

Annual General Meeting17 November 2011

Presentation by M.J. Turbott Managing Director





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Austpac's Business

TECHNOLOGIES FOR TITANIUM AND IRON MINERALS

- In 2008 a 3,000 tpa ERMS SR Demonstration Plant was built in Newcastle, NSW, to produce Synrutile; successfully proved Austpac's technologies
- The Newcastle facility is being converted into a commercial recycling plant to produce:
 - ✓ High purity iron for foundry castings and steel making
 - ✓ Strong hydrochloric acid (HCl) for the steel industry
- Austpac's technologies are environmentally friendly and end products are free of the radioactivity issues associated with some alternative technologies
- The technology is an energy efficient, green recycling process that is carbon capture capable



Austpac's Technologies

ERMS = **Enhanced Roasting & Magnetic Separation**

EARS = Enhanced Acid Regeneration System

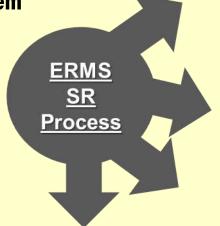
SR = Synthetic Rutile or "Synrutile"

ERMS ROAST

A high temperature roasting process to upgrade ilmenite concentrate to strongly enhance the magnetic susceptibility of the ilmenite so it can be easily separated from less magnetic gangue minerals, such as chromite. ERMS-roasted ilmenite is ideal for titania slag production but is unsuitable for the sulfate pigment process

LTR ROAST

A low temperature roasting process to slightly increase the magnetic susceptibility of ilmenite so it can be separated from less magnetic gangue minerals. LTR-roasted ilmenite is a suitable feed-stock for the sulfate pigment process



ERMS SR ROAST

Oxidation / Reduction roast to condition ilmenite for rapid leaching in hydrochloric acid to produce high grade synrutile, an important feedstock for titanium dioxide pigment and titanium metal production

CLR

A patented reactor to continuously leach roasted ilmenite to produce synrutile. All other synrutile processes use less efficient batch leaching

AUSTPAC IRON

A DRI process to reduce the iron oxide pellets produced by Austpac's EARS acid regeneration process to iron metal pellets

EARS

Acid regeneration process to produce strong hydrochloric acid from iron chloride solutions (eg from ilmenite leaching and steel mill cleaning)

