

Company Update and Option to acquire WA Nickel Sulphide Project in highly endowed Nickel Belt

Highlights

- InterMet signs six month option over highly prospective Western Australian Nickel Sulphide Project located at the southern end of the prolific Agnew-Wiluna Nickel Belt which hosts several world class nickel mines.
- Previous gold exploration drilling by BHP Billiton intersected shallow disseminated sulphides in ultramafic rocks, including 2m at 0.43% Ni and 85ppm Cu.
- Disseminated sulphides coincident with two aeromagnetic anomalies that provide immediate exploration targets.
- Due diligence to commence immediately, with intention to conduct confirmatory drill program.
- Balance sheet strengthened with ~\$2.4m debt forgiveness and \$500,000 capital raising.

InterMet Resources Limited (ASX: ITT) (InterMet or Company) is pleased to announce that it has executed a binding Option Agreement (Option) with Rossiter Minerals Limited (Rossiter), for an exclusive six month option to acquire an 80% interest in the Calypso Nickel Sulphide Project (Calypso Project) located in Western Australia.

WA Nickel Project

The Calypso Project is an early stage nickel exploration project located approximately 200kms north of Kalgoorlie within the southern extent of the highly endowed Agnew-Wiluna Nickel Belt. The Agnew-Wiluna Belt is a prolific nickel sulphide province hosting world class deposits including Mt Keith, Perseverance Pit, Honeymoon Well and Cosmos Deeps. These are located to the north of the project area (see Figure 1).



Figure 1. Location and Regional Geological Setting of Calypso Nickel Sulphides Project.

InterMet's immediate due diligence program will focus on confirming the presence of disseminated sulphides encountered in ultramafic rocks by BHP Minerals Ltd during their purely gold-focused exploration in the mid-1980s. The sulphides were described as having been intersected in consecutive holes on a single line of shallow aircore drilling over the Zeus prospect, one of two discrete, intense aeromagnetic anomalies of approximately 1 km in length identified by BHP Minerals Ltd within the Calypso Project (Figure 2). Zeus and the other aeromagnetic anomaly, Argo, will be the focus of InterMet's due diligence during the term of the Option InterMet plans to twin the drill holes described to confirm the presence of nickel mineralisation and review the existing relationship between the anomalies and the previous sampling results to establish the potential of these prospects.

