
Intrepid Mines Limited

ABN 11 060 156 452

Management's Discussion and Analysis for the year ended 31 December 2007

Expressed in United States dollars unless otherwise stated

Dated: 28 March 2008



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Intrepid Mines Limited ('Intrepid' or 'the Company') is an international precious metals producer, developer and explorer operating in Australia, Argentina, Canada, El Salvador and Mexico. During the year ended 31 December 2007, the principal activities of Intrepid and its controlled subsidiaries (collectively referred to as the 'Consolidated entity') were the operation of the Paulsens Gold Mine, completion of the feasibility for developing the Casposo gold and silver project, the exploration of the Company's tenement portfolio, and the pursuit of precious metal projects and exploration assets. The Company is listed on the ASX and TSX (symbol 'IAU').

The Management's Discussion and Analysis ('MD&A') provides a discussion and analysis of the operating results and financial condition of Intrepid Mines Limited for the year ended 31 December 2007 and should be read in conjunction with the Company's audited financial statements and related notes for the year ended 31 December 2007. The audited financial statements and related notes have been prepared in accordance with Australian equivalents to International Financial Reporting Standards ('AIFRS'). Year over year comparisons are for the year ended 31 December 2007 and are compared to the prior six month period ended 31 December 2006. Intrepid's presentation currency is United States dollars. Additional information, including press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ('SEDAR') at www.sedar.com and on the Australian Stock Exchange online lodgement system at www.asx.com.au.

VISION AND STRATEGY

Intrepid's principal business is the operation of the Paulsens Gold Mine in Western Australia, preparation for development of the Casposo gold and silver project and exploration of its international suite of mineral properties. The Company plans to grow through successful operation, development, and extension of its Paulsens Gold Mine and Casposo project and exploration success in the Company's prospective areas of interest.

Intrepid's objective is to provide accretive value to the Company's shareholders through the ongoing discovery or acquisition and subsequent development of economic precious metals deposits. To achieve this goal Intrepid has engaged management with the appropriate experience and competencies to deliver optimum value from development of the Company's assets whilst maintaining a business structure with strong corporate governance principles in accordance where appropriate with ASX and TSX guidelines. Management gauges country risk prior to entering into negotiations or acquiring properties. While the Board and management recognise that some of the best mineral discovery opportunities may be provided by countries of high risk, Intrepid will not invest in areas where management assesses that the political and social risks preclude or endanger future development.

OVERVIEW FOR THE YEAR ENDED 31 DECEMBER 2007

Actions targeted for 2007 - achieved

- Paulsens Gold Mine 2007 production of 71,464 ounces (2006: 73,736 ounces), with strong production in December quarter of 21,426 ounces (December 2006 quarter: 14,672 ounces)
- Paulsens Gold Mine finance facility restructuring completed in June 2007 and revised covenants met
- Casposo gold and silver development project environment studies completed and permits secured
- Financing for continuation of exploration activities secured from merger partner Emperor Mines Limited

Actions targeted for 2007 - deferred

- Financing of the Casposo gold and silver development project deferred to completion of merger. A stronger balance sheet delivered from the merger in March 2008 delivers potential for improved arrangements

Activities by month - 2007

January	Paulsens Gold Mine, Australia extension drilling results released
February	Paulsens Gold Mine, Australia reserve and resource update released
March	Casposo Gold and Silver project, Argentina feasibility received Convertible Note issued
April	Casposo Gold and Silver project, Argentina extension drilling commences
May	Annual General Meeting held
June	Paulsens Gold Mine project debt re-aligned with updated Life of Mine plan

July	Casposo Gold and Silver project, Argentina positive drill results released
August	Half year results released including an impairment of the merger acquisition accounting carrying values
September	Proposed merger with Emperor Mines Limited announced
October	Taviche Silver and Gold project, Mexico drilling commences Paulsens Gold Mine performance turnaround with strong performance during month
November	National grid power source opportunity reviewed for Casposo Gold and Silver project, Argentina Proposed merger partner Emperor Mines Limited facilitates sell-down of 79% major shareholder to progress merger
December	Casposo Gold and Silver project, Argentina Environmental Impact Statement approved

ACTIONS TARGETED FOR 2008

- Successful integration of merger with Emperor Mines Limited
- Deliver mine performance at Paulsens Gold Mine to current mine plan with production targeted between 70,000 and 80,000 ounces
- Expand Paulsens Gold Mine reserves
- Eliminate Paulsens Gold Mine project debt and extinguish hedge commitments through gold delivery by 31 December 2008
- Secure financing for the Casposo Gold and Silver project in Argentina
- Commence construction of the Casposo gold and silver project
- Expand Casposo Gold and Silver project reserves
- Advance exploration on Tujuh Bukit Gold, Silver and Copper project and Taviche Silver and Gold project
- Advance business development and project acquisition corporate strategy

KEY PERFORMANCE INDICATORS

The financial performance of the Company is highly dependent on the following key performance drivers:

- Realised gold prices and foreign exchange rates
- Gold production volumes and production costs per ounce
- Positive exploration results
- Adequate financing and investor support

Realised gold prices and foreign exchange rates

Realised gold prices and exchange rates are largely outside the control of the Company (except for hedged gold sales commitments). During the year ended 31 December 2007 the Company delivered a total of 51,113 ounces of flat forward gold sales hedging in relation to its Paulsens Gold Mine finance facility. All hedges were delivered on schedule and no further hedging was entered into during the period.

The listings on both the ASX and TSX, and plans to develop projects where the nominal currency is US dollars, have resulted in the Company adopting US dollars as its reporting currency in this and future reports. Consequently, fluctuations in the US dollar against the Australian dollar could result in unanticipated changes in the Company's financial results. During the year ended 31 December 2007, the \$A / \$US exchange rate ranged from a low of \$0.772 to a high of \$0.937, with an average of \$0.835 (for the six months ended 31 December 2006, the \$A / \$US exchange rate ranged from a low of \$0.741 to a high of \$0.791, with an average of \$0.763).

Gold production volumes and production costs per ounce

The Company's production target from the Paulsens Gold Mine is 70,000 to 80,000 ounces for 2008. Achievement of reserve grade, production volumes and prudent management of costs in a supply-constrained mining industry are keys to the Company's successful operation of the Paulsens Gold Mine.

Positive exploration results

The Company holds an international suite of exploration assets which the Company believes provide good prospects for exploration success. Exploration success will lead to development opportunities and future production to sustain growth.

Adequate financing and investor support

Historically the major sources of liquidity have been the capital markets and project financing. Positive exploration results and continued good performance of the Paulsens Gold Mine will be two of the key factors in the Company's ability to meet its financial commitments and requirements in the ensuing year. Intrepid's ability to continue or expand its production, exploration and development activities depends on its ability to generate revenues from its operations and/or to obtain financing through joint ventures, debt financing, equity financing, production sharing arrangements or other means.

Intrepid continues to invest in its investor and market communications programs and continues to engage and communicate with the financial community on a consistent basis. Management's increased efforts on this front are expected to result in value-added attention from research analysts and the market as a whole.

SELECTED FINANCIAL INFORMATION (unaudited)

In 2006 the reporting year end was changed from 30 June to 31 December. Consequently the comparative financial results represent a six month period to 31 December 2006. To assist users reviewing this report the first two quarters results for 2006 are shown in grey shading in the table below.

	12 months to 31 December 2007 \$000	3 months to 31 December 2007 \$000	3 months to 30 September 2007 \$000	3 months to 30 June 2007 \$000	3 months to 31 March 2007 \$000
Gold and silver revenue	39,862	12,551	9,717	7,787	9,807
Other income	396	(164)	242	266	52
Total gross revenues	40,258	12,387	9,959	8,053	9,859
Net (loss)	(30,356)	(352)	(2,989)	(24,766)	(2,249)
Net (loss) per share (basic)	(17.98) cps	(0.2)cps	(1.8)cps	(15.1) cps	(1.4)cps
Operating cash flow	496	3,061	(796)	724	(2,493)
Cash balance	2,861	2,861	1,540	1,127	4,285
Gold produced	71,464 oz	21,426 oz	16,690 oz	15,854 oz	17,494 oz
Total assets	90,617	90,617	88,601	85,507	114,013
Total liabilities	50,904	50,904	47,837	46,527	59,513

	6 months to 31 December 2006 \$000	3 months to 31 December 2006 \$000	3 months to 30 September 2006 \$000	3 months to 30 June 2006 \$000	3 months to 31 March 2006 \$000
Gold and silver revenue	15,185	7,040	8,145	12,053	10,234
Other income	155	35	120	78	47
Total gross revenues	15,340	7,075	8,265	12,131	10,281
Net earnings / (loss)	(6,606)	(4,413)	(2,193)	2,334	1,151
Net earnings / (loss) per share (basic)	(4.4) cps	(2.9) cps	(1.5) cps	2.5 cps	1.3 cps
Operating cash flow	735	(240)	975	3,407	4,692
Cash balance	8,482	8,482	6,093	6,827	7,211
Gold produced	31,060 oz	14,672 oz	16,388 oz	22,148 oz	20,528 oz
Total assets	116,013	116,013	114,386	45,819	44,067
Total liabilities	60,633	60,633	62,321	44,747	47,701

Financial Result

- Financial result driven by \$30,000,000 (\$21,000,000 net of the tax effect) impairment charge recorded at 30 June 2007 and relating to the July 2006 merger assigned accounting acquisition value
- Substantial improvement at Paulsens Gold Mine in December 2007 quarter driven by improvement in mined and processed grade
- \$8,878,000 hedging charge recorded for 2007 (\$7,273,000 for the twelve months of 2006).

The Company recorded a loss of \$30,356,000 for the year ended 31 December 2007, compared to a loss of \$6,606,000 for the six months ended 31 December 2006. The 31 December 2007 result was impacted primarily by a \$21,000,000 impairment charge (net of tax effect) relating to the July 2006 merger assigned accounting value being written down to supportable values based on existing reserves and data. Grade variability experienced at the Paulsens Gold Mine in the second half of 2006 delivered underperformance at the mine until a positive turn around in the December 2007 quarter. While the underlying operating loss was an improvement on the comparable annualised 2006 result the hedging (opportunity cost) charge of \$8,878,000 drove a loss result prior to recognition of the impairment charge.

