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Superior and Sustainable Metals Production

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Companies Announcements Office
Australian Securities Exchange

11 December 2008

Sale of Hellyer to Bass Metals

Intec Ltd (ASX code: INL) advises that it has reached agreement with Bass Metals Ltd (ASX Code: BSM, of which INL remains a 3.3% shareholder) for the sale of Intec's Hellyer assets, including the complete Hellyer Mill, associated facilities and infrastructure, the partially-reworked Hellyer tailings dam and associated dredge, the mining lease and associated rights to water and power for the site. The EAF dust storage shed and bunker remain the property of INL. See the attached comprehensive ASX announcement today by BSM.

The agreement incorporates a conditionally non-refundable \$500,000 deposit, payment by Bass Metals of the site care and maintenance costs during the approximate two months to settlement, settlement payment of \$3,510,000 in February 2009, replacement by BSM of INL's existing \$990,000 security bond. In addition there is a unit-based mill throughput royalty capped at \$5,000,000.

The INL Directors recognise that the terms of the Hellyer sale have been reached, of necessity, against a very adverse economic background in the worldwide and local resources sector. However, the agreement secures the necessary funds to repay the Macquarie facility, as well as providing additional short-term working capital. In combination with other immediate measures to reduce outgoings (including limited redundancies and an across-the-board 15% salary decrease for all remaining staff, directors and key consultants), this agreement effectively funds the Company during the due diligence and financing phase of the Intec Metals Recycling Project for Newcastle.

Yours faithfully
Intec Ltd

Philip R Wood
Managing Director and Chief Executive Officer



ASX code: INL

11 December 2008

The Manager Companies
Australian Stock Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Hellyer Mill & Mining Lease Purchase



Highlights

- ***Binding agreement to acquire from Intec Ltd the Hellyer Mill, associated infrastructure, tailings resource and Mining Lease for \$4.0M plus a Processing Royalty of \$2.50/tonne processed (capped at \$5.0M).***
- ***Hellyer Mill is a 1.5mtpa flotation concentrator within 1 km of Bass Metals' Hellyer Mine project resources and well suited to treat its polymetallic ore types to produce high value metal concentrates.***
- ***The acquisition will be funded from cash reserves which currently stand at \$8.0 million and is underpinned by expectations of continued strong cashflow from the Que River mine well into 2009, subject to commodity price and exchange rate movements.***
- ***This is a transformational acquisition for the Company; Bass Metals will now evaluate processing ore from a variety of its projects, such as the Hellyer-Que River mineral resources and more regional prospects as well as 3rd party ores, to maximise the revenue potential of this modern, well maintained, comprehensive mineral processing facility.***

Introduction

Bass Metals Ltd (ASX:BSM) is pleased to announce that it has signed a binding agreement to purchase from Intec Ltd (ASX:INL) the Hellyer processing plant, associated infrastructure and the Hellyer Mining lease for \$4.0 million to be paid on settlement. Bass Metals will also pay Intec a Processing Royalty of \$2.50/tonne processed, capped at \$5.0 million.

Settlement is conditional on a number of factors, including; consent from Intec's secured creditor, Macquarie Bank Limited and the Tasmanian Minister of Mines, possibly respective shareholder approvals as well as completion of formal documentation.

The Hellyer Assets

The assets to be acquired include:

- The 1.5mtpa crushing, grinding, flotation concentrator plant currently on care and maintenance, including a 2MW SAG and Ball milling circuit and a sizable spares inventory. The Hellyer plant was last operational from November 2006 to September 2008 re-treating Hellyer tailings to produce a low grade bulk zinc-lead concentrate and hence is in overall good operational condition.
- All associated supporting infrastructure including grid power, storage sheds, spares inventory, warehouses, water treatment facilities and railway line access.
- A 300kW, electric cutter suction dredge and spares recently utilised to reclaim tailings for the retreatment project.
- The remaining Hellyer tailings resource. In April 2008 Intec reported a "pre-mining" resource comprising Hellyer tailings of 11 million tonnes at 2.8% zinc, 3.0 % lead, 88 g/t silver and 2.6 g/t gold. Intec's Hellyer zinc concentrate project processed approximately 2 million tonnes of this material through the Hellyer Mill, and Bass Metals will acquire the residual tailings.
- The Hellyer Mine Lease (CML103/1987), which Bass Metals already holds a sublease over giving it the mineral rights. Purchase of the Mining Lease transfers the environmental management responsibility to Bass Metals and it will be required to post a \$0.99 million security deposit with Mineral Resources Tasmania.

Rationale for the acquisition

Bass Metals' 100% owned Hellyer Mine Project (HMP) comprises 2 distinct resources; Hellyer and Fossey which total 1.6 million tonnes of moderate to high grade massive sulphide base metal resources, located within 1 km of the Hellyer processing plant as illustrated in Figure 2 (refer ASX Report 30 September 2008). The mine development concept for the HMP is to mine a "base load" ore for processing at the Hellyer Mill at approximately 200 ktpa from Fossey and supplement it with another 50 to 100ktpa of ore from other sources such as the Hellyer or Que River Mineral Resources to the extent that grade and metallurgical characteristics allow.

