Thursday 18 October, 2007

# InterMet Confirms Iron Potential of Paddy Prospect

## Mapping and Sampling Delineates Extensive Magnetite-Rich Zone at Paddy Prospect

### Highlights

- **Mapping shows magnetite outcrops extend for up to 500m in length and 150m in width**
- **Previous iron assays at Paddy lease produced values up to 69.86% Fe**
- **20 additional magnetite samples collected at Paddy Lease**

InterMet Resources (ASX:ITT) advises that reconnaissance mapping and sampling aimed at testing the extent of the outcropping iron mineralisation in and around the Paddy Lease have defined three main magnetite lenses mapped for up to 500m along strike with each lens up to 50m in width.

The Paddy ML comprises a magnetite skarn and InterMet's initial sampling has recorded Fe values up to 69.86% Fe. The Paddy Lease (ML3948) is part of the Munderra Project (EPM 15481).

Mr Gary Ferris, the Managing Director of InterMet, said today "Mapping and sampling within the Paddy area shows the magnetite outcrops across a relatively large zone and may represent a significant body of magnetite especially if it were to continue under cover along strike. The Paddy prospect has never been assessed as a potential iron ore prospect and with excellent nearby infrastructure, strong demand and high prices for iron ore, InterMet is looking to fast track the full assessment of the prospect.

The iron at Paddy crops out as a low hill where the main pit is located (Site 1 on Figure 2). Surrounding the hill are two parallel zone of low outcropping iron trending to the west. The main pit (Plate 1) shows a profile through the iron zone. At the surface the iron is slightly weathered with the appearance of hematite along fractures but at approximately 1m depth, the iron becomes massive magnetite (Plate 2). A previous ground magnetic survey shows the area of magnetic anomaly is greater than the outcropping magnetite suggesting a potentially much larger zone of mineralisation (Figure 2).

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The low zones of iron within the westerly trend crop out as patches of magnetite-rich iron (Plate 3) and were sampled to test the iron content, which is similar to that observed within the pit. Plate 4 shows a detailed view of iron observed within these satellite outcrops and coarse-grained magnetite crystals can be seen on the upper surface.

Mapping will continue to help define drill targets. In addition 20 magnetite samples have been collected to assist in fully characterising the material for total iron content and presence of other elements (i.e. silica, phosphorous etc).

*The information in this report that relates to Exploration Results is based on information compiled by Mr. Gary Ferris, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Ferris is the Managing Director of InterMet Resources and has sufficient relevant experience to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gary Ferris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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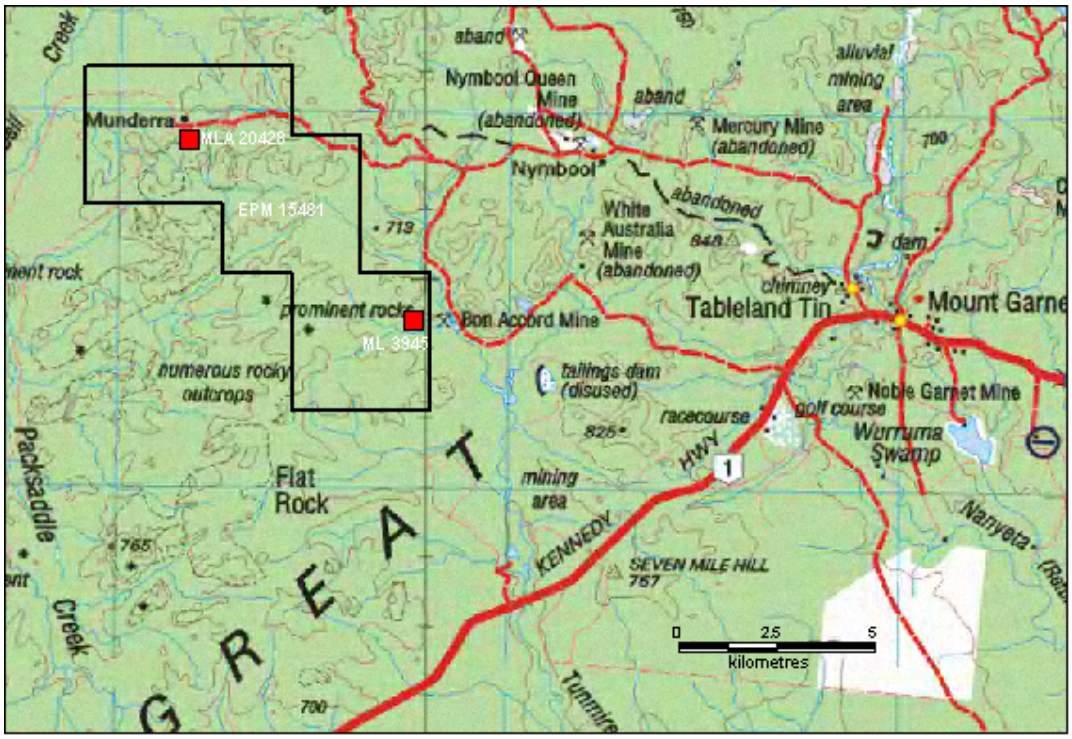


