

Tuesday, 29 January 2008

Ground Magnetic Survey Confirms Iron Potential at Paddy Lease

Highlights

- **Ground magnetic survey confirms surface magnetite extends further in the sub-surface and beyond survey area to the northwest**
- **Interpreted zone of iron mineralisation 1km long and 0.5km wide**
- **Drilling planned for March-April**

InterMet Resources (ASX:ITT) advises that a ground magnetic survey has been completed over the Paddy iron ore prospect to assist with locating drill holes. The ground magnetic survey has delineated target zones of strong magnetic intensity which will be tested by drilling in March-April 2008.

Recent mapping and rock chip sampling at the Paddy prospect reported high-grade iron in the form of magnetite. To assist with locating drill holes and delineate the extent of the magnetite mineralisation InterMet undertook a ground magnetic survey.

The ground magnetic survey showed good correlation with the rock chip results. A large magnetic high, in the vicinity of the old pit and further results correlate with areas of high magnetic intensity (Figure 2). Two samples of iron from an outcrop just west of the Paddy pit are located within a magnetic low zone, suggesting some possible magnetite destruction (hematite production) or magnetic reversal. The two samples assayed high grades at 68.3% and 66.1% Fe.

Previous rock chip results are presented in Table 1. The assays confirm high-grade iron occurs at the surface with results between 59.8% and 68.2% Fe, averaging 65.7% Fe.

Commenting on the magnetic survey, Managing Director Gary Ferris said "the results show we may have a significant ore body. The survey will greatly assist with drill hole location to fully assess the extent of iron mineralisation. InterMet plans to extend the ground magnetic survey to the northwest to capture an interpreted trend in that direction seen in the current data."

Figure 3 shows the interpreted zone of iron mineralisation based on the ground magnetic data and discolouration of the surface due to iron. The area to the northwest of the magnetic survey contains termite mounds with a distinctive iron colouration suggesting iron below the surface.

The Paddy prospect is located on ML 3945 and within EPM 15481 (40 km²) and is located approximately 15km west of the township of Mount Garnet (Figure 1). InterMet had initially planned to drill the Paddy and Jessie iron prospects in January-February 2008, but due to heavy rain the drilling program has been rescheduled for March-April 2008.

Operations Office
Unit 1
22 Maple Avenue
FORRESTVILLE SA 5035

Tel: +61 8 8351 3388
Fax: +61 8 8351 0023

InterMet Resources Limited
garyferris@intermetresources.com.au
info@intermetresources.com.au
ACN 112 291 960
www.intermetresources.com.au

Registered Office
Level 41 Australia Square
264-278 George Street
SYDNEY NSW 2000

Tel: +61 2 8221 0404
Fax: +61 2 8221 0407

InterMet has secured a portfolio of iron projects in North Queensland (Paddy, Mt. Ruby, Mt. Lucy and Jessie) which exhibit excellent grades and are within economic distances of potential export ports. During 2008 InterMet will be focussing on defining the potential of these areas to produce iron ore for the export market.

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.

For further information, contact:

Mr Gary Ferris
Managing Director
InterMet Resources
Tel: +61 8 8351 3381
Mob 0423 259 488

