



**Intrepid Mines Limited**  
**ABN 11 060 156 452**

**Interim Financial Report**  
**Half Year Ended 30 June 2008**

**And**

**Appendix 4D**

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 31 December 2007 and any public announcements made by Intrepid Mines Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

All amounts in this interim financial report are in United States dollars unless stated otherwise.



## **Intrepid Mines Limited**

### **Results for announcement to the market**

	<b>Current Period 30 June 2008 \$'000</b>	<b>Previous Period 30 June 2007 \$'000</b>	<b>Percentage change %</b>
Revenue from continuing operations	34,634	17,839	Up 94%
Loss from continuing operations after tax attributable to members of the company	(6,096)	(27,025)	Down 77%
Net loss attributable to members of the company	(6,096)	(27,025)	Down 77%
<b>Dividends (distributions)-Franked</b>			
Final dividend	\$nil per security	\$nil per security	n/a
Interim dividend	\$nil per security	\$nil per security	n/a
<b>Dividends (distributions)-Un-franked</b>			
Final dividend	\$nil per security	\$nil per security	n/a
Interim dividend	\$nil per security	\$nil per security	n/a
Record date for determining entitlements to the dividends (if any)	n/a	n/a	n/a

### **Brief explanation on results announced to the market**

Gold and silver revenue of \$33.6 million derived during the current 6 months period from the sale of 44,922 ounces of gold at an average price of \$747/ounce against 32,834 ounces at \$535/ounce during the 2007 period. The level of bullion sales reflects the continued strong mining performance at the Paulsens Gold Mine during the period.

The loss for the period of \$6.1 million includes a pre- tax impairment charge of \$5.3 million on the El Salvador exploration property. This was following a review of the Groups exploration assets during the period in line with future commitments and recoverability of its assets.

Operating costs at Paulsens increased as a result of:

- continued strengthening of the Australian dollar against the United states dollar with the average rate for the six months to June of 0.9256 strengthening 15% from the average rate for the six months to June 2007 of 0.8077 (a 15% negative impact on costs);
- increased power generation and fly-in and fly-out costs due to rising fuel price;
- increased consumption of cyanide and oxygen to optimise ore recovery;
- increase in Royalty payables as a result of higher gold price;
- increase ratio of development to stoping ore and reduced capital development allocations;
- increase in amortisation and depreciation as a result of increased production; and

Exploration costs increased as a result of commitments on the Tujuh Bukit project in Indonesia (\$1.9 million).

General administration costs increased as a result of integration costs associated with the Emperor merger. This includes public relations, share registry, travel and costs associated with maintaining Perth, Brisbane and Canadian capital market office, increase in insurance costs, increase in taxation and accounting professional services costs. In order to realise future overhead savings, the Perth office was closed in April 08 and Canadian capital market office has been downsized.

## **Intrepid Mines Limited Directors' Report**

Your directors present their report together with the consolidated interim financial report for Intrepid Mines Limited ('Company' or 'Intrepid') and the entities it controlled ('the Group') at the end of, or during, the half-year ended 30 June 2008, and the review report thereon.

### **1. Directors**

The following persons were directors of Intrepid Mines Limited during the six months ended 30 June 2008 and up to the date of this report (unless otherwise stated):

- Colin G. Jackson, (Non executive chairman)
- Bradley A. Gordon, (Chief executive officer) [Appointed 11 March 2008]
- Laurence W. Curtis, (Non executive) [Resigned as executive director on 30 June 2008]
- Ian M. McMaster, (Non executive) [Appointed 11 March 2008]
- Kevin A. Dundo, (Non executive)
- Robert J. McDonald, (Non executive) [Appointed 11 March 2008]
  
- Brett T. Lambert (Non executive) [Retired on 11 March 2008]
- David V. Mosher (Non executive) [Retired on 11 March 2008]
- David D. Davidson (Non executive) [Retired on 11 March 2008]

### **2. Dividends**

The directors do not recommend the payment of a dividend (2007 nil).

### **3. Review of operations**

A solid performance from the Paulsens Gold Mine with gold production of 43,056 ounces for the six months to June 2008 compared to 33,348 ounces for the six month period to June 2007. With delivery of 21,523 ounces of the total 44,922 ounces sold at an average price of A\$627/ounce into the hedge book, revenue of \$33.6 million was derived during the current 6 months at an average price of \$747/ounce against 32,834 ounces at \$535/ounce in the 2007 period.

The loss for the period of \$6.1 million was dominated by a pre-tax impairment charge of \$5.3 million on the El Salvador exploration property. This followed a review of the Group's exploration assets during the period in line with future commitments and recoverability of its assets. Production costs also increased as a result of higher world oil prices, increase in reagents consumption and an increase in depreciation and amortisation as a result of increased production.

A detailed commentary on the operations and the results of those operations are presented in the Management's Discussion and Analysis document for the three and six months ended 30 June 2008.

### **4. Lead auditor's independence declaration under Section 307C of the Corporations Act 2001.**

The lead auditor's independence declaration is set out on page 22 and forms part of the Directors' Report for the half-year ended 30 June 2008.

