Intrepid Mines Limited
ABN 11 060 156 452

Annual financial report for the year ended 31 December 2008

Expressed in United States dollars unless otherwise stated

Dated: 24 February 2009

Directors' report
for the year ended 31 December 2008

Your directors present their report on the Consolidated entity consisting of Intrepid Mines Limited ('the Company' or 'Intrepid') and the entities it controlled at the end of, and during, the year ended 31 December 2008.

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Directors' report
for the year ended 31 December 2008

DIRECTORS

The names and details of directors who held office during the year ending 31 December 2008 and up to the date of this report (unless otherwise stated), are:

Colin G. Jackson (aged 60) MSc, BSc (Hons), Grad Dip Bus Admin, DIC
Chairman, Non-Executive Director
Appointed December 2003

Mr Jackson is a metallurgist/mineral process design engineer graduate of Birmingham University and Royal School of Mines, Imperial College, London University.

After ten years' mine design and operating experience with Selection Trust Limited and RGC Limited, Mr Jackson became a Director of Research and Corporate for McIntosh Securities Ltd (now known as Merrill Lynch Australia) where he raised equity for a significant number of gold companies, including Kidston Gold Mines and Placer Pacific Limited IPOs, over a twelve year period. His next eight years were dedicated to communications and investor relations roles at Newcrest Mining Limited and Normandy Mining Limited where he was Group Executive Corporate.

Mr Jackson is non-executive Chairman of Red 5 Limited and a non-executive director of EIM Capital Managers Pty Limited. Mr Jackson was a non-executive director of Terramin Australia Limited from October 2003 to December 2005, a role he relinquished to become Chairman of that company's technical committee.

Mr Jackson is a non-executive director, Chairman of the Board and is currently the Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.

Brad A. Gordon (aged 46) BSc (Min.Eng) MBA
Chief Executive Officer and Managing Director
Appointed director March 2008

Mr Gordon was appointed to the Board of Intrepid Mines Limited on 11 March 2008. He has more than 10 years' experience in senior management positions in the gold industry in Australia, PNG and Fiji. Most recently employed as Managing Director of Placer Dome Niugini Ltd and prior to that as General Manager of Porgera, Mr Gordon has also held General Manager or Operations Manager roles at Kalgoorlie West for Aurion Gold, Kanowna Belle for Delta Gold, Leonora for Sons of Gwalia and Vatukoula and Tuvatu for Emperor Mines Limited.

Mr Gordon is an executive director, and a member of the Safety and Social Responsibility Committee.

Laurence W. Curtis (aged 61) PhD, P.Geo
Non-Executive director
Appointed director July 2006 (resigned as executive director in June 2008)

Mr Curtis is a geologist with over thirty five years' international experience in the natural resource sector with direct experience in Africa, Greenland, North, South and Central America, and in the Pacific. Mr Curtis has spent over fifteen years working in the Caribbean Basin and has been responsible for several epithermal discoveries during this time. He was President of Curtis & Associates, a mineral resource consulting firm, from 1980 to 1996. Mr Curtis founded Intrepid Minerals Corporation in 1995 and was President, CEO and director for eleven years. Mr Curtis is a member of the Association of Professional Geoscientists of Ontario and is currently a director of Alturas Minerals Corporation.

Following the merger with Emperor Mines Limited, Mr Curtis stepped down as executive director on 30 June 2008. Mr Curtis has remained as a non-executive director, and is currently a member of the Safety and Social Responsibility Committee.

Directors' report
for the year ended 31 December 2008

DIRECTORS (continued)

Kevin A. Dundo (aged 56) LLB, B.Com, FCPA
Non-executive director
Appointed director April 2002

Mr Dundo practises as a lawyer in Perth. He specialises in the commercial and corporate areas (in particular, mergers and acquisitions) with experience in the mining sector, the service industry and the financial services industry.

Mr Dundo is a member of the Law Society of Western Australia and the Law Council of Australia, a Fellow of the Australian Society of Certified Practising Accountants and a member of the Australian Institute of Company Directors. He is a non-executive director of Imdex Limited and ComputerCorp Limited. Mr Dundo gained a Bachelor of Commerce from the University of Western Australia and a Bachelor of Laws from the Australian National University.

Mr Dundo is a non-executive director and is currently a member of the Remuneration and Nomination Committee.

Robert J. McDonald (aged 58) B.Com, MBA (Hons)
Non-executive Director
Appointed director March 2008

Mr McDonald was appointed to the Board of Intrepid Mines Limited on 11 March 2008. He is currently the Principal of the Minera Group and is a Non-Executive Director of Sedgman Limited. He was previously a Managing Director of NM Rothschild & Sons (Australia) Limited and a Principal of Resource Finance Corporate, and prior to that held various roles within the Rio Tinto Group. Mr McDonald has more than 30 years' broad mining industry experience.

Mr McDonald is a non-executive director, Chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

Ian McMaster (aged 60) AM BE (Metallurgy) ME
Non-executive Director
Appointed director March 2008

Mr McMaster was appointed to the Board of Intrepid Mines Limited on 11 March 2008. Mr McMaster served as Chief Executive Officer of CSR Sugar from 1999 until 2006, and prior to that held various senior management roles over a thirty year career with BHP. He holds a Masters in Engineering awarded by the University of Newcastle, and was made an Honorary Fellow of the University of Wollongong in 1996.

Mr McMaster is a non-executive director, Chairman of the Safety and Social Responsibility Committee and a member of the Audit and Risk Committee.

Alan Roberts (aged 64) B.Sc (Hons) Applied Mineral Sciences, F Aus IMM
Non-executive Director
Appointed director November 2008

Mr Roberts was appointed to the Board of Intrepid Mines Limited on 11 November 2008. He served as Managing Director of Indophil NL from 2003 until 2004, and prior to that was Chief Executive Officer of Lihir Gold, from 1999 to 2002. He has also held various senior management roles with Rio Tinto over a forty year career in the mining industry. Mr Roberts is currently Chairman of Ok Tedi Mining Limited and a member of the Investment Committee of Taurus Investment Fund. He holds an Honours degree in Applied Mineral Sciences awarded by the University of Leeds in England and is a Fellow of the Australian Institute of Mining and Metallurgists.

Mr Roberts is a non-executive director.

Directors' report
for the year ended 31 December 2008

DIRECTORS (continued)

David D. Davidson (aged 59) MSc, MBA
Non-executive director
Mr Davidson was a non-executive director, Chairman of the Risk Committee, and a member of the Remuneration Committee. Mr Davidson filled the vacancy on the Audit Committee that was created on Mr Vanin's retirement from the Board. Mr Davidson was a non-executive director from July 2006 until his retirement from the Board on 11 March 2008 to facilitate the merger with Emperor Mines Limited.

Brett T. Lambert (aged 48) BSc (Mining Eng), MAusIMM
Non-executive director
Mr Lambert joined the Company in February 2004 as General Manager and was responsible for bringing the Paulsens Gold Mine into production. He was appointed Chief Executive Officer of NuStar Mining Corporation Limited in April 2005 and became an Executive Director and Chief Operating Officer of the post merged Company in July 2006. Mr Lambert retired as an executive of the Company in March 2007 and became a non-executive director at this time. Mr Lambert was a director from July 2006 until his retirement from the Board on 11 March 2008 to facilitate the merger with Emperor Mines Limited.

David V. Mosher (aged 62) BSc
Non-executive director
Mr Mosher was a non-executive director, and a member of the Strategy, Risk Management, and Nomination Committees. Mr Mosher filled the vacancy on the Audit Committee that was created on Mr den Dryver's retirement from the Board in May 2007. Mr Mosher was a non-executive director from July 2006 until his retirement from the Board on 11 March 2008 to facilitate the merger with Emperor Mines Limited.

COMPANY SECRETARY

Vanessa Chidrawi, B.Com, LLB
Appointed Company Secretary March 2008
Ms Chidrawi was appointed Company Secretary and General Counsel on 11 March 2008. Ms Chidrawi had 12 years' private practice experience in commercial law and litigation, practising for her own account in Johannesburg. Ms Chidrawi was General Counsel for Emperor Mines Limited from May 2006 and Company Secretary from June 2007. Prior to joining Emperor Mines Limited, Ms Chidrawi acted as legal consultant to DRD Gold Limited, project-managing Emperor's acquisition of DRD Gold's PNG assets.

Kathleen E. Skerrett, B.Com, LLB
Appointed Canadian Corporate Secretary July 2006
Ms Skerrett has been a Partner with Gardiner Roberts LLP since February 2005. Ms Skerrett was Corporate Secretary to Intrepid Minerals Corporation prior to the Nustar merger in July 2006 and subsequently accepted the role with Intrepid Mines Limited.

Derek J. Humphry, B.Com, ACA
Mr Humphry was Company Secretary from December 2004 until his retirement from the position on 17 March 2008 to facilitate the merger with Emperor Mines Limited.

PRINCIPAL ACTIVITIES

The principal continuing activities of the Consolidated entity during the year ended 31 December 2008 were the operation of the Paulsens Gold Mine in Australia and exploration of its international areas of interest.

Directors' report
for the year ended 31 December 2008

MEETINGS OF DIRECTORS

The meetings of the Company's Board of directors held during the year ended 31 December 2008, and the numbers of meetings attended by each director were:

Directors during the year ended 31 December 2008	Full meetings of directors		Audit Committee		Remuneration Committee		SSRC Committee	
	A	B	A	B	A	B	A	B
C. Jackson	27	27	5	5	3	3	*	*
B. Gordon	18	18	*	*	*	*	3	3
A. Roberts	1	1	*	*	*	*	*	*
I. McMaster	18	18	5	4	*	*	3	3
K. Dundo	27	27	*	*	3	3	*	*
L. Curtis	27	26	*	*	*	*	3	3
R. McDonald	18	18	5	5	3	3	*	*
D. Davidson	9	9	-	-	-	-	*	*
B. Lambert	9	9	*	*	*	*	*	*
D. Mosher	9	9	-	-	*	*	*	*

A = Number of meetings held during the time that the director held office or was a member of the committee during the year.

B = Number of meetings attended in person or by conference call.

***** = Not a member of the relevant committee.

PRESENTATION CURRENCY

The Company has an international profile and has elected to adopt United States (US$) dollars as its presentation currency for financial reporting purposes. All dollar values in this report are expressed as US dollars unless noted otherwise. All Australian dollar references are noted by 'A$' and Canadian dollar references are noted by 'C$'. For the purposes of the Directors' report and the included Remuneration report all translations have been completed using the period average exchange rates provided below:

	A$: US$	C$: US$
Average rate of exchange for the year to 31 December 2008	0.8532	0.9351
Average rate of exchange for the year to 31 December 2007	0.8349	0.9299
For readers' reference:		
Rate of exchange at 31 December 2008	0.6912	0.8205
Rate of exchange at 31 December 2007	0.8738	1.0199

RESULTS OF OPERATIONS

The consolidated loss after tax for the year ended 31 December 2008 attributable to members of the Company was $42,704,000 (31 December 2007: loss after tax of $30,356,000).

REVIEW OF OPERATIONS

Information on the operations and financial position of the Consolidated entity is set out in the Management's Discussion and Analysis for the year ended 31 December 2008.

Directors' report
for the year ended 31 December 2008

DIVIDENDS

No dividends were paid in the current year (December 2007: nil). The directors do not recommend the payment of a dividend.

SIGNIFICANT CHANGES IN THE STATE AND AFFAIRS

January	• 23 percent resource expansion at Casposo.
February	• Merger update and announcement of sale of Tolukuma Gold Mines by Emperor.
	• Paulsens extension drilling results released.
March	• Drilling results for Taviche Project at Oaxaca Mexico released.
	• Court approves scheme of arrangement for Intrepid / Emperor merger.
	• Intrepid and Emperor merger completed.
April	• Underground drilling points to mine life extension at Paulsens.
May	• Westpac Project Debt facility extinguished 6 months ahead of schedule.
	• Copper/Gold Porphyry intersected at Tujuh Bukit.
	• Positive Gold-Silver results on newly acquired Alma Delia Property and East Taviche-Mexico.
June	• Laurence Curtis steps down as President.
July	• Decision to proceed with development of Casposo project.
	• Significant Copper/Gold Porphyry intersected at Tujuh Bukit.
	• Tujuh Bukit- 1.1 million ounce gold equivalent Inferred Resource at Zone C
August	• Award of Engineering and Procurement Services Contract for the Casposo project.
October	• Decision to postpone the construction of the Casposo Project.
November	• Mr Alan Roberts appointed Director
December	• Tujuh Bukit- 1.47 million ounce gold equivalent Inferred Resource at Zone A
	• Final delivery against hedge position

MATTERS SUBSEQUENT TO THE END OF THE YEAR

There have been no events subsequent to balance date which would have a material effect on the Group's financial statements at 31 December 2008.

LIKELY DEVELOPMENTS

Likely developments which may prejudice the Company by disclosure have not been disclosed.

Directors' report
for the year ended 31 December 2008

DIRECTORS' INTERESTS

Particulars of directors' interests and of persons connected with them (within the meaning of section 34b of the *Corporations Act 2001*) in shares of the Company as at the date of this report are as follows:

Directors	Number of shares*	Number of options
C. Jackson	52,084	-
B. Gordon	235,294	470,588
A. Roberts	-	-
I. McMaster	470,588	-
K. Dundo	700,000	-
L. Curtis	549,834	-
R. McDonald	847,059	-
D. Davidson	N/A	240,000
B. Lambert	N/A	-
D. Mosher	N/A	140,000

* includes exchangeable shares held in Intrepid NuStar Exchange Corporation.
N/A=data not available.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Consolidated entity has conducted exploration and development activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The Consolidated entity aims to ensure a high standard of environmental care is achieved, and as a minimum, to comply with relevant environmental regulations. There have been no known material breaches of any of the environmental conditions.

REMUNERATION REPORT-AUDITED

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration.
B. Details of remuneration.
C. Service agreements.
D. Share-based compensation.

All remuneration is presented in United States dollars. Reported remuneration is paid in Australian or Canadian dollars. These currencies have been translated using the rates disclosed in the Presentation Currency section of the Directors' report.

Directors' report
for the year ended 31 December 2008

A. *Principles used to determine the nature and amount of executive remuneration (audited)*

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. Currently, remuneration is based on industry standards and set to attract qualified and experienced people. The Board takes advice on industry remuneration standards through consultation with external agents. Other than the Intrepid Mines Limited Employees' Option Scheme and short-term and long-term performance incentives noted below, remuneration is not linked to the performance of the Company.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Chairman is not present at any discussions relating to determination of his own remuneration. There are no retirement allowances for non-executive directors. The Intrepid Mines Limited Employees' Option Scheme currently specifically excludes non-executive directors from participation.

The current arrangements are for the Company's chairman to receive an annual fee of A$120,000 plus compulsory superannuation, with non-executives paid A$70,000 per annum plus compulsory superannuation. Committee fees of A$5,000 for committee chairmen and A$3,000 for committee members apply for directors other than the Company Chairman.

For 2009 there will be no increase in fees paid to individual directors. Although directors will continue to receive the same quantum of fees as before, a minimum of 50% of each Australian-based director's remuneration will now be paid by way of Company shares. This is subject to shareholder approval at the Company's Annual General Meeting in May 2009.

Executive pay

The executive pay and reward framework has five components:

- Base pay.
- Non-financial benefits.
- Superannuation.
- Long-term incentives are linked to the performance of the Company through participation in the Intrepid Mines Limited Employees' Option Scheme (the Intrepid Mines Limited Employees' Option Scheme currently specifically excludes directors including executive directors from participation).
- Short-term performance incentives.

Base pay

Executives are offered a competitive base pay that comprises the fixed cash component of pay and rewards. External remuneration consultants provide analysis and advice to ensure the base pay for the CEO is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually and benchmarked against comparable executive roles to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any senior executives' contracts.

Non-financial benefits

Executives may receive non-financial benefits including rental assistance, car parking, health, life, personal accident and salary continuance insurances.

Superannuation

Superannuation contributions are made to employees' chosen superannuation fund in accordance with the regulatory requirements of each jurisdiction.

Directors' report
for the year ended 31 December 2008

Long-term incentives

The purpose of the Long Term Incentive Plan for the CEO and Executives is to create alignment amongst key executives with longer term shareholder interests. The Board has determined that given the nature of Intrepid's business and the long term focus on growth it will provide a significant portion of the remuneration for key executives through equity in Intrepid. The Board is guided by the principles laid out in the Intrepid Mines Limited Executive Remuneration Policy.

Short-term incentives

The Remuneration Committee is responsible for assessing short term incentives for key management personnel. Employment Agreements establish the short-term incentive measures applicable to an executive. Key Performance Indicators are set annually for executives and results are assessed by the Remuneration Committee in conjunction with the Chief Executive Officer. To help make this assessment, the Committee receives a variety of detailed reports and presentations on every aspect of the performance of the business from management, and external remuneration consultants.

The short term incentive plan entitles members of the leadership team to receive an annual bonus of up to 30% of each member's Total Fixed Remuneration. The allocation of the annual bonus will be on the basis of both Company performance and individual performance, weighted 40% to relative Company performance and 60% to individual key performance indicators as determined by the Board in consultation with the Company's Chief Executive Officer.

B. *Details of remuneration (audited)*

Details of the remuneration of the directors and key management personnel of the Company and the Consolidated entity are set out in the following tables.

Twelve months to 31 December 2008

Non-executive directors of Intrepid:

	Short-term benefits	Post-employment benefits		
Dec 2008	**Cash salary and fees $**	**Superannuation $**	**Retirement Benefits $**	**Total $**
C. Jackson	94,876	8,699	-	103,575
K. Dundo	55,458	5,098	-	60,556
R. McDonald(1)	49,912	4,492	-	54,404
I. McMaster(1)	49,912	4,492	-	54,404
A. Roberts(2)	8,287	746	-	9,033
B. Lambert (3)	27,568	837	-	28,405
D. Davidson (3)	57,305	509	-	57,814
D. Mosher(3)	57,305	509	-	57,814
Total	**400,623**	**25,382**	**-**	**426,005**

(1) Mr McMaster and Mr McDonald were appointed directors on 11 March 2008.

