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Intec competes pre-feasibility

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PROCESS technology company Intec will have to spend \$137-153 million developing a polymetallic project in Tasmania based on tailings from the Hellyer mine and possibly the co-treatment of zinc bearing residues such as electric arc furnace dust.

A pre-feasibility study has shown that treatment of tailings at a rate of 1 million tonnes per annum for 11 years would cost \$153 million and produce 25,480t of zinc, 29,400t of lead, 1440t of copper, 29,035 ounces of gold and 2.6 million oz of silver.

That output would generate annual revenue of \$103 million, operating costs of \$35 million, net annual cashflow of \$67 million and an NPV pre-tax of \$258 million (post tax \$165 million). The IRR pre and post tax comes in at 38.6% and 30.1%.

The second scenario considered involves the treatment of 600,000tpa (including 100,000tpa of EAF dust) for 21 years costing \$137 million and producing 31,614t of zinc, 16,660t of lead, 1620t of copper, 14,517oz of copper and 1.4Moz of silver.

This results in annual revenue of \$85 million, annual operating costs of \$28 million, net cashflow of \$56 million, an NPV of \$317 million and \$205 million (pre and post tax) and IRRs of 36.6% and 29.3% respectively.

Commodity prices and exchange rates used were as at September 6.

Intec pointed out the analysis was undertaken on an all-equity basis, and that optimisation of relative treatment rates of the two different feeds, plus the potential to be paid to treat the EAF dust (and better grades of EAF dust), could further improve the projected financial returns.

The assumed grades for zinc-bearing residues were set at 20% zinc, 2% lead, 1% copper and 50 grams per tonne silver.

The 10.9 million tonnes of tailings at Hellyer includes 910,000 ounces of gold grading 2.6gpt, 31 million ounces of silver at 88gpt, 305,000t of zinc at 2.8%, 327,000t of lead at 3.0%, and 17,400t of copper at 0.16%, according to Intec.

The pre-feasibility was undertaken by HG Engineering from Toronto.

Intec shares were up 0.3c to 9.3c during mid-morning trade.



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