



Intec Ltd

ABN 25 001 150 849

Superior and Sustainable Metals Production

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30 April 2007

Companies Announcements Office
Australian Stock Exchange Limited

Quarterly Activities Report: Appendix 4C March 2007

On behalf of Intec Ltd (ASX code: INL, or the Company), I now attach the March 2007 Quarterly Report for Entities Admitted on the Basis of Commitments (Appendix 4C).

Highlights

- *INL's EBITDA in the March 2007 Quarter was approximately A\$3.7 million, including payments subsequently received for the second zinc concentrate shipment on 27 March 2007 and the sale completed at the beginning of April of all shares (excluding options) in Jervois Mining Limited (JRV);*
- *The Hellyer Zinc Concentrate Project (HZCP) is now operating profitably, with production ramping up to monthly 'in-spec' shipments of ~5,000t, operating costs at or below target, and buoyant zinc/lead/silver prices;*
- *Trial processing of Bass Metals Ltd's (BSM's) high zinc grade Que River ore appears to have been successful, with likely favourable metallurgical recoveries and product outcomes. BSM has just completed a completely successful rights issue in which INL's participation took its BSM shareholding to 23.49%;*
- *The Ammtec report on 'steady state' operations at the Burnie Demonstration Plant (BDP) has been completed with a set of information and conclusions leading to setting up the BDP for commencement of the previously outlined Intec Hellyer Residues Project (IHRP) in the second half of 2007;*
- *The IHRP has progressed significantly towards completion in 2008. The Intec Process will be used to extract zinc, lead, and silver from electric arc furnace dust and potentially other zinc-bearing oxidised residues, followed by precipitation of high-grade zinc sulphide product. The IHRP plant at Hellyer will be Intec's first commercial-scale plant, generating substantial near-term cash flow through blending with, and enhancement of, the HZCP zinc bulk concentrate for sale of increased tonnages to the HZCP's existing customers. Because there is no zinc electrowinning required, the IHRP will have low capital and operating costs, together with short lead-times on design and construction; and*
- *Acquisition and then divestment of a strategic stake in JRV resulted in cash profits of A\$2.5 million, with 107.2 million JRV options retained for an additional profit (marked to JRV's current market price) of A\$1.6 million.*

+ See chapter 19 for defined terms.

Hellyer Zinc Concentrate Project (HZCP)

Following formal announcement of commercial production of bulk zinc concentrate at the HZCP (a 50/50 joint venture between INL and Polymetals (Hellyer) Pty Ltd) on 1 December 2006, operations at the Intec Hellyer Mill have progressed well through a ramping-up phase during the March 2007 quarter towards current stable production.

This followed a six-month preparatory period, during which the Intec Hellyer Mill and related infrastructure had been refurbished after having been on care-and-maintenance since closure of the Hellyer mine in 2000. The Intec Hellyer Mill uses conventional grinding and flotation to re-treat the tailings from the nearby 10.8Mt dam remaining from the former Aberfoyle/Western Metals operations.

As described in the December 2006 Quarterly Report, dredging operations to mine the tailings feedstock (average grade 2.8% Zn) experienced an initial phase of low zinc grade as mining was established. This has now passed, with average tailings grade being recovered from the dam routinely achieving or exceeding 2.8% Zn. Dredging rates have achieved targeted levels during the March 2007 quarter and an extension has recently been added to the dredge to enable the cutter head to access the deeper richer tailings to a depth of 15 metres.

The Intec Hellyer Mill is processing all of the supplied tailings feedstock, and more recently the trial mining ore brought via the 3km haul road from BSM's Que River Project (which will be discussed in greater detail below). Mill reagent consumption has stabilised at or below planned levels while recoveries have fluctuated above and below target throughout the last month. Overall, the ramp-up in concentrate production has been encouraging, with operating costs consistently below target levels.

