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InterMet Signs Option Agreement over EPM near Mt Garnet

Area contains major extension of iron mineralisation observed at Paddy Iron Prospect

Highlights

- InterMet signs option agreement over EPM 9892 which adjoins InterMet's EPM 15481
- EPM 9892 contains the extension of the Paddy iron mineralisation zone
- Potential mineralisation zone measures 2.5 km x 950 m
- Initial sampling shows iron values between 38.3 – 47.5%, gold up to 2.62 g/t and anomalous lead-zinc within EPM 9892 in a geological setting similar to Mt. Garnet Cu-Pb-Zn mine and Chillagoe deposits (i.e. Red Dome, Mungana)
- Historical soil and stream sediment sampling reports highly anomalous lead which was not drilled

InterMet Resources (ASX:ITT) is pleased to announce it has signed an option agreement for EPM 9892 of 6.4 km² located in Queensland (Figure 1). The tenement is approximately 10 km north of the mining centre of Mount Garnet, some 105 km southwest of Cairns.

The area comprises skarn-style magnetite, copper and base metal-rich zones. InterMet's interest in this tenement followed sampling north of the Paddy ML on EPM 15481 with gold up to 7.87 g/t and several other samples reporting >1 g/t Au (Figure 2).

Other significant rockchip results include:

- 1.3% zinc
- 0.27% copper
- 6.18% and 2.8% lead
- 96 g/t silver
- 62.04 % iron

InterMet recently undertook a reconnaissance field visit to EPM 9892 and collected several samples for assay. Three samples from low, weathered iron outcrops (Plate 1) were collected, producing iron values ranging between 38.3 – 47.5% Fe (Figure 2). One sample recorded 2.62 g/t gold and all samples reported anomalous lead and zinc indicating that the area contains a polymetallic system (Figure 3).

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Iron Potential

EPM 9892 is located approximately 1.2 km north of the Paddy iron prospect and contains prominent iron mineralisation zone similar to the zone around the Paddy prospect (Figure 2). Field inspection on EPM 9892 showed the area did not contain major outcrops, but several small outcrops of iron were observed (Plate 1). InterMet observes that many of the termite mounds are iron in colour, most likely reflecting shallow iron-rich rocks below.

The Paddy ML to the south of EPM 9892 comprises a magnetite skarn which produced iron values up to 69.86% Fe. A recent ground magnetic survey revealed the iron mineralisation at the Paddy prospect is greater than the surface expression and InterMet plans to drill the area within the next two months. Exploration in northern Queensland has been hampered by the extreme rainfall during February.

InterMet will be undertaking a major mapping and soil sampling program along with a ground magnetic survey to define the extent and characteristics of the iron on EPM 9892.

Gold and Lead-Zinc-Silver Potential

418 stream sediment samples were collected by the Bureau of Mineral Resources as part of the geological mapping program for the Mount Garnet area in 1962/3. The two highest lead values come from Blacks Creek on EPM 9892 with values of 1000 ppm and 500 ppm reported. A total of 14 samples were collected from the Blacks Creek area and all but two reported >100 ppm lead. No analyses for gold or zinc were undertaken.

Preliminary sampling by InterMet report anomalous lead (0.15 – 0.47% Pb) and zinc (0.25 – 0.82% Zn) within EPM 9892 (Figure 3). Previous soil sampling undertaken by Western Mining Corporation on a restricted grid reported highly anomalous lead within EPM 9892. Figure 4 shows the location of anomalous lead samples within the EPM. This area has not been drilled to test the subsurface expression of the mineralisation.

EPM 9892 was taken up to investigate the wollastonite potential. Geological mapping within the area outlined several outcrops of wollastonite and between 1994–1996, 14 RC holes and 7 diamond holes were completed over the wollastonite skarn. The wollastonite crops out on the western margin of the iron alteration zone. The drilling outlined two or more zones of wollastonite with an indicated resource of 560,000t (Calcifer Industrial Minerals Annual Report 2007). InterMet gained access to the drill core and initial inspection showed the presence of trace sulphides throughout the core.

