



Intec Ltd

ASX Code: INL
ABN 25 001 150 849

Superior and Sustainable Metals Production



Annual Report 2006

Contents

	Page
Corporate directory	
Letter from Chairman and Managing Director & Chief Executive Officer	1
Review of Operations	3
Directors' Report	9
Auditors' Independence Declaration	18
Financial Report	
Income Statements	19
Balance Sheets	20
Statements of Changes in Equity	21
Cash Flow Statements	22
Notes to the Financial Statements	23
Directors' Declaration	53
Audit Report	54
Shareholder Information	56
Corporate Governance Statement	58



Photo above: Intec's Burnie Demonstration Plant that produced zinc, lead, copper, gold and silver metals products from Hellyer tailings, electric arc furnace dust and Zeehan Slags during 2006.

Photo Front Cover: Internal view of the Intec Hellyer Mill, showing Control Room (top left), SAG and Ball Mills (top centre) and flotation circuit (foreground).



Intec Ltd

ABN 25 001 150 849

Superior and Sustainable Metals Production

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

Phone: 02-9351-6741
Fax: 02-9351-7180
Email: mail@intec.com.au
Website: www.intec.com.au
ASX code: INL

Letter from Chairman and Managing Director and Chief Executive Officer

28 September 2006

This is Intec Ltd's ("Intec's") fifth Annual Report since listing on the Australian Stock Exchange and includes its financial statements for the year to 30 June 2006. During the year Intec's share price rose from 6.5 cents to 12.5 cents (see Figure 1) and its market capitalisation (inclusive of the June 2006 A\$11 million capital raising) grew from A\$27 million to A\$67 million.

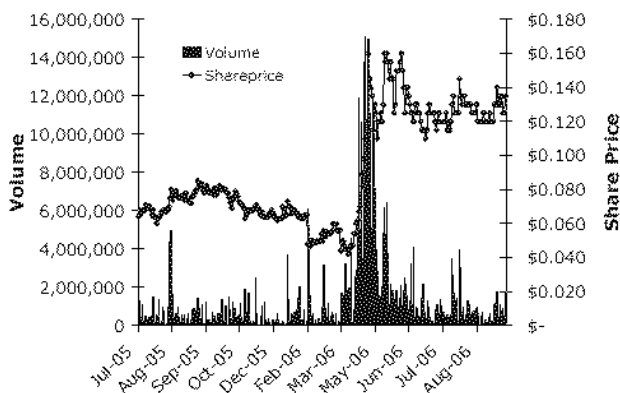


Figure 1: Intec Share Price Chart

This welcome increase in Intec's market value is principally due to the imminent re-start of operations at our Hellyer Mine to produce saleable zinc bulk concentrate. This has been made economically attractive by the very strong rise in the price of zinc in the past year, linked to the relentless worldwide reduction in available zinc metals stocks (see Figure 2).

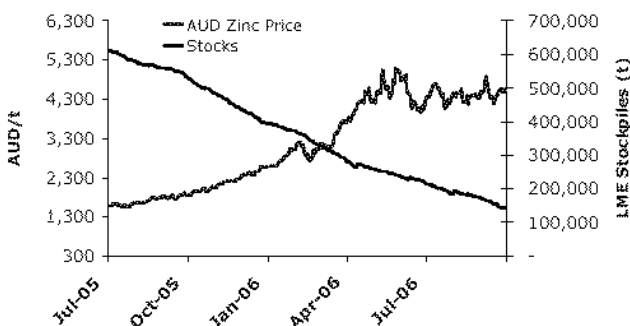


Figure 2: Daily Closing Cash A\$ Zinc Price & LME Zinc Stocks

As we write, our 50/50 joint venture partner Polymetals (Hellyer) Pty Ltd is completing the final necessary steps

prior to scheduled production commencement next month and firm contracts have already been signed with our Chinese smelter customers. We wish to record our appreciation for the highly professional, timely and efficient way in which Polymetals has tackled the myriad technical, logistical, workforce and regulatory challenges that confront commercial production start-ups in the current frenetic mining industry environment.

When you read Intec's financial statements you will observe that your Directors have approved a substantial A\$20 million revaluation of the Intec Hellyer Mill and related infrastructure. This strengthening of Intec's balance sheet reflects the intended utilisation of these assets for commercial production, in other words as a 'going concern'. The independent expert revaluation is still far below replacement cost, but shows that Intec is fortunate to own Hellyer as a major strategic asset, to be used for the benefit of the Company and regional mining companies long into the future.

For example, Intec is the largest shareholder of Bass Metals Ltd which listed on the ASX (initially as Resource Finance and Investments Ltd) in October 2005. Since then, Bass Metals has proven up a number of base and precious metals resources in the vicinity of Hellyer and could be in production by the end of this calendar year. We registered our appreciation of the success of Bass Metals to date by participating in its recent capital raising in order to maintain our proportionate shareholding and seat on the board of this energetic young exploration company.

Intec's other predominant focus during the year has been the operation of our polymetallic demonstration plant at Burnie. Many of you were able to attend the official opening of this plant by the Tasmanian Resources Minister on 15 September 2005. Since then, a dedicated workforce and technical management team have expended huge efforts to implement Intec's proprietary technology to deliver the desired outcomes of recovering five payable metals (zinc, lead, copper, gold and silver) from Hellyer tailings, zinc-bearing electric arc furnace dust (EAFD) and 'Zeehan Slags'. This highly complex exercise is at the forefront of this technology field has certainly engendered its fair share of frustrations, but a great deal has been learned and 'steady state' was definitively achieved.

The results of the demonstration plant and ancillary product recovery operations will all be encapsulated in

a comprehensive independent report by Ammtec Limited due by the end of calendar 2006. The conclusions of this report are being fed into a review by WorleyParsons of our earlier Hellyer Metals Project pre-feasibility study, which will also take into account both escalating capital and operating costs on the one hand and rising metals prices on the other.

Early in calendar 2006 your Company acquired from Smorgon Steel a large stockpile of EAFD in Melbourne. The prevailing high zinc price has invigorated our efforts to identify the earliest possible processing route to generate a saleable zinc product from our EAFD resource and indeed from the ongoing production of EAFD in Australia. It is likely that these efforts will lead

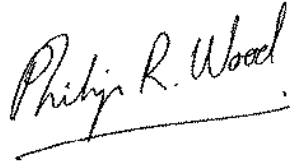
to successive stages of treating EAFD to produce progressively higher value zinc products and we have similar intentions for the zinc-bearing Zeehan Slags resource, trial treatment of which has exceeded our expectations.

Intec has had a successful 2006 financial year, though this has undoubtedly been greatly assisted by the buoyant metal prices for which it can take scant credit! We look forward to seeing as many of you as possible at Intec's annual general meeting to be held on 15 November 2006, where we will further explain the exciting future for your Company and respond to your welcome views.

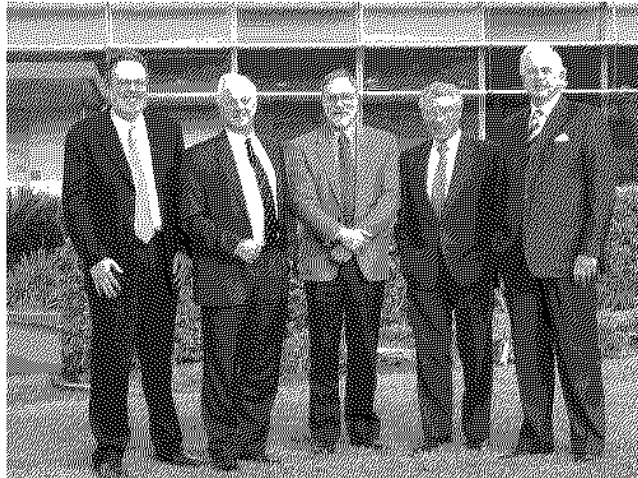
Yours sincerely



Ian W Ross
Chairman



Philip R Wood
Managing Director & Chief Executive Officer



The Intec Board outside the Company's headquarters at the University of Sydney: (from left) Robert Waring (Company Secretary), Philip Wood (Managing Director & CEO), John Moyes (Technical Director), Ken Severs (Non-executive Director) and Ian Ross (Chairman).

Review of Operations

Introduction

The principal activities of the Company during and since the 2006 financial year were:

1. The instigation of the Hellyer Zinc Concentrate Project (HZCP) joint venture with the Polymetals group (PMS).
2. The acquisition of a strategic stockpile of electric arc furnace dust (EAFD) and the successful treatment of both EAFD and Zeehan Slags at the Burnie demonstration plant.
3. The completion of 'steady state' operations at the Burnie demonstration plant to provide data for the Hellyer Metals Project.
4. The continued support of our 20.5% owned regional exploration vehicle Bass Metals Ltd.
5. Servicing innumerable local and overseas enquiries regarding our world-leading portfolio of chloride hydrometallurgical technologies.

1. The Hellyer Zinc Concentrate Project (HZCP)

On 5 April 2006 Intec entered into a Conditional Letter Agreement with PMS for the retreatment of the Hellyer tailings through the 1.5 mtpa Hellyer grinding and flotation mill (the Intec Hellyer Mill) to produce saleable bulk zinc/lead/silver concentrate (the Project). Intec and PMS have since agreed the terms of the unincorporated joint venture (JV) agreement between them, which is activated after Intec-approved expenditure on HZCP start-up of A\$6 million by PMS as the operator.

Intec is uniquely positioned to commence zinc production early and cheaply because its already granted mining lease at Hellyer (See Figure 1) comprises its substantial above ground zinc-bearing tailings resource (See Figure 2) in immediate proximity to the modern large-scale Intec Hellyer Mill, which is both well-maintained and available. The Intec Hellyer Mill Complex is a 1.5 mtpa facility comprising a primary crusher, SAG mill, ball mill (See Figure 3), three tower mills, differential flotation circuits (See Figure 4), filtration, and all other necessary infrastructure to support the production of base metal concentrates, such as concentrate storage and loading facilities (See Figure 5). Along with Mt Lyell in the south and Rosebery/Renison in the centre, the Intec Hellyer Mill dominates ore processing capability in the northern section of the Mt Read Volcanics Belt in northwestern Tasmania. As such, the Company now views the Intec Hellyer Mill as a major strategic asset in the reinvigorated Tasmanian mining environment.



1. 55 ha tailings dam
2. 80km road & rail access to Burnie (deepwater port)
3. Hellyer mine adit (plugged)
4. 1.5 mtpa Hellyer Mill
5. Former Que River mine site
6. Electricity grid
7. Shale pit for initial HZCP residues

Figure 1: Aerial photograph of the entire Intec Hellyer Metals Project site



Figure 2: The Hellyer Tailings Dam

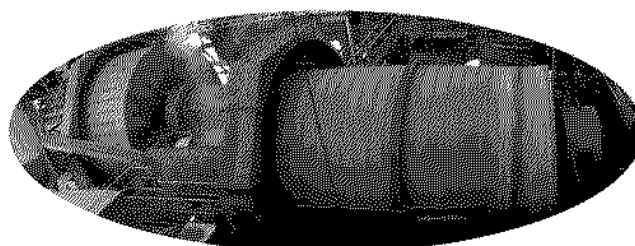


Figure 3: The ball mill in the Intec Hellyer Mill Complex

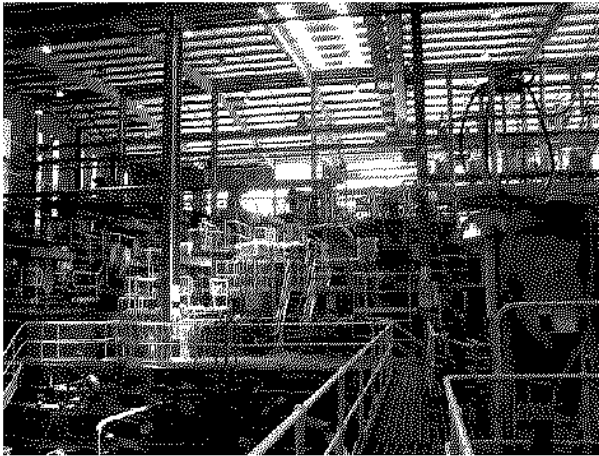


Figure 4: A partial view of the Intec Hellyer Mill's flotation circuit



Figure 5: Concentrates storage and loading facilities at Hellyer

The 10.9 million tonnes Hellyer tailings dam resource contains (along with lead, silver, gold and copper) 305,000 tonnes of zinc at an average grade of 2.8%, which alone at today's US\$/A\$ exchange rate and LME zinc price has an in-situ metal value of approximately A\$1.4 billion.

Intec owns the intellectual property comprised in the 1999 Pre-Feasibility Study by Bateman Engineering for Dominion Mining Limited and Western Metals Limited on the retreatment of the Hellyer tailings. This included exhaustive metallurgical testwork demonstrating that, after a regrind to ~20 microns (the tailings presently have a p80 of ~45 microns) and flotation, 65% zinc recovery from the tailings into a bulk zinc (43%)/lead (9.5%)/silver (170gpt) concentrate is achievable. This earlier testwork has been favourably reconfirmed by testwork during 2006 at Burnie Research Laboratory (owned by Ammtec Limited).

The retreatment proposal considered in the Pre-Feasibility Study did not eventuate due largely to much lower metals prices at that time. Today however, Intec's and PMS's discussions with smelter end-customers and commodities trading houses have shown clearly that in the current environment of worldwide tightness in supply of zinc-bearing feedstocks, the HZCP's product is readily saleable on financially

attractive terms. Consequently, a number of off-take contracts with Chinese customers have already been signed.

Thus, based on the present zinc price and US\$/A\$ exchange rate in the near-to-medium term (US\$1.50/lb and US\$0.75/A\$ respectively), a tailings throughput rate of 1.5 mtpa, projected operating costs, including confirmed smelter and shipping terms, amounting to approximately A\$60 million per annum, the HZCP would generate a profit before interest, tax, depreciation and amortization of approximately A\$49 million per annum, split equally between the JV parties. It is expected that production will commence towards the end of October 2006.

The JV parties have agreed that PMS will operate the HZCP and sole-fund the start up costs up to an amount of A\$6 million, whereupon the 50/50 JV is activated. After PMS has spent A\$6 million, the JV will commence to bear the HZCP operating costs for a period of two years, with an option for PMS to renew the HZCP yearly for two further years. Four years after commencement of the JV, Intec will have the right to acquire PMS's 50% interest in the JV for A\$1.

The JV is projected initially to produce about 63,000 tonnes of concentrate per annum, though it is intended over time to significantly increase this amount by expanding the tailings throughput capacity of the Intec Hellyer Mill to above 2 mtpa. Intec has commenced technical investigation of the opportunity to beneficiate and blend EAF dust (grading ~30% zinc) into the concentrate product (see below).

It is important to note that:

- 1) all Hellyer assets, the refurbishments of which will be depreciable capital improvements, remain the property of Intec at all times;
- 2) the refurbished Intec Hellyer Mill will be made available as much as practically possible to treat ores from regional miners (notably including Bass Metals Ltd which is 20.5% owned by Intec – see below); and
- 3) the retreatment residues from the Intec Hellyer Mill will be returned to the shale quarry and/or tailings dam where, though depleted of two thirds of their contained zinc value (and of 17% and 10% of their lead and silver values respectively), they will be available, after being augmented with high grade zinc secondary residues such as EAFD, Zeehan Slags and primary leach residues for treatment yet again via Intec's Hellyer Metals Project technology.

