



ASX/Media Release

Dated: 11 October 2016



TEAL GOLD MINE DEVELOPMENT COMMENCES

HIGHLIGHTS

- *Intermin Board approves development of Teal Stage 1, 12km from Kalgoorlie-Boulder*
- *All statutory approvals in place and project fully funded*
- *Mining operations being conducted by RM Contracting under a mining alliance^{1,3}:*
 - *Total mining volume of 1.87M BCM over a 9 month mine life*
 - *Ore mining of 171,500t grading 3.2g/t Au*
 - *RM to fund 50% of the \$3.9m capital development cost to receive 25% of the free cash flow (after Intermin's \$2.15m in exploration cost recovery)*
- *Mobilisation of mining fleet has commenced with first gold production expected in the December Quarter after 8-10 week pre-strip of waste overburden^{3,4}*
- *Intermin to oversee mining and manage all geology, haulage and ore processing*
- *Ore treatment agreement in place with Paddington Gold Pty Ltd^{2,3}:*
 - *Ore to be hauled 22km via a private haul road to the Paddington mill*
 - *Within 15 days of ore batch delivery, Norton to pay 50% gross revenue based on 80% of the mine predicted grade*
 - *On establishment of final grade, moisture and metallurgical recovery, a final reconciliation will be completed to determine final payment less costs for haulage and processing*
- *Gold production of 15,567 ounces at an average 88% gold recovery and an AIC of A\$905 per ounce^{3,4}*
- *At current A\$1,665/oz gold price, Teal Stage 1 generates A\$9.3m in free cash flow for Intermin within the 2017 financial year^{4,5}*

Intermin's Managing Director Jon Price commented, "Bringing Teal Stage 1 into production is a major milestone for the Company and comes at a time of reduced operating costs and a strong Australian dollar gold price to deliver significant cash flow to the business this financial year,"

"We are now fully focussed on safe, efficient mining operations at Teal, generating a continuous pipeline of projects beyond Teal and accelerating exploration on the major shear zones to grow our resource position and continue our search for the next big discovery," Mr Price said.

¹ As announced to the ASX on 6 and 19 July 2016. ² As announced to the ASX on 6 and 27 July 2016

³ See Competent Persons Statement on page 5 and Forward Looking and Cautionary Statements on page 6

⁴ As announced to the ASX on 6 July and 1 August 2016, see also Forward Looking and Cautionary Statements on page 6

⁵ A\$ gold price as at 10 October 2016

ASX CODE
IRC

CURRENT SHARE PRICE
\$0.098

SHARES ON ISSUE
193.9M

OPTIONS (IRCO)
19.5M (\$0.075)
5.0M (\$0.075)
1.75M (\$0.125)

MARKET CAP
~19.0M (undiluted)

BOARD

Peter Hunt
Chairman

Peter Bilbe
Non-Executive Director

Jon Price
Managing Director

Lorry Hughes
Executive Director

COMPANY SECRETARY

Bianca Taveira

INVESTOR/MEDIA ENQUIRIES

Jon Price
Lorry Hughes

KEY PROJECTS

Teal Gold Project
Windanya Gold Project
Blister Dam Gold Project
Menzies Gold Project
Goongarrie Gold Project

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Overview

Intermin Resources Limited (**ASX: IRC**) (“Intermin” or the “Company”) is pleased to announce Board approval for the development of the Teal Stage 1 open cut gold mine. The 100% owned and fully funded and permitted mine is located 12km north west of Kalgoorlie-Boulder in the heart of the Goldfields of Western Australia (Figure 1).

