

InterMet Resources Limited

and its Controlled Entity

ABN 66 112 291 960

Half Year Financial Report

31 December 2007

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Directors' Report

The directors present their report together with the financial report of the consolidated entity, being the Company and its controlled Entity, for the half-year ended 31 December 2007.

Principal activities

The principal activities of the consolidated entity have been focused on the search for copper-gold-uranium, gold, nickel, base metals and uranium, on the highly prospective areas of the Gawler Craton in South Australia and North Queensland.

There were no significant changes in the nature of the consolidated entity's principal activities during the period.

Review and results of operations

The loss of the consolidated entity for the half-year was \$297,189 (2006 – loss: \$169,740).

During the past six months, InterMet has begun to assemble an impressive exploration portfolio in northern Queensland with the acquisition of EPM 15481 located within the highly mineralised Mount Garnet area. InterMet has also applied for four tenements targeting commodities including copper, molybdenum, gold and tin-tungsten. This has been a major change in exploration focus for the Company into an area of outcropping mineralisation, which offers potential for InterMet to fast track exploration to make a discovery.

InterMet has added several new projects to its Queensland portfolio, including two advanced gold projects within historically rich gold mining areas at Percyvale and Forsayth, together with a continuing focus on existing and new iron opportunities. InterMet has entered into option agreements over two granted gold mining leases located south of Forsayth with initial rockchip sampling providing very encouraging results up to 735g/t gold.

The past six months has also seen exploration activity by joint venture partners on InterMet's South Australian projects. Uranium Equities Ltd (ASX:UEQ) completed a 43 hole drilling program on the Cocata Project aimed at defining palaeochannels and testing for uranium potential of the Tertiary sediments. Silver Swan Group (ASX:SWN) also completed a 3 hole diamond drilling program aimed at testing two prominent gravity targets for potential IOCG style mineralisation. UEQ and SWN completed an airborne EM survey over the Watson Project area to define potential palaeochannel uranium targets and basement conductive zones which may represent sulphide-rich zones. Mega Uranium Ltd (TSX:MGA) completed a 5 hole drilling program at Lake Gilles in the search for unconformity-related uranium mineralisation.

Highlights

- EPM 15481 tenement package (ML 3958 and MLA 20444) agreement signed. Rock chip results up to 36.7% copper, iron up to 69.86%, gold up to 7.8 g/t, lead up to 2.8% and zinc up to 1.14%.
- Rockchip sampling for iron at the Paddy Prospect confirmed high-grade iron ranging between 59.8 – 68.2% Fe. Ground magnetic data shows area of potential iron mineralisation larger than outcropping magnetite-rich rocks.
- Option agreement signed over Union Mine and Percy West Mining Leases. Rockchip results include 197g/t Au from Union Mine area and 390g/t Au from Percy West lease.

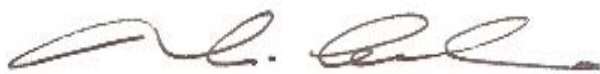
- Option agreement signed over two Mining Leases south of Forsayth. Rockchip results include 735g/t Au (ML 3327 - Goldsmiths) and 29g/t Au (ML 3326 – Canadian).
- Option agreement signed over a promising base metal occurrence located 10km north of Mount Garnet. Rockchip sampling shows zinc up to 38% and elevated indium (198g/t).
- Option agreement signed over potential iron deposit at Mt Lucy. Rockchip sampling shows the iron to be very high grade (>70% Fe). Base metal rich samples were also noted with lead up to 27%, zinc up to 15% and >7000g/t silver reported.
- Option agreement signed over potential iron deposit at Mt Ruby.
- Basement drilling program at Cocata Project completed. Three diamond holes for a total of 933m drilled at Anomalies 1 and 2, and 118m of drill core cut and sampled.
- Drilling for palaeochannel uranium at Cocata completed.
- Aeromagnetic/Radiometric survey to be completed early January at Wanilla (Coulta Project).
- Drilling completed by Mega Uranium at Lake Gilles targeting unconformity-related uranium mineralisation.
- InterMet has four EPM Applications in Northern Queensland.
- \$1.9M raised from option exercise and underwriting.

Dividends

No dividends have been paid or declared by the Company since the end of the previous financial year.

Signed in accordance with a resolution of the directors:

Dated at Sydney 13th March 2008



David S Archer
Chairman



Gary M Ferris
Managing Director



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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF INTERNET RESOURCES LIMITED & ITS
CONTROLLED ENTITIES**

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Internet Resources Limited and its controlled entities for the half-year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S J Gray
Partner

Signed in Adelaide on this 13th day of March 2008

Consolidated Income Statement

For the half year ended 31 December 2007

	Consolidated	
Note	December 2007	December 2006
Revenue	101,771	101,075
Accounting, ASIC & Audit	(54,333)	(43,909)
Computing & Communications	(11,818)	(8,530)
Consultants fees	(510)	(6,777)
Depreciation	(15,058)	(8,483)
Directors fees	(45,000)	(20,000)
Employee benefits expense	(153,586)	(100,141)
Entertainment	(2,517)	(679)
Finance costs	(1,440)	(205)
Insurance	(16,516)	(10,020)
Other expenses	(12,664)	(19,735)
Promotion	(15,381)	(10,858)
Public Co. expenses	(34,452)	(25,923)
Rent	(18,253)	(17,373)
Relinquished tenements	1,093	3,893
Travel	(18,523)	(2,074)
Loss before income tax expense	(297,189)	(169,740)
Income tax expense	-	-
Loss attributable to members of the parent entity	(297,189)	(169,740)
Earnings per share :		
Basic loss per share (cents)	(0.007)	(0.004)
Diluted loss per share (cents)	(0.007)	(0.004)