### **5. Rounding off**

The Group is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & 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, unless otherwise stated.

Dated at Brisbane this 14 day of August 2008.

Signed in accordance with a resolution of the Directors.



\_\_\_\_\_  
B Gordon  
Director/Chief Executive Officer

**Intrepid Mines Limited**  
**Consolidated interim income statement**  
**For half year ended 30 June 2008**

	Notes	Six months ended 30 June	
		2008 \$000	2007 \$000
<b>Revenue from continuing operations</b>			
Gold and silver sales	5	33,630	17,594
Other income	6	1,004	245
		<b>34,634</b>	<b>17,839</b>
<b>Expenses</b>			
Cost of gold and silver sold – excluding depreciation and amortisation		19,985	14,231
Cost of gold and silver sold – depreciation and amortisation		9,035	5,647
Exploration and evaluation expenditure		2,631	817
General and administration expenses:			
- General		3,938	1,634
- Option value expense		174	223
Borrowing costs		781	1,312
Foreign exchange loss		422	-
Impairment of mining properties		5,265	30,000
<b>Loss before income tax</b>		<b>(7,597)</b>	<b>(36,025)</b>
Income tax benefit	8	1,501	9,000
<b>Loss attributable to members of the Company</b>		<b>(6,096)</b>	<b>(27,025)</b>
<b>Loss per share (including exchangeable shares) for loss from continuing operations attributable to members of the Company:</b>			
		<b>Cents per share</b>	
Basic and diluted loss per share	27	(1.8)	(16.4)

*The income statement is to be read in conjunction with the condensed notes to the consolidated interim financial statements set out on pages 7 to 20.*

**Intrepid Mines Limited**  
**Consolidated interim balance sheet**  
**As at 30 June 2008**

	Notes	30 June 2008 \$000	31 Dec 2007 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	45,939	2,861
Trade and other receivables	10	2,430	1,284
Inventories	11	4,005	4,591
Available-for-sale financial assets	12	193	341
Total current assets		52,567	9,077
<b>Non-current assets</b>			
Property, plant and equipment	13	9,735	9,418
Mining properties	14	74,196	67,820
Deferred tax assets		2,268	4,086
Other		-	216
Total non-current assets		86,199	81,540
<b>Total assets</b>		<b>138,766</b>	<b>90,617</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	19,018	4,214
Borrowings	16	407	18,442
Current tax payable		784	-
Provisions		463	393
Financial instruments	17	7,559	13,621
Total current liabilities		28,231	36,670
<b>Non-current liabilities</b>			
Borrowings	16	-	25
Provisions		608	471
Deferred tax liabilities		11,787	13,738
Total non-current liabilities		12,395	14,234
<b>Total liabilities</b>		<b>40,626</b>	<b>50,904</b>
<b>Net assets</b>		<b>98,140</b>	<b>39,713</b>
<b>Equity</b>			
Contributed equity	18	164,552	106,976
Reserves	20	8,338	1,391
Accumulated losses		(74,750)	(68,654)
<b>Total equity</b>		<b>98,140</b>	<b>39,713</b>

*The balance sheet is to be read in conjunction with the condensed notes to the consolidated interim financial statements set out on pages 7 to 20.*

**Intrepid Mines Limited**  
**Consolidated interim statement of changes in equity**  
**For half year ended 30 June 2008**

	<b>30 Jun 2008 \$000</b>	<b>30 June 2007 \$000</b>
<b>Total equity at the beginning of the period</b>	<b>39,713</b>	<b>55,380</b>
Cash flow hedges (net of tax)	5,009	4,970
Changes in the fair value of available-for-sale financial assets, net of tax	(97)	178
Exchange differences on translation to presentation currency	1,768	5,031
<b>Net income recognised directly in equity</b>	<b>6,680</b>	<b>10,179</b>
<b>Loss for the period</b>	<b>(6,096)</b>	<b>(27,025)</b>
<b>Total recognised income/(expense) attributable to the members of the Company for the period</b>	<b>584</b>	<b>(16,846)</b>
Transactions with equity holders in their capacity as equity holders:		
Employee share options	267	429
Contribution of equity, net of tax and transaction costs	57,576	17
	57,843	446
<b>Total equity at the end of the period</b>	<b>98,140</b>	<b>39,980</b>

The statement of changes in equity is to be read in conjunction with the condensed notes to the consolidated interim financial statements set out on pages 7 to 20.

