



# Intec Ltd

*Superior and Sustainable Metals Production*

## Annual Report 2011

ASX Code: INL ABN: 25 001 150 849



# Intec Ltd

## Annual Report 2011

Contents	Page
Letter from Chairman and Managing Director & Chief Executive Officer	1
Review of Operations	2
Directors' Report	10
Auditor's Independence Declaration	20
Consolidated Statement of Comprehensive Income	21
Consolidated Statement of Financial Position	22
Consolidated Statement of Changes in Equity	23
Consolidated Statement of Cash Flows	24
Notes to the Financial Statements	25
Directors' Declaration	65
Audit Report	66
Schedule of Tenements	69
Shareholder Information	69
Corporate Governance Statement	71



*The Intec Board: (from the left) James Bell (Non-executive Director), Philip Wood (Managing Director & Chief Executive Officer), Kieran Rodgers (Finance Director & Chief Financial Officer), Trevor Jones (Chairman), John Moyes (Technical Director), Robert Waring (Company Secretary).*

*Cover: The Intec Logo and Dr Andrew Tong, Head of Technology, examining a sample of high purity zinc metal produced at Intec's Burnie facility during Phase 2 operations for the Spent Pickle Liquor Recycling Project.*

Designed by Senior Process Engineer Maritza Valencia-Bejarano, the Intec Logo incorporates the five elemental symbols from mediaeval alchemy for gold, silver, zinc, lead and copper (left to right, top to bottom) emblazoned over ripples representative of the hydrometallurgical Intec Process.

These five elements represent the core of a wide range of base, precious and rare earths metals that are the focus of Intec's clean technology applications for mineral feedstocks, and mine and industrial waters, sludges and solids.

# Letter from the Chairman and Managing Director & Chief Executive Officer

Dear Intec Shareholder

28 September 2011

This is Intec Ltd's (Intec's or the Company's) tenth Annual Report since listing on the Australian Securities Exchange and includes the financial statements for the year to 30 June 2011.

The 2010-2011 financial year commenced with continued cash constraints. The operation of the existing convertible note facility, while necessary for the Company's short-term working capital, continued to apply downward pressure on the INL share price. While Intec had real growth prospects, these could only be achieved if the financial resources became available.

The successful negotiation of the \$5 million agreement with JX Nippon Mining and Metals Corporation in November 2010 significantly consolidated the Company's financial position. Intec thus entered calendar 2011 positively and although the immediate revenue has been modest in scale, various projects have advanced towards commercial outcomes.

For example, the first and second spent pickle liquor demonstration trials achieved important outcomes for the commercialisation of this new technology. There has also been a particular focus on those opportunities resulting in near-term revenues, such as export of blended zinc-bearing residues and royalty revenues from the Hellyer operations.

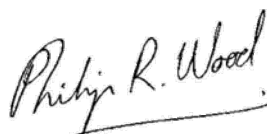
At the commencement of the 2011-2012 financial year, Intec now has a pipeline of diversified technology projects for revenue generation over the near- to longer-term. These represent a risk-balanced approach in terms of target metals, jurisdictions, and degree of novelty in application. All are protected under Intec's strong international patent position, and all are intended to directly contribute to shareholder value in coming years.

The Board and senior management has concurrently conducted a review of strategies for growth. The Company continues to maintain close controls on discretionary expenditure, while ensuring that its project milestones are achieved in a timely fashion. The Company is building upon its current position, expanding known and new revenue streams for stable ongoing operation, while also being alert to potential corporate transactions.

Yours sincerely



Trevor A Jones  
Chairman



Philip R. Wood  
Managing Director & Chief Executive Officer

# Building a Technology & Project Portfolio

## ENVIRONMENTAL RECYCLING PROJECTS

Intec recognises that many inorganic industrial wastes are chemically similar to the mineral concentrate feedstocks for which the Intec Process was originally developed, and that the barriers to entry (particularly project capital costs) are an order of magnitude lower in many waste applications than for minerals projects.

Over the last four years, the Company has therefore shifted much of its focus to applying its proprietary Intec Process technology and know-how to lower-hurdle environmental recycling opportunities, creating value out of materials that would normally be dumped in landfill.

Retaining minerals processing opportunities as longer-term prospects, Intec has successfully delivered award-winning technology for the plating industry, and is well-advanced on developing paradigm-shift technology for the galvanising industry, with a 'pipeline' of additional opportunities under continual development.

### Developing new intellectual property and applying existing know-how to new projects



Intec Hellyer mill



SPL project, stage 2



Zeehan residues



EAF dust/concentrates blending



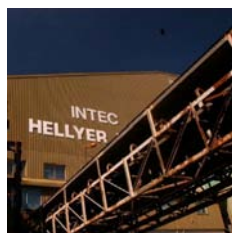
SPL project, stage 1



Zinc residues blending



EAF dust



Hellyer operations ceased



Project development



Heavy metal recycling



Heavy metal recycling

### 2007

Hellyer zinc/lead concentrate production.

Acquired stockpiles of EAF dust and Zeehan residue for recycling.

### 2008

First EAF dust blending operations with concentrates until September 2008

Hellyer operation discontinued due to the global downturn.

### 2009

Examining and developing project and technology opportunities.

### 2010

Phase 1 pilot operations for the SPL Recycling technology.

First plating industry waste recycling project.

### 2011

Phase 2 SPL recycling demonstration plant operations.

Second EAF dust blending operation, using Zeehan residue.

Ongoing plating industry waste recycling.

## Spent Pickle Liquor Recycling Project

Throughout the last eighteen months, Intec has been actively engaged in the development and commercialisation of a new application of the Intec Process, the zero-waste recycling of Spent Pickle Liquor (SPL) from the galvanizing industry.

Phase 1 continuous pilot plant operations during the 2009-2010 year successfully demonstrated the applicability of Intec’s technology and know-how for SPL recycling and the resultant patent was first lodged.

Following a review and approval by GBG (below) and EPA Victoria, Intec progressed in 2010-2011 to full Phase 2 demonstration plant trials at the Company’s testing facility at Burnie, Tasmania.

These Phase 2 trials were operated over two campaigns, with the installation of new equipment between trials based on the lessons learned during the November-December 2010 campaign.

At completion, the Phase 2 trials have proven the technology at the commercial scale. Steady state operations were achieved for mass balance and reporting purposes, and key performance criteria were achieved:

Zinc EW current density >200A/m <sup>2</sup>	✓
Zinc EW product morphology on specification	✓
Iron removal efficiency	✓
Iron precipitation kinetics on specification	✓
EW Power consumption	✓
EW cathode stripping	✓
>100kg of representative sample	✓
Alkali utilisation efficiency	✓
Simultaneous, continuous operation	✓
Financial viability	Provisional
Product assessment	Underway
Life cycle assessment	Underway

The final phase of the programme will be the implementation of the commercial plant at GBG’s Dandenong site. This plant is expected to recycle at least 1,000,000 litres of SPL per year from various sources, generating zinc metal and fresh hydrochloric acid for reuse on site, as well as iron and calcium by-products for external sale.

The timing for the implementation of the Phase 3 plant is subject to GBG’s commercial considerations. Construction is expected to occur during the first half of 2012.



Hot dip galvanizing of steel

### Galvanizing Industry Waste

Zinc galvanizing is the process of coating steel surfaces for corrosion protection.

Hydrochloric acid is used in the preparation of the steel surface for hot-dip galvanizing, via two processes: ‘stripping’ away any existing zinc, and ‘pickling’ the steel to remove any rust and scale. These steps can be conducted separately, or together in a single tank.

Over time, the acid becomes contaminated with dissolved iron and zinc, and the acid strength becomes depleted. At this point, it is no longer useful for galvanizing industry use.

In most jurisdictions, this ‘Spent Pickle Liquor’ is treated and then disposed to landfill. This is costly. It wastes non-renewable resources, and it leaves a legacy of long-term hazard to the environment.

The **Intec Spent Pickle Liquor Recycling Process** offers an environmentally and economically superior outcome for this waste.

### GB Galvanizing Service Pty Ltd – A Partner for Growth

GBG is Victoria’s largest galvanizer, with operations at Dandenong and Bayswater. These operations collectively produce approximately one million litres of SPL waste per year, which after treatment currently result in the generation of almost 3,000 tonnes of waste per year.

Having been introduced by EPA Victoria in November 2008, Intec and GBG have collaborated to conceive and deliver the world’s first on-site zero-waste SPL recycling facility. GBG’s involvement in the project has been generously supported with \$780,000 of funding through EPA’s HazWaste Fund.



Frank and Vince Gucciardo, Directors of GB Galvanizing Service Pty Ltd, holding a sheet of Intec’s zinc metal from Phase 2

## Commercial Operations



Heavy metal sludge waste



Mineral product after recycling



2010 Environmental Award



### A Spotlight On... Intec's Laboratories

Intec maintains a multi-skilled team at its two testing facilities, the high-quality research facility at Burnie, and a small laboratory and pilot facility in Sydney.