(2) Mr Roberts was appointed a director on 11 November 2008.

(3) Mr Lambert, Mr Davidson and Mr Mosher retired from the Board on 11 March 2008 to facilitate the merger with Emperor Mines Limited. Short- term benefits include advisory services fees paid post retirement from the Board.

Directors' report
for the year ended 31 December 2008

Executive directors of Intrepid:

Dec 2008	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus[3] $	Short-term benefits: Non-monetary benefits $	Post-employment benefits: Super-annuation $	Termination benefits $	Share-based payments: Options $	Total $	S300A(1) (e)(i) proportion of remuneration performance related %	S300A(1) (e)(vi) Value of options as proportion of remuneration %
B. Gordon *Chief Executive Officer*[1]	277,978	70,261	121,121	25,018	-	26,766	521,144	13.5%	5.1%
L. Curtis [2]	172,252	-	931	1,916	782,482	-	957,581	-	-
Total	**450,230**	**70,261**	**122,052**	**26,934**	**782,482**	**26,766**	**1,478,725**	**-**	**-**

(1) Mr Gordon was appointed a director on 11 March 2008.
(2) Following the merger with Emperor Mines Limited, Mr Curtis stepped down as executive director on 30 June 2008. Mr Curtis has remained as a non-executive director.
(3) Cash bonus for December 2008 year paid in January 2009.

Directors' report
for the year ended 31 December 2008

Other key management personnel of Intrepid and Consolidated entity:

Dec 2008	Short-term benefits			Post-employment benefits		Share-based payments			
	Cash salary and fees $	Cash bonus[4] $	Non-monetary benefits [1] $	Super-annuation $	Termination benefits $	Options[2] $	Total $	S300A(1) (e)(i) proportion of remuneration performance related %	S300A(1) (e)(vi) Value of options as proportion of remuneration %
D. Russell *GM Paulsens (appointed May 2008)*	149,158	19,431	12,566	14,916	-	49,275	245,346	7.9%	20.1%
F. Bourchier *VP Ops & Bus Development Americas (appointed March 2008)*	303,908	34,392	18,385	1,916	-	89,255	447,856	7.7%	19.9%
M Norris *EGM Exploration & New Business (appointed March 2008)*	204,314	54,357	51,097	18,388	-	106,546	434,702	12.5%	24.5%
S. Smith *Chief Financial Officer (appointed August 2008)*	165,571	22,354	10,470	10,238	-	43,800	252,433	8.9%	17.4%
V. Chidrawi *General Counsel & Co Secretary (appointed March 2008)*	191,269	41,238	15,449	17,214	-	86,785	351,955	11.7%	24.7%

Directors' report
for the year ended 31 December 2008

	Short-term benefits			Post-employment benefits		Share-based payments			
Dec 2008	**Cash salary and fees $**	**Cash bonus[4] $**	**Non-monetary benefits [1] $**	**Super-annuation $**	**Termination benefits $**	**Options[2] $**	**Total $**	**S300A(1) (e)(i) proportion of remuneration performance related %**	**S300A(1) (e)(vi) Value of options as proportion of remuneration %**
Former key management personnel									
A. Candelario *Vice President, Investor Relations (resigned June 2008)*	50,351	-	931	1,916	64,288	-	117,486	-	-
B. Gill *Chief Financial Officer (resigned May 2008)*	82,788	-	6,878	5,986	-	-	95,652	-	-
D. Humphry *Chief Financial Officer & Company Secretary (resigned April 2008)*	75,366	-	1,351	7,537	272,843	7,190	364,287	-	2.0%
D. McLean *Treasurer* *(resigned January 2009)*	129,044	-	4,064	1,916	239,269	5,392	379,685	-	1.4%
K. Skerrett Canadian Corporate Secretary [3]	-	-	-	-	-	3,595	3,595	-	N/A
R. Jacobs *General Manager* *Paulsens Gold Mine* *(resigned April 2008)*	80,258	-	1,030	8,026	217,140	10,114	316,568	-	3.2%
W. McGuinty *Vice President, Exploration* *(resigned August 2008)*	107,537	-	931	1,916	430,146	7,190	547,720	-	1.3%
Total	**1,539,564**	**171,772**	**123,152**	**89,969**	**1,223,686**	**409,142**	**3,557,285**	-	-

(1) Non-monetary benefits include allocation of accommodation and associated utilities, insurances, travel, car parking and fringe benefits tax payable by the Company.

(2) Employee options vest and are charged to expense over a twelve or thirty six month period calculated using the Black-Scholes option valuation model as disclosed in Note 39.

(3) Ms Skerrett is a Partner with Gardiner Roberts. Gardiner Roberts provides legal counsel to the Consolidated entity. Fees for these services are disclosed in the related party notes to the financial statements. Ms Skerrett joined the Company in a consulting capacity on 4 July 2006 on completion of the merger with Intrepid Minerals Corporation. The Black-Scholes option value represents 100% of total reported remuneration in the table above.

(4) Cash bonus for December 2008 year paid in January 2009.

Twelve months ended 31 December 2007

Non-executive directors of Intrepid:

	Short-term benefits	Post-employment benefits		
Dec 2007	**Cash salary and fees [(4)] $**	**Superannuation $**	**Retirement Benefits $**	**Total $**
C. Jackson	62,617	6,262	-	68,879
D. Davidson	46,594	1,850	-	48,444
J. den Dryver [(1)]	17,393	1,740	-	19,133
K. Dundo	41,745	4,175	-	45,920
B. Lambert [(2)]	115,701	8,844	229,598	354,143
D. Mosher	46,594	1,850	-	48,444
D. Vanin [(3)]	43,735	1,850	-	45,585
Total	**374,379**	**26,571**	**229,598**	**630,548**

(1) Mr J. den Dryver resigned from the Board in May 2007.

(2) Mr B. Lambert was Chief Operating Officer and Executive Director up to his completion of executive duties in March 2007. All executive options expired in 2007 as a result of completion of an executive role. He remained on the Board as a non-executive director. Amounts received in his position as non-executive director amounted to $36,356 made up of fees of $33,051 and superannuation of $3,305.

(3) Mr D. Vanin resigned from the Board in December 2007.

(4) Directors' fees include an amount of A$25,000 for extra services provided, special exertions and for coverage of executive and other work for the Company beyond ordinary non-executive director duties, including travel for Board meetings and for executive support at meeting with external parties.

Executive directors of Intrepid:

	Short-term benefits		Post-employment benefits	
Dec 2007	**Cash salary and fees $**	**Non-monetary benefits $**	**Superannuation $**	**Total $**
L. Curtis *President and Chief Executive Officer*	255,722	670	1,850	258,242
Total	**255,722**	**670**	**1,850**	**258,242**

Directors' report
for the year ended 31 December 2008

Other key management personnel of Intrepid and Consolidated entity:

	Short-term benefits			Post-employment benefits		Share-based payments			
Dec 2007	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary benefits $**	**Superannuation $**	**Termination benefits $**	**Options[2] $**	**Total $**	**S300A(1) (e)(i) proportion of remuneration performance related %**	**S300A(1) (e)(vi) Value of options as proportion of remuneration %**
A. Candelario *Vice President, Investor Relations*	92,990	-	670	1,850	-	27,025	122,535	-	22.1%
D. Humphry *Chief Financial Officer & Company Secretary*	199,680	54,268 (3)	1,080 (1)	19,864	-	21,046	295,938	18.3%	7.1%
R. Jacobs *General Manager Paulsens Gold Mine*	189,100	-	1,134 (1)	19,159	-	20,269	229,662	-	8.8%
W. McGuinty *Vice President, Exploration*	139,485	-	670	1,850	-	25,697	167,702	-	15.3%
D. McLean *Treasurer*	111,588	-	670	1,850	-	25,087	139,195	-	18.0%
K. Skerrett (4) *Canadian Corporate Secretary*	-	-	-	-	-	15,174	15,174	-	N/A
Total	**732,843**	**54,268**	**4,224**	**44,573**	**-**	**134,298**	**970,206**	**-**	**-**

(1) Allocation of the cost of the employee salary continuance insurance premiums paid by the Company

(2) Employee options vest and are charged to expense over a twelve month period. The values reported above include employee options issued in 2006 along with employee options issued on either 1 January 2007 or 28 September 2007.

(3) Represents 100% of entitlement for completion of three year fixed term contract.

(4) Ms Skerrett is a Partner with Gardiner Roberts. Gardiner Roberts provides legal counsel to the Consolidated entity. Fees for these services are disclosed in the related party notes to the financial statements. Ms Skerrett joined the Company in a consulting capacity on 4 July 2006 on completion of the merger with Intrepid Minerals Corporation. The Black-Scholes option value represents 100% of total reported remuneration in the table above.

C. Service agreements (audited)

Remuneration and other terms of employment for the Chief Executive Officer, Chief Financial Officer and the other key management personnel are formalised in service agreements. Each of these agreements contains provisions for payment of performance-related cash bonuses, other benefits including insurances and participation, when eligible, in the Intrepid Mines Limited Employees' Option Scheme. The material provisions of the agreements relating to remuneration are set out below.

Executive directors

Brad Gordon, Chief Executive Officer

To 31 December 2008

- Term of agreement – Appointment as CEO and Managing Director of Intrepid Mines Limited with no fixed term commencing 11 March 2008.
- Annual base salary, inclusive of superannuation, of A$436,000;
- Non-cash benefits include nominal rent payable on housing, payment of associated utilities, insurances, annual family travel allowance and car parking at place of employment.
- Deemed termination provision equal to payment of 12 months salary, with immediate vesting of all share options;
- Termination by Board - 6 months' notice or payment of 6 months' salary in lieu of notice; and
- Performance bonus determined by reference to KPIs set by the Board of Directors.

As announced to the market on 4 February 2009, remuneration of the Chief Executive Officer has been amended as follows:

From 1 January 2009, Mr Gordon's new remuneration arrangements will be as follows

- Annual base salary, inclusive of superannuation will be A$547,503, from which Mr Gordon can salary sacrifice at his choice certain costs, including medical insurance cover, accident insurance and life assurance cover. The Company will no longer provide Mr Gordon with a house or family travel.
- Mr Gordon will be entitled to a short term incentive payment of up to 80% of his annual base salary (including superannuation), based on meeting certain key performance indicators as established by the Board. For 2009 the key indicator will be the performance of the Company's share price throughout 2009 when measured against peer companies comprising the ASX and TSX Mining and Resources Indices. Should the Company report a relative share price performance (as adjusted for dividends) below the median of its peer group, no performance bonus payment will be made; half of the potential incentive payment will be made should third quartile performance be reported, with all of the potential incentive payment made should Company performance be in the top quartile.
- In addition to this performance indicator, four other indicators of out-performance have been designed by the Board with a weighting split of 60/40 between the key indicator and the other indicators. One half of any annual bonus is to be paid in Company shares escrowed for 24 months.
- As a long term incentive, Mr Gordon will be awarded 1 million 5-year options to acquire shares in Intrepid at A$0.35c per share (a 59% premium to the Company's closing share price at 31 December 2008), and 4.5 million performance shares that progressively vest over time in three equal tranches of 1.5 million shares each from 1 January 2011 through to 1 January 2013, subject to the Company's relative share price performance (adjusted for dividends) measured over each of the three preceding years against peer companies comprising the ASX and TSX Mining and Resources Indices. As with the short term incentive, no shares will vest if the relative performance of Intrepid is less than the median against peer companies, half will vest if relative performance is in the third quartile, with all the shares vesting only if relative performance is in the top quartile.

- The issue of shares and options as set out above to the Chief Executive Officer is further subject to shareholder approval at the Company's Annual General Meeting in May 2009.

Key management personnel at the date of this report:

Don Russell, General Manager Paulsens Mine
- Term of agreement – appointed as General Manager Paulsens Mine with no fixed term commencing 5 May 2008.
- Annual base salary, inclusive of superannuation, of A$297,000 per annum
- Non-cash benefits include Medical, Personal Accident, Group Life and Salary Continuance Insurances and fringe benefit tax.
- Deemed termination payment of 6 months' notice.
- STI Plan based on achievement of individual KPIs.
- LTI Plan in accordance with the Executive Remuneration Policy.

Frazer Bourchier, VP Operations & Business Development Americas
- Term of agreement – appointed as General Manager Emperor Gold Mine with no fixed term commencing 7 August 2006 and General Manager Business Development on 1 February 2007 with a no fixed term contract. From 11 March 2008, appointed Vice President Operations and Business Development Americas on a permanent contract.
- Annual base salary, inclusive of superannuation and statutory insurance payments, of C$325,000
- Deemed termination payment of 6 months' notice.
- STI Plan based on achievement of individual KPIs.
- LTI Plan in accordance with the Executive Remuneration Policy

Malcolm Norris, General Manager Exploration
- Term of agreement – no fixed term commencing on 30 September 2006;
- Annual base salary, inclusive of superannuation, of A$320,460
- Non-cash benefits include Medical, Personal Accident, Group Life Insurances, travel from place of permanent residence (Melbourne) to Brisbane and fringe benefits tax.
- Deemed termination payment of 6 months' notice.
- STI Plan based on achievement of individual KPIs.
- LTI Plan in accordance with the Executive Remuneration Policy.

Stephen Smith, Chief Financial Officer
- Term of agreement – no fixed term commencing on 1 August 2008.
- Annual base salary, inclusive of superannuation, of A$348,800.
- Non-cash benefits include car parking, Medical, Personal Accident, and Group Life Insurances and fringe benefits tax.
- Deemed termination payment of 6 months' notice.
- STI Plan based on achievement of individual KPIs.
- LTI Plan in accordance with the Executive Remuneration Policy.

Vanessa Chidrawi, General Counsel and Company Secretary
- Term of agreement – no fixed term commencing on 1 May 2006;
- Annual base salary, inclusive of superannuation, of A$300,000;
- Non-cash benefits include Medical, Personal Accident, and Group Life Insurances, and travel allowance and fringe benefits tax.
- Deemed termination payment of 6 months' notice.
- STI Plan based on achievement of individual KPIs.
- LTI Plan in accordance with the Executive Remuneration Policy.

Directors' report
for the year ended 31 December 2008

Key management personnel and directors that were key management personnel during the current financial year but not at the date of this report:

Mr L. Curtis, President and Chief Executive Officer

- Payment of a termination benefit on termination by Intrepid Minerals Corporation, other than for gross misconduct, of three times annual compensation.
- Termination payment of $782,482.

Ms A. Candelario, Vice President, Investor Relations

- Payment of a termination benefit of between six and twelve months salary, on termination by the Company, other than for gross misconduct.
- Termination payment of $64,288.

Mr B. Gill, Chief Financial Officer

- Payment of a termination benefit of six months salary, on termination by the Company, other than for misconduct.
- Mr Gill resigned on 30 May 2008.

Mr D. Humphry, Chief Financial Officer

- Payment of a termination benefit of twelve months salary, on termination by the Company, other than for gross misconduct.
- Termination payment of $272,843.

Mr R. Jacobs, General Manager, Paulsens Gold Mine

- Payment of a termination benefit of up to twelve months salary, on termination by the Company, other than for gross misconduct.
- Termination payment of $217,140.

Mr W. McGuinty, Vice President Exploration

- Payment of a termination benefit on termination by Intrepid Minerals Corporation, other than for gross misconduct, depending on timing, of between two and three times annual compensation.
- Termination payment of $430,146.

Ms D. McLean, Treasurer

- Payment of a termination benefit on termination by Intrepid Minerals Corporation, other than for gross misconduct, depending on timing, of between two and three times annual compensation.
- Termination payment of $239,269.

D. *Share-based compensation-(audited)*

Options are granted under the Intrepid Mines Limited Employees' Option Scheme which was approved by shareholders on 12 December 2003, and revised after the merger with Intrepid Minerals Corporation to reflect TSX pricing requirements and approved by shareholders at the 30 November 2006 Annual General Meeting.

Options are granted under the scheme for no consideration. Options are granted for a five year period and vest between zero and thirty six months after the options are granted.

During the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to the following directors and to the following five most highly remunerated officers of the Company as part of their remuneration:

	Number of options granted during 2008	Grant date	Fair value per option at grant date ($)	Exercise price per option ($)	Expiry date	Number of options vested during 2008
Directors						
B. Gordon	235,294	11-Mar-08	A$0.16	A$0.34	02-Jan-12	235,294
	235,294	30-May-08	A$0.25	A$0.30	01-Jan-13	-
Key management personnel						
D. Russell	1,000,000	16-Jul-08	A$0.18	A$0.35	03-Jul-13	-
F. Bourchier	117,647	11-Mar-08	A$0.16	A$0.34	02-Jan-12	117,647
	117,647	17-Apr-08	A$0.22	A$0.30	01-Jan-13	-
	1,000,000	16-Jul-08	A$0.18	A$0.35	03-Jul-13	-
M Norris	117,647	11-Mar-08	A$0.16	A$0.34	02-Jan-12	117,647
	282,352	17-Apr-08	A$0.22	A$0.30	01-Jan-13	-
	1,000,000	16-Jul-08	A$0.18	A$0.35	03-Jul-13	-
S. Smith	1,000,000	16-Jul-08	A$0.16	A$0.47	03-Jul-13	-
V. Chidrawi	94,118	11-Mar-08	A$0.16	A$0.34	02-Jan-12	94,118
	94,117	17-Apr-08	A$0.22	A$0.30	01-Jan-13	-
	1,000,000	16-Jul-08	A$0.18	A$0.35	03-Jul-13	-
Former key management personnel						
A. Candelario	45,000	02-Jan-08	A$0.20	C$0.27	30-Jun-08	-
B. Gill	117,647	17-Apr-08	A$0.22	A$0.30	27-May-08	-
R. Jacobs	60,000	02-Jan-08	A$0.20	A$0.32	30-Apr-09	60,000

Directors' report
for the year ended 31 December 2008

235,294 share options were issued to B Gordon as part of conversion of options in Emperor Mines Limited to Intrepid Mines Limited at the time of the merger between Intrepid and Emperor A further 235,294 share options were issued to B Gordon following approval by shareholders on 30 May 2008. No further options were issued to any directors during the current or previous financial year. When exercisable, each option is convertible into one ordinary share of Intrepid Mines Limited. The options, other than those granted to Mr Gordon, were granted under the Intrepid Mines Limited Employees' Option Scheme.