Revenue from gold and silver sales for the year ended 31 December 2007 totalled \$39,862,000 as compared to \$15,185,000 for the six months ended 31 December 2006. Sales generated an operating cash inflow of \$496,000 for the year ended 31 December 2007 compared to \$735,000 for the six months ended 31 December 2006. The improved performance in the December 2007 quarter delivered operating cash inflow of \$3,061,000. The 2007 result was impacted in particular by the \$3,433,000 reduction in the accounts payable balance achieved between December 2006 and December 2007. Investment in mine development and other capital incorporating Paulsens Gold Mine development and feasibility costs for the Casposo gold and silver development project in Argentina required \$11,416,000 for the year ended 31 December 2007 compared to \$6,191,000 for the six months ended 31 December 2006. A total of \$4,586,000 of debt was repaid during the year ended 31 December 2007 compared to \$4,321,000 for the six months ended 31 December 2006. A total of \$9,363,000 was borrowed during 2007 in the form of a convertible note that subsequently converted to equity and a loan facility provided by Emperor Mines Limited for costs related to the Casposo Gold and Silver development project, exploration and working capital. Share issues in 2007 were restricted to \$53,000. In the six month period to 31 December 2006, there were no new borrowings but proceeds from share issues totalled \$8,387,000.

Financial position

Total assets decreased \$25,396,000 to \$90,617,000 during the 2007 year principally as a result of the \$21,000,000 (net of tax effect) impairment charge to the accounting assigned value of the July 2006 merger acquired mineral properties. Total liabilities reduced by \$9,729,000 during the year ended 31 December 2007 reflecting the tax effect of the impairment charge being \$9,000,000 and the reduction in debt through repayments and reduction in the hedge liability through gold deliveries offset by the Emperor Mines Limited debt drawings and an increase in the gold price which increased the liability associated with remaining hedge commitments at 31 December 2007.

MERGER WITH EMPEROR MINES LIMITED

In September 2007 the Consolidated entity announced a proposed merger with Emperor Mines Limited (Emperor). The merger is based on the combination of two complementary businesses – Intrepid's producing Paulsens Gold Mine in Western Australia and the Casposo Gold and Silver development project in Argentina, together with Emperor's strong cash position and exploration portfolio.

During 2007 both companies completed respective due diligence and agreed on the executive management team, the business plan going forward and the Board of Directors.

Immediately prior to the announcement of the proposed merger, and with Intrepid's knowledge, Emperor entered into a joint venture and commenced exploration of the Tujuh Bukit property in East Java, Indonesia.

At 31 December 2007 Emperor had advanced A\$6.2M in a loan facility for completion of the Casposo feasibility, exploration and working capital.

Post year end Emperor successfully divested its Tolukuma Gold Mine. Emperor and Intrepid shareholder meetings were held on 28 February 2008 and 3 March 2008 respectively, with shareholders of both companies strongly endorsing the merger. The second court meeting was held approving the merger on 10 March 2008 and the merger became effective 11 March 2008.

RESULTS OF OPERATIONS
Revenues

The Company's gold and silver revenues for the year ended 31 December 2007 were \$39,862,000 compared to \$37,472,000 for the twelve months ended 31 December 2006 (\$15,185,000 for the six months ended 31 December 2006). The increased revenue on the twelve month comparison reflects the improved gold price realised from the higher gold price and reduced hedging commitment. Actual ounces sold were lower than the previous year as a result of reduced grade impacting production in the first three quarters of 2007 and the timing of sales near 31 December 2007 year end.

A total of 69,469 ounces were sold for the year ended 31 December 2007 compared to 73,994 ounces for the twelve months ended 31 December 2006 (30,599 ounces in the six months ended 31 December 2006). 51,113 ounces were delivered into gold forward sales contract hedges delivering a hedge decrement for the 2007 year of \$8,878,000 compared to 54,040 ounces and \$7,273,000 for the twelve months ended 31 December 2006 (26,644 ounces and decrement of \$3,766,000 for the six months ended 31 December 2006). At 31 December 2007 there were 43,971 ounces of hedge commitments outstanding at an average price of A\$627 per ounce. This commitment is scheduled to reduce to nil by 31 December 2008 from planned production deliveries.

Mineral sales

	12 months to 31 December 2007	3 months to 31 December 2007	3 months to 30 September 2007	3 months to 30 June 2007	3 months to 31 March 2007
Gold sold (oz)	69,469	19,273	17,362	14,498	18,336
Realised price (\$/oz)	573	650	559	536	534
Gold sold \$000	48,664	15,249	11,817	9,672	11,926
Hedging decrement \$000	(8,878)	(2,721)	(2,118)	(1,904)	(2,135)
Silver sold \$000	76	23	18	19	16
Total metal sales \$000	39,862	12,551	9,717	7,787	9,807

	12 months to 31 December 2006 ⁽¹⁾	3 months to 31 December 2006	3 months to 30 September 2006	3 months to 30 June 2006	3 months to 31 March 2006
Gold sold (oz)	73,994	14,271	16,328	22,759	20,636
Realised price (\$/oz)	506	492	498	529	495
Gold sold \$000	44,680	8,752	10,165	14,254	11,509
Gold hedging decrement \$000	(7,273)	(1,729)	(2,037)	(2,220)	(1,287)
Silver sold \$000	65	17	17	19	12
Total metal sales \$000	37,472	7,040	8,145	12,053	10,234

(1) Twelve months reflects addition of quarters. Year end was changed during 2006 from 30 June to 31 December.

OPERATIONS REVIEW
PRODUCTION – PAULSENS GOLD MINE

The Paulsens Gold Mine is located in Western Australia's Ashburton Mineral Field approximately 1,000 kilometres north of Perth. Paulsens is an underground mine extracting ore from two mineralised zones, designated the Upper Zone and the Lower Zone respectively, located on the exterior contacts of a single massive quartz vein. Ore treatment is carried out on site using a conventional carbon-in-leach process. Throughput is approximately 320,000 tonnes of ore per annum with gold production forecast at 70,000 to 80,000 ounces for 2008. Mining, ore crushing, power generation and camp management are carried out by contractors. Intrepid staff operate and maintain the processing plant and carry out all technical and administrative functions at the mine. All personnel commute to the mine by charter aircraft from Perth and are accommodated on site during their roster.

Mining

A record 23,583 contained ounces (32% increase on prior period) was mined during the December 2007 quarter which was driven by an increase in head grade (up 25%) and ore hauled (up 5%) compared to the prior quarter. Stopping operations contributed 86% of total mine production, similar to stope contributions in the September 2007 quarter. Surface stocks increased to solid levels as mine production exceeded mill throughput as previously predicted. While inherent grade variability will always exist with the high grade orebody at Paulsens, improved understanding of the ore body and the transition into the higher grade areas of the Upper Zone ore system has, as expected, delivered improved performance this quarter.

Total underground development increased marginally at 5% more than the prior quarter matching the overall increase in ore hauled. The December 2007 quarter totalled 599 metres (569 metres for the prior quarter). Total underground development decreased by approximately 33% in 2007 compared to the twelve months of 2006. The reduction in development was a planned event after a sustained focus on development during 2006 had succeeded in establishing a comfortable lead time of between six to nine months between development and stopping activities. The 2007 year totalled 2,635 metres of development (3,926 metres for the prior year) and future years are expected to remain in the range of 2,500 – 3,000 metres per year dependant upon the physical location of future reserve additions

The primary access ramp and the Apollo Zone accesses were advanced 124 metres over the three months and 711 metres over the 2007 year. The primary Decline was 1,854 metres from the portal by year end, approximately 82 vertical metres below the lowest stopping level and 311 vertical metres below surface. A total of 475 metres of level development (289 metres in the prior quarter) was completed including 237 metres designated as operating (214 metres in the prior quarter). During 2007, 1,924 metres of level development (3,557 metres during the twelve months of 2006) was completed including 1,273 metres designated as operating (2,454 metres during the twelve months of 2006).

Mine development

	12 months to 31 December 2007	3 months to 31 December, 2007	3 months to 30 September 2007	3 months to 30 June 2007	3 months to 31 March 2007
Decline	711 m	124 m	280 m	185 m	122 m
Level	651 m	238 m	75 m	120 m	218 m
Strike driving	1,273 m	237 m	214 m	277 m	545 m
Total	2,635 m	599 m	569 m	582 m	885 m

	12 months to 31 December 2006	3 months to 31 December 2006	3 months to 30 September 2006	3 months to 30 June 2006	3 months to 31 March 2006
Decline	369 m	116 m	104 m	112 m	37 m
Level	1,103 m	262 m	314 m	286 m	241 m
Strike driving	2,454 m	678 m	594 m	584 m	598 m
Total	3,926 m	1,056 m	1,012 m	982 m	876 m

Ore development in 2007 was carried out in the Upper Zone between the 1023 mRL and 919 mRL levels; in the Lower Zone and Lower Zone West between the 999 mRL and 919 mRL; and in Apollo between 1103 mRL and 1046 mRL levels. Development yielded 11,875 tonnes of ore at an average reconciled grade of 7.68 grams per tonne for the December 2007 quarter (12,241 tonnes at 7.26 grams per tonne in the prior quarter) and 63,443 tonnes of ore at an average grade of 6.97 grams per tonne (123,213 tonnes at 7.10 grams per tonne during the twelve months of 2006). Development tonnage was reduced in line with the overall lower development metres as described above.