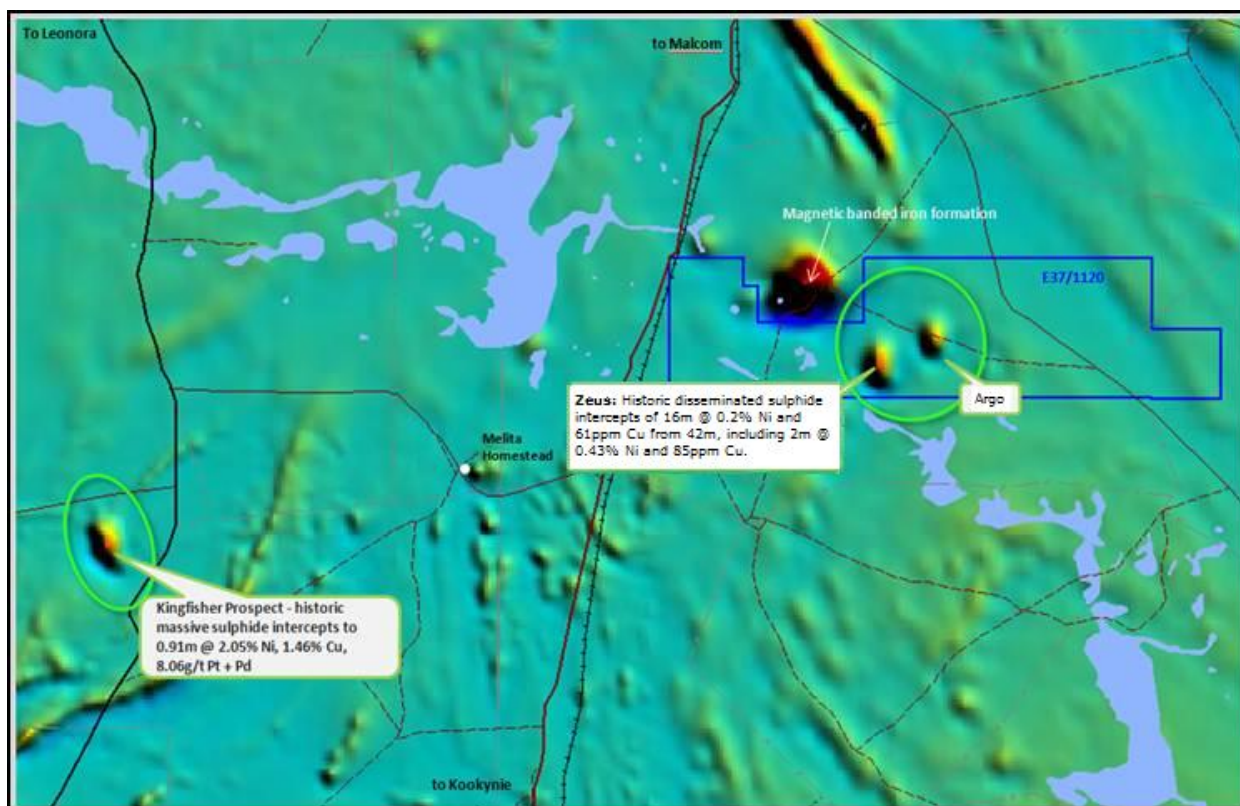


Figure 2. Aeromagnetic Image showing location of Zeus and Argo Prospects within the Calypso Nickel Project.

At Zeus, aircore holes MR381 and MR382 situated 50m apart encountered serpentinised peridotite containing disseminated sulphides. End of hole petrological studies by BHP Minerals Ltd identified that the sulphides were hosted by a serpentinised olivine cumulate and were primary (magmatic) in origin. Sulphide species including pyrrhotite and chalcopyrite were identified, as well as possible pentlandite (nickel sulphide). Only one of the drill holes was assayed for nickel and copper, reportedly returning **16m at 0.2% Ni and 61ppm Cu from 42m**, including a high value of **2m at 0.43% Ni and 85ppm Cu**.

At the Argo magnetic anomaly, a single line of aircore drilling encountered talc-carbonate-chlorite ultramafic rocks which were not assayed for nickel or copper.

No further exploration has been carried out at either prospect.

The Company believes that the Calypso Project presents excellent nickel sulphide exploration potential, with past reconnaissance-style single-line aircore traverses identifying both prospective ultramafic lithologies and primary sulphides. Each of the magnetic anomalies requires additional drilling to identify and test footwall contact positions and to map geochemical trends. InterMet also notes that a similar magnetic anomaly 18km to the west of Calypso (Figure 2) hosts historic nickel-copper sulphide mineralisation in ultramafic rocks. In this location massive and disseminated sulphide mineralisation lies in serpentinite at the base of a layered intrusion.

The Calypso Project comprises exploration licence, E37/1120 which covers an area of 40km² and is easily accessible via a well maintained road only 27 km from Leonora.

InterMet Director, Mr Andrew Richards said today:

“Given the prospectivity of the Agnew-Wiluna Belt, the acquisition of the Calypso Project is an exciting exploration opportunity for InterMet. As we work together with Cygnet Capital to restructure InterMet as an emerging resources company, the Option represents a significant milestone.”

Terms of Option Agreement

The key terms of the Option Agreement between InterMet and Rossiter are outlined below:

- a) A non-refundable payment of A\$50,000 for an exclusive six month option to acquire an 80% interest in the Calypso Project;
- b) Subject to satisfaction of conditions precedent, at any time during the option period, InterMet can acquire an 80% interest by issuing Rossiter 55,000,000 fully paid ordinary shares in the Company at a value of \$0.01 per share (or the equivalent number of shares if the exercise of the Option results in the Company having to comply with Chapters 1 and 2 of the Listing Rules); and
- c) Minimum expenditure of \$100,000 at the Calypso Project, to include confirmatory drilling program.

