intermin resources limited

Gold : Intermin Resources Ltd (IRC)

By : Eagle Research (Keith Goode)	AUGUST 2016 VISIT TO TEAL & MENZIES IN WA	19 September 2016
Year Low/High:	$0.045 - $0.16 Recommendation	SPEC BUY
Diluted No. Shares	213.0m Share Price	$0.110
Diluted Mkt Cap :	A$23m Target Price	> A$0.20
Net Cash (est 30 June 2016)	>$5m	
19.2m options in-the-money (included)	www.intermin.com.au	T:+618 9386 9534

Intermin Resources Limited (IRC) – Generating cashflow from Teal, while Entering a JV with EGS to develop Goongarrie & Menzies

- ***Although Intermin Resources Ltd (IRC) has a number of tenements in WA, its main focus areas are near Kalgoorlie (in the Teal Prospect, and Binduli JV[with Evolution]), and near Menzies (including Goongarrie). IRC has undertaken an innovative approach to developing Teal by profit sharing with a contractor in which the contractor removes the ~35m of waste to expose the orebody and from which IRC expects to potentially make ~A$10m profit.***
- ***The Teal gold discoveries (of Teal and possibly Peyes further south), close to Kalgoorlie were made by Placer in the 1990s, but not exploited due to the ~35m cover (which is common to the area), and the fact that like Kanowna Belle the orebody becomes refractory in the sulphide. IRC have entered into a toll treating arrangement with Zijin's Paddington plant, while Northern Star have expressing interest in treating the refractory sulphide.***
- ***Acquired in February 2016, Goongarrie is located ~40km south of Menzies and was last mined by Julia Mines (JLA) in ~1989 (~35koz @ 5g/t). The current plan is to cut-back Goongarrie Lady and truck the ore for toll-treatment at Eastern Goldfields' (EGS') refurbished plant at Davyhurst. The remainder of Goongarrie consisting of a number of pits over the old Goongarrie mining centre that now become part of the IRC/EGS JV.***
- ***The recent strategic JV with Eastern Goldfields (EGS) involves EGS farming-in to IRC to earn up to a 65% interest in its Goongarrie and Menzies projects, and includes a BFS to possibly have EGS' second operational plant located at Menzies to treat ore from Goongarrie, Menzies and EGS's own planned mine at Mt Ida.***
- ***However, the main target for IRC is the historic Menzies Goldfield, which was last toll-treated through the Paddington plant by Goldfields in 1999, in which the main historical mines were exploited by open-cut. Alas tailings and backfill have been pushed into some of those pits restricting further extraction. However, with ~ 2 main lodes over the ~10km strike length, there appears to be a number of historical workings between the mined pits, that could provide material feed to a plant, such as from the Pericles area.***
- ***The old Menzies Goldfield was renowned for its spectacular near surface grades (and not just supergene) that were mined in the early 1900s such as ~2oz/t to 5oz/t. The open-cut historical workings averaged ~2.5g/t (although the grades appear to have been higher at possibly ~3g/t to 4g/t [based on historical reports], as it was a toll-treatment arrangement).***

Other Key Points:

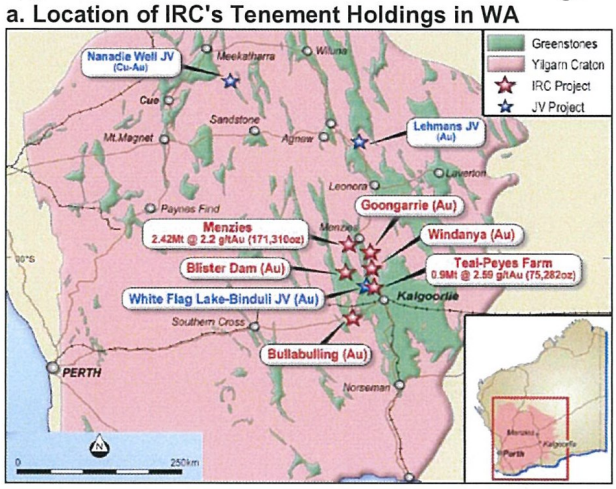
- **IRC has been able to start a new direction towards gold production and profitability,** based on a higher gold price and lower costs, combined with management changes such as **Jon Price** joining as MD in Jan 2016, and **Peter Bilbe** as Non-Exec Director in June 2016.
- **Little attention appears to have been made of the EW structures at Menzies,** which opens up another area of potential mineralisation.
- **The Menzies goldfield** has been in existence for some time, & like many of the historical Australian goldfields has gradually been forgotten - especially its richness. Most of the workings and drilling is shallow, offering significant potential at depth.
- **Infrastructure appears to be very good for IRC's Teal and Menzies Projects,** with established dirt haul roads and main roads, abundant water, and proximity to either Kalgoorlie or Menzies.