Despite the modest size of the technical team across the two sites, Intec's two laboratories continue to excel in the quantity and quality of the work they deliver.

During 2010-2011, key outcomes from the Intec laboratories include the proven technology and hands-on know-how for SPL Recycling which was subsequently patented, and a completely new knowledge set for the application of the Intec Process to recovering value from rare earth – bearing industrial wastes.

### Proven Environmental Technology

Following the successful project in 2010 to recycle over 150 tonnes of long-term intractable heavy metal waste from the Tasmanian plating industry, Intec has continued its recycling operations.

A portion of the available capacity at Intec's research facility at Burnie has been optimised for the extraction and recovery of the target metals from both solid residues and liquid sludges. The operation extracts the zinc, lead, nickel, copper and tin from the wastes, and then converts these to a low-grade polymetallic concentrate that is returned to the minerals processing industry for continued use.

Inclusive of this award-winning operation, the Burnie facility continues to offer spare processing capacity, and the Company is actively pursuing additional opportunities to maximise the revenues generated from this high-quality site.

During the 2010-2011 year, a second lead-bearing waste stream was tested and proven for recycling in the same process circuit at Burnie.

Moreover, the Company is continuing its investigation into the addition of a chromium-recovery unit operation to the Burnie facility, which would expand the range of wastes that can be processed at that facility.

Given the direct relevance of Intec's technology and infrastructure to recycling plating industry wastes, the Company has also continued to develop its relationship with the Australian Institute of Surface Finishers, the peak industry body in this area of industry.

Working in collaboration with the AISF, Intec would be pleased to see a viable chromium recycling alternative developed during 2012.



Intec's research facility at Burnie, Tasmania

## Clean Re-use of Long-Term Stockpiles

During the first half of 2011, the Company implemented a one-off project to take advantage of market conditions and available resources to make use of its stockpiles of zinc-bearing electric arc furnace (EAF) dust in Tasmania and Hellyer.

As a controlled waste with high chloride levels, EAF dust is not readily re-used by conventional operations. However, its very high zinc grades (up to 45% Zn) make it very attractive as a potential feedstock if used in combination with other materials.

Intec has demonstrated that it can create a low-grade zinc concentrate product meeting a pre-arranged client specification by combining EAF dust with another 'stranded' zinc-bearing asset, the Zeehan residues.

In a two-phase project, Intec is working to utilise its full quantity of available EAF dust from both Tasmania (Phase 1) and Victoria (Phase 2), ultimately to produce in excess of 140,000 tonnes of specified zinc concentrate for export.

During Phase 1 operations, Zeehan residues have been trucked to Intec's approved facility at Heybridge, Tasmania, where it has been ground and blended with EAF dust recovered from its storage site at Hellyer. Phase 1 was successfully completed in August 2011, with total shipments of 44,000 tonnes of product from the Port of Burnie. Associated with this, EPA Tasmania has to date released \$477,938 of environmental bonds associated with the EAF dust storage, with the remaining \$333,643 expected to be released by December 2011 on final demobilisation from the Hellyer site.

Mobilisation for Phase 2 operations is underway, in readiness for the utilisation of the stockpile of 28,000 tonnes of EAF dust in Victoria. Provided that international market conditions remains supportive of the project, Phase 2 is expected to continue through most of 2012.



### Zeehan Residues

The stockpile of over 400,000 tonnes of zinc-bearing smelter slag has sat alongside Henty Road in Zeehan, Western Tasmania for decades, waiting for an opportunity for its economic and environmental reuse.

In December 2010, the Tasmanian Government granted Intec a mining lease to extract 100,000 tonnes from the pile, well away from the minor historical areas of the site where the old smelter used to lie. Nothing of note remains on the site from that former operation.

To date, Intec has successfully recovered over 30,000 tonnes of feedstock, which is blended with EAF dust to make a low-grade zinc concentrate suitable for export.



Jean-Louis Cabiron and Thierry Oudart (EBOO, centre) with Dave Sammut and Phillip Wood (Intec, left and right)

## EBOO Energy Booster of Organisations

A Paris-based international network of offices and affiliates, EBOO “is a transfer of technology consultancy firm... One of its fields of action is to accelerate manufacturer’s developments from R&D to marketplace by finding them industrial partners and market applications quicker thanks to [its] conclusive demonstrated proprietary know-how and methodologies.”

“Waste recycling (WEEE, hazardous, toxic, liquid, solid or gas): EBOO’s mission aims to accelerate the process of recycling waste products (whether private or industrial) so that they become second-generation raw materials.”

Under the agreement with Intec, EBOO is actively investigating and pursuing opportunities to apply Intec’s technologies in Europe, North America, East Asia and elsewhere. Following a meeting at EBOO’s offices in June 2011, Intec and EBOO have agreed a strategy for project investigation over coming months which is expected to yield testwork programme revenues during the first half of 2012.

## Intec R.E.cycling Project

Rare Earth (R.E.) elements have captured a great deal of market and media attention during 2010-2011, both for the meteoric rise in global prices, and for their growing use and importance as strategic metals.

Although these elements are not actually particularly rare, R.E. mineral deposits are typically fairly low grade, the presence of radioactive uranium and thorium can cause environmental and safety problems in the minerals processing, and the separation and purification of the individual elements is complex and expensive.

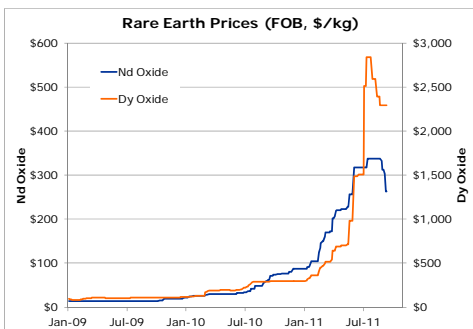
Through a new collaboration agreement with Paris-based EBOO, Intec has commenced investigations into the recycling of neodymium (Nd) and dysprosium (Dy) from industrial wastes. This rare earth feedstock has the advantage of being relatively high grade and free of radioactive contamination.

Laboratory scale testing at Intec’s Burnie research facility has demonstrated that the target elements can be extracted at high efficiency from the solid waste matrix, and that the resulting iron residue may have an appropriate re-use market for overall zero-waste recycling application.

This testing has yielded a product specification for an ‘intermediate’ high-grade rare earth concentrate product, with further testing underway to examine the possibility of producing separate high-grade neodymium oxide and dysprosium oxide products. The Company is currently examining sales opportunities for the concentrate, with a view to better understanding the potential operating economics of the proposed project.

Consideration is being given to the possibility of importing this international waste to Intec’s Burnie facility, to take up under-utilised capacity for profitable R.E.cycling. The available quantity of waste is sufficient to fully utilise this capacity, with further waste also available if that capacity could be expanded. Intec’s engineering team is particularly focussing on the ‘fit’ of the proposed flowsheet to existing infrastructure, and the (modest) total estimated capital cost for the upgrades required for the project implementation.

At this stage of the project considerations, there remain appreciable technical, economic and regulatory factors that must be assessed before the project could be approved. Intec emphasises that the outcomes are at this stage uncertain. However, the Company believes that this new application is sufficiently prospective to warrant the limited application of resources and minor expenditures for further investigation.



(Source: Core Consultants and Metal-Pages.com)

## Rare Earth Metals – Not Rare, but Valuable

Rare earth elements are coming to play an increasing role in 21<sup>st</sup> century high-tech applications, most notably in electric vehicles, wind turbines, computer electronics, and consumer goods like smart phones. Neodymium and dysprosium, particularly, are used in high-strength magnet applications for electric cars, wind turbines, computer components and rechargeable batteries.

After a long period of relatively low value, R.E. prices increased substantially in 2010, and again in 2011. Current prices for neodymium oxide and dysprosium oxide are over US\$250/kg and US\$2,000/kg, respectively, despite recently declining during the northern summer lull in consumption.

# Capturing Value from Stranded Minerals

## MINERALS PROCESSING PROJECTS

The Intec Process was originally developed for the economic and environmentally superior extraction and recovery of base and precious metals from mineral feedstocks, particularly copper, gold, silver, lead and zinc.

This patented technology retains its key competitive advantages, but it is acknowledged that the hurdles to commercial implementation are higher for minerals processing than for industrial waste projects. Most particularly, the financing challenges for the tens of millions of dollars of investment require that minerals projects proposing to use the Intec Process require collaboration between the Company’s technical resources and the feedstock security and financial strength of larger minerals industry partners.