PMS is a privately owned mining company which operates the Nimbus Silver Mine near Kalgoorlie in WA and the Mt Boppy Gold Mine near Cobar in NSW. Nimbus is the only primary silver producer (130,000 oz per month) in Australia, while Mt Boppy has produced around 70,000 oz gold since PMS converted it from underground to open cut operations in 2002.

PMS enjoys the reputation of being a small and dynamic company with low overheads. Its experienced senior management team has an enviable track record of exploiting projects that larger companies are unable to develop. Its pragmatic ability to design, construct and operate its own operations makes PMS an ideal JV partner with Intec at Hellyer.

At the time of writing, the full HZCP labour force is now on site, 100% of the equipment has been procured and construction is 85% complete (see Figures 6, 7 and 8). The commissioning plan is in place, and in fact wet commissioning has already begun in certain parts of the flowsheet (see Figure 9). With the tailings dredging plan completed, the Tasmanian Government has approved the pumping of slurry around the circuit in anticipation of commencement of operations later in October.

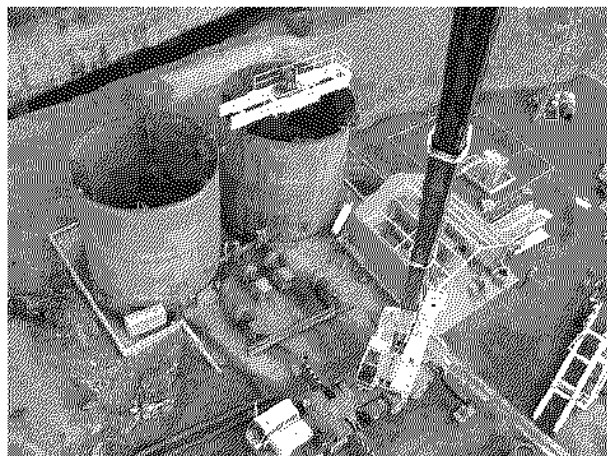


Figure 7: Bird's eye view from crane bucket of storage tanks under construction on the foreshores of the Hellyer tailings dam



Figure 6: View across the Hellyer tailings dam to Shore Tanks



Figure 8: Storage tanks under final assembly adjacent to Intec Hellyer Mill.

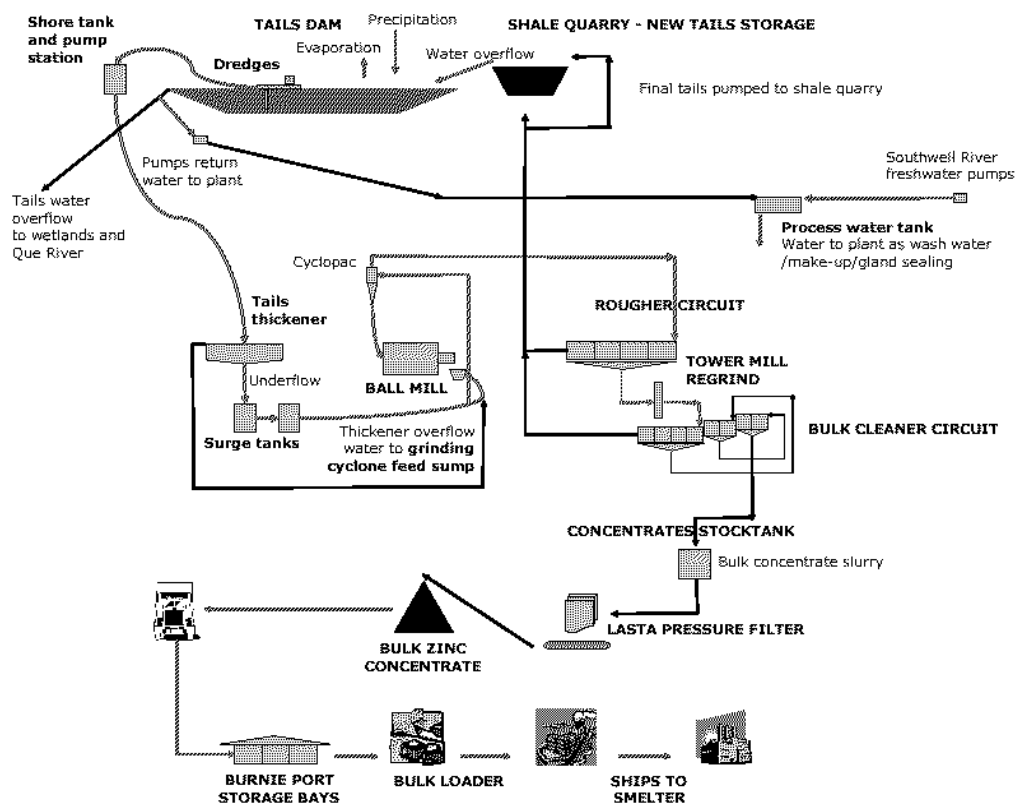


Figure 9: Hellyer Zinc Concentrate Project Flowsheet

2. Electric Arc Furnace Dust (EAFD) and Zeehan Slags

During calendar 2006 the Burnie demonstration plant successfully treated ~30% zinc-bearing EAFD supplied by the two Australian producers, Smorgon Steel and Onesteel, and then subsequently the ~14% zinc-bearing Zeehan Slags currently owned by Encore Metals NL. Intec now intends to move as quickly as possible to capture the zinc value of these feedstocks in the current price environment.

With this in mind and accompanied by receiving a A\$2.42 million treatment fee, Intec acquired ownership and responsibility for the ~22,000 tonnes EAFD stockpile formerly owned by Smorgon Steel and warehoused in western Melbourne (see Figure 10). The stockpile grades around 25% zinc, for an in-situ zinc value of A\$24 million at the current A\$ zinc price. There are a number of treatment routes for this stockpile (and other EAFD currently produced) presently under investigation and Intec intends to select the earliest possible value-capturing opportunity, while working towards a long-term zinc metal production outcome.



Figure 10: Warehouse in western Melbourne containing ~22,000 tonnes EAFD

Following successful treatment of the Zeehan Slags in the Burnie demonstration plant, Intec and their owner Encore Metals NL are close to finalising a commercial arrangement which will take account of certain entitlements proposed by Zinifex in relation to this resource.

3. The Burnie Demonstration Plant

The demonstration plant program was successfully completed on 14 August after nearly 12 months of continuous operations, except for a 2-week Christmas shutdown.

Early commissioning problems were resolved during the first 3 months of operation with equipment modification completed over the Christmas break. By the completion of the program, 9 weeks of 'steady state' operation has been achieved.

Steady state operation is an essential requirement for the proof of process operability and stability as well as the generation of engineering data for the definitive feasibility study.

Steady state requirements have been defined as follows:

1. All unit process steps are performing continuously for at least 85% of the time at 95% of design parameters.
2. A minimum of 85 kg of zinc cathode is produced daily.
3. Feed rates are maintained at a minimum of 95% of design criteria.
4. Recoveries of all metals are at least 95% of design criteria.
5. Product specifications are met for at least 95% of the tonnage produced.

At program completion, the plant achieved the following outcomes against the steady state criteria listed above:

1. This requirement has been met.
2. Zinc production was in excess of requirement.
3. Feed rates have been consistently on specification.
4. Recoveries consistently met specification.
5. Product specifications have been met as follows:
 - a) zinc cathode has been consistently superior to Prime Western Grade (design specification). The issues with consistency of cathode morphology were resolved, although only towards the end of the program. Some further operating time is required to gain complete confidence in the zinc cell stability;
 - b) lead/silver cement grade has been within specification since the installation of a new reactor design and improved control of zinc dust addition;
 - c) copper precipitate specification has been met; and
 - d) gold extraction was on average 85% of the original specification, which has now been amended. Gold recovery was carried out on a side stream to make the activated carbon stripping operation more manageable.

Although the performance of the aeration system for the leach circuit is not specified in the steady state criteria, it should be noted that the base metal leach is operating satisfactorily with air addition according to the process design. However, the pyrite leach has required oxygen for satisfactory operation, which is partly the result of the small size of the reactors (2 m³) compared to the commercial plant reactors (600 m³). Nonetheless, it is now considered that oxygen supplementation will be required at the commercial scale.

A program dedicated to Zeehan Slags was run for 2 weeks directly after conclusion of the steady state program. Results were above specifications by 15% for zinc extraction with residue filterability - a matter of some concern leading into the program - excellent.

A number of satellite programs have been in progress in parallel with the demonstration plant operations. These included the following:

1. production of a finished copper sulphate product for sale, which is now successfully completed;

2. conversion of the lead/silver cement into bullion to maximise revenue. This program is being carried out by the CSIRO and has just commenced; and
3. melting of zinc cathode to form ingots. This program has been successfully completed with just over 4 tonnes of ingot dispatched to Smorgon Steel for use in their galvanising operations (see Figure 11).



Figure 11: Prime Western Grade zinc ingots from the Burnie demonstration plant being stacked for shipment to Smorgon Steel's galvanising operations.

4. Refinement of the gold recovery circuit design is currently being undertaken with assistance from the A. J. Parker Centre of Perth, WA.

A detailed report of the demonstration plant program is now being prepared by Ammtec with assistance from WorleyParsons personnel and will be available by end-December 2006.

4. Bass Metals Ltd (ASX code: BSM)



Figure 12: Drilling by BSM at Que River has delineated a number of economic polymetallic orebodies capable of early mining.

BSM was floated on the ASX on 20 October 2005 under its former name Resource Finance and Investments Ltd. Intec is the largest shareholder in BSM and has the right to nominate a director (currently Kieran Rodgers, Intec's CFO) to the BSM board. In August 2006, Intec participated in a capital raising by BSM in recognition of BSM's progress to date and in order to maintain Intec's shareholding at a level above 20% prior to a future reduction to 18.3% following the issue of BSM shares to a third party as consideration for acquisition of certain exploration tenements.

During its brief life, BSM has energetically proven up a number of polymetallic orebodies at Que River near Hellyer (see Figure 12) and has prospective tenements elsewhere in the northern part of the Mt Read Volcanics zone. BSM has formed alliances with GeoInformatics (in relation to geophysical modelling), Zinifex (in relation to deep-drilling for Hellyer-style orebodies) and Mancala (in relation to mining at Que River).

BSM could commence production at Que River by the end of calendar 2006 and Intec is, in turn, hopeful of being able to treat BSM's ore at the Intec Hellyer Mill on mutually beneficial terms.

At the date of this Annual Report the market value of Intec's shareholding in BSM is just A\$2.6 million. However Intec and BSM are both intent on achieving true regional mining/processing synergies in the future.

5. Technology and Development Collaboration

Intec is the world's leader in chloride hydrometallurgy, with a suite of patented technologies having a range of base and precious metal applications. Several years ago, Intec's Board took the conscious step of focussing on its own projects and resources and these alone have been more than enough to keep the Company busy.

Nonetheless, due in substantial part to the 'resources boom', Intec has been inundated by local and overseas mining companies that are keen to apply one or more of the Intec Processes to their various ores, concentrates and tailings.

Although many of the projects that we have encountered offer tremendous potential when combined with Intec's technology, our limited human and financial resources have precluded active participation (beyond laboratory testwork) for the time being. For this reason, Intec is becoming progressively more interested in technical collaboration with other companies that have capabilities in related fields and discussions so far held may be expected to reach announicable outcomes during the 2007 financial year.

Corporate

Mr Ian Ross became Chairman of the Board on 30 August 2006.

During the June 2006 quarter, Intec raised just over A\$11 million by way of institutional placement and then a partially underwritten Shareholder Purchase Plan, all at 11 cents per share. The proceeds were used by Intec to retire debt and as working capital which will be sufficient to see the Company through until positive cashflow by the end of calendar 2006.

Additionally, the Company has access to a A\$2.5 million working capital facility from Macquarie Bank's Metals and Energy Capital Division, which is currently undrawn.

Conclusion

Intec considers that buoyant metals prices are likely to persist during the current 2007 financial year, because of the slowness of supply-side response to high metals demand levels. Over time, however, it is likely that metals prices will moderate because worldwide production costs are likely to be substantially lower than current spot prices.

Intec is almost uniquely well-positioned to recommence

early production and is presently intent on doing so, using hitherto unwanted metals-bearing resources such as tailings, EAFD, and Zeehan Slags. The Company thereby intends to capitalise on a successful 2006 financial year by becoming strongly cashflow positive during fiscal 2007, so affording it greater flexibility and management resources to pursue its longer-term goals which have great potential upside for its shareholders.

Directors' report

Your Directors present their report on the consolidated entity (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 2006.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report except for Mr Richard H Jenkins who resigned on 14 March 2006.

Ian W Ross

Chairman

Mr Ross has extensive corporate finance experience in Europe, North America, Africa, Australasia and Asia. He was a founding director of a group of mining companies located in the People's Republic of China (PRC) which was acquired by the Ivanhoe group in 1994. His ensuing senior executive roles with Ivanhoe Capital Corporation included several years resident in the PRC as the Ivanhoe Group's director and as vice chairman of Shanghai Land Corporation. Mr Ross is now resident in Sydney and was appointed a Non-executive Director of the Company on 19 September 2003. Mr Ross is a director of ASX-listed Union Resources Limited and has not been a director of any other ASX-listed company in the last three years.

Philip R Wood (BA (Syd), LLB (Syd), ASIA)
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 and Hong Kong. He has been a Director of the Company since 1993. He was appointed Managing Director and Chief Executive Officer on 26 March 2001. He is responsible for implementation of corporate, financial and marketing strategies of the consolidated entity. Mr Wood has not been a director of any other ASX-listed company in the last three years.

A John Moyes (BA (Chem) (Macquarie))
Technical Director

Mr Moyes has over 30 years of experience in the mining and metals industry, encompassing minerals analysis, laboratory management, hydrometallurgical

and electrochemical research, process development, plant design and project management. He has been a Director of the Company since 1995 and is presently its Technical Director. Mr Moyes has not been a director of any other ASX-listed company in the last three years.

Kenneth J Severs (BSc, C Eng, P Eng, FI Chem E)
Non-executive Director

Mr Severs is a senior chemical engineer with over 40 years of experience in the mining and metals industry. He has worked at all levels of management in extractive metallurgy including research and development, operations, projects, design, consultancy, marketing and executive functions. He has held senior executive positions with a number of large mining companies including nine years (1990-1999) for the Rio Tinto group as Group Metallurgical Executive and 24 years (1964-1988) for the Anglo American Group. Mr Severs was Managing Director of Intec Copper from 1995 to December 1998. He was appointed a Non-executive Director of the Company on 26 March 2001 and was Chairman from 10 October 2001 until 25 May 2004. Mr Severs has not been a director of any other ASX-listed company in the last three years.

Richard H Jenkins

Non-executive Director (resigned on 14 March 2006)

Mr Jenkins was an Executive Director of Macquarie Bank Limited from 1986 to 2001 and eventually co-headed Macquarie Investment Bank. He became a Non-executive Director of the Company on 22 March 2004 and was appointed Chairman on 25 May 2004. Mr Jenkins has not been a director of any other ASX-listed company in the last three years.

