

## Due Diligence and Valuation Report

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 Coverage initiated: 03 10 2017  
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 Fair share value bracket: AUD 0.354 - AUD 0.381<sup>i</sup>  
 Share price on date: AUD 0.19<sup>ii</sup>

### Analyst Team

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### Market Data

52-Week Range:	AUD 0.085 – AUD 0.195 <sup>iii</sup>
Average Daily Volume:	619,164 <sup>iv</sup>
Market Cap. on date:	AUD 42.4MM <sup>v</sup>

**Fiscal Year (FY)** July 1 – June 30

Intermin Resources Limited ('Intermin' or 'the company') is a mining, exploration and development company focused on Australian resource projects. The company strategy is to develop a pipeline of mining projects and is currently focused on the Kalgoorlie Region of Western Australia, home to some of Australia's largest and richest gold mines.

The company portfolio includes 100% interests in the advanced Teal, Anthill, Blister Dam, Baden Powell and Goongarrie Lady gold projects. It also holds 100% interest in exploration projects – Windanya, Janet Ivy South, Black Flag, Yarmony, Area 54 and Kanowna North. In addition, the company has active joint venture projects at Binduli North, Menzies-Goongarrie and Nanadie Well in Western Australia and Richmond in Queensland.

The existing JORC Compliant Mineral Resource Estimate ('JORC') 2012 Resource at all the company projects currently totals 356,000oz grading 2.24g/t Au. The company is currently aiming to significantly grow its JORC.

The Kalgoorlie projects cover an area of ~380km<sup>2</sup> located on the highly prospective Zuleika, Bardoc and Abattoir shear zones. The projects are either along strike from or adjacent to significant mines, and are close to third-party processing facilities.



Company: Intermin Resources Limited  
 Ticker: ASX:IRC  
 Headquarters: Nedlands, WA  
 Managing Director: Jon Price  
 Website: <http://www.intermin.com.au/>

Intermin is confident that it will continue to increase mineral resources within its portfolio. The company is also actively pursuing its growth strategy to expand its portfolio through the acquisition of new projects.

**Key projects - Teal gold mine:** Intermin is currently focused on mining at the Teal open pit gold mine, located 11km north-west of Kalgoorlie in Western Australia.

The Stage 1 and Stage 2 mines at Teal are operating with a total of 185,000 tonnes of ore mined at 3.25g/t for a gold production of 19,330 ounces till date. Of this, approximately 4,550 ounces of gold were produced in the 1Mtpa Lakewood toll milling facility.

The second toll milling campaign commenced on January 19, 2018, and is estimated to process 30,000 tonnes of ore with an expected grade of 3.2g/t Au to be followed by a final campaign in late February 2018.

The company estimates production of 18,000-20,000 ounces from Stage 1 and Stage 2 of the mine at all-in costs of AUD 1,000-1,100 per ounce.

Mining is being conducted by contractor Resource Mining Pty Ltd ('RM') and RM funded 50% of the capital cost of the project and will receive 25% of the profit. The ore is currently treated at the Paddington Mill, a third-party facility located 22km north of Teal.

Stage 1 and Stage 2 of the Teal project are highly profitable with total estimated free cash flow of AUD 9-10 million.

Stage 3 of the project involves a pit expansion up to 200m along strike to the south. The feasibility report is underway and expected to be completed by March 2018.

**Key projects - Goongarrie Lady:** Intermin's next mining project is the development of Goongarrie Lady, located at the northern end of the Bardoc Tectonic Zone.

The company completed a scoping study and plan to mine 140,000 tonnes of ore grading 3.4g/t for 14,700 ounces of gold over a period of seven months.

The recently concluded reverse circulation drill program involving 167 holes for 8,447m confirmed the grade and the geological interpretation to further support the feasibility study and mine approvals.

The project is highly profitable with an estimated cash generation of AUD 7-8 million. The company expects to start production soon after it delivers the feasibility report in the June 2018 quarter.

**Key projects - Anthill gold project:** Anthill is one of the most valuable new additions to Intermin's mining pipeline. It contains an Indicated and Inferred Resource of 160,700 ounces which is currently not included in the company's JORC 2012 Resource.

Intermin acquired Anthill in March 2017 and is set to complete a +7,000m JORC 2012 Resource confirmation. The historical JORC did not have a well-defined structural interpretation for pit optimization studies.

The recently completed reverse circulation drill program involving 46 holes for 6,509m showed excellent results, confirming new geological and mineralization interpretation.

The project is located on the highly prospective Zuleika Shear and close to significant deposits

A scoping study is underway to economically assess the project and mining approval activity is to follow. The company has also planned a large-scale follow-up reverse circulation program in 2018 to test the primary targets.

**Other projects -** The company is also focused on the discovery and development of new deposits and a 32,000m drilling program is currently underway.

The success of the Teal mine has been a huge positive for the company the self-funded exploration strategy is implemented. Intermin has production activities at the Teal and Goongarrie Lady mines for 2018 and concurrent exploration activities at numerous prospects.

We believe the Anthill project has the potential to be in production soon and completion of milestones towards the development of the project would create significant additional value.

The company has also secured no-cost strategic joint ventures with major resource companies for the development of following project;

- Binduli North (Au) – ASX: EVN
- Menzies-Goongarrie (Au) – ASX: EGS
- Lehmans (Au) – ASX: SAR
- Richmond (V) – AXF Resources Pty Ltd
- Nanadie Well (Cu-Ni-Co-PGE) – ASX: MTH
- Janet Ivy AUD 0.5/t Royalty (Au) – Norton Goldfields Ltd.

The management team is highly experienced in mining development and the exploration of gold projects. We believe the company is well placed for the successful development of its projects.

Given due diligence and valuation estimations based on discounted cash flows, we believe that Intermin's fair share value lies between AUD 0.354 and AUD 0.381.

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## Company Presentation

Intermin is a mining, exploration and development company with current interests in several gold projects located in Australia. The company's strategy is to increase the shareholder's value by developing its projects through the application of advanced exploration techniques and robust economic mining assessment criteria.

During recent years, the company completed a number of acquisitions to grow its pipeline of projects. The company holds 100% interest in several gold projects located in the Kalgoorlie area of Western Australia and is diluting its interest through earn-in joint ventures at a number of projects with a number of experienced well-funded partners.

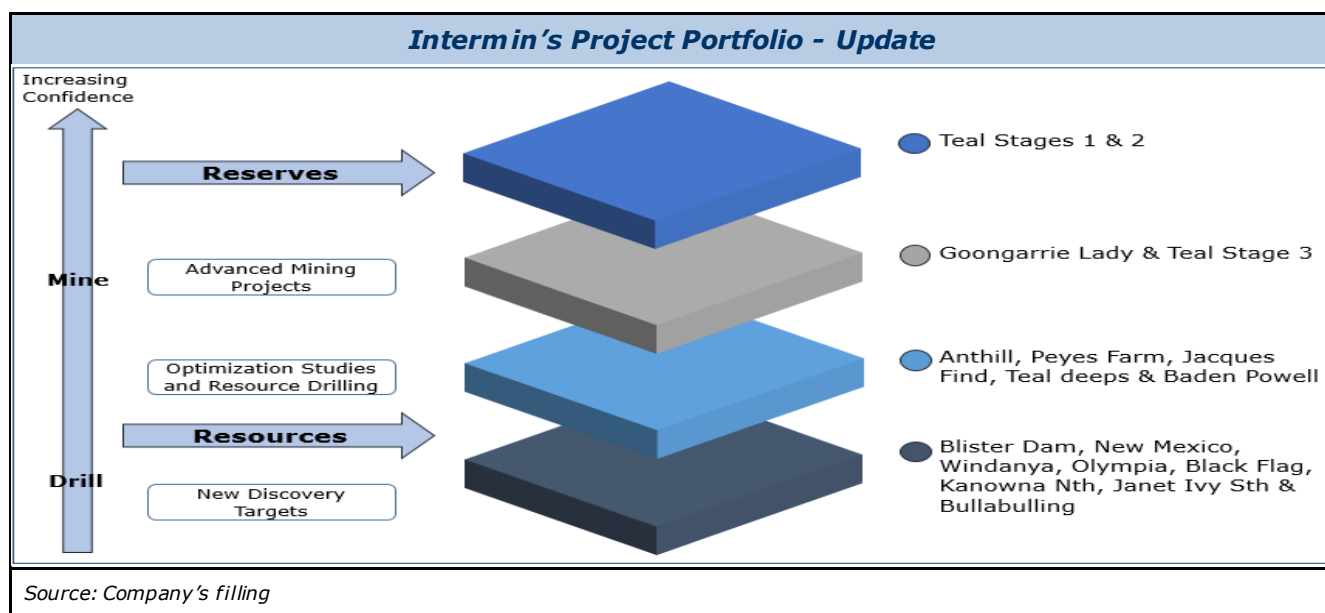
Currently, the company is focused on mining at the Teal open pit gold mine located 11km northwest of Kalgoorlie in Western Australia. The Stage 1 and Stage 2 of the Teal mine are operating with 185,000 tonnes of ore at a grade of 3.25g/t for 19,330 ounces mined till date. The company expects to produce 18,000-20,000 ounces of gold during Stage 1 and Stage 2 of the Teal mine due for completion in March 2018. The company has commenced the feasibility study for the Stage 3 of the Teal mine development.

Additionally, Intermin is also focused on delivering a feasibility study for the Goongarrie Lady open pit gold deposit, located 80km north of Kalgoorlie.

Financial summary: As of September 2017, Intermin had AUD 7.24 million in cash and cash equivalents, including AUD 1.53 million in listed investments. The company is debt-free and intends to self-fund its exploration. It has 222.9 million ordinary shares outstanding and 23.7 million listed options with an exercise price of AUD 0.17 per option before August 31, 2018.

