

# ACTIVITIES REPORT

## THREE MONTHS TO 30 SEPTEMBER 2008

All dollar values are United States Dollars unless otherwise stated.  
This report on the quarter ended 30 September 2008 mining production, development and exploration activities is provided as required under ASX Listing Rule 5.1.1.

## HIGHLIGHTS

### Paulsens Operations

- Paulsens has achieved 447 days without a lost time injury.
- Paulsens gold production of 16,483 fine ounces, down 27 percent on the prior quarter's record production of 22,687 ounces. The lower gold production resulted from a significant amount of lower grade stopes being mined during the quarter. Annual gold production is still expected to be close to 80,000 ounces.
- Unit operating costs at Paulsens reduced to \$111 per tonne (prior quarter \$115 per tonne).
- Site cash costs increased to \$558 per ounce (prior quarter \$429 per ounce) primarily due to lower ounces produced (negative impact \$153/oz), slightly offset by the weakening of the Australian dollar against the United States dollar (positive impact \$22/oz) and slightly lower costs (positive impact \$2/oz) over the period.
- Cash inflow of \$0.7 million from Paulsens operating activities (previous quarter cash inflow of \$9.3 million) reflecting gold sales of 15,917 ounces (of which 11,004 ounces were delivered into the hedge book at A\$627 per ounce). Previous quarter gold sales of 25,703 ounces (of which 10,862 ounces were delivered into the hedge book at A\$627 per ounce).

### Casposo Development

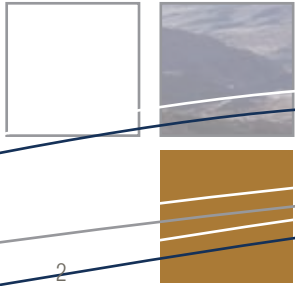
- The updated Casposo feasibility study was completed during the quarter with the Company announcing a decision to postpone construction of the project following the recent financial market turmoil which is limiting the availability of funds from the debt and equity markets.

### Exploration

- At Casposo, the majority of the 13,000 metre drilling program was completed during the quarter with the objective of extending the resource.
- Exploration at Tujuh Bukit has been ongoing with the Company announcing the drill results of hole GTD-08-035, which intersected 627.2 metres at 0.45 g/t gold and 0.44% copper from 222 metres, including 108 metres at 0.9 g/t gold and 0.9% copper from 530 metres during the quarter. The inaugural resource estimate for Zone C of the Tumpangpitu area of 1.1 million (at 0.92 AuEq (g/t)) gold equivalent ounces was also announced during the quarter.
- Subsequent to quarter end, assay results have been received for hole 42, the deep porphyry hole collared approximately 450 metres west of hole 35, and drilled to the north east. Results include:

Depth (metres)	Metres	Copper (%)	Gold (g/t)	Silver (g/t)
28-132	104	0.44	0.25	2.75
330-540	210	0.28	0.1	1.15
718-739	21.4	0.18	0.13	-

- At Tujuh Bukit, the announcement of the Zone A resource has been delayed to December 2008 allowing for inclusion of further drilling.



## HIGHLIGHTS (CONTINUED)

### Finance

- With the postponement of construction of the Casposo project, the Company can fund its activities for at least the next eighteen months.
- Gold revenue for the quarter of \$10.4 million, a decrease of 47 percent from the prior quarter of \$20 million as a result of a 27% reduction in production, delivering 11,004 ounces into the hedge book at A\$627 per ounce and the timing of the gold sales.
- The consolidated loss for the three and nine months to 30 September 2008 was \$28.5 million and \$34.6 million respectively. The loss for the quarter was mainly as a result of a pre-tax impairment charge of \$29.5 million on the Casposo project in Argentina, \$2.0 million pre-tax impairment charge on the Taviche project in Mexico and lower than expected production from Paulsens operations which has a predominately fixed costs structure. The year-to-date loss also includes a pre-tax impairment charge of \$5.3 million reported in the June 2008 quarter. The impairment at Casposo was triggered by the recent decision by the Company to delay construction of the Casposo project in line with future recoverability.
- Cash on hand at the end of the quarter was \$19 million (prior quarter \$46 million).

### Reconciliation of movement in cash during September 08 quarter:

	\$ million
Cash Balance 30 June 2008	45.9
DRDGOLD (Emperor capital distribution)	(11.6)
<b>Subtotal</b>	<b>34.3</b>
<b>Continuing business</b>	
Impact of exchange movements (USD/AUD)	(4.4)
Investments	
Paulsens	(1.8)
Casposo	(3.5)
Tujuh Bukit	(2.8)
Exploration	(0.5)
Corporate	(1.2)
Corporate (restructure & project related)	(0.7)
<b>Cash Balance 30 September 2008</b>	<b>19.4</b>

- Corporate costs for the quarter were \$1.5 million (net of project and restructure related costs of \$1.1million). The Company continues to review its corporate costs and has further downsized the Canadian capital market office during the quarter. With cessation of projects, restructure related costs and other non-recurring items, corporate costs are expected to trend lower. In the current market, the Company realises that the conservation of cash is paramount and is looking at further opportunities to reduce corporate costs.
- The hedge position continues to reduce and will be fully delivered by the end of 2008. At the end of the quarter the hedge position was 11,444 ounces, a reduction of 11,004 ounces at A\$627 per ounce over the last quarter.

