



INTREPID MINES LIMITED

2011 ANNUAL REPORT



CONTENTS

2	Letter from the Chairman	8	Tujuh Bukit, Resources	18	Directors
4	Letter from the Chief Executive Officer	10	Tujuh Bukit – Other Targets	20	Management Team
6	Tujuh Bukit Project, Indonesia	12	Engineering Studies	21	Qualified and Certified Person and Quality Control
		14	Other Global Exploration	23	Corporate Governance Statement
		16	Community Relations and Development	25	Annual Financial Report
		17	Investor Relations	91	Statement of Shareholders
				92	Corporate and Shareholder Information

STRONG GROWING DELIVERING

Intrepid Mines Limited ('Intrepid' or 'Company') is an international precious and base metals development and exploration company with proven mining experience, which is dual-listed on the Australian Securities Exchange and the Toronto Stock Exchange (ASX/TSX: IAU).

Intrepid's primary focus is on the advancement and development of its Tujuh Bukit Project (80% economic interest) on the island of Java in Indonesia, a large, complex and growing mineralised system containing copper, gold, silver and molybdenum resources.

Our vision is to build long-term value for shareholders by becoming a significant international resource company and we believe our highly-prospective key assets will sustain our future growth.

We are committed to delivering sustained growth for all stakeholders including shareholders, investors, partners and the communities in which we operate. Our history of focused action on growth opportunities and considered operational execution underlie our strategy to become a significant participant in the international precious and base metals mining sector.



LETTER FROM THE CHAIRMAN

Intrepid completed calendar 2011 with an 80% economic interest in a metal inventory totalling 15 billion pounds of copper, 27.4 million ounces of gold, 80 million ounces of silver plus molybdenum.

This represents a 230% increase in the copper inventory and a 160% increase in the gold inventory within one year, marking the Tujuh Bukit deposit in East Java, Indonesia, as one of the fastest growing copper-gold projects in the world.

The property comprises a gold-silver oxide cap overlying a 1.7 billion tonne Tumpangpitu copper-gold porphyry system, one of the largest copper-gold porphyry deposits not owned by a major resource company.

An independent Preliminary Economic Assessment study on the smaller gold-silver oxide cap was completed during the year demonstrating robust economics – a US\$204 million investment in a 7 million tonne per annum heap leach would produce an average 143,000 ounces gold equivalent each year, for nine years, at a cash cost below US\$400 per ounce.

The rate of success through the year encouraged the board to approve an exploration budget of US\$50 million plus for 2012, comprising drill programmes requiring a fleet of twelve rigs, including two with 2,000 metre depth capacity, helicopter support and the continuance of two studies – a Preliminary Economic Assessment on the porphyry and an engineering study on the heap leach. Treasury funds at year end stood at US\$150.1 million.

Further success was recorded early in the new year when the best intersection to date – 689 metres at 1.00% copper and 0.85g/t gold was not only recorded on the boundary of the known mineralisation but was drilled directly away from the known body.

This positive momentum was however very much tempered by slow progress on forestry and direct equity discussions, with the lack of progress determining the direction of share price performance.

The forestry discussions relate to the need to re-classify the area in which the gold-silver oxide cap and Tumpangpitu lie. Under the current forestry classification, open pit mining is not permitted and therefore the heap leach would not be able to proceed, likewise, the shallower levels of the porphyry could not be exploited. Underground mining of the porphyry system, which would occur at some stage in any case, due to the dimensions of the property, is however permissible. There are other target areas on the tenement, specifically Salakan, where exploration has only just commenced. This may not be subject to such forestry constraints and may therefore offer some development optionality.

Intrepid holds an 80% economic interest in Tujuh Bukit, with our Indonesian partner, PT IMN holding the balance. The new Mining Law legislated in 2009, after ten years with the policy makers, permits foreign companies to own direct equity, and thereby encouraging foreign ownership. One year later, a government regulation requiring a 20% divestment to Indonesian interests was passed. Logically, Intrepid engaged with its partner to convert its interest to a direct 80% equity with our Indonesian partner retaining the balance.

More recently, a presidential decree was passed requiring a progressive divestment to Indonesian interests up to 51% after ten years from the commencement of production.

As the economic woes of governments around the world continue there is a trend looking to increase the take from resource projects, generally portrayed to be an equitable sharing of a country's natural wealth. Unfortunately, governments seldom recognise the inherent and substantial financial risks underlying such large and long lead time developments.

TUJUH BUKIT – ONE OF THE FASTEST GROWING COPPER-GOLD DEPOSITS IN THE WORLD



Most resource companies make major contributions to the welfare and well-being of the communities in which they seek to operate and Intrepid is no different. Employment opportunities, the upgrading of transport infrastructure, water reticulation, school buildings, school bursaries, agri- and aquaculture initiatives are typical and are rapidly taken for granted. Intrepid is happy to be a good corporate citizen, but governments must recognise the contributions made. At the date of this report, Intrepid has invested over US\$72 million in all aspects of the project development and will clearly invest hundreds of millions more before the first dollar of revenue is received.

With such a significant investment in Indonesia, Intrepid will continue to secure the best possible advice to advance shareholder value. Adrianto Macribie, an Indonesian national with exceptional experience in the development of the country's natural resources, joined the Company late in the year, but has already become a valued member of the Board.



Colin G. Jackson
Chairman

LETTER FROM THE CHIEF EXECUTIVE OFFICER

This past year was a period filled with remarkable new plateaus as we fortified our vision as a Company that is “Strong, Growing and Delivering.” It was a year in which the dramatic transformations of previous years were all but forgotten as we cemented our reputation as a globally-recognized developer of one of the largest and most promising copper-gold systems in the world. While the turbulence throughout the global marketplace in 2011 delivered significant challenges to so many companies internationally, Intrepid was able to leverage the considerable strengths of our management and technical teams along with our core project and strong treasury position to continue to demonstrate our exceptional and still growing value.

The Company's share price reached an all-time high early in the year as we announced our initial Inferred copper-gold porphyry resource at our key Tujuh Bukit Project, (80% economic interest). Then, while commodity prices – especially gold – generally remained strong during 2011, widespread economic and political uncertainties created turbulent equity markets, pushing many investors to the sidelines. However, by year-end and continuing into early 2012, signs of strengthening markets and economies are re-emerging, generating a cautious but widespread optimism, particularly in the resource sector.

During 2011, the Company has continued to strengthen and grow our management and technical teams while maintaining our steadfast focus on the advancement and development of the Tujuh Bukit Project, a still partially-explored mineralised system containing significant copper and gold resources, as well as silver and molybdenum.

Amongst the many milestones achieved at Tujuh Bukit in 2011:

- Virtually all of our geological and geophysical findings on the Project's 11,621 hectare area have continued to support our belief that Tujuh Bukit holds the potential to become a truly world-class mining project with significant amounts of copper, gold, molybdenum and silver.
- In May 2011, the Company reported an updated Inferred Resource at the main Tumpangpitu porphyry target of 990 million tonnes at 0.40% copper and 0.45g/t gold at a 0.2% copper or 0.2g/t gold cut-off.
- By December 2011, this had been updated further to an Inferred Resource of 1.7 billion tonnes at 0.41% copper and 0.46g/t gold, at a cut-off grade of 0.2% copper, for the known porphyry copper-gold zone of the main Tumpangpitu area. The authors of this latest resource estimated that there was evident “geological potential” to expand this by between 40% and 60% at slightly lower grades.
- Subsequent drilling has continued to extend the area of mineralisation below and beyond the limits of the initial porphyry resource, and intersected several more high grade zones and areas with elevated copper-gold ratios.
- The Company and its joint venture partner, PT IMN, reached agreement on the commercial terms of a new shareholders agreement and continued to work towards finalising this document. This is in preparation for the eventual formalisation of the Company converting its indirect 80% interest into a direct equity interest in the project, something that only became possible following the passing of Indonesia's new mining law promulgated in 2009
- The Company announced robust results of a Preliminary Economic Assessment (“PEA”) of the oxide resource for a potential heap leach, open pit gold mine on the oxide resource overlying the Tumpangpitu porphyry. Based upon a conservative US\$1,050 per ounce gold price, the PEA provided a conceptual plan with annual production of 143,000 ounces of gold at cash costs of US\$376 per ounce (after silver credits) at a capital cost to first production of US\$204 million.



- Initial drilling at the Katak Prospect, located 2.5km from the main porphyry zone, confirmed the discovery of the second separate copper-gold porphyry target at Tujuh Bukit, a mineralised porphyry system within an area designated as Production Forest.
- A third copper-gold porphyry prospect at Tujuh Bukit, named the Candrian Prospect, was discovered 2.2km east of the main Tumpangpitu porphyry and 1.5km (south-east) from the Katak prospect. First pass drilling confirmed that Candrian covers a minimum area of 1.8km by 0.6km.
- Historically, the major sources of liquidity have been the capital markets and project financing. Following the merger with Emperor in 2008 and with the proceeds from the sale of Paulsens and the capital raising and share purchase plan implemented in 2010, the Company has significantly improved its liquidity. As a result, the Company expects to be able to meet its financial commitments and requirements for the year.

Brad A. Gordon
Chief Executive Officer

TUJUH BUKIT HOLDS THE POTENTIAL TO BECOME A
TRULY WORLD-CLASS MINING PROJECT

TUJUH BUKIT, INDONESIA

The Company's principal asset is known as Tujuh Bukit (translated as "Seven Hills"), a gold-silver and copper-gold project located in Indonesia on the island of Java, approximately 205km south east of Surabaya, capital of the province of East Java, and 60km south-west of Banyuwangi.

The Tujuh Bukit Project area covers 11,621 hectares under two Izin Usaha Pertambangan ("IUP's"), the form of exploration and mining title introduced under the latest Indonesian Mining Law, enacted in January 2009.

The property contains a large, high sulphidation epithermal gold-silver-copper system with multiple copper-gold-molybdenum porphyries. Intrepid has acquired an 80% indirect economic interest in Tujuh Bukit by way of a series of joint venture agreements, and having satisfied a number of related spending commitments. The IUPs are held by the Company's Joint Venture ("JV") partner, an Indonesian company, PT Indo Multi Niaga ("PT IMN"), which has a 20% participation right in the Project.

HISTORY

Local companies have been exploring the area around Tujuh Bukit since 1991. In 1997, a junior Australian explorer, Golden Valley Mines ("GVM"), entered into a Joint Venture with an Indonesian company for this project area, then known as Bukit Hijau. GVM conducted a regional drainage and rock-chip geochemical sampling program through which it identified the potential of the Tumpangpitu and Salakan areas, within the project as prospective for copper-gold mineralisation. Then, in 1999, GVM initiated a five-hole diamond drilling program over the Tumpangpitu prospect.

In 2000, GVM attracted Placer Dome Inc., which signed a JV agreement with GVM to conduct further exploration at Tumpangpitu, including an additional nine diamond drill holes, before they too left the project. PT IMN obtained a mining permit to conduct general investigation activities in the area in 2006. Emperor Mines Limited (later to become a wholly-owned subsidiary of Intrepid as a result of the merger of the two companies) entered into an alliance agreement with PT IMN in 2007, to establish a JV.

The JV partners commenced drilling at Tumpangpitu in 2007, with the initial target being the near surface oxide gold-silver mineralisation found in the previous drilling. An unusual amount of copper staining in the area led the team's geologists to initiate some deeper drilling on the prospect and the Tumpangpitu porphyry system was discovered with hole GTD-08-29, which was drilled to 658 metres. This discovery was confirmed with hole GTD-08-35, which intersected 630 metres at 0.45g/t gold and 0.44% copper. This included 108 metres at 0.9g/t gold and 0.9% copper from 530 metres, a notable intercept that immediately began to draw the attention of both resource investors and several of the world's largest resource companies.

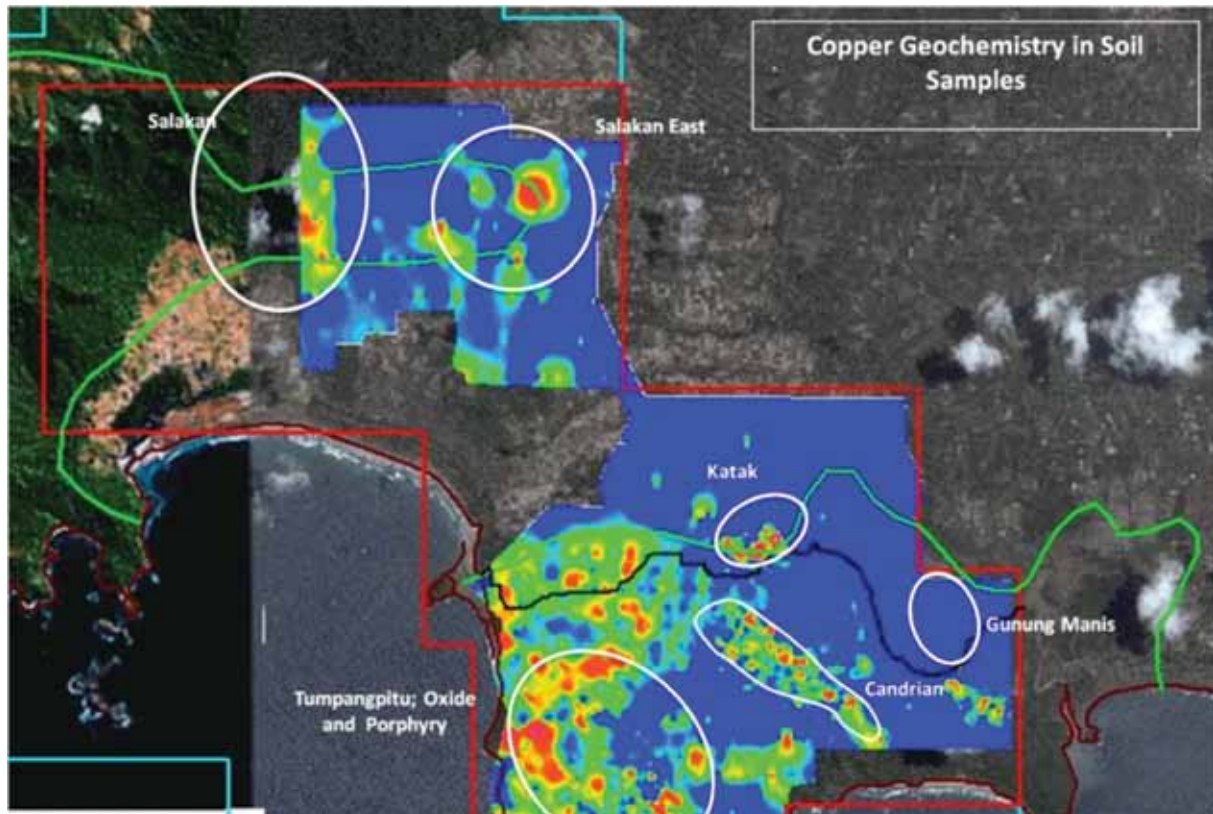
TECHNICAL DESCRIPTION

Tujuh Bukit comprises several mineral prospects, of which the Tumpangpitu Prospect, in the south east portion of the project area, continued to be the primary focus for exploration activity during 2011. This includes both the multiple zones of near surface, gold-silver oxide mineralisation and the deeper, porphyry copper-gold mineralisation.

Mineralisation at the main Tumpangpitu Prospect has been defined over an area exceeding 3.4km by 2.8km and to a vertical extent of over 1km. The system includes an acidic alteration assemblage (alunitedickite-pyrophyllite-diaspore), sulphide assemblages comprising chalcocite-enargite-covellite-tetrahedritebornite, abundant vuggy leaching textures in silicified rocks, an abundance of hydrothermal breccias, all overprinting, and telescoped onto deeper level porphyry copper-gold mineralisation. The latter exhibits typical porphyry style veining and sulphide assemblages dominated by chalcopyrite, bornite and chalcocite.

The broader Tujuh Bukit copper-gold 'district' covers an area of 12km by 5km and includes multiple mineralised systems. A porphyry copper-gold system has also been discovered at both the Katak and Candrian Prospects. The Company also initiated exploration and drill testing at Gunung Manis, an epithermal gold-silver prospect and, beginning early in 2012, at Salakan and Salakan East, two oxide gold-silver and porphyry copper-gold targets in the northern portion of the Tujuh Bukit Project.

A CLUSTER OF PORPHYRIES



Advancing the progress aggressively with 11 drill rigs.

FORESTRY

All of the lands included in the Company's exploration area at Tujuh Bukit are owned by Indonesia's national Forestry Department, with which comes various permitting processes with regard to Intrepid's exploration and development rights. The main focus area to date, Tumpangpitu, is situated within Protection Forest, a category of forest land in which Indonesian law restricts activities and prohibits open-pit mining.

Intrepid and PT IMN are working with relevant Indonesian authorities to allow for a review of the status of forest land where it affects the project's operations. Meanwhile, the Katak Prospect is situated within Production Forest, a forestry category that has far fewer development restrictions.

PERMITTING

The Indonesian Forestry Law restricts non-forestry activities within protected forests and prohibits mining using an open pit method in protected forest areas.

The Zone A, Zone B and Zone C oxide resources, as well as the Tumpangpitu porphyry resource, fall within a protected forest area. The Company, together with PT IMN, is compiling a multi-faceted plan regarding a review of forest land status under Indonesian legislation as part of the ongoing effort to allow for the option of conducting open pit mining.

SHAREHOLDER'S AGREEMENT

Intrepid has an 80% economic interest in the Tujuh Bukit IUPs, derived through contractual arrangements with the tenement holder, PT IMN.

Negotiations with PT IMN to finalise the shareholders' agreement (the commercial terms upon which the conversion and share issue will be effected were agreed between the parties in June 2011) have been protracted and are ongoing.

TUJUH BUKIT, RESOURCES

Intrepid announced the first Inferred resource estimate* for a portion of the near surface gold-silver oxide high sulphidation system at Tumpangpitu in 2008, followed by updates to the resource with drilling from adjacent areas in late 2008, 2009 and 2010. This latest estimate delivered 130 million tonnes at 0.55g/t gold and 18g/t silver at a 0.2g/t gold cut-off.

In April 2011, the Company announced the results of an independently prepared Preliminary Economic Assessment ("PEA") for a potential heap leach, open pit gold mine on the oxide resource of the Tumpangpitu Prospect. The PEA was prepared by Kappes Cassiday, of Reno, Nevada, based upon column leach and other metallurgical tests performed at their laboratory.

The maiden Tumpangpitu Inferred resource estimate* for the underlying high sulphidation and porphyry copper-gold system was released in September 2010 and a second Inferred resource estimate was announced in May 2011. In January, 2012, based on a total of 36,600 metres of drilling in 41 (deep) holes, this was further expanded to total 1.7 billion tonnes at 0.41% copper and 0.46g/t gold (at a cut-off grade of 0.2% copper) for 15 billion pounds of copper and 25 million ounces of contained gold. The estimate also noted the geological potential for an additional 40% to 60% resource at a slightly reduced grade.

During 2011, 41,741 metres of diamond core drilling were completed around the Tumpangpitu area, bringing the total to 108,429 metres in 331 drill holes, including 114,526 metres drilled by Intrepid.

SUMMARY OF INFERRED OXIDE RESOURCE ESTIMATES, BY g/t AU CUT-OFFS, ALL ZONES^{(1),(2),(3)}

Cut-off (Au g/t)	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Moz Au	Moz Ag
0.20	130	0.55	18	2.4	80
0.30	85	0.74	21	2.0	55
0.40	60	0.91	23	1.7	45
0.50	45	1.06	24	1.5	35
0.75	25	1.39	27	1.1	20
1.00	15	1.69	29	0.9	15

Notes

1. Cut-off grade of 0.2g/t Au applied.
2. Rounding as required by reporting guidelines may result in apparent differences between tonnes, grade and contained metal content.
3. Tonnage and grade measurements are in metric units. Gold ounces are reported as Troy ounces.

SUMMARY OF INFERRED PORPHYRY RESOURCE ESTIMATES, BY % CU CUT-OFFS^{(1),(2),(3)}

Cut-off (Cu%)	Tonnes (Mt)	Cu (%)	Au (g/t)	Mo (ppm)
0.2	1700	0.41	0.46	100
0.3	1200	0.55	0.55	120
0.4	800	0.62	0.62	140
0.5	500	0.64	0.69	160

Notes

1. Cut-off grade of 0.2% Cu applied.
2. Rounding as required by reporting guidelines may result in apparent differences between tonnes, grade and contained metal content.
3. Tonnage and grade measurements are in metric units.

* Each of these Inferred resources has been estimated by independent consultants Hellman and Schofield Pty Ltd and reported in accordance with the JORC code and National Instrument 43-101.