Stopping output improved quarter on quarter throughout 2007 culminating in a record stope production in the December 2007 quarter with output of 73,136 tonnes at an average reconciled grade of 8.78 grams per tonne (68,345 tonnes, the previous record, delivered in the September 2007 quarter). Stope production for the 2007 year was 261,815 tonnes at an average grade of 7.47 grams per tonne compared to 178,332 tonnes at an average grade of 8.51 grams per tonne for the twelve months of 2006. The increase in tonnage reflects the progression from a development focus in 2006 to a more balance stopping orientated operation in 2007, and the decrease in average grade was due to a planned shift of operations from the depleted higher grade Lower Zone to the lower grade upper areas of the Upper Zone.

The Upper Zone grade generally improved as mining moved away from the higher fringes and into the ore body proper with the December 2007 quarter delivering stoping grade of 8.78 g/t compared to the March 2007 quarter stoping grade of 7.16 g/t. The total (development plus stoping) average mined grade for the 2007 year was 7.38 g/t compared to 7.93 g/t for the twelve months of 2006.

Ore mined

	12 months to 31 December 2007	3 months to 31 December 2007	3 months to 30 September 2007	3 months to 30 June 2007	3 months to 31 March 2007
Development ore	63,443t	11,875t	12,241t	11,229t	28,098t
Development grade	6.97g/t	7.68g/t	7.26g/t	3.33g/t	8.01g/t
Stope ore	261,815t	73,136t	68,345t	61,068t	59,266t
Stope grade	7.47g/t	8.78g/t	6.82g/t	6.94g/t	7.16g/t
Total ore	325,258t	85,011t	80,586t	72,297t	87,364t
Total grade	7.38g/t	8.63g/t	6.88g/t	6.38g/t	7.44g/t
Contained gold	77,128oz	23,583oz	17,837oz	14,821oz	20,887oz

	12 months to 31 December 2006	3 months to 31 December 2006	3 months to 30 September 2006	3 months to 30 June 2006	3 months to 31 March 2006
Development ore	123,213t	34,686t	28,660t	31,431t	28,436t
Development grade	7.10g/t	4.45g/t	6.88g/t	7.99g/t	9.55g/t
Stope ore	178,332t	51,385t	44,936t	47,466t	34,545t
Stope grade	8.51g/t	7.03g/t	7.55g/t	9.94g/t	10.02g/t
Total ore	301,545t	86,071t	73,596t	78,897t	62,981t
Total grade	7.93g/t	5.99g/t	7.29g/t	9.17g/t	9.81g/t
Contained gold	76,922oz	16,574oz	17,243oz	23,248oz	19,857oz

The first ore tonnage was generated from the Apollo Zone late in the December 2007 quarter from slot rises which are the first stage of the stoping extraction sequence. Apollo stoping will be initiated in the first quarter of 2008 when several variations of methodology are trialled to determine the most technically and economically applicable system of extraction. Apollo is hosted in a sediment hanging wall and footwall that both feature pervasive jointing (the Upper and Lower Zone that form the bulk of past and future Paulsens production differ in setting with sediments as one contact and more competent quartz as the other). The escape way access to Apollo was completed shortly after the end of the year and completes the pre-stoping preparations.

A continuation of the mining services contract with Barmenco Limited was being negotiated at year end that would see the replacement of several key machines from the Paulsens underground mining fleet with new units. This rejuvenation of the mining fleet is expected to be completed during the first three months of 2008 and should ensure consistent fleet performance going forward. The mining contract is also expected to be extended with minimal increase in variable costs other than commercially standard rise and fall escalation.

Remnant mining and recovery of stranded broken stocks within the upper areas of the high grade Lower Zone was carried out in the second half of 2007 and was drawing to a close in late December. The program has been particularly successful in providing a small but high grade supplement to the normal run of mine ore. Several pillars around stope accesses will be extracted on retreat from this area during the first half of 2008 and the handheld mining will be expanded into narrow but high grade previously unmined sections of the deeper Lower Zone and Lower Zone West where mechanised mining is not economic.

Processing

The processing performance at Paulsens Gold Mine recorded a strong December 2007 quarter in line with the mining performance. The plant throughput at 82,276 tonnes processed exceeded targets and was within 0.1% of the highest previous quarterly production level. The higher head grade of 8.60 grams per tonne (26% increase over the previous quarter) coupled with the excellent throughput and a mill recovery of 94.2% resulted in the project's second-ever highest quarterly gold production which at 21,426 ounces is a 28% increase over the previous quarter (16,690 ounces).

Diesel fuel consumption (almost exclusively for power generation) has continued under budget throughout the year but the average price of fuel has risen approximately 32% over the 2007 year. Grinding media consumption was steady throughout the 2007 year with values consistently slightly below budget. Lime consumption remained essentially as budgeted throughout the 2007 year whilst cyanide consumption rose steadily to a 2007 average of 1.10 kg/t compared to the 2006 average of 0.92 kg/t. The cyanide consumption is directly linked to the change of main ore type to Upper Zone and stabilised during the December 2007 quarter.

Following the successful installation of the Liquid Oxygen (LOX) plant in the December 2007 quarter the existing oxygen generating plant (PSA) was decommissioned. The PSA was proving to be unreliable and a LOX-only supply agreement, commercially superior to the previous PSA agreement was negotiated. The LOX installation has a peak flow rate of approximately twice the PSA plant which is very useful in combating the oxygen consuming nature of spikes in copper and other contaminants that occur from time to time in the mill feed.

A water exploration program was successfully undertaken during the December 2007 quarter and three new bores with a combined capacity of approximately 20 litres per second were constructed. This new water supply exceeded the program goals and will underwrite a robust feed of water for the operation eliminating shortages experienced in the December 2006 quarter.

Plant throughput for the 2007 year was 325,640 tonnes grading 7.31 grams per tonne, compared to the 317,499 tonnes grading 7.65 grams per tonne for the twelve months of 2006. Gold production was 71,464 fine ounces for the 2007 year, compared to 73,736 ounces for the twelve months of 2006. Lower grade in the second half of 2006 and the first three quarters of 2007 impacted on produced ounces. The strong result in the December 2007 quarter returned annual production to above the 70,000 ounce targeted levels.

Surface ore stocks increased to 13,270 tonnes by December 2007 quarter end (compared with 10,533 tonnes at 30 September 2007 or 13,752 tonnes at 31 December 2006).

Ore processed

	12 months to 31 December 2007	3 months to 31 December 2007	3 months to 30 September 2007	3 months to 30 June 2007	3 months to 31 March 2007
Tonnes treated	325,640t	82,276t	81,735t	82,345t	79,284t
Head grade	7.31g/t	8.60g/t	6.81g/t	6.41g/t	7.40g/t
Recovery	93.4%	94.2%	93.3%	93.4%	92.7%
Gold produced	71,464oz	21,426oz	16,690oz	15,854oz	17,494oz
	12 months to 31 December 2006	3 months to 31 December 2006	3 months to 30 September 2006	3 months to 30 June, 2006	3 months to 31 March 2006
Tonnes treated	317,499t	80,480t	82,060t	80,595t	74,364t
Head grade	7.65g/t	6.08g/t	6.65g/t	8.98g/t	8.97g/t
Recovery	94.4%	93.2%	93.5%	95.2%	95.7%
Gold produced	73,736oz	14,672oz	16,388oz	22,148oz	20,528oz

Operating costs

Unit operating costs for the quarter rose from \$84 per tonne to \$96 per tonne, and for the year from \$80 per tonne to \$88 per tonne of ore mined/processed driven primarily by foreign exchange movements. The underlying actual Australian dollar unit operating costs has remained in a tight band between A\$100 and A\$111 per tonne over the past eight quarters with mining and processing tonnage being a key driver. The December 2007 quarter recorded a unit operating cost of A\$107 per tonne.

The United States dollar has continued to weaken against the Australian dollar with the average rate for March 2006 of 0.7393 increasing 20% (or roughly US\$17/tonne) to 0.8898 for the current quarter. The 26% higher head grade drove site cash operating costs down 16% from \$426 per ounce in the September 2007 quarter to \$357 per ounce of gold produced in the December 2007 quarter (compared to \$451 per ounce for the December 2006 quarter). The improvement in reported cash costs was reduced by the 5% decline in the United States dollar during the quarter.

Average annual per ounce costs increased from \$349 per ounce for the twelve months of 2006 to \$420 per ounce for the 2007 year. The 20% increase reflects a 17% weakening of the United States reporting currency against the functional currency of the Paulsens Gold Mine being Australian dollars and the strong performance in the first half of 2006.

Operating costs

	12 months to December 31, 2007	3 months to December 31, 2007	3 months to September 30, 2007	3 months to June 30, 2007	3 months to March 31, 2007
Mining	\$49/t	\$51/t	\$44/t	\$54/t	\$45/t
Processing	\$31/t	\$36/t	\$32/t	\$29/t	\$28/t
Administration	\$8/t	\$9/t	\$8/t	\$7/t	\$7/t
Total	\$88/t	\$96/t	\$84/t	\$90/t	\$80/t
Site production cash cost	\$399/oz	\$357/oz	\$426/oz	\$467/oz	\$361/oz
Royalties and refining net of silver credits	\$21/oz	\$21/oz	\$16/oz	\$18/oz	\$19/oz
Total cash cost	\$420/oz	\$378/oz	\$442/oz	\$485/oz	\$380/oz

	12 months to December 31, 2006	3 months to December 31, 2006	3 months to September 30, 2006	3 months to June 30, 2006	3 months to March 31, 2006
Mining	\$46/t	\$45/t	\$46/t	\$43/t	\$48/t
Processing	\$27/t	\$28/t	\$29/t	\$26/t	\$27/t
Administration	\$7/t	\$8/t	\$7/t	\$7/t	\$7/t
Total	\$80/t	\$81/t	\$82/t	\$76/t	\$82/t
Site production cash cost	\$331/oz	\$451/oz	\$389/oz	\$264/oz	\$270/oz
Royalties and refining net of silver credits	\$18/oz	\$17/oz	\$17/oz	\$20/oz	\$17/oz
Total cash cost	\$349/oz	\$468/oz	\$406/oz	\$284/oz	\$287/oz

DEVELOPMENT – CASPOSO GOLD AND SILVER PROJECT

Casposo Environmental Impact Assessment

On 19 December 2007 IMC announced the receipt from Jose Luis Gioja, Governor of the Province of San Juan of the Casposo Project Environmental Impact Statement (Declaración de Impacto Ambiental or 'DIA'). The DIA provides the operational standards and guidelines for the development of the Kamila and Mercado gold-silver deposit on the Casposo property.