The HZCP loaded its first and second ~5,000 tonnes shipments of bulk zinc concentrate at the Port of Burnie on 30 January and 27 March 2007, respectively, with a third ~5,000 tonnes shipment having been loaded on 27 April 2007. Thus the HZCP production is approaching the point of regular monthly shipments.

Bass Metals Ltd (ASX code: BSM)

The strong support by the Board and Management of INL for their BSM counterparts is reflected in on-market buying and early exercise of options during the March 2007 Quarter, INL's full take-up of its rights and application for shortfall shares under BSM's recent rights issue, and INL's A\$1.5 million sub-underwriting of that rights issue. Thus, at the conclusion of the rights issue on 24 April 2007, INL's shareholding in BSM stands at 23.49% (plus 1,235,289 30 April 2010 40 cents BSM options).

Processing through the Intec Hellyer Mill of high zinc grade ore from BSM's trial mining at Que River commenced on 28 March 2007. Initial issues with feeding the wet, 'sticky' trial ore into the Intec Hellyer Mill were overcome and metallurgical recoveries and product outcomes look initially to be favourable, subject to awaited assay results.

+ See chapter 19 for defined terms.

Following this trial, it is anticipated that the Letter of Intent between BSM and the Hellyer Zinc Concentrate Project (HZCP) Joint Venture parties will proceed to formal agreement for the treatment of approximately 100,000tpa of Que River ore grading 8-15% zinc (plus substantial lead and silver credits).

The processing of BSM's high-grade Que River ore offers the potential to increase the overall quantity and quality of zinc bulk concentrate production by the HZCP and thus to further enhance the HZCP's economics, whilst providing BSM with excellent near-term cash flow at minimal up-front capital cost.

Each of INL and BSM bring specific strengths to their collaboration: BSM does so in geology, exploration and (in joint venture with Mancala Pty Ltd) mine development, and as holders of the largest area of exploration tenements in northwestern Tasmania; and INL does so in cash flow positive concentrate production (in joint venture with Polymetals) through ownership of the Intec Hellyer Mill and the Hellyer tailings resource, and as BSM's capital-supportive largest shareholder.

Intec Hellyer Residues Project

Intec is pleased to report that the progress of the IHRP (as foreshadowed in our previous quarterly and half-yearly reports) remains on-track for completion in 2008 via staged development for earliest possible production at the lowest capital and operating cost.

Electric arc furnace dust (EAFD) and potentially other zinc-bearing oxidised residues will be treated using Intec's patented hydrometallurgical processing technology to extract the contained metals (primarily zinc, but also lead and silver) into solution, leaving an environmentally-stable hematite residue. The metals will then be precipitated as a high-grade zinc sulphide, which can then be blended with the bulk zinc concentrate from the HZCP to increase the volume and enhance the overall saleability of that product to existing customers

As the first stage IHRP will not utilise the zinc electrowinning portion of the Intec Zinc Process technology, the capital costs will be relatively low, and the lead-time for design and construction of the project will be minimised. The IHRP will initially be capable of treating the annual Australasian production of 25,000tpa EAFD.

As an interim means of delivering value from EAFD resources, trials of blending beneficiated EAFD with the bulk zinc concentrate product from the HZCP continue. Pilot-scale beneficiation trials at Sydney and Burnie were successful in upgrading the zinc content of the EAFD, thereby enhancing their suitability for potential blending with the bulk zinc concentrate.

Burnie Demonstration Plant (BDP)

Concurrently, the report by Ammtec Limited resulting from last year's 'steady state' operation of the BDP is now complete. The report provides feedback on the operations at the BDP (which will be made separately available in more detail) leading to the IHRP. The Ammtec report also supplies

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engineering data for the updating of H.G. Engineering's 2004 Prefeasibility Study for the original Hellyer Metals Project (now substantially altered however by the HZCP and IHRP) by WorleyParsons, one of Australia's major engineering firms (with whom H.G. Engineering has recently merged), and by Intec's technical staff. The report interprets the large volume of data from the BDP operations, as well as significant follow-up optimisation work that has continued at Burnie and at Intec's University of Sydney laboratories during recent months.

