



Intec Ltd

ABN 25 001 150 849

Superior and Sustainable Metals Production

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Companies Announcements Office
Australian Securities Exchange

28 October 2011

Quarterly Activities Report: Appendix 4C September 2011

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

Highlights

- *The report for the Stage 2 trials of the spent pickle liquor recycling project is currently being assessed by the project participants. In the meantime, Intec has continued with the life cycle assessment, product marketing study and financial assessment, all of which are due for completion over coming weeks.*
- *Two recent conference presentations in relation to the spent pickle liquor recycling technology are now available on Intec's web site: www.intec.com.au*
- *Intec's ongoing heavy metal recycling operations have completed processing of available stockpiles in Tasmania. With no further supply expected before the new year, the plant workforce has been scaled back to reflect the reduced operations for the fourth quarter.*
- *Intec's investigation into the possibility of using the Intec Process to recover rare earth metals from an industrial waste feedstock continues. Early results are positive, and a preliminary product specification has been prepared for assessment by potential customers.*
- *Production and shipping of zinc-bearing concentrate blended from Intec's stockpiles of Zeehan residue and Tasmanian EAF dust is complete. Sales and service contracts for production from blending the Victorian EAF dust stockpile and Zeehan residue have been signed. First shipment is anticipated during December 2011.*
- *Following submission of a formal proposal in relation to the zinc/lead project in the Middle East, commercial discussions have recently proceeded to signature.*
- *Preliminary testwork has been conducted on three gold feedstocks in relation to Intec's developing collaboration for Intec Gold Process projects. The associated independent verification programme is now scheduled for December 2011.*
- *Following more than 30 years of service to Intec, Mr John Moyes will not be standing for re-election as Non-Executive Director. He will continue to provide his technical expertise to the Company as a part-time consultant on specific projects.*
- *Mr Brian Banister, Chief Operating Officer and Managing Director of Intec Envirometals Pty Ltd, is resigning to take a position in his home district of the Hunter Valley, NSW.*
- *Intec anticipates receipt from Bass Metals of the next Hellyer Mill processing royalty payment (for the September 2011 quarter) during the current quarter.*
- *The Company's total cash available at the end of the quarter was \$1,892,000.*

Operations Update

Burnie Research Facility

During the September Quarter, the ongoing heavy metal recycling operations processed the entire available stockpile of Tasmanian electroplating sludge waste, thereby completing the expected recycling campaigns for the remainder of calendar 2011.

As previously announced, Intec is concurrently investigating a project to convert the unused capacity at the Burnie plant for recycling of rare earth metals-bearing industrial wastes. However, as part of ongoing expenditure control, Intec scaled-back its Burnie workforce at the end of September.



A view of Intec's research facility at Burnie, Tasmania

Throughout the September 2011 Quarter, the focus of Intec's permanent engineering staff has been on the spent pickle liquor (SPL) recycling and rare earth metals projects. This work initially focussed on data collation, interpretation and reporting from the recently-completed SPL recycling trials, and then later in progressing the preliminary engineering design for the Stage 3 commercial recycling facility in Victoria.

The internal operations report was submitted to GB Galvanizing Service (GBG) and EPA Victoria, and the resulting review process is currently ongoing with these project participants. In the meantime, Intec's engineers have advanced the associated life cycle assessment (LCA) for the technology. The LCA, the product marketing study and the updated financial estimates are due for completion in the next few weeks. The review by GBG of the proposed commercial project proposal remains on schedule for the current December 2011 Quarter.

Mr Dave Sammut, Corporate Development Manager, gave presentations concerning Intec's SPL recycling process at galvanizing association conferences in the USA and Australia, with both presentations and their associated videos available on Intec's web site, www.intec.com.au. Both events identified and raised awareness with key galvanizing industry participants, who are now expected to remain in contact with Intec during the coming project development period, and may be expected to visit the plant in Victoria once it is in full operation.

Rare Earth Metals Testwork

As announced in the June 2011 Quarterly report, Intec is currently examining the possibility of converting the underutilised components of the Burnie facility for the recycling of an industrial waste containing appreciable levels of neodymium (Nd) and dysprosium (Dy). These two rare earth metals are used extensively in electronic applications, most particularly in high-strength NdFeB (neodymium iron boron) permanent magnets, such as those used in electric vehicles and wind power turbines.

Intec received its first on-spec sample of waste feedstock in early July, and quickly demonstrated several key factors important to the proposed operation, namely:

- the target metals can be extracted at high efficiency from the waste feedstock;
- the resulting ‘pregnant’ electrolyte can be purified at very high selectivity (>99%) to remove unwanted metals;
- the iron oxide residue from the leach step is of a grade that should be appropriate for industrial reuse, indicating that a zero-waste recycling operation may be feasible; and
- the extracted rare earth elements can be recovered to an ‘intermediate’ mixed rare earth oxide product (pictured below) that should be saleable outside the Chinese market.

Approximately six weeks after receiving the sample, Intec produced a provisional product specification for consideration by potential buyers. Company representatives then visited the Japanese source of the waste to progress the opportunity, as well as to initiate the extensive process of obtaining a 1-2 tonne sample for pilot trials at Burnie.

Among the outcomes of this visit, which also included attending the mid-September ‘Rare Earths 2011’ conference in Beijing the Company obtained a better understanding of the chemical provenance of the potential waste feedstock, available tonnages, and opportunities to optimise the project inputs and outputs.



**Mixed neodymium/dysprosium oxide product
from Intec’s testwork**

It is clear that, while Intec’s initial ‘intermediate’ product may offer a useful sales avenue, there remains an opportunity to capture additional value by separating the neodymium and dysprosium metals into higher purity oxides (>95%). To this end, the Company engaged the experienced services of Dr Chu Yong Cheng and his team at the CSIRO, to examine basic solvent extraction techniques that could be added on to the Burnie plant at relatively low cost.