No options granted as compensation were exercised during the reporting period. No options have been granted since the end of the financial year.

Analysis of options over equity instruments granted as compensation-*(audited)*

Details of vesting profiles of the options granted as remuneration to each key management person of the Consolidated entity are detailed below:

	Number of options granted during 2008	Grant date	Expiry date	Financial years in which options vests
Directors				
B. Gordon	235,294	11-Mar-08	02-Jan-12	100% in Dec 2008
	235,294	30-May-08	01-Jan-13	33% in Jan 2009, 33% in Jan 2010, 34% in Jan 2011
Key management personnel				
D. Russell	1,000,000	16-Jul-08	03-Jul-13	33% in May 2009, 33% in May 2010, 34% in May 2011
F. Bourchier	117,647	11-Mar-08	02-Jan-12	100% in Dec 2008
	117,647	17-Apr-08	01-Jan-13	33% in Jan 2009, 33% in Jan 2010, 34% in Jan 2011
	1,000,000	16-Jul-08	03-Jul-13	33% in Jan 2009, 33% in Jan 2010, 34% in Jan 2011
M Norris	117,647	11-Mar-08	02-Jan-12	100% in Dec 2008
	282,352	17-Apr-08	01-Jan-13	33% in Jan 2009 ,33% in Jan 2010, 34% in Jan 2011
	1,000,000	16-Jul-08	03-Jul-13	33% in Jan 2009, 33% in Jan 2010, 34% in Jan 2011
S. Smith	1,000,000	16-Jul-08	03-Jul-13	33% in Jun 2009, 33% in Jun 2010, 34% in Jun 2011
V. Chidrawi	94,118	11-Mar-08	02-Jan-12	100% in Dec 2008
	94,117	17-Apr-08	01-Jan-13	33% in Jan 2009, 33% in Jan 2010, 34% in Jan 2011
	1,000,000	16-Jul-08	03-Jul-13	33% in Jan 2009, 33% in Jan 2010, 34% in Jan 2011
Former key management personnel				
A. Candelario	45,000	02-Jan-08	30-Jun-08	-
B. Gill	117,647	17-Apr-08	27-May-08	-
D. Humphry	-	-	-	-
D. McLean	-	-	-	-
R. Jacobs	60,000	02-Jan-08	30-Apr-09	100% in Dec 2008
W. McGuinty	-	-	-	-

Directors' report
for the year ended 31 December 2008

Analysis of movements in options-audited

The movement during the reporting period, by values, of options over ordinary shares held by each key management person of the Consolidated entity are detailed below:

	Granted in the year $ (A)	Value of Options Exercised in the Year $(B)	Lapsed in Year $(C)
B. Gordon	50,188	-	-
D. Russell	153,576	-	-
F. Bourchier	175,659	-	-
M Norris	206,575	-	-
S. Smith	136,512	-	-
V. Chidrawi	171,242	-	-
A. Candelario	7,586	-	9,734
B. Gill	22,083	-	25,743
D. Humphry	-	-	-
D. McLean	-	-	-
R. Jacobs	10,114	-	-
W. McGuinty	-	-	-

(A) The value of options granted in the year is the fair value of the options calculated at grant date using a Black-Scholes option-pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period as included in the table above.

(B) The value of options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option. No options were exercised in the year.

(C) The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed using a Black-Scholes option-pricing model assuming the performance criteria had been achieved.

LOANS TO DIRECTORS AND EXECUTIVES

At the Emperor Mines Limited Extraordinary General Meeting held on 29 August 2006, a loan to Mr Brad Gordon to the value of A$400,000 for the purchase of shares in the Emperor Mines Limited share placement, was approved by shareholders. The loan is repayable after 60 months. Monthly interest payments are made at Australian BBS plus 1% and 25% of any gross bonus or incentive payment is to be utilised to reduce the outstanding balance of the loan. The loan becomes immediately repayable if Mr Gordon's employment ceases with Intrepid Mines Limited for any reason other than redundancy. The loan balance as at 31 December 2008 was A$331,250. As at the date of this report the balance was A$310,662.

There have been no other loans to directors or executives.

Directors' report
for the year ended 31 December 2008

UNISSUED SHARES UNDER OPTIONS

Options over ordinary shares of the Company at the date of this report are as follows:

Grant Date	Expiry date	Currency	Exercise Price $	Number of options
01-Jul-04	30-Jun-09	A$	0.600	62,500
01-Apr-05	30-Apr-09	A$	0.684	83,334
01-Apr-05	28-Feb-10	A$	0.684	33,334
20-Sep-05	30-Apr-09	A$	0.672	29,167
01-Nov-05	3-Aug-10	A$	0.636	62,500
01-Nov-05	14-Sep-10	A$	0.696	25,000
01-Nov-05	29-Sep-10	A$	0.744	25,000
01-Nov-05	5-Oct-10	A$	0.720	16,667
16-Dec-05	30-Apr-09	A$	0.636	83,334
16-Dec-05	18-Oct-10	A$	0.672	33,334
16-Dec-05	25-Oct-10	A$	0.660	16,667
16-Dec-05	12-Nov-10	A$	0.612	16,667
09-May-06	1-Mar-11	A$	0.828	16,667
18-Sep-06	30-Apr-09	A$	1.050	78,000
18-Sep-06	12-Sep-11	A$	1.050	540,000
01-Oct-06	1-Oct-11	A$	0.980	81,000
01-Jan-07	30-Apr-09	A$	0.760	120,000
01-Jan-07	1-Jan-12	A$	0.760	81,000
04-Apr-07	4-Apr-12	A$	0.490	63,000
28-Sep-07	30-Apr-09	A$	0.350	80,000
28-Sep-07	28-Sep-12	C$	0.310	425,000
28-Sep-07	28-Sep-12	A$	0.350	322,000
04-Jul-06	27-Apr-09	C$	0.930	850,000
04-Jul-06	15-Jan-10	C$	0.650	225,000
04-Jul-06	1-Feb-10	C$	0.530	40,000
04-Jul-06	22-Feb-10	C$	0.600	20,000
04-Jul-06	18-May-10	C$	0.650	200,000
04-Jul-06	6-Jun-10	C$	0.420	65,000
04-Apr-07*	4-Apr-09	A$	0.520	1,000,000

Grant Date	Expiry date	Currency	Exercise Price $	Number of options
28-Sep-07*	20-Sep-09	A$	0.360	2,000,000
02-Jan-08	2-Jan-13	A$	0.320	139,000
02-Jan-08	30-Apr-09	A$	0.320	105,000
11-Mar-08	2-Jan-12	A$	0.340	623,530
17-Apr-08	1-Jan-13	A$	0.300	562,349
05-May-08	5-May-13	A$	0.243	89,000
30-May-08	1-Jan-13	A$	0.300	235,294
16-Jul-08	3-Jul-13	A$	0.350	5,780,000
16-Jul-08	3-Jul-13	A$	0.470	1,000,000
16-Jul-08	3-Jul-13	C$	0.342	250,000
				15,478,344

* Financing options.

No option holder has any right under the options to participate in any other share issue of the Company or of any other Controlled entity.

Options granted under the Scheme carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

The exercise price of options is no less than the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the five trading days immediately before the options are granted.

The amounts disclosed for emoluments relating to options are the assessed at fair values at grant date of options granted, allocated equally over the period from grant date to vesting date. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share and the risk free rate for the term of the option.

The model inputs for options granted during the year ended 31 December 2008 included:

(a) options are granted for no consideration and vest between zero and thirty six months from grant date
(b) expected price volatility 78% to 93%
(c) risk-free interest rate 7.0% to 7.25%

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of the Company were issued during the year ended 31 December 2008 on the exercise of options granted under the Intrepid Mines Limited Employee Option Scheme.

AUDITOR

On 30 May 2008, PricewaterhouseCoopers resigned as auditors of the Consolidated entity in accordance with subsection 329(5) of the *Corporations Act* and KPMG were appointed as auditors with effect for the financial year commencing 1 January 2008.

Directors' report
for the year ended 31 December 2008

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated entity are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board of directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement FI, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

	Consolidated and Parent Entity	
	31 Dec 2008 $	**31 Dec 2007 $**
Remuneration of auditors		
During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:		
(a) Assurance services		
Audit services		
KPMG Australian firm:		
- audit and review of financial reports and other audit work under the *Corporations Act 2001*	89,644	-
PricewaterhouseCoopers Australian firm:		
- audit and review of financial reports and other audit work under the *Corporations Act 2001*	-	100,833
Total remuneration for audit services	89,644	100,833
Other assurance services		
KPMG		
- Merger related	10,921	-
- Internal controls review	18,605	-
PricewaterhouseCoopers Australian firm:		
- Merger related	-	2,277
Total remuneration of other assurance services	29,526	2,277
Total remuneration for assurance services	119,170	103,110
Non-audit services – taxation		
PricewaterhouseCoopers Canadian firm:		
- tax compliance and planning services, including preparation and review of company income tax returns	-	95,137
Total remuneration for taxation services	-	95,137

Directors' report
for the year ended 31 December 2008

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the page 25 following this Directors' report.

OFFICERS' INDEMNITIES AND INSURANCE

The Company has agreed to indemnify the following current directors and officers of the Company – Messrs Jackson, Curtis, Dundo, McMaster, McDonald and Gordon – against all liabilities to another person and the Company that may arise from their position as directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a wilful breach of duty. The agreement stipulates that the Company will meet the full amount of such liabilities including costs and expenses.

The Company agreed to pay a premium in respect of a contract insuring directors and officers of the Company. That contract of insurance prohibits the Company disclosing the nature of the liability insured against and the amount of the premium paid. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the directors.

Brad Gordon
Chief Executive Officer and Managing Director

Dated at Brisbane this 24 day of February 2009

Income statements

for the year ended 31 December 2008

(presented in United States dollars)

	Notes	Consolidated 31 Dec 2008 $000	Consolidated 31 Dec 2007 $000	Parent Entity 31 Dec 2008 $000	Parent Entity 31 Dec 2007 $000
Revenue					
Gold and silver sales	8	54,407	39,862	54,407	39,862
Other income	9	1,557	713	160	347
		55,964	40,575	54,567	40,209
Expenses					
Cost of gold and silver sold – excluding depreciation and amortisation		(36,850)	(29,393)	(36,850)	(29,393)
Cost of gold and silver sold – depreciation and amortisation		(17,865)	(12,435)	(17,695)	(12,397)
Exploration and evaluation expenditure		(8,270)	(1,587)	(1,041)	(388)
General and administration expenses					
- General		(7,869)	(3,442)	(6,332)	(2,781)
- Option value expense		(686)	(406)	(686)	(406)
Borrowing costs	10	(858)	(2,668)	(1,098)	(2,497)
Foreign exchange loss		(519)	-	(347)	-
Impairment of exploration properties	10	(36,790)	(30,000)	-	-
Investment impairment	10	-	-	(21,818)	(20,254)
Loss before income tax		(53,743)	(39,356)	(31,300)	(27,907)
Income tax benefit	11	11,039	9,000	-	-
Loss for the period attributable to members of the Company		**(42,704)**	**(30,356)**	**(31,300)**	**(27,907)**

		Cents per share	Cents per share
Loss per share			
Basic and diluted loss per share	38	(11.2)	(18.0)

The above income statements should be read in conjunction with the accompanying notes.

Balance sheets
as at 31 December 2008
(presented in United States dollars)

		Consolidated		Parent Entity	
	Notes	31 Dec 2008 $000	31 Dec 2007 $000	31 Dec 2008 $000	31 Dec 2007 $000
Assets					
Current assets					
Cash and cash equivalents	12	10,909	2,861	947	2,140
Trade and other receivables	13	1,572	1,284	1,151	1,956
Inventories	14	3,174	4,591	3,174	4,591
Assets classified as held for sale	15	1,219	-	-	-
Other financial assets	21	23	341	-	-
Total current assets		16,897	9,077	5,272	8,687
Non-current assets					
Property, plant and equipment	16	4,775	9,418	4,680	9,388
Mining properties	17	35,682	67,820	8,877	15,911
Deferred tax assets	19	-	4,086	-	4,086
Other	20	-	216	-	216
Other financial assets	21	-	-	48,031	31,561
Total non-current assets		40,457	81,540	61,588	61,162
Total assets		**57,354**	**90,617**	**66,860**	**69,849**
Liabilities					
Current liabilities					
Trade and other payables	22	5,007	4,214	4,042	3,237
Borrowings	23	276	18,442	9,073	12,856
Current tax payable		702	-	-	-
Provisions	24	357	393	354	393
Financial instruments	25	-	13,621	-	13,621
Total current liabilities		6,342	36,670	13,469	30,107
Non-current liabilities					
Borrowings	23	-	25	-	25
Provisions	24	2,215	471	2,215	471
Deferred tax liabilities	26	2,198	13,738	-	-
Total non-current liabilities		4,413	14,234	2,215	496
Total liabilities		**10,755**	**50,904**	**15,684**	**30,603**
Net assets		**46,599**	**39,713**	**51,176**	**39,246**
Equity					
Contributed equity	27	164,476	106,976	164,476	106,976
Reserves	28	(6,519)	1,391	(10,488)	3,782
Accumulated losses	29	(111,358)	(68,654)	(102,812)	(71,512)
Total equity		**46,599**	**39,713**	**51,176**	**39,246**

The above balance sheets should be read in conjunction with the accompanying notes.

Statements of changes in equity

for the year ended 31 December 2008

(presented in United States dollars)

	Consolidated								Parent Entity						
Dec 2008	**Share capital $'000**	**Trans-lation reserve $'000**	**Hedge Reserve $'000**	**Fair value Reserve $'000**	**Option reserve $'000**	**Warrant Reserve $'000**	**Retained earnings/ (losses) $'000**	**Total equity $'000**	**Share capital $'000**	**Trans-lation reserve $'000**	**Hedge Reserve $'000**	**Option reserve $'000**	**Warrant Reserve $'000**	**Retained earnings/ (losses) $'000**	**Total equity $'000**
Balance at 1 Jan 2008	106,976	5,359	(7,933)	73	2,664	1,228	(68,654)	39,713	106,976	7,823	(7,933)	2,664	1,228	(71,512)	39,246
Foreign currency translation differences	-	(16,549)	-	-	-	-	-	(16,549)	-	(22,982)	-	-	-	-	(22,982)
Net change in fair value of cash flow hedges, net of tax	-	-	7,933	-	-	-	-	7,933	-	-	7,933	-	-	-	7,933
Net change in fair value of available -for-sale financial assets, net of tax	-	-	-	(73)	-	-	-	(73)	-	-	-	-	-	-	-
Total income and expense recognised directly in equity	106,976	(11,190)	-	-	2,664	1,228	(68,654)	31,024	106,976	(15,159)	-	2,664	1,228	(71,512)	24,197
Loss for the period	-	-	-	-	-	-	(42,704)	(42,704)	-	-	-	-		(31,300)	(31,300)
Total recognised income and expense	106,976	(11,190)	-	-	2,664	1,228	(111,358)	(11,680)	106,976	(15,159)	-	2,664	1,228	(102,812)	(7,103)
Issue of ordinary shares	57,500	-	-	-	-	-	-	57,500	57,500	-	-	-	-	-	57,500
Share based payments made	-	-	-	-	779	-	-	779	-	-	-	779	-	-	779
Balance at 31 Dec 2008	**164,476**	**(11,190)**	**-**	**-**	**3,443**	**1,228**	**(111,358)**	**46,599**	**164,476**	**(15,159)**	**-**	**3,443**	**1,228**	**(102,812)**	**51,176**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statements of changes in equity

for the year ended 31 December 2008

(presented in United States dollars)

	Consolidated								Parent Entity						
	Share capital $'000	Trans-lation reserve $'000	Hedging Reserve $'000	Fair value Reserve $'000	Option reserve $'000	Warrant Reserve $'000	Retained earnings/ (losses) $'000	Total equity $'000	Share capital $'000	Trans-lation reserve $'000	Hedging Reserve $'000	Option reserve $'000	Warrant Reserve $'000	Retained earnings/ (losses) $'000	Total equity $'000
Balance at 1 Jan 2007	103,013	(2,205)	(10,440)	67	2,015	1,228	(38,298)	55,380	103,013	3,169	(10,440)	2,015	1,228	(43,605)	55,380
Foreign currency translation differences	-	7,564	-	-	-	-	-	7,564	-	4,654	-	-	-	-	4,654
Net change in fair value of cash flow hedges, net of tax	-	-	2,507	-	-	-	-	2,507	-	-	2,507	-	-	-	2,507
Net change in fair value of available -for-sale financial assets, net of tax	-	-	-	6	-	-	-	6	-	-	-	-	-	-	-
Total income and expense recognised directly in equity	103,013	5,359	(7,933)	73	2,015	1,228	(38,298)	65,457	103,013	7,823	(7,933)	2,015	1,228	(43,605)	62,541
Loss for the period	-	-	-	-	-	-	(30,356)	(30,356)	-	-	-	-	-	(27,907)	(27,907)
Total recognised income and expense	103,013	5,359	(7,933)	73	2,015	1,228	(68,654)	35,101	103,013	7,823	(7,933)	2,015	1,228	(71,512)	34,634
Issue of ordinary shares	3,861	-	-	-	-	-	-	3,861	3,861	-	-	-	-	-	3,861
Share based payments made	-	-	-	-	708	-	-	708	-	-	-	708	-	-	708
Share options exercised	102	-	-	-	(59)	-	-	43	102	-	-	(59)	-	-	43
Balance at 31 Dec 2007	**106,976**	**5,359**	**(7,933)**	**73**	**2,664**	**1,228**	**(68,654)**	**39,713**	**106,976**	**7,823**	**(7,933)**	**2,664**	**1,228**	**(71,512)**	**39,246**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statements

for the year ended 31 December 2008

(presented in United States dollars)

