INTREPID MINES

ACTIVITIES REPORT

THREE MONTHS TO 30 JUNE 2006

This report covers the activities of Intrepid Mines Limited (formerly NuStar Mining Corporation Limited) prior to the merger with Intrepid Minerals Corporation. All dollar values are Australian Dollars unless otherwise stated.

Paulsens Operations

- Gold production 22,148 ounces, up 8 percent
- Site cash costs $353 (US$262) per ounce, down 3 percent
- Full year production 78,848 ounces at $395 (US$293) per ounce

Exploration

- Paulsens depth extension drilling programme (9,000 m) underway
- Ashburton RAB drilling programme completed
- Intrepid Minerals drilling at Casposo (Argentina) and San Jacinto (El Salvador)

Finance

- Revenue increased 17 percent to $16.1 million
- Total cash and bullion of $11.1 million at period end (excludes cash held by Intrepid Minerals)
- Third debt repayment of $2.7 million made on schedule post period end

Corporate

- Shareholders approve merger with Intrepid Minerals Corporation
- Company name changed to Intrepid Mines Limited
- 1 for 12 capital consolidation implemented
- Merger and listing on TSX completed post quarter end
- Acquisition of an interest in the Jeronimo gold project in Chile proposed

Brett Lambert
Executive Director

31 July 2006

TORONTO, CANADA - PERTH, WESTERN AUSTRALIA

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PAULSENS OPERATIONS

Mining

Excellent mining productivity was achieved with ore production increasing by 25 percent relative to the previous quarter and development metres 12 percent higher. For the first time since processing commenced, surface ore stocks increased during the period despite record mill throughput.

Lateral development for the quarter totaled 982 metres. Decline development was stepped up with the face at period end almost 1,200 metres from the portal and 35 metres vertically below the lowest producing level. The focus for capital development was access to the primary ore zones on 997 mRL and 1007 mRL and access to the Apollo ore shoot on 1052 mRL.

Multiple ore headings were worked during the quarter from the 1080 mRL level on Upper Zone to the 1010 mRL level on Lower Zone.

Mine development

	3 months to 30 June 2006	12 months to 30 June 2006
Decline	112 m	278 m
Level	286 m	940 m
Strike driving	584 m	2,436 m
Total	**982 m**	**3,654 m**

Ore was intersected in the Apollo ore shoot for the first time on the 1068 mRL level. Apollo is a lens of ore located within the Melrose fault and is separate to the primary Paulsens ore body. Initial indications from development indicate that Apollo is conforming to the geological model, which was based on a relatively small number of holes.

Apollo was included in the original Paulsens resource estimate, but little exploration has been conducted elsewhere on the Melrose fault. Confirmation that the Melrose fault hosts mineable ore increases the importance of this major regional structure as a target for further evaluation.

In total 486 metres of development on lode was completed yielding 31,431 tonnes of ore, representing 40% of production for the period. Development ore grades fell relative to the previous quarter as significant development was carried out in Upper Zone where delineation of ore boundaries continues to be challenging due to the irregular geometry of the shoots. An additional 6,390 tonnes of mineralized development material below ore cut-off grade (4.0 g/t) was stockpiled separately on surface.

Stope ore production increased by 37 percent to 47,466 tonnes with grade remaining relatively steady at just below 10 g/t. In addition, drilled, ready-to-fire ore stocks increased to a record 36,000 tonnes, leaving the mine well positioned to maintain production levels.

The Upper Zone provided the bulk of tonnage with stoping carried out on the 1080 mRL, 1060 mRL and 1040 mRL levels.

Ore mined

	3 months to 30 June 2006	12 months to 30 June 2006
Development ore	31,431 t	107,102 t
Development grade	7.99 g/t	7.69 g/t
Stope ore	47,466 t	155,238 t
Stope grade	9.94 g/t	10.13 g/t
Total ore	78,897 t	262,340 t
Total grade	9.17 g/t	9.13 g/t
Contained gold	23,248 ounces	77,040 ounces

Total ore production for the period was almost 79,000 tonnes taking the total for the first year of operation to 262,340 tonnes, some 5 percent above long term design output. However grade fell short of target with the year average of 9.13 g/t being almost 15 percent below the average reserve grade. Greater ore body complexity, particularly in the upper zone, is the primary factor affecting grade. Although there has been a rising trend in mined ore grade throughout the year as knowledge of the ore body has improved, it is now considered unlikely that the original reserve grade of 10.7 g/t will be achieved.

The preparation of an updated resource position for 30 June 2006 is underway. The update is combining data generated from development faces, underground drilling and underground structural mapping with the original surface drill hole database to improve the ore body model.

