



# Intec Ltd

ABN 25 001 150 849

*Superior and Sustainable Metals Production*

Level 3  
2 Elizabeth Plaza  
North Sydney NSW 2060 Australia  
PO Box 1507  
North Sydney NSW 2059 Australia

Phone: 02-9925 8170  
Fax: 02-9925 8110  
Email: [mail@intec.com.au](mailto:mail@intec.com.au)  
Website: [www.intec.com.au](http://www.intec.com.au)  
ASX code: INL

Companies Announcements Office  
Australian Securities Exchange

17 April 2009

## Quarterly Activities Report: Appendix 4C March 2009

On behalf of Intec Ltd (ASX code: INL, or the Company), I now attach the March 2009 Quarterly Report for Entities Admitted on the Basis of Commitments (Appendix 4C).

### Highlights

- *Intec's early focus during the March 2009 Quarter was to progress the proposed acquisition of Delta's hydrometallurgical facility at Mayfield, Newcastle for the Intec Metals Recycling Project.*
- *However, the Project is severely challenged by the adverse global financial conditions and particularly by the tight credit market for, and/or present excess capacity of, the mining, minerals processing and waste management industries.*
- *In the light of these challenges facing direct financing efforts and an implied extension by the Vendor of the period available for an agreement and reduction of the purchase price, Intec has widened its collaborative approach with potential third party strategic acquirers.*
- *Intec is currently advancing discussions for profitable alternatives for the processing of EAF dust.*
- *Successful results from commercial trials at the Burnie Research Facility resulted in an agreement with ACL for the recycling of 100,000 litres of heavy metal-bearing sludge in Tasmania.*
- *It is expected that profitable commercial treatment of heavy metal waste streams from other external parties will continue at the Burnie Research Facility throughout 2009, and commercial discussions with these parties are encouraging.*
- *The \$10 million sale of Intec's Hellyer assets to Bass Metals Ltd was settled on 19 March 2009. The initial \$5 million will repay and extinguish the Macquarie Bank working capital facility. The balance, comprising the \$5 million unit-based mill throughput royalty is payable to Intec upon Bass Metals returning the Hellyer mill to operation.*
- *INL subsequently sold the remainder of its shareholding in Bass Metals on market at an average price above A\$0.12 per share.*
- *Following months of detailed discussions, Mr Joe Lam of Intec's Chinese representative office is advancing a prospective project using Intec's technology in Southern China.*
- *Intec taken a proactive stance to maintain a dialogue with the participants of the Browns Sulphide Project throughout the March 2009 Quarter, with the aim of maintaining the momentum of the project and Intec's valuable economic and technical contribution to the anticipated metallurgical flowsheet.*
- *The total cash available at the end of the quarter was A\$381,000.*

## **Intec Metals Recycling Project**

The focus of Intec's activities early during the March 2009 Quarter was seeking to progress the Intec Metals Recycling Project via the proposed acquisition of the major hydrometallurgical and associated facilities at Newcastle.

The 28 February 2009 deadline for the execution of the A\$20m Contract for Sale of the Mayfield industrial plant by the Vendor (Delta EMD Australia Pty Ltd) to INL was allowed to pass. Discussions between the Vendor and INL are continuing, with the conditions and price of the proposed acquisition again open to negotiation, reflecting the changed market circumstances.

However, the Project is severely challenged by the adverse global financial conditions and particularly by the tight credit market for, and/or present excess capacity of, the mining, minerals processing and waste management industries.

Successful financing of the Project is further hampered by the marked downturn of the Australian steel industry. A large portion of Australia's secondary steel production has been idled this year, making negotiations regarding an ongoing supply agreement for EAFD difficult, and while public statements indicate that this is expected to be temporary, the uncertainty surrounding the industry output negatively impacts upon the ability to raise funds for the Intec Metals Recycling Project.

In the light of the challenges facing direct financing efforts within the preferred timeframes of the Vendor (now effectively extended), Intec has widened its framework of possible project arrangements, and has placed greater emphasis on a collaborative approach to the strategic site acquisition. INL is seeking to support potential project partners who have the resources to purchase the site directly from the Vendor.

Further updates for shareholders concerning the Intec Metals Recycling Project will be provided monthly.

