INTREPID MINES

# INTREPID REPORTS FINAL RESULTS FROM THE PAULSENS RESERVE EXTENSION DRILLING PROGRAM

**January 3, 2007 – Intrepid Mines Limited (TSX: IAU, IXN & ASX: IAU)**, an international gold and silver production, development and exploration company, reports the balance of results from the 2006 Paulsens extension drilling program.

The drilling program commenced in July and was designed for several purposes:

- To upgrade and expand the Paulsens resource. Holes targeted the down-plunge extension of the Upper and Lower Zones below the base of the current mine plan (300 metres depth).
- To provide information to extend mine reserves to 400 metres. Several holes were designed to test to greater depth to ascertain behaviour of the Zones at depth.
- To provide improved resource definition at higher levels where existing drill hole coverage is limited.

The completed program has tested mineralisation in a range of target areas down the plunge of the Paulsens orebody to 490 metres vertically below surface. Drilling has also tested the northern, down dip extent of Lower Zone mineralisation on several sections, and has produced multiple ore grade intercepts at vertical depths ranging from 185 metres to 450 metres (see attached longitudinal section). Significant results include 5.5 metres of 15 g/t gold, 10.7 metres of 15.8 g/t gold, 4.8 metres of 68.4 g/t gold and 3.2 metres of 13.48 g/t gold. The deepest significant intercept recorded to date is approximately 150 metres below the base of the current reserve.

Results to date demonstrate continuity to depth of the structural controls which govern the Upper and Lower Zones of the Paulsens orebody, although intersection of high grade mineralization has not been consistent. A key factor in developing resources at Paulsens is the identification of massive sulphide units which develop along the Upper (hanging wall) and Lower (foot wall) Zones within the Paulsens Mine sequence. The Paulsens Mine sequence is dominated by a large 30-40m thick massive to granular textured quartz vein with the Upper and Lower zones representing averages of 5m and 2m respectively on the veins margins. Deep drilling in the completed campaign has not encountered as much sulphide as expected, however as recently encountered in production areas of the mine, these units are


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quite variable and a greater drilling density will be required to better develop new deep extensions to the mine.

The completed campaign has also determined the existence of a sub-parallel fault which has offset the orebody at depth to as much as 90 metres (holes PLRCD0423, 424). Previous drilling in this area did not extend to sufficient depth to intersect the Upper and Lower Zones and further work will be required to develop mineral potential in the vicinity of these holes. Recent drilling indicates vein geometry is not impacted by the fault.

Looking forward to the exploration of the Paulsens Mine in 2007, additional drilling to improve resources and their quality will continue for the Upper and Lower Zones of the Paulsens Mine sequence. Exploration for alternate mineralised targets will also be undertaken to identify mineralised zones similar to the Apollo Lode. Economic mineralisation has been defined along the Melrose Fault at Apollo, to the north of, and away from, the Paulsens gabbro, a key traditional marker for the Paulsens Mine sequence. The Apollo Lode is associated with narrow, folded quartz veining and although of limited tonnage, the Apollo Lode has been developed on two levels, confirming the potential for economic mineralisation associated with dilational sites along the extent of the Melrose Fault. Geophysical tools will also be tested to identify sulphide concentrations as a focus for drilling.

Information obtained from this drill program will be included in a new resource estimate to be conducted by mine staff and external consultants. The report is expected in the first quarter of 2007.

