



# 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

31 July 2012

## **Quarterly Activities Report: Appendix 4C June 2012**

Intec Ltd (ASX code: INL, “Intec” or “the Company”) provides its June 2012 Quarterly Report for Entities Admitted on the Basis of Commitments (Appendix 4C).

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

During the quarter, Intec completed the removal of all electric arc furnace (“EAF”) dust from the Victorian stockpile site. The Victorian EAF dust stockpile, amounting to approximately 28,000 tonnes, was blended with zinc-bearing slag material sourced from Zeehan and exported as a low-grade zinc concentrate. Minor amounts of revenue are expected during the current quarter from final payments due from individual shipments of the blended product.

The Company had previously lodged a \$3.647 million environmental bond with EPA Victoria in relation to the stockpile site. During the quarter, \$1.26 million of the bond amount was returned to Intec. Since the end of the quarter, the Company 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 Company.

In relation to the remaining environmental bond (\$361,000, including accrued interest) lodged with EPA Tasmania pertaining to the previous Hellyer EAF dust stockpile site, the Company has been advised that \$321,000 will be returned. The remaining \$40,000 will be returned following the completion of minor remediation works at the Hellyer stockpile site.

### ***IRC Project***

The IRC Project has been a major focus of Intec’s activity throughout the June 2012 quarter. Intec has been 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 (refer to previous announcement dated 30 January 2012).

The work throughout 2012 has been the execution and now completion of the ‘Milestone 1’ laboratory programme, which examined and refined each of the proposed unit operations for the IRC Project. This work has been successful, generating a range of improvements to enhance the provisional process flowsheet developed as part of a conceptual study in 2010. These refinements

should offer better outcomes for the IRC Project in lower capital cost, lower operating costs, and decreased technical complexity in key areas.

The feedstock for the IRC Project is a complex mixture of zinc and lead minerals offering a total of 12-20% Zn + Pb, in a silicon/aluminium host matrix. Testwork has shown that over 90% of the zinc can be selectively extracted, leaving the other target metals in an intermediate residue for separate leaching. The resulting zinc-bearing pregnant leach solution can be purified to very low contaminant levels, allowing for the electrowinning of Special High Grade zinc metal via conventional sulphate-based electrowinning technology.

The intermediate residue is re-leached with a standard Intec Process brine, extracting around 90% of the lead and silver, and then recovering a lead metal sponge via simple cementation. After melting, the testwork produced samples of >99% purity lead metal. Future testwork will also examine the possibility of using the Intec Process to extract and recover the appreciable germanium from the intermediate residue.

Given the large amount of data generated in the testwork programme, 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 draft of the 'Final Milestone 1 Report', detailing the testwork results and external analyses from June and July 2012, has now been completed. Following internal and external review, the final report will be published to the client within the next few weeks, as completion of the Milestone 1 requirements. The next component of the development and engineering programme involves pilot plant testwork and more detailed engineering.

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

During the quarter, the Company 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.

#### ***Rare Earth Metals REcycling Technology***

The Company is currently in discussion with a number of parties in relation to a possible transaction regarding the rare earth 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, without which the technology will be held in reserve for future examination.

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

As previously disclosed, Intec had 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 other party involved in the mutual technology assessment has advised the Company that it has withdrawn from further discussions regarding commercialisation of the IGP. The Company will now consider alternative commercialisation strategies.

### ***Hellyer Royalty***

During the quarter the Company received a payment of \$345,046 arising from the Hellyer Royalty for processing activities conducted during the March 2012 quarter. Since the end of the quarter, the Company has received a further payment of \$453,737 for processing activities conducted during the June 2012 quarter.

On 9 July 2012, the Company announced that it had agreed a re-structuring of the Hellyer Royalty with Bass Metals Ltd (Bass).

Intec 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 Bass for nil consideration. Intec previously held 3.1 million Bass shares and 3.1 million Bass options exercisable at \$0.20. Following, the re-structuring, Intec holds a 5.85% interest in Bass.

### ***Corporate***

The Company's total cash available at the end of the quarter was \$1.4 million. The receipt of funds from the return of the Victorian environmental bonds, a payment under the Hellyer Royalty and the expected return of the Tasmanian environmental bond has materially strengthened the Company's financial position since the end of the quarter. In addition, the operating cost base of the company has been reduced to a more sustainable basis.

The Directors consider that the Company's presently available cash, receivables and other liquid current assets are sufficient for its immediate working capital requirements.

Yours faithfully

**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 June 2012**

#### Consolidated statement of cash flows

#### Cash flows related to operating activities

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	178	3,075
1.2 Payments for		
(a) advertising and marketing	-	(9)
(b) zinc bearing concentrate cost of sales	(526)	(2,666)
(c) hydrometallurgical process development	(511)	(2,612)
(d) administration costs and corporate overheads	(393)	(2,333)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	50	242
1.5 Interest and other costs of finance paid	(10)	(40)
1.6 Income tax paid	-	-
1.7 Royalty income	380	974
Other Income	-	2
<b>Net Operating Cash Flows</b>	<b>(832)</b>	<b>(3,367)</b>
<b>Cash flows related to investing activities</b>		
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	49	49
(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)	1,260	1,643
<b>Net investing cash flows</b>	<b>1,309</b>	<b>988</b>
<b>1.14 Total operating and investing cash flows</b>	<b>477</b>	<b>(2,379)</b>

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

	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	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	-	(28)
<b>Net financing cash flows</b>	-	1,222
<b>Net increase (decrease) in cash held</b>		
	477	(1,157)
1.21 Cash at beginning of quarter/year	923	2,557
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter/year</b>	<b>1,400</b>	<b>1,400</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	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

**Total: cash at end of quarter (item 1.23)**

Current quarter \$A'000	Previous quarter \$A'000
96	112
54	811
-	-
1,250	-
<b>1,400</b>	<b>923</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: 31 July 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.