

Intec Ltd

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ASX code: INL

Company Announcements Office
Australian Securities Exchange

31 October 2016

Quarterly Activities Report: Appendix 4C – September 2016

Attached is the September 2016 Quarterly Report (Appendix 4C) for Intec Ltd (ASX Code: INL; Intec or the Company).

Science Developments Pty Ltd

Intec owns a 50% interest in Science Developments Pty Ltd (SciDev) and holds an option to increase its ownership to 100% based on an agreed formula related to the profitability of SciDev. During the Quarter, it was agreed to extend the term of Intec's option to acquire the remaining 50% of SciDev from 31 August 2016 to 28 February 2017.

Key achievements of SciDev during the Quarter were:

- Successful completion of the trial of the OptiFlox® System at Peabody Energy's Wilpinjong coal preparation plant. It has now been agreed between SciDev and Peabody Energy that the OptiFlox® System will be permanently deployed at Wilpinjong. Hence, SciDev is currently finalising with Peabody Energy a contract for the long-term supply of the OptiFlox® System and associated chemicals at Wilpinjong;
- The design of a Mark 2 OptiFlox® System, which will be deployed to Wilpinjong in mid-December. The Mark 2 OptiFlox® System results in a material reduction in both complexity and installation footprint. The existing system at Wilpinjong will be re-located to another site after undergoing modifications;
- Agreeing an exclusive manufacturing and customer arrangement with Burkert Fluid Control Systems in relation to the OptiFlox® System. Burkert, headquartered in Germany, but with operations worldwide, is one of the world's leading manufacturers of measurement and control systems for liquids and gases. SciDev and Burkert Australia have worked closely together over the past 18 months to develop the OptiFlox® System to a commercial ready stage; and
- Commencement of a two-month trial of SciDev chemicals at a major dairy processing facility in regional Victoria.

During the Quarter and subsequent, SciDev has undertaken trials of its chemicals at two other Peabody Energy sites and conducted laboratory testwork on samples from several other coal preparation plants operated by Peabody Energy and other industry participants. The objective of these trials is to identify the most prospective sites for the future installation of OptiFlox® Systems amongst the approximate sixty-five coal preparation plants in Australia.

During the Quarter, Peabody Energy personnel gave a presentation on the OptiFlox® System at the Australian Coal Preparation Society's symposium held in Emerald, Queensland. This presentation was released to ASX in September.

Corporate

The Company continues to investigate options for realising value from its wholly-owned Zeehan Slag dump which, based on historical records, contains approximately 430,000 tonnes at a grade of approximately 14% zinc. The zinc price has now moved above US\$2,300 per tonne and hence the ability to generate value from the sale and/or treatment of the zinc-bearing slag dump continues to increase.

The attached Appendix 4C, including the consolidated statement of cash flows, represents a consolidation of the cash flows of Intec, its wholly-owned subsidiaries, and SciDev. The consolidated cash balance at 30 September 2016 was \$0.355 million.