TUMPANGPITU SIGNIFICANT RESULTS

Hole ID	From	To	Interval	Au (g/t)	Ag (g/t)	Cu (%)	Mo (ppm)	As (ppm)
GTD-11-220 EOH 1080.55m	684	714	30	0.27	0.60	0.19	19	387
	790	1080.55	290.55	0.54	1.82	0.70	112	816
GTD-11-221 EOH 1101.6m	30	50	20	0.25	9.90	0.01	2	210
	472	1101.6	629.6	0.61	1.70	0.40	44	381
GTD-11-225 EOH 994.25m	314	486	172	0.86	1.54	0.56	124	75
	496	514	18	0.53	0.89	0.40	38	8
	596	708	112	0.24	0.57	0.38	256	5
	906	920	14	0.09	1.14	0.23	6	7
GTD-11-234 EOH 1013.5m	0	24	24	0.64	5.40	0.01	2	1230
	180	194	14	0.05	2.89	0.35	1	221
	272	284	12	0.08	8.55	0.60	2	178
GTD-11-216 EOH 1042.25m								
	40	52	12	0.25	11.2	-	-	1222
	138	180	42	0.75	14.6	-	-	1933
	180	224	44	0.33	1.3	0.65	-	1198
	360	1042.25	682.25	0.47	-	0.39	178	337
including	376	396	20	0.12	-	0.21	1008 (0.1%)	672
including	410	418	8	1.06	5.1	1.57	239	4200
including	482	498	16	0.75	-	1.10	68	507
including	990	998	8	4.05	5.8	0.90	32	20
GTD-11-214 EOH 950.6m								
	22	52	30	-	2.9	0.30	-	103
	72	82	10	0.26	7.8	0.28	-	109
	500	950.6	450.6	0.21	-	0.33	91	17
including	634	672	38	0.41	-	0.74	247	6
including	736	848	112	0.23	-	0.43	97	28
GTD-11-213 EOH 1058m								
	250	266	16	-	-	0.28	-	55
	296	308	12	0.24	4.5	1.17	-	2405
	376	386	10	0.25	3	0.19	-	682
	962	1016	54	-	-	0.25	69	26
	1024	1058	34	-	-	0.18	116	128
GTD-11-212 EOH 1112.15m	182	212	30	-	-	0.45	-	111
	266	278	12	0.13	-	1.24	-	410
	1014	1020	6	-	-	0.42	3	1400
	1054	1076	22	-	-	0.21	5	541
	1110	1112.15	2.15	-	-	0.26	6	22

TUJUH BUKIT – OTHER TARGETS

CANDRIAN

The Candrian Prospect is located approximately 2km east of the main Tumpangpitu Prospect resource. During the reporting period Intrepid completed an eight hole diamond drilling program. Holes CND-11-001 to CND-11-008 were all mineralised to varying extents and have defined a broad mineralised porphyry system with an aerial extent of 1.8km by 0.6km.

Drill hole CND-11-002 returned very encouraging results, intersecting 138 metres at 0.8g/t gold and 0.21% copper from just six metres below surface, including an interval of

40 metres at 1.6g/t gold and 0.36% copper. While drill hole CND-006 intersected 50 metres at 0.25g/t gold, and 0.16% copper, and 46 metres at 0.42g/t gold and 0.18% copper. Hole CND-008 intersected 46 metres at 0.27g/t gold, and 0.24% copper. All intersections returned very low arsenic assays.

Candrian is the third copper-gold porphyry discovered on the Tujuh Bukit Project. Holes CND-001 to 008 were all mineralised to varying extents and have defined a broad mineralised porphyry system that now requires infill drilling to define resources. Significant assay results from these drill holes are presented in the table below.

Hole ID	From	To	Interval	Au (g/t)	Cu (%)	Ag (g/t)	As (ppm)	Mo (ppm)
CND-11-008	346	392	46	0.27	0.24	–	230	10
EOH 534.45m	474	486	12	0.32	0.25	–	4	34
CND-11-007	392	400	8	0.1	0.12	–	–	8
EOH 452.1m								
CND-11-006	354	386	32	0.13	0.20	–	5	50
EOH 663.7m	410	460	50	0.25	0.16	–	3	10
	522	568	46	0.42	0.18	–	1	12
CND-11-005	114	226	112	0.32	0.22	–	4	14
EOH 622.95m	558	560	2	0.25	0.15	–	5	–
CND-11-004	no significant assays							
EOH 401.75m								
CND-11-003	88	166	80	0.24	0.18	–	18	12
EOH 446.1m								
CND-11-002	6	144	138	0.80	0.21	–	10	13
EOH 400m	100	140	40	1.60	0.36	–	7	4
CND-11-001	12	90	78	0.11	0.12	–	112	–
EOH 636.95m	22	36	14	0.20	0.23	–	123	–
	378	586	208	0.15	0.18	–	5	45

SALAKAN

During the year a program of regional, as well as detailed infill, data collection was undertaken. These activities were designed to refine the existing anomalous stream sediment and soils sampling from previous programs and define drill targets. In total 259 rock chip samples, 3,148 soil samples and 101 stream sediment samples were collected and assayed for multi-elements. A further 78,550 line kilometres of Induced Polarity (IP) survey was also collected and interpreted. All the results have been integrated and will be followed up with diamond drilling during 2012.

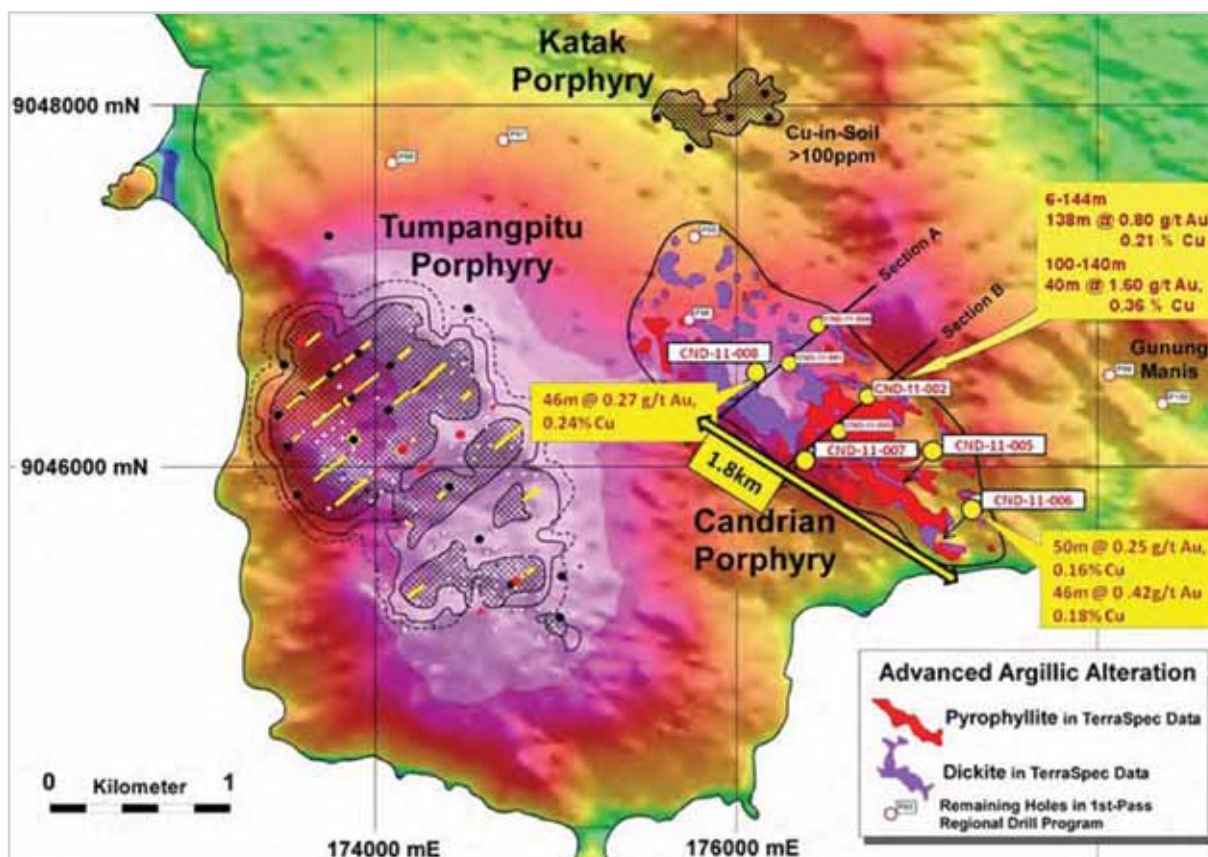
GUNUNG MANIS

The Gunung Manis Prospect was drill tested between July and November 2011. The Prospect comprises highly anomalous, coincidental copper and gold anomalism in soils.

An initial test of 16 diamond drill holes for a total of 3,121.22 metres was completed. A mixed sequence of sediments was intersected, which returned indifferent results. The Company has determined that no follow-up is warranted at this stage.

KATAK

A five hole diamond drilling program, for 1,835.5 metres, was completed between late January and early March 2011 at the Katak Prospect, 2km east north-east of the main Tumpangpitu, aimed at following-up encouraging copper and gold in soils anomalism. All holes returned copper and gold anomalism hosted by porphyry intrusions. Results included 100 metres at 0.45g/t gold and 0.3% copper in KTD-10-001 (from 168 metres), 50 metres at 0.17g/t gold and 0.2% copper in KTD-10-002 (from 86 metres), 120 metres at 0.1g/t gold and 0.13% copper in KTD-10-003 (from 174 metres), 324 metres at 0.31g/t gold and 0.2% copper in KTD-10-004 (from surface), and 44 metres at 0.15g/t gold and 0.19% copper in KTD-10-005 (from 276 metres).



Significant drill intercepts at Candrian Prospect

ENGINEERING STUDIES

The Tumpangpitu Prospect has been divided into two project areas to facilitate its development. The first area titled the Tujuh Bukit Oxide Project consists of all activities related to the assessment and exploitation of the gold-silver oxide zone of the deposit. The second area titled Tujuh Bukit Porphyry Project consists of all activities related to the assessment of the deeper copper-gold unoxidised porphyry zone of the same deposit. The oxidised and unoxidised zones have significantly different mineralogy and require uniquely separate treatment regimes.

OXIDE PROJECT

In March 2011, the PEA of the Oxide Project was completed which contemplates Life of Mine production in the order of 1.29 million ounces of gold and 10.5 million ounces of silver from 57 million tonnes of heap feed material. The 63 million tonnes of waste to be mined results in a heap feed to waste ratio of 1:1.1. Metallurgical testing has demonstrated the Oxide Project is amenable to cyanidation using heap leaching with projected field recoveries of 86% for gold and 17% for silver for the oxide zones and 72% of the gold and 31% of the silver for the transition Zone A.

The current Oxide Project concept will involve mining at a rate of 20,000 heap feed tonnes per day. Material for processing will be delivered and direct dumped to a modular-style three stage crushing plant nearby the pit. The targeted product size will be 100% passing 20mm. The crushed material will be transported 3km via an overland conveying system to the two agglomeration drums. Cement and barren solution will be added to the material at the drums. The agglomeration drums discharge to a mobile stacking system (grass-hopper field conveyors and a mobile radial stacker). The material will be stacked on the leach pad in 10 metre lifts and irrigated for 90 days with dilute cyanide solution using sprinklers on top and dripper tubes on the side-slopes.

A total of ten, 10 metre lifts are planned for a maximum heap height of 100 metre in the deepest part of the heap. After percolation through the material, gold and silver bearing solutions collect on an HDPE plastic liner and are channelled to a pregnant solution collection pond and pumped to a Merrill-Crowe circuit. Zinc dust is used to precipitate the gold and silver as precious metals sludge. The precipitate is dried and smelted into doré bars onsite.

Power for the project will be supplied via a new installation of a 31km long, 20kV powerline. This line connects to an existing 150kV line to the north of the Project. It has been assumed that sufficient capacity will continue to exist to support the Project as it is developed. Back-up generators will provide power to only the solution circuits in the event of power outages. Process water will be supplied with a combination of stored rainfall and seawater as required

Pre-production costs were estimated at US\$204 million and are based on fourth quarter 2010 US dollars and considered to have accuracy of +/- 30%.

Total operating costs over Life of Mine were estimated at US\$10.84 per tonne.

Project development is expected to require 17 months for engineering and construction.

The PEA is preliminary in nature, it includes Inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized.

The results of the PEA indicate that at a gold price of US\$1,050 per ounce the Tujuh Bukit heap leach concept is a robust project worthy of investment.

FINANCIAL ANALYSIS

Item	Units	Case 1	Case 2
Long-term gold price	US\$ per ounce	1,050	1,450
Long-term silver price	US\$ per ounce	16.50	38.00
NPV - after tax @ 0%	US\$ million	445	942
NPV - after tax @ 10%	US\$ million	180	446
Payback	years	3.03	2.70
Mine Life	years	9	9

As a result, the next phase of the study lifecycle was initiated in July 2011. This phase, based on the heap leach concept, has been structured to assess in more detail the mine design and geotechnical considerations, implementation of an oxide resource infill drilling program, further metallurgical testing of the deposit variability, preliminary engineering targeting a more accurate level of definition of 15% to 30% and commencement of a preliminary environmental, social, health impact assessment (ESHIA) of the Project. This study phase is forecast for completion in the December 2012 quarter.

PORPHYRY PROJECT

Following the significant increase in the size of the Tumpangpitu porphyry resource, the first phase of the study lifecycle was initiated in December 2011 and titled the Porphyry Project Scoping Study.

This study will focus on infill drilling of the resource to convert potential material to Inferred resource, mine engineering of both open pit and underground caving mining methods, a metallurgical testwork program targeting a wider range of drill intersections, high level investigation of the treatment of any high arsenic concentrate and conceptual engineering. This study phase is forecast for completion in the March 2013 quarter and will be conducted to achieve a level of accuracy of 30% to 60%. The primary deliverable from this phase will be a PEA.

THE YEAR AHEAD

Although global uncertainty dominated international financial markets in 2011, Intrepid made substantial progress in advancing both the size of and its technical understanding and confidence of the project. Being well capitalised and continuing to strengthen its technical and operational capabilities, Intrepid entered 2012 with an 12-drill rig program in place aimed at continuing to advance both the oxide and porphyry resources at Tumpangpitu while, at the same time exploration work was continuing on several other promising target areas.

Looking ahead, the key goals set by the Company's board and management for the rest of 2012 are:

- Ongoing testing around the main Tumpangpitu porphyry and oxide areas;
- Fourth resource estimate for the main Tumpangpitu porphyry (Q4);
- Ongoing drill testing (subject to permitting restrictions) of targets identified by geological and geophysical studies at Candrian, Katak, Salakan, and Salakan East;
- Initial Porphyry Project Scoping Study; and
- Oxide Project Engineering Study (Q4).



OTHER GLOBAL EXPLORATION

ECUADOR

SHYRI PROJECT

In October 2009, in line with the Company's corporate vision to look for high quality properties with evidence of significant exploration potential, Intrepid signed a binding letter of intent which lead to the signing of an option agreement on 5 January 2011 with Cornerstone Capital Resources Inc. in respect of the Shyri property in southern Ecuador.

The 300km² Shyri property is located in Azuay province, southern Ecuador, about 25km west of the city of Cuenca. Under the terms of the Option Agreement, Intrepid has the ability to earn an initial 60% interest in the Shyri property by:

- making an initial cash payment of US\$250,000 and a US\$500,000 private placement in Cornerstone shares based on the volume-weighted average market price over the previous five business days, plus 20% (completed); and
- spending US\$6 million dollars over five years, including a commitment to spend US\$1 million in the first year (completed) – after which Intrepid has the right to withdraw from the project with no further obligation.

Intrepid has the further right to earn an additional 20% interest in a specific area of the Shyri property of up to 5,000 hectares defined as a project area. Upon designation of a project area, Intrepid would make a US\$750,000 private placement in Cornerstone and to earn the additional interest, Intrepid would:

- complete a bankable feasibility study or incur expenditures of US\$20 million, whichever comes first; and
- make a cash payment to Cornerstone of up to US\$5 million based on the gold equivalent ounces in the estimated / calculated mineral reserve.

There is no limit to the number of project areas Intrepid may designate within the property and the same earn-in requirements govern each 'stand-alone' project area.

During the earn-in period Cornerstone will serve as Project Manager for the exploration programs under the technical direction of Intrepid as Operator.

Cornerstone will provide administrative and technical services using its Ecuadorian-based staff. In January 2011, authorisation was received from Ecuador's Ministry of Non-Renewable Natural Resources ("MRNNR") to resume exploration activities, including diamond drilling, in Loma Quinuas and Aguarongos, two of Cornerstone's three wholly-owned Gama prospect concessions in Ecuador.

Cornerstone has received all the substituted mining titles for its concessions over the Shyri Project and, to date, the Gama Prospect has obtained all the authorisations and permits required by Ecuadorean law. The Shyri property encompasses three prospects, Gama (copper-gold), Vetas Grandes (gold), and Cañaribamba (gold). It is strategically located between Iamgold's 3.5 million ounce Quimsacocha gold project to the east, the Chaucha porphyry copper system to the northwest, and International Minerals' Rio Blanco gold project to the northwest.

The Gama Prospect comprises an extensive zone of high sulphidation alteration measuring a minimum of 8.5km by 3km. The alteration is strongly zoned and centred over two high level, porphyry-type intrusions at the 3,500 metres to 3,800 metres elevation, the same elevation as the nearby Quimsacocha deposit. Integration of geology, soil geochemistry and geophysics has highlighted a series of compelling drill targets at Gama. The 2011 H1 drilling program will test both high sulphidation targets and porphyry with high sulphidation overprint targets. An interpreted post-mineralisation auriferous hydrothermal breccias zone, the Ermitas breccias, contains vuggy silica in a sulphide matrix and a broad northwest-trending gold-in-soil anomaly is associated with the alteration zone.

The Vetas Grandes gold mineralisation was discovered by Cornerstone in 2005, 20km south of Gama. The prospect comprises multiple, east-north-east trending epithermal quartz veins and vein breccias measuring from one metre to seven metres in width within a zone at least 2km long and 1.5km wide. Mineralised veins containing gold and silver are exposed over a vertical relief of 300 metres with the highest gold values localised at vein intersections and where veins outcrop around the 3,220 metres elevation.



The Cañaribamba Prospect is an intermediate sulphidation, disseminated and vein-type gold system situated in a large, multi-phase diatreme breccia complex. The area has a history of artisanal mining of high grade veins over at least 300 metres of elevation and in the 1970's four short drill holes were completed on one of the four recognised vein systems. Work by Cornerstone expanded known gold mineralisation another 500 metres east with the discovery of the Guabisay structure.

Cornerstone has completed extensive geological, geochemical and geophysical (magnetic and IP) surveys over the prospects.

In August 2011, the assay results were released for the Phase 1 diamond drilling program (11 holes for 3,153 metres) on the Gama prospect. Exploration is on-going.

MEXICO

TAVICHE JOINT VENTURE (INTREPID INTEREST 21.2%)

The Taviche silver-gold project is located in the state of Oaxaca, Mexico. Intrepid is not funding the current exploration activity and is diluting its interest. Aura Silver Resources Inc ('Aura') (TSX: AUU) is the project operator. Aura has advised that the earn-in requirements under the agreement between Aura and Intrepid and Plata Panamericana ("Plata") were fulfilled in a timely manner, although Plata and Aura are in discussion over technical aspects of the project and the ongoing conduct of the joint venture.

COMMUNITY RELATIONS AND DEVELOPMENT

Intrepid, consistent with its commitment to corporate responsibility, is working closely with PT IMN to ensure continued cordial relations with the communities with whom it interacts. The Company believes that by engaging with host communities and relevant governments even in this early stage of exploration, it will understand the respective communities' needs and concerns better. As a result, robust community programs have been defined and implemented. The programs cover three main areas: community relations, community development, and government relations.

The primary focus during 2011 and for 2012 includes:

- Working to ensure that at least 75% of the workforce comes from the local community. In 2011 90% of the workforce at Tujuh Bukit was recruited locally.
- Stakeholder mapping at various levels.
- Ensuring focus for community programs was first within Pesanggaran Sub-district; secondly within Banyuwangi District and thirdly within the broader East Java Province.
- Assisting in the development, viability and sustainability of small to medium businesses, especially those related to food production/security and the empowerment of women such as food processing, agriculture, fishing, and, handicrafts.
- Support of health services and primary health care facilities, clean water supply and sanitation and health education.
- Infrastructure development such as upgrading roads, bridge maintenance, school facility upgrades, public toilet construction, sports facilities and community facility support.
- Stakeholder engagement, town hall meetings, relations with non-government organisations, site visits from interested parties, donations for community and religious projects and sponsorship in conjunction with interested parties of seminars on matters of public concern.
- Mitigating the effects of illegal mining activities in co-operation with relevant government bodies and community leaders and groups.
- Media monitoring and publications.
- Completion of perception surveys and addressing of identified concerns. Conducting regular Project updates and site visits for key community members, local government, local media and NGO's.
- Conducting regular courtesy meetings and updates with various levels of relevant government bodies.
- Providing development and training programs for local contractors, suppliers, farmers, fishermen and vendors.



INVESTOR RELATIONS

A key to the success of any public company lies in its ability to communicate the value of its business and, in particular, its future potential to a wide range of investors in order both to provide strong returns to investors and to reduce the cost of capital. At Intrepid, these challenges have been increased by the fact that the Company is listed on both the Australian (ASX) and Canadian (TSX) stock exchanges. At the most basic level, this requires the Company's management to demonstrate their vision, their capabilities that will enable them to deliver on that vision, and, above all, their credibility to investors.

Of course, the first step is to communicate effectively, producing and disseminating news announcements detailing the Company's technical and corporate progress, as well as its plans for the future.

The Company's website (www.intrepidmines.com) as well as the relevant regulatory filing repositories – the ASX and SEDAR – provide further critical sources for material information and news on the Company.

Intrepid also has dedicated investor contacts in Australia and North America. Importantly, senior members of the Company's management team also meet regularly with investors across Australia as well as in Canada, the US, Europe and Asia. Whether in one-on-one or group meetings or at large investor shows, the Company brings existing investors up-to-date, introduces Intrepid to potential new investors and answers the plethora of questions that arise. This strategy has proven to be invaluable in building not only Intrepid's international profile but also management's relationships with important institutional investors, analysts and financial specialists.



DIRECTORS

Colin G. Jackson

(aged 63) MSc, BSc (Hons), Grad Dip Bus Admin, DIC

Chairman, Non-Executive Director

Appointed Director December 2003

Mr. Jackson was appointed to the Board of Intrepid on 23 December 2003, and 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 International Australia Ltd) where he raised equity for a significant number of gold companies, including Kidston Gold Mines' and Placer Pacific Limited's 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 ASX listed Red 5 Limited and a non-executive director of EIM Capital Managers Pty Limited.

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

Brad A. Gordon

(aged 49) 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 after being the Chief Executive Officer ('CEO') and Managing Director of Emperor Mines Limited from April 2006. He has more than fifteen years' experience in senior management positions in the gold industry in Australia, PNG and Fiji. 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 a member of the Safety and Social Responsibility Committee.