**Intrepid Mines Limited**  
**Consolidated interim statement of cash flows**  
**For the half-year ended 30 June 2008**

	Notes	Six months ended	
		30 June	
		2008	2007
		\$000	\$000
<b>Cash flows from operating activities</b>			
Proceeds from gold and silver sales		33,653	17,675
Payments to suppliers and employees		(26,538)	(18,118)
Interest received		1,093	100
Borrowing costs		(581)	(1,426)
<b>Net cash inflow/(outflow) from operating activities</b>	7	<b>7,627</b>	<b>(1,769)</b>
<b>Cash flows from investing activities</b>			
Payments for development of mine properties		(8,558)	(5,430)
Payments for property, plant and equipment		(452)	(200)
Cash acquired on Merger		57,467	-
<b>Net cash inflow /(outflow) from investing activities</b>		<b>48,457</b>	<b>(5,630)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(13,094)	(4,095)
Proceeds from borrowings*		1,133	3,911
Proceeds from issue of shares		-	44
Share issue transaction costs		-	(27)
Merger related costs		(3,417)	-
<b>Net cash (outflow)/ inflow from financing activities</b>		<b>(15,378)</b>	<b>(167)</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>		<b>40,706</b>	<b>(7,566)</b>
Cash and cash equivalents at the beginning of the period		2,861	8,482
Effect of exchange rate changes on cash and cash equivalents		2,372	211
<b>Cash and cash equivalents at end of the reporting period</b>	9	<b>45,939</b>	<b>1,127</b>

\*Pre-merger loan from Emperor Mines Limited.

The statement of cash flows is to be read in conjunction with the condensed notes to the consolidated interim financial statements set out on pages 7 to 20.

**Intrepid Mines Limited**  
**Notes to consolidated interim financial statements**  
**For half year ended 30 June 2008**

**Note 1 Basis of preparation of half-year report**

Intrepid Mines Limited ('Company' or 'Intrepid') is domiciled in Australia. The address of the Company's registered office is Level 1, WBM Building, 490 Upper Edward Street, Spring Hill, QLD 4004. The condensed consolidated interim financial report of the Company as at and for the six months ended 30 June 2008 comprises of the Company and its subsidiaries (together referred to as the Group or Consolidated Entity).

This general purpose interim financial report for the half-year ended 30 June 2008 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes normally included in a full annual financial report. Accordingly, this interim financial report is to be read in conjunction with the annual financial report for the year ended 31 December 2007 and any public announcements made by Intrepid during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The interim financial report was approved by the Board of Directors on 14 August 2008.

**Note 2 Business combination**

On 11 March 2008 the Company completed a business combination by acquiring all of the issued securities of Emperor Mines Limited. The purchase consideration comprised the issue of 246,118,931 Intrepid ordinary shares for 1,046,005,621 issued securities of Emperor Mines Limited, 623,529 unlisted Intrepid shares and payment in cash of A\$89,826 for 4,880,900 Emperor's unlisted shares at fair value. As per the Merger Implementation Deed (MID) signed on 18 September 2007, Intrepid acquired all outstanding Emperor shares on 11 March 2008 (1,046,005,621) on the basis of the Exchange ratio, being (1) Ordinary Intrepid share for every 4.25 Emperor Shares outstanding with each fractional entitlement rounded up or down to the nearest whole number of Ordinary Shares.

The Exchange Ratio of the Ordinary Shares for Emperor Shares represented on 18 September 2007 (being the date of the execution of MID) an effective price of C\$0.245 per Ordinary Share. The closing price on TSX on 18 September 2007 for the Ordinary Shares was C\$0.25 per Ordinary Share and the 20 day volume weighted average price ending 18 September 2007 of the Ordinary Shares on the TSX was C\$0.239. The closing price of the Emperor Shares on the ASX on 18 September 2007 was A\$0.067 and the 20 day volume weighted average price ending 18 September 2007 on the ASX was A\$0.069.

The cost of the business combination has been determined by reference to the market value of Intrepid shares as at the date of the business combination (11 March 2008) and has been determined as outlined below. Note, at 30 June 2008 the balances are provisional due to ongoing work required to finalise the valuations of certain assets and liabilities.

	<b>Cost of business combination \$000</b>
Issue of 246,118,931 shares @ A\$0.255	57,576
Transaction costs directly attributable to business combination (including costs of unlisted shares)	3,410
<b>Total cost of business combination</b>	<b>60,986</b>



**Intrepid Mines Limited**  
**Notes to consolidated interim financial statements**  
**For half year ended 30 June 2008**

**Note 2 Business combination (continued)**

Details of net assets acquired were as follows:

	<b>Acquiree's carrying amount \$000</b>	<b>Fair value \$000</b>
Cash and cash equivalents	57,467	57,467
Receivables	8,858	8,858
Plant and equipment	1,895	1,895
Exploration and mine properties	-	7,638
Payables	(14,872)	(14,872)
<b>Net assets acquired</b>	<b>53,348</b>	<b>60,986</b>

**Note 3 Foreign currency translation**

The Company has adopted United States (US) dollars as its presentation currency as a result of its listing on the TSX as well as the ASX. The financial statements are translated from the individual subsidiaries functional currencies (Australian and Canadian dollars) into a presentation currency of United States dollars. The exchange rates applied were as follows:

<b>Quarterly average exchange rates used</b>	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>	<b>30 Jun 2007</b>
Australian dollars (A\$) to United States dollars (US\$)	0.9415	0.8898	0.8306
Canadian dollars (C\$) to United States dollars (US\$)	0.9876	1.0201	0.9120
<b>Period end closing exchange rates used</b>	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>	<b>30 Jun 2007</b>
Australian dollars (A\$) to United States dollars (US\$)	0.9600	0.8738	0.8489
Canadian dollars (C\$) to United States dollars (US\$)	0.9912	1.0199	0.9439

**Intrepid Mines Limited**  
**Notes to consolidated interim financial statements**  
**For half year ended 30 June 2008**

**Note 4 Segment information**

For the six months ended 30 June 2008 the Consolidated entity operated predominantly in the gold mining, development and exploration operating segment within the following geographical segments:

**Argentina**

The Consolidated entity conducts exploration and evaluation of the Casposo gold/silver project, along with regional exploration programs focussed in the San Juan province.

