

# **Intec Ltd**

**ABN 25 001 150 849**

***Superior and Sustainable Metals Production***

**Annual Report 2002**

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## Letter from the Chairman and Managing Director/Chief Executive Officer

# Intec Ltd

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26 September 2002

Dear Shareholders

This is Intec Ltd's first Annual Report since listing on the Australian Stock Exchange and it includes its financial statements for the year to 30 June 2002.

Most of you would be aware that the Company's A\$5 million initial public offering on ASX was arduous, but that it eventually closed fully subscribed, with official quotation of the Company's shares commencing on 2 May 2002. This listing was achieved at a very reasonable cost, partly because we did not use an underwriter or sponsoring broker and also due to the excellent and efficient services rendered by our professional advisers.

ASX listing provides the Company with wider access to capital, a higher public and industry profile and more stringent corporate governance standards, while offering our shareholders a greater degree of market liquidity and transparency of share pricing.

Disappointingly, but perhaps not surprisingly in the difficult current environment for resources and technology stocks, the Company's share price has been generally weak in recent months on low volume trading. While it is inherently difficult to value a technology (such as the Intec Process) that is not yet commercialised, we are very confident that the promising future for the Intec Process will become reflected in its market price as steps towards commercial production continue to be successfully taken.

However we should also emphasise that there are inevitably long lead times in development by a small company like Intec of larger scale and capital-intensive minerals processing projects. Intec is therefore focusing intensively on its first commercial scale plant proposed for treatment of copper concentrates in northern Queensland.

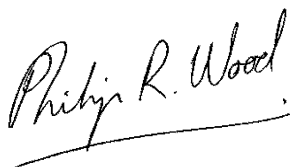
We welcome all of Intec's new shareholders and greatly appreciate your support of our Company: in particular, we are pleased that the Ivanhoe Mines group (IVN), majority owned by its chairman Robert Friedland, has become Intec's new 19.9 per cent shareholder. IVN has negotiated exclusive rights to use the Intec's copper/gold/silver processing technology under royalty-based licence in Mongolia (and contiguous Chinese provinces), where IVN is developing a massive copper/gold province in the Gobi Desert. Very successful test work on copper/silver concentrates sourced by IVN in Mongolia has already been done at Intec's laboratories at Sydney University and arrangements are proceeding for testwork on IVN's own concentrates from Oyu Tolgoi by early 2003.

In order to add potential value to its broader international portfolio of base and precious metals projects, IVN has also negotiated worldwide royalty-based licences to use Intec's various copper, zinc and nickel processing technologies (inclusive of associated precious metals). Also, Intec has appointed to its Board of Directors Mr Gordon L Toll who is an Executive Director and Deputy Chairman of IVN with over thirty years' career experience in global energy, minerals and chemicals businesses.

Yours faithfully



Kenneth J Severs  
Chairman



Philip R Wood  
Managing Director  
Chief Executive Officer

## Review of Operations

### Technical Report

Since being re-located to its office and laboratory premises within the Department of Chemical Engineering at the University of Sydney, and despite the modest resources available to it, Intec has made considerable progress on a range of technical fronts as outlined below. Cell design validation, plant engineering design package preparation, analytical metallurgical and financial modelling and customer concentrates testwork were all progressed satisfactorily during the year. Operations were restricted until the Company's Initial Public Offering ("IPO") on the Australian Stock Exchange was completed in April 2002, having raised \$5 million.

#### Copper Electrowinning Cell Design

The commercial Intec copper electrowinning (EW) cell is the only equipment in the Intec Copper Process that requires significantly novel engineering and its final design has now been radically changed and optimised. Testing of the newly designed electrodes at laboratory scale was very successful and all units of the EW cell, including product removal, will now be tested at full scale at Sydney University over the next six months. Specific details of the new EW cell design cannot be publicised until a provisional patent is lodged during October 2002. However, Intec's technical personnel are confident of a very successful outcome delivering significant process benefits which will be independently validated for project financing purposes.

#### Copper Concentrates Testwork

A large proportion of the laboratory time has been directed to gathering data for the copper concentrates proposed to be fed to the 25,000 tpa Queensland copper plant (notably from the Selwyn and Osborne mines in the Cloncurry region). This work forms part of the Bankable Feasibility Study currently underway and is required for the sizing of equipment such as the regrind circuit, thickeners, filters and leach tanks.

Copper concentrate samples from four other potential clients have been trial leached at laboratory scale and are discussed below.

##### *Northparkes*

The Northparkes mine is located in New South Wales, Australia and produces a high-grade copper concentrate with economic levels of gold. A laboratory leach trial was commissioned by the Rio Tinto group and achieved high extractions for copper, gold and silver of >99%, 94% and 95% respectively. These extractions were at high rates of extraction and at a low copper product recycle rate, which combine to give lower than normal capital investment and plant operating cost.

##### *Kemess*

The Kemess mine is located in British Columbia, Canada and produces a copper/gold concentrate. It incurs high transportation and concentrate processing costs due to its remote location. The potential benefits of locating an Intec copper plant at the mine site are substantial and so an initial laboratory leach trial was carried out to ascertain its suitability as feed to an Intec copper plant.

Copper extraction was very high at 99.7%, however gold extraction with the concentrates available could not be improved above 70%. Where the levels of contained gold are as high as in the Kemess concentrate, this level of gold recovery is not regarded as satisfactory relative to smelters. No further work has been carried out, although as part of an on-going programme to develop understanding of the factors that control gold leachability, this concentrate may be tested again in the future.

##### *Erdenet*

The Erdenet mine is located in the northeast of Mongolia and suffers from a high cost structure outside the minegate. Concentrate production costs are also high by virtue of poor copper recovery into the concentrate. Considerable opportunity exists to increase copper recovery into a low-grade concentrate that is particularly suitable for processing in an Intec copper plant.

A laboratory leach trial programme carried out on the smelter grade concentrate currently produced, yielded high copper and silver extractions at 98.6% and 94.5% respectively. A low-grade bulk concentrate sample from Erdenet is currently being tested.

## Review of Operations

### Technical Report (continued)

#### *Asgat*

Asgat is an undeveloped copper ore body located in the far northwest of Mongolia that contains very high silver values. The dominant copper mineral is tetrahedrite, which is rich in antimony and consequently the copper concentrate also contains high antimony levels that render it unacceptable for conventional processing via a smelter. Normally such an ore body would not be developed, however the silver levels are very high at 6,000-7,000 g/t and so the economic incentive is high.

The Intec Copper Process is unaffected by high levels of antimony in the feed concentrate, however very high silver levels can be difficult to maintain in halide solution. A laboratory leach trial confirmed this: however by blending the Asgat concentrate with standard copper concentrates (eg the Erdenet concentrate also located in Mongolia) in an optimal ratio, high extractions of both copper and silver were achieved.

#### **Zinc Process Development**

A comprehensive laboratory-scale testwork programme has been carried out on zinc concentrate from the Dugald River ore body to demonstrate each of the zinc process unit operations. The Dugald River ore body is located in northwest Queensland and is owned by Pasminco Limited (Administrators Appointed). Notwithstanding its high grade and large size, it has defied repeated attempts for over fifty years to find an economic processing route that can deal with its high manganese content.

Intec's testwork programme successfully demonstrated all of the process steps including the simple removal of manganese from the process liquor. High zinc recovery at >99% was achieved. Discussions are proceeding with Pasminco concerning further process development work.

#### **Copper/Zinc Polymetallic Process Development**

A significant feature of the Intec Zinc Process is its ability to treat complex and contaminated concentrates. This feature was demonstrated in a laboratory leach trial of a blend of zinc and copper concentrates from the Myra Falls mine located on Vancouver Island in British Columbia in Canada. The blend simulated a bulk concentrate combining all of the economic metals that can be produced at significantly higher metal recovery. The leach trial demonstrated very high extractions for the contained zinc, copper, lead and gold, however silver extraction at 69% will need further work.

#### **Nickel Process Development**

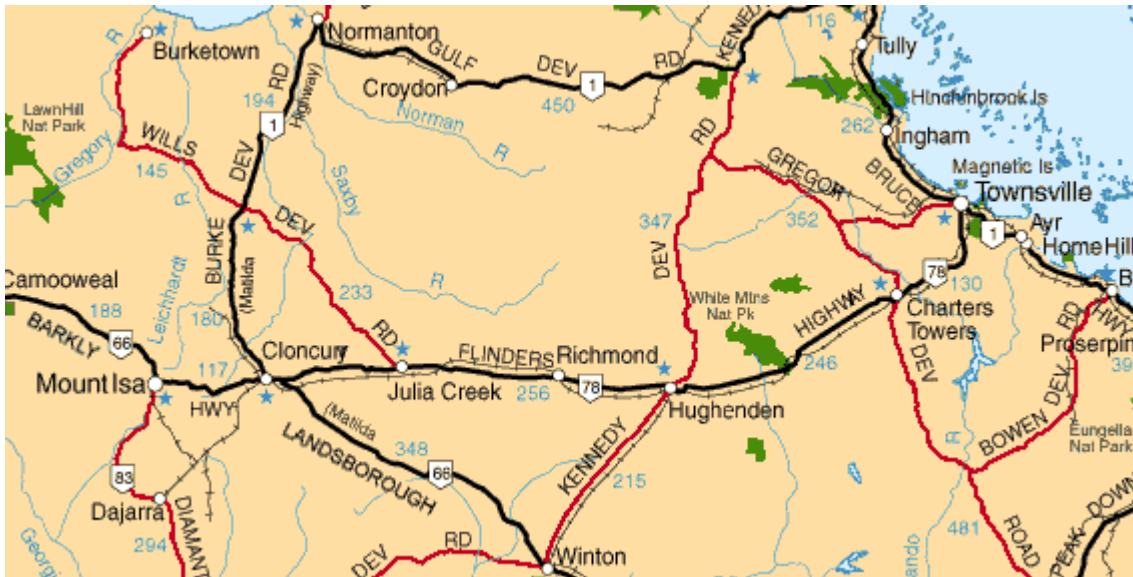
A nickel process flowsheet has been developed at the request of African Minerals, of which Robert Friedland is a major shareholder, to treat a very low-grade concentrate containing nickel, copper, gold, cobalt, platinum and palladium. The concentrate grade is too low to be economically processed via conventional smelting.

