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31 July 2006

Companies Announcements Office
Australian Stock Exchange Limited

Quarterly Activities Report: Appendix 4C June 2006

On behalf of Intec Ltd (ASX code: INL, or the Company), I now attach the June 2006 Quarterly Report for Entities Admitted on the Basis of Commitments (Appendix 4C).

The World Zinc Market

The strong rise in the price of zinc over the past year, the relentless decline in zinc stocks over the same period and the worldwide shortage of zinc concentrates for smelting have all received wide publicity during 2006 (Figure 1).

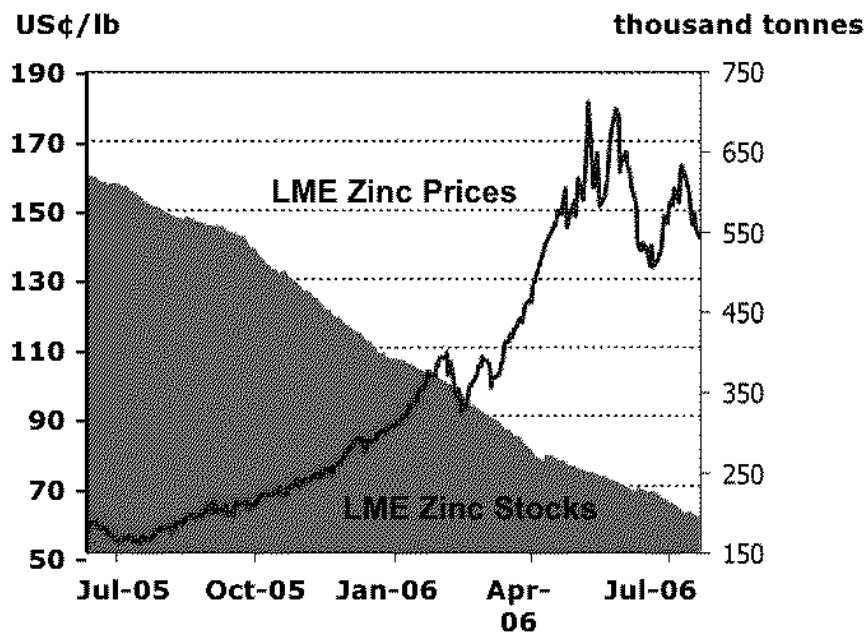


Figure 1: Daily LME zinc cash prices and stocks

INL's board and management agree with the generally-held view that this worldwide shortage of zinc units will be sustained for at least the next few years because of continuing strong global demand in the face of difficulties and delays in bringing new zinc mines into production.

In this context, INL has the almost unique advantage of owning a significant above-ground zinc tailings resource (Figure 2) immediately adjacent to its own well-maintained processing facility (Figure 3) on a granted mining lease at Hellyer.



Figure 2: The Hellyer tailings dam contains over 300,000 tonnes of zinc.

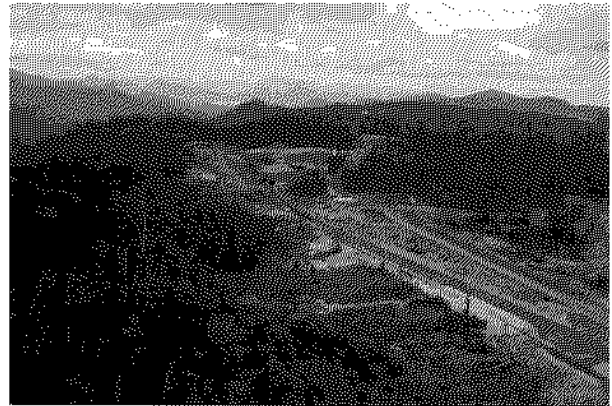


Figure 3: Intec Hellyer Mill and surrounding infrastructure.

Intec also owns a 20,000 tonnes stockpile of Electric Arc Furnace Dust (EAFD) grading 25% zinc (Figure 4) and has access to Australian EAFD production on favourable treatment terms which bear no relation to the value of the zinc contained in the EAFD.

