Thursday 1 May, 2008

Queensland Iron Ore prospects – magnetic surveys indicate possible extensions to high grade mineralisation

Highlights

- Ground magnetic survey completed to the north of Paddy iron ore prospect (previously reported massive magnetite grading up to 69.86% Fe) shows further potential zones of iron mineralisation

- Major drilling campaign planned for mid 2008 to delineate previously identified outcropping ore within Paddy prospect and test extensions to known mineralisation.

InterMet Resources Limited (InterMet) (ASX:ITT) is pleased to announce that a ground magnetic survey over a prominent iron alteration zone on recently optioned exploration ground immediately north of the Company's 100% owned Paddy iron prospect in Northern Queensland has been completed (Figure 1). Recent sampling at Paddy returned samples of extremely high grade, outcropping massive magnetite (up to 69.86% Fe).

The recently completed survey was designed to complement the previous magnetic survey over the Paddy iron prospect and assist with designing a drilling program to test the area to define a potential iron ore deposit.

InterMet recently signed an Option Agreement over EPM 9892 based on the similar geological setting to the Paddy prospect. Field investigations by InterMet geologists showed surface iron float extended to the north of the Paddy prospect onto EPM 9892 and reconnaissance investigations discovered some poorly outcropping iron on EPM 9892 (Plate 1). EPM 9892 contains the extension of the Paddy iron mineralisation zone which measures 2.5 km x 950m (Figure 2).

Plate 1: Outcrop of iron on EPM 9892

Along with recent ground magnetic surveys that revealed the iron mineralisation at the Paddy prospect is greater than the surface expression (Figure 3), the new survey significantly adds to the potential iron resource in the area.

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New magnetic data shows two prominent magnetic features within the central zone (Figure 4). Both features measure roughly 400m x 200m and represent a conceptual exploration target between 8Mt (based on a target of 400m x 200m x SG 5 x 20m depth) to 20Mt (400m x 200m x SG 5 x 50m depth) each. The exploration target is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

The survey also shows an area of high-magnetic intensity located north of the Paddy survey, suggesting continuity with the iron observed in the Paddy area (Figure 4).

InterMet believes the magnetite bodies in the Paddy area possibly represent small (up to 20Mt) but very high grade deposits that should only require relatively simple processing and representing potential direct shipping ore (DSO). Rock chip sampling at the Paddy prospect produced an average Fe grade of 65.7% Fe. Three samples of iron from EPM 9892 reported between 38.3 – 47.5% Fe (Figure 2), but the iron was highly weathered and is expected to be similar at depth to the iron sampled to the south.

The geology of EPM 9892 is very similar to the Paddy area and represents the potential for massive magnetite mineralisation. The ground magnetic survey has confirmed the presence of several large magnetic features which are located within the prominent zone of iron alteration evident on the aerial photography and by the iron-rich termite mounds in the area.

InterMet is planning a major drilling program on the Paddy prospect and EPM 9892 in the coming months with a view to clearly delineating the iron ore resource potential of the region. InterMet is excited by the potential revealed by existing sampling and the two magnetic surveys and believes the Project area has the potential to host several deposits of high-grade DSO iron. In addition, planned metallurgical testing will assist InterMet to fast-track exploration through to development assuming successful drilling results.