	Notes	Consolidated 31 Dec 2008 $000	Consolidated 31 Dec 2007 $000	Parent Entity 31 Dec 2008 $000	Parent Entity 31 Dec 2007 $000
Cash flows from operating activities					
Proceeds from gold and silver sales (inclusive of goods and services tax)		54,414	39,997	54,414	39,997
Payments to suppliers and employees (inclusive of goods and services tax)		(52,160)	(37,487)	(42,546)	(34,971)
Interest received		1,786	165	148	155
Borrowing costs		(592)	(2,186)	(577)	(2,186)
Other revenue		115	7	14	7
Net cash inflow from operating activities	37	**3,563**	**496**	**11,453**	**3,002**
Cash flows from investing activities					
Payments in respect of mine properties		(19,453)	(10,555)	(6,238)	(8,001)
Payments for property, plant and equipment		(1,446)	(861)	(1,443)	(861)
Proceeds from sale of available-for-sale financial assets		134	279	-	-
Cash acquired on merger	6	57,467	-	-	-
Merger related costs	6	(2,955)	-	(2,955)	-
Net cash inflow/(outflow) from investing activities		**33,747**	**(11,137)**	**(10,636)**	**(8,862)**
Cash flows from financing activities					
Proceeds from issue of shares		-	160	-	53
Share issue transaction costs		(76)	(165)	(76)	(164)
Proceeds from borrowings		1,133	9,256	11,347	4,187
Repayment of borrowings		(13,114)	(4,586)	(13,114)	(4,586)
Capital distribution to DRDGold Limited		(11,560)	-	-	-
Net cash (outflow)/ inflow from financing activities		**(23,617)**	**4,665**	**(1,843)**	**(510)**
Net increase/(decrease) in cash and cash equivalents		**13,693**	**(5,976)**	**(1,026)**	**(6,370)**
Cash and cash equivalents at the beginning of the financial period		2,861	8,482	2,140	8,307
Effects of exchange rate changes on cash and cash equivalents		(5,645)	355	(167)	203
Cash and cash equivalents at the end of the financial period	12	**10,909**	**2,861**	**947**	**2,140**
Non-cash financing and investing activities	37				

The above cash flow statements should be read in conjunction with the accompanying notes

Notes to the financial statements
31 December 2008
(presented in United States dollars)

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Notes to the financial statements

31 December 2008

(presented in United States dollars)

1. REPORTING ENTITY

Intrepid Mines Limited ('Company' or 'Intrepid') is domiciled in Australia. The address of the Company's registered office is Level 1, WBM Building, 490 Upper Edward Street, Spring Hill, QLD 4004. The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the Group or Consolidated Entity).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial report includes separate financial statements for Intrepid Mines Limited as an individual entity and the Consolidated entity consisting of Intrepid Mines Limited and its subsidiaries (together referred to as the Group).

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial report of the Group and the financial report of the Company comply with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and derivative financial instruments at fair value.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Intrepid Mines Limited ('Company' or 'parent entity') as at 31 December 2008 and the results of all subsidiaries for the year then ended. Intrepid Mines Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment losses in the separate financial statements of Intrepid Mines Limited.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and Company financial statements are presented in United States dollars.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(d) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised as follows:

(i) Gold and silver sales

Amounts are recognised as sales revenue when there has been a passing of risk to a customer, and:

- The product is in a form suitable for delivery and no further processing is required by, or on behalf of, the Consolidated entity;
- The quantity, quality and selling price of the product can be determined with reasonable accuracy; and
- The product is no longer under the physical control of the Consolidated entity.

Gains and losses, in respect of forward sales delivery arrangements which hedge anticipated revenues from future production, are deferred and included in sales revenue when the hedged proceeds are received.

(ii) Interest income

Interest revenue is recognised on a time proportion basis using the effective interest method.

(e) Income tax

Income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly owned subsidiary have not implemented the tax consolidation legislation.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Prepayments are included in receivables. A provision is raised for any impairment when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms or receivables. Bad debts are written off during the year in which they are identified.

(h) Inventories - Raw materials and stores, work in progress and finished goods

Raw materials and stores, ore stockpiles, gold in circuit and doré stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Business combinations

The purchase method of accounting is used for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange, unless in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(j) Mining properties

(i) Exploration and evaluation

All exploration and evaluation costs incurred by or on behalf of the Group up to the establishment of a commercially viable mineral deposit (as approved by the Board) are expensed as incurred except for the cost of acquiring exploration properties (where the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale).

(ii) Mining properties

Mining properties consist only of acquired exploration assets and mineral properties currently under development or in production together with related mine development costs and capital assets. The cost of mining properties includes the cash consideration and/or the fair value of shares issued on the date the property is acquired.

The recoverability of amounts shown for mining properties is dependent upon the existence of economically recoverable ore reserves; the acquisition and maintenance of appropriate permits, licenses and rights; the ability of the Group to obtain financing to complete the development of the properties where necessary and upon future profitable production; or, alternatively, upon the Consolidated entity's ability to recover its spent costs through a disposition of its interests.

Mine development costs relating to mining properties are deferred until the properties are brought into commercial production, at which time they are amortised over the estimated useful life of the related property or on a unit-of production basis over ore reserves.

(k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of operational assets is calculated using a diminishing value method based on production levels over the ore reserve life of the operation. Depreciation of other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, which for the motor vehicles and Paulsens operational sundry assets is five years. Leasehold improvements are depreciated over the life of the lease.

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

The directors have considered the economic life of plant and equipment with due regard to both the physical life limitations, assessments of economically recoverable ore reserves of the mine property at which the items are located, and to possible future variations in those assessments. The estimated remaining useful life for all such assets is reviewed regularly with annual re-assessments being made for major items.

(l) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(m) Investments and other financial assets

The Consolidated entity classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Purchases and sales of investments are recognised on trade date - the date on which the Consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated entity has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Consolidated entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Consolidated entity assesses at each balance date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(n) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within thirty days of recognition.

(p) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date, are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave expected to be settled within twelve months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than twelve months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

(iv) Employee benefit on-costs

Employee benefit on-costs, including payroll tax and contributions to the employee’s defined contributions superannuation plan, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(v) Equity-based compensation benefits - share options

Equity-based compensation benefits are provided to employees via the Intrepid Mines Limited Employees’ Option Scheme (‘Option Scheme’). Information relating to this scheme is set out in Note 39.

The fair value of options granted under the Option Scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(q) Rehabilitation and restoration costs

The Consolidated entity has obligations for site restoration related to its mining properties. The future obligations for restoration activities are estimated by the Consolidated entity using mine closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations. Because the obligations are dependent on laws and regulations, the requirements could change resulting from amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies.

Because the estimate of obligations is based on future expectations, a number of assumptions and judgements are made by management in the determination of restoration provisions. The restoration provisions are more uncertain the further in the future the mine closure activities are to be carried out.

During the year, the Consolidated entity carried out a detailed review of its restoration and rehabilitation obligations and the rehabilitation provision was increased by $1,739,000 as a result. A discount rate of 7.41% (2007 - 5.97%) was used to calculate the present value of the rehabilitation provision of the Consolidated entity.

The amount of the present value of the provision is added to the capital cost of the related mining assets in mine properties and amortised over the ore reserve life. The provision is accreted to its future value over the ore reserve life through a charge to borrowing costs.

Changes in the estimated cost of rehabilitation are applied on a prospective basis.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on establishment of loan facilities, which are not incremental costs relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are classified as current liabilities unless the Consolidated entity has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(s) Borrowing costs

Borrowing costs are recognised as expenses in the year in which they are incurred except where they are included in the cost of qualifying assets. Borrowing costs include interest on bank overdrafts, short-term and long-term borrowings, finance lease charges, and amortisation of establishment costs and facility fees in connection with the arrangement of borrowings.

(t) Leases

Leases of property, plant and equipment where the Consolidated entity has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(u) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Consolidated entity designates certain derivatives as either;

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedges).

The Consolidated entity documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Consolidated entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(v) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

(w) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the result attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(x) Rounding of amounts

The Company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(y) New accounting standards and interpretations

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 31 December 2008, but have not been applied preparing this financial report:

(i) Revised AASB 3 Business Combinations (2008) incorporates the following changes that are likely to be relevant to the Group's operations:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss
- Transaction costs, other than share and debt issue costs, will be expensed as incurred
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss
- Any non-controlling (minority) interest will be measured at either fair value, or at tits proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised AASB 3, which becomes mandatory for the Group's 31 December 2010 financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statement.

(ii) Amended AASB 127 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which become mandatory for the Group's 31 December 2009 financial statements, are not expected to have a significant impact on the consolidated financial statements.

(iii) AASB 8 Operating Segments introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Group's 31 December 2009 financial statements, will required a change in the presentation on and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Group presents segment information in respect of its geographical segments (see Note 7). The management approach is not expected to have a significant impact on the consolidated financial statements.

(iv) Revised AASB 101 Presentation of Financial Statements (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for the Group's 31 December 2009 financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements. The Group plans to provide total comprehensive income in a single statement of comprehensive income in a single statement of comprehensive income for its 2009 consolidated financial statements.

(v) Revised AASB 123 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group's 31 December 2009 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. Therefore there will be no impact on prior periods in the Group's 31 December 2009 financial statements.

(vi) AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to AASB 2 will be mandatory for the Group's 31 December 2009 financial statements, with retrospective application. The Group has not yet determined the potential effect of the amendment.

(z) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(aa) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

3. FINANCIAL RISK MANAGEMENT

The Consolidated entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Consolidated entity's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated entity. The Consolidated entity uses derivative financial instruments such as gold forward sales contracts and interest rate swaps to hedge certain risk exposures as it considers appropriate.

Risk management is carried out under policies approved by the Audit and Risk Committee and Board of directors. The Audit and Risk Committee identifies, evaluates and approves measures to address financial risks. The Board has established a Financial Risk Management policy.

The Consolidated and the Parent entity hold the following financial instruments:

	Consolidated		Parent Entity	
	31 Dec 2008 $000	31 Dec 2007 $000	31 Dec 2008 $000	31 Dec 2007 $000
Financial assets				
Cash and cash equivalents	10,909	2,861	947	2,140
Trade and other receivables	1,572	1,284	1,151	1,956
Available-for-sale financial assets	23	341	-	-
	12,504	4,486	2,098	4,096
Financial liabilities				
Trade and other payables	5,007	4,214	4,042	3,237
Borrowings	276	18,467	9,073	12,881
Derivative financial instruments	-	13,621	-	13,621
	5,283	36,302	13,115	29,739

(a) Market risk

(i) Foreign exchange risk

The Consolidated entity operates internationally and manages foreign exchange risk arising from various currency exposures. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The consolidated entity has chosen United States dollars as its presentation currency due to its international focus. The significant assets of the Consolidated entity are the Australian based Paulsens Gold Mine and the Argentinean based Casposo gold and silver development project. The parent entity's functional currency is Australian dollars and its significant liabilities and its hedging commitments were been incurred in Australian dollars to reduce foreign currency exposure. The parent entity holds a wholly owned subsidiary in Canada which in turn holds the Consolidated entity's future development project in Argentina where Argentinean peso or United States dollars are the main recognised currencies.

Where required or considered appropriate to safeguard financial commitments and on a project by project basis, the Consolidated entity hedges gold revenues in the currency of the majority of related outgoings/commitments. For the year ended 31 December 2008 all gold sales were completed in Australian dollars and all gold production-related material expenditure, including scheduled finance facility repayments, were conducted in Australian dollars.

The Consolidated entity's exposure to foreign currency risk as at 31 December 2008 was as follows:

	31 Dec 2008			31 Dec 2007		
	A$ $000	**C$ $000**	**US$ $000**	**A$ $000**	**C$ $000**	**US$ $000**
Cash and cash equivalents	7,392	241	3,276	2,140	678	43
Trade and other receivables	1,412	137	23	1,112	172	-
Available-for-sale financial assets	-	23	-	-	341	-
Trade and other payables	(4,375)	(341)	(291)	(3,257)	(293)	(664)
Borrowings	(276)	-	-	(18,442)	-	-
Derivative financial instruments						
– Gold forward sales hedges	-	-	-	(13,628)	-	-
– interest rate swap hedges	-	-	-	7	-	-

The carrying amounts of the parent entity's financial assets (other than cash) and liabilities are denominated in its functional currency Australian dollars. At 31 December 2008, the parent entity's cash comprises $942,000 in Australian dollars (December 2007: $2,140,000) and $4,000 in Canadian dollars (December 2007: Nil).

The sensitivity analysis below assumes any increase / decrease in profits would not result in any tax effect on the Income statement as there are sufficient available tax losses.

Sensitivity – Consolidated entity

At 31 December 2008, the Consolidated entity held cash and cash equivalents in United States dollars and Canadian dollars. As a result, the impact of the United States dollar weakening / strengthening by 10% against Australian dollars with all other variables held constant on the Consolidated entity's functional currency post-tax profit for the year would have been $328,000 higher/lower (December 2007: $4,000 higher/lower). As a result, the impact of the Canadian dollar weakening / strengthening by 10% against Australian dollars with all other variables held constant on the Consolidated entity's functional currency post-tax profit for the year would have been $24,000 higher/lower (December 2007: $68,000 higher/lower).

Sensitivity – Parent entity

As the carrying amounts of the parent entity's financial assets (other than cash) and liabilities are denominated in its functional currency Australian dollars, fluctuations in the Australian dollar against other currencies would not have, with all other variables held constant, impacted on the post-tax profit for the year ended 31 December 2008 or the year ended 31 December 2007.

At 31 December 2008, the parent entity held cash and cash equivalents in Canadian dollars. As a result, the impact of the Canadian dollar weakening / strengthening by 10% against Australian dollars with all other variables held constant on the parent entity's functional currency post-tax profit for the year would have been $1,000 higher/lower (December 2007: Nil).

(ii) Price risk

The Consolidated and the parent entity are exposed to equity securities price risk. This arises from investments classified on the balance sheet either as available-for-sale or at fair value through profit or loss. Available-for-sale financial assets are not significant assets of the Consolidated or parent entities.

The majority of the Consolidated and the parent entity's equity investments are publicly traded on the ASX or TSX.

Sensitivity – Consolidated entity

Based on the available-for-sale financial assets held at 31 December 2008, had the realisable price of available-for-sale assets been 10% higher or lower at year end with all other variables held constant, the Consolidated entity's post-tax profit for the year would have been increased or decreased by $2,000 (31 December 2007 – $15,000 higher / lower as a result of gains/losses on equity securities classified as available-for-sale).

Sensitivity – Parent entity

There were no available-for-sale financial assets held by the Parent entity at 31 December 2008 or 31 December 2008.

(iii) Commodity price risk

The Consolidated and parent entity are exposed to commodity price risk with the primary commodity being the gold produced and sold from the Paulsens Gold Mine covering the two reporting periods ended 31 December. All Australian dollar gold forwards sales contracts entered by the Consolidated and parent entity were delivered during the financial year. The Consolidated entity has no immediate plans to enter into any hedging.

Sensitivity – Consolidated and Parent entity

As all of the Consolidated entity's and Company's Australian dollar gold forward contracts were delivered during the financial year, a 10% increase or decrease in the gold price at 31 December 2008 would not impact the Consolidated entity's net profit after tax or Company's net profit after tax (year to 31 December 2007 – the cash flow hedge reserve would have been $2,639,000 higher/lower as a result of an increase/decrease in the fair value of the gold hedges.

(iv) Cash flow and fair value interest rate risk

The Consolidated entity's main interest rate risk arises from long-term borrowings which was fully paid in May 2008. Borrowings issued at variable rates expose the Consolidated entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the Consolidated entity to fair value interest rate risk. During 2008 and the year to 31 December 2007, the Consolidated entity's borrowings at variable rate were denominated in Australian Dollars.

As at the reporting date, the Consolidated entity had exposure to cash flow interest rate on cash and cash equivalents:

	31 Dec 2008		**31 Dec 2007**	
	Weighted average interest rate %	**Balance $000**	**Weighted average interest rate %**	**Balance $000**
Cash and cash equivalents	4.95	10,909	6.07	2,861
Bank loan	-	-	9.18	(12,021)
Other loan	-	-	8.50	(5,586)
Interest rate swaps (notional principal amount)	-	-	7.88	1,791
Net exposure to cash flow interest rate risk	4.95	10,909		(12,955)

The Consolidated entity analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Consolidated entity calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the various scenarios, the Consolidated entity manages its cash flow interest rate risk within the boundaries of available facilities by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Consolidated entity raises long-term borrowings at floating rates and establishes a level of swaps to effectively fix a portion of the facility base rates. Under the interest rate swaps, the Consolidated entity agrees with the counter party to the facility to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts. There are no interest rate swaps outstanding at 31 December 2008.

Sensitivity – Consolidated entity

With the closing Consolidated cash balance of $10,909,000, if interest rates had been 1% higher or lower than the prevailing rates realised, with all other variables held constant, post-tax profit for the year would have been $109,000 higher/lower), mainly as a result of higher cash held at year end and no debt as the project facility which was repaid in May 2008 (year ended 31 December 2007 – $130,000 lower / higher to borrowings). Equity movement on cash flow hedges of borrowing would have been $Nil as the final swap was settled on 1 April 2008 (year ended 31 December 2007 –$1,000 lower / higher).

