



Friday 23 May 2008

Drilling Commences at Northern Queensland Gold Project

Highlights

- **20-hole drill campaign commenced at Forsayth, west of Innisfail, Qld**
- **Targeting mineralisation based on previous rock chip sampling: gold up to 735 g/t**
- **Previous shallow drilling: grades of 3.3m @ 7.18 g/t & 2m @ 11.4 g/t**
- **Results due in four weeks**

Adelaide-based InterMet Resources (ASX:ITT) has announced that exploration drilling has commenced at the Company's Forsayth Gold project, west of Innisfail in northern Queensland. Twenty holes will be drilled on Forsayth's Canadian (ML 3326) and Goldsmiths (ML 3327) mining leases (ML's).

The drill program will target near-surface gold (<50m). Deeper drilling is also planned to determine the presence and extent of sulphide mineralisation and to aid in modelling the overall mineralisation system.

The history of the two ML's, located in the Forsayth area, 40 km south of Georgetown (Figure 1), include:

- Canadian (ML 3326) – 3,167.6 ozs of gold produced from 4,469 tonnes of ore (a grade of just under 1 oz/t Au)
- Goldsmiths (ML 3327) – 10,837 ozs of gold produced from 9,200 tonnes of ore (a grade greater than 1 oz/t Au)

Goldsmiths Mining Lease (ML 3327)

The Goldsmiths mining lease is 50 hectares in size and contains numerous small shallow pits and one larger open cut. InterMet previously collected 18 rock chip samples and gold values ranged from 0.7 to 735.6 g/t. Selected rock sample results are presented in Table 1.

Drilling was undertaken by the Leaseholders in 2001 using a small RC rig with only 11m of drill rods. Samples from this drilling were crushed on site and put into a cyanide tablet overnight. It is thought that the results reported may have potentially significantly under-reported the grades. A summary of the best drilling results are shown on Figure 2.

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A total of 10 holes are planned for the Goldsmiths Lease to verify the previous drilling results and to test the depth extent and mineralisation of the vein system. The previous drilling shows the vein system is extensively mineralised which was supported by InterMet's rock chip sampling program.

Canadian Mining Lease (ML 3326)

The Canadian mining lease is 32 hectares in size and also contains several small pits and audits. The main dump at Canadian also contains moderately abundant copper (as malachite), similar to oxide-zone mineralisation at the Union Mining Lease, where recent drilling by InterMet reported 1m @ 59.9 g/t Au within a broader zone of 5m @ 12.5 g/t in hole URC002. The gold mineralisation at Canadian appears intimately associated with sulphides (Plate 1) and if the gold is associated with chalcopyrite at depth similar to the Union, ML 3326 may contain a major high-grade mineralised system. Selected rock sample results are presented in Table 1 and a summary of the best drilling results are shown on Figure 3.

A total of 10 holes are planned for the Canadian Lease to verify the previous drilling results and to test the depth extent and mineralisation of the vein system. The previous drilling showed the consistency of grade at shallow depths and InterMet's drilling program is aimed at replicating the previous excellent results and verifying the depth extent of the mineralised system.

Summary

InterMet believes its Forsayth Project represents a significant gold exploration target and this first round of drilling is aimed at confirming the excellent drilling results previously recorded by leaseholders. InterMet's maiden 2008 drilling program will extend through the previous maximum depth of 11m to test fully the depth extent of the mineralisation system. Deeper drilling aims to verify that mineralisation is present at 20-30m.