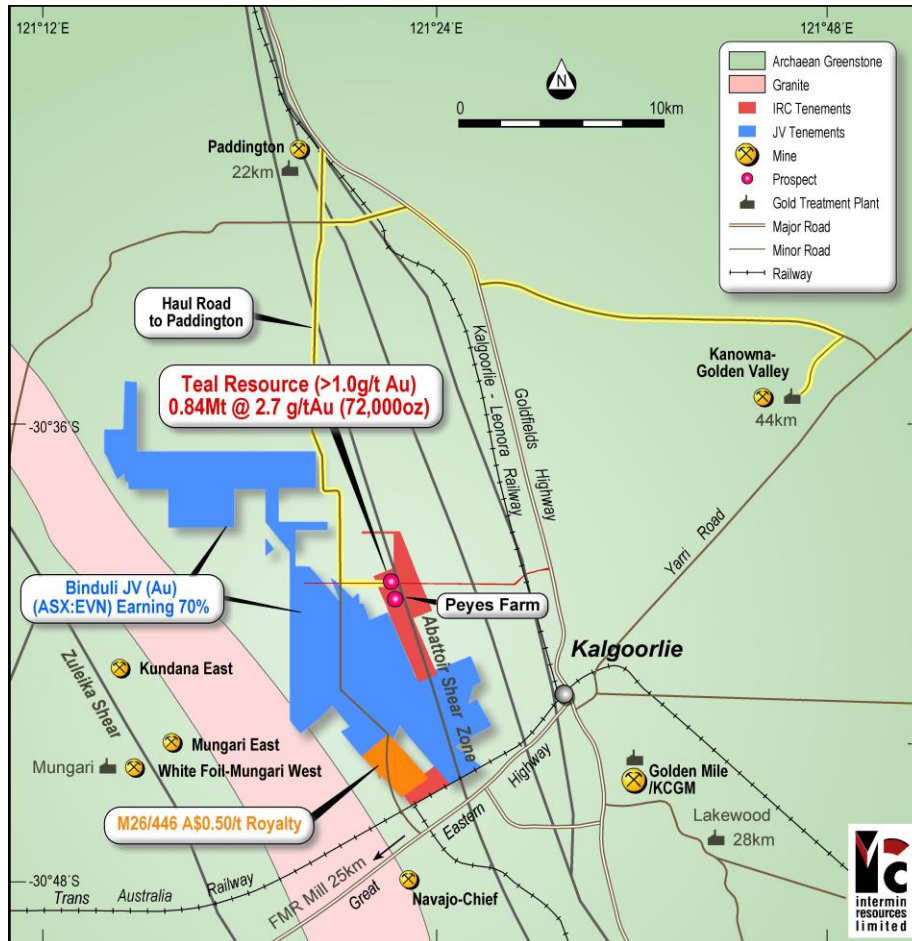


Figure 1: Teal Gold project location, local geology and surrounding infrastructure

Cautionary Statement

The FS referred to in this announcement is based on a Probable Ore Reserve derived from Measured Resources. No inferred Resource material has been included in the estimation of Reserves. The Company advises that Probable Ore Reserves provides 100% of the total tonnage and 100% of the total gold metal underpinning the forecast production target and financial projections. There is no additional life-of-mine plan material derived from the non-Ore Reserve material. There is no dependence of the outcomes of the FS and the guidance provided in this announcement on the non-Ore Reserve material. No Inferred Mineral Resource material is included in the life of mine plan (refer Appendix 1: Forward Looking and Cautionary Statements).

Intermin has concluded it has reasonable basis for providing the forward looking statements included in this announcement. The detailed reasons for that conclusion are outlined throughout this announcement and contained within ASX announcements dated 6, 19 and 27 July 2016.

This announcement has been prepared in accordance with the JORC Code (2012) and the ASX Listing Rules.

Feasibility Study¹

The Teal project development comes after completion of a positive Feasibility Study (“FS”) announced to the ASX on 6 July 2016 with Stage 1 (Figure 2) comprising the oxide and transitional material in the Measured Category totalling 0.18Mt at 3.56g/t Au for 20,283 ounces. The Study delivered a maiden Ore Reserve of 0.171Mt at 3.21g/t Au for 17,723 ounces¹.

Work completed since the release of the FS included execution of a mining alliance with RM Contracting (“RM”) as announced to the ASX on 19 July 2016. Intermin has now elected to co-fund the \$3.9m capital development of the mine with RM to share in 25% of the free cash flow after Intermin recovers its asset discovery cost of \$2.15m.

