



Intec Ltd

ABN 25 001 150 849

Superior and Sustainable Metals Production

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Companies Announcements Office
Australian Securities Exchange

23 April 2012

Quarterly Activities Report: Appendix 4C March 2012

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

Operations Update

Low-Grade Zinc Blending Project

Intec continued to export a low-grade zinc-bearing product, which is produced from blending zinc-bearing slag material sourced from Zeehan with electric arc furnace (EAF) dust from the Company’s Victorian stockpile. To date, approximately 70% of the Victorian EAF dust stockpile has been reclaimed, blended with Zeehan sourced material and exported. Operations are expected to be completed during the current quarter.

The Company has an \$3.647 million bond lodged with EPA Victoria in relation to the Victorian stockpile site. EPA Victoria has consented to the immediate return of \$260,000 of the total bond amount. An environmental audit of the Victorian stockpile site, as required by EPA Victoria, has commenced and will be completed following the removal of all EAF dust. Dependent upon the results of the environmental audit, the Company will then seek the return of the remaining A\$3.387 million bond amount.

In relation to the remaining portion of the environmental bond (\$300,000) lodged with EPA Tasmania pertaining to the previous Hellyer EAF dust stockpile site, the Company is undertaking further investigations at the site to satisfy regulatory requirements. The Company remains hopeful of achieving the return of the remaining bond amount during the current quarter.

IRC Project

During the quarter, the Company’s 50/50 joint venture subsidiary, Intec International Projects Pty Ltd (“IIP”), received its initial project commencement payment in relation to a comprehensive technology development and engineering programme for its previously foreshadowed IRC project in the Islamic Republic of Iran. On 30 January 2012, a separate ASX announcement was provided on the IRC Project and shareholders are referred to that announcement.

The IRC Project occupied the majority of Intec's Sydney laboratory resources throughout the March 2012 Quarter. This work is examining each of the proposed unit operations for the IRC Project in turn, and refining and optimising the chemistry and engineering for the processing of the specific project feedstock. Parallel subcontract external testing also commenced during the March 2012 Quarter.

The engineering programme is currently on-track for completion of the current milestone during the September 2012 Quarter. Following completion of this milestone, the focus of work will shift from the laboratory to larger-scale testing and more detailed engineering.

Spent Pickle Liquor Recycling Project

As previously disclosed, Intec finalised the reporting from Phase 2 of the project (demonstration plant operations at Burnie) during the December 2011 Quarter. The Phase 2 report was delivered to GBG in November 2011, following which GBG, under the terms of the existing agreement between the two companies, has a period of six months in which to commit to the funding of a commercial scale facility ("Phase 3"). If GBG were to make this commitment, Intec would receive the final \$200,000 amount due under the project's Hazwaste Funding agreement, following the treatment of a defined quantity of spent pickle liquor in the Phase 3 facility. In addition, Intec may receive an amount of up to \$240,000 for the provision of engineering services during the design phase of the Phase 3 facility. If Phase 3 were to proceed, GBG would be granted a non-exclusive royalty free licence in relation to the Phase 3 facility for the treatment of its own spent pickle liquor.

Intec is uncertain as to whether GBG will commit to Phase 3 and in any event the commercial returns to Intec are not large for this first facility. If GBG were not to commit to Phase 3, the Company will reconsider its commercialisation strategy and the commercial returns available from alternative strategies.

Rare Earth Metals Testwork

The REcycling Project technical programme was advanced as a matter of priority during the March 2012 Quarter, with two major components completed. Firstly, the CSIRO completed its development work on the purification, separation and recovery of the target rare earth metal products. This yielded two small samples of neodymium carbonate and dysprosium carbonate, which will shortly be treated in an oven to yield neodymium oxide and dysprosium oxide. Both products are expected to achieve >99% purity, which is considerably better than the 95% purity target established at the beginning of CSIRO's development programme.

Using this and other data, Intec's engineering team then completed the basic engineering for the potential REcycling Project: process flow diagrams, mass and energy balance, equipment list, capital cost estimate, operating cost estimate, process design criteria and pilot plant programme design (including PFDs, equipment list and basic operations programme). This data was used to generate a basic economic model, which suggests positive outcomes for the assumed set of project conditions.

As previously announced, Intec was examining the possibility of converting the underutilised components of the Burnie facility for the recycling of a Japanese sourced industrial waste containing appreciable levels of neodymium (Nd) and dysprosium (Dy). This is now no longer the case, as investigations have revealed that:

- The Burnie facility cannot be reconfigured to a sufficient scale to handle the monthly quantities of waste generated; and
- The regulatory hurdles for importation into Australia of the industrial waste are significant.

The Company is now examining alternative mechanisms for realising value from this technology. The economic returns available to Intec from commercialisation of this technology are uncertain.

Intec Gold Process Projects

As previously disclosed, Intec has been involved in a mutual technology assessment process in order to assess the applicability of the Intec Gold Process (“IGP”) to three types of refractory gold ores – arsenopyrite, arsenopyrite-pyrite, and pyrite-carbon. The independent phase of the technology assessment was completed in Denver, Colorado in February 2012. The independent laboratory is currently finalising an evaluation report which is expected to be completed by early May 2012. Subsequent to the presentation of the evaluation report to both Intec and the other party, the other party will then have 60 days to consider the outcomes and decide if they want to support an IGP commercialisation strategy on terms to be agreed between the parties.

Corporate Update

Share Placement and appointment of new Managing Director

On 7 February 2012, the Company announced a share placement of 83.333 million fully paid ordinary shares to raise \$1.25 million at a placement price of 1.5 cents per share (“the Placement”).