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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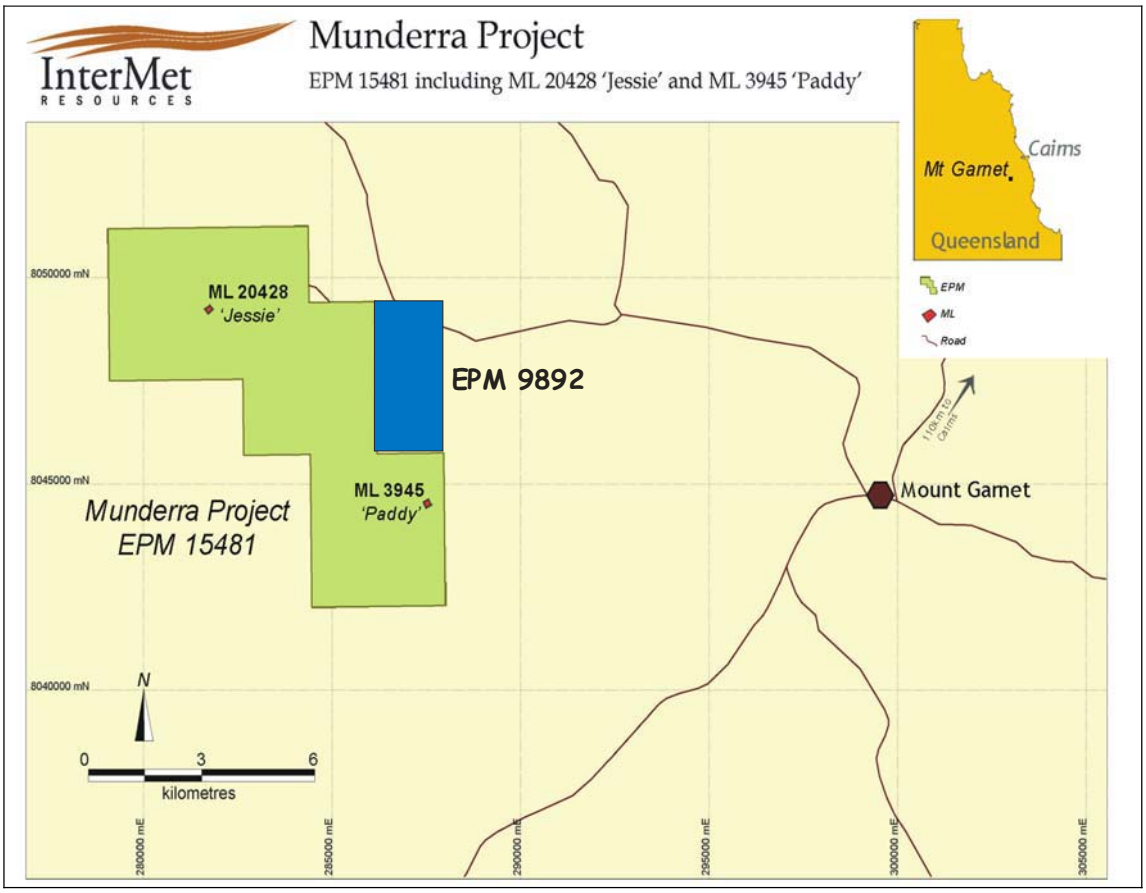

Figure 1: Location of InterMet's Munderra Project including newly acquired EPM 9892 (Blacks Creek)

