Intec Ltd

ABN 25 001 150 849

Superior and Sustainable Metals Production

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Companies Announcements Office
Australian Securities Exchange

29 January 2008

Quarterly Activities Report: Appendix 4C December 2007

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

Highlights

- *The Hellyer Zinc Concentrate Project Joint Venture achieved record tailings throughput of 366,500t during the December 2007 Quarter.*
- *As expected from the mining plan, tailings grades were low (averaging 2.1% Zn), yielding steady production of bulk zinc-lead concentrate. Higher grade tailings at greater depth will be accessed during the current quarter.*
- *The refurbished High Intensity Conditioners yielded an immediate ~10% improvement in zinc recovery at the Intec Hellyer Mill. Other optimisation projects are continuing.*
- *Full regulatory approval for the Hellyer Residues Project has now been received.*
- *Initial site works commenced immediately, and stockpiling of electric arc furnace (EAF) dust is due to commence at Hellyer in early February.*
- *The Australian Government has promised A$11.7 million in funding for rail infrastructure on the Western Rail line in northwestern Tasmania.*
- *Campaign operations at the reconfigured Burnie Demonstration Plant have successfully demonstrated all of the unit hydrometallurgical operations of the Intec Process for the Hellyer Residues Project (except for the continuous Mg/Mn bleed stream which is currently being conducted in Intec's Sydney laboratories). Demonstration of the required kilns for the production of zinc oxide and calcium sulphide has been conducted off-site by third party consultants.*
- *The Hellyer Residues Project remains on-track for financing and construction in 2008, and commissioning and operation in 2009.*
- *Testwork for third parties at Intec's Sydney laboratories continued the strategic development of future projects in relation to a range of base and precious metals, both in Australia and internationally.*
- *New drill results from Bass Metals Ltd (23.5% owned by Intec) have increased the tonnage potential for the Southern Barite Zone near the Intec Hellyer Mill beyond previous expectations.*
- *Intec has opened a representative office in Guangzhou, China, to facilitate feedstock and product supply/sales agreements for the Hellyer Residues Project, to help develop project opportunities for the Intec Process technology, and to facilitate potential sourcing of investment funding for the Hellyer Project.*
- *The total cash available at the end of the quarter was A$1,756,694*

Hellyer Zinc Concentrate Project (HZCP)

The Intec Hellyer Mill, viewed from the 'run of mine' ore pad to the south-west of the plant

A record 366,500 tonnes of Hellyer tailings feedstock was dredged and processed through the Intec Hellyer Mill during the December Quarter, up from 247,900 tonnes and 240,600 tonnes in the previous two quarters. Production at the Hellyer Zinc Concentrate Project was steady, however, as dredging of lower-grade tailings in the later, near-surface zones of the Hellyer tailings dam limited the total quantity of contained lead and zinc entering the mill.

Given the relatively low grades (averaging approximately 2.1% Zn during the Quarter), the fact that Polymetals personnel, the operators of the Intec Hellyer Mill, continued to produce saleable grades of zinc-lead concentrate with relatively high recovery rates (considering the low grade of the feed) provides a strong endorsement of the quality of the asset, and the ongoing efforts by those personnel to maximise the efficiency of those operations.

Table 1: Production Results from the Hellyer Zinc Concentrate Project

	Dec 2006 Quarter	**June 2007 Quarter**	**Sept 2007 Quarter**	**Dec 2007 Quarter**
Tailings treated (tonnes)	131,324	240,626	247,874	366,513
Zinc (%)	2.2	3.5	2.8	2.1
Lead (%)	2.2	3.3	3.1	2.9
Silver (g/t)	96	89	78	71
Bulk zinc/lead concentrate (dry tonnes)	2,878	13,813	11,820	11,250
Contained zinc (t)	1,131	5,248	4,021	4,113
Contained lead (t)	279	1,386	1,447	1,391
Zn recovery (%)	39	62	59	55
Pb recovery (%)	9.6	18	19	13
Contained silver (kg)	660	2,101	2,152	2,161

Dredging of the near-surface low-grade cuts is expected to be complete by the end of January, with the next series of cuts to be in deeper, high-grade zones of the tailings dam. Average tailings feedstock grades in February are expected to be above 3% Zn.

The timing of a product shipment (~5,000 wet tonnes) late in December results in January payment, which is not accounted in the cash flow statements of this report. Project revenues were also impacted by weaker zinc and lead prices, which fell by 22% and 23% respectively in Australian dollar terms (Zn: A$3,455 to A$2,685, Pb A$3,889 to A$2,985) during the Quarter.

These factors aside, the operation of the Hellyer Zinc Concentrate Project continued to be profitable, with total product shipments to Chinese smelter customers being approximately 16,000 (wet) tonnes for the Quarter.