Thirty four samples were submitted for gold and base metal analyses, with 16 samples reporting anomalous zinc (>0.1% Zn – Table 1). The significance of these drill holes shows the system contains zinc and together with samples outlined above which also report anomalous lead and zinc, this area will become a priority target for InterMet.

EPM 9892 and the Paddy area on EPM 15481 comprise a very similar geological setting to the Mt. Garnet Cu-Pb-Zn deposit and deposits at Chillagoe currently being explored by Kagara Zinc (Figure 5). Kagara Zinc will be undertaking a diamond drilling program to test for extensions to the Mt Garnet orebody which contains proven and probable reserves of 1.26 million tonnes grading 7.9% zinc, 0.5% copper and 19 grams per tonne silver. This drilling below 300 metres depth is designed to test for extensions of the high grade 10.5% zinc underground component of the Mt Garnet orebody (source: Kagara Zinc website).

With the addition of EPM 9892, InterMet now has >4km strike length of altered Chillagoe Formation sediments along the projected trace of the Palmerville Fault. The Chillagoe Formation hosts several significant mineral deposits including Mount Garnet, Red Dome and Mungana, making this setting is highly prospective for mineralisation ranging from the iron skarns and associated base metal mineralisation to intrusion-related gold deposits. Recent research has reported similarities between known gold deposits in north Queensland, including Red Dome, Mt Leyshon and Kidston, which represent possible intrusion-related gold deposits. EPM 15481 and EPM 9892 represent a possible setting for intrusion related gold mineralisation related to the Permo-Carboniferous granite within the region.

On EPM 9892, a prominent hill comprising brecciated and quartz veined rhyolite located to the east of the iron alteration zone was observed by InterMet. The rhyolite is highly brecciated and highly fractured with coarse open space cavities and vughs infilled with coarse crystalline quartz ("dog tooth" quartz} as well as quartz vein stockworks.

InterMet will undertake detailed mapping, surface sampling and ground magnetic surveys in this area within the next 4-6 weeks to define drilling targets.

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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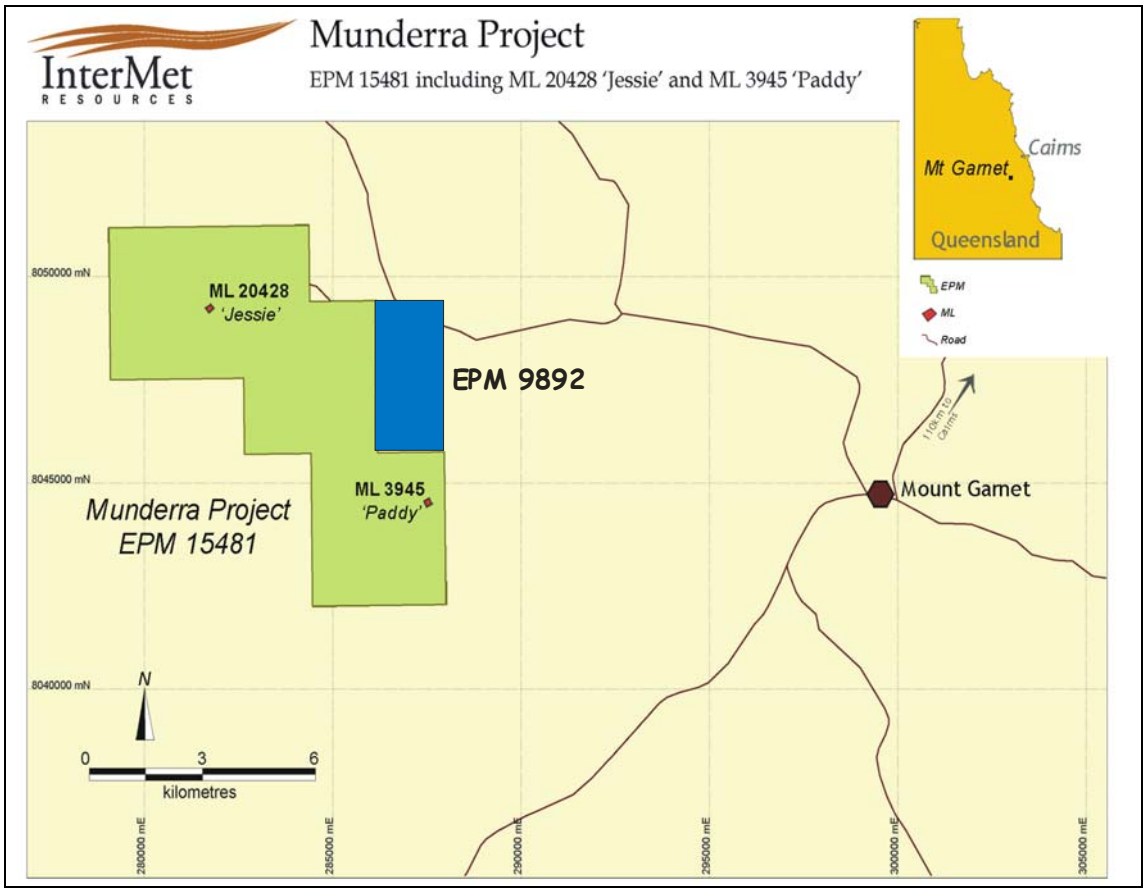