Of the Placement shares, 32.473 million shares (\$487,092) were allotted immediately under the Company’s available 15% placement capacity pursuant to ASX Listing Rule 7.1. The allotment of the remaining 50.861 million Placement shares (\$762,908), was subject to the receipt of shareholder approval at an Extraordinary General Meeting held on 19 March 2012 including a separate approval for the participation in the Placement in the amount of \$220,000 by Mr Kieran Rodgers, a director of the Company.

The purpose of the Placement was to provide working capital for the Company in relation to:

- the on-going zinc blending project in Victoria until the expected return of environmental bonds (in respect of electric arc furnace dust) later this year;
- a delay in the expected receipt of a final environmental bond (in respect of electric arc furnace dust) from the Tasmanian EPA;
- the payment of a contractual employee entitlement; and
- the on-going activities and contingencies of the Company.

Concurrently with the announcement of the Placement, Mr Kieran Rodgers, previously the Finance Director & Chief Financial Officer replaced Mr Philip Wood as Managing Director of the Company.

Extraordinary General Meeting

An Extraordinary General Meeting of Intec was held on 19 March 2012 to seek approval for the following resolutions:

1. Ratification of Previous Issue of Shares under Placement
2. Approval of Proposed Issue of Shares under Placement
3. Approval of Issue of Shares to a Director – Mr Kieran Rodgers

All resolutions were passed.

Hellyer Royalty

In relation to the \$5.725 million capped royalty payable at the rate of \$3.50 per tonne by Bass Metals Ltd (“Bass Metals”) to Intec for ore processed through the Hellyer Mill, the Company notes the following:

- On 28 March 2012, Bass Metals announced that a total of 99,402 tonnes of ore was processed during the period 30 January to 16 March 2012.
- On 19 April 2012, Bass Metals announced that a further milling campaign commenced on 26 March 2012, which is budgeted to process 101,151 tonnes for completion during the June Quarter.

Following completion of this milling campaign, Bass Metals has announced that the Hellyer operations will be placed on care and maintenance, following which Bass Metals will seek additional funding, including from a potential sale of the Hellyer Mill. The Company is monitoring the situation in relation to the potential sale of the Hellyer Mill. For the complete recent ASX announcements by Bass Metals please refer to the websites of ASX and Bass Metals.

Strategy Review

In the June 2011 Quarterly report, the Company announced the results of a review conducted of its operations and strategies. The five key areas of focus for the remainder of the financial year announced at the time were as follows:

- Continuation of the operating low-grade zinc mining project;
- Implementation of the SPL Recycling project, with pipeline development of subsequent SPL recycling projects at the appropriate juncture;
- Investigation and the decision concerning the Burnie rare earth recycling opportunity;
- Pursuit of the Middle Eastern zinc/lead project implementation contract, and if successful, the delivery on the resulting engineering contract; and
- Pursuit of opportunities for the Intec Gold Process via pipeline development and paid testwork, particularly for arsenic-bearing gold feedstocks.

The Company has refined the previously announced areas of focus to better align its operations with its available resources as follows:

- Completion of the removal of its EAF dust stockpiles and the gaining of regulatory approval for the return of its associated environmental bonds in order to stabilise the Company’s financial position;
- Continuance of the IRC Project as it presently represents a significant body of paid commercial work;
- Evaluation of the SPL Recycling Project and Intec Gold Process opportunity following the receipt of advice from third parties respectively of their intentions regarding these projects.

Dependent upon this advice, the Company may consider alternative mechanisms to realise value from these components of its technology portfolio;

- In relation to the rare earth recycling opportunity, the Company is currently exploring alternate value realisation strategies following the decision not to proceed with an investment to reconfigure the Burnie Research Facility; and
- In parallel with stabilising the financial position of the Company, it is the intention of management to investigate corporate and asset acquisition opportunities preferably with an Intec Process association.

Finance

The Company's total cash available at the end of the quarter was \$923,000. 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, management is actively working to reduce the cost base of the Company until anticipated significant capital receipts later in this calendar year, principally from the return of environmental bonds.

Yours faithfully
Intec Ltd

A handwritten signature in blue ink, appearing to read 'Kieran Rodgers', with a horizontal line extending to the right.

Kieran Rodgers
Managing Director

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 March 2012

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	1,820	2,906
1.2 Payments for		
(a) advertising and marketing	-	(9)
(b) zinc bearing concentrate cost of sales	(547)	(2,181)
(c) hydrometallurgical process development	(1,098)	(2,031)
(d) administration costs and corporate overheads	(825)	(1,952)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	44	192
1.5 Interest and other costs of finance paid	(10)	(30)
1.6 Income tax paid	-	-
1.7 Royalty income	-	540
Other Income	1	2
Net Operating Cash Flows	(615)	(2,563)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses	-	-
(b) equity investments	-	(465)
(c) intellectual property	-	-
(d) physical non current assets	-	(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)	-	383
Net investing cash flows	-	(321)
1.14 Total operating and investing cash flows	(615)	(2,884)

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	1,250	1,250
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	1,250	1,250
Net increase (decrease) in cash held		
1.21 Cash at beginning of quarter/year	288	2,557
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter/year	923	923

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	82
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
4.1 Cash on hand and at bank	112	53
4.2 Deposits at call	811	235
4.3 Bank overdraft	-	-
4.4 Other	-	-
Total: cash at end of quarter (item 1.23)	923	288

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: 23 April 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.