**Australia**

The Consolidated entity maintains a corporate office in Brisbane, Australia and operates the Paulsens Gold Mine, along with regional exploration programs focussed in the Ashburton region of Western Australia.

**Canada**

The Consolidated entity maintains a capital markets office in Toronto, Canada.

**El Salvador**

The Consolidated entity conducts exploration on several projects in El Salvador.

**Mexico**

The Consolidated entity conducts exploration on the Taviche property in Mexico.

**Indonesia**

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.

**Primary reporting – geographical segments**

**For the six months ended 30 June 2008**

Segment information – geographic segment	Australia \$000	Canada \$000	Argentina \$000	El Salvador \$000	Mexico \$000	Indonesia \$000	Elimination \$000	Consolidated \$000
<b>Revenue</b>								
External sales	33,630	-	-	-	-	-	-	33,630
Other revenue	992	12	-	-	-	-	-	1,004
Total segment revenue	34,622	12	-	-	-	-	-	34,634
<b>Results</b>								
Segment results	1,141	(1,882)	(44)	(5,326)	(307)	(1,903)	724	(7,597)
Profit/(loss) before income tax	1,141	(1,882)	(44)	(5,326)	(307)	(1,903)	724	(7,597)
Income tax benefit								1,501
Loss for the period								(6,096)
<b>Assets</b>								
Segment assets	195,012	3,225	46,100	-	2,110	11,958	(119,639)	138,766
Unallocated assets								-
Total assets								138,766

Segment revenues are allocated based on the country where the revenue is earned.

**Intrepid Mines Limited**  
**Notes to consolidated interim financial statements**  
**For half year ended 30 June 2008**

**For the six months ended 30 June 2007**

<b>Segment information – geographic segment</b>	<b>Australia \$000</b>	<b>Canada \$000</b>	<b>Argentina \$000</b>	<b>El Salvador \$000</b>	<b>Mexico \$000</b>	<b>Elimination \$000</b>	<b>Consolidated \$000</b>
<b>Revenue</b>							
External sales	17,594	-	-	-	-	-	17,594
Other revenue	143	102	-	-	-	-	245
Total segment revenue	17,737	102	-	-	-	-	17,839
<b>Results</b>							
Segment results	(5,178)	(847)	-	-	-	(30,000)	(36,025)
Loss before income tax	(5,178)	(847)	-	-	-	(30,000)	(36,025)
Income tax benefit							9,000
Loss for the period							(27,025)
<b>Assets</b>							
Segment assets	33,899	782	40,371	5,002	2,006	-	82,060
Unallocated assets							3,447
Total assets							<b>85,507</b>

	<b>Jun 2008 \$'000</b>	<b>Jun 2007 \$'000</b>
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**Note 5 Revenue from continuing operations**

Gold revenue	33,570	17,559
Silver revenue	60	35
Total revenue	<u>33,630</u>	<u>17,594</u>

**Note 6 Other income**

External interest	880	97
Other	124	-
Foreign exchange gain	-	148
Total other income	<u>1,004</u>	<u>245</u>

**Intrepid Mines Limited**  
**Notes to consolidated interim financial statements**  
**For half year ended 30 June 2008**

	Jun 2008 \$'000	Jun 2007 \$'000
<b>Note 7 Reconciliation of loss after income tax to net cash inflow/(outflow) from operating activities</b>		
Operating (loss) after income tax	(6,096)	(27,025)
Depreciation and amortisation	8,548	5,685
Accretion of mine provision	13	12
Borrowing costs	166	109
Loss on disposal on non current assets	192	-
Impairment of mining properties	5,265	30,000
Income tax benefit	(1,523)	(9,000)
Unrealised foreign exchange loss/(gain)	389	(71)
Non-cash option value expense	174	223
Changes in operating assets and liabilities		
Decrease in trade and other receivables	163	79
Decrease / (increase) in inventories	1,032	(121)
Decrease/ (increase) in other assets	596	(235)
(Decrease) in trade creditors and other payables	(1,237)	(1,674)
(Decrease) in other provisions	(59)	(199)
Increase in other operating liabilities	4	448
<b>Net cash inflow / (outflow) from operating activities</b>	<b>7,627</b>	<b>(1,769)</b>

**Note 8 Income tax benefit**

**Numerical reconciliation of income tax expense to prima facie tax payable**

Loss before income tax	7,597	36,025
Benefit at Australian tax rate of 30% (June 2007: 30%)	(2,279)	(10,808)
Tax effect of amounts which are not deductible in calculating taxable income:		
Exploration expenditure	696	-
Option remuneration	53	67
Prior period adjustments	8	-
Sundry items	4	-
	(1,518)	(10,741)
Tax losses not recognised	17	1,741
Income tax benefit	(1,501)	(9,000)

The Company has not brought non-capital tax losses to account as it is currently reviewing the availability of its tax losses under Australian income tax legislation, which requires losses to pass one of two tests being the Continuity of Ownership or the Same Business test.