Laurence W. Curtis

(aged 64) PhD, P.Geo

Non-Executive Director and Founder

Appointed Director July 2006

(resigned as Executive Director in June 2008)

Mr. Curtis was appointed as an executive director on 4 July 2006. He has over forty years' international experience as an economic geologist within the exploration and resource development sector in Africa, Greenland, North, South and Central America, and in the Pacific. Mr. Curtis founded Intrepid Minerals Corporation in 1995 and was President, CEO and Director for eleven years during its transition to Intrepid Mines Ltd. Currently Mr. Curtis is the Vice President, Research at Dundee Capital Markets and a Director of several public companies. 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 Remuneration and Nomination Committee and the Safety and Social Responsibility Committee.

Robert J. McDonald

(aged 61) B.Com, MBA (Hons)

Non-Executive Director

Appointed Director March 2008

Mr. McDonald was appointed to the Board of Intrepid as an independent non-executive director 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 non-executive director of Kimberley Metals Limited, a Principal of Resource Finance Corporate, and prior to that held various roles within the Rio Tinto Group. Mr. McDonald has more than thirty-five years' broad mining industry experience.

Mr. McDonald is currently a member of Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

Ian McMaster

(aged 63) AM BE (Metallurgy) ME

Non-Executive Director

Appointed Director March 2008

Mr. McMaster was appointed to the Board of Intrepid Mines as an independent non-executive director on 11 March 2008. Mr. McMaster served as CEO 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 currently Chairman of the Audit and Risk Committee. He was awarded the Order of Australia in 2008.

Alan Roberts

(aged 67) 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 as a non-executive director on 11 November 2008. He served as Managing Director of Indophil NL from 2003 until 2004, and prior to that was CEO 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 a director 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 Metallurgy.

Mr. Roberts is currently Chairman of the Safety and Social Responsibility Committee.

Adrianto Machribie Reksohadiprodjo

(aged 70) LMM, MSS

Non-Executive Director

Appointed Director November 2011

Mr. Machribie was appointed to the Board of Intrepid as a non-executive director on 30 November 2011. He served as Commissioner of PT Freeport Indonesia and also the key Senior Advisor to the Office of the Chairman of the parent company of PT Freeport Indonesia, Freeport McMoRan Copper & Gold. He is currently the President Director of PT Media Televisi Indonesia (Metro TV) a 24 hours Indonesian News Channel. He is also a member of many professional organizations including Board of Governor of INA (Indonesia Netherlands Association), Board of Trustee of USINDO (United States-Indonesia), member of The Commission's Pacific Asia Group representing Indonesian Business, Advisor to the Board of IMA (Indonesia Mining Association), Chairman Indonesia Chamber of Commerce and Industry – Spain and Portugal Committee (KADIN). He holds a Masters Degree in Social Science, from The Hague, Netherlands and a bachelor degree in Law from the University of Indonesia.

MANAGEMENT TEAM

Vanessa Chidrawi

B.Com, LLB

General Counsel

Appointed 11 March 2008

Ms Chidrawi was appointed Company Secretary and General Counsel on 11 March 2008. Ms Chidrawi has twelve 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.

Gary Snow

EGM Exploration and New Business

Appointed 7 November 2011

Gary is an exploration and mining professional with more than twenty-five years' experience in Africa, North and South America, Australia and Asia. He holds master's degrees in structural geology and an MBA. He has also held senior managerial positions in a number of international mining companies, including Regional Exploration Manager Placer Dome, General Manager Geology with Consolidated Minerals, Global Exploration Manager – Iron Ore with BHP Billiton and Early Stage Operations Manager –Australia and Asia with BHP Billiton.

In addition to leading successful exploration teams in a wide range of commodities, including nickel, chrome, manganese, iron ore, uranium, copper and gold, Gary has also been involved in a number of successful business initiatives.

Stephen Smith

BA

Chief Financial Officer

Appointed 1 August 2008

Mr Smith has over twenty years' local and international experience in the mining industry, most recently having held the position of Chief Financial Officer of Peabody Pacific, a subsidiary of Peabody Energy. Prior to that, Mr. Smith spent sixteen years with Canadian miner, Placer Dome Limited, the last four as Executive General Manager Finance for Placer Dome Asia Pacific.

Peter Eaton

Senior Manager Operations

Appointed 28 November 2011

Mr Eaton is a geologist with more than thirty years of experience in exploration, mining and business development roles in Australia and the Asia-Pacific region. Prior to joining Intrepid, he was Managing Director of Rubicon Resources Ltd, an ASX-listed exploration company based in Western Australia.

Mr Eaton previously held technical and senior management positions with WMC Limited and Birla Minerals Limited, including site-based and corporate management, chief geologist and mining roles, senior regional exploration roles and business development roles, principally in copper and gold operations. He has also had significant corporate and exploration experience in a number of listed exploration companies.

Andrew Skalski

General Manager Project Development

Appointed 19 March 2011

Andrew has twenty-eight years experience in the mining industry and has previously held senior roles at KCGM, WMC Resources and junior mining houses. He has been successful in the management and optimisation of complex processing operations, integration of major plant expansion, project management and new business development. He has particular expertise in the management and preparation of large feasibility studies for the mining industry in Australia, New Zealand, West and East Africa.

QUALIFIED AND CERTIFIED PERSON AND QUALITY CONTROL



FORWARD-LOOKING STATEMENTS

This report 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 document.

QUALIFIED AND CERTIFIED PERSON AND QUALITY CONTROL (CONTINUED)

QUALITY CONTROL

Intrepid exercises a strict chain of sample custody in its drilling program at Tujuh Bukit, Indonesia. Joint Venture personnel remove the 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.

FORESTRY ACTIVITIES

The Indonesian Forestry Law restricts non forestry activities within protected forests and prohibits mining using an open pit method in protected forest areas. The Porphyry copper-gold resource estimate, and the oxide resource estimate fall within a protected forest area. Intrepid's Alliance partner, PT IMN, is working with relevant Indonesian authorities regarding a potential review of forest land status. There is no assurance that the forestry reclassification will take place in this instance.

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 of Hellman and Schofield Pty Ltd to Intrepid. 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 is a Fellow of the Australian Institute of Geoscientists. 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 Tujuh Bukit and Shyri Project is based on information compiled by or under the supervision of Gary Snow, who is a fellow of both the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy. Gary Snow is employed by 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). Gary Snow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CORPORATE GOVERNANCE STATEMENT

Intrepid is committed to a high standard of corporate governance and has implemented the majority of the Principles of Good Corporate Governance (Principles) published by the Australian Stock Exchange ("ASX") Corporate Governance Council and the Canadian Securities Administrators ("CSA"). The Board continues to review the Company's Corporate Governance framework and practices to ensure they meet the interests of shareholders.

As required by ASX Listing Rule 4.10.3, the Company advises that, for the year ended 31 December 2011, areas where the Company has departed from the Principles are outlined in the table below.

Reference	Area of Departure	Explanation for Departure
2.1	A majority of the board should be independent directors. At 31 December 2011, the Company's Board was comprised of four independent directors and three non-independent directors.	The three non-independent directors are Msrs Roberts (an associate of a substantial shareholder, Taurus Investment Funds), Gordon (CEO and Managing Director) and Machribie (consultant to the Company's Indonesian and Singaporean interests). The Company's Board has reviewed its composition to ensure that it is effective and able to meet its obligations to stakeholders.
3.2 and 3.3	Companies should establish a policy concerning diversity and disclose the policy or a summary of the policy. Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them. The Company has not yet established a diversity policy.	The Company undertook a baseline survey of employees in order to establish measurable objectives for achieving gender diversity, the results of which were impacted by the sale of the Paulsens operation in 2010. The Company is reviewing and revising the original objectives with a view to finalising its diversity policy.

In accordance with the ASX Corporate Governance Council's guidelines, the Company confirms that, for the year ended 31 December 2011:

- A performance evaluation for senior executives was undertaken post-year end in accordance with the Company's executive remuneration strategy.
- As part of the Board's annual review process, it considers the appropriate criteria for board membership collectively, including the mix of skills and diversity required to fulfil its obligations to Shareholders. A performance evaluation of the Board and its Directors was undertaken. A performance evaluation of the Board's sub committees was undertaken post-year end.
- The skills, experience and expertise of each of the Company's Directors are outlined in the Directors' Report on page 26 of this report.
- Msrs Jackson, McDonald, Curtis and McMaster are considered by the Board to be independent directors.
- Msrs Roberts, Gordon and Machribie are considered by the Board not to be independent directors, for the reasons stipulated in the table above.
- Each director has the right to seek independent professional advice on matters relating to his position as a director of the Company at the Company's expense, subject to the prior approval of the Chairman being obtained.

CORPORATE GOVERNANCE STATEMENT

- Mr Curtis has been a director of the Company since 4 July 2006, and, being eligible, was re-elected by shareholders at the AGMs in May 2009 and May 2011. Mr Gordon, Mr McMaster and Mr McDonald were appointed to the Company's Board on 11 March 2008 and the appointment of Mr McMaster was confirmed at the AGM on the 30 May 2008. Mr McMaster, being eligible, was re-elected by shareholders at the AGM in May 2011. Mr McDonald, being eligible, was re-elected by shareholders at the AGM on 30 April 2010. Mr Jackson was appointed as a Director of the Company on 23 December 2003, and was re-elected to a further term of office on 30 April 2010. Mr Roberts was appointed to the Board to fill a casual vacancy on 11 November 2008, and he was re-elected by shareholders at the Company's AGM in May 2009. Mr Machribe was appointed as an additional director to the Board on 30 November 2011.
- The Remuneration and Nomination Committee was comprised of Mr Jackson (Chairman), Mr McDonald and Mr Roberts. The details of meetings of, and attendance at, meetings of this committee are set out in the Directors' Report on page 28 of this report.
- The Audit and Risk Committee was comprised of Mr McDonald (Chairman), Mr Jackson and Mr McMaster. The details of meetings of, and attendance at, meetings of this committee are set out in the Directors' Report on page 28 of this report.
- The Safety and Social Responsibility Committee was comprised of Mr McMaster (Chairman), Mr Gordon and Mr Curtis. The details of meetings of, and attendance at, meetings of this committee are set out in the Directors' Report on page 28 of this report.
- As at 16 March 2012, 28.6 percent of the Company's employees are female, with one woman employed as a senior executive. There are no female Directors on the Company's Board.
- The Company's management has designed and implemented a risk management and internal control system to manage the Company's material business risks and has reported to the Board on the effectiveness of the Company's management of its material business risks.

- The Board has received reassurance from the Company's Chief Executive Officer and Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
- There are no schemes for retirement benefits for Non-Executive Directors other than statutory superannuation contributions paid by the Company.
- The Directors took part of their remuneration in 2011 in Company shares as approved by the Shareholders at the AGM in 2009. The Non-Executive Directors have elected to sacrifice the following percentages of their salaries in order to acquire fully paid shares in the Company for the 2012 year.

Colin Jackson	50%
Laurie Curtis	35%
Robert McDonald	33.34%
Ian McMaster	0.00%
Alan Roberts	60%
Adrianto Machribe	50%

- The Company did not enter into any contractual arrangements with remuneration consultants with regard to the remuneration of Directors and Executives of the Company.
- Under the Company's policies, eligible employees that are granted equity securities as part of their remuneration are prohibited from entering into other arrangements that limit their exposure to losses that would result from share price decreases.

Complete details of Intrepid's Corporate Governance Policies are posted on the Company's website:

www.intrepidmines.com.

ANNUAL FINANCIAL REPORT

INTREPID MINES FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

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 2011.

CONTENTS OF DIRECTORS' REPORT

Directors	26
Company secretaries	27
Principal activities	27
Meetings of Directors	28
Presentation currency	28
Results of operations	28
Review of operations	28
Dividends	28
Significant changes in the state of affairs and company announcements	28
Matters subsequent to the end of the year	29
Likely developments	29
Directors' interests	29
Environmental regulations and performance	30
Remuneration report – audited	30
A. Principles used to determine the nature and amount of executive remuneration – audited	30
B. Details of remuneration – audited	32
C. Service agreements – audited	35
D. Share-based compensation – audited	37
Analysis of options over equity instruments granted as compensation – audited	39
Loans to Directors and executives	40
Unissued shares under options	40
Shares issued on the exercise of options	41
Issued share rights	41
Non-audit services	42
Auditors' independence declaration	43
Officers' indemnities and insurance	43
Proceedings on behalf of the company	43
Rounding of amounts	43

ALL AMOUNTS IN THIS ANNUAL FINANCIAL REPORT ARE IN UNITED STATES DOLLARS UNLESS STATED OTHERWISE

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTORS

The names and details of directors who held office during the year ended 31 December 2011 and up to the date of this report (unless otherwise stated), are:

Colin G. Jackson (aged 63) MSc, BSc (Hons), Grad Dip Bus Admin, DIC
Chairman, Non-executive Director
Appointed director December 2003

Mr. Jackson was appointed to the Board of Intrepid on 23 December 2003, and 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 International Australia Ltd) where he raised equity for a significant number of gold companies, including Kidston Gold Mines' and Placer Pacific Limited's 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 stock exchange (ASX) listed Red 5 Limited and a non-executive director of EIM Capital Managers Pty Limited.

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

Brad A. Gordon (aged 49) 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 after being the Chief Executive Officer ('CEO') and Managing Director of Emperor Mines Limited from April 2006. He has more than fifteen years' experience in senior management positions in the gold industry in Australia, PNG and Fiji. 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 a member of the Safety and Social Responsibility Committee.

Laurence W. Curtis (aged 64) PhD, P.Geo

Non-executive Director and Founder

Appointed director July 2006 (resigned as executive director in June 2008)

Mr. Curtis was appointed as an executive director on 4 July 2006. He has over forty years' international experience as an economic geologist within the exploration and resource development sector in Africa, Greenland, North, South and Central America, and in the Pacific. Mr. Curtis founded Intrepid Minerals Corporation in 1995 and was President, CEO and Director for eleven years during its transition to Intrepid Mines Ltd. Currently Mr. Curtis is the Vice President, Research at Dundee Capital Markets and a Director of several public companies. 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 Remuneration and Nomination Committee and the Safety and Social Responsibility Committee.

Robert J. McDonald (aged 61) B.Com, MBA (Hons)

Non-executive Director

Appointed director March 2008

Mr. McDonald was appointed to the Board of Intrepid as an independent non-executive director 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 non-executive director of Kimberley Metals Limited, a Principal of Resource Finance Corporate, and prior to that held various roles within the Rio Tinto Group. Mr. McDonald has more than thirty-five years' broad mining industry experience.

Mr. McDonald is currently a member of Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

Ian McMaster (aged 63) AM BE (Metallurgy) ME

Non-executive Director

Appointed director March 2008

Mr. McMaster was appointed to the Board of Intrepid Mines as an independent non-executive director on 11 March 2008. Mr. McMaster served as CEO 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 currently Chairman of the Audit and Risk Committee. He was awarded the Order of Australia in 2008.

Alan Roberts (aged 67) 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 as a non-executive director on 11 November 2008. He served as Managing Director of Indophil NL from 2003 until 2004, and prior to that was CEO 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 a director 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 Metallurgy.

Mr. Roberts is currently Chairman of the Safety and Social Responsibility Committee.

Adrianto Machribie Reksohadiprodjo (aged 70) LMM, MSS

Non-executive Director

Appointed director November 2011

Mr. Machribie was appointed to the Board of Intrepid as a non-executive director on 30 November 2011. He was formerly, Commissioner of PT Freeport Indonesia and also the key Senior Advisor to the Office of the Chairman of the parent company of PT Freeport Indonesia, Freeport McMoRan Copper & Gold. He is currently the President Director of PT Media Televisi Indonesia (Metro TV) and a Commissioner of Aus Indo Nusantara Jaya since 1996.

COMPANY SECRETARIES

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.

Nyla Bacon, LLB (Hons)

Appointed Company Secretary February 2011

Ms. Bacon was appointed as company secretary on 18 February 2011, and is a lawyer in private practice. Formerly a partner of Blake Dawson, Ms. Bacon has practised law in England and Australia, specialising in project and structured finance, asset finance and corporate finance. She is a graduate and member of the Australian Institute of Company Directors.

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. Ms. Chidrawi continues in her role as the Company's General Counsel.

PRINCIPAL ACTIVITIES

The principal continuing activities of the consolidated entity during the year ended 31 December 2011 was exploration at a portfolio of properties.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

MEETINGS OF DIRECTORS

The meetings of the Company's Board of directors held during the year ended 31 December 2011, and the numbers of meetings attended by each director were:

Directors during the year ended 31-Dec-11	Full meetings of directors		Audit Committee		Remuneration Committee		SSRC Committee	
	A	B	A	B	A	B	A	B
C. Jackson	13	13	4	3	5	5	*	*
B. Gordon	13	12	*	*	*	*	3	3
A. Roberts	13	12	*	*	5	5	*	*
I. McMaster	13	13	4	4	*	*	3	3
L. Curtis	13	12	*	*	*	*	3	3
R. McDonald	13	11	4	4	5	5	*	*
A. Machribie	1	1	*	*	*	*	*	*

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 dollars (US\$) as its presentation currency for financial reporting purposes. All dollar values in this report are expressed as United States 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:

	31 Dec 2011	31 Dec 2010
Annual average exchange rates used		
Australian dollars (A\$) to United States dollars	1.0319	0.9193
Canadian dollars (C\$) to United States dollars (US\$)	1.0114	0.9702
Year end closing exchange rates used		
Australian dollars (A\$) to United States dollars	1.0156	1.0151
Canadian dollars (C\$) to United States dollars (US\$)	0.9799	0.9983

RESULTS OF OPERATIONS

The consolidated loss after tax for the year ended 31 December 2011 attributable to members of the Company was \$29,988,000 (31 December 2010: loss after tax of \$4,989,000).

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 2011.

DIVIDENDS

No dividends were paid in the current year (December 2010: nil). The directors do not recommend the payment of a dividend.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS AND COMPANY ANNOUNCEMENTS

January

- First tranche of CEO's restricted shares totaling 1.5 million vested and sold
- Quarterly Activities Report (December 2010) released
- Option agreement signed with Cornerstone Resources over Shyri project in Ecuador
- Drilling at Tujuh Bukit extended mineralisation well beyond the previously announced porphyry resource area
- National Instrument 43-101 report on updated oxide resource filed

February

- New Company Secretary appointed
- Preliminary Final Report (December 2010) released
- Full Year Statutory Accounts (December 2010) released
- Management's Discussion and Analysis (December 2010) released

March

- Tujuh Bukit Project Hole GTD-178,181,182,184,185 results announced
- Annual Information Form (2011) filed

April

- Notice of Annual General Meeting/ Proxy Form dispatched
- Tujuh Bukit Oxide Heap Leach Preliminary Economic Assessment released
- Quarterly Activities Report (March 2011) released
- Management's Discussion and Analysis (March 2011) released
- Interim Unaudited Financial Statements (March 2011) released

May

- Tujuh Bukit porphyry copper gold resource increases to 990 million tonnes
- Tujuh Bukit additional forestry permit awarded
- Tujuh Bukit – new porphyry discovery at Candrian

June

- Shyri project Ecuador copper – gold porphyry results
- National Instrument 43-101 report on Oxide Preliminary Economic Assessment filed
- National Instrument 43-101 report on updated porphyry resource filed.
- Illegal miners interrupt drilling and damage the camp and drill rig at Gunung Manis

July

- Tujuh Bukit hole 201 intercepts 676 m at 1 g/t gold and 0.54% copper
- Management's Discussion & Analysis (June 2011) released
- Interim Unaudited Financial Statements (June 2011) released
- Quarterly Activities Report (June 2011) released
- Half Yearly Report and Accounts (June 2011) released

August

- Shyri project Ecuador stage one drilling completed – gold porphyry results
- Tujuh Bukit additional drill results announced at above the average resource grade
- Executive General Manager Exploration and New Business resigns

September

- Intrepid dismisses rumour in Australian Financial Review

October

- Quarterly Activities Report (September 2011) released
- Management's Discussion and Analysis (September 2011) released
- Interim Unaudited Financial Statements (September 2011) released

November

- Update on Candrian copper-gold porphyry
- Appointment of New Executive General Manager, Exploration and New Business
- Appointment of non-executive director Adrianto Machribie Reksohadiprodjo

December

- Tumpangpitu porphyry copper-gold resource increase

MATTERS SUBSEQUENT TO THE END OF THE YEAR

In January 2012 the CEO's second tranche of 1,500,000 rights vested into ordinary shares due to the Company's Total Shareholder Return ('TSR') performance meeting the vesting conditions.

Also in January 2012, the Group released the NI 43-101 Tujuh Bukit Project Resource Update.

In February 2012 certain senior management were issued with 1,614,201 options and 807,100 rights in accordance with the Group's Executive Remuneration policy.

There were no other events subsequent to balance date which would have a material effect on the Group's financial statements at 31 December 2011.

LIKELY DEVELOPMENTS

Information about likely developments in the operations of the Group and the expected results of those operations in the future financial years have not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

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	Number of share rights
C. Jackson	175,666	0	0
B. Gordon	235,295	0	3,000,000
A. Roberts	77,911	0	0
I. McMaster	543,205	0	0
L. Curtis	556,988	0	0
R. McDonald	684,407	0	0
A. Machribie	4,651	0	0

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

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 sets out information relating to the remuneration of the Company's non-executive directors and key management personnel. Key management personnel include the CEO as Executive Director, the Chief Financial Officer ('CFO'), Executive General Manager of Exploration & New Business, the General Counsel, General Manager Project Development and the Company Secretary. The General Manager Project Development and the Company Secretary were both appointed during 2011 as contractors to the Company.

Other than the short-term and long-term performance incentives, remuneration is not linked to the performance of the Company.

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

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation

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

A. Principles used to determine the nature and amount of executive remuneration – audited

The Remuneration and Nominations Committee (REMCO) is responsible for developing the Company's remuneration framework for approval by the Board. 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.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the non-executive 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. Other than the Company's Non-Executive Directors Share Plan under which non-executive directors may elect to take a portion of their remuneration in shares, non-executive directors do not receive share based compensation. The Company's Senior Executive Share Plan and its Employee Option Scheme do not apply to non-executive directors of the Company.