Intec Ltd



Kieran Rodgers
Managing Director

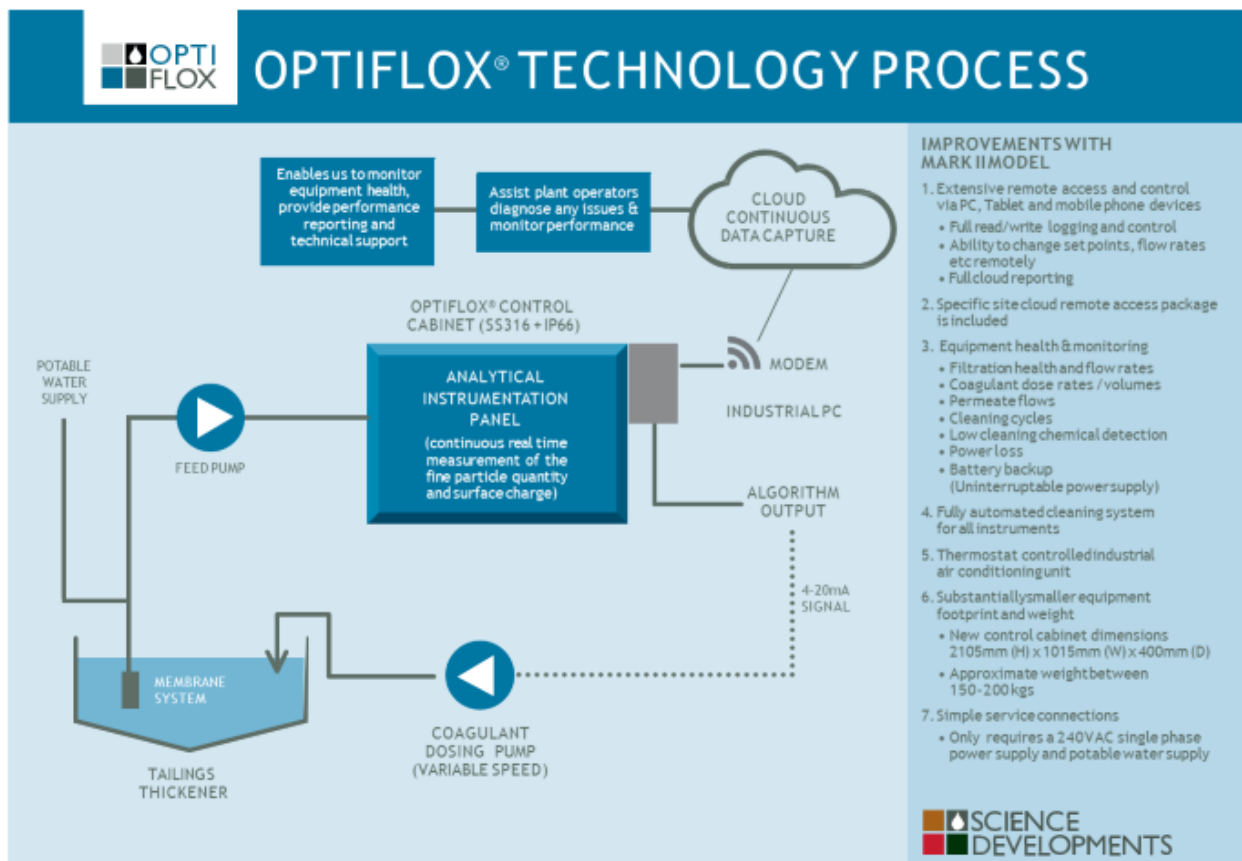
The OptiFlox® System

Thickeners in Coal Handling and Preparation Plants (CHPP) continually experience in-flows of coal tailings that do not remain homogeneous. The types and concentrations of the particles in such slurries can vary significantly as coal extraction moves from one pit to another within the mine site. This variation in the loading and composition of the material can cause ineffective chemical usage and inadequate control/clarification that cannot be solved by the conventional optical sensing devices commonly installed in thickeners.

Highly turbid or ‘blackwater’ events can therefore occur resulting in the CHPP shutting down and production either slowing or ceasing. Substantial losses in productivity and revenue can therefore result. The value of lost revenue due to productivity losses from inadequate wastewater clarification in CHPP’s is estimated to range from \$1.6M to almost \$10M per annum.

Developed by Science Developments Pty Ltd, the OptiFlox® System continuously measures in real time the appropriate particle characteristics of coal tailings. As a result, the system automatically determines and maintains the optimal coagulant dose rate required even when the characteristics of the slurry feed to the thickener continually change. Optimal flocculation conditions are thereby maintained to enable consistent and reliable clarified water to be produced for re-use in the CHPP.

The OptiFlox® System enables coal productivity to be maximised through minimising the number of shutdowns caused by the return of excessively turbid water to the CHPP. Further benefits in the form of increased yields, reduced magnetite consumption, improved underflow dewatering and chemical cost savings may also be realised through optimal thickener performance.



Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Intec Ltd

ABN

25 001 150 849

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	385	385
1.2 Payments for		
(a) research and development	-	-
(b) suppliers and corporate overheads	(277)	(277)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(161)	(161)
(f) administration and corporate costs	-	-
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(6)	(6)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(57)	(57)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(4)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(4)	(4)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(62)	(62)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	(62)	(62)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	478	478
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(57)	(57)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(4)	(4)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(62)	(62)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	355	355

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	62	35
5.2 Call deposits	293	444
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	355	479

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	82
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors fees are at normal commercial rates.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	67
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	250	145
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Trade finance facility


9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	
9.2 Suppliers and corporate overheads	300
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	165
9.6 Administration and corporate costs	
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	465

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



(Director)

31 October 2016

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.