A number of plant optimisation projects were advanced or completed during the December Quarter:

- The refurbished High Intensity Conditioners (HICs) were put into operation on-schedule in the first week of November, resulting in approximately 10% improvement in zinc recoveries at the Intec Hellyer Mill. Continued optimisation of this circuit resulted in improvements in lead recoveries during December. This was one the factors supporting good continued concentrate production despite the low head grade of the tailings feedstock.
- Following the success of the HIC commissioning, work was progressed to refurbish additional flotation cells to increase plant capacity. This was completed early in January, 2008.
- The Profloat magnetic agglomeration system completed installation in November, and plant trials commenced late in the month. These are being run as on/off trials to differentiate the effects of the magnetic system from the ongoing improvements achieved by the HICs.

Bass Metals Ltd (ASX code: BSM)

Bass Metals Ltd (23.5% owned by Intec Hellyer Metals Pty Ltd) announced on 5 October 2007 that diamond drill hole HLD957 had intersected 57.5 metres containing 9.2% Zn, 4.7% Pb, 94 g/t Ag and 2.89g/t Au from 181 metres downhole at the Southern Barite Zone target, along strike from the historic Hellyer mine. Further exploration results were released on 17 January 2008 that have been interpreted to increase the tonnage potential from that originally anticipated by Bass Metals.

The new drill results confirm that the mineralisation intersected in the previous hole represents “a wide zone of high-grade massive base metal mineralisation containing excellent gold and silver credits, which remains open down-dip and to the north and south…for at least 75 metres.”

The Southern Barite zone that is the current subject of Bass Metals’ exploration lies approximately 2km from the Intec Hellyer Mill, and is probably associated with the same mineralisation as the original Hellyer deposit.

Also during the December 2007 Quarter, Bass Metals shareholders voted in favour of Intec participating pro rata in a placement (at 42 cents per BSM share) to maintain Intec’s 23.5% holding in that company.

Hellyer Residues Project

The December 2007 Quarter was again marked by the achievement of a number of significant milestones for the Hellyer Residues Project. Most importantly, Intec received the three major approvals for the immediate commencement of site work for the Project:

- the Development Approval, received from Waratah-Wynyard Council after receiving a positive assessment and required approval conditions from the Tasmanian Department of Tourism, Arts and the Environment. This approval permits the full Hellyer Residues Project Development, including the stockpiling of EAF dust at Hellyer, construction and operation of the Intec Process plant, and disposal of the environmentally-stable residues from the plant.
- the Building Permit, received from Waratah-Wynyard Council, which allows the retrofitting of an existing shed adjacent to the EAF dust bunker storage site.
- The Consignment Authorisation, received from the Tasmanian Department of Tourism, Arts and the Environment, permitting the importation of EAF dust from Victoria and NSW.

It is worth noting that the very rapid processing of Intec's development proposal for the Hellyer Residues Project – less than four months from the date of application to final approval being received – represents a strong endorsement of the environmental benefits offered by the Project. This is further supported by the fact that the proposal received no community objections whatsoever, which is in stark contrast to other project proposals that were concurrent in Tasmania at the time of Intec's application.

Following receipt of these approvals, site works were initiated for storage of EAF dust as the primary feedstock for the Project. An open area nearby the proposed plant site has been modified to accommodate the storage of up to 25,000 tonnes of EAF dust in a type of temporary storage bunker that is commonly used for bulk commodities, particularly grains. In such applications, it is important that the storage is impervious to both infiltration of water and rodents. While the latter is obviously not an issue for EAF dust, this form of storage is designed to ensure complete containment of this valuable feedstock.

Philip Wood (Managing Director & CEO) with John Moyes (Technical Director) at the bunker storage pad. The receiving shed is shown in the background.

Immediately adjacent to the bunker storage pad, an existing shed is being retrofitted to act as a receiving station for the bulk EAF dust, which will be brought to the Hellyer Residues Project site in sealed containers. The EAF dust will be unloaded under controlled conditions into the shed, and then conditioned with

5-10% moisture to improve the materials handling properties prior to transfer to the storage bunkers. The moisture is added after transport to avoid needless expense of transporting contained water.

Intec continued to receive EAF dust arisings from OneSteel's Laverton and Waratah steel mini-mills throughout the December 2007 Quarter, with the stockpile now having grown to over 26,000 tonnes via the receipt of 3,500 tonnes of very high-grade (averaging almost 40% Zn) EAF dust during the quarter.

Rail Infrastructure

As a potential enhancement to both Intec's projects operating at Hellyer, the Federal Government has promised $11.7 million of funding for the upgrading of the Western Rail, specifically the refurbishment of the Hellyer spur line to Intec's Hellyer site and the rail extension from Melba Flats to Zeehan, location of Intec's 460,000 tonne stockpile of Zeehan Residues. The Company expects that the promised upgrades have the potential to deliver substantial economic, safety, environmental and social benefits to the projects and to the entire regional community.

