



# INTREPID MINES LIMITED RELEASES ACTIVITIES REPORT FOR THE FOURTH QUARTER

THREE AND TWELVE MONTHS TO 31 DECEMBER 2009

**29 January 2010:** Intrepid Mines Limited (ASX & TSX: IAU) (the "Company") is pleased to announce the release of its report for the quarter ended 31 December 2009 regarding mining production, development and exploration activities, as required under ASX listing Rule 5.1.1.

The documents are available on the Company's website ([www.intrepidmines.com](http://www.intrepidmines.com)), will be available shortly with Intrepid's filings on Sedar ([www.sedar.com](http://www.sedar.com)) and can be reviewed the ASX website ([www.asx.com.au](http://www.asx.com.au)).

Numbers in brackets generally describe performance for the quarter ended 30 September 2009.

All dollar values are United States Dollars unless otherwise stated.

## OVERVIEW

### Finance

- Paulsens earnings of \$3.9 million and \$31.0 million (unaudited) before interest, taxes, depreciation and amortisation (EBITDA) for the three and twelve months ended 31 December 2009 respectively.
- Exploration expenditure on the Tujuh Bukit project and Paulsens near mine regional exploration for the three and twelve months ended 31 December 2009 was \$5.5 million and \$15.2 million respectively.
- Administration expenditure, non-cash exchange rate losses, depreciation and amortisation expenditure of \$6.4 million for the three months and \$26.5 million for the twelve months ended 31 December 2009 has led to an accounting group loss after tax of \$8.1 million and \$9.9 million (unaudited) for the three and twelve months ended 31 December 2009 respectively.
- Cash balance at quarter end was \$36.5 million and \$39 million at the date of this report.

### Paulsens Operations

- Gold production of 15,810 and 75,089 fine ounces for the three and twelve months ended 31 December 2009 respectively.



## OVERVIEW (continued)

- During this period, Paulsens continued to mine from outside existing resource categories.
- Deep drill testing of the Paulsens down plunge extent has identified a high grade component to the Voyager mineralisation. The latest exploration results (announced 8 December 2009) provide positive indications that the Company is now in a position to resume gold production post the production hiatus earlier than previously expected. The Paulsens Decline development to access this new structure commenced in January 2010 and ore production from development will continue through the period of the mill shutdown.
- A new Paulsens resource statement was announced with 89,700 ounces at 13.7 grams per tonne gold in Indicated and 39,000 ounces at 11.0 grams per tonne gold in Inferred categories.
- The Company expects to produce approximately 8,000 ounces with production ceasing part way through the March 2010 quarter. Production beyond this date is dependent on mine planning and ore reserve calculations it is expected to continue through to at least the first quarter of 2011.
- Extensions of Paulsens mine life beyond this date will ultimately be dependent on further success from the ongoing resource and exploration drilling programs and converting the resource to reserves.
- Cash costs were higher for the December 2009 quarter at \$775 per ounce (prior quarter \$607 per ounce) primarily as a result of:
  - Fewer ounces produced (15,810 ounces in December 2009 vs. 19,107 ounces during September 2009 quarter) – negative impact of \$127 per ounce.
  - Recognising Paulsens employee termination entitlements-negative impact of \$31 per ounce.
  - Translating the Australian denominated cash costs into United States dollars at a much stronger exchange rate (December 2009 quarter A\$/US\$0.9102 vs. September 2009 quarter A\$/US\$0.8329) -negative impact of \$56 per ounce;
  - Partially offset by reduction in mining costs.
- Cash costs for the twelve months to 31 December 2009 at \$534 per ounce.





## OVERVIEW (continued)

### Tujuh Bukit

- As announced on 16 December 2009, the Company was unable to reach agreement on several key elements of the formal option documentation with Vale S.A. ("Vale") and the negotiations were terminated.
- The inaugural resource at Zone B was announced on 15 December 2009 and reported an Inferred Resource of 0.69 million ounces gold equivalent at a cut-off of 0.5 grams per tonne gold equivalent. This resource, together with those previously announced for Zones A and C take the aggregate oxide Inferred resource to approximately 3.3 million ounces gold equivalent from 100 million tonnes at 1.0 grams per tonne gold equivalent at 0.5 grams per tonne gold equivalent cut-off.
- Work continued on the Scoping Study for the oxide resource during the quarter. This study is expected to be completed during the second quarter.
- Follow-up drilling of the deeper copper-gold porphyry system commenced during the quarter. Previously announced intersections include GTD-35 (627.2 metres at 0.45 grams per tonne gold and 0.44% copper) and GTD-56 (226 metres at 0.72 grams per tonne gold and 0.44% copper). This drilling will contribute to the inaugural copper-gold sulphide resource later in the year.
- A new discovery called Katak was made in a production forest area. Katak is a coincident copper-gold-molybdenum soil anomaly covering an area of 650 x 500 metres, with a peak copper value in soils of 0.235% – the highest copper-in-soils response from the project. Drilling of this new discovery has commenced. It is important to note that open cut mining is allowed in production forest, so the results of this drilling will be critical to the Company's short to medium term development plans.

### FOR MORE INFORMATION

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## Competent Person


The information in this report that relates to exploration results at Taviche and Tujuh Bukit is based on information compiled by or under the supervision of Malcolm Norris, who is a member of The Australasian Institute of Mining and Metallurgy. Malcolm Norris is a full-time employee of Intrepid Mines Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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" and is a Qualified Person as defined in the Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects). Malcolm Norris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to mineral resource estimation at Tujuh Bukit is based on information compiled by or under the supervision of Dr. Phillip Hellman, who is an independent consultant to Intrepid Mines Limited. Dr Hellman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as an Independent Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and an Independent Qualified Person as defined in the Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects). Dr Hellman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Dr Hellman has undertaken independent verification sampling and assaying of drill core with a close agreement of results with those previously reported. A 40 x 40 x 6 metre block model was used for the quoted estimates.