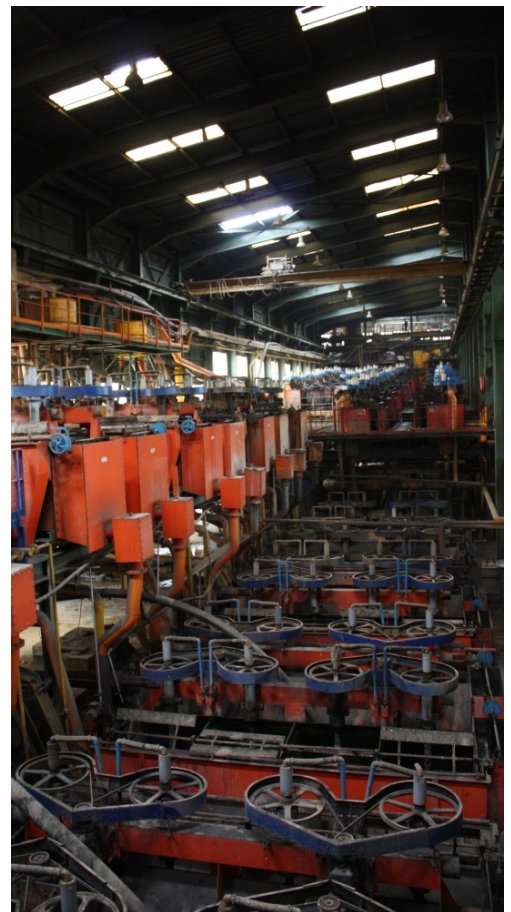
### Middle Eastern Project

The proposed Middle Eastern Project fits the Company’s criteria in terms of appropriate Intec Process competitive advantages, achievable project scale and secure feedstock, supported by a motivated client with sufficient finance to bring the project to commercial production.

It is proposed that an initial technology programme should be implemented to apply a variation of the Intec Process to extract and recover zinc and lead from a high-grade minerals processing residue. Initial laboratory testing has demonstrated high efficiencies for Intec Process extraction of these metals, and thus the programme would focus on optimising and demonstrating the proposed metals recovery flowsheet, to produce both zinc and lead metal.

Thereafter, the programme would progress to the basic engineering and detailed engineering to local standards, delivering a final design package to enable the client to manage its own procurement and project construction.

Senior Intec representatives visited the proposed project site during June 2011, accompanied by representatives of the key Australian and Middle Eastern consulting engineers. It was found that local capabilities and infrastructure were supportive of the project, and the Company signed a Letter of Intent at the conclusion of the visit in relation to Intec’s proposed engineering and technology development services.



### The Intec Process for Minerals Processing Applications

The Intec Process offers key competitive advantages for minerals application. The aggressive mixed halide electrolytes are capable of extracting metals at high efficiency, even from low-grade and refractory feedstocks. It offers short residence times at atmospheric pressure and low temperature (<110°C), without the generation of atmospheric emissions or liquid effluents. The technology can be optimised for either selective or complete metal extraction, depending on requirements, and most applications are capable of producing multiple product alternatives, from ‘intermediate’ oxide or sulphide concentrates, through to high purity metals.

The Intec Process can recover gold, silver, copper, lead, zinc and a range of other metals.





### The Aura of Aurum

A mainstay of value in the face of turbulent markets, gold (Au) prices have reached extraordinary levels during 2011, currently near US\$1,600/oz.

This has, in turn, renewed industry attention on production opportunities, including the ability of new technologies to unlock value from previously uneconomic resources.

The Intec Gold Process offers specific competitive advantages, most particularly for feedstocks that are refractory or contaminated with arsenic.

The Intec Gold Process can unlock gold from minerals such as enargite, arsenopyrite and pyrite, without exposing the environment to toxic cyanide.

Arsenopyrite concentrates are particularly unsuitable for conventional smelting due to the generation of highly-toxic arsenic trioxide. By contrast, arsenic fed to the Intec Process is removed as stable ferric arsenate, without hazardous airborne arsenic flows.

The Intec Gold Process offers a clean, economic alternative for appropriate gold feedstocks.

## Gold Processing Prospects

The Intec Gold Process represents one of the key strategic opportunities identified for commercial development projects. It offers a range of specific competitive advantages over competing technologies, most particularly in the avoidance of highly toxic liquid and airborne cyanide and arsenic intermediates or emissions.

During the course of 2011, the Company participated in a benchmarking study for AngloGold Ashanti, which compared the performance of the Intec Gold Process versus currently-used bacterial leaching technology for an African gold concentrate. In this case, the Intec Process advantages were less pronounced due to the presence in the concentrate of 'preg-robbing' contaminants. Nonetheless, a technically and economically competitive process flowsheet was put forward as a result of the fully-paid testwork.

Advantages to the Intec Process in this application included:

- Complete sulphide oxidation within 6 hours.
- Key reagent consumption is limited to oxygen (generated onsite), sulphuric acid, limestone, and water.
- Control of arsenic, with <1% of the arsenic extracted into the leach solution, as it was re-precipitated as stable ferric arsenate at a pH of ~0.5 (i.e. arsenic in the leach residue will be stable in most naturally occurring acidic environments).
- No liquid effluents from the processing plant.
- Water vapour and carbon dioxide as the only airborne emissions.

In addition, Intec received a noticeable increase in the rate of incoming enquiry about the Intec Gold Process, from both domestic and international sources. Given the Company's limited available technical resources, it has applied a rigorous pre-selection process to focus its effort only on those opportunities considered most likely to result in both immediate testwork revenues and long-term value creation for shareholders.

Via this process, Intec has signed a Memorandum of Understanding with a potential international collaborative partner in the development and implementation of multiple Intec Gold Process projects over the next five to ten years.

In support of this, an independent verification programme has been planned at a third party laboratory in North America, inclusive of the participation of Intec technical personnel. It is expected that this programme will be undertaken once the appropriate feedstock samples have been prepared and thoroughly characterised by that laboratory.



## Intec Polymetallic Process

Throughout 2010-2011, Intec has continued to devote some effort to opportunities in unlocking value from polymetallic resources, including the Browns Sulphide deposit in the Northern Territory.

It has been shown that Intec's technology can be optimised, either to completely mobilise metals such as lead, zinc and copper, or to selectively extract single metals, as in the case of the Browns Sulphide concentrate. In that instance, laboratory testing has proven that the lead can be extracted, leaving a residue suitable for conventional copper and nickel/cobalt recovery.

Intec Process applications for 'intermediate' grade and/or polymetallic concentrates remain a strategic development stream for medium- to long-term outcomes.

## Corporate and Other Matters

### One-Off \$5m Patent Payment

The Company reached agreement in November 2010 for the cross licensing of certain technologies between Intec and JX Nippon Mining & Metals Corporation ("JX Nippon").

Under this agreement, Intec received a one-off cash payment of A\$5 million. The Company then made a placement of 25,000,000 fully paid ordinary shares at a price of 3.0 cents per share to clients of stock broker Taylor Collison Limited, to raise a total of A\$750,000.

This enabled the Company to prepay in full the amount then owing to La Jolla Cove Investors under the US\$1.5 million convertible note dated 1 July 2010, thereby pre-empting further INL share conversions.



### Hellyer Royalty

Intec acquired the Hellyer minerals processing assets in Tasmania in 2004 for A\$1.4 million, and actively developed a project for the extraction and recovery of zinc, lead and other metals using a combination of the existing conventional milling and flotation infrastructure and the Intec Polymetallic Process.

With the advent of the 'Global Financial Crisis' and associated poor international metals prices, the then-operating mill was closed in 2008, and then sold in 2009 to Bass Metals Limited in order to repay Macquarie Bank's working capital debt facility.

Although the sale was not Intec's desired outcome, the net result was nonetheless a significant benefit to Intec's shareholders. Purchased for A\$1 million, the assets generated A\$43 million in joint venture revenues, and were sold for A\$10 million.

Of this A\$10 million sales agreement, half of the revenue is payable to Intec as a throughput-based royalty fixed at A\$2.50 per tonne of ore processed at the Hellyer Mill.

During 2011, Bass Metals Limited has refurbished and recommissioned the Hellyer Mill. After an initial tranche of 100,000 tonnes of trial ore, Bass Metals paid its first royalty to Intec in August 2011.

Bass Metals' continued operations at Hellyer are expected to yield approximately A\$1 million per year, up to a maximum of A\$5 million, in royalties payable to Intec.

### Strategic Review of Operations

Building upon Intec's improved financial position at the end of 2010, the Board of Directors and senior staff conducted a comprehensive review of Intec's strategies for growth over the near term and further horizons. This review was facilitated by external consultants.

Among the outcomes of the review was a decision to narrow the Company's focus for the short- to medium-term, concentrating its technical and financial resources on a core set of five opportunities.

Intec's strategy will remain flexible, inclusive of considering corporate opportunities, and will be adjusted based on near-term outcomes, market conditions and forward expectations.

