Intec Ltd

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Superior and Sustainable Metals Production

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Companies Announcements Office
Australian Securities Exchange

30 August 2012

Preliminary 2012 Financial Report (Appendix 4E)

Intec Ltd provides its Preliminary Final Report in accordance with Appendix 4E for the financial year ended 30 June 2012.

Intec Ltd

Kieran Rodgers
Managing Director

Intec Ltd

ABN 25 001 150 849

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Preliminary Final Report in accordance with Appendix 4E

Financial year ended 30 June 2012

RESULTS FOR ANNOUCEMENT TO THE MARKET

Particulars			**30 June 2012**		**30 June 2011**
			$'000		**$'000**
Revenues and other income from continuing operations	Down 66%	to	2,714	from	8,038
(Loss) profit from continuing operations	Down 299%	to	(3,039)	from	1,524
(Loss) profit for year attributable to members	Down 299%	to	(3,039)	from	1,524

Dividends	**Amount per security**	**Franked amount per security**
Final dividend	Nil cents	Nil cents
Previous corresponding period	Nil cents	Nil cents
Record date for determining entitlement to dividend	Not applicable	Not applicable

Brief Explanation of any of the figures reported above
The Company and controlled entities (the Group) generated an operating loss after income tax of $3.039 million and net cash outflows from operations of $3.371 million in the year ended 30 June 2012. The operating loss included impairment expenses of $0.492 million and a full write-off of the carrying value of the Hellyer Royalty amounting to $1.184 million. As of balance date, the Group had net assets of $6.671 million and cash balances of $4.140 million. Cash balances include $2.740 million held as cash on deposit to support environmental bonds.

Low-Grade Zinc Blending Project
During the financial year, the Group completed the disposal of its legacy stockpiles of electric arc furnace ("EAF") dust in both Tasmania and Victoria. The disposal of the stockpiles involved the blending of EAF dust with zinc-bearing slag material sourced from the Group's Zeehan slag dump to produce a low-grade zinc-bearing product for export.

In relation to the Tasmanian stockpile, a cash-backed bond amounting to $756,000 was originally lodged with EPA Tasmania. At 30 June 2012, the remaining amount of the bond held by EPA Tasmania was $354,000, including accrued interest. Subsequent to year-end, $314,000 of the remaining bond amount has been returned to the Group. The Group has been advised that the remaining amount of $40,000 will be returned following the completion of minor remediation works at the Hellyer stockpile site.

The Group had previously lodged a cash-backed $3.648 million environmental bond with EPA Victoria in relation to the Victorian EAF dust stockpile site. During the financial year, $1.260 million of the bond was returned to the Group. Since the end of the financial year, the Group has delivered to EPA Victoria an environmental audit report as required by relevant legislation. This report has now been assessed by EPA Victoria and the remaining bond amount, $2.387 million, has been returned to the Group. Accordingly, the provision raised against the environmental bond lodged with the EPA Victoria was reversed resulting in a credit to the profit and loss account of $3.648 million at 30 June 2012.

Hellyer Royalty
The Group held a 100% interest in the Hellyer Royalty, which was a unit-based royalty payable by Bass Metals Limited (BSM) determined on tonnes of ore processed through the Hellyer Mill. As a result of participating in the 2011 BSM rights issue, Intec exchanged cash royalty payments in relation to completed and anticipated minerals processing for the September and December quarters of 2011/12 for 3.1 million BSM shares at $0.15 per share (each with a free attached 3-year listed option exercisable at $0.20).

The closing market price at 30 June 2012 of BSM shares and BSM options was 1.3 cents and 0.001 cents respectively, valuing the Group's holding at $43,400 (3.1 million shares at 1.3 cents/share and 3.1 million options at 0.001 cents/option). An impairment expense of $421,600 was therefore raised against the BSM investment book value of $465,000.

During the 2012 June quarter, the Group received a payment of $345,046 for Hellyer processing activities conducted during the March 2012 quarter. Since the end of the financial year, the Group received a further payment of $453,737 for Hellyer processing activities conducted during the June 2012 quarter.