The consolidated income statement above should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

as at 31 December 2007

	Note	Consolidated	
		December 2007 \$	June 2007 \$
Current assets			
Cash and cash equivalents		2,418,561	1,991,922
Trade & other receivables		94,564	60,330
Total current assets		2,513,125	2,052,252
Non current assets			
Property, plant and equipment		69,743	76,532
Exploration & evaluation expenditure		2,630,882	1,561,485
Total non current assets		2,700,625	1,638,017
Total assets		5,213,750	3,690,269
Current liabilities			
Trade & other payables		160,041	228,877
Provisions		34,696	29,114
Total current liabilities		194,737	257,991
Total liabilities		194,737	257,991
Net Assets		5,019,013	3,432,278
Equity			
Issued capital	2	5,941,076	4,059,809
Reserves		32,277	29,620
Accumulated loss		(954,340)	(657,151)
Total equity		5,019,013	3,432,278

The consolidated balance sheet above should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2007

	Note	Consolidated Half Year	
		December 2007	December 2006
		\$	\$
Total equity at the beginning of the half year		3,432,278	3,716,624
Loss for the year		(297,189)	(169,740)
Total recognised income and expense for the year		<hr/> 3,135,089	<hr/> 3,546,883
Transactions with equity holders in their capacity as equity holders:			
Shares issued, net of transaction costs	3	1,881,269	60,493
ESOP Reserves		<hr/> 2,657	<hr/> -
Total equity at the end of the half year		<hr/> 5,019,013	<hr/> 3,607,376

The consolidated statement of changes in equity above should be read in conjunction with the accompanying notes.

Consolidated Cashflow Statement

For the half year ended 31 December 2007

		Consolidated Half Year	
		December	December
		2007	2006
Note		\$	\$
Cashflow from operating activities			
		(477,294)	(155,856)
	Payments to suppliers and employees		
	Interest received	101,771	101,075
	Finance costs	(1,440)	(205)
	Net cash provided by / (used in) operating activities	(376,963)	(54,986)
Cashflow from investing activities			
		(1,069,397)	(419,400)
	Exploration expenditure		
	Payments for plant and equipment	(8,270)	(20,921)
	Net cash provided by / (used in) investing activities	(1,077,667)	(440,321)
Cashflow from financing activities			
		1,991,000	8,000
	Proceeds from issue of shares		
	Payment of transaction costs	(109,731)	-
	Net cash provided by / (used in) financing activities	1,881,269	8,000
	Net (decrease)/increase in cash held	426,639	(487,307)
	Cash at the beginning of the period	1,991,922	3,508,595
	Cash at the end of the period	2,418,561	3,021,288

The consolidated cash flows statement above should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For The Half Year Ended 31 December 2007

1. Statement of significant accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by InterMet Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year and corresponding interim reporting periods.

		Consolidated Half Year	
	Note	December 2007	June 2007
		\$	\$
2. Contributed equity			
Share capital			
Issued and paid up capital 50,000,500 shares (30 June, 2007: 40,295,500), fully paid			
Share capital	3	5,941,076	4,059,809
3. Ordinary shares			
Movements during the year			
Balance as at beginning of the period		4,059,809	3,990,809
Shares Issued			
- 45,000 listed options exercised at \$0.20		-	9,000
- 9,955,000 listed options exercised at \$0.20		1,991,000	-
- Transaction costs arising from share issues		(109,731)	-
- Managing Director shares at first anniversary		-	60,000
Balance at end of period		5,941,076	4,059,809

Notes to the Financial Statements

For The Half Year Ended 31 December 2007

4. Dividends

The company has not paid or declared a dividend since the end of the previous financial year.

5. Segment reporting

The consolidated entity operates predominantly in the mineral exploration business in Australia.

6. Events subsequent to reporting date

In the opinion of the directors, no items, transactions or events of a material and unusual nature have arisen in the interval between the end of the financial year and the date of this report which have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

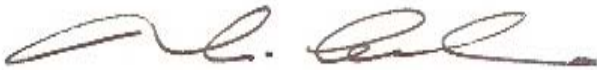
Directors' Declaration

In the opinion of the directors of InterMet Resources Limited ("the Company"):

- (a) the financial statements and notes, set out on pages 6 to 11, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2007 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB134 Interim Financial Reporting and the Corporations Regulations 2001;and
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated at Sydney 13th March 2008



David S Archer
Chairman



Gary M Ferris
Managing Director



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF INTERNET RESOURCES LIMITED

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Internet Resources Ltd (the Company) and the entities it controlled (the consolidated entity), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, and other selected explanatory notes.

Directors' responsibility for the half-year financial report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Internet Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.



Grant Thornton

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF INTERNET RESOURCES LIMITED (cont)

Auditor's responsibility (cont)

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Internet Resources Ltd is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2007, and of its performance for the half-year ended on that date.
- b complying with Accounting Standard AASB 134: *Interim Financial Reporting* and Corporations Regulations 2001.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

S J Gray
Partner

Signed at Adelaide this 13 day of March 2008