



Intec Ltd

ABN 25 001 150 849

Superior and Sustainable Metals Production

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Companies Announcements Office
Australian Securities Exchange

20 April 2011

Quarterly Activities Report: Appendix 4C March 2011

On behalf of Intec Ltd (ASX code: INL, or the Company), I now attach the March 2011 Quarterly Report for Entities Admitted on the Basis of Commitments (Appendix 4C).

Highlights

- *Phase 2 trials have been completed for the spent pickle liquor recycling project, with data analysis and reporting currently underway.*
- *An initial market review of domestic and international opportunities for the spent pickle liquor recycling technology has found virtually no environmentally-equivalent (i.e. non-landfill) recycling competing operations within Intec's target markets.*
- *Production of zinc-bearing concentrate from Intec's stockpiles of EAF dust and Zeehan residue has continued at full capacity throughout March 2011, reducing in April due to short-term shipping supply and associated storage capacity limitations. Intec is progressing through the available EAF dust stockpile in Tasmania, and independent testing has confirmed that the product meets specification.*
- *Intec has submitted its Conceptual Study for the Middle Eastern zinc-lead project. Based on favourable indicated outcomes and a positive initial response by the client, the Company is now engaged in discussions related to the potential development of this project.*
- *Despite limitations on technical resources and the higher-priority demands of the spent pickle liquor recycling project, modest progress has been made on Intec's secondary project opportunities, including the AngloGold Ashanti gold concentrate testwork and polymetallic concentrate testwork.*
- *Intec's strategic review managed by the AFG Venture Group has identified a series of potential strategies for further assessment through the collection of additional quantitative and qualitative data. These data are due for submission to the Board by 30 June 2011.*
- *Updates by Bass Metals concerning its Hellyer Mine Project continue to indicate that the first royalty payment will be received by Intec in the September quarter 2011.*
- *In its most recent update to Intec, Green Resources (of which Mr Joe Lam is no longer a director) made no mention of advancing any Intec Process projects at this time.*
- *Intec has received a payment from the Australian Taxation Office of approx. \$407,000 as an R&D Tax Offset refund.*
- *The Company's total cash available at the end of the quarter was \$3,028,000.*

Operations Update

Burnie Research Facility

Throughout 2010, INL progressed its developing technology application of the Intec Process for the zero-waste recycling of spent pickle liquor from the galvanizing industry, which contains zinc, iron, and hydrochloric acid.

The Phase 2 trial programme initially operated in November-December 2010, generating important data about the scale-up of the engineering from the laboratory and Phase 1 pilot plant operations, effectively to the full commercial scale.



Andrew Tong (Head of Technology) and Maritza Valencia-Bejarano (Process Engineer), with zinc metal product from the recycling of spent pickle liquor from the Phase 2 trials at Intec's Burnie Research Facility.

Using the engineering data generated in the 2010 trials, some new equipment was ordered and installed, and final Phase 2 trial campaigns were conducted in February and March 2011. During these periods of operation, Intec's technical resources were in effect fully occupied, and it is therefore noted that the progress and achievements in the other projects described below have been subject to the limited resources that constrain Intec's current net operational capability.

These trials are now complete. The operations have successfully proven the technology for the commercial scale, and the Company thanks the entire technical team for their sterling efforts in achieving this result. Intec has now progressed to the full analysis of the data and reporting of the programme results to the project partners, GB Galvanizing Service Pty Ltd (GBG) and EPA Victoria, which has generously supported GBG's participation in the project with the approval of \$780,000 of HazWaste funding for the research, demonstration and engineering portion of the proposed \$2.85 million project.

If Phase 2 has confirmed its technical and economical feasibility, Phase 3 of the project will involve the construction of a full-scale spent pickle liquor recycling project at GBG's operating site in Victoria, for the recycling of a minimum of 1,000,000 litres per annum.

With an expected capital cost of less than \$2 million, the resulting plant will represent a further step in the diversion of useable metal resources away from landfill.

In parallel with the extensive technical trials in Burnie, Intec has completed a provisional market study for further spent pickle liquor recycling opportunities. To date, Intec's technology appears to be unique in Australia for the recycling of zinc-bearing spent pickle liquor from the batch hot-dip zinc galvanizing industry. Current information suggests that all of these useable liquid wastes in Australia are currently treated, 'stabilised' and sent to landfill.

Even internationally, Intec could find virtually no competing technologies for the recycling of this type of zinc-bearing liquid acid ‘waste’ derived from batch hot-dip galvanizing operations. There are numerous alternatives both within Australia and abroad for reuse or recycling of the similarly-named (and essentially zinc-free) spent pickle liquor from continuous galvanising operations that is not relevant to Intec’s technology, but few identified options for the specific zinc-bearing material that is Intec’s target market.