On 9 July 2012, the Group announced that it had agreed a re-structuring of the Hellyer Royalty with BSM. As a result, the Group has been granted a 2.5% Net Smelter Return Royalty (NSR Royalty) in relation to base metals extracted from the following tenements:

- RL11/1997: Mt Charter Retention Licence;
- EL48/2003: Mt Block Exploration Licence;
- EL24/2004: Bulgobac River Exploration Licence;
- CML103M/1987: Hellyer Mine Lease; and
- ML68M/1984: Que River Mine Lease.

The NSR Royalty is uncapped and BSM has no first right of refusal (or pre-emptive rights) over the NSR Royalty as was previously the case with the Hellyer Royalty. In addition, the Company was issued 15 million shares in BSM for nil consideration. Following, the re-structuring, Intec holds a 5.85% interest in BSM.

The carrying value of the Hellyer Royalty was fully written-off as at 30 June 2012 resulting in an expense to the profit and loss account of $1.184 million. No value has been assigned to the NSR Royalty.

IRC Project

The Group was contracted to progress a comprehensive testwork and engineering programme for the design and development of a 25,000 tpa facility to recycle zinc and lead from a minerals processing residue in the Islamic Republic of Iran.

IRC Project work throughout the second half of 2011/12 has been the execution and completion of the 'Milestone 1' laboratory programme, which examined and refined each of the proposed unit operations. This work was successful, generating a range of improvements to enhance the provisional process flowsheet developed as part of a conceptual study in 2010. These refinements potentially offer better outcomes for the IRC Project in lower capital cost, lower operating costs, and decreased technical complexity in key areas.

An 'Interim Milestone 1 Report' was released to the client in early July 2012 to describe and interpret the results to the end of May 2012. The 'Final Milestone 1 Report', detailing the testwork results and external analyses from June and July 2012, has now been completed and delivered to the client. The next component of the development and engineering programme will involve pilot plant testwork and more detailed engineering. This work will commence following the receipt of previously agreed pre-payment amounts.

Rare Earth Metals Recycling

The Group is currently in discussion with a number of parties in relation to a possible transaction regarding the rare earth metals recycling technology. This might involve a party assuming responsibility for developing and funding the commercialisation of the technology, with appropriate support from Intec. These discussions are on-going, and any transaction would be subject to minimum value criteria for Intec shareholders.

Spent Pickle Liquor Recycling Project

The Group finalised the reporting from Phase 2 of the project (demonstration plant operations at Burnie) in the first half of the 2011/12 financial year. During the June 2012 quarter, the Group received formal advice from GB Galvanizing that it will not be committing to Phase 3 of the Spent Pickle Liquor Recycling Project, due to inadequate financial returns.

Intec Gold Process

During the year, the Group completed preliminary testwork on three refractory gold feedstocks as part of a mutual technology assessment programme: arsenopyrite, arsenopyrite-pyrite and pyrite-carbon. These trials were successful in respect of the first two samples, with 90-95% of the gold extracted. Further laboratory testwork took place at an independent laboratory in Denver during February 2012. Following, receipt of the report from an independent laboratory on the testwork programme, the other party involved in the mutual technology assessment has advised the Group that it has withdrawn from further discussions regarding commercialisation of the Intec Gold Process. The Company will now consider alternative commercialisation strategies.

Share Placement

On 7 February 2012, the Group received commitments to raise $1.25 million through a share placement of 83.333 million fully paid ordinary shares in the capital of the Group at 1.5 cents per share. Of the total Placement amount, 32.473 million shares ($487,092) were allotted on 8 February 2012 under the Group's available 15% placement capacity pursuant to ASX Listing Rule 7.1. Shareholder approval was received for the remaining 50.861 million Placement shares ($762,908), including a separate approval for the participation in the Placement in the amount of $220,000 by Mr Kieran Rodgers, a director. The relevant resolutions were approved at an Extraordinary General Meeting of Shareholders held on 19 March 2012.

Board and Management Changes

John Moyes, a Non-executive Director, retired as a director at the 2011 Annual General Meeting. Philip Wood resigned as Managing Director and Chief Executive Officer on 6 February 2012 and was replaced by Kieran Rodgers, formerly the Chief Financial Officer.