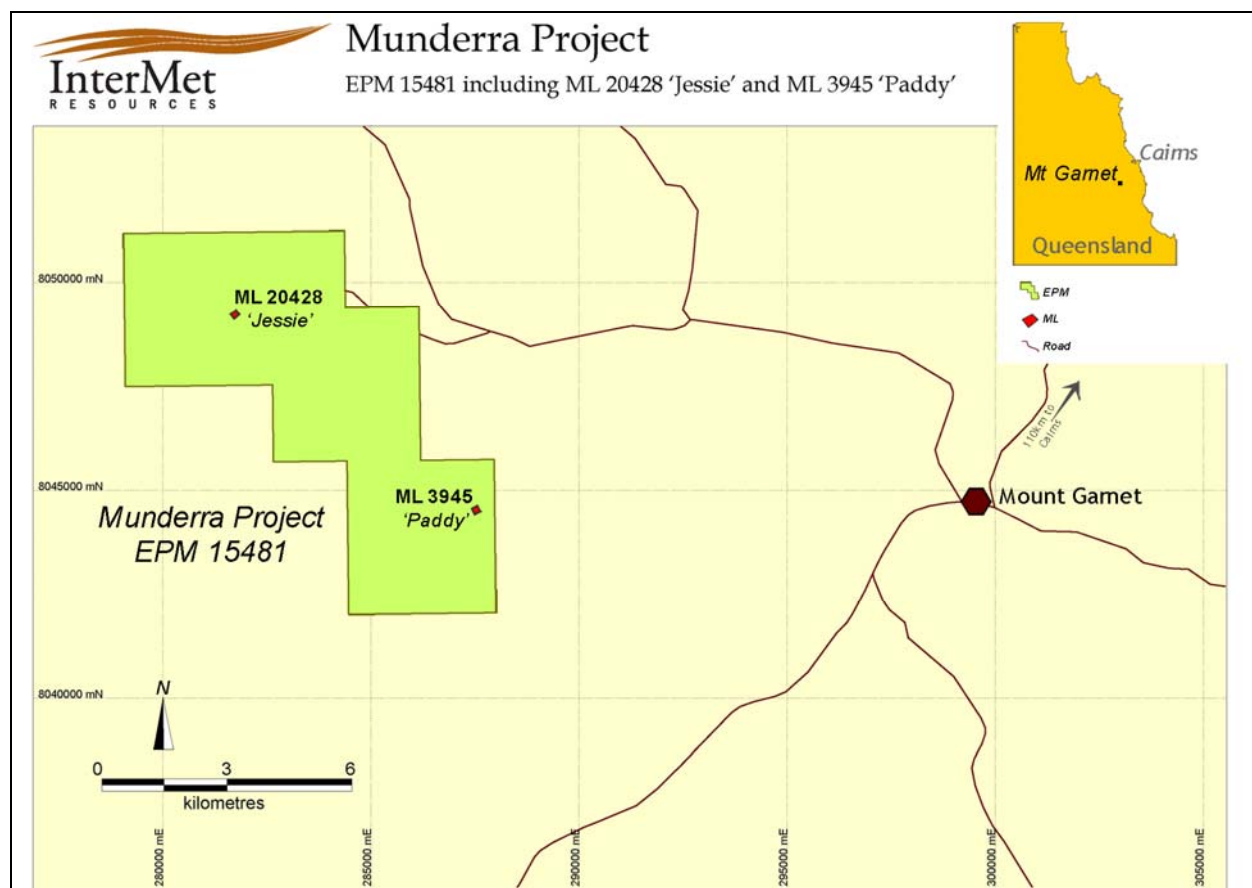


Figure 1: Location of EPM 15481 and ML 3945 (Paddy)