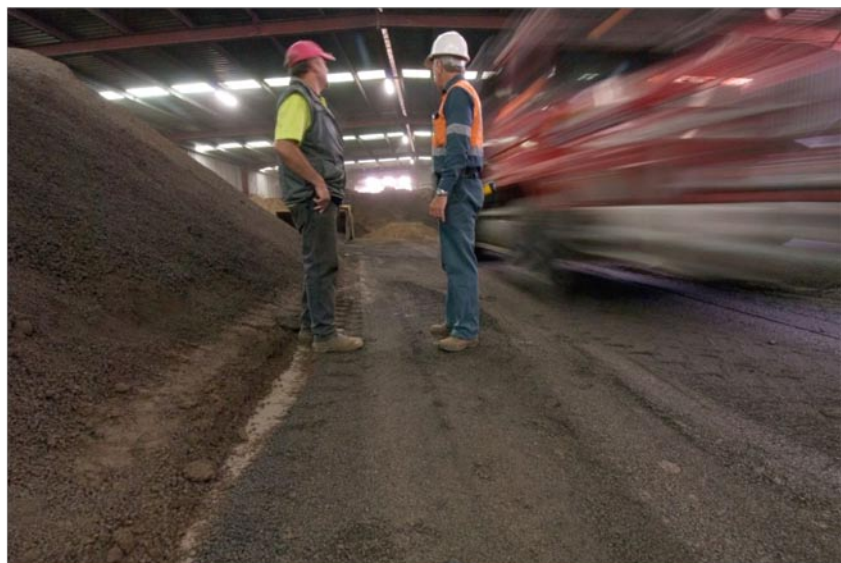
Intec is therefore giving careful consideration to the potential opportunities for this technology once its commercial success has been demonstrated at the first commercial facility in Victoria. Market investigations will continue in parallel to the Victorian project development and implementation.

It is noted that Intec delivered a presentation about this project to the Industrial & Commercial Waste Recycling 2011 conference in Melbourne on 23 March 2011. The electronic copy and video of that presentation are both available on Intec’s web site, www.intec.com.au.

Low-Grade Zinc Mining Project

As introduced in the December 2010 Quarterly Report, Intec is currently mining a portion of the stockpile of zinc-bearing feedstock at Zeehan, which is then being crushed and blended with electric arc furnace (EAF) dust from Intec’s Tasmanian stockpile, to create a specified zinc-bearing product for export.

As with a similar blended product successfully produced during mid-2008 at Intec’s Hellyer operations, the current blended product has been approved for export as a mineral product by the Federal Department of Environment, Water, Health and the Arts.



Brian Banister (Chief Operating Officer) with a contractor at the Tasmanian production site

The blended product is of a comparatively low grade and thus the contracted sales terms and cash revenues are expected to be commensurately limited. However, at current zinc prices there is active interest in the product, and mining and blending operations have been conducted at maximum capacity throughout March, slowing in April due to the timing of shipping availability.

Independent tests on the material have confirmed that the product is on-specification, and the Company is making every effort to fully utilise its Tasmanian EAFD stockpile during the course of the current quarter. Provided that market conditions and logistics are supportive, and subject to any regulatory approvals required, it is then intended that Victorian stockpile will be accessed and utilised.

Chinese Projects

Following the expiry of the Subscription Agreement between Intec and Green Resources on 31 December 2010 and the resignation of Mr Joe Lam from the Board of Green Resources, the concurrent technology licence agreement has been terminated and a non-exclusive project-based licence has been offered to Green Resources.

Intec retains its minority shareholding in Green Resources, but is passive operationally. In its most recent update to Intec, Green Resources made no mention of advancing any Intec Process projects at this time.

Intec nonetheless retains an open orientation toward future opportunities in the immense Chinese market. Intec's limited participation in the Green Resources joint venture has been a relatively inexpensive but highly instructive experience, from which the Company has learned valuable lessons that may be applied to future collaboration opportunities. This business model of aligning Intec's interests with those of a strong local partner remains sound, and Intec expects to renew its commercial technology efforts in China at the appropriate time, with the appropriate partner.

In the meantime, Intec continues to maintain its participation in Austrade's Wanwu Initiative, which is focussed on the development of commercial revenues for Australian environmental technologies in China. During the March 2011 Quarter, the Company also welcomed Ms May Campion as the newest member of the head office corporate team (replacing Ms Elizabeth Psarris, who is taking maternity leave).