Company Secretary

Mr Robert J Waring (BEC, CA, FCIS, ASIA, FAICD)
Company Secretary

Mr Waring was appointed to the position of Company Secretary in 2001 and has over 34 years experience in financial and corporate roles including 15 years in company secretarial roles for ASX-listed companies and 12 years as a director of an ASX-listed company (including Platsearch NL for the past three years). He is a director of Oakhill Hamilton Pty Ltd, a company which provides secretarial and corporate advisory services to a range of listed and unlisted 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 2006, and the numbers of meetings attended by each director were:

	Full meetings of Directors		Meetings of committees					
			Audit		Corporate Governance		Remuneration	
	A	B	A	B	A	B	A	B
I W Ross	6	7	2	2	1	1	1	1
P R Wood	7	7	*	*	1	1	*	*
A J Moyes	7	7	*	*	*	*	*	*
K J Severs	6	7	2	2	1	1	1	1
R H Jenkins (resigned 14 March 2006)	5	6	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

Directors' report (continued)

Retirement, election and continuation in office of Directors

Mr R H Jenkins resigned as a Director on 14 March 2006.

Mr I W Ross is the Director retiring by rotation who, being eligible, offers himself for re-election.

Principal activities

During the year to 30 June 2006, the Group's main activities were the commercialisation of the Intec Processes, continued development of the Hellyer Metals Project, including completion of the construction and subsequent operation of the Burnie demonstration plant, continuation of the related bankable feasibility study and preparation for the Hellyer Zinc Concentrate Project Joint Venture with Polymetals Mining Services Pty Ltd.

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

Dividends - Intec Ltd

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

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects are set out in the review of operations in the annual report.

Significant changes in the state of affairs

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

	2006
	\$
(a) An increase in contributed equity of \$11,525,919 (from \$45,242,213 to \$56,768,132) as a result of:	
Issue of 48,119,484 fully paid ordinary shares at \$0.11 each by way of a Shareholder Share Purchase Plan, net of transaction costs	5,293,083
Issue of 400,000 fully paid ordinary shares at 6.9 cents each on exercise of options granted under the Intec Option Plan, including transfers from the share-based payments reserve	27,600
Placement of 55,000,000 fully paid ordinary shares at 11 cents per share	6,050,000
Placement of 7,246,377 fully paid ordinary shares to Macquarie Bank Limited at 6.9 cents per share	500,000
	11,870,683
Transfer from share based payments reserve on exercise of 400,000 options	12,985
	11,883,668
Transaction costs arising on share issues, net of current income tax	(357,749)
Net increase in share capital	11,525,919
(b) Net cash received from the increase in contributed equity amounting to \$11,512,933 was used principally to finance the Group's operations at the Hellyer minesite and the demonstration plant at Burnie and associated activities.	

Matters subsequent to the end of the financial year

A subsidiary is currently finalising legal documentation in relation to the formation of the Hellyer Zinc Concentrate Joint Venture based on a letter of agreement dated 28 March 2006 with Polymetals Mining Services Pty Ltd. The joint venture is being formed to process through the Hellyer Mill a portion of tailings from the Hellyer tailings dam to produce saleable zinc concentrate. The subsidiary will have a 50% participating interest in the joint venture and will be entitled to 50% of concentrate production.

On 25 September 2006 the Company granted 5,050,000 options to employees and certain key consultants which are exercisable at any time until expiry on 30 August 2011 at an option exercise price of \$0.11.

No other matters or circumstances have arisen since 30 June 2006 that have significantly affected or may significantly affect the Groups 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

The Group is working towards generating future income streams through its participation in the Hellyer Zinc Concentrate Joint Venture with Polymetals Mining Services Pty Ltd and the development of the Hellyer Metals Project.

Directors' report (continued)

Environmental regulation

The Group's operations are presently subject to environmental regulation under the laws of the Commonwealth of Australia, the State of New South Wales and the State of 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 Hellyer Metals 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;
- D Share-based compensation; and
- E Additional information.

The information provided under headings A-D includes remuneration disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited. The disclosures in Section E are additional disclosures required by the *Corporations Act 2001* and the *Corporations Regulations 2001* which have not been audited.

A Principles used to determine the nature and amount of remuneration (audited)

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with 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 complimentary 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. As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

Non-executive Directors

Fees and payments to Non-executive Directors reflect the demands, which are made on, and the responsibilities of, the Directors. The Board reviews Non-executive Directors' fees and payments annually. The Chairman's fees are determined independently to the fees of Non-executive Directors. The Chairman is not present at any discussions relating to determination of his own remuneration.

Directors' fees

The current base remuneration was last reviewed in September 2006 with affect from 1 July 2006.

Non-executive Directors' fees are determined within an aggregate Non-executive Directors' remuneration limit, which is periodically recommended for approval by shareholders. The aggregate Non-executive Directors' remuneration limit currently stands at \$200,000 per year.

Directors' report (continued)

Remuneration report (continued)

*A Principles used to determine the nature and amount of remuneration (audited) (continued)**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

Structured as a total employment cost package, which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

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

There are no guaranteed base pay increases included in any senior executives' contracts.

Intec Option Plan

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

B Details of remuneration (audited)*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 includes the Directors and the following executive officers:

- K G Rodgers – *Chief Financial Officer and Business Development Manager*
- J L Huens – *Chief Operating Officer*
- A R Tong – *Senior Research Metallurgist and Laboratory Manager*

Remuneration paid to Directors and key management personnel of the Group

2006	Short-term benefits			Post-employment benefits	Share-based payment	Total
	Cash salary	Directors' Fees	Consulting Fees	Superannuation	Options	
Name	\$	\$	\$	\$	\$	\$
<i>Non-executive Directors</i>						
I W Ross <i>Chairman</i> ¹	-	40,628	-	3,657	9,342	53,627
K J Severs ¹	-	42,730	-	-	9,505	52,235
R H Jenkins ¹	-	31,788	-	2,861	9,020	43,669
Sub-total Non-executive Directors	-	115,146	-	6,518	27,867	149,531
<i>Executive Directors</i>						
P R Wood ¹	268,000	-	-	24,120	28,741	320,861
A J Moyes ²	207,387	-	-	18,665	22,799	248,851
<i>Other key management personnel</i>						
K G Rodgers ¹	207,663	-	-	18,690	-	226,353
J L Huens ²	160,737	-	-	14,466	-	175,203
C H Lam ³	138,986	-	18,777	12,509	-	170,272
A R Tong ²	80,265	-	-	7,224	-	87,489
A M Platts ³	45,885	-	-	4,130	-	50,015
F Houllis ³	40,832	-	-	3,675	-	44,507
Totals	1,149,755	115,146	18,777	109,997	79,407	1,473,082

¹ Paid by Intec Ltd

² Paid by Intec Hellyer Metals Pty Ltd

³ Resigned during the year ended 30 June 2006

Directors' report (continued)

Remuneration report (continued)

B Details of remuneration (audited) (continued)

Remuneration paid to Directors and key management personnel of the Group

2005	Short-term employee benefits			Post-employment benefits	Share-based payment	
Name	Cash salary and fees \$	Directors' Fees \$	Consulting Fees \$	Superannuation \$	Options \$	Total \$
<i>Non-executive Directors</i>						
R H Jenkins Chairman	-	43,349	-	3,901	-	47,250
J P Evans (resigned 01/04/05)	-	28,125	2,510	-	-	30,635
I W Ross	-	8,601	-	20,462	-	29,063
K J Severs	-	39,375	1,971	-	-	41,346
G L Toll (resigned 16/12/04)	-	17,389	-	-	-	17,389
Sub-total Non-executive Directors	-	136,839	4,481	24,363	-	165,683
<i>Executive directors</i>						
P R Wood	245,924	-	-	21,357	-	267,281
A J Moyes	130,104	-	-	78,135	-	208,239
<i>Other key management personnel</i>						
K G Rodgers	184,463	-	-	16,050	33,568	234,081
F Houllis	148,270	-	-	13,172	31,832	193,274
C H Lam	145,863	-	-	12,891	26,705	185,459
J L Huens	135,039	-	-	11,766	21,579	168,384
A M Platts	128,119	-	-	16,294	15,375	159,788
Totals	1,117,782	136,839	4,481	194,028	129,059	1,582,189

C Service agreements (audited)

Remuneration and other terms of employment for the Managing Director and Chief Executive Officer, Technical Director and the specified executives are formalised in either service agreements or letters of employment. Each of these service agreements and letters of employment provide 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 2006 \$	Notice period for termination (months)		Redundancy payment
Director				Company	Employee	
P R Wood	1 July 2001	No term specified	292,120	12	6	12 months salary
A J Moyes	1 July 1999	No term specified	226,052	12	6	12 months salary
Executives						
K G Rodgers	16 May 2001	No term specified	226,353	1	1	16 weeks plus 2 weeks for every year after 5 years of service
J L Huens	1 June 2002	No term specified	175,203	1	1	4 weeks plus 2 weeks for every year after 2 years of service
A R Tong	2 February 2004	No term specified	87,489	1	1	4 weeks plus 2 weeks for every year after 2 years of service

Directors' report (continued)

Remuneration report (continued)

D Share-based compensation (audited)*Options*

Options are granted under the Intec Option Plan which was approved by shareholders at the 2001 annual general meeting. All staff and consultants are eligible to participate in the plan.

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

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	Value per option at grant date	Date exercisable
16 July 2002	16 July 2007	\$0.24625	- ¹	16 July 2002
20 November 2002	16 July 2007	\$0.24625	- ¹	20 November 2002
26 November 2003	26 November 2008	\$0.10	- ¹	26 November 2003
5 April 2005	24 February 2010	\$0.069	\$0.0363	5 April 2005
16 November 2005	24 February 2010	\$0.069	\$0.0283	16 November 2005
1999 – 2000	30 June 2009	\$0.49625	- ¹	1 January 2001

¹ No value required as exempted from this requirement under AIFRS.

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

The exercise price of the options is the current market price on the date the options are granted as determined by the Board.

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 options is set out in notes 22 and 36 to the financial statements.

Name	Number of options granted during the year		Number of options vested during the year	
	2006	2005	2006	2005
Directors of Intec Ltd				
P R Wood	1,014,590	-	1,014,590	-
A J Moyes	804,832	-	804,832	-
R H Jenkins (resigned 14/03/06)	318,419	-	318,419	-
I W Ross	329,783	-	329,783	-
K J Severs	335,535	-	335,535	-
Other key management personnel of the Group				
K G Rodgers	-	925,673	-	925,673
F Houllis	-	877,794	-	877,794
C H Lam	-	736,434	-	736,434
J L Huens	-	595,072	-	595,072
A M Platts	-	423,980	-	423,980
A R Tong	-	395,287	-	395,287

The assessed fair value at grant date of options granted to the 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 independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2006 included:

	2006	2005
(a) options are granted for no consideration		
(b) exercise price	\$0.069	\$0.069
(c) grant date	16 November 2005	5 April 2005
(d) expiry date	24 February 2010	24 February 2010
(e) share price at grant date	\$0.069	\$0.068
(f) expected price volatility of the company's shares	42.9%	56.2%
(g) expected dividend yield	0.0%	0.0%
(h) risk-free interest rate	5.5%	5.5%

Directors' report (continued)*Remuneration report (continued)***D Share-based compensation (audited) (continued)**

The following options will be granted to Directors if approved at the 2006 Annual General Meeting:

I W Ross, Chairman	400,000
P R Wood, Managing Director and Chief Executive Officer	1,200,000
A J Moyes, Technical Director	700,000
K J Severs, Non-executive Director	300,000

The proposed options will be exercisable at any time until expiry on 30 August 2011 at an option exercise price of \$0.11.

Shares provided on exercise of remuneration options

No ordinary shares in the Company were provided as a result of the exercise of remuneration options to each Director of Intec and other key management personnel of the Group.

Share options granted to Directors and key management personnel

Options over unissued ordinary shares of Intec granted during or since the end of the financial year to the Directors and the key management personnel as part of their remuneration were as follows:

Name	i Remuneration consisting of options	ii Value at grant date \$	iii Value at exercise date \$	iv Value at lapse date \$	v Total of columns ii-iv \$
Directors of Intec					
P R Wood	9.0%	28,741	-	-	28,741
A J Moyes	9.2%	22,799	-	-	22,799
R H Jenkins (resigned 14/03/06)	20.7%	9,020	-	-	9,020
I W Ross	17.4%	9,342	-	-	9,342
K J Severs	18.2%	9,505	-	-	9,505
Other key management personnel of the Group					
K G Rodgers	-	-	-	-	-
J L Huens	-	-	-	-	-
C H Iam	-	-	-	-	-
A R Tong	-	-	-	-	-
A M Platts	-	-	-	-	-
F Houllis	-	-	-	-	-

i = The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column ii.

ii = The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.

iii = The value at exercise date of options that were granted as part of remuneration and were exercised during the year.

iv = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

Shares under option

Unissued ordinary shares of Intec under option at the date of this report are shown in Note 22.

Shares issued on the exercise of options

The following ordinary shares of Intec were issued during the year ended 30 June 2006 on the exercise of options granted under the Intec Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares	Number of shares issued
5 April 2005	\$0.069	400,000

E Performance of the Group over the last five years (unaudited)

Over the last five years the Group has pursued the commercialisation of the Intec Processes. These activities have included the acquisition of the Hellyer Metals Project and the subsequent construction and operation of a demonstration plant and the commencement of a bankable feasibility study for the Hellyer Metals Project. During the last five years Directors emoluments have increased by an average 4.5% per annum.

Directors' report (continued)

Insurance of officers

The Company has, by Deed of Access, Indemnity and Insurance, paid a premium to insure the Directors and Company Secretary of the Group in respect of certain legal liabilities, including costs and expenses in successfully defending legal proceedings, whilst they remain as Directors 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.

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 (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below.

The Directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

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:

	Consolidated 2006	2005
	\$	\$
Assurance services		
1. Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	56,520	52,100
Total remuneration for audit services	56,520	52,100
2. Other assurance services		
PricewaterhouseCoopers Australian firm:		
Audit of regulatory returns – R&D Start grant	-	5,000
Audit of transition to AIFRS	20,000	-
Total remuneration for other assurance services		
Total remuneration for assurance services	76,520	57,100
Taxation services		
PricewaterhouseCoopers Australian firm:		
Tax compliance services, including review of company income tax returns	-	17,795
Total remuneration for taxation services	-	17,795

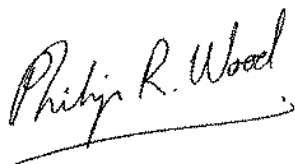
Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 17.

Directors' report (continued)**Auditor**

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors. The financial report was authorised for issue by the Directors on 28 September 2006. The Company has the power to amend and revise the financial report.

A handwritten signature in black ink, reading "Philip R. Wood", with a horizontal line underneath.

Philip R Wood
Managing Director & Chief Executive Officer

Sydney
28 September 2006

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditors' Independence Declaration

As lead auditor for the audit of Intec Ltd for the year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Intec Ltd and the entities it controlled during the period.



