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31 January 2003

Companies Announcements Office
Australian Stock Exchange Limited
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SYDNEY NSW 2000

Attached is the December 2002 Quarterly Report for Entities Admitted on the Basis of Commitments (Appendix 4C).

The available cash at 31 December 2002 was \$2,370,000. Payments made during the December quarter were approximately \$49,000 less than the budget completed for the IPO Prospectus dated 19 December 2001. December quarter payments included expenditure on the electrowinning ("EW") cell test program of \$123,000. The planned March quarter cash expenditures are expected to be in line with Prospectus estimates and will focus on Phase 2 of the EW cell test program and the targeted marketing of the Intec Process elsewhere in Australia and internationally.

Electrowinning Cell Test Program

Phase 2 of the EW cell test program which is based on the construction and operation of a single full size cathode at Intec's laboratories at the University of Sydney, is already substantially underway (see Figure 1 below) and is forecast to be complete in mid-March 2003.



Figure 1: EW cell under construction at the University of Sydney as of January 2003.

Phase 1 of the EW cell test program involved the continuous running in the laboratory of the cathode/wiper prototype and was completed during 2002. Phase 3 – subject to the independently verified success of Phase 2 – will be based on multiple cathodes and will be complete by nominally 2003 year-end.

Phase 2 has now been extended in scope to support the recently announced alliance between Intec and Rautomead International Limited (“Rautomead”), of Dundee, Scotland, which is to demonstrate our joint concentrates-to-rod technology package. There, in succeeding months, it will be upward vertically cast into wirerod at Rautomead’s pilot plant. The Phase 2 EW cell test program will be operated over a period of approximately six weeks from late January to early March 2003 to produce about 8 tonnes of dendritic copper product, of which over two tonnes will be shipped to Dundee, Scotland.

As a consequence of more extensive scope of the EW cell test program, due to the Rautomead alliance, the three-phase budget is currently expected to be approximately A\$2.7 million. This compares with an original projection of approximately A\$1.5 million.

The Company has proposed to the various mining-related companies that are either present or perspective Intec Copper sub-licensees that they co-fund the EW cell test program.

Commercialisation of Intec Copper Process

Nippon Mining & Metals Co., Ltd (“Nippon”), an Intec Copper sub-licensee as a result of co-funding the development in Sydney, Australia of the Intec Copper Process from 1993 to 1999, completed in October 2002 the construction of an Intec Copper pilot plant at their research and development facilities at Hitachi, Japan. The pilot plant has a production capacity of 100kg per day of copper. The pilot plant has been commissioned and is presently operating.



Figure 2: Nippon’s Intec Copper pilot plant in Hitachi, Japan, 2002.

The Nippon plant represents the first time that a third party, non-inventor has constructed a chloride based hydrometallurgical processing facility. Nippon and its strategic alliance partners, Mitsui Mining & Smelting and LG-Nikko Copper, have a combined annual production capacity of 1.1

million tonnes of refined copper. This makes the Nippon/Mitsui/LG group the third largest producer of refined copper in the world.

Under the terms of the “club” sub-licence held by Nippon, Intec has been providing substantial technical input into the pilot plant program and continues to work closely on the commercial development of the Intec Copper Process in Japan.

Intec has been commissioned to undertake laboratory test work on a copper concentrate from the Lubin mine in Poland owned by KGHM Polska Miedz S.A. KGHM is the world’s seventh largest copper producer and the world’s second largest silver producer.

Expenditure on the Queensland and British Columbian projects was significantly scaled back due to adverse industry economic conditions, in particular the currently prevailing historically low treatment and refining charges for copper concentrates as shown in the figure below.