### Brad Gordon

CEO

30 October 2008

*Paulsens has achieved 447 days without a lost time injury.*



**Intrepid Mines Limited (TSX: IAU, IXN & ASX: IAU - 'Intrepid' or 'Company') is an international precious metals producer, developer and explorer operating in Australia, Argentina, Indonesia and Mexico. During the quarter ended 30 September 2008, the principal activities of Intrepid and its controlled subsidiaries (collectively referred to as the 'Consolidated entity') were the operation of the Paulsens Gold Mine, developing the Casposo gold and silver project, the exploration of the Company's tenement portfolio, and the pursuit of precious metal projects and exploration assets.**

Intrepid's presentation currency at 30 September 2008 is United States dollars, and all comparative information has been translated into United States dollars (US\$). Values are translated from currencies used including Australian dollars (A\$) and Canadian dollars (C\$) into presentation currency. Assets and liabilities are translated at the rate of exchange in effect at the quarter end. At 30 September 2008 the rate applied in this report was A\$ to US\$ 0.7957, and C\$ to US\$ 0.9518. Income, expenditure and cash flow items are translated at the exchange rates prevailing on the day of the transaction or where administratively efficient at the average exchange rates prevailing during the quarter. The following average rates were applied in the report below:

	<b>12 months to 31 December 2007</b>	<b>3 months to 31 March 2008</b>	<b>3 months to 30 June 2008</b>	<b>3 months to 30 September 2008</b>
A\$ to US\$	0.8898	0.9040	0.9415	0.8950
C\$ to US\$	1.0201	0.9963	0.9876	0.9429

Additional information including press releases has been filed electronically through the System for Electronic Document Analysis and Retrieval ('SEDAR') and on the Australian Stock Exchange online lodgment system. These releases are available online at [www.sedar.com](http://www.sedar.com) and [www.asx.com.au](http://www.asx.com.au) respectively.

## OPERATIONS – PAULSENS GOLD MINE

### MINING

**Mining performance in the 2008 September quarter was down on the previous quarter with 16,275 contained ounces mined and hauled to the surface (previous quarter was 24,176). The reduced performance of the Paulsens operation was due to mining lower grade stopes.**

Total underground development decreased by four percent, over the prior quarter, essentially remaining constant with rates established over the past 12 months. Mine development for

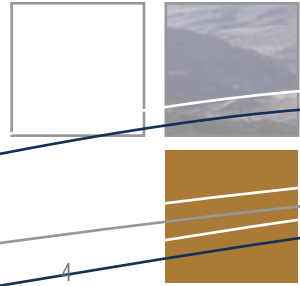
the quarter was 605 metres, (634 metres for the prior quarter). Despite the similar total advance for the quarter, the mix of the type of development changed substantially with significantly more advance in level development. Consequently, there was again lower operating development and therefore a corresponding decrease in ore sourced from development.

The main decline was advanced 104 metres over the three months, resulting in a total distance of 2,036 metres from the portal by quarter end, and approximately 60 vertical metres below the lowest stoping level (previous quarter 51 metres) and 353 vertical metres below surface.

#### Mine development

	<b>12 months to 31 December 2007</b>	<b>3 months to 31 March 2008</b>	<b>3 months to 30 June 2008</b>	<b>3 months to 30 September 2008</b>
Decline	711m	14m	135m	104m
Level	651m	183m	179m	276m
Strike driving	1,273m	378m	320m	225m
<b>Total</b>	<b>2,635m</b>	<b>575m</b>	<b>634m</b>	<b>605m</b>





Ore development was carried out in the Upper Zone between the 910 mRL and 873 mRL levels, Soyuz 1089mRL and 1082 mRL, and in the Lower Zone 953 mRL. Development yielded 11,838 tonnes of ore at an average reconciled grade of 4.06 grams per tonne (14,071 tonnes at 7.03 grams per tonne in the prior quarter). The grade of the development ore dropped compared to the previous quarter, due to the commencement of Soyuz and 953 LZ which are both lower grade areas.

Stope production decreased by two percent in the September quarter compared to last quarter, and constituted 86 percent of total ore produced over the quarter. The reconciled average stoping grade for the quarter was 6.71 grams per tonne, well below the previous quarter's 9.39 grams per tonne. The decrease in grade is a direct result of the stopes mined in the Upper Zone 200 lode which were lower grade due to a high percentage of Gabbro inclusions diluting the stope grade.

#### Ore mined

	12 months to 31 December 2007	3 months to 31 March 2008	3 months to 30 June 2008	3 months to 30 September 2008
Development ore	63,443t	18,426t	14,071t	11,838t
Development grade	6.97g/t	7.55g/t	7.03g/t	4.06g/t
Stope ore	261,815t	57,931t	69,561t	68,298t
Stope grade	7.47g/t	8.71g/t	9.39g/t	6.71g/t
Total ore	325,258t	76,357t	83,633t	80,136t
Total grade	7.38g/t	8.48g/t	8.99g/t	6.32g/t
<b>Contained gold</b>	<b>77,128oz</b>	<b>20,807oz</b>	<b>24,176oz</b>	<b>16,275oz</b>

The focus on both the decline advance, access into Soyuz and the 873 level during the September quarter saw capital development increase by a further 21% on last quarter. The ratio between operating and capital development also decreased from 0.99:1 in the previous quarter to 0.61:1 in the current quarter.

Longhole production at Apollo continued during the quarter with dilution within the soft and jointed host rock increasing significantly and consequently downgrading the stope grade. Diamond drilling undertaken during the quarter focused on infilling the upper production level and intersected mineralisation with a new block model and mining review pending.

The mining fleet performed well during the quarter with availabilities and subsequent productivity similar to last quarter. Utilisation, however, was down during the quarter, particularly in September, due to manning levels associated with the loaders and the development jumbo.