In the meantime, Intec’s Burnie engineers continued to optimise the application of the Intec Process technology to this novel feedstock, and to investigate the potential implementation of the technology within the existing infrastructure at Burnie.

Low-Grade Zinc Mining Project

As introduced in the December 2010 Quarterly Report, Intec is currently recovering 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 stockpiles, to create a specified zinc-bearing product for export.

The processing of the Tasmanian stockpile was completed on schedule, with a total of 36,763 tonnes of product shipped from the Port of Burnie. A standard environmental site assessment is in



Operations at the Tasmanian zinc oxide

progress at Hellyer, prior to the final and formal demobilisation of Intec's activities at the Hellyer site. It is expected that all EPA Tasmania approvals will be received and that the balance of the Tasmanian environmental bond will be released during the current (December 2011) quarter.

Sales and service provider contracts have been signed in relation to the Victorian EAF dust stockpile, confirming the continuation of the blended zinc oxide product, with first export shipments expected to occur during December 2011.

Middle Eastern Project

The Middle Eastern zinc-lead project has continued to advance at the corporate level throughout the September 2011 Quarter. The formal project proposal for the testwork and engineering programme for the implementation of the first stage of the project was submitted in July 2011, resulting in extensive commercial discussions with the project client.

These discussions have recently proceeded to signature with Intec's 50% owned subsidiary Intec International Projects Pty Ltd. A further update will be provided on commencement of the project, expected to be in November 2011.



Zinc/lead minerals processing operations at the Middle Eastern client site

Intec Gold Process Projects

As noted in the June 2011 Quarterly Report, Intec is currently working with a potential international collaborative partner for potential projects applying the Intec Gold Process, most particularly to those projects where the technology's advantages are greatest, such as for the environmentally cleaner processing of arsenical and other refractory gold concentrates.

During the September Quarter, the Company completed preliminary testwork on three refractory gold feedstocks as part of the mutual technology assessment process: arsenopyrite, arsenopyrite-pyrite and pyrite-carbon. External results from this testwork are expected during November, with independent verification trials currently scheduled at a highly-reputable third-party laboratory in North America in December 2011.

Corporate Update

Changes in Senior Management

Following more than 30 years of service to the Company, Mr John Moyes is not seeking re-election as an Intec Non-Executive Director at Intec's Annual General Meeting on 21 November 2011. Mr Moyes retired from his executive role in July 2010 as Intec's longest-serving employee. He has been instrumental in the development of the Intec Process from the concept stage. He has worked as Project Manager, then General Manager and (since 1995) Technical Director for Intec. Mr Moyes's non-executive Board position will not be replaced at this time.

However, Intec is pleased that Mr Moyes will continue to contribute his extensive expertise as a consultant to support Intec's various chloride hydrometallurgical projects.

The Board, senior management and staff of Intec express our sincere best wishes to John, and our warm appreciation for his role as a leader and mentor throughout his long association with the Company.

In addition, following almost four years as Intec Ltd's Chief Operating Officer and Managing Director of Intec Envirometals Pty Ltd, Mr Brian Banister has resigned to pursue minerals projects in the Hunter Valley district of NSW, his former home. Mr Banister's time with Intec has delivered key operating outcomes, including the successful implementation of heavy metal recycling at Burnie and the current zinc oxide product blending and export project. The Company thanks Mr Banister for his service, and wishes him every success in his new role.

Hellyer Royalty

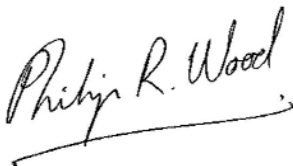
In regard to the \$5 million capped royalty payable by Bass Metals Ltd to Intec at the rate of \$2.50 per tonne processed through the Hellyer Mill (after the first 100,000 tonnes 'trial throughput'), Intec received the first royalty payment (for the June 2011 quarter) of \$82,857 (incl. GST) in August 2011. The next royalty payment of \$145,373 is due in mid-November 2011.

Bass Metals has also made several recent announcements about its mining operations at Hellyer, and about corporate financing activity, which can be viewed on the Bass Metals web site: www.bassmetals.com.au.

Finance

The Directors consider that the Company's available cash, receivables and other liquid current assets are sufficient for its immediate working capital requirements.

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 2011

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	739	739
1.2 Payments for		
(a) advertising and marketing	(5)	(5)
(b) zinc bearing concentrate cost of sales	(822)	(822)
(c) hydrometallurgical process development	(458)	(458)
(d) administration costs and corporate overheads	(530)	(530)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	85	85
1.5 Interest and other costs of finance paid	(10)	(10)
1.6 Income tax paid	-	-
1.7 Other income	75	75
Net Operating Cash Flows	(926)	(926)
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	-	-
(e) other non current assets	-	-
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	-	-
Other: Refund of Environmental Bond (in part)	261	261
Net investing cash flows	261	261
1.14 Total operating and investing cash flows	(665)	(665)

	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.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)		
Share Issue Costs	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held		
	(665)	(665)
1.21 Cash at beginning of quarter/year	2,557	2,557
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter/year	1,892	1,892

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	193
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
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

	Current quarter \$A'000	Previous quarter \$A'000
	392	47
	1,500	2,510
	-	-
	-	-
Total: cash at end of quarter (item 1.23)	1,892	2,557

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

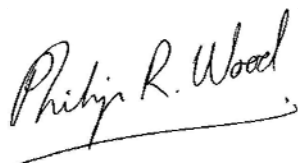
5.5 Nature of business

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: 28/10/2011

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.