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Intec Ltd is Australia's newest zinc producer; it produces bulk zinc concentrate from the tailings dam at its Hellyer Zinc Concentrate Project in North Western Tasmania in conjunction with its 50% joint partner, the unlisted Polymetals Group. Intec has also been involved in the development over many years of innovative and proprietary chloride based hydrometallurgical technology for the extraction of base and precious metals from concentrates, ores and residues.

It is anticipated that this technology will be commercialised by the end of 2008.

Intec also holds a 23% interest in ASX-listed Bass Metals Ltd.

Joining me today to tell us more about the business is Philip Wood, Managing Director and CEO, Intec Ltd.

Philip Firstly, can you give us an update on Intec's financial year which has just ended?

Philip R. Wood

Yes well I'm pleased to say that in the six months of calendar of 2007 - in other words the second half of the financial year - we've been substantially profitable on a monthly basis since we commenced production. However taking the whole financial year into account, there was significant expenditures on the Burnie Demonstration Plant in the first half of the financial year and there is also, of course, on-going corporate overheads.

Now, given the vagaries of accounting, which means there is about \$5 million worth of shipments that have not been included in this year's accounts (although payments for them have subsequently been received), it would appear that we'll have a marginal profit overall for the year, but a maiden profit none-the-less. And looking forward into 2008 financial year, given current metal prices, the outlook is very handsome indeed.

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Intec's 50% owned Hellyer Zinc Concentrate Project has now been in production for some six months, how are things progressing?

Philip R Wood

I am pleased to say that in conjunction with Polymetals, the Zinc Concentrate Project has been ramped up from the beginning of calendar 2007 and is now meeting its targeted production levels. We are getting good recoveries of zinc into a concentrate that is readily saleable into China and also very useful by-product credits of lead and silver.

Looking forward into the coming financial year, we see continued improvement possibilities in the overall profitability of the project.

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The initial focus has been on zinc recovery at Hellyer, however given the recent very strong lead price, what steps are you taking to maximise the 330,000 tonnes of lead contained in the Hellyer Tailings?

Philip R. Wood

Yes, well the rise of the lead price in 2007 has been quite remarkable, I think it has virtually doubled in value, and at current prices the contained lead in our tailings dam is worth over a billion US dollars. Presently we are only recovering a modest proportion of that, about 15%, into a bulk zinc concentrate which grade approximately 40% zinc and 10% lead.

Clearly therefore lead is a valuable by-product credit but in the current price regime it also behoves us to seek to achieve higher lead recoveries, so we're looking at the possibility of introducing a separate lead flotation circuit which will produce a low grade lead-sulphide concentrate product which we can store and treat next year via leaching using the Intec process.

We are also, incidentally, looking at the production of a CIP plant to recover silver and gold values before the re-treated tailings are put back in the tailings dam.

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You'll shortly be providing the market with an updated pre-feasibility study on the original Hellyer Metals Project; however has this now been superseded by the Hellyer Zinc Concentrate Project, and the proposed Intec Hellyer Residues Project?

Philip R. Wood

Yes. We completed the Burnie Demonstration Plant operation successfully in the second half of 2006 and those operations have been the subject of a lengthy report by Ammtec Limited and subsequently an updated pre-feasibility study by WorleyParsons which is shortly to be released.

However, in the interim, we have commenced the Hellyer Zinc Concentrate Project which is treating our tailings by conventional means and is our intention to adapt the demonstration plant experience to use the Intec process to treat zinc-bearing residues such as Electric Arc Furnace Dust and such as our slag dump and Zeehan which contains a significant amount of zinc.

We're also proposing to use the Intec Process to treat a low-grade lead sulphide concentrate that we will be producing from Hellyer. So that will all be comprised in the Intec Hellyer Residues Project which will commence production at the end of 2008.

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Bass Metals in which Intec has a 23% interest was in discussions regarding the processing of its Que River Ore through the Hellyer Mill but it has now decided to send the Ore to Zinifex's Rosebery Mill, how does Intec regard this outcome?

Philip R. Wood

We are extremely pleased with the performance of Bass Metals in which we hold the largest shareholding of about 23.5%.

Bass Metals has commenced production of mining of ore at Que River and that ore contains not only zinc, lead and silver but also copper and gold. The Rosebery Mill which is owned by Zinifex is capable of recovering all five metals whereas the Hellyer Mill as presently configured only recovers the zinc, lead and silver. Now in these circumstances, it is more profitable for Bass Metals to take its ore to Rosebery and may I say it is actually more profitable for the Hellyer Zinc Concentrate partners to continue to treat their own tailings which they are, in effect, getting for free.

In the longer run, we would expect that future ore bodies discovered and developed by Bass Metals would be eligible for treatment at the Hellyer Mill and we look forward to that.

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Philip, thanks very much for joining us on For The Record today.