Corporate Overview

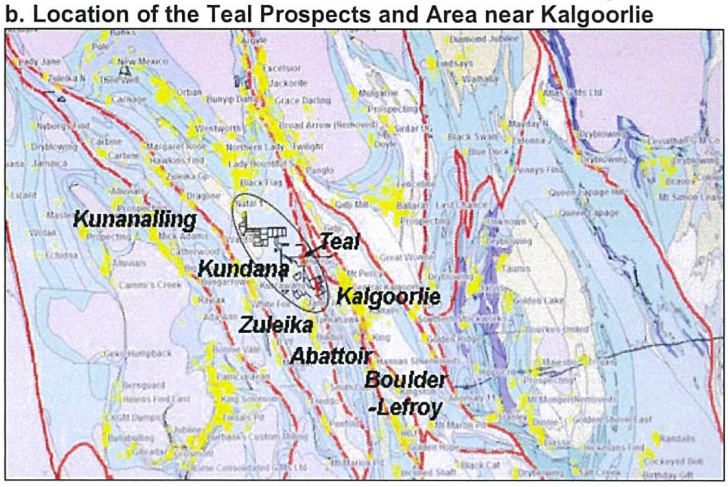
This is our first report on Intermin Resources Ltd (IRC), which listed in the mid-1980s and has had a checkered path of interests and investments before focusing on its current holdings shown in Figure 1a. The current main focus is in two areas, being Kalgoorlie and Menzies as shown in Figure 1b, both of which we/ERA visited in August 2016. Intermin took a different direction in terms of exploiting its tenements when Jon Price (ex Phoenix Gold) joined IRC as MD in January 2016, followed by Peter Bilbe (Non-Exec Chairman of Independence Group [IGO]) as a Non-Executive director in June 2016.

Figure 1. Location of IRC's Tenement Holdings in WA, and Location of the Teal Prospects near Kalgoorlie

a. Location of IRC's Tenement Holdings in WA



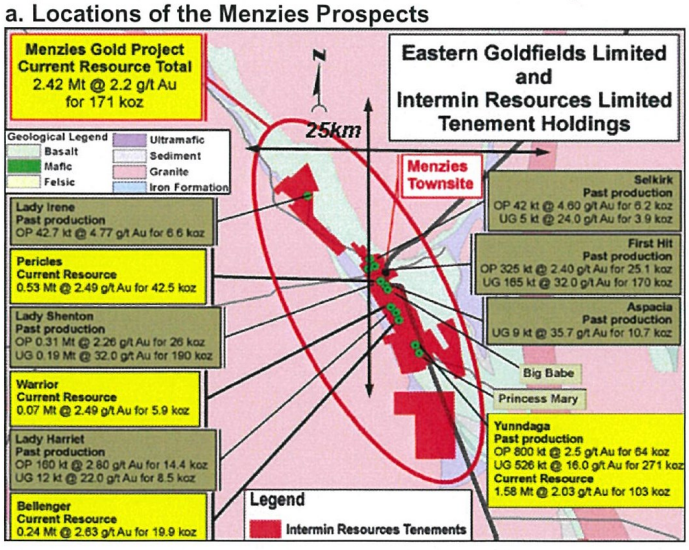
b. Location of the Teal Prospects and Area near Kalgoorlie



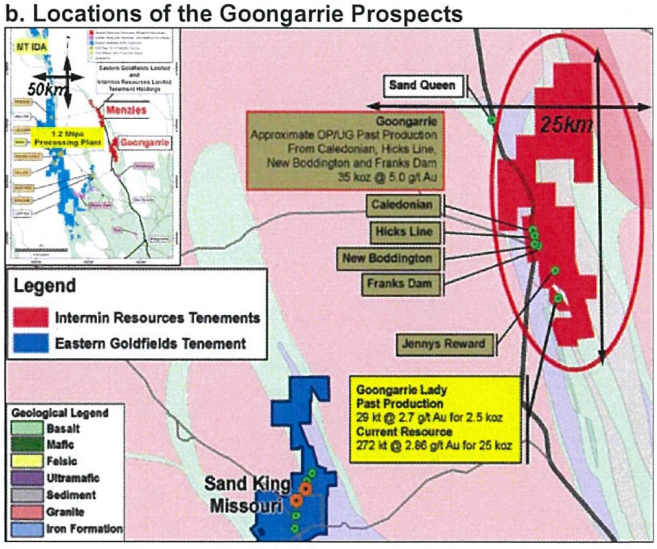
Jon applied a different approach to mining the Teal prospect near Kalgoorlie in which a contractor exposes the orebody through mining the waste overburden in a profit share arrangement. Between Teal being toll treated at Zijin's (was Norton/NGF's) Paddington, the refractory Teal possibly toll-treated at NST's Kanowna Belle, and Goongarrie Lady expected to be trucked ~50km on existing haul roads to and toll-treated at Eastern Goldfields' [EGS'] Davyhurst plant); the strategic JV with Eastern Goldfields (EGS) enables the remainder of IRC's Goongarrie and Menzies Projects shown in Figure 2 to be developed and treated in EGS plants. Menzies is located ~65km on existing haul roads to EGS' Davyhurst plant.