During 2011 the Company's Chairman received an annual fee of A\$120,000 plus compulsory superannuation, with the other non-executive directors receiving A\$70,000 per annum plus compulsory superannuation. In addition committee fees of A\$5,000 for a committee chairman and A\$3,000 for committee members were paid to non-executive directors other than the Company's Chairman. During a meeting of the Board held 18 February 2012, the Non-executive directors' remuneration was changed. Effective from 1 January 2012, the remuneration for the Company's Chairman's was increased to an annual fee of A\$150,000 exclusive of compulsory superannuation and remuneration for non-executives was increased to an annual fee of A\$85,000 exclusive of compulsory superannuation. Committee fees remain unchanged. This is the first change since 2008.

Under the terms of the Company's Non-Executive Directors Share Plan approved at the Company's Annual General Meeting in May 2010, non-executive directors can elect to take a portion of their fees as Company shares (effective from May 2010).

The following percentages reflect the portion of their pre-tax remuneration elected by the non-executive directors to be taken in the Company's shares for 2011 and 2012:

Directors	2011	2012
C. Jackson	50.00%	50.00%
A. Roberts	60.00%	60.00%
I. McMaster	50.00%	0.00%
L. Curtis	40.00%	35.00%
R. McDonald	33.34%	33.34%
A. Machribe	N/A	50.00%

On 2 January 2012 Mr. Machribe and the Company entered into a consulting services agreement ('Agreement') whereby it was agreed that Mr. Machribe would provide services in respect of the Company's Singaporean subsidiary, Tujuh Bukit Pte Ltd and Indonesian interests and provide any other additional services as requested by the Company under the terms of the Agreement. Mr. Machribe consulting services will be performed in Indonesia and shall be compensated based on agreed monthly instalments. The consulting fee is in addition to Mr. Machribe's director fees.

The objectives of the Executive Remuneration Strategy are to:

- provide market competitive levels of remuneration having regard to the level of work and the impact executives can potentially have on the performance of the business,
- attract, motivate, reward and retain a workforce capable of delivering the business plan and substantially growing the business,
- align performance incentives for executives with shareholder interests, and
- comply with the Company's standards of Corporate Governance.

Competitive Compensation

It is REMCO's responsibility to ensure that executive compensation remains competitive. Compensation practices are reviewed annually and each element of compensation is monitored for market competitiveness against similar organisations that operate within the mining industry, prior to making decisions.

The current benchmark used for fixed remuneration is the "*McDonald's Gold and General Mining Industry Remuneration Report*" which collates data from mining companies in Australasia, the Pacific Rim and Africa.

The purpose of making the comparisons is to:

- understand the competitiveness of current pay levels for each executive position relative to companies with similar characteristics,
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels, and
- establish the basis for developing salary adjustments and short and long-term incentive rewards for REMCO approval.

The executive pay and reward framework has five components:

- base pay,
- non-financial benefits,
- superannuation,
- long-term incentives through participation in the Company's Employee Option Scheme and Senior Executive Share Plan, and
- short-term performance incentives.

Base pay

Executives are offered a competitive base pay that comprises a fixed cash component. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure executives' 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 car parking and health, life and personal accident insurances.

Superannuation

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

Long-term incentives

The purpose of the long term incentive plan ('LTI Plan') for the CEO and Eligible Employees (as defined in the LTI Plan) is to create alignment amongst key executives with longer term shareholder interest. The LTI Plan includes the Company's Employee Option Scheme and Senior Executive Share Plan. 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 Company's Executive Remuneration Strategy.

The Company does not have a long term non-equity incentive remuneration plan.

The LTI Plan was initially designed for a fixed 5 year period, 2008 to 2012.

The LTI Plan provided for granting of options and share rights with 1 to 3 year vesting periods. For any award of options and share rights under the LTI Plan, 33.33% vest on the first anniversary of the date of grant, 33.33% vest on the second anniversary of date of grant and balance on the third anniversary of the date of grant. The vesting of option and share rights granted by way of long term incentive are subject to a continuing employment service condition (which may be waived at the Board's discretion under certain circumstances).

Options granted under the LTI Plan were not subject to any performance vesting criteria whereas share rights were subject to performance criteria based on TSR performance hurdles. The performance test for vesting of the share rights was based on the Company's TSR performance as evaluated against the relevant indices using a three-year retrospective leading up to the date of grant. The relevant indices are the ASX300 Mines and Metals Index and the TSX Global Mining Index.

The Board has agreed to modify and extend the LTI Plan from 1 January 2013 onwards for the CEO, and from 1 January 2011 for Eligible Employees. The LTI Plan now provides that Eligible Employees may be granted options and share rights whereas previously provided only options in the case of Eligible Employees and share rights in the case of the CEO. The notional value of the options and share rights granted is based on a multiple (the equity multiplier) of the Eligible Employee's Total Fixed Remuneration ('TFR'). The equity multiplier varies with the seniority of role held by the Eligible Employee in the Company.

The updated LTI Plan reflects 3 to 4 year vesting periods. For any award of options and share rights under the LTI Plan, 50% vest on the third anniversary of the date of grant with the remaining 50% vesting on the fourth anniversary.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

REMUNERATION REPORT – AUDITED (CONTINUED)

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

Long-term incentives (continued)

The vesting of options and share rights issued under the LTI Plan is subject to a continuing employment service condition (which may be waived at the Board's discretion) and TSR performance tests. No options or share rights will vest if the relative TSR performance of Intrepid is less than the median as evaluated against the relevant indices using a three-year retrospective leading up to the date of initial grant, half will vest if relative performance is in the third quartile, and all the options and share rights will vest if relative performance is in the top quartile. The relevant indices are the ASX300 Mines and Metals Index and the TSX Global Mining Index.

New options and share rights will be granted as existing options and share rights vest so as to maintain a portfolio of equity incentives for each Eligible Employee based on the Eligible Employee's TFR multiplied by the relevant equity multiplier and reflecting prevailing share prices at the time of new awards. The notional value of options and share rights to be issued will be determined by way of reference to the 5-day VWAP of the Company's shares leading up to the date of grant. The exercise price of the options will be the 5-day VWAP of the Company's shares leading up to the date of grant.

Details of the share rights granted to the CEO as part of his long term incentives are outlined on page 35.

The Group's policy prohibits those Eligible Employees that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases.

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 2011	Short-term benefits		Share Based Payment	Post-employment benefits		Total
	Cash salary and fees	Non-monetary benefits	Shares ⁽¹⁾	Superannuation	Retirement Benefits	
	\$	\$	\$	\$	\$	\$
<i>Non-executive directors:</i>						
C. Jackson	61,914	—	61,914	11,145	—	134,973
R. McDonald	53,653	—	26,835	7,244	—	87,732
I. McMaster	40,244	—	40,244	7,244	—	87,732
A. Roberts	30,131	—	45,197	6,780	—	82,108
L. Curtis	51,086	—	32,802	2,288	—	86,176
A. Machribe R.P	6,019	—	—	—	—	6,019
Total	243,047	—	206,992	34,701	—	484,740

1. The amounts stated represent the portion of remuneration the director has elected to receive in shares under the Intrepid Non-Executive Directors Share Plan.

Short-term performance incentives

REMCO is responsible for assessing short term incentives for key management personnel. The CEO establishes the short-term incentive measures applicable to an executive. Key Performance Indicators ('KPIs') are set annually for executives and results are assessed by the REMCO in conjunction with the CEO. To help make this assessment, REMCO 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 Scheme is the primary remuneration tool to motivate and drive superior annual performance through establishing demanding key individual performance indicators for executives associated with an above average ranking on the TSR index calculated for the previous 12 months. These two performance measures (KPI and TSR) are aligned with both the strategic and operational focus of the business with the intention of encouraging discretionary effort and stretch performance.

For executive team members apart from the CEO, the Short Term Incentive Scheme entitles members to receive an annual bonus of up to 30% of each member's TFR (which includes the executive's base pay, non financial benefits and superannuation). The allocation of the annual bonus will be on the basis of Company performance and individual performance, weighted 40% to relative Company performance and 60% to individual KPIs as determined by the Board in consultation with the Company's CEO.

In 2011, the principal objectives included achieving direct equity in the Tujuh Bukit project, advancing the forestry rezoning, delivering an oxide scoping study, commencing a porphyry study and superior performance in an investor perception survey.

Twelve months to 31 December 2011	Short-term benefits			Post-employment benefits		Share-based payments		S300A(1) (e)(i) proportion of remuneration performance related	S300A(1) (e)(vi) Value of options and share rights as proportion of remuneration
	Cash salary and fees	Cash bonus ⁽³⁾	Non-monetary benefits ⁽¹⁾	Super-annuation	Termination benefits	Options & Share Rights ⁽²⁾	Total		
	\$	\$	\$	\$	\$	\$	\$	%	%
<i>Executive directors:</i>									
B. Gordon <i>Chief Executive Officer</i>	603,236	32,705	744	30,850	–	242,731	910,266	30.3	26.7
Total	603,236	32,705	744	30,850	–	242,731	910,266		
<i>Other key management personnel:</i>									
S. Smith <i>Chief Financial Officer</i>	357,463	41,705	21,347	32,172	–	43,378	496,065	8.4	8.7
V. Chidrawi <i>General Counsel</i>	357,086	23,545	21,694	25,798	–	30,493	458,616	6.5	6.6
N. Bacon ⁽⁴⁾ <i>Company Secretary</i>	66,880	–	–	–	–	–	66,880	–	–
A. Skalski ⁽⁵⁾ <i>GM Project Development</i>	412,401	–	–	–	–	–	412,401	–	–
G. Snow ⁽⁶⁾ <i>EGM Exploration & New Business</i>	29,719	–	–	2,150	–	–	31,869	–	–
Former key management personnel									
M. Norris ⁽⁷⁾ <i>EGM Exploration & New Business</i>	352,384	42,632	24,693	45,435	175,933	45,716	686,793	6.2	6.7
Total	1,575,933	107,882	67,734	105,555	175,933	119,587	2,152,624		

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

2. Employee options vest and are charged to expense over a twelve, thirty six or forty eight month period. The expense in relation to options granted prior to 1 January 2011 is calculated using the Black-Scholes option valuation model as disclosed in Note 32. The expense in relation to options granted after to 1 January 2011 is calculated using the Monte Carlo simulation method of option valuation. For further disclosure in respect of the share based payment see Note 32. Share rights issued will automatically vest into fully paid ordinary shares upon specific performance conditions being achieved. The performance condition is a market hurdle, being TSR. Intrepid has used a Monte Carlo Simulation analysis to value the TSR component of the share rights as disclosed in Note 32. The amounts that appear are amounts required under the Accounting Standards to be expensed by the Company in respect of the allocation of long term incentives. Whether or not these options and rights are received will depend on achieving appropriate vesting conditions as discussed in Note 32.

3. Cash bonus for December 2011 year paid in early 2012. Mr. Norris' bonus was paid in October 2011.

4. Ms. Bacon commenced as Company Secretary on 14 February 2011.

5. Mr. Skalski commenced as GM Project Development on 19 March 2011.

6. Mr. Snow commenced as EGM Exploration and New Business on 1 December 2011.

7. Mr. Norris resigned as EGM Exploration and New Business on 30 September 2011 however acted in a consulting capacity until 31 January 2012. Cash salary and fees for Mr. Norris includes consulting fees for the period 1 October 2011 to 31 December 2011.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

REMUNERATION REPORT – AUDITED (CONTINUED)

B. Details of remuneration – audited (continued)

Twelve months to 31 December 2010	Short-term benefits		Share Based Payment	Post-employment benefits		Total
	Cash salary and fees	Non-monetary benefits	Shares ⁽¹⁾	Superannuation	Retirement Benefits	
	\$	\$	\$	\$	\$	\$
<i>Non-executive directors:</i>						
C. Jackson	68,948	–	41,369	9,928	–	120,245
R. McDonald	44,816	–	26,890	6,453	–	78,159
I. McMaster	44,816	–	26,890	6,453	–	78,159
A. Roberts	36,910	–	30,199	6,040	–	73,149
L. Curtis	62,637	1,896	5,430	4,595	–	74,558
Total	258,127	1,896	130,778	33,469	–	424,270

1. The amounts stated represent the portion of remuneration the director has elected to receive in shares under the Intrepid Non-Executive Directors Share Plan.

Twelve months to 31 December 2010	Short-term benefits			Post-employment benefits		Share-based payments		S300A(1) (e)(i) proportion of remuneration performance related	S300A(1) (e)(vi) Value of options and share rights as proportion of remuneration
	Cash salary and fees	Cash bonus ⁽³⁾	Non- monetary benefits ⁽¹⁾	Super- annuation	Termination benefits	Options & Share Rights ⁽²⁾	Total		
	\$	\$	\$	\$	\$	\$	\$	%	%
<i>Executive directors:</i>									
B. Gordon									
<i>Chief Executive Officer</i>	500,352	332,223	10,546	13,633	–	145,537	1,002,291	43.9	14.5
Total	500,352	332,223	10,546	13,633	–	145,537	1,002,291		
<i>Other key management personnel:</i>									
S. Smith									
<i>Chief Financial Officer</i>	306,903	83,433	31,610	27,621	–	97,277	546,844	15.3	17.8
M. Norris									
<i>EGM Exploration & New Business</i>	282,953	71,881	27,437	27,648	–	136,944	546,863	13.1	25.0
V. Chidrawi									
<i>General Counsel</i>	302,657	61,558	21,301	21,190	–	78,434	485,140	12.7	16.2
<i>Former key management personnel</i>									
D. Russell ⁽⁴⁾									
<i>GM Paulsens</i>	253,346	53,950	16,034	17,256	159,272	142,384	642,242	8.4	22.2
Total	1,145,859	270,822	96,382	93,715	159,272	455,039	2,221,089		

1. Non-monetary benefits include allocation of 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 32.

Share Rights were issued in three equal tranches and will automatically vest into fully paid ordinary shares upon specific performance conditions being achieved. The performance condition is a market hurdle, being TSR. Intrepid has used a Monte Carlo Simulation analysis to value the TSR component of the share rights as disclosed in Note 32. The amounts that appear are amounts required under the Accounting Standards to be expensed by the Company in respect of the allocation of long term incentives. Whether or not these options and rights are received will depend on achieving appropriate vesting conditions as discussed in Note 32.

3. Cash bonus for December 2010 year paid in early 2011.

4. Mr. Russell ceased to be a member of the key management personnel on 14 November 2010 following the sale of the Paulsens Mine.

C. Service agreements – audited

Remuneration and other terms of employment for the CEO, CFO 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 Company's Employees' Option Scheme and Senior Executive Share Plan. The material provisions of the agreements relating to remuneration are set out below.

Executive directors

Brad Gordon, CEO

At the date of this report:

- Term of agreement – Appointed as CEO and Managing Director of Intrepid Mines Limited with no fixed term commencing 11 March 2008.
- Annual salary, inclusive of superannuation, of A\$627,185 for the 2012 year.
- Non-cash benefit of car parking at place of employment.
- Deemed termination provision equal to payment of 12 months base salary plus superannuation, with immediate vesting of all share options and rights.
- Termination by Board – six month's notice or payment of six month's salary in lieu of notice.
- Performance bonus determined by reference to KPIs set by the Board of directors.
- Mr. Gordon's TFR is A\$633,875 for the 2012 year.
- Mr. Gordon is entitled to a Short Term Incentive payment of up to 80% of his TFR, based on meeting certain performance indicators as established by the Board. The KPI is based on Company performance and other performance indicators on individual performance with there being a weighting split of 60/40 between the key indicator and the other indicators.
- For 2012 the key indicator will be the performance of the Company's share price throughout 2012 when measured against peer companies comprising the ASX and TSX Gold Indices. Should the Company report a relative share price performance (as adjusted for dividends) below the median of its peer group, no payment will be made on the KPI portion of the bonus. Half of the potential incentive payment will be made, should third quartile performance be reported and all of the potential incentive payment made, should Company performance be in the top quartile.
- In addition to the Company performance indicator, individual indicators of out-performance have been designed by the Board.
- One half of any annual bonus may be paid in Company shares (restricted for 24 months).

- As a long term incentive, Mr. Gordon has been awarded 4.5 million share rights 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 continuing employment and a TSR performance condition based on 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 was approved at the Company's Annual General meeting in May 2009.

Key management personnel at the date of this report

Steve Smith, CFO

- Term of agreement – appointed with no fixed term commencing on 1 August 2008.
- Annual salary, inclusive of superannuation, of A\$385,831 for the 2012 year.
- Non-cash benefits include Medical, Personal Accident and Group Life Insurances, and car parking.
- Termination arrangements are detailed below.
- STI Plan based on achievement of individual KPIs and Company performance.
- LTI Plan in accordance with the Executive Remuneration Strategy.

Vanessa Chidrawi, General Counsel and Company Secretary

- Term of agreement – appointed as Corporate Counsel for Emperor Mines on 1 May 2006. From 11 March 2008, appointed as General Counsel and Company Secretary on a permanent contract.
- Annual salary, inclusive of superannuation, of A\$444,254 for the 2012 year. Ms. Chidrawi is currently based in Jakarta and her remuneration for 2012 includes a A\$102,520 overseas allowance, which will be discontinued should she revert to being based at the Company's Brisbane office.
- Non-cash benefits include Medical, Personal Accident and Group Life Insurances.
- Termination arrangements are detailed below.
- STI Plan based on achievement of individual KPIs and Company performance.
- LTI Plan in accordance with the Executive Remuneration Strategy.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

REMUNERATION REPORT – AUDITED (CONTINUED)

C. Service agreements – audited

Key management personnel at the date of this report (continued)

Gary Snow, Executive General Manager Exploration & New Business

- Term of agreement – appointed with no fixed term commencing on 1 December 2011
- Annual salary, inclusive of superannuation, of A\$370,600 for the 2012 year.
- Termination arrangements are detailed below.
- STI Plan based on achievement of individual KPIs and Company performance.
- LTI Plan in accordance with the Executive Remuneration Strategy.

Nyla Bacon, Company Secretary

- Term of agreement – appointed as a contractor for one year from 18 February 2012.
- Actual annual salary for 2011 was A\$64,812.
- Ms. Bacon's monthly rate is A\$8,610 (exclusive of GST) as of the date of this report.
- Ms. Bacon has a 30 day resignation notice period. The appointment does not provide for termination payments.

Andrew Skalski, General Manager Project Development

- Term of agreement – appointed as a contractor with no fixed term on 19 March 2011.
- Actual annual salary for 2011 was A\$399,652.
- Mr. Skalski's daily rate is A\$2,175 as of the date of this report.
- Termination arrangements are detailed below.

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

Malcolm Norris, Executive General Manager Exploration & New Business

- Term of agreement – appointed as Executive General Manager Exploration and New Business for Emperor Mines on 30 September 2006. From 11 March 2008, appointed Executive General Manager Exploration and New Business on a permanent contract.
- Annual salary, inclusive of superannuation, of A\$371,677 for the 2011 year.
- Non-cash benefits include Medical, Personal Accident, and Group Life Insurances.
- Termination arrangements are detailed below.
- STI Plan based on achievement of individual KPIs and Company performance.
- LTI Plan in accordance with the Executive Remuneration Strategy.

Termination benefits

In relation to the employment agreements referred to herein entered into by the consolidated entity with each executive, the consolidated entity is required to make certain payments upon termination without cause, redundancy due to change of control, redundancy or a Deemed Termination. An estimate of the amount of these payments assuming that the triggering event gives rise to such payments occurred on the 31 December 2011 is set out in the table below and is more fully described below.

Executive	Termination without Cause (A\$)	Redundancy due to Change of Control (A\$)	Redundancy & Severance (A\$)	Deemed Termination (A\$)	Resignation Notice Period
Brad Gordon	310,723	–	–	621,446	3 Months
Vanessa Chidrawi	217,410	235,826	208,616	217,410	3 Months
Steve Smith	94,397	206,034	190,185	188,794	3 Months
Andrew Skalski	62,143	–	–	–	1 Month
Gary Snow	92,650	185,300	114,031	185,300	3 Months

Termination Without Cause

Executives, apart from the CEO, are given three months' notice for terminations without cause. The CEO is provided with six months' notice. The Company may require the executive to remain with the Company for all or part of the notice period, or provide payment in lieu. Payments are based on Base Salary plus Superannuation for all executives apart from the CEO. The CEO's provision is based on total salary. The CEO is entitled to a pro-rata STI payment for termination without cause.

Change of Control

To provide reassurance to particular Intrepid employees in the event that Intrepid becomes the subject of market speculation and to minimize the risk of resultant turnover of key personnel at such a critical time, the Company's Redundancy Policy provides for an inducement for those key personnel to remain with Intrepid in such a period of uncertainty by providing a minimum payout of the equivalent of six (6) months TFR as a redundancy payment. This inducement will not apply to all employees and it is at the discretion of the CEO to identify those key personnel to whom it may apply.

This payment is not in addition to the normal payment provided by the Redundancy Policy. Instead a top up payment will be made to ensure that any payment made under the policy for redundancy notice and severance is at least equivalent to six (6) months' TFR. The CEO and executives are entitled to pro-rata STI payments for a redundancy due to a Change of Control.

The circumstance that will trigger the top up payment is a redundancy due to change of control.

Change of control means circumstances where control (direct or indirect) of the Company is altered from that subsisting at the date of the employee's job offer to initially join Intrepid. The change must arise by way of share sale, share issue, merger or consolidation, reconstruction, asset acquisition or disposal, exercise of rights under Joint Venture Documents or any other agreement, arrangement or understanding, or by any other means whatsoever (including agreement to enter into any of these transactions).

Note: It is acknowledged that effective control of the Company's Board may be altered even where less than 90% of the Company's shareholders have accepted a takeover bid or where no merger has been completed. This clause seeks to provide clarity and ensure employees are equitably treated in the event of an effective change of control.