#### Intec's Five Core Opportunities for 2011-2012

1. Low-grade zinc concentrate export
2. Intec SPL Recycling project
3. Intec R.E.cycling project
4. The Middle Eastern project
5. Intec Gold Process opportunities

## Directors' Report

Your Directors present their report on the Intec Group of Companies (referred to hereafter as the Group) consisting of Intec Ltd (Intec or the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2011.

### Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report. Apart from as specified below, no Intec Director has been a director of any other ASX-listed company in the last 3 years.

**Trevor A Jones** B.Comm. (Melb)  
Chairman

Mr Jones has spent over 30 years working in the finance industry in Australia, United Kingdom and the USA. During this time he has held senior executive positions in investment funds management, stockbroking and corporate finance, and gained a broad experience of capital structuring and capital raising, particularly in the mining sector. Mr Jones was manager of equity portfolios for Shell Australia and National Employers Mutual in the United Kingdom. He was a Director of County NatWest Securities Australia Limited in London and then Director of Corporate Finance with Westpac Institutional Bank in Sydney. More recently Mr Jones was the Sydney Chief Executive for Melbourne-based Austock Group and was Chairman of both its Corporate Finance and Investment Management divisions. He was appointed as a Non-executive Director of Intec on 28 February 2007. Mr Jones is the Chairman of the Corporate Governance Committee and a member of the Audit Committee and the Nomination and Remuneration Committee.

**Philip R Wood** B.A. (Syd), LL.B. (Syd), A.S.I.A., Dip. L.C.F. (Sorbonne)  
Managing Director and Chief Executive Officer

Mr Wood has qualified and practised as a legal and corporate adviser on local and international financial and commercial transactions in Sydney, New York, London, Bahrain and Hong Kong. He has been a Director of the Company since 1993 and was appointed Managing Director and Chief Executive Officer on 26 March 2001. He is responsible for implementation of the corporate, financial and marketing strategies of the Group. Until 10 June 2010, Mr Wood was a director of Compass Resources Limited (Subject to Deed of Company Arrangement) (Receivers & Managers Appointed). Mr Wood is a member of the Corporate Governance Committee.

**A John Moyes** B.A. (Chem) (Macquarie)  
Non-executive Director

Mr Moyes has over 40 years of experience in the mining and metals industry, encompassing minerals analysis, laboratory management, hydro-metallurgical and electrochemical research, process development, plant design and project management. He has been a Director of the Company since 1995. On 31 July 2009, Mr Moyes retired from a fulltime executive position and entered into a consultancy agreement with the Group. Mr Moyes is currently a Non-executive Director of Intec.

**Kieran G Rodgers** B.E. (Hons.) Min. (UNSW), M.B.A. (IMD)  
Finance Director & Chief Financial Officer

Mr Rodgers joined Intec in March 2001 after 13 years of experience in merchant banking and financial consulting, principally at Resource Finance Corporation Ltd, which specifically focused on the Australian and international resources industry. Prior to entering the merchant banking sector, Mr Rodgers gained three years of operational mining engineering experience in the gold and base metals industries. He was appointed as an Executive Director of Intec on 28 February 2007. Until 1 October 2008, Mr Rodgers was a director of ASX-listed Bass Metals Ltd.

**James R G Bell** B.A. (Syd), LL.B. (Syd)  
Non-executive Director

Mr Bell is an Australian barrister and solicitor who has practised as a commercial lawyer for 30 years, including 10 years as a partner in the national law firm of Blake Dawson Waldron and 3 years as head of the Banking and Finance division of that firm in Sydney. In 1995, he established his own law firm and has advised some of Australia's major companies and professional firms across a broad spectrum of endeavour, also providing assistance to the board of Intec in relation to various corporate transactions over several years. He was appointed as a Non-executive Director of Intec on 1 May 2007. Mr Bell is the Chairman of both the Audit Committee and the Nomination and Remuneration Committee and a member of the Corporate Governance Committee.

## Company Secretaries

**Robert J Waring** B.Ec., C.A., F.C.I.S., F.Fin., F.A.I.C.D.  
Company Secretary

Mr Waring was appointed to the position of Company Secretary of Intec in December 1998 and has 39 years' experience in financial and corporate roles including 20 years in company secretarial roles for ASX-listed companies and 15 years as a director of an ASX-listed companies. He is a director of the companies in the Spencer Hamilton Limited Group, which provides secretarial and corporate advisory services to a range of listed and unlisted companies.

**David W Clark** B.Com. (UNSW), C.A., C.P.A., A.C.I.S., Registered Tax Agent, M.B.A (Executive) (AGSM).  
Company Secretary, Intec Group Subsidiaries.

Mr Clark was appointed to the position of Company Secretary of the subsidiary companies in the Intec Group on 20 March, 2008. Mr Clark has over 20 years' experience in public practice as a chartered accountant and has held positions as Financial Controller and Company Secretary providing accounting, taxation and secretarial services and advice to a diverse range of listed and unlisted public and private companies.

## Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2011, and the numbers of meetings attended by each director were:

	Full meetings of Directors		Meetings of committees				Nomination and Remuneration	
	A	B	Audit		Corporate Governance		A	B
			A	B	A	B		
T A Jones	8	8	2	2	1	1	1	1
P R Wood	8	8	*	*	1	1	*	*
A J Moyes	8	8	*	*	*	*	*	*
K G Rodgers	8	8	*	*	*	*	*	*
J R G Bell	8	8	2	2	1	1	1	1

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

\* Not a member of the relevant committee.

## Retirement, Election and Continuation In Office of Directors

Mr James Bell and Mr John Moyes are the Directors retiring by rotation, and being eligible, offer themselves for re-election to the Board.

## Principal Activities

During the year to 30 June 2011, the Group continued the commercialisation of the Intec Processes, including the operation of its Research Facility at Burnie and associated activities. The Group also commenced sales of a low-grade zinc

concentrate from its stockpiles of Zeehan feedstock and EAF dust.

There were no significant changes in the nature of the activities of the Group during the year.

## Review of Operations

The Review of Operations are disclosed and discussed on pages 2 to 9 of the Annual Report.

## Dividends

No dividends have been paid to members during the financial year and no recommendation is made as to the payment of dividends.

## Significant Changes In The State of Affairs

Significant changes in the state of affairs of the Company during the financial year were as follows:

### Payment by JX Nippon

Revenue of \$5 million was recognised for the year ended 30 June 2011 from monies received as a result of the agreement concluded with JX Nippon Mining & Metals Corporation ("JX Nippon") on 17 November 2010. Both

Intec and JX Nippon have patent portfolios in the field of halide-based hydrometallurgy for the processing of base and precious metals. Under the Agreement, Intec and JX Nippon have cross-licensed each other with certain patents, inclusive of a \$5 million payment by JX Nippon to Intec. Payment was received on 30 November 2010.

#### ***Zeehan Feedstock/ EAF Dust Stockpiles***

During the year, the Group commenced a project to recover a portion of the stockpile of zinc-bearing feedstock at Zeehan. A mining lease for the extraction of 100,000 tonnes was granted in January 2011, together with the necessary ancillary local and state approvals for the recovery, transport and handling of the project materials.

The Zeehan feedstock is being crushed at a dedicated site near the Port of Burnie, and then blended at the appropriate ratio with EAF dust from the Group's Tasmanian stockpile, to create a specified low-grade zinc concentrate for export. Given the low-grade of the product, the contracted sales terms and cash revenues are expected to be commensurately limited. The project offers the opportunity of dealing productively with the Group's various zinc-bearing stockpiles.

The final shipment of product generated from the Tasmanian EAF dust stockpile has now been completed and all EAF dust removed from the Hellyer site, with final demobilisation from the site initiated.

Contracts for the second phase of operations at the Group's Victorian EAF dust stockpile are pending, and site mobilisation has commenced. Subject to continued acceptable market conditions, the operations in Victoria and Tasmania are expected to continue throughout the remainder of the 2011/12 financial year with shipment schedules to be arranged on the basis of continuing to achieve nominated production rates and product specification.

#### ***La Jolla Cove Investors Inc. Convertible Note***

The La Jolla Cove Investors Inc. Convertible note facility was discharged in full following monies received from the placement of 25 million ordinary shares at a price of 3.0 cents per share to clients of Taylor Collison Limited on 19 November 2010. On 22 November 2010, the Company made full payment to La Jolla Cove Investors Inc. in satisfaction of all outstanding debt and other obligations under the US\$1.5 million convertible note facility dated 1 July 2010.