**Figure 1: Location of EPM 15481 and 2 Mining leases**

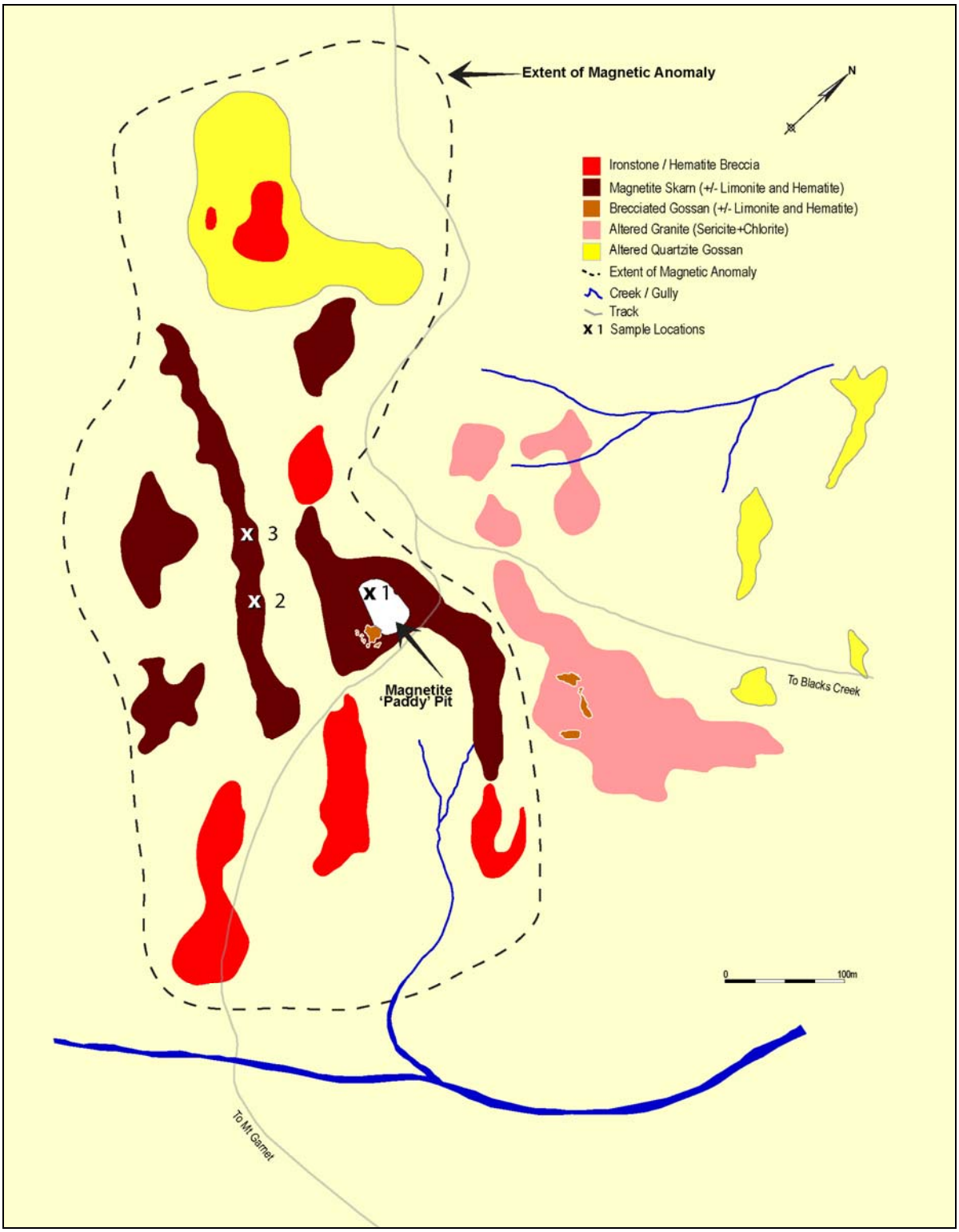


**Figure 2: Detailed surface geology and sample locations described in text.**

**Plate 1: Small pit at Paddy Mining Lease – Site 1 on Figure 2**

**Plate 2: Detail of Iron at Site 1 – massive magnetite**

**Plate 3: Low outcropping massive magnetite – Site 2 on Figure 2**

**Plate 4: Detail of massive coarse-grained crystalline magnetite – Site 3 on Figure 2**