The exercise of the Option is conditional upon receipt from ASX of conditional re-listing approval on ASX in compliance with Chapters 1 and 2 of the Listing Rules.

Capital Raising and Use of Funds

InterMet is pleased to announce it has raised A\$75,000 through Tranche One of a two tranche placement (Placement) lead managed by Cygnet Capital Pty Ltd (Cygnet Capital). InterMet executed a capital raising mandate with Cygnet Capital to place 50,000,000 InterMet shares at an issue price of A\$0.01 per share. The Placement is to sophisticated investors and will raise a total of A\$500,000 with Tranche Two being subject to shareholder approval. In addition, subject to shareholder approval, investors in the Placement will receive one free attaching option for every two new InterMet shares. The attaching options will be exercisable at \$0.01 and expire on 1 July 2016. The options shall include a condition that they shall lapse on the date which is 2 weeks following the issue by the Company of a notice of meeting which proposes to consolidate the Company's share capital as part of the Company's re-compliance with Chapter 11 of the Listing Rules. All shares issued by the Company under the above mentioned capital raising (including shares issued as a result of the exercise of the attaching options) will be escrowed in accordance with the ASX Listing Rules.

Subject to shareholder approval, Baron Partners Limited (or its nominee/s) will be issued 7,400,000 options for corporate advisory services rendered prior to this transaction and Snocomp Pty Ltd will be issued 2,000,000 options for consulting services rendered prior to this transaction. These options will be issued on the same terms as the options attaching to the Placement shares.

Proceeds of the Placement will be primarily be deployed in the due diligence of the Calypso Project and a review of the overall prospectivity of the tenement which is the subject of the Option Agreement. Please refer to the table below for a more detailed breakdown of the indicative use of funds.

USE OF FUNDS	A\$500,000
Initial Option Payment	\$50,000
Aircore Geochemical Drilling Program (Twinning of existing drill holes to confirm previously identified mineralisation)	\$145,000
RC Drilling Program (Twinning of existing drill holes to confirm previously identified mineralisation)	\$50,000
Down-hole EM surveying	\$10,000
Working Capital	\$50,000
Review of other potential projects in addition to the Calypso Project	\$70,000
Existing Tenement Review	\$75,000
Expenses of the Offer	\$50,000

Exit of Hillgrove as Majority Shareholder and Forgiveness of Debt

InterMet's major shareholder, Hillgrove Resources Limited (ASX:HGO) (Hillgrove), today announced the completion of a sell down of 32,000,000 InterMet shares at a price of \$0.01 per share as Hillgrove exits as majority shareholder (Share Sell Down).

The Directors of InterMet welcome the sophisticated investors of Cygnet Capital to its register of shareholders.

Due to the heavily oversubscribed book build, the Directors of InterMet would like to offer existing shareholders in the Company the opportunity to sell their shares on the same terms as the Share Sell down by Hillgrove. Interested shareholders should contact Sarah Lyons for further details:

Sarah Lyons
Cygnet Capital Pty Ltd
+61 8 9226 5511
sl@cygnetcapital.com.au

InterMet is also pleased to advise that as part of its corporate restructuring, Hillgrove has forgiven the full amount of its shareholder loan to InterMet, which as at 30 November 2012 totalled approximately A\$2.4m.

InterMet is also pleased to announce the appointment of Messrs Scott Mison, Andrew Richards and Barnaby Egerton-Warburton to the Board as Director's of the Company. As a result of the appointments of the above named Directors, Hon. Dean Brown, Mr Russel Middleton and Mr Ron Belz have resigned from the board, effective immediately.

Mr Andrew Richards - Director

Andrew is a geologist with 30 years experience in the mining industry, seven years of which involved a senior role in Resource Project Finance within a banking environment. Prior to 1996 he worked in a wide variety of areas and in commodities, in both production and exploration geology, before becoming Chief Geologist at New Celebration and Telfer Gold Mines.