Processing

Record throughput was achieved in the June quarter with 80,595 tonnes treated. Head grade remained steady at just under 9 g/t. The tonnage treated was supplemented by almost 6,000 tonnes of low grade material, not recorded as mine production.

Metallurgical performance was affected by relatively high copper levels in some ore parcels and recovery for the quarter fell slightly to 95.2 percent, but remains comfortably above the targeted 93.5 percent. Cyanide and lime usage was also adversely affected by the copper levels.

To counter the affect of copper, leach tank one has been converted into a pre-oxidation tank and favorable reagent usage and recovery levels have been restored.

Evaluation of alternative grinding media has had a positive effect with June's consumption 14 percent below the average for the year.

Full year mill throughput was over 300,000 tonnes with 78,848 ounces of gold recovered at a recovery rate of 94.4 percent. Throughput 20 percent above nameplate capacity coupled with higher than targeted recovery and below budget reagent usage in the first year of operation is an exceptional performance.

Ore processed

	3 months to 30 June 2006	12 months to 30 June 2006
Tonnes treated	80,595 t	301,404 t
Head grade	8.98 g/t	8.62 g/t
Recovery	95.2 %	94.4%
Gold produced	22,148 ounces	78,848 ounces

At the end of the quarter 9,159 tonnes of ore remained in surface stockpiles.

Operating costs

Higher mine production and plant throughput contributed to a 9 percent reduction in unit costs to $100.96 per tonne. Site cash production costs fell 3 percent to $353 (US$262) per ounce. The actual costs incurred in the quarter were less than $350 per ounce prior to end of year adjustments and reconciliations. Full year costs averaged $395 ($US293) per ounce.

Operating costs

	3 months to 30 June 2006	12 months to 30 June 2006
Mining	$57.56/t	$61.87/t
Processing	$34.55/t	$36.55/t
Administration	$8.98/t	$8.75/t
Total	$100.96/t	$107.16/t
Production cost	$353/oz	$395/oz

Capital expenditure

Capital expenditure for the quarter was $2.2 million against a budget of $1.0 million with virtually all budgeted and actual expenditure attributable to mine development. Although 120 percent above budget, the result reflects a capital development metreage that exceeded budget by 144 percent.

Exploration

Paulsens Resource Extension Drilling

An RC pre-collar/diamond tail drilling programme to test depth extensions to the Paulsens ore body commenced shortly after period end.
The programme will focus on the zone between 300 m and 400 m below surface, but will also test the down-plunge extent of mineralisation below 400 metres depth. A number of holes are also planned to better define mineralisation in areas of limited drilling coverage to improve mine planning and aid resource definition.

Planned drilling comprises 22 holes for a combined 9,000 metres of RC/diamond core. The programme is expected to be of three months' duration.

RAB drilling programme

RAB drilling was completed to test multi-element auger and soil geochemistry anomalies and elevated rock chip results derived from sub-cropping quartz veining. Seven prospects were tested with a total of 150 holes drilled for 4,789 metres.

Results were generally subdued with moderately anomalous gold values returned from DeCourcy South, Miningee Well, Woolshed and Paddy Well West. Elevated copper values were returned from Halley and Firestone.

Most of the intersections are related to narrow quartz veining intruded along lithological contacts or cross-cutting structures. Drilling at Firestone failed to explain values of up to 2.0ppm Au from rock chip sampling of quartz veining. Further drilling is required at Paddy Well West to test the full extent of a multi-element auger geochemistry anomaly coincident with a northwest-trending structure within dolomite, host to the recent elevated gold results in RAB drilling.

Rock chip sampling

Rock chip samples have been collected from numerous prospects as part of ongoing reconnaissance and assessment of the tenements.

Detailed rock chip sampling has been undertaken at Billeroo Bore within Exploration Lease Application 47/1553. Sampling of secondary quartz veining with an obvious malachite overprint intruded along the contact of a large quartz blow has returned values to 1.88g/t Au, 455g/t Ag, 2.33% Cu and 5.50% Pb over a 300 metre extent. Billeroo Bore is located 12 kilometres east of the Paulsens mine site.

Further sampling will be undertaken at Billeroo Bore and in the Tombstone and Belvedere areas to better define RC drilling targets.

Composite rock chip traverse sampling has commenced in more prospective areas to gain more detailed geochemical coverage and for the collection of detailed structural and lithological data. To date, a total of 19 traverses have been completed at the Olbers prospect which covers the northern and southern contacts of the sedimentary Mount McGrath Formation to the west of Wyloo Homestead. Results are expected in July.

Corporate

Shareholders of Intrepid Minerals Corporation met in Toronto on 7 June 2006 and voted overwhelmingly in support of merging with NuStar. The Company's shareholders met in Perth on 26 June 2006 to vote on three resolutions associated with the merger and a fourth dealing with the ratification of an earlier share placement. All four resolutions were approved with approximately 97 percent of votes cast in favor.