## Portfolio and Premiums

**Portfolio of promising gold mines:** Intermin owns a 100% interest in a portfolio of gold projects at the mining, development and exploration stages in the Kalgoorlie Region. The company is also exposed to the commodities Au, Cu-Ni-Co-PGE, V-Mo and oil-shale through a royalty and number of earn-in joint ventures. The company is focused on expanding mining at the Teal gold mine and has commenced a 32,000m drill program on its Kalgoorlie projects.



**Potential to develop the mines as the Teal mine is operational:** We believe that the mining of Teal will add significant cash flow to the company to fund further aggressive exploration programs. Stage 1 and Stage 2 combined production from Teal are likely to produce 18,000–20,000 ounces of gold up to the end of April 2018. The cash will be used to fund and develop new projects, including the Goongarrie Lady Project. A feasibility report for the Goongarrie Lady project should be released in the June 2018 quarter.

**High cash and investments and ability to raise capital through debt and equity funding:** As of September 30, 2017, the company had approximately AUD 5.71 million in cash at bank with no debt outstanding. In addition, the company has AUD 1.53 million in investments in ASX-listed companies. Once Stage 1 of the Teal mine is completed, the company expects to generate total cash of approximately AUD 6.0 million. In addition, the company expects to generate additional AUD 1.10 million from Stage 2 of the mine. The company intends to meet exploration expenses using the cash generated from Teal operations. However, it also has the ability to raise additional funds if required.

**Project location offers accessibility to transport and other services:** Most of the company's projects are accessible to established ore haulage routes and third party processing facilities. All the company development projects are located between 11 and 80km from the city of Kalgoorlie-Boulder.

**Experienced management team in mining operations:** Intermin management personnel have a wealth of knowledge and expertise in exploration and development of junior gold mining companies. The management team has an average experience of about 25 years in development, exploration and mining operations. Apart from mining, the team also has experience in project planning, strategy, financing and environmental management.

## Portfolio and Risks

**Exploration and Mining Risks:** Intermin holds a portfolio of mines located in Western Australia. Most of the projects are in the development and pre-exploration stage. The company faces the risk of successfully mining these projects. Also the materials discovered could be of inferior quality or insufficient quantity to cover the mining costs. Given the current success in the Teal mine and increasing confidence to mine Goongarrie Lady, we believe that the well experienced management team will be able to manage such risk without significant costs.

**Reliance on third parties for mining and milling operations:** Intermin has relied on third-party infrastructure facilities for development of its projects, exposing it to execution risk. However, the company has developed good relations with the operators and plans to implement projects by minimizing execution risk.

**Commodity price risk:** Intermin's revenue and cash flows are significantly dependent on prices of gold. Significant reduction and volatility in the prices of gold expose the company to commodity price risk. However, we believe with an experienced management team in the mining industry, the company will determine the appropriate course of action.

## Corporate Strategy

**Development and exploration of portfolio of mines:** In the last few years, Intermin has developed a pipeline of projects in the Kalgoorlie Region of Western Australia. The company holds a 100% interest in several exploration and development projects in the Kalgoorlie Region and is diluting its interest through active joint venture projects at Binduli North, Menzies-Goongarrie and Nanadie Well in Western Australia and Richmond in Queensland. The company's strategy is to self-fund new exploration programs from existing mining development projects.

Currently, the company is focused on the production from the Teal mine which is currently expected to be complete at the end of April 2018. The next project planned for the production is the Goongarrie Lady open pit gold mine which is expected to commence in June 2018 depending on gaining mining approvals. The company is also conducting a major drilling program comprising 32,000m in 2018 to advance its projects with more than 50% of the work completed to date.

**Low capital expenditure expenses through outsourcing mining and milling operations:** Intermin is pursuing a strategy to generate cash flows from contract mining its gold projects and using third-party milling infrastructure. This has enabled Intermin to develop the Teal mine at a very low capital cost. The company's projects are located close to existing third-party milling facilities. We believe this will enable the company to develop its other projects for low capital costs.

**Actively pursue acquisition and joint venture opportunities:** Intermin has had a successful track record of adding mineral resources through greenfield and brownfield exploration across its tenements and through acquisition within the WA goldfields. The company acquired new projects with an area totaling 180km<sup>2</sup> in the last 12 months. The company has also entered into no-cost strategic joint ventures. Intermin is confident that there is reasonable probability that it will continue to increase mineral resources within its portfolio and is also currently actively pursuing further acquisition opportunities to expand its portfolio.

<b>Growth Strategy</b>				
<b>Five key growth pillars</b>				
<b>01</b>	<b>02</b>	<b>03</b>	<b>04</b>	<b>05</b>
Develop advanced mining projects to generate cash	Self fund aggressive exploration targeting large scale new discoveries, future mine developments and further asset acquisitions	Incrementally grow the production profile to emerging mid-tier status through discovery and asset acquisitions with the key focus on cash margins	Pursue consolidation in the region at corporate level to deliver step change opportunities	Engage and participate with quality partners to unlock value on joint venture projects
<i>Source: Company's filing</i>				



## News

- **Appointment of Chief Operating Officer and resignation of Executive Director:** On January 10, 2018, the company announced that Mr. Grant Haywood was promoted to the role of Chief Operating Officer (COO). Furthermore, the company announced the resignation of Executive Director Lorry Hughes, effective from January 31, 2018.
- **Kombi current exploration update:** On December 8, 2017, the company announced that Eight Reverse Circulation holes were drilled to further test previously reported gold mineralization at Kombi, returning 4m @ 0.95g/t gold from 28 meters and 4m @ 0.29g/t gold from 52 meters at the southern end of the prospect. The drilling also confirmed the presence of prospective gold-bearing structural zones at both prospects.
- **Teal operations update:** On January 23, 2018, the company announced that a total of 19,330 ounces of gold were produced in Stage 1 and Stage 2 of Teal's operations. Approximately 4,550 ounces of gold have been produced from the first processing of the 1Mtpa Lakewood toll milling facility. The company has commenced the second toll milling campaign and is estimated to process 30,000 tonnes of oxide ore, followed by the final campaign scheduled in late February.
- **Jacques find delivers high-grade results:** On November 29, 2017, the company announced the completion of follow-up drilling following the resource extension and discovery drilling completion as declared on November 15, 2017, at the new 100% owned Jacques Find discovery. All holes could successfully intercept vital mineralization on top of the current resource envelope. As per the plan, major follow up drilling program is scheduled to commence in the March 2018 quarter, and updated Mineral Resource in the June quarter 2018.
- **Baden Powell mineralization update:** On November 28, 2017, the company announced the completion of Stage 2 drilling at Baden Powell prospect on the Bardoc Tectonic Zone (BTZ). Reverse Circulation drilling resulted in significant mineralization of 17m @ 3.00 g/t Au from 104m downhole.
- **Commencement of reverse circulation drilling at Binduli Gold joint venture project:** On November 21, 2017, the company announced the commencement of a 4,000m drilling program by the joint venture partner Evolution Mining Ltd at the Binduli JV gold project, which is expected to consume four weeks with results and follow-up plans.
- **Richmond Vanadium project update:** On September 20, 2017, the company announced joint venture partner AXF Resources is compiling an updated JORC 2012 Resource to account for recent changes in tenement boundaries. Initial bulk samples of vanadium bearing material have been collected for dispatch to research institutes in China for detailed metallurgical testwork.
- **Richmond Vanadium Joint Venture agreement finalized:** On September 19, 2017, the company announced the execution of the formal Joint Venture Agreement with AXF Resources covering the Richmond Vanadium – Molybdenum Project in Queensland along with issuance of 3,416,666 fully paid ordinary shares in the company at an issue price of \$0.12 per share after receipt of the Part 2 payment of \$410,000. Additionally, the company has issued 1,791,666 options (1:2) with an exercise price of 17 cents and expiry date of 31 August 2018 to AXF.
- **Initiation of Teal Stage 2 Mining:** On September 6, 2017, the company announced the completion of its viability study for Teal Stage 2. The oxide and transitional material in the Measured and Indicated Resource categories hold around 7,600 ounces. Key outcomes of the feasibility study suggest that the pit mine could produce 31,000t at a fully diluted grade of 3.1g/t for 3,100oz over a five-month period. There is a 90% milling recovery average which would recover 2,775oz of gold. Capital development costs and all-in costs were AUD 0.9m and AUD 1,069/oz, respectively. At a gold price of AUD 1,600/oz, the project generates AUD 1.1m in free cash flow. Mining operations are

being conducted by RM Contracting and the ore treatment agreement stands with a third-party processing facility. Mining of Teal Stage 2 will occur concurrently with the completion of Stage 1.