Events Occurring after Balance Date

No significant matters occurred after balance date other than those specifically referred to above.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Year ended	
	30 June 2012	30 June 2011
	$'000	$'000
Revenue from continuing operations	**2,714**	8,038
Administration expense	**(571)**	(803)
Burnie research facility expenses	**(136)**	(156)
Depreciation and amortisation expense	**(859)**	(815)
Engineering and other consultants expenses	**(761)**	(374)
Employee benefits expense	**(2,493)**	(2,553)
Finance costs	**(41)**	(42)
Recouped environmental bond	**3,648**	778
Hellyer royalty written-off	**(1,184)**	-
Impairments expense	**(492)**	(325)
Occupancy expense	**(323)**	(343)
Research and development expenses	**(271)**	(32)
Treatment expense	**(2,216)**	(2,256)
Other expenses	**(54)**	-
Profit(loss) before income tax	**(3,039)**	1,117
Income tax expense(benefit)	**-**	407
Profit(loss) after income tax	**(3,039)**	1,524
Other comprehensive income(loss)	**-**	-
Income tax relating to components of other comprehensive income	**-**	-
Other comprehensive income(loss) for the period net of income tax	**-**	-
Total comprehensive income(loss) for the period	**(3,039)**	1,524
Profit(loss) is attributable to:		
Owners of Intec Ltd	**(3,098)**	1,524
Non-controlling interests	**59**	-
	(3,039)	1,524
	Cents	Cents
Basic Earnings per share (cents per share)	**(1.25)**	0.83
Diluted Earnings per share (cents per share)	**(1.25)**	0.82

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Year ended	
ASSETS	**30 June 2012**	30 June 2011
Current assets	**$'000**	$'000
Cash and cash equivalents	**1,400**	2,557
Trade and other receivables	**539**	911
Cash on Deposit - Environmental bonds	**2,740**	567
Inventories	**33**	43
Total current assets	**4,712**	4,078
Non-current assets		
Trade and other receivables	**161**	2,919
Other financial assets	**271**	28
Plant and equipment	**2,041**	2,701
Environmental bonds	**-**	3,660
Intangible assets	**10**	10
Total non-current assets	**2,483**	9,318
Total assets	**7,195**	13,396
LIABILITIES		
Current liabilities		
Trade and other payables	**200**	856
Provisions	**323**	4,082
Total current liabilities	**523**	4,938
Non-current liabilities		
Provisions	**1**	21
Total non-current liabilities	**1**	21
Total liabilities	**524**	4,959
Net assets	**6,671**	8,437
EQUITY		
Contributed equity	**71,642**	70,416
Reserves	**2,624**	2,577
Accumulated losses	**(67,654)**	(64,556)
Total equity attributable to equity holders of the Company	**6,612**	8,437
Non-controlling interest	**59**	-
Total equity	**6,671**	8,437

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Contributed Equity	Reserves	Accumulated Losses	Non Controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2010	68,978	2,577	(66,080)	-	5,475
Total comprehensive income for the period	-	-	1,524	-	1,524
Shares issued during the period, net of transaction costs	1,438	-	-	-	1,438
Balance at 30 June 2011	70,416	2,577	(64,556)	-	8,437
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2011	**70,416**	**2,577**	**(64,556)**	**-**	**8,437**
Employee options granted	**-**	**47**	**-**	**-**	**47**
Shares issued during the period, net of transaction costs	**1,226**	**-**	**-**	**-**	**1,226**
Total comprehensive income for the period	**-**	**-**	**(3,098)**	**59**	**(3,039)**
Balance at 30 June 2012	**71,642**	**2,624**	**(67,654)**	**59**	**6,671**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Year ended	
	30 June 2012	30 June 2011
	$'000	$'000
Cash flows from operating activities		
Receipts from customers	**3,075**	1,108
Payment to suppliers and employees	**(7,744)**	(5,264)
Interest paid	**(38)**	(52)
Interest received	**242**	297
R&D tax offset received	**-**	407
Other receipts	**1,094**	5,013
Net cash (outflows)inflows from operating activities	**(3,371)**	1,509
Cash flows from investing activities		
Acquisition of plant and equipment	**(239)**	(91)
Proceeds from the sale of plant and equipment	**49**	
Payments for security deposits	**-**	(45)
Proceeds from security deposits refunded	**1,643**	95
Purchase of shares in listed company	**(465)**	-
Purchase of shares in unlisted company	**-**	(1)
Net cash (outflows)inflows from investing activities	**988**	(42)
Cash flows from financing activities		
Proceeds from issue of shares	**1,250**	1,483
Repayment of borrowings	**-**	(540)
Share issue costs	**(24)**	(45)
Net cash inflows(outflows) from financing activities	**1,226**	898
Net increase(decrease) in cash held	**(1,157)**	2,365
Cash at the beginning of the financial period	**2,557**	192
Cash at the end of the financial period	**1,400**	2,557