## GEOLOGY

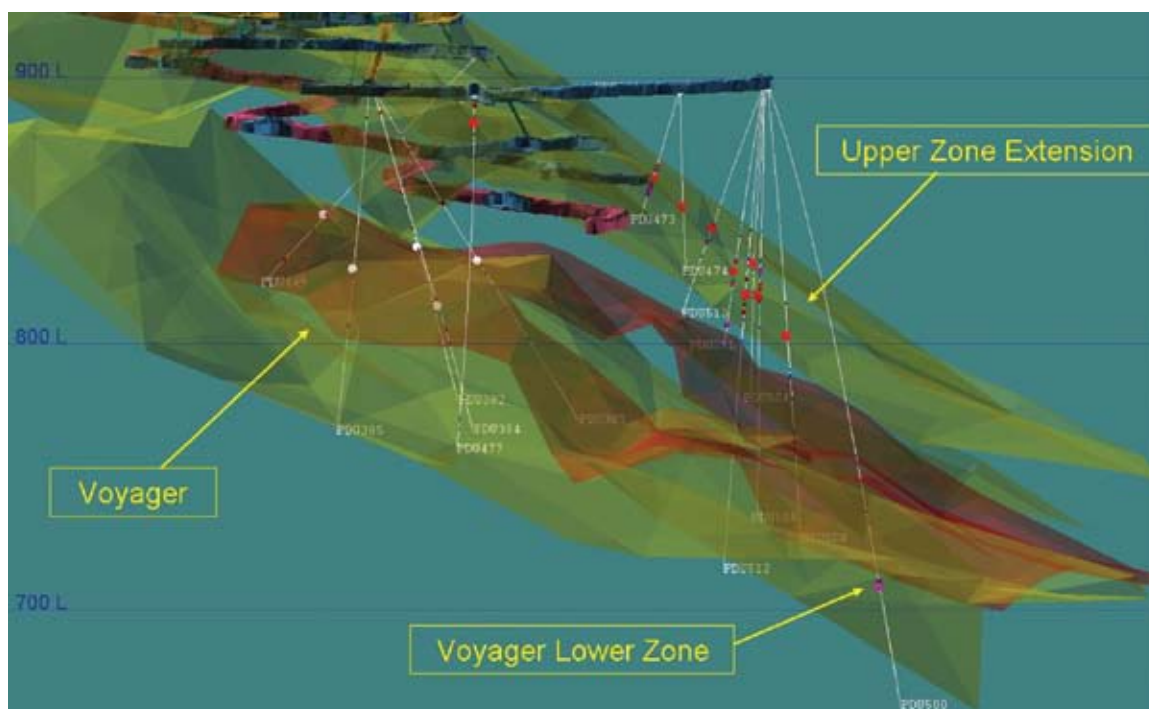
The reserve extension drilling continued during the quarter with record drill metres achieved and targeting both the Upper Zone extension beyond the 850mRL of the current orebody and Stages A and B of Voyager. With the completion of Voyager Upper Zone (Stage B), a deeper drill program focusing further south is underway. The Voyager Stage A drilling and subsequent first pass resource were completed with further drilling planned to infill this resource.

The results to date are very encouraging and support the plan to deliver additional down plunge resources to the mine. Drilling will be ongoing to improve the geological understanding of the down plunge extensions, and to allow for a revised resource calculation in early 2009.

An update on Paulsens resource extension drilling was announced to the market on 24 October 2008.

*The reserve extension drilling continued during the quarter with record drill metres achieved.*





Recent intercepts comprise (estimated true width and cut to 100g/t):

Hole Number	Estimated True Width (m)	Au Grade g/t cut to 100g/t	Zone
PDU 473	9.9	20.3	Upper Zone Extension
PDU 474	1.5	51.9	Upper Zone Extension
PDU 477	10.5	20.0	Upper Zone Extension
PDU 504	4.8	20.2	Upper Zone Extension
PDU 505	1.8	50.0	Upper Zone Extension
PDU 505	2.5	47.9	Upper Zone Extension
PDU 508	1.8	28.6	Upper Zone Extension
PDU 511	11.7	15.0	Upper Zone Extension
PDU 512	10.0	16.6	Upper Zone Extension
PDU 513	11.6	9.1	Upper Zone Extension
PDU 369	6.5	49.7	Voyager
PDU 381	1.8	33.8	Voyager
PDU 382	8.9	9.2	Voyager
PDU 384	3.5	14.9	Voyager; <b>uncut 117g/t</b>
PDU 385	3.3	16.3	Voyager
PDU 449	1.0	16.0	Voyager
PDU 500	2.0	69.8	Voyager Lower Zone <b>uncut 168g/t</b>



## PROCESSING

The processing plant produced 16,483 fine ounces for the September quarter with the lower mill head grade reduced to 6.42 grams per tonne compared to the previous quarter's 9.10 grams per tonne.

Milled tonnage increased slightly for the quarter despite the fact that the mill had a four day shut down, with the throughput

increased to 39.3 t.p.h. Mill recovery decreased by two percent, from 95.2 percent in the previous quarter to 93.3 percent in the current quarter. The issues associated with the recovery were primarily due to the lower head grade and the extra Apollo dilution that contained large amounts of graphitic shales. Several improvements in the circuit with grind distribution have allowed the mill to operate at the higher throughput with no impacts on recovery.

### Ore processed

	12 months to 31 December 2007	3 months to 31 March 2008	3 months to 30 June 2008	3 months to 30 September 2008
Tonnes treated	325,640t	80,372t	82,010t	82,747t
Head grade	7.31g/t	8.48g/t	9.10g/t	6.42g/t
Recovery	93%	93%	95%	93%
<b>Gold produced</b>	<b>71,464oz</b>	<b>20,369oz</b>	<b>22,687oz</b>	<b>16,483oz</b>

## OPERATING COSTS

Unit operating costs for the current quarter was down to \$111 per tonne from \$115 per tonne during the previous quarter.

The decrease from the previous three months has been due to:

- A weaker Australian dollar against the United States dollar with the average rate for September 2008 quarter of 0.8950 falling five percent from 0.9415 (or a positive impact of approximately \$6 per tonne).
- This was partially offset by an increase in mining costs by \$2 per tonne as a result of lower tonnes mined during

the quarter with mining costs relatively same as previous period.

- Milling and administration costs have also remained relatively stable.

Site cash costs increased to \$558 per ounce (prior quarter \$429 per ounce) primarily due to lower ounces produced (negative impact \$153/oz), slightly offset by the weakening of the Australian dollar against the United States dollar (positive impact \$22/oz) and slightly lower costs (positive impact \$2/oz) over the period.

