



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
Website: www.intec.com.au
ASX code: INL

Companies Announcements Office
Australian Securities Exchange

19 January 2010

Quarterly Activities Report: Appendix 4C December 2009

On behalf of Intec Ltd (ASX code: INL, or the Company), I now attach the December 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 December 2009 Quarter. These were coupled with simultaneous successful trials of lead-bearing laboratory waste.*
- *Phase I trial work commenced in November 2009 for the spent pickle liquor recycling project, which has been supported by EPA Victoria through the formal approval of \$780,000 of funding through the HazWaste Fund. To date, Intec's technical team has been pleased with the results of the Phase I work, with key points of technical interest performing to expectation.*
- *Intec established a joint venture agreement with Green Resources, Hong Kong vehicle incorporated for the development of primary and secondary resources projects within China, using the Intec Process and other technologies as appropriate.*
- *Having completed Stage 1 of the Subscription Agreement announced on 5 November 2009, Intec currently holds 7% of the fully-diluted shareholding in Green Resources, and has provided a licence for the use of the Intec Process technology.*
- *Green Resources is concurrently developing four separate Intec Process projects in mainland China. Of these, the 50,000tpa Liuzhou Project has completed its pre-feasibility study. A feedstock supply agreement has been signed for the supply of metalliferous waste from Liugang Steel, and conditional approval has been received for the full financing of the project (subject to the outcomes of the current feasibility study).*
- *Other projects include wastewater, solid waste and mine tailings recycling using the Intec Process in the Guandong and Guanxi provinces of southeastern China.*
- *Intec has separately signed a memorandum of understanding with Guangdong GuangYe Assets Management Co., Ltd. (GuangYe) for the formation of an incorporated joint venture to identify and develop secondary resources project opportunities for the Intec Process in Australia and China.*
- *Intec has signed a convertible note facility with La Jolla Cove Investors, Inc. to provide up to a total of US\$3 million in working capital. The Facility provides Intec with all required working capital during 2010, while the Company develops its Australian, Chinese and other international projects to self-sustaining revenue generation.*
- *The total cash available at the end of the quarter was A\$217,000.*

Operations Update

Burnie Research Facility

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

Intec continued its participation with the Administrators and Receivers of ACL. While it remains unlikely that Intec will be repaid \$240,000 of recycling fees for services provided prior to 25 August 2009, the Administrators have continued the payment-guaranteed use of Intec's services for the profitable recycling of ongoing metalliferous sludge wastes produced at the ACL Group's Launceston facility.

Intec also conducted highly successful simultaneous trials of lead cupel waste from Australian gold-assay laboratories. During the assay of soils and minerals for gold, each test produces 20 grams or more of lead-bearing waste that is unsuitable for landfill disposal. While this mass is small per test, the large number of tests from across the Australian mining industry means that larger assay laboratories can produce a couple of tonnes of this waste every month. The trials successfully proved that this waste is suitable for Intec Process recycling, with >99% extraction and recovery of the contained lead into mineral product. Work on this opportunity will continue during the March 2010 Quarter.

Brian Banister (Chief Operating Officer of Intec Ltd and Managing Director of Intec Envirometals Pty Ltd, which operates Intec's Burnie facility) spends much of his time in marketing the Intec Process, with assistance from Dave Sammut (Corporate Development Manager) and Andrew Tong (Senior Research Metallurgist and Project Manager). The company is receiving an increasing stream of incoming enquiries for the use of Burnie's recycling services, as well as for other waste and minerals opportunities within Australia and internationally. As example, Intec received approval in early January 2010 for a programme of preliminary testwork on a refractory gold concentrate from Africa, which testwork will be conducted at either the Burnie or Brookvale laboratory facilities.

Furthermore, Intec was active during the December 2009 Quarter in targeted marketing of Intec's technology and services, with multiple meetings in Tasmania, Victoria and NSW advancing a range of opportunities currently under development. Intec was active at the November 2009 HazWaste Expo in Victoria, as well as presenting to the Ai Group's Environmental Solutions Forum (the video and text of the presentation are available on Intec's website: (www.intec.com.au)).

