



INTREPID MINES LIMITED

## SALE OF PAULSENS GOLD MINE

### NORTHERN STAR RESOURCES LIMITED TO PAY A\$27 MILLION

**5 May 2010:** Intrepid Mines Limited (ASX,TSX:IAU) (the "Company") is pleased to report the signing of a Letter Agreement with Northern Star Resources Limited ("Northern Star") for the sale of Paulsens gold mine in Western Australia for a consideration totalling A\$27.0 million.

The Paulsens mill, which has produced in excess of 340,000 ounces of fine gold since it began operations in 2005, was placed on temporary care-and-maintenance in March 2010 during a production hiatus while underground work is underway to develop a new resource area. Gold production is expected to recommence in June 2010.

Upon completion of the transaction, Northern Star will be entitled to the economic benefit of mine operations effective 1 June 2010 and, under the terms of the Letter Agreement, will make an initial cash payment to Intrepid of A\$15.0 million on the formal completion date of the agreement, which is expected to be 30 June 2010. A further A\$1.0 million will be due for each 5,000 ounces of gold sold after milling recommences to a maximum of 60,000 ounces for A\$12.0 million.

"We are extremely pleased to have entered into this agreement with Northern Star for a number of reasons, but primarily because it will allow us to focus on our Tujuh Bukit Project in East Java, Indonesia where we will soon have six drills turning," said Intrepid's CEO, Brad Gordon. "At the same time, we are delighted to see someone else carrying on with operations at Paulsens, which has served our Company very well over the past four years but which no longer fits into our plan to develop a world class mining company."

This Letter Agreement is subject to shareholder approvals and other approvals and conditions usual to an agreement of this type.

#### About Tujuh Bukit

The Tujuh Bukit copper-gold-silver project is located in East Java, Indonesia, approximately 205km south-east of Surabaya, and 60km south-west of Banyuwangi. Intrepid, with its Indonesian partner, PT IMN, is currently conducting extensive exploration on the property. Tujuh Bukit comprises a near-surface gold-silver oxide Inferred Resource, currently estimated at 3.3Moz gold equivalent, and an underlying porphyry copper-gold-molybdenum system.

The deeper drilling has identified a very large copper-gold-molybdenum porphyry system extending over an area of at least 900 by 600 metres. Other areas of porphyry mineralisation have also been identified supporting the concept of a giant mineralised system. An inaugural resource on the copper-gold porphyry will be released in August 2010. There are currently three rigs engaged on the deep drilling program.



Additional areas of mineralisation are also known from within the 11, 600ha exploration area. Ground exploration is on-going with the objective of advancing targets to drill ready status.



#### **Forward-looking statements**

This announcement 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 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.

#### **Forestry Activities**

The Indonesian Forestry Law restricts non forestry activities within protected forests and prohibits mining using an open pit method in protected forest areas. The Zone A, Zone B and Zone C resources fall within a protected forest area. Intrepid's Alliance partner, PT IMN, is working with relevant Indonesian authorities regarding a potential review of forest land status. While similar reviews have recently led to the granting of reclassifications, there is no assurance that the forestry reclassification will take place in this instance.

#### **Qualified Person**

Information that relates to mineral resources at Tujuh Bukit is based on information compiled by or under the supervision of Neil Schofield, who is an independent consultant of Hellman and Schofield Pty Ltd to Intrepid. Mr. Schofield 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). Mr. Schofield is a member of the Australian Institute of Mining and Metallurgy. Mr Schofield consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr. Schofield has undertaken independent verification sampling and assaying of drill core with a close agreement of results with those previously reported.

The information in this announcement that relates to exploration results is based on information compiled by or under the supervision of Malcolm Norris, who is a full-time employee of Intrepid Mines Limited. Mr. Norris 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 a Qualified Person as defined in the Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects). Mr. Norris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

#### **Sample Analysis**

Intrepid exercises a strict chain of sample custody in its drilling program at Tujuh Bukit. Joint Venture personnel remove 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.



#### **Gold Equivalence Statement**

Gold equivalents: Gold equivalence ("AuEq") for Tujuh Bukit has been calculated based on a US \$650/oz gold price and US \$11/oz silver price. Metallurgical testing results achieved recoveries of app. 87% for Au and 80% for Ag. The gold equivalent grade was calculated using the following formula:  $AuEq = Au + (Ag / 65)$ . The ratio of 65:1 is derived from the relative prices and metallurgical recoveries of each metal, or  $(Au \text{ Price} \times Au \text{ Recovery}) / (Ag \text{ Price} \times Ag \text{ Recovery}) = (650 \times 0.87) / (11 \times 0.80) = 0.65$  (rounded up). It is the Company's opinion that the gold and silver included in the metal equivalent calculation have a reasonable potential to be recovered.

#### **For further information please contact:**

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