### Operating costs

	12 months to 31 December 2007	3 months to 31 March 2008	3 months to 30 June 2008	3 months to 30 September 2008
Mining*	\$49/t	\$63/t	\$62/t	\$62/t
Processing**	\$31/t	\$39/t	\$43/t	\$39/t
Administration***	\$8/t	\$9/t	\$10/t	\$10/t
<b>Total</b>	<b>\$88/t</b>	<b>\$111/t</b>	<b>\$115/t</b>	<b>\$111/t</b>
Site production cash cost	\$399/oz	\$432/oz	\$429/oz	\$558/oz
Royalties and refining net of silver credits	\$21/oz	\$24/oz	\$27/oz	\$19/oz
<b>Total cash cost</b>	<b>\$420/oz</b>	<b>\$456/oz</b>	<b>\$456/oz</b>	<b>\$577/oz</b>

\* on tonnes mined  
\*\* on tonnes milled  
\*\*\* on tonnes milled

*Improvements in the circuit with grind distribution have allowed the mill to operate at the higher throughput.*



## DEVELOPMENT – CASPOSO

**The final AMEC Feasibility Update report with supporting Appendices was delivered in electronic format to Intrepid. An NI 43-101 Technical Report for the Updated Feasibility including the Resources and Reserves June 2008 Update was completed and filed on SEDAR on 13 October 2008.**

Intrepid awarded Penta Sur the Engineering and Procurement Contract after reviewing all the submitted bids and finding Penta Sur the most favourable partner of choice. Intrepid made the decision not to award the Construction Management Contract for Casposo pending further exploration drilling and sourcing of project funding. At the end of the quarter the Feasibility Verification was near completion as was the Master Flow Sheet. The Definitive Plant and General Site Infrastructure Layout document is also close to completion. A critical area which started to receive increased attention was the Waste Rock Dump and Tailings Management Facility as considerable site investigation and laboratory work needed to be done before the permit applications could be made. A preliminary equipment list had been developed as had a number of plant layout scenarios. Project control mechanisms were in progress.

## EXPLORATION

### Argentina – Casposo continuing exploration

**During the period, Intrepid continued with an aggressive drill strategy to support expansion of the current life-of-mine plan and to bolster the long term project economics of Casposo. An initial 5,000 metre drill program commenced in May and this was expanded to 13,000 metres.**

Approximately 11,000 metres have been completed during the reporting period in the Kamila deposit area, targeting the Kamila SE, B- and Inca structures. The drilling program is expected to conclude in November.

Ongoing Environmental baseline monitoring per the EIA obligations progressed with water flow and air quality measurements as well as fauna, fish and flora monitoring work in the area of influence of Casposo.

The “Corporate Social Responsibility” consulting group of the Catholic University of Cuyo (UCC) completed the social responsibility program to be implemented by Intrepid in Calingasta upon commencement of Casposo development.

The first deposit of \$725,000 for the power line was made to EPRE, the local provincial power regulator. The Province of San Juan indicated that it was now planning a revision to the previously planned grid system to include a 95 kilometre, 500kV line to replace part of the original 137 kilometre, 132kV line considered in the power line agreement.

Intrepid sought clarification from the local power authority (EPRE) and the Provincial Secretary of Mines on certain issues, including the new power line capital requirements, and requested the parties amend the existing agreement (MOA) to reflect the revised plan.

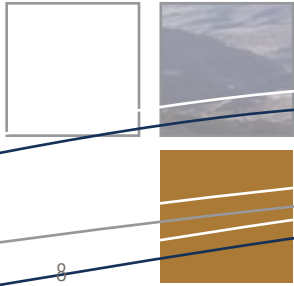
Intrepid made a decision to postpone the construction of the Casposo project following the recent financial market turmoil limiting the availability of funds from the debt and equity markets.

Drilling has focused on easterly strike and plunge extensions to the Inca vein structure and has intercepted the vein at distances up to 250 metres away from currently defined mineral reserves and resources. Drilling has established the continuation of the Inca vein to the SE, and discovered a new mineralized zone within this vein. These results provide significant encouragement that additional mineralised areas within the Casposo project area are likely to be defined with additional drilling. All results from the current drilling program will be reviewed and interpreted prior to the planning of additional drilling.

Specialist geological structural studies are currently underway to assist in defining additional drill targets beyond the recently drilled Kamila SE and Inca veins.

The drill results were announced to the market on 13 October 2008.





## **Mexico – Taviche**

**Intrepid optioned the Taviche property located in Oaxaca State, Mexico in 2006 from Plata Panamericana S.A. de C.V. The Taviche property comprises three concessions totalling 1,035 square kilometres. Subsequently in 2007, Intrepid entered into an agreement with Aura Silver Resources Inc. whereby the companies will jointly earn a 70 percent interest in the concessions.**

Aura Silver completed funding of the first year agreement commitments with Plata Panamericana, and all future expenses are jointly funded. Intrepid acts as operator and commenced field activities in January 2007.

In May, the companies announced prospecting results for the Higo Blanco zone, a major jasperoid/vein breccia complex, located within the southern part of the East Taviche mineral concession. The zone is several kilometres in strike length by up to one kilometre wide and extends southeasterly into the recently acquired Alma Delia concession.

Mineral exploration for the period has focused on mapping and sampling of the Higo Blanco prospect. The initial program consisted of four trenches (243 metres) across the hanging wall of one of these vein systems, the Mezcal vein, and has revealed broad zones of silicification hosting vein breccia and quartz stockwork. Gold values (126 samples) are consistently anomalous along all of the trenches and contain notable zones such as 30.3 metres of 0.735 g/t Au (Trench 1) and 20.6 metres of 0.91 g/t Au (Trench 4). Silver values are generally less than 50 g/t.

Extensive outcrops of jasperoid immediately northwest of the trenches have been sampled (eight samples) and average 0.34 g/t Au (up to 0.878 g/t Au) and 362 g/t Ag (up to 1,780 g/t Ag). The same jasperoid horizon is present approximately 800 metres to the southeast of the trenches in the Alma Delia concession (in an outcrop area of 150 by 75 metres) and averages (15 samples) 0.35 g/t Au and 182 g/t Ag. All samples were collected within about 10 metres of the hanging wall contact with the overlying altered and veined volcanics. The thickness of the jasperoid has not been established.

On the basis of these results a program of ground magnetic and IP/Resistivity geophysics has been planned and approved by the Joint Venture. This is expected to commence in November.

