



Monday 16 June 2008

Spectacular test results confirm Direct Shipping potential of InterMet Iron Project

Highlights

- **Metallurgical testing confirms Paddy Iron may be of suitable quality for direct shipping operations**
- **Magnetite of such high quality that beneficiation may not be required**
- **Paddy mineralisation is very low in phosphorous (< 0.01%) and sulphur**
- **Suggests potential for low processing capex**
- **Drilling planned to commence in five weeks on granted mining lease with positive results to lead into preliminary feasibility studies**

InterMet Resources Limited (ASX: ITT) is pleased to announce promising metallurgical testing results from a bulk sample collected from the Company's Munderra iron ore project southwest of Cairns in Queensland.

The aim of the testing was to test the grade to verify whether the iron potentially represents direct shipping ore (DSO). Surface sampling by InterMet showed the average grade was 65.7% Fe with very low phosphorous and silica (see ASX Release 29 November, 2007).

All results of the testing of the bulk sample suggest excellent recoveries, high grade and extremely low levels of impurities for the mineralisation.

The Munderra Project

The Munderra Project consists of two Exploration Permits; EPM 15481 'Munderra' and EPM 9892 'Black Creek' and two granted Mining Leases; ML 3945 'Paddy' and ML 20428 'Jessie'.

Iron in the Paddy ML outcrops out as a low hill where a pit of old workings is located. Surrounding the hill, two parallel zones of low outcropping iron trending to the west are also visible. Mineralisation takes the form of three main magnetite skarn lenses that can be mapped for up to 500m along strike and with each lense up to 50m in width.

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Sampling continually returned high levels of iron with recorded values up to 69.86% Fe. At the surface the iron is slightly weathered with the appearance of hematite along fractures but at approximately 1m depth, the iron becomes massive magnetite (Plate 1).

Previous ground magnetic data combined with InterMet's own ground magnetic survey shows a magnetic anomaly more extensive than that of the outcropping magnetite. The combined survey information delineated target zones which are scheduled for drill testing in July - August, 2008.

Iron at Black Creek (EPM 9892) is very similar to the Paddy area (Plate 2) and the ground magnetic survey has confirmed the presence of several large magnetic features located within the prominent zone of iron alteration evident on the aerial photography and by the iron-rich termite mounds in the area.

Ground magnetic survey data also shows good correlation with the rock chip results and mapping will continue on both EPMs to help define drill targets.

Metallurgical Testing Results

The 300 kilogram consignment of magnetite, from Munderra's Paddy Prospect was tested at the Nagrom facilities in Perth (<http://www.nagrom.com.au>).

(1) Sizing Analysis

The iron samples were crushed to a variety of size fractions from +2.36mm to -75µm (Table 1) with each size fraction then chemically analysed for iron, silica, aluminium, phosphorous, sulphur and loss on ignition (LOI). The results show the ore is very consistent at every size fraction tested ranging between 65.46 to 66.29% Fe. The samples all report very low phosphorous with the highest being 0.010% (Table 1).

The Paddy iron has very high lump potential and the testing shows excellent recoveries at a coarse grind size which contrasts with most conventional magnetite projects which require energy intensive fine grinding (typically finer than 45 µm).

Results of this type represent a major potential cost saving with potentially no processing on site required to upgrade the ore (similar to high grade hematite).

(2) Magnetic Characterisation

Two size fractions were tested for their magnetic characteristics. Both size fractions reported very similar results showing the ore is very homogenous with Fe within the 65-66% Fe range (Table 2). The positive LOI values and non-magnetic sample show the deposit does contain some hematite.

(3) Davis Tube Recovery

One sample was submitted for Davis Tube Recovery – a method used to categorise ore types with the results also show the homogenous nature of the ore (Table 3).

Commenting on the test results, Managing Director Gary Ferris said “the bulk sample at the Company's Paddy prospect is a remarkably homogenous product. The results are encouraging and suggest that Paddy ore has the potential as DSO”.

InterMet has a drill rig booked with a proposed start date of five weeks (mid-late July).