In these circumstances redundancy shall also be triggered by:

- a. The CEO determining that there is no position available for the employee at a level similar to that held by the employee immediately prior to the Change of Control occurring;
- b. The employee not having the appropriate skills, qualifications or experience, in the opinion of the CEO to continue in the position held by him/her immediately prior to the Change of Control occurring; or
- c. The employee's position being substantially altered with respect to remuneration, locality, duties or reporting hierarchy, any of which is unacceptable to the employee.

Deemed Termination

Six months base salary plus superannuation is payable to executives, apart from the CEO in the event that an executive's terms of employment become materially less favourable in terms of responsibilities, reporting line, or status of position becoming materially diminished, or, if the Company requires the executive to relocate to an alternative place of employment which is greater than 50 kilometres from the current place of employment (or such other place of employment at the time the deemed termination has been agreed by the Executive) and that requirement is not accepted by the executive. In addition, a pro-rated payment will be made in respect of long and short-term incentives that may have accrued at the date of the deemed termination, subject to any applicable performance threshold being met.

The CEO is provided with twelve months' TFR plus a pro-rated payment in respect of long and short term incentives that may have accrued at the date of the deemed termination, subject to any applicable performance threshold being met in these circumstances.

Redundancy

A redundancy is defined as a circumstance where a particular role is no longer required. The Company's Redundancy Policy sets forth executive entitlements in the event of a redundancy. The CEO is not subject to the provisions of the Redundancy Policy.

Executives are entitled to redundancy notice commensurate with their period of continuous service as outlined in the Redundancy Policy. Redundancy notice may be required to be wholly or partially worked. Executives are entitled to severance pay commensurate with their period of continuous service as outlined in the Redundancy Policy.

In addition to redundancy and severance pay, upon redundancy executives will also be entitled to payment of unused annual leave, long service leave accumulated, and pro-rata STI bonus in accordance with months worked and subject to meeting performance targets. Executives may also be entitled to payment for all or part of their contractual notice period.

Resignation or Retirement

Executives are entitled to resign at any time on giving three month's notice during which time they may be required to work all or part of the notice period. In the event of resignation or retirement the Company is required to pay a lump sum payment made up of unpaid base salary and annual leave owing to the last day of the notice period.

D. Share-based compensation – audited

Share options

Options are granted under the Company's Employees Option Scheme which was initially 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 Company's 2009 Annual General Meeting.

Options granted prior to 1 January 2011 vest between zero and thirty six months after the options are granted. These options vest on completion of a specified service period and are not subject to any other performance conditions. Intrepid has used a Black Scholes valuation to value options granted prior to 1 January 2011.

Options granted on or after 1 January 2011 vest at thirty six months and forty eight months after the options are granted. The options vest on completion of a specified service period and are subject to TSR performance tests. Intrepid has used a Monte Carlo Simulation to value the options granted on or after 1 January 2011.

Options granted are for no consideration and expire after a period of five years.

The analysis of options and rights granted during the year and since the end of the year can be found on page 39.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

REMUNERATION REPORT – AUDITED (CONTINUED)

D. Share-based compensation – audited (continued)

Share options (continued)

Some granted as compensation have been exercised during and subsequent to the end of year as detailed below:

	2011		POST 2011	
	Number of Shares	Amount Paid A\$ per share ⁽¹⁾	Number of shares	Amount Paid A\$ per share ⁽¹⁾
<i>Executive Directors</i>				
B. Gordon	1,470,588	0.33	—	—
<i>Key Management Personnel</i>				
S. Smith	200,000	0.35	—	—
V. Chidrawi	760,785	0.35	—	—
<i>Former Key Management Personnel</i>				
Malcolm Norris	712,500	0.34	562,500	0.35

1. Amount paid cents per share is the average price paid in \$A

Share rights

Following approval by the shareholders on the 15th May 2009, Mr. Brad Gordon was issued 4,500,000 share rights under the Company's Senior Executive Share Plan ('ESP'). In addition, certain members of senior management were granted share rights on 27 September 2011 and 18 February 2012 under the terms of the ESP.

The share rights granted in 2009 were issued in three equal tranches whilst the grants in 2011 and 2012 were issued in two equal tranches. All share rights will automatically vest into fully paid ordinary shares upon specific performance conditions being achieved. The performance condition is a market hurdle, being TSR. Intrepid has used a Monte Carlo Simulation analysis to value the TSR component of the share rights.

All rights issued to executives are conditional on the employee continuing in employment and the Group achieving certain performance hurdles. Details of the performance criteria are included on page 32 and 35.

If the performance hurdles are satisfied at the vesting date, the relevant share rights will automatically vest. Any share rights which have not vested at the vesting date will expire.

The first and second tranches of the CEO's rights vested on 2 January 2011 and 2 January 2012 respectively.

ANALYSIS OF OPTIONS AND RIGHTS OVER EQUITY INSTRUMENTS GRANTED AS COMPENSATION – AUDITED

Details of vesting profiles of the share rights and options granted during 2008, 2009, 2011 and since the end of the year, as remuneration, to each key management person of the consolidated entity are detailed below.

	Number of options / share rights granted	Grant approval date	Expiry date	Fair value per share at grant approval date (A\$)	Exercise Price (A\$)	Financial years in which options or share rights vests	Number vested during 2011
<i>Directors</i>							
B. Gordon	235,294	30 May 08	1 Jan 13	\$0.250	\$0.30	33% in Mar 2009, 33% in Jan 2010, 34% in Jan 2011	78,431
	1,000,000	15 May 09	1 Jan 14	\$0.260	\$0.35	33% in Jan 2009, 33% in Jan 2010, 34% in Jan 2011	333,333
	1,500,000	15 May 09	2 Jan 11	\$0.249	–	100% on 01-Jan-11	1,500,000
	1,500,000	15 May 09	2 Jan 12	\$0.218	–	100% on 01-Jan-12	-
	1,500,000	15 May 09	2 Jan 13	\$0.222	–	100% on 01-Jan-13	-
<i>Key management personnel</i>							
S. Smith	1,000,000	16 Jul 08	3 Jul 13	\$0.160	\$0.47	33% in Jun 2009, 33% in Jun 2010, 34% in Jun 2011	333,334
	1,000,000	24 Feb 09	2 Jan 14	\$0.210	\$0.35	33% in Jun 2010, 33% in Jun 2011, 34% in Jun 2012	333,333
	239,734	18 Feb 12	1 Jan 17	*	\$1.18	50% in Jan 2015, 50% in Jan 2016	-
	119,867	18 Feb 12	1 Jan 22	*	–	50% in Jan 2015, 50% in Jan 2016	-
V. Chidrawi	94,117	17 Apr 08	1 Jan 13	\$0.220	\$0.30	33% in Mar 2009, 33% in Jan 2010, 34% in Jan 2011	31,372
	1,000,000	16 Jul 08	3 Jul 13	\$0.180	\$0.35	33% in Mar 2009, 33% in Jan 2010, 34% in Jan 2011	333,334
	1,000,000	24 Feb 09	2 Jan 14	\$0.210	–	33% in Jan 2010, 33% in Jan 2011, 34% in Jan 2012	333,333
	93,899	27 Sep 11	17 Jul 16	\$0.134	\$1.72	50% in July 2014	-
	93,898	27 Sep 11	17 Jul 16	\$0.289	\$1.72	50% in July 2015	-
	46,949	27 Sep 11	17 Jul 21	\$0.274	–	100% in July 2014	-
	46,949	27 Sep 11	17 Jul 21	\$0.623	–	100% in July 2015	-
	254,469	18 Feb 12	1 Jan 17	*	\$1.18	50% in Jan 2015, 50% in Jan 2016	-
	127,235	18 Feb 12	1 Jan 22	*	–	50% in Jan 2015, 50% in Jan 2016	-
G. Snow	515,773	18 Feb 12	1 Jan 17	*	\$1.18	50% in Jan 2015, 50% in Jan 2016	-
	257,886	18 Feb 12	1 Jan 22	*	-	50% in Jan 2015, 50% in Jan 2016	-
<i>Former key management personnel</i>							
M Norris	282,352	17 Apr 08	1 Jan 11	\$0.220	\$0.30	33% in Mar 2009, 33% in Jan 2010, 34% in Jan 2011	94,117
	1,000,000	16 Jul 08	3 Jul 13	\$0.180	\$0.35	33% in Mar 2009, 33% in Jan 2010, 34% in Jan 2011	333,333
	2,000,000	24 Feb 09	1 Jul 12	\$0.21	\$0.35	33% in Jan 2010, 33% in Jan 2011, 34% in Jan 2012	666,666

* Denotes options and share rights issued subsequent to year end and for which fair value was not available as of the date of this report.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

REMUNERATION REPORT – AUDITED (CONTINUED)

Analysis of options and rights over equity instruments granted as compensation – audited (continued)

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 \$(¹)	Value of Options Exercised in the Year \$(²)	Lapsed in Year \$(³)
B. Gordon	–	2,425,882	–
M Norris	–	618,485	–
S. Smith	–	226,000	–
V. Chidrawi	39,719	1,183,687	–

1. The value of options granted in the year is the fair value of the options calculated at grant date using a Monte Carlo Simulation analysis. 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.
2. 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.
3. 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.

Analysis of movements in share rights – audited

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

	Granted in the year \$(¹)	Value of Options Exercised in the Year \$(²)	Lapsed in Year \$(³)
B. Gordon	–	373,500	–
V. Chidrawi	42,113	–	–

1. The value of share rights granted in the year is the fair value of the share rights calculated at grant date using a Monte Carlo Simulation analysis. The total value of the share rights granted is included in the table above. This amount is allocated to remuneration over the vesting period as included in the table above.
2. The value of share rights exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the share rights were exercised after deducting the price paid to exercise the share right.
3. The value of the share rights that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed using a Monte Carlo Simulation analysis assuming the performance criteria had been achieved.

Analysis of bonuses included in remuneration – audited

Short term incentive bonus			
	Included in remuneration \$	% received	% forfeited in year
<i>Directors</i>			
B. Gordon	32,705	6	94
<i>Key management personnel</i>			
S. Smith	41,705	33	67
V. Chidrawi	23,545	21	79
<i>Former key management personnel</i>			
M. Norris	42,632	34	66

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 was repayable after 60 months. Monthly interest payments were payable at Australian BBS plus 1% and 25% of any gross bonus or incentive payment was to be utilised to reduce the outstanding balance of the loan. The loan would have been immediately repayable if Mr. Gordon's employment ceased with Intrepid for any reason other than redundancy. The loan balance as at 31 December 2010 was A\$238,240. As at 31 December 2011 and the date of this report the loan was fully repaid.

There have been no other loans to directors or executives.

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
28 Sept 07	28 Sep 12	CAD	0.31	30,000
17 Apr 08	1 Jan 13	AUD	0.30	66,667
16 Jul 08	3 Jul 13	AUD	0.35	333
16 Jul 08	3 Jul 13	AUD	0.47	700,000
24 Feb 09	1 Jul 12	AUD	0.35	1,250,000
24 Feb 09	2 Jan 14	AUD	0.35	1,753,334
24 Mar 09	24 Mar 14	AUD	0.35	250,000
27 Sep 11	17 Jul 16	AUD	1.72	422,022
18 Feb 11	1 Jan 17	AUD	1.18	1,614,201
				6,086,557

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 Employee Option 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 for options granted prior to 1 January 2011 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.

Fair values at grant date are determined using a Monte Carlo Simulation option pricing model for options granted on or after 1 January 2011 that takes into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share, risk of forfeiture and the risk free rate for the term of the option.

SHARES ISSUED ON THE EXERCISE OF OPTIONS AND RIGHTS

6,842,576 ordinary shares (at an average price of A\$0.367) of the Company were issued during the year ended 31 December 2011 on the exercise of options granted under the Intrepid Mines Limited Employee Option Scheme. Subsequent to the end of the year 562,500 (at an average price of A\$0.35) shares have been issued on exercise of options under this scheme.

Amount Paid A\$ per share	Number of shares	
	2011	Post 2011
0.243	12,000	
0.300	550,585	
0.310	20,000	
0.320	10,000	
0.340	458,824	
0.342	83,333	
0.350	5,283,834	562,500
0.490	16,000	
0.507	250,000	
0.980	18,000	
1.050	140,000	

1,500,000 ordinary shares of the Company were issued during the year ended 31 December 2011 on the exercise of share rights. Subsequent to the end of the year nil shares have been issued on the exercise of share rights.

ISSUED SHARE RIGHTS

Following approval by the shareholders on the 15th May 2009, Mr. Brad Gordon was issued 4,500,000 share rights under the ESP. In addition, a total of 211,010 share rights were granted to certain members of senior management on 27 September 2011 and a further total of 807,100 share rights were granted to certain members of senior management on 18 February 2012 under the terms of Intrepid's ESP.

The share rights granted before 1 January 2011 were issued in three equal tranches while share rights granted on or after 1 January 2011 were issued in two equal tranches. The share rights and will automatically vest into fully paid ordinary shares upon specific performance conditions being achieved. The performance condition is a market hurdle, being TSR. Intrepid has used a Monte Carlo Simulation analysis to value the TSR component of the share rights. Share rights granted carry no dividend or voting rights. When vested, each right may be exercised to convert to one ordinary share in the Company.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

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 APES 110 Code of Ethics for Professional Accountants, 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.

	31 Dec 2011	31 Dec 2010
	\$	\$
During the period the following fees were paid or payable for services provided by the auditor of the consolidated entity, its related practices and non-related audit firms:		
(a) Audit services		
KPMG Australia:		
– Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	78,016	80,440
– Other assurance services in connection with the Company's equity raising in November 2010	–	63,890
	78,016	144,330
Overseas KPMG:		
– Audit and review of financial report	12,000	–
Total remuneration for audit services	90,016	144,330
(b) Other services		
Total remuneration of other services	–	–

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 46 following this Directors' report.

OFFICERS' INDEMNITIES AND INSURANCE

The Company has formally agreed to indemnify the following current directors and officers of the Company – Messrs Jackson, Curtis, McMaster, McDonald, Roberts, Machribe and Gordon and Ms. Bacon – 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 has 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

Dated at Brisbane this 24th day of February 2012.



Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

To the directors of Intrepid Mines Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

J Adams

Jason Adams
Partner

Brisbane
24 February 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AS AT YEAR ENDED 31 DECEMBER 2011
(PRESENTED IN UNITED STATES DOLLARS)

		Year ended 31 Dec 2011 \$000	Year ended 31 Dec 2010 \$000
	Notes		
Revenue from continuing operations			
Other income	9	5,819	1,096
Expenses			
Exploration and evaluation expenditure		(31,984)	(20,536)
General and administration expenses			
- General		(6,664)	(6,401)
- Share based payments expense		(604)	(942)
Unrealised change in fair value of other financial assets		(513)	234
Borrowing costs		—	23
Foreign exchange loss		(473)	(3,727)
Loss before income tax from continuing operations		(34,419)	(30,253)
Income tax expense	11	(529)	(116)
Loss after tax from continuing operations		(34,948)	(30,369)
Net gain from discontinued operations (net of tax)	7	4,960	25,380
Loss after tax attributable to members of the Company		(29,988)	(4,989)
Other comprehensive income			
Exchange differences on translation of foreign controlled entities and translation to presentation currency		1,026	9,902
Total comprehensive income / (expense) attributable to members of the Company		(28,962)	4,913
			Cents per share
Basic and diluted loss per share	31	(5.8)	(1.0)
Basic and diluted loss per share from continuing operations	31	(6.7)	(7.0)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT YEAR ENDED 31 DECEMBER 2011
(PRESENTED IN UNITED STATES DOLLARS)

	Notes	31 Dec 2011 \$000	31 Dec 2010 \$000
Assets			
Current assets			
Cash and cash equivalents	12	14,240	64,280
Other financial assets	13	135,861	117,861
Trade and other receivables	14	1,962	3,128
Total current assets		152,063	185,269
Non-current assets			
Trade and other receivables	14	4,935	—
Other financial assets	13	392	823
Property, plant and equipment	15	29	56
Mining properties	16	16,478	15,459
Total non-current assets		21,834	16,338
Total assets		173,897	201,607
Liabilities			
Current liabilities			
Trade and other payables	17	1,751	4,144
Current tax payable	18	635	119
Provisions	19	304	286
Total current liabilities		2,690	4,549
Non-current liabilities			
Provisions	19	91	67
Deferred tax liabilities	21	2,157	2,157
Total non-current liabilities		2,248	2,224
Total liabilities		4,938	6,773
Net assets		168,959	194,834
Equity			
Contributed equity	22	309,122	304,519
Reserves	23	16,081	16,571
Accumulated losses	24	(156,244)	(126,256)
Total equity		168,959	194,834

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT YEAR ENDED 31 DECEMBER 2011
(PRESENTED IN UNITED STATES DOLLARS)

12 months to Dec 11	Share capital \$000	Translation reserve \$000	Share based payments reserve \$000	Warrant reserve \$000	Accumulated losses \$000	Total equity \$000
Balance at 1 Jan 11	304,519	10,423	4,920	1,228	(126,256)	194,834
Total comprehensive income for the year						
Profit/(loss)	—	—	—	—	(29,988)	(29,988)
Other comprehensive income:						
Foreign currency translation differences	—	1,026	—	—	—	1,026
Total comprehensive expense for the period	—	1,026	—	—	(29,988)	(28,962)
Transactions with owners, recorded directly in equity:						
Issue of ordinary shares (net of tax and transaction cost)	2,689	—	—	—	—	2,689
Share based payments made (Share options and rights)	—	—	398	—	—	398
Transfer to share capital on exercise of share options and rights	1,914	—	(1,914)	—	—	—
Balance at 31 Dec 11	309,122	11,449	3,404	1,228	(156,244)	168,959

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT YEAR ENDED 31 DECEMBER 2011
(PRESENTED IN UNITED STATES DOLLARS)

12 months to Dec 10	Share capital \$000	Translation reserve \$000	Share based payments reserve \$000	Warrant reserve \$000	Accumulated losses \$000	Total equity \$000
Balance at 1 Jan 10	164,476	521	5,390	1,228	(121,267)	50,348
Total comprehensive income for the year						
Profit/(loss)	—	—	—	—	(4,989)	(4,989)
Other comprehensive income:						
Foreign currency translation differences	—	9,902	—	—	—	9,902
Total comprehensive income for the year	—	9,902	—	—	(4,989)	4,913
Transactions with owners, recorded directly in equity:						
Issue of ordinary shares (net of tax and transaction cost)	138,631	—	—	—	—	138,631
Share based payments made (Share options and rights)	—	—	942	—	—	942
Transfer to share capital on exercise of share options	1,412	—	(1,412)	—	—	—
Balance at 31 Dec 10	304,519	10,423	4,920	1,228	(126,256)	194,834

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

CONSOLIDATED CASH FLOW STATEMENT

AS AT YEAR ENDED 31 DECEMBER 2011
(PRESENTED IN UNITED STATES DOLLARS)

		31 Dec 2011 \$000	31 Dec 2010 \$000
	Notes		
Cash flows from operating activities			
Payment for exploration activities		(32,998)	(19,783)
Payments to suppliers and employees		(6,092)	(5,581)
Interest received		4,925	614
Borrowing costs		—	23
Other revenue		61	60
Net cash inflow from operating activities of discontinued operations	7	5,231	20,897
Net cash flows used in operating activities	30	(28,873)	(3,770)
Cash flows from investing activities			
Payments for property, plant and equipment, and mining properties		(1,064)	(23)
Payment for bank term deposits greater than 3 months		(17,911)	(116,835)
Proceeds from sale of available-for-sale financial assets and property, plant and equipment		—	1,395
Funds advanced to PT Indo Multi Niaga (PT IMN)		(4,948)	—
Disposal of discontinued operations, net of cash disposed and costs of disposal	7	1,800	15,051
Investment in shares		—	(500)
Net cash outflow from investing activities of discontinued operations	7	—	(10,875)
Net cash flows used in investing activities		(22,123)	(111,787)
Cash flows from financing activities			
Proceeds from issue of shares		2,279	145,105
Share issue transaction costs		(622)	(5,060)
Net cash outflow from financing activities of discontinued operations		—	—
Net cash flow from financing activities		1,657	140,045
Net increase/(decrease) in cash and cash equivalents		(49,339)	24,488
Cash and cash equivalents at the beginning of the financial year		64,280	36,545
Effects of exchange rate changes on cash and cash equivalents		(701)	3,247
Cash and cash equivalents at the end of the financial year	12	14,240	64,280

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTREPID MINES FINANCIAL REPORT
31 DECEMBER 2011

TABLE OF CONTENTS

1. Reporting entity	51
2. Summary of significant accounting policies	51
3. Financial risk management	59
4. Critical accounting estimates and judgements	62
5. Foreign currency translation	62
6. Segment information	63
7. Discontinued operation	67
8. Gold & silver sales	69
9. Other income	69
10. Expenses	69
11. Income tax benefit	70
12. Cash and cash equivalents	71
13. Other financial assets	71
14. Trade and other receivables	71
15. Property, plant and equipment	72
16. Mining properties	73
17. Trade and other payables	73
18. Current Tax Payable	73
19. Provisions	73
20. Financial instruments	74
21. Deferred tax liabilities	74
22. Contributed equity	74
23. Reserves	75
24. Accumulated losses	75
25. Commitments for expenditure	75
26. Subsidiaries	76
27. Related party transactions	76
28. Director and other key management personnel disclosures	76
29. Remuneration of auditors	80
30. Reconciliation of loss after tax to net cash from operating activities	80
31. Loss per share	81
32. Share based payments	82
33. Joint Venture	86
34. Events occurring after reporting date	87
35. Parent entity disclosures	87
36. Contingent asset	87

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(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, 490 Upper Edward Street, Spring Hill, Queensland, 4004.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The consolidated financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Compliance with IFRS

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

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of listed equity securities at fair value (refer to Note 13).

Critical accounting estimates

The preparation of consolidated 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

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Intrepid Mines Limited ('the Company' or 'parent entity') as at 31 December 2011 and the results of all subsidiaries for the year then ended.

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.

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.