Newcastle Iron Recovery Plant

for recycling steel mill waste



The Steel Industry



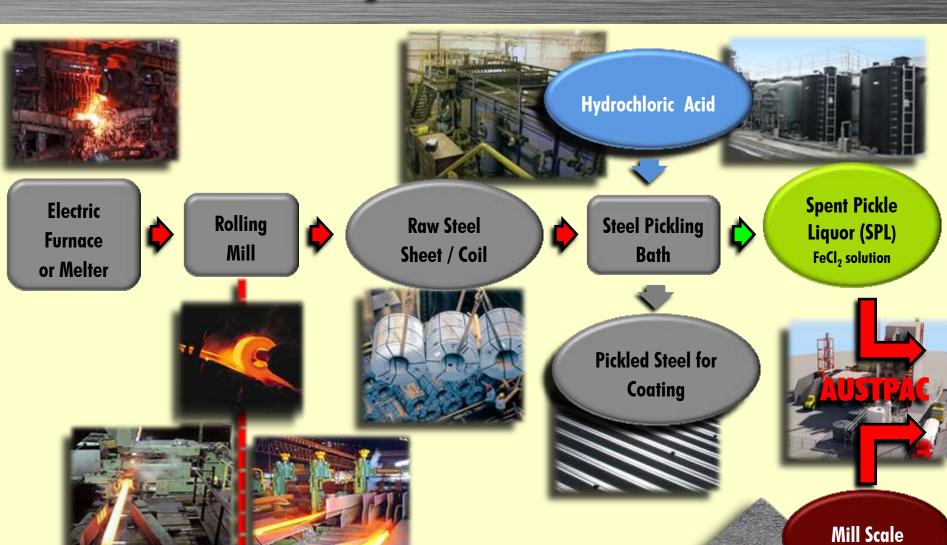






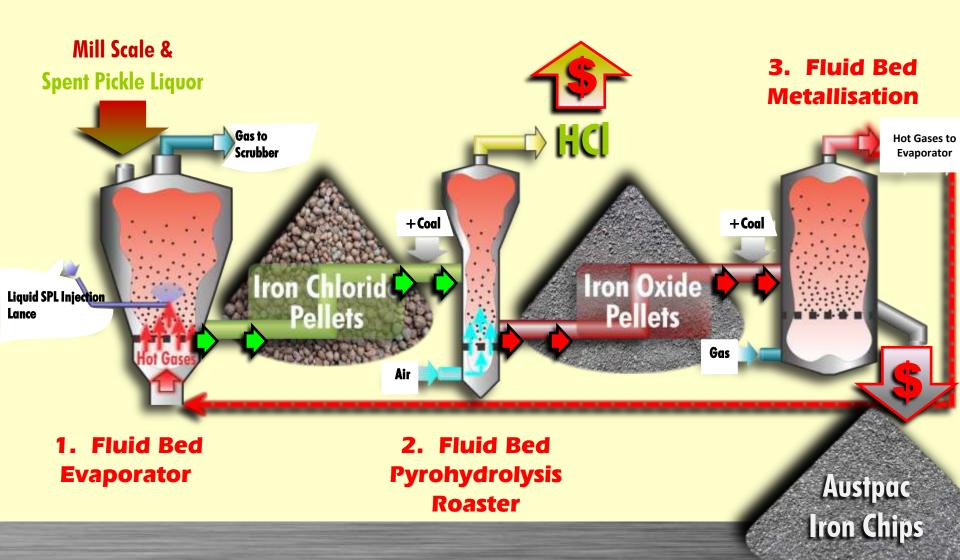


Steel Industry Waste



Fe Oxide

The EARS Process



Newcastle Iron Recovery Plant







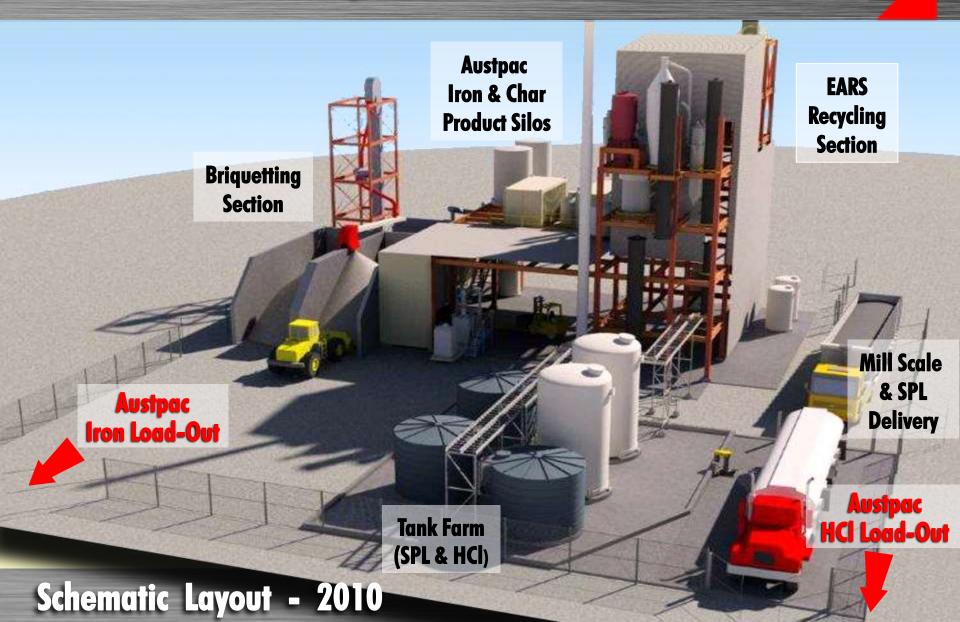
EARS Recycling Section



Key Partner: Kronos Worldwide

- Major TiO₂ pigment producer; market capitalisation of \$2.6 billion
- Recognised potential for Austpac's processes to recycle pigment plant waste; needed large scale test plant
- Investing \$12.5M; shares and technology licence
- Fund development, commissioning and initial operations of the Newcastle Iron Recovery Plant
- Fund ongoing EARS technology development