## Paulsens Extension Drilling Results

| HOLE ID | EASTING (PMG) | NORTHING (PMG) | TARGET ORE ZONE | DEPTH (m) | WIDTH (m) | GRADE g/t gold |
|---|---|---|---|---|---|---|
| PLRCD0405 | 9550.15 | 50514.698 | NSR | | | |
| | | | CZ | 450.00 | 1 | 2.55 |
| | | | LZ | 462.90 | 0.69 | 5.31 |
| PLRCD0406 | 9500.13 | 50503.90 | UZ | 416.48 | 1.70 | 2.54 |
| | | | LZ | dolerite | | |
| * PLRCD0407 | 9449.96 | 50533.02 | UZ | 471.00 | 1.42 | 2.11 |
| | | | LZ | 503.24 | 0.46 | 10.80 |
| * PLRCD0410 | 9450.07 | 50496.37 | UZ | 422.22 | 1.18 | 6.43 |
| | | | CZ | 432.40 | 1.60 | 3.30 |
| | | | LZ | 464.00 | 1.71 | 15.26 |
| * PLRCD0411 | 9499.95 | 50481.60 | UZ | 403 | 2.45 | 29.67 |
| | | | | Includes | 1.00 | 58.10 |
| PLRCD0412 | 9549.91 | 50355.37 | UZ | NSR | | |
| * PLRCD0413 | 9650.11 | 50386.01 | UZ | 237.31 | 10.69 | 15.78 |
| | | | includes | | 0.69 | 136.00 |
| | | | CZ | 253.00 | 1.19 | 17.26 |
| | | | CZ | 259.90 | 4.10 | 4.30 |
| | | | LZ | 281.92 | 0.58 | 40.10 |
| PLRCD0414 | 9750.06 | 50486.71 | LZ | NSR | | |
| PLRCD0415 | 9800.16 | 50395.04 | LZ | 273 | 1.85 | 3.08 |
| * PLRCD0416 | 9899.89 | 50369.68 | LZ | 219.32 | 0.68 | 12.45 |
| * PLRCD0417 | 9900.19 | 50419.88 | LZ | NSR | | |
| PLRCD0418 | 9450.03 | 50369.82 | UZ | 360.00 | 0.95 | 2.72 |
| | | | CZ | 378.79 | 0.71 | 3.73 |
| * PLRCD0419 | 9500.00 | 50409.72 | UZ | 327.00 | 4.80 | 68.42 |
| | | | includes | 2.5 | 2.5 | 105.24 |
| * PLRCD0420 | 9600.12 | 50421.673 | UZ | 275.53 | 5.50 | 14.97 |
| | | | LZ | 314.00 | 1.75 | 4.25 |
| PLRCD0421 | 9400.01 | 50571.73 | UZ | 483.00 | 1.00 | 15.45 |
| | | | CZ | 503.80 | 1.20 | 5.23 |
| | | | CZ | 517.95 | 1.05 | 3.29 |
| | | | LZ | 532 | 1.00 | 2.89 |
| PLRCD0422 | 9399.81 | 50514.80 | UZ | NSR | | |
| | | | LZ | dolerite | | |
| PLRCD0423 | 9599.96 | 50485.68 | UZ | 416 | 1 | 10.10 |
| | | | LZ | NSR | | |
| PLRCD0424 | 9599.80 | 50441.93 | UZ | 298 | 3.20 | 13.48 |
| | | | LZ | NSR | | |

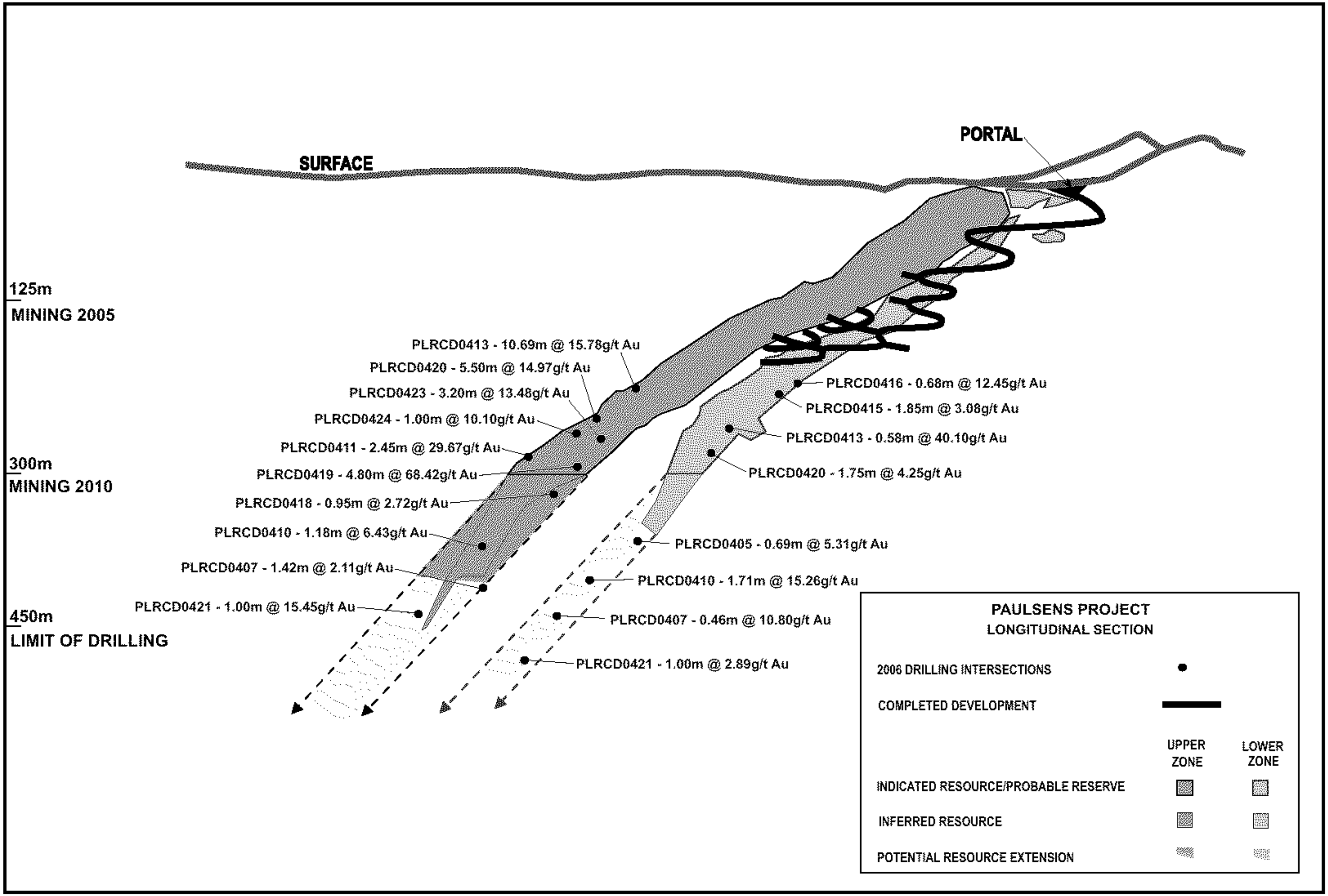
Nb: 2.0g/t Au lower cut. No upper cut applied. – PLRCD0408 and PLRCD0409 did not reach target.
UZ: Upper Zone CZ: Central Zones – mineralisation within main quartz body between UZ and LZ.
LZ: Lower Zone
* previously reported drill results