RJF Bradgate
Partner
PricewaterhouseCoopers

Sydney
28 September 2006

Liability limited by a scheme approved under Professional Standards Legislation

Income statements

For the year ended 30 June 2006

	Notes	Consolidated		Parent entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
Revenue from continuing operations	5	3,114,639	345,842	5,751,868	612,393
Other income	6	-	1,836,069	-	648,560
Administration expense		(1,121,909)	(596,374)	(135,306)	(576,929)
Demonstration plant expenses		(2,806,740)	(741,177)	-	-
Depreciation and amortisation expense	7	(676,163)	(208,949)	(200,260)	(144,765)
Engineering and other consultants expenses		(1,018,828)	(21,727)	(12,479)	(8,428)
Employee benefits expense		(4,157,235)	(2,918,124)	(1,333,497)	(1,786,759)
Finance costs	7	(638,041)	-	(638,041)	-
Occupancy expense	7	(591,406)	(214,447)	(239,939)	(214,447)
Provision against advances to controlled entities		-	-	2,906,860	(1,405,574)
Research and development expenses	7	(312,441)	(377,134)	(313,647)	(366,671)
Other expenses		(480,397)	(713,117)	(166,434)	(375,597)
Share of net profits/(losses) of associates accounted for using the equity method	31	(95,133)	(120,680)	-	-
(Loss)/Profit before income tax		(8,783,654)	(3,729,818)	5,619,125	(3,618,217)
Income tax credit	8	4,272,835	-	-	-
(Loss)/Profit attributable to members of Intec Ltd		(4,510,824)	(3,729,818)	5,619,125	(3,618,217)
		Cents	Cents		
Loss per share attributable to the ordinary equity holders of the company:					
Basic loss per share	35	1.0	1.1		
Diluted loss per share	35	1.0	1.1		

The above income statements should be read in conjunction with the accompanying notes.

Balance sheets

As at 30 June 2006

	Notes	Consolidated		Parent entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	9	6,492,968	4,544,757	6,422,463	4,189,323
Trade and other receivables	10	250,335	204,226	32,903	36,132
Other current assets	11	21,455	13,115	21,455	13,115
Total current assets		6,764,758	4,762,098	6,476,821	4,238,570
Non-current assets					
Receivables	12	190,000	243,020	21,630,945	6,104,858
Investment accounted for using the equity method	13	932,338	1,079,320	-	-
Investments	14	-	-	2	15,770
Plant and equipment	15	26,265,779	5,784,516	410,035	560,195
Intangible assets	17	10,000	10,000	-	-
Total non-current assets		27,398,117	7,116,856	22,040,982	6,680,823
Total assets		34,162,875	11,878,954	28,517,803	10,919,393
LIABILITIES					
Current liabilities					
Trade and other payables	18	1,027,313	1,467,709	319,076	440,879
Total current liabilities		1,027,313	1,467,709	319,076	440,879
Non-current liabilities					
Provisions	19	59,115	105,911	38,249	61,579
Deferred income tax liability	20	1,571,826	-	-	-
Total non-current liabilities		1,630,941	105,911	38,249	61,579
Total liabilities		2,658,254	1,573,620	357,325	502,458
Net assets		31,504,621	10,305,334	28,160,478	10,416,935
EQUITY					
Contributed equity	21	56,680,490	45,242,213	56,768,132	45,242,213
Reserves	23	14,440,951	169,117	767,616	169,117
Accumulated losses	24	(39,616,820)	(35,105,996)	(29,375,270)	(34,994,395)
Total equity		31,504,621	10,305,334	28,160,478	10,416,935

The above balance sheets should be read in conjunction with the accompanying notes.

Statements of changes in equity

For the year ended 30 June 2006

	Notes	Consolidated		Parent entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
Total equity at the beginning of the financial year		10,305,334	2,467,981	10,416,935	2,467,981
Gain on revaluation of Hellyer plant and equipment		19,482,203	-	-	-
Less deferred tax liability		(5,844,661)	-	-	-
Share of associate's reserves		35,793	-	-	-
Share of associate's capital raising costs		(87,642)	-	-	-
Net income recognised directly in equity		13,585,693	-	-	-
(Loss)/profit for the year		(4,510,824)	(3,729,818)	5,619,125	(3,618,217)
Total recognised income and expense for the year		(4,510,824)	(3,729,818)	5,619,125	(3,618,217)
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, net of transaction costs	21	11,512,934	11,398,054	11,512,934	11,398,054
Employee share options recognised in share based payments reserve		98,089	169,117	98,089	169,117
Options issued to Macquarie Bank Limited in consideration for entering into a financing facility recognised in share based payments reserve		513,395	-	513,395	-
		12,124,417	11,567,171	12,124,417	11,567,171
Total equity at the end of the financial year		31,504,621	10,305,334	28,160,478	10,416,935

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

Cash flow statements

For the year ended 30 June 2006

	Notes	Consolidated		Parent entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		3,391,962	76,351	2,968,803	53,851
Payments to suppliers and employees (inclusive of goods and services tax)		(11,294,927)	(5,166,925)	(2,916,577)	(4,335,973)
Government grants received		-	648,560	-	648,560
Interest paid		(124,646)	-	(124,646)	-
Interest received		85,102	296,887	75,068	290,915
Net cash (outflow) inflow from operating activities	33	(7,942,509)	(4,145,127)	2,648	(3,342,647)
Cash flows from investing activities					
Payments for property, plant and equipment		(1,675,233)	(3,806,199)	(50,100)	(271,966)
Refunds of (payments for) tenement security deposits		53,020	(3,520)	-	-
Payment of exploration costs		-	(2,946)	-	-
Loans to controlled entities		-	-	(9,232,341)	(4,665,599)
Net cash (outflow) inflow from investing activities		(1,622,213)	(3,812,665)	(9,282,441)	(4,937,565)
Cash flows from financing activities					
Proceeds from issues of shares		11,870,683	11,959,381	11,870,683	11,959,381
Share issue transaction costs		(357,750)	-	(357,750)	-
Proceeds from borrowings		4,785,000	(561,327)	4,785,000	(561,327)
Repayment of borrowings		(4,785,000)	-	(4,785,000)	-
Net cash inflow (outflow) from financing activities		11,512,933	11,398,054	11,512,933	11,398,054
Net increase (decrease) in cash and cash equivalents		1,948,211	3,440,262	2,233,140	3,117,842
Cash and cash equivalents at the beginning of the financial year		4,544,757	1,104,495	4,189,323	1,071,481
Cash and cash equivalents at end of year	9	6,492,968	4,544,757	6,422,463	4,189,323
Financing arrangements	34				
Non-cash financing and investing activities	34				

The above cash flow statements should be read in conjunction with the accompanying notes.

Notes to the financial statements

Contents

1	Summary of significant accounting policies
2	Financial risk management
3	Critical accounting estimates and judgements
4	Segment information
5	Revenue
6	Other income
7	Expenses
8	Income tax expense
9	Current assets - Cash and cash equivalents
10	Current assets - Trade and other receivables
11	Current assets - Other current assets
12	Non-current assets - Receivables
13	Non-current assets - Investments accounted for using the equity method
14	Non-current assets - Other financial assets
15	Non-current assets - Property, plant and equipment
16	Non-current assets - Exploration expenditure
17	Non-current assets - Intangible assets
18	Current liabilities - Trade and other payables
19	Non-current liabilities - Provisions
20	Non-current liabilities - Deferred income tax liability
21	Contributed equity
22	Options
23	Reserves
24	Accumulated losses
25	Key management personnel disclosures
26	Remuneration of auditors
27	Contingencies
28	Commitments
29	Related party transactions
30	Subsidiaries
31	Investments in associates
32	Events occurring after the balance sheet date
33	Reconciliation of profit after income tax to net cash inflow from operating activities
34	Non-cash investing and financing activities
35	Loss per share
36	Share-based payments
37	Explanation of transition to Australian equivalents to IFRSs

Notes to the financial statements

30 June 2006

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for the Company as an individual entity and the Group consisting of the Company and its subsidiaries.

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRSs

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the consolidated financial statements and notes of Intec comply with International Financial Reporting Standards (IFRSs). The parent entity financial statements and notes also comply with IFRSs except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Presentation and Disclosure*.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first Intec financial statements to be prepared in accordance with AIFRSs. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of the Company until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Company's 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. The Group has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 July 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the Group's equity and its net income are given in note 37.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going concern

The Company and controlled entities generated operating losses of \$4,510,824 and net cash outflows from operations of \$7,942,509 in the year ended 30 June 2006 as the Group continues to develop the Hellyer Metals Project and the commercialisation of the Intec Processes. During the 2005-06 financial year the Company raised approximately \$11,512,933 of additional funds. As of balance date, the Company and controlled entities had net assets of \$31,504,621 and cash balances of \$6,492,968.

The Group is working towards generating significant future income streams through its participation in the Hellyer Zinc Concentrate Joint Venture with Polymetals Mining Services Pty Ltd and the development of the Hellyer Metals Project. The Directors believe that the Group will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. The Directors regularly monitor the Company's cash position and on an on-going basis consider a number of strategic and operational plans and initiatives to ensure that adequate funding continues to be available for the Company to meet its business objectives.

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

The Company has adopted relevant new and revised accounting standards and pronouncements with no material impact.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

(b) Borrowing costs

Borrowing costs are expensed as incurred.

(c) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

(d) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(e) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the Intec Option Plan. Information relating to the plan is set out in note 36.

Options granted before 7 November 2002 and/or vested before 1 January 2005

No expense is recognised in respect of the options issued to employees for nil consideration. Shares issued following the exercise of options are recognised at that time and the proceeds received allocated to share capital.

Options granted after 7 November 2002 and vested after 1 January 2005

The fair value of options granted under the Intec Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)**(e) Employee benefits (continued)**

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

(f) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(g) Foreign currency translation**(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(i) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the Australian income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

(j) Income tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses or to the extent that they will be offset by deferred income tax liabilities which will reverse in the same periods.

This represents a change from the previous year where no deferred tax assets were recognised. The impact of this has been to recognise a deferred tax liability of \$5,844,661 in respect of temporary differences relating to revaluation of the Hellyer plant and equipment which has been offset by the recognition of deferred income tax assets in respect of revenue tax losses (\$4,226,009) and temporary differences (\$46,826). The deferred tax liability recognised in the financial report is \$1,571,826.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

The Company and its wholly-owned Australian controlled entities have not implemented the tax consolidation legislation as of 1 July 2005.

(k) Intangible assets

Costs incurred in respect of intellectual property are capitalised to the extent that it is expected that the asset may be realised in the future.

(l) Investments

Non-current investments in controlled entities are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these investments.

(m) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 28). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(n) Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(o) Plant and equipment

The Hellyer plant and equipment is shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)**(o) Plant and equipment (continued)**

Increases in the carrying amounts arising on revaluation of the Hellyer plant and equipment are credited, net of tax, to the asset revaluation reserve in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

This represents a change in the accounting policies of the Group in June 2006. Previously all assets were recorded at cost. The impact of adopting this accounting policy is that the Hellyer plant and equipment is now shown at Directors' valuation based on an independent valuation undertaken as at 30 June 2006 and has been increased by an amount of \$19,482,203 which has been credited to the asset revaluation reserve. The impact on basic and dilutive loss per share is nil.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Hellyer plant and equipment	8-50 years
- Computer equipment	2-3 years
- Vehicles	3-5 years
- Offices, furniture and equipment	3-8 years
- Plant and equipment	4-7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(p) Principles of consolidation**(i) Subsidiaries**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2006 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

(p) Principles of consolidation (continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(q) Revenue and other income recognition

(i) Sale of Goods and Disposal of Assets

Income from the sale of goods and disposal of other assets is recognised when the consolidated entity has passed control of the goods or other assets to the buyer.

(ii) Interest Revenue

Interest revenue is recognised on an accrual basis, taking into account the interest rates applicable to financial assets.

(iii) Management Fees

Management fees are charged to controlled entities on a cost basis for services provided and recognised as revenue in the Company.

(iv) Consulting services and treatment fees

Revenue from consulting services and treatment fees are recognised using the percentage-of-completion method for fixed-fee arrangements or as the services are provided for time-and-materials arrangements.

(v) General

All revenue is stated net of goods and services tax (GST).

(vi) Other income

Other income, which includes government grants and any other forms of government assistance, is recognised on receipt.

(r) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(s) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts as they are due for settlement.

(t) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) UIG 4 Determining whether an Asset Contains a Lease

UIG 4 is applicable to annual periods beginning on or after 1 January 2006. The Group has not elected to adopt UIG 4 early. It will apply UIG 4 in its 2007 financial statements and the UIG 4 transition provisions. The Group will therefore apply UIG 4 on the basis of facts and circumstances that existed as of 1 July 2006. Implementation of UIG 4 is not expected to change the accounting for any of the Group's current arrangements.

(ii) UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

The Group does not have interests in decommissioning, restoration and environmental rehabilitation funds. This interpretation will not affect the Group's financial statements.

(iii) AASB 2005-9 Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]

AASB 2005-9 is applicable to annual reporting periods beginning on or after 1 January 2006. The amendments relate to the accounting for financial guarantee contracts. The Group does not have any financial guarantee contracts. This standard will not affect the Group's financial statements.

Notes to the financial statements (continued)

1 Summary of significant accounting policies (continued)

(iv) *AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]*

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Group has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but may impact the type of information disclosed in relation to the Group's financial instruments.

(v) *UIG 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*

UIG 6 is applicable to annual reporting periods beginning on or after 1 December 2006. The Group has not sold any electronic or electrical equipment on the European market and has not incurred any associated liabilities. This interpretation will not affect the Group's financial statements.

(vi) *AASB 2005-6 Amendments to Australian Accounting Standards [AASB 121]*

AASB 2005-6 is applicable to annual reporting periods ending on or after 31 December 2006. The amendment relates to monetary items that form part of a reporting entity's net investment in a foreign operation. It removes the requirement that such monetary items had to be denominated either in the functional currency of the reporting entity or the foreign operation. The Group does not have any monetary items forming part of a net investment in a foreign operation. The amendment to AASB 121 will therefore have no impact on the Group's financial statements.

2 Financial risk management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

(a) Foreign exchange risk

Given the minimal exposure to foreign currencies, it is the current policy of the Group not to hedge foreign exchange risk.

(b) Credit risk

There is negligible credit risk on financial assets, excluding investments, of the Group since there is no exposure to individual customers or countries and the economic entity's exposure is limited to the amount of cash, short term deposits and receivables which have been recognised in the balance sheet and is minimised by using recognised financial intermediaries as counterparties.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed finance facilities. Due to the dynamic nature of the underlying businesses, the Board aims at maintaining flexibility in funding by keeping committed finance facilities available.

(d) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

The Group's interest-rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income taxes

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Notes to the financial statements (continued)

3 Critical accounting estimates and judgements (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses or to the extent that they will be offset by deferred income tax liabilities which will reverse in the same periods.

This represents a change from the previous year where no deferred tax assets were recognised. The impact of this has been to recognise a deferred tax liability of \$5,844,661 in respect of temporary differences relating to revaluation of the Hellyer plant and equipment which has been offset by the recognition of deferred income tax assets in respect of revenue tax losses (\$4,226,009) and temporary differences (\$46,826). The deferred tax liability recognised in the financial report is \$1,571,826.

4 Segment information

The Group operates in one business segment and one geographical segment only being research, development and commercialisation of its hydrometallurgical technology in Australia.