The DIA is based on the Company's Environmental Impact Assessment and the resulting Environmental Impact Report (EIR) a document compiled and completed by Knight Piésold Argentina Consultores S.A. with significant contributions from local specialists with provincial, national and international experience. The EIR Study was prepared for the mining operation developed in the previously described Feasibility Study submitted to IMC by AMEC Peru S.A. in March 2007.

In addition, the Company signed three agreements with the Province of San Juan related to the development of the Casposo mining operation and to its socio-economic impact on the Department of Calingasta. Similar agreements are in place with all metal mining companies in the Province, underscoring the San Juan government's commitment to making mining work for the benefit of host communities.

The most significant agreement will result in the future Casposo mine and the majority of the homes and businesses of approximately 8,000 inhabitants of the Department of Calingasta being connected to the national power grid, replacing both the diesel powered generation plant currently used by the community and the five megawatt diesel plant that was planned for the mine during the feasibility study. The agreement calls for the Company to invest a total of \$14.5 million dollars in the power line with \$8 million as capital during the construction process and \$6.5 million in staged payments over years 2 to 5 of the Casposo operation.

The AMEC feasibility study estimated energy requirements for the Casposo Project based on stand alone power. The first phase of mining and milling from open pit operations would demand the use of 3 diesel power generators capable of supplying 1,000kVa each of constant power at constant load. For the underground mine development phase later in the mine life, an additional generator would be required.

During the review of the EIR by the Province of San Juan, representatives of the provincial power authority and government presented a proposal through which Intrepid would contribute to a power line construction project for the region, becoming a principal user of the grid and assisting with electrification of the larger community. The opportunity for Intrepid to co-invest with the Province of San Juan in this hydro-electric based national grid power network as part of the development of the Casposo Project has been evaluated by Intrepid and this investment would appear to provide some savings to the designed five year operation of the mine and further improve economic performance should additional reserves be defined in the future. The national power grid solution should also provide protection against uncertainties in the fuel market and reduced impact on the local environment. However, the construction will require an increase in project capital.

The second Agreement is for an Infrastructure Trust which will be funded by the Company through a percentage of gross sales. The fund will receive 1% of gross sales from the first two years of operations and 1.5% thereafter. Administration of the fund will be jointly managed by the Company and the Province and target development of roads, water, health, education, agriculture, tourism and mining activities which will promote sustainable development objectives in the Department of Calingasta. Intrepid's participation in the administration of this fund will be governed by a Corporate Social Responsibility project being developed with the community.

The final agreement signed is a training and capacity building agreement with the government and the University of San Juan which will begin the process of preparing a local workforce for a range of activities related to mining operations at Casposo. These programs will be delivered through the General Manuel Savio technical school in Calingasta.

Intrepid will be moving quickly in 2008 to obtain the sectoral permits needed for the mining operation and to formally establish all protocols and reporting standards described in the DIA.

AMEC Resource Update Study - Casposo Project, November 2007

In August 2007, IMC commissioned AMEC Americas Limited to conduct a resources review and update for the Casposo Project. The study was delivered to IMC in late November 2007 in a report titled "Casposo Gold-Silver Project, Mineral Resource Update". The report was prepared for IMC for planning and projection purposes only by Qualified Persons as defined in Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects) and contained in the report "Casposo Gold Silver Project - Mineral Resource Update", November 2007. Richard Kilpatrick, P.Geol, Principal Geologist, (AMEC, Oakville) directed the mineral resource update.

Author's Note: Information presented in this Update was developed from economic analyses predicated on costs and pricing estimates for materials and services based on current market conditions rather than detailed economic review and for gold and silver prices determined in the last quarter of 2006. A production decision at Casposo will require a new economic analysis which reflects actual cost increases and inflation, significant metal price increases and inclusion of new parameters related to the development of the Casposo project including the co-investment in construction of a power line to the region of the mine and environmental and social benchmarks established under the project's Environmental Impact Statement. New work on resources and mining optimization will also be required.

The Resource Update indicates an increase of approximately 97,000 ozs (23%) of gold equivalent in the Kamila deposit's global indicated mineral resources, comprising 55,000 ounces of gold and 2,396,000 ounces of silver. This represents an increase to 368,000 and 10.6 million ounces of gold and silver respectively in the Indicated category at an average grade of 6.27 grams per tonne gold equivalent (g/t AuEq).

The Resource Update has provided a significant increase to the size and extent of the Inca Vein located on the northern limit of the main Kamila Pit. Mining of this new resource area will require design of a broader open pit. The new additional Inca Vein mineralization also extends to depth and may allow for a deepening of the contemplated pit operation to access areas initially designed to mine the deep Aztec Vein via underground methods. New volumes of both waste and ore will be more completely defined in future mining optimization and reserve estimations. Such optimization will also include a trade-off study of final pit floor elevation and transition to underground mining.

AMEC determined the new resource estimate by developing certain new considerations and drawing from information in the March 2007 Feasibility Study. These values include:

- New metal prices of \$650 per ounce gold and \$11 per ounce silver and new gold and silver sell costs of \$9.41 and \$0.567 per ounce respectively,
- gold and silver recoveries of 93.7% and 80.6% respectively from work completed in the feasibility study
- New costs applied to the definition of mineral resources:
 - Mining: \$0.84 per tonne for open pit and \$29.47 per tonne underground
 - Process Costs: \$15.30 for open pit and \$20.40 underground
 - G&A Costs: \$4.36 for open pit and \$6.71 underground

From this information AMEC determined a new silver:gold equivalency of 71.4:1

AMEC was asked as part of the resource update to evaluate how much of the updated resource was a result of new mineralized material added via drilling as compared to increase in resources which could be ascribed to increased metal price only. AMEC has determined that approximately 85% of the incremental increase in resource ounces is attributed to new mineralized volumes of material defined by extension drilling. The three main mineralized zones remain open at depth. Approximately 15% of the additional resource in the Kamila deposit can be attributed to the change in metal prices, updating gold and silver prices per ounce from \$450 and \$8.50 to \$650 and \$11, respectively. This relatively small increase in ounces by price increase is a reflection of the robust grade of the resources as initially defined in the Feasibility Study and the well defined nature of veins and the vein domain boundaries.

AMEC conducted the Resource Update by defining potentially mineable 'in-pit' material using a Whittle pit shell with a cut-off grade of 1.06 grams per tonne AuEq and identifying 'Outside-of-Pit' material using a cut-off grade of 2.93 grams per tonne AuEq. Outside-of-pit material is largely located below the Whittle pit shell within the main Kamila vein domains and extensions to these. This Outside-of-Pit material has the potential to be accessed by underground mining methods as contemplated in the Feasibility Study however new underground mine design to access this material was not contemplated in this Resource Update. Pit optimization and underground mining design to generate a new mineral reserve statement will be undertaken during the mine's early construction phase.

EXPLORATION

Argentina - Casposo Continuing Exploration

Exploration at the Casposo Project was undertaken at a reduced rate in the period as Argentine staff contributed efforts to the completion of numerous components of the Casposo Gold and Silver development project Environmental Impact Statement, financial stability report document and updated resource estimate. The last quarter saw mapping completed in a 10 square kilometre area north of Kamila and east of the Julieta prospect.

New exploration work is planned for the Casposo property in 2008 including continued resource drilling at Kamila and resource development drilling at Julieta.

Argentina - Regional Exploration

The Cordillera west of the Uspallata graben in San Juan Province is characterized by a number of historic gold silver districts extending over an area of approximately 1500km². These districts comprise both low- and high-sulphidation precious mineral systems and have been actively, if intermittently, explored over the past twenty years. Intrepid has nineteen applications and mineral exploration concessions within this prospective belt and have spent the past several years in regional reconnaissance level evaluation programs with a view to developing generative exploration projects through discovery and property acquisition. In the last quarter the Company continued to investigate prospective areas in the Casposo region and to seek opportunities with other property holders.

Australia - Paulsens

During the December 2007 quarter, minimal surface exploration work was performed on the Paulsens regional property package as a whole due to other priorities. Work completed included evaluation of the iron ore potential and preparation for drill exploration of the Apollo and Paulsens East areas of the mine property.

During 2008, increased exploration funding from the merger cash resources will be applied to the property both for resource development at the mine and intermediate stage development of exploration targets. Recent underground drilling has confirmed the extension of strong sulphide mineralization of the Upper Zone. The new intercept is located 25 metres south of the Upper Zone mineralization identified in surface hole PLRCD0419 (4.8 metres at 68 grams per tonne) in 2006 (see press release dated 15 October 2006). While assays are pending new drilling is being planned for the resource area. Mine development was underway in the general area of the intersections in late in the March 2008 quarter.

Mexico - Taviche

Intrepid optioned the Taviche property located in Oaxaca State, Mexico in 2006 from Plata Panamericana S.A. de C.V. The Taviche Property comprises two concessions totaling 13,724 hectares. Subsequently in 2007, Intrepid entered into an agreement with Aura Silver Resources Inc. whereby the companies have the ability to jointly earn a 70 percent interest in the concessions. Aura Silver completed funding of the first year agreement commitments with Plata Panamericana, and all subsequent expenses are to be jointly funded. Intrepid acts as operator and began field activities in January 2007.

A 3,800 metre diamond drilling program was initiated on 10 October 2007. A total of eighteen holes from 100 to 225 metres in depth have been planned to test areas of known high grade silver-gold mineralization including those adjacent to historic mines, strongly mineralized surface exposures and at significant vein structure intersections. At the 2007 Christmas season break, 2,700 metres of the drill contract had been completed with the remainder completed in late January 2008. Final assays on the complete eighteen hole program were released in the first quarter of 2008.

