



# Intec Ltd

ABN 25 001 150 849

*Superior and Sustainable Metals Production*

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ASX code: INL

Companies Announcements Office  
Australian Securities Exchange

24 April 2008

## Quarterly Activities Report: Appendix 4C March 2008

On behalf of Intec Ltd (ASX code: INL, or the Company), I now attach the March 2008 Quarterly Report for Entities Admitted on the Basis of Commitments (Appendix 4C).

### Highlights

- *The Hellyer Zinc Concentrate Joint Venture achieved record production of bulk zinc/lead concentrate of 14,691t during the March 2008 Quarter.*
- *Total contained zinc and lead in concentrates for the March 2008 Quarter was up 51% y-o-y.*
- *Strong production, resulting from both process optimisation at the Intec Hellyer Mill and from dredging of deeper high-grade zones of the Hellyer tailings dam, is expected to continue throughout the June 2008 Quarter.*
- *Ongoing exploration by Bass Metals Ltd (23.2% owned by INL) has continued to yield high-grade base metal and intersections at the Fossey Zone, nearby to the Intec Hellyer Mill.*
- *Deliveries of high-grade (~38% Zn) electric arc furnace dust feedstock to the Hellyer Residues Project site commenced in February 2008.*
- *Demonstration plant campaign operations for the Hellyer Residues Project have been substantially completed. The facility at Burnie will thus become available for metallurgical testing associated with future strategic project opportunities.*
- *Following a Process Options workshop hosted by Compass Resources NL and Ausenco Limited, the Intec Process has been selected as all or part of all remaining process options for the bulk sulphide concentrate from the Browns Sulphide Project.*
- *During the March 2008 Quarter, Intec signed a comprehensive Technical Collaboration Agreement with Outotec OYJ. Current projects under collaborative development include Compass Resources' Browns Sulphide Project and a refractory gold project in Kazakhstan.*
- *Intec has established a wholly-owned subsidiary, Intec International Projects Pty Ltd for the development of overseas opportunities. The company is now considering a project opportunity in Iran, although this project remains several years from active development.*
- *Intec has established a 50%-owned subsidiary, Intec Exploration Pty Ltd (IEX) to develop, at minimal outlay of cash, time and resources, prospective exploration tenements with future strategic growth potential. IEX has acquired and applied for a number of mineralogically prospective tenements immediately adjacent to and surrounding the Young Nickel Laterite Project of Jervois Mining Ltd.*
- *Intec has appointed two new senior executives during the March Quarter: Mr Brian Banister as Chief Operating Officer and Mr David Clark as Financial Controller.*
- *The total cash available at the end of the quarter was A\$2,027,371*

### Hellyer Zinc Concentrate Project (HZCP)

The Intec Hellyer Mill achieved record production of bulk zinc and lead concentrates during the March 2008 Quarter of 14,691 tonnes, up 41% year-on-year from the March 2007 Quarter. Total contained zinc and lead were up 51% year-on-year.

The strong production outcomes are substantially the result of commencing to dredge high-grade zones in the Hellyer tailings dam (3.7% Zn for February and March), combined with the successful implementation of ongoing measures to optimise production from the Intec Hellyer Mill.