#### ***Investment in Green Resources (Asia Pacific) Holding Limited***

The Subscription Agreement between Intec and Green Resources expired on 31 December 2010. The concurrent technology licence agreement has been terminated and a non-exclusive project-based licence has been offered to Green Resources. Following the expiry of the Subscription Agreement between Intec and Green Resources at the end of 2010, Intec retains its minority shareholding in Green Resources, but has written the carrying value of this investment down to \$0. This resulted in an impairments expense of \$1,137,000 and de-recognition of deferred income of \$812,000

---

### **Events Subsequent To The End of The Reporting Period**

#### ***Hellyer Royalty***

The Group holds a 100% interest in the Hellyer processing royalty, which is a unit-based royalty payable at the rate of \$2.50 per tonne of ore processed through the Hellyer Mill to a cumulative maximum payment amount of \$5 million. The processing royalty is payable quarterly in arrears based on the reconciled Hellyer Mill production figures. Bass Metals Ltd (BSM) announced on 2 February 2011 that production of concentrates had commenced at the Hellyer Mill. After allowing for ramp-up of the Hellyer Mill during the March and June Quarters, The Group received its first royalty payment for an amount of \$75,325 (excluding GST) from BSM in August 2011.

#### ***Refund of Environmental Bond***

The environmental bond lodged with the Tasmanian Government recorded at balance date of \$567,000 is in the final stages of approval for refund of the entire bond.

No other matters or circumstances have arisen since 30 June 2011 that have significantly affected or may significantly affect the Group's operations in future financial years, or the results of those operations in future financial years, or the Group's state of affairs in future financial years.

---

## Likely Developments And Expected Results of Operations

### Strategic Review

The Group's Board and senior management commenced a full review of the operations and strategies of the Group in 2011, with the external assistance of the AFG Venture Group.

Among the outcomes of the review of strategies, the Group has decided to narrow its focus for the short to medium-term, concentrating the Group's technical and financial resources on a core set of opportunities that are intended to deliver key immediate economic outcomes and a solid platform for growth. The five key areas for the remainder of the financial year are:

- Continuation of the operating low-grade zinc concentrate project.
- Implementation of the SPL Recycling project, with pipeline development of subsequent SPL recycling projects at the appropriate juncture.
- Investigation and a decision concerning the Burnie rare earth recycling opportunity.
- Pursuit of the Middle Eastern zinc/lead project implementation contract, and if successful, the delivery on the resulting engineering contract.
- Pursuit of opportunities for the Intec Gold Process via pipeline development and paid testwork, particularly for arsenic-bearing gold feedstocks.

The Group's strategy will remain flexible, inclusive of considering corporate opportunities, and will be adjusted based on near-term outcomes, market conditions and forward expectations.

---

### Environmental Regulation

The Group's operations are presently subject to environmental regulation under the laws of the Commonwealth of Australia and the States of New South Wales, Victoria and Tasmania.

Intec is licensed to operate under Section 55 of the Protection of the Environment Operations Act 1997 (NSW Environment Protection Authority) and the associated Protection of the Environment Operations (General) Regulation 1998.

Intec Envirometals Pty Ltd is licensed to operate premises in Victoria under Section 20 (9) of the Environmental Protection Act 1970.

Intec Envirometals Pty Ltd is licensed to operate premises in Tasmania under Section 25 (5) of the Environmental Management and Pollution Control Act 1994 (Tas).

The Group is at all times in full environmental compliance with the conditions of its licences.

---

### Remuneration Report

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration;
- B Details of remuneration;
- C Service agreements and letters of employment;
- D Share based compensation;
- E Shareholdings of directors and key management personnel; and
- F Additional information.

The information provided in this remuneration report has been audited as required by Section 308 (3C) of the *Corporations Act 2001*.

#### **A Principles Used To Determine The Nature And Amount of Remuneration**

The objective of the Group's executive reward framework is to ensure that the reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to programme participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay and includes long term incentives. There is no defined relationship between company performance and remuneration at this point in time. However, the matter is under continual review. The fixed proportion of remuneration is currently 100%.

The Board has established a nomination and remuneration committee which provides advice on remuneration and incentive policies and practices and makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors. The Corporate Governance Statement provides further information on the role of this committee.

#### *Non-executive Directors*

Fees and payments to Non-executive Directors reflect the demands which are made on, and the responsibilities of, the Non-executive Directors. The Board reviews Non-executive Directors' fees and payments annually.

Non-executive Directors' fees are determined within an aggregate Non-executive Directors' cash remuneration limit, which is periodically recommended for approval by shareholders. The current limit of \$400,000 was approved by shareholders at the 2007 Annual General Meeting held on 14 November 2007. In addition, Non-executive Directors are able to participate in issues of options pursuant to the Intec Option Plan. The values of any options granted to Non-executive Directors are not included in the aggregate cash remuneration limit as they are not cash based payments.

#### *Executive pay*

The executive pay and reward framework has three components:

- base pay and benefits;
- long term incentives through participation in the Intec Option Plan; and
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

#### *Base pay*

Base pay is structured as a total employment cost package, which may be delivered as a combination of cash and prescribed non financial benefits at the executive's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for each senior executive is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There is no guaranteed base pay increase included in any senior executive's contract.

#### *Intec Option Plan*

Information on the Intec Option Plan is set out in note 36.

## **B Details of remuneration**

### *Amounts of remuneration*

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Intec and the Group are set out in the following tables.

The key management personnel of Intec and the Group include the Directors and the following senior executive officers:

B A Banister – *Chief Operating Officer*

D W Clark – *Financial Controller*

D J Purdie – *Senior Process Engineer*

D L Sammut – *Corporate Development Manager*

A R Tong – *Head of Technology*

## Remuneration paid to Directors and key management personnel of the Group

2011 Name	Short-term benefits			Post-employment benefits	Share-based payment	Total \$
	Cash salary \$	Directors' Fees \$	Consulting Fees \$	Super-annuation \$	Options \$	
<i>Non-executive Directors</i>						
T A Jones Chairman	-	69,162	-	6,225	-	75,387
A J Moyes	-	46,675	11,180	4,201	-	62,056
J R G Bell	-	55,161	-	4,964	-	60,125
<b>Sub-total Non-executive Directors</b>	<b>-</b>	<b>170,998</b>	<b>11,180</b>	<b>15,390</b>	<b>-</b>	<b>197,568</b>
<i>Executive Directors</i>						
P R Wood	314,602	-	-	29,138	-	343,739
K G Rodgers	244,615	-	-	21,098	-	265,713
<i>Other key management personnel</i>						
B A Banister	189,077	-	-	47,900	-	236,977
D W Clark	82,396	-	-	7,031	-	89,428
D J Purdie	160,432	-	-	13,736	-	174,169
D L Sammut	168,808	-	-	14,850	-	183,658
A R Tong	161,259	-	-	19,208	-	180,466
<b>Totals</b>	<b>1,321,189</b>	<b>170,998</b>	<b>11,180</b>	<b>168,351</b>	<b>-</b>	<b>1,671,718</b>

2010 Name	Short-term benefits			Post-employment benefits	Share-based payment	Total \$
	Cash salary \$	Directors' Fees \$	Consulting Fees \$	Super-annuation \$	Options \$	
<i>Non-executive Directors</i>						
T A Jones Chairman	-	66,359	-	5,972	-	72,331
J R G Bell	-	52,924	4,063	4,763	-	61,750
A J Moyes	15,654	41,208	8,550	10,664	-	76,076
<b>Sub-total Non-executive Directors</b>	<b>15,654</b>	<b>160,491</b>	<b>12,613</b>	<b>21,399</b>	<b>-</b>	<b>210,157</b>
<i>Executive Directors</i>						
P R Wood	299,374	-	-	27,858	-	327,232
K G Rodgers	252,132	-	-	21,912	-	274,044
<i>Other key management personnel</i>						
B A Banister	143,803	-	-	73,364	-	217,167
D W Clark	111,036	-	-	9,552	-	120,588
D J Purdie	151,316	-	-	13,133	-	164,449
D L Sammut	155,909	-	-	13,643	-	169,552
A R Tong	150,279	-	-	13,309	-	163,588
<b>Totals</b>	<b>1,279,503</b>	<b>160,491</b>	<b>12,613</b>	<b>194,170</b>	<b>-</b>	<b>1,646,777</b>

An annual performance review of all Executive Directors and key management personnel is undertaken. The result of these reviews forms the basis of remuneration recommendations to the Nomination and Remuneration Committee.

### C Service Agreements And Letters of Employment

Remuneration and other terms of employment for the Managing Director and Chief Executive Officer, Finance Director and the other specified executives are formalised in either service agreements or letters of employment. Each of these service agreements and letters of employment provides for

the provision of long service leave to accrue at a rate of 0.87 weeks per year up to 10 years' service and 2 weeks per year for each additional year of service, and participation in the Intec Option Plan. Each service agreement and letter of employment provides the remuneration rate to be paid to the

employee. All salaries are paid monthly by direct bank deposit. Full details of remuneration paid are included in the table in part B of this note. Other

major provisions relating to remuneration are set out below.

