



INTREPID MINES LIMITED

SALE OF PAULSENS GOLD MINE

IMPROVED OFFER DELIVERS ADDITIONAL CONSIDERATION OF UP TO A\$13 MILLION

30 June 2010: Intrepid Mines Limited (ASX, TSX: IAU) ("Intrepid") is pleased to advise that it has reached agreement with Northern Star Resources Limited ("Northern Star") for the sale of Paulsens gold mine in Western Australia ("Pulsens") for a consideration which now totals up to A\$40 million.

The improved offer recognises the concerns of Intrepid directors, which led to an earlier recommendation to sell Paulsens for A\$27 million being reversed. The revised offer delivers an acceptable return for the additional life of mine forecast production identified and the improved gold price.

The purchase consideration of up to A\$40 million is structured as follows:

1. a cash payment of \$15 million payable upon completion of the transaction;
2. plus an additional cash payment of \$3 million, payable in two equal instalments, upon completion of the transaction and on 31 October 2010;
3. a royalty of \$200 for each ounce of gold sold from 1 June 2010, subject to a maximum of 51,000 ounces of gold;
4. plus an additional royalty of \$135 for each ounce of gold sold from 1 June 2010, subject to a maximum of 51,000 ounces of gold;
5. a top-up cash payment of \$2.5 million contingent upon gold production totaling 57,500 ounces
6. plus an additional top-up payment of \$2.5 million contingent upon gold production totaling 62,500 ounces.

Intrepid also has an option to purchase the Paulsens plant and infrastructure for \$1 in the event that gold production of 62,500 ounces is not achieved or the top-up cash payments are not made. In either circumstance, Northern Star assumes liability for closure and rehabilitation costs estimated at \$5 million, which Intrepid would otherwise have incurred.



Upon completion of the transaction, Northern Star will be entitled to the economic benefit of mine operations effective 1 June 2010. Completion is expected to occur on 30 July 2010. A break fee of \$400,000 is payable if the shareholders of either company fail to approve the transaction.



Brad Gordon, Intrepid's CEO, commented: "We are pleased that we have been able to negotiate a variation to the agreement with Northern Star which addresses valuation issues arising from changed market conditions and the amended Paulsens production profile, while preserving the agreement to sell the asset. We are now working with Northern Star to ensure completion of the transaction in a timely manner, to allow our team to focus on progressing our Tujuh Bukit Project in East Java, Indonesia."

This revised agreement remains subject to shareholder approvals and other approvals and conditions usual to an agreement of this type. The Intrepid shareholder meeting to approve the transaction is scheduled to take place on 21 July 2010, in Brisbane.

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.

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