5 Revenue

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
<i>Sales revenue</i>				
Consulting fees	33,250	48,955	13,176	48,955
Treatment fees	2,662,000	-	2,662,000	-
Miscellaneous revenue	334,287	-	26,547	-
	3,029,537	48,955	2,701,723	48,955
<i>Other revenue</i>				
Interest – controlled entities	-	-	1,686,362	-
Interest – other	85,102	296,887	75,069	290,915
Management fees – controlled entities	-	-	1,288,714	272,523
	3,114,639	345,842	5,751,868	612,393

6 Other income

Net gain on disposal of exploration assets	-	1,167,054	-	-
Government grants (note (a))	-	648,560	-	648,560
Other income	-	20,455	-	-
	-	1,836,069	-	648,560

(a) Government grants

R&D Start grants of \$NIL (2005: \$648,560) were recognised as other income by the Group during the previous financial year. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

7 Expenses

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Profit before income tax includes the following specific expenses:				
<i>Depreciation</i>				
Computer equipment	16,226	26,393	16,226	26,393
Plant and equipment	183,695	182,218	183,696	118,034
Office furniture and equipment	338	338	338	338
Demonstration plant	411,538	-	-	-
Hellyer minesite	64,366	-	-	-
Total depreciation	676,163	208,949	200,260	144,765
<i>Finance costs</i>				
Interest and finance charges paid/payable	124,646	-	124,646	-
Amount charged on issue of option to financier	513,395	-	513,395	-
Finance costs expensed	638,041	-	638,041	-
<i>Superannuation</i>	133,048	202,507	81,963	202,507

Notes to the financial statements (continued)

7 Expenses (continued)

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
<i>Rental expense relating to operating leases</i>				
Minimum lease payments	591,406	214,447	239,521	214,447
Total rental expense relating to operating leases	591,406	214,447	239,521	214,447
<i>Research and development</i>	312,441	377,134	313,647	366,671

8 Income tax expense

(a) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations before income tax expense	(8,783,654)	(3,729,818)	5,619,312	(3,618,217)
Tax at the Australian tax rate of 30% (2005 - 30%)	(2,635,096)	(1,118,945)	1,685,794	(1,085,465)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Entertainment	1,459	3,397	1,459	3,397
Share of net loss of associate	28,540	-	-	-
Share-based payments	183,445	50,735	183,445	50,735
Net tax losses not recognised (recognised)	(1,851,183)	1,064,813	(1,870,698)	1,031,333
Under (over) provision in prior years	-	-	-	-
Income tax expense/credit	(4,272,835)	-	-	-

(b) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	26,741,243	33,759,527	3,293,652	6,845,153
Potential tax benefit @ 30% (2005 - 30%)	8,022,373	10,127,858	988,096	2,053,546

All unused tax losses were incurred by Australian entities.

(c) Unrecognised temporary differences

Temporary differences relating to provision	283,390	1,132,553	6,628,250	16,338,477
Potential tax benefit @ 30% (2005 - 30%)	85,017	339,766	1,988,475	4,901,543

(d) Recognised temporary differences

Deferred tax liability in respect of revaluation of Hellyer plant and equipment taken up directly in equity (refer notes 20 and 23)	1,571,826	-	-	-
---	------------------	---	---	---

The tax losses have been recognised to the extent that a deferred income tax liability exists.

(e) Tax consolidation legislation

The Company and its wholly-owned Australian controlled entities have not implemented the tax consolidation legislation as of 30 June 2005.

Notes to the financial statements (continued)

9 Current assets - Cash and cash equivalents

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Cash at bank and on hand	1,071,738	427,483	1,001,233	72,049
Deposits at call	5,421,230	4,117,274	5,421,230	4,117,274
	6,492,968	4,544,757	6,422,463	4,189,323

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows.

(b) Cash at bank and on hand

These are interest bearing at interest rates between 3.90% and 4.50% (2005 – 3.75% and 4.35%).

(c) Deposits at call

The deposits are bearing floating interest rates between 5.10% and 5.95% (2005 – 5.4%). These deposits have an average maturity of 30 days.

10 Current assets – Trade and other receivables

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Trade debtors	32,393	-	-	-
GST receivables	186,658	183,127	10,449	15,132
Other receivables	31,284	21,099	22,454	21,000
	250,335	204,226	32,903	36,132

(a) Effective interest rates and credit risk

Information concerning the effective interest rate and credit risk of both current and non-current receivables is set out in the non-current receivables note (note 13).

11 Other Current assets

Prepayments	21,455	13,115	21,455	13,115
	21,455	13,115	21,455	13,115

12 Non-current assets – Receivables

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Loans to controlled entities	-	-	27,975,804	15,356,577
Provision for diminution in value	-	-	(6,344,859)	(9,251,719)
Tenement security deposits	190,000	243,020	-	-
	190,000	243,020	21,630,945	6,104,858

(a) Fair values

The fair values of receivables of the Group equals the carrying values.

(b) Interest rate risk

The Group's exposure to interest rate risk is nil as all receivables and tenement security deposits are non-interest bearing.

(c) Credit risk

There is no concentration of credit risk with respect to current and non-current receivables, as the Group has a large number of customers, internationally dispersed. Refer to note 2 for more information on the risk management policy of the Group.

Notes to the financial statements (continued)

13 Non-current assets – Investments accounted for using the equity method

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Shares in associate (note 31)	932,338	1,079,320	-	-

(a) Shares in associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity (refer to note 31).

(b) Investments in related parties

Refer to note 30 and 31 for information on the carrying amount of investments in subsidiaries and associates.

14 Non-current assets - Other financial assets

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Shares in subsidiaries (note 30), at cost	-	-	6,035,504	6,035,504
Provision for diminution in value	-	-	(6,035,502)	(6,019,734)
	-	-	2	15,770

These financial assets are carried at cost.

15 Non-current assets - Property, plant and equipment

	Hellyer Plant and equipment	Computer equipment	Furniture and office equipment	Plant and equipment	Demonstration Plant	Plant and equipment under construction	Total
Consolidated	\$	\$	\$	\$	\$	\$	\$
At 1 July 2004							
Cost or fair value	1,287,973	122,595	13,887	514,811	-	-	1,939,266
Accumulated depreciation	(32,532)	(81,510)	(11,963)	(124,826)	-	-	(250,831)
Net book amount	1,255,441	41,085	1,924	389,985	-	-	1,688,435
Year ended 30 June 2005							
Opening net book amount	1,255,441	41,085	1,924	389,985	-	-	1,688,435
Additions	-	16,242	-	255,724	-	4,033,064	4,305,030
Depreciation charge	(64,184)	(26,393)	(338)	(118,034)	-	-	(208,949)
Closing net book amount	1,191,257	30,934	1,586	527,675	-	4,033,064	5,784,516
At 30 June 2005							
Cost or fair value	1,287,974	138,837	13,887	770,534	-	4,033,064	6,244,296
Accumulated depreciation	(96,717)	(107,903)	(12,301)	(242,859)	-	-	(459,780)
Net book amount	1,191,257	30,934	1,586	527,675	-	4,033,064	5,784,516
Year ended 30 June 2006							
Opening net book amount	1,191,257	30,934	1,586	527,675	-	4,033,064	5,784,516
Revaluation surplus	19,482,203	-	-	-	-	-	19,482,203
Additions	128,941	1,407	-	48,693	1,496,182	-	1,675,223
Transferred to plant and equipment	-	-	-	-	4,033,064	(4,033,064)	-
Depreciation charge	(64,366)	(16,226)	(338)	(183,695)	(411,538)	-	(676,163)
Closing net book amount	20,738,035	16,115	1,248	392,673	5,117,708	-	26,265,779

Notes to the financial statements (continued)

15 Non-current assets - Property, plant and equipment (continued)

Consolidated	Hellyer Plant and equipment	Computer equipment	Furniture and office equipment	Plant and equipment	Demonstration Plant	Plant and equipment under construction	Total
	\$	\$	\$	\$	\$	\$	\$
At 30 June 2006							
Cost	-	140,244	13,887	819,229	5,529,246	-	6,502,606
Fair value	20,738,035	-	-	-	-	-	20,738,035
Accumulated depreciation	-	(124,129)	(12,639)	(426,556)	(411,538)	-	(974,862)
Net book amount	20,738,035	16,115	1,248	392,673	5,117,708	-	26,265,779

A valuation of the Hellyer plant and equipment was carried out at 30 June 2006 by Ian Hyman, CA AAPI FYIA, Certified Practising Valuer, and Shane Welsh AVAA Certified Practising Valuer of Hyman Asset Management Pty Limited (Hyman). The purpose of the valuation was to determine a fair value of the Hellyer plant and equipment. The methodology employed by Hyman in determining fair value is described below.

An asset's fair value is measured having regard to the highest and best use of the asset for which market participants would be prepared to pay. Where a quoted market price in an active and liquid market is available for an asset, that price represents the best evidence of the asset's fair value.

When a quoted market price for the asset in an active and liquid market is not available, its fair value is estimated by reference to the best available market evidence of the price at which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. This evidence includes current market prices for assets that are similar in use, type and condition ('similar assets') and the price of the most recent transaction for the same or a similar asset (provided there has not been a significant change in economic circumstances between the transaction date and the reporting date).

Current market prices for the same or similar assets usually can be observed for land, non-specialised buildings, used motor vehicles, and some forms of plant and equipment. For land and buildings, these prices can also be derived from observable market evidence (for example, observable current market rentals) using discounted cash flow analysis.

In some circumstances the market buying price and market selling price of an asset differ materially because the asset usually is bought separately in the new asset market but if sold separately, could only be sold for its residual value. This is often the case for specialised assets. In some other circumstances, an asset is so specialised that there is no market evidence of its market-selling price. In either circumstance, an asset may be acquired separately and included in a cash-generating operation.

In the circumstances described above, the asset's fair value is measured at its market-buying price. (The best indicator of an asset's market buying price is the replacement cost of the asset's remaining future economic benefits, which is not necessarily the cost of replicating the asset, that is, its reproduction cost).

At times when there is no liquid and fluid market for the assets the fair value is determined using a Depreciated Replacement Cost methodology (DRC). Essentially DRC attempts to determine the remaining economic benefit of the asset. The DRC in a formal valuation sense can be determined as follows –

Determine the current gross replacement cost of the asset which may be defined as the cost of replacing an asset with one having similar useful output or service capacity and is the lower of:

- i) the cost that would have to be incurred to obtain and install at the date of valuation a substantially identical replacement asset in new condition; and
- ii) the cost of a modern equivalent asset.

If the current prices of the asset or modern equivalent asset cannot be ascertained reliably. The current cost can be determined by application of a suitable index to historical cost calculations to reflect changes in specific prices of the assets, providing the amount gives a realistic approximation of the current cost.

Having determined the gross replacement cost, an index is applied using the either a Diminishing Balance or Prime Cost method of depreciation to determine the future economic benefit to the entity of the asset.

This method of depreciation requires the determination of the total economic life of the asset. In most cases the total economic life should be determined by the total use period, or a suitable period based on judgement by the valuer and/or operator of the equipment.

Both the DRC and comparable sales approach methodology of value has been employed in the valuation assessment of the Hellyer plant and equipment.

Notes to the financial statements (continued)

15 Non-current assets - Property, plant and equipment (continued)

	Computer equipment	Furniture and office equipment	Plant and equipment	Total
	\$	\$	\$	\$
Parent entity				
At 1 July 2004				
Cost or fair value	122,595	13,887	514,811	651,293
Accumulated depreciation	(81,510)	(11,963)	(124,826)	(218,299)
Net book amount	41,085	1,924	389,985	432,994
Year ended 30 June 2005				
Opening net book amount	41,085	1,924	389,985	432,994
Additions	16,242	-	255,724	271,966
Depreciation charge	(26,393)	(338)	(118,034)	(144,765)
Closing net book amount	30,934	1,586	527,675	560,195
At 30 June 2005				
Cost or fair value	138,837	13,887	770,535	923,259
Accumulated depreciation	(107,903)	(12,301)	(242,860)	(363,064)
Net book amount	30,934	1,586	527,675	560,195
Year ended 30 June 2006				
Opening net book amount	30,934	1,586	527,675	560,195
Additions	1,407	-	48,693	50,100
Disposals	-	-	-	-
Depreciation charge	(16,226)	(338)	(183,696)	(200,260)
Closing net book amount	16,115	1,248	392,672	410,035
At 30 June 2006				
Cost or fair value	140,244	13,887	819,228	973,359
Accumulated depreciation	(124,129)	(12,639)	(426,556)	(563,324)
Net book amount	16,115	1,248	392,672	410,035

16 Exploration expenditure

	Consolidated 2006	2005	Parent entity 2006	2005
	\$	\$	\$	\$
Costs carried forward in respect of areas of interest in exploration and evaluation phases	-	-	-	-
Movement for year:				
Balance at beginning of year	-	30,000	-	30,000
Sale of tenements	-	(32,946)	-	-
Transfer of tenements to controlled entities	-	-	-	(30,000)
Expenditure during the year	-	2,946	-	-
Balance at end of year	-	-	-	-

17 Non-current assets - Intangible assets

Intellectual property	Consolidated \$	Parent entity \$
At 1 July 2004		
Net book amount	-	-
Year ended 30 June 2005		
Opening net book amount	-	-
Additions	10,000	-
Amortisation charge	-	-
Closing net book amount	10,000	-

Notes to the financial statements (continued)

17 Non-current assets - Intangible assets (continued)

Intellectual property	Consolidated \$	Parent entity \$
At 30 June 2005		
Cost	10,000	-
Accumulated amortisation and impairment	-	-
Net book amount	10,000	-
Year ended 30 June 2006		
Opening net book amount	10,000	-
Additions	-	-
Impairment charge	-	-
Closing net book amount	10,000	-
At 30 June 2006		
Cost	10,000	-
Accumulated amortisation and impairment	-	-
Net book amount	10,000	-

18 Current liabilities – Trade and other payables

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Trade payables	50,170	567,904	22,429	111,151
Other payables	733,341	738,168	188,064	189,288
Unearned interest	29,815	10,095	29,815	10,095
Provision for employee entitlements	213,987	151,542	78,768	130,345
	1,027,313	1,467,709	319,076	440,879

19 Non-current liabilities – Provisions

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Employee benefits	59,115	105,911	38,249	61,579

20 Non-current liabilities – Deferred income tax liability

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Deferred income tax liability on temporary difference arising on revaluation of Hellyer plant and equipment recognised directly in equity	5,844,661	-	-	-
Offset by deferred income tax assets recognised in profit & loss in respect of:				
Revenue tax losses	(4,226,009)	-	-	-
Temporary differences	(46,826)	-	-	-
	1,571,826	-	-	-

The tax losses and temporary differences have been recognised to the extent that a deferred income tax liability exists.

Notes to the financial statements (continued)

21 Contributed equity

	Notes	Parent entity 2006 Shares	2005 Shares	Parent entity 2006 \$	2005 \$
(a) Share capital					
Ordinary shares Fully paid	(b)(c)	535,445,563	424,679,602	56,768,132	45,242,213
Total contributed equity				56,768,132	45,242,213

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	\$
2005				
30-6-2004	Balance at start of year	248,662,632		33,844,159
18-11-2004 to 13-12-2004	Placement to institutional and other investors	119,304,652	6.9	8,232,021
13-12-2004 to 8-2-2005	Shareholder share purchase plan	56,712,318	6.9	3,913,150
30-6-2005	Transaction costs relating to share issues during the year.			(747,117)
30-6-2005	Balance at end of year	<u>424,679,602</u>		<u>45,242,213</u>
2006				
1-7-2005	Balance at start of year	424,679,602		45,242,213
23-9-2005	Placement to Macquarie Bank Limited	7,246,377	6.9	500,000
31-5-2006	Share placement	55,000,000	11.0	6,050,000
31-5-2006	Shareholder share purchase plan	48,119,484	11.0	5,293,083
30-6-2006	Exercise of options	400,000	6.9	27,600
30-6-2006	Transfer of amounts from share based payments reserve on exercise of options			12,985
30-6-2006	Transaction costs relating to share issues during the year			(357,749)
30-6-2006	Balance at end of year – company	<u>535,445,463</u>		<u>56,768,132</u>
Consolidated				
30-6-2006	Less share of associates capital raising costs reported directly in equity			(87,642)
30-6-2006	Balance at end of year – consolidated			<u>56,680,490</u>

The purpose of the share issues was for general working capital purposes.

