Tuesday 20 May 2008

InterMet's Maiden Drilling at Percyvale Gold Project

Produces High Grade Gold Intersections up to 1 m @ 59.9 g/t

Highlights

- **Initial drill program completed at Percyvale Gold Project, northern Queensland**
- **Results including 1m @ 59.9 g/t Au and 5m @ 12.5 g/t Au have been received for first six holes at the Union Mining Lease**
- **Results from remaining holes at Percy West expected in next 1-2 weeks with follow-up drilling likely in Q3, 2008**

InterMet Resources (ASX:ITT) is delighted to announce that the first results for holes URC001 to URC006 (Figure 1) at the Company's Percyvale Gold Project in Northern Queensland. Drilling was completed on May 11 with a total of eleven holes completed for a total of 1084 metres at ML 3366 (Union) and ML 30199 (Percy West). The results received to date relate to drilling program at the Union Mining Lease (ML 3366).

Previous rock chip sampling by InterMet from ML 3366 reported 'bonanza' gold grades up to 190 g/t gold, but also very high copper grades up to 32% and silver grades up to 1970 g/t. In addition, exploration by Kidston Gold Mines Ltd (KGM) included a drill program with 12 holes drilled at 50m spacing across the lease and 8 costeans across outcropping quartz veins. KGM's drilling was aimed at providing supplementary ore for the Kidston Mine located approximately 60 km to the northeast.

KGM undertook a 950 m costeaning program[1] over the outcropping mineralised quartz veins at the Union ML with eight costeans completed. The costeans were sampled with 2 m continuous channel samples and Table 1 presents a summary of significant results. Costean UC03 over the main area of mineralisation reported 32 m @ 4.52 g/t Au and numerous anomalous intervals were reported in UC04 (see Table 1).

KGM drilled twelve RC holes for 1152 m with holes spaced on 50 m sections to test for mineralisation below the broad intercepts in the costeans. Table 2 summarises the best results which includes 2 m @ 24.3 g/t in hole PVRC02 and 6 m @ 4.77 g/t in hole PVRC08.

[1] An exploration process commonly used in determining the prospectivity of quartz veins by driving channels across the direction of a vein

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InterMet's drilling program targeted the deeper sulphide-rich ore zone. A total of 6 holes were completed at ML 3366 for 586m (Table 1).

Hole URC002 was drilled to test the main interpreted zone of mineralisation. The drill hole intersected altered granite and rhyolite with two zones of gold mineralisation reported in the assays. A zone of 5m @ 12.5 g/t Au was reported between 88-93m (including 1m @ 59.9 g/t Au from 88-89m) and a zone of 6m @ 3.63 g/t Au (see Table 2).

Hole URC001 was drilled to test the interpreted margin of the mineralised zone and confirmed the margin of the prospective rocks. The hole was targeting the margin of the conductive zone of the IP data and the results of this hole will assist planning of future drilling. All assay values for drill hole URC001 are low as was predicted.

Hole URC003 was drilled near URC002 with a view to obtaining diamond core from the base of the hole. The base was successfully cored and the core is being cut and sampled. Holes URC004 to URC006 were drilled away from the interpreted main lode to test regional rock chip sample results previously obtained. Results in these holes confirmed our geological understanding of the area, producing minor intersections of gold in URC003 and URC004 (Table 2). These holes have increased the Company's geological understanding of the area with mineralisation associated with the contact between the rhyolite and the granite. Future drilling will target this geological contact.

Commenting on the results, Managing Director Gary Ferris said "the Company is excited with the quality of results from the initial drilling program. InterMet will produce a 3D model of the ML based on the new drilling data with a view to the next drilling program to chase the high-grade zones intercepted in hole URC002".

Samples from URC002 within the main mineralised zones will be resubmitted for copper and silver analyses and the diamond core from the base of URC003 will be cut and sampled in the coming weeks. Results form these samples are expected in 4-6 weeks.

InterMet will also be undertaking a more detailed examination of selected samples which may represent zones of coarse-nuggety gold not captured by the sample splitter. Historically, the Union mine was well known for specimen gold and logging of the drill chips revealed several intersections of chalcopyrite-rich quartz and altered granite which assayed below detection.

InterMet is planning a second phase of drilling commencing during Q3 2008 aimed at testing the down-dip extent of the two mineralised zones intersected in hole URC002.

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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Table 1: Summary of significant results from Kidston Gold Mines Ltd costeaning program at Union Mining Lease

COSTEAN	FROM (m)	TO (m)	Length (m)	Au (g/t)
UC01	80	84	**4**	**1.2**
UC03	62	94	**32**	**4.52**
	96	98	**2**	**0.23**
UC04	32	36	**4**	**0.59**
	56	64	**8**	**2.27**
	128	130	**2**	**4.4**
	140	154	**14**	**2.58**
	164	166	**2**	**3.15**
	*128	172	**44**	**1.21**
UC06	28	30	**2**	**2.4**
UC07	66	70	**4**	**0.53**
UC08	8	16	**8**	**0.34**
	40	84	**44**	**0.47**

Table 2: Summary of significant results from Kidston Gold Mines Ltd drilling program at Union Mining Lease

