

**11 November 2008**

HIGH GRADE SYNRTILE PRODUCED AT THE 3,000 TPA ERMS SR DEMONSTRATION PLANT

Austpac is pleased to report on operations at the Company's ERMS SR Demonstration Plant at Newcastle, NSW. The Company has already reported that the DRI process has been proven and that hydrochloric acid has been regenerated from steel mill pickle liquor waste. Austpac has now achieved the ultimate goal set for the Plant; to prove the ERMS SR process by producing high grade synrutile.

- Austpac's patented Continuous Leach Reactor (CLR), the only one of its kind in the world, was used to leach ilmenite from the Murray Basin that Austpac had roasted earlier this year. The leached ilmenite was dried, calcined and passed over a rare earth roll magnet to remove traces of non-titanium minerals from the synrutile product.
- The bulk synrutile produced at the plant contained over 97% TiO₂. This ultra-high grade product indicates the leaching efficiency of the CLR equipment and exceeds expectations based on previous bench-scale leaching of the same ilmenite.
- The synrutile also contained very low levels of iron and other impurities, and negligible amounts of uranium and thorium, confirming it is a superior product for titanium metal manufacture.
- Large samples are currently being despatched for testing by various international end users who have shown strong interest in Austpac's award winning technology and also in the purchase of synrutile from a commercial ERMS SR plant.
- Austpac has now confirmed that the ERMS SR process is the world's only continuous synrutile process, and the only one that produces saleable iron metal pellets instead of disposing of the iron as chloride or oxide wastes. Austpac is confident that ERMS SR is more cost-effective and environmentally friendly than other synrutile processes.

Now that the initial synrutile testing phase is complete, Austpac is taking steps to upgrade the EARS acid regeneration section of the Demonstration Plant to ensure it can operate continuously to treat steel mill wastes. With all aspects of the ERMS and EARS processes successfully proven, these structural and physical upgrades will ensure the longevity of a commercial plant.

Information and experience gained during the construction, commissioning and operation of the Demonstration Plant will now be used by Austpac to prepare the front end engineering design package for the detailed engineering feasibility study. This is the first stage of a bankable feasibility study into a 60,000 tpa commercial ERMS SR plant.

Austpac's immediate priority is to advance and finalise various agreements with local and international groups necessary that will underpin a commercial ERMS SR plant, as well as facilitate the planned commercial steel waste recycling operations to generate a cash flow.



Austpac's patented Continuous Leach Reactor.



Austpac's ultra high grade ERMS SR synrutile (+97% TiO₂).

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

WINNER: 2008 National Mining Awards APPLIED TECHNOLOGY OF THE YEAR

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 production. The technology can also be used to process waste chloride solutions and iron oxides produced by steel making to recover hydrochloric acid and iron metal pellets. A third process can be used to produce Direct Reduced Iron (DRI) from both hematite and magnetite iron ores.