**Intrepid Mines Limited**  
**Notes to consolidated interim financial statements**  
**For half year ended 30 June 2008**

	Jun 2008 \$'000	Dec 2007 \$'000
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**Note 9 Current assets-Cash and cash equivalents**

Cash at bank and on hand-unrestricted*	43,833	2,861
Cash at bank and on hand-restricted**	2,106	-
	<u>45,939</u>	<u>2,861</u>

\*includes net \$12 million held on behalf of DRDGold Limited at 30 June 2008. This was paid to DRDGold Limited on 12 August 2008 following the release of a class ruling by the ATO that the capital distribution made by Emperor Mines Limited in September 2007 was not a deemed dividend to its shareholders.

\*\* restricted cash relates to security deposits on various securities held by the controlling entities in Papua New Guinea (statutory deposits for Fortis Insurance Limited), Australia (guarantees for corporate office lease) and Fiji. The security in Fiji is over the Vatukoula mining lease. Intrepid continues to work with the new owners of the Vatukoula Gold Mine to transfer the security of the mining lease.

**Note 10 Current assets-Trade and other receivables**

Other receivables*	2,378	1,010
Prepayments	52	274
	<u>2,430</u>	<u>1,284</u>

\*Other receivable includes \$0.5 million receivable from DRDGold Limited at 30 June 2008.

**Note 11 Current assets-Inventories**

Consumables-at cost	755	656
Ore stock- at cost	1,155	1,104
Gold in circuit-at cost	2,095	2,831
	<u>4,005</u>	<u>4,591</u>

**Note 12 Current assets-Available-for-sale financial assets**

Equity securities-listed <sup>(1)</sup>	74	219
Equity securities-unlisted <sup>(2)</sup>	119	122
	<u>193</u>	<u>341</u>

(1) At balance date, the Consolidated entity held 465,000 shares in Aura Silver Resources Inc. (AUU), a TSX listed entity at C\$0.16 per share (December 2007: 465,000 shares at C\$0.46 per share).

(2) At balance date, the Consolidated entity held 850,000 shares in Exploratus Ltd, an unlisted entity (December 2007: 850,000 shares) at C\$0.14 per share.

**Note 13 Non current assets-Plant and equipment**

Opening balance at beginning of period	9,418	11,481
Acquired via merger	1,895	-
Additions	521	868
Disposals	(269)	-
Depreciation	(2,750)	(4,029)
Exchange differences	920	1,098
Closing balance at end of period	<u>9,735</u>	<u>9,418</u>

**Intrepid Mines Limited**  
**Notes to consolidated interim financial statements**  
**For half year ended 30 June 2008**

	Jun 2008 \$'000	Dec 2007* \$'000
<b>Note 14 Non current assets –Mining properties</b>		
Opening balance at beginning of period	67,820	86,104
Acquired via merger	7,638	-
Direct expenditure	9,427	8,412
Amortisation of Mine properties	(5,798)	(8,937)
Impairment charge	(5,265)	(30,000)
Exchange differences	374	12,241
Closing balance at end of period	<u>74,196</u>	<u>67,820</u>

\* December 2007 movements are for the period of 1 January 2007 to 31 December 2007.

**Mining properties consists of the following:**

Mine development (Paulsens)	14,028	15,911
Exploration and development (Casposo)	46,100	44,321
Exploration properties (El Salvador)	-	5,417
Exploration properties (Mexico)	2,110	2,171
Exploration properties (Indonesia- Tujuh Bukit )	11,958	-
Closing balance at end of period	<u>74,196</u>	<u>67,820</u>

**Note 15 Current liabilities-Trade and other payables**

Trade payables	2,484	2,544
Other payables*	16,534	1,670
	<u>19,018</u>	<u>4,214</u>

\*Other payables includes \$12.5 million held on behalf of DRDGold Limited at 30 June 2008.

**Note 16 Current and non current liabilities-Borrowings**

**Current**

Project finance facility <sup>(1)</sup>	-	12,021
Finance leases <sup>(2)</sup>	407	835
Other loans <sup>(3)</sup>	-	5,586
	<u>407</u>	<u>18,442</u>

**Non-current**

Finance leases <sup>(2)</sup>	-	25
	<u>-</u>	<u>25</u>

- (1) The facilities are secured by a first ranking fixed and floating charge over all of the property and assets of the Paulsens Gold Project and by a mortgage over the shares in Intrepid Minerals Corporation. The loan facility was fully repaid on the 22 May 2008. The charge will be released on the closure of the hedge book in December 2008.
- (2) Each finance lease is secured against the underlying hire purchase equipment.
- (3) Loan from Emperor is now treated as an intercompany loan and eliminated on consolidation for all transactions subsequent to the 11 March 2008 merger.