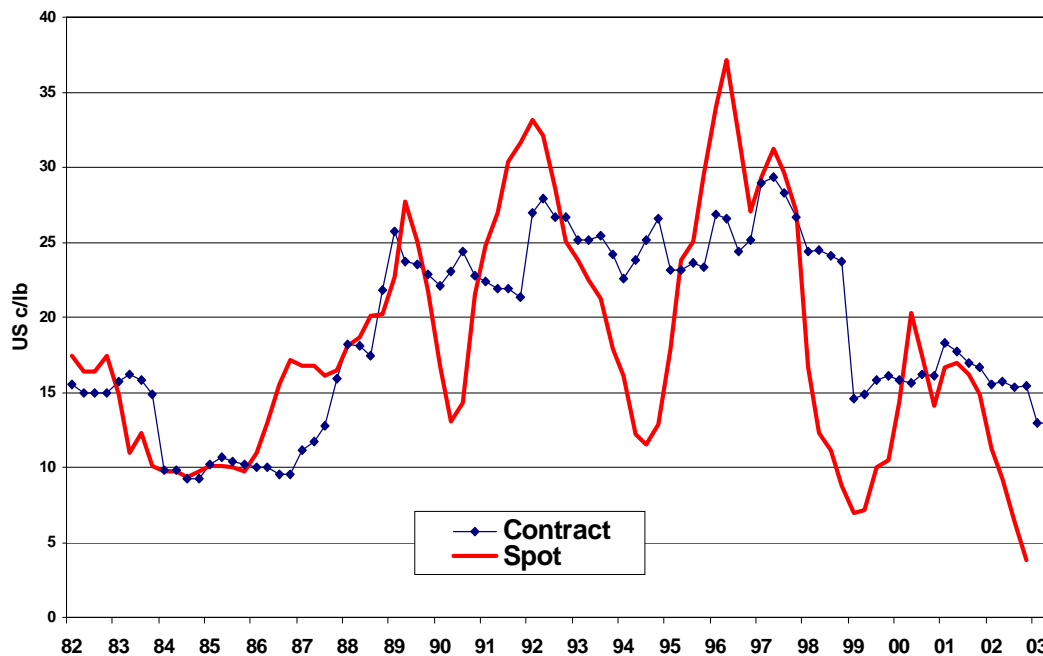


Figure 3: Historical contract and spot rates for copper concentrate treatment and refining charges. (Source: CRU)

No significant expenditure will be undertaken on the Queensland and British Columbian projects until industry economic conditions improve.

Intec Zinc Process

At the request of Pasminco Limited (Administrators appointed), Intec forwarded a proposal to Pasminco in relation to the potential use of the Intec Zinc Process at Pasminco’s Dugald River zinc deposit. Intec had previously, at the request of Pasminco, conducted comprehensive laboratory testwork on Dugald River zinc concentrates with great success and financially modelled a considerable enhancement of project value. The resource at Dugald River contains an estimated 47.9 million tonnes of ore grading 12.1% zinc, 2.1% lead and 44g/tonne silver.

Intec is also actively reviewing the application of the Intec Zinc Process to the treatment of mill tailings from silver-lead-zinc mines. Laboratory test work on four samples of silver-lead-zinc mill tailings from Australian mines is currently scheduled to verify the technical and commercial viability of the Intec Zinc Process to the treatment of these materials.

Intec Nickel Process

The laboratory test work commissioned by Platreef Resources to treat a very low-grade concentrate containing nickel, copper, gold, cobalt, platinum and palladium using the Intec Nickel Process was successfully completed during the quarter.

Intec Arsenical Gold Process

During the quarter, Intec undertook investigatory laboratory test work on the treatment of gold concentrates contaminated with arsenopyrite. The presence of arsenopyrite in gold ores and concentrates increases the complexity of metallurgical treatment methods and in some cases precludes project development. As a result of its investigatory test work, Intec provisionally patented the Intec Arsenical Gold Process ("IAGP") for the removal via a simple leach step hazardous contaminants such as arsenic, antimony and bismuth from gold ores and concentrates.