Intec has received in-principle approval from the Tasmanian Department of Tourism, Arts and the Environment for the reconfiguration of the BDP, which will replicate the feedstock and conditions associated with the IHRP during the second half of 2007. Construction of the larger IHRP plant at Hellyer is expected to commence in 2008, with commissioning the same year.

Utilising much of the same equipment and technology, the use at the BDP of higher-grade feedstocks (primarily EAFD containing ~30-40% Zn) compared to the previous feed (primarily tailings, ~2.8% Zn) means that the same equipment can produce significantly more saleable product (~400tpa contained Zn, compared to ~30tpa).

Although too small a plant to be profit-generating, semi-commercial operation of the BDP delivers a number of important advantages, potentially even after the IHRP commences:

- It allows a means of trialling different feedstocks;
- It allows INL to test, at representative engineering scale, the effectiveness of changing parameters within the Intec Process, without risking interfering with cash-generating production;
- It continues to develop operational experience for existing and new staff, acting as a training ground for future operators of the IHRP; and
- In the lead-up to the IHRP, it offers a location for potential investors to visit and to see the Intec Process in operation.

Corporate

Cash Position

The Company's cash balance at 31 March 2007 was A\$3,664,000. During April 2007 A\$2,500,000.00 was repaid under the Macquarie Bank working capital facility, leaving an outstanding balance of ~A\$2,000,000 (further repayment of which is anticipated during the current quarter).

Provisional payments of approximately A\$2.36 million and A\$2.00 million as Intec's share of 90% of the value of the first and second bulk zinc concentrate shipments (after smelter charges) were received on 28 February 2007 and 18 April 2007, respectively.

The Directors consider that the Company's available cash, receivables, securities and other liquid current assets, income from the HZCP and debt facility with Macquarie Bank are more than sufficient for its working capital requirements (inclusive of the HZCP).

+ See chapter 19 for defined terms.

Jervois Mining Limited (ASX code: JRV)

During the December 2006 and March 2007 quarters, INL purchased JRV shares on-market and then pursuant to JRV's recent two-for-five rights issue and the ensuing protracted rights issue shortfall placement (each right comprising a 1 cent JRV share together with a free attaching 1 cent JRV option) at an overall average price of 1.16 cents per JRV share (fully diluted and inclusive of the presumed future payment of the 1 cent exercise price for each of INL's JRV options). As at the date of lodgement of the Notice of Substantial Shareholding on 23 February 2007, INL was the beneficial owner of 14.56% of JRV on a fully diluted basis.

INL approached the Board and Management of JRV with two proposals by which INL could offer its technological expertise as a world leader in chloride hydrometallurgy as well as its existing plant facilities, to accelerate and reduce the costs of the development and commercial application of an analogous technology (to the Intec Process) being developed for JRV's nickel laterite assets by the respected Canadian researcher, Dr Bryn Harris and his team. INL did not propose that its own process be used by JRV, but rather that JRV avail itself of INL's other tangible and intangible hydrometallurgical assets.

INL's view is that intellectual property is only a small part of the overall value of a commercial outcome for a new hydrometallurgical technology, given the enormous amount of time, money, engineering, marketing, project financing, etc. required before any profit is made. Inability by innumerable hydrometallurgical 'inventors' worldwide to understand this explains the consistent failure of their business plans. Thus INL looks to technical and corporate collaboration with those inventors of meritorious technologies in our general field where the Company can be of assistance.

The Board of JRV didn't share INL's vision of co-operation in relation to JRV's nickel laterite assets, which are large and well-situated, but complex and relatively low grade, thus requiring an as-yet-to-be-developed technology to support their commercial exploitation. Intec's merger proposals offered to assist this development and were pitched at implied valuations of JRV's projects that recognised the very significant cost, time and technical challenges involved in their commercial development.