	Start Date	Term of Agreement	Base Salary plus Superannuation at 30 June 2011 \$	Notice period for termination (months)	Redundancy payment
<b>Directors</b>					
P R Wood	1 July 2010	3 years	352,888	6	12 months salary
K G Rodgers	16 May 2001	On-going	288,850	1	8 months salary
<b>Specified Executives</b>					
B A Banister	1 July 2010	3 years	228,900	1	3 months salary
D W Clark	17 March 2008	On-going	89,428	1	3 months salary
D J Purdie	1 July 2010	3 years	166,361	1	3 months salary
D L Sammut	1 July 2010	3 years	179,850	1	6 months salary
A R Tong	1 July 2010	3 years	179,850	1	6 months salary

## D Share Based Compensation

### Options

Options are granted under the Intec Option Plan, which was approved by shareholders at the 2001 Annual General Meeting. All directors, employees and consultants are eligible to participate in the plan.

Options are granted under the plan for no additional consideration. Options are granted for a five year period, and vest and are exercisable immediately, unless otherwise stated.

Options are granted to directors, employees and consultants after a review of performances during the preceding year which is carried out in conjunction with the annual salary review. The granting of options is at the Board's discretion and no individual has a contractual right to receive options.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Expiry date	Exercise price <sup>1</sup>	Value per option at grant date <sup>2</sup>	Date exercisable <sup>4</sup>
25 September 2006	30 August 2011	\$1.013	\$0.670	25 September 2006
15 November 2006	30 August 2011	\$1.013	\$1.299	15 November 2006
14 November 2007	25 September 2012	\$1.413	\$0.540	14 November 2007
31 January 2008 <sup>3</sup>	25 September 2012	\$1.413	\$0.710	31 January 2008

1 Exercise prices have been adjusted from original exercise prices at the grant date as a consequence of the Company undertaking entitlement issues to all shareholders since the grant date of options as provided for in the terms and conditions of the Intec Option Plan. In addition, the exercise prices have been adjusted to reflect the 10:1 consolidation of shares approved at an Extraordinary General Meeting held on 30 June 2010.

2 Value per option at grant date have been adjusted to reflect the 10:1 consolidation of shares approved at an Extraordinary General Meeting held on 30 June 2010.

3 These options will not vest, and may not be exercised, until a Trigger Price Threshold of \$2.50 is met. To meet the Trigger Price Threshold, the price of Intec Ltd shares traded on the ASX must have closed above \$2.50 for 20 consecutive trading days or Intec must have received a bona fide offer for a majority or all of its shares whether by takeover or scheme of arrangement. During the year ended 30 June 2010 the trigger price threshold was not achieved.

4 None of these options either lapsed or were exercised during the year ended 30 June 2011.

Options granted under the plan carry no dividend or voting rights.

The exercise price of the options is based on the current market price on the date the options are granted as determined by the Board. The options is set out in notes 24 and 36 to the financial statements.

Details of options over ordinary shares in the Company provided as remuneration to each Director of Intec and each of the key management personnel of the Group are set out below. When exercisable, each option is convertible into one ordinary share of Intec. Further information on the

A 10:1 share consolidation of Intec Ltd shares was completed in July 2010. As a result of the consolidation, the 2011 balance at the start of the year of each option holding been reduced by a factor of 10.

2011 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
<i>Directors of Intec Ltd</i>						
P R Wood	370,000	-	-	-	370,000	370,000
A J Moyes	190,000	-	-	-	190,000	190,000
T A Jones	15,000	-	-	-	15,000	15,000
K G Rodgers	210,000	-	-	-	210,000	210,000
J R G Bell	30,000	-	-	-	30,000	30,000
<i>Other key management personnel of the Group</i>						
B A Banister	-	-	-	-	-	-
D W Clark	-	-	-	-	-	-
D J Purdie	-	-	-	-	-	-
D L Sammut	50,000	-	-	-	50,000	50,000
A R Tong	110,000	-	-	-	110,000	110,000

2010 Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
<i>Directors of Intec Ltd</i>						
P R Wood	5,272,952	-	-	(1,572,952)	3,700,000	3,700,000
A J Moyes	3,022,675	-	-	(1,122,675)	1,900,000	1,900,000
T A Jones	903,800	-	-	(753,800)	150,000	150,000
K G Rodgers	2,668,368	-	-	(568,368)	2,100,000	2,100,000
J R G Bell	466,000	-	-	(166,000)	300,000	300,000
<i>Other key management personnel of the Group</i>						
B A Banister	42,000	-	-	(42,000)	-	-
D W Clark	40,000	-	-	(40,000)	-	-
D J Purdie	-	-	-	-	-	-
D L Sammut	569,093	-	-	(69,093)	500,000	500,000
A R Tong	1,495,287	-	-	(395,287)	1,100,000	1,100,000

The assessed fair value at grant date of options granted to individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using share option valuation models that take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

There were no options granted in the twelve (12) months to 30 June 2011 (Nil – 2010).

#### *Shares provided on exercise of remuneration options*

No ordinary shares in the Company were provided as a result of the exercise of remuneration options by a Director of Intec. No other options were exercised by any key management personnel of the Group.

#### *Shares under option*

Unissued ordinary shares of Intec under option at the date of this report are shown in Note 24.

#### *Shares issued on the exercise of options*

No ordinary shares of Intec were issued during the year ended 30 June 2011 on the exercise of options granted under the Intec Option Plan. No further shares have been issued on the exercise of options since that date. No amounts are unpaid on any of the shares.

## **E Shareholdings of Directors And Key Management Personnel**

The number of shares in the company held at the end of the financial year by each Director of the Company and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

A 10:1 share consolidation of Intec Ltd shares was completed in July 2010. As a result of the consolidation, the 2011 balance at the start of the year of each shareholding been reduced by a factor of 10.

2011 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
<b>Ordinary shares</b>				
<i>Directors of Intec Ltd</i>				
P R Wood	437,018	-	1,000,000	1,437,018
A J Moyes	290,705	-	-	290,705
T A Jones	268,954	-	-	268,954
K G Rodgers	112,956	-	-	112,956
J R G Bell	112,892	-	-	112,892
<i>Other key management personnel of the Group</i>				
B A Banister	167,800	-	-	167,800
D W Clark	10,000	-	-	10,000
D J Purdie	20,000	-	-	20,000
D L Sammut	49,561	-	-	49,561
A R Tong	5,400	-	-	5,400

2010 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the Year	Balance at the end of the Year
<b>Ordinary shares</b>				
<i>Directors of Intec Ltd</i>				
P R Wood	4,370,168	-	-	4,370,168
A J Moyes	2,907,054	-	-	2,907,054
T A Jones	2,689,541	-	-	2,689,541
K G Rodgers	1,129,557	-	-	1,129,557
J R G Bell	1,128,919	-	-	1,128,919
<i>Other key management personnel of the Group</i>				
B A Banister	1,678,000	-	-	1,678,000
D W Clark	350,000	-	(250,000)	100,000
D J Purdie	200,000	-	-	200,000
D L Sammut	495,612	-	-	495,612
A R Tong	-	-	54,000	54,000

## F Additional Information

During the last five years Directors' total remuneration has decreased by an average of 10.4% per annum.

The main principles of the Group's Remuneration Policy are to link executive reward with the strategic goals and performance of the Group; align the interests of executives with those of shareholders; reward individual performance against appropriate benchmarks and targets; and ensure total remuneration is competitive by market standards.

### *Insurance of officers*

The Company has, by Deed of Access, Indemnity and Insurance, paid a premium to insure the Directors and Officers of the Group in respect of certain legal liabilities, including costs and expenses in successfully defending legal proceedings, whilst they remain as Directors and Officers and for seven years thereafter. The insurance contract prohibits the disclosure of the total amount of the premiums and a summary of the nature of the liabilities covered.

### *Proceedings on behalf of the Company*

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

### *Non audit services*

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (Crowe Horwath Sydney) for audit and non-audit services provided during the year are set out below.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	<b>Consolidated</b>	
	<b>2011</b>	2010
	\$	\$
<b>Assurance Services</b>		
<b>1. Audit services</b>		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i> Crowe Horwath Sydney	<u>67,000</u>	68,000
<b>Total remuneration for audit services</b>	<u>67,000</u>	68,000
<b>2. Non audit services</b>		
Tax compliance services, including review of company income tax returns	<u>-</u>	-
<b>Total remuneration for non audit services</b>	<u>-</u>	-

### Auditor's Independence Declaration

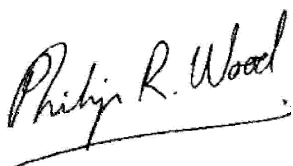
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 20.

### Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### Authorisation

This report is made in accordance with a resolution of Directors. The financial report was authorised for issue by the Directors on 28 September 2011. The Company has the power to amend and revise the financial report.