Figure 2. Locations of the Menzies and Goongarrie Prospects

a. Locations of the Menzies Prospects



b. Locations of the Goongarrie Prospects



The **terms of the strategic JV** (currently a heads of agreement, formal agreement ~ early Nov 16) are :

- EGS can earn 25% in the Projects (Goongarrie and Menzies) by spending $2m on exploration within 2 years of the commencement date. EGS manages the project.
- EGS can earn a further 25% by spending a further $2m within an additional 2 years (years 3 to 4).
- EGS can earn a further 15% by spending $1.5m (including a BFS on a possible Menzies/Mt Ida plant for mutual JV benefit) in years 3 to 4, ie after the first $2m spent within 2 years.

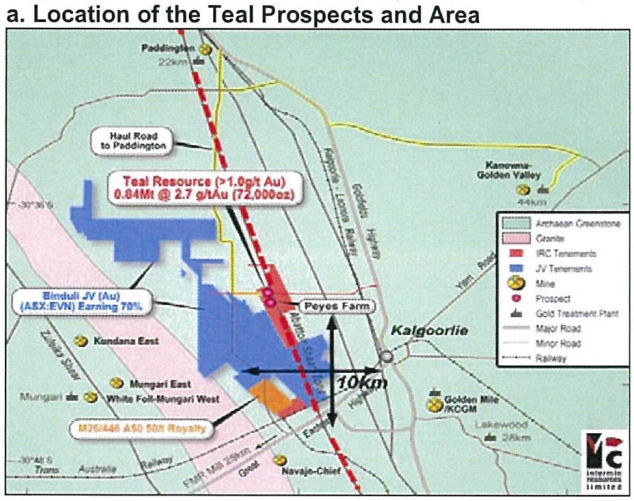
EGS has participated $1.5m in the 5 Sept 2016 placement issuing 39.25m shares at 12cps (32.17m under the existing placement facility, 6.25m to EGS and 830k to participating directors subject to shareholder approval). The placement provides for an additional SPP of 5m shares raising a further $0.6m. Investors in the placement or SPP receive a free attaching option (1-for-2 new shares) at 17c by 31 August 2018. which results in the current **193.9m** fpo shares in issue (with a further 7.08m to be added with shareholder approval and up to 5m in the SPP), plus **19.2m** options that are "in-the-money" at 7.5c by 30 June 2017. There would then be the new options associated with the new placement and SPP shares.

The Teal Prospects and Region

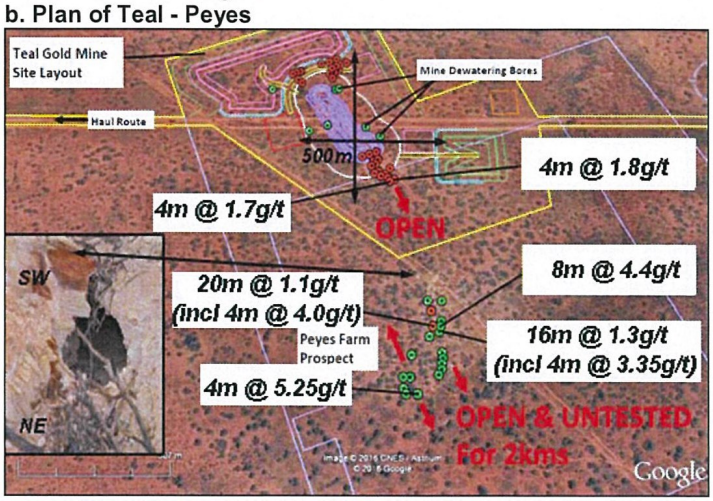
IRC's Teal and Peyes prospects are located on the Abattoir Shear in a "gap" area in the WA goldfields between Binduli to the SE and the Lady Bountiful goldfield to the NW, as shown by the elliptical circle in Figure 1b. Teal is contained within the tenements shown shaded red in Figure 3a, while the other tenements shaded in blue are the Binduli JV and relate to exploration upside in a farm-in JV with Evolution, in which EVN can earn a 51% interest through spending $2m on exploration by April 2018, and a further 19% interest (for a 70% total) by spending an additional $2.5m by April 2020.