Sensitivity – Parent entity

With the closing parent entity cash balance of $947,000 and an interest bearing loan from controlled entities of $8,797,000, if interest rates had been 1% higher or lower than the prevailing rates realised/ paid/payable, with all other variables held constant, post-tax profit for the year would have been $79,000 lower/higher), mainly as a result of higher/lower interest expense on the loan from controlled entities (year ended 31 December 2007 – $107,000 lower/higher due to higher borrowings). Equity movement on cash flow hedges of borrowing would have been $Nil as the final swap was net settled on 1 April 2008 (year ended 31 December 2007 –$1,000 lower / higher).

(b) Credit risk

The Consolidated entity has no significant concentrations of credit risk. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Consolidated entity has policies that limit the amount of credit exposure to any one financial institution.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures on outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. In relation to other credit risk areas, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

For derivative financial instruments, the Financial Risk Management Policy approved by the Board establishes limits and credit worthiness requirements, and an approved list of counterparties.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at the beginning of this note.

	Consolidated		**Parent Entity**	
	31 Dec 2008 $000	**31 Dec 2007 $000**	**31 Dec 2008 $000**	**31 Dec 2007 $000**
Cash and cash equivalents				
AA	10,909	2,861	947	2,140
Trade and other receivables				
AAA*	1,343	1,284	1,151	1,956
Loan to Director	229	-	-	-

* Trade and other receivables primarily relate to GST and diesel fuel rebates due from the Australian and Canadian governments.

Notes to the financial statements

31 December 2008

(presented in United States dollars)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. The Consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying business, the Consolidated entity aims at maintaining flexibility in funding by accessing appropriate committed credit lines available from different counterparties where appropriate and possible. The Consolidated entity's main project debt facility was repaid in full in May 2008 following the successful merger with Emperor Mines Limited which resulted in cash acquired of $57,467,000.

Maturities of financial liabilities

The table below analyses the Consolidated and parent entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the reporting date.

Consolidated and Parent entity at 31 December 2008

Consolidated entity at 31 December 2008	Less than 12 months $000	Between 1 and 2 years $000	Between 2 and 5 years $000	Over 5 years $000	Total contractual cash flows $000	Carrying amounts (assets)/ liabilities $000
Non-derivatives						
Non-interest bearing	5,007	-	-	-	5,007	5,007
Variable rate	-	-	-	-	-	-
Fixed rate	276	-	-	-	276	276
Total non-derivatives	5,283	-	-	-	5,283	5,283
Derivatives						
Net settled (interest rate swaps)	-	-	-	-	-	-
Net settled (gold forward sales contracts)	-	-	-	-	-	-
Total derivatives	-	-	-	-	-	-
Parent entity at 31 December 2008						
Non-derivatives						
Non-interest bearing	4,042	-	-	-	4,042	4,042
Variable rate	8,797	-	-	-	8,797	9,797
Fixed rate	276	-	-	-	276	276
Total non-derivatives	13,115	-	-	-	13,115	13,115
Derivatives						
Net settled (interest rate swaps)	-	-	-	-	-	-
Net settled (gold forward sales contracts)	-	-	-	-	-	-
Total derivatives	-	-	-	-	-	-

	Less than 12 months $000	Between 1 and 2 years $000	Between 2 and 5 years $000	Over 5 years $000	Total contractual cash flows $000	Carrying amounts (assets)/ liabilities $000
Consolidated entity at 31 December 2007						
Non-derivatives						
Non-interest bearing	4,214	-	-	-	4,214	4,214
Variable rate	17,607	-	-	-	17,607	17,607
Fixed rate	835	19	6	-	860	860
Total non-derivatives	22,656	19	6	-	22,681	22,681
Derivatives						
Net settled (interest rate swaps)	(7)	-	-	-	(7)	(7)
Net settled (gold forward sales contracts)	13,628	-	-	-	13,628	13,628
Total derivatives	13,621	-	-	-	13,621	13,621
Parent entity at 31 December 2007						
Non-derivatives						
Non-interest bearing	3,237	-	-	-	3,237	3,237
Variable rate	12,021	-	-	-	12,021	12,021
Fixed rate	835	19	6	-	860	860
Total non-derivatives	16,093	19	6	-	16,118	16,118
Derivatives						
Net settled (interest rate swaps)	(7)	-	-	-	(7)	(7)
Net settled (gold forward sales contracts)	13,628	-	-	-	13,628	13,628
Total derivatives	13,621	-	-	-	13,621	13,621

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Ore reserve estimates

Estimates of recoverable quantities of ore reserves include assumptions regarding commodity prices, exchange rates, discount rates, and production costs for future cash flows. It also requires interpretation of complex and difficult geological models in order to make an assessment of the size, shape, depth and quality of resources and their anticipated recoveries. The economic, geological and technical factors used to estimate ore reserves may change from period to period. Changes in reported ore reserves can impact mining properties carrying values (Note 17 and Note 18), property, plant and equipment carrying values (Note 16), the provision for restoration (Note 24) and the recognition of deferred tax assets (Note 19), due to changes in expected future cash flows. Ore reserves are integral to the amount of depreciation, depletion and amortisation charged to the income statement, the calculation of inventory and the assessment of impairment of mining properties.

(ii) Rehabilitation obligations

The Consolidated entity estimates the future removal costs of mine operations disturbances at the time of installation of the assets. In most instances, removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal date, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal technologies in determining the removal cost, and asset specific discount rates to determine the present value of these cash flows. For more detail regarding the policy in respect of provision for restoration, refer to Note 2(q).

(iii) Income taxes

The Consolidated entity is subject to income taxes in Australia and foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Deferred tax assets comprising temporary differences and tax losses have not been brought to account as set out in Notes 11 and 19 as the Group's ability to recover these amounts is uncertain.

5. FOREIGN CURRENCY TRANSLATION

Dual listings on the ASX and TSX, and with projects internationally, has resulted in the Company adopting US dollars as its presentation currency rather than Australian dollars. The financial statements are translated from the Consolidated entity's functional currencies (Australian and Canadian dollars) into a presentation currency of United States dollars. Foreign currency translation accounting policy details are contained in Note 2 (c).

The exchange rates applied were as follows:

	31 Dec 2008	31 Dec 2007
Annual average exchange rates used		
Australian dollars (A$) to United States dollars (US$)	0.8532	0.8349
Canadian dollars (C$) to United States dollars (US$)	0.9351	0.9299
Period end closing exchange rates used		
Australian dollars (A$) to United States dollars (US$)	0.6912	0.8738
Canadian dollars (C$) to United States dollars (US$)	0.8205	1.0199

6. BUSINESS COMBINATION

On 11 March 2008 the Company completed a business combination by acquiring all of the issued securities of Emperor Mines Limited. The purchase consideration comprised the issue of 246,118,931 Intrepid ordinary shares for 1,046,005,621 issued securities of Emperor Mines Limited, 623,529 unlisted Intrepid shares and payment in cash of A$89,826 for 4,880,900 Emperor's unlisted shares at fair value. As per the Merger Implementation Deed (MID) signed on 18 September 2007, Intrepid acquired all outstanding Emperor shares on 11 March 2008 (1,046,005,621) on the basis of the Exchange ratio, being (1) Ordinary Intrepid share for every 4.25 Emperor Shares outstanding with each fractional entitlement rounded up or down to the nearest whole number of Ordinary Shares.

The Exchange Ratio of the Ordinary Shares for Emperor Shares represented on 18 September 2007 (being the date of the execution of MID) an effective price of C$0.245 per Ordinary Share. The closing price on TSX on 18 September 2007 for the Ordinary Shares was C$0.25 per Ordinary Share and the 20 day volume weighted average price ending 18 September 2007 of the Ordinary Shares on the TSX was C$0.239. The closing price of the Emperor Shares on the ASX on 18 September 2007 was A$0.067 and the 20 day volume weighted average price ending 18 September 2007 on the ASX was A$0.069.

The cost of the business combination has been determined by reference to the market value of Intrepid shares as at the date of the business combination (11 March 2008) and has been determined as outlined below.

	Costs of business combination $000
Issue of 246,118,931 shares @ A$0.255	57,576
Transaction costs directly attributable to business combination (including costs of unlisted shares)	2,961
Total cost of business combination	**60,537**

Details of net assets acquired were as follows:

	Acquiree's carrying amount $000	Fair value $000
Cash and cash equivalents	57,467	57,467
Receivables	8,858	8,858
Property, plant and equipment	1,895	1,895
Exploration and mine properties	-	9,346
Payables	(14,872)	(14,872)
Deferred tax liability	**-**	(2,157)
Net assets acquired	**53,348**	**60,537**

The purchase price allocation resulted in an amount of $9,346,000 being allocated to Exploration and Mining properties. The amount has been allocated to Emperor's Tujuh Bukit gold-silver copper exploration project in eastern Java.

If acquisition has occurred on 1 January 2008, management estimates that consolidated revenue would have been $3.1 million higher and consolidated loss for the period would have been reduced by $2.9 million.

The loss of Emperor Mines Limited since the date of acquisition to 31 December 2008 was $3,678,000.

7. SEGMENT INFORMATION

For the year ended 31 December 2008 the Consolidated entity operated predominantly in the gold mining, development and exploration operating segment within the following geographical segments:

Americas

The Consolidated entity conducts exploration and evaluation of the Kamila gold/silver project (Casposo), along with regional exploration programs focussed in the San Juan province of Argentina and maintains a corporate office in Toronto and conducts regional exploration programs from time to time in Canada.

The Consolidated entity conducts exploration on several advanced projects in El Salvador and on the Taviche property in Mexico. As reported at the Intrepid Annual General Meeting in May 2008, with the aim to deliver increased value to its shareholders, the Group is considering a number of options in respect of its Mexico and El Salvador exploration assets. While a number of options with regards to the Mexico exploration asset are currently being considered, no decision has yet been made. Intrepid has commenced a process of ceasing activities in El Salvador and is in the process of documenting the sale of the El Salvador assets for a nominal consideration.

Australia

The Consolidated entity maintains a registered office in Brisbane and operates the Paulsens Gold Mine, along with regional exploration programs focussed in the Ashburton region of Western Australia.

South East Asia

The Consolidated entity funds exploration activity under a Joint Venture Alliance agreement in respect of the Tujuh Bukit gold-silver-copper project in eastern Java (Indonesia).

As at and for the year ended 31 December 2008

Segment information – geographic segment	Australia $000	Americas $000	South East Asia $000	Elimin-ation $000	Consol-idated $000
Revenue					
External sales	54,407	-	-	-	54,407
Other revenue	1,520	37	-	-	1,557
Total segment revenue	55,927	37	-	-	55,964
Results					
Segment results	(10,745)	(39,968)	(5,664)	2,634	(53,743)
Loss before income tax					(53,743)
Income tax benefit					11,039
Loss for the year					(42,704)
Assets					
Segment assets	28,715	15,130	13,509	-	57,354
Total assets					57,354
Liabilities					
Segment liabilities	631	7,926	-	-	8,557
Unallocated liabilities				2,198	2,198
Total liabilities					10,755
Other segment information					
Acquisitions of property, plant and equipment, intangible assets and other non-current assets	12,167	8,141	14,830	-	35,138
Depreciation	4,978	16	-	-	4,994
Amortisation	12,871	-	-	-	12,871
Impairment of exploration properties	-	36,790	-	-	36,790

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As at and for the year ended 31 December 2007

Segment information – geographic segment	Australia $000	Americas $000	Sweden $000	Elimin-ation $000	Consol-idated $000
Revenue					
External sales	39,862	-	-	-	39,862
Other revenue	348	365	-	-	713
Total segment revenue	40,210	365	-	-	40,575
Results					
Segment results	(7,513)	(1,843)	-	(30,000)	(39,356)
Loss before income tax					(39,356)
Income tax benefit					9,000
Loss for the year					(30,356)
Assets					
Segment assets	33,357	53,174	-	-	86,531
Unallocated assets					4,086
Total assets					90,617
Liabilities					
Segment liabilities	30,603	6,533	30	-	37,166
Unallocated liabilities					13,738
Total liabilities					50,904
Other segment information					
Acquisitions of property, plant and equipment, intangible assets and other non-current assets	868	-	-	-	868
Depreciation	3,881	39	-	-	3,920
Amortisation	8,625	-	-	-	8,625
Impairment of exploration properties	-	30,000	-	-	30,000

	Consolidated		Parent Entity	
	31 Dec 2008 $000	31 Dec 2007 $000	31 Dec 2008 $000	31 Dec 2007 $000
8. REVENUE				
From operations				
Gold sales	54,310	39,786	54,310	39,786
Silver sales	97	76	97	76
	54,407	39,862	54,407	39,862

Notes to the financial statements
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	Consolidated		Parent Entity	
	31 Dec 2008 $000	**31 Dec 2007 $000**	**31 Dec 2008 $000**	**31 Dec 2007 $000**
9. OTHER INCOME				
Interest	1,410	165	149	154
Other	128	8	11	7
Foreign exchange gain	-	317	-	186
Net gain on sale of available-for-sale financial assets [1]	19	223	-	-
	1,557	713	160	347

(1) During the year ended 31 December 2008, Consolidated entity disposed of 850,000 shares in Exploratus Ltd at C$0.17 per share, realising a gain on disposal of $19,000.

	Consolidated		Parent Entity	
	31 Dec 2008 $000	**31 Dec 2007 $000**	**31 Dec 2008 $000**	**31 Dec 2007 $000**
10. EXPENSES				
Loss before income tax includes the following specific expenses:				
Depreciation:				
Buildings	210	148	165	148
Buildings under finance leases	665	506	665	504
Leasehold improvements	3	8	3	8
Motor vehicle under finance leases	67	117	67	117
Plant and equipment	3,892	3,134	3,767	3,095
Plant and equipment under finance leases	103	116	103	116
Total depreciation	4,940	4,029	4,770	3,988
Depreciation expense/(capitalised) from stock	54	(109)	54	(109)
Depreciation expense	4,994	3,920	4,824	3,879
Amortisation of mine properties	12,434	8,937	12,434	8,937
Amortisation expense / (capitalised) from stock	437	(312)	437	(312)
Amortisation expense	12,871	8,625	12,871	8,625
Impairment of exploration properties (Note 18)	36,790	30,000	-	-
Investment impairment (Note 21)	-	-	21,818	20,254
Borrowing costs:				
- Interest and finance charges paid / payable	585	2,069	825	1,898
- Amortisation of borrowing costs	232	573	232	573
- unwinding of discount on rehabilitation provision	41	26	41	26
Borrowing costs expensed	858	2,668	1,098	2,497
Employee benefit expense	10,044	6,046	7,000	5,178

Notes to the financial statements
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(presented in United States dollars)

	Consolidated		Parent Entity	
	31 Dec 2008 $000	31 Dec 2007 $000	31 Dec 2008 $000	31 Dec 2007 $000
11. INCOME TAX BENEFIT				
(a) Income tax benefit				
Current tax	-	-	-	-
Deferred tax	(11,039)	(9,000)	-	-
	(11,039)	(9,000)	-	-
Deferred income tax expense included in income tax expense comprises:				
Decrease in deferred tax assets (Note 19)	-	167	-	167
Decrease in deferred tax liabilities (Note 26)	(11,039)	(9,167)	-	(167)
	(11,039)	(9,000)	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Loss from operations before income tax	(53,743)	(39,356)	(31,300)	(27,907)
Benefit at Australian tax rate of 30% (Dec 2006 – 30%)	(16,123)	(11,807)	(9,390)	(8,372)
Tax effect of amounts which are not deductible in calculating taxable income:				
Impairment of other financial asset	-	-	6,545	6,076
Option remuneration	206	122	206	122
Non deductable exploration	1,618	-	-	-
Sundry items	2	67	2	67
Under/(over) provided in prior years	(842)	-	(789)	-
	(15,139)	(11,618)	(3,426)	(2,107)
Recognition of previously unrecognised tax losses	(5,243)	-	(23)	-
Change in unrecognised temporary differences	6,281	-	1,642	-
Tax losses not recognised	3,062	2,618	1,807	2,107
Income tax benefit	(11,039)	(9,000)	-	-
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax – debited directly to equity (Note 28)	3,865	1,603	3,906	1,616
(d) Tax losses and temporary differences				
Deferred tax assets have not been recognised in respect of the following items:				
Net deductable temporary differences	17,706	-	1,331	-
Tax losses	20,842	8,330	9,068	6,527
	38,848	8,330	10,399	6,527

Notes to the financial statements
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(presented in United States dollars)

	Consolidated		Parent Entity	
	31 Dec 2008 $000	**31 Dec 2007 $000**	**31 Dec 2008 $000**	**31 Dec 2007 $000**

12. CASH AND CASH EQUIVALENTS

Current				
Cash at bank	9,059	2,861	947	2,140
Cash at bank (restricted)	1,850	-	-	-
	10,909	2,861	947	2,140

(a) The above figures are shown as cash and cash equivalents at the end of the financial period in the cash flow statements.

(b) Cash at bank and on hand includes interest-bearing amounts. The average rate applicable to the Consolidated entity's balance at 31 December 2008 was 6.65% (6.07% at 31 December 2007).

(c) Restricted cash relates to security deposits on various securities held by the controlling entities in Papua New Guinea (statutory deposits for Fortis Insurance Limited), Australia (guarantees for corporate office lease) and Fiji. The security in Fiji is over the Vatukoula mining lease. Intrepid continues to work with the Fijian Government and the new owners of the Vatukoula Gold Mine to transfer the security of the mining lease.

13. TRADE AND OTHER RECEIVABLES

Current				
GST receivable	736	719	660	670
Other receivables	571	291	286	290
Non-trade receivables from controlled entity	-	-	225	429
Less: Provision for non-recovery	-	-	(225)	(429)
Prepayments	265	274	205	151
Loan to subsidiary	-	-	-	845
	1,572	1,284	1,151	1,956

(a) *GST and other receivables*
These amounts generally arise from transactions within the usual operating activities of the Consolidated entity. Amounts are expected to be received within 30 days of submission.

(b) Other receivables includes loan to Mr B Gordon which attracts interest of BBS plus 1% payable on a monthly basis. Other receivables are non-interest bearing.