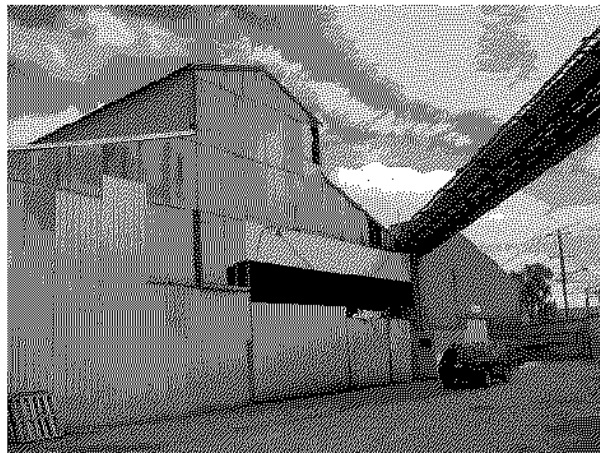


Figure 4: Intec's 20,000 tonnes EAFD stockpile is contained in this warehouse in western Melbourne

3-Stage Strategy

The Company's commitment to its shareholders is therefore to achieve the earliest possible production of saleable zinc units from these resources in the current zinc price cycle, via the following three sequential stages:

- Stage 1: Hellyer Zinc Concentrate Project
- Stage 2: Zinc Intermediates Production
- Stage 3: Hellyer Metals Project

By achieving Stage 1 during this year, Intec will become the only ASX-listed company to have been able to get into commercial zinc production during calendar 2006.

Stage 1: Hellyer Zinc Concentrate Project ('HZCP')

The HZCP has been progressing very well, with A\$2.5 million of the A\$4 million budgeted Start Up Costs now expended or committed by Polymetals (Hellyer) Pty Ltd ('Polymetals'). Production is now expected to commence at the end of September 2006, after regulatory approval is received on 14 September 2006.

Recent metallurgical testwork at Burnie Research Laboratory has substantially verified the previously announced 65% zinc recovery from the Hellyer tailings and 43% zinc grade of the resultant concentrate. Two concentrate offtake agreements for over half of the HZCP's 'base case' annual production for the next 3 years have now been finalised with Chinese smelters. The terms of these offtake agreements are significantly better than those assumed in the cashflows outlined in the Company's announcement to ASX on 5 April 2006 and, based on the numerous expressions of interest in placing the remaining and additional Hellyer zinc concentrate amidst the continuing worldwide shortage (including into Europe), these can only be expected to improve further.

The Hellyer-Burnie trucking contract was finalised during the June 2006 quarter, although shiploading terms for Burnie deepwater port are still being negotiated with Pacific National.

The tailings dredging contract has been awarded to the CGC Group, but the electrical conversion of the dredge will most likely delay mobilisation and commissioning by 2 weeks to end-September.

The concrete bases at both the Shore Tanks Area and Storage Tanks Area are now complete and the relocation of existing storage tanks to the shore of the tailings dam is underway (Figures 5, 6 and 7 respectively).



Figure 5: Shore Tanks Area near tailings dam – concrete bases complete



Figure 6: Storage Tanks Area near Intec Hellyer Mill – concrete bases complete

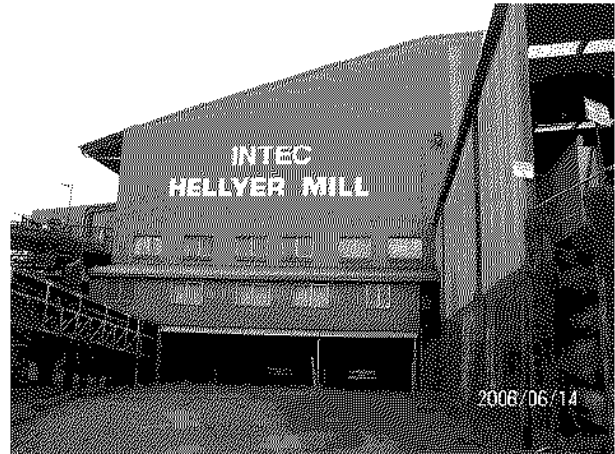


Figure 7: Shore Tanks Relocation – one tank segmented ready to relocate *Figure 8: Intec Hellyer Mill – external aspect*

Work on plant and piping changes external to and within, and refurbishment of, the Intec Hellyer Mill (Figures 8 and 9) are ongoing, with all reagent piping now completed.



