



Intec Ltd

ABN 25 001 150 849

Superior and Sustainable Metals Production

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Companies Announcements Office
Australian Securities Exchange

30 October 2012

Quarterly Activities Report: Appendix 4C September 2012

On behalf of Intec Ltd (ASX code: INL, Intec or the Company), I now attach the September 2012 Quarterly Report for Entities Admitted on the Basis of Commitments (Appendix 4C).

Operations Update

IRC Project

With the completion of the laboratory programme during the June Quarter, the focus of Intec's activity during the September Quarter shifted to reporting and engineering. An 'Interim Milestone 1 Report' was published in July 2012, and the 'Final Milestone 1 Report' was published in August 2012.

The next component of the engineering programme involves pilot plant testwork and engineering, which will be predominately conducted close to the project site using local resources. The Company is currently finalising the pilot plant engineering and operating package for subsequent handover to local contractors. Intec will then provide support services during setup, commissioning and operation of the pilot plant programme, which is due for completion in the March 2013 Quarter. All future work by the Company is subject to the receipt of previously agreed Milestone pre-payments.

In the course of the IRC Project, Intec has maintained ongoing consultation with the Australian Department of Foreign Affairs and Trade (DFAT). The most recent correspondence from DFAT states that "based on the information provided by [Intec], we have determined that the provision of services up to and including Milestone 4 is not prohibited by, or subject to authorisation under, the *Charter of the United Nations (Sanctions – Iran) Regulations 2008* and is not subject to Australia's autonomous sanctions in relation to Iran." The Company will continue to carefully monitor the nature of equipment and technology associated with the delivery of its services to the IRC Project, in order to comply with all of its obligations under Australian and international law.

Burnie Research Facility

During the quarter, the Burnie Research Facility was operated on a campaign basis to treat waste material from the ACL Group (ACL) in Launceston. The five-week campaign treated waste accumulated from approximately nine months of ACL operations. The treatment campaign was profitable on a standalone cash basis before consideration of certain fixed costs and non-cash items. The Company is in discussions with ACL in relation to revised commercial terms and campaign frequency. Notwithstanding any agreement with ACL on revised terms, the cash profit after variable costs from the treatment of ACL's waste material does not fully cover the yearly fixed

costs of the Burnie Research Facility. The Company has considered various alternative uses for the Burnie Research Facility, including the treatment of mainland waste streams but has been unable to identify a full-time commercial use for the facility. The treatment of ACL's waste, if it continues, is a worthwhile commercial activity, however the future of the Burnie Research Facility remains under review.

Low-Grade Zinc Blending Project

Following completion of operations and a positive environmental audit of the Victorian stockpile site during the previous quarter, EPA Victoria returned the remaining \$2.387 million security bond. In addition, \$0.321 million of the remaining portion of the EPA Tasmania security bond was returned. The remaining amount of \$40,000 will be returned following completion of remediation works at the Hellyer site.

Rare Earth Metals (REcycling Project)

As previously announced, the Company executed a non-binding Memorandum of Understanding that provided for a third party to undertake an exclusive period of due diligence on the REcycling Project. The Company and the third party conducting due diligence, has recently been informed that improvements had been made at the waste-producing site (the production site of the feedstock for the proposed REcycling Project), that has reportedly reduced the average rare earth metal content of the waste by approximately 50%, thus materially impacting the economics of the REcycling Project. Consequently, the third party has withdrawn from conducting further due diligence. Further allocation of resources to this project is not a priority.

Hellyer Royalty

As previously advised, the Company reached agreement with Bass Metals Limited (BSM) to re-structure the Hellyer Royalty. This re-structuring resulted in Intec being granted a 2.5% Net Smelter Return Royalty in relation to any base metals produced from BSM's Hellyer-Que River tenement portfolio. In addition, Intec was granted 15 million BSM shares for nil consideration. The Company received a payment of \$454,000 during the quarter from BSM's processing activities at Hellyer during the June Quarter under the previous Hellyer Royalty.

Corporate

The Company's total cash available at the end of the quarter was \$4,149,000. Operating costs during the quarter were impacted by one-off costs relating to the Footscray environmental audit, various other finalisation items associated with Footscray, the termination of the consulting agreement with EBOO and legal costs relating to the agreement with BSM. The Company's current employee numbers, excluding Non-executive Directors, are four full-time employees, two part-time employees and two part-time contractors.

The 2012 Annual Report was published on September 28. The letter from the Chairman and Managing Director, contained in the Annual Report, outlines the Company's current focus. Intec's Annual General Meeting will be held at 2.00pm on Tuesday 13 November at Level 3, 2 Elizabeth Plaza, North Sydney, New South Wales.

Intec Ltd



Kieran Rodgers
Managing Director

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

Intec Ltd

ABN

25 001 150 849

Quarter ended ("current quarter")

30 September 2012

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	249	249
1.2 Payments for		
(a) advertising and marketing	-	-
(b) zinc bearing concentrate cost of sales	(115)	(115)
(c) hydrometallurgical process development	(328)	(328)
(d) administration costs and corporate overheads	(424)	(424)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	37	37
1.5 Interest and other costs of finance paid	(4)	(4)
1.6 Income tax paid	-	-
1.7 Royalty income	499	499
Other Income	-	-
Net Operating Cash Flows	(86)	(86)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non current assets	-	-
(e) other non current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non current assets	10	10
(e) other non current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other: Refund of Environmental Bonds	2,701	2,701
Refund of Security Bond	124	124
Net investing cash flows	2,835	2,835
1.14 Total operating and investing cash flows	2,749	2,749

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to financing activities		
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	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held		
	2,749	2,749
1.21 Cash at beginning of quarter/year	1,400	1,400
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter/year	4,149	4,149

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	33
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 Term Deposits

Current quarter \$A'000	Previous quarter \$A'000
43	96
555	54
-	-
3,551	1,250
4,149	1,400

Total: cash at end of quarter (item 1.23)

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 October 2012

Print name:

Kieran Rodgers

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.