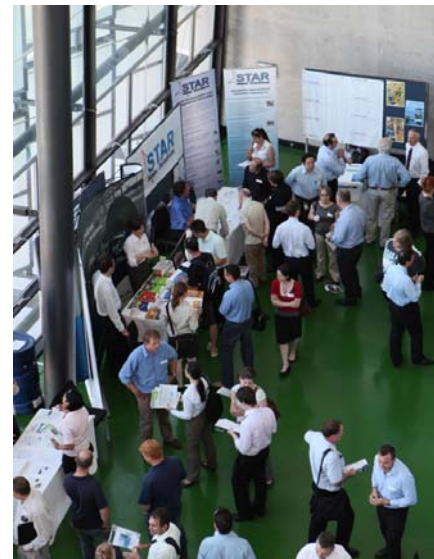


Figure 1: (top right) Intec's Dave Sammut and Brian Banister at the 2009 EPA Victoria HazWaste Expo

As a result of these activities, interested parties visited Intec's Burnie facility in November and December 2009, with further visits scheduled for February 2010. While these meetings simply represent typical ongoing business for Intec, the increased activity is indicative of the general turn-around in the market during the second half of 2009 and the positive outlook for 2010.

Galvanising Industry Project in Victoria

Phase I trial work commenced in November 2009 for the spent pickle liquor recycling project, which has been supported by EPA Victoria through the formal approval of \$780,000 of funding through the HazWaste Fund.

The first phase of work involves the continuous laboratory-scale testing of the particular combination of Intec Process unit operations that have been specified for this feedstock, and the generation of associated process and engineering data. The first continuous trial was conducted during December 2009, with the second trial and reporting of the results to be completed by the end of February 2010. To date, Intec's technical team has been pleased with the results Phase I work, with key points of technical interest performing to expectation. However publication of the data will be limited pending the completion of Intec's concurrent patent application process to secure the company's relevant intellectual property.



Figure 2: Senior Intec Management visiting the Brookvale testing facility, at which Phase I spent pickle liquor recycling development work is continuing.

Phase II of the testwork programme will involve the full-scale operation of the spent pickle liquor recycling circuit at Intec's Burnie facility for the recycling of at least 50,000 litres of waste. It will utilise a dedicated zinc electrowinning cell, and will yield sufficient engineering data for the design, costing and economic modelling of the full Phase III construction and operation of the spent pickle liquor recycling plant, with a minimum capacity of 1,000,000 litres per annum.

Chinese Projects

Intec's Chinese projects made appreciable progress during the December 2009 Quarter. The company was pleased to announce the establishment of a joint venture agreement with Green Resources (Asia Pacific) Holdings Limited (Green Resources, (www.greenresources.cn)) in November 2009, which has identified and progressed four separate projects to utilise the Intec Process for industrial waste and secondary mineral resource feedstocks in mainland China.

Green Resources is a special purpose vehicle incorporated in Hong Kong for the purpose of developing primary and secondary resources projects using the Intec Process and other technologies as appropriate. It is concurrently developing projects in two provinces in southern China, Guandong and Guanxi:



Figure 3: Signing Ceremony: Intec and Green Resources

Left to right: Mr Truman Wong (Director, Green Resources), Mr Philip Wood (Managing Director & Chief Executive Officer, Intec) and Mr James Leung (Director, Green Resources).

Liuzhou Project: Steel Waste Recycling

- Phase 1: 50,000 tpa steel dust recycling
 - 25% Fe, 7%Zn, 1.5% Pb and 250ppm In
 - Commissioning to commence in 2011
- Pre-feasibility study complete
 - Capital Cost: RMB 43 million (~A\$7 million including 25% contingency)
 - Net Revenue (pre-tax): RMB 28 million pa (~A\$4.5 million pa)
 - Pre-Tax IRR: 65%
- Feedstock supply and financing agreements in place, subject to successful outcomes of the current feasibility study (due June 2010 Quarter).
- Later phases envisage capacity increase to as much as 1,000,000 tpa.