The frenetic market response in JRV share trading to INL's 23 February 2007 Notice of Substantial Shareholding, presumably based on speculation of INL's intentions regarding JRV, increased the market capitalisation of JRV beyond that calculated from INL's own analysis. Therefore, following the rejection of INL's proposals by the Board of JRV, INL sold its entire issued shareholding in JRV for a gross profit of ~A\$2.5 million (excluding potential future profits following INL's exercise of its JRV options).

INL retains 107.2 million JRV options exercisable at 1 cent each, and this equates to 5.12% of JRV on a fully diluted basis. Assuming that they remain 'in the money', INL intends to exercise these options at or before the 30 November 2007 exercise date, or prior to the record date of any earlier meeting of JRV shareholders.

At the time of writing, the attributable value of the 107.2 million JRV options (marked to JRV's current 2.5 cents share price) was ~A\$1.6 million.

+ See chapter 19 for defined terms.

Other Corporate Matters

On 28 February 2007 the INL board was pleased to announce its appointment of Messrs. Trevor Jones and Kieran Rodgers to the Board, as Non-executive Director and Finance Director respectively.

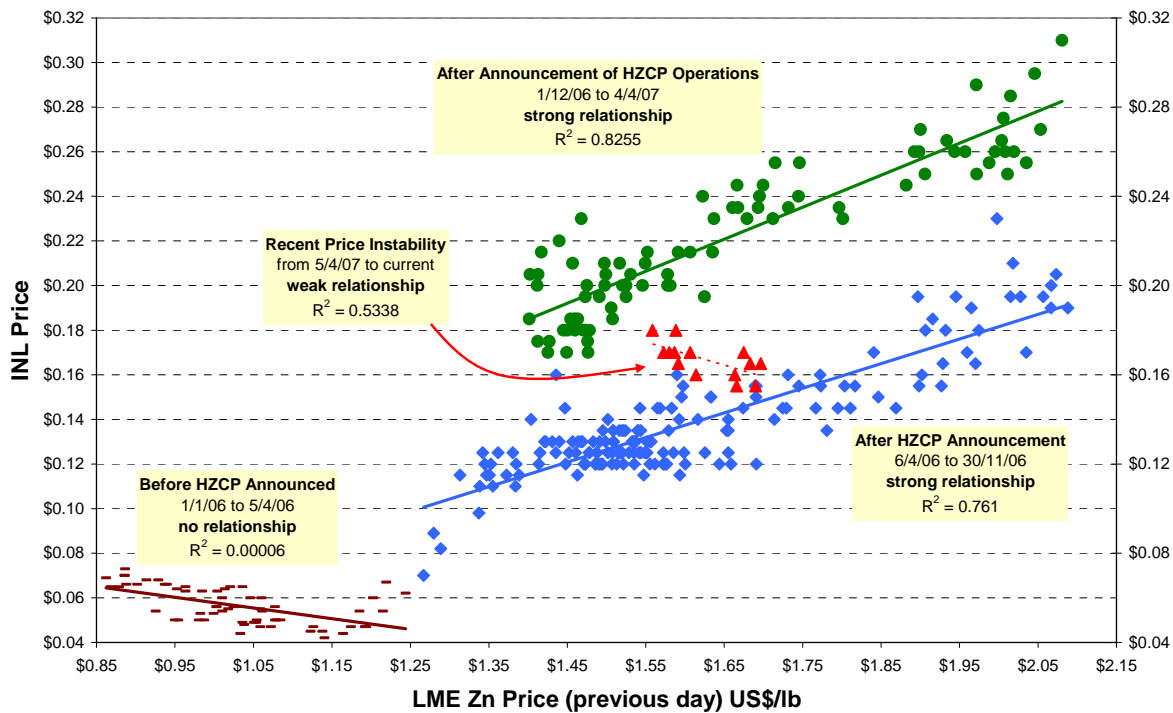
The INL share price retreated relentlessly during the first quarter of 2007 and has continued to do so almost until the time of writing (see chart). Despite this disappointing share price performance, the fundamentals of INL remain excellent and the intrinsic value of each INL share has, if anything, increased over that same period. This is because the HZCP is now producing cash; BSM (in which INL has increased its ownership) is progressing very well; INL's corporate actions produced realised and unrealised profits of ~A\$2.5 million and ~A\$1.5 million respectively in the March Quarter; and the schedule for the IHRP, being the commercial application at Hellyer of the Intec Process technology derived from the Burnie Demonstration Plant, is now on fast track for commissioning in 2008.

