

## *Superior and Sustainable Metals Production*

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Companies Announcements Office  
Australian Stock Exchange Limited

### **Quarterly Activities Report: Appendix 4C March 2005**

Intec Ltd (ASX code: INL, or the Company) has made excellent project and technical progress so far during 2005. Attached is INL's March 2005 Quarterly Report for Entities Admitted on the Basis of Commitments (Appendix 4C).

#### **Burnie Demonstration Plant**

This continues to be the focal point of the Company's activities and is now in an intensive on-site construction phase, which will finish in June 2005. INL's key technical personnel have been relocated to Burnie in order to achieve commissioning start-up prior to 30 June 2005, which by industry standards will have represented a very quick timeline for a plant recovering saleable products comprising five different metals.

Civil construction, structural steel installation and the base metals leach and pyrite leach trains (see Figure 1) have all been completed. Equipment and electrical installation (including process control and instrumentation supplied by Honeywell) have begun in earnest.



**Figure 1:** View of the complete leach circuit now installed in the Burnie demonstration plant. The base metals leach (including two leach tanks and thickener) is at the far end of the building, with the pyrite leach (including five leach tanks and thickener) in the foreground. Mixer drives are in place on top of each leach tank.

Ammtec (Burnie Research Laboratory) is currently recruiting, and will employ, the four shift supervisors and twelve shift operators that will run the plant. Ammtec will also write the independent report on the plant's operating performance prior to the end of calendar 2005.

At the Department of Chemical Engineering within the University of Sydney, the zinc electrowinning cell (see Figure 2) has so far run seven campaigns, culminating in steady state production of smooth metallic pure zinc cathode. This will be a world first in the chloride medium when in commercial production and addresses what until now has been seen as the greatest single technical risk for the Intec Polymetallic Process at Hellyer. The cell performance is now being optimised by selective variation of conditions, prior to its being shipped for installation in the Burnie demonstration plant.



**Figure 2:** Two jumbo-sized cathodes being hauled above the electrowinning cell at the University of Sydney, having been plated at 400 amps/m<sup>2</sup> to produce 100kg of Special High Grade (99.99% pure) zinc per day.

Overall then, the Burnie demonstration plant for the Hellyer Metals Project is being very professionally managed from a technical point of view and is on schedule and within budget. The quality of workmanship appears uniformly excellent and is a tribute to the local equipment suppliers and service providers in Tasmania. The first meaningful results from the Burnie demonstration plant are expected to become available during the September 2005 quarter.

### **Umicore Zinc Alloys (UZA)**

Belgium-based UZA is the world leader in zinc electrowinning cell tankhouse design. On 8 April 2005 UZA and INL entered into an Agreement for the Supply of Engineering Services whereby UZA is providing specialist advice concerning the zinc electrowinning cell currently being commissioned in Sydney and destined for the Burnie demonstration plant. Additionally UZA will be providing its engineering design services for the Hellyer Metals Project bankable feasibility study (see below) and is also investigating the potential application of INL's chloride technology to its zinc-bearing residues in Europe.

### **Secondary Zinc-Bearing Residues**

Discussions are at an advanced stage with various parties (including Smorgon Steel) for the provision to the Burnie demonstration plant (and eventually to the Hellyer Metals Project) of supplementary zinc-bearing feeds such as electric arc furnace (EAF) dust, zinc ferrites, slags, etc. These would be blended with the Hellyer tailings to produce technical and economic advantages broadly comprising the 'Enhanced Case' in the 2004 Hellyer Pre-Feasibility Study. Although for legal and regulatory reasons these transactions are not yet finalised, they potentially represent major long-lasting business opportunities for the Company, which render the economics of the Hellyer Metals Project progressively more robust.

### Hellyer Mill and Infrastructure

The 1.5 million tonnes per annum Hellyer Mill (see Figure 3) is a major and well-maintained asset serviced by excellent existing infrastructure (road, rail, water, power etc.) from which the Company now intends to derive positive cashflows later in calendar 2005. INL has thus decided, rather than to sell the Hellyer Mill immediately (as was our previously stated intention), to commence production of regionally-sourced concentrates with it.