The East and West Taviche concessions contain numerous historic underground mines. Most of these former mines are of shallow depth. Little drilling has been done to test depth potential at the property. Silver-gold vein systems are expressed over an aggregate strike length of more than 12 km on the Taviche West concession. The significant vein sets identified on the West Taviche Concession are the 7 km long La Noria, El Viejo and San Martin structure and the parallel 6 km long El Portillo, Donaji/Marias and San Jose/Corona structure to the east. Another system, the Veta Karina (Copales) structure in the Garzona area has been traced over several hundred metres but is reported in Government records to be over a kilometre in length and up to two metres in width.

Sampling in the southern part of the East Taviche concession has identified silicified limestone exposures over several square kilometres. The silicified and intensely veined areas have been widely prospected and contain numerous pits. To date, fourteen rock samples collected over this large area have yielded up to 1.53 grams per tonne Au, 198 grams per tonne Ag, 6090 ppm arsenic (As) and 4650 ppm antimony (Sb). Metal enrichment appears to be related to sulfide content. These limestone units will be examined further for their potential for skarn-type or replacement style mineralization and underlying epithermal precious metal mineralization.

El Salvador - San Cristobal Property

In 2007, the San Cristobal Property comprised three exploration licenses totalling approximately 90 square kilometres. The licenses are wholly-owned by Intrepid and are situated in eastern El Salvador at the north-western end of the Nicaragua depression. This geological feature contains the largest volcanic-hosted epithermal breccia-vein complex in El Salvador. The graben contains several caldera complexes which are the setting for numerous historic gold-silver mines and mining camps.

In 2007 exploration continued to be delayed at the Rio Seco prospect drill program due to permitting and follow-up of 2006 results at the Minitas and San Jacinto prospects was deferred due to budget considerations. In 2008, Intrepid hopes to receive its exploration permit to pursue its drilling program at Rio Seco.

Canada - Greyhound Lake, Nunavut

The Corporation has an option to acquire an interest in this property from Aura Silver Inc. In September 2006, Aura Silver completed its first phase of exploration on the property. The Corporation completed its 2007 exploration program and has decided not to proceed with the acquisition of the property.

OVERALL FINANCIAL PERFORMANCE

Gold and silver sales

Revenue from gold and silver sales for the year ended 31 December 2007 totalled \$39,862,000 compared to \$15,185,000 for the six months ended 31 December 2006. The higher revenue compared to the six months ended 31 December 2006 is primarily the consequence of the change to year end in 2006 and the resulting twelve month versus six month comparison. However, it also demonstrates the improved gold price realised as a result of the increased gold price and reduced hedging commitments. Sales ounces were reduced in 2007 as compared to the twelve month period for 2006 which reflects reduced production for the comparative periods as a result of lower grade in 2007.

The average realised gold price for 2007 was \$573 per ounce against the six months ended 31 December 2006 realised price of \$495 per ounce (\$506 for the twelve months ended 31 December 2006).

Other revenues

Other revenues includes interest income earned on bank accounts. The result for the year ended 31 December 2007 of \$173,000 as compared to the six months ended 31 December 2006 of \$155,000 is attributed to the stronger cash position held throughout the 2006 six months period compared to the cash position of the Company during 2007.

Cost of gold and silver sold (excluding depreciation and amortisation)

The cost of gold and silver sold (excluding depreciation and amortisation) was \$29,393,000 for the year ended 31 December 2007 compared to \$13,106,000 for the six months ended 31 December 2006. The average cost of gold sold was \$423 per ounce for the year ended 31 December 2007 compared to \$428 per ounce for the six months ended 31 December 2006. The 1% reduction in per ounce cash cost reflects improvements in grade up 15% on the comparable period offset by the increasing weakness over 2007 of the United States dollar and the resultant impact on reporting currency costs. For the two financial periods reported and as indicated in the operating review section of this report, operating costs rose from \$82 per tonne in the September 2006 quarter to \$96 per tonne in the December 2007 quarter being a 17% increase. This increase can be attributed to weakness on the United States dollar used for presentation against the functional currency of the Paulsens Gold Mine, being Australian dollars. The resulting average quarterly exchange rates moved from 0.7576 for the September 2006 quarter to 0.8898 for the December 2007 quarter, a movement of 17%.

Depreciation and amortisation

Depreciation and amortisation expense (excluding amortisation of borrowing costs) for the year ended 31 December 2007, were \$12,435,000 on gold sales of 69,469 ounces or \$179 per ounce, compared to \$4,163,000 for the six months ended 31 December 2006 on sales of 30,599 ounces or \$136 per ounce. The increase on a unit cost basis reflects the impact of reduced ounces in the 31 December 2006 reserve update which required an increase in the amortisation rate in the 2007 year. In addition, 30% of this increase in unit cost depreciation and amortisation reflects the increase in the Australian dollar against weakness in the United States dollar. The average exchange rate for the year ended 31 December 2007 was 0.8349 against 0.7635 for the six months ended 31 December 2006.

Depreciation and amortisation as it relates to the extraction and processing of ore and work in progress is charged to inventory based on the ounces extracted or processed over the reserve life of the Paulsens Gold Mine before being expensed to cost of goods sold.

General and administration

General and administrative expenses for the year ended 31 December 2007 were \$3,442,000 whilst the expenditure in this area for the six months ended 31 December 2006 was \$1,932,000. The increase in expenditure reflects the twelve month against six month comparison and the foreign exchange weakness in the United States dollar inflating Australian and Canadian based expenditure as compared to the prior period. General and administration expense for the six months to 31 December 2006 costs were high primarily due to the July 2006 merger related initial integration expenses.

Option value expense for the year ended 31 December 2007 was \$406,000 being the allocation (over the vesting period) of the Black Scholes valuation of the options issued to employees under the Intrepid Mines Employee Option Plan. The option valuation for options issued in the year ended 31 December 2007 was based on expected price volatility of 60% to 85% and a risk-free interest rate of 6.25% to 6.50%. Options were granted for no consideration and vest twelve months from grant date. This compares to the Option value expense incurred in the six months ended 31 December 2006 of \$103,000. The increase in the expense for the 2007 period reflects increased employee numbers since the July 2006 merger and increased volatility and interest rates for the year ended 31 December 2007.

Impairment charge

At 30 June 2007 the Consolidated entity completed a fair value assessment of the net assets acquired on the business combination of 4 July 2006 and, in accordance with AIFRS, tested mining properties for impairment against the accounting value assigned to the combination. As a consequence, the Company determined that an impairment charge of \$30,000,000 was appropriate. This impairment charge results in a reduction in the deferred tax liability of \$9,000,000 which is reported as an income tax benefit in the income statement. See the balance sheet section below for further detail on this charge.

Borrowing costs

Borrowing costs of \$2,668,000 were incurred during the year ended 31 December 2007 compared to \$902,000 for the six months ended 31 December 2006. Interest expense increased in the year ended 31 December 2007 on a pro-rated basis reflecting the short term convertible note facility and the Emperor Mines Limited loan balance arising during 2007, and an increase in the Paulsens Gold Mine finance facility margin. The impact was reduced by ongoing repayments made to finance leases and the Paulsens Gold Mine finance facility.

LIQUIDITY AND CAPITAL RESOURCES

Operating activities

Cash inflow from operating activities for the year ended 31 December 2007 was \$496,000 compared to the six months ended 31 December 2006 where there was a cash inflow from operating activities of \$735,000. The solid performance at Paulsens Gold Mine in the December 2007 quarter delivered operating cash inflow of \$3,061,000. The 2007 result was impacted in particular by the \$3,433,000 reduction in the accounts payable balance achieved between 31 December 2006 and 31 December 2007.

Investing activities

The investment in development and other capital for the Paulsens Gold Mine and the Casposo Gold and Silver development project in the year ended 31 December 2007 was \$11,416,000 compared to \$6,191,000 in the six months ended 31 December 2006.

Financing activities

A total of \$4,586,000 of debt was repaid during the year ended 31 December 2007 compared to \$4,321,000 for the six months ended 31 December 2006. \$9,256,000 was borrowed during 2007 being comprised of a convertible note that subsequently converted to equity and a loan facility provided by Emperor Mines Limited for completion of the Casposo gold and silver development project, exploration and working capital. Share issues in 2007 were restricted to \$160,000. In the six months ended 31 December 2006 there were no new borrowings but proceeds from share issues totalled \$8,387,000.

Cash and cash equivalents

At 31 December 2007, cash and cash equivalents represented \$2,861,000 (\$8,482,000 at 31 December 2006) held in the Company's operating bank accounts.

The Paulsens Gold Mine continues to be the Company's cash generating asset with funds from the mine dedicated to debt retirement and continuing development and near mine exploration in accordance with the Westpac facility agreement. The Casposo feasibility study and exploration of the Company's international gold and silver projects require separate funding until Paulsens debt commitments are satisfied by 31 December 2008. The merger with Emperor Mines Limited facilitated a loan agreement and completion of the merger provides Intrepid with a stronger balance sheet. The Board will consider sources of funding for the development of the Casposo Gold and Silver project (Argentina). The Board will monitor cash resources against expenditure forecasts associated with implementation of the Company's growth strategies and development plans to assess financing requirements.

Working capital position

The Company and Consolidated entity incurred a net loss of \$27,907,000 and \$30,356,000 respectively during the year ended 31 December 2007 (\$11,913,000 and \$6,606,000 respectively for the six months ended 31 December 2006) and, as of that date, the Company's and Consolidated entity's current liabilities exceeded their current assets by \$21,420,000 and \$27,593,000 respectively (\$25,885,000 and \$27,234,000 respectively at 31 December 2006). The excess reflects the accounting requirement to record a financial instruments liability of \$13,621,000 which will be satisfied by delivery of gold from forecast production into hedge arrangements.

In 2006 and early 2007 the Company experienced under-performance issues at the Paulsens Gold Mine which resulted in debt covenant issues with its project finance facility. All debt repayments, interest payments and hedge deliveries associated with the facility have been made in full and on time. In June 2007 the project finance facility was restructured to match future debt repayments to the current resource and life of mine model forecasts. All debt covenants were reviewed with the two short term forward cover and historic cover ratios deleted and replaced by quarterly earnings before interest, tax, depreciation and amortisation (EBITDA) hurdles. The hedge delivery schedule remains unaltered.