Notwithstanding this activity, as part of the review of the Taviche project and the future recoverability of this asset, an impairment charge of \$2.0 million was made during the quarter.

## **El Salvador – San Cristobal Property**

**The government of El Salvador has not provided required permits to the Company, or to other exploration companies in the country for more than six months, as a result of a political debate about the resource sector within government.**

The Company's projects are impacted by this lack of progress and it is uncertain when permitting processes will return to normal and the Company can continue work on its properties.

Intrepid has commenced a process of ceasing activities in El Salvador.

## **Australia – Paulsens Regional**

**Regional exploration activity is ongoing and has covered several tenements held by Intrepid and under Joint Venture.**

Much of the exploration has been focused on mapping and soil, stream sediment and rockchip sampling in areas that had previously not been sampled, or had been sampled and returned anomalous results. The exploration program is focused on defining additional drill target, particularly in near mine environments.

Intrepid holds 11 exploration licenses, and an additional seven under joint venture (Intrepid managers). The tenements cover an area of approximately 480 square kilometres and cover two belts that trend NW-SE over the Paulsens mine and over similar rock types to the south. During the period specialist structural studies have been completed on several prospects that contain anomalous gold samples and show evidence of historical workings, and geophysical data has been restored from archive, reprocessed and prepared for further interpretation.

*Mineral exploration for the period has focused on mapping and sampling of the Higo Blanco prospect.*



## Indonesia – Tujuh Bukit

**Exploration at Tujuh Bukit has been ongoing and has focused on drilling at the Tumpangpitu Prospect. Two diamond drilling rigs are on site. During the period the inaugural resource for the Au-Ag oxide mineralisation at Zone C was announced.**

Exploration is ongoing at Tujuh Bukit with current work being focused on drilling the oxide Au-Ag zone at Zone A, which is nearing completion of the first pass, and drilling selected deep holes to intersect the porphyry Cu-Au mineralisation defined

recently in holes 29 and 35. The drilling program at Zone A is expected to be completed in late October, after which the rig will move to Zone B to commence delineation of the oxide Au-Ag resource in this area.

The inaugural resource at Zone C was reported to the market on 28 July 2008. The resource has been estimated by Independent Consultants Hellman and Schofield Pty Ltd and reported in accordance with the JORC Code. It is based on drill data from the 80m x 80m grid that covers an area of approximately 400m x 300m over Zone C.

Summary of Inferred Resources, by AuEq cut-offs, Zone C:

Cut off (Au Eq)	Tonnes (M)	Au Eq (g/t)	Cu (%)	Au (g/t)	Ag (g/t)	Oz Eq (M)
0.50	36.50	0.92	0.1	0.53	25	1.1
1.00	10.00	1.54	0.12	0.79	49	0.5
1.50	3.74	2.10	0.05	0.90	78	0.3

Data is shown for Gold Equivalent (AuEq) cut-off values. The gold equivalent ratio for silver has been set at 65:1 based on US\$650/oz gold and US\$10/oz silver. Historical bottle roll tests have shown recoveries of 83% Au and 84.5% Ag, supporting a 65:1 ratio. Additional metallurgical testing is currently underway and results are expected in November 2008.

Detail of the resource at various gold only cut-off grades were provided in the July 28 announcement.

The resource is confined primarily to the near surface oxide zone, but geologically the oxide zone passes at depth into a sulphide zone that contains significant intercepts of gold, silver and copper.

Together these zones comprise the high sulphidation 'cap' that has been telescoped onto a porphyry copper-gold zone and intersected in holes GTD-08-029 (100m @ 1.02g/t Au and 0.55% Cu) and GTD-08-035 (627.2m @ 0.45g/t Au and 0.44% Cu, including 108m @ 0.9g/t Au and 0.9% Cu). These results were not included in the estimation of the Zone C Inferred Resource.

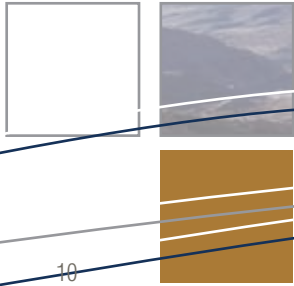
Subsequent to period end, final assay results have been received for hole 42, the deep porphyry hole collared ~450m west of hole 35, and drilled to the NE. Results include:

- 28 – 132m, 104m @ 0.44%Cu, 0.25g/tAu, 2.75g/tAg  
Includes:  
38 – 72m, 34m @ 0.59%Cu, 0.19g/tAu, 3.5g/tAg  
84 – 118m, 34m @ 0.53%Cu, 0.45g/tAu, 3.8g/tAg
- 330 – 540m, 210m @ 0.28%Cu, 0.31g/tAu, 1.15g/tAg
- 718 – 739.4m (EOH), 21.4m @ 0.18%Cu, 0.13g/tAu

The hole intersected typical porphyry mineralisation in the lower intervals, and this was overprinted by high-sulphidation related alteration and mineralisation in the upper portions of the hole.

Hole 46, collared 450 metres NE of hole 35 has been drilled but final assay results have not been received. Another deep hole targeting the porphyry mineralisation has been commenced and is collared approximately 500 metres north of hole 35 and drilled to the SW targeting an IP conductivity





anomaly.