**Intrepid Mines Limited**  
**Notes to consolidated interim financial statements**  
**For half year ended 30 June 2008**

**Jun 2008**  
**\$'000**

**Dec 2007**  
**\$'000**

**Note 17 Current liabilities-Financial instruments**

**Current liabilities**

Gold forward sales contracts -cash flow hedges <sup>(1)</sup>	7,559	13,628
Interest rates swap contracts – cash flow hedges <sup>(2)</sup>	-	(7)
<b>Total current financial instrument liabilities</b>	<b>7,559</b>	<b>13,621</b>

(1) *Forward Australian dollar gold sales contracts*

In meeting finance facility obligations and reducing exposure to the risk of a reduction in the Australian dollar gold price, the Consolidated entity entered into Australian dollar gold sales contracts in December 2004. The contracts were timed to mature monthly to be matched to monthly forecast future gold sales. All forward gold sales contracts falling due have been delivered in accordance with the original hedging schedule. No new forward gold sales contracts were entered into during the period ended 30 June 2008.

**Maturity**

<b>Forward sales</b>	<b>Ounces</b>	<b>A\$/ounce</b>
2008 (remaining 6 months)	22,448	A\$627
<b>Total contracts</b>	<b>22,448</b>	<b>A\$627</b>

The mark to market value of the forward gold hedge contracts at 30 June 2008 was an unrealised loss of \$7,559,000 (unrealised loss of \$13,628,000 at 31 December 2007).

(2) *Interest rate swap contracts*

The Consolidated entity entered into interest rate swap contracts in relation to its project finance facility prior to December 2004 to protect part of the finance facility from exposure to increasing interest rates. No new interest rate swap arrangements have been entered into during the period ended 30 June 2008.

The contracts required settlement net of interest receivable or payable each quarter with the final swap contact settled on 1 April 2008.

At 30 June 2008, the notional principal amounts and periods of expiry of the interest rate swap contracts were as follows:

	<b>Jun 2008</b>	<b>Dec 2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Less than 1 year	-	1,791
	<b>-</b>	<b>1,791</b>

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and re-classified into profit and loss when the hedged interest expense is recognised. The ineffective portion is recognised in the income statement immediately. During the period ended 30 June 2008 there was no ineffective portion.

**Intrepid Mines Limited**  
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	Jun 2008 \$'000	Dec 2007 \$'000
<b>Note 18 Contributed equity</b>		
Issued and paid up capital	164,552	106,976

**Movements in ordinary share capital**

	Number of shares <sup>(1)</sup>	\$000
<b>31 December 2007</b>		
Opening balance	181,783,419	106,976
11 March 2008	Share Issue –Merger Emperor Mines Ltd	57,576
	246,118,931	
<b>30 June 2008</b>	<b>Closing balance</b>	<b>164,552</b>
	<b>427,902,350</b>	

(1) Includes exchangeable shares. The July 4, 2006 merger consideration for all the issued securities of Intrepid Minerals Corporation included 31,458,608 Exchangeable shares from the Company's wholly owned Canadian subsidiary Intrepid NuStar Exchange Corporation ('INEC') where the exchangeable shares are exchangeable into Intrepid Mines Limited ordinary shares. There were 14,484,353 Exchangeable shares outstanding at 30 June 2008.

**Note 19 Unlisted securities**

<b>Movements in unlisted securities:</b>		Number of options	Number of warrants
<b>31 December 2007</b>	<b>Opening balance</b>	<b>9,079,839</b>	<b>7,728,000</b>
2 Jan 2008	Employee options issued	349,000	
11 March 2008	Employee options issued on Emperor merger	882,353	
17 April 2008	Employee options issued	679,996	
5 May 2008	Employee options issued	121,000	
30 May 2008	Employee options issued	235,294	
30 June 2008	Expired during the period	(2,090,138)	(7,728,000)
<b>30 June 2008</b>	<b>Closing balance</b>	<b>9,257,344</b>	<b>-</b>



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	Ordinary shares under option	Exercise price	Expiry date
Directors and former directors	905,588	A\$0.30 to C\$0.93	15 Sep 2008 to 1 Jan 2013
Senior management	1,208,528	A\$0.30 to A\$1.05	12 Aug 2008 to 1 Jan 2013
Other employees	3,513,228	A\$0.243 to A\$1.05	15 Sep 2008 to 5 May 2013
Consultants	630,000	C\$0.31 to A\$1.05	12 Aug 2008 to 28 Sep 2012
Financiers	3,000,000	A\$0.36 to A\$0.52	04 Apr 2009 to 20 Sep 2009
	<b>9,257,344</b>		

*Fair value of options granted:*

The fair value at grant date 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 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 period ended 30 June 2008 included:

- (a) options are granted for no consideration, have a five year life, and vest between 3 and 36 months after date of grant
- (b) exercise price
- (c) grant date
- (d) expiry date
- (e) expected price volatility of the Company's shares: 90% to 93%
- (f) risk-free interest rate: 7.00%
- (g) the share price at grant date varied with each issue and ranged for the period from A\$0.26 to A\$0.30
- (h) the expected price volatility is based on the historic viability (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The fair value of the options issued during the period ranged from A\$0.20 to A\$0.25 and the basis of measuring fair value is consistent with that disclosed in the 31 December 2007 annual financial report. The portion of fair value expensed of all options vesting during the half year ended 30 June 2008, including those issued in prior years, was \$174,000.