Initial leach trials have achieved high extraction for all but the platinum (54%), however results indicate that this figure will be improved with further work. African Minerals has requested a proposal to validate all of the Intec Nickel Process unit operations to generate data for an economic evaluation as part of a pre-feasibility study. The proposal has been accepted and work is scheduled to commence in mid-October 2002.

# Review of Operations

## Projects and Marketing Report

### Queensland, Australia



The principal focus of the Company's activities is a Bankable Feasibility Study for an Intec Copper plant near to Townsville in northern Queensland. The study is reviewing the technical, environmental and economic feasibility of building and operating an Intec Copper plant to produce initially 25,000 tonnes per annum of copper metal and associated by-products. Townsville is a centre of growing minerals processing activities with major copper, nickel and zinc refineries already located there. These activities are supported by advantageous infrastructure, including transport in the form of high quality road, rail and port facilities and ready access to grid electric power. Copper concentrates to supply the Intec Copper plant may be sourced from producing mines in the Carpentaria Mineral Province of northwest Queensland, along with other copper producing regions of Australia and overseas.

Participants in the bankable feasibility study with Intec include:

- ABB Australia Pty Ltd;
- H. G. Engineering Ltd
- Thiess Pty Ltd; and
- Selwyn Mines Limited.

Westpac Institutional Bank is the project's financial adviser and the Queensland Department of State Development and the Australian Federal Government, through Invest Australia, are providing funding support for the bankable feasibility study.

The status of the Bankable Feasibility Study can be summarised as follows:

- Intec is currently in advanced commercial negotiations over a project site in the Townsville region that has substantial infrastructure advantages;
- Basic engineering design, being undertaken by H. G. Engineering, for the 25,000 tpa Intec copper plant has been substantially completed;
- An Environmental Impact Statement for the project is in the process of being commissioned;
- Identification and negotiation of concentrates supplies has commenced; and
- Consideration of the supply of infrastructure and services to the proposed project is proceeding.

## Review of Operations

### Projects and Marketing Report (continued)



#### Port Hardy, British Columbia, Canada

The Province of British Columbia in western Canada produces a significant quantity of copper concentrates from non-integrated producers. These producers incur high costs for transportation of concentrates to overseas custom smelters for treatment.

Intec and H. G. Engineering have identified the former Island Copper Mine site owned by BHP Billiton located near Port Hardy, at the northern end of Vancouver Island, as being well suited to the location of an Intec Copper Process plant. The Island Copper site features a deepwater port, existing infrastructure to provide low cost hydroelectric power, suitable residue disposal sites, existing useable wharf and various buildings. Intec is in discussions over utilisation of the site with the Provincial Government of British Columbia, the former site owner, BHP Billiton, and other important stakeholders. However, complexities concerning site ownership and environmental liabilities involving third parties have become apparent and Intec will not commit significant additional resources to this project until these issues have been fully resolved.

#### Other

In the past year, Intec has undertaken laboratory test work on base metal concentrates from operations and/or projects where the application of the Intec Process has the potential to add significant value. Examples of such test work programmes include:

- The Dugald River Zinc Project in northwest Queensland;
- A major nickel/platinum group metals project under development by African Minerals in South Africa;
- The Myra Falls copper/zinc mine on Vancouver Island in British Columbia; and
- The Erdenet copper mine and Asgat copper/silver project in Mongolia.

While the principal focus of Intec is the Queensland project, the Company's limited resources are also allocated to specific projects such as those above where commercial fees are negotiated for test work and/or existing Intec technology licence arrangements are in place, with the expectation of significant commercial enhancement via the Intec Process.

## Directors' Report

Your Directors present their report on the Consolidated Entity, consisting of Intec Ltd ("Intec" or the "Company") and Intec Copper Pty Ltd ("Intec Copper" or the "Controlled Entity"), the entity which it controlled throughout the year ended 30 June 2002.

### Information on Directors

The names and details of the Directors of the Company in office during the financial year and on the date of this report are set out below. All were Directors for the whole of the financial year except Gordon L Toll, who was appointed a Director on 22 May 2002 and continues in office at the date of this report.

Name and special responsibilities	Experience
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<b>Kenneth J Severs</b>	
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BSc, C Eng, P Eng, FI Chem E Non-executive Chairman	
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	Mr Severs is a senior chemical engineer with over 40 years of experience in the mining and metals industry. He has worked at all levels of management in extractive metallurgy including research and development, operations, projects, design, consultancy, marketing and executive functions. He has held senior executive positions with a number of large mining companies including nine years (1990-1999) for the Rio Tinto group as Group Metallurgical Executive and 24 years (1964-1988) for the Anglo American Group. Mr Severs was Managing Director of Intec Copper from 1995 to December 1998. He was appointed a Non-executive Director of the Company on 26 March 2001 and became its Chairman on 10 October 2001.
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	Mr Severs continues to provide valued consultancy services to the Consolidated Entity on a per diem basis from his residential base in the UK.
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<b>Philip R Wood</b>	
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BA (Syd), LLB (Syd), ASIA Managing Director Chief Executive Officer	
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	Mr Wood has extensive experience as a legal and corporate adviser on local and international financial and commercial transactions.
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	He has been a Director of the Company since 1993 and of Intec Copper since 1997. He was appointed Managing Director and Chief Executive Officer of the Company on 26 March 2001. He is responsible for implementation of corporate, financial and marketing strategies of the Consolidated Entity.
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<b>J Philip Evans</b>	
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BSc(Met)(Birmingham UK), MCIMM Non-executive Director	
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	Mr Evans is the President of H. G. Engineering, one of North America's leading metallurgical engineering firms. He was involved on behalf of H. G. Engineering in all phases of the successful Kennecott Utah Copper hydrometallurgical project owned by the Rio Tinto group. Mr Evans has led H. G. Engineering's close involvement with the Intec Copper Process since 1995 and has over 40 years of experience in the operation and design of hydrometallurgical plants. He was appointed a Non-executive Director of the Company on 26 March 2001.
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	H. G. Engineering provides important engineering design services to the Group from its corporate headquarters in Toronto, Canada.
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<b>A John Moyes</b>	
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BA (Chem) (Macquarie) Technical Director	
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	Mr Moyes has over 30 years of experience in the mining and metals industry, encompassing minerals analysis, laboratory management, hydrometallurgical and electrochemical research, process development, plant design and project management. He has been a Director of the Company since 1995 and of Intec Copper since 1998. He is presently the Technical Director of Intec and the Managing Director of Intec Copper.
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<b>Gordon L Toll</b>	
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BE Mining (Hons), MSc, MAusIMM Non-executive Director	
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	Mr Toll has over 30 years experience in senior executive positions with major international resource companies in the commercial and technical areas. He is currently Deputy Chairman and Director of Ivanhoe Mines Ltd., Chairman of Emperor Mines Ltd, a Director of Chapada Diamonds Plc and a Director of Compass Resources N.L. He was appointed a Non-executive Director of the Company on 22 May 2002.
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## Directors' Report (continued)

### Meetings of Directors

The numbers of meetings of the Company's Board of Directors held and attended by each Director during the financial year ended 30 June 2002 were:

Director	Full Meetings of Directors <sup>1</sup>	Meetings attended
Kenneth J Severs <sup>2</sup>	5	5
Philip R Wood <sup>2</sup>	5	5
J Philip Evans	5	4
A John Moyes	5	5
Gordon L Toll (appointed 22 May 2002)	1	0

<sup>(1)</sup> Number of meetings held during the time the Director held office.

<sup>(2)</sup> Members of the Audit Committee. During the financial year ended 30 June 2002, Audit Committee meetings were held on 5 September 2001 and 15 March 2002. A further Audit Committee meeting was held on 9 September 2002 and approved the Financial Statements for the year ended 30 June 2002.

### Principal Activities

The principal activities of the Consolidated Entity during the financial year were the continued technical development and marketing of its patented hydrometallurgical processes. During the year the Company also commenced the Bankable Feasibility Study for its Queensland project.

No other significant changes in the nature of these activities occurred during the year.

### Operating Results

The net loss of the Consolidated Entity after providing for income tax and eliminating outside equity interests amounted to \$3,097,322 (2001 – net profit \$12,384).

### Dividends

No dividends were paid during the year and no recommendation is made as to payment of dividends.