- **Teal Gold Mine Operations Status:** On September 5, 2017, the company announced that ore mined till date was 98,900t grading 3.20g/t for 10,160oz. The recovery average was 94%, recovering 9,550oz of gold. With repayment of capital investment of AUD 2.1 million, a return of asset recovery charge of AUD 2.15 million is expected in this quarter. At an all-in cost of AUD 1,030 – AUD 1,090/oz and at a path to produce 15,000 – 16,000oz, it could generate a net cash flow of AUD 7 million – AUD 8 million at a AUD 1,600/oz gold price. Completion of Stage 1 mining is expected by the December quarter of 2017 with cash & investments currently at AUD 6 million.
- **Initial Drilling at Anthill Intersects 105m at 1.38g/t Au:** On August 30, 2017, the company completed the first pass diamond drill hole AHD1701 at the Anthill gold project to 226m depth on the Zuleika Shear in the Western Australian Goldfields. The drilling confirmed Intermin's geological model, and it was depicted that the mineralization consisted of a discrete steeply plunging quartz stock work zone developed within a folded and altered pillow basalt unit within the Zuleika Shear. In addition, a 7,000m resource validation and extensional drill program also commenced to update the historic JORC 2004 with a resource estimate of 160,000 ounces.
- **Drilling on the Bardoc Tectonic Zone delivers encouraging results:** On August 29, 2017, the first pass reconnaissance drilling was completed at the 100% owned Baden Powell and Olympia prospects on the Bardoc Tectonic Zone (BTZ), situated 60km north of Kalgoorlie-Boulder. High grade intercept at Baden Powell is demonstrating the increasing widths and grades at depth to the south of the historic workings. This was also the first ever drilling at Olympia.
- **New high-grade Kombi Gold Prospect:** On August 7, 2017, Mithril is steering for high-grade gold beneath historic Gloria June workings. Historic workings at Gloria June (to 10 metres depth) produced 1,094 tonnes @ 10.8g/t gold with sampling of remnant quartz vein material returning results up to 271g/t gold. There is also presence of historic surface gold in soil anomaly found immediately southeast of the Gloria June workings.
- **Teal Stage 2 and Stage 3 feasibility studies commence:** On August 1, 2017, Teal Stage 1 has been found to be meeting expectations with respect to grade and recovery. Total mineral resource at Teal is 104,400 ounces with 15,000 – 16,000 ounces expected to be mined from Stage 1. Within the Measured and Indicated Resource Categories, free milling oxide and transitional material, excluding Teal Stage 1, totals approximately 7,600 ounces. The Stage 2 Study needs to evaluate the economic viability of a cut back to expose the oxide ore within the current Resource on the Eastern side of the pit, while the Stage 3 Study will estimate a larger pit expansion up to 200m along strike to the south.
- **Intermin commences major drill programs:** Major drill programs targeting 32,000m at multiple gold prospects in the Kalgoorlie Region are underway. Activities of resource infill, geotechnical, hydrogeological and metallurgical drilling are to be undertaken at the Goongarrie Lady deposit to complete the open pit mine development Feasibility Study. Resource validation and expansion drilling is on at the Anthill deposit along with exploration drilling along strike at the Blister Dam project, both being located on the highly prospective Zuleika Shear northwest of the Kundana goldfield. In addition, resource expansion drilling at the new high-grade Jacques Find deposit and exploration drilling activities on Bardoc Tectonic Zone projects are underway at the Olympia, Baden Powell and Windanya prospects.
- **Completion of Anthill Gold Project acquisition:** On July 6, 2017, Intermin Resources Limited announced the completion of 100% acquisition of the Anthill gold project in the Western Australian goldfields. As declared on 8 March 2017, the company agreed to acquire the Anthill gold project and the considerations were AUD 25,000 in cash on signing the formal sale agreement, AUD 25,000 in



cash on completion or waiver of conditions precedent in the formal sale agreement and transfer of lease documentation and mining information to Intermin, AUD 250,000 in cash on or before 30 June 2017. However, Intermin is to pay a gold production royalty of AUD 5/oz for the first 100,000 ounces mined from the project.

- **Issue of securities complete:** On July 4, 2017, Intermin Resources Limited made an announcement that it has completed the issue of 8,044,968 fully paid ordinary shares after the receipt of final option exercise forms and payments totaling AUD 603,373. The new shares are related to options, exercisable at 7.5¢ and expiring on 30 June 2017, issued as part of a non-renounceable entitlement offer in July 2015. A total of 14,819,669 or 76.1% of these options were exercised by holders adding AUD 1,111,475 to the company's cash reserves.
- **Joint venture with Intermin for Goongarrie and Menzies projects:** On June 1, 2017, Eastern Goldfields Limited announced the signing of an agreement relating an Exploration Farm-in Joint Venture Agreement for certain tenements at the Menzies and Goongarrie projects with Intermin Resources Limited and its wholly owned subsidiary Black Mountain Gold Ltd. Reported resources of the tenements is nearly 200,000 oz Au. The Project areas lie approximately 50km northeast and east of the Davyhurst mill. The company has also paid the second tranche of AUD 750,000 to Intermin according to the agreement and issued it with 6,250,000 fully paid ordinary shares in Intermin at an issue price of AUD 0.12 per share and 3,125,000 options with an exercise price of 17 cents per option and an expiry date of 31 August 2018.
- **Binduli Gold Joint venture drilling commences:** On April 5, 2017, Joint Venture partner Evolution Mining Ltd commenced a 3,500m drilling program at the Binduli JV gold project. In order to confirm historic mineralization and explore for extensions, up to 67 aircore holes are to be drilled. Under the terms of the Binduli Joint Venture Agreement, Evolution may be in a position to earn 70% of the project by spending AUD 4.6M over five years.
- **Goongarrie Lady scoping study delivers positive results:** On April 3, 2017, Scoping Study defined a technically strong and financially viable project. There are oxide and transitional material accessible via shallow open pit mining producing 142,000t at a diluted grade of 3.40g/t for 15,639 ounces over a seven-month mine life. Total funding required for the project is AUD 1.2 - 1.6 million. At a gold price of AUD 1,600/oz, the project is likely to generate AUD 7 – 8 million of free cash flow.
- **Mineral resources increase by 120% at new Teal Gold mining center:** On March 22, 2017, it was announced that there was an increase of 120% in mineral resources for a highly successful Resource expansion drilling program completed in December 2016. Teal gold project now stands at 2.27Mt @ 2.18 g/t Au for 159,386 ounces (1.0 g/t Au lower grade cut-off), with a total Mineral Resource estimate growing to 4.95Mt grading 2.24g/t Au for 356,000oz. The resource includes an update for the Teal deposit and maiden estimates for the Peyes Farm and Jacques Find deposits immediately to the south. These deposits are open along strike and at depth.
- **Ore production commences at Teal Gold Mine:** On March 20, 2017, it is announced that pre-strip is complete and ore mining has commenced in the northern section of the Teal open pit. Haulage of first ore parcel to Paddington mill is set to begin in the near future with first gold sales expected next month. Currently, Teal Stage 1 produces 15,567 recovered ounces grading 3.2g/t Au over a mine life of nine months, generating AUD 8.6m cash for Intermin in 2017.
- **Intermin acquires the Anthill Gold Project:** On March 8, 2017, execution of the Binding Agreement with Echo Resources for 100% of the Anthill project took place. The project is located within the Zuleika shear zone, 54km northwest of Kalgoorlie-Boulder in Western Australia and 10km southeast of Intermin's 100% owned Blister Dam project. Anthill has an expected Resource Estimate (JORC 2004) of 160,000 ounces. The agreement is based on the consideration of AUD 300,000 cash plus a capped production royalty.

## Listing Information

Intermin Resources Limited is listed on the Australian Stock Exchange – (ASX: IRC) in Australia and headquartered in Nedlands WA 6009, Australia

## Contacts

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## Major Shareholders<sup>vi</sup>

Equity Holder	No. of ordinary shares held (MM)	Percentage shareholding
Ruane Michael	66,179,245	29.69 %
Bill Brooks Pty Ltd	20,920,000	9.38 %
Eastern Goldfields Ltd	12,500,000	5.61 %
Hunt Peter Hayden	6,336,699	2.84 %
Oddy Michael Alan	6,237,396	2.80 %
AXS Res Pty Ltd	3,583,333	1.61 %

## Management and Governance

Personnel	Designation	Current and total experience
<b>Peter Bilbe, B.Eng. (Mining) (Hons), MAusIMM</b>	<b>Non-Executive Chairman</b>	Peter Bilbe is a Mining Engineer and has 40 years of experience in the Australian and International mining industry. He has expertise at the operating, corporate and business level. He has a complete knowledge in all aspects of open pit, underground mining and processing operations which includes exploration, viability studies, construction and provision of mining contract services. He has previously held senior management positions at Mount Gibson Iron, Aztec Resources Ltd, Portman Ltd, Aurora Gold Corp and Kalgoorlie Consolidated Gold Mines and is currently the Non-Executive Chairman of Independence Group NL.
<b>Peter Hunt FCA</b>	<b>Non-Executive Director</b>	Peter Hayden Hunt, FCA, is a member of the Institute of Chartered Accountants in Australia and an accomplished Company Director. He has served as a Non-Executive Director of Intermin Resources Ltd for 20 years and is the Chairman of Company's Audit Committee. He is currently also on the board of Metaliko Resources Ltd and UXA Resources Limited.
<b>Jonathan Paul Price MAusIMM, MAICD</b>	<b>Managing Director</b>	Jon holds a graduate degree in Metallurgy and Masters in Mineral Economics from the Western Australian School of Mines, with an experience spanning over 25 years in Australia and overseas across all aspects of the industry. He was the General Manager at St Ives Gold Mining Co Pty Ltd, followed by General Manager - Paddington Gold at Norton Gold Fields Ltd. Lately, he was the founding Managing Director of Phoenix Gold Ltd, acknowledged for his significant exploration success in the Western Australian goldfields.
<b>David O'Farrell BSc (Geology Hons) MAusIMM</b>	<b>Exploration Manager</b>	David holds a graduate degree in Geology from the University of Western Australia. He has over 25 years' experience in exploration, development and mining for multi-commodities, which included project generation, conceptual and Greenfields exploration, resource modelling & estimation and feasibility studies. His career in exploration and development spans across Australian states and the Asia-Pacific region including the Darlot, Granites and Simberi Gold Mines.
<b>Grant Haywood BEng (Hons) MAusIMM)</b>	<b>Chief Operating Officer</b>	Mr. Haywood is a mining engineer, holds a First-Class Mine Managers Certificate and has over 25 years' experience in underground and open cut mining operations. He has overseen mining ventures from feasibility through to operations in the Western Australian goldfields for several major mining companies including Goldfields Ltd. Recently he was the General Manger-Operations for Saracen Mineral Holdings Ltd and the Chief Operating Officer at Phoenix Gold Ltd.

## Assets and Projects

### Overview

Intermin is a gold mining, exploration and development company with high quality projects in the Goldfields of Western Australia. The company holds 100% of in several advanced gold projects in the Kalgoorlie Region and also holds interests in a number of multi commodity strategic joint ventures including the very large Richmond vanadium project in Queensland. The company is pursuing a strategy to develop and explore its gold projects while retaining exposure to joint venture projects.

