



Monday, 22 October 2007

InterMet Signs Option Agreement for Mt Ruby Iron Ore Project

Highlights

- InterMet signs an option agreement for Mt Ruby Iron-ore project in northern Queensland
- Iron values up to 69.48% Fe at Mt Ruby
- Iron at Mt Ruby comprises coarse-grained crystalline magnetite
- InterMet now has two magnetite projects within expanding Queensland Project portfolio

InterMet Resources (ASX:ITT) is pleased to announce it has signed an option agreement over the Mt Ruby iron ore project in northern Queensland. The Mt Ruby iron ore project complements the recently announced Paddy iron project and now provides InterMet with a growing portfolio of more advanced projects in northern Queensland.

Mt Ruby – MLA 20414

The Mt Ruby iron prospect is located approximately 21km south-southwest of the town of Herberton and 25km northeast of Mt Garnet (Figure 1). The Mining Lease Application covers an outcropping hill of ironstone and surrounding zone of magnetite-rich float (Figure 2; Plate 1). The hill is approximately 30m in height, 80m in length and 80m in width.

The iron at Mt Ruby comprises a magnetite skarn and the iron assays up to 69.48% Fe with low phosphorous and silica. On the western side of the hill, zones of higher garnet content (up to 30%) were observed, but the garnet should be easily removed by crushing and magnetic separation producing a high-quality iron concentrate.

Two old cement drill hole collars were located on the eastern side of the hill with both holes located approximately 50m from the hill. Both holes were angled at 60° back to the hill. InterMet has been unable to locate any data from these holes, but the vendor commented the holes were targeting an IP anomaly at depth under the hill and both holes only intersected ironstone. One small piece of magnetite drill core was found next to the collar of one hole and provides encouragement that the ironstone is more widespread under the plain around the hill. Float of ironstone can be observed up to 80m from the hill on the eastern side.

Previous ground magnetic data shows the area of magnetic anomaly is also larger than the observed outcrop suggesting a larger zone of mineralisation (Figure 2).

A drilling programme is being developed to assess the extent of the magnetite mineralisation.

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Under the Option terms InterMet has the rights to all metals. InterMet has paid an option fee of \$50,000 and has three months from the grant of the Mining Lease to evaluate the project. Upon completion of successful drilling, InterMet will pay a further \$350,000 for total ownership of the project.

Summary

InterMet has assembled an impressive portfolio of projects in northern Queensland including:

- Mt Ruby iron-ore project described above;
- Paddy iron-ore project – (ASX Release 18 October 2007);
- Jessie copper project – rock chip up to 36% copper (ASX Release 20 September 2007);
- Ann base metals project – rock chip up to 26% zinc (ASX Release 16 October 2007);
- EPM Application with visible copper and molybdenum (ASX Release 5 October 2007).

InterMet will be undertaking an aggressive exploration program over these projects during 2008, which will also include opening an office based in Mareeba by mid-2008 to service InterMet's growing portfolio in northern Queensland.

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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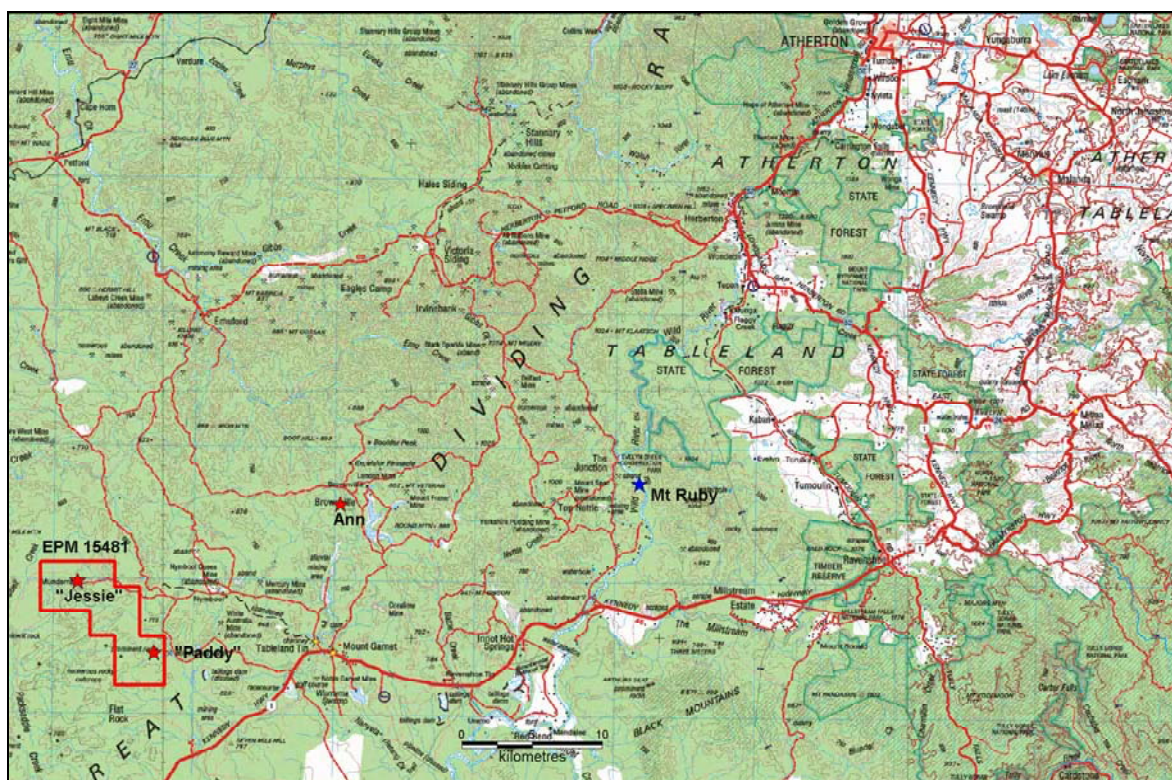


