



ABN 77 084 358 814

Intec Zeehan Residues Pty Ltd

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

**Annual Report on Mineral Exploration
Year Ended 30 June 2006
Retention Licence RL 3/1996**

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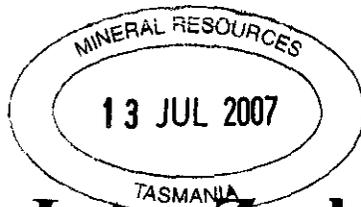
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Annual Report on Mineral Exploration, year ended 30/06/2007

Intec Zeehan Residues Proprietary Limited*

Rodgers, K.

RL3/1996



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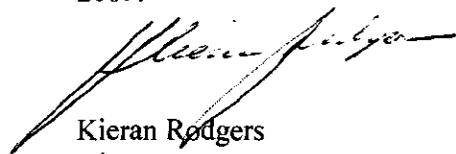
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Intec Hellyer Metals Pty Ltd ("IHM"), a subsidiary of ASX listed Intec Ltd ("INL") acquired all of the issued shares of Encore Metals NL, the owner of Retention Licence RL 3/1996, in October 2006. Subsequently, the name and company form of Encore Metals NL ("Encore") was changed to Intec Zeehan Residues Pty Ltd.

Prior to the acquisition of Encore, IHM obtained a 20 tonne representative sample of the 450,000 tonne smelter slag resource contained on RL 3/1996. This sample was crushed and ground at a cost of \$65,000 at Ammtec's facilities in Perth, Western Australia. Subsequently, the sample of Zeehan slag was treated in a two-week campaign in IHM's demonstration plant located in Burnie, Tasmania during September 2006. The total cost of the trial treatment of Zeehan slag in the Burnie based demonstration plant was approximately \$250,000.

The trial treatment of Zeehan slag demonstrated high recoveries of zinc (>80%) and lead (>90%) and in addition, good filterability of residues was achieved. Furthermore, when Zeehan slag was co-treated with Electric Arc Furnace Dust (EAFD), a high-grade zinc-bearing residue material, operational synergies were identified. In particular, when EAFD is leached in the chloride-based hydrometallurgical Intec Process to extract the contained zinc, the resultant acid can be consumed as further zinc is extracted from Zeehan slag, which acts as a neutralizing agent for the acid produced.

IHM's operational plan is to progress development of the Intec Hellyer Residues Project (IHRP), which is based on the co-treatment of EAFD and Zeehan slag in order to produce 10,000 tpa of zinc units contained in an intermediate zinc sulphide product. To support IHRP development, the Burnie demonstration plant is being re-configured in preparation for a campaign in the second half of 2007. Construction of a commercial sized plant is expected to commence in 2008, with commissioning in 2009.



Kieran Rodgers
Director

10 July 2007