14. INVENTORIES

Current				
Consumables - at cost	589	656	589	656
Ore stock - at cost	544	1,104	544	1,104
Gold in circuit - at cost	2,041	2,831	2,041	2,831
	3,174	4,591	3,174	4,591

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	Consolidated		Parent Entity	
	31 Dec 2008 $000	31 Dec 2007 $000	31 Dec 2008 $000	31 Dec 2007 $000
15. NON-CURRENT ASSETS HELD FOR SALE				
Current				
Land and building [(1)]	1,219	-	-	-
	1,219	-	-	-

(1) At balance date, the Consolidated entity is committed to a plan to sell land and building acquired as part of the merger with Emperor Mines Limited. There was no impairment loss recognised on re-measurement of the assets to the lower of carrying amount and fair value less costs to sell.

	Consolidated		Parent Entity	
	31 Dec 2008 $000	31 Dec 2007 $000	31 Dec 2008 $000	31 Dec 2007 $000
16. PROPERTY, PLANT AND EQUIPMENT				
Non-current				
Plant and equipment – at cost	13,046	14,500	12,547	14,313
Less: Accumulated depreciation	(9,310)	(7,534)	(8,906)	(7,379)
	3,736	6,966	3,641	6,934
Plant and equipment – under lease	392	601	392	601
Less: Accumulated amortisation	(327)	(303)	(327)	(303)
	65	298	65	298
Motor vehicles – at cost	-	55	-	55
Less: Accumulated depreciation	-	(55)	-	(55)
	-	-	-	-
Motor vehicles – under lease	314	397	314	397
Less: Accumulated amortisation	(261)	(261)	(261)	(261)
	53	136	53	136
Leasehold improvements – at cost	-	71	-	71
Less: Accumulated amortisation	-	(24)	-	(24)
	-	47	-	47
Buildings – at cost	535	646	535	646
Less: Accumulated depreciation	(346)	(286)	(346)	(286)
	189	360	189	360
Buildings – under lease	2,539	3,210	2,539	3,210
Less: Accumulated amortisation	(1,807)	(1,597)	(1,807)	(1,597)
	732	1,613	732	1,613
Total property, plant and equipment	16,826	19,480	16,327	19,293
Less: Accumulated amortisation	(12,051)	(10,062)	(11,647)	(9,905)
	4,775	9,418	4,680	9,388

Notes to the financial statements

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(presented in United States dollars)

16. Property, plant and equipment (continued)

	Consolidated		Parent Entity	
	31 Dec 2008 $000	31 Dec 2007 $000	31 Dec 2008 $000	31 Dec 2007 $000
Reconciliations Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial period are set out below:				
Plant and equipment				
- Carrying amount at the beginning of the period	6,966	8,490	6,934	8,429
- Acquired via merger	230	-	-	-
- Additions	1,583	801	1,580	801
- Disposals	(68)	-	(68)	-
- Depreciation	(3,892)	(3,134)	(3,767)	(3,095)
- Exchange differences	(1,083)	809	(1,038)	799
- Carrying amount at the end of the period	3,736	6,966	3,641	6,934
Plant and equipment – under lease				
- Carrying amount at the beginning of the period	298	377	298	377
- Additions	20	-	20	-
- Disposals	(123)	-	(123)	-
- Depreciation	(103)	(116)	(103)	(116)
- Exchange differences	(27)	37	(27)	37
- Carrying amount at the end of the period	65	298	65	298
Motor vehicles – under lease				
- Carrying amount at the beginning of the period	136	185	136	185
- Additions	-	50	-	50
- Depreciation	(67)	(117)	(67)	(117)
- Exchange differences	(16)	18	(16)	18
- Carrying amount at the end of the period	53	136	53	136
Leasehold improvements				
- Carrying amount at the beginning of the period	47	51	47	51
- Disposals	(44)	-	(44)	-
- Depreciation	(3)	(8)	(3)	(8)
- Exchange differences	-	4	-	4
- Carrying amount at the end of the period	-	47	-	47
Buildings				
- Carrying amount at the beginning of the period	360	450	360	450
- Acquired via merger	1,665	-	-	-
- Additions	76	17	76	17
- Disposals	(26)	-	(26)	-
- Reclassified as asset held-for-sale	(1,219)	-	-	-
- Depreciation	(210)	(148)	(165)	(148)
- Exchange differences	(457)	41	(56)	41
- Carrying amount at the end of the period	189	360	189	360

	Consolidated		Parent Entity	
	31 Dec 2008 $000	**31 Dec 2007 $000**	**31 Dec 2008 $000**	**31 Dec 2007 $000**
Buildings – under lease				
- Carrying amount at the beginning of the period	1,613	1,928	1,613	1,928
- Disposals	(2)	-	(2)	-
- Depreciation	(665)	(506)	(665)	(504)
- Exchange differences	(214)	191	(214)	189
- Carrying amount at the end of the period	732	1,613	732	1,613
Total Property , Plant and Equipment				
- Carrying amount at the beginning of the period	9,418	11,481	9,388	11,420
- Acquired via merger	1,895	-	-	-
- Additions	1,679	868	1,676	868
- Disposals	(263)	-	(263)	-
- Reclassified as asset held-for-sale	(1,219)	-	-	-
- Depreciation	(4,940)	(4,029)	(4,770)	(3,988)
- Exchange differences	(1,795)	1,098	(1,351)	1,088
- Carrying amount at the end of the period	4,775	9,418	4,680	9,388

17. MINING PROPERTIES

Non-current

Opening balance	67,820	86,104	15,911	17,409
Acquired via merger	9,346	-	-	-
Direct expenditure	22,218	8,412	8,596	5,724
Amortisation of mining properties (1)	(12,434)	(8,937)	(12,434)	(8,937)
Impairment of exploration properties (refer Note 18)	(36,790)	(30,000)	-	-
Exchange differences	(14,478)	12,241	(3,196)	1,715
Closing balance	35,682	67,820	8,877	15,911
Mining properties consists of the following:				
Mine development (Paulsens)	8,877	15,911	8,877	15,911
Exploration and development (Casposo)	13,296	44,321	-	-
Exploration properties (El Salvador)	-	5,417	-	-
Exploration properties (Mexico)	-	2,171	-	-
Exploration properties (Indonesia- Tujuh Bukit)	13,509	-	-	-
Closing balance at end of period	35,682	67,820	8,877	15,911

(1) Amortisation of mining properties increased during the 2008 year following a review of mine development expenditure requirements over the remaining known reserves at the Paulsens mine.

18. IMPAIRMENT OF MINING PROPERTIES

El Salvador (San Cristobal Property) and Mexico (Taviche) projects

As reported at the Intrepid Annual General Meeting in May 2008, with the aim to deliver increased value to its shareholders, the Company is considering a number of options in respect of its Mexico and El Salvador exploration assets. While a number of options with regards to the Mexico exploration asset are currently being considered, no decision has yet been made. Intrepid has commenced a process of ceasing activities in El Salvador.

Following this change in business strategy, the Company reviewed the carrying value of these projects and fully impaired the El Salvador asset by $5,264,000 and the Mexico asset by $2,026,000 as future recoverability of these projects either through further exploration or via a sale process is uncertain.

Casposo project

In July 2008 the Company announced that the updated Casposo feasibility study was completed and a decision made to proceed with the development timetable that would have allowed commencement of production in the third quarter of 2010.

On 13 October 2008, the Company announced the decision to postpone construction of the Casposo Project as a result of the impact of the global financial crisis limiting the availability of funds from debt and equity markets.

With the delay in implementation of the project (due to delay in development and construction with no certainty on a future start date) an impairment review was carried out in September 2008.

Key assumptions used in determining the recoverability

- An impairment charge of $29.5 million was made reducing the Casposo asset carrying value to $20.1 million. The $20.1 million carrying value was determined by translating the C$ value of the asset at the September 2008 closing C$/US$ exchange rate of 0.9518. At 31 December 2008, the closing C$/US$ exchange rate was 0.8205 which has resulted in the carrying value being translated to $13.2 million.
- The recoverable amount was based on fair value less costs to sell and was determined as mid value from an external valuation report after reviewing a number of valuation methodologies. The methodologies considered were:
  - External valuation report which applied a high probability of success with continued drilling programmes ;
  - Value based on dollar per ounce and
  - A joint venture partner offer.

Impact of possible changes in key assumptions

Changes in the gold and silver price, movement in interest rates and foreign exchange rates and changes in the political and social environment in the countries holding the exploration areas of interest are all factors that could change the assessment of the future exploration potential assigned to various areas.

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	Consolidated		Parent Entity	
	31 Dec 2008 $000	31 Dec 2007 $000	31 Dec 2008 $000	31 Dec 2007 $000
19. DEFERRED TAX ASSETS				
Non-current				
The balance comprises temporary differences attributable to:				
Amounts recognised in profit and loss				
Employee benefits	-	151	-	151
Provisions	-	129	-	129
Tax losses	-	1,432	-	1,432
	-	1,712	-	1,712
Amounts recognised directly in equity				
Cash flow hedges	-	4,086	-	4,086
	-	5,798	-	5,798
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 26)	-	(1,712)	-	(1,712)
Net deferred tax assets	-	4,086	-	4,086
Movements:				
Opening balance	5,798	7,002	5,798	7,002
Charged to the income statements	-	(167)	-	(167)
Debit to equity	(3,906)	(1,616)	(3,906)	(1,616)
Change in unrecognised tax losses and temporary differences	(1,712)	-	(1,712)	-
Exchange differences	(180)	579	(180)	579
Closing balance	-	5,798	-	5,798

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	Consolidated		Parent Entity	
	31 Dec 2008 $000	31 Dec 2007 $000	31 Dec 2008 $000	31 Dec 2007 $000
20. OTHER				
Non-current				
Borrowing costs	893	877	893	877
Accumulated amortisation	(893)	(661)	(893)	(661)
	-	216	-	216
21. OTHER FINANCIAL ASSETS				
Current				
Listed -Equity securities (1)	23	219	-	-
Unlisted -Equity securities (2)	-	122	-	-
	23	341	-	-
Non-Current				
Shares in subsidiaries (Note 33)	-	-	48,031	31,561
Movements:				
Opening balance	-	-	31,561	47,907
Acquired via merger	-	-	60,537	-
Impairment of other financial assets (3)	-	-	(21,818)	(20,254)
Exchange differences	-	-	(22,249)	3,908
Closing balance	-	-	48,031	31,561

(1) At balance date, the Consolidated entity held 465,000 shares in Aura Silver Resources Inc. (AUU), a TSX listed entity at C$0.06 per share (December 2007: 465,000 shares at C$0.46 per share).

(2) At balance date, the Consolidated entity held Nil shares in Exploratus Ltd as during the September 2008 quarter it disposed investment held in Exploratus Ltd at C$0.17 per share, realising a gain on disposal of $19,000 (December 2007: 850,000 shares held at C$0.14 per share).

(3) The impairment reflects the write-down in the carrying value of the Company's investment in Intrepid Minerals Corporation for the year ended 31 December 2008 to its recoverable amount.

22. TRADE AND OTHER PAYABLES				
Current				
Trade payables	2,735	2,293	2,625	2,293
Other payables	2,272	1,921	1,417	944
	5,007	4,214	4,042	3,237

	Consolidated		Parent Entity	
	31 Dec 2008 $000	31 Dec 2007 $000	31 Dec 2008 $000	31 Dec 2007 $000
23. BORROWINGS				
Current				
Project finance facility (1)	-	12,021	-	12,021
Finance leases (2)	276	835	276	835
Other loan (3)	-	5,586	-	-
Loan from subsidiary(3)	-	-	8,797	-
	276	18,442	9,073	12,856
Non-current				
Loan from subsidiary	-	-	-	-
Finance leases (2)	-	25	-	25
	-	25	-	25

(1) The facilities were secured by a first ranking fixed and floating charge over all of the property and assets of the Paulsens Gold Project and by a mortgage over the shares in Intrepid Minerals Corporation. The loan facility was fully repaid on the 22 May 2008. The Company is in a process of finalising the release of these charges following the closure of the hedge book in December 2008.

(2) Each finance lease is secured against the underlying hire purchase equipment. ESS Compass Group (Australia) Pty Ltd and the Company have an arrangement whereby ESS Compass has supplied the Paulsens Gold Mine camp and office buildings as well as ongoing camp services. The Company is currently in the process of repaying the residual payment with ESS Compass.

(3) This relates to an interest bearing loan provided by Emperor Mines Limited for the December 2007 year. Following the merger with Emperor Mines Limited in March 2008, this facility is now treated as an intercompany loan and eliminated on consolidation for the December 2008 year. The loan is interest bearing and no fixed repayment terms.

(4) Details of the Consolidated entity's exposure to interest rate charges on borrowings are set out in Note 3.

24. PROVISIONS				
Current				
Employee benefits	357	393	354	393
Non-current				
Employee benefits	101	42	101	42
Mine rehabilitation (a)	2,114	429	2,114	429
	2,215	471	2,215	471

	Consolidated		Parent Entity	
	31 Dec 2008 $000	**31 Dec 2007 $000**	**31 Dec 2008 $000**	**31 Dec 2007 $000**
(a) Movements in provisions				
Movements in each class of provision during the financial period, other than employee benefits, are set out below:				
Non-current				
Mine rehabilitation				
- Carrying amount at start of period	429	364	429	364
- Accretion of provision	45	9	45	9
- Additions- change in estimate	1,739		1,739	
- Exchange differences	(99)	56	(99)	56
- Carrying amount at end of period	2,114	429	2,114	429

During the year, the Consolidated entity carried out a detailed review of its Paulsens mine restoration and rehabilitation obligations and as a result the rehabilitation provision was increased by $1,739,000. A discount rate of 7.41% (2007 - 5.97%) was used to calculate the present value of the rehabilitation provision of the Consolidated entity. The amount of the present value of the provision is added to the capital cost of the related mining assets in mine properties and amortised over the ore reserve life. The provision is accreted to its future value over the ore reserve life through a charge to borrowing costs. Changes in the estimated cost of rehabilitation are applied on a prospective basis.

25. FINANCIAL INSTRUMENTS

	Consolidated 31 Dec 2008 $000	Consolidated 31 Dec 2007 $000	Parent Entity 31 Dec 2008 $000	Parent Entity 31 Dec 2007 $000
Current liabilities				
Forward gold sales contracts				
Cash flow hedges ((a)(ii))	-	13,628	-	13,628
Interest rates swap contracts – cash flow hedges ((a)(i))	-	(7)	-	(7)
	-	13,621	-	13,621

(a) Financial instruments used

The Consolidated entity is party to financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and the Australian gold price in accordance with the Consolidated entity's Financial Risk Management Policy (refer to Note 3).

(i) Interest rate swap contracts – cash flow hedges

The Consolidated entity entered into interest rate swap contracts in relation to its project finance facility prior to December 2004 to protect part of the finance facility from exposure to increasing interest rates with settlement on a net of interest receivable or payable each quarter with the final swap contract settled on 1 April 2008. No new interest rate swap arrangements have been entered into during the financial year.

At year end, the notional principal amounts and periods of expiry of the interest rate swap contracts were as follows:

	31 Dec 2008 $000	31 Dec 2007 $000
Less than 1 year	-	1,791
1 – 2 years	-	-
	-	1,791

The contracts required settlement of net interest receivable or payable each quarter with the final swap contract settled on 1 April 2008.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and re-classified into profit and loss when the hedged interest expense is recognised. The ineffective portion is recognised in the income statement immediately. In the year ended 31 December 2008 there was no ineffective swap portion.

(ii) *Forward Australian dollar gold sales*

In meeting finance facility obligations and reducing exposure to the risk of a reduction in the Australian dollar gold price, the Consolidated entity entered into Australian dollar gold sales contracts in December 2004. The contracts were timed to mature monthly to be matched to monthly forecast future gold sales. All forward gold sales contracts falling due have been delivered in accordance with the original hedging schedule with the final delivery in December 2008. No new forward gold sales contracts were entered into during the period ended 31 December 2008.

At 31 December 2008, the hedge book was fully delivered and there were no outstanding contracts.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Consolidated entity adjusts the initial measurement of the component recognised by the related amount deferred in equity.

(b) **Net fair value of financial assets and liabilities**

The net fair value of financial assets and liabilities of the Consolidated entity and Company approximates their carrying value.

26. DEFERRED TAX LIABILITIES

	Consolidated		Parent Entity	
	31 Dec 2008 $000	31 Dec 2007 $000	31 Dec 2008 $000	31 Dec 2007 $000
Non-current				
The balance comprises temporary differences attributable to:				
Amounts recognised in profit and loss				
Prepayments	-	45	-	45
Inventory	-	395	-	395
Mining properties	2,198	14,969	-	1,272
	2,198	15,409	-	1,712
Amounts recognised directly in equity				
Available-for-sale financial assets	-	41	-	-
	2,198	15,450	-	1,712
Set-off of deferred tax assets pursuant to set-off provisions (Note 19)	-	(1,712)	-	(1,712)
Net deferred tax liabilities	2,198	13,738	-	-
Movements:				
Opening balance	15,450	21,525	1,712	1,708
Charged to the income statement (including tax benefit on impairment of mining properties)	(11,039)	(9,167)	-	(167)
(Debit)/credited to equity	(41)	13	-	-
Change in unrecognised temporary differences	(2,172)	-	(1,712)	-
Exchange differences	-	3,079	-	171
Closing balance	2,198	15,450	-	1,712

	Consolidated		Parent Entity	
	31 Dec 2008 $000	31 Dec 2007 $000	31 Dec 2008 $000	31 Dec 2007 $000
27. CONTRIBUTED EQUITY				
Ordinary and Exchangeable Shares (1)				
Issued and paid up	164,476	106,976	164,476	106,976

Movements in Contributed equity

Date	Details	Notes	Number of shares	Issue price	$000
31 Dec 06	**Balance**		**164,259,243**		**103,013**
Jan 07	Transaction costs		-		(26)
Mar 07	Exercise of employee options		20,000	$0.35	6
Apr 07	Exercise of employee options		95,000	$0.39	37
May 07	Transfer from employee option issued reserve		-		59
Sep 07	Convertible note conversion, net of tax		17,199,176	$0.27	3,781
Dec 07	Share issue - Exploration flow through		210,000	$0.50	106
31 Dec 07	**Closing balance**		**181,783,419**		**106,976**
Mar 08	Share issue-Merger Emperor Mines Ltd	(2)	246,118,931	$0.23	57,500
31 Dec 08	**Closing balance**		**427,902,350**		**164,476**

(1) The number of shares issued comprised of "ordinary shares" of Intrepid Mines Limited and "exchangeable shares" of Intrepid Nustar Exchange Corporation which were issued to Canadian shareholders of Intrepid Mineral Corporation (IMC) when the Company acquired IMC in July 2006. At 31 December 2008, the total number of shares issued comprised 414,604,531 ordinary shares of Intrepid Mines Limited (2007:165,821,766) and 13,297,819 exchangeable shares of Intrepid Nustar Exchange Corporation (2007:15,961,653).