**Table 1: Production Results from the Hellyer Zinc Concentrate Project**

|                                      | March 2007<br>Quarter | June 2007<br>Quarter | Sept 2007<br>Quarter | Dec 2007<br>Quarter | Mar 2008<br>Quarter |
|--------------------------------------|-----------------------|----------------------|----------------------|---------------------|---------------------|
| Tailings treated (tonnes)            | 324,389               | 240,626              | 247,874              | 366,513             | 271,144             |
| Zinc (%)                             | 2.5                   | 3.5                  | 2.8                  | 2.1                 | 3.0                 |
| Lead (%)                             | 2.6                   | 3.3                  | 3.1                  | 2.9                 | 3.1                 |
| Silver (g/t)                         | 138                   | 89                   | 78                   | 71                  | 83                  |
|                                      |                       |                      |                      |                     |                     |
| Bulk zinc/lead conc.<br>(dry tonnes) | 10,410                | 13,813               | 11,820               | 11,250              | 14,691              |
| Contained zinc (t)                   | 4,050                 | 5,248                | 4,021                | 4,113               | 5,383               |
| Contained lead (t)                   | 700                   | 1,386                | 1,447                | 1,391               | 1,801               |
| Zn recovery (%)                      | 51                    | 62                   | 59                   | 55                  | 67                  |
| Pb recovery (%)                      | 18                    | 18                   | 19                   | 13                  | 21                  |
| Contained Ag (kg)                    | 2,289                 | 2,101                | 2,152                | 2,161               | 3,269               |

Dredging of the deeper high-grade cuts is expected to continue through to July 2008. Two record weeks of production were achieved in March, 1,506 tonnes of concentrate with 74.8% Zn recovery and then 1,635 tonnes with 75.4% Zn recovery. It is expected that the very high recoveries of zinc and lead that have been experienced in recent weeks will continue while the feed grade remains relatively high.

International spot zinc and lead prices generally firmed and then slumped during the March 2008 Quarter, while the A\$/US\$ exchange rate remains strong. Intec benefitted from the forward sale of 50% of the shipment of 11,000 tonnes of zinc/lead concentrate in March at near the peak of the quarterly prices. However the continued sluggish A\$ zinc price reduces the company's overall cashflows and offsets the substantial production increase.

Input costs at the Hellyer Zinc Concentrate Project, such as sea freight, power, reagents and smelter charges have increased materially since last year.



*Stockpiled zinc/lead ready for export*

In addition, the existing transformer at the Que River electrical sub-station, which is in poor condition, is currently being replaced at a cost of two million dollars. The replacement being undertaken by the network owner, Transend Networks Pty Ltd will result in minimal disruption to operations, however this activity will impinge on short-term cashflow generation.

It should be noted that the new transformer will be large enough to also service the Hellyer Residues Project.

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

- Trials of the magnetic aggregation system demonstrated an improvement of approximately 2% in the cleaner concentrate circuit of the Intec Hellyer Mill. The unit has now been moved to the rougher concentrate circuit to pursue the opportunity of further gains;
- The refurbishment of additional flotation cells increased capacity in the rougher concentrate circuit. This work was completed in February, coinciding with the increased zinc load coming into the circuit with the higher-grade tailings feedstock;
- A ball mill test cyclone was delivered and tested during the Quarter. Results were very encouraging in that the high capacity cyclone showed much improved underflow density and less fines reporting to underflow. This will translate into improved ball mill grinding efficiency. New cyclones for the complete ball mill cyclone pack have been ordered;
- The third refurbished High Intensity Conditioners (HICs) was brought online at the beginning of February. Metallurgical results have been excellent for these units, yielding improvements of up to 10% in zinc recovery to the concentrate product; and
- The staged upgrade of the plant control system was completed in January 2008, which in combination with the installation of additional monitoring and control instrumentation has yielded further improvement in plant stability.

### **Bass Metals Ltd (ASX code: BSM)**

Bass Metals Ltd (23.5% owned by Intec Hellyer Metals Pty Ltd) announced on 10 March 2008 further drilling results for the Fossey Zone (formerly known as the Southern Barite Zone), which is located within 2km of the Intec Hellyer Mill. These included:

- Diamond drill hole HLD960 intersected 21.4 metres at 17.3% zinc, 8.3% lead, 231g/t silver and 3.4 g/t gold from 251.65 metres downhole, including 12.6 metres at 20.0% zinc, 9.7% lead, 185 g/t silver and 3.2 g/t gold;
- A second “eastern” zone was also intersected, comprising 6.7 metres at 15.1% zinc, 5.0% lead, 203 g/t silver and 2.9 g/t gold from 231.25 metres downhole;
- The two mineralised intercepts quoted above occur within a broad gold rich envelope comprising 45.0 metres at 3.2 g/t gold, 167 g/t silver as well as 11.6% zinc and 5.1% lead, from 229.05 metres downhole; and
- HLD962, 30 metres above HLD960, has intersected 24 metres of low to high grade base metal sulphide mineralisation, indicating a vertical extent on this section of at least 60 metres.