### *EAF Dust Processing Alternatives*

Intec is also currently engaged in concurrent discussions for alternative business models and an alternative Australian site for the recycling of Intec's stockpile of Electric Arc Furnace (EAF) dust. In the event that the Newcastle site acquisition is unsuccessful, or that the collaborative purchaser might have higher-priority preferences for the use of the kiln, these alternatives could offer viable options for the economic processing of Intec's EAF dust stockpile and ongoing arisings from the Australian steel industry.

INL will continue to pursue these alternatives in parallel with the Intec Metals Recycling Project at Newcastle until the outcomes for all EAF dust processing alternatives are better understood, including taking into account the recent strengthening of the LME zinc price.

**Burnie Research Facility**

Late in 2008, operations at Intec’s Burnie Research Facility very successfully completed the first commercial-scale trials of the use of its specialised reagents and technology for the environmentally and economically superior recovery of heavy metals from liquid and sludge waste feedstocks of Automotive Components Limited Group (ACL, see [www.acl.com.au](http://www.acl.com.au)).



**Figure 1: Waste sludge stockpile**

This was followed in the March 2009 Quarter with the establishment of the first agreement with ACL to utilise the Burnie Research Facility to treat on a commercial basis approximately 100,000 litres of heavy metal-bearing wastewater from ACL’s bearings plant in Launceston, Tasmania.

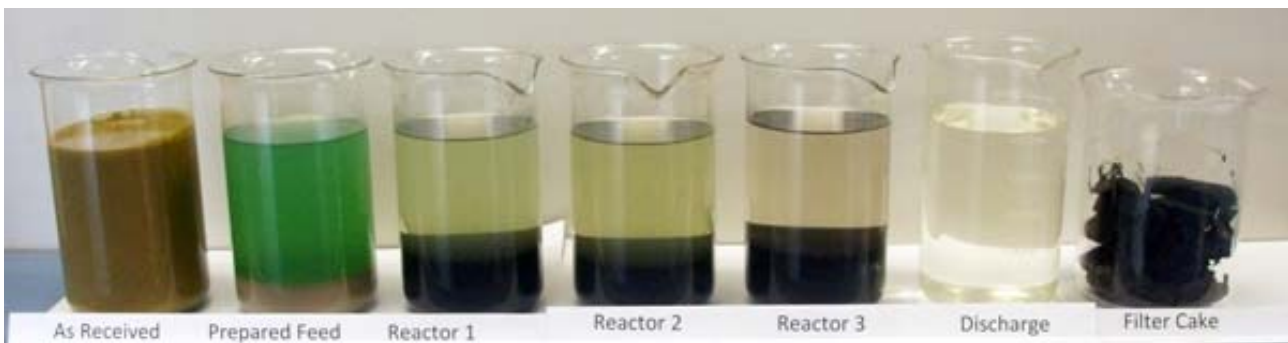
Intec’s resulting heavy metal products are saleable as commercial mineral concentrates (presently grading 20% lead, 5% tin, 2.5% copper, 2.5% nickel and 0.2% zinc), and can thus be processed through to pure metals. The non-saleable clear water by-product is EPA-approved as acceptable for discharge to sewer.

The ACL sludge is too contaminated to treat via conventional chemical fixation and stabilisation technologies, but if it were less contaminated, then most competing technologies would typically try to settle/filter the solids from the sludge and lock them up with large volumes of additives, then dispose the increased quantity solids to landfill. The separated water would be further treated, creating yet more waste, and then having done that, the water from those technologies would be disposed to sewer.

**Table 1: Measured values for automotive sludge operations**

<b>Element</b>	<b>Concentration in Waste Feedstock</b>	<b>Average Recovery to Product</b>	<b>Clear Discharge Concentration</b>
Lead	43 wt%	>99%	<10 mg/l
Iron	1.6 wt%	>99%	<10 mg/l
Copper	2.4 wt%	>99%	<10 mg/l
Tin	7.5 wt%	>99%	<10 mg/l
Nickel	8.7 wt%	>99%	<10 mg/l
Calcium	<1 wt%	n/a	9-10 g/l
pH	10-11		6-9

By comparison, the Intec technology recovers the environmentally hazardous components and brings them back into the useful product stream. The Intec technology avoids the landfill component altogether, and only discharges a clean water solution *that is approved by the local water authority to go to sewer*. Intec's permitted clear water discharge is in fact a lot cleaner than the human-sourced organic material that goes down the sewer lines every day. The difference is that the contaminants that were previously in the water are now products rather than waste.



