



Intec Ltd

ABN 25 001 150 849

Superior and Sustainable Metals Production

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Companies Announcements Office
Australian Securities Exchange

30 October 2009

Quarterly Activities Report: Appendix 4C September 2009

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

Highlights

- *Recycling operations at the Burnie Research Facility continued on a campaign basis during the September 2009 Quarter.*
- *Intec's success with ACL heavy metal waste recycling is nonetheless expected to be a catalyst for future waste recycling contracts.*
- *As a result of this work, Intec has taken up invitations to join several relevant industry associations, and is acting upon the resulting opportunities.*
- *As a further result of this work, Intec has lodged several additional patent applications, starting with China and Australia.*
- *The application for partial funding assistance for the galvanising industry project in Victoria was approved by EPA Victoria. Work by Intec will commence immediately on finalisation of the funding contract between the Victorian parties.*
- *Primarily as a result of insufficient secure feedstock supply, Intec has concluded its due diligence with respect to the Ausmelt zinc recycling plant at Whyalla, South Australia, and has provided notice to Ausmelt for the discontinuation of exclusivity arrangements for the potential transaction.*
- *Senior Intec representatives visited China in July/August 2009 and Hong Kong in early October to progress technical and corporate discussions related to Chinese projects, utilising the Intec Process and related Intec technology and know-how.*
- *Intec has signed a MOU with Guangdong GuangYe Assets Management Co., Ltd. (GuangYe) for the formation of an incorporated joint venture to identify and develop secondary resources project opportunities in Australia and China*
- *Following a period of inactivity, Intec now hopes to progress with potential project opportunities around the world, directly and through Intec's 50%-owned joint venture Intec International Projects Pty Ltd.*
- *Following the appointment of administrators to the ACL Group on 25 August 2009, approximately \$240,000 of previous recycling fees are considered unlikely to receive material payment, however fees for services subsequent to this date are assured.*
- *Intec has provided notice of its Annual General Meeting, to be held in Sydney on Thursday, 19 November 2009.*
- *The total cash available at the end of the quarter was A\$585,000.*

Operations Update

Burnie Research Facility

Campaign heavy metal recycling operations continued at Intec's Burnie Research Facility during the September 2009 Quarter, extracting and recovering metals from industrial sludges and filter cake from the plating industry.

Unfortunately, however, the short-term profitability of this operation was compromised by the appointment of Administrators & Receivers on 25 August 2009 of its initial client: the ACL Group in Tasmania. At 30 June 2009, the ACL Group had outstanding invoices totalling \$133,742 which were paid in full in July and August 2009. As at 25 August, the Group had outstanding invoices totalling \$276,000. The Directors reasonably expect that \$36,000 of this amount will be paid in full. However the Directors believe that Intec is unlikely to receive a material payment in relation to the remaining amount of \$240,000 based on a review of the report of the Administrators dated 21 September 2009.

It is noteworthy that the Administrators have continued to operate the ACL Group on a reduced basis during the period following 25 August, and that Intec has continued to receive ongoing arisings of further heavy metal waste for recycling – on the basis of guaranteed payment for all work following the date of administration.

Furthermore, Intec's success with the environmental and economic recycling of ACL's heavy metal wastes has acted as a catalyst for more widespread interest and enquiry, and Intec is confident that this operational proof of the Intec Process will be a key factor in the securing of further waste recycling contracts. Intec is actively marketing the technology, and has been invited to present at a range of key industry events, particularly during October and November 2009, offering the prospect of significant free marketing for the service.

Intec has also taken up invitations to join several relevant industry associations, including the Waste Management Association of Australia and the Industry Australia Group, and is participating in the organising committee for the fledgling Industrial Ecology Network, which has defined its mission as: "To promote & encourage the development of activities, processes & relationship between entities which convert surplus, spent or unwanted materials, energy and services into valuable resources". These networking opportunities broaden Intec's ability to inexpensively and efficiently gain direct access to key industry representatives who have the knowledge and control of Intec's preferred waste streams.

New Technology

Concurrent with its recycling operations, the Burnie Research Facility has also been active during the September 2009 Quarter in accepting and testing samples from new potential clients, either for the near-term establishment of waste recycling contracts or for the optimisation of the Intec Process for the recovery of additional metals from these wastes, particularly chromium.

The chromium work has proved promising. Intec's most recent tests have demonstrated better than 98% chromium extraction from the waste feedstocks, and while there remains further work to optimise the type and quality of the chromium products (to be tailored to the optimum sales avenue), this has the potential to offer a clean, economic alternative for a major current industry problem – and thereby also expand the number and type of wastes to be recycled at Intec's Burnie facility.