On behalf of the Board of Directors of Intrepid Mines,

**Laurence Curtis, President & CEO**

*Information in this announcement is based on information compiled by Erik Norum, MAIG, Exploration Manager, Intrepid Mines Limited Australia, who is a competent person as defined in the 2004 Edition of the JORC '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). Mr. Norum is a full time employee of Intrepid Mines Limited and has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity which is being undertaken, and consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.*

*Intrepid Mines Limited has an international production, development and exploration profile, and holds interests in several gold-silver and silver-base metal properties in Australia, Argentina, El Salvador, and Canada, either directly or through joint venture partnership. The issued capital is 164,259,243 shares comprised of 136,571,789 ordinary shares of Intrepid Mines Limited quoted on the TSX:IAU and ASX:IAU and 27,687,454 Exchangeable Shares of Intrepid NuStar Exchange Corporation quoted on the TSX:IXN.*


PORTAL
SURFACE
125m
MINING 2005
300m
MINING 2010
450m
LIMIT OF DRILLING
PLRCD0413 - 10.69m @ 15.78g/t Au
PLRCD0420 - 5.50m @ 14.97g/t Au
PLRCD0423 - 3.20m @ 13.48g/t Au
PLRCD0424 - 1.00m @ 10.10g/t Au
PLRCD0411 - 2.45m @ 29.67g/t Au
PLRCD0419 - 4.80m @ 68.42g/t Au
PLRCD0418 - 0.95m @ 2.72g/t Au
PLRCD0410 - 1.18m @ 6.43g/t Au
PLRCD0407 - 1.42m @ 2.11g/t Au
PLRCD0421 - 1.00m @ 15.45g/t Au
PLRCD0416 - 0.68m @ 12.45g/t Au
PLRCD0415 - 1.85m @ 3.08g/t Au
PLRCD0413 - 0.58m @ 40.10g/t Au
PLRCD0420 - 1.75m @ 4.25g/t Au
PLRCD0405 - 0.69m @ 5.31g/t Au
PLRCD0410 - 1.71m @ 15.26g/t Au
PLRCD0407 - 0.46m @ 10.80g/t Au
PLRCD0421 - 1.00m @ 2.89g/t Au
PAULSENS PROJECT
LONGITUDINAL SECTION
2006 DRILLING INTERSECTIONS
COMPLETED DEVELOPMENT
UPPER ZONE
LOWER ZONE
INDICATED RESOURCE/PROBABLE RESERVE
INFERRED RESOURCE
POTENTIAL RESOURCE EXTENSION