Philip R. Wood  
Managing Director & Chief Executive Officer

Sydney  
28 September 2011

# Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

		<b>Consolidated</b>	
	Notes	<b>2011</b>	2010
		<b>\$'000</b>	\$'000
<b>Revenue from continuing operations</b>	5	<b>8,816</b>	759
Administration expense		<b>(654)</b>	(781)
Bad and doubtful debts		<b>(1)</b>	(218)
Burnie Research Facility expenses		<b>(81)</b>	(128)
Depreciation and amortisation expense	6	<b>(815)</b>	(807)
Engineering and other consultants expenses		<b>(437)</b>	(297)
Employee benefits expense		<b>(2,553)</b>	(2,344)
Finance costs	6	<b>(5)</b>	(97)
Impairments expense		<b>(1,137)</b>	(143)
Occupancy expense	6	<b>(393)</b>	(377)
Research and development expenses	6	<b>(102)</b>	(67)
Treatment expense		<b>(1,457)</b>	-
Interest expense		<b>(53)</b>	(117)
Other expenses		<b>(11)</b>	(28)
<b>Profit/(Loss) before income tax</b>		<b>1,117</b>	(4,645)
Income tax benefit/(expense)	8	<b>407</b>	206
<b>Profit/(Loss) from continuing operations</b>		<b>1,524</b>	(4,439)
<b>Profit/(Loss) from discontinued operations after income tax</b>	7	<b>-</b>	2,659
<b>Profit/(Loss) for the year attributable to the parent entity</b>		<b>1,524</b>	(1,780)
<b>Other comprehensive income/(loss)</b>		<b>-</b>	-
Income tax relating to components of other comprehensive income		<b>-</b>	-
<b>Other comprehensive income/(loss) for the year, net of income tax</b>		<b>-</b>	-
<b>Total comprehensive income/(loss) for the year attributable to members of the parent entity</b>		<b>1,524</b>	(1,780)
		<b>Cents</b>	Cents
<b>Profit/(Loss) per share from continuing operations attributable to the ordinary equity holders of the Company:</b>			
Basic profit/(loss) per share	35	<b>0.83</b>	(0.49)
Diluted profit/(loss) per share	35	<b>0.82</b>	(0.49)
<b>Profit/(Loss) per share attributable to the ordinary equity holders of the Company:</b>			
Basic profit/(loss) per share	35	<b>0.83</b>	(0.20)
Diluted profit/(loss) per share	35	<b>0.82</b>	(0.20)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

As at 30 June 2011

	Notes	Consolidated	
		2011 \$'000	2010 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	2,557	192
Trade and other receivables	10	911	56
Environmental bonds	11	567	-
Inventories	12	43	38
Total current assets		<u>4,078</u>	286
<b>Non current assets</b>			
Trade and other receivables	13	2,919	2,878
Other financial assets	14	28	1,163
Plant and equipment	15	2,701	3,448
Environmental bonds	16	3,660	4,425
Intangible assets	17	10	10
Total non current assets		<u>9,318</u>	11,924
<b>Total assets</b>		<u>13,396</u>	12,210
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	18	1,169	700
Borrowings	19	-	594
Provisions	20	3,769	4,547
Total current liabilities		<u>4,938</u>	5,841
<b>Non current liabilities</b>			
Deferred revenue	21	-	813
Provisions	22	21	81
Total non current liabilities		<u>21</u>	894
<b>Total liabilities</b>		<u>4,959</u>	6,735
<b>Net assets</b>		<u>8,437</u>	5,475
<b>EQUITY</b>			
Contributed equity	23	70,416	68,978
Reserves	25	2,577	2,577
Accumulated losses	26	(64,556)	(66,080)
<b>Total equity</b>		<u>8,437</u>	5,475

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2011

Consolidated	Share Capital	Reserves	Accumulated Losses	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2009</b>	66,753	2,577	(64,300)	5,030
Issue of shares, net of transaction costs	2,218	-	-	2,218
Exercise of options	7	-	-	7
Total comprehensive income/(loss)	-	-	(1,780)	(1,780)
<b>Balance at 30 June 2010</b>	<b>68,978</b>	<b>2,577</b>	<b>(66,080)</b>	<b>5,475</b>
<b>Balance at 1 July 2010</b>	<b>68,978</b>	<b>2,577</b>	<b>(66,080)</b>	<b>5,475</b>
Issue of shares, net of transaction costs	1,438	-	-	1,438
Total comprehensive income/(loss)	-	-	1,524	1,524
<b>Balance at 30 June 2011</b>	<b>70,416</b>	<b>2,577</b>	<b>(64,556)</b>	<b>8,437</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

For the year ended 30 June 2011

		<b>Consolidated</b>	
	Notes	<b>2011</b>	2010
		<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		<b>1,108</b>	707
Payments to suppliers and employees		<b>(5,264)</b>	(4,286)
Interest paid		<b>(52)</b>	(97)
Interest received		<b>297</b>	187
Income R&D tax offset received		<b>407</b>	-
Other receipts		<b>5,013</b>	-
<b>Net cash inflows/(outflows) from operating activities</b>	38	<b>1,509</b>	<b>(3,489)</b>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		<b>(91)</b>	(56)
Payments for security deposits		<b>(45)</b>	(3,669)
Proceeds from security deposits refunded		<b>95</b>	-
Proceeds from sale or disposal of property, plant & equipment		<b>-</b>	3,215
Payment for shares in unlisted companies		<b>(1)</b>	-
<b>Net cash inflows/(outflows) from investing activities</b>		<b>(42)</b>	<b>(510)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares		<b>1483</b>	1,766
Proceeds from borrowings		<b>-</b>	462
Repayment of borrowings		<b>(540)</b>	(27)
Share issue costs		<b>(45)</b>	-
<b>Net cash inflows/(outflows) from financing activities</b>		<b>898</b>	<b>2,201</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,365</b>	<b>(1,798)</b>
Cash and cash equivalents at the beginning of the financial year		<b>192</b>	1,990
<b>Cash and cash equivalents at end of year</b>	9	<b>2,557</b>	<b>192</b>
Financing arrangements	37		
Non-cash financing and investing activities	37		

The above consolidated statement of cash flow should be read in conjunction with the accompanying notes.

## Schedule of Tenements

The Group held at 30 June 2011 the following tenements:

Tenement number	Tenement name	Expiry date	Area Km <sup>2</sup>	Security deposits held \$'000	Annual expenditure commitments \$'000
<i>Tenements held by Intec Zeehan Residues Pty Ltd</i>					
Mining Lease 6M/2010	Zeehan	5 January 2016	1.00	6	-
Retention Licence RL 3/1996	Zeehan	26 March 2012	1.00	5	-

## Shareholder Information

The shareholder information set out below was applicable as at 23 September 2011.

### A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Class of equity security	
			Ordinary shares	
			Number of shareholders	Number of shares
1	-	1,000	641	347,116
1,001	-	5,000	897	2,487,174
5,001	-	10,000	479	3,797,502
10,001	-	100,000	920	35,638,752
100,001	and over		340	174,214,790
			<b>3,277</b>	<b>216,485,334</b>

At the prevailing market price of shares (\$0.015) there were 2,536 shareholders with less than a marketable parcel of ordinary shares worth \$500 (being 33,333 shares).

**B. Equity security holders**

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares Number held	Percentage of issued shares
Mr Makram Hanna & Mrs Rita Hanna	8,860,000	4.093
JP Morgan Nominees Australia Limited	6,194,914	2.862
Ironfury Pty Limited <D B Dunn Super Fund A/C>	6,050,000	2.795
Mr Paul Michael Butcher	5,300,000	2.448
Limestone Enterprises Pty Ltd <The Goodlife Super Fund A/C>	4,502,000	2.080
Orian Holding Corp C/- Greenwich Legal	4,117,484	1.902
Mr Stuart Andrew Spiteri	3,100,000	1.432
Ms Victoria Anfan Yang	3,000,000	1.386
Mr Philip Jacques	2,691,547	1.243
Hysin Pty Limited	2,097,913	0.969
Mr Joseph Jaajaa	2,050,000	0.947
Campbell Kitchener Hume & Associates Pty Ltd	2,000,000	0.924
Carn Investments Pty Ltd	2,000,000	0.924
Scintilla Capital Pty Ltd	2,000,000	0.924
Mr Martin Stacey	1,841,963	0.851
Wethem Pty Ltd <Wendt Super Fund A/C>	1,762,400	0.841
Mr Stephen Scanlan	1,700,000	0.785
Mr John Joseph Reidy	1,565,031	0.723
Mr Anthony Nicolas Bennik	1,500,000	0.693
Mr Makram Hanna	1,410,000	0.651
Total of Top 20 share holdings	63,743,252	29.445
Other shareholders	152,742,082	70.555
Total ordinary shares	216,485,334	100.000

**C. Substantial holders**

There are no substantial holders in the Company

**D. Voting rights**

The voting rights attaching to each class of equity securities are set out below:

- (a) Ordinary shares  
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) Options  
No voting rights.