## Hellyer Residues Project

### *Hellyer Residues Project Site Developments*

Active development of the Hellyer Residues Project continued throughout the March 2008 Quarter. Following receipt of the required approvals from the State and Local Governments, shipments of Electric Arc Furnace dust to the Hellyer project site commenced in February. The zinc grade of this feedstock continues to slowly increase, with the average grade of EAF dust now up to 38% Zn. Approximately two thousand tonnes have now been received to the Hellyer site, and are being stockpiled in readiness for the commissioning of the Hellyer Residues Project.

The EAF dust is brought to the Project site in sealed containers. It is unloaded under controlled conditions into the receiving 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.



*The EAF dust bunker at the Hellyer Residues Project site. Feedstock is stockpiled in a growing pile, ultimately to reach seven metres in height*

An open area adjacent to the EAF dust receiving shed on the Hellyer Residues Project site has been levelled 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 infiltration of water, and is thus designed to ensure complete containment of this valuable feedstock.

### *Burnie Demonstration Plant*

Campaign operations were completed in March 2008. The operations included zinc intermediate product precipitation, zinc bleed and magnesium bleed circuits. This completes the continuous locked-cycle testing of the hydrometallurgical sections of the Hellyer Residues Project plant.

'In-spec' product samples (up to 150kg) were prepared and sent to potential customers. Intec's Chinese representative office in Guangzhou is currently marketing the high-grade calcium sulphate co-product to potential customers in China.



*Chris Mulder, Plant Superintendent, working in the Burnie Demonstration Plant*

Excluding minor occasional testwork related to the Hellyer Residues Project, the Burnie Demonstration Plant will now be available as a high-grade testing facility for future strategic project opportunities.

### *Investment Proposal*

With the completion of campaign operations at the Burnie Demonstration Plant, substantial technical resources were freed up to focus on the development of the Investment Proposal for the Hellyer Residues Project. This is the primary activity currently occupying the majority of Intec's technical team.

During the December 2007 Quarter, Andeburg Consulting Services Inc. (ACSI) of Toronto, Canada was commissioned to prepare a conceptual engineering package for the Hellyer Residues Project. This involved production of the following engineering items:

- Process Description
- Process Control Description
- Process Design Criteria
- Process Flowsheet Drawings
- Preliminary Piping & Instrument Drawings
- Mass and Energy Balances
- Operating Inputs (consumption rates of energy and reagents)
- Material Selection Diagrams
- Facilities Description
- Project Implementation Schedule
- Piping Specifications
- Equipment List (including description, materials, process conditions, maximum/minimum/nominal flows and motor power)
- Equipment Data Sheets

Using the ACSI engineering package, GHD Australia was then requested by Intec to develop capital and operating cost estimates for the Hellyer Residues Project, and to prepare a discounted cash flow financial model. Based on data derived from several campaigns treating EAF dust at the Burnie Demonstration Plant in 2007-08, Intec has since been heavily involved in the review of ACSI's engineering package, selection of equipment, and in obtaining relevant quotations for such equipment.

Due to earlier changes in the scope of the engineering package, the delivery by GHD of the cost estimate and financial model has been marginally delayed from the originally-envisaged timeframe and first became available in mid-April 2008. Intec and GHD are presently interacting intensively to achieve mutual agreement on capital and operating costs at this stage.

Detailed engineering, to the level required for construction, will be progressed once the relevant funding has been secured, prioritising long lead equipment items.