INL shareholders are reminded (as may be seen in the following chart) that the average closing price for INL shares in the March 2006 Quarter was 5.6 cents, compared to 21.2 cents during the March 2007 Quarter.

INL Price vs LME Zinc Price



+ See chapter 19 for defined terms.



The second graph shows that (until recently over the past year) there has been a strong relationship between the Intec share price and the previous day's LME zinc price. As the LME price becomes available to the Australian market overnight, it tends to impact upon the next day's INL share price on ASX.

Prior to the announcement on 6 April 2006 of the HZCP, the INL share price showed no relationship to the LME zinc price. (Note: the statistical "correlation coefficient" or R^2 value for a linear regression may range between 0 and 1. A value close to zero suggests no relationship between the two data sets. A value of 1 indicates a perfect correlation.)

Following the announcement of the HZCP, the market responded by linking (to a limited extent) the INL share price to the previous day's LME zinc price. As the LME zinc price increased, so too did the INL share price. This can be seen in the blue line and diamond-shaped data points.

Following the announcement on 1 December 2006 that the commissioning phase of the HZCP was complete and that production had commenced, the market responded with a step change in the share price of INL. Put another way, the relationship (ie the slope of the line) between the INL price and the LME zinc price remained almost the same, but the INL share price was revalued to a higher figure.

Again, throughout the period from 1 December 2006 as the LME zinc price increased and then decreased, so too did the INL share price. This can be seen in the green line and round data points. However, since the close of the March 2007 Quarter, the relationship between the INL price and the LME zinc price has broken down. Over the last three weeks, and for no apparent reason, the LME zinc price has increased, while the INL share price has declined. This can be seen in the red line and triangular data points.

+ See chapter 19 for defined terms.

Despite persistent erroneous market rumours to the contrary and as the accompanying comparative table shows, INL's Top 20 share register has remained remarkably stable throughout the March 2007 Quarter. Of the current top 20 shareholders, all have held or increased their shareholding over the last three months. In part, the large bank nominee holdings are understood to represent numerous European investors introduced via INL's Deutsche Boerse listing.

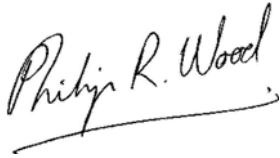
Top 20 Shareholding as at 24 April 2007

Top 20 Shareholder as at 24/4/07	As at 30/1/07	As at 24/4/07	Change
ANZ Nominees Limited	40,756,596	41,026,707	Increase
Orian Holding Corp (Ivanhoe Mines)	34,312,366	34,312,366	Stable
National Nominees Ltd	22,334,842	23,714,842	Increase
Oregon Nominees Pty Ltd	8,300,000	10,500,000	Increase
Alliance Resources Limited	7,952,200	7,952,200	Stable
Macquarie Bank Limited	7,246,377	7,246,377	Stable
Mr Stephen Stone	6,083,400	6,083,400	Stable
Reach Out Pty Ltd	5,572,460	5,572,460	Stable
Mr William Conway	5,046,428	5,046,428	Stable
Mr Michael McKenzie	5,045,455	5,045,455	Stable
Smacer Pty Ltd	4,590,910	5,000,000	Increase
Mr Peter Taylor	4,045,455	4,045,455	Stable
Grizzly Holdings Pty Ltd	3,885,691	3,885,691	Stable
JJ Johnson Jacobs Pty Ltd	3,500,000	3,651,131	Increase
Kurraba Investments Pty Ltd	3,454,545	3,454,545	Stable
Citicorp Nominees Pty Limited	1,550,904	3,287,845	Increase
Wendelini Pty Limited	3,234,583	3,234,583	Stable
Shell Cove Capital Management Pty Ltd	0	3,223,312	Increase
Barona Group Pty Ltd	3,066,364	3,166,364	Increase
Plymouth Holdings Inc	3,143,173	3,143,173	Stable
Top 20 Total Holding	176,121,749	182,592,334	