Stage 1 and Stage 2 of the Teal open pit mine are currently in operation and is likely to produce 18,000–20,000 ounces of gold by April 2018. Concurrently, the company commenced the feasibility of the Stage 3 of the Teal mine development. Once the Teal project is delivered, the company is planning to commence mining at the Goongarrie Lady project with a planned open pit mine of 140,000 tonnes at 3.4g/t for 15,000 ounces of gold. The company is also planning to generate the first JORC 2012 Resource for the Anthill project by March 2018 and will commence scoping studies followed by mining approvals thereafter.

Deposit (1g/t cut-off)	IORC Code	Measured			Indicated			Inferred			Total Resources		
		Mt	Au(g/t)	Oz	Mt	Au(g/t)	Oz	Mt	Au(g/t)	Oz	Mt	Au(g/t)	Oz
Menzies													
Pericles	2012				0.53	2.49	42,500				0.53	2.49	42,500
Yunnadaga	2012							1.58	2.03	103,000	1.58	2.03	103,000
Bellenger	2012				0.24	2.63	19,900	0.07	2.49	5,910	0.31	2.59	25,810
Kalgoorlie													
Teal	2012	0.33	2.56	27,423	0.61	1.98	38,760	0.55	2.25	38,260	1.49	2.18	104,443
Peyes Farm	2012				0.15	1.74	8,300	0.36	1.72	19,980	0.51	1.73	28,280
Jacques Find	2012							0.26	3.22	26,680	0.26	3.22	26,680
Goongarrie	2012				0.2	3.3	21,321	0.07	1.64	3,707	0.27	2.86	25,028
<b>Total</b>		<b>0.33</b>	<b>2.56</b>	<b>27,423</b>	<b>1.73</b>	<b>2.36</b>	<b>130,781</b>	<b>2.89</b>	<b>2.13</b>	<b>197,537</b>	<b>4.95</b>	<b>2.24</b>	<b>355,741</b>

### Teal

**Target commodities:** Gold

**Company's interest:** 100%

**Location:** The project is located approximately 11km northwest of Kalgoorlie in Western Australia and accessible through the sealed Menzies Highway to the East or the sealed Great Eastern Highway to the South. All the necessary infrastructure is in place with easy accessibility of manpower and mining service providers.

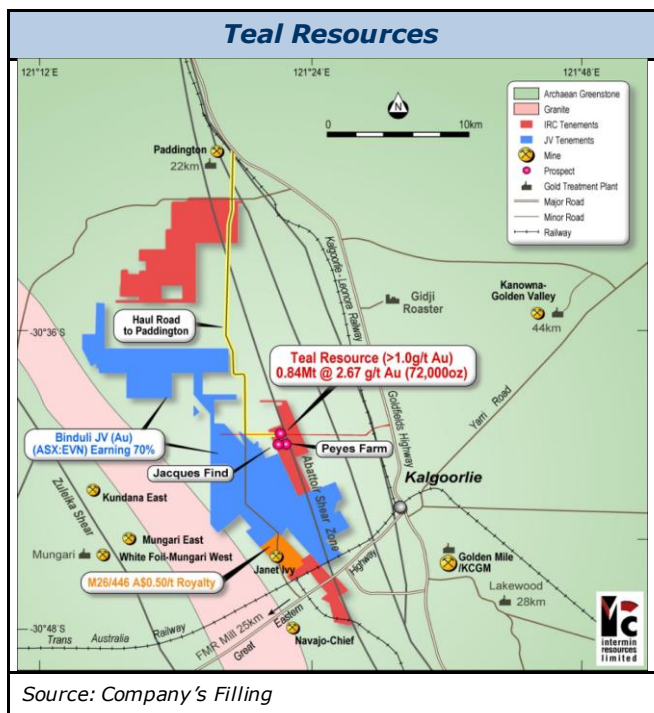
**Asset Summary:** The Teal Gold Project is a conventional open pit mine development with a simple site layout. Currently, the mine is currently operating with 10,160 ounces of gold produced to date. The mine is expected to be completed by April 2018 and is estimated to produce 18,000 - 20,000 ounces of gold. The ore is currently treated at the Paddington Mill, a

third-party milling facility, located 22km north of Teal.

**Potential Mineralization:** The recent Measured, Indicated and Inferred JORC 2012 Resource at the Teal Project are as follows:

Measured		Indicated		Inferred	
Mt	Au (g/t)	Mt	Au (g/t)	Mt	Au (g/t)
0.33	2.25	0.75	1.95	1.17	2.25

All Categories		
Mt	Au (g/t)	Ounces
2.26	2.19	159,388



The Teal Gold project is carried out in three stages:

### Teal Stage 1:

**Project Overview:** Stage 1 of the Teal mine involves an open pit mine design to produce 171,000 tonnes of ore at 3.21g/t for 15,000 – 16,000 ounces. The company expects to generate a net free cash flow of AUD 7-8 million from the development of Stage 1 of the Teal mine.

**Capital Expenditure:** The total capital expenditure incurred during Stage 1 was 4.2 million, of which 50% was funded by Resource Mining. In September 2017, Intermin recovered its initial capital payment of AUD 2.1 million. In addition, the company also incurred an asset recovery charge of AUD 2.15 million and expects to recover this by the end of September 2017.

**Mining agreement with RM Contracting:** Intermin and Resource Mining Pty Ltd have entered into a legally binding agreement for the development of Stage 1 of the Teal mine. As per the agreement, execution of mining activities will be carried by Resource Mining along with other responsibilities, including site establishment, mine dewatering, road construction, waste, ore mining and mine rehabilitation.

RM has funded AUD 2.1 million, 50% of the capital expenditure towards the development of the mine and is entitled to 25% share of profits available under the Stage 1 of the Teal mine operations.

**Ore processing and production facility:** Intermin has signed an agreement with Paddington Gold Pty Ltd, under which Intermin will deliver mined ore to the Paddington Mill for processing. The company will deliver ore in batches to Paddington, on which a sample comprising 17% of the ore batch will be used for the grade determination. Intermin will receive 50% of the estimated value within 15 days of the delivery, and rest of the payment within four to five weeks from delivery.

### Teal Stage 2:

**Overview:** Teal Stage 2 deals with the oxide and transitional material contained in the updated Mineral Resource. Mining of Teal Stage 2 is planned to occur simultaneously with Teal Stage 1 and is expected to be completed by April 2018.

**Feasibility Report:** On September 6, 2017, Intermin released the feasibility report for Stage 2 of the Teal mine. The key results of the feasibility study are highlighted below:

Measure	FS Outcome
Total Stage 2 pit volume (kBCM)	245
Stripping ratio (waste: ore)	16:1
Mined ore (kt)	31
Gold grade (g/t)	3.1
Milling recovery average (%)	90
Recovered gold (ounces)	2,775
Capital and pre-strip costs (A\$M)	0.88
All in Costs (AIC) (A\$/oz.)	1,069
Free cash flow over 5-month project life (A\$M)	1.5

*Note: Gold price assumed to be AUD 1,600 per ounce*

**Capital Expenditure:** The total capital expenditure incurred during Stage 1 was AUD 4.2 million, of which 50% was funded by Resource Mining. In September 2017, Intermin recovered its initial capital payment of AUD 2.1 million. In addition, the company also incurred an asset recovery charge of AUD 2.15 million and expects to recover this by the end of September 2017.



**Mining agreement with RM Contracting:** Intermin has decided to continue the services of Resources Mining for mining Stage 2 of the Teal mine. The mining activities will be conducted using the same conventional truck and shovel fleet. As per Stage 1, RM Contracting will fund 50% of the up-front costs and receive 25% of the net cash flow.

**Ore processing and production facility:** Ore mined will be delivered to the ROM pad for haulage to a third party processing facility in batches in the 10-15kt range. Approximately 10kt of ore will be processed on a fortnightly basis.

### Teal Stage 3:

**Overview:** Stage 3 of the Teal mine may include a cutback to the South of the current pit. Feasibility studies for Stage 3 are under way and are expected to be delivered in the March 2018 quarter.

**Current Status:** A total of 185,000t of ore grading 3.25g/t Au for 19,330 ounces has been mined from Stage 1 and Stage 2 of the Teal project. This includes 155,000 tonnes of ore from third-party processing grading 3.26g/t Au for gold production of 15,500 fine ounces.

On January 5, 2018, the company completed the first processing from the Lakewood toll milling facility with 40,528 dry tonnes of ore processed at a grade of 3.64g/t producing 4,550 fine ounces of gold. Intermin realized an average gold price of AUD 1,672 per ounce of gold generating AUD 7.6 million of revenue.

Intermin has commenced the second run of the toll mining campaign on January 19, 2018 to process 30,000 tonnes of ore with an expected grade of 3.2g/t Au. The company is also planning a final mining campaign in February-end with a target to reconcile the results in the March quarter to release final production and financial results in the early portion of the June quarter.

### Jacques Find prospect:

**Overview:** Intermin conducted a resource extension and discovery-drilling program at the Jacques Find, Peyes Farm and Yolande projects (Part of the Teal project). On November 15, 2018, the company announced encouraging results at Jacques Find. The company completed nine angled reverse circulation holes, covering a

total of 1,308m, and discovered high-grade mineralization.

The company further concluded significant high-grade downhole reverse circulation intercepts in the follow-up reverse circulation drill program commenced on November 7, 2017.

The follow-up program included five reverse circulation holes for 648m, with all holes intercepted significant mineralization. Hole JFRC1711 was drilled 20m north of JFRC1704 and returned another outstanding intercept of 27m @ 4.16g/t Au from 45m.

**Next Steps:** Intermin is planning to conduct a major Resources expansion-drilling program at Jacques Find in March 2018.

