



## QUARTERLY REPORT TO 30 JUNE 2014

### HIGHLIGHTS

- **Negotiations have advanced with a major international corporation to develop markets for the Company's iron products and technologies around the world.**
- **Plant construction and equipment commissioning at Newcastle continued to advance.**
- **Pilot scale processing of waste furnace dusts for BlueScope Steel also continued during the quarter.**
- **Austpac is engaged in negotiations with a major international company involved in the steel industry and is close to finalising project funding to complete construction, equipment installation and commissioning of and initial production at the Newcastle Iron Recovery Plant.**

**The company will make further announcements as documentation progresses.**

- **Austpac has also commenced discussions with a major international diversified engineering, technology and equipment provider which is evaluating Austpac's technologies because of the value the Company's processes could add to some of their businesses.**
- **In June 2014, the Company completed a private placement of 22,500,000 fully paid ordinary shares at 2.2 cents each to raise \$495,000. These shares were placed with professional investors. The funds are being used for working capital and the ongoing construction and commissioning of the Newcastle Iron Recovery Plant.**
- **Exploration momentum is building along the Mount Stavelly Volcanic Belt in western Victoria, as companies and Government agencies undertake drilling campaigns, validating Austpac's exploration program at Nhill.**

### NEWCASTLE IRON RECOVERY PLANT

During the quarter, construction at Newcastle continued with fabrication and installation of steel beams and installation of steelwork in the North Process Tower. This structure will house the main process units of the Plant; namely the EARS acid regeneration and iron reduction/metallisation equipment. This comprises four fluid beds for evaporation/pelletisation, pyrohydrolysis, gasification and iron reduction, two stoves for heat recovery, and ancillary pumps and gas compressors. The acid absorption and gas scrubbing columns will be installed on the external walls adjacent to the fluid beds.

During the previous quarter, work on support beams for the lowest level of the Tower, RL6, was completed and during this quarter work focused on the next level, RL9. Steel support beams were fabricated and painted and by the end of May 2014, installation of one section had been completed. During June and July 2014, the support beams were installed in the three remaining sections and construction of RL9 is now complete. RL9 will support the two gasification and metallisation (G&M) fluid beds, which will be installed once fabrication of the high temperature tuyeres and the refractory lining of the plenums has been completed.



**Completed installation of RL6 support beams**



**A section of the steel structure of RL9**

In July 2014, handrails were installed in completed sections of the Tower and other parts of the plant.



**Detail of the support beams and cross members in Level 9 of the North Tower**



**Installing handrails in the Plant**

A further shipment of mill scale was received in May 2014, bringing the total stored in the mill scale shed at Newcastle to 150 tonnes. This material will be used for commissioning the NIRP when it is ready for start-up operations.

### **Processing of Iron Oxide from Iron and Steelmaking Furnace Dusts**

During the quarter, Austpac continued pilot scale testing of waste furnace dusts. The first phase of this work has been previously reported in detail in the Company's report to the ASX for the Quarter ending 31 March 2014, and further in the Company's Project Update released to the ASX on 11 July 2014.

The pilot scale testwork includes an initial step of evaporation/pelletisation of fine iron oxide dust and spent pickle liquor. The mixed iron oxide/iron chloride pellets are then roasted in a fluid bed to produce iron oxide pellets and hydrochloric acid gas which is captured in a scrubber. The iron oxide pellets then are then reduced in Austpac's metallisation roaster to produce iron pellets or chips, which completes the three process steps.



**The fluid bed evaporator producing iron oxide/iron chloride pellets from pickle liquor and furnace dust**



**Iron chloride/iron oxide pellets  
(1-4mm in diameter)**

Further confirmatory pilot scale test work is planned for the coming quarter. Full scale trials using a 1,000 tonne sample of furnace dust will be undertaken during the latter part of commissioning of the Newcastle Iron Recovery Plant.

### **EL 5291 NHILL EXPLORATION**

In late March 2014, a rotary drillhole CD5 was completed to test a magnetic low interpreted to be a strongly altered zone in the basement potentially capping an intrusive body at depth. The hole penetrated a sequence of marine sediments before encountering the basement at 149m. The hole continued for another 16m in basement material until the hardness of the rock precluded further penetration at a total depth of 165m. Petrology indicates that the chips from the base of the hole comprise intensely altered basalt. The original mineral constituents are completely replaced by fine grained quartz, chlorite and

epidote, with fine aggregates of sulphide minerals (pyrite and marcasite, with rare chalcopyrite and bornite). Local areas of hydrothermal brecciation were observed. This strong propylitic alteration is typically found in the outer or upper portion of a porphyry system. Assays from the CD5 rock fragments are low reflecting metal depletion on the ancient land surface beneath the Murray Basin sediments.

Diamond drilling is required at Nhill to test the deep porphyry target identified by work to date.

### **Mount Stavely Volcanic Complex**

The Mount Stavely Volcanic Complex is now the subject of strong exploration interest from Government agencies and from private companies. Geoscience Australia is collaborating with the Geological Survey of Victoria in undertaking a substantial program of stratigraphic drilling along east-west transects, which are located both south and north of EL 5291. The objective of this work is to improve the geological understanding of this under-explored region, with its potential for porphyry copper-gold mineralisation. Their results will assist Austpac's program as the Nhill target area falls about half way between two of the transects.

Navarre Minerals Limited has announced in June 2014 that it has commenced a 3,000 metre drilling program at its 100%-owned Eclipse porphyry copper-gold prospect.

Stavely Minerals Limited recently provided a positive update on deep drilling at the Stavely porphyry prospect in western Victoria, advising that the results would assist their objective of "systematically vectoring into what should be the best-developed copper-gold mineralisation in the very large Thursday's Gossan porphyry system".

### **Mining Exploration Entities**

EL 5291 (Nhill); Located between Nhill and Dimboola, Victoria; 100% Austpac Resources N.L.

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

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*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 Resources N.L. [[www.austpacresources.com](http://www.austpacresources.com)] is a minerals technology company currently focused on recycling waste chloride solutions and iron oxides produced by steel making to recover hydrochloric acid and iron metal. Austpac's technologies also transform ilmenite into high grade synthetic rutile, a preferred feedstock for titanium metal and titanium dioxide pigment production. The Company has been listed on the Australian Stock Exchange since 1986.