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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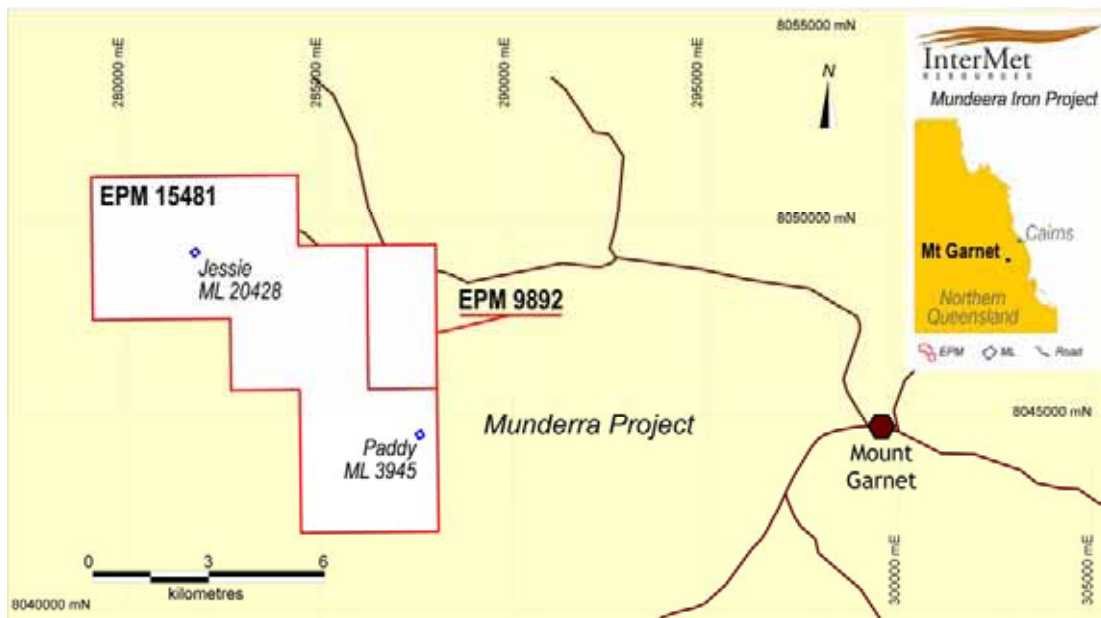


Figure 1: Location of Paddy Prospect and InterMet's Munderra Project

Table 1: Sizing analysis

SAMPLE	Weight Kg	Weight %	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	LOI %
+2.36mm	1.6	1.1	66.01	3.73	0.44	0.007	0.036	1.38
+2.00mm	10.8	7.7	65.94	3.56	0.43	0.007	0.036	1.34
+1.40mm	24.4	17.4	66.29	3.47	0.41	0.006	0.035	1.33
+1.00mm	26.2	18.7	66.19	3.48	0.41	0.010	0.040	1.32
+750µm	22.0	15.7	66.01	3.52	0.42	0.007	0.035	1.32
+500µm	5.4	3.8	65.99	3.64	0.45	0.008	0.035	1.38
+425µm	9.8	7.0	65.91	3.60	0.43	0.007	0.036	1.32
+300µm	0.4	0.3	65.99	3.54	0.46	0.008	0.035	1.24
+180µm	14.6	10.4	66.05	3.81	0.47	0.008	0.036	1.36
+125µm	6.6	4.7	65.83	3.85	0.48	0.008	0.037	1.40
+75µm	6.4	4.6	65.46	3.90	0.50	0.009	0.039	1.45
-75µm	12.2	8.7	65.24	4.13	0.56	0.010	0.041	1.55
Total	140.4	100.0						

Table 2: Magnetic characterisation (2 sample sizes)

SAMPLE	Weight g	Weight %	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	LOI %
400 Gauss -2.00+1.40mm	340.0	33.7	66.77	3.26	0.37	0.006	0.016	0.64
1000 Gauss - 2.00+1.40mm	153.1	15.2	65.33	4.55	0.40	0.007	0.031	1.22
2000 Gauss - 2.00+1.40mm	124.7	12.3	66.44	2.85	0.30	0.004	0.042	1.65
3000 Gauss - 2.00+1.40mm	264.4	26.2	66.12	3.07	0.33	0.006	0.046	1.84
4000 Gauss - 2.00+1.40mm	63.9	6.3	65.58	3.69	0.43	0.009	0.051	1.84
6000 Gauss - 2.00+1.40mm	61.9	6.1	64.59	4.47	0.62	0.016	0.057	2.18
Non Mag -2.00+1.40mm	1.9	0.2	43.60	26.30	4.15	0.054	0.083	3.90
Total	1009.9	100.0						
400 Gauss -300+180µm	350.8	38.3	66.71	3.26	0.38	0.006	0.019	0.54
1000 Gauss -300+180µm	40.5	4.4	65.01	4.93	0.44	0.009	0.031	1.27
2000 Gauss -300+180µm	90.6	9.9	65.71	3.80	0.37	0.006	0.041	1.58
3000 Gauss -300+180µm	361.4	39.4	65.19	3.92	0.47	0.009	0.048	2.08
4000 Gauss -300+180µm	64.9	7.1	64.06	4.91	0.62	0.014	0.053	2.34
6000 Gauss -300+180µm	7.7	0.8	62.85	6.08	0.85	0.020	0.062	2.68
Non Mag -300+180µm	0.6	0.1	43.38	27.71	2.46	0.041	0.057	IS
Total	916.5	100.0						

Table 3: Davis Tube Recovery on -75 µm fraction

SAMPLE	Feed g	Mags g	Mags %	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	LOI %
-75µm	30.6	8.28	27.1	67.71	2.34	0.27	0.004	0.021	0.43



Plate 1: Magnetite at the Paddy prospect (ML 3945)



Plate 2: Outcropping Magnetite on the Black Creek (EPM 9892)