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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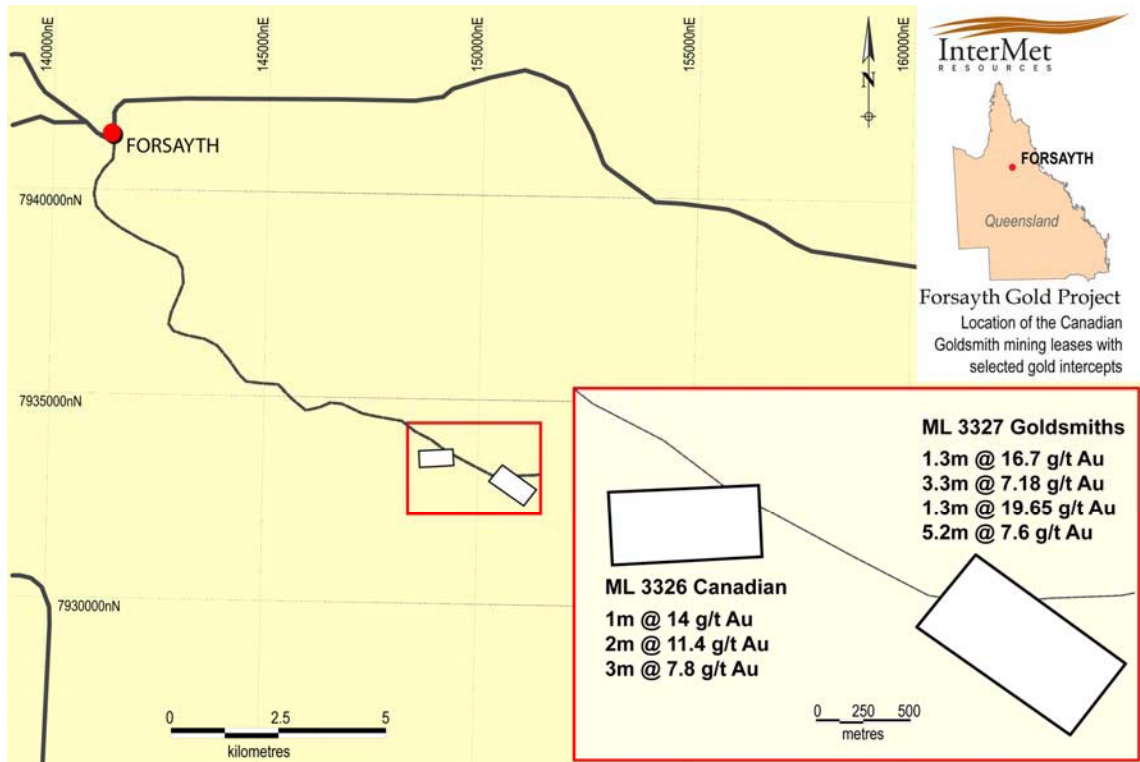


Figure 1: Location of the Canadian (ML 3326) and Goldsmiths (ML 3327) mining leases including selected best drilling results on each lease.



Plate 1: Example of Quartz-Sulphide veining seen at Canadian (ML 3326).

Sample	Location	Description	Au (ppm)
124968	Goldsmiths	Pit floor – vuggy quartz	6.2
124969	Goldsmiths	Pit wall – Iron+Quartz	3.4
124972	Goldsmiths	Creek sample within bank	116.5
124973	Goldsmiths	Tailings – Zone of sand tailings	8.8
124974	Goldsmiths	Tailings – Zone of sand tailings	9.0
124977	Goldsmiths	Small dump site – Ferruginous quartz with sulphides	77.9
124978	Goldsmiths	Small dump site – Ferruginous quartz	9.0
124979	Goldsmiths	Sample with associated copper	19.4
124980	Goldsmiths	Small diggings – Iron+Quartz	735.6
124981	Goldsmiths	Small diggings – Iron+Quartz	23.9
124982	Goldsmiths	Iron+Quartz from different part of field	1.2
124983	Goldsmiths	Ironstone capping	2.4
124984	Goldsmiths	Layer of Iron-rich siliceous cap "regolith"	3.5
124986	Canadian	White, buck quartz with sulphides	3.1
124987	Canadian	Sulphide rich zone	9.4
124988	Canadian	White, buck quartz with malachite	0.8
124989	Canadian	Iron+Quartz	10.5
124990	Canadian	Zone of quartz and sulphides (very rich sulphides)	19.6
124991	Canadian	Small Pit – Fe+Quartz	8.1
124992	Canadian	Pit – Quartz with sulphides near DH08 (2m @ 11g/t Au)	9.3
124993	Canadian	Fe+Quartz	2.0
124995	Canadian Extended	Iron-stained quartz	13.3
124996	Canadian Extended	Pit – Quartz vein within gossan	29.0

Table 1: Selected rock sample results from the Canadian (ML 3326) and Goldsmiths (ML 3327) mining leases.