### Review of Operations

A review of the operations of the Company during the financial year and the results of those operations are contained in pages 2 to 5 in this report.

### Earnings per share

	2002 Cents	2001 Cents
Basic earnings per share (loss)	(2.6)	0.0
Diluted earnings per share (loss)	(2.6)	0.0

### Likely Developments and Expected Results of Operations

Steps to commercialise the Intec technology on potential projects suitable for the utilisation of the technology have been advanced considerably during the financial year and subsequent to year end. However the Directors wish to emphasise that quite a number of years will elapse, depending on the particular project, until such projects have achieved successful commercial operation.

### Significant Changes in the State of Affairs

During the financial year Intec Ltd successfully completed a fully subscribed Initial Public Offering of 25 million ordinary shares at \$0.20 each on the Australian Stock Exchange which raised \$5 million.

In the opinion of the Directors, there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year not otherwise disclosed in this report or the financial report.

## Directors' Report (continued)

### Matters Subsequent to the End of the Financial Year

Apart from the issue of options on 16 July 2002 outlined below, no other matter or circumstance has arisen since 30 June 2002 that has significantly affected or may significantly affect:

- a) the Consolidated Entity's operations in future financial years, or
- b) the results of those operations in future financial years, or
- c) the Consolidated Entity's state of affairs in future financial years.

### Environmental Regulation

The Consolidated Entity's operations are presently subject to environmental regulation under the laws of the Commonwealth of Australia and the State of New South Wales. Intec is licensed to operate under Section 55 of the *Protection of the Environment Operations Act 1997* (NSW Environment Protection Authority) and the associated *Protection of the Environment Operations (General) Regulation 1998*. The Consolidated Entity is at all times in full environmental compliance with the conditions of its licence.

### Employee Share Options

At 30 June 2002 the Company had previously granted options over 1,275,000 unissued shares to former Directors and a former employee with an exercise price of \$0.50 payable in full on or before 30 June 2009. On 16 July 2002 the Company granted 3,020,009 five year options to employees and certain key consultants which expire on 16 July 2007 at an option exercise price of \$0.25. These options are still on issue at the date of this report. The Directors have reviewed the value of these options using the Black and Scholes option valuation methodology. Using this methodology the \$0.50 options have only a notional value and the 16 July 2007 \$0.25 options have a value of approximately \$0.035 each. Accordingly the total value of the \$0.25 options in the remuneration of employees and consultants is approximately \$100,000.

In relation to the 16 July 2007, \$0.25 options, the following were granted to the most senior executives (who are not Directors) of the Company as part of their remuneration.

#### Senior Executives of Intec Ltd

	<b>Options</b>
Frank Houllis –Process Development Manager	412,025
Chung Ho Lam – Senior Process Engineer and I.T. Manager	451,174
Kieran G Rodgers –Chief Financial Officer and Business Development Manager	573,590

In addition to the above issue of options, it is proposed to grant 4,281,947 options to the Company's Directors. It is proposed to issue 295,173 options to the Chairman Mr Kenneth J Severs, 2,047,035 options to the Managing Director and Chief Executive Officer Mr Philip R Wood, 1,756,749 options to the Technical Director Mr A John Moyes and 182,990 options to the Non-executive Director Mr J Philip Evans. These options are proposed to be granted to Directors in respect of past performance and are subject to approval by the Company's shareholders at its 2002 Annual General Meeting. The options are to be issued without change and are to subscribe for ordinary shares at an exercise price of \$0.25 each, and are exercisable at any time until expiry on 16 July 2007. Currently and prior to this proposed grant of options, none of the present Directors hold any options over shares in the Company.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

No options were exercised during or since the end of the financial year.

### Directors' Interests

The relevant interest of each Director (including their associates) in the share capital of the Company as at 30 June 2002 and as at the date of this report are set out in note 19 to the financial statements.

## Directors' Report (continued)

### Directors' and Executives' Emoluments

Executive remuneration and other terms of employment are reviewed annually. As well as a base salary, remuneration packages include superannuation.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing and enhancing the Consolidated Entity's operations. Remuneration of Non-executive Directors is determined by the Board within the maximum amount approved by the shareholders from time to time.

Details of the nature and amount of each element of the emoluments of each of the Directors of Intec and each of the senior executives of the Company and the Consolidated Entity who received the highest emoluments during the year ended 30 June 2002 are set out in the following tables.

<b>Directors of Intec</b>	<b>Director's base fee or salary</b>	<b>Consulting fees</b>	<b>Superannuation</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Kenneth J Severs	37,500	40,472	-
Philip R Wood	175,000	-	13,768
A John Moyes	76,100	-	75,000
J Philip Evans	37,500	11,140	-
Gordon L Toll	-	-	-

<b>Other senior executives of the Consolidated Entity</b>	<b>Salary</b>	<b>Superannuation</b>
	<b>\$</b>	<b>\$</b>
Kieran G Rodgers	115,000	9,200
Frank Houllis	101,852	8,148
Chung Ho Lam	101,852	8,148

### Insurance of Officers

The Company has, by Deed of Access, Indemnity and Insurance, paid a premium to insure the Directors and Company Secretary of the Consolidated Entity in respect of certain legal liabilities, including costs and expenses in successfully defending legal proceedings, whilst they remain as Directors and for seven years thereafter. The insurance contract prohibits the disclosure of the total amount of the premiums and a summary of the nature of the liabilities.

### Proceedings on behalf of the Company


No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of The Corporations Act 2001.

### Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

Signed in accordance with a resolution of the Board of Directors.



Philip R Wood  
 Managing Director  
 Chief Executive Officer  
 26 September 2002

## Statements of financial performance for the year ended 30 June 2002

	Notes	Consolidated		Intec Ltd	
		2002 \$	2001 \$	2002 \$	2001 \$
<b>Revenue from ordinary activities</b>	2	<b>178,164</b>	63,159	<b>1,245,411</b>	1,638,951
Write-back of repayable component of R&D Start grant	3(b)	-	1,832,085	-	-
Write-off of goodwill on consolidation	3(b)	<b>(1,102,329)</b>	(23,014)	-	-
Provision for diminution of investment	3(b)	-	-	<b>(1,100,000)</b>	(4,900,000)
Write-down of amount due from controlled entity	3(b)	-	-	<b>(1,450,278)</b>	(1,380,466)
Employee and Director benefits expense		<b>(1,149,673)</b>	(1,427,843)	<b>(1,149,673)</b>	(1,427,843)
Engineering and other consultants		<b>(236,826)</b>	(12,901)	<b>(236,826)</b>	(12,901)
Depreciation expense	3(a)	<b>(41,376)</b>	(41,046)	<b>(41,376)</b>	(41,046)
Borrowing costs expense	3(a)	<b>(13,391)</b>	(60,705)	-	(30,207)
Rental expense	3(a)	<b>(120,501)</b>	(84,000)	<b>(68,900)</b>	(16,435)
Other expenses from ordinary activities		<b>(611,390)</b>	(429,683)	<b>(656,987)</b>	(353,250)
<b>Loss from ordinary activities before income tax expense</b>		<b>(3,097,322)</b>	(183,948)	<b>(3,458,629)</b>	(6,523,197)
Income tax expense	4	-	-	-	-
<b>Net loss</b>		<b>(3,097,322)</b>	(183,948)	<b>(3,458,629)</b>	(6,523,197)
Net loss attributable to outside equity interest	16	-	196,332	-	-
<b>Net profit/(loss) attributable to members of Intec Ltd</b>	14	<b>(3,097,322)</b>	12,384	<b>(3,458,629)</b>	(6,523,197)
		<b>Cents</b>	Cents		
<b>Basic loss per share – cents</b>	15	<b>(2.6)</b>	(0.0)		
<b>Diluted loss per share – cents</b>	15	<b>(2.6)</b>	(0.0)		

*The above statements of financial performance should be read in conjunction with the accompanying notes.*

## Statements of financial position

as at 30 June 2002

	Notes	Consolidated		Intec Ltd	
		2002 \$	2001 \$	2002 \$	2001 \$
<b>Current assets</b>					
Cash	5	3,748,441	1,148,553	3,743,228	1,113,984
Receivables	6	31,921	25,159	31,921	24,823
<b>Total current assets</b>		<b>3,780,362</b>	<b>1,173,712</b>	<b>3,775,149</b>	<b>1,138,807</b>
<b>Non-current assets</b>					
Investments	7	-	-	35,502	33,172
Plant and equipment	8	86,988	81,029	86,988	81,029
<b>Total non-current assets</b>		<b>86,988</b>	<b>81,029</b>	<b>122,490</b>	<b>114,201</b>
<b>Total assets</b>		<b>3,867,350</b>	<b>1,254,741</b>	<b>3,897,639</b>	<b>1,253,008</b>
<b>Current liabilities</b>					
Accounts payable	9	197,710	137,787	197,710	108,212
Interest bearing liabilities	10	-	363,754	-	-
Provisions	11	46,235	11,155	46,235	11,155
<b>Total current liabilities</b>		<b>243,945</b>	<b>512,696</b>	<b>243,945</b>	<b>119,367</b>
<b>Non-current liabilities</b>					
Provisions	12	11,842	4,476	11,842	4,476
<b>Total non-current liabilities</b>		<b>11,842</b>	<b>4,476</b>	<b>11,842</b>	<b>4,476</b>
<b>Total liabilities</b>		<b>255,787</b>	<b>517,172</b>	<b>255,787</b>	<b>123,843</b>
<b>Net assets</b>		<b>3,611,563</b>	<b>737,569</b>	<b>3,641,852</b>	<b>1,129,165</b>
<b>Equity</b>					
Parent entity interest					
Contributed equity	13	29,751,694	23,780,378	29,751,694	23,780,378
Accumulated losses	14	(26,140,131)	(23,042,809)	(26,109,842)	(22,651,213)
<b>Total equity</b>		<b>3,611,563</b>	<b>737,569</b>	<b>3,641,852</b>	<b>1,129,165</b>

The above statements of financial position should be read in conjunction with the accompanying notes.