(2) On 11 March 2008, the Company acquired all of the issued securities of Emperor Mines Limited. The purchase consideration comprised the issue of 246,118,931 Intrepid ordinary shares for 1,046,005,621 issued securities of Emperor Mines Limited on the basis of the Exchange ratio, being (1) Ordinary Intrepid share for every 4.25 Emperor Shares outstanding with each fractional entitlement rounded up or down to the nearest whole number of Ordinary Shares.

Ordinary shares

These shares have no par value and are fully paid ordinary shares. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Intrepid NuStar Exchange Corporation Exchangeable shares

These shares have no par value and are fully paid exchangeable shares issued by Intrepid NuStar Exchange Corporation and are exchangeable for fully paid ordinary shares of the Company. Exchangeable shareholders are able to exercise essentially the same voting rights (through a Special Voting Share issued for the Exchangeable shareholders) with respect to the Company as the holders of Ordinary shares.

28. RESERVES

	Consolidated 31 Dec 2008 $000	Consolidated 31 Dec 2007 $000	Parent Entity 31 Dec 2008 $000	Parent Entity 31 Dec 2007 $000
Option reserve (1)				
Balance at beginning of financial period	2,664	2,015	2,664	2,015
Options issued relating to merger	93	-	93	-
Options issued	686	708	686	708
Options exercised (transfer to share capital)	-	(59)	-	(59)
Balance at end of financial period	3,443	2,664	3,443	2,664
Warrant reserve (1)				
Balance at beginning of financial period	1,228	1,228	1,228	1,228
Warrants issued relating to share issue	-	-	-	-
Warrants issued relating to merger	-	-	-	-
Balance at end of financial period	1,228	1,228	1,228	1,228
Hedging reserve – cash flow hedges (2)				
Balance at beginning of financial period	(7,933)	(10,440)	(7,933)	(10,440)
Revaluation – gross	11,839	3,581	11,839	3,581
Deferred tax	(3,906)	(1,074)	(3,906)	(1,074)
Balance at end of financial period	-	(7,933)	-	(7,933)
Available-for-sale investments revaluation reserve (3)				
Balance at beginning of financial period	73	67	-	-
Revaluation – gross	(139)	242	-	-
Deferred tax	42	(13)	-	-
Transfer to income statement	24	(223)	-	-
Balance at end of financial period	-	73	-	-
Foreign currency translation reserve (4)				
Balance at beginning of financial period	5,359	(2,205)	7,823	3,169
Currency translation differences arising during the period	(16,549)	7,564	(22,982)	4,654
Balance at end of financial period	(11,190)	5,359	(15,159)	7,823
Reserves balance at end of period	(6,519)	1,391	(10,488)	3,782

(1) Option and warrant reserve used to record the fair value of options and warrants issued but not exercised.

(2) Hedging reserve used to record unrealised gains or losses on cash flow hedging instruments as described in Note 25. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

(3) Available-for-sale investments revaluation reserve used to record changes in the fair value of investments.

(4) Exchange differences arising on translation of foreign controlled entity and translation to presentation currency are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

	Consolidated		Parent Entity	
	31 Dec 2008 $000	31 Dec 2007 $000	31 Dec 2008 $000	31 Dec 2007 $000
29. ACCUMULATED LOSSES				
Balance at the beginning of the period	68,654	38,298	71,512	43,605
Net loss attributable to members of the Company	42,704	30,356	31,300	27,907
Balance at the end of the period	111,358	68,654	102,812	71,512

30. CONTINGENT LIABILITIES

Major contracts

The Company has a number of major contracts in connection with ordinary operations of the Paulsens Gold Mine. The contract in relation to the supply of liquid oxygen has a 12 month notice period for the Company to terminate the contract. The directors and management do not intend to terminate or withdraw from the contracts before the end of the terms.

	Consolidated		Parent Entity	
	31 Dec 2008 $000	31 Dec 2007 $000	31 Dec 2008 $000	31 Dec 2007 $000
31. COMMITMENTS FOR EXPENDITURE				
(a) **Capital commitments**				
Commitments to National power grid for the Casposo project and reclassification of protected forest to allow mining activities at the Tujuh Bukit project.				
Within one year	3,456	1,064	-	329
Later than one year and but not later than five years	12,150	11,215	-	-
Later than five years	1,625	2,600	-	-
	17,231	14,879	-	329

National power grid commitment for Casposo totals a non-refundable sum of $14,500,000. This is comprised of $8,000,000 pre production (split between the initial sum of $725,000 already paid in August 2008 and a subsequent sum of $7,275,000 which becomes payable when contracts for the construction of the grid are tendered and $6,500,000 payable in instalments, starting in the second year of production and with full payment of the balance in the fifth (5th) year of operation. While the Group has confirmation from Power Regulator Provisional Entity (EPRE) that they will proceed with the construction of the Power line, they have also indicated no financial commitment is required until Quarter 1 2010.

The Indonesian Forestry Law restricts non forestry activities within protection forests and prohibits mining using an open pit method in protection forest areas. Intrepid's Alliance partner, PT IMN, is working with relevant Indonesian authorities to allow for a review of forest land status if the exploration activities support such a decision. The Zone A and C Resource falls within a protected forest area, and there are risks attendant upon the reclassification process.

Notes to the financial statements
31 December 2008
(presented in United States dollars)

	Consolidated		Parent Entity	
	31 Dec 2008 $000	31 Dec 2007 $000	31 Dec 2008 $000	31 Dec 2007 $000
(b) **Exploration**				
In order to maintain rights of tenure to mining tenements, the Consolidated entity is required to outlay for tenement rentals and to meet the minimum exploration expenditure requirements. This commitment in 2008 will continue for future years with the amount dependent upon tenement holdings.				
Commitments for the payment of exploration expenditure in existence at the reporting date but not recognised as liabilities, payable:				
Within one year	702	996	571	732

The Group through meeting sufficient expenditure commitments has earned an 80% interest in a Joint Venture that has a contractual interest in the Tujuh Bukit project. The future commitments of the Group include the payment on conversion of the identified protected forest to farming forest to a maximum of A$5.0 million (included in Note 31(a) above). The Group has also agreed to undertake further exploration and to provide funding to completion of feasibility to a maximum of A$42 million.

	Consolidated 31 Dec 2008 $000	Consolidated 31 Dec 2007 $000	Parent Entity 31 Dec 2008 $000	Parent Entity 31 Dec 2007 $000
(c) **Finance leases**				
Commitments in relation to finance leases are payable as follows:				
Within one year	276	859	276	859
Later than one year but not later than five years	-	27	-	27
Minimum lease payments	276	886	276	886
Less: future finance charges	-	(26)	-	(26)
Total lease liabilities	276	860	276	860
Representing lease liabilities:				
Current (Note 23)	276	835	276	835
Non-current (Note 23)	-	25	-	25
	276	860	276	860
(d) **Operating leases**				
Within one year	161	195	84	125
Later than one year and but not later than five years	401	431	147	104
	562	626	231	229

(presented in United States dollars)

	Consolidated		Parent Entity	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
32. EMPLOYEES				
Number of employees (1)	94	81	57	43

(1) The Company engages various contractors including underground mining contractors.

33. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2(b):

Name of entity	Country of incorporation	Class of shares	Equity holding 31-Dec-08 %	Equity holding 31-Dec-07 %
6554636 Canada Ltd (Callco)	Canada	Ordinary	100	100
Ave. Fenix S. de R. L.	Honduras	Ordinary	100	100
DRD (Porgera) Ltd (1)	Papua New Guinea	Ordinary	100	-
DRD Australasian Services (Pty) Ltd(1)	Australia	Ordinary	100	-
DRD Isle of Man Ltd(1)	Isle of Man	Ordinary	100	-
Emperor Mines Limited(1)	Australia	Ordinary	100	-
Fortis Insurance Ltd(1)	Papua New Guinea	Ordinary	100	-
Gracias a Dios S. de R. L. de C.V.	Honduras	Ordinary	100	100
Intrepid Minerals Corporation	Canada	Ordinary	100	100
Intrepid Minerals International Ltd	Cayman Islands	Ordinary	100	100
Intrepid Minerals S.A.	Honduras	Ordinary	100	100
Intrepid Minerals SA	Mexico	Ordinary	100	100
Intrepid Mines (IOM) Ltd	Isle of Man	Ordinary	100	-
Intrepid Mines Sweden AB	Sweden	Ordinary	100	-
Intrepid Nu Star Exchange (INEC)	Canada	Ordinary	100	100
Minera Geoex C.A.G.S.A.	Honduras	Ordinary	100	100
Minera Geotex S.A.	Costa Rica	Ordinary	100	100
Minera Plancie S.A. de C.V.	El Salvador	Ordinary	100	100
Minera Sanson S.A.	Costa Rica	Ordinary	100	100
Minera Sierra S. A.	Mexico	Ordinary	100	100
Mountain Exploration Ltd	Papua New Guinea	Ordinary	100	-
NuStar Mining Corporation Pty Ltd	Australia	Ordinary	100	100
Petancol Gold	El Salvador	Ordinary	100	100
San Cristobal Gold	El Salvador	Ordinary	100	100
Triada S.A. de C.V.	El Salvador	Ordinary	100	100
Tujuh Bukit Pte Ltd	Singapore	Ordinary	80	-

(1) Acquired through merger with Emperor Mines Limited in March 2008.

The proportion of ownership interest is equal to the proportion of voting power held.

(presented in United States dollars)

34. RELATED PARTY TRANSACTIONS

(a) **Parent entity**

The ultimate parent entity and controlling party is Intrepid Mines Limited.

(b) **Subsidiaries**

Interests in subsidiaries are set out in Note 33.

(c) **Key management personnel**

Disclosures relating to key management personnel are set out in Note 35(c).

(d) **Transactions with related parties and outstanding balances arising**

Loans are made within the Group to support commitments. The loans have no fixed date of repayment and are non- interest bearing except for loans between Emperor Mines Limited and the Company and between Emperor Mines Limited and Intrepid Minerals Corporations.

During the December 2008 the Company borrowed $10,258,000 from Emperor Mines Limited (including interest payable of $468,000) and borrowed $1,089,000 from Intrepid Minerals Corporations. As at 31 December 2008, the net amount payable by the Company was $8,797,000 including interest payable to Emperor Mines Limited.

	Consolidated		Parent Entity	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
TRANSACTIONS WITH THE COMPANY				
Opening balance receivable/(payable)	-	-	845	358
Add (advance)/ repayment	-	-	(10,879)	406
Add interest (charged)	-	-	(468)	-
Exchange differences	-	-	1,705	81
Closing balance (payable)/receivable	-	-	(8,797)	845

35. DIRECTOR AND OTHER KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were directors of the Company during the financial year:

(i) Chairman
C. Jackson

(ii) Executive director
B. Gordon, Chief Executive Officer (appointed 11 March 2008)

(iii) Non-executive directors

A. Roberts (appointed 11 November 2008)
I. McMaster (appointed 11 March 2008)
K. Dundo
L. Curtis (was an executive director until 30 June 2008)
R McDonald (appointed 11 March 2008)
D. Davidson (retired 11 March 2008)
D. Mosher (retired 11 March 2008)
B. Lambert (retired 11 March 2008)

(presented in United States dollars)

(b) Other key management personnel

The following additional persons had authority and responsibility for planning, directing and controlling the activities of the Consolidated entity, directly or indirectly, during the year:

Name	Position	Employer
D. Russell	GM Paulsens	Intrepid Mines Limited
F. Bourchier	VP Ops & Bus Development Americas	Intrepid Minerals Corporation
M Norris	EGM Exploration & New Business	Intrepid Mines Limited
S. Smith	Chief Financial Officer	Intrepid Mines Limited
V. Chidrawi	General Counsel & Co Secretary	Intrepid Mines Limited
Former key management		
A. Candelario	Vice President, Investor Relations	Intrepid Minerals Corporation
B. Gill	Chief Financial Officer	Intrepid Mines Limited
D. Humphry	Chief Financial Officer / Company Secretary	Intrepid Mines Limited
R. Jacobs	General Manager, Paulsens Gold Mine	Intrepid Mines Limited
W. McGuinty	Vice President, Exploration	Intrepid Minerals Corporation
D. McLean	Treasurer	Intrepid Minerals Corporation

(c) Key management personnel compensation

	Consolidated		Parent Entity	
	31 Dec 2008 $	31 Dec 2007 $	31 Dec 2008 $	31 Dec 2007 $
Short-term employee benefits	2,877,654	1,422,106	2,113,501	1,076,033
Post-employment benefits	142,285	72,994	133,603	67,444
Termination benefits	2,006,168	229,598	1,272,465	229,598
Share-based payments	435,908	134,298	330,476	41,315
	5,462,015	1,858,996	3,850,045	1,414,390

(presented in United States dollars)

(d) **Equity instrument disclosures relating to directors and other key management personnel**

Shareholdings

The number of shares in the Company held during the year by each director and other key management personnel, including their personally related entities, are set out below. There were no shares granted during the reporting period as compensation:

31 December 2008

Name	Balance at 31 Dec 2007	Purchased	Exercised options	Balance at 31 Dec 2008
Directors – non-executive				
C. Jackson	52,084	-	-	52,084
A. Roberts	-	-	-	-
I. McMaster (1)	-	470,588	-	470,588
K. Dundo	600,000	100,000	-	700,000
L. Curtis	484,334	65,500	-	549,834
R. McDonald(1)	-	847,059	-	847,059
Former Directors				
B. Lambert	-	N/A	N/A	N/A
D. Davidson	676,700	N/A	N/A	N/A
D. Mosher	413,555	N/A	N/A	N/A
Directors – executive				
B. Gordon(1)	-	235,294	-	235,294
Other key management personnel				
D. Russell	-	-	-	-
F. Bourchier(1)	-	11,765	-	11,765
M Norris(2)	-	92,529	-	92,529
S. Smith	-	250,000	-	250,000
V. Chidrawi(1)	-	19,412	-	19,412
Former other key management personnel				
A. Candelario	75,000	N/A	-	N/A
B. Gill	-	N/A	-	N/A
D. Humphry	40,000	N/A	-	N/A
R. Jacobs	-	N/A	-	N/A
W. McGuinty	82,667	N/A	-	N/A
D. McLean	-	N/A	-	N/A

(1) Purchased as part of converting Emperor Mines Limited shares held at merger on 11 March 2008.

(2) Purchased 47,529 shares as part of converting Emperor Mines Limited shares held at merger on 11 March 2008.

N/A= data not available.

(presented in United States dollars)

31 December 2007

Name	Balance at 31 Dec 2006	Purchased	Exercised options	Balance at 31 Dec 2007
Directors – non-executive				
C. Jackson	52,084	-	-	52,084
D. Davidson	676,700	-	-	676,700
B. Lambert	-	-	-	-
K. Dundo	66,667	533,333	-	600,000
D. Mosher	413,555	-	-	413,555
Directors – executive				
L. Curtis	484,334	-	-	484,334
Other key management personnel				
A. Candelario	-	75,000	-	75,000
D. Humphry	-	40,000	-	40,000
R. Jacobs	-	-	-	-
W. McGuinty	22,667	60,000	-	82,667
D. McLean	-	-	-	-
K. Skerrett	30,000	-	-	30,000

Option holdings

Details of options provided as remuneration and shares issued on the exercise of such options can be found in section D of the remuneration report.

The number of options over ordinary shares in the Company held during the reporting period by each director and key management personnel, including their personally related entities, are set out below:

Notes to the financial statements
31 December 2008
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31 December 2008

Name	Balance at 31-Dec-07	Granted as Compensation	Expired	Balance at 31-Dec-08	Vested during the year	Vested and exercisable at 31-Dec-08
Directors – non-executive						
C. Jackson	-	-	-	-	-	-
L. Curtis	700,000	-	(700,000)	-	-	-
K. Dundo	-	-	-	-	-	-
R. McDonald	-	-	-	-	-	-
I. McMaster	-	-	-	-	-	-
A. Roberts	-	-	-	-	-	-
Former Directors						
B. Lambert	-	-	-	-	-	-
D. Davidson	290,000	-	(50,000)	240,000	-	240,000
D. Mosher	170,000	-	(30,000)	140,000	-	140,000
Directors - executive						
B. Gordon	-	470,588	-	470,588	-	235,294
Other key management personnel						
D. Russell	-	1,000,000	-	1,000,000	-	-
F. Bourchier	-	1,235,294	-	1,235,294	-	117,647
M. Norris	-	1,399,999	-	1,399,999	-	117,647
S. Smith	-	1,000,000	-	1,000,000	-	-
V. Chidrawi	-	1,188,235	-	1,188,235	-	94,118
Former other key management personnel						
A. Candelario	80,000	45,000	(125,000)	-	-	-
B. Gill	-	117,647	(117,647)	-	-	-
D. Humphry	143,334	-	-	143,334	-	143,334
R. Jacobs	143,334	60,000	-	203,334	60,000	203,334
W. McGuinty*	385,000	-	(65,000)	320,000	-	320,000
D. McLean	120,000	-	-	120,000	-	120,000

*Restated to include 250,000 Intrepid Mineral Corporation options.