## Goongarrie Lady

**Target commodities:** Gold

**Company's interest:** 100%

**Asset Summary:** The Goongarrie Lady gold project is on granted Mining Lease M29/420, contains a JORC 2012 Resource and is excluded from the Menzies-Goongarrie JV area which surrounds it.

The company is planning to develop a shallow, open pit gold mine estimated to contain 142,000 tonnes @ 3.4g/t Au. The project has the potential to become the second open pit oxide operation, once the Teal Stage 1 pit is complete.

**Location:** The Goongarrie Lady gold project is located 80km north of Kalgoorlie-Boulder in Western Australia. The JORC 2012 Resource is surrounded by an Earn-in Joint Venture with Eastern Goldfields Ltd. The project area is strategically close to established milling facilities with Paddington mill located approximately 60km south, the Davyhurst mill is located 70km west and the Lakewood mill is located 100km south.

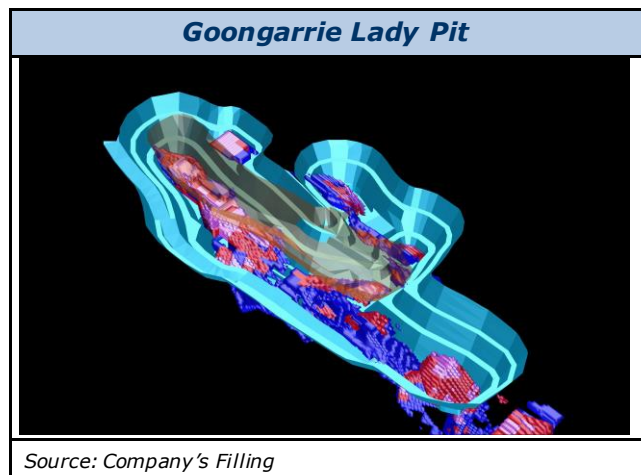
**Historical Mining:** The mining area was discovered in 1893 and limited underground mining operations were carried out. Later in the 1980's, Julia Mines Ltd conducted mining and exploration using modern techniques and produced about 35,000 ounces up to 1989.

**Regional geology:** The project is located at the northern end of the Bardoc Tectonic Zone, which



is a major structural zone within greenstones between Kalgoorlie and Menzies.

Gold mineralization occurs as a series of north striking 45 degrees west dipping quartz bearing lodes, situated on the highly sheared contact between mafic and sediment sequences. The sheared contact and mineralization are displaced by 10 to 20m laterally by several steeply dipping North West faults. The mineralization and host rocks are completely oxidized to at least 35m.



**Potential Mineralization:** The Indicated Mineral Resource, which constitutes more than 99% of the production target, has been prepared in accordance with JORC Code 2012.

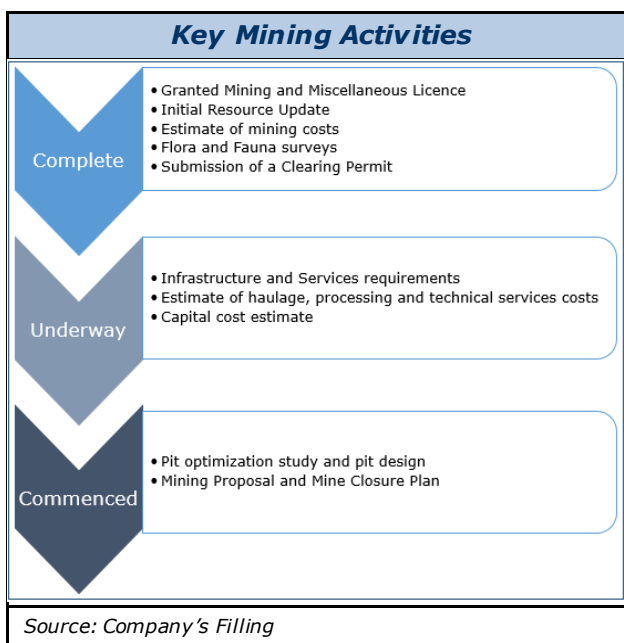
Indicated		Inferred		Total	
Tonnes	Grade g/t Au	Tonnes	Grade g/t Au	Tonnes	Grade g/t Au
202,000	3.3	70,000	1.64	272,000	2.86

**Feasibility Report:** The company has started the feasibility study and mine approval activities, and they should be completed in the June 2018 quarter.

**Scoping Study:** In March 2017, the company completed a positive Scoping Study for the development of a shallow, open pit gold mine comprising 142,000t @ 3.40g/t Au for 15,639 ounces. Following highlights the results of the scoping study:

Measure	Study Outcome
Total pit volume (kBCM)	807
Stripping ratio (waste: ore)	9.3
Mined ore (kt)	142
Gold grade (g/t)	3.4
Milling recovery average (%)	94
Recovered gold (ounces)	14,700
Capital and pre-strip costs (A\$M)	0.53
All in Costs (AIC) (A\$/oz.)	1,081
Free cash flow over 7 month project life (A\$M)	7.6

**Current Status:** The company completed a reverse circulation drill program covering 167 holes for 8,447m to test the grade and geological interpretation for feasibility study and mine approval. The company will compile the results to update the Mineral Resource estimate with an aim to increase the Measured Resources category.



## Anthill

**Company's interest:** 100%

**Target Commodity:** Gold

**Location:** The project is located 54km northwest of Kalgoorlie-Boulder in Western Australia and within the highly prospective Zuleika Shear. The project area is closely located to some of the region's most significant gold mines including Bullant (+1.0Moz), Broads Dam (+4.0Moz), Kundana (+5.0Moz) and Frogs Leg (+1.5Moz), all of which are owned by major gold producers.

**Asset Summary:** The Anthill project comprises granted Mining Lease and (M16/531) and one Miscellaneous License for haulage (L16/92) covering an area of 700 Ha.

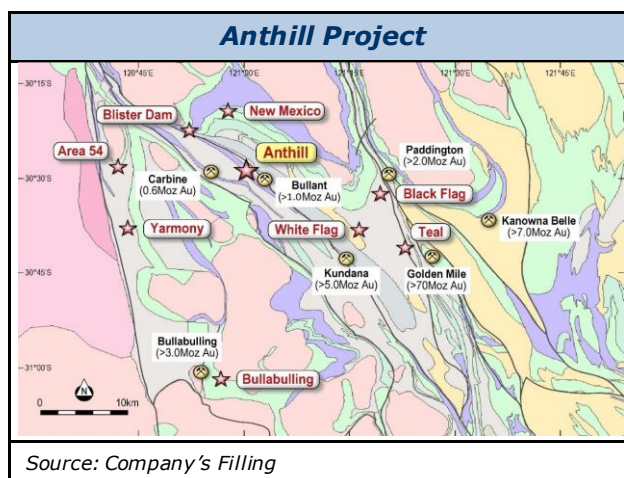
**Acquisition Terms:** Intermin acquired 100% interest in the Anthill gold project from Echo Resources Ltd (ASX: EAR) in March 2017. Key terms of the acquisition include:

- A cash consideration of AUD 300,000 in cash;
- A gold production royalty of AUD 5/oz for the first 100,000 ounces mined from the project.

**Regional geology:** Anthill project is located in the Depot Domain of the Kalgoorlie Terrane area and is largely covered by sheet wash material. Historical drilling data indicates the project area is covered by metamorphosed sedimentary and felsic volcanic–volcaniclastic rocks. Carbonate alteration occurs extensively within known mineralized zones.

Historical mineralization at Anthill exhibits complexity and contains gold within multiple stockworks, quartz vein sets and shears of variable orientation. Geological interpretation of the deposit geometry has been difficult to date due the complexity and the lack of consistent historical drilling data.

**Potential Mineralization:** In 2011, SRK Consulting conducted a scoping study and concluded a global JORC 2004 Indicated and Inferred Resource of 160,700 ounces. Mineralization is open in all directions extending to at least 200m below the surface. Intermin is currently focused on structural and mineralization confirmation drilling to compile a JORC 2012 Resource.



Indicated		Inferred		Total	
Tonnes	Grade g/t Au	Tonnes	Grade g/t Au	Tonnes	Grade g/t Au
918,000	1.0	4,268,000	1.0	5,186,000	1.0

Table 1: Anthill Resource 28 April 2011 at a 0.5g/t cut-off prepared by SRK Consulting

Intermin believes that the earlier resource estimation did not define the structural interpretation. The company conducted a reverse circulation drilling program covering 45-degree reverse circulation holes for 6,282m to define the structural interpretation.

The reverse circulation drilling conducted by Intermin confirmed four types of mineralization:

- A 1–5m thick zone of laterite with grades up to 3.5g/t Au
- A flat lying undulating supergene-oxide zone
- A east-dipping 5–35m thick fresh quartz-sulphide stockwork zone averaging 1–3g/t Au
- A narrow 1–5m thick high-grade quartz vein zone beneath the stockwork zone.

**Future Plans:** Intermin plans to conduct a self-funded large-scale reverse circulation drill program to test priority oxide and primary targets adjacent to and beneath existing intercepts.

## Blister Dam

**Company's interest:** 100%

**Target Commodity:** Gold

**Location:** The project is spread over a 20km area situated 70km north-west of Kalgoorlie. The tenure is adjacent to some of the high grade

underground mines on the highly prospective Zuleika and Kunnanalling Shears.

**Potential Mineralization:** Historical mineralization has been intersected at the project and indicate potential for high grade mineralization at depth. Over the past few months, Intermin has conducted extensive field reconnaissance work and reviewed the geological database including geochemical, geophysical and historic drilling information.

**Recent Activities:** Intermin has been actively conducting exploration activities in the past six months. Two significant northwest trending mineralization zones have been identified and 21 individual drilling prospects are planned to be tested using air core and reverse circulation drilling methods. The company has completed nine of the 21 prospectus in December 2017. The testing demonstrated presence of ultramafic and volcanic rocks and sediments with minor quartz and pyrite regularly intersected.

The Induced Polarization geophysical survey, geological mapping, rock chip sampling were undertaken to identify conductive drill targets.