## Statements of cash flows for the year ended 30 June 2002

	Notes	Consolidated		Intec Ltd	
		2002 \$	2001 \$	2002 \$	2001 \$
<b>Cash flows from operating activities</b>					
Receipts from customers (inclusive of GST)		113,659	22,740	113,659	22,740
Payments to suppliers and employees (inclusive of GST)		(2,001,973)	(2,478,825)	(2,327,832)	(2,336,247)
Interest received		60,745	26,343	54,778	23,053
Borrowing costs		(13,391)	(6,069)	-	(3,246)
<b>Net cash outflow from operating activities</b>	28	<b>(1,840,960)</b>	<b>(2,435,811)</b>	<b>(2,159,395)</b>	<b>(2,293,700)</b>
<b>Cash flows from investing activities</b>					
Payments for plant and equipment		(63,432)	(19,573)	(63,432)	(19,573)
Proceeds from sale of plant and equipment		14,093	14,399	14,093	14,399
Payment for investment in controlled entity		-	-	-	(15,746)
<b>Net cash outflow from investing activities</b>		<b>(49,339)</b>	<b>(5,174)</b>	<b>(49,339)</b>	<b>(20,920)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares		5,177,000	2,217,401	5,177,000	2,217,401
Share issue costs		(339,022)	(50,321)	(339,022)	(50,321)
Proceeds from convertible note		-	500,000	-	500,000
Repayment of borrowings		(347,791)	(70,511)	-	-
<b>Net cash inflow from financing activities</b>		<b>4,490,187</b>	<b>2,596,569</b>	<b>4,837,978</b>	<b>2,667,080</b>
<b>Net increase in cash held</b>		<b>2,599,888</b>	<b>155,584</b>	<b>2,629,244</b>	<b>352,460</b>
Cash at beginning of the financial year		1,148,553	992,969	1,113,984	761,524
<b>Cash at the end of the financial year</b>	5	<b>3,748,441</b>	<b>1,148,553</b>	<b>3,743,228</b>	<b>1,113,984</b>

The above statements of cash flows should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements for the year ended 30 June 2002

### 1. Summary of significant accounting policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

#### a) Going Concern

As at 30 June 2002, the consolidated entity has equity of \$3,611,563, and net current assets of \$3,536,417. The next year's cost of operations and commitments is adequate based on the available working capital at 30 June 2002. The continuing viability of the Company and its Controlled Entity and their ability to continue as going concerns and meet their debts and commitments as they fall due in future years are dependent upon the Company being successful in negotiating and obtaining additional funding and the successful proving and commercialising of the Intec Process. The successful listing of the Company's shares on the Australian Stock Exchange during the financial year has aided this process.

As a result of these matters, there cannot be certainty that the Company and its Controlled Entity will continue as going concerns and therefore, whether assets will be realised and liabilities and commitments settled in the normal course of business and at the amounts stated in the financial report. However, the Directors believe that the consolidated entity will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2002. Provisions have been made in the financial report relating to the recoverability of the asset carrying amounts, including the Company's investment in, and the amount receivable from, Intec Copper Pty Ltd (refer notes 6 and 7). No other adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

#### b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the entity controlled by Intec Ltd ("the Company") as at 30 June 2002 and the results of the controlled entity for the year then ended. Intec Ltd and its controlled entity together are referred to in this financial report as the consolidated entity. The effects of all transactions between the entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of the controlled entity are shown separately in the consolidated statement of financial performance and statement of financial position respectively.

#### c) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation.

#### d) Foreign currency translation

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the profit or loss for the year.

## Notes to the Financial Statements for the year ended 30 June 2002

### 1. Summary of significant accounting policies (continued)

#### e) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Goodwill is brought to account on the basis described in note 1(j).

#### f) Receivables and Revenue Recognition

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of the transaction.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 90 days overdue.

Revenue from consulting services are recognised using the percentage-of-completion method for fixed-fee arrangements or as the services are provided for time-and-materials arrangements.

#### g) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

The expected net cashflows included in determining recoverable amounts of non-current assets have not been discounted to their present values.

#### h) Investments

Investments in the controlled entity are brought to account at cost. The carrying amount of the investment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount.

#### i) Depreciation of plant and equipment

Depreciation is calculated on a straight line basis to write off the net costs or revalued amount of each item of plant and equipment over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Computer equipment	2 – 3 years
Office furniture and equipment	3 – 5 years
Plant and equipment	4 – 7 years

## Notes to the Financial Statements

### for the year ended 30 June 2002

#### 1. Summary of significant accounting policies (continued)

##### j) Intangible assets and expenditure carried forward

###### (i) Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight line basis. Due to the negative value of the controlled entity and the indeterminate timing of the commercialisation of the Intec Copper Process the Directors have written off goodwill on acquisition.

###### (ii) Research and development

Costs incurred on research and development are written off in the year in which they are incurred.

###### (iii) Patents

No value has been attributed to patents because a value is presently difficult to quantify, but is nonetheless regarded by Directors as likely to be significant.

##### k) Trade and other creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

##### l) Interest bearing liabilities

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

##### m) Employee Entitlements

###### (i) Wages and salaries and annual leave

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

###### (ii) Long service leave

The liability for employees' entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services up to the balance date and includes related on-costs.

###### (iii) Superannuation

Contributions are made by the Company to each employee's elected superannuation fund and are charged to the statement of financial performance as the expense is incurred.

###### (iv) Redundancy

The liability for employees who have been given notice of redundancy at balance date, represents the present value of the estimated future cash outflows to be made by the employer resulting from requirements of industrial awards and agreements.

###### (v) Employee Option Scheme

The Company operates an informal ownership based remuneration scheme, details of which are provided in note 18 to the financial statements. Profits or losses incurred by employees, being the difference between the market value of shares and the exercise price of options acquired are not recorded by the Company as remuneration paid to employees. No accounting entries are made in relation to the Intec Employee Option Scheme until options are exercised at which time the amounts receivable are recognised in the statement of financial position as share capital.

## Notes to the Financial Statements for the year ended 30 June 2002

### 1. Summary of significant accounting policies (continued)

#### n) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at call in deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

#### o) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on bank overdrafts and short-term and long-term borrowings.

#### p) Earnings per share

##### i) Basic earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

##### ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### Change in basis of determining earnings per share

In previous years basic earnings per share was determined using the profit from ordinary activities after income tax attributable to members of the company, thereby excluding extraordinary items from earnings. Diluted earnings per share in previous years adjusted the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and earnings that would have arisen had the dilutive options been exercised during the financial year rather than adjusting the weighted average number of shares to include potential ordinary shares assumed to have been issued for no consideration.

The change in the basis for calculating earnings per share figures was made to comply with AASB 1027 Earnings per Share, issued in June 2001.

The earnings per share information for the year ended 30 June 2001 has been recalculated to present the comparative amounts on a consistent basis with the current financial year.

#### q) Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation for the current year.

	Consolidated		Intec Ltd	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>2. Revenue</b>				
<b>Revenue from operating activities</b>				
Consulting Fees – includes charges to controlled entity of \$1,073,214 (2001 – \$1,579,082)	<b>103,326</b>	22,417	<b>1,176,540</b>	1,601,499
<b>Revenue from outside the operating activities</b>				
Interest	<b>60,745</b>	26,343	<b>54,778</b>	23,053
Sale of non-current assets	<b>14,093</b>	14,399	<b>14,093</b>	14,399
<b>Total Revenue</b>	<b>178,164</b>	63,159	<b>1,245,411</b>	1,638,951