Subsequent to the period end 7,030,000 options were issued to employees and senior management at exercise prices ranging from A\$0.35 to A\$0.47.

**Intrepid Mines Limited**  
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	Jun 2008 \$'000	Dec 2007* \$'000
<b>Note 20 Reserves</b>		
<b>Option reserve <sup>(1)</sup></b>		
Balance at beginning of financial period	2,664	2,015
Options issued relating to merger	93	-
Options issued	174	708
Options exercised (transfer to share capital)	-	(59)
Convertible note equity	-	-
Balance at end of financial period	<u>2,931</u>	<u>2,664</u>
<b>Warrant reserve <sup>(1)</sup></b>		
Balance at beginning of financial period	1,228	1,228
Warrants issued relating to share issue	-	-
Warrants issued relating to merger	-	-
Balance at end of financial period	<u>1,228</u>	<u>1,228</u>
<b>Hedging reserve – cash flow hedges <sup>(2)</sup></b>		
Balance at beginning of financial period	(7,933)	(10,440)
Revaluation	7,156	3,581
Deferred tax	(2,147)	(1,074)
Balance at end of financial period	<u>(2,924)</u>	<u>(7,933)</u>
<b>Available for sale investments revaluation reserve <sup>(3)</sup></b>		
Balance at beginning of financial period	73	67
Revaluation – gross	(139)	242
Deferred tax	42	(13)
Transfer to net profit	-	(223)
Balance at end of financial period	<u>(24)</u>	<u>73</u>
<b>Foreign currency translation reserve <sup>(4)</sup></b>		
Balance at beginning of financial period	5,359	(2,205)
Currency translation differences arising during the period	1,768	7,564
Balance at end of financial period	<u>7,127</u>	<u>5,359</u>
 Reserve balance at end of period	 <u><b>8,338</b></u>	 <u><b>1,391</b></u>

\* December 2007 movements are for the period of 1 January 2007 to 31 December 2007.

- (1) Option and warrant reserve is used to record the fair value of unexercised options and warrants.
- (2) Hedging reserve used to record unrealised gains or losses on cash flow hedging instruments. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.
- (3) Available for sale investments revaluation reserve used to record changes in the fair value of investments.
- (4) Exchange differences arising on translation are recognised initially in a separate component of equity and recognised in profit or loss on disposal of the net investment or when the monetary item is settled.

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**Note 21 Related Parties**

A director, Mr Dundo, is a Partner of Q Legal, a law firm that has provided legal services to the Company on normal commercial terms. During the six months ended 30 June 2008 the Company incurred \$90,262 (six months ended 30 June 2007: \$31,691) of legal costs from Q Legal.

The Corporate Secretary Canada, Ms Kathleen Skerrett, is a Partner at Gardner Roberts LLP, a law firm that has provided legal services to the Consolidated entity on normal commercial terms. During the six months ended 30 June 2008 the Consolidated entity incurred \$110,400 (six months ended 30 June 2007: \$51,911) of legal costs from Gardner Roberts LLP.

**Note 22 Commitments and Contingencies**

**Major Contracts**

The Company has a number of contracts in connection with ordinary operations of the Paulsens Gold Mine. The contracts relate to the provision of power generation and oxygen generation and have fixed terms. Should the Company terminate the contracts early there are penalties of up to \$0.4 million in aggregate (\$0.9 million at 31 December 2007). The directors and management do not intend to terminate or withdraw from the contracts before the end of the terms.

	Jun 2008 \$'000	Dec 2007 \$'000
<b>(a) Capital commitments</b>		
Commitments to National power grid for the Casposo <sup>(1)</sup> project and Paulsens Gold Mine demobilisation in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	8,382	1,064
Later than one year and but not later than five years	2,620	11,215
Later than five years	3,900	2,600
	14,902	14,879

<sup>(1)</sup> National power grid commitment totals \$14.5 million of which only \$0.725 million is committed for payment in late August 2008 and \$7.275 million due for payment in 4th quarter 2008 and the rest in biannual instalments, commencing in the second year of production, with production expected to commence in the third quarter of 2010.

**(b) 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 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	976	996
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In addition the Company is involved in exploration joint ventures which require specified expenditures in order to earn interests.