Part of the 11km Hellyer Spur line, viewed from a culvert near the Intec Hellyer Mill

The Company met with the Hon. Dick Adams, Federal Member for Lyons, Tasmania, and to the Hon. Sid Sidebottom, Federal Member for Braddon, Tasmania in early January 2008, as well as with representatives of the Rail Management Unit of the Tasmanian Department of Infrastructure, Energy and Resources, and of Pacific National, owners of the Western Rail line. These discussions proved very constructive, and efforts are now underway to define the scope of works required and make available the funding for the early implementation of the upgrades to the Hellyer Spur line.

Additional Feedstocks: Collaboration Agreement with Veolia Environmental Services

In December 2007, Intec signed a collaboration agreement with Veolia Environmental Services, Australia's largest provider of waste management and industrial services, and part of the global Veolia Group, which is the world's leader in waste management.

Under the terms of the agreement, Intec and Veolia will identify Australian waste streams that are suitable as feedstock for Intec's patented hydrometallurgical technology. The wastes will be supplied to the Hellyer Residues Project.

Mr Philip Wood, Managing Director and Chief Executive Officer of Intec, said at the signing "This collaboration agreement between Veolia and Intec represents the perfect fit between our two companies. Intec seeks to generate economically superior returns by recycling valuable metals from

non-traditional sources in an environmentally advantageous manner, and Veolia proactively seeks the most economic and environmentally responsible solutions to its clients' waste problems."

The first waste stream identified is a lead- and zinc- bearing material, the solid component of which contains over 25% Pb and 1-2% Zn.

Burnie Demonstration Plant

The reconfigured Burnie Demonstration Plant restarted on schedule in September 2007. Campaign operations extended through the entire December 2007 Quarter, demonstrating the unit hydrometallurgical operations of the Intec Process as intended to be applied at the Hellyer Residues Project. Work on the continuous Mg/Mn bleed stream is still being conducted at Intec's laboratories at the University of Sydney. A summary of the Demonstration Plant operation includes:

An operator in the motor control centre of the Burnie Demo Plant

- Production and testing of 8-10 tonnes of by-product calcium sulphate. 1-2 tonnes trial conversions of this calcium sulphate product into calcium sulphide are underway. Calcium sulphide is a more valuable by-product from the Hellyer Residues Project than calcium sulphate;
- Feedstock preparation and leaching. Over 25 tonnes of EAF dust was treated by magnetic separation in preparation for leach trials. The commercial scale drum magnet achieved better-than-expected separations. This assists in achieving maximum extraction of zinc, lead and silver in the aggressive, hydrometallurgical Intec Process leach circuit. The separable fractions were treated concurrently in a steady leach operation. The pregnant leach solution was stored for product recovery.
- Production, testing and marketing of zinc-intermediate product. Approximately 40,000 litres of pregnant electrolyte were successfully treated, with no mechanical or physical handling issues, to generate 6-8 tonnes of zinc oxychloride, an intermediate zinc product. This material has been sent for external conversion by kiln to zinc oxide, a commonly-traded zinc commodity. Concurrently, potential buyers of zinc oxide (as one of two alternative products from the Hellyer Residues Project) have been contacted to establish draft commercial terms for the sale of this product.
- Production, testing and marketing of zinc sulphide product. As an alternative to zinc oxide, zinc sulphide production was also successfully tested. 2-4 tonnes of zinc sulphide were produced, generating product for marketing and engineering data for the settling and filtration of the product.

Hellyer Project Timelines

Overall, the progress of Intec's wholly-owned Hellyer Residues Project remains on-track for financing and construction in 2008, and commissioning and operation in 2009. Every major milestone for the Project in 2007 was achieved on schedule, keeping the Project to the planned timeline.
During the first quarter of 2008, Intec will finalise and review the engineering data from the campaign operations at the Burnie Demonstration Plant, and will narrow the economics published in November 2007 to generate an investment proposal for the Hellyer Residues Project, which will be available at the end of the March 2008 Quarter. Intec will then seek to finalise the project finance and/or project partners during the June 2008 Quarter.

Third Party Testwork

Although primarily devoted to the development of the Hellyer Residues Project, spare capacity at Intec's University of Sydney research laboratories has been used to continue to progress testing and optimisation for third-party project opportunities. During the December 2007 Quarter, this work has focussed on the application of the Intec Process to samples of copper-gold concentrate supplied by Buffalo Gold (formerly Sargold), which has an operating mine in Sardinia, and on an Australian polymetallic concentrate, from which the Intec Process can extract lead, cobalt, nickel, copper, zinc and silver at high efficiency.