Plant Layout - 2011

Legend

AREA 9 EVAPORATION

AREA 9 PYROHYDROLYSIS

AREA 9

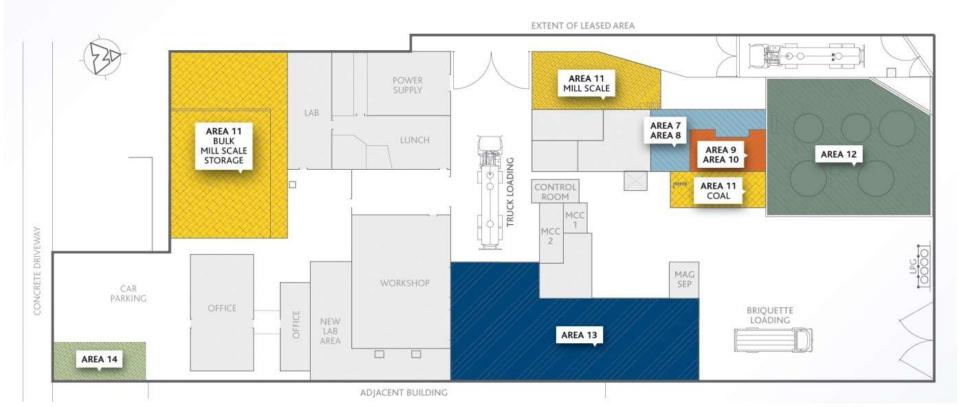
AREA 10 GAS HANDLING

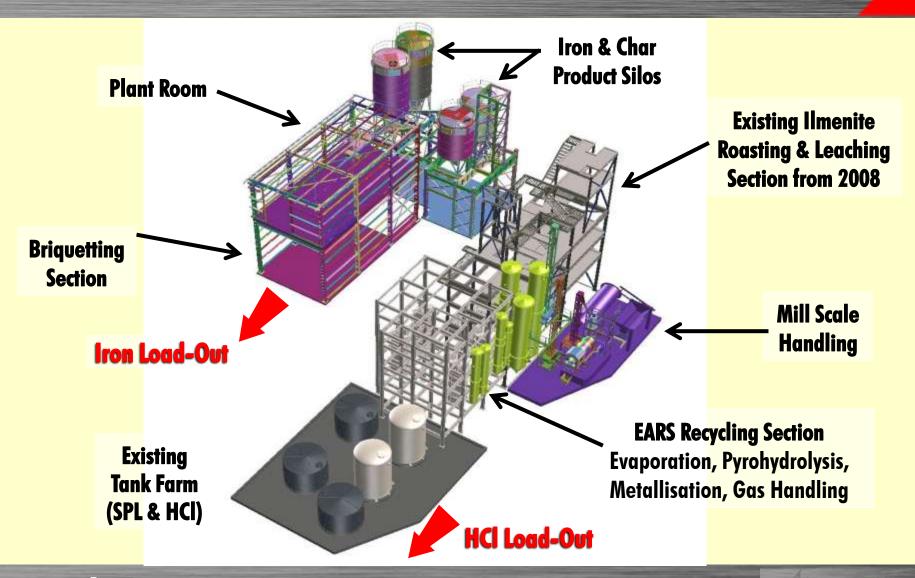
SOLIDS HANDLING
MILL SCALE, COAL

AREA 12 LIQUIDS HANDLING
TANK FARM, TRUCK LOAD/UNLOAD

AREA 13 BRIQUETTING

AREA 14 NITROGEN AND OXYGEN TANKS





Schematic Layout - 2011



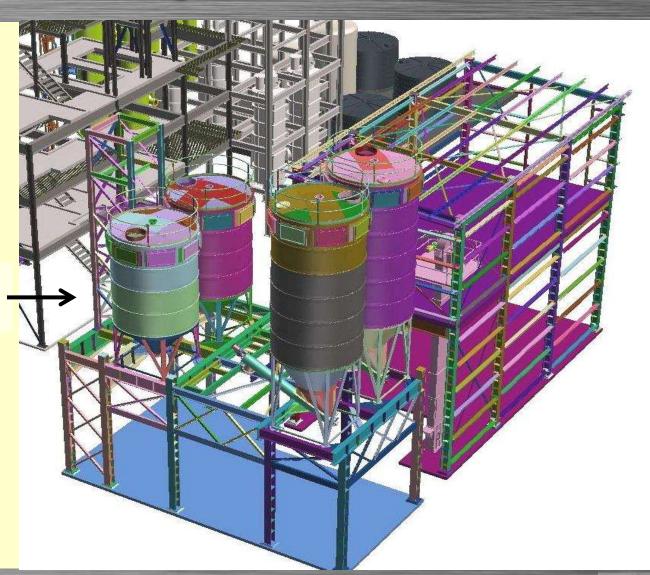
Mill Scale Handling



Iron Recovery Plant (Nov. 2011)



Mill Scale Handling



