



# Intec Ltd

ABN 25 001 150 849

*Superior and Sustainable Metals Production*

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ASX code: INL

Companies Announcements Office  
Australian Securities Exchange

30 January 2012

## Quarterly Activities Report: Appendix 4C December 2011

On behalf of Intec Ltd (ASX code: INL, or the Company), I now attach the December 2011 Quarterly Report for Entities Admitted on the Basis of Commitments (Appendix 4C).

### Highlights

- *Production and shipping of zinc-bearing concentrate blended from Intec's stockpiles of Zeehan residue and Tasmanian EAF dust is complete. Production from blending the Victorian EAF dust stockpile and Zeehan residue commenced during December 2011, with over 25% of the Victorian stockpile processed to date.*
- *Intec's investigation into the possibility of using the Intec Process to recover rare earth metals from an industrial waste feedstock continues. The current focus of work is on scaling up both the Intec Process application for rare earth extraction and CSIRO's associated add-on technology for purification, separation and recovery of the target metals as high grade oxide products.*
- *All components of the Phase 2 report on the Spent Pickle Liquor Recycling Project were completed in December 2011. A project decision by GBG is due by the end of February 2012.*
- *Work on the IRC Project in the Middle East commenced in November 2011 and an ASX announcement in relation to the status of this Project is being made concurrently with this Quarterly Activities Report*
- *Preliminary testwork on arsenopyrite and arsenopyrite-pyrite gold feedstocks in relation to Intec's developing collaboration for Intec Gold Process projects was successful. The associated independent verification programme is now scheduled for February 2012.*
- *Intec has foregone cash royalty payments in relation to completed minerals processing during the second half of calendar 2011 at the Hellyer Mill, in exchange for BSM shares and options to the nominal investment amount of \$465,000. Royalty entitlements resume being generated by mill throughput from 1 January 2012 at a rate of \$3.50 per tonne of ore processed, to a \$5.725 million maximum (inclusive of actual and foregone royalties to date).*
- *The Company's total cash available at the end of the quarter was \$288,000.*

## **Operations Update**

### ***Low-Grade Zinc Blending Project***

As introduced in the December 2010 Quarterly Report, Intec continues to produce a specified zinc-bearing product for export. Intec uses a portion of the stockpile of zinc-bearing feedstock at Zeehan, which is then being crushed and blended with electric arc furnace (EAF) dust from Intec's stockpiles.



**Operations at the Victorian zinc oxide production site. Crushed Zeehan feedstock may be seen in the left foreground, with EAF dust stockpile excavation at rear.**

The processing of the Tasmanian EAFD stockpile was completed on schedule, with a total of 36,763 tonnes of product shipped from the Port of Burnie. A standard environmental site assessment is in progress at Hellyer, prior to the final and formal demobilisation of Intec's activities at the Hellyer site. It is expected that all EPA Tasmania approvals will be received and that the balance of the Tasmanian environmental bond will be released accordingly.

As expected, first production and shipment using the Victorian EAF dust stockpile occurred during December 2011. This operation has resumed in the new year, and the ongoing work has already utilised more than 25% (over 7,000 tonnes) of the available EAFD dust stockpile. Operations are expected to continue until completion by the middle of 2012.

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### ***Rare Earth Metals Testwork***

As announced in the June 2011 Quarterly report, Intec is currently examining the possibility of converting the underutilised components of the Burnie facility for the recycling of an industrial waste containing appreciable levels of neodymium (Nd) and dysprosium (Dy). These two rare earth metals are used extensively in electronic applications, most particularly in high-strength NdFeB (neodymium iron boron) permanent magnets, such as those used in electric vehicles and wind power turbines.

Throughout the December 2011 quarter, the Intec R.E.cycling Project was progressed in two main areas: engineering considerations for the potential application of the process to the existing infrastructure at Burnie; and the purification and separation of higher-grade products (>95%) via a development programme at the CSIRO. This work is being partially supported by funding from the Federal Government's Researchers in Business programme.

The current focus of work is on scaling up both the Intec Process application for rare earth extraction and CSIRO's associated add-on technology for purification, separation and recovery of the target metals as high grade oxide products. This programme is expected to continue throughout the remainder of the 2011-2012 financial year.

### ***Spent Pickle Liquor Recycling Project***

During the December 2011 quarter, Intec finalised the reporting from Phase 2 of the project (demonstration plant operations at Burnie). This report included a life cycle analysis of the proposed technology, preliminary marketing of the iron oxide and calcium sulphate products, a detailed mass and energy balance, and a  $\pm 10\%$  capital and operating cost model for implementation of a treatment plant at GBG's site in Dandenong Victoria. The proposal is being evaluated by GBG, with its decision due by the end of February 2012.

### ***IRC Project***

The IRC Project in the Islamic Republic of Iran continued to advance at the corporate level throughout 2011. An agreement was signed between the client and Intec's 50% owned subsidiary Intec International Projects Pty Ltd (IIP) in October 2011, resulting in the commencement of the IRC Project in November 2011.

The IRC Project is planned as a two-stage zinc/lead minerals project utilising the Intec Process technology. The feedstock is a waste from conventional minerals processing grading up to 20% combined Pb + Zn. Stage 1 of the IRC Project will be designed to process 25,000 tpa of feedstock, to produce zinc and lead, plus by-products. Stage 2 is intended to process 200,000 tpa of feedstock, noting that in addition to annual production of ~200,000 tonnes of new material, the client also owns over 2,000,000 tonnes of feedstock in historic stockpiles.

A separate announcement released today provides a full update on the IRC Project, inclusive of a payment of approximately A\$1.4 million which has now been received by IIP for work that has already commenced.