NuStar subsequently changed its name to Intrepid Mines Limited and implemented a one for twelve capital consolidation that reduced the number of shares on issue from 1,091 million to 91 million.

Following the completion of all statutory requirements, the merger took effect on 5 July 2006. Intrepid Mines Limited commenced trading on the Toronto Stock Exchange on 7 July 2006 and now trades on both the ASX and TSX under the symbol IAU.

The Company has 150 million shares listed comprising 119 million ordinary Intrepid Mines Limited shares and 31 million shares in Intrepid NuStar Exchange Company which are exchangeable for the ordinary shares.

The exchangeable shares are held by Canadian former shareholders of Intrepid Minerals who have elected to defer capital gains tax consequences of the merger. Any remaining exchangeable shares will compulsorily convert into ordinary shares no later than July 2009.

Finance

Revenue for the reporting period increased 17 percent to $16.1 million following a 10 percent increase in gold sales to 22,760 ounces. 14,001 ounces were delivered into scheduled hedges with 8,759 ounces sold at spot.

The weighted average price received increased 6 percent to $708 per ounce. The average spot price over the period was $840 per ounce.

Cash and bullion at 30 June 2006 totaled $11.1 million. Post quarter end the third project debt repayment of $2.7 million was made on schedule, reducing the Westpac project finance facility to $20.4 million. The $3.0 million revolving credit facility is undrawn.

At quarter end, 121,728 ounces remain hedged (as per the original schedule) at an average price of $626.62 per ounce. All hedge facilities have been provided by Westpac Banking Corporation.

Intrepid Minerals Activities

Intrepid continued to progress a bankable feasibility study into the development of a high-grade gold and silver mine at the Casposo project in San Juan Province, Argentina. The feasibility study remains on schedule for completion in late 2006.

In parallel with the feasibility study, environmental impact assessment and base-line studies were carried out at Casposo and are on-going.

Two diamond drill rigs were mobilized to Casposo late in the quarter. One rig commenced on the Julieta prospect with the other assigned to the Mercado zone.

At Julieta, drilling will follow up results from an initial programme carried out in late 2005 which delivered a high proportion of ore grade intercepts. Drilling at Mercado is designed to upgrade a previously defined inferred resource.

Drilling will subsequently move to further evaluate extensions to the Kamila deposit and test the Cerro Norte prospect where surface trenching produced strongly anomalous results.

In El Salvador Intrepid commenced diamond drilling of the San Jacinto prospect to follow up significant gold values obtained from surface trenching.

In June 2006 Intrepid announced the proposed acquisition of a controlling interest in the Jeronimo gold project located in the Maricunga district of Chile.

Intrepid is partnering with metallurgical technology developer BacTech Mining Corporation to acquire a 56.7 percent interest in Jeronimo from Goldcorp Inc. The US$13 million purchase price is to be borne equally by the two parties.

The acquisition is conditional on 43.3 percent interest holder Codelco not exercising a right of first refusal. Previous operators estimated a substantial potential resource at Jeronimo based on 231 surface drill holes and underground sampling carried out from a one kilometre long exploration decline. However the definition of a resource compliant with JORC or the equivalent Canadian CIM standards will require verification of historic data.

Metallurgical test work has shown Jeronimo sulphide gold ore to be amenable to treatment by conventional pressure acid leach or roasting with 90 recovery achieved. However BacTech's proprietary BACOX process has potential cost and environmental benefits.

Dollar values in this report are Australian Dollars unless otherwise stated

CORPORATE INFORMATION

Directors and Executive Management

C. G. Jackson	Chairman
L. Curtis	Executive Director, CEO
B. Lambert	Executive Director, COO
D. Davidson	Non-Executive Director
J. den Dryver	Non-Executive Director
K. Dundo	Non-Executive Director
I. McDonald	Non-Executive Director
D. Mosher	Non-Executive Director
D. Humphry	CFO and Company Secretary
R. Jacobs	General Manager, Paulsens
B. McGuinty	Vice President, Exploration
D. McLean	Treasurer
E. Norum	Exploration Manager, Australia

Issued Capital

The issued capital is 149,986,742 shares comprised of 118,552,918 ordinary shares of Intrepid Mines Limited and 31,433,824 exchangeable shares of Intrepid NuStar Exchange Company.

Major Shareholders

Sedimentary Holdings Ltd	10.0%
Mathews Capital Partners	7.8%
Bennelong Asia Pacific Fund	7.4%
Sprott Asset Management (Toronto)	6.6%
Richard Palmer	3.1%
Fidelity Investments (Boston)	2.5%

Stock Exchange Listings

Australian and Toronto Stock Exchanges
Ticker Symbol: IAU

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