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ASX code: INL

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## NOTICE OF 2006 ANNUAL GENERAL MEETING

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Notice is given that the 2006 Annual General Meeting of shareholders of Intec Ltd (or 'the Company') will be held as follows:

**Time:** 5.30 pm

**Date:** Wednesday, 15 November 2006

**Place:** 'The Partners Room', Allens Arthur Robinson Lawyers, Level 28, Deutsche Bank Place, Corner of Hunter and Phillip Streets, Sydney NSW 2000 Australia

This notice should be read in conjunction with the accompanying Explanatory Statement.

This notice is accompanied by a proxy form for those shareholders wishing to vote by proxy. Please follow the instructions at the end of the proxy form carefully.

### ORDINARY BUSINESS

#### Resolution 1 Adoption of Financial Report

To consider and, if thought fit, to pass the following ordinary resolution:

"That the Company's Financial Report for the financial year ended 30 June 2006 together with the related Directors' and Auditor's reports be received and adopted."

#### Resolution 2 Election of Director – Mr Ian W Ross

To consider and, if thought fit, to pass the following ordinary resolution:

"That Mr Ian W Ross, a Director since 2003, retiring in accordance with the Company's Constitution and being eligible for re-election, be re-elected a Director of the Company."

#### Resolution 3 Adoption of Remuneration Report

To consider and, if thought fit, to pass the following ordinary resolution:

"That the Company's Remuneration Report for the financial year ended 30 June 2006 be received, approved and adopted."

### SPECIAL BUSINESS

#### Resolution 4 Approval of Issue of Shares

To consider and, if thought fit, to pass the following ordinary resolution:

"That pursuant to ASX Listing Rule 7.4 and for all other purposes, the Company approves the issue of Shares, at an issue price of \$0.11 per Share, by way of placements in conjunction with a Share Purchase Plan which were undertaken by the Company in May/June 2006, for the purposes and otherwise on the terms and conditions as set out in the Explanatory Statement which accompanies this Notice of General Meeting."

#### Resolution 5 Approval of Proposed Issue of Options to Macquarie Bank Limited

To consider and, if thought fit, to pass the following ordinary resolution:

"That pursuant to ASX Listing Rule 7.4 and for all other purposes, the Company approves the issue of options to Macquarie Bank Limited, on the terms summarised in the Explanatory Statement which accompanies this Notice of General Meeting."

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## NOTICE OF 2006 ANNUAL GENERAL MEETING (continued)

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### **Resolutions 6(a) to 6(d) Approval of Options for Directors**

#### **Resolution 6(a) Approval of Options for Mr Ian W Ross**

To consider and, if thought fit, to pass the following ordinary resolution:

"That the Company approves the issue to Mr Ian W Ross of 400,000 options on the terms summarised in the Explanatory Statement accompanying this Notice of General Meeting."

#### **Resolution 6(b) Approval of Options for Mr Philip R Wood**

To consider and, if thought fit, to pass the following ordinary resolution:

"That the Company approves the issue to Mr Philip R Wood of 1,200,000 options on the terms summarised in the Explanatory Statement accompanying this Notice of General Meeting."

#### **Resolution 6(c) Approval of Options for Mr A John Moyes**

To consider and, if thought fit, to pass the following ordinary resolution:

"That the Company approves the issue to Mr A John Moyes of 700,000 options on the terms summarised in the Explanatory Statement accompanying this Notice of General Meeting."

#### **Resolution 6(d) Approval of Options for Mr Kenneth J Severs**

To consider and, if thought fit, to pass the following ordinary resolution:

"That the Company approves the issue to Mr Kenneth J Severs of 300,000 options on the terms summarised in the Explanatory Statement accompanying this Notice of General Meeting."

### **Voting Exclusion Statements**

Intec Ltd will disregard any votes cast on Resolution 4 by 'excluded offerees' who participated in the issue of shares, and their associates, as provided for in ASX Listing Rule 14.11.

However, Intec Ltd need not disregard any vote on Resolution 4 if:

- it is cast by a person, as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the Chairman of the meeting, as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the Chairman decides.

Intec Ltd will disregard any votes cast on Resolution 5 by Macquarie Bank Limited and its associates who may participate in the issue of options as provided for in ASX Listing Rule 14.11.

However, Intec Ltd need not disregard any vote on Resolution 5 if:

- it is cast by a person, as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the Chairman of the meeting, as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the Chairman decides.

Intec Ltd will disregard any votes cast on resolutions 6(a) to 6(d) (Approval of Options for Directors) by any Director and by an associate of any Director as provided for in ASX Listing Rule 14.11.

However, Intec Ltd need not disregard any vote by such persons if:

- it is cast by them, as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the Chairman of the meeting, as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the Chairman decides.

### **OTHER BUSINESS**

To transact any other business which may be properly brought before the meeting.