Performance at the Paulsens Gold Mine met covenant hurdles for the September and December 2007 quarters and resultant cash flows have facilitated scheduled and accelerated debt repayments of A\$3,550,000 since year end.

In September 2007 the Company announced plans to merge with ASX listed gold company Emperor Mines Limited ('Emperor'). The merger was approved by shareholders and became effective on 11 March 2008. The working capital position of Emperor at 31 December 2007 was \$59,686,000. The working capital position of the merged entity is positive and provides reasonable grounds for the Company and Consolidated entity to prepare their accounts on a going concern basis.

BALANCE SHEET

Trade and Other Receivables

At 31 December 2007 receivables were \$1,284,000 compared to \$730,000 at 31 December 2006. These balances represent prepayments for no more than the coming twelve months and amounts receivable for goods and services tax (GST) and diesel fuel rebate (DFR). The increase reflects timing of GST and DFR refunds.

Inventories

Inventories of fuel, general consumables, gold in circuit, and ore stocks increased from \$3,215,000 at 31 December 2006 to \$4,591,000 at 31 December 2007, primarily as a result of increased ounces of gold in circuit. The higher physical gold in circuit levels reflects timing of gold sales.

Property plant and equipment

The net book value of property, plant and equipment was reduced by \$2,063,000 or 18% during the year ended 31 December 2007 from \$11,481,000 at 31 December 2006 to \$9,418,000 at 31 December 2007, reflecting the impact of depreciation of the Paulsens assets based on production over the reserve life, in excess of capital asset acquisitions during the year.

Deferred Tax Assets

The deferred tax asset reduced \$1,208,000 during the year ended 31 December 2007 to \$4,086,000. The reduction reflects the tax impact of the \$2,340,000 reduction in the financial instruments liability position during the year ended 31 December 2007. The deferred tax asset includes an amount of \$1,432,000 relating to tax losses brought to account at the Company income tax rate of 30% which has been offset by the Company's Australian operations related deferred tax liabilities. The parent entity has a further \$35,878,000 of estimated gross non-capital tax losses not brought to account at 31 December 2007. The availability of tax losses under Australian income tax legislation requires that the losses pass one of two tests being the Continuity of Ownership or the Same Business test. Changes in the Company's shareholding and business may compromise access to these losses and as a result the Company has only brought to account a small portion of the losses to offset the recognition of Paulsens Gold Mine deferred tax liabilities. In addition, the Company has recognised a deferred tax asset against equity of \$4,086,000 in relation to the forward gold sale contracts mark-to-market financial instruments liability.

Deferred Tax Liabilities

The deferred tax liability of \$13,738,000 at 31 December 2007 primarily reflects the potential tax effect of the fair value allocated to the future exploration potential of Intrepid Minerals Corporation from the July 2006 merger.

Mining properties

Mining properties consist of acquired exploration assets and mineral properties currently under development or in production, together with related mine development costs and capital assets.

All exploration and evaluation expenditures incurred by or on behalf of the Company, up to the decision by the Board to proceed with development of a mining property, are expensed as incurred. Acquired exploration assets are not written down below acquisition cost unless the acquisition cost is not expected to be recovered.

Impairment of Mining properties

At 30 June 2007 the Consolidated entity completed a fair value assessment of the net assets acquired on the business combination of 4 July 2006 and, in accordance with AIFRS, tested mining properties for impairment against the accounting value assigned to the combination. As a consequence, the Company has determined that an impairment charge of \$30,000,000 is appropriate. This impairment charge results in a reduction in the deferred tax liability of \$9,000,000 which is reported as an income tax benefit in the income statement.

Background

On 4 July 2006 the Consolidated entity completed a business combination by acquiring all of the issued securities of Intrepid Minerals Corporation, a Canadian gold and silver explorer with areas of interest in South and Central America and which was listed on the Toronto Stock Exchange.

The purchase consideration for all the issued securities of Intrepid Minerals Corporation was 27,604,328 Intrepid Mines Limited ordinary shares, 3,800,000 unlisted Intrepid Mines Limited options, 31,458,608 Exchangeable shares and 3,918,750 warrants from the Company's wholly owned Canadian subsidiary Intrepid NuStar Exchange Corporation where the exchangeable shares are exchangeable into Intrepid Mines Limited ordinary shares. The issued securities were valued using the trading price at the close of business immediately before the Company's general meeting on 26 June 2006 after which time the Company's shares entered deferred settlement and thinly traded until the transaction was completed on 4 July 2006. The value of IMC options and warrants assumed as a result of the merger was assessed using a Black-Scholes option pricing model that takes into account the exercise price, the remaining term of the options or warrants, the share price used for the transaction and expected price volatility of the underlying share and the risk free rate for the term of the option.

The model inputs for this consideration included:

- (a) expected price volatility of 45%
- (b) risk-free interest rate of 5.75%.

Details of net assets acquired were as follows:

	Fair value \$000	Acquiree's carrying amount \$000
Cash and cash equivalents	4,524	4,524
Trade and other receivables	270	270
Other financial assets	233	233
Plant and equipment	48	48
Exploration and mine properties	2,869	2,869
Future exploration potential	66,199	-
Trade and other payables	(1,810)	(1,810)
Deferred tax liability ⁽¹⁾	(20,649)	-
Net assets acquired	51,684	6,134

(1) The deferred tax liability on acquisition at 4 July 2006 was recorded at a US dollar to Canadian dollar exchange rate of 0.8992.

This Australian equivalents to International Financial Reporting Standards (AIFRS) approach produced a future exploration potential amount of \$45,550,000 plus the tax effect of this amount of \$20,649,000 presenting a reportable total of \$66,199,000. The tax effect of the future exploration potential is brought to account on the basis that the future exploration potential amount will at some time in the future be charged as a non tax deductible expense to the Income statement.

Movement in foreign exchange rates between 4 July 2006 and 30 June 2007 have increased the reportable future exploration potential amount from \$66,199,000 to \$69,493,000 representing a \$3,294,000 foreign exchange related increase in the assigned business combination value.

The Company has assessed the assigned value and allocated it to the various segments of the business acquired. Value was first allocated to the near term cash generating unit being the Kamila Gold and Silver project in the Casposo area of interest in Argentina based on the feasibility study completed during the first half of 2007. A further amount was allocated to exploration potential of the areas of interest acquired in the combination. The unallocated balance has been recorded as a future exploration potential impairment expense.

(a) Impairment tests for future exploration potential

Future exploration potential is allocated to the Consolidated entity's cash generating units and areas of exploration potential identified according to business segment and country of operation.

A segment-level summary of the future exploration potential allocation is presented below.

31 December 2007	Australia \$000	Canada \$000	Argentina \$000	El Salvador \$000	Mexico \$000	Unallocated \$000	Total \$000
Assets							
Mining properties	-	-	35,288	5,224	2,161	-	42,673
31 December 2006							
31 December 2006	Australia \$000	Canada \$000	Argentina \$000	El Salvador \$000	Mexico \$000	Unallocated \$000	Total \$000
Assets							
Mining properties	-	-	-	-	-	63,441	63,441

The recoverable amount of a cash generating unit is determined based on a value-in-use calculation. The single near term cash generating unit being the Kamila Gold and Silver project in the Casposo area of interest in Argentina has been assigned value based on the feasibility study completed in the first half of 2007. This is a five year cash flow based on financial feasibility projections and the Kamila geological reserve model. Areas of exploration potential identified by segment have been allocated value based on their potential to provide future value utilising industry guides for pricing potential discovery value. These assessments are subjective and will be reviewed annually based on continuing development of exploration experience in these areas and market value indicators.

(b) Key assumptions used for value-in-use calculations:

- (i) Future exploration potential attributed to the Kamila Gold and Silver project in the Casposo area of interest in Argentina was based on the feasibility study completed in the first half of 2007. The key assumptions were the gold price at \$600 per ounce and the silver price at \$10 per ounce.
- (ii) Future exploration potential attributed to the Casposo Greenfield potential in Argentina was limited to 240,000 ounces at \$75 per ounce. The allocation is based on an increase in the resource of only 50%. While the Board expects a greater number of ounces to be produced by the Casposo area of interest, the allocation was based on near term potential with recognition that market prices, interest rates, and foreign exchange movements increase uncertainty of future potential.
- (iii) Future exploration potential attributed to El Salvador was based on 200,000 ounces at \$25 per ounce. The Board considers the El Salvador areas of interest as having the potential of hosting future world class gold discoveries. While the potential is considered high, the Non-Government Organisational pressures and political environment in this region have not in the recent past been pro mining and so reduced ounces and value per ounce has been attributed to this region.
- (iii) Future exploration potential attributed to the Mexico area of interest reflects the area's multi million ounce silver potential being realised in neighbouring properties. The assigned value is based on \$1 per ounce.

(c) Impact of possible changes in key assumptions

Changes in the gold and silver price, movement in interest rates and foreign exchange rates and changes in the political and social environment in the Countries holding the exploration areas of interest are all factors that could change the assessment of the future exploration potential assigned to various areas.

(d) Impairment charge

The impairment charge arose from the allocation of the 4 July 2006 business combination value based on the AIFRS allocation of the transaction.

Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the period. The amounts are generally unsecured. The amount has decreased by \$3,433,000 from the 31 December 2006 balance of \$7,647,000 to the 31 December 2007 balance of \$4,214,000 reflecting payment timing and more normal payable levels.

Borrowings

Borrowings increased by \$2,280,000 from the 31 December 2006 balance of \$16,187,000 to the 31 December 2007 balance of \$18,467,000. The increase reflects the Emperor Mines Limited loan secured during the year to complete the feasibility study and continue progress of the Casposo gold and silver project along with addressing working capital requirements. Foreign exchange has also contributed to the increase as further weakness in the United States dollar used as the reporting currency inflated the Australian dollar loan base year on year. The scheduled project finance facility repayments and finance lease principal repayments have partially offset these increases.

