Track record being established

By Mark Fraser

NOW THAT INTEC Ltd has become a metals producer, the next task for the Sydney-based company is to clear up any misconceptions the market may have about its role in Australia's resource sector.

It is fair to say that of late many people haven't been able to classify Intec, with some seeing it as a cutting edge minerals processing technology developer while others view it as a conventional metals producer.

The truth of the matter is the resources house is a bit of both, although this fact hasn't distracted it from its core focus - to implement the first commercial application of its own chloride hydrometallurgical process for the treatment of difficult ores using cash generated by an ongoing metals producing operation.

At the end of January, 2007, Intec became Australia's latest zinc producer with its first shipment of 4,968 tonnes of concentrate (made up of 41% zinc, 9% lead and 220 grams/tonne silver) leaving Tasmania's shores for its imperial smelting furnace customers in China.

The material was sourced from the Hellyer tailings dam in Tasmania's central west and put through the mine's plant using the traditional flotation and grinding technology. Intec acquired the Hellyer assets in January 2004 from the administrators of Western Metals, which had placed the Hellyer mill on care and maintenance in 2000.

For Intec's Managing Director and Chief Executive Philip Wood, the first sale of concentrate was a defining moment for the company, unequivocally proving to the market that it was capable of producing a healthy cash flow. This was all reiterated in March and then April when the second and third shipments were loaded.

Wood now plans to target broker research during the current quarter with the aim of strengthening the institutional presence on Intec's share register, during which time he will deliver some more (good) news vis-à-vis Intec's planned production profile at Hellyer.

Intec will be subjecting electric arc furnace dust to its patented chloride hydrometallurgical process to produce high grade zinc sulphides, which will be soon added to the exported concentrates.

Furthermore, the company is adding a lead recovery circuit prior to the return of the retreated tailings to the dam. This will also be subjected to the Intec process to produce a high grade lead sulphide for inclusion in the final concentrate.

▲ *The dredge at work on the Hellyer tailings dam.*

This should result in a significant grade increase for both zinc (from 40-48%) and lead (8-20%), turning the exported concentrate into something of a premium product for its type.

"Now you've got something that is closing in on a grade of 70% combined zinc/lead and this is a very attractive proposition for the ISF smelters," Wood explained.

"It will attract superior treatment terms, which will go straight into our bottom line, and it fits perfectly with our existing business model.

"Furthermore, it's actually quite simple and relatively cheap, so in this current price environment it will be a very lucrative addition to the circuit.

"We're currently reconfiguring the demonstration plant (located in the Tasmanian port city of Burnie) and that'll be running campaigns treating EAF dust by the end of the September quarter.

"Concurrently, we'll be designing a larger plant at Hellyer, which will be commissioned towards the end of next year."

▲ *The dredge at work on the Hellyer tailings dam.*

Wood said this work would ultimately result in a doubling of production for a relatively cheap capital cost – something which should help re-rate Intec's share price.

"That does take focus, he admitted, "but I'm a hopeless optimist.

"I think one of the issues we have at the moment in the market is that it finds us a confusing company – it sees Intec as something of a hybrid.

"And if you look at other ASX mineral processing technology providers it's fair to say they are not all that well rated by the market.

"Having reached that milestone of production, now is the time to get our story out there and attract some institutional investors to our share registry."

▲ *Philip Wood*

The Hellyer tailings dam has an in-situ value of around US$3 billion and contains some 305,000t of zinc (at a grade of 2.8%), 330,000t of lead (3%), 30,850,000 ounces of silver (88 grams/tonne), 910,000 oz of gold (2.6 g/t) and 17,400t of copper (0.16%). Meanwhile the company has amassed a stockpile of 20,000t-plus of EAF dust and is currently negotiating further supplies with steelmakers both in Australia and abroad.

Wood said Intec would also be putting other ores through its Hellyer mill, including the material sourced from emerging mining house Bass Metals Ltd, in which Intec has a 24% holding.

"The processing of Bass Metals high grade Que River ore offers the potential to increase the overall quantity and quality of zinc bulk concentrate production by the joint venture partners and thus enhances the concentrate's economies while providing Bass Metals with excellent near-term cash flow at a minimal up front capital cost," he added.

"As for the Intec Hellyer Residues Project, we would anticipate it being in full production (with a 25,000t per annum EAF dust throughput) by the end of next year."