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Options

Information relating to the Intec Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 36.

(e) Rights issue

On 10 April 2006 the company invited its shareholders to subscribe to a rights issue of 1,284,916 ordinary shares at an issue price of \$0.11 per share on the basis of 1 share for every 10 fully paid ordinary shares held, such shares to be issued on, and rank for dividends after, 4 June 2006. The issue was fully subscribed.

Notes to the financial statements (continued)

22 Options**Consolidated and parent entity****2006**

Issue Date	Expiry Date	Exercise Price	Number on issue 30 June 2005	Granted during year	Lapsed during year	Exercised during year	Number on issue 30 June 2006
16.07.2002	16.07.2007	\$0.24625	2,775,175	-	412,025	-	2,363,150
20.11.2002	16.07.2007	\$0.24625	4,281,947	-	-	-	4,281,947
28.11.2005	30.6.2008	\$0.08	-	25,000,000	-	-	25,000,000
26.11.2003	26.11.2008	\$0.10	4,626,008	-	436,812	-	4,189,196
1999 to 2000	30.06.2009	\$0.49625	1,275,000	-	-	-	1,275,000
05.04.2005	24.02.2010	\$0.069	6,087,213	-	877,794	400,000	4,809,419
16.11.2005	24.02.2010	\$0.069	-	3,462,725	-	-	3,462,725
Total Options on issue			19,045,343	28,462,725	1,726,631	400,000	45,381,437

On 25 September 2006 the Company granted 5,050,000 options to employees and certain key consultants which are exercisable at any time until expiry on 30 August 2011 at an option exercise price of \$0.11.

2005

Issue Date	Expiry Date	Exercise Price	Number on issue 30 June 2004	Granted during year	Lapsed during year	Exercised during year	Number on issue 30 June 2005
16.07.2002	16.07.2007	\$0.24625	2,775,175	-	-	-	2,775,175
20.11.2002	16.07.2007	\$0.24625	4,281,947	-	-	-	4,281,947
26.11.2003	26.11.2008	\$0.10	4,626,008	-	-	-	4,626,008
1999 to 2000	30.06.2009	\$0.49625	1,275,000	-	-	-	1,275,000
05.04.2005	24.02.2010	\$0.069	-	6,087,213	-	-	6,087,213
Total Options on issue			12,958,130	6,087,213	-	-	19,045,343

The options expiring in 2007, on 26.11.2008 and in 2010 have been issued pursuant to the Intec Option Plan (Refer note 25).

The options expiring in 2009 were issued pursuant to specific contracts with former Directors and a former employee.

The options expiring on 30.6.2008 were issued to Macquarie Bank Limited under a financing agreement.

23 Reserves

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
(a) Reserves				
Share-based payments reserve	767,616	-	767,616	-
	767,616	-	767,616	-
(b) Movements				
<i>Share-based payments reserve</i>				
Balance 1 July	169,117	-	169,117	-
Option expense	611,484	169,117	611,484	169,117
Transfer to share capital (options exercised)	(12,985)	-	(12,985)	-
Share of associate's reserves	35,793	-	-	-
Balance 30 June	803,409	169,117	767,616	169,117
<i>Asset Revaluation Reserve</i>				
Balance 1 July	-	-	-	-
Increase on independent valuation of Hellyer plant and equipment	19,482,203	-	-	-
Deferred tax liability in respect of the valuation	(5,844,661)	-	-	-
Balance 30 June	13,637,542	-	-	-
Total reserves	14,440,951	169,117	767,616	169,117

The valuation of the Hellyer plant and equipment was carried out at 30 June 2006 by Ian Hyman, CA AAPI FYIA, Certified Practising Valuer, and Shane Welsh AVAA Certified Practising Valuer of Hyman Asset Management Pty Limited.

Notes to the financial statements (continued)

23 Reserves (continued)

(c) Nature and purpose of reserves

Share-based payments reserve

The share based payments reserve records the value of options issued to employees, Directors and consultants which have been taken to expenses (when issued under the Intec Option Plan) or to capital raising costs (in relation to the Macquarie Bank Limited financing agreement). The consolidated reserve includes the group's share of the reserves of its associated company, Bass Metals Ltd.

Asset Revaluation Reserve

The Asset Revaluation Reserve records the increase in value of the Hellyer plant and equipment on the receipt of an independent valuation reduced by the deferred income tax liability which arises on the revaluation.

24 Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Balance 1 July	(35,105,996)	(31,376,178)	(34,994,395)	(31,376,178)
Adjustment on adoption of AASB 2, net of tax	-	(169,117)	-	(169,117)
Net (loss)/profit for the year	(4,510,824)	(3,560,701)	5,619,125	(3,449,100)
Balance 30 June	(39,616,820)	(35,105,996)	(29,375,270)	(34,994,395)

25 Key management personnel disclosures

(a) Directors

The following persons were Directors of the Company during the financial year:

(i) *Chairman – non-executive*

R H Jenkins (resigned 14/03/06)

I W Ross

(ii) *Executive directors*

P R Wood, Managing Director and Chief Executive Officer

A J Moyes, Technical Director

(iii) *Non-executive Directors*

K J Severs

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Employer
J L Huens	Chief Operating Officer	Intec Hellyer Metals Pty Ltd
K G Rodgers	Chief Financial Officer & Business Development Manager	Intec Ltd
A R Tong	Senior Research Metallurgist and Laboratory Manager	Intec Hellyer Metals Pty Ltd

(c) Key management personnel compensation

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Short-term employee benefits	1,283,678	1,259,102	1,283,678	1,259,102
Post-employment benefits	109,997	194,028	109,997	194,028
Share-based payments	79,407	129,059	79,407	129,059
	1,473,082	1,582,189	1,473,082	1,582,189

The Company has taken advantage of the relief provided by the Corporations Regulations and has transferred the detailed remuneration disclosures to the Directors' report. The relevant information can be found in sections A-C of the remuneration report included in the Directors report.

Notes to the financial statements (continued)

25 Key management personnel disclosures (continued)

(d) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report included in the Directors report.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during 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.

2006	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
Name						
Directors of Intec Ltd						
P R Wood	2,617,298	1,014,590	-	-	3,631,888	3,631,888
A J Moyes	2,510,286	804,832	-	-	3,315,118	3,315,118
R H Jenkins (resigned 14/03/06)	-	318,419	-	-	318,419	318,419
I W Ross	-	329,783	-	-	329,783	329,783
K J Severs	435,475	335,535	-	-	771,010	771,010
Other key management personnel of the Group						
J L Huens	1,111,886	-	-	-	1,111,886	1,111,886
K G Rodgers	1,926,783	-	-	-	1,926,783	1,926,783
A R Tong	395,287	-	-	-	395,287	395,287

No options are vested and unexercisable at the end of the year.

2005	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
Name						
Directors of Intec Ltd						
P R Wood	2,617,298	-	-	-	2,617,298	2,617,298
A J Moyes	2,510,286	-	-	-	2,510,286	2,510,286
R H Jenkins (resigned 14/03/06)	-	-	-	-	-	-
I W Ross	-	-	-	-	-	-
K J Severs	435,475	-	-	-	435,475	435,475
Other key management personnel of the Group						
J L Huens	516,812	595,074	-	-	1,111,886	1,111,886
K G Rodgers	1,001,110	925,673	-	-	1,926,783	1,926,783
A R Tong	-	395,287	-	-	395,287	395,287

(iii) Share holdings

The numbers 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.

2006	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
Name				
Ordinary shares				
Directors of Intec Ltd				
P R Wood	1,231,076	-	291,694	1,522,770
A J Moyes	1,404,578	-	45,455	1,450,033
R H Jenkins (resigned 14/03/06) ¹	-	-	-	-
I W Ross	172,464	-	45,455	217,919
K J Severs	1,399,463	-	45,455	1,444,918
Other key management personnel of the Group				
J L Huens	-	-	-	-
K G Rodgers	515,928	-	45,455	561,383
A R Tong	-	-	-	-

Notes to the financial statements (continued)

25 Key management personnel disclosures (continued)

2005	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
Name				
Ordinary shares				
Directors of Intec Ltd				
P R Wood	990,956	-	240,120	1,231,076
A J Moyes	1,332,114	-	72,464	1,404,578
R H Jenkins	-	-	-	-
I W Ross	100,000	-	72,464	172,464
K J Severs	1,326,999	-	72,464	1,399,463
Other key management personnel of the Group				
J L Huens	-	-	-	-
K G Rodgers	371,000	-	144,928	515,928
A R Tong	-	-	-	-

¹ Mr Jenkins is the Managing Director of Kizoz Pty Ltd, a trustee superannuation fund which has a relevant interest in 20,706,243 shares in the Company (2005: 20,706,243 shares).

26 Remuneration of auditors

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:

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
(a) Assurance services				
<i>Audit services</i>				
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	56,520	52,100	56,520	52,100
<i>Other assurance services</i>				
PricewaterhouseCoopers Australian firm				
Audit of regulatory returns	-	5,000	-	5,000
Audit of transition to AIFRS	20,000	-	20,000	-
Total remuneration for other assurance services	20,000	5,000	20,000	5,000
Total remuneration for assurance services	76,520	57,100	76,520	57,100
(b) Taxation services				
PricewaterhouseCoopers Australian firm				
Tax compliance services, including review of company income tax returns	-	17,795	-	17,795
Total remuneration for taxation services	-	17,795	-	17,795

The Group may employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally tax advice and audit of regulatory referees.

27 Contingencies

(a) Contingent liabilities

The parent entity and Group had contingent liabilities at 30 June 2006 in respect of:

R&D Start Grant repayable component

The Group has received an R&D Start grant from the Federal Government which is partly repayable contingent upon the successful commercialisation of the technology for which the R&D Start grant was made. The original contingent liability that may be repaid is \$1,832,085. The repayment rate is set at 30% of the revenues generated from the technology annually until the repayable component has been repaid. Interest is currently accruing on this amount, and the current contingent liability including interest is \$2,817,163 (2005 - \$2,539,129).

Notes to the financial statements (continued)

27 Contingencies (continued)

Minesite rehabilitation

The Group may have a responsibility to rehabilitate the Hellyer minesite under the terms of the Consolidated Mining Lease (the Lease) granted over the site. Rehabilitation may be required when the Lease expires, or when the minesite alters or when all mining operations have ceased. It is not possible to estimate either the amount which will be required to complete the rehabilitation or the timeframe within which it will be required.

28 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
<i>Property, plant and equipment</i>				
Payable:				
Within one year	-	279,150	-	-
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	279,150	-	-

(b) Lease commitments*Operating leases*

The Group leases various offices and warehouses under non-cancellable operating leases expiring within two years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Group also leases various plant and machinery under cancellable operating leases. The Group is required to give six months notice for termination of these leases.

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	62,255	34,306	-	-
Later than one year but not later than five years	-	11,322	-	-
Later than five years	-	-	-	-
	62,255	45,628	-	-

29 Related party transactions

(a) Parent entities

The parent entity within the Group is Intec Ltd.

(b) Subsidiaries

Interests in subsidiaries are set out in note 30.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 25.

(d) Transactions with subsidiaries

The following transactions occurred with related parties:

	2006	2005
	\$	\$
<i>(i) Management fees</i>		
Intec on charged certain expenses to its controlled entities. The amounts charged were determined on the basis of an allocation of costs to projects specifically concerned with the activities of those controlled entities.	1,700,523	1,403,317

Notes to the financial statements (continued)

29 Related party transactions (continued)

	2006 \$	2005 \$
(ii) <i>Royalties</i>		
A controlled entity, Intec Copper Pty Ltd charged royalty fees to another controlled entity, Intec Hellyer Metals Pty Ltd for the use of technology developed by Intec Copper Pty Ltd in the development of the demonstration plant by IHM.	300,000	-
(iii) <i>Interest</i>		
Intec Ltd charged interest on its loans to controlled entities during the year.	514,075	-
Intec Copper Pty Ltd	1,172,287	-
Intec Hellyer Metals Pty Ltd		-
(e) Loans to subsidiaries		
Beginning of the year	15,356,577	9,313,191
Loans advanced	12,619,227	6,043,386
End of year	27,975,804	15,356,577
Less provision for doubtful debts	(6,344,859)	(9,251,719)
Carrying value at end of year	21,630,945	6,104,858
Movement in provision for doubtful debts		
Beginning of year	9,251,719	7,846,145
Provided/(written back) during year	(2,906,860)	1,405,574
End of year	6,344,859	9,251,719

Provisions for doubtful debts have been raised in relation to outstanding balances, and an expense has been recognised in respect of bad or doubtful debts due from subsidiaries.

(f) **Transactions with associates**

Bass Metals Ltd

Intec Hellyer Metals Pty Ltd received payments from Bass Metals Ltd relating to the provision of various services at the Hellyer minesite and director's fees.

25,212 -

(g) **Terms and conditions**

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. The average interest rate on loans during the year was 8.3% (2005 - Nil).

Outstanding balances are unsecured and are repayable in cash.

30 **Subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2006 %	2005 %
Intec Copper Pty Ltd	Australia	Ordinary	100	100
Intec Hellyer Metals Pty Ltd	Australia	Ordinary	100	100

31 **Investments in associates**(a) **Carrying amounts**

Information relating to associates is set out below.

Name of company	Principal activity	Ownership interest		Consolidated		Parent entity	
		2006 %	2005 %	2006 \$	2005 \$	2006 \$	2005 \$
<i>Listed</i>							
Bass Metals Ltd	Mineral Exploration	22.10	43.84	932,338	1,079,320	-	-

The associated company is incorporated in Australia and its reporting date is 30 June.

Notes to the financial statements (continued)

31 Investments in associates (continued)

	Consolidated 2006 \$	2005 \$
(b) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	1,079,320	-
Acquisition of shares in associate	-	1,200,000
Adjustment on change in % shareholding	97,396	-
Share of capital raising costs	(87,642)	-
Share of increase in reserves	35,793	-
Share of losses after income tax	(192,529)	(120,680)
Carrying amount at the end of the financial year (shown as investment at cost)	932,338	1,079,320
(c) Fair value of listed investments in associates		
Bass Metals Ltd	1,400,000	1,200,000
Based on share price of \$0.175 (2005 – \$0.15) at end of year		
(d) Share of associate's losses		
Loss before income tax	(192,529)	(120,680)
Income tax expense	-	-
Adjustment on change in % shareholdings	97,396	-
Loss after income tax	(95,133)	(120,680)

(e) Summarised financial information of associates

	Group's share of:			
	Assets \$	Liabilities \$	Revenues \$	Loss \$
2006				
Bass Metals Ltd	1,128,275	87,713	30,428	(95,133)
2005				
Bass Metals Ltd	2,097,241	70,488	-	120,680

32 Events occurring after the balance sheet date

A subsidiary is currently finalising legal documentation in relation to the formation of the Hellyer Zinc Concentrate Joint Venture based on a letter of agreement dated 28 March 2006 with Polymetals Mining Services Pty Ltd. The joint venture is being formed to process through the Hellyer Mill a portion of tailings from the Hellyer tailings dam to produce saleable zinc concentrate. The subsidiary will have a 50% participating interest in the joint venture and will be entitled to 50% of concentrate production.

On 25 September 2006 the Company granted 5,050,000 options to employees and certain key consultants which are exercisable at any time until expiry on 30 August 2011 at an option exercise price of \$0.11.