Provisions

Provisions reflect employee benefits and provision for mine rehabilitation. There was a \$157,000 decrease from the 31 December 2006 balance of \$1,021,000 to the 31 December 2007 balance of \$864,000. The decrease reflects the completion of fixed term employment contract obligations. There are no remaining fixed term employment contract obligations impacting on provisions at 31 December 2007.

Financial Instruments - Gold Hedging Program

Gold hedges represent approximately 29% of the 31 December 2007 Paulsens Gold Mine estimated mine depleted recoverable gold reserves, and are schedule to be delivered over the period to December 2008. The mark-to-market value of the forward gold hedge contracts at 31 December 2007 was an unrealised loss of \$13,628,000 (as compared to an unrealised loss of \$16,019,000 at 31 December 2006).

The contracts are timed to mature monthly to be matched to monthly forecast future gold sales. A summary of outstanding contracts is provided below:

Maturity

Forward sales	Ounces	A\$/ounce
2008	43,971	A\$627
Total contracts	43,971	A\$627

Financial Instruments - Interest Rate Swap Program

At 31 December 2007, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	31 Dec 2007 \$000	31 Dec 2006 \$000
Less than 1 year	1,791	6,839
1 – 2 years	-	1,621
	1,791	8,460

The mark to market value of the swap contracts at 31 December 2007 was a \$7,000 gain (31 December 2006: \$58,000 gain).

OUTSTANDING SHARE DATA

As at 28 March 2008, issued securities consisted of:

- 413,023,497 ordinary shares issued and outstanding (including the 246,118,931 issued to complete the merger with Emperor Mines Limited)
- 9,621,192 unlisted options to acquire ordinary shares (includes 3,000,000 financing options issued to Claymore Capital during 2007)
- 7,728,000 unlisted warrants to acquire ordinary shares
- 14,878,853 Intrepid NuStar Exchange Corporation (TSX : IXN) exchangeable shares

RELATED PARTY TRANSACTIONS

	Year ended 31 Dec 2007 \$	Six months ended 31 Dec 2006 \$
Gardiner Roberts LLP		
The Canadian Corporate Secretary, Ms Skerrett, is a Partner of Gardiner Roberts LLP. Gardiner Roberts LLP has provided legal services to Intrepid on normal commercial terms. There was \$67,548 in fees outstanding at 31 December 2007 (31 December 2006: \$50,184).		
Amounts recognised		
Legal fees including merger and prospectus costs	226,189	146,008
Paradigm Capital Inc		
A director, Mr Davidson is a Partner and Senior Analyst of Paradigm Capital Inc. Paradigm Capital Inc. has provided corporate services to Intrepid on normal commercial terms. There was \$nil in fees outstanding at 31 December 2007 (31 December 2006: \$nil).		
Amounts recognised		
Corporate services fees including merger and prospectus costs ⁽¹⁾	-	346,027
Q Legal		
A director, Mr Dundo is a Partner of Q Legal. Q Legal has provided legal services to Intrepid on normal commercial terms. There was \$54,520 in fees outstanding at 31 December 2007 (31 December 2006: \$22,277).		
Amounts recognised		
Legal fees including merger and prospectus costs	368,644	75,907

COMMITMENTS AND CONTINGENCIES

Commitments and contingencies are detailed in the notes to the financial statements of the Company at 31 December 2007.

	Total \$000	< 1 year \$000	2-5 years \$000	> 5 years \$000
Contractual obligations				
Long term debt	17,607	17,607	-	-
Capital leases	860	835	25	-
Operating leases	626	195	431	-
Capital commitments ⁽¹⁾	14,879	1,064	11,215	2,600

(1) Includes \$14,500,000 contribution commitment towards the grid power system for the development of the Casposo gold and silver project, of which only US\$725,000 was committed until project construction commences post 31 December 2007.

Native Title

The Paulsens Gold Mine was established under an agreement with the relevant Native Title claim group the PKKP. The agreement established a production royalty of \$2 per ounce produced payable quarterly to the PKKP on the current reserve.

Exploration areas of interest retention commitments

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. The commitment, being \$996,000 for 2008, will continue for future years with the amount dependent upon tenement holdings.

Major contracts

The Company has a number of major contracts in connection with ordinary operations of the Paulsens Gold Mine. The contracts relate to the provision of mining services, power generation, oxygen generation and crushing services and have fixed terms. Should the Company terminate the contracts early there are penalties of up to \$0.9 million in aggregate (\$0.8 million at 31 December 2006). The directors and management do not intend to terminate or withdraw from the contracts before the end of the terms.

CRITICAL ACCOUNTING ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

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 year are discussed below:

(i) Ore reserve estimates

Estimates of recoverable quantities of ore reserves include assumptions regarding commodity prices, exchange rates, discount rates, and production costs for future cash flows. It also requires interpretation of complex and difficult geological models in order to make an assessment of the size, shape, depth and quality of resources and their anticipated recoveries. The economic, geological and technical factors used to estimate ore reserves may change from period to period. Changes in reported ore reserves can impact mining properties carrying values, property, plant and equipment carrying values, the provision for restoration and the recognition of deferred tax assets, due to changes in expected future cash flows. Ore reserves are integral to the amount of depreciation, depletion and amortisation charged to the income statement and the calculation of inventory.

(ii) Rehabilitation obligations

The Consolidated entity estimates the future removal costs of mine operations disturbances at the time of installation of the assets and commencement of operations. In most instances, removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal date, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal technologies in determining the removal cost, and asset specific discount rates to determine the present value of these cash flows.

(iii) Income taxes

The Consolidated entity is subject to income taxes in Australia and jurisdictions where it has 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. Sufficient tax losses have been brought to account to offset recorded deferred tax liabilities. The Group's ability to access existing tax losses is dependent on it demonstrating achievement of either of two income tax defined tests, being the continuity of ownership test or the same business test.

CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The 31 December 2007 financial statements have been prepared in accordance with the Australian equivalents to International Financial Reporting Standards ('AIFRS'). The financial statements presentation currency is United States dollars.

Mining Properties and deferred tax liabilities

Under AIFRS the 4 July 2006 merger purchase consideration was based on the opening share trading price of the Company's listed securities at 26 June 2006 which was A\$1.116 (on a post 12:1 consolidation basis). Under CGAAP, practice is to adopt the weighted average share trading price for the five day period being two days before and two days

after the merger announcement on 13 December 2005. The share price for this period on a consolidated 12:1 basis was A\$0.692. This methodology would reduce the future exploration potential from \$66,199,000 to \$36,715,000 and reduce the deferred tax liabilities relating to this future exploration potential from \$20,649,000 to \$11,875,000 and reduce the value assigned to contributed equity by \$20,710,000.

Impairment of Mining Properties

The allocation of the assigned business combination value at 30 June 2007 resulted in an impairment charge being recorded, and the carrying value reduced to an amount that is within material limits of the CGAAP original value. Consequently the Mining Properties and deferred tax liabilities under AIFRS are at 31 December 2007 within material limits of the CGAAP value. However, the impairment charge recorded under AIFRS in the profit and loss would not have been material under CGAAP.

The impairment of future exploration potential charge of \$30,000,000 reported under AIFRS would not be required under CGAAP as the accounting value attributed to the business combination at acquisition is within material limits and the impaired AIFRS future exploration potential value.

In applying Canadian generally accepted accounting principles the Company would have early adopted the requirements of the Canadian Institute of Chartered Accountants ('CICA') Handbook Sections 3855 'Financial Instruments - Recognition and Measurement', 3865 'Hedges' and 1530 'Comprehensive Income'.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the year ended 31 December 2007. Refer to note 1 of the 31 December 2007 financial statements for a summary of the significant accounting policies.

NON-GAAP MEASURES

The Company has included in this MD&A cash cost per ounce of gold produced and cash cost per tonne mined or processed. These performance measures do not have any standardised meaning prescribed by AIFRS or Canadian GAAP and, therefore, may not be comparable to similar measures presented by other companies. The Company believes that, in addition to conventional measures prepared in accordance with AIFRS, certain investors use this information to evaluate the Company's performance. Accordingly these measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance in accordance with AIFRS. Set out below are definitions of the performance measures and reconciliation of the measures to reported Income Statement expenses:

Cash cost per ounce of gold produced are derived from all direct site costs including mining, processing, and site administration but excluding capital and related depreciation and amortisation. In addition, to derive the total cash cost, offsite costs to complete processing are added including transport of doré to the refiner, refining costs and royalties net of silver credits. Costs are based on ounces produced.