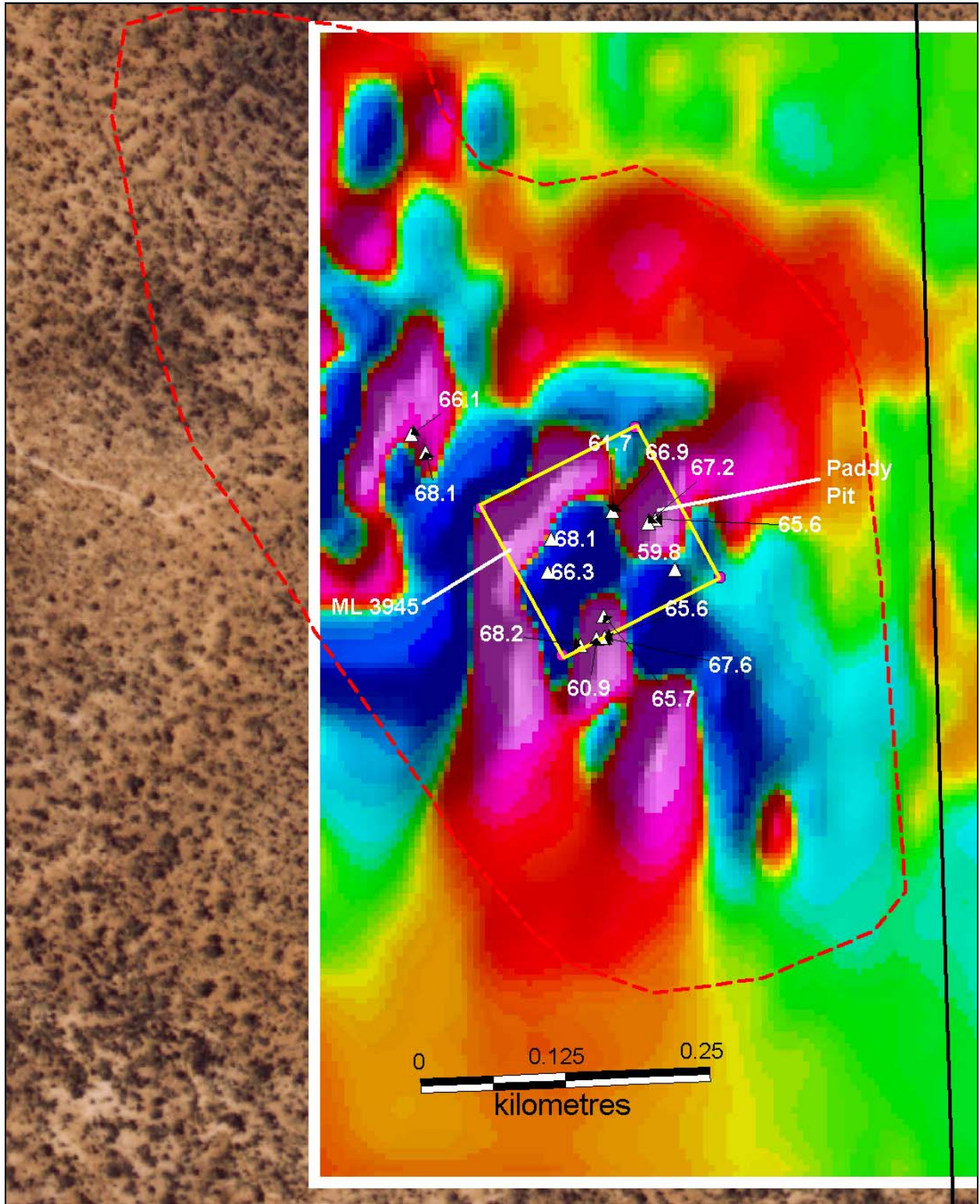


Figure 2: Paddy ground magnetic data with Rockchip sample locations and Fe values. Red dashed line represents area of interpreted iron mineralisation.