The Hellyer Mill is especially suited to treat the very fine grained Hellyer style ore, and therefore can treat most other "simpler" polymetallic ore types such as occur at Fossey or Que River. The Hellyer Mill has always been an important aspect of Bass Metal's development strategy. The value in the assets being acquired comprises the plant and "hard machinery" as well as the "operational footprint" which includes a permitted tails dam and supply corridors for power, water and vehicles. The prime motivating factors for this transaction are:

1. High Replacement Cost

The replacement cost of the Hellyer plant is estimated by Bass Metals and its technical experts to be well in excess of \$100 million. Whilst currently the HMP may not need such a large facility, the replacement cost of a processing plant sized to the current

conceptual rate of 200 to 300ktpa is approximately \$40 to \$50 million based on recently completed comparable projects.

2. *Unique Flexibility*

Mining and treatment of the Fossey mineralisation is the current base case scenario which could increase to include; high grade Hellyer and Que River ore, low grade material from both Hellyer and Que River, copper rich Que River ore and perhaps even the gold-silver-barite material. The Hellyer Mill is purpose built for the Hellyer-Que ore types and gives Bass Metals flexibility to maximise the exploitation of its resources, which a smaller plant or an extension of existing ore sales arrangements would not allow.

3. *Higher Payability*

Preliminary metallurgical results from 14 Fossey Zone drill samples indicates that by utilising the Hellyer Mill it should be possible to produce separate zinc, lead and copper-silver-gold concentrates. Sales of metal concentrates will generate higher returns and margins than the sale of whole ore.

Summary Terms & Conditions

BSM, through its wholly owned subsidiary Que Metals Pty Ltd, has entered into a binding agreement to acquire the Hellyer assets from Intec Hellyer Metals Pty Ltd, a 100% subsidiary of Intec Ltd, on the following terms and conditions:

Assets:

Consolidated Mining Lease 103M/1987, the complete Hellyer plant including all associated infrastructure and spares, the tails dam resource and reclamation equipment including the electric dredge.

Consideration:

- Refundable Deposit: \$500,000, payable on signing binding agreement.
- Cash Payment: \$3,510,000, payable on settlement.
- Processing Royalty: BSM will pay Intec a royalty of \$2.50/tonne processed through the plant, up to a total payment of \$5.0 million.
- Security Deposit: BSM has undertaken to replace Intec's environmental security deposit held by Mineral Resources Tasmania comprising \$990,000.

Conditions & Obligations:

Settlement of the acquisition is conditional on the following occurring or being completed to Bass Metal's satisfaction:

1. completion by Bass Metals of legal due diligence;
2. no material adverse effects arising prior to settlement which a have potential detrimental effect of greater than \$0.25 million;
3. consent for the transfer of the Mining Lease by the Minister of Mines;
4. completion of formal documentation, that is a Sale and Purchase Agreement and A Processing Royalty Agreements; and,
5. to the extent required, approval from ASX and respective shareholders.

Intec and Bass Metals have agreed a non-compete provision during this time to facilitate completion of this agreement.

Bass Metals has agreed to take over responsibility for the care and maintenance activities on site, until settlement is complete. Intec retain ownership and full environmental responsibility for a stockpile of electric arc furnace dust and the associated storage facilities.

Commentary

This is the most significant transaction undertaken by Bass Metals since listing in October 2005. It will provide a major boost in transforming the company from a small scale (*and profitable*) mining and exploration company, but reliant on third parties to treat or buy ore, into an independent, emerging mining company producing and marketing metals concentrates in accordance with its own development objectives, priorities and timetable.

This acquisition enables the Company to review all of its resources and prospects against the backdrop of owning a sophisticated, large scale mineral processing facility which can be adapted to a variety of ore types and processing rates – located within close proximity to its own resources at Hellyer, Que River and Mt Charter.

The cash outlay of \$4.0 million to Intec and \$0.99 million for the environmental bond is regarded as excellent value given the scale and quality of the assets being acquired and their potential utilisation by Bass Metals. The Company has the cash reserves to meet this acquisition and is comfortable that on present performance indicators Que River will continue to perform strongly and generate cash well into 2009, subject to no significant adverse external factors. Whilst Bass Metals is not reliant on raising any additional funds it may choose to accept one of several offers for third party financing to supplement its working capital position, particularly in the wake of this transaction and in anticipation of fast tracking the HMP developments, but this has not been decided nor finalised.

The Board and management of Bass Metals are excited by the opportunities this acquisition will generate for its business in Northwest Tasmania and the eventual flow-on expected for shareholders. I look forward to reporting further on the Company's progress and outcomes in pursuit of its growth objectives in the near term.

Yours Sincerely



Mike Rosenstreich
Managing Director

The information within this report that relates to exploration results is based on information compiled by Mr Kim Denwer and Mr Mike Rosenstreich who are both full time employees of the Company. Mr Rosenstreich is a Member of The Australasian Institute of Mining and Metallurgy, and Mr Denwer is a Member of the Australian Institute of Geoscientists. They both, individually have sufficient experience relevant to the styles of mineralisation and types of deposits under consideration and to the activities currently being undertaken to qualify as a Competent Person(s) as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and they consent to the inclusion of this information in the form and context in which it appears in this report.

Figure 2: Location plan of the Hellyer – Que River area