The above consolidated statement of cash flow should be read in conjunction with the accompanying notes.

Reconciliation of cash

	Year ended	
	30 June 2012	30 June 2011
	$'000	$'000
Reconciliation of cash at the end of the year (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:		
Cash on hand and at bank	**1,400**	2,557
Total cash at end of financial year	**1,400**	2,557
Reconciliation of operating profit (loss) after income tax to net cash inflows (outflows) from operating activities		
Operating profit (loss) after income tax	**(3,039)**	1,524
Non cash items and operating cash flows included in profit and loss:		
Bad and doubtful debts expense	**-**	1
Administration expense	**520**	70
Depreciation and amortisation	**859**	815
Recouped (expensed) environmental bond	**(3,648)**	325
Hellyer royalty written-off	**1,184**	
Impairments expense	**492**	-
Options income	**46**	(98)
Unrealised foreign exchange loss	**3**	-
	(3,583)	2,637
Changes in assets and liabilities:		
Decrease(increase) in trade and other receivables	**3,130**	(814)
Decrease (Increase) in environmental bonds	**1,487**	-
Decrease(increase) in inventories	**10**	(5)
Increase(decrease) in trade and other payables	**(656)**	173
Increase(decrease) in provisions	**(3,759)**	(482)
	212	(1,128)
Net cash inflows (outflows) from operating activities	**(3,371)**	1,509

Control gained or loss of control over entities having material effect

Control gained over entities having material effect	
Name of entity (or group of entities)	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired:	Not applicable
Date from which such profit (loss) has been calculated:	Not applicable
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period:	Not applicable
Loss of control of entities having material effect	
Name of entity (or group of entities)	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) to the date of loss of control:	Not applicable
Date to which such profit (loss) has been calculated:	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period:	Not applicable
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from the sale of the interest leading to the loss of control:	Not applicable

Dividends

Date the dividend is payable	Not applicable
Record date to determine entitlements to the dividend	Not applicable
No final dividend has been declared	Not applicable

Consolidated accumulated losses	**30 June 2012**	30 June 2011
	$'000	$'000
Accumulated losses at the beginning of the financial year	**(64,556)**	(66,080)
Net profit (loss) attributable to members	**(3,098)**	1,524
Accumulated losses at the end of the financial year	**(67,654)**	(64,556)

Other notes to the condensed financial statements

	30 June 2012	30 June 2011
	$'000	$'000
Ratios		
Profit (loss) before tax/revenue and other income		
Consolidated profit (loss) from continuing operations before tax as a percentage of revenue and other income	**(111.95)**	13.96
Profit (loss) after tax/equity interests		
Consolidated net profit (loss) after tax attributable to members as a percentage of equity (similarly attributable) at the end of the year	**(46.87)**	19.04
NTA Backing		
Net tangible assets per ordinary share	**2.22**	3.90

Earnings per security (EPS)

Profit (loss) per share from continuing operations attributable to ordinary equity holders of the company:		
Basic earnings (loss) per share (cents per share)	**(1.25)**	0.83
Diluted earnings (loss) per share (cents per share)	**(1.25)**	0.82
Diluted earnings (loss) per share		
Profit (loss) per share attributable to ordinary equity holders of the company:		
Basic earnings (loss) per share (cents per share)	**(1.25)**	0.83
Diluted earnings (loss) per share (cents per share)	**(1.25)**	0.82
Weighted average number of ordinary shares outstanding during the period used in calculating the basic earnings (loss) per share	**243,002,604**	184,085,091
Weighted average number of ordinary shares outstanding during the period used in calculating the basic earnings (loss) per share	**243,002,604**	185,911,091

