



16 May 2008

Sale of Mt Lucy Iron Ore Prospect

Highlights

- InterMet to receive \$3,830,000 in disposal of Mt Lucy iron ore prospect in northern Queensland
- Sale of Mt Lucy prospect allows greater focus on priority iron ore prospects which have recorded grades of up to 69%Fe.

Mt Lucy – MLA 20488

After four months of negotiations, InterMet Resources (ASX: ITT) is pleased to announce that on 14 May 2008, InterMet (through a wholly owned subsidiary) signed a sale and purchase agreement with Australian Jinhua Mining International Group Pty Ltd for the disposal of MLA 20488 at Mt Lucy.

InterMet previously announced on 23 October 2007, that it had signed an option agreement over MLA 20488 at Mt Lucy. Mt Lucy is an outcropping hill of magnetite which has the potential for a low tonnage iron ore deposit.

A review of the iron ore potential at Mt Lucy has determined that this project no longer forms a core asset in its North Queensland tenement portfolio in comparison to larger targets at the Company's Paddy iron ore prospect and newly acquired EPM 9892.

Under the sale and purchase agreement, a deposit of \$383,000 is payable by Australian Jinhua Mining International Group Pty Ltd to a stakeholder pending settlement within five days of the execution of the agreement. The sale and purchase is conditional on a number of matters including:

- the grant of mining lease the subject of MLA 20488
- the exercise of the option agreement by InterMet over the resultant mining lease and InterMet becoming the registered holder, and
- Australian Jinhua Mining International Group Pty Ltd completing and being satisfied, at its sole and unfettered discretion, by the results of a number of investigations in respect of the mining lease.

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If the conditions precedent are satisfied under the sale and purchase agreement, Australian Jinhua Mining International Group Pty Ltd will acquire the mining lease from InterMet and pay the balance of the purchase price being A\$3,447,000.

InterMet intends to conduct a major drilling program over its priority iron ore prospects in mid 2008, targeting extremely high grade magnetite outcrops grading up to 69%Fe within their Northern Queensland tenement portfolio. Delineation of a resource within these prospects has exceptional potential to lead to a direct shipping operation due to their high grade and close proximity to the coast.

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