Additionally, Intec has been active during the September 2009 Quarter in securing its intellectual property in waste recycling through the application for several new patents, particularly in Australia and China.

Galvanising Industry Project in Victoria

Intec continues to pursue a significant potential project for the recycling of spent pickle liquor from the galvanising industry.

The Company was pleased to announce in August 2009 that in-principle approval had been granted from EPA Victoria's HazWaste Fund for the requested \$780,000 funding support for the research, demonstration and engineering portion of the proposed \$2.85 million project to apply the Intec Process to galvanising industry spent pickle liquor and other wastes.



Figure 1: A galvanising industry acid 'pickle' bath

Intec is hopeful that the required legal agreement will soon be finalised between the Victorian parties to the funding arrangements. The project will commence immediately upon confirmation of the legal agreement, which effectively covers the expenses of Phases I and II and Intec's services throughout that time.

It is expected that Intec's intellectual property derived from its waste metals recovery technology will have broad application for mine tailings water, industrial waste water and waste sludge treatment, both nationally and internationally.

EAF Dust Project at Whyalla in South Australia

Although Australian electric arc furnace (EAF) dust tends to be high in valuable zinc content by world standards, the local market is challenged by the relatively small quantities of material available for treatment, which limits the economies of scale available to any processing option.

The ability to secure a sufficient stable, long-term supply arrangement is a cornerstone to the financing of any processing plant, and the lack of available long-term supply contracts has inhibited Intec's efforts to implement local recycling options for EAF dust, first at Newcastle and later at Whyalla.

Intec has concluded its due diligence with respect to the Whyalla project option, but primarily as a result of a lack of feedstock supply security, Intec has provided notice to Ausmelt Limited for the discontinuation of exclusivity arrangements for a potential transaction related to Ausmelt's Whyalla facility. Intec has thanked Ausmelt for the professional and helpful support and cooperation of its executives throughout the project discussions.

The Company is advancing alternative options for the recycling of its EAF dust stockpiles, however the associated environmental bonds have been written down to zero in the 2008/2009 financial year accounts, recently published in the 2009 Annual Report.

Chinese Projects

Intec continued to advance its Chinese opportunities throughout the September 2009 Quarter, most particularly with a visit to China in July, and a follow-up visit to Hong Kong in early October.

Intec's July 2009 visit to China has emphasised several factors that are relevant to Intec's potential expansion into China. The opportunities for clean technology in such a large market are obvious, particularly as both the national and provincial governments there have greater means to enforce action from industry than might be readily achieved here in Australia. The market size, availability of feedstocks, and the relatively low cost of key input factors, particularly labour, support the significant potential of China as an early adopter of Intec's technology.

Ongoing discussions and negotiations related to the use of the Intec Process at a project in Southern China resulted in a second visit by Intec's Managing Director & CEO, Mr Philip Wood, to Hong Kong in early October to hasten the outcomes. These discussions are now well-advanced.

In a separate but parallel effort originating from Intec's Chinese representative office, Intec signed a (MOU) on 28 October 2009 with Guangdong GuangYe Assets Management Co., Ltd. (GuangYe) for the formation of an incorporated joint venture to identify and develop secondary resources project opportunities in Australia and China, using the Intec Process and taking into account Intec's current activities in those countries.

GuangYe was established in 2000 to manage the assets of the Guangdong Provincial Government. With registered capital of 1.3 billion RMB (approximately US\$190 million), it operates in 12 industry-specific divisions, through more than 150 subsidiaries or affiliated companies, and employs over 18,000 people. GuangYe has a mandate to seek investments into Australian 'enabling technologies' and 'secondary resources' projects.

The MOU signed yesterday between Intec and GuangYe envisages that both parties will work towards establishing a joint venture company to:

- Provide advisory investment services to GuangYe for the purposes of identifying and assessing economically robust mining, minerals processing, and industrial residues/wastes processing opportunities in Australia and China.
- Continue to research and develop the Intec technology platform for minerals processing and industrial residues/wastes treatment.



Figure 2: Representatives of Intec and GuangYe
(from left) **Mr Rob Waring**, Intec Company Secretary;
Mr Wang Qi, Deputy General Manager, YunFu Pyrite Enterprise Group Corporation; **Mr Dave Sammut**, Corporate Development Manager, Intec; **Mr Kieran Rodgers**, Finance Director & CFO, Intec;
Mr Philip Wood, Managing Director & CEO, Intec;
Mr Wang Ximin, Deputy General Manager, GuangYe; **Ms Zhao Wei**, General Manager, Guandong Petro-trade Development Company;
Dr Andrew Tong, Senior Research Metallurgist, Intec;
Mr Su Jiaping, Director of the Enterprise Management Department;
Mr Joe Lam, Intec's Chinese Representative & General Manager, Guangzhou Greener Chemical Technology Co., Ltd.