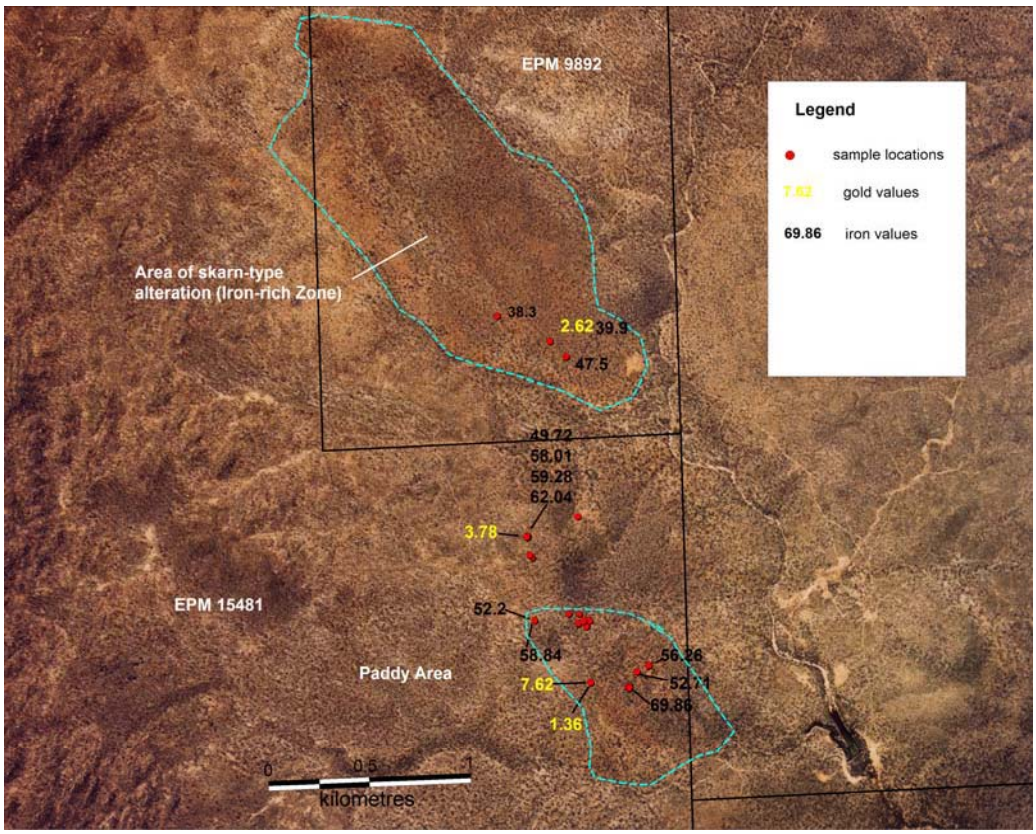

Figure 2: Location of prominent skarn alteration zone on EPM 9892 and Paddy alteration zone. Anomalous iron (% Fe) and gold (g/t or ppm) values are shown.

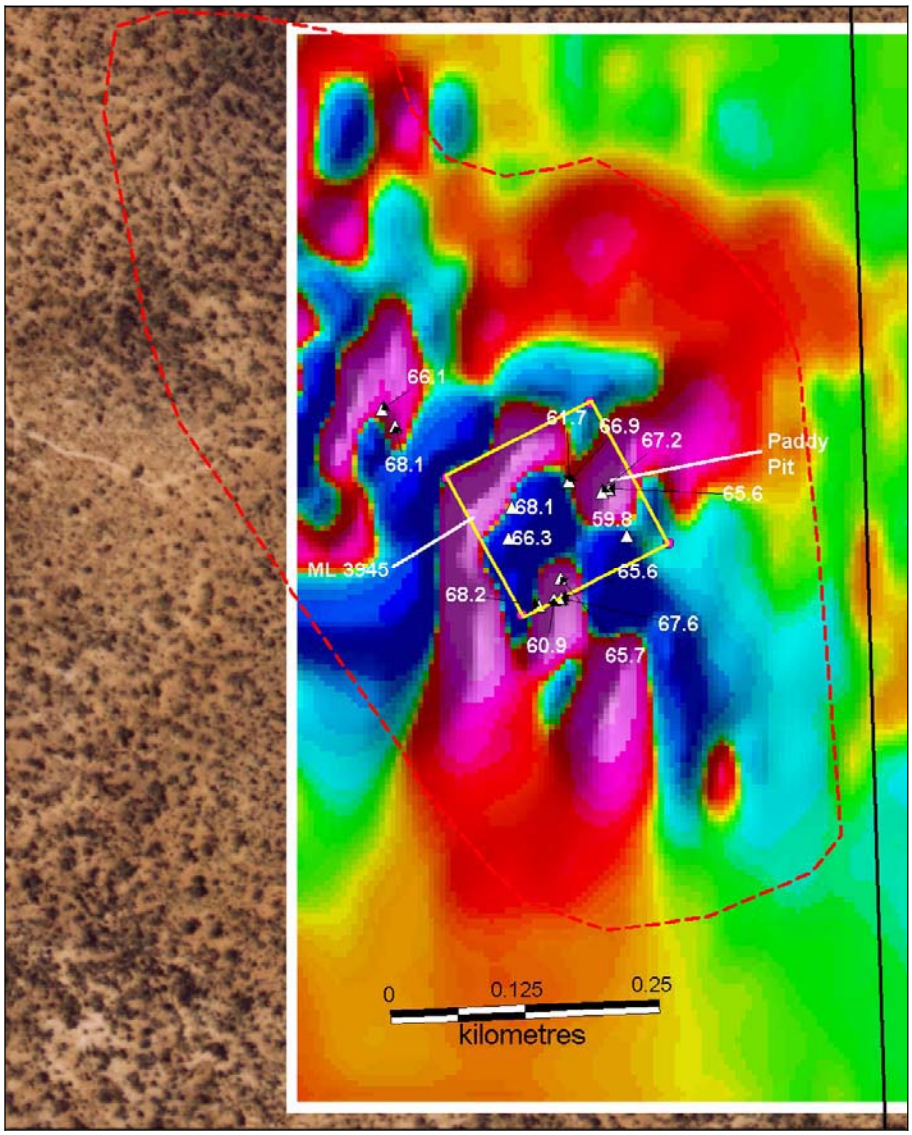

Figure 3: Previously collected magnetic data over Paddy prospect with Fe values from rock chip sampling shown.

