



QUARTERLY REPORT TO 31 MARCH 2010

HIGHLIGHTS

- In late March 2010, Austpac announced that \$5 million had been secured from the sale of EL 4521 (WIM 150) to accelerate the development of the Newcastle Iron Recovery Plant. The sale is subject to Ministerial approval.
- Refurbishment and construction of the Newcastle Iron Recovery Plant is continuing at the Kooragang Island site.
- The installation of the Koepfern roll briquetting press purchased in January and delivered in February 2010 is underway.
- Supply and sales agreements have been progressed throughout the quarter.
- In April 2010, the Newcastle City Council granted Development Consent to use the Newcastle Iron Recovery Plant to recycle steel industry wastes.

THE NEWCASTLE IRON RECOVERY PLANT

The Newcastle Iron Recovery Plant is a recycling project that will convert mill waste from the steel industry into saleable products for reuse by industry. Spent pickle liquor (SPL) and mill scale will be used to make hydrochloric acid and high grade iron (referred to as Austpac Reduced Iron or "ARI") using the EARS acid regeneration section of the ERMS SR Demonstration Plant at Newcastle. This will demonstrate that Austpac's technologies can profitably treat steel mill waste products and so create significant commercial opportunities in the steel industry around the world.

The EARS section of the ERMS SR Demonstration Plant required refurbishing to facilitate long term commercial operations. This includes the design of new materials handling systems for receipt of raw materials and despatch of finished products, the use of refractory lined vessels and ducts for high temperature operations, and the inclusion of additional components in the metallising section to improve product quality and plant operability.

During the last quarter, superfluous and inoperable equipment was removed from the plant, and site preparation was undertaken in readiness for the reconstruction work. During the current quarter, pipe racks and shelving have been installed in the stores warehouse and workshop ready for the ongoing delivery of equipment and other components. A key new facility is the equipment to make briquettes to improve the marketability of ARI, and installation of this critical section is underway.

The Plant will commence commercial operations during the second half of 2010.

INSTALLATION OF THE KOEPPERN ROLL BRIQUETTING PRESS

Austpac's iron reduction process reduces mill scale (flakes of iron oxide created during steel making) to an extremely pure iron metal because mill scale is derived from steel, in contrast to Direct Reduced Iron, which is derived from iron ore containing contaminants such as silica and other minerals. ARI will therefore be a premium material which will be briquetted to make a commercially attractive product.

In January 2010, Austpac purchased a Koeppern roll briquetting press for the Newcastle Iron Recovery Plant which was delivered in February. The briquetter weighs 35 tonnes and a substantial reinforced concrete slab that was poured in March has now cured and installation of the briquetter is underway. When complete this section of the plant will also include three large silos for raw materials, a magnetic separator and a vibrating screen, conveyors and product bunkers.

SUPPLY AND SALES AGREEMENTS

Agreements for the supply of raw materials and the sale of finished products have been progressed through the quarter, and a number of additional sources and outlets for products have been identified. Management is confident that all necessary agreements will be finalised prior to the completion of Plant construction.

DEVELOPMENT CONSENT RECEIVED FOR NEWCASTLE IRON RECOVERY PLANT

Newcastle City Council has granted Development Consent to "use the existing chemical plant to recover iron and hydrochloric acid from mill scale and spent pickle liquor." Austpac's previous approval was to construct an experimental chemical plant to produce small quantities of synrutile.

It is expected that a modified Environmental Protection Licence, now being processed by the NSW Department of Environment, Climate Change and Water, will be issued during the next quarter. This approval is required prior to the start of operations

For further information please contact:

Mike Turbott

Managing Director - Tel (+61-2) 9252-2599

NOTE: This report is based on and accurately reflects information compiled by M.J. Turbott who is a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists and is a competent person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves.

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

Austpac [www.austpacresources.com] is a minerals technology company focused on the titanium, steel and iron ore industries. It has been listed on the Australian Stock Exchange since 1986. Austpac's key technology transforms ilmenite into high grade synthetic rutile, a preferred feedstock for titanium dioxide pigment and titanium metal production. The technology is also being used to recycle waste chloride solutions and iron oxides produced by steel making and recover hydrochloric acid and high grade iron briquettes.

WINNER: 2008 National Mining Awards APPLIED TECHNOLOGY OF THE YEAR