The information in this report that relates to exploration results at Paulsens is based on information compiled by or under the supervision of Brook Ekers, (Member AIG), who is a full-time employee of Intrepid Mines Limited. Mr. Ekers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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" and is a Qualified Person as defined in the Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects). Brook Ekers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to mineral resource estimation at Paulsens is based on work completed by Mr Jonathon Abbott who is a full time employee of Hellman and Schofield Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. For the current study, Hellman & Schofield were not required to review the quality of the sampling data, or geological interpretation as Intrepid are accepting responsibility for these aspects of the estimates. Mr Abbott has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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" and is a Qualified Person as defined in the Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects). Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to exploration results at the Shyri Project is based on information compiled by or under the supervision of Terry Brace, P. Geo, Cornerstone's VP Exploration. Mr Brace has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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" and as a Qualified Person as defined in the Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects). Mr Brace consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.



### Tujuh Bukit Gold Equivalent Statement

The gold equivalent ratio for silver at Tujuh Bukit has been set at 65:1 based on \$650 per ounce gold and \$10 per ounce silver. Historical bottle roll tests have shown recoveries of 83% gold and 84.5% silver, supporting a 65:1 ratio. Recently received CIL metallurgical testing results from Zone C achieved recoveries of approximately 90% for both gold and silver at a grind of 80% passing 75 µm. Comparable recoveries for both gold and silver in the recent tests from 4 composite samples from Zone C oxide material also support the 65:1 gold equivalence ratio. It is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered.

### Taviche Project Equivalent Statement

Silver and gold equivalent calculations for the purposes of the Taviche drilling program use metal prices of \$600 per ounce for gold and \$10 per ounce for silver. Silver and gold equivalent calculations reflect gross metal content and have not been adjusted for metallurgical recoveries. The silver equivalent ratio is 60:1 (Ag:Au). It is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered.

### Quality Control

#### Tujuh Bukit


Intrepid exercises a strict chain of sample custody in its drilling program at Tujuh Bukit (Indonesia). Joint Venture personnel remove the core from the drill rig and deliver it to a project geologist who logs the core and marks the core into two metre sample intervals. Intrepid and Joint Venture personnel supervise the immediate splitting, sawing and bagging of samples, and packaging of groups of samples for dispatch to the laboratory. The remainder of the split core remains on site.

Samples are securely packaged, batched, and then transported under supervision to Intertek's laboratory facility in Jakarta. At the laboratory, the samples are prepared by crushing and pulverizing and a 30-gram charge is assayed for gold by conventional fire assay and/or atomic absorption methods. Multi-element ICP analysis is carried out using a multi-acid digestion process. All samples that contain silver and/or copper, lead, and zinc values that exceed the upper detection limits for ICP are re-analysed by conventional atomic absorption methods to determine the absolute values of these metals.

#### Paulsens

All core is logged and whole core samples (if LTK48 size, NQ2 sized core is cut and half cored) are marked and prepared for shipping at the Paulsens Mine Property and sent to an independent Laboratory for assay. The remaining half core is stored on site. All samples from which information in this document is derived were received by ALS Chemex – Australian Laboratory Services Pty (ALS) Limited in Karratha, Western Australia. Samples are weighed and crushed to 70% passing -6mm mesh. The crushed material is split and a portion is pulverised. A 100-gram pulp is sent to ALS Perth, Western Australia for assay. A 30-gram portion of the pulp is treated by fire assay method with atomic absorption finish (Au-AA25). A second pulp sample split (150-200 g) is kept in Karratha. Sample rejects are discarded after 90 days.

Limit samples (>100 grams per tonne gold) are re-analysed using ALS' dilution method (Au-DIL). Intrepid inserts one standard in each hole, and one blank is now inserted in each ore zone, although this practice has only recently been adopted. Laboratory standards and blanks are inserted by ALS and several pulp duplicates are also assayed as a determinant of mineralisation variability.



ALS has AS/NZS ISO 9001:2000 certification in Perth. This does not cover the sample preparation facilities; however these preparation laboratories follow the same quality management system. They are not audited by NCSI but are audited internally.

### Taviche

At the Taviche project samples are prepared and sent to the SGS Minerales facility in Durango, Mexico. The drill core samples are dried, crushed to 75% passing 2mm mesh and a 250-gram split is pulverized to 85% passing 75µm mesh. Prepared pulps were analysed for gold and silver by fire assay with a gravimetric finish (SGS method FAG323) in Durango. Pulps are shipped to SGS Minerals Services in Toronto, Canada for multi-element analysis using an ICP40 element package. For both the surface and drilling programs, blanks and certified reference standards were inserted into the sample stream to control the quality of sample preparation and analysis.

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This release contains certain forward-looking statements, relating to, but not limited to Intrepid's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as 'anticipate', 'believe', 'expect', 'goal', 'plan', 'intend', 'estimate', 'may' and 'will' or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future outcomes, or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects, and timing of commencement of operations and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from those expressed or implied.

Shareholders and potential investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Intrepid undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Statements relating to gold reserve and resource estimates are expressions of judgment, based on knowledge and experience and may require revision based on actual production experience. Such estimates are necessarily imprecise and depend to some extent on statistical inferences and other assumptions, such as gold prices, cut-off grades and operating costs, which may prove to be inaccurate. Information provided relating to projected costs, capital expenditure, production profiles and timelines are expressions of judgment only and no assurances can be given that actual costs, production profiles or timelines will not differ materially from the estimates contained in this announcement.