**Figure 3:** Hellyer Mill and infrastructure.

INL and Allegiance Mining (ASX code: AGM) have agreed to a test program during this June 2005 quarter to grind several hundred tonnes of nickeliferous ore from AGM's Avebury mine in one of the Hellyer tower mills with a view to early commercial production thereafter through the Hellyer Mill's grinding and flotation circuits (see Figures 4 and 5).



**Figure 4:** 2MW SAG Mill at Hellyer



**Figure 5:** Partial View of Flotation Circuit at Hellyer

The Company is also entering into an agreement to provide specified available Hellyer mill capacity to Resource Finance and Investments (see below) on commercial terms and intends to follow up toll treatment opportunities with other current and prospective regional producers.

### Bankable Feasibility Study for the Hellyer Metals Project

INL has formally requested a leading Australian-based international engineering firm to submit its proposal to undertake the bankable feasibility study for the Hellyer Metals Project. It is anticipated that this mandate will be awarded in June 2005 and that the bankable feasibility study will be completed by the end of calendar 2005.

**Resource Finance and Investments Limited (RFI)**

During the March 2005 quarter, Intec transferred all of its exploration tenements in the vicinity of Hellyer to RFI in return for a 45% shareholding in RFI (see ASX announcement of 29 March 2005). Intec's Chief Financial Officer and Business Development Manager Kieran Rodgers was elected to the RFI Board, which is chaired by Don Boyer with Mike Rosenstreich as Managing Director. RFI has available cash of A\$800,000 and is presently finalising various regional exploration agreements prior to proceeding to an ASX listing (in which INL shareholders will have priority entitlements) to raise a maximum of A\$5 million, following which INL's shareholding will be 21.9%.

Upon fulfilling its farm-in obligations, RFI's mineral portfolio in western Tasmania will comprise (in addition to the Hellyer tenements) a 75% interest in Geoinformatics Australia Exploration Pty Ltd's Loyetea, Mt Bischoff, Rosebery, Oonah and East Henty project tenements, a 70% interest in Pioneer Nickel Ltd's Heazlewood and Whyte River projects and a 60% interest in Adamus Resources Ltd's Bond Range and Mt Selina projects. RFI has also entered into an alliance with Geoinformatics, which will provide its geo-spatial data management and target generation expertise to RFI's Tasmanian projects.

**Intec Gold Process (IGP)**

The Company's University of Sydney laboratories have been actively trialling the IGP on samples submitted by Barrick Gold, Placer Dome and a variety of other gold producers. Discussions are well advanced to mandate a Western Australia-based financial institution to link the IGP with one or more refractory gold projects. Additionally, the IGP is generating worldwide interest because it alone avoids exposure of the environment to cyanide.

**IGP Pilot Plant**

The IGP pilot plant had successfully completed its functions in Sydney by the end of 2004, both in the leaching of Hellyer tailings (including gold) and the Barrick Gold campaign. It is now being shipped to Burnie for lease in the short term to Ammtec (Burnie Research Laboratory) to conduct paid leach trials for a third party client. In the longer run it is intended to be used in Burnie to progress a wide variety of Intec Process applications.

**Other Intec Process Applications**

The Company receives many approaches in relation to other applications of its patented chloride-based technology portfolio such as for copper, nickel sulphides, nickel laterites, etc. but is constrained by its own limited human and financial resources. Nonetheless, third party discussions continue (based on successful laboratory testwork performed) and the Company holds high hopes for the eventual commercial outcomes of all of its technology applications, particularly once the Burnie demonstration plant is up and running.

**Corporate**

The Company's cash balance at 31 March 2005 was just over A\$8.1 million.

During the March 2005 quarter, the Company was unsuccessful in applying for a A\$3 million Commercial Ready grant from the Australian Government. Despite the intrinsic merits of the application, it was noted that INL had already previously received two R&D Start grants.

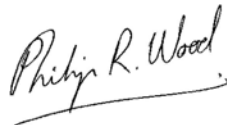
Mr Phil Evans stepped down as an Intec Director with effect from 1 April 2005 in order to become our Owner's Representative for the Hellyer Metals Project.

**Outlook**

Overall it is evident from everything set out above that the March 2005 quarter was far more productive in creating value for shareholders than the INL share price over the same period would indicate. Significant progress continues to be made across all of the Company's activities and the Directors expect that this will become more clearly apparent to the stock market in coming months.

Yours faithfully

**Intec Ltd**

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 line.

