



AUSTPAC RESOURCES N.L.  
ACN 002 264 057

Level 12, Currency House

23 Hunter Street

SYDNEY NSW 2000

GPO Box 5297

SYDNEY NSW 2001

Telephone: (+61 2) 9221 3211

Facsimile: (+61 2) 9223 1975

Email: apgtio2@ozemail.com.au

## QUARTERLY REPORT TO 31 MARCH 2000

### HIGHLIGHTS

- Technical and financial due diligence has been completed in India and at Newcastle by a major corporation. Results were positive and an offer for a joint venture with respect to our Indian project has been received. This is now being considered by Austpac.
- Ausenco Limited continued work on the design and final capital cost estimate for the Indian plant. Definitive pilot plant testwork on Indian ilmenite has been completed and the study is scheduled for completion in late June 2000.
- The company placed 11 million shares to raise \$1,100,000 for working capital.

### INDIAN SYNTHETIC RUTILE PLANT

During the quarter the Company was focussed on expediting the Indian project, both on a technical and corporate front.

Definitive testwork on Indian ilmenite was completed in February and the Site Specific Study (design and costing) of the commercial demonstration plant, which is being managed by Ausenco Limited of Brisbane, is progressing to schedule. Process flowsheets, design criteria, material and energy balances and equipment sizing have been completed, and general arrangements are expected shortly. Enquiries for major equipment items have been made to selected suppliers, and a competent Indian engineering group has been selected to assist Ausenco with an Indian based construction strategy and cost estimates. We are confident the process and the initial 10,000 tpa ERMS synthetic rutile plant concept is robust. The Study is scheduled for completion in late June.

The plant was originally planned to have an annual capacity of 10,000 tonnes. However, the most efficient use of Indian Rare Earth Limited's acid regeneration plant at OSCOM, which will supply hydrochloric acid to the ERMS plant, enables the plant's throughput to be increased to 15,000 tpa. This will marginally increase the capital cost, but will significantly improve the economics of the project.

Statutory Government approvals are progressing to plan. The major approval for the project, that of the Foreign Investment Promotion Board, has now been received and all other approvals are expected before the end of June. Registration of the Indian joint venture company, AusRutile India Pvt. Limited, will also be completed shortly.

During the past six months a number of discussions have been held with a number of companies regarding the Indian project. It is now widely recognised that the ERMS demonstration plant is only the first step toward building a significant synthetic rutile business in India. After completing technical and financial due diligence the ERMS and EARS processes and the Indian project, a major corporation has made a formal offer of a joint venture which is under consideration by Austpac.

Assuming negotiations for funding are concluded during the coming quarter, the project remains on schedule for construction to commence during the second half of 2000 with synthetic rutile production by the end of 2001.

NOTE: This report is based on and accurately reflects information compiled by M.J. Turbott who is a member of the Australasian Institute of Mining and Metallurgy and a member 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.