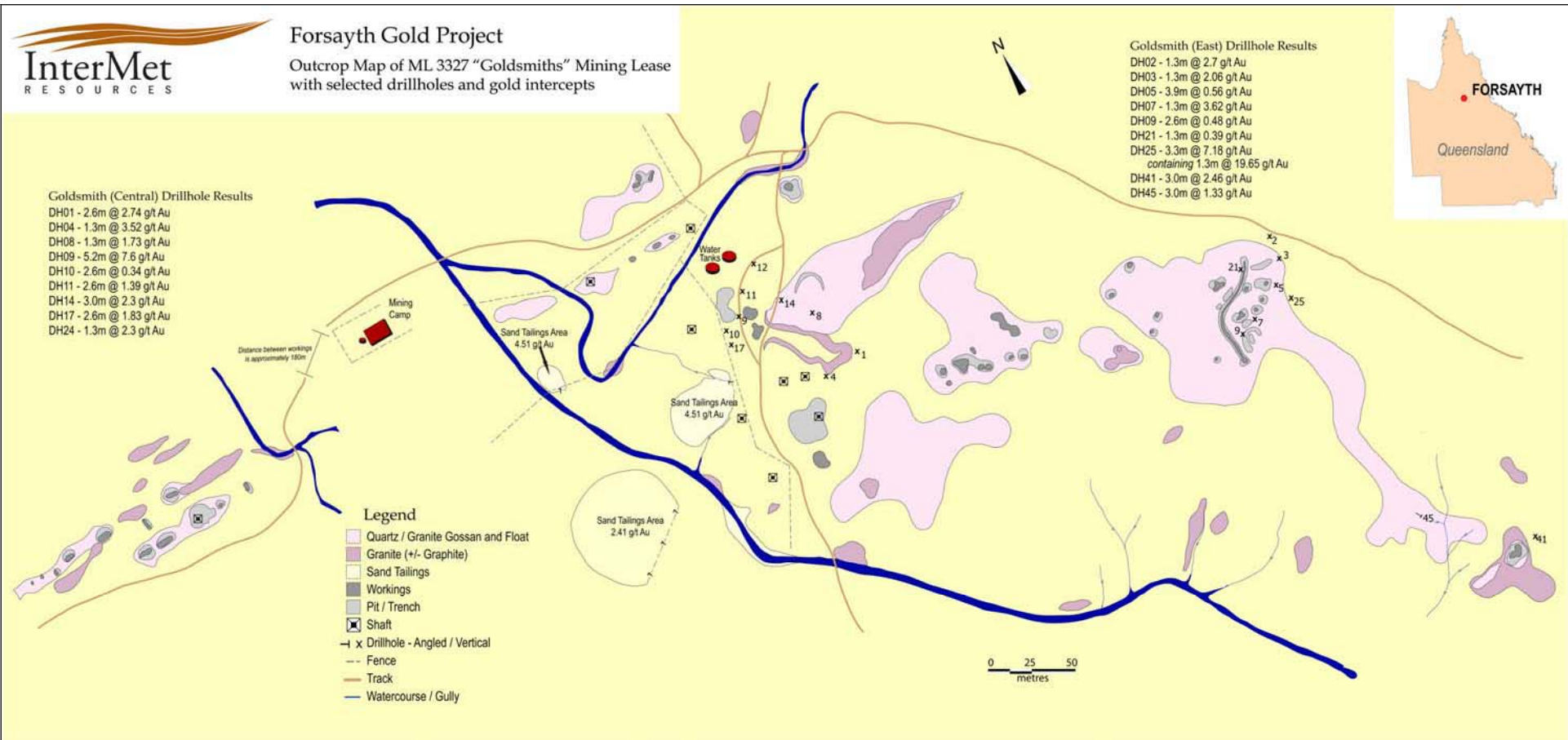


Figure 2: Geological sketch of ML 3327 Goldsmiths showing previous drilling results (note depth of drilling was <11m)