**Dated:** 6 October 2006

By order of the Board

**Robert J Waring**  
Company Secretary

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## EXPLANATORY STATEMENT

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This Explanatory Statement sets out information in connection with the business to be considered at the 2006 Annual General Meeting of Intec Ltd (also 'INL' or 'the Company').

### ORDINARY BUSINESS

The following items of ordinary business will be considered at the meeting.

#### Resolution 1 Adoption of Financial Report

This item of business relates to the receipt and adoption of the Company's Financial Report for the year ended 30 June 2006 together with the related Directors' and Auditor's Reports.

#### Resolution 2 Election of Director – Mr Ian W Ross

Mr Ian W Ross was appointed a Director of the Company on 19 September 2003. Under the Company's Constitution, Mr Ross retires by rotation, and being eligible, wishes to stand for re-election.

#### Resolution 3 Adoption of Remuneration Report

The Corporate Law Economic Reform Programme (Audit Reform and Corporate Disclosure Act 2004 (Cth)) (CLERP 9) requires that a resolution be put to the members to adopt the Remuneration Report as disclosed in the Directors' Report. The vote on this resolution is advisory only and non-binding. The resolution gives the members the opportunity to ask questions or make comments concerning the Remuneration Report during the meeting.

### SPECIAL BUSINESS

The following items of special business will be considered at the meeting.

#### Resolution 4 Approval of issue of Shares

On 1 June 2006 Intec announced that its \$11.34 million capital raising was completed and oversubscribed.

The Company initially undertook an \$6.05 million placement of 55 million INL Shares at \$0.11 (11 cents) each to 'sophisticated investors' (the Placement).

This was then followed by an offering of INL Shares by way of a Share Purchase Plan (SPP) of up to \$5,000 worth of shares at 11 cents each to all eligible INL shareholders to raise a provisional maximum of \$3.95 million. The SPP was oversubscribed and the Directors accepted without scale-back all eligible and legitimate SPP applications received before closing for a total of 38,330,826 INL shares to raise \$4,216,390.

Additionally and concurrently to the SPP, the Company effected a co-placement of 9,788,658 INL Shares (also at 11 cents), principally to larger INL shareholders who are also 'sophisticated investors', raising \$1,076,752.

ASX Listing Rule 7.1 prohibits (subject to certain exceptions such as pro-rata rights and bonus issues) the Company from issuing or agreeing to issue new securities representing more than 15% of its total issued ordinary Shares during the following 12 month period, without shareholder approval. The co-placement closed almost immediately and was heavily scaled back to comply with this Listing Rule.

Resolution 4 seeks shareholder approval pursuant to ASX Listing Rule 7.4 for the placement of 55,000,000 Shares and the issue of 9,788,658 Shares to the 'underwriters' of the SPP (a total of 64,788,658 Shares).

By shareholders approving this issue of securities it enables the Company to make further Share issues without the previous placements counting towards the 15% limit in Listing Rule 7.1. Moreover, these Shares issued and proposed to be approved under Listing Rule 7.4 will be included in the total issued Share capital of the Company when calculating the 15% limit for any future issues.

The parties who took Shares in the Placement were clients of Macquarie Equities, Bell Potter, Wilson HTM and a number of other large Intec shareholders. The parties to whom the Shares were issued are 'excluded offerees' in the context of Section 708 of the Corporations Law 2001 (Cth). No Directors of the Company participated in the Placement.

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## EXPLANATORY STATEMENT (continued)

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The Placement Shares rank pari passu with Intec's previously quoted class of fully paid ordinary shares coded 'INL'. The dates of issue and allotment of the Shares were 8 May and 1 June 2006.

The funds raised through the Placement and the SPP have been used to retire all bank debt totalling \$4.8 million. They have been and are further being used to:

- (a) complete operations of Burnie demonstration plant;
- (b) complete the WorleyParsons review of the feasibility study for the Hellyer Metals Project; and
- (c) provide working capital for the Company's Sydney- and Tasmania-based operations through to substantial positive cash flow by end-2006 from the Hellyer Zinc Concentrate Project venture with Polymetals.

### **Resolution 5 Approval of options for Macquarie Bank Limited**

On 22 June 2005 the Metals and Energy Capital Division of Macquarie Bank Limited (MBL) committed to provide a secured \$2,500,000 standby Working Capital Facility (WCF) to Intec Ltd alongside MBL taking a placement of \$500,000 worth of Intec shares at \$0.069 per share (7,246,377 shares). The \$500,000 placement of shares took place on 23 September 2005.

There are no cash fees payable in respect of the WCF, which is repayable by 31 March 2007.

On 23 September 2005 Intec Ltd issued call options to MBL for the purchase of 15,000,000 of the Company's shares at \$0.08 per share, expiring 30 June 2008 and on 25 November 2005 Intec Ltd issued call options to MBL for the purchase of 10,000,000 of the Company's shares at \$0.08 per share, expiring 30 June 2008.