Hole No.	FROM (m)	TO (m)	Length (m)	Grade (Au g/t)
PVRC2	44	46	2	24.3
PVRC3	6	8	2	1.66
	52	54	2	9.85
PVRC4	72	74	2	1.61
	88	90	2	1.07
PVRC5	0	2	2	1.87
	18	20	2	1.02
	22	24	2	1.19
PVRC6	18	20	2	2.2
PVRC7	28	30	2	1.95
	52	54	2	3.4
	68	74	6	1012
includes	68	70	2	1.07
and	72	74	2	2.25
PVRC8	6	12	6	4.77
PVRC9	32	34	2	2.1
PVRC10	6	8	2	1.31
PVRC11	16	18	2	2.6

Table 3: Drill hole details for ITT's drilling at Union Mining Lease (ML 3366)

Drillhole No.	AMG Easting	AMG Northing	Azimuth	Dip	RL	Total Depth (m)
URC001	790682	7897831	160	-60	220	94
URC002	790724	7897841	160	-60	220	104
URC003	790757	7897832	160	-80	220	154**
URC004	790662	7897775	160	-60	225	100
URC005	790794	7897840	160	-60	225	110
URC006	790790	7897542	170	-60	230	76
			Total metres			**586**

** *URC003 – 102m of RC with a 52m Diamond Tail*

Table 4: Table of significant results from ITT's drilling

Drill Hole No	Sample No.	Interval (m)	Result (g/t Au)
URC002	24783	88 – 89	**59.9**
URC002	24784	89 – 90	**1.1**
URC002	24785	90 – 91	0.29
URC002	24786	91 – 92	0.32
URC002	24787	92 - 93	0.14
URC002	24793	98 – 99	**2.23**
URC002	24794	99 – 100	**10.9**
URC002	24795	100 – 101	**1.7**
URC002	24796	101 – 102	**3.97**
URC002	24797	102 – 103	**2.43**
URC002	24798	103 - 104	0.53
URC003	24899	100 - 101	1.2
URC004	24993	92 - 93	0.86

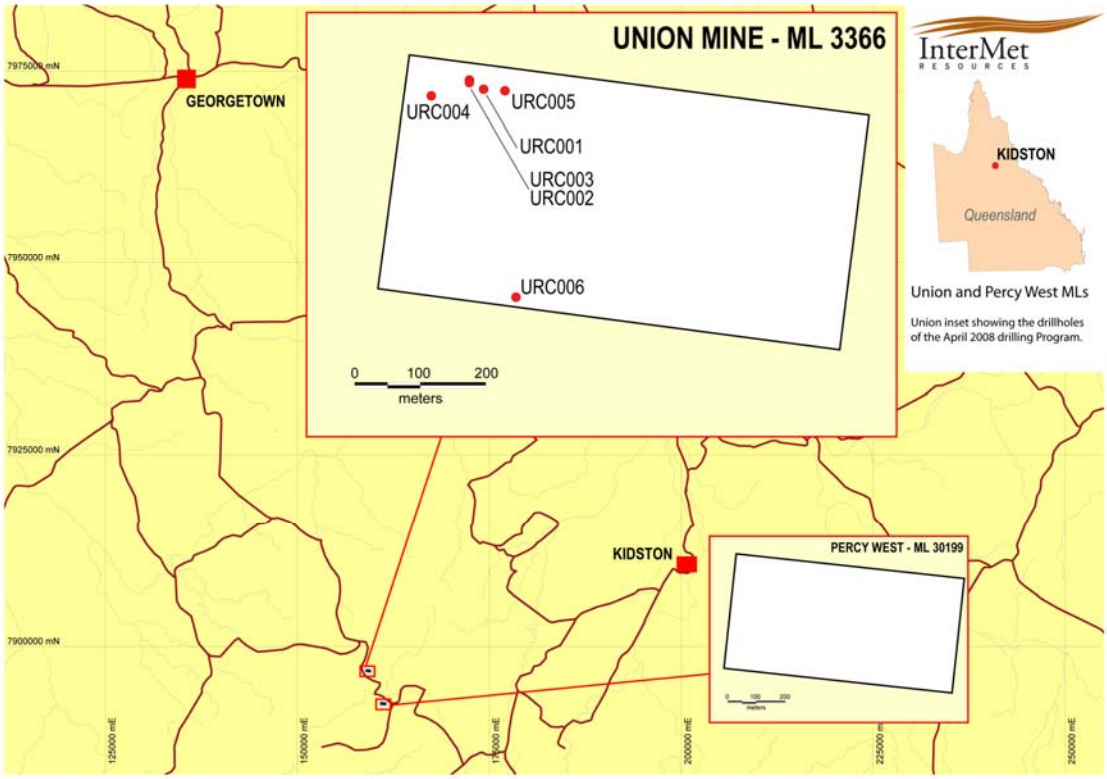

Figure 1: Location of Union (ML 3366) showing drill hole locations

Plate 1: Chalcopyrite rich drill chips from 99-100m within drill hole URC002 (assay result 1 m @ 10.9 g/t Au)