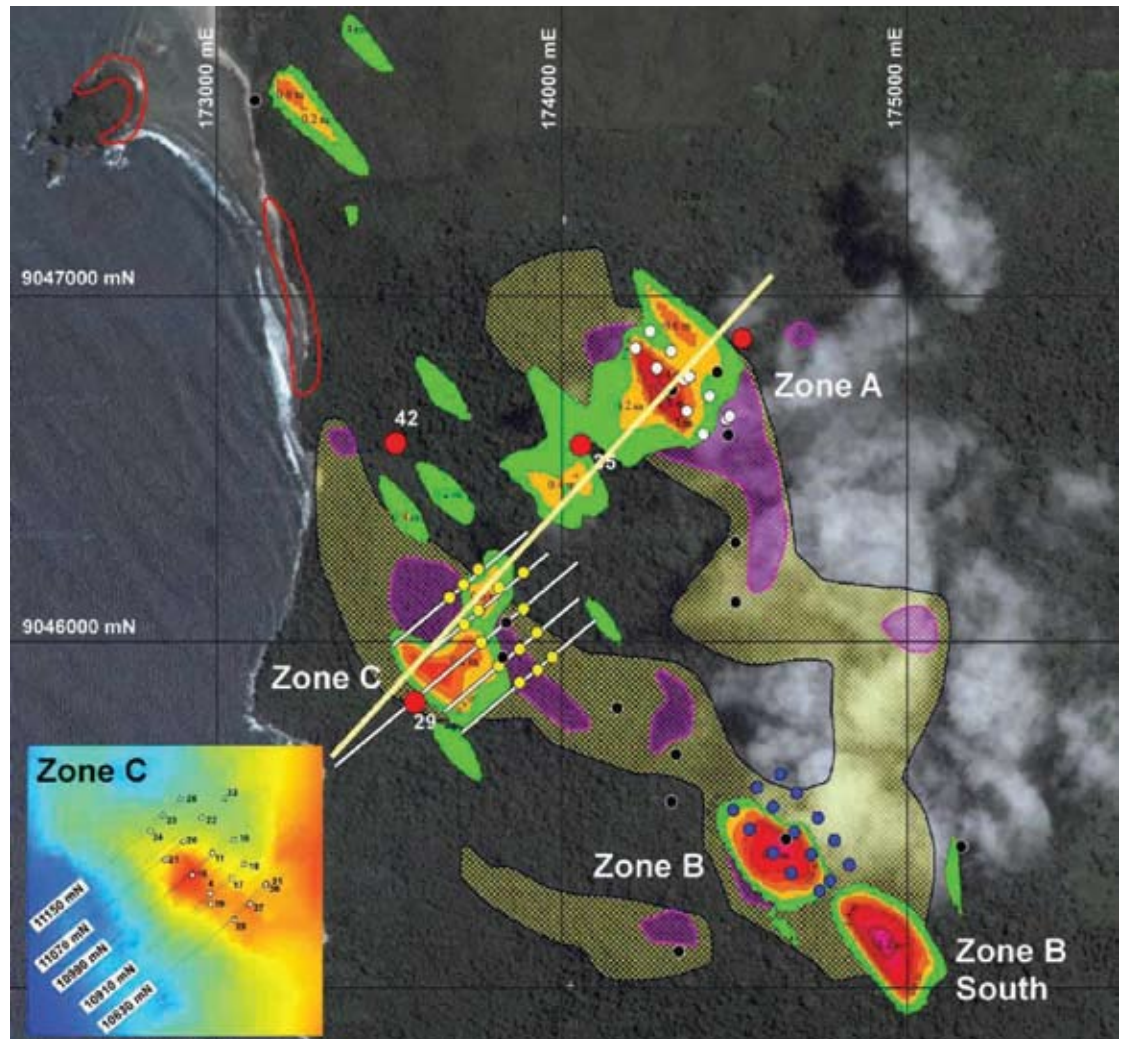
Intrepid is attempting to increase the level of understanding of the scale of this mineralised system as it implements a program of drilling at Zone A, Zone B, and the recently discovered deeper porphyry copper-gold zones. The mineralised system as currently defined by drilling covers an area of 2 kilometres x 1.5 kilometres, and is located an additional 1.6 kilometres south of outcropping porphyry mineralisation.

The Zone A resource will now be announced in December 2008 allowing for inclusion of further drilling.

Geological logging of holes in Zone C and review of 3-D models

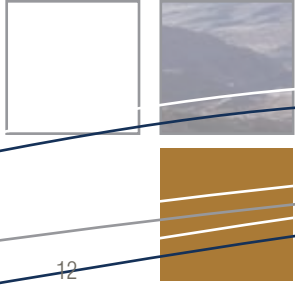
for the Zone C drilling clearly show that mineralisation is open to both the north and the south.

Follow-up drilling will be undertaken at Zone C to extend the resource. Infill drilling will also be undertaken to allow for upgrading of the resource, and to delineate higher grade zones that are indicated in drilling to date. Hellman and Schofield's resource assessment did consider definition of block sizes and this work initially suggests that increasing the drilling density in areas of higher gold grades will achieve a higher overall grade outcome by virtue of the ability to estimate gold grades on the basis of smaller Selective Mining Unit assumptions than used in the present study.



*Models for the Zone C drilling clearly show that mineralisation is open to both the north and the south.*