Figure 3. Location of Teal Prospects and Area, and Plan of Teal - Peyes

a. Location of the Teal Prospects and Area



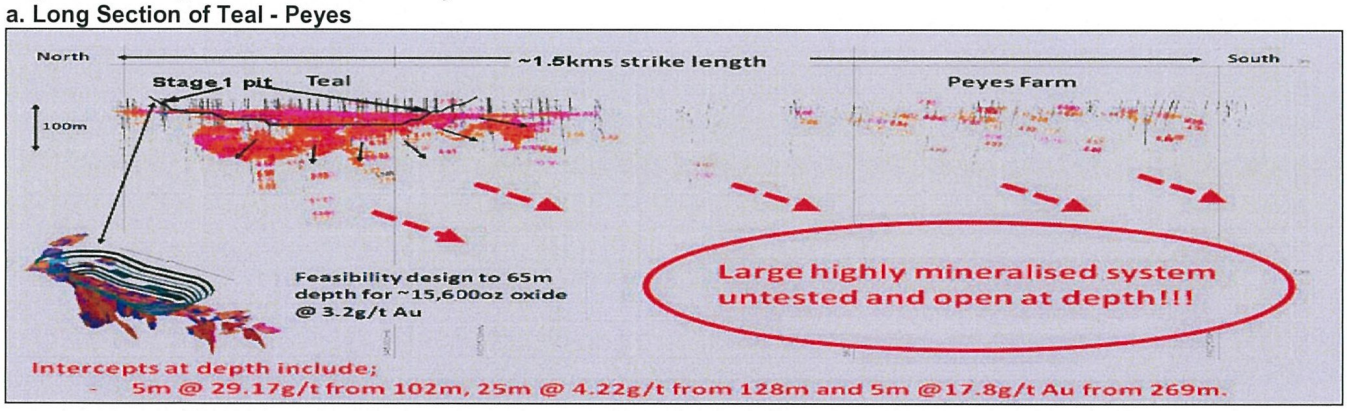
b. Plan of Teal - Peyes



Teal was discovered by Placer in the 1990s, but was believed to be too small, with ~35m of cover (typical for the region), and after the oxide zone, the orebody became (like Kanowna Belle) refractory. The almost adjacent nearby Peyes prospect was perceived to strike N/S with the mineralisation not making obvious geological sense. Examining the old workings above Peyes, shows that they mainly strike NW/SE (the same as Teal) with the occasional NE/SW structure (also shown in old workings). Which infers that Teal - Peyes may potentially have a ~1.5km to ~2km strike length, that has been little tested as shown in Fig 4.