Since 2004 Andrew has worked extensively in Australia, Asia and South America, providing consultancy and advisory services, mineral asset valuations, Independent Expert Reports and managed several listed and unlisted companies.

Mr Scott Mison – Director / Company Secretary

Mr Mison holds a Bachelor of Business degree, is a Member of the Institute of Chartered Accountants in Australia and Chartered Secretaries Australia. Mr Mison has over 14 years' experience in finance and corporate compliance in the mining and oil and gas sector. He is currently a director of ASX and AIM listed Jupiter Energy Limited.

Mr Barnaby Egerton-Warburton - Director

Mr Egerton-Warburton has over 20 years of trading, investment banking, international investment and market experience. He has held positions with investment banks in Perth, Sydney, New York and Hong Kong including JPMorgan, BNP Equities (New York) and Prudential Securities (New York).

The incoming board are all independent directors and have no affiliation with Rossiter, the Calypso Project or Cygnet Capital.

Pro Forma Balance Sheet

	Review	Adjustments	Unaudited
CURRENT ASSETS	31-Jul-12		Pro forma
<i>Cash and cash equivalents</i>	9,966	50,000	59,966
<i>Trade and other receivables</i>	2,271	0	2,271
TOTAL CURRENT ASSETS	12,237	50,000	62,237
NON-CURRENT ASSETS			
<i>Plant & equipment</i>	311	-	311
<i>Exploration & Evaluation</i>	0	400,000	400,000
TOTAL NON CURRENT ASSETS	311	400,000	400,311
TOTAL ASSETS	12,548	450,000	462,548
CURRENT LIABILITIES			
<i>Trade and other payables</i>	33,845	-33,845	0
<i>Borrowings</i>	2,201,849	-2,201,849 *	0
TOTAL CURRENT LIABILITIES	2,235,694	-2,235,694	0
TOTAL LIABILITIES	2,235,694	-2,235,694	0
NET ASSETS	-2,223,146	2,685,694	462,548
EQUITY			
<i>Share capital</i>	5,981,079	450,000	6,431,079
<i>Accumulated losses</i>	-8,204,225	2,235,694*	-5,968,531
TOTAL EQUITY	-2,223,146	2,685,694	462,548

*Relates to debt forgiveness by Hillgrove Resources.

Capital Structure

Capital Structure	Shares	Options	Cash (A\$)
Current capital structure	50,500,500		
Placement	50,000,000	25,000,000	500,000
Advisory services		7,400,000	
Consulting services		2,000,000	
TOTAL	100,500,500	34,400,000	500,000

Indicative Re-compliance Timetable

Assuming the Option is exercised at the start of June 2013, an indicative timetable for the completion of the acquisition of the Calypso Project and re-compliance with Chapters 1 and 2 of the Listing Rules is as follows:

Event	Date
Despatch Notice of Meeting seeking approval of acquisition	10 June 2013
General Meeting to approve Change in Nature and Scale of Activities	11 July 2013
Suspension of InterMet's securities from trading on ASX at the opening of trading	11 July 2013
Ex-Date – Consolidation	15 July 2013
Lodgement of Prospectus with ASIC	22 July 2013
Consolidation of Record Date	23 July 2013
Despatch Date – Consolidation	30 July 2013
Despatch of Prospectus	30 July 2013
Opening of Offer under the Capital Raising Prospectus	30 July 2013
Closing Date of Offer under the Capital Raising Prospectus	13 August 2013
Completion of acquisition under Option and issue of Shares under Capital Raising	20 August 2013
Anticipated date the suspension of trading is lifted and InterMet's securities commence trading again on ASX	28 August 2013

*This timetable is indicative only and is subject to change.

For more information please contact:

Scott Mison
Director, InterMet Resources Limited
Tel: +61 8 9322 8222

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Andrew Richards, who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. He is a full time employee of Arc Resources Pty Ltd which is

providing consulting services to InterMet Resources Limited.

Andrew Richards 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'. Andrew Richards consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.