(ii) Jointly controlled operations and assets

The interest of the Group in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

(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 Company's functional currency is Australian dollars. The consolidated 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 profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary 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 and translation differences on the non-monetary assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency translation

(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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income 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 in other comprehensive income.

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 recognised in other comprehensive income. When a foreign operation is sold, a proportionate share of such exchange differences is reclassified to profit or loss, 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.

(ii) Interest

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

(iii) Royalties

Royalty income is recognised in profit or loss when the royalty becomes due under the terms of the contract. Royalty income is recognised as other income.

(e) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future, and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised.

The group does not distribute non-cash assets as dividends to its shareholders.

The Company and its wholly owned Australian resident entities formed a tax consolidated group effective from 1 October 2010. As a consequence, all members of the tax-consolidated group are taxed as a single entity from this point in time. The head entity within the tax-consolidated group is Intrepid Mines Limited. Formal notification of the formation of the group was lodged with the Australian Taxation Office upon lodgement of the first consolidated income tax return.

Tax consolidation legislation

On adoption of the tax consolidation legislation, the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the entity, Intrepid.

The entities entered into a tax funding agreement under which the wholly-owned entities fully compensate Intrepid for any current tax payable assumed and are compensated by Intrepid for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Intrepid under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

Under the tax funding agreement, the amount receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is to be issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on a different tax entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(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 statement of financial position.

(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) **Business combinations**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2009

For acquisitions on or after 1 January 2009, the Group measures goodwill at the acquisition date as the fair value of the consideration transferred; plus the recognised amount of any non-controlling interests in the acquiree, plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 January 2004 and 1 January 2009

For acquisitions between 1 January 2004 and 1 January 2009, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquire. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the costs of acquisition.

(i) **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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Mining properties (continued)

(ii) Mining properties (continued)

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.

Mining properties are assessed for impairment if sufficient data exists to determine the technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Where potential impairment is indicated the Group performs impairment testing in accordance with the accounting policy set out in Note 2(k).

(j) 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 profit or loss 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 the end of each reporting period.

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 profit or loss.

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.

(k) 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.

(l) Financial assets

The consolidated entity classifies its financial assets 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 financial assets were acquired. Management determines the classification of its financial assets at initial recognition and, in the case of assets classified as held-for-maturity, re-evaluates this designation at each reporting date.

(i) Bank term deposits greater than three months to maturity

Bank term deposits greater than three months to maturity are those term deposits that do not meet the Group accounting policy in relation to cash and cash equivalents as set out in Note 2(f). Bank term deposits are initially recognised at fair value. Subsequent to initial recognition the bank term deposits are measured at amortised cost using the effective interest method.

(ii) 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 are included in current assets, except for those with maturities greater than twelve months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method.

(iii) Other financial assets

Other financial assets, comprising principally marketable equity securities, are non-derivatives that are designated at fair value through profit or loss or available for sale financial assets. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting 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. 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.

Financial assets at fair value through profit and loss and available for sale financial assets are subsequently carried at fair value. 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 profit or loss 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 other comprehensive income. When securities classified as available for sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified from equity and recognised in profit or loss.

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 reclassified from equity and recognised in profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available for sale are not reversed through the profit or loss.

(m) 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 reporting 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 reporting 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 reporting 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.

(n) 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.

(o) 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 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 reporting date are discounted to present value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits (continued)

(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 through the Company's Employee Option Scheme ('Scheme'). Information relating to this scheme is set out in Note 32.

The fair value of options granted under the 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 of options granted before 1 January 2011 is 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 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. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting 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.

The fair value at grant date of options on or after 1 January 2011 is determined using a Monte Carlo analysis that also takes into account any market based vesting conditions, the exercise price, the term of the option, 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.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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

(vi) Equity-based compensation benefits - share rights

Equity-based compensation (share rights) benefits are provided to eligible Senior Executives via the Company's Executive Share Plan ('ESP'). Information relating to this scheme is set out in Note 32. This was approved by shareholders at the Annual General Meeting on 15 May 2009.

The fair value of share rights under the ESP 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 shares.

The fair value at grant date is determined using Monte Carlo Simulation analysis to value the Total Shareholder Return (TSR) component of the share rights that takes into account the exercise price, the term of the share rights, the market vesting criteria, the impact of dilution, the non-tradeable nature of the shares, 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 share rights.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

If the performance conditions are satisfied at the vesting date, the relevant shares will be automatically exercised. Any share rights which have not vested at the vesting date will expire.

Upon the exercise of share rights, the balance of the share based payments reserve relating to those share rights will be transferred to share capital.

(p) 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 profit or loss over the period of the borrowings using the effective interest method.

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 reporting date.

(q) Borrowing costs

Borrowing costs are recognised as expenses using the effective interest method 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.

(r) 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 borrowings. 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 profit or loss 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 profit or loss on a straight line basis over the period of the lease.

(s) 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 profit or loss, 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 other comprehensive income and accumulated losses 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 reclassified to profit or loss 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), the gains and losses previously deferred in equity are reclassified from equity and included in the measurement of the initial cost or carrying amount of the asset.

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 profit or loss. 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 profit or loss.

(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 profit or loss.

(t) 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.

(u) 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.

(v) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for AASB 9 Financial Instruments (which becomes mandatory for the Group's 2015 consolidated financial statements), AASB10 Consolidated Financial Statements, AASB11 Joint Arrangements and AASB12 Disclosures of Interests in Other Entities (which becomes mandatory for the Group's 2013 consolidated financial statements) and could change the classification and measurement of financial assets and disclosure of interests in joint ventures and other entities. The Group does not plan to adopt these standards early and the extent of the impact has not been determined.

(x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Continuing Operations

Tujuh Bukit

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).

Other

The consolidated entity is earning and interest in the Shyri project which is conducting exploration activities in Ecuador under a farm-in arrangement.

Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Discontinued Operations

Paulsens

Paulsens Gold Mine ('Paulsens') was the Group's cash generating asset during and up to 30 July 2010 at which point the mine was sold to Northern Star Resources Ltd ('Northern Star'). Subsequent to the sale, the Group has received royalties from gold produced by Northern Star (refer to Note 7).

Casposo

The consolidated entity had conducted (sold May 2009) exploration and evaluation of the Kamila gold/silver project (Casposo), along with regional exploration programs focussed in the San Juan province of Argentina.

Other

The entity conducted regional exploration in Australia.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(y) 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 statement of financial position.

(z) Discontinued operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

3. FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of risks including;

- credit risk;
- liquidity risk;
- market risk; and
- operational risk.

This note presents information about the Group's exposure to each of the above risks, as well as its objectives, policies and procedures for measuring and managing risk. The overall aim of risk management within the consolidated entity is to ensure that organisational capabilities and resources are employed in an efficient and effective manner to manage both opportunities and threats.

Risks are those factors that influence the achievement of business objectives, either positively or negatively.

The Board of directors are ultimately responsible for the establishment and oversight of the risk management framework. The Board is responsible for monitoring the implementation of the Risk Management Framework and subsequently monitoring the processes within which the management of key risks occur.

The Audit and Risk Committee will, amongst other things, rely on assessments and reports of the Intrepid Leadership Team in discharging these responsibilities.

The consolidated entity holds the following financial instruments:

	31 Dec 2011 \$000	31 Dec 2010 \$000
Financial assets		
Cash and cash equivalents	14,240	64,280
Bank term deposits greater than three months maturity	135,861	117,861
Trade and other receivables	6,897	3,128
Other financial assets	392	823
	157,390	186,092
Financial liabilities		
Trade and other payables	1,751	4,144
	1,751	4,144

(a) Credit risk

The consolidated entity's significant concentrations of credit risk are shown below. 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 above.

As at reporting date the Group was not exposed to any debts which were past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

	31 Dec 2011 \$000	31 Dec 2010 \$000
Cash and cash equivalents		
AA-	14,240	64,280
Bank term deposits greater than three months maturity		
AA-	135,861	117,861
Trade and other receivables		
AAA ⁽¹⁾	118	78
AA ⁽²⁾	1,320	460
PTIMN ⁽³⁾	4,935	—
Other receivable ⁽⁴⁾	200	2,197
Loan to director	—	241
Other financial assets	392	823

1. Primarily relate refund due from the Australian government.

2. Interest receivable.

3. The PT IMN receivable is expected to be recovered from future Tujuh Bukit project cash flows. Refer to Note 14 for further details.

4. The 2010 receivable consists mostly of a \$2m receivable from Troy Resources Ltd in relation to the sale of Casposo. The 2011 receivable consists only of the balance outstanding in relation to the receivable amount from Troy Resources Ltd.

(b) 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.

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.

	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
--	---------------------------------	-----------------------------------	-----------------------------------	-----------------------	--	--

31 December 2011

Non-derivatives

Non-interest bearing	1,751	—	—	—	1,751	1,751
Total non-derivatives	1,751	—	—	—	1,751	1,751

	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
--	---------------------------------	-----------------------------------	-----------------------------------	-----------------------	--	--

31 December 2010

Non-derivatives

Non-interest bearing	4,144	—	—	—	4,144	4,144
Total non-derivatives	4,144	—	—	—	4,144	4,144

(c) 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.

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. There were no gold sales giving rise to currency exposures during 2011. For the year ended 31 December 2010 the majority of the gold sales were completed in Australian dollars and all gold production-related material expenditure, were conducted in Australian dollars. Gold sales that were conducted in United States dollars were utilised to pay exploration related expenditure denominated in United States dollars.

The consolidated entity's exposure expressed in United States dollars to foreign currency (which is primarily from Group entities with an Australian dollar functional currency that hold financial assets in United States dollars as at 31 December 2011) was as follows:

	31 Dec 2011	31 Dec 2010
	US\$	US\$
	\$000	\$000
Cash and cash equivalents	4,516	15,987
Bank term deposits greater than three months maturity	66,749	60,000
Trade and other receivables	260	2,020

Sensitivity

At 31 December 2011, the consolidated entity held cash and cash equivalents in Australian dollars and United States dollars. As a result, the impact of the Australian dollar strengthening by 10% against United States dollars with all other variables held constant, on the consolidated entity's functional currency post-tax profit for the year would have been \$6,502,000 lower (December 2010: \$7,092,000 lower). The impact of the Australian dollar weakening by 10% against United States dollars with all other variables held constant on the consolidated entity's functional currency post-tax profit for the year would have been \$7,947,000 higher (December 2010: \$8,667,000 higher).

(ii) Price risk

The consolidated entity is exposed to equity securities price risk. This arises from investments classified on the statement of financial position either as available-for-sale or at fair value through profit or loss. Other financial assets are not significant assets of the consolidated entity.

The consolidated entity's equity investments are publicly traded on the ASX or TSX.

Sensitivity

Based on the other financial assets held at 31 December 2011, had the realisable price of the 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 not be significantly affected as a result of gains/losses on other financial assets (equity securities).

(iii) Commodity price risk

At 31 December 2011, the consolidated entity does not hold financial instruments which are exposed to commodity price risk (2010: Nil)

(iv) Cash flow and fair value interest rate risk

The consolidated entity has no interest rate risk exposure on borrowings.

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

	31 Dec 2011		31 Dec 2010	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$000	%	\$000
Cash and cash equivalents	0.21	14,240	2.77	64,280
Net exposure to cash flow interest rate risk	0.21	14,240	2.77	64,280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(iv) Cash flow and fair value interest rate risk (continued)

Sensitivity

With the closing Consolidated cash balance of \$14,240,000, 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 \$142,400 higher/lower (year ended 31 December 2010 – \$642,800 higher / lower).

(d) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the consolidated entity's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the consolidated entity's operations.

The consolidated entity's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Intrepid Leadership Team.

(e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The funds are managed by maintaining a diversified cash management portfolio with a minimum investment grade of "A" and targeted to split cash holdings equally between US\$ and A\$.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 as follows:

(i) Impairment of Mining Properties

Determining the recoverability of mining properties capitalised in accordance with the Group's accounting policy (refer Note 2(i)), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective mining property will be achieved. Critical to this assessment is estimates and assumptions as to economically recoverable ore reserves which represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. Changes in these estimates and assumptions as new information about the presence or recoverability of an ore reserve becomes available, may impact the assessment of the recoverable amount of mining properties. If, after having capitalised the expenditure under accounting policy 2(i), a judgment is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the income statement in accordance with accounting policy 2(k). The carrying amounts of mining properties are set out in Note 16.

(ii) 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 the Group's ability to recover these amounts is uncertain.

5. FOREIGN CURRENCY TRANSLATION

Having dual listings on the ASX and TSX, and projects internationally, has resulted in the consolidated entity adopting United States dollars as its presentation currency rather than Australian dollars. The financial statements of the parent and controlled entities are translated from 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 2011	31 Dec 2010
Annual average exchange rates used		
Australian dollars (A\$) to United States dollars (US\$)	1.0319	0.9193
Canadian dollars (C\$) to United States dollars (US\$)	1.0114	0.9702
Year end closing exchange rates used		
Australian dollars (A\$) to United States dollars (US\$)	1.0156	1.0151
Canadian dollars (C\$) to United States dollars (US\$)	0.9799	0.9983

6. SEGMENT INFORMATION

For the year ended 31 December 2011 the consolidated entity operated predominantly in the segments as described below:

Continuing operations

Tujuh Bukit

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).

Other

The consolidated entity is earning an interest in the Shyri project which is conducting exploration activities in Ecuador.

Discontinued operations

Paulsens

Paulsens was the Group's cash generating asset during and up to 30 July 2010 at which point the mine was sold to Northern Star (refer to Note 7). Subsequent to the sale, the Group received royalties from the sale of gold produced from the mine. The royalty arrangement ended in February 2011.

Casposo

The consolidated entity had conducted (sold May 2009) exploration and evaluation of the Kamila gold/silver project (Casposo), along with regional exploration programs focussed in the San Juan province of Argentina.

Australia Regional

The Consolidated Entity conducted exploration in regional Australia during the year ended 31 December 2010.

As at and for the year ended 31 December 2011

Segment information – Operating segment	Tujuh Bukit \$000	Other \$000	Paulsens (discontinued) \$000	Casposo (discontinued) \$000	Australia Regional (discontinued) \$000	Consolidated \$000
Revenue						
External sales	–	–	–	–	–	–
Other income	–	–	4,974	–	–	4,974
Total segment revenue	–	–	4,974	–	–	4,974
Depreciation	–	–	–	–	–	–
Reportable segment profit/(loss) before income tax	(28,554)	(3,429)	4,960	–	–	(27,024)
Reportable segment assets	21,500	–	–	200	–	21,700
Reportable segment liabilities	1,214	160	–	–	–	1,374
Capital Expenditure	1,016	–	–	–	–	1,016
Reconciliation of reportable segment loss before income tax						
Total profit for reportable segments						(27,024)
Elimination of discontinued operations						(4,960)
Unallocated amounts						
Other income						5,819
General and administrative expenses						(7,268)
Unrealised change in fair value of other financial assets						(513)
Foreign exchange loss						(473)
Consolidated loss before income tax from continuing operations						(34,419)
Income tax expense						(529)
Consolidated loss after income tax from continuing operations						(34,948)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

6. SEGMENT INFORMATION (CONTINUED)

As at and for the year ended 31 December 2010

Segment information – Operating segment	Tujuh Bukit \$000	Other \$000	Paulsens (discontinued) \$000	Casposo (discontinued) \$000	Australia Regional (discontinued) \$000	Consolidated \$000
Revenue						
External sales	–	–	22,189	–	–	22,189
Other income	–	–	15,887	–	–	15,887
Total segment revenue	–	–	38,076	–	–	38,076
Depreciation	–	–	3,436	–	–	3,436
Reportable segment profit/(loss) before income tax	(19,269)	(1,267)	23,380	2,000	–	4,844
Reportable segment assets	15,459	–	–	2,000	–	17,459
Reportable segment liabilities	(1,420)	–	–	–	–	(1,420)
Capital expenditure	–	–	10,875	–	–	10,875
Reconciliation of reportable segment profit before income tax						
Total profit for reportable segments						4,844
Elimination of discontinued operations						(25,380)
Unallocated amounts						
Other income						1,096
General and administrative expenses						(7,343)
Unrealised change in fair value of other financial assets						234
Borrowing costs						23
Foreign exchange loss						(3,727)
Consolidated loss before income tax from continuing operations						(30,253)
Income tax expense						(116)
Consolidated loss after income tax from continuing operations						(30,369)

Reconciliations of reportable revenues, assets and liabilities and other material items

Revenues, assets and liabilities

	31 Dec 2011 US\$ \$000	31 Dec 2010 US\$ \$000
Revenues		
Total revenues for reportable segments	4,974	38,076
Unallocated other income	63	60
Unallocated interest income	5,756	1,036
Elimination of discontinued operations	(4,974)	(38,076)
Revenue – continuing operations	5,819	1,096
Assets		
Total assets for reportable segments	21,700	17,459
Other assets	152,197	184,148
Total assets	173,897	201,607
Liabilities		
Total liabilities for reportable segments	(1,374)	(1,420)
Other liabilities	(3,564)	(5,353)
Total liabilities	(4,938)	(6,773)

Other material items

	Reportable segment totals \$000	Adjustments \$000	Consolidated (continuing operations) totals \$000
Other material items 2011			
Royalty income	4,974	(4,974)	–
Other income	–	5,819	5,819
Depreciation and amortisation	–	32	32
Capital expenditure	1,016	–	1,016
Other material items 2010			
Royalty income	15,887	(15,887)	–
Other income	–	1,096	1,096
Depreciation and amortisation	(3,436)	3,474	38
Capital expenditure	10,875	(10,875)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

6. SEGMENT INFORMATION (CONTINUED)

Geographical areas

Australia

Continuing Operations

The consolidated entity maintains a registered office in Brisbane.

Discontinued Operations

The consolidated entity conducted regional exploration in Australia.

The consolidated entity operated the Paulsens Mine in Western Australia until 30 July 2010 at which time the mine was disposed of as detailed in Note 7.

Americas

Continuing Operations

The consolidated entity is earning an interest in the Shyri project which is conducting exploration in Ecuador.

Discontinued Operations

The consolidated entity conducted exploration and evaluation of the Kamila gold/silver project (Casposo), along with regional exploration programs focussed in the San Juan province of Argentina and maintained a corporate office in Toronto.

South East Asia

Continuing Operations

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).

In presenting information on the basis of geographical areas, segment revenue and segment assets are based on geographical location of the projects.

	2011		2010	
	Revenues	Non-current assets	Revenues	Non-current assets
Continuing operations				
Australia	—	29	—	60
South East Asia	—	21,413	—	15,459
	—	21,442	—	15,519
Discontinued operations				
Americas(discontinued)	—	—	—	—
Australia (discontinued)	4,974	—	38,076	—
	4,974	—	38,076	—

7. DISCONTINUED OPERATION

The sale of Paulsens to Northern Star was completed on 30 July 2010 ('Completion Date'). The purchase consideration of up to A\$40 million was comprised of a cash payment of A\$18 million, royalties of \$335 for each ounce of gold produced from 1 June 2010, subject to a maximum of 51,000 ounces of gold; and top-up cash payments of A\$2.5 million each, conditional upon gold production of 57,500 and 62,500 ounces of gold from 1 June 2010 respectively. During the 2011 financial year, the consolidated entity received top-up payments totalling A\$5 million.

Prior year comparative information also includes the sale of the Casposo project which was classified as a discontinued operation in 2009 subsequent to the sale of the project to Troy Resources NL for \$22 million of which \$20 million was payable on completion and \$2 million payable six months after commencement of gold production. The \$2 million was recognised as a receivable as of 31 December 2010. During the 2011 year \$1.8 million was received.

The comparative statement of comprehensive income reflects the discontinued operations separately from continuing operations.