Lingshan Wastewater Treatment Plant, Guangxi Province

- Collectively recycling heavy metals from up to 200 electro-plating operations in a single industrial park
- Up to ~100,000 litres per day
- Pre-feasibility study underway

Yunfu Solid and Wastewater Treatment Plant, Guangdong Province

- Pyritic solid waste and wastewater
- Phase 1: 50,000 tpa solid, 10,000 litres per day wastewater
- Phase 2: Up to 1,000,000 tpa throughput
- Pre-feasibility study underway

Nandan Tailings Recycling Plant, Guangxi Province

- Treating tailings and waste acid high in arsenic content
- Phase 1: 2,000 litres per day waste acid, 60,000 tpa tailings
- Phase 2: 10,000 litres per day waste acid, up to 1,000,000 tpa tailings
- Industrial trials underway

The joint venture involves a three-stage Subscription Agreement, during which Intec will make a series of private placements of INL shares to Green Resources and/or its nominees, and will in turn re-invest these funds into Green Resources in return for increasing its equity stake and obtaining a board seat. As the Subscription Agreement is relatively detailed, a second explanation has been provided below to help clarify the arrangements.

Green Resources Subscription Agreement

As previously announced, Mr Joe Lam has been progressing Intec's interests via the Chinese Representative Office for approximately 18 months. One of his key tasks was to advance project opportunities in China, with a particular focus on opportunities which could generate Intec shareholder value without drawing heavily on Intec's limited financial resources.

This is the principle of the agreement with Green Resources. Intec has received a 5% interest in Green Resources in return for providing a technology licence for the use of the Intec Process at its projects. Green Resources has identified multiple potential projects, and in developing the first of these (the 50,000tpa Liuzhou Project) it has also identified and made preliminary agreements (subject to the successful outcomes of the feasibility study) to put in place the required capital for the engineering, development, construction and operation of the Liuzhou Project.

Put another way, the bulk of the RMB 43 million (~A\$7 million, subject to Intec's staged investments described below) capital will be sourced locally to the project, without recourse to Intec's shareholders.

In addition to the initial 5% interest in Green Resources, Intec has also agreed (via the Subscription Agreement) to a series of staged investments in Green Resources, successively increasing Intec's percentage participation in Green Resources (on a fully diluted basis) up to 30%. At the second investment, Intec also receives a seat on the Green Resources board. The capital to fund these investments into Intec is sourced from Green Resources and/or its nominees.

In detail:

Stage 1

- Intec has received a 5% free carried interest for providing a technology licence to Green Resources
- Intec has invested RMB 2 million in return for an additional 2% of Green Resources
- Intec's investment was funded by reciprocal investment in Intec by nominees of Green Resources at \$0.015 per INL share

Stage 2

- On commencement of the Liuzhou Project using the Intec Process for metals recycling
- Subject to due diligence by Somerley Ltd (www.somerley.com.hk), Intec will invest RMB 13 million by 30 June 2010 for the implementation of the Project
- Intec will receive an additional 13% of Green Resources
- Intec's investment will be funded by reciprocal investment in Intec by Green Resources and/or its nominees at \$0.015 per INL share
- Intec will receive a seat on the Green Resources board

Stage 3

- Cross-investment between Intec and Green Resources for RMB 10 million
- Volume of shares based on volume weighted average price of INL shares leading up to the transaction
- Anticipated completion prior to 30 September 2010
- Intec's resultant aggregate shareholding in Green Resources will be 30%
- The cross shareholdings between Green Resources and Intec will provide the initial basis for further collaboration on corporate interests and cross-jurisdictional listings

The near term revenues from the Liuzhou Project via engineering and project services provided by Intec to Green Resources are likely to be limited. However, INL's investors stand to benefit from the direct value of Intec's shareholding in Green Resources, the establishment of a foothold in China, the largest and fastest growing industrial sector in the world, and the indirect benefits that accrue from successful demonstration of the Intec Process technology at the large commercial scale.

GuangYe Joint Venture

In a separate but parallel effort originating from Intec's Chinese representative office, Intec signed a Memorandum of Understanding 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 (taking into account Intec's current activities in those countries), to be funded by GuangYe and using the Intec Process.

