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## Intec, Jervois call merger off

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Rebecca Lawson

**THE potential merger between Intec and Jervois Mining has been called off, with a difference in opinion between the two companies over the 19% drop in Jervois' share price following the news. Additionally, Intec has increased its significant stake in Bass Metals but has just come short of the limit of a takeover launch.**

In an announcement released to the market yesterday, Intec and Jervois said after a confidential meeting where various proposals were considered, Jervois' board decided the merger would not be in the best interest of shareholders.



Speaking to *MiningNews.net*, Jervois director Anthony Jannick said the proposals did not accurately reflect the real value of its assets.

"We didn't think it was a good enough offer to the shareholders," Jannick said.

"We gave as positive a proposal as we were able to do and I don't think, from our side of the fence, we could not have been more positive than we were without being stupid," Intec managing director Philip Wood told *MiningNews.net*.

"Am I particularly worried about that? Not really. We were at the limit of what we were able to do and it wasn't enough from Jervois' point of view and I understand that."

While both companies agreed to let the proposed merger fall through, there were differences in opinion over the drop in Jervois' share price yesterday on the back of the news, where its shares closed down 0.6c to 2.6c. Shares in Intec shed 1.5c to end at 17.5c.

Jannick said the stock's price fall was simply because Intec was selling a significant amount of its Jervois shares, however no notice had yet been given to Jervois. Intec holds around an 11% stake in Jervois.

Meanwhile, Wood said whether or not Intec was selling its Jervois shares, all would be revealed in due time in a substantial shareholder form to the Australian Stock Exchange.

"Whether or not we were selling shares and the extent to which we're selling shares will all have to be formally released to the ASX," Wood said.

"It's self-evident that the market would have liked to have seen a cooperative corporate deal, or merger if you like, between the two companies and it's obviously disappointing for a lot of the holders of Jervois shares if those talks don't come to fruition, so that's why you see a sell-off and that's why the share price is looking pretty weak today.

"But if you look at it another way, their share price is incredibly strong [compared to] a month ago."

A month ago Jervois shares were trading between 1.5c and 2c before reaching a 12-month high of 4.2c at the announcement of a potential merger between Jervois and Intec.

Meantime, Wood confirmed that Intec had increased its holding in Bass Metals to 19.98% and said there was no talk of a merger or a takeover of the company, but instead said the increase was due to Intec's faith in Bass.

"We are extremely keen on Bass Metals who we regard as a partner, they're doing the exploring and mining and we're doing the processing and marketing, I mean that's a simplistic way of talking about it, in that region around Hellyer [zinc mine] in Tasmania," Wood said.

"We are keen to support them financially, we are also positive about their future share price so we wanted to go up to the maximum we could, which is obviously 19.9%, prior to the rights issue

because we want to fully participate in the rights issue and we are a sub-underwriter for \$1.5 million out of the \$4 million underwritten.

"I am keen that there be a close alignment of interest between Intec and Bass."

Wood added that as a result of positive cash flow into the company due to the fact that Hellyer has started zinc production, Intec was looking to other companies for potential mergers.

"We are interested in companies who have minerals processing challenges with their existing resources, which we think our technology and our technical capabilities can address," Wood said.

"If you use Jervois as an example, they have a relatively low-grade nickel laterite resource, it's quite substantial and it's well located, but the key to unlocking the value of that resource will be to find the right processing technology and that's what drew our interest to Jervois plus it was heavily undervalued down at 1c.

"If that circumstance arises with other companies, and there are a few that I have in mind, we would be looking to do the same thing."

Shares in Intec were steady at 17.5c while shares in Jervois shed 0.1c to 2.5c in trading this morning. Meanwhile shares in Bass climbed 1.5c to 31.5c.

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**Aspermont Limited**  
**Street Address** 613-619 Wellington Street, Perth WA Australia 6000  
**Postal Address** PO Box 78, Leederville, WA Australia 6902  
**Head Office Tel** +61 8 6263 9100 **Head Office Fax** +61 8 6263 9148  
**e-mail** contact@aspermont.com **website** www.aspermont.com **ABN** 66 000 375 048