Concurrently, commercial negotiations are now well advanced with prospective suppliers in Australasia of EAF dust and prospective offtake partners in Australasia and China of zinc oxide and high value calcium sulphate co-products. Investment discussions have also commenced with these various major companies that are active in the steel recycling, zinc and high value calcium sulphate industries.

It is now anticipated that the specific Investment Proposal will be presented confidentially to these parties during May 2008, with non-confidential aspects of the Investment Proposal being released to the ASX as early as possible during the latter half of that month. However the completion of

commercial and investment negotiations for the Hellyer Residues Project will take priority over market publication.

At this juncture it is already possible to say that, despite the limited scale of EAF dust treatment available in Australasia, the economics of the Hellyer Residues Project are very robust. This is by comparison with other EAF dust treatment technologies around the world that (unlike Intec) rely on substantial treatment fees for economic viability even at much larger scale. Intec’s favourable economics are due to the very high extractions of zinc, lead and silver (i.e. all payable metals), the high zinc grade of Australasian EAF dust feedstock, the lowest possible acid consumption, low energy intensity, modest capital and operating costs even at smaller scale, ‘zero waste’ disposal charges and very significant additional credits due to the chemically-derived pure and crystalline nature, and the large tonnages, of Intec’s calcium sulphate co-product.

*Rail Infrastructure*

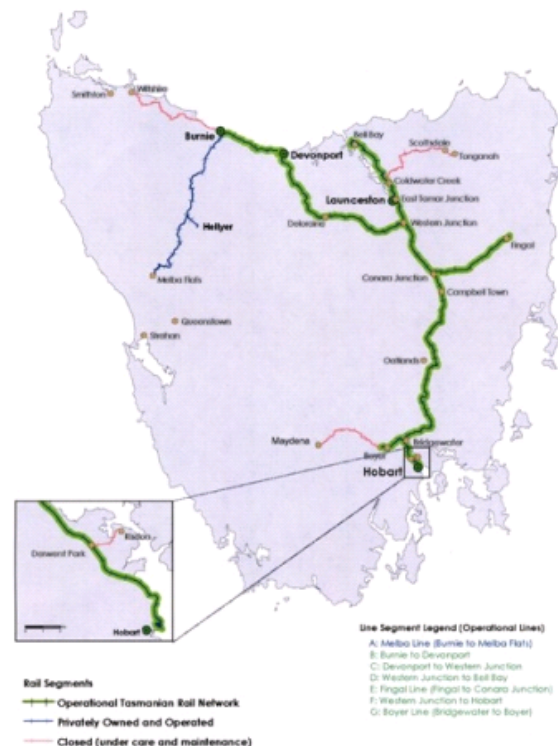
Intec recently participated in an in-depth meeting on-site at Hellyer, which included both Pacific National and the Rail Management Unit of the Tasmanian Department of Infrastructure, Energy and Resources, both of whom would be involved in the refurbishment of the 11km Hellyer spur off the Burnie-Melba Flats rail line in northwestern Tasmania.

According to the expert reviews that have been conducted, the Hellyer spur line will require replacement of the points at the Moorey Junction (where the spur line separates from the Burnie-Melba Flats line), gradual replacement of the steel rail sleepers over a three-year maintenance period, and complete replacement of the rail and sleepers within the Hellyer yard. Depending on the configuration selected to load and offload rail wagons within the Hellyer yard, there may also be some additional track installation required.

The meeting considered the detailed logistics of the loading, movement and unloading of all of the primary feedstock and product streams from both the Hellyer Residues Project and the Hellyer Zinc Concentrate Project. Intec is now waiting for Pacific National’s response so that a detailed proposal can be jointly put forward to the Federal Government. This is expected to happen before the end of April 2008, subject to timely response from third parties.

As part of its submission to the Federal Government, Intec intends to seek full funding of the refurbishment of the line, including all of the infrastructure at the Moorey Junction, the replacement of the sleepers, and funding for the installation of the loading and unloading facilities at Hellyer.