**E. Summary of options issued**

	No of options	No of Holders	% Options Issued
Options expiring 27 September 2012 with an exercise price of \$0.1413	470,000	23	
Option holders with more than 20% of above class	-	-	0%
Options expiring 27 September 2012 with an exercise price of \$0.1413 with a Trigger Price Threshold of \$0.25	635,000	7	
Option holders with more than 20% of above class			
Philip Ronald Wood	250,000		39.37%

These options are unquoted equity securities

## Corporate Governance Statement

The Board of Directors of the Company (the Board) is responsible for the corporate governance of the Company and its controlled entities.

Corporate governance is a matter of high importance in the Company and is undertaken with due regard to all of the Company's stakeholders and its role in the community.

The Board periodically reviews its policies and procedures against the 'Principles of Good Corporate Governance and Best Practice Recommendations' published by the ASX Corporate Governance Council.

Unless explicitly stated otherwise the Directors believe that the Company complies with the major principles and the underlying guidelines.

The Board has approved and adopted the following policies and charters with which directors and management are required to comply, and which, inter alia, contain the information recommended by the ASX Best Practice Recommendations Guidelines to be made available to shareholders/investors. These policies and Charters can be read on the Company's website [www.intec.com.au](http://www.intec.com.au) under 'About Us – Corporate Governance'.

### ASX BEST PRACTICE RECOMMENDATIONS

The table below contains each of the ASX Best Practice Principles and Guidelines. Where the Company has complied with the principles and guidelines during the reporting period this is indicated with a tick . Where the Company has

failed to comply with a particular recommendation this is indicated with a cross  and the Company's reasons are set out below the corresponding guideline within the table.

Note		Complied
<b>Principle 1</b>	<b>To lay solid foundations for management and oversight</b>	
Guideline 1.1	Formalise and disclose the functions reserved to the Board and those delegated to management and disclose those functions.	<input checked="" type="checkbox"/>
Guideline 1.2	Disclose the process for evaluating the performance of senior management.	<input checked="" type="checkbox"/>
Guideline 1.3	Provide the information set out in Guide to reporting on Principle 1.	<input checked="" type="checkbox"/>
<b>Principle 2</b>	<b>Structure the Board to add value</b>	
Guideline 2.1	A majority of the Board should be independent directors.	<input checked="" type="checkbox"/>
Guideline 2.2	The Chairman should be an independent director.	<input checked="" type="checkbox"/>
Guideline 2.3	The roles of Chairman and Chief Executive Officer/Managing Director should not be exercised by the same individual.	<input checked="" type="checkbox"/>
Guideline 2.4	The Board should establish a nomination committee.	<input checked="" type="checkbox"/>
Guideline 2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	<input checked="" type="checkbox"/>
Guideline 2.6	Provide the information set out in Guide to reporting in Principle 2.	<input checked="" type="checkbox"/>
	During the prior year an executive director retired and was appointed a non executive director. The majority of the Board are now independent directors.	
<b>Principle 3</b>	<b>Promote ethical and responsible decision making</b>	
Guideline 3.1	Establish a code of conduct and disclose the code or a summary of the code to guide the Directors, the Chief Executive Officer (or equivalent), the Chief Financial Officer (or equivalent) and any other key executives as to:	<input checked="" type="checkbox"/>
	3.1.1 The practices necessary to maintain confidence in the Company's integrity; and	<input checked="" type="checkbox"/>
	3.1.2 The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and	<input checked="" type="checkbox"/>
	3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	<input checked="" type="checkbox"/>
Guideline 3.2	Establish a policy concerning trading in company securities by directors, officers and employees and disclose the policy or a summary of that policy. Refer to policy set out below.	<input checked="" type="checkbox"/>
Guideline 3.3	Provide the information set out in Guide to reporting on Principle 3.	<input checked="" type="checkbox"/>

<b>Principle 4</b>	<b>Safeguard integrity in financial reporting</b>	
Guideline 4.1	The Board should establish an Audit Committee.	☑
Guideline 4.2	Structure the Audit Committee so that it consists of: <ul style="list-style-type: none"> <li>• non-executive Directors only;</li> <li>• a majority of independent directors;</li> <li>• an independent Chairman who is not the Chairman of the Board; and</li> <li>• at least 3 members</li> </ul>	☑ ☑ ☑ ☑
Guideline 4.3	The Audit Committee should have a formal Charter.	☑
Guideline 4.4	Provide the information set out in Guide to reporting on Principle 4. The Company will examine expanding the Audit Committee from two members to three members in the 2011/12 financial year. Previously the Company decided to restrict the member to two because of the small size of the Board.	☑
<b>Principle 5</b>	<b>Make timely and balanced disclosure</b>	
Guideline 5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.	☑
Guideline 5.2	Provide the information set out in Guide to reporting on Principle 5.	☑
<b>Principle 6</b>	<b>Respect the rights of shareholders</b>	
Guideline 6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	☑
Guideline 6.2	Provide the information set out in Guide to reporting on Principle 6.	☑
<b>Principle 7</b>	<b>Recognise and manage risk</b>	
Guideline 7.1	The Board or appropriate Board committee should establish policies on risk oversight and management and disclose a summary of those policies.	☑
Guideline 7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	☑
Guideline 7.3	The Board should disclose whether it has received assurance from the CEO (or equivalent) and the CFO (or equivalent) that the declaration provided in accordance with s.295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	☑
Guideline 7.4	Provide the information indicated in the Guide to reporting on Principle 7.	☑
<b>Principle 8</b>	<b>Remunerate fairly and responsibly</b>	
Guideline 8.1	The Board should establish a remuneration committee.	☑
Guideline 8.2	Clearly distinguish the structure of Non-executive Directors' remuneration from that of executive directors and senior executives.	☑
Guideline 8.3	Provide the information set out in Guide to reporting on Principle 8.	☑

### Securities Trading Policy

The Company's Securities Trading Policy is set out on the website [www.intec.com.au](http://www.intec.com.au) as below.

Directors, employees and key consultants may only deal in the Company's shares during 'window periods' nominated for this purpose from time to time by the Managing Director and Chief Executive Officer, or failing him the Chairman. However, Directors, employees and key consultants are prohibited from buying or selling Intec shares at any time if they are aware of price sensitive information that has not been made public.

# Corporate Directory

## Directors

Chairman

Trevor A Jones

Managing Director and Chief Executive Officer

Philip R Wood

Finance Director and Chief Financial Officer

Kieran G Rodgers

Technical Director

A John Moyes

Non-executive Director

James R G Bell

## Company Secretaries

Robert J Waring

David W Clark (Financial Controller)

## Senior Management

Chief Operating Officer

Brian A Banister

Corporate Development Manager

Dave L Sammut

Head of Technology

Andrew R Tong

Senior Process Engineer

Daryl J Purdie

## Notice of Annual General Meeting

The Annual General Meeting of Intec Ltd will be held at Intec's corporate headquarters

Level 3, 2 Elizabeth Plaza

North Sydney NSW 2060 Australia

on Monday 21 November 2011 at 2:00 p.m.

## Registered Office and Corporate Headquarters

Level 3, 2 Elizabeth Plaza

North Sydney NSW 2060 Australia

and

PO Box 1507

North Sydney NSW 2059 Australia

Telephone: (+61 2) 9954 7888

Facsimile: (+61 2) 8904 0334

Email: [mail@intec.com.au](mailto:mail@intec.com.au)

Website: [www.intec.com.au](http://www.intec.com.au)

## Intec Envirometals Pty Ltd

PO Box 666

10-12 River Road

Burnie TAS 7320 Australia

Telephone: (+61 3) 6431 9867

Facsimile: (+61 3) 6431 3629

## Intec Envirometals Research Facility

20 River Road

Burnie TAS 7320 Australia

## Sydney Laboratory

25 Ethel Ave

Brookvale NSW 2100 Australia

## Melbourne EAFD Storage Site

433-451 Somerville Road

West Footscray VIC 3012 Australia

## Share Registry

Boardroom Pty Limited

Level 7, 207 Kent Street

Sydney NSW 2000 Australia

GPO Box 3993

Sydney NSW 2001 Australia

Telephone: (+61 2) 9290 9600

Facsimile: (+61 2) 9279 0664

Email: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

Website: [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

## Auditors

Crowe Horwath Sydney

Level 15, 309 Kent Street

Sydney NSW 2000 Australia

## Legal Advisers

Allens Arthur Robinson

Level 28, Deutsche Bank Place

Corner of Hunter and Phillip Streets

Sydney NSW 2000 Australia

## Patent Attorneys

Griffith Hack

100 Miller Street

North Sydney NSW 2060 Australia

## Stock Exchange and Trading Platform Listings

Intec Ltd shares are listed or traded on:

the Australian Stock Exchange (Code: INL);

the Deutsche Boerse (Code: INF);

and as American Depository Receipts on:

the OTC Markets (Code: ICLJY)



[www.intec.com.au](http://www.intec.com.au)