Briquetting Section

Iron & Char

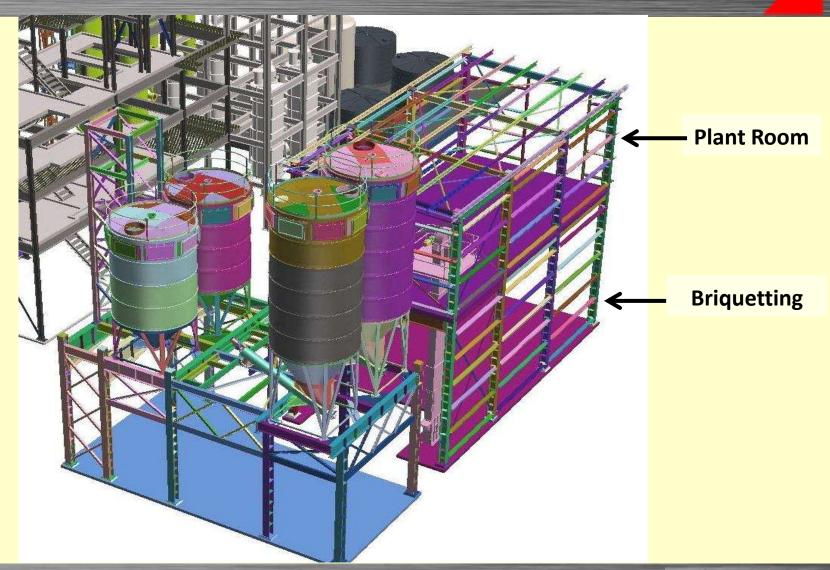
Product Silos

Iron Recovery Plant (Nov. 2011)



Structure for Iron & Char Product Silos

tron Recovery Plant (Nov. 2011)



Briquetting Section



Iron Recovery Plant (Nov. 2011)



Structure for Plant Room & Iron Briquette Bunker



EARS Section - Evaporation, Pyrohydrolysis, Metallisation, Gas Handling

Iron Recovery Plant (Nov. 2011)



Foundations for EARS Process Tower



Iron Recovery Plant (Nov. 2011)