	Twelve months ended 31 December	
	2007	2006
Gold ounces sold (oz)	69,469	73,994
Gold revenue (\$000)	39,786	37,407
Silver revenue (\$000)	76	65
Gold and silver revenue per financial statements (\$000)	39,862	37,472
Average realised gold price (\$/oz)	573	506
Gold ounces produced (oz)	71,464	73,736
Cost of gold and silver sold – excluding depreciation and amortisation (\$000)	29,393	25,237
Subtract: By-product credits (\$000)	(76)	(65)
Add back: Other (\$000)	511	509
Direct mining costs (\$000)	29,980	25,681
Total cash costs (\$/oz)	420	349
<i>Cost per tonne of ore is derived from direct mining costs over tonnes mined plus direct processing costs over tonnes processed and direct site administration costs over tonnes processed.</i>		
Tonnes mined (t)	325,258	301,545
Tonnes processed (t)	325,640	317,499

	Twelve months ended 31 December	
	2007	2006
Mining costs (\$000)	15,885	13,728
Processing costs (\$000)	10,200	8,679
Administration costs (\$000)	2,500	2,240
Royalty, refining and transportation costs (\$000)	1,415	1,353
Other costs (Inventory movement) (\$000)	(607)	(763)
Cost of gold and silver sold – excluding depreciation and amortisation (\$000)	29,393	25,237
Mining costs per tonne mined (\$/t)	49	46
Processing costs per tonne processed (\$/t)	31	27
Administration costs per tonne processed (\$/t)	8	7
Total (\$/t)	88	80
	Quarter ended 31 December	
	2007	2006
Gold ounces sold (oz)	19,273	14,271
Gold revenue (\$000)	12,528	7,023
Silver revenue (\$000)	23	17
Gold and silver revenue per unaudited interim financial statements (\$000)	12,551	7,040
Average realised gold price (\$/oz)	650	492
Gold ounces produced (oz)	21,426	14,672
Cost of gold and silver sold – excluding depreciation and amortisation (\$000)	7,254	6,669
Subtract : By-product credits (\$000)	(23)	(17)
Add back: Other (\$000)	877	191
Direct mining costs (\$000)	8,108	6,843
Total cash costs (\$/oz)	378	468
Tonnes mined (t)	85,011	86,071
Tonnes processed (t)	82,276	80,480
Mining costs (\$000)	4,355	3,883
Processing costs (\$000)	2,923	2,267
Administration costs (\$000)	720	616
Royalty, refining & transportation costs (\$000)	479	252
Other costs (Inventory movement) (\$000)	(1,223)	(349)
Cost of gold and silver sold – excluding depreciation and amortisation (\$000)	7,254	6,669
Mining costs per tonne mined (\$/t)	51	45
Processing costs per tonne processed (\$/t)	36	28
Administration costs per tonne processed (\$/t)	9	8
Total (\$/t)	96	81

SIGNIFICANT DEVELOPMENTS / SUBSEQUENT EVENTS

Since 31 December 2007 the following has occurred:

- On 14 January 2008, the Company announced a 23% increase in the Casposo Gold and Silver project resources
- On 22 January 2008 proposed merger partner Emperor Mines Limited released a Notice of shareholder meeting to consider the proposed merger
- On 24 January 2008, the Company announced the December 2007 quarter results showing strong production and low cash costs at Paulsens Gold Mine
- On 1 February 2008, the Company released its Notice of shareholder meeting to consider the proposed merger
- On 8 February 2008, the Company announced encouraging signs from underground infill and extension structure confirmation drilling
- On 3 March 2008, shareholders approved the merger with Emperor Mines Limited
- On 11 March 2008, the merger with Emperor Mines Limited became effective

The merger creates a well-funded business with a strong balance sheet and quality board and management. The Company can now immediately focus on progressing the Casposo project in Argentina along the development path and advancing the Tujuh Bukit project in Indonesia.

Effective 11 March 2008, the board of Intrepid has been reconstituted to consist of:

- Colin Jackson, Chairman (continuing director);
- Bradley Gordon, CEO (new director);
- Laurence Curtis, President (continuing director);
- Kevin Dundo, Non-executive director (continuing director);
- Robert McDonald, Non-executive director (new director);
- Ian McMaster, Non-executive director (new director).

Other than as identified above there has not arisen in the interval between 31 December 2007 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity, in future years.

RISKS AND UNCERTAINTIES

The Company employs an overall risk management program that seeks to minimize potential adverse effects on the Company's overall performance. The program is carried out under policies approved by the Risk Management Committee and Board of directors. Some of the key risks managed include but are not limited to the following:

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Gold price/Hedging

Gold price is a key performance driver and fluctuations in the price of gold can have a significant impact on the Company's results. The gold price fluctuates daily and is affected by numerous factors beyond the Company's control. The price of gold is influenced by supply and demand, exchange rates, inflation rates, changes in global economies, and political, social and other factors. The supply of gold consists of a combination of new mine production and existing stocks held by governments, banks, producers and consumers.

If the market price for gold falls below the Company's full production costs and remains at such levels for any sustained period of time, the Company may, depending on hedging practices, experience losses and may determine to discontinue mining operations or development of a project. If the price of gold dropped significantly, the economic prospects of

the Paulsens Gold Mine and areas of interest in which the Company has an interest could be significantly reduced or rendered uneconomic.

Gold markets are marked by high volatility over short periods. The Company has partially hedged against fluctuations in the price of gold. These hedges are denominated in Australian dollars, as the associated costs to produce gold are incurred in Australian dollars.

Foreign Exchange Rates

Stock exchange listings on the ASX and TSX, and plans to develop projects where the ad hoc currency is US dollars, has resulted in the Company adopting US dollars as its reporting currency. Consequently, fluctuations in the US dollar against the functional currencies of the Group's companies could result in unanticipated changes in the Company's financial results.

Credit Risk

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. This arises with amounts receivable from unrealised gains on derivative financial instruments. At 31 December 2007, interest rate swap contracts and forward Australian gold sales are all held with Westpac Banking Corporation and are within counterparty limits established in the Company's Financial Risk Policy.

Uninsurable risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not maintain insurance against political or environmental risks.

Exploration, development and operating risks

Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in the operation of mines and the conduct of exploration programs.

The Company has relied on and may continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

The Company believes that it holds all the necessary licenses and permits under applicable laws and regulations and believes it is presently complying in all material respects with the terms thereto. However, there is no certainty that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to further explore and develop its properties.

The economics of developing mineral properties are affected by many factors including the cost of operations, variations in the grade of ore mined and metals recovered, fluctuations in metal markets, costs of processing equipment, continuing access to refining facilities on acceptable terms and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There is no assurance that the Company's mineral exploration, development and acquisition activities will be successful.

Ore reserve and resource estimates

The Company's reported mineral reserves and resources are only estimates. No assurance can be given that the estimated mineral reserves and resources will be recovered or that they will be recovered at the rates estimated.

Mineral reserve and resource estimates are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral reserve and resource estimates may require revision (either up or down) based on actual production experience. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain mineral reserves and resources uneconomic and may ultimately result in

a restatement of reserves and/or resources. Moreover, short-term operating factors relating to the mineral reserves and resources, such as the need for sequential development of ore bodies and the processing of new or different ore grades, may adversely affect the Company's profitability in any particular accounting period.

Safety risks and other hazards

The mining industry is exposed by nature to safety risks and other hazards. To minimise these risks we provide training, testing and awareness programs to our employees to continuously improve work practices and the working environment.

Environmental regulation and liability

The Company's activities are subject to laws and regulations controlling not only the mining of and exploration of mineral properties, but also the possible effects of such activities upon the environment. Environmental laws may change and make the mining and processing of ore uneconomic, or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases, or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas which could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties or the suspension or closure of mining operations. In addition, certain types of operations require the submission of environmental impact statements, bonding and approval thereof by government authorities.

Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for their companies and their officers, directors and employees. Permits from a variety of regulatory authorities are required for many aspects of mine development, operation and reclamation.

Future legislation and regulations could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of reclamation plans, the Company must comply with standards and laws and regulations which may entail costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company does not maintain environmental liability insurance.

The Company operates to ensure required environmental standards are met in all respects and has a strong commitment to ensure that environmental standards are fully integrated into the construction, commissioning and operation of the Company's mining projects.

Community risks

In addition to mineral tenure and environmental permitting, the Company engages local communities where it explores. Communities may respond differently to exploration and mineral development activities from region to region. Increasingly the exploration sector is required to engage in social contracts with local residents, communities and surface land owners. Factors affecting social acceptance of exploration are variable and can be unpredictable over time. Local opinions can change rapidly about exploration activities and opinions may not be related to the activity of the Company although its ability to enter an area and conduct its programs may be affected by shifts in perception.

Native Title and Aboriginal Heritage issues

Native Title claims and Aboriginal heritage issues may affect the ability of the Company to pursue exploration, development and mining on its prospective areas of interest. Access to Paulsens Gold Mine was negotiated with Native Title claim group, PKKP in November 2002.

In Australia the NTA provides for Native Title claims to be filed in the Federal Court of Australia and if a claim satisfies certain threshold requirements, to be registered by the National Native Title Tribunal pending the ultimate determination of the claim by the Federal Court. The NTA also provides for the Australian States and Territories to validate certain titles and tenements which may have been invalid by reason of the existence of Native Title and also establishes procedures which must be followed before actions which affect Native Title rights are undertaken, such as the grant of mining leases and other tenements. In the case of applications for mining leases, the procedure involves a period of negotiation with the registered Native Title claimants/holders and, if agreement cannot be reached, an arbitrated decision by the National Native Title Tribunal.

Renewals of mining tenements and applications for exploration licenses may be exempted from this process in some circumstances. Registered Native Title claimants/holders also have the right to object to infrastructure titles (such as for power lines and pipelines) in which event a process of consultation and Independent determination applies.

The resolution of Native Title and Aboriginal heritage issues is an integral part of exploration and mining operations and the Company is committed to managing the issues effectively. However, in view of the legal and factual uncertainties, no assurance can be given that material adverse consequences will not arise in connection with Native Title and Aboriginal heritage issues.

Key Personnel

The Company is dependent on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Company. The Company has taken key personnel insurance on the President/CEO and Vice President Exploration and is reviewing the insurance of other key executives.

DISCLOSURE CONTROLS AND PROCEDURES

The Company evaluated its disclosure controls and procedures as defined under Multilateral Instrument 52-109 for the year ended 31 December 2007. This evaluation was performed by the Chief Executive Officer and the Chief Financial Officer with the assistance of other Company employees to the extent necessary or appropriate. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective.

INTERNAL CONTROLS AND PROCEDURES

The Company evaluated the design of its internal controls and procedures as defined under Multilateral Instrument 52-109 for the year ended 31 December 2007. This evaluation was performed by the Chief Executive Officer and the Chief Financial Officer with the assistance of other Company employees to the extent necessary or appropriate. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design of these internal controls and procedures was effective.

FORWARD-LOOKING STATEMENTS

This MD&A 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.

MORE INFORMATION ABOUT INTREPID MINES LIMITED

In addition to the Company's website, www.intrepidmines.com, readers are encouraged to view the Company's Annual Information Form and other public regulatory filings. These can be found at www.sedar.com. Public filings may also be accessed through the Australian Stock Exchange website, www.asx.com.au.