**Figure 2: Processing steps from waste sludge to clear discharge and filter cake product**

Intec's technology is a win for the environment, and a win for industry. It represents a much better environmental outcome than the alternative, at a lower cost than conventional technologies, while providing additional recycled metalliferous feedstock from the manufacturing to the metals industry.

Intec's environmental engineering team has therefore achieved a greatly improved environmental and economic outcome compared to the hitherto common landfill disposal methods for heavy metal waste streams. It is expected that this intellectual property will have quite broad application for mine tailings water, industrial waste water and waste sludge treatment, nationally and internationally.

Profitable commercial treatment of heavy metal streams is anticipated to continue at the Burnie Research Facility throughout 2009. This commercial operation is indicative both of the multiple uses for Intec's high-quality Burnie Research Facility and of how the Company's Tasmanian operations continue to support to Intec's broader project development and environmental engineering activities.

Waste producers will ultimately save money in reagents and stabilisation/disposal costs, their wastewaters will be cleaner, and the Intec Process will offer them a superior environmental and economic outcome for the metals contained in their wastes.

With this potential benefit in mind, the Burnie Research Facility was visited by potential user groups during March and April 2009, and Intec is continuing to work with those groups to progress potential opportunities for the wider application of Intec's technology in this area.

### **Hellyer Assets**

In December 2008, Intec reached agreement with Bass Metals Ltd for the sale of Intec's Hellyer assets, including the complete Hellyer Mill, associated facilities and infrastructure, the partially-reworked Hellyer tailings dam and associated dredge, the mining lease and associated rights to water and power for the site. The EAF dust storage shed and bunker remain the property of INL. Formal agreement was signed on 12 March 2009, and the sale was settled on 19 March 2009.

The \$10 million agreement incorporates an initial payment by Bass Metals of \$4,010,000 in February 2009, replacement by Bass Metals of INL's existing \$990,000 security bond, and a future unit-based mill throughput royalty capped at \$5,000,000.

While the Directors would all have preferred a different outcome at Hellyer, the assets were purchased for \$1.2 million. INL benefited from \$43 million in revenues from the site, and sold the site for \$10 million. Considering the current economic circumstances, that is a positive outcome for INL's shareholders.

Subsequent to the end of the March 2009 Quarter, INL sold its remaining shareholding in Bass Metals on market at an average price in excess of \$0.12 per share. As at the date of this report, INL has no remaining interest in Bass Metals.

### **Chinese Representative Office Outcomes**

Following months of detailed discussions, Mr Joe Lam of Intec's Chinese representative office is advancing a prospective project using the Intec Process in Southern China. With potential backing by local companies with sufficient resources to ensure success, the two-stage project would involve the recycling of large quantities of EAF dust and 'Furnace Dust' using the Intec Process technology. The project concept and potential structures are currently being advanced with the parties involved, and an outcome is expected over the next few months.

This project is an initiative conceived and developed by Mr Lam, whose efforts and entrepreneurship have been required to advance the project to its current state. Intec looks forward to working with Mr Lam and his contacts in China to progress the development of this and other similar projects using the Intec Process.

### **Browns Sulphide Project**

Throughout the March 2009 Quarter, Intec continued to progress the breakthrough application of the Intec Process to the Browns Sulphide Project, a 50-50 joint venture between Compass Resources Limited and Hunan Nonferrous Metals Corporation.

Intec has taken a proactive stance to maintain the momentum of the previous quarter's successful technology testwork, which yielded the potential to dramatically reduce the capital and operating costs of the Intec Process for the Browns Sulphide Project. INL has maintained an ongoing dialogue with all of the project participants despite Compass Resources having called in administrators during the March 2009 Quarter. Both Hunan and Compass have devoted significant resources to the Browns project, with a total investment of over \$200 million to date, which they will not be 'walking away' from, and so Intec is using its best efforts to assist both parties to recommence Browns project activities

Intec and its Chinese-speaking representative have directly met several times with Hunan Nonferrous Metals Corporation, with the aim of continuing the progress of paid development work on the project. The advantages of having a local representative with detailed knowledge and experience with the Intec Process, as well as complete fluency in Chinese, are obvious and INL thanks Mr Lam also for his expert assistance in this area.