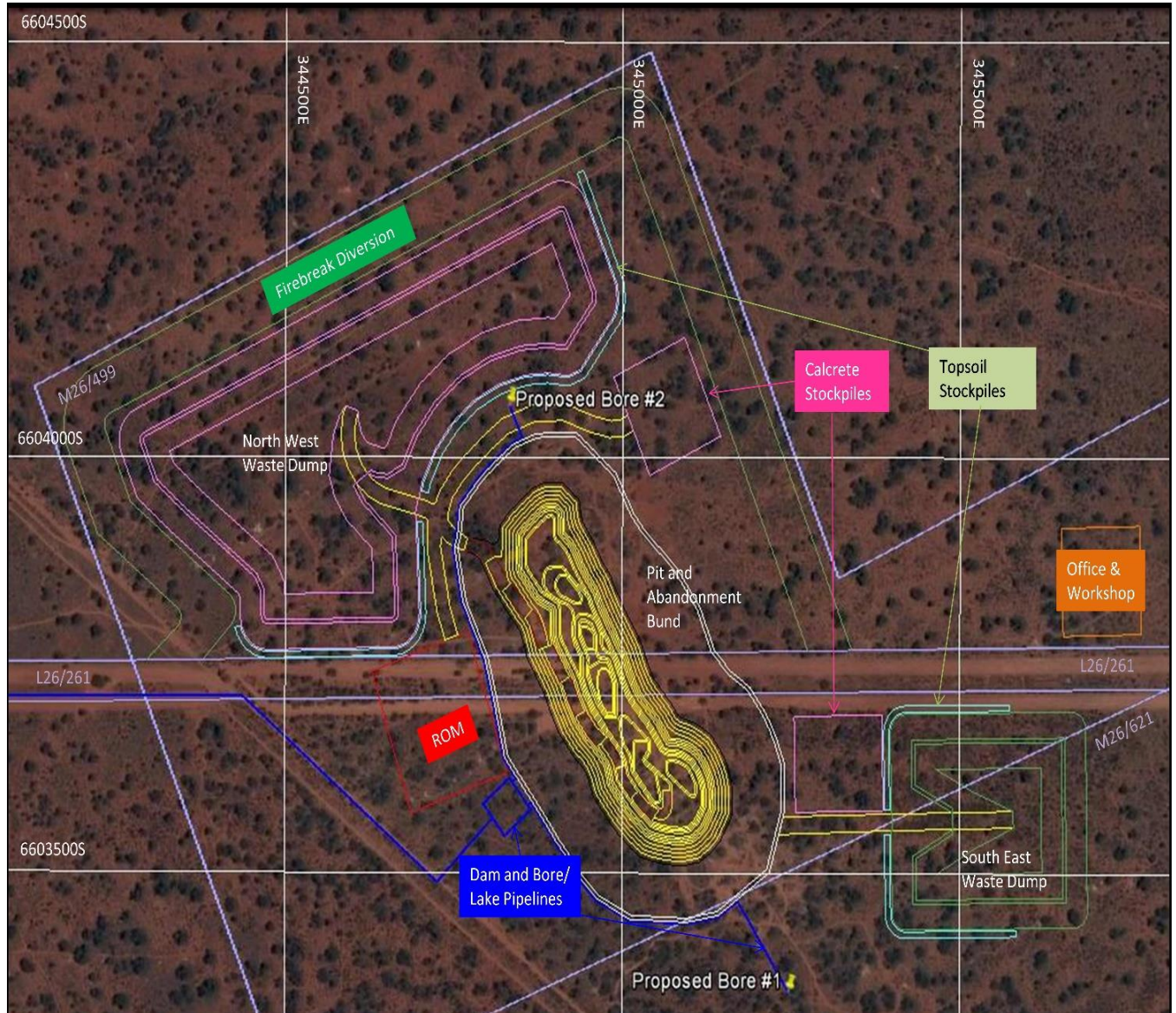


Figure 2: Teal Gold project site layout

¹ As announced to the ASX on 6 and 19 July 2016. See also Competent Persons Statement on page 5 and Forward Looking and Cautionary Statements on page 6

As announced on 27 July 2016, the Company entered into a haulage and ore treatment agreement with Paddington Gold Pty Ltd, a wholly owned subsidiary of Norton Gold Fields. Mined ore from Teal Stage 1 will be hauled 22km via their private haul road to its 4Mtpa Paddington processing plant. This decision has accelerated development, reduced capital costs associated with the construction of a rail crossing and highway intersection and reduced operating costs due to the use of larger “off-highway” road trains with larger payloads. Intermin will be charged at cost for haulage and processing charges have been negotiated on very competitive terms.

The impact of these decisions on the Project FS outcomes (at A\$1,600/oz) is as follows¹:

Measure	FS outcome	Updated outcome
Total Stage 1 pit volume (MBCM)	1.87	1.87
Stripping ratio (waste:ore) (excluding pre-strip)	4.4	4.4
Mined ore (kt)	171	171
Gold grade (g/t)	3.21	3.21
Milling recovery average (%)	88	88
Recovered gold (ounces)	15,567	15,567
Capital and pre-strip costs (A\$M)	4.5	3.9
All in Costs (AIC) (A\$/oz)	953	905
Free cash flow over 9 month project life (A\$M)	10.1	10.8

The impact of the co-funding arrangement with RM (at A\$1,600/oz and A\$1,665/oz) is as follows¹:

Worked example updated to reflect Paddington haulage and milling case	RM funds 50% of capex (A\$1,600/oz)	RM funds 50% of capex (A\$1,665/oz)
Capital and pre-strip costs	3.90	3.90
RM funding at Intermin's election	1.95	1.95
Free cash flow over 9 month project life	10.8	11.7
IRC asset discovery cost recovery	2.15	2.15
Free cash flow available under mining alliance	8.65	9.55
IRC share	6.49	7.16
RM share	2.16	2.39
Total cash flow to Intermin	8.64	9.31

Mobilisation of mining fleet and associated equipment has commenced with first gold production expected in the December Quarter after the pre-stripping of the waste overburden over an 8-10 week period.