Figure 1 Location of EPM 9892 and Munderra project

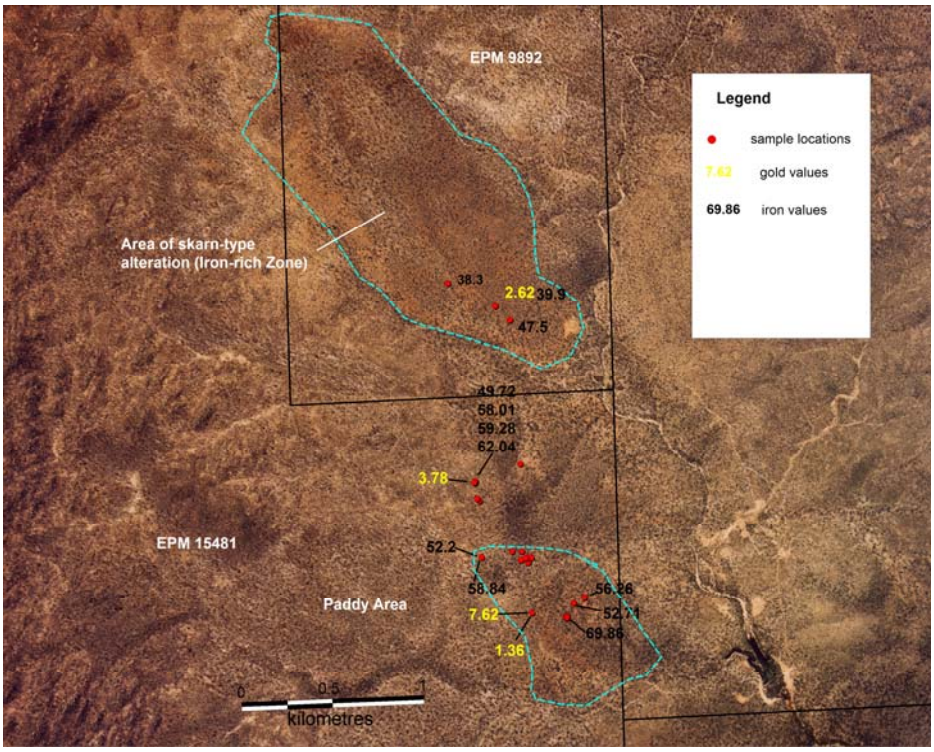

Figure 2: Location of prominent skarn alteration zone on EPM 9892 and Paddy alteration zone. Anomalous iron (% Fe) and gold (g/t or ppm) values are shown.