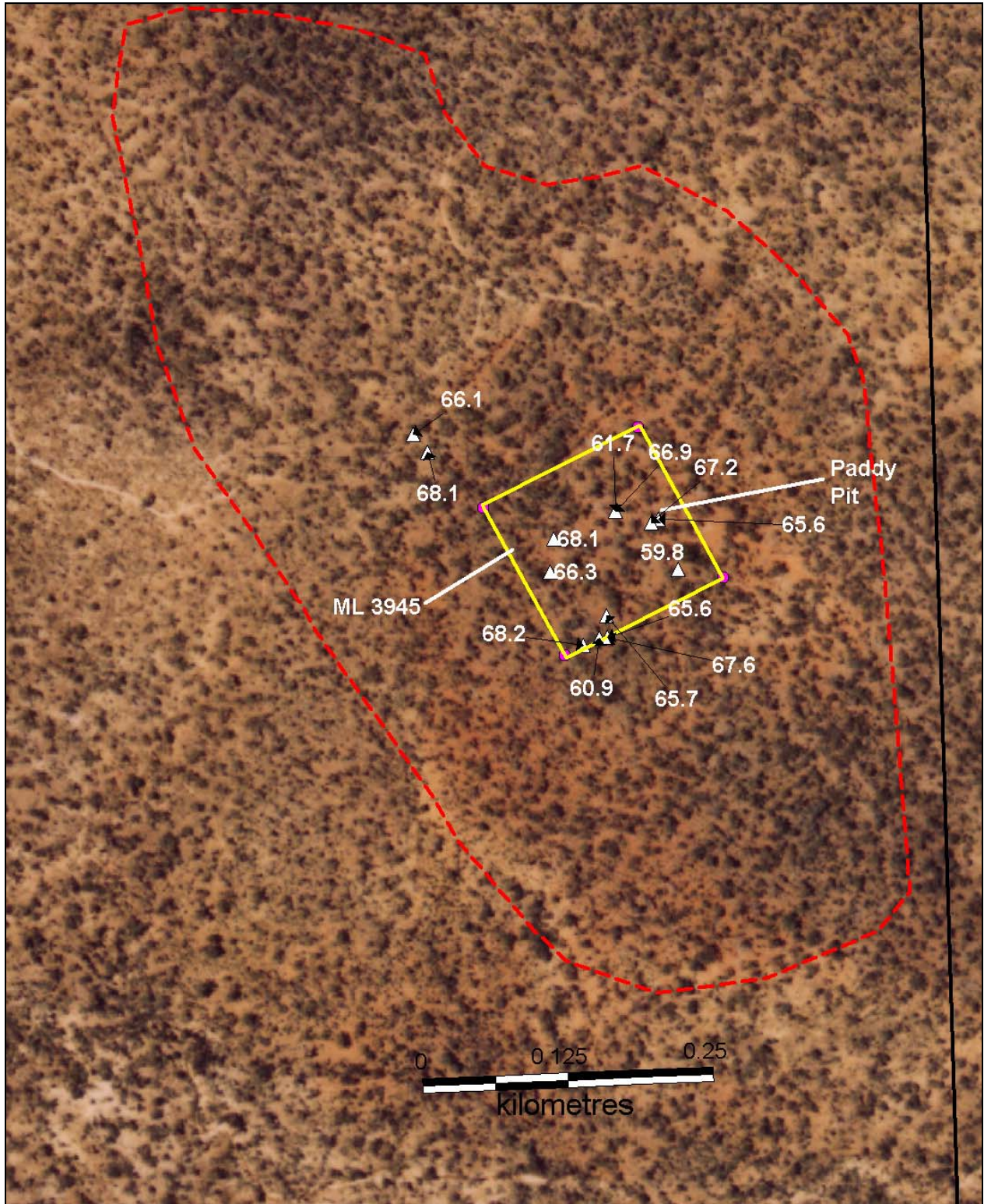


Figure 3: Paddy area without ground magnetic data showing discolouration of surface due to weathering of iron – zone 1km long and up to 0.5kms wide.

Table 1: Assay results for rock chip samples from Paddy Iron Prospect

Sample No.	Easting	Northing	Fe	Fe	Fe2O3	P2O5	SiO2	LOI
			XRF78S	ICP40Q	XRF78S	XRF78S	XRF78S	XRF78S
			0.01	100	0.01	0.01	0.05	-10
			%	(ppm)	%	%	%	%
124823	287666	8044445	68.2	705000	97.5	0.02	2.01	0.126
124824	287680	8044451	60.9	569000	87	0.03	7.51	1.71
124825	287687	8044451	65.6	629000	93.8	0.04	3.06	1.08
124826	287687	8044451	67.6	677000	96.7	0.03	1.87	0.456
124827	287690	8044460	65.8	647000	94.1	0.07	3.2	0.966
124828	287687	8044470	65.7	692000	93.9	0.04	3.05	0.772
124829	287733	8044553	65.6	626000	93.8	0.06	3.32	1.93
124831	287749	8044508	59.8	659000	85.5	0.18	11.2	1.35
124834	287727	8044550	67.2	596000	96.1	0.02	2.67	0.771
124836	287696	8044561	66.9	565000	95.7	0.03	2.27	1.26
124837	287696	8044561	61.7	616000	88.3	0.06	8.85	2.04
124843	287643	8044539	68.1	565000	97.3	0.02	1.83	0.633
124844	287643	8044539	67	624000	95.8	0.02	2.45	0.678
124845	287639	8044510	66.3	712000	94.8	0.02	2.9	0.158
124846	287536	8044619	68.1	730000	97.4	0.02	2.18	0.376
124847	287524	8044635	66.1	708000	94.5	0.06	2.81	0.882
124848	287586	9044569	65.2	679000	93.3	0.03	3.94	0.865
124849	287695	8044536	67.5	722000	96.5	0.02	2.73	0.441