- Identify secondary resource opportunities in Australia and China that are suitable for development using the Intec technology.
- Acquire strategic equity positions in selected corporate and/or project opportunities, particularly where GuangYe funds will bring about rapid project development and/or alleviate funding costs from alternative sources.

It is expected that, subject to formal implementation of a joint venture agreement with GuangYe, and in addition to the equity position in the resulting project opportunities, the services provided by Intec staff to the joint venture in the near term will partially defray Intec's current overall core staff costs, aiding the company's efforts to become self-sustaining.

Browns Sulphide Project

Although the Intec Process was selected as a key component to the overall flowsheet for the polymetallic Browns Sulphide ore, the project was delayed indefinitely following Compass Resources being put into administration.

One important outcome of Intec's visit to China was the opportunity to meet with senior executives of Hunan Nonferrous Metals Corporation, the 50% joint venture partner of Compass Resources in the Browns Sulphide Project. Intec now hopes to resume paid testwork for the application of the Intec Process to this project.

Other Minerals Projects

Following a period of inactivity, Intec now hopes to progress with potential project opportunities around the world, directly and through Intec's 50%-owned joint venture Intec International Projects Pty Ltd.

Intec currently has enquiries from countries such as Iran, Bolivia, Venezuela, Peru, Mexico, South Africa, China, Ukraine and Kazakhstan for the fully-funded advancement of such potential projects, which if successful will yield additional engineering services revenue in the near-term. However, any of these international projects, if they proceed, will require development over the long term. Even with external funding and active support from a potential client, project planning, engineering, approval and construction take time, and it is unlikely that from the current project pipeline a full-scale Intec Process minerals project could be implemented and commissioned anywhere outside of China before 2012.



Corporate

Annual General Meeting

Intec's notice of Annual General Meeting was published on 19 October 2009. The meeting will be held as follows:

Time: 5.30 pm

Date: Thursday, 19 November 2009

Place: 'The Partners Room', Allens Arthur Robinson Lawyers, Level 28, Deutsche Bank Place, Corner of Hunter and Phillip Streets, Sydney NSW 2000 Australia

The Notice of Annual General Meeting and Explanatory Statement may be found on Intec's web site: www.intec.com.au

An Invitation to Shareholders

Intec's Corporate Development Manager, Dave Sammut, will be in Melbourne on Tuesday, 10 November 2009, representing the company at the EPA Victoria HazWaste Expo. Following that event, he will be making himself available at 2:30pm in the Melbourne CBD, for an informal chat about Intec, its strategies and progress. Arrangements for this informal get-together are currently flexible, and Dave can work with interested shareholders to fix arrangements that collectively suit the best.

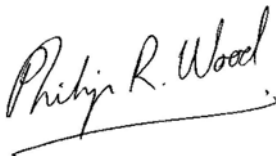
Participation in this discussion will be subject to the conditions of Intec's Investor Enquiry Policy. Those shareholders who would like to get together are encouraged to contact Dave Sammut (dave@intec.com.au or 02 9925 8170 as soon as possible).

Finance

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.

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")

30 September 2009

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	280	280
1.2 Payments for		
(a) advertising and marketing	-	-
(b) hydrometallurgical process development	(542)	(542)
(c) HZCP joint venture costs	(163)	(163)
(d) administration costs and corporate overheads	(675)	(675)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	35	35
1.5 Interest and other costs of finance paid	(18)	(18)
1.6 Income tax rebate received	-	-
1.7 Other income	50	50
Net Operating Cash Flows	(1,033)	(1,033)
1.8 Net Operating Cash Flows (brought forward)	(1,033)	(1,033)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non current assets	(2)	(2)
(e) other non current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non current assets	3,510	3,510
(e) other non current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other: Hellyer EAFD Security Deposit Paid	(3,647)	(3,647)
Other: Cost of Sale of Hellyer assets	(177)	(177)
Other: Security Deposits Repaid	-	-
Net investing cash flows	(316)	(316)
1.14 Total operating and investing cash flows	(1,349)	(1,349)

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	(14)	(14)
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(42)	(42)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)- share issue costs	-	-
Net financing cash flows	(56)	(56)
Net increase (decrease) in cash held		
	(1,405)	(1,405)
1.21 Cash at beginning of quarter/year	1,990	1,990
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter/year	585	585

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	45
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
-	-
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
4.1 Cash on hand and at bank	85	100
4.2 Deposits at call	500	1,890
4.3 Bank overdraft	-	-
4.4 Other - 30 day bank bills	-	-
Total: cash at end of quarter (item 1.23)	585	1,990

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: 30 October 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.