The Company has agreed to mandate MBL to lead arrange the debt financing and associated metal price and interest rate hedging facilities for development of the Hellyer Metals Project. MBL has twenty years experience and a very strong track record during that time in financing numerous base and precious metals projects, including lead arranging facilities for larger projects.

By Deed Of Amendment dated 15 February 2006, MBL and Intec agreed to increase MBL's WCF to Intec from \$2.5 million to \$5 million until 12 May 2006. In the event that the increased WCF was utilised beyond 13 March 2006, INL would issue 10,000,000 options to MBL, each to purchase one fully paid ordinary INL share at \$0.08 on or before 30 June 2008. In the event that the increased WCF was utilised beyond 10 April 2006 a further 10,000,000 options would be issued on the same terms.

The Australian Stock Exchange Limited (ASX) Listing Rule 7.1 allows the Company to issue a maximum of 15% of its expanded capital in any 12 month period without requiring shareholder approval. ASX Listing Rule 7.4 allows the Company to seek the approval of shareholders for issues made under Listing Rule 7.1. Resolution 5 calls for shareholder approval of 20,000,000 options to be issued to MBL. The funds raised on the exercise of options are to be used to increase working capital and to meet the costs incurred in advancing the Hellyer Metals Project.

### **Resolutions 6(a) to 6(d) Approval of Options for Directors**

In the Company's announcement to ASX dated 25 September 2006, it was foreshadowed that the Company would seek shareholder approval to issue options under the terms of the Intec Option Plan (IOP) equal in total to up to 5% of the Company's issued shares as performance incentives to Directors, staff and key consultants. The last approval of shareholders was sought and obtained at the 16 November 2005 Annual General Meeting for the proposed issue of options to Directors made up of 318,419 options for R H Jenkins, 1,014,590 options for P R Wood, 804,832 options for A J Moyes, 329,783 options for J P Evans, 329,783 options for I W Ross, 335,535 options for K J Severs and 329,783 options for G L Toll. These options were issued for no consideration, have an exercise price of 6.9 cents and an expiry date of 24 February 2010 and were granted immediately following the 2005 Annual General Meeting.

In June 2006 the Company completed a \$11.34 million capital raising consisting of:

- a placement to clients of MBL and Bell Potter of 55,000,000 ordinary shares at a price of \$0.11 per share which raised \$6,050,000.
- Share Purchase Plan (SPP) and accompanying co-placement resulting in the issue of 48,119,484 shares at a price of \$0.11 per share, raising \$5,293,143.24

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## EXPLANATORY STATEMENT (continued)

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Under the terms of the IOP and pursuant to the recommendation of its Remuneration Committee, on 31 August 2006 the Company's Board of Directors granted 5,050,000 options as recognition and incentive for staff and key consultants (excluding Directors), who advanced the Company's technical and corporate progress during the 18 month period 1 January 2005 to 30 June 2006. The options are exercisable at \$0.11 per share for a period of five years expiring on 30 August 2011.

Additionally under the IOP, it is proposed to grant 2,600,000 options, on the same terms and in respect of the same period as above, to the Company's Directors. Approval is now sought for the issue of a total of 2,600,000 options under the terms of the IOP to those Directors of the Company who held office during the year ended 30 June 2006, as set out below. Assuming that these options are approved, the total number of options granted under the IOP will remain at 5% of INL's issued share capital and all options will be issued by 30 November 2006.

(a) The following Directors are proposed to be issued options under the IOP, subject to shareholder approval:

- Mr Ian W Ross (Chairman) – 400,000 options
- Mr Philip R Wood (Managing Director and Chief Executive Officer) – 1,200,000 options
- Mr A John Moyes (Technical Director) – 700,000 options
- Mr Kenneth J Severs (Non-executive Director) – 300,000 options

(b) the aggregate number of options intended to be granted to the Directors, subject to shareholder approval, is 2,600,000, made up as follows:

Mr Ian W Ross (Chairman) – 400,000 options

Mr Philip R Wood (Managing Director and Chief Executive Officer) – 1,200,000 options

Mr A John Moyes (Technical Director) – 700,000 options

Mr Kenneth J Severs (Non-executive Director) – 300,000 options

(c) the options are proposed to be granted immediately following the meeting at which this resolution is approved, for no cash consideration. The options expire on 30 August 2011 and may be exercised (and shares will be issued) at a price of A\$0.11 per share.

No Director shall participate in an issue under the IOP unless shareholders in general meeting approve the specific issue.