No matters or circumstances have arisen since 30 June 2006 that have significantly affected or may significantly affect the consolidated entity's operations in future financial years, or the results of those operations in future financial years, or the consolidated entity's state of affairs in future financial years.

Notes to the financial statements (continued)

33 Reconciliation of profit/(loss) after income tax to net cash inflow/(outflow) from operating activities

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Operating (loss)/profit after income tax	(4,510,824)	(3,729,818)	5,619,125	(3,618,217)
Non cash items and non operating cash flows included in profit and loss				
Depreciation and amortisation	676,163	208,949	200,260	144,765
Diminution - loans to controlled entities	-	-	(2,906,860)	1,405,574
Diminution - investment in controlled entities	-	-	15,768	-
Expense recovery from controlled entities	-	-	(411,808)	(1,403,316)
Management fees charged to controlled entities	-	-	(1,288,714)	-
Interest charged to controlled entities	-	-	(1,686,362)	-
Share based payment expenses	611,484	169,117	611,484	169,177
Net (profit) loss on sale of tenements	-	(1,167,054)	-	-
Equity share of losses of associated entities	95,133	120,680	-	-
	(3,128,044)	(4,398,126)	152,892	(3,302,017)
Changes in assets and liabilities				
Decrease/(increase) in receivables	(46,109)	(86,719)	3,229	11,134
Decrease/(increase) in prepayments	(8,340)	(3,606)	(8,340)	(3,606)
Increase/(decrease) in trade creditors	(517,734)	(204,843)	(88,722)	(72,660)
Increase/(decrease) in other creditors	14,904	456,394	(33,081)	(67,211)
Increase/(decrease) in employee entitlements	15,649	91,773	(23,330)	91,773
Deferred income tax asset recognised in income statement	(4,272,835)	-	-	-
Net cash inflow(outflow) from operating activities	(7,942,509)	(4,145,127)	2,648	(3,342,647)

34 Non-cash investing and financing activities

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$

(a) Non-cash financing and investing activities

Sale of exploration tenements to Bass Metals Ltd	-	1,200,000	-	-
--	---	-----------	---	---

(b) Financing arrangements

The Group has a working capital finance facility with Macquarie Bank Limited

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Unsecured				
Working capital finance facility	2,500,000	-	2,500,000	-
Total amounts advanced under working capital facility as at 30 June 2006	-	-	-	-
Total current borrowings	-	-	-	-

The working capital finance facility is repayable at call and bears interest at 7.5% per annum (2005 - N/A).

The working capital finance facility may be drawn at any time and is subject to annual review. The expiry date of the facility is 1 April 2007.

(i) Interest rate risk exposures

The Group's exposure to interest rate risk arises predominantly from liabilities bearing variable interest rates. At 30 June 2006 no such liabilities were in place.

(ii) Fair values

The fair values of borrowings at balance date equal the carrying values.

Notes to the financial statements (continued)

35 Loss per share

	Consolidated	
	2006	2005
	Cents	Cents
(a) Basic loss per share		
Loss attributable to the ordinary equity holders of the company	<u>1.0</u>	<u>1.1</u>
(b) Diluted loss per share		
Loss attributable to the ordinary equity holders of the company	<u>1.0</u>	<u>1.1</u>
(c) Reconciliations of loss used in calculating loss per share		
	Consolidated	
	2006	2005
	\$	\$
<i>Basic loss per share</i>		
Loss attributable to the ordinary equity holders of the company used in calculating basic loss per share	<u>(4,510,824)</u>	<u>(3,729,818)</u>
<i>Diluted loss per share</i>		
Loss attributable to the ordinary equity holders of the company used in calculating diluted loss per share	<u>(4,510,824)</u>	<u>(3,729,818)</u>
(d) Weighted average number of shares used as the denominator		
	Consolidated	
	2006	2005
	Number	Number
<i>Weighted average number of ordinary shares used as the denominator in calculating basic loss per share</i>	<u>438,715,136</u>	<u>349,602,479</u>
Adjustments for calculation of diluted loss per share:		
Options	<u>-</u>	<u>-</u>
<i>Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share</i>	<u>438,715,136</u>	<u>349,602,479</u>

(e) Information concerning the classification of securities*(ii) Options*

Options granted to employees under the Intec Option Plan are not considered to be potential ordinary shares and have not been included in the determination of diluted loss per share. The options have not been included in the determination of basic loss per share. Details relating to the options are set out in note 22.

36 Share-based payments**(a) Employee Option Plan**

The establishment of the Intec Option Plan was approved by shareholders at the 2001 annual general meeting. All staff and consultants are eligible to participate in the plan.

Options are granted under the plan for no consideration. Options are granted for a five year period.

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

When exercisable, each option is convertible into one ordinary share.

The exercise price of the options is the current market price on the date the options are granted as determined by the Board. Set out below are summaries of options granted under the plan:

Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
16 July 2002	16 July 2007	\$0.24625	-	16 July 2002
20 November 2002	16 July 2007	\$0.24625	-	20 November 2002
26 November 2003	26 November 2008	\$0.10	-	16 November 2003
1999 – 2000	30 June 2010	\$0.49625	-	1 January 2001
5 April 2005	24 February 2010	\$0.069	\$0.0363	5 April 2005
16 November 2005	24 February 2010	\$0.069	\$0.0283	26 November 2005

No options were forfeited during the periods covered by the above tables.

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2006 was \$0.069 (2005 – N/A).

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.14 years (2005 – 3.12 years).

Notes to the financial statements (continued)

36 Share-based payments (continued)

The assessed fair value at grant date of options granted to the 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 independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2006 included:

		2006	2005
(a)	options are granted for no consideration		
(b)	exercise price	\$0.069	\$0.069
(c)	grant date	16 November 2005	5 April 2005
(d)	expiry date	24 February 2010	24 February 2010
(e)	share price at grant date	\$0.069	\$0.068
(f)	expected price volatility of the company's shares	42.9%	56.2%
(g)	expected dividend yield	0.0%	0.0%
(h)	risk-free interest rate	5.5%	5.5%

Shares provided on exercise of remuneration options

300,000 ordinary shares in the company were provided as a result of the exercise of remuneration options issued to employees and certain key consultants.

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Options issued under Intec Option Plan ¹	98,089	169,117	98,089	169,117
Options issued to Macquarie Bank Limited ²	513,395	-	513,395	-
	611,484	169,117	611,484	169,117

¹ Recognised as employee benefit expense in the income statement.

² Recognised as finance raising costs in the income statement.

Notes to the financial statements (continued)

37 Explanation of transition to Australian equivalents to IFRSs**(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)****(a) At the date of transition to AIFRS: 1 July 2004**

	Consolidated			Parent entity		
	Previous AGAAP \$	Effect of transition to AIFRS \$	AIFRS \$	Previous AGAAP \$	Effect of transition to AIFRS \$	AIFRS \$
ASSETS						
Current assets						
Cash and cash equivalents	1,104,495	-	1,104,495	1,071,481	-	1,071,481
Trade and other receivables	67,624	-	67,624	47,266	-	47,266
Other current assets	9,509	-	9,509	9,509	-	9,509
Total current assets	1,181,628	-	1,181,628	1,128,256	-	1,128,256
Non-current assets						
Receivables	239,500	-	239,500	1,467,046	-	1,467,046
Investments	-	-	-	15,770	-	15,770
Exploration costs	30,000	-	30,000	30,000	-	30,000
Plant and equipment	1,688,435	-	1,688,435	432,994	-	432,994
Intangible assets	10,000	-	10,000	10,000	-	10,000
Total non-current assets	1,967,935	-	1,967,935	1,955,810	-	1,955,810
Total assets	3,149,563	-	3,149,563	3,084,066	-	3,084,066
LIABILITIES						
Current liabilities						
Trade and other payables	616,936	-	616,936	551,439	-	551,439
Total current liabilities	616,936	-	616,936	551,439	-	551,439
Non-current liabilities						
Provisions	64,646	-	64,646	64,646	-	64,646
Total non-current liabilities	64,646	-	64,646	64,646	-	64,646
Total liabilities	681,582	-	681,582	616,085	-	616,085
Net assets	2,467,981	-	2,467,981	2,467,981	-	2,467,981
EQUITY						
Contributed equity	33,844,159	-	33,844,159	33,844,159	-	33,844,159
Accumulated losses	(31,376,178)	-	(31,376,178)	(31,376,178)	-	(31,376,178)
Total equity	2,467,981	-	2,467,981	2,467,981	-	2,467,981

Notes to the financial statements (continued)

37 Explanation of transition to Australian equivalents to IFRSs**(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)****(b) At the end of the last reporting period under previous AGAAP: 30 June 2005**

	Consolidated			Parent entity		
	Previous AGAAP \$	Effect of transition to AIFRS \$	AIFRS \$	Previous AGAAP \$	Effect of transition to AIFRS \$	AIFRS \$
ASSETS						
Current assets						
Cash and cash equivalents	4,544,757	-	4,544,757	4,189,323	-	4,189,323
Trade and other receivables	204,226	-	204,226	36,132	-	36,132
Other current assets	13,115	-	13,115	13,116	-	13,116
Total current assets	4,762,098	-	4,762,098	4,238,571	-	4,238,571
Non-current assets						
Receivables	243,020	-	243,020	6,104,858	-	6,104,858
Investments accounted for using the equity method	1,079,320	-	1,079,320	-	-	-
Other financial assets	-	-	-	15,770	-	15,770
Property, plant and equipment	5,784,516	-	5,784,516	560,195	-	560,195
Intangible assets	10,000	-	10,000	-	-	-
Total non-current assets	7,116,856	-	7,116,856	6,680,823	-	6,680,823
Total assets	11,878,954	-	11,878,954	10,919,392	-	10,919,392
LIABILITIES						
Current liabilities						
Trade and other payables	1,467,709	-	1,467,709	440,879	-	440,879
Total current liabilities	1,467,709	-	1,467,709	440,879	-	440,879
Non-current liabilities						
Provisions	105,911	-	105,911	61,579	-	61,579
Total non-current liabilities	105,911	-	105,911	61,579	-	61,579
Total liabilities	1,573,620	-	1,573,620	502,458	-	502,458
Net assets	10,305,334	-	10,305,334	10,416,935	-	10,416,935
EQUITY						
Contributed equity	45,242,213	-	45,242,213	45,242,213	-	45,242,213
Reserves 4(d)	-	169,117	169,117	-	169,117	169,117
Accumulated losses 4(d)	(34,936,879)	(169,117)	(35,105,996)	(34,825,278)	(169,117)	(34,994,395)
Total equity	10,305,334	-	10,305,334	10,416,935	-	10,416,935

Notes to the financial statements (continued)

37 Explanation of transition to Australian equivalents to IFRSs**(2) Reconciliation of profit for the year ended 30 June 2005**

	Consolidated			Parent entity		
	Previous AGAAP \$	Effect of transition to AIFRS \$	AIFRS \$	Previous AGAAP \$	Effect of transition to AIFRS \$	AIFRS \$
Revenue from continuing operations	2,214,857	(1,869,015)	345,842	612,393	-	612,393
Other income	-	1,836,069	1,836,069	648,560	-	648,560
Equity share of losses of associated entities	(120,680)	-	(120,680)	-	-	-
Administration expense	(596,374)	-	(596,374)	(576,929)	-	(576,929)
Demonstration plant expenses	(741,177)	-	(741,177)	-	-	-
Depreciation and amortisation expenses	(208,949)	-	(208,949)	(144,765)	-	(144,765)
Employee benefits expenses 4(c)	(2,749,007)	(169,117)	(2,918,124)	(1,617,642)	(169,117)	(1,786,759)
Engineering and other consultants expenses	(21,727)	-	(21,727)	(8,428)	-	(8,428)
Occupancy expense	(214,447)	-	(214,447)	(214,447)	-	(214,447)
Provision against advances to controlled entity	-	-	-	(1,405,574)	-	(1,405,574)
Research and development expenses	(377,134)	-	(377,134)	(366,671)	-	(366,671)
Other expenses from ordinary activities 4(c)	(746,063)	32,946	(713,117)	(375,597)	-	(375,597)
Loss from ordinary activities before income tax expense	(3,560,701)	(169,117)	(3,729,818)	(3,449,100)	(169,117)	(3,618,217)
Income tax (expense) benefit relating to ordinary activities	-	-	-	-	-	-
Net loss attributable to members of Intec Ltd	(3,560,701)	(169,117)	(3,729,818)	(3,449,100)	(169,117)	(3,618,217)
Basic and diluted earnings (loss) per share (cents per share)	(1.0)		(1.1)			

(3) Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement.

Notes to the financial statements (continued)

37 Explanation of transition to Australian equivalents to IFRSs (continued)**(4) Notes to the reconciliations****(a) Share-based payments**

Under AASB 2 *Share-based Payment* from 1 July 2004 the Group is required to recognise an expense for those options that were issued to employees under the Intec Option Plan after 7 November 2002 but that had not vested by 1 January 2005. The effect of this is:

(i) At 1 July 2004

For the Group there has been no decrease in accumulated losses.

(ii) At 30 June 2005

For the Group there has been a decrease in accumulated losses of \$169,117 and a corresponding increase in reserves. The effect is the same for the parent entity.

(iii) For the year ended 30 June 2005

For the Group and the parent entity there has been an increase in employee benefits expense of \$169,117.

(b) Financial instruments

The Group has elected to apply the exemption from restatement of comparatives for AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*. It has therefore continued to apply the previous AGAAP rules to derivatives, financial assets and financial liabilities and also to hedge relationships for the year ended 30 June 2005. There are no adjustments required for differences between previous AGAAP and AASB 132 and AASB 139 to be recognised at 1 July 2005.

(c) Proceeds on sale of non-current assets

Under previous AGAAP, proceeds from the sale of non-current assets were included in revenue and the book value of the assets sold was included in other expense. Under AIFRS, net gains on the sale of assets are presented in other income and net losses in other expense. The effect of this is:

(i) At 1 July 2004 and 30 June 2005

There is no effect on the Group or the parent entity.

(ii) For the year ended 30 June 2005

For the Group, other income and other expense have decreased by \$32,946 and for the parent entity they have decreased by nil. There is no effect on loss for the year.

(d) Accumulated Losses

The effect on accumulated losses of the changes set out above are as follows:

	1 July 2004		30 June 2005	
	Consolidated	Parent entity	Consolidated	Parent entity
	\$	\$	\$	\$
Share-based payments	-	-	169,117	169,117
Total adjustment	-	-	169,117	169,117

(5) Adjustments on transition to AASB132 Financial Instruments: Disclosure and Presentation and AASB139 Financial Instruments: Recognition and Measurement 1 July 2005

The adoption of AIFRSs has not resulted in any material adjustments in respect of these standards.

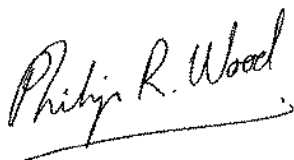
Directors' declaration

In the Directors' opinion:

- (a) The attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2006 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) the audited remuneration disclosures set out in the Directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

The Directors have been given the declarations by the Managing Director and Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Philip R Wood
Managing Director and Chief Executive Officer

Sydney
28 September 2006

Independent audit report to the members of Intec Ltd

Audit opinion

In our opinion:

1. the financial report of Intec Ltd :
 - gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Intec Ltd and the Intec Ltd Group (defined below) as at 30 June 2006, and of their performance for the year ended on that date, and
 - is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*; and
2. the audited remuneration disclosures that are contained on pages 10 to 14 of the directors' report comply with Accounting Standard AASB 124 *Related Party Disclosures* (AASB 124) and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report, remunerations disclosures and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statements, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for both Intec Ltd (the company) and the Intec Ltd Group (the consolidated entity), for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that year.

