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Activities Update

Intec Ltd (ASX: INL) (“Intec or the Company”) is pleased to provide an update on the activities of Science Developments Pty Ltd (SciDev) in relation to both the OptiFlox® system and its New Zealand distributorship.

OptiFlox® System

In relation to the OptiFlox® system, fabrication and off-site testing has now been completed. The first commercial version of the OptiFlox® system was delivered last week to a large thermal coal mine in the Western Coalfields of NSW. Installation at the trial site will now commence and the system is expected to operational during this month.

The OptiFlox® system is specifically designed to address the issue of very turbid water flowing from the coal tailings’ thickener. The system addresses the problem known as ‘blackwater’ where the clarity of the water from the coal tailings’ thickener deteriorates to an unacceptable level resulting in the coal washing plant shutting down and at times, coal production ceasing. The OptiFlox® system continuously measures particle characteristics of the coal tailings slurry in order to maintain optimal flocculation conditions through automatic, real-time control of coagulant dosing. Hence, application of the system acts to minimise losses in production that can result due to stoppages of the coal washing plant, caused by ‘blackwater’ and enables consistent and reliable clarified water to be produced, for return to the washing plant. A provisional Australian patent application was submitted in September 2014 and a final patent application is now in process.

As previously advised, the commercial terms for a six-month trial of the Optiflox® system have been agreed with the client, which include the receipt of licensing fees and revenue from associated coagulant product sales. Prior to commencement of the trial it is not possible to provide forecasts of SciDev coagulant sales and licensing fees are commercial-in-confidence. However, the Company will endeavour to provide future guidance on product sales at this trial site once product usage is better understood.

The Company acquired a 50% interest in SciDev based not only on its historical earnings but also for its research and development capabilities and its intellectual property in coagulant manufacturing; which is unmatched in terms of price and customer value in the Australasian market. A successful trial of the Optiflox® system will lead to both increased coagulant sales and income from SciDev’s intellectual property.

Dependent upon successful trial results, further roll-outs of the OptiFlox® system should be expected to take place during the current financial year, both in the coal industry and other

industries such as the sewage industry, where the application of the OptiFlox® system is also expected to provide productivity benefits and cost savings.

The OptiFlox® system consists of two skids, referred to as the OptiFlox® skid and the Pump skid.

The OptiFlox® skid houses all necessary instrumentation to provide for continuous measurement of key particle characteristics of the coal tailings slurry in order to enable optimised real-time dosing of SciDev coagulant and real-time data capture. The role of the pump skid is to draw a continuous sample from the thickeners' centre well and pump to the OptiFlox® skid, located near the thickener.



Figure 1: OptiFlox® skid



Figure 2: Pump skid

New Zealand Distributorship

On 4 August 2015, the Company's announced that the New Zealand distributorship agreement between SciDev and Apex Environmental Ltd (Apex) had been executed and that a first purchase order (approximately \$25,000) had been received. A further purchase order has also now been received for additional product amounting to approximately \$25,000 in sales value.

SciDev's product is to be used in the commissioning of a waste water treatment plant at a dairy manufacturing facility on the west coast of the South Island of New Zealand. Commissioning will commence this month and SciDev personnel will be present to assist with plant commissioning. Until the waste water treatment plant is operating in 'steady state' conditions, it is not possible to provide sales guidance. However, the Company will seek to provide future sales guidance when able to do so in relation to both this customer and other New Zealand opportunities.

Apex is a supplier of equipment, project management and engineering solutions for industrial wastewater treatment plants. Apex services participants in the dairy, food, wine and textile industries.

Intec Ltd

Kieran Rodgers
Managing Director