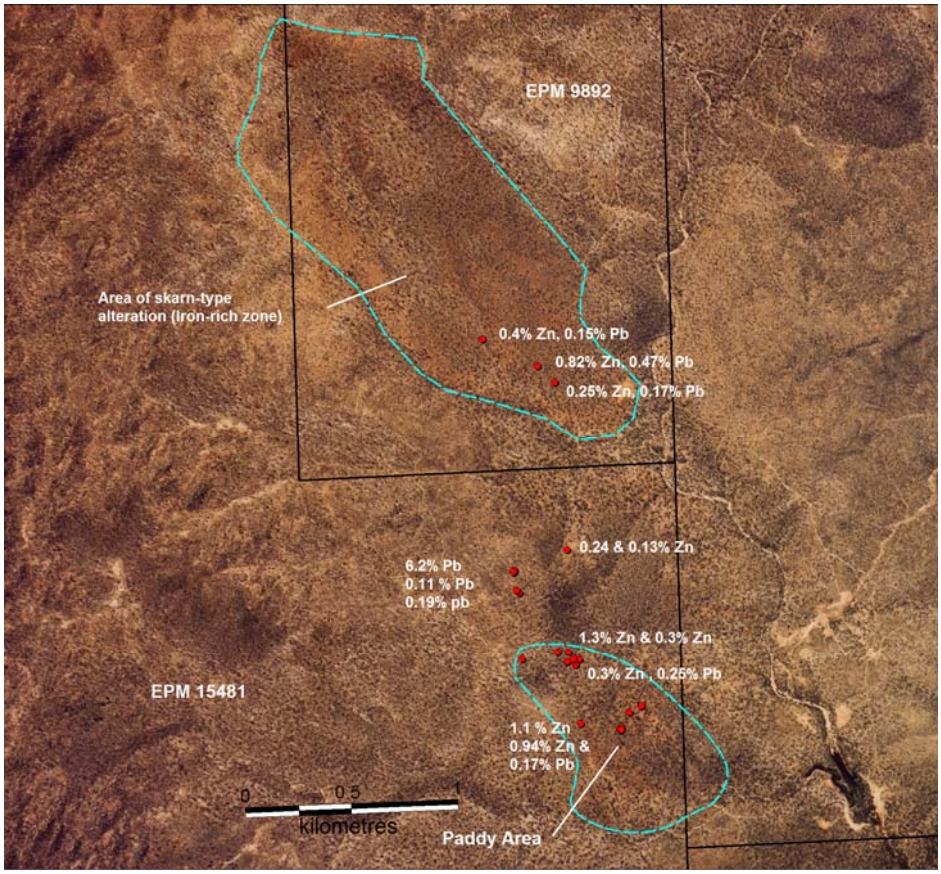

Figure 3: Lead and zinc geochemistry for Paddy area and part of EPM 9892

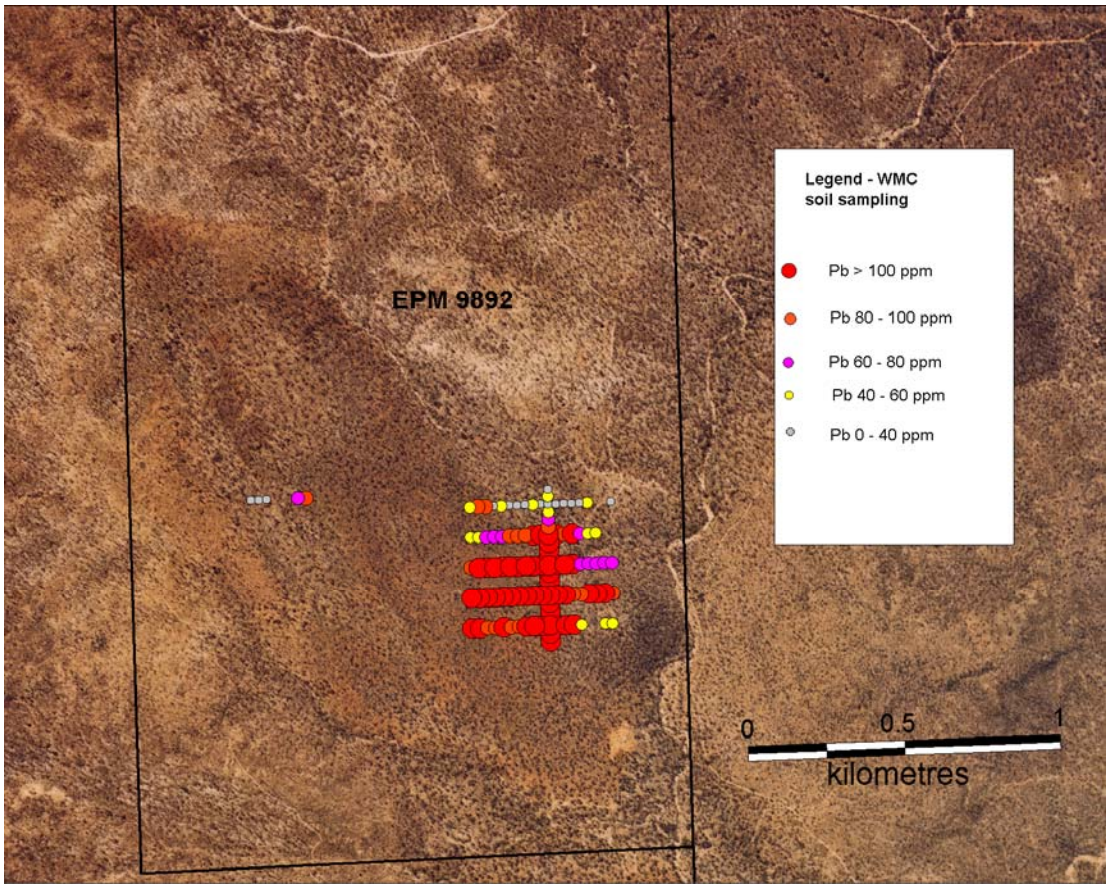

Figure 4: Western Mining soil samples showing lead values

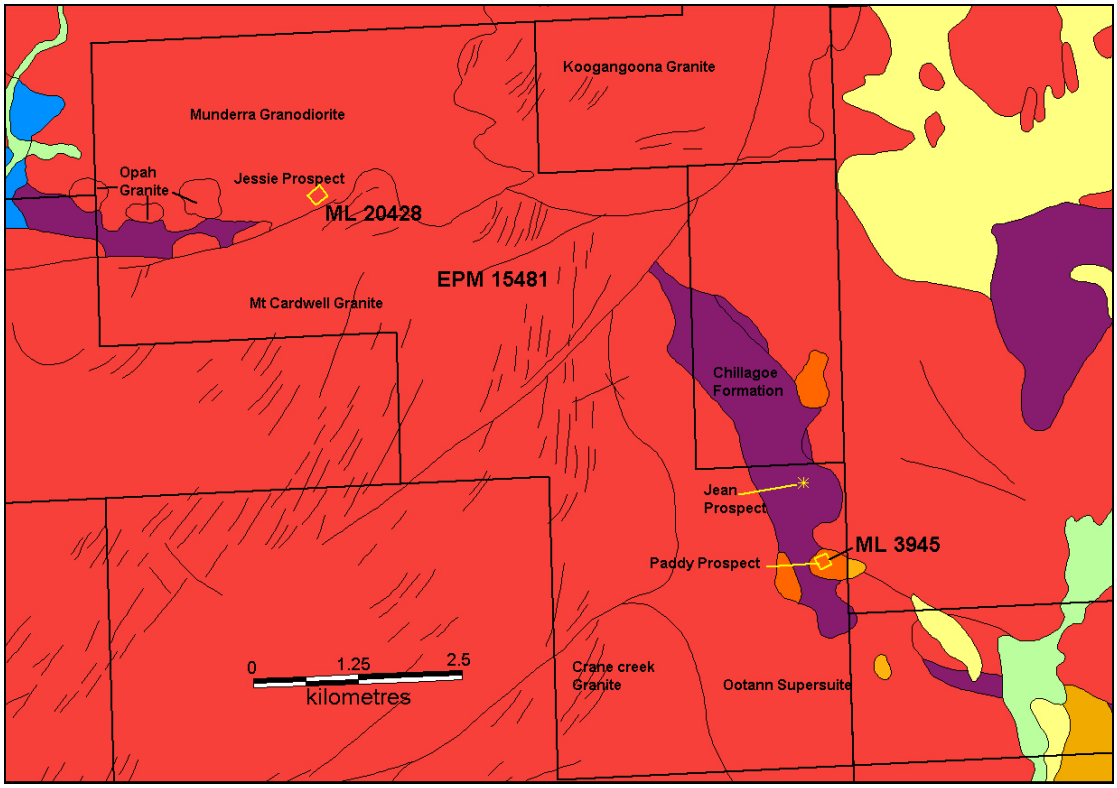

Figure 5: The geological setting of the Munderra Project area showing EPM 9892 and extent of prospective Chillagoe Formation sediments (orange zones represent rhyolite breccia outcrops).

Plate 1: Outcrop of iron on EPM 9892

Table 1: Gold and Base Metal geochemistry for wollastonite drill holes

Hole No.	Sample No	Depth from	Depth to (m)	Au (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)