## Notes to the Financial Statements

### for the year ended 30 June 2002

	Consolidated		Intec Ltd	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>3. Operating loss</b>				
<b>(a) Net gains and expenses</b>				
Loss from ordinary activities before income tax expense includes the following specific net gains and expenses:				
Depreciation				
Computer equipment	<b>18,962</b>	18,462	<b>18,962</b>	18,462
Office furniture and equipment	<b>414</b>	1,253	<b>414</b>	1,253
Plant and equipment	<b>22,000</b>	21,331	<b>22,000</b>	21,331
Total depreciation	<b>41,376</b>	41,046	<b>41,376</b>	41,046
Borrowing costs				
Interest and finance charges paid/payable	<b>13,391</b>	60,705	-	30,207
Employee entitlements includes:				
Annual leave	<b>35,080</b>	44,558	<b>35,080</b>	44,558
Long Service Leave	<b>7,366</b>	19,570	<b>7,366</b>	19,570
Redundancy provision	-	44,084	-	44,084
	<b>42,446</b>	108,212	<b>42,446</b>	108,212
Net (profit) loss on disposal of plant and equipment	<b>2,004</b>	(10,193)	<b>2,004</b>	(10,193)
Rental expense relating to operating leases				
Minimum lease payments	<b>120,501</b>	84,000	<b>68,900</b>	16,435
Research and Development	<b>10,035</b>	3,685	<b>5,666</b>	214
<b>(b) Individually significant items</b>				
<b>Expenses</b>				
Write-back of repayable component of R&D Start grant – note 21(b)	-	(1,832,085)	-	-
Provision for diminution of investment	-	-	<b>1,100,000</b>	4,900,000
Write-off goodwill on consolidation	<b>1,102,329</b>	23,014	-	-
Provision for doubtful debts	-	-	<b>1,450,278</b>	1,380,466
<b>4. Income Tax</b>				
The income tax for the financial year differs from the amount calculated on the operating loss. The differences are reconciled as follows:				
Loss from ordinary activities before income tax expense	<b>(3,097,322)</b>	(183,948)	<b>(3,458,629)</b>	(6,523,197)
Income tax calculated at 30% (2001 – 34%)	<b>(929,197)</b>	(62,542)	<b>(1,037,589)</b>	(2,217,887)
<b>Tax effect of permanent differences:</b>				
Non-deductible amortisation	<b>330,699</b>	7,825	-	-
Provision for diminution of investment	-	-	<b>330,000</b>	1,666,000
Other Non Allowable Items	<b>3,170</b>	1,176	<b>2,166</b>	417
Income tax adjusted for permanent differences	<b>(595,328)</b>	(53,541)	<b>(705,423)</b>	(551,470)
Adjustment for non-recognition of future income tax benefit	<b>595,328</b>	53,541	<b>705,423</b>	551,470
<b>Income tax expense</b>	-	-	-	-

## Notes to the Financial Statements

### for the year ended 30 June 2002

#### 4. Income Tax (continued)

##### Future Income Tax Benefit Not Brought To Account

Potential future income tax benefits of \$7,454,000 (2001 – \$6,227,000) attributable to tax losses have not been brought to account at balance date because the Directors do not believe it is appropriate to regard realisation of the future income tax benefit as virtually certain. Similarly, future income tax benefit of \$12,734 (2001 – \$22,610 deferred tax liability) attributable to timing differences have not been brought to account as the Directors do not believe it is appropriate to regard the realisation of such benefits as beyond reasonable doubt.

The potential future income tax benefit will only be obtained if:

- (i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- (ii) the relevant company and/or the consolidated entity continue to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the relevant company and/or the consolidated entity in realising the benefit.

	Consolidated		Intec Ltd	
	2002	2001	2002	2001
	\$	\$	\$	\$
Cash at bank and on hand	51,075	5,897	45,862	2,783
Bank accepted bills and deposits	3,697,366	1,142,656	3,697,366	1,111,201
	<b>3,748,441</b>	<b>1,148,553</b>	<b>3,743,228</b>	<b>1,113,984</b>

#### 5. Cash

#### 6. Receivables – Current

Sundry debtors	31,921	25,159	31,921	24,823
Amounts due from controlled entity	-	-	2,830,744	1,380,466
Write-down of amount due from controlled entity	-	-	(2,830,744)	(1,380,466)
	<b>31,921</b>	<b>25,159</b>	<b>31,921</b>	<b>24,823</b>

The amount due from controlled entity at balance date relates to consulting and other services provided by Intec Ltd to Intec Copper Pty Ltd. The Directors have made a provision for the amounts due from Intec Copper Pty Ltd to reflect the fact that the commercialisation of a new technology is uncertain and has risks and therefore it is uncertain whether the amount will be recoverable.

#### 7. Investments – Non-Current

Shares in controlled entity – at cost	-	-	6,035,502	4,933,172
Provision for diminution of investment	-	-	(6,000,000)	(4,900,000)
	-	-	<b>35,502</b>	<b>33,172</b>

Intec Ltd owns 100% (2001 – 78.89%) of the ordinary issued capital of Intec Copper Pty Ltd, a company incorporated in Australia. During the financial year Intec Ltd acquired 357,730 additional shares (2001 – 792,445 shares) in Intec Copper Pty Ltd for a total consideration of \$1,102,329 (2001 – \$803,668).

The value of the investment in Intec Copper Pty Ltd is ultimately dependent on the successful proving of the Intec Copper Process and the commercialisation of this process as detailed in note 1(a) above. The Directors of the Company have made a provision for diminution in the investment in Intec Copper Pty Ltd to reflect the fact that commercialisation of a new technology is uncertain and has risks.

## Notes to the Financial Statements

### for the year ended 30 June 2002

	Consolidated		Intec Ltd	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>8. Plant and equipment</b>				
Plant and equipment – at cost	<b>85,019</b>	87,383	<b>85,019</b>	87,383
Accumulated depreciation	<b>(51,986)</b>	(34,914)	<b>(51,986)</b>	(34,914)
	<b>33,033</b>	52,469	<b>33,033</b>	52,469
Office furniture and equipment – at cost	<b>11,287</b>	13,921	<b>11,287</b>	13,921
Accumulated depreciation	<b>(8,519)</b>	(12,680)	<b>(8,519)</b>	(12,680)
	<b>2,768</b>	1,241	<b>2,768</b>	1,241
Computer hardware – at cost	<b>74,286</b>	55,323	<b>74,286</b>	55,323
Accumulated depreciation	<b>(23,099)</b>	(28,004)	<b>(23,099)</b>	(28,004)
	<b>51,187</b>	27,319	<b>51,187</b>	27,319
Total plant and equipment	<b>86,988</b>	81,029	<b>86,988</b>	81,029

#### Reconciliation

Reconciliation of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below.

	Plant and equipment	Office furniture	Computer hardware	Total
Consolidated	\$	\$	\$	\$
Carrying amount at 1 July 2001	52,469	1,241	27,319	81,029
Additions	11,070	2,769	49,593	63,432
Disposals	(8,506)	(828)	(6,763)	(16,097)
Depreciation/amortisation expense (note 3(a))	(22,000)	(414)	(18,962)	(41,376)
Carrying amount at 30 June 2002	<b>33,033</b>	<b>2,768</b>	<b>51,187</b>	<b>86,988</b>

	Consolidated		Intec Ltd	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>9. Accounts Payable – Current</b>				
Trade creditors and accruals	<b>150,610</b>	78,869	<b>150,610</b>	49,294
Sundry creditors	<b>47,100</b>	58,918	<b>47,100</b>	58,918
	<b>197,710</b>	137,787	<b>197,710</b>	108,212
<b>10. Borrowings – Current</b>				
Concessional loan – Commonwealth Government	-	347,791	-	-
Eureka Capital Partners Ltd	-	15,963	-	-
	-	363,754	-	-
<b>11. Provisions – Current</b>				
Provision for annual leave	<b>46,235</b>	11,155	<b>46,235</b>	11,155
<b>12. Provisions – Non Current</b>				
Provision for long service leave	<b>11,842</b>	4,476	<b>11,842</b>	4,476

## Notes to the Financial Statements for the year ended 30 June 2002

### 13. Contributed Equity

#### (a) Share Capital

	Intec Ltd		Intec Ltd	
	2002 Shares	2001 Shares	2002 \$	2001 \$
Ordinary shares fully paid	<b>146,039,142</b>	107,935,764	<b>29,751,694</b>	23,780,378

(b) Movements in ordinary share capital:	Notes	Date	Number of Shares	Issue Price	\$
Opening Balance		01-07-00	42,355,450		20,986,337
Rights Issue	(c)	21-03-01	44,348,028	\$0.05	2,217,401
Shares issued (convertible note)	(d)	15-06-01	21,078,440	\$0.025	526,961
Shares issued	(e)	15-06-01	153,846	\$0.65	100,000
Less: Transaction costs arising on share issues					(50,321)
Balance		30-06-01	<u>107,935,764</u>		<u>23,780,378</u>
Shares Issued	(f)	05-11-01	11,333,378	\$0.10	1,133,338
Shares Issued	(g)	10-12-01	1,770,000	\$0.10	177,000
Shares Issued	(h)	23-04-02	25,000,000	\$0.20	5,000,000
Less: Transaction costs arising on share issues					(339,022)
Balance	(i)	30-06-02	<u>146,039,142</u>		<u>29,751,694</u>

#### (c) Shares issued 21 March 2001

During the 2001 financial year the Company undertook a two for one rights issue to shareholders at \$0.05 per share by issuing a Prospectus on 14 December 2000. The rights issue was closed on 16 March 2001 and raised \$2,217,401.

#### (d) Shares issued 15 June 2001

On 15 June 2001 the holder of convertible notes of \$500,000 elected to convert the notes and interest of \$26,961 to shares at the conversion price of \$0.025 per share.

#### (e) Shares issued 15 June 2001

On 15 June 2001 Resource Finance Corporation Ltd (now named Eureka Capital Partners Ltd) was issued 153,846 shares at an issue price of \$0.65 per share in consideration for \$100,000 owing as a capital raising engagement fee.