Nitrogen & Oxygen Supply



- Plant Capacity
 - \checkmark Mill Scale: 20,000 tpa = 18,000 tpa Austpac Iron
 - ✓ Initial production = 10,000 tpa Austpac Iron
 - ✓ Spent Pickle Liquor: 21,000 tpa = 11,400 tpa HCl (25%)
 - ✓ Initial production = 650 tpa HCl
- Supply and Sales Agreements
 - ✓ CMC Cometals:
 - Supply of mill scale and coal
 - Purchase of Austpac Iron and char (carbon)
 - ✓ Orica Australia:
 - Supply of pickle liquor
 - Purchase of regenerated hydrochloric acid
- Funded by Kronos no debt
- Site leased for 25 years







Project Timelines

- Project commenced May 2011
- Capital Cost ~\$10 million Kronos funded
- Commissioning starts December 2011 three months duration
- Operations & revenue commence Q2 2012
- Initial focus on iron production, then ramping up production
- Annual Profit (at full capacity) ~\$7 million Austpac
- Reference site for EARS process for steel industry



Growth Opportunities

Near Term

Steel mills and pickling lines in Australasia

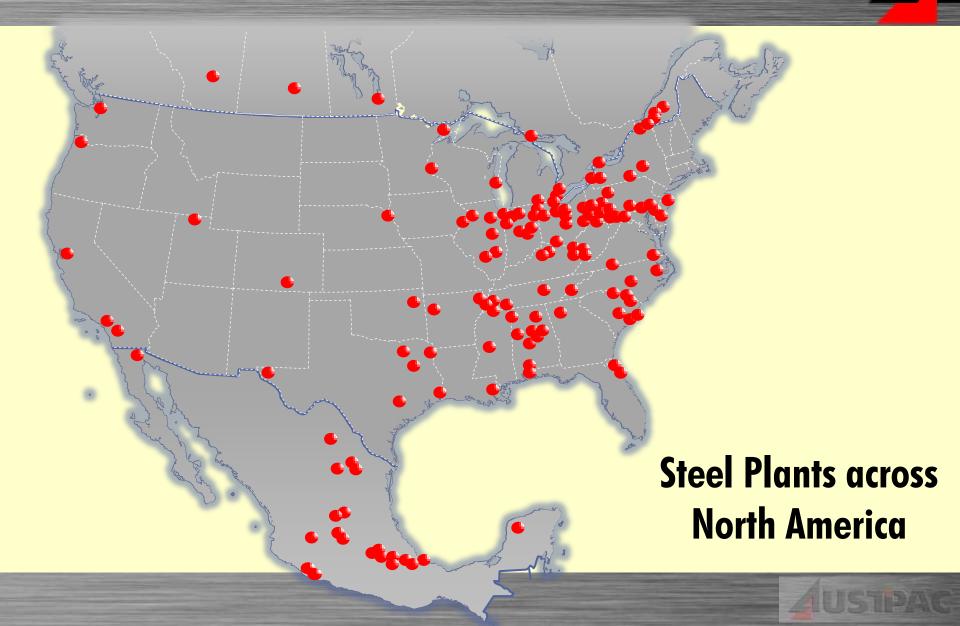
- ✓ Newcastle, NSW
- ✓ Wollongong, NSW
- ✓ Hastings, VIC
- ✓ Glenbrook, NZ

Recycling other iron and steel wastes

Licences or Build-Own-Operate plants to generate significant cashflow



Worldwide Potential



Growth Opportunities

Longer Term

EARS/Metallising plants associated with steel plants around the world

- ✓ Americas, Europe, India, China & Asia
- ✓ Revenue-generating licences
- ✓ Plants in JV with steel makers

Future Opportunities

Applications in other industries:

- ✓ Galvanising plant waste mixed chlorides
- ✓ High grade SynRutile for titanium metal
- ✓ Eastern Australia 60,000 tpa SR plant



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