Segment reporting – business segments, 2012

	Discontinued Operations (Metal in concentrate) $'000	R & D $'000	Consolidated $'000
(i) Segment revenue			
Sales to external customers	-	2,450	2,450
Total sales revenue	-	2,450	2,450
Other revenue	-	14	14
Total segment revenue	-	2,464	2,464
Intersegment elimination			-
Unallocated revenue	-	-	250
Consolidated revenue			2,714
(Ii) Segment result			
Segment profit (loss)	-	(261)	(261)
Intersegment elimination			-
Unallocated profit (loss)			(2,778)
Profit (loss) before income tax			(3,039)
Income tax benefit (expense)			-
Profit (loss) for the year			(3,039)
Segment assets & liabilities			
Segment assets	-	4,942	4,942
Intersegment elimination			-
Unallocated assets			2,253
Total assets			7,195
Segment liabilities	-	323	323
Intersegment elimination			-
Unallocated liabilities			201
Total liabilities			524
Other segment information			
Acquisition of plant & equipment	-	(232)	(232)
Unallocated			(7)
Total acquisition			(239)
Depreciation expense	-	859	859
Cash flow information			
Net cash flow from operating activities	-	(1,826)	(1,826)
Unallocated			(1,545)
Total cash flows from operating activities			(3,371)
Net cash flow from investing activities	-	1,643	1,643
Unallocated			(655)
Total cash flow from investing activities			988
Net cash flow from financing activities	-	-	-
Unallocated			1,226
Total cash flow from financing activities			1,226

Segment reporting – business segments, 2011

	Discontinued Operations (Metal in concentrate) $'000	R & D $'000	Consolidated $'000
(i) Segment revenue			
Sales to external customers	-	1,775	1,775
Total sales revenue	-	1,775	1,775
Other revenue	-	-	-
Total segment revenue	-	1,775	1,775
Intersegment elimination			-
Unallocated revenue			6,263
Consolidated revenue			8,038
(Ii) Segment result			
Segment profit (loss)	-	(1,207)	(1,207)
Intersegment elimination			-
Unallocated profit (loss)			2,324
Profit (loss) before income tax			1,117
Income tax benefit (expense)			407
Profit (loss) for the year			1,524
Segment assets & liabilities			
Segment assets	2,756	7,091	9,847
Intersegment elimination			-
Unallocated assets			3,549
Total assets			13,396
Segment liabilities	-	4,115	4,115
Intersegment elimination			-
Unallocated liabilities			844
Total liabilities			4,959
Other segment information			
Acquisition of plant & equipment	-	-	-
Unallocated			91
Total acquisition			91
Depreciation expense	-	707	815
Cash flow information			
Net cash flow from operating activities	-	(282)	(282)
Unallocated			1,791
Total cash flows from operating activities			1,509
Net cash flow from investing activities	-	95	95
Unallocated			(138)
Total cash flow from investing activities			(43)
Net cash flow from financing activities	-	-	-
Unallocated			899
Total cash flow from financing activities			899

2012 Audit

The financial report is based on accounts which are in the process of being audited. The audit report is expected to contain qualifications in respect of both the carrying value of the Burnie Research Facility and the impairment of the Hellyer Royalty. Refer below to the Directors' response to these matters.

Basis of Preparation

The financial report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs except as modified by revaluation of certain non-current assets and, except where stated, does not take into account either changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The Group generated an operating loss after income tax of $3.039 million and net cash outflows from operations of $3.371 million in the year ended 30 June 2012. As of balance date, the Group had net assets of $6.671 million and cash balances of $4.140 million. Cash balances include $2.740 million held as cash on deposit to support environmental bonds.