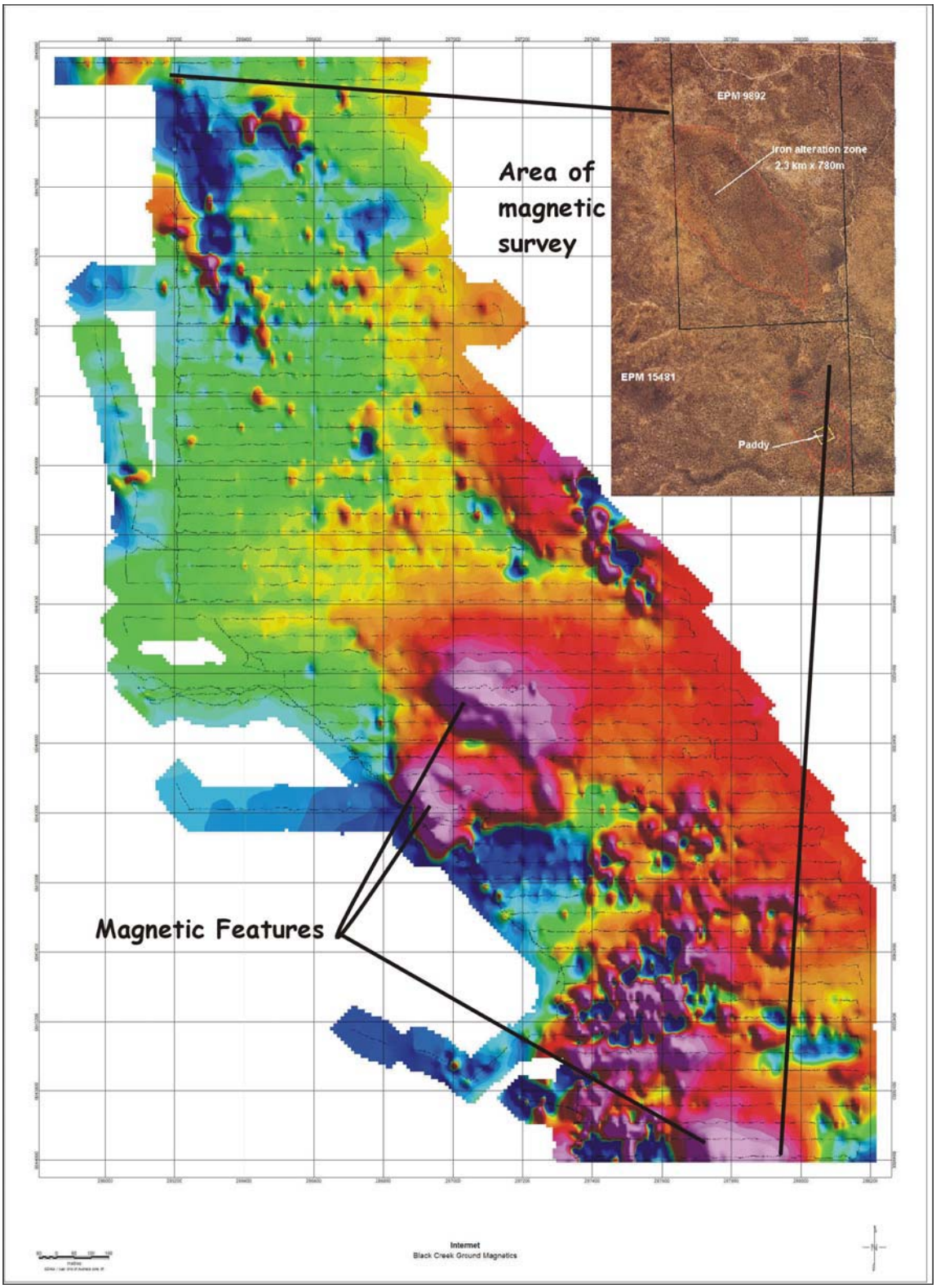

Figure 4: Preliminary image showing new magnetic data collected north of previous magnetic survey at Paddy prospect. New magnetic data defines several major magnetic features which are interpreted to represent massive magnetite similar to magnetite which crops out at Paddy prospect.