Figure 9: Part of the flotation circuit at the Intec Hellyer Mill, with the SAG and ball mills in the background

The HZCP timeline thus remains on track as follows:

- | | |
|--|------------------|
| • Labour force engaged: | July |
| • Off-take contracts finalised (~ 50 Kt to China, ~ 20Kt to Europe): | July/August |
| • Mill Refurbishment & tailings dam shore facilities completed: | August/September |
| • Dredge Mobilisation: | September |
| • Mill Commissioning: | September |

Indicative HZCP economics (divided 50/50 with Polymetals) are set out in the following table:

EBITDA (total project)	Base Prices A\$m¹	Recent Prices A\$m²
1.5 mtpa	18.7	39.1
2.0 mtpa	26.4	53.5

- 1 Zn US\$0.90/lb, Pb US\$0.50/lb, Ag US\$9.00/oz, US\$/A\$0.74 exchange
- 2 Zn US\$1.55/lb, Pb US\$0.55/lb, Ag US\$14.00/oz, US\$/A\$0.77 exchange

In addition to the potential to increase the tailings throughput of the HZCP from 1.5 up to 2 million tonnes per annum, there is also the possibility of beneficiating EAFD in order to blend it with the Hellyer zinc concentrates. Research into the beneficiation of EAFD has previously been undertaken jointly by the CSIRO and Smorgon Steel and would involve the removal of soluble salts by water wash and of the magnetic fraction (mainly iron oxides) by drum magnet, resulting in EAFD beneficiated to around 40% zinc. This could be achieved at low cost and would increase overall zinc units in the blended Hellyer zinc concentrates produced annually by about one third.

Stage 2 Zinc Intermediates Production

Stage 2 would entail the production of zinc intermediate products from EAFD, Zeehan slag and other zinc-bearing oxidised residues. This project is currently under study and may initially involve the re-configuration of the Burnie demonstration plant to produce (if possible) a high quality zinc oxide, selling at a premium to its zinc metal content.

Stage 2 has the benefit of being both relatively small scale (but treating high grade feeds) and therefore with a low upfront capital cost. It could be brought into production earlier and with readily manageable technical challenges, and then the zinc intermediates plant could later be integrated into the larger Hellyer Metals Project.

Stage 3 Hellyer Metals Project ('HMP')

INL's Hellyer Metals Project demonstration plant (the Plant) has been operating within the requirements of 'Steady State' for the past seven weeks. The Steady State program will conclude on 14 August 2006, by which time, nine weeks of steady operation are expected to have been achieved.

Operations will continue until the end of August to allow for two campaigns on Zeehan slag, at which point, all data required from the Plant for the HMP Feasibility Study will have been collected.

The Plant will then be decommissioned and placed on care and maintenance, pending Stage 2 above.

A series of satellite projects have been commenced to finalise the reprocessing of the various intermediate products such as the copper oxychloride precipitate and lead/silver cement and will be reported on when completed.

The five Steady State criteria stipulated by Behre Dolbear Australia and quoted in the previous quarterly report are repeated below for clarity.

1. All unit process steps are to perform continuously for at least 85% of the time at 95% of design parameters.
2. A minimum average of 85kg of zinc cathode per day is to be produced.

3. Feed rates are to be maintained at a minimum of 95% of design criteria.
4. Recovery of all metals is to be at least 95% of design criteria.
5. Product specifications are to be met for at least 95% of the tonnage produced.

Over the past five weeks, the Plant has achieved the following outcomes against the Steady State criteria listed above.

1. This requirement has been met.
2. Average cathode production has been 13% above requirement, although the zinc electrowinning cell is still not operating consistently at targeted design specifications.
3. The average feed rate has been consistently above specification.
4. Metal recoveries have been achieved as follows:
 - a. Zinc, lead and silver recoveries have met requirements.
 - b. Copper recovery has been variable with an average 16% below the minimum requirement.
 - c. Gold recovery, as stated in the previous quarterly report, is not expected to exceed 85% of specification, however no further data are available due to severe delays in analyses by independent laboratories.
5. Product specifications have been achieved as follows:
 - a. Zinc cathode has been consistently superior to Prime Western Grade and is being cast into ingot form for repatriation to Smorgon Steel's galvanising operations.
 - b. Lead/silver cement has met requirements except for an elevated copper content.
 - c. Copper precipitate specification has been amended due to a change in plant operating procedure and is no longer relevant. Conversion of the current-production copper precipitate to copper sulphate final product is the subject of a pilot program by a commercial process vendor.
 - d. Gold bullion is not being produced due to the very small quantities involved, however its loading onto activated carbon and subsequent stripping with recycle of the carbon is being carried out continuously using Plant liquor.