Going Concern Basis

The financial report has been prepared on a going concern basis. The Directors consider the Group has adequate funding and therefore, no adjustments have been made to the financial report that might be necessary should the Group not continue as a going concern. Accordingly, the Directors have prepared the financial report on a going concern basis.

Burnie Research Facility

While there is significant uncertainty, the Directors consider that it is unlikely that the carrying value of non-current assets, in particular the Burnie Research Facility, would exceed the realisable value of such assets in an orderly sale process. The carrying value of the Burnie Research Facility is $1.713 million at 30 June 2012. The Group generated revenue through the Burnie Research Facility under contracts for the treatment of industrial wastes and the provision of engineering services to third parties for the year to 30 June 2012 and will continue to do so in the short to medium term under either existing or new commercial arrangements. Accordingly, the Directors have made no adjustment to the carrying value of the Burnie Research Facility at 30 June 2012.

Hellyer Royalty

On 9 July 2012, the Group announced that it had agreed a re-structuring of the Hellyer Royalty with BSM. As a result, the Group has been granted a 2.5% Net Smelter Return Royalty (NSR Royalty) in relation to base metals extracted from the following tenements:

- RL11/1997: Mt Charter Retention Licence;
- EL48/2003: Mt Block Exploration Licence;
- EL24/2004: Bulgobac River Exploration Licence;
- CML103M/1987: Hellyer Mine Lease; and
- ML68M/1984: Que River Mine Lease.

The NSR Royalty will be uncapped and Bass will have no first right of refusal (or pre-emptive rights) over the NSR Royalty as was previously the case with the Hellyer Royalty. In addition, Intec was issued 15 million shares in BSM for nil consideration. The Group previously held 3.1 million BSM shares and 3.1 million BSM options exercisable at $0.20. Following, the re-structuring, the Group holds a 5.85% interest in BSM.

The carrying value of the Hellyer Royalty was fully written-off as at 30 June 2012 resulting in an expense to the profit and loss account of $1.184 million. The Group's carrying value of the Hellyer Royalty was based on the carrying value contained in the financial statements of BSM less royalty payments received. The Directors believe that this represented an appropriate valuation of the Hellyer Royalty and the subsequent impairment measure. No carrying value has been assigned to the NSR Royalty.

Accounting Policies

The Appendix 4E does not include notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and the financing and investing activities of the Group as the full financial report.

The Appendix 4E should be read in conjunction with the Half-year Financial Report of Intec as at 31 December 2011 and the Annual Financial Report of Intec, due to be released in September 2012, for the year ended 30 June 2012. It is also recommended that the Appendix 4E be considered together with any public announcements made by the Group during the year ended 30 June 2012 in accordance with the continuous disclosure obligations arising under the Corporations Act, 2001.

Material Factors Affecting the Revenues and Expenses of the Economic Entity for the Current Year

The Group had previously lodged a $3.648 million environmental bond with EPA Victoria in relation to the Victorian EAF dust stockpile site. During the year, $1.260 million of the bond amount was returned to the Group. Since the end of the year, the remaining bond amount, $2.387 million, has been returned to the Group. Accordingly, the provision raised against the environmental bond was reversed resulting in a credit to the profit and loss account of $3.648 million at 30 June 2012.

The closing market price at 30 June 2012 of BSM shares was 1.3 cents and the BSM options were 0.001 cents valuing the Group's holding at $43,400 (3.1 million shares at 1.3 cents/share and 3.1 million options at 0.001 cents/option). An impairment expense of $421,600 was therefore raised against the BSM investment book value of $465,000.

The carrying value of the Hellyer Royalty was fully written-off as at 30 June 2012 resulting in an expense to the profit and loss account of $1.184 million.

No other matters or circumstances have arisen since 30 June 2012 that have significantly affected or may significantly affect the Group's operations in future financial years, or the results of those operations in future financial years, or the Group's state of affairs in future financial years.

There are no franking credits available. The Company is not expected to declare a dividend in the short term.

Compliance Statement

The financial report is based on accounts which are in the process of being audited. The audit report is expected to contain qualifications in respect of both the carrying value of the Burnie Research Facility and the impairment of the Hellyer Royalty.

Kieran G. Rodgers
Managing Director

30 August 2012