

Intec Ltd

ABN 25 001 150 849

Gordon Chiu Building, J01
Department of Chemical Engineering
Maze Crescent
University of Sydney NSW 2006
Australia

Telephone: +612-9351-6741
Facsimile: +612-9351-7180
Email: mail@intec.com.au
Website: www.intec.com.au

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Companies Announcements Office
Australian Stock Exchange Limited
PO Box H224
Australia Square
SYDNEY NSW 2000

Attached is the March 2003 Quarterly Report by Intec Ltd for Entities Admitted on the Basis of Commitments (Appendix 4C).

Intec's available cash at 31 March 2003 was A\$1,503,000, exactly in line with the management budget underlying the IPO Prospectus dated 19 December 2001. The planned June quarter gross cash expenditure is expected to be approximately A\$485,000 in excess of budget and will focus on completion of Phase 2 of the electrowinning (EW) Cell test program and technical and commercial development work on the Intec Refractory Gold Process (IRGP). This expenditure is proposed to be offset by contributions from EW Cell program participants and the IRGP joint venture (see both below).

Summary

As the world's leader in the expanding field of chloride hydrometallurgy, Intec is becoming increasingly aware of the wide range of problem-solving and value-creating applications for its proprietary technology. Consequently, during the March 2003 quarter technical and commercial development opportunities were progressed in the following diverse activities:

- a) The Intec Refractory Gold Process;
- b) Technical Involvement in Ivanhoe/CITIC Strategic Alliance;
- c) Commercialisation of the Intec Copper, Zinc and Nickel Processes for Polymetallic Concentrates;
- d) Environmental Treatment of Electric Arc Furnace Dust; and
- e) Phase 2 of the Intec Copper Electrowinning Cell Test Program.

Further details of these activities are set out below.

a) The Intec Refractory Gold Process (IRGP)

An estimated one third of the world's gold production comes from gold deposits that are classified as 'refractory': i.e. the concentrate from the ore requires a pre-treatment processing step prior to gold recovery via conventional cyanidation. This refractory proportion will certainly continue to increase, as near-surface gold deposits, in which associated minerals have been weathered by the action of water, oxygen, sunlight and bacteria to yield non-refractory gold ores readily amenable to conventional cyanide treatment, are being depleted.

The treatment of refractory gold ores, and in particular selection among the competing technologies having regard to their relative advantages and economics, has become a major issue for the gold industry as it seeks to replenish gold ore reserve inventories. In addition, the focus on the development of improved processing techniques for refractory gold deposits has been driven by the need for more environmentally acceptable processing routes, and, in particular, the need to dispose of by-products such as arsenic and sulphur in a responsible manner.

During the March 2003 quarter, Intec undertook further technical and commercial development of the IRGP, which was provisionally patented at the end of 2002 (with further provisional patents presently being filed). The IRGP provides for the removal via a simple leach step of hazardous contaminants such as arsenic, antimony and bismuth from refractory gold concentrates. In addition, the IRGP provides for the recovery of gold from refractory concentrates by chloride-based leaching and deposition without the need for cyanide addition. An independent cost estimation study commissioned by Intec in North America has confirmed that the IRGP has major economic, technical and environmental advantages over other processes used for the treatment of refractory gold concentrates.

IRGP testwork has to date focussed principally on the 'double-refractory' gold concentrate from the Bakyrchik mine in Kazakhstan, which is majority-owned by Intec's largest shareholder Ivanhoe Mines Ltd (Ivanhoe). Intec recently reached agreement in principle with Ivanhoe (subject to legal documentation presently proceeding) to form a 50/50 joint venture that will provide for the funding of further IRGP technical development work, establishment of a continuous pilot plant in Sydney to conduct paid testwork on refractory gold concentrates submitted from projects around the world and the international marketing of the technology.

b) Technical involvement in Ivanhoe/CITIC strategic alliance

Ivanhoe recently announced the formation of a strategic alliance with China International Trust & Investment Corporation (CITIC), a Chinese state-owned enterprise with total assets exceeding US\$48 billion including in the resource industry.

The Ivanhoe/CITIC agreement provides for several areas of mutual cooperation including:

"the introduction of advanced minerals processing technologies to various Asian mining projects. One example of an advanced technology is the Intec Process, a hydrometallurgical technology being advanced by Ivanhoe. The Intec Process provides substantial cost and environmental advantages over conventional smelting and refining processes and can be used to refine copper, zinc, nickel and precious metals from raw concentrates".

c) Commercialisation of the Intec Copper, Zinc and Nickel Processes for Polymetallic Concentrates

Intec is presently receiving numerous enquiries from around the world for paid testwork to be conducted on various polymetallic concentrates. These are produced from mines whose economics are presently adversely affected by the need to produce a separate smelter-(high-)grade concentrate for each base and/or precious metal, resulting in poor metallurgical recoveries. Intec considers that a major market opportunity exists due to the Intec Process' unique ability to recover all payable metals from low-grade complex concentrates.

