



InterMet Resources Limited

ACN 112 291 960

Third Supplementary Target's Statement

This is a supplementary target's statement issued by InterMet Resources Limited (**InterMet**) under section 644 of the Corporations Act 2001. It is the third supplementary target's statement issued by InterMet in response to a conditional off market takeover offer for the shares in InterMet by Hillgrove Resources Limited ACN 004 297 116 (**Hillgrove**). This statement supplements and is to be read together with the Target's Statement dated 4 July 2008, and lodged with ASIC and ASX on 8 July 2008 (**Target's Statement**), the first supplementary target's statement dated, and lodged with ASIC on 14 July 2008 (**First Supplementary Target's Statement**) and the second supplementary target statement dated, and lodged with ASIC on 17 July 2007 (**Second Supplementary Target's Statement**). A copy of this statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents.

This is an important document and requires your immediate attention. If you are in any doubt about what to do with this document, you should contact your broker, financial adviser or legal adviser immediately.

All capitalised terms in this third supplementary target's statement have the same meaning given to them in the Target's Statement, and the rules of interpretation in the Target's Statement also apply to this statement, unless the context requires otherwise.

INDEPENDENT DIRECTORS OF INTERMET RECOMMEND TO ACCEPT HILLGROVE OFFER

- Hillgrove now hold more than 50% of InterMet
- InterMet may now find it difficult to raise capital for its proposed exploration program and shareholders are at risk of significantly reduced liquidity in their InterMet shareholdings.
- Your Independent Directors intend to **ACCEPT** the Hillgrove Offer, in the absence of a better offer, in respect of all of the InterMet shares that they hold.
- Independent Directors recommend that, in the absence of a better offer, to **ACCEPT** the Hillgrove offer.

Dear InterMet Shareholder

We refer to Hillgrove's Offer for all of the outstanding shares in InterMet.

1. Relevant interest above 50%

On Wednesday 30 July 2008, Hillgrove gave notice to InterMet that, following the receipt of additional acceptances of its takeover Offer from InterMet shareholders, Hillgrove had increased its relevant interest in InterMet's voting shares to above 50%. As at 31 July, Hillgrove's relevant interest stood at 56.52%.

In light of Hillgrove's increase to above 50%, Hillgrove has now advised that its Offer will be automatically extended for two weeks until Wednesday 13 August 2008 under the Corporations Act.

Hillgrove has previously declared its Offer unconditional, meaning that Hillgrove will hold more than 50% of InterMet, regardless of whether it receives additional acceptances during the extended offer period.

2. Hillgrove's intentions

Hillgrove has previously stated in section 2.16 of its Replacement Bidder's Statement that if it "obtains sufficient acceptances to give it a Relevant Interest in at least 50.1% of the voting share capital of InterMet", then:

"... it will seek to ensure that a majority of Hillgrove nominees are represented on the board of directors of InterMet and work with all other InterMet Shareholders to maximise the value of InterMet. Hillgrove would seek to retain all of the current employees of InterMet, whose performance will continue to be reviewed in line with the current procedures. Hillgrove does not propose to change the name of InterMet nor move the administrative office of InterMet from where it is presently located. InterMet Shareholders should be aware that if they do not accept Hillgrove's Offer in respect of their InterMet Shares, they will become minority InterMet Shareholders after the end of the Offer Period, if Hillgrove then holds a majority of InterMet Shares but is not entitled to compulsorily acquire the remaining InterMet Shares. This issue will also be relevant to all InterMet Optionholders (other than Hillgrove) when and if they seek to exercise their respective InterMet Options."

3. Implications for InterMet shareholders

InterMet shareholders should be aware that the change of control arising from Hillgrove's Takeover Offer may have a number of implications, including the following:

- The strong investor interest that InterMet had from stockbrokers and third party investors in relation to a proposed capital raising to fund its upcoming exploration programs will be significantly diminished in light of the fact that Hillgrove now has a controlling stake in the company. This may mean that InterMet may find it difficult to raise capital from third party investors on favourable terms, meaning that its future exploration programs may be hindered;

- In light of Hillgrove's majority controlling stake and the reduced number of freely traded shares on issue, the liquidity of InterMet shares is likely to be reduced. This has the potential to adversely affect market demand for shares in InterMet and may reduce the ability of InterMet shareholders to sell their shares on market at a favourable price;
- Any InterMet shareholders who do not accept the Hillgrove Offer before the end of the extended Offer period on 13 August 2008 will remain minority shareholders alongside of Hillgrove's majority controlling stake. As a majority shareholder, Hillgrove may exert influence over the company to make decisions regarding the future direction of the Company that may be inconsistent with the interests of the minority shareholders; and
- After the expiry of the current offer, Hillgrove will not be able to acquire additional shares in InterMet unless it receives acceptances giving it a relevant interest in 90% of InterMet's shares (in which case it could trigger a 'compulsory acquisition' of the outstanding shares), or in other very limited circumstances.

Shareholders are also reminded that, as stated in the Hillgrove bidder's statement, capital gains tax rollover relief would only be available to eligible shareholders if Hillgrove acquires 80% of all InterMet Shares. If Hillgrove does not acquire 80% of all InterMet Shares, shareholders may be liable to pay capital gains tax following their acceptance of the Offer. Shareholders should refer to the Hillgrove bidder's statement for a more detailed summary of the potential tax consequences and consult their own tax advisers for their own particular circumstances.

4. **Your Independent Directors' intentions**

Bearing in mind the above factors, your independent Directors intend to:

- Accept the Hillgrove Offer, in the absence of a better offer, in respect of all of the InterMet shares that they hold;
- Continue on as independent Directors of InterMet until the end of the Offer period to ensure that the interests of InterMet's minority shareholders are protected; and
- Step down as Directors of InterMet shortly after the end of the Offer period.

5. **Recommendation to InterMet shareholders**

In light of the pending change in control in favour of Hillgrove, your independent Directors recommend that, in the absence of a better offer, that the interests of InterMet shareholders are best served by accepting the Hillgrove offer rather than remaining as minority shareholders in InterMet. If shareholders do not wish to accept the Hillgrove offer, they may consider selling their shares on market.

The independent directors would like to thank InterMet shareholders for their support since the Company listed in April 2006. During that two year period, the management team assembled an enviable portfolio of prospective exploration assets which have attracted interest from the Company's industry peers and third party investors, ultimately culminating in the Takeover Offer from Hillgrove.

This third supplementary target's statement has been approved by a resolution of the Independent Directors of InterMet Resources Limited.

Should you intend to accept the Offer and you need new Offer and Acceptance documents please contact either Mr. Geoff Stewart at Hillgrove on 02 8221 0404 or Hillgrove's share registry, Computershare on 1300 850 505.

Dated 1 August 2008

Signed for and on behalf of InterMet Resources Limited



.....
Gary Ferris
Managing Director



.....
Neville Alley
Non-executive Director