(presented in United States dollars)

31 December 2007

Name	Balance at 31 Dec 2006	Issued	Expired	Balance at 31 Dec 2007
Directors – non-executive				
C. Jackson	-	-	-	-
D. Davidson	290,000	-	-	290,000
B. Lambert (1)	416,667	-	(416,667)	-
K. Dundo	-	-	-	-
D. Mosher	170,000	-	-	170,000
Directors - executive				
L. Curtis	700,000	-	-	700,000
Other key management personnel				
A. Candelario	-	80,000	-	80,000
D. Humphry	83,334	60,000	-	143,334
R. Jacobs	83,334	60,000	-	143,334
W. McGuinty	75,000	60,000	-	135,000
D. McLean	75,000	45,000	-	120,000
K. Skerrett	100,000	30,000	-	130,000

(1) Mr Lambert completed his executive role in March 2007 but remained a non-executive director of the Company. Mr Lambert's executive options expired shortly after he completed his executive role.

Loans to directors and executives

At the Emperor Mines Limited Extraordinary General Meeting held on 29 August 2006, a loan to Mr Brad Gordon was approved by shareholders to the value of A$400,000 for the purchase of shares in the placement. The loan is repayable after 60 months. Monthly interest payments are made at Australian BBS plus 1% and 25% of any gross bonus or incentive payment to be utilised to reduce the outstanding balance of the loan. Interest of $15,755 was paid by Mr Gordon for 31 December 2008 financial year (December 2007: Nil) at an average rate of 8.31% (December 2007: Nil). The loan becomes immediately repayable if Mr Gordon's employment ceases with Intrepid Mines Limited for any reason other than redundancy. The loan balance as at 31 December 2008 was A$331,250 (December 2007: Nil). As at the date of this report the balance was A$310,662.

There have been no other loans to directors or executives.

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(presented in United States dollars)

Other transactions with directors and other key management personnel

	Consolidated and Parent Entity	
	31 Dec 2008 **$**	**31 Dec 2007** **$**
Gardiner Roberts LLP		
The Canadian Corporate Secretary, Ms Kathleen Skerrett, is a Partner of Gardiner Roberts LLP. Gardiner Roberts LLP has provided legal services to Intrepid on normal commercial terms. There was $1,293 in fees outstanding at 31 December 2008 (31 December 2007 : $67,548)		
Amounts recognised		
Legal fees including merger costs	153,500	226,189
Q Legal		
A director, Mr Dundo is a Partner of Q Legal. Q Legal has provided legal services to Intrepid on normal commercial terms. There was $583 in fees outstanding at 31 December 2008 ($54,520 fees outstanding at 31 December 2007)		
Amounts recognised		
Legal fees including merger costs	93,604	368,644

(presented in United States dollars)

36. REMUNERATION OF AUDITORS

	Consolidated and Parent Entity 31 Dec 2008 $	Consolidated and Parent Entity 31 Dec 2007 $
During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:		
(a) Assurance services		
Audit services		
KPMG Australian firm:		
- audit and review of financial reports and other audit work under the *Corporations Act 2001*	89,644	-
PricewaterhouseCoopers Australian firm:		
- audit and review of financial reports and other audit work under the *Corporations Act 2001*	-	100,833
Total remuneration for audit services	89,644	100,833
Other assurance services		
KPMG		
- Merger related	10,921	-
- Internal controls review	18,605	-
PricewaterhouseCoopers Australian firm:		
- Merger related	-	2,277
Total remuneration of other assurance services	29,526	2,277
Total remuneration for assurance services	119,170	103,110
Non-audit services – taxation		
PricewaterhouseCoopers Canadian firm:		
- tax compliance and planning services, including preparation and review of company income tax returns	-	95,137
Total remuneration for taxation services	-	95,137

	Consolidated 31 Dec 2008 $000	Consolidated 31 Dec 2007 $000	Parent Entity 31 Dec 2008 $000	Parent Entity 31 Dec 2007 $000
37. RECONCILIATION OF LOSS AFTER TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
Loss for the period	(42,704)	(30,356)	(31,300)	(27,907)
Depreciation and amortisation	17,374	12,506	17,204	12,468
Accretion of mine provision	39	25	39	25
Amortisation of borrowing costs	212	573	480	573
Loss on disposal of non current assets	95	-	95	-
Provision for diminution in investments		-	-	-
Write down of loan to subsidiary company		-	-	-
Net gain on sale of available-for-sale financial assets	(19)	(223)	-	-
Employee option value expense	686	406	686	406
Impairment of mining properties	36,790	30,000	-	-
Impairment to other financial asset	32	-	21,818	20,254
Unrealised foreign exchange loss / (gain)	1,416	(222)	365	(222)
Interest accrued	-	(89)	-	(86)
Decrease in deferred tax liability	(10,978)	(9,000)	-	-
Changes in operating assets and liabilities:				
- Decrease/(increase) in trade and other receivables	251	725	(187)	736
- Decrease/(increase) in inventories	698	(878)	698	(878)
- Decrease/(increase) in other assets	269	-	(138)	-
- (Decrease)/Increase in trade and other payables	(753)	(2,971)	1,523	(2,367)
- (Decrease)/increase in provisions	(7)	-	170	-
- Increase in other operating liabilities	162	-	-	-
Net cash inflow from operating activities	3,563	496	11,453	3,002

Non-cash financing and investing activities

The following transactions occurred which affected assets and liabilities which are not reflected in the Cash Flow Statements:

(a) Year ended 31 December 2008

Nil

(b) Year ended 31 December 2007

During the year ended 31 December 2007 the Consolidated entity received an election from Claymore Capital to convert its A$5.3 million convertible note. The conversion resulted in the issue of 17,199,176 ordinary shares and 2,000,000 options to acquire ordinary shares with an exercise price of A$0.36 per option and an expiry date of 20 September 2009.

38. LOSS PER SHARE

	Consolidated	
	31 Dec 2008 cents / share	**31 Dec 2007 cents / share**
Basic loss per share	(11.22)	(17.98)
Diluted loss per share	(11.22)	(17.98)
	Number	**Number**
Weighted number of ordinary shares used in the calculation of basic EPS:	380,701,459	168,858,166
Weighted number of ordinary shares used in the calculation of diluted EPS:	380,701,459	168,858,166
	$'000	**$'000**
Loss attributable to the ordinary equity holders of the Company used in calculating the basic /diluted loss per share	(42,704)	(30,356)

39. SHARE BASED PAYMENTS

(a) Employee option plan

The establishment of the Intrepid Mines Limited Employee Option Scheme was approved by shareholders at the Annual General Meeting on 29 November 2003 and refreshed by shareholders on 30 November 2006. All Intrepid Mines Limited employees (excluding directors) are eligible to participate in the Scheme once they have been continuously employed by the Company for a period.

Options are granted under the Scheme for no consideration. Options are granted for a five year term, and vest in accordance with an employee's option offer (between twelve and thirty six months) but not less than three months after entitlement date.

Options granted under the Scheme carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

The exercise price of options is based on the higher of the weighted average price at which the Company’s shares are traded on the Australian Stock Exchange and the Toronto Stock Exchange during the five trading days immediately before the options are granted.

The weighted average remaining contractual life of employee share options outstanding at the end of the period was 3.0 years (31 December 2007 – 4.3 years).

Set out below are summaries of options granted to employees under the Intrepid Mines Limited Employee Option Scheme approved by shareholders including Intrepid Minerals Corporation employee options assumed on 4 July 2006 on completion of the merger and 3,000,000 financing options and 7,728,000 warrants.

Notes to the financial statements

31 December 2008

(presented in United States dollars)

Grant Date	Expiry date	Curr-ency	Exercise Price	Balance at start of period Number	Granted during year Number	Exercised During year Number	Expired during year Number	Balance at end of year Number	Exercisable at end of year Number
Consolidated and parent entity – 31 December 2008									
01-Jul-04	30-Jun-09	A$	0.600	62,500	-	-	-	62,500	62,500
01-Apr-05	30-Apr-09	A$	0.684	83,334	-	-	-	83,334	83,334
01-Apr-05	28-Feb-10	A$	0.684	33,334	-	-	-	33,334	33,334
20-Sep-05	30-Apr-09	A$	0.672	29,167	-	-	-	29,167	29,167
01-Nov-05	3-Aug-10	A$	0.636	62,500	-	-	-	62,500	62,500
01-Nov-05	14-Sep-10	A$	0.696	25,000	-	-	-	25,000	25,000
01-Nov-05	29-Sep-10	A$	0.744	25,000	-	-	-	25,000	25,000
01-Nov-05	5-Oct-10	A$	0.720	16,667	-	-	-	16,667	16,667
16-Dec-05	30-Apr-09	A$	0.636	83,334	-	-	-	83,334	83,334
16-Dec-05	18-Oct-10	A$	0.672	33,334	-	-	-	33,334	33,334
16-Dec-05	25-Oct-10	A$	0.660	16,667	-	-	-	16,667	16,667
16-Dec-05	12-Nov-10	A$	0.612	16,667	-	-	-	16,667	16,667
16-Dec-05	11-Dec-10	A$	0.732	20,834	-	-	(20,834)	-	-
09-May-06	1-Mar-11	A$	0.828	16,667	-	-	-	16,667	16,667
09-May-06	28-Mar-11	A$	0.864	20,834	-	-	(20,834)	-	-
18-Sep-06	30-Apr-09	A$	1.050	78,000	-	-	-	78,000	78,000
18-Sep-06	12-Sep-11	A$	1.050	650,000			(110,000)	540,000	540,000
01-Oct-06	1-Oct-11	A$	0.980	81,000	-	-	-	81,000	81,000
01-Jan-07	30-Apr-09	A$	0.760	120,000	-	-	-	120,000	120,000
01-Jan-07	1-Jan-12	C$	0.700	80,000	-	-	(80,000)	-	-
01-Jan-07	1-Jan-12	A$	0.760	121,000	-	-	(40,000)	81,000	81,000
04-Apr-07	4-Apr-12	A$	0.490	93,000	-	-	(30,000)	63,000	63,000
28-Sep-07	30-Apr-09	A$	0.350	80,000	-	-	-	80,000	80,000
28-Sep-07	28-Sep-12	C$	0.310	460,000	-	-	(35,000)	425,000	425,000
28-Sep-07	28-Sep-12	A$	0.350	486,000	-	-	(164,000)	322,000	322,000
04-Jul-06	3-Jan-08	C$	0.530	50,000	-	-	(50,000)	-	-
04-Jul-06	3-Jan-08	C$	0.630	50,000	-	-	(50,000)	-	-
04-Jul-06	3-Jan-08	C$	0.930	350,000	-	-	(350,000)	-	-
04-Jul-06	3-Jan-08	C$	0.650	205,000	-	-	(205,000)	-	-
04-Jul-06	13-Feb-08	C$	0.530	35,000	-	-	(35,000)	-	-
04-Jul-06	12-Aug-08	C$	0.600	62,500	-	-	(62,500)	-	-

(presented in United States dollars)

Grant Date	Expiry date	Curr-ency	Exercise Price	Balance at start of period Number	Granted during year Number	Exercised During year Number	Expired during year Number	Balance at end of year Number	Exercisable at end of year Number
04-Jul-06	15-Sep-08	C$	0.630	485,000	-	-	(485,000)	-	-
04-Jul-06	3-Dec-08	C$	0.800	50,000	-	-	(50,000)	-	-
04-Jul-06	27-Apr-09	C$	0.930	1,247,500	-	-	(397,500)	850,000	850,000
04-Jul-06	15-Jan-10	C$	0.650	225,000	-	-	-	225,000	225,000
04-Jul-06	1-Feb-10	C$	0.530	40,000	-	-	-	40,000	40,000
04-Jul-06	22-Feb-10	C$	0.600	20,000	-	-	-	20,000	20,000
04-Jul-06	18-May-10	C$	0.650	400,000	-	-	(200,000)	200,000	200,000
04-Jul-06	6-Jun-10	C$	0.420	65,000	-	-	-	65,000	65,000
02-Jan-08	2-Jan-13	A$	0.320	-	199,000	-	(60,000)	139,000	139,000
02-Jan-08	30-Apr-09	A$	0.320	-	105,000	-	-	105,000	105,000
02-Jan-08	2-Jan-13	C$	0.270	-	45,000	-	(45,000)	-	-
11-Mar-08	2-Jan-12	A$	0.340	-	882,353	-	(258,823)	623,530	623,530
17-Apr-08	1-Jan-13	A$	0.300	-	679,996	-	(117,647)	562,349	-
05-May-08	5-May-13	A$	0.243	-	121,000	-	(32,000)	89,000	89,000
30-May-08	1-Jan-13	A$	0.300	-	235,294	-	-	235,294	-
16-Jul-08	3-Jul-13	A$	0.350	-	5,780,000	-	-	5,780,000	-
16-Jul-08	3-Jul-13	A$	0.470	-	1,000,000	-	-	1,000,000	-
16-Jul-08	3-Jul-13	C$	0.342	-	250,000	-	-	250,000	-
Total employees				**6,079,839**	**9,297,643**	**-**	**(2,899,138)**	**12,478,344**	**4,650,701**
Warrants and financing Options									
22-Dec-06	21-Jun-08	C$	0.900	6,900,000	-	-	(6,900,000)	-	-
22-Dec-06	21-Jun-08	C$	0.700	828,000	-	-	(828,000)	-	-
04-Apr-07	4-Apr-09	A$	0.520	1,000,000	-	-	-	1,000,000	1,000,000
28-Sep-07	20-Sep-09	A$	0.360	2,000,000	-	-	-	2,000,000	2,000,000
Total Warrants and financing Options				**10,728,000**	**-**	**-**	**(7,728,000)**	**3,000,000**	**3,000,000**
Total All Options				**16,807,839**	**9,297,643**	**-**	**(10,627,138)**	**15,478,344**	**7,650,701**
Weighted average exercise price			A$	0.73	0.35	-	0.81	0.45	0.55

Notes to the financial statements

31 December 2008

(presented in United States dollars)

Grant date	Expiry date	Exercise price $A	Balance at start of period Number	Granted during year Number	Exercised during year Number	Expired during year Number	Balance at end of year Number	Exercisable at end of year Number
Consolidated and parent entity – 31 December 2007*								
1 May 04	30 April 09	0.600	416,667	-	-	416,667	-	-
1 July 04	30 June 09	0.600	62,500	-	-	-	62,500	62,500
1April 05	28 Feb 10	0.684	116,668	-	-	-	116,668	116,668
20 Sept 05	30 April 10	0.672	29,167	-	-	-	29,167	29,167
20 Sept 05	3 July 10	0.648	104,168	-	-	104,168	-	-
1 Nov 05	3 Aug 10	0.636	62,500	-	-	-	62,500	62,500
1 Nov 05	14 Sept 10	0.696	25,000	-	-	-	25,000	25,000
1 Nov 05	29 Sept 10	0.744	25,000	-	-	-	25,000	25,000
1 Nov 05	5 Oct 10	0.720	16,667	-	-	-	16,667	16,667
16 Dec 05	18 Oct 10	0.672	33,334	-	-	-	33,334	33,334
16 Dec 05	23 Oct 10	0.660	62,501	-	-	45,834	16,667	16,667
16 Dec 05	8 Nov 10	0.636	83,334	-	-	-	83,334	83,334
16 Dec 05	12 Nov 10	0.612	33,334	-	-	16,667	16,667	16,667
16 Dec 05	11 Dec 10	0.732	20,834	-	-	-	20,834	20,834
9 May 06	1 Mar 11	0.828	16,667	-	-	-	16,667	16,667
9 May 06	28 Mar 11	0.864	20,834	-	-	-	20,834	20,834
18 Sept 06	12 Sept 11	1.05	798,000	-	-	70,000	728,000	728,000
1 Oct 06	1 Oct 11	0.98	219,000	-	-	138,000	81,000	81,000
1 Jan 07	1 Jan 12	0.76	-	400,000	-	79,000	321,000	-
4 Apr 07	4 Apr 12	0.49	-	109,000	-	16,000	93,000	-
28 Sept 07	28 Sept 12	0.35	-	1,056,000	-	30,000	1,026,000	-
		Balance	**2,146,175**	**1,565,000**	**-**	**916,336**	**2,794,839**	**1,354,839**
Weighted average exercise price			**A$0.66**	**A$0.46**	**-**	**A$0.70**	**A$0.67**	**A$0.89**

*For the year ended December 2007, only options granted to employees under the Intrepid Mines Limited Employee Options Scheme were disclosed and excluded Intrepid Mineral Corporation employee options assumed on 4 July 2006 on completion of the merger and also excluded warrants and financing options.

Fair value of employee options granted:

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 31 December 2008 included:

(a) options are granted for no consideration, have a five year life, and vest between zero and thirty six months after date of grant

(b) exercise price

(c) grant date

(d) expiry date

(e) expected price volatility of the Company's shares: 78% to 93% (year ended 31 December 2007 – 60% to 85%)

(f) risk-free interest rate: 7.02% to 7.25% (year ended 31 December 2007 - 6.25% to 6.50%)

(g) the share price at grant date varied with each issue and ranged for the year ended 31 December 2008 from A$0.08 to A$0.36 (year ended 31 December 2007: from A$0.28 to A$0.72)

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(b) **Expenses arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		Parent Entity	
	31 Dec 2008 $000	**31 Dec 2007 $000**	**31 Dec 2008 $000**	**31 Dec 2007 $000**
Options issued under employee option plan	686	406	686	406

40. EVENTS OCCURRING AFTER REPORTING DATE

There have been no events subsequent to balance date which would have a material effect on the Group's financial statements at 31 December 2008.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 26 to 85 and the Remuneration report in the Directors report, are in accordance with the Corporations Act 2001 including:

  (i) giving a true and fair view of the Company's and Consolidated entity's financial position as at 31 December 2008 and of their performance for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a); and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Brad Gordon
Chief Executive Officer and Managing Director

Dated this 24 day of February 2009