Tasmanian Rail Network



## Future Strategic Developments

### *Compass Resources' Browns Sulphide Project*

On 10 March 2008, Compass Resources NL issued to the market a Board presentation providing an update of the Browns Oxide and Browns Sulphide Projects. In relation to the Browns Sulphide Project, the presentation stated:

“

- *Process options workshop undertaken in March*
- *Non-viable options eliminated, including:*
  - *All “whole of ore” options*
  - *All bio-oxidation options*
  - *Numerous other “embryonic” processes*
- *Seven different process options retained for further study and bench scale test work*
- *This number will be reduced to one or two during the pre-feasibility study*
- *Sufficient material identified from 1999 bulk sample program (held in freezer storage) for bench test work*
- *Test work program (concentrate production) has commenced”*

Intec's Technical Director John Moyes participated in the 'Browns Sulphide Processing Options Workshop' hosted by Compass and Ausenco in Perth over two full days in early March 2008. The outcome of these in-depth discussions has been to include the Intec Process as all or part of six of the remaining processing options nominated by Compass/Ausenco, apart from direct sale overseas of a low grade bulk concentrate which is likely to be much less economically attractive and may have regulatory permitting issues. In three of these options, the Intec Process comprises the entirety of the flowsheet and in the other three of these it is combined with other minerals processing technologies.

During the March Quarter, Intec completed the preliminary ‘proof-of-concept’ testwork, culminating in the production of lead ingot within the LME specifications for lead metal contracts. The Company has since been asked to develop costs estimates for each of its proposed processing routes and these will be completed by mid-June 2008.

### *Collaboration Agreement with Outotec Oyj*

Intec Ltd and Outotec Oyj of Finland (OMX Nordic Exchange Helsinki code: OTE1V) have entered into a comprehensive Technical Collaboration Agreement in the field of chloride hydrometallurgy. This formalises legally the relationship between the companies which has already been active at a practical level since the original Heads of Agreement was first announced in June 2007.

According to the Technical Collaboration Agreement, Intec makes available to Outotec its internationally patented mixed halide leaching technology, which enhances the recovery of gold and other precious and base metals from mineral ores, concentrates and residues. Similarly, Outotec makes available to Intec its extensive hydrometallurgical capabilities, such as its OKTOP<sup>®</sup> reactor technology developed for a variety of applications including the efficient transfer of oxygen into mineral slurries, which will enhance kinetics in the leach section of the Intec Process.

The Agreement provides for regular meetings between the two companies for information exchange, joint marketing and project development initiatives. The first of these has already been held and a number of active projects have already been identified by either party to the Agreement and have been referred to each other for developmental consideration.

For example in Australia, Intec and Outotec have agreed to jointly collaborate on a process development programme proposal to prove up the proficiency of the Intec Process in recovering lead, cobalt, nickel, copper, silver and zinc from a bulk concentrate made on-site at the Browns Sulphide deposit in the Northern Territory in joint venture between Compass Resources NL and Hunan Nonferrous Metals Corp. Ltd. Likewise, at its sophisticated testwork facilities at Pori in Finland, Outotec is currently running an Intec Gold Process development programme for a refractory gold project in Kazakhstan.

#### *Intec International Projects Pty Ltd*

Intec International Projects Pty Ltd was established in 2007 as a vehicle for the development of overseas opportunities. It is wholly-owned by Intec Ltd and jointly operated by Intec and a London-based corporate financier with excellent international connections, under which we are together currently developing opportunities in Iran.

