

Track record being established

By Mark Fraser

NOW THAT INTEC Ltd has become a metals producer, the next task for the Sydney-based company is to clear up any misconceptions the market may have about its role in Australia's resource sector.

It is fair to say that up until now, many people haven't been able to classify Intec, with some seeing it as a cutting edge minerals processing technology developer while others view it as a conventional metals producer.

The truth of the matter is the resources house is a bit of both, although this fact hasn't distracted it from its core focus – to perfect a chloride hydrometallurgical process for the treatment of difficult ores using cash generated by an ongoing metals producing operation.

At the end of January, Intec became Australia's latest zinc producer with its first shipment of 4,968 tonnes of concentrate (made up of 41% zinc, 9% lead and 220 grams/tonne silver) leaving Tasmania's shores for some imperial smelting furnaces in China.

The material was sourced from the Hellyer tailings dam in Tasmania's central west and put through the mine's plant using traditional technologies like flotation and grinding. Intec acquired the asset in January 2004 from the administrators of Western Metals, which had placed the operation on care and maintenance in 2000 before going belly-up a couple of years later.

For Intec's managing director and chief executive Philip Wood, the first sale of concentrate was a defining moment for the company, unequivocally proving to the market that it was capable of producing a healthy cashflow. This was all reiterated in March when a second shipment was sent off to Chinese customers.

Next move

Wood now plans to target brokers during the current quarter with the aim of strengthening the resource house's institutional shareholding, during which time he will deliver some more (good) news vis-à-vis Intec's planned production profile at Hellyer.

Intec is subjecting electric arc furnace dust to its patented chloride hydrometallurgical process to produce zinc sulphides, which will be soon added to the exported concentrates.

Furthermore, the company is incorporating a gravity separation circuit into its flowsheet to increase the recoveries



▲ The dredge at work on the Hellyer tailings dam.

of lead, which shall also be added to the EAF dust to produce a lead sulphide for inclusion in the final concentrate.

This should result in a significant grade increase for both zinc (from 40-48%) and lead (8-20%), turning the Intec concentrate into something of a premium product for its type.

"Now you've got something that is closing in on a grade of 70% combined zinc/lead and this is a very attractive proposition for the ISF smelters," Wood explained.

"It will attract far better treatment terms, which will go straight into our bottom line, and it fits perfectly with our existing business model.

"Furthermore, it's actually quite simple and relatively cheap, so in this current price environment it will be a very lucrative addition to the circuit.

"We're currently reconfiguring the demonstration plant (located in the Tasmanian port city of Burnie) and that'll be running



▲ Part of the plant's circuit.

campaigns by the end of the September quarter.

"Concurrently, we'll be designing a larger plant at Hellyer, which will be commissioned towards the end of this year."

Updating the market

Wood said this work would ultimately result in a doubling of production for a relatively cheap capital cost – something which should help re-rate Intec's share price.

"That does take focus", he admitted, "but I'm a hopeless optimist.

"I think one of the problems we have at the moment is that the market finds us a confusing company – it sees Intec as something of a hybrid.

"And if you look at other ASX mineral processing technology providers, it's fair to say they are not all that well rated by the market.

"Having reached that milestone of production, now is the time to get our story out there and attract some institutional investors to our share registry."

The Hellyer tailings dam has an in-situ value of around \$3 billion and contains some 305,000t of zinc (at a grade of 2.8%), 330,000t of lead (3%), 30,850,000 ounces of silver (88 grams/tonne), 910,000 oz of gold (2.6 g/t) and 17,400t of copper (0.16%). Meanwhile, the company has amassed a stockpile of 20,000t-plus of EAF dust and is currently negotiating further supplies with steelmakers both in Australia and abroad.

Wood said Intec would also be putting other ores through its Hellyer mill, including the material sourced from emerging mining house Bass Metals Ltd, in which the technology developer has a substantial holding.

"The processing of Bass Metals high grade Que River ore offers the potential to increase the overall quantity and quality of zinc bulk concentrate production by the joint venture partners and thus enhance the concentrate's economies while providing Bass Metals with excellent near-term cashflow at a minimal up front capital cost," he added.

"As for the Hellyer circuit, we would anticipate it being in full production (with a 1.5 million tonne per annum throughput) by the end of next year."



▲ Philip Wood