	31 Dec 2011 \$000	31 Dec 2010 \$000
Results from discontinued operations		
Revenue		
Gold and silver sales	—	22,189
Other income	4,974	15,887
	4,974	38,076
Expenses		
Cost of gold and silver sold – excluding depreciation and amortisation	—	(12,197)
Depreciation and amortisation	—	(3,436)
Exploration and evaluation expenditure	—	(708)
Results from operating activities	4,974	21,735
Gain/ (loss) on disposal ⁽¹⁾	(14)	3,645
Profit before tax from discontinued operations	4,960	25,380
Income tax benefit	—	—
Profit after tax from discontinued operations	4,960	25,380
 Basic and diluted earnings per share (cents per share)	 1.0	 5.8

1. The 2010 gain on sale comprised of \$2,000,000 receivable recognised in respect of Casposo sale and \$1,645,000 gain in respect of the Paulsens mine sale

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

7. DISCONTINUED OPERATION (CONTINUED)

	31 Dec 2011 \$000	31 Dec 2010 \$000
Cash flows used in discontinued operation		
Cash flows from operating activities		
Proceeds from gold and silver sales	—	22,190
Payments to suppliers and employees	—	(17,045)
Other income	5,231	15,752
Net cash flows from operating activities	5,231	20,897
Cash flows from investing activities		
Payments in respect of mine properties	—	(10,463)
Payments for property, plant and equipment	—	(412)
Net cash flows used in investing activities	—	(10,875)
Cash flows from financing activities		
Proceeds from share issues	—	—
Transaction cost on share issue	—	—
Net cash flows from financing activities	—	—
Net cash flows from discontinued operation	5,231	10,022
Details of disposals		
Mine Properties	—	(8,869)
Inventory	—	(6,347)
Trade and other receivables	—	(1)
Trade and other payables	—	430
	—	(14,787)
Consideration received, satisfied in cash	1,800	18,000
Disposal costs paid	—	(2,949)
Net cash inflow	1,800	15,051

	Continuing operations		Discontinued operations		Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2011	2010	2011	2010	2011	2010
	\$000	\$000	\$000	\$000	\$000	\$000

8. GOLD & SILVER SALES

Gold sales	–	–	–	22,162	–	22,162
Silver sales	–	–	–	27	–	27
	–	–	–	22,189	–	22,189

9. OTHER INCOME

Interest	5,756	1,036	–	–	5,756	1,036
Other	63	60	–	–	63	60
Royalties	–	–	4,974	15,887	4,974	15,887
	5,819	1,096	4,974	15,887	10,793	16,983

10. EXPENSES

Loss before income tax includes the following specific expenses:

Depreciation:

Buildings	–	–	–	78	–	78
Motor vehicles	–	–	–	11	–	11
Plant and equipment	32	38	–	368	32	406
Total depreciation	32	38	–	457	32	495
Non-cash ore stock movements	–	–	–	(21)	–	(21)
Depreciation expense	32	38	–	436	32	474
Amortisation of mine properties	–	–	–	4,550	–	4,550
Non-cash ore stock movements	–	–	–	(1,549)	–	(1,549)
Amortisation expense	–	–	–	3,001	–	3,001
Total depreciation and amortisation	32	38	–	3,437	32	3,475

Borrowing costs:

– Interest and finance charges paid / payable	–	(23)	–	–	–	(23)
– unwinding of discount on rehabilitation provision	–	–	–	–	–	–
Borrowing costs expensed	–	(23)	–	–	–	(23)

Employee benefit expense⁽¹⁾ 3,489 6,662

1. Employee benefits expense is split between in Exploration & evaluation expenditure and General and administration expenses in the in the Statement of Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

	31 Dec 2011 \$000	31 Dec 2010 \$000
11. INCOME TAX EXPENSE		
(a) Income tax expense		
Current tax	3,199	542
Deferred tax	(2,554)	(426)
Over provided in prior year	(116)	–
	529	116
Income tax expense attributable to:		
Profit from continuing operations	345	3
Profit from discontinued operations	184	113
Income tax expense	529	116
Deferred income tax expense included in income tax expense comprises:		
Recognition of previously unrecognised tax losses	(2,554)	(426)
Decrease in deferred tax liabilities (Note 21)	–	–
	(2,554)	(426)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax	(34,419)	(30,253)
Profit from discontinued operations before income tax	4,960	25,380
	(29,459)	(4,873)
Benefit at Australian tax rate of 30% (Dec 2010 – 30%)	(8,838)	(1,462)
Tax effect of amounts which are not deductible in calculating taxable income:		
Option remuneration	244	240
Gain on step down of receivable	371	–
Non deductible exploration	9,856	7,111
Sundry items	1,917	(387)
Over provided in prior years	(116)	–
	3,434	5,502
Recognition of previously unrecognised tax losses	(2,554)	(426)
Change in unrecognised temporary differences and tax losses not recognised	(351)	(4,960)
Income tax expense	529	116
(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 21)	–	–
(d) Tax losses and temporary differences		
Deferred tax assets have not been recognised in respect of the following items:		
Net assessable temporary differences	(20,473)	(18,565)
Tax losses ⁽¹⁾	74,102	84,292
	53,629	65,727

1. On forming the tax consolidated group from 1 October 2010, \$29,365,000 gross tax losses (equalling to \$8.8 million at the Company's effective tax rate of 30%) were cancelled consistent with the requirements of the *Income Tax Assessment Act 1997*.

	31 Dec 2011 \$000	31 Dec 2010 \$000
12. CASH AND CASH EQUIVALENTS		
Current		
Cash at bank	12,910	63,021
Cash at bank (restricted)	1,330	1,259
	14,240	64,280

1. The above figures are shown as cash and cash equivalents at the end of the financial year in the cash flow statement.

2. Cash at bank includes interest-bearing amounts. The average rate applicable to the consolidated entity's balance at 31 December 2011 was 0.21 % (2.77% at 31 December 2010).

3. Restricted cash relates to security deposits on various securities held by the controlling entities in Papua New Guinea (statutory deposits for Fortis Insurance Limited).

4. Approximately 32% of cash and cash equivalents are denominated in United States dollars (31 December 2010: 25%).

13. OTHER FINANCIAL ASSETS

Current

Bank term deposit greater than three months maturity ⁽¹⁾	135,861	117,861
	135,861	117,861

Non-current

Listed-Equity securities – at fair value through profit and loss ⁽²⁾	392	823
---	-----	-----

1. The bank term deposits are subject to an average fixed interest rate of 3.25% (2010: 4%)

2. At balance date, the consolidated entity held 465,000 shares in Aura Silver Resources Inc. (AUU), a TSX listed entity at C\$0.07 per share (December 2010: 465,000 shares at C\$0.56 per share) and 2,450,952 shares in Cornerstone Capital Resource Inc (CGP), a TSX listed entity at C\$0.15 per share (December 2010: 2,450,952 at C\$0.23) .

14. TRADE AND OTHER RECEIVABLES

Current

GST receivable ⁽¹⁾	111	100
Prepayments	324	129
Loan to director (refer to Note 28)	–	241
Other receivables ⁽²⁾	1,527	2,658
	1,962	3,128

Non-Current

Loan - PTIMN ⁽³⁾	4,935	–
	4,935	–

1. 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.

2. Other receivables are comprised mainly of interest accrued on term deposits. 2010 amount also included the \$2.0 million receivable from Troy Resources in respect of Casposo.

3. The loan receivable is a result of advancing funds to PT IMN for it to meet its 20% share of on-going exploration expenditure at Tujuh Bukit above the initial Intrepid commitment of A\$50 million in accordance with the Alliance Agreement entered into between Intrepid and PT IMN. The loan is currently unsecured and subject to ongoing negotiations to finalise its terms and conditions and documentation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

	31 Dec 2011 \$000	31 Dec 2010 \$000
15. PROPERTY, PLANT AND EQUIPMENT		
Non-current		
Plant and equipment – at cost	617	613
Less: Accumulated depreciation	(588)	(557)
	29	56
 Total property, plant and equipment	617	613
Less: Accumulated amortisation	(588)	(557)
	29	56
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 year	56	461
- Additions	4	497
- Disposals	–	(501)
- Depreciation	(32)	(406)
- Exchange differences	–	5
- Carrying amount at the end of the year	29	56
Motor vehicles		
- Carrying amount at the beginning of the year	–	12
- Disposals	–	(1)
- Depreciation	–	(11)
- Carrying amount at the end of the year	–	–
Buildings		
- Carrying amount at the beginning of the year	–	103
- Disposals	–	(24)
- Depreciation	–	(78)
- Exchange differences	–	(1)
- Carrying amount at the end of the year	–	–
Work in Progress		
- Carrying amount at the beginning of the year	–	73
- Additions	–	538
- Disposals	–	(1)
- Transfer to mine properties	–	(600)
- Exchange differences	–	(10)
- Carrying amount at the end of the year	–	–
Total Property , Plant and Equipment		
- Carrying amount at the beginning of the year	56	649
- Additions	4	1,035
- Disposals	–	(527)
- Transfer to mine properties	–	(600)
- Depreciation	(32)	(495)
- Exchange differences	1	(6)
- Carrying amount at the end of the year	29	56

	31 Dec 2011 \$000	31 Dec 2010 \$000
16. MINING PROPERTIES		
Non-current		
Mining Properties – at cost	16,478	15,459
Less: Accumulated depreciation	–	–
	16,478	15,459
Non-current		
Opening balance	15,459	17,582
Direct expenditure	1,016	9,862
Amortisation of mining properties	–	(4,550)
Disposal	–	(8,601)
Transfer from property, plant and equipment	–	600
Exchange differences	3	566
Closing balance	16,478	15,459
Mining properties consists of the following:		
Exploration properties (Indonesia- Tujuh Bukit)	16,478	15,459
Closing balance at end of year	16,478	15,459
17. TRADE AND OTHER PAYABLES		
Current	147	634
Trade payables	1,604	3,510
Other payables	1,751	4,144
18. CURRENT TAX PAYABLE		
Current		
Income Tax Payable	635	119
	635	119
19. PROVISIONS		
Current	304	286
Employee benefits	304	286
Non-Current	91	67
Employee benefits	91	67

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

20. FINANCIAL INSTRUMENTS

(a) Financial instruments used

The consolidated entity during the year did not enter into and was not part of any derivative financial instruments used in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates, interest rates and the gold price in accordance with the consolidated entity's Financial Risk Management Policy (refer to Note 3).

(b) Net fair value of financial assets and liabilities

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

	31 Dec 2011 \$000	31 Dec 2010 \$000
--	-------------------------	-------------------------

21. DEFERRED TAX LIABILITIES

Non-current

The balance comprises temporary differences attributable to:

Mining properties	2,157	2,157
	2,157	2,157

Movements:

Opening balance	2,157	2,157
Exchange differences	—	—
Closing balance	2,157	2,157

22. CONTRIBUTED EQUITY

Ordinary Shares

Issued and paid up	309,122	304,519
--------------------	---------	---------

Movements in Contributed equity

	Number of Ordinary Shares	
	'000	'000
Opening balance	515,343	427,902
Share issue – non-executive directors ⁽¹⁾	128	191
Share issue – exercise of options	6,843	5,929
Share issue – exercise of rights	1,500	—
Equity Raising	—	63,400
Share Purchase Plan	—	17,921
Closing balance	523,814	515,343

1. As approved by the shareholders at the 15 May 2009 Annual General Meeting, the Company's Non-executive Share Plan allows non-executive directors of the Company with the ability to sacrifice part of their director's fees to acquire ordinary shares of the Company.

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.

	31 Dec 2011 \$000	31 Dec 2010 \$000
--	-------------------------	-------------------------

23. RESERVES

Share based payments reserve⁽¹⁾

Balance at beginning of financial year	4,920	5,390
Share based payments granted as compensation	398	942
Options exercised (transfer to share capital)	(1,914)	(1,412)
Balance at end of financial year	3,404	4,920

Warrant reserve⁽¹⁾

Balance at beginning of financial year	1,228	1,228
Balance at end of financial year	1,228	1,228

Foreign currency translation reserve⁽²⁾

Balance at beginning of financial year	10,423	521
Currency translation differences arising during the year	1,026	9,902
Balance at end of financial year	11,449	10,423

Reserves balance at end of year	16,081	16,571
--	---------------	---------------

1. Share based payments and warrants reserves are used to record the fair value of options, warrants and share rights issued but not exercised.

2. 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.

24. ACCUMULATED LOSSES

Balance at the beginning of the year	126,256	121,267
Net loss attributable to members of the Company	29,988	4,989
Balance at the end of the year	156,244	126,256

25. COMMITMENTS FOR EXPENDITURE

(a) 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 2011 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 ⁽¹⁾⁽²⁾	1,420	369
-----------------------------------	-------	-----

1. Commitment in respect of 2010: On 30 October 2009, Intrepid and Cornerstone Capital Resources Inc ('Cornerstone') signed a term sheet outlining the terms of an option/joint venture arrangement over Cornerstone's Shyri Gold-Silver-Copper Property in Ecuador. The term sheet allowed for Intrepid to earn a 60% interest in the Shyri property by making initial cash payment of US\$250,000 and making a US\$500,000 private placement in Cornerstone shares. Intrepid has also committed to spending US\$6 million dollars over 5 years, including a commitment of US\$1 million in the first year. Intrepid may withdraw from the arrangement at any time after expending \$1 million. The private placement was made on 28 January 2010. The option agreement was signed on 5 January 2011. As at 31 December 2010, 369,000 remained out of the first year commitment of \$1million.

2. Commitment in respect of 2011: Tujuh Bukit Joint Venture, in which Intrepid Mines Limited has an 80% economic interest, has entered into various contracts with suppliers for services in relation to helicopter and drilling services. The commitments for 2011 are minimum contracted amounts required to be paid during the 2012 year.

(b) Operating leases

Within one year	179	163
Later than one year but not later than five years	298	—
	477	163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

26. 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:

Name of entity	Country of incorporation	Class of shares	Equity holding	
			31 Dec 11 %	31 Dec 10 %
DRD (Porgera) Limited	Papua New Guinea	Ordinary	100	100
DRD Australasia Services Pty Ltd	Australia	Ordinary	100	100
DRD Isle of Man Limited	Isle of Man	Ordinary	100	100
Emperor Mines Limited	Australia	Ordinary	100	100
Fortis Limited	Papua New Guinea	Ordinary	100	100
Intrepid Mines México SA de C.V.	Mexico	Ordinary	100	100
Intrepid Mines (Isle of Man) Ltd	Isle of Man	Ordinary	100	100
Intrepid NuStar Exchange Corporation (1)	Canada	Ordinary	100	100
Minera Planicie S.A. de C.V.	El Salvador	Ordinary	100	100
Minera Sierra S. A. de C.V.	Mexico	Ordinary	100	100
Mountain Exploration Limited	Papua New Guinea	Ordinary	100	100
Nustar Mining Corporation Pty Ltd	Australia	Ordinary	100	100
Tujuh Bukit Pte Ltd	Singapore	Ordinary	80	80

27. 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 26.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 28.

28. 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, CEO

(iii) *Non-executive directors*

A. Roberts

I. McMaster

L. Curtis

R. McDonald

A. Machribie

(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		Employer
S. Smith	Chief Financial Officer	Intrepid Mines Limited
V. Chidrawi	General Counsel	Intrepid Mines Limited
N. Bacon	Company Secretary	Intrepid Mines Limited
G. Snow	EGM Exploration & New Business	Intrepid Mines Limited
A. Skalski	General Manager - Special Projects	Intrepid Mines Limited
<i>Former Key management</i>		
M. Norris	EGM Exploration & New Business	Intrepid Mines Limited

	31 Dec 2011 \$000	31 Dec 2010 \$000
(c) Key management personnel compensation		
Short-term employee benefits	2,631,281	2,616,207
Post-employment benefits	171,106	140,817
Termination benefits	175,933	159,272
Share-based payments	569,310	731,354
	3,547,630	3,647,650

(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 except for those shares granted to non-executive directors as part of the Non-Executive Directors Share Plan:

31 December 2011

Name	Balance at 31/12/2010	Granted as Compensation	Purchased	Exercised options/ rights	Transferred on change of beneficial ownership	Disposed	Balance at 31/12/2011
Directors – non-executive							
C. Jackson	129,237	38,454	–	–	–	–	167,691
A. Roberts	44,018	28,072	–	–	–	–	72,090
I. McMaster	518,210	24,995	–	–	–	–	543,205
L. Curtis	575,797	20,312	119,000	–	–	161,734	553,375
R. McDonald	903,108	16,666	–	–	–	238,824	680,950
Directors – executive							
B. Gordon	235,294	–	–	2,970,588	–	2,970,588	235,294
Other key management personnel							
S. Smith	50,000	–	–	200,000	–	200,000	50,000
V.Chidrawi	19,412	–	20,000	760,785	–	760,785	39,412
Former key management							
M. Norris ⁽¹⁾	92,529	–	–	712,500	92,529	–	712,500

1. Mr. Norris resigned on 30 September 2011. He continued in a consulting capacity for the remainder of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

28. DIRECTOR AND OTHER KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

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

Shareholdings (continued)

31 December 2010

Name	Balance at 31/12/2009	Granted as Compensation	Purchased	Exercised options/ rights	Disposed	Balance at 31/12/2010
Directors – non-executive						
C. Jackson	52,084	60,299	16,854	–	–	129,237
A. Roberts	–	44,018	–	–	–	44,018
I. McMaster	470,588	39,195	8,427	–	–	518,210
L. Curtis	583,834	7,963	–	–	16,000	575,797
R. McDonald	847,059	39,195	16,854	–	–	903,108
Directors – executive						
B. Gordon	235,294	–	–	–	–	235,294
Other key management personnel						
M. Norris	92,529	–	–	–	–	92,529
S. Smith	250,000	–	–	600,000	800,000	50,000
V. Chidrawi	19,412	–	–	395,744	395,744	19,412
Former key management						
D. Russell ⁽¹⁾	–	–	–	1,000,000	1,000,000	–

1. Mr. Russell resigned on 14 November 2010

Option and rights holdings

Details of options and rights 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 (including share rights) over ordinary 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:

Name	Balance at 31/12/2010	Granted as Compensation	Exercised	Transfer on change of beneficial ownership	Balance at 31/12/2011	Vested during the year	Vested and exercisable at 31/12/2011
Directors – non-executive							
C. Jackson	–	–	–	–	–	–	–
L. Curtis	–	–	–	–	–	–	–
K. Dundo	–	–	–	–	–	–	–
R. McDonald	–	–	–	–	–	–	–
I. McMaster	–	–	–	–	–	–	–
A. Roberts	–	–	–	–	–	–	–
Directors – executive							
B. Gordon ⁽¹⁾	5,970,588	–	2,970,588	–	3,000,000	1,911,764	–
Other key management personnel							
S. Smith	1,400,000	–	200,000	–	1,200,000	666,667	866,667
V. Chidrawi	1,792,491	281,695	760,785	–	1,313,401	698,038	698,373
Former other key management personnel							
M. Norris	3,399,999	–	712,500	2,124,999	562,500	1,094,116	375,000

1. Mr. Gordon only held share rights at the end of the year.

31 December 2010

Name	Balance at 31/12/2009	Granted as Compensation	Exercised	Balance at 31/12/2010	Vested during the year	Vested and exercisable at 31/12/2010
Directors – non-executive						
C. Jackson	–	–	–	–	–	–
L. Curtis	–	–	–	–	–	–
K. Dundo	–	–	–	–	–	–
R. McDonald	–	–	–	–	–	–
I. McMaster	–	–	–	–	–	–
A. Roberts	–	–	–	–	–	–
Directors – executive						
B. Gordon ⁽¹⁾	5,970,588	–	–	5,970,588	411,764	1,058,823
Other key management personnel						
M. Norris	3,399,999	–	–	3,399,999	1,133,333	1,805,881
S. Smith	2,000,000	–	600,000	1,400,000	666,667	400,000
V. Chidrawi	2,188,235	–	395,744	1,792,491	698,038	823,864
Former key management personnel						
D. Russell	2,000,000	–	1,000,000	1,000,000	1,666,667	1,000,000

1. The number held by Mr. Gordon includes 4,500,000 share rights and 1,470,588 options .

(e) 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 was repayable after 60 months. Monthly interest payments were payable at Australian BBS plus 1% and 25% of any gross bonus or incentive payment was to be utilised to reduce the outstanding balance of the loan. The loan would have been immediately repayable if Mr. Gordon's employment ceased with Intrepid Mines Limited for any reason other than redundancy. The loan balance as at 31 December 2010 was A\$238,240. As at 31 December 2011 and the date of this report the loan was fully repaid.

There have been no other loans to directors or executives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

	31 Dec 2011 \$000	31 Dec 2010 \$000
--	-------------------------	-------------------------

28. DIRECTOR AND OTHER KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(f) Other transactions with directors and other key management personnel

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.

Amounts recognised

Legal fees (2010 includes assistance with equity raising)	75,653	188,671
---	--------	---------

29. 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) Audit services

KPMG Australia:

– Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	78,016	80,440
– Other assurance services in connection with the Company's equity raising in November 2010	–	63,890
	78,016	144,330

Overseas KPMG:

– Audit and review of financial report	12,000	
Total remuneration for audit services	90,016	144,330

(b) Other services

Total remuneration of other services	–	–
--------------------------------------	---	---

30. RECONCILIATION OF LOSS AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Loss for the period	(29,988)	(4,989)
Depreciation and amortisation	32	3,475
Loss on disposal of non current assets	–	196
Gain on sale of discontinued operation	–	(3,645)
Share based payments expense	604	942
Change in the fair value of other financial asset	513	(235)
Unrealised foreign exchange loss	1,664	1,992
Changes in operating assets and liabilities:		
Decrease/(Increase) in trade and other receivables	(359)	(13)
Decrease/(Increase) in inventories	–	(1,182)
Decrease/(Increase) in other assets	(207)	208
(Decrease)/increase in trade and other payables	(1,177)	(118)
Increase/(decrease) in provisions	45	(401)
Net cash flows used in operating activities	(28,873)	(3,770)

	Twelve months ended 31 Dec	
	2011	2010
	Cents	Cents

31. LOSS PER SHARE

Basic loss per share	(5.8)	(1.1)
Diluted loss per share	(5.8)	(1.1)

	Number	Number
Weighted number of ordinary shares used in the calculation of basic EPS:	521,292,130	435,678,869
Weighted number of ordinary shares used in the calculation of diluted EPS:	521,292,130	435,678,869

	\$000	\$000
Loss attributable to the ordinary equity holders of the Company used in calculating the basic /diluted loss per share	(29,988)	(4,989)

Continuing operations

Basic loss per share	(6.7)	(7.0)
Diluted loss per share	(6.7)	(7.0)

	Number	Number
Weighted number of ordinary shares used in the calculation of basic EPS:	521,292,130	435,678,869
Weighted number of ordinary shares used in the calculation of diluted EPS:	521,292,130	435,678,869

	\$000	\$000
Loss attributable to the ordinary equity holders of the Company used in calculating the basic /diluted loss per share	(34,948)	(30,369)

Options and rights on issue have not been included in the calculation of diluted earnings per share as they are antidilutive for the periods presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

32. SHARE BASED PAYMENTS

(a) Employee option plan

The establishment of the Scheme was approved by shareholders at the Annual General Meeting on 12 December 2003 and refreshed by shareholders on 30 November 2006. All Intrepid Mines Limited employees (excluding non-executive directors) are eligible to participate in the Scheme once they have been continuously employed by the Company for a period.

Options are granted for a five year term under the Scheme for no consideration.

Options vest in accordance with an employee's option offer. Options granted prior to 1 January 2011 vest between zero and thirty six months after the options are granted. These options vest on completion of a specified service period and are not subject to any other performance conditions.

Options granted on or after 1 January 2011 vest between thirty six months and forty eight months after the options are granted. The options vest on completion of a specified service period and are subject to TSR performance tests.

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 2.14 years (31 December 2010 – 2.29 years).

Set out below are summaries of options granted to employees under the Intrepid Mines Limited Employee Option Scheme.