The company has disclosed information about the remuneration of directors and executives (audited remuneration disclosures) as required by AASB 124, under the heading "remuneration report" on pages 10 to 14 of the directors' report, as permitted by the *Corporations Regulations 2001*.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with AASB 124 and the *Corporations Regulations 2001*. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations, changes in equity and cash flows. We also performed procedures to assess whether the remuneration disclosures comply with AASB 124 and the *Corporations Regulations 2001*.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and remuneration disclosures, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

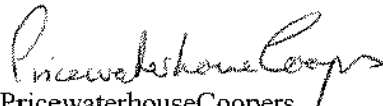
Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

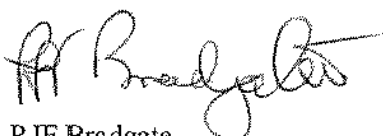
While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.


PricewaterhouseCoopers


RJB Bradgate

Partner

Sydney
28 September 2006

Shareholder information

The shareholder information set out below was applicable as at 26 September 2006.

A. Distribution of equity securities

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

			Class of equity security Ordinary shares	
			Number of Holders of Shares	Ordinary Shares
1	-	1000	61	8,337
1,001	-	5,000	88	358,592
5,001	-	10,000	156	1,393,071
10,001	-	100,000	982	46,939,387
100,001 and over			578	486,746,076
Total			1,865	535,445,463

At the prevailing market price of shares (\$0.125), there were 88 shareholders with less than a marketable parcel of \$500 (being 4,000 shares).

B. Equity security holders

Twenty largest quoted 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
ANZ Nominees Limited	59,069,607	11.032%
Orian Holding Corp	54,141,586	10.112%
Kizoz Pty Ltd	25,993,400	4.855%
National Nominees Limited	23,824,842	4.450%
Invia Custodian Pty Limited	15,283,720	2.854%
Wuudee Australia Pty Limited	8,196,000	1.531%
Macquarie Bank Limited	7,246,377	1.353%
Mr Peter Kenneth Everett	6,635,597	1.239%
Reach Out Pty Ltd	5,572,460	1.041%
Mr William E Conway	5,046,428	0.942%
Mr Michael John McKenzie	5,045,455	0.942%
Oregon Nominees Pty Ltd	5,000,000	0.934%
Smacer Pty Ltd	4,590,910	0.857%
Daun & Cie Ag	4,500,000	0.840%
Mr Peter Colin Taylor	4,045,455	0.756%
Grizzly Holdings Pty Ltd	3,885,691	0.726%
JJ Bronson Jacobs Pty Ltd	3,500,000	0.654%
Kurraba Investments Pty Ltd	3,454,545	0.645%
Kas Developments Pty Limited	3,442,090	0.643%
Wendelini Pty Limited	3,234,583	0.604%
Total of Top 20 share holdings	251,708,746	47.009%
Other shareholders	283,736,717	52.991%
Total ordinary shares	535,445,463	100.000%

Intec Ltd shares are also listed on the Deutsche Boerse (Code INF).

Shareholder information (continued)

C. Substantial holders

Substantial holders in the company are set out below:

Substantial Shareholder (extracts from Substantial Shareholder Register)	Number held	Shareholding Percentage
Ordinary shares		
Ivanhoe Mines Ltd. Group (Orian Holding Corp.)	54,141,586	10.112

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 held	% Options Issued
Options expiring 30 June 2007 with an exercise price of \$0.24625	7,301,956	17		
Option holders with more than 20% of class				
Philip Ronald Wood			2,047,035	28.03%
Anthony John Moyes			1,756,749	24.06%
Options expiring 26 November 2008 with an exercise price of \$0.10	4,626,008	17		
Option holders with more than 20% of class			Nil	
Options expiring 30 June 2009 with an exercise price of \$0.49625	1,275,000	6		
Option holders with more than 20% of class				
Steven Joseph Koroknay			400,000	31.37%
Denis Michael Hanley			400,000	31.37%
Options expiring 24 February 2010 with an exercise price of \$0.069	6,087,213	17		
Option holders with more than 20% of class			Nil	
Options expiring 30 August 2011 with an exercise price of \$0.11	5,050,000	19		
Option holders with more than 20% of class			Nil	

Corporate governance statement

The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance these sometime competing objectives in the best interests of the Company as a whole. Their principal focus is to enhance the interests of shareholders and to ensure that the Company, including its controlled entities, is properly managed. The Board draws on relevant best practice principles, particularly those issued by the ASX Corporate Governance Council. At its August 2005, May 2006 and August 2006 meetings the Board examined the Company's corporate governance practices compared to the best practice principles proposed by the ASX Corporate Governance Council. While the Company will align itself with the principles proposed by ASX, it is mindful that there may be some instances where compliance is not practicable for a company of Intec's current small size. The Corporate Governance Committee, made up of Messrs Severs, Wood and Ross, met in May 2006 and August 2006 to review and amend this statement.

For a number of years the Company, the Board and senior management, have taken a pro-active role to corporate governance matters. In many areas the Company has adopted corporate governance measures which are more comprehensive than those required by statutory legislation.

The Australian Stock Exchange Corporate Governance Council's publication 'Principles of Good Corporate Governance and Best Practice Recommendations' is for guidance purposes: however all listed companies are required to disclose the extent to which they have followed the recommendations; and to identify any recommendations they have chosen not to follow; giving reasons for not doing so. The Company's Board of Directors has reviewed the recommendations. In many cases the Company was already achieving the standard required. In other cases the Company will have to consider new arrangements to enable compliance. In a limited number of instances, the Company may determine not to meet the standard set out in the recommendations, largely due to the recommendation being considered by the Board to be unduly onerous for a company of this size.

The following paragraphs set out the Company's position relative to each of the 10 principles contained in the ASX Corporate Governance Council's report.

Principle 1: Lay solid foundations for management and oversight

The Company has not yet formalised and disclosed the functions reserved to the Board and those delegated to management. However, the Company has a small Board (two Non-executive Directors plus the Managing Director and Chief Executive Officer and the Technical Director) and a small management team, so roles and functions have to be flexible to meet specific requirements.

Principle 2: Structure the Board to add value

The Company complies with most of the recommendations within this area as the Chairman is independent; and is separate from the Managing Director and Chief Executive Officer. The Company may not comply with the recommendation that a majority of Directors should be independent. The Company does not have a Board nomination committee.

Two of the Company's four Directors are Non-executives, and none have undertaken 'material' consultancy work for the Company within the past three years.

Minor consultancy work has been undertaken on normal commercial terms by Mr Severs and payments are disclosed within the Quarterly Reports and the Directors' Reports. The use of a non-executive Director for consultancy work reflects his expertise and knowledge. In the absence of this Director, the Company would have to use 'external' consultants, which may result in increased costs.

Mr Severs has been a Director of the Company since 26 March 2001 and was a Director of Intec Copper Pty Ltd from 1995 to December 1998, a period of time, which in the words of the ASX document, 'could be perceived to materially interfere with his ability to act in the best interests of the Company'. Mr Severs acts in a part-time capacity as the Company's marketing representative for Europe. The Board does not believe that the consultancy work undertaken by Mr Severs, nor Mr Severs' period of tenure as a Director, compromise his independence.

Each Director of the Company has the right to seek independent professional advice at the expense of the Company. Prior approval of the Chairman is required, but this will not be unreasonably withheld.

Principle 3: Promote ethical and responsible decision-making

The Company has a policy concerning trading in its securities by Directors, management, staff and significant consultants which is set out in the Annual Report.

The Company has adopted a formal code of conduct, one which reflects the Company's size and the close interaction of individuals throughout the organisation.

Corporate governance statement (continued)

Principle 4: Safeguard integrity in financial reporting

The Company regularly reviews its procedures to ensure compliance with the recommendations set out under this principle.

Senior management confirms that the financial reports represent a true and fair view and are in accordance with relevant accounting standards. The Managing Director and Chief Executive Officer and the Chief Financial Officer state in writing to the Board that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and its controlled entities and are in accordance with relevant accounting standards.

The Company has an Audit Committee with a formal charter, which has been approved by the Board. The Audit Committee consists of the two non-executive Directors Messrs Ross (Chairman) and Severs.

The Company's auditor, PricewaterhouseCoopers (PwC) was appointed in 1999. PwC's policy is to rotate the engagement partner every five years.

Principle 5: Make timely and balanced disclosure

The Company, its Directors and staff are acutely aware of the ASX's continuous disclosure requirements and operate in an environment where strong emphasis is placed on full and appropriate disclosure to the market. The Company has adopted formal written policies regarding disclosure and it uses strong informal systems underpinned by experienced individuals.

Principle 6: Respect the rights of shareholders

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

Whilst the Company does not have a communications strategy to promote effective communication with shareholders, as it believes this is excessive for small companies, the Company does communicate regularly with shareholders.

For many years the Company has requested the external auditor to attend general meetings and this has been supported by the Company's audit partners at PwC.

Principle 7: Recognise and manage risk

The Company is a relatively small company and does not believe that there is significant need for formal policies on risk oversight and management of risk.

Risk management arrangements are the responsibility of the Board of Directors and senior management collectively and this matter is a standing agenda item at Board meetings.

Principle 8: Encourage enhanced performance

The Company has established a Remuneration Committee, to meet as and when required, to review performance matters. There has been no formal performance evaluation of the Board during the past financial year, but it is intended that this will be carried out in the 2006-07 financial year.

The Directors work closely with management and have full access to all the Company's files and records.

Principle 9: Remunerate fairly and responsibly

A Remuneration Committee was set up in September 2003. The Committee, which consists of the two non-executive directors Messrs Ross (Chairman) and Severs will seek independent external advice and market comparisons as necessary.

In accordance with Corporations Act requirements, the Company discloses the fees or salaries paid to all Directors, plus the five highest paid officers.

The Company has an Employee Share Option Plan (Intec Option Plan), which was introduced in May 2000.

Corporate governance statement (continued)

Principle 10: Recognise the legitimate interests of stakeholders

The Company has adopted a formal code of conduct to guide compliance with legal and other obligations.

The Board of Directors continues to review the situation to determine if its code is the most appropriate and effective operational procedures.

Functions of the Board

The functions of the Board include:

- review and approval of corporate strategies, the annual budget and financial and business plans;
- overseeing and monitoring organisational performance and the achievement of the Company's strategic goals and objectives;
- monitoring financial performance, including approval of the annual and half-year financial reports and liaison with the Company's auditor;
- appointment of, and assessment of the performance of, the Managing Director and Chief Executive Officer and the other members of the senior management team. The Board's Remuneration Committee is made up of two non-executive Directors who oversee this function;
- ensuring that there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the Company;
- ensuring that the significant risks facing the Company and its controlled entities have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place; and
- ensuring that shareholders are appropriately informed of the progress of the Company.

Securities Trading and Trading Windows Policy

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.

This policy is also available on Intec's website at

www.intec.com.au/html/Corporate_Information/Corporate_Governance.shtml.

Corporate Directory

Directors

Ian W Ross
Chairman
Philip R Wood
Managing Director and Chief Executive Officer
A John Moyes
Technical Director
Kenneth J Severs
Non-executive Director

Company Secretary

Robert J Waring

Senior Management

Jean-Louis Huens
Chief Operating Officer
Kieran G Rodgers
Chief Financial Officer & Business Development Manager
Mick Ryan
Operations Manager
Andrew R Tong
Senior Research Metallurgist and Laboratory Manager

Notice of Annual General Meeting

The Annual General Meeting of Intec Ltd will be held in 'The Partners Room', at the offices of Allens Arthur Robinson Level 28, Deutsche Bank Place, corner of Hunter and Phillip Streets Sydney, 2000, Australia on Wednesday 15 November 2006 at 5.30 pm.

Principal registered office in Australia

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

Telephone: (+61 2) 9351 6741
Facsimile: (+61 2) 9351 7180
Email: mail@intec.com.au
Website: www.intec.com.au

Sydney City Office

Level 13 Macquarie House
167 Macquarie Street
Sydney NSW 2006
Australia
Telephone: (+61 2) 8667 3038

Intec Hellyer Metals Pty Ltd

PO Box 952
39 River Road
Burnie TAS 7320 Australia
Telephone: (+61 3) 6431 6333
Facsimile: (+61 3) 6431 6896

Intec Hellyer Metals Demonstration Plant

20 River Road
Burnie TAS 7320 Australia
Telephone: (+61 3) 6432 4063
Facsimile: (+61 3) 6432 3594

The Hellyer Mine

Cradle Mountain Link Road
Wynyard Waratah Council District TAS 7321 Australia
Telephone: (+61 3) 6439 1155
Facsimile: (+61 3) 6439 1405

Melbourne EAFD Site

433-451 Somerville Road
West Footscray VIC 3012
Australia

North American Representative Office

32 Charles Street
Georgetown, Ontario, L7G 2Z3
Canada
Telephone and Facsimile: (+1 905) 873 4985

European Representative Office

'Appletree'
Frith Road, Aldington Frith
Kent TN25 7HJ
United Kingdom
Telephone and Facsimile: (+44 1233) 721 328

Share and Debenture Register

Registries Limited
Level 2, 28 Margaret Street
Sydney NSW 2000 Australia
PO Box R67 Royal Exchange
Sydney NSW 1223 Australia
Telephone: (+61 2) 9290 9600
Facsimile: (+61 2) 9279 0664
Email: registries@registriesltd.com.au
Website: www.registriesltd.com.au

Auditor

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 1171 Australia

Legal Adviser

Allens Arthur Robinson
Level 28 Deutsche Bank Place corner of Hunter and Phillip Streets
Sydney NSW 2000 Australia

Patent Attorney

Griffith Hack
100 Miller Street
North Sydney NSW 2060 Australia

Stock Exchange Listings

Intec Ltd shares are listed on the Australian Stock Exchange (Code: INL) and the Deutsche Boerse (Code: INF).



Australian Stock Exchange Listing

Intec Ltd shares are listed on the Australian Stock Exchange under the code INL. The home branch is Sydney.

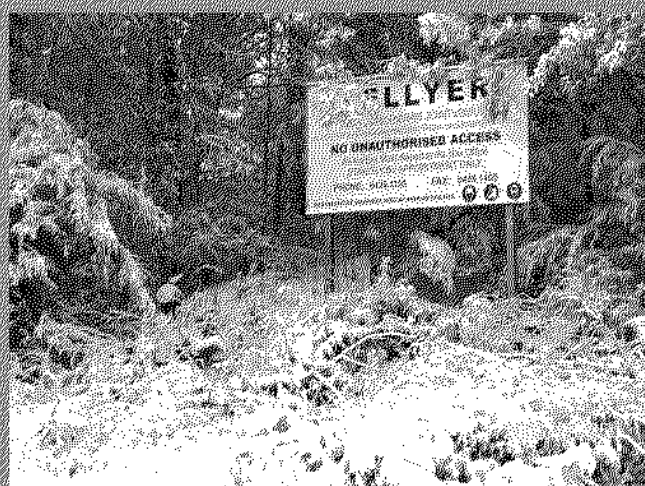


Above: Entrance to the Intec Hellyer Mill.

Right: Philip Wood and James Bell share Intec's new Sydney City Office with harbour backdrop.



Below: Hellyer minesite sign during 'snow event'.



www.intec.com.au