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.



Figure 4: Mr Philip Wood, Managing Director & CEO, Intec Ltd shaking hands with Mr Wang Ximin, Deputy General Manager, GuangYe

Intec continues to progress the formal implementation of the joint venture agreement with GuangYe, and at the same time has put forward the first of the recommended Australian project opportunities for potential development under the joint venture.

It is expected that in addition to the joint venture company's equity position in the resulting project opportunities, payment by the joint venture company for the services provided by Intec staff to the joint venture in the near term will assist in meeting Intec's working capital requirements.

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 in January 2009. While Intec expects to resume paid testwork for the application of the Intec Process to this project, no further work was conducted during the December 2009 Quarter.

Other Minerals Projects

With the ongoing upswing in the global minerals industry and particularly in global metals prices (see Figure 5), Intec is continuing to observe improvements in the level of enquiries regarding international mineral feedstocks.

Each enquiry is assessed for the nature and size of the resource, the level of competitive advantage of the Intec Process for the individual feedstock, and the capacity of the potential client to support and implement an Intec Process facility within the relevant project. This is done to ensure that Intec's limited resources are committed only to optimal projects that offer the best future value for shareholders.

Where the multiple project factors meet Intec's criteria, a multi-stage testwork proposal is submitted to the client so that it has a clear understanding of the procedures and costs to develop and implement an Intec Process facility.

As noted above, one such testwork proposal has recently been accepted for a refractory gold concentrate in Africa. 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.

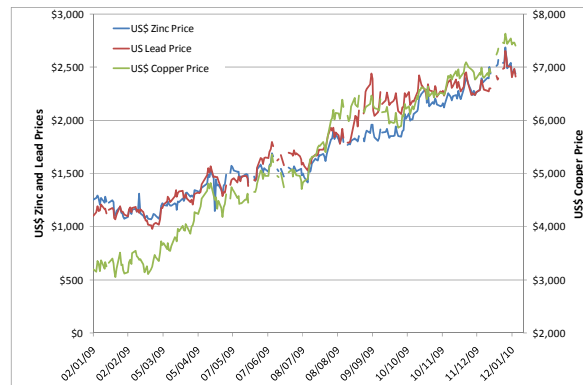


Figure 5: 2009/2010 Trend in Copper, Zinc and Lead Prices in US Dollar Terms

Corporate

Annual General Meeting

Intec's Annual General Meeting was held on Thursday, 19 November 2009. The text, audio, video and photos of the meeting, as well as the ASX announcements associated with the meeting may all be found on Intec's web site: (www.intec.com.au/?/Investor_Information/AGM2009).

La Jolla Convertible Note

On 16 November 2009, Intec signed a convertible note facility (the "Facility") with La Jolla Cove Investors, Inc. ("La Jolla", see (www.ljcinvestors.com)) to provide up to a total of US\$3 million in working capital.

La Jolla is a California-based private investment company that finances small- to mid-sized listed companies that meet its criteria of growth potential relative to market capitalisation. With its convertible debt amounting to quasi-equity, La Jolla will become a cornerstone institutional investor in Intec and will work with Intec to achieve the best possible business outcomes for the Company, including potential additional capital funding of Australian and/or international projects. Representatives of La Jolla are due to visit Intec's Sydney office in late January/early February to discuss ways of employing La Jolla's professional skills and experience to assist Intec's business outcomes in 2010, for the benefit of all Intec shareholders.

The Facility provides Intec with all required working capital during 2010, while the Company develops its Australian, Chinese and other international projects to self-sustaining revenue generation. The Facility overcomes the adverse impact over the past fifteen months of a number of (previously announced) bad debts and metallurgical project suspensions sustained by the Company due to the global economic downturn, which fortunately has now reversed for Intec.