All of the data from the Plant and its satellite projects will be assimilated into a comprehensive and independent report by Ammtec Ltd which will become available later in 2006. This will form the basis of the HMP Feasibility Study to be recommenced by WorleyParsons. However it should be noted that the Company's present focus on Stages 1 and 2, in order to capture the elevated values of the present zinc price cycle, will inevitably result in some deferment of Stage 3 into the medium term.

Bass Metals Ltd

INL's 22%-owned exploration vehicle Bass Metals Ltd (ASX code: BSM) has progressed its Que River and Mt Charter projects together with drilling deeper targets in the Hellyer vicinity. Since the end of the June 2006 quarter BSM has announced its acquisition of a series of exploration tenements contiguous to Hellyer from Sarison Mineral Holdings Ltd (ASX code: SAR). Further information is available from BSM's own ASX announcements, but overall INL's board and

management is highly encouraged by BSM's exploration progress and the SAR deal, and therefore intends to continue to financially support BSM's project development.

Corporate

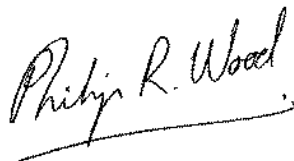
The Company's cash balance at 30 June 2006 was A\$6,384,000.

During the June 2006 quarter, INL raised A\$11,340,000 by way of a Share Placement and Purchase Plan as detailed in the Company's ASX announcement of 1 June 2006. Since then, the Company has repaid all of its a\$4,785,000 borrowings from Macquarie Bank, from which it continues to have access to a (presently unused) A\$2,500,000 working capital facility.

In light of all of the above, the Company's working capital position is more than sufficient for its purposes through until it becomes strongly cashflow positive via the HZCP later this year.

Yours faithfully

Intec Ltd

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

Philip R Wood

Managing Director and Chief Executive Officer

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

Intec Ltd

ABN

25 001 150 849

Quarter ended ("current quarter")

30 June 2006

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for:		
(a) staff costs	(522)	(2,211)
(b) advertising and marketing	-	(115)
(c) research and development	(62)	(466)
(d) bankable feasibility study	(1,786)	(4,146)
(e) other working capital	(73)	(2,282)
(f) administration and corporate costs	(756)	(2,042)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	49	113
1.5 Interest and other costs of finance paid	(132)	(132)
1.6 Income tax rebate received		
1.7 Other income	294	2,998
Net operating cash flows	(2,988)	(8,283)

+ 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 (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(2,988)	(8,283)
Cash flows related to investing activities		
1.9 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(12)	(1,391)
1.10 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed 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	(12)	(1,391)
1.14 Total operating and investing cash flows	(3,000)	(9,674)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	11,371	11,871
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	-	4,785
1.18 Repayment of borrowings	(4,785)	(4,785)
1.19 Dividends paid		
1.20 Other (provide details if material) – share issue costs	(358)	(358)
Net financing cash flows	6,228	11,513
Net increase (decrease) in cash held		
1.21 Cash at beginning of quarter/year	3,228	1,839
1.22 Exchange rate adjustments to item 1.20	3,156	4,545
	-	-
1.23 Cash at end of quarter	6,384	6,384

+ 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	144
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Salaries, Directors fees and consultancy fees at normal commercial rates.

Non-cash financing and investing activities

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

Nil

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

Nil

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	2,500	Nil
3.2	Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

Reconciliation of cash

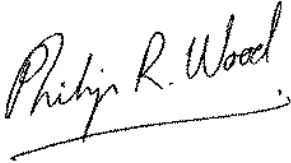
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	215	3,156
4.2 Deposits at call	869	-
4.3 Bank overdraft		-
4.4 Other – 30 day bank bills	5,300	-
Total: cash at end of quarter (item 1.23)	6,384	3,156

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
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~~ give a true and fair view of the matters disclosed.

Sign here:  Date: 31 July 2006
 (Director/~~Company Secretary~~)

Print name: Philip R Wood

+ 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.