
- **Negotiations for sale of hydrochloric acid and iron products commenced**
- **Financing arrangements for EARS Plant upgrade commenced**

### **2009 Business Plan:**

2008 was an extremely successful year for Austpac Resources. The 3,000 tpa ERMS SR Demonstration Plant at Newcastle was completed and proved all Austpac's technologies; media and industry stature was increased, Austpac won the "Applied Technology of the Year" category of the 2008 National Mining Awards; and preparation began for commercialising technologies on two fronts. The first thrust is establishing the EARS section of the 3,000 tpa Demonstration Plant as a profit centre by treating steel industry waste, and the second is a bankable feasibility study into a 60,000 tpa commercial ERMS SR synrutile plant. Both projects are being advanced and the Company expects to be generating a cash flow by the second half of the year using the EARS plant at Newcastle.

### **Steel Waste Recycling using upgrade of existing Newcastle Plant:**

Having now identified sufficient waste material as well as product markets to ensure the profitable operation of the EARS plant, the focus during the first half of 2009 is to convert the EARS acid regeneration section of the Newcastle facility into a steel waste recycling plant. The EARS section has a capacity to treat 13,000 tpa of spent pickle liquor and 25,000 tpa of waste mill scale. The plant will create permanent jobs in Newcastle and will treat steel waste from the Hunter region by converting it into saleable products in an environmentally effective manner.

At full capacity, the EARS plant will generate an estimated profit of \$7.0 million per year, and the aim is to commence construction in the second quarter of 2009 and commence commercial operations in the second half of 2009. The fully operational plant will act as a model operation (reference site) that will lead to multiple commercial EARS waste treatment plants around the world, either as build-own-operate plants or in association with major corporations such as MultiServ.

### **ERMS SR Synrutile Plant:**

To progress the bankable feasibility study for a 60,000 tpa ERMS SR synrutile plant in Eastern Australia, Austpac will obtain additional data on the EARS process from operating the upgraded EARS section of the 3,000 tpa Plant as a steel waste recycling plant. Austpac will therefore be able to commence the study during the second half of the year.

### **International TiO<sub>2</sub> conference:**

Austpac Managing Director, Mike Turbott, and Austpac General Manager – Technology Development, John Winter, will respectively co-chair and deliver a landmark paper at next month's 11<sup>th</sup> IntertechPira TiO<sub>2</sub> Conference in Rome ([www.tio2conference.com](http://www.tio2conference.com)). This will be the first time the proven ERMS SR process is showcased to a world-wide forum, and will further enhance Austpac's standing in the global titanium and synrutile industry. Winning the Applied Technology of the Year category at the 2008 National Mining Awards is testament to that increasing recognition.

### **For further information please contact:**

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