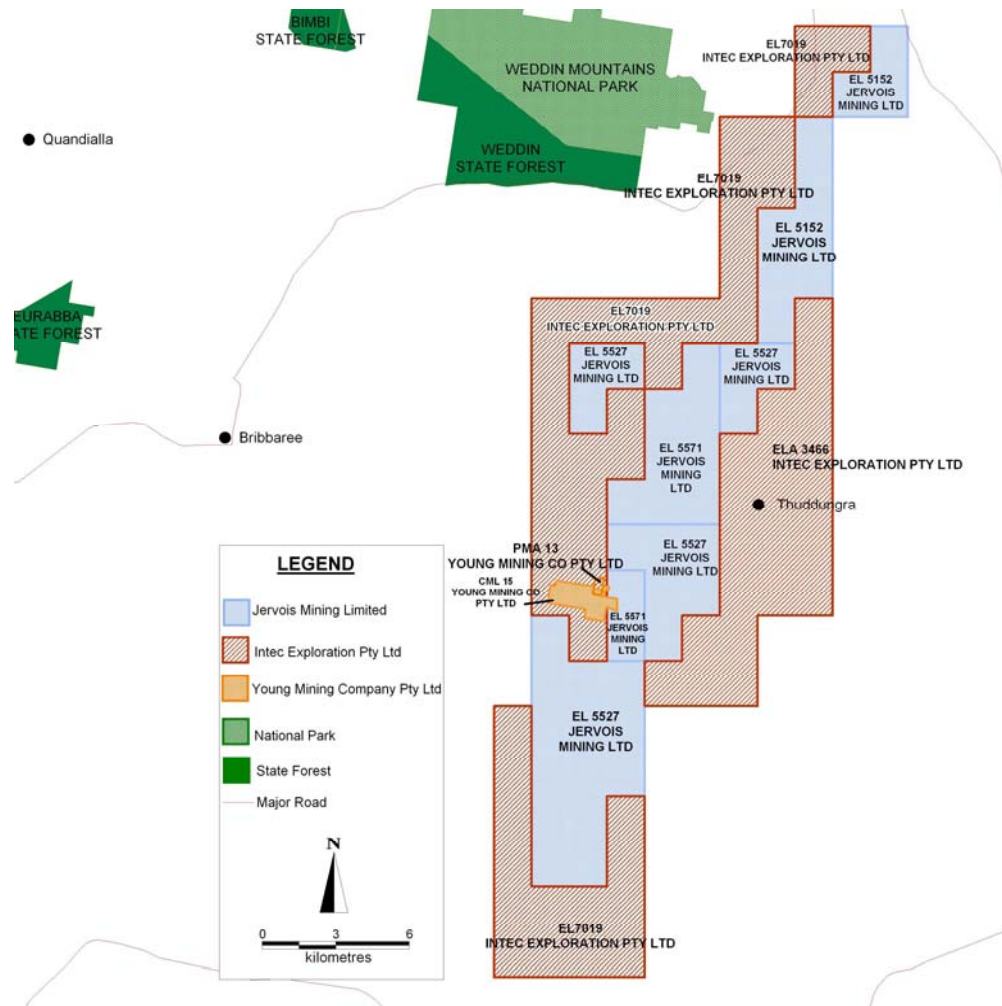
An Iranian project opportunity advanced during the March 2008 Quarter, and Intec expects to make an announcement related to this project during the June Quarter. However, it should be noted that the opportunity for the application of the Intec Process remains at least 3 to 5 years in the future.

#### *Intec Exploration Pty Ltd*

Intec recently formed Intec Exploration Pty Ltd (IEX) as an exploration vehicle 50/50 co-owned by INL and RobertsConsulting Pty Ltd, whose principal Heath Roberts is currently the Executive Director and Company Secretary of Western Plains Resources Ltd and previously served as Intec's Assistant Company Secretary and in-house legal consultant.

RobertsConsulting and INL have entered into a shareholders agreement in relation to IEX whereby RobertsConsulting will provide its expert consultancy services to IEX in return for a 50% free carried interest in IEX until commencement of 'commercial activity' (as defined). The initial Directors of IEX are Heath Roberts and Kieran Rodgers (INL's Finance Director and a qualified mining engineer), with INL's Financial Controller David Clark acting as IEX's Company Secretary.