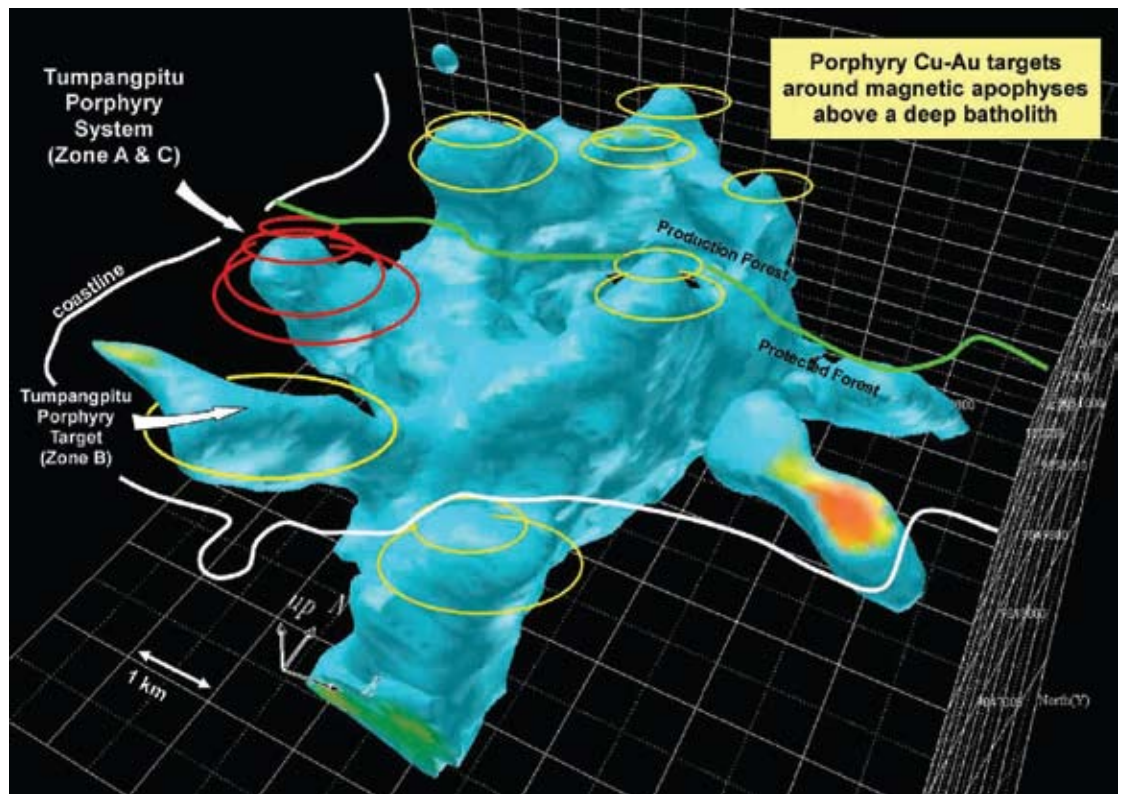




### Section A-A'

In addition to exploration drilling at the Tumpangpitu prospect further regional exploration has been commenced with 3-D inversion modeling of aeromagnetic data. This modeling has defined zones that may relate to intrusive bodies and is being

used to define additional targets within the KP Explorasi. The modeling has identified several new target areas that occur both within Protected and Production forest areas. Grids are being established over these areas to allow for soil geochemistry and ground geophysics.



*The final report for the baseline flora and fauna survey has been received and will form the basis for development of environmental management plans.*

The Indonesian Forestry Law restricts non-forestry activities within protected forests and prohibits mining using an open pit method in protected forest areas. Accordingly, Intrepid's Alliance partner, PT IMN, is working with relevant Indonesian authorities to allow for a review of forest land status.

The final report for the baseline flora and fauna survey has been received and will form the basis for development of environmental management plans. Additional baseline surveys are being considered.

The Foundation for Development Co-operation has been engaged to assist Intrepid Mines Ltd. and its Joint Venture partner, PT Indo Multi Niaga (IMN), to develop a Corporate Social Responsibility and Community Development strategy for the project. The first phase of this project has been completed and the second phase is currently being prepared for commencement in December 2008.

## FINANCE

Gold revenue for the reporting period was \$10.4 million (down 47 percent over the prior quarter \$19.7 million) on sales of 15,917 ounces (down 38 percent over the prior quarter 25,703 ounces). 11,004 ounces were delivered into September 2008 quarter scheduled hedges. The weighted average price

realised was \$654 per ounce (down 15 percent over the prior quarter \$768 per ounce).

Cash at 30 September 2008 totalled \$19 million (previous quarter \$46 million).

<b>Reconciliation of movement in cash during September 08 quarter:</b>	<b>\$ million</b>
Cash Balance 30 June 2008	45.9
DRDGOLD (Emperor capital distribution)	(11.6)
<b>Subtotal</b>	<b>34.3</b>
<b>Continuing business</b>	
Impact of exchange movements (USD/AUD)	(4.4)
Investments	
Paulsens	(1.8)
Casposo	(3.5)
Tujuh Bukit	(2.8)
Exploration	(0.5)
Corporate	(1.2)
Corporate (restructure & project related)	(0.7)
<b>Cash Balance 30 September 2008</b>	<b>19.4</b>

Corporate costs for the quarter were \$1.5 million (net of project and restructure related costs of \$1.1million). The Company continues to review its corporate costs and has further downsized the Canadian capital market office during the quarter. With cessation of projects, restructure related costs and other non-recurring items, corporate costs are expected to trend lower. In the current market, the Company realises that the conservation of cash is paramount and is looking at further opportunities to reduce corporate costs.

## CORPORATE

As at 30 September 2008, issued securities consisted of:

- Issued capital of 427,902,350 shares comprising 414,510,531 ordinary shares of Intrepid Mines Limited and 13,391,819 exchangeable shares of Intrepid NuStar Exchange Corporation
- 15,568,344 unlisted options to acquire ordinary shares

The exchangeable shares are held by Canadian former shareholders of Intrepid Minerals Corporation who elected to defer capital gains tax consequences of the July 2006 merger.

At quarter end, 11,444 ounces remain hedged (as per the original schedule) at an average price of A\$627 per ounce.

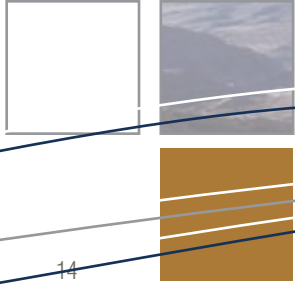
The mark to market value of the forward gold hedge contracts at 30 September 2008 was an unrealised loss of \$4.6 million (translated at 0.7957 and using a spot gold price of A\$1,128 per ounce as compared to an unrealised loss of \$7.6 million at 30 June 2008 translated at 0.9600 and using a spot gold price of A\$964 per ounce).

All remaining exchangeable shares will compulsorily convert into ordinary shares by no later than July 2009.

### **Tujuh Bukit Inferred Resources, by AuEq cut-offs, Zone C**

Data is shown for Gold Equivalent (AuEq) cut-off values. The gold equivalent ratio for silver has been set at 65:1 based on US\$650/oz gold and US\$10/ oz silver. Historical bottle roll tests have shown recoveries of 83% Au and 84.5% Ag, supporting a 65:1 ratio. Additional metallurgical testing is currently underway and results are expected in November 2008.