These project opportunities are being developed as part of Intec's long-term strategy for the global application of the Intec Process for the recovery of base, precious and minor metals from a wide range of feedstocks, including ores, concentrates, wastes and tailings.

Corporate

Chinese Representative Office

Intec was pleased to announce in November 2007 the opening representative office in Guangzhou, China. This reflects the increasing importance of China to Intec's business, in terms of sales of products from Intec's Hellyer Zinc Concentrate Project Joint Venture and Hellyer Residues Project; purchasing opportunities for raw materials (including feedstocks and reagents); potential project opportunities for Intec's wholly-owned hydrometallurgical technology, the Intec Process; and potential sourcing of investment funding.

At the outset, the services to be provided through the Intec Chinese representative office will include:

- To act as the first point of contact for Chinese enquiry;
- Marketing on behalf of Intec in the Chinese languages, including translation of marketing materials and hosting of the Chinese Intec web site (www.intec-china.com, which will be ready for external viewing by the end of the Chinese New Year holiday in mid-February);
- The collection of market and engineering data within China to support Intec's projects and products;
- Desktop studies for Intec projects in China (especially relating to EAF dust);
- Engineering services for the Hellyer Residues Project;
- To act as an agent on behalf of Intec in managing and supervising Intec's activities in China.

The contact details of Intec's Chinese representative office are:

Suite 1410, The Hub
1068 East XingGang Road
Guangzhou China
Fax: +86-(0)20-89236040
Tel: +86-(0)20-89236813

Baiyin
(HZCP concentrate customer)

Guangzhou
(Intec Representative Office)

Nonfemet
(HZCP concentrate customer)

New Shareholder Initiatives

Intec's Annual General Meeting was held on Wednesday 14 November, 2007 at 'The Partners Room' of Allens Arthur Robinson lawyers. As a new shareholder initiative, this event was broadcast live via Boardroom Radio (www.brr.com.au), attracting over 170 attendees for the live broadcast. Over 2,000 people then listened to the audio over the next couple of weeks.

This represents an overwhelmingly positive response to the new initiative, one of a number of ideas that have been trialled with good response during the second half of 2007. Other initiatives include:

- Regular email updates to registered shareholders. To register for news emails, go to www.intec.com.au and click on the link at the right 'Register for News'
- Introduction videos recorded by multilingual Intec staff in English, Spanish, French, Mandarin and Cantonese. These may be viewed at www.brr.com.au/asx/INL. Russian and German versions are also now being prepared.
- Regular video updates by Dave Sammut, Corporate Development Manager, which may also be viewed at www.brr.com.au/asx/INL

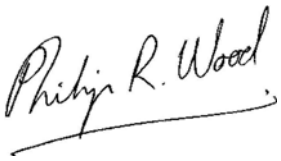
Intec's online Investor Q&A Forum continues to receive regular comments, questions and suggestions. There are now over 100 submissions covering the full breadth of Intec's activities, which may be viewed at www.intec.com.au/?/Investor_Information/Forum

Cash Position

The Company's cash balance at 31 December 2007 was A$1,756,694.

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 sufficient for its working capital requirements (inclusive of the HZCP).

Yours faithfully
Intec Ltd



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	Quarter ended ("current quarter")
25 001 150 849	**31 December 2007**

Consolidated statement of cash flows

Cash flows related to operating activities	**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.1 Receipts from product sales and related debtors	3,657	10,741
1.2 Payments for		
(a) advertising and marketing	(27)	(66)
(b) hydrometallurgical process development	(1,550)	(2,841)
(c) HZCP joint venture costs	(2,226)	(3,530)
(d) administration costs and corporate overheads	(759)	(1,494)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	57	125
1.5 Interest and other costs of finance paid		
1.6 Income tax rebate received		
1.7 Other income -	10	39
Net Operating Cash Flows	(838)	2,974
Net Operating Cash Flows (brought forward)	(838)	2,974
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments	(1,258)	(1,717)
(c) other fixed assets	(182)	(3,471)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(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	(1,440)	(5,188)
1.13 **Total operating and investing cash flows**	(2,278)	(2,214)

	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	1,000	1,000
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)- share issue costs		
	Net financing cash flows	1,000	1,000
	Net increase (decrease) in cash held	(1,278)	(1,214)
1.20	Cash at beginning of quarter/year	3,035	2,971
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	**1,757**	**1,757**

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	282
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	5,000	4,950
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	1,757	3,035
Deposits at call	-	-
Bank overdraft	-	-
Other - 30 day bank bills	-	-
Total: cash at end of quarter (item 1.22)	**1,757**	**3,035**

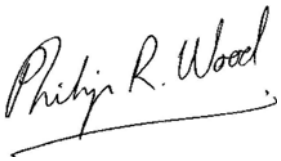
Acquisitions and Disposals

	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:  Date: 29 January 2008

(Director/~~Company Secretary~~)

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.