GAD 47	226081	12.7	13	X	228	270	**2840**
GAD 47	226082	13	14	0.03	71	181	**1717**
GAD 47	226083	14	15	X	31	55	**1530**
GAD 47	226084	15	16	0.02	25	259	**1281**
GAD 47	226085	16	17.2	0.04	38	47	**2217**
GAD 47	226086	17.2	18.7	0.05	65	139	**1729**
GAD 47	226087	18.7	20.2	0.15	41	281	**1900**
GAD 47	226088	20.2	21	0.01	25	96	**1317**
GAD 47	226089	21	21.7	0.03	21	28	**1555**
GAD 47	226090	21.7	22.5	X	6	24	368
GAD 47	226091	22.5	24	X	67	66	**1420**
GAD 47	226092	24	24.7	X	40	88	**1350**
GAD 47	226093	24.7	27.7	X	16	52	602
GAD 47	226094	27.7	29.3	X	11	58	622
GAD 47	226095	*47.45*	*48.7*	X	5	49	576
GAD 47	226096	48.7	50.2	X	11	55	918
GAD 47	226097	50.2	51.6	0.02	16	69	530
GAD 51	226098	46	47	X	4	42	134
GAD 51	226099	47	48	X	11	39	113
GAD 51	226100	48	49	X	5	37	171
GAD 48	226101	8.7	9	0.01	85	46	**2099**
GAD 48	226102	9	10	0.01	41	63	**1809**
GAD 48	226103	10	11	0.01	52	166	**2507**
GAD 48	226104	11	12	0.01	29	63	**1275**
GAD 48	226105	12	13	X	16	62	823
GAD 48	226106	13	14	0.01	31	77	870
GAD 48	226107	14	15	0.03	49	90	**1278**
GAD 48	226108	15	16	0.01	35	80	737
GAD 48	226109	16	17	X	96	24	663
GAD 48	226110	17	18	X	103	35	673
GAD 48	226111	18	19	X	45	7	542
GAD 48	226112	19	20	X	17	63	561
GAD 48	226113	20	21	X	8	23	273
GAD 48	226114	21	21.45	X	16	72	383