**Future plans:** The company has allocated approximately 5,700m of drilling in 2018.

## Baden Powell

**Company's interest:** 100%

**Target Commodity:** Gold

**Location:** Baden Powell Project is located 60km northwest of Kalgoorlie and 20km south of the Goongarrie Lady gold project. It is only 36km away from the Paddington toll treatment mill via the Goldfields Highway.

**Historical Mining:** Only shallow open mining has occurred at the Baden Powell pit in the 1980's to a depth of 15m.

**Potential Mineralization:** In 2016 and in August 2017, Intermin conducted drilling programs north and south of the Baden Powell pit to confirm and extend historic mineralization including 5m @ 3.36g/t Au from 97.5m, 4m @ 3.10g/t Au from 103m, 6m @ 4.01g/t Au from 78m and 6m @ 3.22g/t Au from 89m.

The northern drilling failed to confirm significant historic mineralization however a southern hole intersected 17m @ 3.00g/t Au from 104m.

The intercept included a high grade portion of 7m @ 5.95g/t Au and is the deepest and best mineralization discovered to date. There is no drilling south or below this.

**Future Plans:** This is a priority target for follow in the current drill program. The company also plans to conduct a field mapping and sampling in 2018 to test the Baden Powell strike and the potential for parallel structures.

## Menzies and Goongarrie Gold Joint Venture

**Company's interest:** 100% diluting to 35%

**Target Commodity:** Gold

**Location:** The project is located on the Kalgoorlie-Leonora Highway 90 – 130km north of Kalgoorlie.

**Agreement Details of Joint Venture:** In May 2017, Intermin and Eastern Goldfields Limited ('EGS') entered into a binding agreement to form a strategic joint venture ('JV') for the development of Intermin's Menzies and Goongarrie projects (excluding 100% Goongarrie Lady gold project).

Details of the agreement between the parties include:

- EGS can earn 25% of project area by funding AUD 2 million within two years and a further 25% by funding AUD 2 million over the next two years
- EGS to fund AUD 1.5 million on Feasibility Study to support a mill installation and earn a further 15%
- EGS invested AUD 1.5 million in equity in Intermin at 12c per share
- EGS will manage the JV

**Historical Mining:** Since the discovery of the mine in 1893, multiple open pit and underground mines were developed and mining occurred in several phases up to the mid 1990's to recover +1 million ounces.

The largest mine was the Yunnadaga underground mine which reached a maximum depth of ~600m below surface at an historic grade of 16g/t Au.

**Geology:** The area is underlain by Achaean mafic, volcanoclastic, porphyry intrusions and ultramafic rocks. The main known mineralization occurs in semi continuous quartz veins and shears of varying orientation.

**Current Status:** Currently, EGS is compiling extensive historic data and preparing drill targets to test. Construction of a low cost high grade processing facility is also in consideration at Menzies area. This facility will meet the processing needs of both the parties as currently there is no processing infrastructure in the area.

## Binduli Gold Joint Venture

**Company's interest:** 100% diluting to 30%

**Target Commodity:** Gold

**Location:** The project is immediately adjacent to the west and south of the company's Teal gold mine and extends 5-20km northwest of the City of Kalgoorlie-Boulder. It is also adjacent to the Frogs Leg underground and White Foil open pit gold mines operated by Evolution Mining Ltd.

**Asset Summary:** The total area of the project is ~100km<sup>2</sup> of exploration tenements and numerous high priority gold prospects have been identified that require follow up exploration.

**Agreement Details of Joint Venture:** In April 2015, Intermin and Evolution Mining Limited ('EVN') entered into a farm-in and JV agreement for the development of the Binduli Gold Project.

As per the agreement, EVN can earn up to 70% of the project by spending AUD 4.6 million over five years by 2020.

**Geology:** The area is underlain by Achaean felsic to intermediate volcanic and volcanoclastic rocks, porphyry intrusions and sediments. The project is surrounded by the Zuleika Shear Zone in the west and Abattoir Shear Zone to the east.

**Recent Developments:** During Q4 2017, EVN conducted the first on-ground exploration program comprising 67 broadly spaced aircore holes for 3,597m and no significant mineralization was discovered.

Intermin recently completed 39 reverse circulation holes covering 3,922m to test the high-priority geochemical and structural targets at the Cook & Crake and Honey Eater prospectus. The results of these tests will be available in March 2018.

## Nanadie Well Copper-Nickel-Gold-PGE Joint Venture

**Company's interest:** 100 diluting to 25%

**Target Commodity:** Copper-Nickel-Gold-PGE

**Agreement Details of Joint Venture:** In December 2013, Intermin and Mithril Resources Limited ('MTH') entered into a JV agreement whereby MTH can earn a 75% interest after spending AUD 4 million by 2021.

**Location:** The project is situated around 100km south east of Meekatharra in the Murdison Mineral Field of Western Australia, covering an area of 145km<sup>2</sup>.

**Potential Mineralization:** In September 2013, Intermin estimated a JORC 2004 Inferred Resource of 36.07Mt @ 0.42% copper for 151,506 tonnes copper and 74,000 ounces of gold.

**Recent Developments:** In December 2017, MTH completed a drilling program and intercepted high-grade gold mineralization at 17m depth:

- 4m @ 12.76g/t gold from 20m in NRC17004
- 1m @ 5.44g/t gold from 20m in NRC17001

MTH further conducted a reverse circulation drilling at the Kombi comprising eight reverse circulation holes to test the mineralization. The results confirmed the presence of prospective gold-bearing structural zones at Kombi. MTH is currently evaluating the data to determine the next steps.

## Richmond Vanadium Project

**Company's interest:** 100%

**Target Commodity:** Vanadium and Molybdenum

**Location:** The project area is located near Richmond in North West Queensland.

**Asset Summary:** Since 2006, Intermin has conducted exploration and development activity to define the world largest known vanadium deposit hosted within weathered calcareous oil shales between surface and 15 metres vertical depth.

Intermin discovered fresh and organic kerogen content capable of generating more than 60 litres of oil per tonne of shale. The oil shale contains significant vanadium, molybdenum, nickel and copper metals.

Intermin has 100% interest in five granted Mineral Exploration Permits and 100% of the metal rights to one Mineral Development license MDL522 held by Global Oil Shale Plc. The total project land covers approximately 2,008km<sup>2</sup> area.

**Agreement Details of Joint Venture:** In December 2016, Intermin entered into a binding agreement with AXF Resources Pty Ltd to form a strategic JV. AXF can earn 25% of the project area by spending AUD 1 million within one year and can earn a further 50% by funding AUD 5 million over a three-year period for the development of the project.

**Recent Developments:** All the project data was transferred to AXF and site visits were also being conducted to formulate exploration and development plans. An updated Mineral Resource Estimate is being compiled and AXF has completed initial bulk sample collection of vanadium ore for dispatch to research institutes in China.

## Lehmans Gold Joint Venture

**Company's interest:** 10% free carried

**Target Commodity:** Gold

**Joint Venture partner:** Saracen Mineral Holdings Limited ('SAR')

**Location:** The project area covers over 20km of strike of the Yandal greenstone belt and is approximately 45km south of Leinster in Western Australia.

**Asset Summary:** The tenements consist of 14 Mining Leases and two Prospecting Licenses and are immediately adjacent to the Thunderbox gold mine operated by SAR. The project contains numerous historic prospects worthy of follow up exploration.

**Recent Developments:** The Thunderbox gold is now back in production with an extensive mine life and it is expected SAR will commence exploration on the project tenure after a long hiatus.

## M26/446 Production Royalty

Intermin owns an AUD 0.50/t mining royalty relating to the ore mined and treated from Mining Lease M26/446 which is situated roughly 10km west of Kalgoorlie in Western Australia. The company expects to receive royalty payments in financial year 2018 as the mine is currently in production.



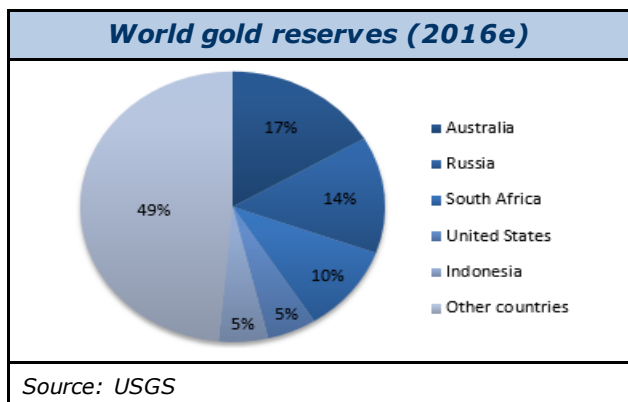
## Products and Markets

### Gold

**Chemistry and Properties:** Gold, a chemical element with symbol Au depicts a dense, soft & shiny outlook. Gold is a transition metal which can form trivalent and univalent cations in solutions. Pure gold is chemically least reactive and is found in solid form under standard conditions.

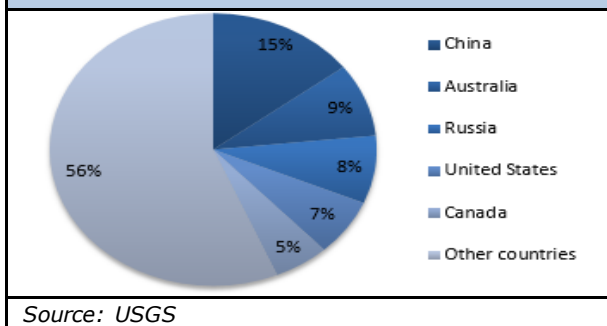
**Sources<sup>vii</sup>:** Mostly, gold occurs in a free elemental (native) form as nuggets or grains in rocks, veins, and alluvial deposits. It is found in a solid solution series with another native element silver. According to the yearly USGS report, the global gold reserves stood at 57,000MMT in 2015.