For example, during the March 2003 quarter Intec successfully completed paid laboratory test work on a complex low-grade copper concentrate containing significant quantities of silver, lead and cobalt from the Lubin mine in Poland, owned by KGHM Polska Miedz S.A. KGHM is the world's seventh largest copper producer and the world's second largest silver producer. The testwork program demonstrated the ability of the Intec Copper Process to recover in a saleable form all economically valuable metals contained in the concentrate, and it has been proposed to KGHM that this technical

outcome can be transformed into a significant wealth creation opportunity with major environmental benefits. This dialogue with KGHM is actively progressing.

Another example, within Australia and elsewhere, are the many tailings dams containing significant quantities of base and precious metals which are amenable to recovery via the Intec Process at no mining cost. Intec has received tailings samples from the various project owners which it has approached and intends to convert the resulting testwork outcomes into alternative business and environmental opportunities for all concerned.

Intec has also completed paid testwork on polymetallic zinc and nickel concentrates and will continue to work with the relevant project owners in order to develop its unique technical advantages into commercially rewarding outcomes.

d) Treatment of Electric Arc Furnace (EAF) Dust

Following an approach from a leading Australian steel industry participant, Intec undertook laboratory test work on a sample of EAF dust. EAF dust, which is a by-product all around the world of steel production by electric arc furnaces, is considered a hazardous waste and incurs high costs for safe disposal. The material contains high levels of zinc and minor amounts of other economically valuable metals, the recoveries of which in aggregate represent a valuable potential resource for environmentally responsible recycling.

Following its investigatory laboratory test work program, Intec lodged a provisional patent for its chloride-based process for the treatment of EAF dust and has submitted to the client a proposal for a stage-paid technology development program.

e) Phase 2 of the Copper Electrowinning (EW) Cell Test Program

Phase 2 of the copper EW Cell test program (see Figure 1 below) continued during the March 2003 quarter.

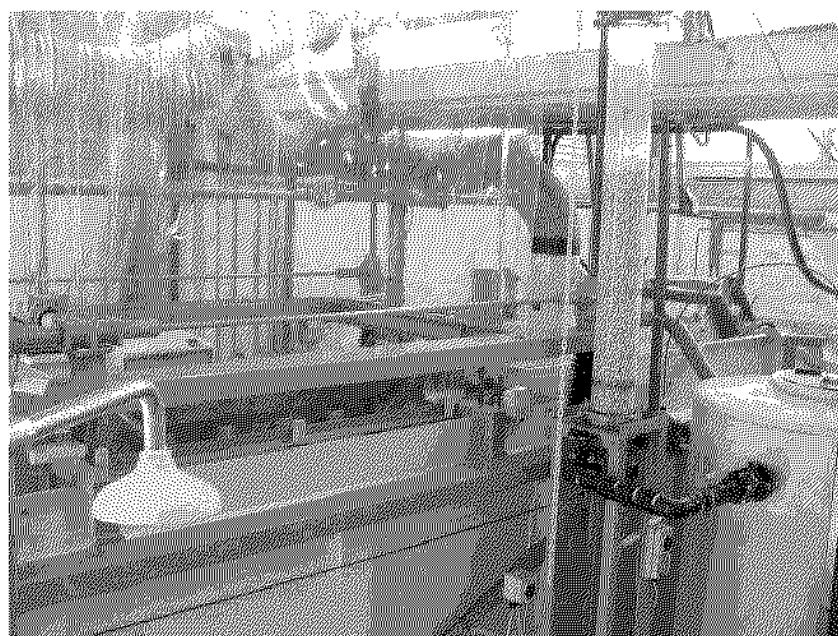


Figure 1 External view of the completed copper EW Cell

The EW Cell was constructed at Intec's laboratory facilities at the University of Sydney between November 2002 and February 2003 and was then operated continuously during February/March 2003. Most new aspects of the EW Cell (polycrystalline rectangular tank, conveyor belt, anode, anode chamber and cathode) worked very well. Significant quantities of high quality copper dendrites were harvested,

removed via the conveyor belt and then re-dissolved for further electrowinning. Currently certain mechanical modifications to the cathode wiping mechanism are being undertaken in order to optimise operation of the EW Cell prior to recommencement of continuous operations in May 2003.

On recommencement of continuous operations it is proposed to produce over a period of six weeks approximately three tonnes of LME Grade A copper dendrites. Of this production, two tonnes will be washed, dried and compacted for shipment to Dundee, Scotland to support the previously announced alliance between Intec and Rautomead International Limited. It is planned that the two tonnes of copper dendrites will be upwardly vertically cast into oxygen-free wirerod using Rautomead's pilot plant in order to demonstrate the joint Intec-Rautomead copper concentrates-to-rod technology package.

Following a favourable outcome for Phase 2 of the EW Cell test program, the parties will subsequently embark upon Phase 3, the equipment for which will incorporate an EW Cell that will be constructed and operated in 2004 in conjunction with the Rautomead pilot plant as a permanently available demonstration module. This is intended to show to all international observers the efficient and sustainable functioning of Intec's copper EW cell, to grow, harvest and recover dendrites which are readily convertible into a commodity-traded and value-added product via Rautomead's technology.