### Qualified Person

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

The information in this report, that relates to exploration results at the Casposo and Taviche projects, is based on information compiled by or under the supervision of Malcolm Norris, who is a member of The Australasian Institute of Mining and Metallurgy. Malcolm Norris is a full-time employee of Intrepid Mines Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and is a Qualified Person as defined in the Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects). Malcolm Norris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to exploration results at Paulsens is based on information compiled by or under the supervision of Brook Ekers, (Member AusIMM), who is a full-time employee of Intrepid Mines Limited. Mr. Ekers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and is a Qualified Person as defined in the Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects). Brook Ekers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### Quality Control

A Quality Control sampling program of blanks and duplicates has been in operation at the Casposo Project since 2002, to monitor the integrity of all assay results. All core samples are split at the Company's Calingasta core facility and core samples with inserted control samples are currently shipped to Alex Stewart Assayers Argentina S.A. in Mendoza Argentina, where they are dried, crushed, split and 50 gram pulp samples are prepared for analysis. Gold values are determined by fire assay with an atomic absorption (AA) finish and Silver values are obtained using gravimetric methods for mineralized veins. These samples and those from other areas are also analysed using an ICP multi-element scan.

At the Taviche project samples are prepared and sent to the SGS Minerale facility in Durango, Mexico, the drill core samples are dried, crushed to 75%,

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

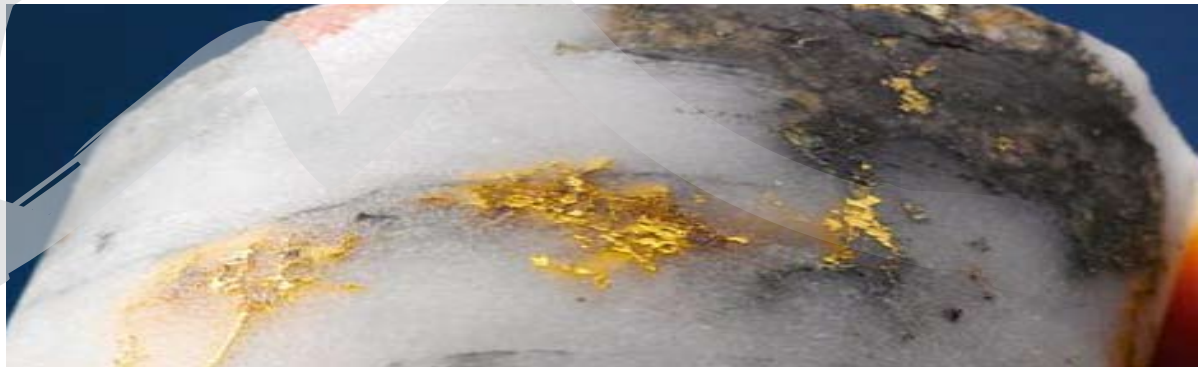
Intrepid exercises a strict chain of sample custody in its drilling program at Tujuh Bukit, Indonesia. Joint Venture personnel remove core from the drill rig and deliver it to a project geologist who logs the core and marks the core into two metre sample intervals. Intrepid and Joint Venture personnel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

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

Statements relating to gold resource estimates are expressions of judgment, based on knowledge and experience and may require revision based on actual production experience. Such estimates are necessarily imprecise and depend to some extent on statistical inferences and other assumptions, such as gold prices, cut-off grades and operating costs, which may prove to be inaccurate. The drill programmes at Taviche and El Salvador are insufficiently advanced to define a resource estimate and it is uncertain if further drilling will result in the determination of a resource statement at these projects.

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

Limit samples (>100ppm Au) are re-analysed using ALS' dilution method (Au-DIL). Intrepid inserts one standard in each hole, and one blank is now inserted in each ore zone though this practice has only recently been adopted. Lab standards and blanks are inserted by ALS and several pulp duplicates are also assayed as a determinant of mineralization variability. ALS has AS/NZS ISO 9001:2000 certification in Perth. This does not cover the sample prep facilities; however these prep lab's follow the same Quality management system. They are not audited by NCSI but are audited internally.



Q3

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

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

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

## CORPORATE INFORMATION

(at September 30, 2008)

### Directors and Executive Management

- C. G. Jackson .....Chairman
- B. Gordon .....Managing Director, CEO
- L. Curtis ..... Non-Executive Director
- K. Dundo ..... Non-Executive Director
- R. McDonald .....Non-Executive Director
- I. McMaster .....Non-Executive Director
- V. Chidrawi ..... Company Secretary
- S. Smith ..... Chief Financial Officer
- D. Russell ..... GM of Paulsens
- M. Norris .....Executive GM, Exploration & New Business
- F. Bourchier .....VP Opts. & Bus. Dev., Americas

### Issued Capital

The issued capital as at 30 September 2008 was 414,510,531 shares comprising 413,417,997 ordinary shares of Intrepid Mines Limited and 13,391,819 exchangeable shares of Intrepid NuStar Exchange Company.

### Stock Exchange Listings

Australian and Toronto Stock Exchanges  
ASX Ticker Symbol: IAU  
TSX Ticker Symbols: IAU & IXN

### Shareholder Enquiries

Advanced Share Registry Services, 110 Stirling Highway,  
Nedlands WA 6009  
Telephone: .....+61 8 9389 8033  
Facsimile .....+61 8 9389 7871

### Equity Transfer & Trust Company

120 Adelaide St W, Suite 420, Toronto, Ontario M5H 4C3  
Canada  
Telephone: .....+1 416 361 0930 ext 274  
Facsimile: .....+1 416 361 0470

### Corporate and Registered Office

Level 1, 490 Upper Edward Street, Brisbane QLD 4004  
Telephone: .....+61 7 3007 8000  
Facsimile .....+61 7 3007 8080

### Capital Markets Office

155 University Avenue, Suite 1710, Toronto, Ontario  
Canada M5H 3B7  
Telephone: .....+1 416 368 4525  
Facsimile .....+1 416 368 3859

### Website

[www.intrepidmines.com](http://www.intrepidmines.com)

FOR FURTHER INFORMATION PLEASE CONTACT:

Brad Gordon, Chief Executive Officer | Brisbane, Australia | Tel: +61 7 3007 8011 | [bgordon@intrepidmines.com.au](mailto:bgordon@intrepidmines.com.au)