### ***Intec Gold Process Projects***

During the September Quarter, the Company completed preliminary testwork on three refractory gold feedstocks as part of the mutual technology assessment process: arsenopyrite, arsenopyrite-pyrite and pyrite-carbon. These trials were successful in respect of the first two samples, with 90-95% of the gold extracted.

As a result, Intec's potential partner is continuing its evaluation, and plans are now in place for testwork in Denver during February 2012. Should the tests be successful, it is anticipated that plans to build a pilot plant will be considered.

### **Corporate Update**

#### ***Hellyer Royalty***

In regard to the \$5 million capped royalty payable by Bass Metals Ltd to Intec per tonne processed through the Hellyer Mill (after the first 100,000 tonnes 'trial throughput'), Intec participated in BSM's rights issue in November 2011.

Intec has foregone cash royalty payments in relation to completed and anticipated minerals processing until the end of calendar 2011 at the Hellyer Mill, in exchange for receiving 3,100,000 BSM shares at \$0.15 per share (each with a free attached 3-year listed option exercisable at \$0.20 (ASX code: BSMO)).

The nominal face value of these foregone 2011 royalty payments has been fractionally discounted to the \$465,000 investment amount, with ensuing royalties of \$3.50 per tonne of ore processed, to a \$5.725 million maximum (inclusive of actual and foregone royalties).

Bass Metals has also made several recent announcements about its mining operations at Hellyer, and about corporate financing activity, which can be viewed on the Bass Metals web site: [www.bassmetals.com.au](http://www.bassmetals.com.au).

### ***Annual General Meeting***

Intec's 2011 Annual General Meeting was held on 21 November 2011. All resolutions were passed. However, in relation to Resolution 2 (Adoption of Remuneration Report), the results of the poll were as follows:

	<b>Number</b>	<b>%</b>
Votes cast <b>FOR</b>	47,377,294	69.95
Votes cast <b>AGAINST</b>	20,348,797	30.05
Total Votes Cast	67,726,091	100.00

Total number of securities that were open/excluded: 11,274,681

Total number of securities that abstained from voting: 923,750

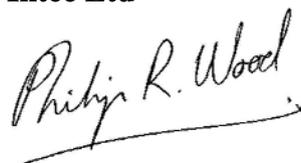
Given that more than 25% of eligible votes were cast against the Adoption of the Remuneration Report, the Chairman assured shareholders that the Company would welcome consultation with them concerning how the Remuneration Report might be improved next year. He stated that: "Over the next year, the Company's directors will work hard to earn the support of all shareholders by advancing good projects, seeking to increase the Company's share price, and fairly and reasonably remunerating the directors and executives who achieve this."

### ***Finance***

The Directors consider that the Company's presently available cash, receivables and other liquid current assets are sufficient for its immediate working capital requirements. However, the Directors are currently considering alternative capital raising mechanisms in order to secure the Company's working capital position beyond the current quarter until anticipated significant capital receipts later in this calendar year.

Yours faithfully

**Intec Ltd**



**Philip R. Wood**

Managing Director and Chief Executive Officer

Rule 4.7B

## Appendix 4C

### Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

**Intec Ltd**

ABN

**25 001 150 849**

Quarter ended ("current quarter")

**31 December 2011**

#### Consolidated statement of cash flows

#### Cash flows related to operating activities

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	347	1,086
1.2 Payments for		
(a) advertising and marketing	(4)	(9)
(b) zinc bearing concentrate cost of sales	(812)	(1,634)
(c) hydrometallurgical process development	(475)	(933)
(d) administration costs and corporate overheads	(597)	(1,127)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	63	148
1.5 Interest and other costs of finance paid	(10)	(20)
1.6 Income tax paid	-	-
1.7 Royalty income	465	540
Other Income	1	1
<b>Net Operating Cash Flows</b>	<b>(1,022)</b>	<b>(1,948)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses	-	-
(b) equity investments	(465)	(465)
(c) intellectual property	-	-
(d) physical non current assets	(239)	(239)
(e) other non current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non current assets	-	-
(e) other non current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other: Refund of Environmental Bond (in part)	122	383
<b>Net investing cash flows</b>	<b>(582)</b>	<b>(321)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(1,604)</b>	<b>(2,269)</b>

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Share Issue Costs	-	-
<b>Net financing cash flows</b>	-	-
<b>Net increase (decrease) in cash held</b>	(1,604)	(2,269)
1.21 Cash at beginning of quarter/year	1,892	2,557
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter/year</b>	<b>288</b>	<b>288</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

1.24 Aggregate amount of payments to the parties included in item 1.2	209
1.25 Aggregate amount of loans to the parties included in item 1.10	-

1.26 Explanation necessary for an understanding of the transactions

Salaries, Directors fees and consultancy fees at normal commercial rates.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

**Financing facilities available**

Add notes as necessary for an understanding of the position.

3.1 Loan facilities

3.2 Credit standby arrangements

Amount available \$A'000	Amount used \$A'000
Nil	Nil
Nil	Nil

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

4.1 Cash on hand and at bank

4.2 Deposits at call

4.3 Bank overdraft

4.4 Other

	Current quarter \$A'000	Previous quarter \$A'000
	53	392
	235	1,500
	-	-
	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>288</b>	<b>1,892</b>

Acquisitions and disposals  
of business entities

5.1 Name of entity

5.2 Place of incorporation or registration

5.3 Consideration for acquisition or disposal

5.4 Total net assets

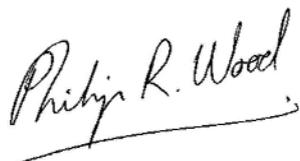
5.5 Nature of business

Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does/~~does not~~ give a true and fair view of the matters disclosed.

Sign here:



(Director/~~Company Secretary~~)

Date: 30/1/2012

Print name: Philip R. Wood

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.