It is proposed that the options be granted in recognition of the contribution to the Company by Directors in the 18 months up to 30 June 2006 and the ongoing responsibility that they assume for the affairs of the Company. All of the Directors mentioned in (b) above are entitled to participate in the IOP. There have been significant positive developments to the Company's portfolio of metals processing technologies and projects achieved during the past year, in particular in relation to the Hellyer Metals Project. The allocation of the options to both staff and the Directors seeks in part to recognise the considerable contributions of the relevant individuals to these successes.

At the time of writing, the price of the Company's shares is \$0.13 compared with the range \$0.077 and \$0.17 during the previous six months. The Board has agreed that the proposed exercise price is the same as the shares issued in the \$11.34 million capital raising during May/June 2006 referred to above.

Using the Black and Scholes option valuation methodology and assuming a valuation date of 25 September 2006, the date on which similar options were granted to staff and key consultants, when the share price was \$0.135, the options have a value of approximately \$0.084 each. Accordingly the total value of options proposed to be granted to Non-executive and Executive Directors is \$200,568 (comprising I W Ross \$30,857, P R Wood \$92,570, A J Moyes \$53,999 and K J Severs \$23,142). The assumptions used in the calculation are the risk free rate of 6.00%, based on the Australian Government Bond Rate, an exercise price of \$0.11 compared to the share price of \$0.135 on the valuation date and the last traded share price of the shares of the Company on ASX of \$0.13 and a volatility of 51.4% factoring the historical share price volatility.

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## EXPLANATORY STATEMENT (continued)

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It is noted that these Directors have the following number shares/options in the Company; I W Ross (417,919 shares and 329,783 options), P R Wood (2,022,770 shares and 2,617,298 options), A J Moyes (1,450,118 shares and 3,315,118 options) and K J Severs (1,444,918 shares and 771,010 options). The dilutionary effect of the issue of 2,600,000 options to these Directors will be 0.44% of the expanded shares and options on issue. Currently there are 535,445,463 ordinary shares on issue. At the date of the notice there are 50,431,437 options on issue with exercise prices of between \$0.069 and \$0.49625, which expire on dates from July 2007 to August 2011.

The Directors do not make any recommendation to members on the resolution because of their personal interest in the subject matter of the resolution.

### **Copy of the Rules**

Copies of the Rules of the IOP are available to shareholders free of charge on request.



## FORM OF PROXY FOR 2006 ANNUAL GENERAL MEETING

I/We, THIS IS A SAMPLE ONLY  
(Name of Shareholder)

Of

\_\_\_\_\_  
(Address of Shareholder)

being a shareholder of Intec Ltd hereby appoint:

\_\_\_\_\_  
(Name of Proxy)

\_\_\_\_\_  
(Address of Proxy)

or, failing him/her, **the Chairman of the Meeting** as my/our proxy to attend and vote for me/us and in my/our name at the Annual General Meeting of Intec Ltd to be held on Wednesday 15 November 2006 and at any adjournment of that meeting.

**Each shareholder should see overleaf for information concerning how to vote by proxy or appoint a corporate representative.**

**If you do not wish at all to direct your proxy how to vote, please place a mark in this box.**

By marking this box, you acknowledge that, if the Chairman is your proxy, the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

*If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the resolution and your votes will not be counted in calculating the required majority of a poll is called on the resolution.*

The Chairman of the meeting intends to vote undirected proxies in favour of all resolutions set out in the Notice of Meeting.

### RESOLUTIONS

#### Resolutions

	For	Against	Abstain
1 Adoption of Financial Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director – Ian W Ross	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of Options for Macquarie Bank Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of Options for Directors			
(a) Ian W Ross	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) Philip R Wood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) A John Moyes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) Kenneth J Severs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature of Member:

Execution by Corporate Member

Director/Secretary

Director

Date: \_\_\_\_\_

## **VOTING BY PROXY AND APPOINTMENT OF A CORPORATE REPRESENTATIVE**

1. A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Where two proxies are appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights.
2. A proxy need not be a shareholder of the Company. A shareholder may appoint as its proxy the "Chairman of the Meeting".
3. A proxy given by a corporation must be executed under seal or under the hand of a duly authorised officer or attorney. Either of the joint holders of a share may sign the proxy form.
4. To be effective, the proxy form and the power of attorney or other authority (if any) under which each is signed (or a copy of that power or authority certified in a manner acceptable to the Directors of the Company) must be received at least 48 hours prior either to the meeting (i.e. not later than 5.30 pm on 13 November 2006), or to any adjourned meeting, at the Company's Share Registrars being:

### **Registries Limited**

**Facsimile:** 02 9279 0664

**Mail:** PO Box R67, Royal Exchange, NSW 1223

**Delivery Address:** Level 2, 28 Margaret Street, Sydney NSW 2000

5. Additional proxy forms will be supplied on request.
6. A body corporate may appoint a representative to attend, vote at and otherwise act for it at the meeting in accordance with the Corporations Act 2001.