



19 February 2014

**INTREPID MINES
LIMITED**
ASX and TSX : "IAU"

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INTREPID TO RECEIVE ~A\$90 MILLION IN SETTLEMENT OF INDONESIAN DISPUTES

BRISBANE, 19 FEBRUARY 2014: Intrepid Mines Limited (ASX, TSX: 'IAU') ("Intrepid", or the "Company"), announces that it has signed binding agreements to settle all disputes surrounding the ownership of the Tujuh Bukit copper/gold project in Indonesia ("Project") which will result in the Company receiving US\$80 million (~A\$90 million) in cash.

In entering into the agreements, the Company seeks to bring to an end the various streams of disputes relating to the Project in which it has been involved.

The agreements, which Provident Capital and Saratoga Capital brokered on behalf of the parties with whom Intrepid has been in dispute, are binding and subject only to Intrepid shareholder approval being obtained at a general meeting expected to be held in early April 2014.

To effect the proposed settlement, two binding agreements and a range of ancillary documents have been signed. Key amongst these are:

1. Master Settlement Deed

A deed of settlement has been signed by all of the parties involved in the ownership dispute, including Intrepid's former Indonesian partners, PT Indo Multi Niaga ("IMN"), Maya Ambarsari ("Maya"), Reza Nazaruddin ("Reza") and Paul Willis ("Master Settlement Deed"). Under this deed, all parties have agreed to settle the disputes between them, including those that are the subject of arbitration proceedings brought by Intrepid in Singapore and the dispute between the Company and IndoAust Limited, IndoAust Pty Ltd and Paul Willis which is before the Indonesian courts.

Under the Master Settlement Deed, Emperor Mines Pty Ltd, a wholly-owned subsidiary of the Company, ("Emperor") will exchange a US\$70 million promissory note issued by IMN in settlement of Emperor's claims against IMN, Maya and Reza for a bond which is convertible into a 15% pre-IPO shareholding in PT Merdeka Serasi Jaya ("MSJ"), the current holding company for the companies holding the Tujuh Bukit mining tenements ("Convertible Bond").

The Convertible Bond is exercisable upon the IPO of MSJ. However, the controlling shareholders of MSJ have advised Intrepid that neither the timing nor the jurisdiction of that listing have yet been finalised.

Emperor has also been granted the right to pay US\$37.5 million to acquire 7.5% of the shares in MSJ at the time of the proposed IPO ("Option").

Settlement under the Master Settlement Deed will occur automatically following the passing by Intrepid shareholders of the ordinary resolution approving the transaction, referred to below.

2. MSJ Securities Assignment Deed

A deed of assignment has also been signed under which Intrepid and Emperor have sold and assigned all of their rights under the Master Settlement Deed, including the Convertible Bond and the Option, to Kendall Court Resource Investments Ltd ("KCR"), a company associated with the Singapore-based funds manager Kendall Court ("Sale Agreement").

The purchase price payable by KCR is US\$80 million (~A\$90 million).

continued overleaf

KCR's obligations under the Sale Agreement have been secured by:

- payment of a US\$40 million cash deposit into an independently controlled escrow account; and
- the provision by DBS Bank in Singapore of a Standby Letter of Credit for US\$40 million in favour of Emperor.

These funding arrangements provided the Company's Board with the comfort it required regarding KCR's ability to complete the sale transaction.

Shareholder Approval

One resolution will be put to shareholders seeking approval to enter into both the Master Settlement Deed and the Sale Agreement, together with all related documentation needed to complete the transactions.

Unanimous Board Recommendation

The Board of Directors of Intrepid has unanimously resolved to recommend that the Company's shareholders vote in favour of the proposed settlement at the forthcoming general meeting.

The reasons supporting this recommendation will be set out more fully in the Notice of Meeting, which is currently being prepared. In summary, those reasons include:

- the benefits of putting an end to lengthy litigation, arbitration and appeals which have an uncertain outcome and significant associated costs;
- the fact that the proposed settlement recovers a substantial proportion of the funds previously invested, which will provide greater certainty about the outcome and optionality for shareholders in terms of the future deployment of those funds together with the Company's current cash reserves of ~A\$90 million;
- the impact of new regulations enacted in Indonesia in September 2013 which mean that the Company is now limited to a maximum 49% interest in the Indonesian company holding the Project licences;
- the introduction of regulations that limit the export of raw and semi-processed minerals, and impose new taxes on such exports, has adversely affected the economics of the Project; and
- the Intrepid Board's unanimous view that the US\$80 million sale price for the Convertible Bond and the Option is fair (further information on the Board's views on value will be set out in the Notice of Meeting).

The Company's Chairman, Mr Ian McMaster AM, said today:

"We are pleased to have reached this settlement which marks the end of a difficult period for Intrepid and our shareholders. In addition to the protracted dispute over ownership rights in the project which we have now resolved, the value of our interest in the project has declined as a consequence of lower metal prices and regulatory changes which have decreased both our ultimate potential ownership and the overall returns available to the project. Legal challenges are time consuming, costly and rarely result in harmonious relationships going forward.

The Board therefore unanimously resolved that it was in the best interests of our shareholders to settle the disputes now and recover a substantial portion of the funds previously invested.

While this is a disappointing conclusion to our efforts on the project, I am confident that our shareholders will see the benefit of eliminating the current risks we face in Indonesia and recovering the US\$80m for redeployment elsewhere."

Further information about the overall transaction and the reasons for the Board recommending the settlement will be set out in the Notice of Meeting, which will be despatched to shareholders as soon as possible.

Intrepid is being advised by Macquarie Capital, Ashurst in Australia and Singapore and SSEK Legal Consultants in Indonesia.

Directors

Ian McMaster (Chairman)
Colin G. Jackson (Deputy Chairman)
Scott Lowe (Managing Director,
 Chief Executive Officer)
Laurence W. Curtis (Non-executive Director)
Robert J. McDonald (Non-executive Director)
Alan Roberts (Non-executive Director)
Adrianto Machribie (Non-executive Director)
Garry Gill (Company Secretary)

Stock Exchange Listing

ASX and TSX symbol: IAU

Substantial Shareholders

Taurus Funds Management 8.5%
 Van Eck Associates 7.6%
 Acorn Capital 6.8%
 Surya Paloh 5.0%

Issued Capital

556,612,782 shares
 5,218,259 unlisted options
 2,472,000 unlisted share rights

Shareholder Enquiries

Matters related to shares held, change of address and tax file numbers should be directed to:

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