## **Corporate**

### *Macquarie Working Capital Facility*

Intec's A\$5.0 million working capital facility with Macquarie became due on 31 December 2008. Of this amount, a portion had already been repaid from the proceeds of the sale of Bass Metals shares. The balance is due to be paid from the proceeds of the sale to Bass Metals of the Hellyer assets. The \$3.51 million paid by Bass Metals on 19 March 2009 is held in an interest-bearing trust account, and the \$0.99 million Hellyer environmental bond is held in a separate interest-bearing trust account. Both funds will be released on final approval of the transfer of the mining lease by the Minister for Resources in Tasmania. On receipt of that approval, the Macquarie working capital facility will be fully repaid and extinguished.

Intec will retain ownership of the \$4.4 million environmental bonds for the EAF dust storage in Victoria and Tasmania. These funds will be released following approved treatment of these zinc-bearing stockpiles.

### *Cash Position*

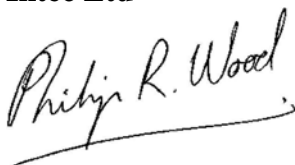
The Company's cash balance at 31 March 2009 was A\$381,000.

Intec has continued to implement a series of economy measures that will have reduced its average quarterly rate of expenditure by over 50% since the September 2008 Quarter.

The Directors consider that the Company's available cash, receivables and other liquid current assets are sufficient for its immediate working capital requirements and that additional capital will be raised as required on favourable terms relative to the current share price.

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

**25 001 150 849**

Quarter ended ("current quarter")

**31 March 2009**

#### Consolidated statement of cash flows

#### Cash flows related to operating activities

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	951	7,428
1.2 Payments for		
(a) advertising and marketing	(1)	(5)
(b) hydrometallurgical process development	(473)	(1,027)
(c) HZCP joint venture costs	(129)	(6,694)
(d) administration costs and corporate overheads	(819)	(4,528)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	102
1.5 Interest and other costs of finance paid	(35)	(234)
1.6 Income tax rebate received	-	-
1.7 Other income	3	225
<b>Net Operating Cash Flows</b>	<b>(503)</b>	<b>(4,733)</b>
<b>1.8 Net Operating Cash Flows (brought forward)</b>	<b>(503)</b>	<b>(4,733)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non current assets	-	(1,079)
(e) other non current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses	-	-
(b) equity investments	174	2,020
(c) intellectual property	-	-
(d) physical non current assets	-	500
(e) other non current assets	-	-
1.11 Loans to other entities	-	(22)
1.12 Loans repaid by other entities	20	20
1.13 Other (provide details if material) - security deposits	-	(756)
Other (provide details if material) - security deposits repaid	-	20
<b>Net investing cash flows</b>	<b>194</b>	<b>703</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(309)</b>	<b>(4,030)</b>

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

	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	1	142
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(24)	(547)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)- share issue costs	(5)	(399)
<b>Net financing cash flows</b>	<b>(28)</b>	<b>(804)</b>
<b>Net increase (decrease) in cash held</b>		
	(337)	(4,834)
1.21 Cash at beginning of quarter/year	718	5,215
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter/year</b>	<b>381</b>	<b>381</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**

1.24 Aggregate amount of payments to the parties included in item 1.2	147
1.25 Aggregate amount of loans to the parties included in item 1.10	-

1.26 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.

3.1 Loan facilities

3.2 Credit standby arrangements

Amount available \$A'000	Amount used \$A'000
4,594	4,594
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.

4.1 Cash on hand and at bank

4.2 Deposits at call

4.3 Bank overdraft

4.4 Other - 30 day bank bills

Current quarter \$A'000	Previous quarter \$A'000
381	68
-	650
-	-
-	-
<b>381</b>	<b>718</b>

**Total: cash at end of quarter (item 1.23)**

Acquisitions and disposals  
of business entities

5.1 Name of entity

5.2 Place of incorporation or registration

5.3 Consideration for acquisition or disposal

5.4 Total net assets

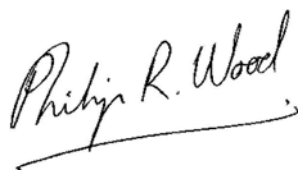
5.5 Nature of business

Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))

**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: 17 April 2009

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.