**Applications:** Gold is a precious metal which is mostly used as coins or bars, as an investment, jewelry and technological purposes. The consumption of gold produced in the world is about 50% in jewelry, 40% in investments and 10% in industry. It also has multiple usage in industries such as medicine, food and beverages and electronics due to its good resistance to oxidative corrosion & excellent quality as a conductor of electricity.



**Supply and Production<sup>viii</sup> :** The lead time involved in gold production is comparatively longer; hence, new mines take up to almost 10 years to come on-stream. As a result, its output is relatively inelastic to changes in the price outlook. The global mine production in 2016 remained constant at 3.10MT.

### World mine production (2016e)



**Demand:** Gold demand is driven by the need for preservation of value. The bullion's modest price recovery compared to other commodities has resulted in a reduction in spending on exploration to less than USD 4bn from almost USD 10bn in 2012. These have left many companies in industry forecasting a shortage in supply by the end of the decade. Miners have instead spent their cash on expanding deposits, improving efficiency or cautiously looking at acquisitions.

**Commodity Pricing<sup>ix</sup> :** Gold prices have been rising since 2001, when price was around USD 250/oz, and in Sept 2011, it reached record levels, driven by an increase in money supply in the US. However, during 2015, average gold price declined by 7% y-o-y as a result of the Fed tightening & strengthening of the USD, low global inflationary pressure, & lower demand from India and China. Currently, prices are at USD 1,322.2/oz.





## Project Risk Profile Analysis

We believe that Intermin has a MEDIUM risk profile. Our analysis is driven by the company's established business, low financing risk, experience in the mining business, and a strong and experienced management team.

### Project Stage Risk – MEDIUM

- Intermin has 100% interest in several gold mines located in the Kalgoorlie Region of Western Australia. Currently, the Teal mine is at the exploration stage, with about 19,330 ounces of gold produced till date.
- Once Stage 1 and Stage 2 of the Teal mine are delivered, the company will start mining the Goongarrie Lady deposit, with plan to mine 140,000 tonnes of ore over a period of seven months. Stage 3 of the Teal mine is currently under feasibility study.
- The company is also working towards the development of other projects and has planned its largest drilling program for 2018 covering an area of 32,000m.

Based on the above factors, we believe the company has MEDIUM project stage risk. The risk is further expected to decrease once the feasibility reports of most of the projects are delivered.

### Financing/Capex Risk – LOW

- Intermin plans to self-fund its exploration programs. The company is not planning to raise any debt or equity capital in the near term.
- As of September 2017, the company had approximately AUD 4.9 million of cash and AUD 1.1 million of investments in listed companies.
- The company expects total free cash flow generation of about AUD 7-8 million from

Stage 1 of the Teal gold mine. Stage 2 and the Goongarrie lady are expected to add another AUD 1.1 million and AUD 7-8 million in cash respectively.

- The company also has the ability to raise capital to meet further exploration expenses.

Based on the above factors, we consider that the company has a LOW financing risk profile.

### Operational Risk – MEDIUM

- Intermin is focused on the development of projects located on the Kalgoorlie Region of Western Australia. This region has historically hosted some of the wealthiest gold mines.
- The company's projects are located close to infrastructure and towns providing easy access and manpower.
- The company has obtained necessary mining approvals for the Teal mine and the Goongarrie Lady approvals are in progress.

Considering the success of Teal gold mine, we consider that the company has a MEDIUM operational risk profile.

### Key Personnel Risk – LOW

- Intermin has a strong and experienced management team to support the execution of its projects. The team has expertise in the exploration and development of junior gold mining companies.
- The management has experience in all the aspects of the mining industry including development, exploration and mining operations. On an average, the team has an experience of about 25 years.

We believe Intermin has a LOW key personnel risk profile.

## Risk Parameters – Definition

### Project Stage Risk

The following are the various stages of a project:

- **Early stage exploration:** In this stage, the exploration location is decided using a combination of various techniques such as samplings, drilling, geophysics, and other extensive geological and exploration services.
- **Pre-feasibility study:** A preferred base-case option is identified from the possible options available to the company. The preferred base-case option provides some level of confidence in the production capacity, ore grades, metal recovery, capital and operating costs, project schedule, and project risks/opportunities. A financial analysis is also carried out to assess the economic viability of the project.
- **Feasibility study:** This includes collection of more detailed information, additional designs, and project-specific cost information to refine the project cost and schedule. It also addresses information gaps, issues of concern, risks, and opportunities identified in the advanced exploration stage.
- **Detailed engineering:** Detailed designs based on the project scope, concept designs, and the purchase of key plant equipment are completed.
- **Site construction:** Site construction starts as per the field engineering designs and is expected to confirm adherence to appropriate quality-control practices.
- **Commissioning and start of operations:** After the completion of construction, operability testing, and acceptance, the owner is asked to confirm if the project construction and performance are as per the design and meet the required plant performance and safety requirements. The final operating control programs are then completed, installed, and tested for functional efficiencies.

*High risk:* We consider a project to have high risk when it is in the initial stages of development and is yet to report a resource estimate on the prospect.

*Medium risk:* On the completion of a pre-feasibility report having initial evaluations of mine characteristics and other operational estimates

like capex and opex, project stage risk is reduced from high to medium.

*Low risk:* As the project advances site construction and commissioning, the project stage risk is reduced further to the low risk category.

### Project Financing Risk

Initial stages of project development, including exploration and resource estimation, require higher levels of capital investment. Investments in the exploration stage can be riskier as the economic viability of deposit is not established. The risk level of the capital reduces as it advances through various exploration stages.

Initial stages of exploration and development of projects attract high-risk-capital investors. As the project stages proceed, the company has varied options such as equity (IPO) and debt financing, among others.

*High risk:* Companies in the initial stages of project development without proper estimates on funding requirements and a clear view on financing options are considered to have high financing risk.

*Medium risk:* When a company has established reasonable estimates on funding requirements and has visibility on early funding for planned project milestones, it is estimated to have medium financing risk.

*Low risk:* When the company's funding requirements are clearly stated and has already secured adequate funding, the company has low financing risk.

### Operational Risk

Following are the various parameters considered to measure operational risk:

- **Geopolitical and Regulatory factors:** The location of projects and their regulatory environment are key factors in acquiring licences and the subsequent development of the project. Obtaining necessary approvals can be time consuming, the delay of which could result in monetary losses, and operational delay.
- **Environmental factors:** The potential for environmental damage caused by mining activity and the likely cost to be covered by

the company contribute to the economic viability of the project.

- **Mining technique:** The development plan for the mines, including the extraction methodology and the corresponding capex estimates, together define the operational efficiency of the project. The high quality of ore reserves (grade) and the ease for extraction provide higher return on investment and reduce the operational risk involved.
- **Geotechnical and other factors:** Mining machinery transportation, implementation of new technology for operations, and availability of power supply in areas with complicated geological and climatic conditions determine operational risks. Other risks include chances of flooding, pit slope, rim slide and accidents caused by the use of mining transport equipment in adverse weather conditions.

We consider a project based on all the above parameters and assign high/medium/low risk profiles in comparison with their peers. Also, as the company moves to advanced stages, operational risk is reduced considerably.

*High risk:* The Company has a high operational risk profile with assets that are in an early stage of development and located in countries with regulatory uncertainties.

*Medium risk:* As the company progresses toward the acquisition of necessary licenses and environmental clearances, regulatory risks are reduced. Also, depending on the resource grade and the possible methodologies of extraction, an operational risk profile is assigned in comparison with peers.

*Low risk:* A company that is in the advanced stages of development has attractive project characteristics such as ore grade, capex, opex. NPV and IRR too have low operational risk profile.

### **Key Personnel Risk**

We consider a project to be of a lower risk profile if the management team is highly qualified, has a good experience in the resource sector and has lower dependability on a few people. It is desirable that the company has independent directors on its Board and does not rely heavily on a few individuals.

## Value

The fair market value of Intermin shares stands between AUD 78.50MM and AUD 84.58MM.

The fair market value for one Intermin publicly traded share stands between AUD 0.354 and AUD 0.381.

## Intermin Resources Limited – Balance Sheet Forecast

<b>CONSOLIDATED BALANCE SHEET</b>	<i>all figures in AUD '000, unless stated differently</i>		<i>Low bracket estimates</i>			
<i>year ending December 31</i>	<b>2018E</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Total Current Assets	35,544	35,808	26,444	23,558	20,622	17,633
Total Non-Current Assets	19,063	22,234	25,403	28,573	31,742	34,910
<b>TOTAL ASSETS</b>	<b>54,607</b>	<b>58,042</b>	<b>51,848</b>	<b>52,131</b>	<b>52,364</b>	<b>52,543</b>
Total Current Liabilities	19,164	6,949	391	367	345	323
Total Non-current Liabilities	100	100	100	100	100	100
<b>TOTAL LIABILITIES</b>	<b>19,264</b>	<b>7,049</b>	<b>491</b>	<b>467</b>	<b>445</b>	<b>423</b>
Total Shareholders' Equity	35,343	50,993	51,357	51,664	51,918	52,120
<b>TOTAL LIABILITIES and EQUITY</b>	<b>54,607</b>	<b>58,042</b>	<b>51,848</b>	<b>52,131</b>	<b>52,363</b>	<b>52,542</b>

## Important information on Arrowhead methodology

The principles of the valuation methodology employed by Arrowhead BID are variable to a certain extent, depending on the sub-sectors in which the research is conducted. But all Arrowhead valuation researches possess an underlying set of common principles and a generally common quantitative process.

With Arrowhead commercial and technical due diligence, the company researches the fundamentals, assets and liabilities of a company, and builds estimates for revenue and expenditure over a coherently determined forecast period.

Elements of past performance such as price/earnings ratios, indicated as applicable, are mainly for reference. Still, elements of real-world past performance enter the valuation through their impact on the commercial and technical due diligence.