#### (f) Shares issued 5 November 2001

The acquisition of Eureka Capital Partners Ltd's 21.1% interest in Intec Copper in October 2001 through the issue of 11,333,378 Intec shares (as consideration for Eureka Capital Partners Ltd's 357,730 Intec Copper shares at a notional value of \$1,133,338). Settlement took place on 5 November 2002 and the shares in Intec Ltd were issued on that date.

#### (g) Shares issued between 4 and 10 December 2001

Between 4 and 10 December 2001 the Company issued 1,770,000 shares at \$0.10 per share which raised \$177,000.

#### (h) Share issue - IPO

During the financial year the Company undertook an Initial Public Offering ("IPO") of its shares at \$0.20 per share by issuing a Prospectus on 19 December 2001. The issue was closed on 19 April 2002 and raised \$5 million through the issue of 25 million ordinary shares. The shares were allotted on 23 April 2002. The Company's shares commenced trading on the Australian Stock Exchange on 2 May 2002.

#### (i) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

## Notes to the Financial Statements for the year ended 30 June 2002

### 13. Contributed Equity (continued)

#### (j) Options

At 30 June 2002 the Company had granted the following options over unissued shares. No options were exercised during the year.

	Expiry Date	Exercise Price	Number of Options
Balance at beginning of year	13 October 2001	\$1.50	22,026,395
Expired during the year	13 October 2001	\$1.50	22,026,395
<b>Balance at end of year</b>			-

	Expiry Date	Exercise Price	Number of Options
Balance at beginning of year	30 June 2009	\$0.50	1,275,000
Granted during the year	30 June 2009	\$0.50	-
<b>Balance at end of year</b>			1,275,000

The Directors have reviewed the value of these options using the Black and Scholes method based on a 50% volatility rate. Using this methodology the \$0.50 options have negligible value.

Consolidated		Intec Ltd	
2002	2001	2002	2001
\$	\$	\$	\$

### 14. Accumulated losses

Accumulated losses at beginning of year	<b>(23,042,809)</b>	(23,055,193)	<b>(22,651,213)</b>	(16,128,016)
Net profit/(loss) attributable to members of Intec Ltd	<b>(3,097,322)</b>	12,384	<b>(3,458,629)</b>	(6,523,197)
Accumulated losses at end of year	<b>(26,140,131)</b>	(23,042,809)	<b>(26,109,842)</b>	(22,651,213)

### 15. Loss Per Share

Basic loss per share (cents per share) 2.6 cents (2001 – 0.0 cents).

Diluted loss per share (cents per share) 2.6 cents (2001 – 0.0 cents).

Weighted average number of ordinary shares on issue used in the calculation of basic loss per share is 121,036,186 (2001 – 55,679,328).

Reconciliation of earnings used in calculating loss per share	2002	2001
	\$	\$
Basic and alternative basic earnings per share		
Net loss	<b>(3,097,332)</b>	(183,948)
Net profit/(loss) attributable to outside equity interest	-	196,332
Earnings/(loss) used in calculating basic loss per share	<b>(3,097,332)</b>	12,384
Earnings/(loss) used in calculating diluted loss per share	<b>(3,097,332)</b>	12,384

Conversion, call, subscription or issue after 30 June 2002:

Since the end of the financial year there have been no other conversions to, call of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of these financial statements.

## Notes to the Financial Statements for the year ended 30 June 2002

	Consolidated		Intec Ltd	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>16. Outside equity interests in controlled entities</b>				
Interest in:				
Share capital	-	211,055	-	-
Accumulated Losses	-	(196,332)	-	-
Adjustment for negative shareholder funds	-	(14,723)	-	-
Total outside equity interests in controlled entity	-	-	-	-

### 17. Convertible Loan Facility Agreement

On 14 January 2000 the Company signed a Convertible Loan Facility Agreement with Intec Copper Pty Ltd which provided a \$1,000,000 facility to Intec Copper Pty Ltd at an interest rate of 10% per annum on amounts drawn down and a repayment date of 30 April 2000 or such date agreed to by Intec Ltd. It was agreed that repayment should be extended to 31 July 2000. Intec Copper Pty Ltd did not repay the total outstanding on the agreed later repayment date. On 8 September 2000 Intec Copper Pty Ltd issued 1 million shares at \$1.00 per share in settlement of the outstanding amount.

### 18. Share Option Plan

As at 30 June 2001 there were 8,030,671 options over unissued ordinary shares granted to employees with an exercise price of \$1.50 payable in full before 13 October 2001. The options expired on 13 October 2001.

As at 30 June 2002 there were options over 1,275,000 (2001 – 1,275,000) unissued ordinary shares with an exercise price of \$0.50 payable in full before 30 June 2009. These options were granted to five former directors and one former staff member.

During the 30 June 2000 financial year the Company adopted a formalised employee share option scheme (the Intec Option Plan) covering all employees, Directors and key consultants. No options were granted under this scheme during the year. 3,020,009 options were granted in July 2002 (note 26).

### 19. Related Parties

#### Directors

The names of persons who were Directors of the Company throughout the financial year ended 30 June 2001 and have held office during the year ended 30 June 2002 are A John Moyes and Philip R Wood. J Philip Evans and Kenneth J Severs were appointed Directors on 26 March 2001. Gordon L Toll was appointed a Director on 22 May 2002.

Peter K Everett was appointed as Director on 23 August 1973 and resigned on 2 May 2001. Steven J Koroknay was appointed as Director on 23 August 1999 and resigned on 29 November 2000. Denis M Hanley and Colin M Adam were appointed Directors on 23 August 1999 and resigned on 26 March 2001. Andrew L Denver was appointed as Director on 14 February 2000 and resigned on 26 March 2001.

## Notes to the Financial Statements

### for the year ended 30 June 2002

#### Remuneration of Directors

	Directors of entities in the consolidated entity		Directors of Intec Ltd	
	2002	2001	2002	2001
	\$	\$	\$	\$
Income paid or payable or otherwise made available to Directors by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entity	<b>466,480</b>	705,142	<b>466,480</b>	705,142

The numbers of parent entity Directors whose total income from the parent entity or related parties was within the specified bands are as follows:

	Number 2002	Number 2001
\$0 - \$9,999	1	2
\$30,000 - \$39,999	-	2
\$40,000 - \$49,999	1	-
\$60,000 - \$69,999	-	2
\$70,000 - \$79,999	1	-
\$150,000 - \$159,999	1	1
\$160,000 - \$169,999	-	1
\$180,000 - \$189,999	1	1

#### Directors' Interests in Shares and Share Options

The relevant interests of Directors and their Director related entities in shares and share options of the Company as at 30 June 2002:

	Ordinary Shares	Options
A John Moyes	532,571	- (3)
Philip R Wood	583,539	- (3)
J Philip Evans	- (1)	- (3)
Kenneth J Severs	829,374	- (3)
Gordon L Toll	- (2)	-

- (1) Mr Evans is the President of H. G. Engineering, a company which has a relevant interest in 2,250,000 shares in Intec Ltd.
- (2) Mr Toll is the Deputy Chairman and Director of Ivanhoe Mines Ltd., a company which has a relevant interest in 29,000,000 shares in Intec Ltd.
- (3) A resolution will be put to shareholders at the Company's Annual General Meeting in November 2002 to grant 295,173 options to the Company's Chairman Mr Kenneth J Severs, 2,047,035 options to the Company's Managing Director and Chief Executive Officer Mr Philip R Wood, 1,756,749 options to the Company's Technical Director Mr A John Moyes and 182,990 options to Non-executive Director Mr J Philip Evans. The options over ordinary shares will be issued at an exercise price of \$0.25, and are exercisable at any time until expiry on 16 July 2007.

## Notes to the Financial Statements for the year ended 30 June 2002

### 19. Related Parties (continued)

	Consolidated		Intec Ltd	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>Other Transactions with Directors and Director Related Entities</b>				
Included in remuneration of Directors:				
(i) Consulting fees paid to Intec Research Pty Ltd (associated with former Director Peter K Everett)	-	90,750	-	90,750
(ii) Consulting fees paid to Kangareagle Pty Ltd (associated with Director Philip R Wood)	-	159,750	-	159,750
(iii) Rent paid to Intec Laboratories Pty Ltd (associated with former Director Peter K Everett)	-	84,000	-	84,000
(iv) Independent consulting fees – Mr Kenneth J Severs	-	4,400	-	4,400

In addition to the above amounts and excluded from remuneration of Directors is an amount of \$140,944 (2001 – Nil) paid to H. G. Engineering Ltd, a metallurgical engineering firm of Toronto, Canada, of which Mr J Philip Evans is a director. The payment is for consulting engineering work on the Company's copper precipitation removal system, dendritic copper wiper system and Queensland project feasibility study, and was on normal commercial terms and conditions.

#### Wholly-owned Group

The wholly-owned group consists of Intec Ltd and its wholly-owned controlled entity, Intec Copper Pty Ltd. Transactions between Intec Ltd and Intec Copper Pty Ltd consist of consultancy fees charged to Intec Copper Pty Ltd of \$1,073,214 (2001 - \$1,579,082).