May is an experienced office professional who is fully bilingual in English and Mandarin, and has joined Intec following her successful participation in the organisation and operation of the Australian Pavilion at the 2010 World Expo in Shanghai, China. In addition to her role as Office Manager at Intec, May is already applying her language skills to reinstitute the Mandarin version of Intec's web site (www.intec-china.com). These skills will prove extremely valuable in improving the Intec's ability to more fully and directly participate in future Chinese opportunities.

Other International Projects

Following successful laboratory testwork and associated desktop engineering, Intec released the Conceptual Study to the client for the Middle Eastern zinc/lead project in February 2011. This study proposed a staged development for the extraction and recovery of multiple metals from a secondary minerals feedstock.

The initial client response to the principles outlined in the Conceptual Study has been positive, and as a result Intec is now advancing discussions with the client about the potential development of this project over the next couple of years, for which Intec would contribute engineering services, technology and know-how. Clearly, this is a substantial and complex exercise, and it is expected that these discussions, should they advance, will require appreciable effort and time to mature.

The gold concentrate testwork for AngloGold Ashanti was advanced during the March 2011 Quarter and recently completed, but it is expected that interpretation of the data and reporting to the client will now be delayed until late April or early May 2011.

Polymetallic Testwork

Intec continued to progress some work on the application of the Intec Process for the selective extraction of lead from polymetallic mineral feedstocks, including both the Browns Sulphide Project and some paid testwork for another Australian client with similar metallurgical challenges. It is expected that this work will be ongoing over coming months, generating small testwork revenues while refining Intec's technology in this field of application.



Daryl Purdie (Senior Process Engineer) conducting testwork at Intec's Burnie Research Facility.

Corporate Update

Strategic Review

During the March 2011 Quarter, Intec's Board and senior management commenced a full review of the operations and strategies of the Group, with the external assistance of the AFG Venture Group. This process seeks to identify the various strengths and weaknesses in Intec's current strategies, and how these can best be addressed. The review yielded a documented series of potential strategies for further assessment through the collection of additional quantitative or qualitative data.

These data are due for submission to the Board by 30 June 2011. It is expected that the Board will then select among the available short-term and longer-term strategies, with more information expected to be published in the July 2011 Quarterly Report.

Hellyer Royalty

In regard to the \$5 million capped royalty payable by Bass Metals Ltd to Intec at the rate of \$2.50 per tonne processed through the Hellyer Mill (after the first 100,000 tonnes 'trial throughput'), Bass Metals noted in an announcement on 14 April 2011 that its project "has commenced production" and that "The planned ore treatment rate is 500,000 tonnes per annum (tpa) through the Hellyer Mill." Intec anticipates the commencement of meaningful royalty payments in the September Quarter 2011.

R&D Tax Offset Refund

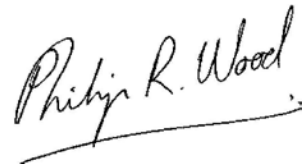
During April 2011, the Intec Group received a Research & Development Tax Offset refund of \$407,000 from the Australian Taxation Office (ATO) following lodgement of its 2010 Consolidated Income Tax Return.

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 black ink that reads "Philip R. Wood". The signature is written in a cursive style and is underlined with a single horizontal line.

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 2011

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	110	5,673
1.2 Payments for		
(a) advertising and marketing	(8)	(8)
(b) hydrometallurgical process development	(657)	(1,947)
(c) administration costs and corporate overheads	(644)	(1,870)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	68	158
1.5 Interest and other costs of finance paid	(3)	(37)
1.6 Income tax rebate received	-	-
1.7 Other income	2	8
Net Operating Cash Flows	(1,132)	1,977
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	(33)	(88)
(e) other non current assets	-	(2)
1.10 Proceeds from disposal of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non current assets	-	-
(e) other non current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other: Security Deposit Paid	-	(45)
Other: Refund of Environmental Bond in part	95	95
Net investing cash flows	62	(40)
1.14 Total operating and investing cash flows	(1,070)	1,937

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

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	1,484
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	279
1.18 Repayment of borrowings	-	(819)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)		
Share Issue Costs	-	(45)
Net financing cash flows	-	899
Net increase (decrease) in cash held		
	(1,070)	2,836
1.21 Cash at beginning of quarter/year	4,098	192
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter/year	3,028	3,028

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	53
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
	17	38
	3,011	4,060
	-	-
	-	-
Total: cash at end of quarter (item 1.23)	3,028	4,098

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

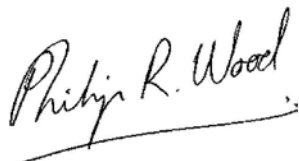
5.5 Nature of business

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: 20 April 2011

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.