**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 March 2005

### Consolidated statement of cash flows

|   | Current quarter<br>\$A'000 | Year to date (9 months)<br>\$A'000 |
|---|----------------------------|------------------------------------|
| <b>Cash flows related to operating activities</b>         |                            |                                    |
| 1.1 Receipts from customers – test work fees              | 10                         | 44                                 |
| 1.2 Payments for:   |                            |                                    |
| (a) staff costs   | (663)                      | (1,914)                            |
| (b) advertising and marketing                             | (36)                       | (82)                               |
| (c) research and development                              | (202)                      | (768)                              |
| (d) leased assets   | -                          | -                                  |
| (e) other working capital                                 | -                          | (526)                              |
| (f) administration and corporate costs                    | (135)                      | (668)                              |
| (g) cost of sales   | -                          | -                                  |
| 1.3 Dividends received                                    | -                          | -                                  |
| 1.4 Interest and other items of a similar nature received | 110                        | 184                                |
| 1.5 Interest and other costs of finance paid              | -                          | -                                  |
| 1.6 Income taxes (paid)/received                          | -                          | -                                  |
| 1.7 Other (JV cash calls received)                        | 1                          | 4                                  |
| <b>Net operating cash flows</b>                           | <b>(915)</b>               | <b>(3,726)</b>                     |

+ See chapter 19 for defined terms.

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

|   |   | Current quarter<br>\$A'000 | Year to date (9 months)<br>\$A'000 |
|---|---|----------------------------|------------------------------------|
| 1.8   | Net operating cash flows (carried forward)      | (915)                      | (3,726)                            |
| <b>Cash flows related to investing activities</b> |   |                            |                                    |
| 1.9   | Payment for acquisition of:                     |                            |                                    |
|   | (a) businesses (item 5)                         | -                          | -                                  |
|   | (b) equity investments                          | -                          | -                                  |
|   | (c) intellectual property                       | -                          | -                                  |
|   | (d) physical non-current assets                 | (1,049)                    | (1,233)                            |
|   | (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                 | -                          | -                                  |
|   | (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)             | -                          | -                                  |
|   | <b>Net investing cash flows</b>                 | <b>(1,049)</b>             | <b>(1,233)</b>                     |
| 1.14  | <b>Total operating and investing cash flows</b> | <b>(1,964)</b>             | <b>(4,959)</b>                     |
| <b>Cash flows related to financing activities</b> |   |                            |                                    |
| 1.15  | Proceeds from issues of shares, options, etc.   | -                          | 12,000                             |
| 1.16  | Proceeds from R&D Start Grant                   | -                          | 577                                |
| 1.17  | Proceeds from borrowings                        | -                          | -                                  |
| 1.18  | Repayment of borrowings                         | -                          | -                                  |
| 1.19  | Dividends paid                                  | -                          | -                                  |
| 1.20  | Other – share issue expenses                    | (252)                      | (602)                              |
|   | <b>Net financing cash flows</b>                 | <b>(252)</b>               | <b>11,975</b>                      |
|   | <b>Net increase (decrease) in cash held</b>     | <b>(2,216)</b>             | <b>7,016</b>                       |
| 1.21  | Cash at beginning of quarter/year to date       | 10,337                     | 1,105                              |
| 1.22  | Exchange rate adjustments to item 1.20          | -                          | -                                  |
| 1.23  | <b>Cash at end of quarter</b>                   | <b>8,121</b>               | <b>8,121</b>                       |

+ 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<br>\$A'000 |
|------|--|----------------------------|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2 | 159                        |
| 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 four non-executive directors who held office during the quarter amounted to \$159,513. With effect from 1 April 2005 J Philip Evans resigned as a Director of the Company.

**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<br>\$A'000 | Amount used<br>\$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<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 4.1 Cash on hand and at bank  | 753                        | 660                         |
| 4.2 Deposits at call  | 494                        | 57                          |
| 4.3 Bank overdraft  | -                          | -                           |
| 4.4 Other – bank negotiable certificates of deposit   | 6,874                      | 9,620                       |
| <b>Total: cash at end of quarter</b> (item 1.23)  | <b>8,121</b>               | <b>10,337</b>               |

### Acquisitions and disposals of business entities

|   | Acquisitions<br>(Item 1.9(a)) | Disposals<br>(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 April 2005

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.