Figure 1: Location of Mt Ruby and InterMet's other Projects in the Mount Garnet region

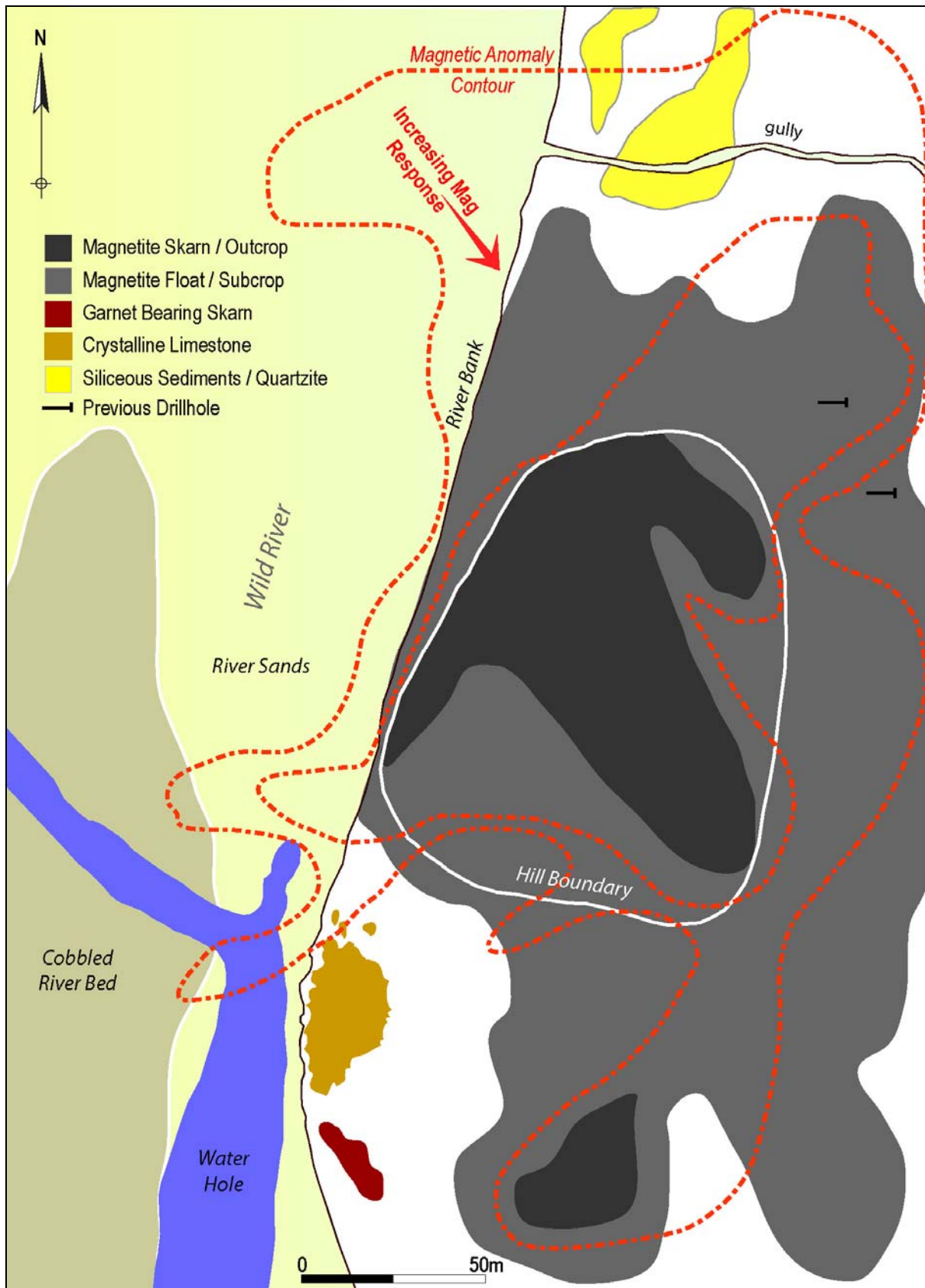


Figure 2: Generalised surface geology at Mt Ruby



Plate 1: Mt Ruby outcrop



Plate 2: Magnetite particles at Mt Ruby