+ See chapter 19 for defined terms.

I thus reiterate my statement in the December 2006 Quarterly to the effect that the current major shareholders have advised me that they have no further foreseeable selling intentions. Now that INL is demonstrably a cash flow positive zinc producer, it is obtaining broker research coverage, and, once this has commenced in May 2007, I will then be looking to fortify the Company's institutional shareholding base in the ensuing 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 stroke.

Philip R Wood
Managing Director and Chief Executive Officer

Rule 4.7B

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 2007

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	2,364	2,364
1.2 Payments for		
(a) staff costs	(608)	(1,932)
(b) advertising and marketing	(24)	(72)
(c) research and development	(101)	(233)
(e) demonstration plant costs	(313)	(2,748)
(d) bankable feasibility study	(178)	(624)
(e) other working capital	-	(78)
(f) HZCP joint venture costs	(1,865)	(2,206)
(g) administration and corporate costs	(307)	(1,108)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	14	115
1.5 Interest and other costs of finance paid	(78)	(78)
1.6 Income tax rebate received		
1.7 Other income	-	48
Net Operating Cash Flows	(1,096)	(6,552)

+ See chapter 19 for defined terms.

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

Net Operating Cash Flows (Brought Forward)	(1,096)	(6,552)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments	(2,561)	(3,873)
(c) other fixed assets	(364)	(423)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments	3,419	3,419
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	494	(877)
1.13 Total operating and investing cash flows (carried forward)	(602)	(7,429)
1.13 Total operating and investing cash flows (brought forward)	(602)	(7,429)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	73	181
1.15 Proceeds from sale of forfeited shares		
1.16 Proceeds from borrowings	3,178	4,428
1.17 Repayment of borrowings	-	-
1.18 Dividends paid		
1.19 Other (provide details if material)- share issue costs	-	(9)
Net financing cash flows	3,251	4,600
Net increase (decrease) in cash held	2,649	(2,829)
1.20 Cash at beginning of quarter/year	1,015	6,493
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	3,664	3,664

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Payments to directors of the entity and associates of the directors

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

1.23 Aggregate amount of payments to the parties included in item 1.2	196
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salaries, Directors fees and consultancy fees at normal commercial rates.

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

Nil

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

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	4,500	4,428
3.2 Credit standby arrangements	Nil	Nil

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
5.1 Cash on hand and at bank	3,543	894
Deposits at call	121	121
Bank overdraft	-	-
Other - 30 day bank bills	-	-
Total: cash at end of quarter (item 1.22)	3,664	1,015

+ See chapter 19 for defined terms.

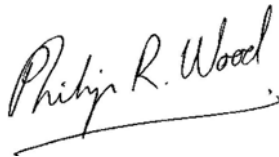
Acquisitions and Disposals

- 5.1 Name of entity
- 5.2 Place of incorporation or registration
- 5.3 Consideration for acquisition or disposal
- 5.4 Total net assets
- 5.5 Nature of business

Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
Not Applicable	Not Applicable

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:

(Director/~~Company Secretary~~)

Date: 30 Apr 2007

Print name: Philip R Wood

+ 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.