



Intec Ltd

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Superior and Sustainable Metals Production

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Companies Announcements Office
Australian Securities Exchange

13 November 2012

2012 Annual General Meeting

Attached is the Chairman's Address which will be delivered later today at the Intec Ltd (ASX Code: INL) 2012 Annual General Meeting.

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Kieran G. Rodgers
Managing Director



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Intec Ltd 2012 Annual General Meeting **Chairman's Address**

Ladies and gentlemen, good afternoon and welcome to the 2012 Annual General Meeting of Intec Ltd. My name is Trevor Jones and I am the Chairman of Intec Ltd. First, I would like to introduce my fellow directors, Kieran Rodgers, Managing Director and James Bell, our Non-Executive Director. In addition, Robert Waring, Company Secretary is present.

Also present is Leah Russell representing the Company's external auditor Crowe Horwath Sydney.

There being a quorum of three or more shareholders present, I declare the Meeting open.

The 2011-2012 year commenced with the Company bearing a high cost base relative to its financial position and revenue generating capabilities. The Company was progressing with a number of technology development projects; however, neither actual revenue nor projected revenue from these projects was sufficient to cover the Company's ongoing cost base. Consequently, in February 2012 the Company was once more required to raise further equity capital to fund its ongoing operations. As it eventuated, the equity capital raising process resulted in a number of material changes at the Company, including the following:

1. the appointment of a new Managing Director, Mr Kieran Rodgers;
2. the commencement of a review of all existing projects and the Company's technology portfolio; and
3. a focus on reducing the cost base of the Company.

It was the view of the management that it was commercially unsustainable to continue with the existing business model, namely pursuit of commercialisation of the Intec process without an underlying stable cash flow to support this objective. The continual recourse to shareholders to fund the Company's operations was no longer considered a suitable funding mechanism.

At the time of the change in management, the Company was progressing four technology projects, these being:

1. Spent pickle liquor re-cycling;
2. Re-cycling of rare earth metals from waste streams;
3. A collaborative technology assessment program in respect of the Intec Gold Process; and
4. The IRC project which is our involvement in the reprocessing of an Iranian-based zinc lead waste stockpile.

Each of these projects is reviewed in some detail in the Annual Report; however, only the IRC Project remains active following both an internal review and external assessment by interested third parties. Consequent upon both the reduction in the number of projects and consistent with management's desire to reduce the cost base of the Company, there has been a reduction in staff numbers and the geographical coverage of the Company's patent portfolio.

In the 11 years since listing on the ASX, the Company, despite the application of considerable time, energy and resources, has regrettably been unable to establish a self-funding business based on the commercialisation of the Intec Process, across any of the applications considered. The original Intec Process patent was lodged in 1993 and will expire in 2013 without any commercial applications having been established. Notwithstanding that additional Intec Process patents have been granted, such as the Gold Process, Spent Pickle liquor etc., opportunities for the commercialisation of these related applications, within a reasonable timeframe and within the financial capacity of the Company cannot be identified at this time.

A key achievement during the year was the disposal on an acceptable commercial basis of the Company's legacy stockpiles of electric arc furnace dust (EAF Dust). Removal of the EAF Dust stockpiles allowed the release to the Company of approximately \$4.4 million in cash backed security bonds. Consequently, the Company is currently in a secure financial position relative to its operating costs.

Just after year-end, the Company agreed with Bass Metals Ltd a re-structuring of the Hellyer Royalty, which resulted in the Company receiving a 2.5% Net Smelter Return Royalty on the Hellyer-Que River mineral field and a substantial shareholding in Bass Metals. The Company agreed to this re-structure with Bass Metals due to the deteriorating operating and financial position of Bass Metals' Hellyer operations. Due to the shutdown of the Hellyer operations, the board of Intec considered it to be uncertain that the Company would receive further payments under the original Hellyer Royalty. It was therefore considered to be in the mutual interest of both companies to undertake a re-structure of the original royalty. The future value of these assets will be dependent upon the outcome of Bass Metals re-capitalisation of its balance sheet.

The focus of management during the current financial year has been and will remain as follows:

1. the investigation of corporate and asset acquisition opportunities;
2. preservation of the Company's financial position to all extents possible, without resort to shareholders;
3. continued investigation of alternative value realisation strategies for certain components of its technology portfolio including the Burnie Research Facility; and
4. continuance of the IRC Project, subject to on-going Federal Government approvals and the receipt of pre-payments from the client, as it represents a material body of paid commercial work that covers the cost of employees assigned to the project.

Operationally the Company has altered greatly during the course of this year to reflect:

1. Recapitalisation of the balance sheet as a result of the removal of EAF Dust issues and the subsequent return of environmental security bonds as a cash asset; and
2. A substantially reduced operating cost base of the Company.

The Company has established an active business development function and is reviewing a range of business and asset acquisition opportunities. Whilst we can give no indication as to timing of any acquisition, it is our belief that the current environment in the mining and processing industries is conducive to corporate opportunities for companies such as Intec that possess a clean corporate structure, sound balance sheet and healthy cash balance.

Understandably, the Company's preference would be to progress an opportunity with an Intec Process association.

In summary, the past financial year has been a watershed year in many respects for Intec. On behalf of the board, I would like to recognise the significant contribution made to the company by Philip Wood, the outgoing Managing Director, over more than a decade. The board is confident that the company's current asset base, if utilised properly, can be employed to build a sustainable business for shareholders.

Thank you and we will now move to the resolutions, following which there will be an opportunity to ask questions.