Grant Date	Expiry date	Currency	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
31 December 2011									
18 Sep 06	9 Apr 11	A\$	1.050	70,000	—	(50,000)	(20,000)	—	—
18 Sep 06	30 Jul 11	A\$	1.050	45,000	—	(45,000)	—	—	—
18 Sep 06	12 Sep 11	A\$	1.050	75,000	—	(45,000)	(30,000)	—	—
1 Oct 06	30 Jul 11	A\$	0.980	18,000	—	(18,000)	—	—	—
4 Apr 07	24 Jan 11	A\$	0.490	35,000	—	—	(35,000)	—	—
4 Apr 07	30 Jul 11	A\$	0.490	16,000	—	(16,000)	—	—	—
28 Sep 07	9 Apr 11	C\$	0.310	20,000	—	(20,000)	—	—	—
28 Sep 07	28 Sep 12	C\$	0.310	30,000	—	—	—	30,000	30,000
28 Sep 07	30 Jul 11	A\$	0.350	113,000	—	(113,000)	—	—	—
2 Jan 08	30 Jul 11	A\$	0.320	10,000	—	(10,000)	—	—	—
11 Mar 08	2 Jan 12	A\$	0.340	458,825	—	(458,825)	—	—	—
17 Apr 08	15 Dec 11	A\$	0.340	23,529	—	(23,529)	—	—	—
17 Apr 08	1 Jan 13	A\$	0.300	353,724	—	(287,057)	—	66,667	66,667
17 Apr 08	15 Nov 11	A\$	0.300	4,705	—	(4,705)	—	—	—
5 May 08	24 Jan 11	A\$	0.243	25,000	—	—	(25,000)	—	—
5 May 08	17 Mar 11	A\$	0.243	16,000	—	—	(16,000)	—	—
5 May 08	30 Jul 11	A\$	0.243	12,000	—	(12,000)	—	—	—
30 May 08	1 Jan 13	A\$	0.300	235,294	—	(235,294)	—	—	—
16 Jul 08	15 Dec 11	A\$	0.350	150,000	—	(150,000)	—	—	—
16 Jul 08	30 Jul 11	A\$	0.350	50,000	—	(50,000)	—	—	—

Grant Date	Expiry date	Currency	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
31 December 2011 (continued)									
16 Jul 08	3 Jul 13	A\$	0.350	1,750,334	—	(1,750,001)	—	333	333
16 Jul 08	3 Jul 13	A\$	0.470	700,000	—	—	—	700,000	700,000
16 Jul 08	3 Jul 13	C\$	0.342	83,333	—	(83,333)	—	—	—
24 Feb 09	2 Oct 11	A\$	0.350	1,000,000	—	(1,000,000)	—	—	—
24 Feb 09	2 Jan 14	A\$	0.350	4,036,666	—	(470,832)	—	3,565,834	2,481,389
24 Feb 09	30 Jul 11	A\$	0.350	250,000	—	(250,000)	—	—	—
24 Feb 09	15 Dec 11	A\$	0.350	250,000	—	(250,000)	—	—	—
24 Mar 09	24 Mar 14	A\$	0.350	250,000	—	(250,000)	—	—	—
24 Mar 09	24 Mar 14	A\$	0.350	250,000	—	—	—	250,000	166,667
15 May 09	1 Jan 14	A\$	0.350	1,000,000	—	(1,000,000)	—	—	—
30 Jun 09	30 Jul 11	A\$	0.507	250,000	—	(250,000)	—	—	—
27 Sep 11	2 Jan 16	A\$	1.720	—	429,790	—	(7,768)	422,022	—
Total				11,581,410	429,790	(6,842,576)	(133,768)	5,034,856	3,445,056
Weighted average exercise price			A\$	0.37	1.72	0.37	0.70	0.48	0.37
31 December 2010									
1 Nov 05	3 Aug 10	A\$	0.636	62,500	—	—	(62,500)	—	—
1 Nov 05	14 Sep 10	A\$	0.696	25,000	—	—	(25,000)	—	—
1 Nov 05	29 Sep 10	A\$	0.744	25,000	—	—	(25,000)	—	—
16 Dec 05	18 Oct 10	A\$	0.672	33,334	—	(33,334)	—	—	—
16 Dec 05	25 Oct 10	A\$	0.660	16,667	—	(16,667)	—	—	—
16 Dec 05	12 Nov 10	A\$	0.612	16,667	—	(16,667)	—	—	—
9 May 06	1 Mar 11	A\$	0.828	16,667	—	(16,667)	—	—	—
18 Sep 06	9 Apr 11	A\$	1.050	70,000	—	—	—	70,000	70,000
18 Sep 06	30 Jul 11	A\$	1.050	45,000	—	—	—	45,000	45,000
18 Sep 06	12 Sep 11	A\$	1.050	200,000	—	(50,000)	(75,000)	75,000	75,000
1 Oct 06	30 Jul 11	A\$	0.980	81,000	—	(18,000)	(45,000)	18,000	18,000
1 Jan 07	1 Jan 12	A\$	0.760	81,000	—	(81,000)	—	—	—
4 Apr 07	24 Jan 11	A\$	0.490	35,000	—	—	—	35,000	35,000
4 Apr 07	30 Jul 11	A\$	0.490	28,000	—	(12,000)	—	16,000	16,000
28 Sep 07	9 Apr 11	C\$	0.310	40,000	—	(20,000)	—	20,000	20,000
28 Sep 07	28 Sep 12	C\$	0.310	165,000	—	(75,000)	(60,000)	30,000	30,000
28 Sep 07	28 Sep 12	A\$	0.350	105,000	—	—	(105,000)	—	—
28 Sep 07	30 Jul 11	A\$	0.350	113,000	—	—	—	113,000	113,000
28 Sep 07	14 Mar 11	A\$	0.350	16,000	—	(16,000)	—	—	—
28 Sep 07	31 Dec 10	A\$	0.350	18,000	—	(18,000)	—	—	—
4 Jul 06	15 Jan 10	C\$	0.650	75,000	—	—	(75,000)	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

32. SHARE BASED PAYMENTS (CONTINUED)

(a) Employee option plan (continued)

Grant Date	Expiry date	Currency	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
31 December 2010 (continued)									
4 Jul 06	22 Feb 10	C\$	0.600	20,000	—	—	(20,000)	—	—
4 Jul 06	18 May 10	C\$	0.650	95,000	—	—	(95,000)	—	—
4 Jul 06	6 Jun 10	C\$	0.420	30,000	—	—	(30,000)	—	—
2 Jan 08	30 Jul 11	A\$	0.320	139,000	—	(89,000)	(40,000)	10,000	10,000
11 Mar 08	30 Sep 10	A\$	0.340	117,647	—	(117,647)	—	—	—
11 Mar 08	2 Jan 12	A\$	0.340	505,883	—	(47,058)	—	458,825	458,825
17 Apr 08	1 Jan 11	A\$	0.300	117,647	—	(117,647)	—	—	—
17 Apr 08	15 Dec 11	A\$	0.340	23,529	—	—	—	23,529	15,686
17 Apr 08	1 Jan 13	A\$	0.300	416,468	—	(62,744)	—	353,724	235,816
17 Apr 08	15 Nov 11	A\$	0.300	4,705	—	—	—	4,705	3,137
5 May 08	24 Jan 11	A\$	0.243	25,000	—	—	—	25,000	25,000
5 May 08	17 Mar 11	A\$	0.243	32,000	—	(16,000)	—	16,000	16,000
5 May 08	30 Jul 11	A\$	0.243	24,000	—	(12,000)	—	12,000	12,000
30 May 08	1 Jan 13	A\$	0.300	235,294	—	—	—	235,294	156,863
16 Jul 08	30 Sep 10	A\$	0.350	1,000,000	—	(1,000,000)	—	—	—
16 Jul 08	15 Dec 11	A\$	0.350	250,000	—	(100,000)	—	150,000	100,000
16 Jul 08	28 Feb 11	A\$	0.350	30,000	—	(30,000)	—	—	—
16 Jul 08	30 Jul 11	A\$	0.350	250,000	—	(200,000)	—	50,000	33,334
16 Jul 08	2 Oct 11	A\$	0.350	1,000,000	—	(1,000,000)	—	—	—
16 Jul 08	3 Jul 13	A\$	0.350	2,750,000	—	(499,666)	(500,000)	1,750,334	1,166,889
16 Jul 08	3 Jul 13	A\$	0.470	1,000,000	—	(300,000)	—	700,000	466,667
16 Jul 08	3 Jul 13	C\$	0.342	250,000	—	(166,667)	—	83,333	55,555
24 Feb 09	31 May 10	A\$	0.350	250,000	—	(83,333)	(166,667)	—	—
24 Feb 09	30 Sep 10	A\$	0.350	1,000,000	—	(1,000,000)	—	—	—
24 Feb 09	21 Jan 11	A\$	0.350	250,000	—	(250,000)	—	—	—
24 Feb 09	2 Oct 11	A\$	0.350	1,000,000	—	—	—	1,000,000	333,333
24 Feb 09	2 Jan 14	A\$	0.350	4,750,000	—	(463,333)	(250,000)	4,036,667	1,345,555
24 Feb 09	30 Jul 11	A\$	0.350	250,000	—	—	—	250,000	250,000
24 Feb 09	15 Dec 11	A\$	0.350	250,000	—	—	—	250,000	250,000
24 Mar 09	24 Mar 14	A\$	0.350	250,000	—	—	—	250,000	166,667
24 Mar 09	24 Mar 14	A\$	0.350	250,000	—	—	—	250,000	83,333
15 May 09	1 Jan 14	A\$	0.350	1,000,000	—	—	—	1,000,000	666,667
30 Jun 09	30 Jul 11	A\$	0.507	250,000	—	—	—	250,000	83,333
Total				19,084,008	—	(5,928,430)	(1,574,167)	11,581,411	6,356,660
Weighted average exercise price		A\$		0.45	0.35	0.48	0.49	0.38	0.41

Fair value of employee options granted:

The fair value at grant date for options granted before 1 January 2011 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 2009 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: 152% to 154%,
- f. risk-free interest rate: 3.00% to 3.35%, and
- g. the share price at grant date varied with each issue and ranged for the year ended 31 December 2010 from A\$0.19 to A\$0.40.

The fair value at grant date for options granted after 1 January 2011 is independently determined using a Monte Carlo simulation pricing analysis 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 2011 included:

- a. options are granted for no consideration, have a five year life, and vest between zero and forty-eight months after date of grant;
- b. exercise price;
- c. grant date;
- d. expiry date;
- e. expected price volatility of the Company's shares: 60% ;
- f. risk-free interest rate: 1.49% to 3.81%; and
- g. the share price at grant date was A\$0.96.

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) Employee Share Rights Plan

Following approval by the shareholders on the 15th May 2009, Mr. Brad Gordon was issued 4,500,000 share rights under the Company's Senior ESP. In addition, a total of 211,010 share rights were issued to certain members of senior management on 27 September 2011 and a further total of 807,100 share rights were issued to certain member of senior management on 18 February 2012 under the Company's ESP.

The share rights granted before 1 January 2011 were issued in three equal tranches while share rights granted on or after 1 January 2011 were issued in two equal tranches. The share rights will automatically vest into fully paid ordinary shares upon specific performance conditions being achieved. The performance condition is a market hurdle, being TSR. Intrepid has used a Monte Carlo Simulation analysis to value the TSR component of the share rights.

The model inputs for rights granted during the year ended 31 December 2009 included:

Grant Date	15 May 09
Closing Share Price on ASX/TSX at Grant date	A\$ 0.29 / C\$ 0.28
AUD/CAD Exchange Rate at Grant Date	0.8823
Dividend Yield	0%
Risk Free Rate (Annual yield on each of a 2, 3 and 4 year Australian Government bond at the Grant Date.)	3.44%, 3.80% & 4.13%
Risk Free Rate (Annual yield on each of a 2, 3 and 4 year Canadian Government bond at the Grant Date.)	1.14%, 1.54% & 1.92%
Volatility	80%
Start Date	1 Jan. 2008, 1 Jan. 2009 & 1 Jan. 2010
Vesting / Test Date	1 Jan. 2011, 1 Jan. 2012 & 1 Jan. 2013
Expiry Date*	2 Jan. 2011, 2 Jan. 2012 & 2 Jan. 2013
Fair value at Grant Date	\$0.249; \$0.218; \$0.222;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

(PRESENTED IN UNITED STATES DOLLARS)

32. SHARE BASED PAYMENTS (CONTINUED)

(b) Employee Share Rights Plan (continued)

The model inputs for rights granted during the year ended 31 December 2011 included:

Grant Date	27 Sept 11
Closing Share Price on ASX/TSX at Grant date	A\$ 0.96 / C\$ 0.98
AUD/CAD Exchange Rate at Grant Date	0.9577
Dividend Yield	0%
Risk Free Rate (Annual yield on 9-year Australian Government bond at the Grant Date.)	4.24%
Risk Free Rate (Annual yield on 9 year Canadian Government bond at the Grant Date.)	2.29%
Volatility	60%
Start Date	1 Jan. 2011, & 1 Jan. 2012
Vesting / Test Date	1 Jan. 2014, & 1 Jan. 2015
Expiry Date ⁽¹⁾	17 Jul. 2021
Fair value at Grant Date	\$0.274; \$0.623

* If the performance conditions are satisfied at the vesting date, the relevant share rights will be automatically exercised. Any share rights which have not vested at the vesting date will expire.

(c) Non-executive Directors Share Plan

Under the terms of the Intrepid Non-Executive Directors Share Plan approved at the Company's Annual General Meeting in May 2010, non-executive directors can elect to take a portion of their fees as Company shares (effective from May 2010). The following percentages reflect the portion of their pre-tax remuneration taken in the Company's shares for 2011 and 2012:

Directors	2011	2012
C. Jackson	50.00%	50.00%
A. Roberts	60.00%	60.00%
I. McMaster	50.00%	0.00%
L. Curtis	40.00%	35.00%
R. McDonald	33.34%	33.34%
A. Machribe	N/A	50.00%

(d) 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:

	31 Dec 2011 \$000	31 Dec 2010 \$000
Shares issued under the Non Executive Directors Share Plan	205	131
Options issued under the Employee Option Scheme	150	710
Share rights issued under the Senior Executive Share plan	249	101
	604	942

33. JOINT VENTURE

The Group holds an 80% (2010: 80%) interest in the Tujuh Bukit project, which is exploring for gold-silver-copper projects in Eastern Java, Indonesia.

At 31 December 2011, the Group's interest in the assets of the project recognised in the consolidated balance sheet primarily comprise an interest in mining properties of US\$16,478,000 (2010: US\$ 15,459,000). Details of the Group's share of commitments relating to the project is disclosed in Note 26.

34. EVENTS OCCURRING AFTER REPORTING DATE

In January 2012 the CEO's second tranche of 1,500,000 rights vested due to the Company's TSR performance meeting the vesting conditions.

Also in January 2012, the Group released the NI 43-101 Tujuh Bukit Project Resource Update.

In February 2012 certain senior management were issued with 1,614,201 options and 807,100 rights in accordance with the Group's Executive Remuneration policy.

There were no other events subsequent to balance date which would have a material effect on the Group's financial statements at 31 December 2011.

35. PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended 31 December 2011, the parent entity of the Group was Intrepid Mines Limited.

	31 Dec 2011 \$000	31 Dec 2010 \$000
Result of parent entity		
Profit/(loss) for the period	1,829	15,425
Other comprehensive income	1,061	15,321
Total comprehensive income for the period	2,890	30,746
Financial position of parent entity at year end		
Current assets	147,314	155,108
Total assets	243,560	242,667
Current liabilities	1,579	2,299
Total liabilities	1,652	2,353
Total equity of the parent entity comprising of:		
Share capital	309,122	304,519
Reserves	22,911	23,949
Retained earnings	(90,125)	(88,154)
Total equity	241,908	240,314
Parent entity commitments		
(a) Capital commitments		
Within one year	—	369
(b) Operating commitments		
Within one year	179	163
One year or later and no later than five years	298	—
	477	163

36. CONTINGENT ASSET

31 December 2010

The sale of Paulsens to Northern Star was completed on 30 July 2010 ('Completion Date'). The purchase consideration of up to A\$40 million (refer to Note 7) included two top-up royalty payments of A\$2.5 million each which were conditional upon production of 57,500 and 62,500

ounces of gold from 1 June 2010 respectively. The A\$5 million top-up payments were treated as contingent assets as at 31 December 2010 were not included as royalties as the receipt of these funds were not virtually certain as of 31 December 2010. Both top-up payments were received during 2011.

DIRECTORS'S DECLARATION

31 DECEMBER 2011

In the directors' opinion:

- a. the financial statements and notes set out on pages 51 to 87 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 2011 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

Dated at Brisbane this 24th day of February 2012.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTREPID MINES LIMITED

31 DECEMBER 2011



Independent auditor's report to the members of Intrepid Mines Limited

Report on the financial report

We have audited the accompanying financial report of Intrepid Mines Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date, notes 1 to 36 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

95

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTREPID MINES LIMITED

31 DECEMBER 2011



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 30 to 40 of the Directors' Report for the year ended 31 December 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of Intrepid Mines Limited for the year ended 31 December 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'J Adams'.

Jason Adams
Partner

Brisbane
24 February 2012

STATEMENT OF SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2012

Substantial shareholder notices currently lodged with the company:

Taurus Funds Management	9.2%
Acorn Capital	5.7%
Van Eck Associates	5.5%

Distribution of ordinary fully paid shareholders (per Australian register) as at 16 March 2012

DISTRIBUTION OF ORDINARY FULLY PAID SHAREHOLDERS (PER AUSTRALIAN REGISTER) AS AT 16 MARCH 2011			
Range	Holders	Units	Percentage
1 - 1,000	583	271,339	0.07%
1,001 - 5,000	1,771	5,537,534	1.33%
5,001 - 10,000	1,156	9,215,094	2.21%
10,001 - 100,000	1,876	53,786,800	12.90%
> 100,000	189	348,137,745	83.50%
Total	5,575	416,948,512	100.00%

The number of shareholders holding less than a marketable parcel of shares was 375

TWENTY LARGEST SHAREHOLDERS AS AT 16 MARCH 2012

Rank	Decision Maker	Holding	% issued Capital Held
1	CDS & Co	94,776,509	18.12%
2	National Nominees Limited	78,172,721	14.94%
3	HSBC Custody Nominees	70,628,374	13.50%
4	JP Morgan Nominees Australia Limited	53,525,278	10.23%
5	Bond Street Custodians Limited	29,970,133	5.73%
6	Bond Street Custodian Limited	17,351,691	3.32%
7	Citicorp Nominees Pty Limited	10,816,927	2.07%
8	Cede & Co Depository Trust Co	7,974,884	1.53%
9	JP Morgan Nominees Australia Limited	7,900,976	1.51%
10	Citicorp Nominees Pty Limited	7,090,818	1.36%
11	HSBC Custody Nominees	6,852,107	1.31%
12	Mr Richards Palmer	3,107,371	0.59%
13	Cogent Nominees Pty Limited	2,836,273	0.54%
14	AMP Life Limited	2,504,990	0.48%
15	Harburg Nominees Pty Ltd	2,143,429	0.41%
16	Romap Pty Limited	2,000,999	0.38%
17	BT Portfolio Services Limited	2,000,000	0.38%
18	Sambold Pty Ltd	1,800,000	0.34%
19	High River Gold Mines Ltd	1,790,941	0.34%
20	Bond Street Custodians Limited	1,686,887	0.32%

ON MARKET BUY BACK

There is no current on market buy back of the Company's shares in place.

CORPORATE AND SHAREHOLDER INFORMATION

BOARD OF DIRECTORS

Colin Jackson

Chairman and Non-Executive Director

Brad Gordon

Managing Director

Lawrence Curtis

Non-Executive Director

Robert McDonald

Non-Executive Director

Ian McMaster

Non-Executive Director

Alan Roberts

Non-Executive Director

Adrianto Machribie

Non-Executive Director

EXECUTIVE MANAGEMENT

Brad Gordon

Chief Executive Officer

Gary Snow

Executive General Manager –
Exploration and New Business

Stephen Smith

Chief Financial Officer

Vanessa Chidrawi

General Counsel

Peter Eaton

Senior Manager Operations

Andrew Skalski

General Manager
Project Development

CORPORATE OFFICE

Australia

Level 1, WBM Building
490 Upper Edward Street
Spring Hill QLD 4004
Australia

Telephone +61 7 3007 8000

Facsimile +61 7 3007 8080

Email intrepid@intrepidmines.com

www.intrepidmines.com

ABN 11 060 156 452

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Pty Ltd (Australia)
GPO Box 2975
Melbourne Victoria
Australia 3001

Tollfree 1300 805 505

Telephone +61 3 9415 4000

Facsimile +61 3 9473 2500

Web.queries@computershare.com.au
www.computershare.com

Computershare Investor Services Pty Ltd (Canada)
100 University Avenue, 9th Floor
Toronto, Ontario, M5J 2Y1

Telephone +1 800 564 2653

Facsimile +1 416 981 9800

www.advancedshare.com.au

AUDITORS

KPMG
Level 16, Riparian Plaza
71 Eagle Street
Brisbane QLD 4000
Australia

Telephone +61 7 3233 3111

Facsimile +61 7 3233 3100

www.kpmg.com

BANKERS

Westpac Banking Corporation
40 St Georges Terrace
Perth WA 6000
Australia

Australia and New Zealand
Banking Group Limited
324 Queen Street
Brisbane QLD 4000
Australia

SHARES LISTED

Australian Securities Exchange (ASX: IAU)

Toronto Stock Exchange (TSX: IAU)

COMPANY FILINGS

Australia - www.asx.com.au

Canada - www.sedar.com

MARKET CAPITALISATION

A\$448 million (as at 16 March 2012)

Total shares 524.4 million @ A\$0.81 per share

TRADING PRICE

12 month trading range to December 2011

High

A\$2.40 11/04/2011

C\$2.45 11/04/2011

Low

A\$0.82 05/10/2011

C\$0.22 05/10/2011

ANNUAL GENERAL MEETING

Wednesday, 9 May 2012

2.30 p.m.

Sofitel Hotel

249 Turbot Street
Brisbane QLD 4000
Australia





WWW.INTREPIDMINES.COM