For minimal outlay of cash, time and resources, IEX has acquired and applied for a number of mineralogically prospective exploration tenements immediately adjacent to and surrounding the Young Nickel Laterite Project of Jervois Mining Ltd and the currently operating magnesite mine of The Young Mining Company Limited (see attached tenement location map). IEX considers that its tenements in this region are both geologically prospective and operationally strategic in nature and INL is granting IEX an Intec Process licence in relation to ores discovered within its tenements.



*Intec Exploration Pty Ltd Tenement Location Map*

## Corporate

### *Senior Executive Appointments*

Mr Brian Banister, an experienced operations and project manager, has been appointed Chief Operating Officer for the Intec Group, and Managing Director of Intec’s wholly-owned subsidiary, Intec Hellyer Metals Pty Ltd. He is based in Burnie.

Mr Banister comes to Intec after more than 25 years of experience across a range of mining industry activities. These have included senior operational management roles focussed on the efficient startup and operation of new projects, engineering service delivery and management of large, multidisciplinary workforces.

Mr David Clark has been appointed as the full time Financial Controller for Intec Ltd, and as Company Secretary for Intec’s five subsidiaries:

- Intec Copper Pty Ltd,
- Intec Hellyer Metals Pty Ltd,
- Intec Zeehan Residues Pty Ltd,
- Intec International Projects Pty Ltd, and
- Intec Exploration Pty Ltd.

Mr Clark is an experienced chartered accountant and tax agent who has held positions as Financial Controller, Director and Finance Director of various well-known public companies. He has also provided services and advice in his own private practice to a diverse range of public and private companies in primary industry, real estate and professional services.

Mr Grahame Clegg has resigned his part-time role as Financial Controller and Company Secretary for INL and its subsidiary companies. Intec extends its sincere appreciation for Grahame's long-standing and highly-experienced consultancy tenure, however the increasing complexity and growth of Intec now requires a full-time directly employed executive in these roles.

#### *OTCQX Listing*

Intec announced in April 2008 that the company's corporate information will be made available via Standard & Poor's Market Access Program. This information distribution service enables subscribing publicly traded companies to have their corporate information disseminated to users of Standard & Poor's Advisor Insight.

The Standard & Poor's coverage of Intec Ltd can be accessed directly from the Share Information page of Intec's web site by clicking on:

[www.intec.com.au/?/Investor\\_Information/Share\\_Information](http://www.intec.com.au/?/Investor_Information/Share_Information)

The Standard & Poor's service coverage advances the imminent listing of Intec Ltd's shares (under the ticker: ICLJY) on the International OTCQX, a new American securities market that efficiently meets the needs of non-US companies listed on qualified international stock exchanges such as the ASX.

Investors can find real-time quotes, disclosure and financial information about Intec Ltd at [www.otcqx.com](http://www.otcqx.com)

The listing on the OTCQX will provide Intec greater access to American capital markets, particularly as Intec advances the first commercial application of the Intec Process at its Hellyer Metals Recycling Project in northwestern Tasmania.

San Francisco-based investment bank Merriman Curhan Ford & Co. (MCF) will act as Intec's Principal American Liaison (PAL). As part of its PAL sponsorship, MCF will provide a comprehensive suite of US capital markets services and is responsible for providing guidance on the company's International OTCQX listing requirements.

*Intec Investor Q&A Forum*

Intec's online Investor Q&A Forum continues to receive regular comments, questions and suggestions. The Forum has recently been updated to a more user-friendly web-based format, and now includes a search function encompassing all of the discussions to date.

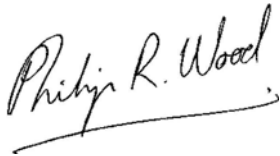
There are now over 150 submissions covering the full breadth of Intec's activities, which may be viewed at [www.intec.com.au/?/Investor\\_Information/Forum](http://www.intec.com.au/?/Investor_Information/Forum)

*Cash Position*

The Company's cash balance at 31 March 2008 was A\$2,027,371.