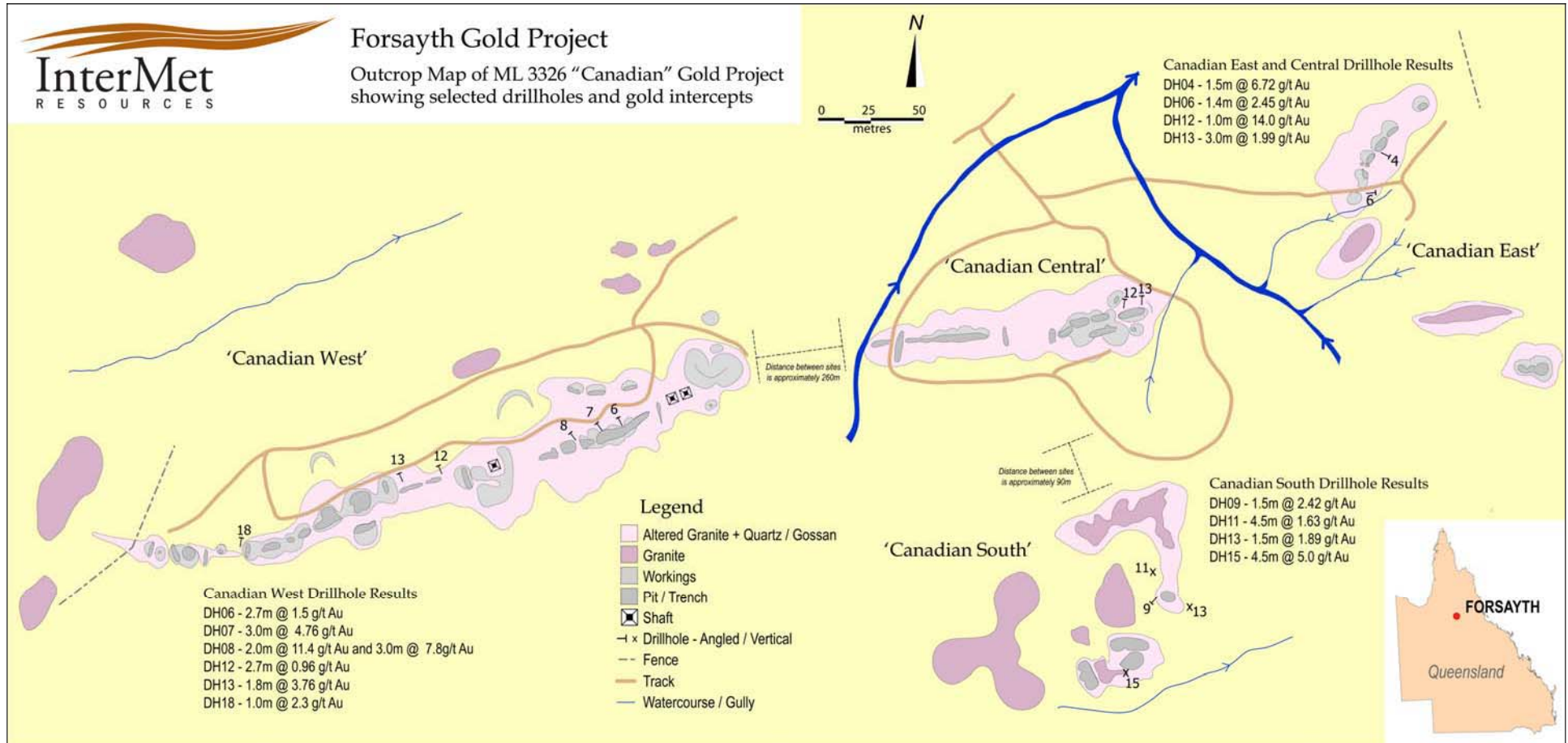


Figure 3: Geological sketch of ML 3326 Canadian showing previous drilling results (note depth of drilling was <11m)