¹ As announced to the ASX on 6, 19 and 27 July and 1 August 2016. See also Competent Persons Statement on page 5 and Forward Looking and Cautionary Statements on page 6

About Intermin

Intermin is a gold exploration and development company focussed on the Kalgoorlie and Menzies areas of Western Australia which are host to some of Australia's richest gold deposits. The Company's flagship projects are the 100% owned Menzies and Teal projects which host significant mineralisation and have the potential to be mined via open cut and underground methods.

Perth and Menzies-based Intermin is aiming to significantly grow its JORC-Compliant Mineral Resources, complete definitive feasibility studies on core projects and build a sustainable development pipeline.

Intermin is targeting the definition of significant high grade open cut and underground gold deposits, has acquired highly prospective tenure and will continue to actively pursue consolidation and value-adding joint venture opportunities for the benefit of all stakeholders.

Intermin Resources Limited – Summary of Gold Mineral Resources

Deposit (1g/t cut-off)	JORC Code	Measured			Indicated			Inferred			Total Resource		
		Mt	Au (g/t)	Oz	Mt	Au (g/t)	Oz	Mt	Au (g/t)	Oz	Mt	Au (g/t)	Oz
<u>Menzies</u>													
Pericles	2012				0.53	2.49	42,500				0.53	2.49	42,500
Yunndaga	2012							1.58	2.03	103,000	1.58	2.03	103,000
Bellenger	2012				0.24	2.63	19,900				0.24	2.63	19,900
Warrior	2012							0.07	2.49	5,910	0.07	2.49	5,910
<u>Kalgoorlie</u>													
Teal	2012	0.18	3.56	20,283	0.60	2.37	46,031	0.06	3.05	5,434	0.84	2.67	71,747
Goongarrie	2012				0.20	3.30	21,321	0.07	1.64	3,707	0.27	2.86	25,028
TOTAL		0.18	3.56	20,283	1.58	2.56	129,752	1.78	2.06	118,051	3.53	2.36	268,085

Notes:

1. **Competent Persons Statement** - The information in this report that relates to Exploration results, Mineral Resources or Ore Reserves, with the exception of Teal Ore Reserves discussed in Appendix 1, is based on information compiled by Mr David O'Farrell and Simon Coxhell. Both are Members of the Australasian Institute of Mining and Metallurgy and are consultants to Intermin Resources Limited. The information was prepared under the JORC Code 2012. Mr O'Farrell and Mr Coxhell have sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. Mr O'Farrell and Mr Coxhell consent to the inclusion in this report of the matters based on their information in the form and context in which they appear. Mr O'Farrell and Mr Coxhell consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

2. **Forward Looking Statements** - No representation or warranty is made as to the accuracy, completeness or reliability of the information contained in this release. Any forward looking statements in this release are prepared on the basis of a number of assumptions which may prove to be incorrect and the current intention, plans, expectations and beliefs about future events are subject to risks, uncertainties and other factors, many of which are outside of Intermin Resources Limited's control. Important factors that could cause actual results to differ materially from the assumptions or expectations expressed or implied in this release include known and unknown risks. Because actual results could differ materially to the assumptions made and Intermin Resources Limited's current intention, plans, expectations and beliefs about the future, you are urged to view all forward looking statements contained in this release with caution. The release should not be relied upon as a recommendation or forecast by Intermin Resources Limited. Nothing in this release should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

Visit us at www.intermin.com.au

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Forward Looking and Cautionary Statements

Some statements in this report regarding estimates or future events are forward looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Forward looking statements include, but are not limited to, statements preceded by words such as “planned”, “expected”, “projected”, “estimated”, “may”, “scheduled”, “intends”, “anticipates”, “believes”, “potential”, “could”, “nominal”, “conceptual” and similar expressions. Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward looking statements may be affected by a range of variables that could cause actual results to differ from estimated results, and may cause the Company’s actual performance and financial results in future periods to materially differ from any projections of future performance or results expressed or implied by such forward looking statements. These risks and uncertainties include but are not limited to liabilities inherent in mine development and production, geological, mining and processing technical problems, the inability to obtain any additional mine licenses, permits and other regulatory approvals required in connection with mining and third party processing operations, competition for among other things, capital, acquisition of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, changes in commodity prices and exchange rate, currency and interest fluctuations, various events which could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions, the demand for and availability of transportation services, the ability to secure adequate financing and management’s ability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward looking statements will prove to be correct.

Statements regarding plans with respect to the Company’s mineral properties may contain forward looking statements in relation to future matters that can only be made where the Company has a reasonable basis for making those statements.

This announcement has been prepared in compliance with the JORC Code (2012) and the current ASX Listing Rules.

The Company believes that it has a reasonable basis for making the forward looking statements in the announcement, including with respect to any production targets and financial estimates, based on the information contained in this announcement.