

Superior and Sustainable Metals Production

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



Telephone: +612-9351-6741
Facsimile: +612-9351-7180
Email: mail@intec.com.au
Website: www.intec.com.au

29 July 2004

Companies Announcements Office
Australian Stock Exchange Limited

Appendix 4C June 2004 Quarterly Report

Attached is the June 2004 Quarterly Report by Intec Ltd (ASX code – INL, or the Company) for Entities Admitted on the Basis of Commitments (Appendix 4C).

Corporate

On 25 May 2004, Mr Richard Jenkins was elected as Chairman of Directors after Mr Ken Severs stepped down from that position. Mr Severs remains a Non-executive Director.

On 11 March 2004, INL entered into an agreement with the Australian Government's Research Industry Development Board for an A\$1.42 million R&D Start Grant in respect of INL's pilot plant at Brookvale. As at 30 June 2004, A\$790,000 of the A\$1.42 million R&D Start Grant in respect of this pilot plant had been drawn down.

INL had A\$1,105,000 available cash at 30 June 2004.

The Hellyer Metals Project

The 1.5m tpa Hellyer mill continues under care and maintenance. Because it is designed for differential flotation, INL has entered into discussions with various regional metals project owners seeking to make use of the mill as a toll-treatment facility. Proposed commercial arrangements with a number of these companies are continuing, and Intec may also consider other options for use of the mill.

During the June 2004 quarter, INL continued its review and consolidation of its Hellyer and Que River mining and exploration tenements. This process has so far identified a number of prospective exploration targets that were published on 19 May 2004 in the "Hellyer Exploration Opportunities Report". This has now been sent to about 25 interested parties, quite a number of whom have visited site, and their commercial responses are now under consideration.

In relation to the Hellyer tailings dam, sample material from it continues to be processed at INL's Brookvale pilot plant, which is now operating in 'steady state'. Metals extraction efficiencies most recently achieved at the pilot plant are: zinc 98.5%, lead 99.0%, silver 92.7% and copper 93.6%. These are very good results, incrementally higher than earlier expectations. The IGP pilot plant's circuit was re-configured to enhance extraction of gold (the most refractory of Hellyer's payable metals, as it is locked in pyrite). The pilot plant is now achieving >40% gold extraction efficiencies within an economic (24 hours average) leach circuit residency timeframe.

Zeehan Slag Dump and other zinc-bearing secondary residues

In May 2004 INL entered into an agreement to acquire all of the issued shares of Encore Metals NL (Encore), subject to due diligence. Encore is an unlisted public company whose only asset is the Zeehan Slag Dump, containing 450,000 tonnes of material grading 13.4% zinc, 1.7% lead, 54 g/t silver and 50 g/t indium. At current metal prices and exchange rates the in-situ metal value of the Zeehan Slag Dump is approximately A\$118 million.

Intec proposes to blend the slag material with Hellyer tailings to provide additional feedstock for the Hellyer Metals Project, thereby providing additional technical and economic benefits. However, for the time being, completion of the Encore acquisition is being delayed by a contractual determination of entitlement to the Zeehan Slag Dump among third parties, without resolution of which Intec will not proceed with the Encore transaction.

In the meantime, Intec is also examining other sources of zinc-bearing residues, notably electric arc furnace (EAF) dust, samples of which from various producers are currently being blended with Hellyer tailings at the pilot plant.

Hellyer Metals Project Pre-Feasibility Study

The Brookvale pilot plant results are being fed into the pre-feasibility study for the Hellyer Metals Project which is being undertaken by HG Engineering of Toronto, Canada and due for completion by mid-August 2004. INL's current projections (assuming just 40% gold recovery) continue to indicate strongly that the 'base case' economics of its Hellyer Metals Project will be very robust. The 'enhanced case' for the pre-feasibility study will be based on the proposed blending of zinc-bearing residues with the Hellyer tailings.

The Intec Gold Process (IGP)

During the June 2004 quarter, testwork continued on the application of the IGP to various refractory gold concentrates currently in large-scale commercial production. Modifications to the IGP have resulted in some very high gold extractions (98+%) from these concentrates.

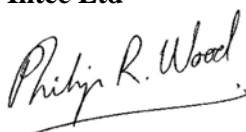
The IGP is now confidently projected to be both an economically and environmentally advantageous process relative to all other processes presently available for treating refractory gold ores. Accordingly, INL has now begun actively marketing the IGP in its application to gold concentrates with a view to earliest achievable commercialisation.

Outlook

The June 2004 quarter was a very hardworking one for INL. The Directors are encouraged concerning INL's growth prospects on the various fronts described above and in relation to other ongoing commercial negotiations. Finalisation of the pre-feasibility study, for both the 'base' and 'enhanced' cases for the Hellyer Metals Project, will provide the cornerstone 'value proposition' of a significant capital raising commencing during the September 2004 quarter. Preliminary presentations to financial institutions have commenced favourably, with a view to presenting a definitively quantified and structured capital raising to capital markets later in August 2004.

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")

30 June 2004

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from customers – test work fees	39	50
1.2 Payments for:		
(a) staff costs	(594)	(1,859)
(b) advertising and marketing	-	(45)
(c) research and development	(384)	(577)
(d) leased assets	-	(2)
(e) other working capital	-	-
(f) administration and corporate costs	(394)	(1,356)
(g) cost of sales	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	23	76
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid)/received	-	545
1.7 Other (JV cash calls received)	286	786
Net operating cash flows	(1,024)	(2,382)

+ 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 (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,024)	(2,382)
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	(24)	(1,796)
(e) other non-current assets	-	(40)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(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	(24)	(1,836)
1.14 Total operating and investing cash flows	(1,048)	(4,218)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	4,279
1.16 Proceeds from R&D Start Grant	-	496
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other – share issue expenses	-	(186)
Net financing cash flows	-	4,589
Net increase (decrease) in cash held	(1,048)	371
1.21 Cash at beginning of quarter/year to date	2,153	734
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	1,105	1,105

+ 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	243
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 five non-executive directors who held office throughout the quarter amounted to \$242,527.

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.

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	61	194
4.2 Deposits at call	275	492
4.3 Bank overdraft	-	(38)
4.4 Other – bank negotiable certificates of deposit	769	1,505
Total: cash at end of quarter (item 1.23)	1,105	2,153

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
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~~ give a true and fair view of the matters disclosed.

Sign here: *Philip R Wood*
(Director/~~Company Secretary~~)

Date: 29 July 2004

Print name: Philip R Wood

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.