**Intrepid Mines Limited**  
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**For the half-year ended 30 June 2008**

**Jun 2008**      **Dec 2007**  
**\$'000**              **\$'000**

**Note 22 Commitments and Contingencies (continued)**

**(c) Finance leases**

Commitments in relation to finance leases are payable as follows:

Within one year	407	859
Later than one year but not later than five years	-	27
Minimum lease payments	407	886
Less: future finance charges	-	(26)
Total lease liabilities	407	860
Representing lease liabilities:		
Current (Note 16)	407	835
Non-current (Note 16)	-	25
	407	860

**(d) Operating leases**

Within one year	237	195
Later than one year and but not later than five years	609	431
	846	626

**Note 23 Additional dividend/distribution information**

Details of dividends/distributions declared or paid during or subsequent to the half year ended 30 June 2008 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security	Foreign sourced dividend amount per security
NIL	NIL	NIL	NIL¢	NIL¢	NIL¢	NIL¢

**Note 24 Dividend/distribution reinvestment plans**

The Company has no dividend reinvestment plans in operation at balance date.

**Note 25 NTA backing**

	<b>Jun 2008</b>	<b>Dec 2007</b>
	<b>\$</b>	<b>\$</b>
Net tangible asset backing per ordinary share	\$0.224	\$0.196
Number of shares outstanding at the end of the period <sup>(1)</sup>	427,902,350	181,783,419
Net tangible assets <sup>(2)</sup>	\$95,872,000	\$35,627,000

(1) includes Intrepid NuStar Exchange Corporation exchangeable shares that were issued on the TSX in relation to the July 2006 merger and are exchangeable for fully paid ordinary shares of the Company.

(2) includes mining properties net of the related deferred tax liability and excludes deferred tax asset on the fair value of the hedge book.

**Intrepid Mines Limited**  
**Notes to consolidated interim financial statements**  
**For the half-year ended 30 June 2008**

**Note 26 Controlled entities acquired or disposed of**

Refer to Note 2 for discussion on controlled entity acquired during the period.

**Note 27 Earnings per share**

	<b>Jun 2008 Cents</b>	<b>Jun 2007 Cents</b>
Basic EPS	(1.8)	(16.4)
Diluted EPS	(1.8)	(16.4)
	<b>Number</b>	<b>Number</b>
Weighted number of Ordinary shares used in the calculation of Basic EPS:	332,718,233	164,266,132
Weighted number of Ordinary shares used in the calculation of Diluted EPS	332,718,233	164,266,132

The calculation includes Intrepid's ordinary share capital issued (including exchangeable shares) to 30 June 2008 and 30 June 2007.

**Note 28 Associates and joint venture entities**

Name	Ownership interest		Aggregate share of profits, where material		Contribution to net profit/(losses), where material	
	Jun 2008 %	Jun 2007 %	Jun 2008 \$000	Jun 2007 \$000	Jun 2008 \$000	Jun 2007 \$000
n/a	n/a	n/a	n/a	n/a	n/a	n/a

**Note 29 Events subsequent to balance date**

On 12 August, the Company paid \$12 million to DRDGold Limited. This was following the release of a class ruling by the ATO that the capital distribution made by Emperor Mines Limited in September 2007 was not a deemed dividend to its shareholders.

## Directors' declaration

In the opinion of the directors of Intrepid Mines Limited ('the Company'):

1. the interim financial statements and notes set out on pages 3 to 20, are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the Group's financial position as at 30 June 2008 and of its performance for the six month period ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Brisbane this 14 day of August 2008.

Signed in accordance with a resolution of the directors:



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B Gordon  
Director/Chief Executive Officer



**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 review for the half-year ended 30 June 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Warren Austin', is written over a printed KPMG logo. The logo consists of the letters 'KPMG' in a bold, sans-serif font, with a stylized graphic of four vertical bars of varying heights to the left of the text.

Warren Austin  
*Partner*

Brisbane  
14 August 2008



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

We have reviewed the accompanying half-year financial report of Intrepid Mines Limited, which comprises the consolidated interim balance sheet as at 30 June 2008, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a description of accounting policies and other explanatory notes 1 to 29 and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the financial report**

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2008 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Intrepid Mines Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

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

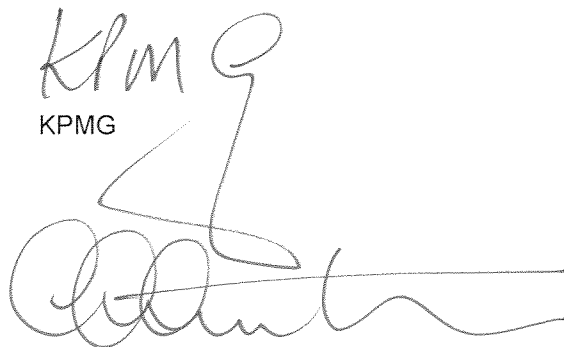




## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Intrepid Mines Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.



KPMG  
KPMG

The image shows a handwritten signature in dark ink, which appears to be 'Warren Austin'. Above the signature, the word 'KPMG' is written in a stylized, cursive font. Below the signature, the word 'KPMG' is printed in a standard, bold, sans-serif font.

Warren Austin  
*Partner*

Brisbane  
14 August 2008