Key terms of the Facility are as follows:

- The Facility comprises two separate US\$1.5 million convertible notes, both with a term of 24 months;
- There are no fees or expenses whatsoever associated with the Facility;
- Funds are to be drawn down at a rate of not less than US\$250,000 per month;
- The notes bear interest payable to the holder at a rate of 4.75% (calculated on the outstanding principal amount);
- The notes are to be repaid by the Company at their two year maturity unless converted to INL shares at the election of La Jolla at a 20% discount to the three lowest volume weighted average daily INL prices during the most recent 15 trading days;
- Intec retains the discretion not to proceed with the second US\$1.5 million convertible note if it so elects;
- La Jolla undertakes that its shareholding will not exceed 9.9% of outstanding INL shares;
- So long as the convertible note is outstanding, neither La Jolla nor its affiliates shall at any time engage in any short sales or similar activities with respect to INL shares;
- In accordance with Section 611 Item 7 of the Corporations Act and ASX Listing Rule 7.1, the Company will in due course convene a meeting of shareholders to obtain approval of this transaction, although drawdowns by the Company may commence from signature.

To date, Intec has drawn down US\$500,000 of the Facility. Of this amount, La Jolla has elected to convert US\$130,267 into 12,224,042 INL shares, of which 11,024,042 shares have now been sold on market resulting in gross proceeds of approximately US\$150,000.

Commentary on the La Jolla Convertible Note

As noted by Philip Wood during the 2009 Intec AGM, the terms of the La Jolla convertible notes are close to those that Intec would have written itself. The Facility offers Intec staged access to working capital with no fees. While the outstanding debt may be converted from time to time at a discount to market, this is still much preferable to a large capital raising share placement (whether and/or not to existing shareholders) which would require the same discount, plus ~7% underwriting/placement fees, greater transaction costs, no debt/equity flexibility, and an immediate reduction of the INL market price towards the discounted placement price.

To date, La Jolla has elected to convert only a minority (<30%) of Intec's debt to INL shares. If Intec's share price increases before the remaining portion is converted (or if the debt is repaid prior to conversion), then in that scenario the effective discount rate, compared to equivalent capital raised (eg via a share placement) at a discount to the INL share price current at the time of entering into the capital raising transaction, would be substantially reduced or even negated.

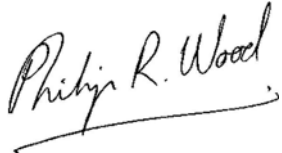
With no fees, a low interest rate on the unsecured debt, a reasonable discount to market at the time of conversion, staged drawdown of the debt and the flexibility to limit the total debt, the La Jolla convertible note represents a good outcome for Intec's investors. Intec considers that if the INL share price starts appreciating through the implementation of Intec's value-driving projects then it would be in La Jolla's interest to continue to increase its quasi-equity in the Company.

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

A handwritten signature in cursive script that reads "Philip R. Wood". The signature is written in black ink and is positioned above a horizontal line that serves as a separator between the signature and the printed name below.

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 December 2009

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	4	284
1.2 Payments for		
(a) advertising and marketing	(8)	(8)
(b) hydrometallurgical process development	(275)	(817)
(c) HZCP joint venture costs	(52)	(215)
(d) administration costs and corporate overheads	(662)	(1,337)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	19	54
1.5 Interest and other costs of finance paid	-	(18)
1.6 Income tax rebate received	-	-
1.7 Other income	-	50
Net Operating Cash Flows	(974)	(2,007)
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)
(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
(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)
Other: Cost of Sale of Hellyer assets	(118)	(295)
Other: Security Deposits Repaid	-	-
Net investing cash flows	(118)	(434)
1.14 Total operating and investing cash flows	(1,092)	(2,441)

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

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	396	396
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	409	409
1.18 Repayment of borrowings	(17)	(59)
1.19 Dividends paid	-	-
1.20 Other (provide details if material) - Share Issue Costs		
Share Issue Costs	(18)	(32)
Foreign Exchange Call Option	(46)	(46)
Net financing cash flows	724	668
Net increase (decrease) in cash held		
	(368)	(1,773)
1.21 Cash at beginning of quarter/year	585	1,990
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter/year	217	217

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	90
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	17	85
4.2 Deposits at call	200	500
4.3 Bank overdraft	-	-
4.4 Other - 30 day bank bills	-	-
Total: cash at end of quarter (item 1.23)	217	585

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: 19 January 2010

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.