	Consolidated		Intec Ltd	
	2002	2001	2002	2001
	\$	\$	\$	\$
Aggregate amounts receivable from the controlled entity at balance date:				
Receivable – Non Current	-	-	2,830,744	1,380,466
Write-down of amount due from controlled entity	-	-	(2,830,744)	(1,380,466)
	-	-	-	-

### 20. Remuneration of Executives

	Executive officers of the consolidated entity		Executive officers of Intec Ltd	
	2002	2001	2002	2001
	\$	\$	\$	\$
Remuneration received, or due and receivable from entities in the consolidated entity by Australian-based executives (including Directors) whose remuneration was at least \$100,000.				
	684,067	510,143	684,067	510,143

The numbers of Australian-based executive officers (including Directors) whose remuneration from entities in the consolidated entity and related parties was within the specified bands are as follows:

	Executive officers of the consolidated entity		Executive officers of Intec Ltd	
	Number 2002	Number 2001	Number 2002	Number 2001
\$100,000 - \$109,999	2	-	2	-
\$120,000 - \$129,999	1	-	1	-
\$150,000 - \$159,999	1	1	1	1
\$160,000 - \$169,999	-	1	-	1
\$180,000 - \$189,999	1	1	1	1

## Notes to the Financial Statements

### for the year ended 30 June 2002

#### 21. Contingent Liabilities

##### (a) Patents

The Company has an agreement with Intec Copper Pty Ltd to pay half the ongoing international patent costs associated with the Intec process by use of hydrometallurgical leaching purification and electrowinning. The consolidated entity's liability for patent costs is expected to be in the vicinity of \$90,000 each year for the next two years.

##### (b) Start Grant Repayable Component

The Company has received an R&D Start grant from the Federal Government which is partly repayable contingent upon the successful commercialisation of the technology for which the R&D Start grant was made. The contingent liability that may be repaid is \$1,832,085. The repayment rate is set at 30% of the revenues generated from the technology annually until the repayable component has been repaid. Interest is currently accruing on this amount, and the current contingent liability including interest is \$1,972,000.

#### 22. Financial Instruments

Financial instruments comprise cash, receivables, accounts payable and borrowings.

Cash comprises cash at bank which earned interest at 4.54% pa as at 30 June 2002 (2001 – 4.8%). At balance date, the consolidated entity was exposed to a floating weighted average interest rate of 4.60% pa on \$3,499,860 (2001 – 4.8% on \$1,142,656) money market securities and 4.55% pa on \$197,506 (2001 – 5.8% on \$569,574) cash at bank – call deposit.

Accounts receivable and accounts payable balances are non interest bearing. The loan from Eureka Capital Partners Ltd (Resource Finance Corporation Ltd), which was repaid in November 2001, was non interest-bearing. The concessional loan from the Government, which was repaid in May 2002, was interest bearing, at 8.45% per annum.

All financial instruments are carried at their net fair value and there are no significant credit risk exposures. The net fair value of cash and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts.

Consolidated		Intec Ltd	
2002	2001	2002	2001
\$	\$	\$	\$

#### 23. Commitments for expenditure

##### *Operating Lease Commitments*

Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, payable:

- Within one year	<b>177,084</b>	109,751	<b>177,084</b>	104,195
- Later than one year but not later than five years	<b>16,320</b>	11,112	<b>16,320</b>	-
Commitments not recognised in the financial statements	<b>193,404</b>	120,863	<b>193,404</b>	104,195

#### 24. Remuneration of Auditors

Remuneration for audit or review of the financial reports of the Company or consolidated entity

Remuneration for other services

- Taxation services	<b>25,986</b>	10,525	<b>25,986</b>	10,525
- Other assurance services	<b>10,000</b>	-	<b>10,000</b>	-
	<b>65,231</b>	33,930	<b>65,231</b>	33,930

## Notes to the Financial Statements

### for the year ended 30 June 2002

#### 25. Segment information

The consolidated entity operates predominantly in one industrial segment and one geographic segment being research and development of its hydrometallurgical technology in Australia.

#### 26. Events occurring after reporting date

In July 2002 the Company granted 3,020,009 options under the Intec Option Plan to staff and key consultants. The options are for a period of five years, expire on 16 July 2007 and the option exercise price is \$0.25. No other matter or circumstance has arisen since 30 June 2002 that has significantly affected or may significantly affect:

- the consolidated entity's operations in future financial years, or
- the results of those operations in future financial years, or
- the consolidated entity's state of affairs in future financial years.

	Consolidated		Intec Ltd	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>27. Employee Entitlements</b>				
Provision for employee entitlements				
Current (note 11)	<b>46,235</b>	11,155	<b>46,235</b>	11,155
Non-current (note 12)	<b>11,842</b>	4,476	<b>11,842</b>	4,476
<b>Aggregate employee entitlement liabilities</b>	<b>58,077</b>	15,631	<b>58,077</b>	15,631

#### Employee Numbers

	Number		Number	
	2002	2001	2002	2001
Average number of employees during the financial year	<b>10</b>	15	<b>10</b>	15

#### 28. Reconciliation of loss after income tax to net cash outflow from operating activities

Operating loss after income tax	<b>(3,097,322)</b>	(183,948)	<b>(3,458,629)</b>	(6,523,197)
<b>Non cash flows in loss from ordinary activities:</b>				
Depreciation	<b>41,376</b>	41,046	<b>41,376</b>	41,046
(Profit)/Loss on sale of non current assets	<b>2,004</b>	(10,193)	<b>2,004</b>	(10,193)
Non-cash intercompany transactions	-	-	<b>(1,419,270)</b>	(1,712,810)
Interest expense on convertible note converted into equity	-	26,961	-	26,961
Write-back of repayable component of R&D Start grant	-	(1,832,085)	-	-
Interest expense payable on concessional loan due to rescheduling of payments (included in borrowings)	-	27,675	-	-
Goodwill written off	<b>1,102,329</b>	-	-	-
Provision for diminution of investment	-	-	<b>1,100,000</b>	4,900,000
Write-down of amount due from controlled entity	-	-	<b>1,450,278</b>	1,380,466
<b>Changes in operating assets and liabilities:</b>				
Increase (decrease) in sundry creditors	<b>3,226</b>	(40,924)	<b>(11,818)</b>	45,850
Increase (decrease) in trade creditors	<b>71,743</b>	(217,720)	<b>101,316</b>	(178,969)
(Increase) in sundry debtors	<b>(6,762)</b>	(58)	<b>(7,098)</b>	(16,289)
Increase (decrease) in employee entitlements	<b>42,446</b>	(246,565)	<b>42,446</b>	(246,565)
Net cash outflow from operating activities	<b>(1,840,960)</b>	(2,435,811)	<b>(2,159,395)</b>	(2,293,700)

## Directors' Declaration

The Directors of Intec Ltd declare that the financial statements and notes set out on pages 10 to 26:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2002 and of their performance, as represented by the results of their operations and their cash flows for the financial year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

A handwritten signature in black ink that reads "Philip R. Wood". The signature is written in a cursive style and is underlined with a single horizontal stroke.

Philip R Wood  
Managing Director  
Chief Executive Officer

Sydney  
26 September 2002

**PricewaterhouseCoopers**

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201 Sussex Street  
GPO BOX 2650  
SYDNEY NSW 1171  
DX 77 Sydney  
Australia  
Web [www.pwcglobal.com/au](http://www.pwcglobal.com/au)  
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## **Independent Auditor's Report to the Members of Intec Ltd**

### **Audit opinion**

In our opinion, the financial report, set out on pages 10 to 27:

- presents a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Intec Ltd and the Intec Ltd Group (defined below) as at 30 June 2002 and of their performance for the year ended on that date
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

### **Scope and summary of our role**

#### **The financial report – responsibility and content**

The preparation of the financial report for the year ended 30 June 2002 is the responsibility of the directors of Intec Ltd. It includes the financial statements for Intec Ltd (the Company) and for the Intec Ltd Group (the Group), which incorporates Intec Ltd and the entity it controlled during the year ended 30 June 2002.

#### **The auditor's role and work**

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the Company's and the Group's financial position, and their performance as represented by the results of their operations and cash flows.

The procedures included:

- selecting and examining evidence, on a test basis, to support amounts and disclosures in the financial report. This included testing, as required by auditing standards, certain internal controls, transactions and individual items. We did not examine every item of available evidence
- evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the financial report
- obtaining written confirmation regarding material representations made to us in connection with the audit
- reviewing the overall presentation of information in the financial report.

Our audit opinion was formed on the basis of these procedures.

## Independent Auditor's Report to the Members of Intec Ltd (continued)

### Independence

As auditor, we are required to be independent of the Group and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

In addition to our statutory audit work, we were engaged to undertake other services for the Group. These services are disclosed in note 24 to the financial statements. In our opinion the provision of these services has not impaired our independence.



PricewaterhouseCoopers



A Sneddon  
Partner

Sydney  
26 September 2002

Liability is limited by the Accountant's Scheme under the Professional Standards Act 1994 (NSW)

## Stock Exchange Information

This information was applicable as at 23 September 2002.

Substantial Shareholder	Shareholding
Orian Holding Corp (controlled by Ivanhoe Mines Ltd.)	29,000,000
Eureka Capital Partners Ltd (formerly named Resource Finance Corporation Ltd)	15,292,852
Exchange Nominee Pty Limited (controlled by CIBC Australia Limited)	14,859,220

Distribution of Shareholders Number of ordinary shares held	Number of Holders Quoted Shares	Ordinary Shares Quoted	Number of Holders Unquoted Shares	Ordinary Shares Unquoted
1 - 1,000	5	3,738	-	-
1,001 - 5,000	52	184,731	-	-
5,001 - 10,000	131	1,243,300	4	30,775
10,001 - 100,000	249	9,811,318	22	1,426,954
100,001 - and over	100	62,720,047	69	70,618,279
<b>Total Shares</b>	<b>537</b>	<b>73,963,134</b>	<b>95</b>	<b>72,076,008</b>

At the prevailing market price of shares (\$0.12), there were 43 shareholders with less than a marketable package of \$500 (being 4,166 shares).

