Cover Story

The Australian Investor™
The Investment Information Service

Austpac Resources Successfully Raises $5.7 million – Strengthening its Current Position and Enabling the Company to Maintain its Strong Track Record of Growth and Continued Development

Austpac Resources N.L. is an Australian listed minerals technology company and emerging synthetic rutile producer that is strategically positioned to capitalise on the growth in this market by utilizing its environmentally friendly, patented technology to not only produce rutile, but also to clean up waste in the steel industry.

Illustrating the Company's strong position within this marketplace it has licensed its LTR (Low Temperature Roasting) technology to BHP Billiton for non-exclusive use in Africa.

Furthermore, Austpac has successfully completed a private placement to raise $5.7 million, which will enable the Company to maintain its strong growth and continued development.

Mr. Mike Turbott, Austpac's Managing Director explained to the Australian Investor, "Essentially, Austpac's technologies have two parts. Firstly, they transform ilmenite into high grade synthetic rutile, a preferred feedstock for titanium dioxide pigment production. Additionally, the technology can be used to beneficiate a range of heavy minerals, as well as process waste chloride streams from a number of industrial operations."

The Company's LTR (Low Temperature Roasting) technology is used to produce a cleaner feedstock for titanium dioxide pigment manufacture by removing deleterious minerals such as chromite from ilmenite concentrates, leaving the ilmenite amenable to digestion in sulfuric acid used by the sulfate titanium dioxide pigment process.

In a recent development, Austpac has licensed this technology to BHP Billiton for non-exclusive use in Africa.

"This is an important development for Austpac because it represents the second license that we have granted to BHP Billiton in the past 12 months," Mr. Turbott informed the Australian Investor. "The first was a license to use the Company's ERMS SR technology in Africa to produce two saleable products; namely ultra high grade synrutile and Direct Reduced Iron pellets" he said.

The recently completed share placement is a key milestone for Austpac because it will provide the Company with working capital and the funds to commence the next phase of development for its main priority – a detailed engineering study into 60,000 tpa commercial ERMS SR plant.

"BHP Billiton injected $3.0 million into the Company via this placement, which we believe reflects their strong support and belief in our technology," Mr. Turbott told the Australian Investor, "The additional $2.7 million came from private, professional investors with whom we have previously worked."

The placement increases BHP Billiton's holding in Austpac to a total of 55 million shares, which represents 7.25% of the Company. BHP Billiton remains Austpac's largest shareholder.

The capital raising has strengthened Austpac's current position so that it now can continue to roll out its business strategy.

"Our main priority is to complete the operations of our 3,000 tpa ERMS SR Demonstration Plant at Newcastle," Mr. Turbott explained to the Australian Investor, "We are about to finish the roasting phase and expect to commission the second stage in July."

The demonstration plant is roasting a total of 720 tonnes of ilmenite concentrate; 150 tonnes from Consolidated Rutile's Stradbroke Island operations, 500 tonnes from Bemax's Murray Basin operations, and 70 tonnes from BHP Billiton's Corridor Sands deposit in Mozambique.

"We anticipate that by September 2008, a total of 300 tonnes of synrutile and 200 tonnes of iron pellets will have been produced," Mr. Turbott informed the Australian Investor, "This will demonstrate the suitability of the ERMS SR process for upgrading these types of ilmenite to high grade synrutile and an iron pellet co-product, enabling us to commence a detailed engineering study that will be followed by a bankable feasibility study."

Mr. Turbott also noted that Austpac was evaluating potential offtake agreements for its commercial plant.

"We believe that our innovative technology provides us with a key advantage, especially considering its ability to produce two high value products – not only ultra-pure synrutile for titanium pigment and metal but also the iron metal pellets," Mr. Turbott told the Australian Investor, "Given the strong demand for both products, we believe we have the potential to produce almost double the revenue compared to our competitors."

Additionally, the technology represents further upside potential in its ability to process waste chloride and iron oxide streams from steel industries to product fresh acid and iron pellets – a large market that represents a number of opportunities for Austpac.

Mr. Turbott concluded, "We are very excited by Austpac's future outlook, as we are confident that our technology has an immense amount of potential. We intend to continue to work towards the establishment of a commercial ERMS SR plant, while subsequently using our demonstration plant to generate cash flow by utilizing its ability to regenerate wastes from steel industries."

June 2008

Article by The Australian Investor http://www.australianinvestor.com.au/Magazine.asp?id=2977