



Wednesday 11 June, 2008

Update on capital raising and takeover response

Capital Raising

On 3 June 2008, InterMet Resources (InterMet; ASX:ITT) requested a trading halt, pending an anticipated announcement in relation to a potential capital raising. On 5 June, the company entered a period of voluntary suspension.

The purpose of the trading halt and voluntary suspension was to enable InterMet to engage in discussions with several parties about fast-tracking the financing of the company's iron ore exploration activities in northern Queensland. In the course of those discussions, the company received very strong support from a number of prospective investors interested in participating in a placement of up to 15% of the company's issued share capital.

The Company was subsequently advised that, as Hillgrove Resources Limited had previously announced a takeover bid for all of the outstanding shares in InterMet, ASX Listing Rule 7.9 has the effect of prohibiting InterMet from issuing shares, other than in limited circumstances, for a period of three months from the announcement of the takeover. The Company requested a waiver of this prohibition however this was rejected by the ASX on Friday 6 June and advised to the Company that day. Accordingly, the Company was required to procure specific legal advice on the nature and structure of capital raising that it was able to undertake.

This announcement is intended to lift the suspension of quotation of the Company's securities.

The directors are currently considering a number of financing alternatives and expect to be in a position to make an announcement in this regard in the coming weeks. Following the announcements to the ASX on 29 November 2007 and 29 January 2008 regarding spectacular iron ore grades at the Paddy prospect, there has been extremely strong interest from investors in accelerating the level of exploration activity within this asset base.

InterMet expects to announce details of its proposed drilling program, which is hoped to delineate a high grade iron ore resource which has the potential to be a direct shipping operation from their tenement position, very shortly. InterMet is aware of its continuous disclosure obligations in this regard and will continue to keep the market informed.

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Update on Hillgrove takeover bid

The directors of InterMet confirm that the Company was served with a Bidder's Statement on Monday 2 June 2008 in relation to the takeover offer previously announced by Hillgrove Resources Limited.

Due to the fact that the Company's Chairman, Mr David Archer, has a conflict of interest in relation to the Hillgrove offer (Mr Archer is also a director of Hillgrove), the InterMet Board has formed an independent committee to consider the offer comprising of Managing Director, Mr Gary Ferris and non-executive director, Dr Neville Alley (**Independent Subcommittee**).

The Independent Subcommittee is currently considering the offer and has appointed corporate and legal advisers to assist it in this regard. The Independent Subcommittee has also engaged KPMG Corporate Finance (Aust) Pty Ltd to prepare an Independent Expert's Report (**IER**) to form a view, as required by section 640 of the Corporations Act, as to whether the Hillgrove offer is fair and reasonable. The IER will also include a report prepared by an independent geologist in relation to the value of the company's exploration assets.

Further, the Company has written to Hillgrove, outlining a number of concerns that it has with the content of the Hillgrove Bidders Statement. The Company is hopeful of resolving these issues with Hillgrove shortly.

In the meantime, InterMet urges its shareholders to **take no action** until the Independent Subcommittee has had an opportunity to fully consider the offer and decide whether or not to recommend it to shareholders.

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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