



4 July 2008

FOR IMMEDIATE RELEASE

InterMet valued at \$0.41 to \$0.60 per share – REJECT Hillgrove’s Offer

HIGHLIGHTS

- InterMet valued at **\$0.41 to \$0.60 per share** (fully diluted) by Independent Expert, KPMG
- Independent Expert’s ‘assessed value’ of Hillgrove’s offer is **\$0.23 to \$0.30**, with the midpoint representing a **48% discount** to InterMet’s assessed value
- Independent Directors of InterMet recommend shareholders **REJECT** the **significantly inadequate** Hillgrove takeover offer

Introduction

InterMet Resources Limited is pleased to report the results of the Independent Expert’s Report (“IER”) prepared by KPMG Corporate Finance (Aust) Pty Ltd. The IER was required under section 640 of the Corporations Act in relation to the hostile and unsolicited takeover bid for InterMet announced by Hillgrove Resources Limited on 12 May 2008.

The all-scrip Offer by Hillgrove comprises four (4) Hillgrove ordinary shares for each five (5) outstanding InterMet shares.

InterMet has previously announced that the Independent Directors of InterMet were considering the hostile takeover offer recently made by Hillgrove.

Independent Expert’s key findings

The key findings of the IER, which also included an independent geologist’s report, are as follows:

- The “assessed fair value per fully diluted InterMet share ... is between approximately **\$0.41 and \$0.60**, with a ‘preferred value’ of **\$0.50**”;
- That assessment is based on the Expert’s conclusion that InterMet’s fair value lies “in the range of **\$29.8 million to \$44.4 million**, with a ‘preferred value’ of **\$36.5 million**”;
- The value of the consideration being offered by Hillgrove is “**\$0.23 to \$0.30** per InterMet share under the Offer, with a midpoint of **\$0.26**”;
- On that basis, the “midpoint of the consideration to be received represents a **48 percent discount** to the preferred value of an InterMet share.”
- Accordingly, the Hillgrove offer is “**neither fair nor reasonable**” to InterMet shareholders.

A copy of the IER and the Independent Geologist’s report will be provided to shareholders as part of InterMet’s Target Statement, which InterMet expects to dispatch to shareholders shortly.

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Independent Directors' recommendation

Based on the Independent Expert's findings, InterMet's prospects and a number of other concerns that InterMet's Independent Directors have in relation to the Hillgrove Offer (details of which will be provided in the Target Statement), the Independent Directors of InterMet consider the Hillgrove offer to be **significantly inadequate** and therefore unanimously recommend that InterMet shareholders **REJECT** the offer. InterMet's Independent Directors will **NOT** be accepting Hillgrove's offer in respect of any InterMet shares that they own or control.

To **REJECT** the Hillgrove offer, simply **DO NOTHING** and **IGNORE** all correspondence from Hillgrove and its advisers.

Further information about the Hillgrove offer and the above recommendation will be provided to shareholders in the Target's Statement shortly.

In the meantime, InterMet shareholders with any queries about the Hillgrove offer are encouraged to call InterMet's corporate advisers on (08) 8232 8816.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'Garry Ferris', with a long horizontal stroke extending to the right.

Garry Ferris
Managing Director