Yours faithfully

Intec Ltd

Philip R Wood

Managing Director and Chief Executive Officer

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

Intec Ltd

ABN

25 001 150 849

Quarter ended ("current quarter")

31 December 2002

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|------------------------------------|
| Cash flows related to operating activities | | |
| 1.1 Receipts from customers – test work fees | 11 | 12 |
| 1.2 Payments for: | | |
| (a) staff costs | (399) | (804) |
| (b) advertising and marketing | (51) | (143) |
| (c) research and development | (61) | (109) |
| (d) leased assets | (2) | (5) |
| (e) other working capital | - | (2) |
| (f) administration and corporate costs | (160) | (283) |
| (g) cost of sales | - | - |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 34 | 85 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other (provide details if material) | - | - |
| Net operating cash flows | (628) | (1,249) |

+ See chapter 19 for defined terms.

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

| | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--|----------------------------|------------------------------------|
| 1.8 Net operating cash flows (carried forward) | (628) | (1,249) |
| Cash flows related to investing activities | | |
| 1.9 Payment for acquisition of: | | |
| (a) businesses (item 5) | - | - |
| (b) equity investments | - | - |
| (c) intellectual property | - | - |
| (d) physical non-current assets | (109) | (139) |
| (e) other non-current assets | - | - |
| 1.10 Proceeds from disposal of: | | |
| (a) businesses (item 5) | - | - |
| (b) equity investments | - | - |
| (c) intellectual property | - | - |
| (d) physical non-current assets | 13 | 13 |
| (e) other non-current assets | - | - |
| 1.11 Loans to other entities | - | - |
| 1.12 Loans repaid by other entities | - | - |
| 1.13 Other (provide details if material) | - | - |
| Net investing cash flows | (96) | (126) |
| 1.14 Total operating and investing cash flows | (724) | (1,375) |
| Cash flows related to financing activities | | |
| 1.15 Proceeds from issues of shares, options, etc. | - | - |
| 1.16 Proceeds from sale of forfeited shares | - | - |
| 1.17 Proceeds from borrowings | - | - |
| 1.18 Repayment of borrowings | - | - |
| 1.19 Dividends paid | - | - |
| 1.20 Other – share issue expenses | - | (3) |
| Net financing cash flows | - | (3) |
| Net increase (decrease) in cash held | (724) | (1,378) |
| 1.21 Cash at beginning of quarter/year to date | 3,094 | 3,748 |
| 1.22 Exchange rate adjustments to item 1.20 | - | - |
| 1.23 Cash at end of quarter | 2,370 | 2,370 |

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2 | 152 |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11 | Nil |

1.26 Explanation necessary for an understanding of the transactions

The salary paid to the two executive directors and the directors' and consultancy fees paid to the three non-executive directors amounted to \$131,252. In addition \$21,126 was paid to HG Engineering Ltd, a metallurgical engineering firm of Toronto, Canada, of which Mr JP Evans is a director, for engineering work on the Queensland project feasibility study.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Not applicable

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

| | | Amount available \$A'000 | Amount used \$A'000 |
|-----|-----------------------------|-----------------------------|------------------------|
| 3.1 | Loan facilities | Nil | Nil |
| 3.2 | Credit standby arrangements | Nil | Nil |

+ See chapter 19 for defined terms.

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

Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|----------------------------|-----------------------------|
| 4.1 Cash on hand and at bank | 8 | 21 |
| 4.2 Deposits at call | 159 | 168 |
| 4.3 Bank overdraft | - | - |
| 4.4 Other – bank accepted bills of exchange | 2,203 | 2,905 |
| Total: cash at end of quarter (item 1.23) | 2,370 | 3,094 |

Acquisitions and disposals of business entities

| | Acquisitions <i>(Item 1.9(a))</i> | Disposals <i>(Item 1.10(a))</i> |
|---|--------------------------------------|------------------------------------|
| 5.1 Name of entity | Not Applicable | Not Applicable |
| 5.2 Place of incorporation or registration | | |
| 5.3 Consideration for acquisition or disposal | | |
| 5.4 Total net assets | | |
| 5.5 Nature of business | | |

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: **Robert J Waring**
 (~~Director~~/Company Secretary)

Date: 31 January 2003

Print name: Robert J Waring

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.