When the Phase 2 EW Cell test program has been successfully completed, it is proposed that the EW Cell components be made available for installation in the 150kg Cu per day Intec Copper pilot plant at Hitachi, Japan, presently being operated by Nippon Mining & Metal Co., Ltd (Nippon MM), Mitsui Mining & Smelting Co., Ltd and (the Japanese Government-owned) New Energy and Industrial Technology Development Organisation ('NEDO') (See Figure 2 below).

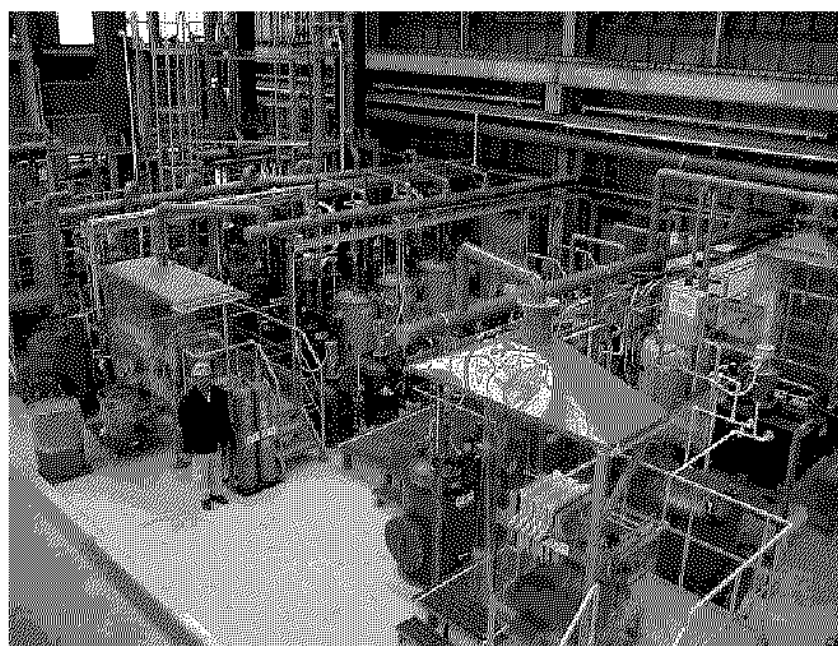


Figure 2 Nippon MM's Intec Copper Process Pilot Plant at Hitachi, Japan.

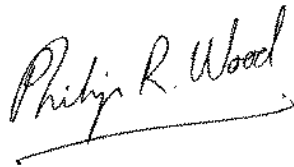
As a result of its earlier significant contribution to the development of the Intec Copper Process, Nippon MM holds a "Club" process sub-licence and, as part of the resultant technical interaction, Intec visited the pilot plant in Japan during the March 2003 quarter.

Outlook

Successful commercialisation of new minerals processing technology continues to be challenging in the present industry environment. However Intec is confident that its expertise and world leadership in chloride hydrometallurgy will continue to create valuable project opportunities. The Intec Board and management is intensely focussed on converting its technological excellence into commercially attractive project outcomes for the benefit of all shareholders.

Yours faithfully

Intec Ltd

A handwritten signature in black ink, reading "Philip R. Wood". The signature is written in a cursive style with a long horizontal flourish extending from the bottom of the name.

Philip R Wood

Managing Director and Chief Executive Officer

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

Intec Ltd

ABN

25 001 150 849

Quarter ended ("current quarter")

31 March 2003

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from customers – test work fees	87	99
1.2 Payments for:		
(a) staff costs	(503)	(1,311)
(b) advertising and marketing	(32)	(175)
(c) research and development	(96)	(205)
(d) leased assets	(2)	(7)
(e) other working capital	-	(2)
(f) administration and corporate costs	(112)	(395)
(g) cost of sales	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	31	116
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(629)	(1,878)

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(629)	(1,878)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(238)	(377)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	13
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(238)	(364)
1.14 Total operating and investing cash flows	(867)	(2,240)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other — share issue expenses	-	(3)
Net financing cash flows	-	(3)
Net increase (decrease) in cash held	(867)	(2,245)
1.21 Cash at beginning of quarter/year to date	2,370	3,748
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	1,503	1,503

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	170
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil

1.26 Explanation necessary for an understanding of the transactions

The salary paid to the two executive directors and the directors' and consultancy fees paid to the three non-executive directors amounted to \$170,364.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Not applicable

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	24	8
4.2 Deposits at call	158	159
4.3 Bank overdraft	-	-
4.4 Other — bank negotiable certificates of deposit	1,321	2,203
Total: cash at end of quarter (item 1.23)	1,503	2,370

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Not Applicable	Not Applicable
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does ~~/does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here: Robert J Waring Date: 30 April 2003
(Director/Company Secretary)

Print name: Robert J Waring

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.