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**

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 2008**

### Consolidated statement of cash flows

#### Cash flows related to operating activities

|  | Current<br>quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|--|-------------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors            | 5,803                         | 16,544                                |
| 1.2 Payments for   |                               |                                       |
| (a) advertising and marketing                                  | (36)                          | (102)                                 |
| (b) hydrometallurgical process development                     | (1,309)                       | (4,150)                               |
| (c) HZCP joint venture costs                                   | (2,249)                       | (5,779)                               |
| (d) administration costs and corporate overheads               | (822)                         | (2,316)                               |
| 1.3 Dividends received   |                               |                                       |
| 1.4 Interest and other items of a similar nature received      | 14                            | 139                                   |
| 1.5 Interest and other costs of finance paid                   |                               |                                       |
| 1.6 Income tax rebate received                                 |                               |                                       |
| 1.7 Other income   | 69                            | 108                                   |
| <b>Net Operating Cash Flows</b>                                | <b>1,470</b>                  | <b>4,444</b>                          |
| <b>Cash flows related to investing activities</b>              |                               |                                       |
| 1.8 Payment for purchases of:                                  |                               |                                       |
| (a) prospects  |                               |                                       |
| (b) equity investments   |                               | (1,717)                               |
| (c) other fixed assets   | (1,550)                       | (5,021)                               |
| 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) - security deposits   |                               | (3,950)                               |
| Other (provide details if material) - security deposits repaid |                               | 3,950                                 |
| <b>Net investing cash flows</b>                                | <b>(1,550)</b>                | <b>(6,738)</b>                        |
| <b>1.13 Total operating and investing cash flows</b>           | <b>(80)</b>                   | <b>(2,294)</b>                        |

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

|   | Current<br>quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|---|-------------------------------|---------------------------------------|
| <b>Cash flows related to financing activities</b>           |                               |                                       |
| 1.14 Proceeds from issues of shares, options, etc.          |                               |                                       |
| 1.15 Proceeds from sale of forfeited shares                 |                               |                                       |
| 1.16 Proceeds from borrowings                               | 350                           | 5,300                                 |
| 1.17 Repayment of borrowings                                | -                             | (3,950)                               |
| 1.18 Dividends paid   |                               |                                       |
| 1.19 Other (provide details if material)- share issue costs |                               |                                       |
| <b>Net financing cash flows</b>                             | <b>350</b>                    | <b>1,350</b>                          |
| <b>Net increase (decrease) in cash held</b>                 | <b>270</b>                    | <b>(944)</b>                          |
| 1.20 Cash at beginning of quarter/year                      | 1,757                         | 2,971                                 |
| 1.21 Exchange rate adjustments to item 1.20                 | -                             | -                                     |
| <b>1.22 Cash at end of quarter</b>                          | <b>2,027</b>                  | <b>2,027</b>                          |

**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 | 222 |
| 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<br>available<br>\$A'000 | Amount<br>used<br>\$A'000 |
|---------------------------------|--------------------------------|---------------------------|
| 3.1 Loan facilities             | 5,000                          | 5,000                     |
| 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<br>quarter<br>\$A'000 | Previous<br>quarter<br>\$A'000 |
|--|-------------------------------|--------------------------------|
| 4.1 Cash on hand and at bank                     | 527                           | 752                            |
| 4.2 Deposits at call                             | 1,500                         | 1,005                          |
| 4.3 Bank overdraft                               | -                             | -                              |
| 4.4 Other - 30 day bank bills                    | -                             | -                              |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>2,027</b>                  | <b>1,757</b>                   |

**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<br>(Item 1.9(a)) | Disposals<br>(Item 1.10(a)) |
|-------------------------------|-----------------------------|
| 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: 24 April 2008

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.