We have here presented the discounted cash flow estimate approach for FCFE valuation. We have also presented here the comparable method valuation based on the Enterprise Value per unit of EBITDA and Enterprise Value per unit of replacement value of peers. The fair value bracket is built on the basis of these three methods.

## Arrowhead BID Fair Market Value Bracket

The Arrowhead Fair Market Value is given as a bracket. This is based on quantitative key variable analyses such as key price analysis for revenue and cost drivers or analysis and discounts on revenue estimates for projects, especially relevant to projects estimated to provide revenue near the end of the chosen forecast period. Low and high estimates for key variables are produced as a valuation tool.

In principle, an investor comfortable with the high brackets of our key variable analysis will align with the high bracket in the Arrowhead Fair Value Bracket, and, likewise, in terms of low estimates. The investor will also note the company intangibles to analyze the strengths and weaknesses, and other essential company information. These intangibles serve as supplementary decision factors for adding or subtracting a premium in investor's own analysis.

The bracket should be taken as a tool by Arrowhead BID for the reader of this report and the reader should not solely rely on this information to make his decision on any particular security. The reader must also understand that while on the one hand global capital markets contain inefficiencies, especially in terms of information, on the other, corporations and their commercial and technical positions evolve rapidly. This present edition of the Arrowhead valuation is for a short to medium-term alignment

analysis (one to twelve months). The reader should refer to important disclosures on page 28 of this report.

## Information on the Intermin valuation

**Intermin Valuation Methodology:** The Arrowhead fair valuation for Intermin is based on the Discounted Cash Flow (DCF) analysis of its Teal and Goongarrie Lady project.

**Time Horizon:** The Arrowhead fair valuation for Intermin is based on a DCF method. The time period chosen is based on the life of various mines under consideration. We expect the revenue to be based on the future exploration of the pipeline projects.

**Underlying Business Plan:** Intermin has a portfolio of mines under development. Currently, it is focused on mining and development of the Teal mine. Once Teal is complete, the company will start mining at Goongarrie Lady and conduct development activities at Anthill. The strategy of the company is to explore all the mines using third-party infrastructure facilities. The company is also actively pursuing acquisition opportunities to further expand its portfolio.

**Terminal Value:** The terminal value is estimated to depend on a terminal growth rate of 0%, representing the maturity, technology change, and prospective competitiveness in the business.

**Prudential Nature of Valuation:** This Arrowhead Fair Value Bracket estimate is a relatively prudential estimate, as it is based on the company's current flagship projects – Teal and Goongarrie Lady, and excludes the value of other projects. Once the feasibility report of the project is delivered, we will consider those projects under analysis

## Key variables in Intermin revenue estimations

### Variable 1 – Hypothesis for Teal Stage 1 Revenue

We believe company would be able to achieve the production as per the feasibility study. Grade and recovery rate are based on the company's estimates.

Tonnes Milled in '000 Tonnes	2018E
Low	132.0
High	134.0

Gold Head (Feed) Grade (g/t Au)	2018E
Low	3.1
High	3.2

Gold Recovery (%)	
Low	92.0%
High	93.0%

### Variable 2 – Hypothesis for Teal Stage 2 Revenue

We believe company would be able to achieve the production as per the feasibility study. Grade and recovery rate are based on the company's estimates.

Tonnes Milled in '000 Tonnes	
Low	30.0
High	31.0

Gold Head (Feed) Grade (g/t Au)	
Low	3.0
High	3.1

Gold Recovery (%)	
Low	90.0%
High	92.0%



### Variable 3 – Hypothesis for Goongarrie Lady Revenue

We believe company would be able to achieve the production as per the feasibility study. Grade and recovery rate are based on the company's estimates.

Tonnes Milled in '000 Tonnes	
Low	140.0
High	142.0

Gold Head (Feed) Grade (g/t Au)	
Low	3.3
High	3.4

Gold Recovery (%)	
Low	90.0%
High	92.0%

### Variable 4 – Metal prices

Forecasted prices are based on the recent price trends

Average realized gold price per ounce	
Low	1,681
High	1,686

## Analyst certifications

I, Shruti Gupta, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security and the subject company.

I, Jay Thakkar, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security and the subject company.

## Important disclosures

Arrowhead Business and Investment Decisions, LLC received fees in 2017 and will receive fees in 2018 from Intermin Resources Limited for researching and drafting this report and for a series of other services to Intermin Resources Limited, including distribution of this report, investor relations and networking services. Neither Arrowhead BID nor any of its principals or employees own any long or short positions in Intermin Resources Limited. Arrowhead BID's principals intend to seek a mandate for investment banking services from Intermin Resources Limited and expect to receive compensation for investment banking activities from Intermin Resources Limited in 2018.

Aside from certain reports published on a periodic basis, the large majority of reports are published by Arrowhead BID at irregular intervals as appropriate in the analyst's judgment.

Any opinions expressed in this report are statements of our judgment to this date and are subject to change without notice.

This report was prepared for general circulation and does not provide investment recommendations specific to individual investors. As such, any of the financial or other money-management instruments linked to the company and company valuation described in this report, hereafter referred to as "the securities", may not be suitable for all investors.

Investors must make their own investment decisions based upon their specific investment objectives and financial situation utilizing their own financial advisors as they deem necessary. Investors are advised to gather and consult multiple information sources before making investment decisions. Recipients of this report are strongly advised to read the information on Arrowhead Methodology section of this report to understand if and how the Arrowhead Due Diligence and Arrowhead Fair Value Bracket integrate alongside the rest of their stream of information and within their decision taking process.

Past performance of securities described directly or indirectly in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from any of the financial securities described in this report may rise as well as fall, and may be affected by simple and complex changes in economic, financial and political factors.

Should a security described in this report be denominated in a currency other than the investor's home currency, a change in exchange rates may adversely affect the price of, value of, or income derived from the security.

This report is published solely for information purposes, and is not to be considered as an offer to buy any security, in any state.

Other than disclosures relating to Arrowhead Business and Investment Decisions, LLC, the information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete statement or summary of the available data.

Arrowhead Business and Investment Decisions, LLC is not responsible for any loss, financial or other, directly or indirectly linked to any price movement or absence of price movement of the securities described in this report.

## Valuation

### WACC

Risk-free rate	2.7%	x
Beta	0.9	xi
Risk premium	6.4%	xii
Cost of Equity	8.1%	
Terminal Growth Rate	0.0%	xiii

	Production rate	Commodity Price
Max value	<i>Please refer to the Key Variable Section</i>	
Min value		

### FCFE (High) Time Period (AUD 000's)

	2018E	2019E	2020E	2021E	2022E	2023E	2024E
EBITDA	25,111	24,033	619	539	466	392	317
Tax	(7,524)	(7,201)	(176)	(152)	(130)	(108)	(85)
Capital Expenditure	(26)	(26)	(26)	(26)	(26)	(26)	(26)
<b>Free Cash Flow to Equity</b>	<b>17,561</b>	<b>16,806</b>	<b>417</b>	<b>361</b>	<b>310</b>	<b>258</b>	<b>206</b>
Discount Factor	0.96	0.88	0.82	0.76	0.70	0.65	0.60
<b>Present Value of FCF</b>	<b>16,778</b>	<b>14,850</b>	<b>341</b>	<b>273</b>	<b>217</b>	<b>167</b>	<b>123</b>

### FCFE (Low) Time Period (AUD 000's)

	2018E	2019E	2020E	2021E	2022E	2023E	2024E
EBITDA	23,001	22,388	550	470	396	320	243
Tax	(6,891)	(6,707)	(156)	(132)	(109)	(86)	(63)
Capital Expenditure	(26)	(26)	(26)	(26)	(26)	(26)	(26)
<b>Free Cash Flow to Equity</b>	<b>16,084</b>	<b>15,655</b>	<b>369</b>	<b>312</b>	<b>261</b>	<b>208</b>	<b>154</b>
Discount Factor	0.96	0.88	0.82	0.76	0.70	0.65	0.60
<b>Present Value of FCF</b>	<b>15,367</b>	<b>13,833</b>	<b>301</b>	<b>236</b>	<b>182</b>	<b>135</b>	<b>92</b>

<i>in AUD '000</i>	High	Low
Implied Enterprise Value	<b>81,549</b>	<b>75,465</b>
+ Cash <sup>xiv</sup>	3,030	3,030
<b>Equity Value Bracket</b>	<b>81,579</b>	<b>78,495</b>
Shares Outstanding (in '000) <sup>xv</sup>	221,913	221,913
<b>Fair Value Bracket (AUD)</b>	<b>0.381</b>	<b>0.354</b>
Current Market Price (AUD) <sup>xvi</sup>	<b>0.180</b>	<b>0.180</b>
Current Market Capital	39,944.3	39,944.3
Target Market Capital	84,578.9	78,495.4

## Notes and References

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- i Arrowhead Business and Investment Decisions (ABID) Fair Value Bracket. See information on valuation on pages 24-29 of this report and important disclosures on page 28 of this report*
- ii Bloomberg as on 16-Feb-2018*
- iii Bloomberg as on 16-Feb-2018*
- iv 1 months average volume from Bloomberg as on 16-Feb-2018*
- v Bloomberg as on 16-Feb-2018*
- vi Bloomberg as on 16-Feb-2018*
- vii <https://minerals.usgs.gov/minerals/pubs/commodity/gold/mcs-2017-gold.pdf>*
- viii <https://minerals.usgs.gov/minerals/pubs/commodity/gold/mcs-2017-gold.pdf>*
- ix <http://www.infomine.com/investment/metal-prices/gold/5-year/>*
- x Bloomberg as on 16-Feb-2018*
- xi Arrowhead Estimate*
- xii Bloomberg as on 16-Feb-2018*
- xiii Arrowhead Estimate*
- xiv Company's cash and cash equivalents as on Sept 30, 2017*
- xv Bloomberg as on 16-Feb-2018*
- xvi Bloomberg as on 16-Feb-2018*