Top 40 Shareholder of quoted ordinary share as at 23 September 2002	Shares	% Shares Issued
1 Orian Holding Corp. <Ivanhoe Mines Ltd.>	29,000,000	19.858%
2 Eureka Capital Partners Ltd	5,247,574	3.593%
3 Grizzly Holdings Pty Ltd	1,650,036	1.130%
4 Invia Custodian Pty Limited <WAM Equity Fund A/C>	1,200,000	0.822%
5 Mr Peter Colin Taylor	1,000,480	0.685%
6 Anglo American Corporation SA	1,000,000	0.685%
7 Clodene Pty Ltd	871,681	0.597%
8 Invia Custodian Pty Limited <WAM Capital Limited A/C>	800,000	0.548%
9 H. G. Engineering Ltd.	750,000	0.514%
10 Exchange Nominees Pty Ltd	670,000	0.459%
11 Mr Jeff Beach	605,794	0.415%
12 Reach Out Pty Ltd	600,384	0.411%
13 Beach Partners LP	576,588	0.395%
14 Mr Kenneth J Severs and Maria Ramsden Severs	526,093	0.360%
15 Mr Geoffrey Bruce Weir	520,000	0.356%
16 Mr Roderic Holliday-Smith	500,000	0.342%
17 Mr Gordon Rich	493,758	0.338%
18 Mr Michael J Arnott	476,197	0.326%
19 Exchange Nominee Pty Limited	467,402	0.320%
20 Mr William E Conway	453,276	0.310%
<b>Total of top 20 share holdings</b>	<b>47,409,263</b>	<b>32.463%</b>
<b>Other non restricted shares</b>	<b>26,553,871</b>	<b>18.183%</b>
<b>Total shares quoted on ASX</b>	<b>73,963,134</b>	<b>50.646%</b>
<b>Restricted shares</b> (48,110,016 restricted until 2 May 2003 and 23,965,992 until 2 May 2004)	<b>72,076,008</b>	<b>49.354%</b>
<b>Total Shares</b>	<b>146,039,142</b>	<b>100.000%</b>

### Restricted Securities – Unquoted Shares

There are 72,076,008 unquoted ordinary shares where the Company has entered into ASX imposed restriction agreements with the 95 holders of these securities which impose an escrow period of 12 months until 2 May 2003 (48,110,016 shares 78 holders) or 24 months until 2 May 2004 (23,965,992 shares and 18 holders). There is one shareholder in both categories. The party holding more than 20% of these shares is Peter K Everett 19,540,000 ordinary shares (27.11% of the unquoted shares escrowed until 2 May 2004).

## Stock Exchange Information (continued)

### Summary of Options Issued

There are six holders of 1,275,000 unquoted options which have an exercise price of \$0.50 and expire on 30 June 2009. Holders of these options with in excess of 20% of this class are:

Steven J Koroknay	400,000	31.37%
Denis M Hanley	400,000	31.37%

There are 13 holders of unquoted options issued in July 2002 under the Intec Option Plan. The Board of Intec has granted 3,020,009 options and the options are for a period of five years, expire on 16 July 2007 and the option exercise price is \$0.25.

### Statement under ASX Listing Rule 4.10.19

From the date of admission of the Company's shares on the ASX, 2 May 2002, to the date of this Annual Report, the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. Expenditures have been in line with Prospectus estimates and have focussed on project feasibility studies – particularly the study for an initial 25,000 tonnes of copper per annum plant in Queensland and the targeted marketing of the Intec Process elsewhere in Australia and internationally.

### Voting Rights

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Option holders have no voting rights until the options are exercised.

### Corporate Governance

The Directors of Intec are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance these sometime competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and to ensure that the Company, including its controlled entity, is properly managed. The Board draws on relevant corporate governance best practice principles to assist it to contribute to the performance of the Company.

### Functions of the Board

The functions of the Board include:

- review and approval of corporate strategies, the annual budget and financial and business plans;
- overseeing and monitoring organisational performance and the achievement of the Company's strategic goals and objectives;
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditor;
- appointment of, and assessment of the performance of, the Managing Director and Chief Executive Officer and the members of the senior management team;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the Company;
- ensuring the significant risks facing the Company and its controlled entity have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place; and
- ensuring that shareholders are appropriately informed of the progress of the Company.

A description of the Company's main corporate governance practices is set out below.

## Stock Exchange Information (continued)

### The Board of Directors

The Board will be comprised of both Executive and Non-executive Directors. In recognition of the importance of independent views and the Board's role in supervising the activities of management, the Chairman should be a Non-executive Director. The Board should continuously review its performance and mix of skills to ensure they are appropriate to allow the Board to maximise its effectiveness and its contribution to the Company.

### Conflict of interests

The Directors, as either employees of, or consultants to, the Company or through entities connected with them, provide services to the Company. In accordance with accepted corporate governance practice, the Directors concerned have declared their interests in those transactions to the Company and took no part in decisions relating to them.

### Independent professional advice

Directors have the right, in connection with their duties and responsibilities to the Company, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

### Committees

The audit committee was formed in May 2001 and held its first meeting in September 2001. Messrs Severs and Wood are members of the audit committee, which meets with the Company's external auditors at least once during each half-year. The audit committee reviews the Company's financial systems, accounting policies, half-year financial statements and Annual Report and prior to the signing of the Auditor's Report.

The prospectus due diligence committee was formed in September 2001 when it held its first meeting. Messrs Wood and Moyes were members of the prospectus due diligence committee together with Mr Waring, the Company Secretary. The committee sought advice from various members of the Company's management and consultants as required. The prospectus due diligence committee minutes were forwarded to the Non-executive Directors and the committee held its final meeting following the successful closure of the Initial Public Offering.

### Risk assessment and management

The Board acts to identify significant areas of business risk and opportunity, implement policies to manage such risks and establish the maintenance of appropriate ethical standards and in particular:

- ensure compliance in legal, statutory, and ethical matters;
- monitor the business environment; and
- address shareholder concerns and enquiries.

### Securities Trading and Trading Windows Policy

Directors, employees and key consultants must consult with the Chairman or the Managing Director and Chief Executive Officer before dealing in shares of the Company. Purchases or sales in the Company's shares by Directors, employees and key consultants may not be carried out other than in the "window", the window being the period commencing two days following and ending 30 days following the date of announcement of the Company's annual or half yearly results or a major announcement leading, in the opinion of the Board, to an informed market. However, Directors, employees and key consultants are prohibited from buying or selling Intec shares at any time if they are aware of price sensitive information that has not been made public.

A\$ or \$ means Australian dollars, except where otherwise indicated.

# Corporate Directory

## DIRECTORS

Kenneth John Severs  
(Non-executive Chairman)  
Philip Ronald Wood  
(Managing Director & Chief Executive Officer)  
Anthony John Moyes  
(Technical Director)  
Joseph Philip Evans  
(Non-executive Director)  
Gordon L Toll  
(Non-executive Director)

## COMPANY SECRETARY

Robert John Waring

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Gordon Chiu Building, J01  
Department of Chemical Engineering  
Maze Crescent  
University of Sydney NSW 2006 Australia

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Email: mail@intec.com.au  
Website: www.intec.com.au

## NORTH AMERICAN REPRESENTATIVE OFFICE AND PROJECT DESIGN ENGINEERS

H.G. Engineering Ltd  
400 Carlingview Drive  
Toronto, Ontario  
Canada M9W 5X9

## EUROPEAN REPRESENTATIVE OFFICE

'Appletree'  
Frith Road, Aldington Frith  
Kent TN25 7HJ  
United Kingdom

## SHARE REGISTRY

Registries Limited  
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Sydney NSW 1223 Australia  
Telephone: (+61 2) 9279 0677  
Facsimile: (+61 2) 9279 0664  
Email: registries@registriesltd.com.au

## QUEENSLAND PROJECT FINANCIAL ADVISERS

Westpac Institutional Bank  
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Sydney NSW 2000 Australia

## LEGAL ADVISERS

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2 Chifley Square  
Sydney NSW 2000 Australia

## PATENT ATTORNEYS

Griffith Hack  
168 Walker Street  
North Sydney NSW 2060 Australia

## AUDITOR

PricewaterhouseCoopers  
Darling Park Tower 2, 201 Sussex Street  
Sydney NSW 1171 Australia

## RESEARCH ASSOCIATES

The Centre for Risk, Environment and System  
Technology and Analysis (CRESTA)  
Department of Chemical Engineering  
University of Sydney NSW 2006 Australia

## STOCK EXCHANGE LISTING

Intec Ltd shares are listed on the Australian Stock Exchange under the code INL. The home branch is Sydney.

# **Intec Ltd** ABN 25 001 150 849

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*Superior and Sustainable Metals Production*

**ASX Code: INL**

**Registered Office and  
Principal Place of Business**

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