Figure 4. Long Section of Teal - Peyes

a. Long Section of Teal - Peyes



Mining and Treatment

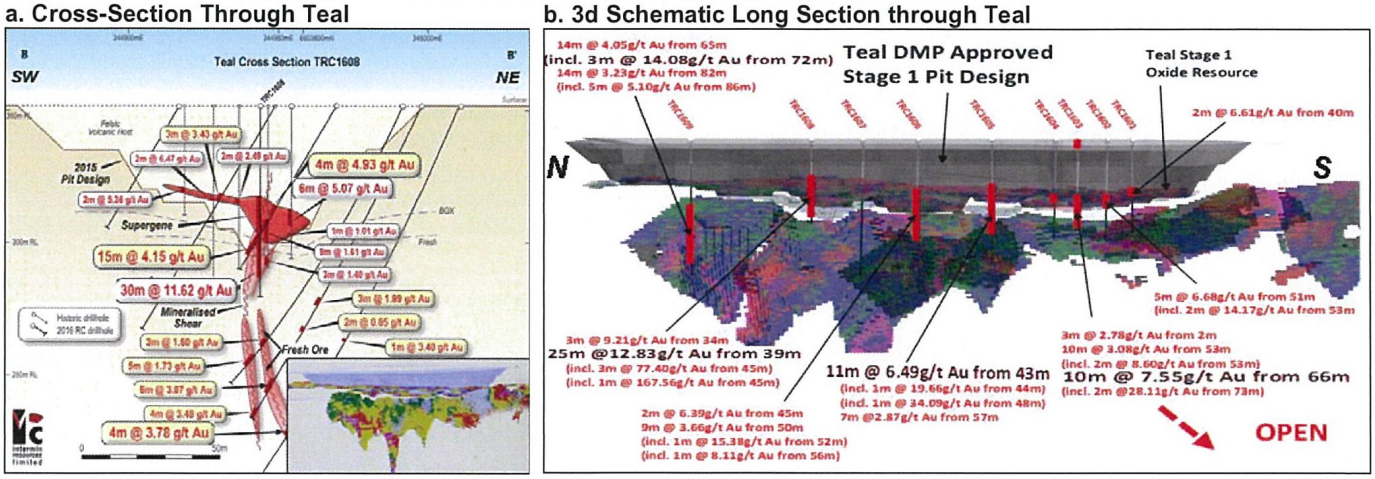
IRC expect to generate ~A$10m in cashflow for Teal's Stage 1 open-cut, for an outlay of ~$2m. Basically the pre-strip and infrastructure establishment has been costed at ~$4m of which a Contractor provides the fleet and pays $2m of the costs, with IRC providing the $2m cost balance, and then the oxide ore is trucked ~22km to Paddington on existing haul roads (shown in yellow in Figure 3a) for toll-treatment by Zijin/Norton. The resulting cashflow profits are to be split 75%IRC/25%Contractor, and have been estimated at ~A$10.8m at a gold price of ~A$1600/oz for 100% of the project (at a higher gold price of ~A$1800/oz, IRC estimate realising closer to ~A$10m for their 75% of the Stage 1 pit at Teal).

The broad numbering for the ~65m deep Stage 1 pit at Teal is a post pre-strip SR of 4.4x, mined ore ~170kt, grade ~3.2g/t, expected ~88% recovery for ~15.6koz at an AIC of ~A$905/oz, mined over ~9 months, reaching ore after ~3months. Cashflow is expected to be ~15days after the delivery of each ore batch to Paddington.

Northern Star (NST) have expressed an interest in the refractory sulphide at Teal, consequently the open-cut may be dropped / slightly deepened for a parcel of ~40kt to 50kt @ possibly ~4g/t which could be trucked via Paddington haul roads (Paddington have given their permission) ~44km to NST's Kanowna Belle plant (as shown in Figure 3a) for an ~90% recovery. This extra ore would be additional to Stage 1.

Figure 5. Cross- Section and 3d Schematic Long Section through Teal

a. Cross-Section Through Teal **b. 3d Schematic Long Section through Teal**



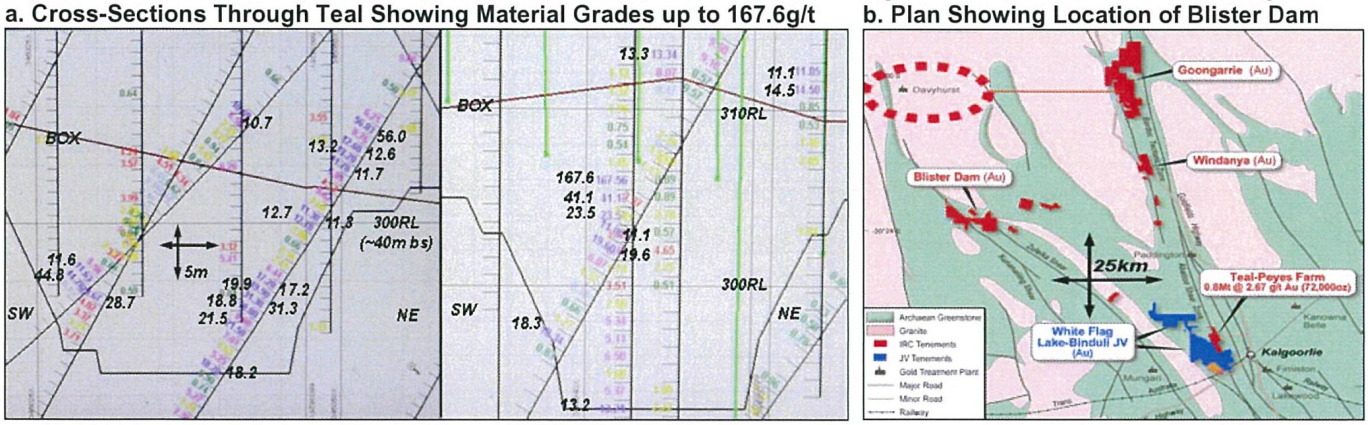
As shown in Figures 5a and 5b, the Teal prospect consists of a classic 1 to 2 layered supergene zone under ~35m of waste overburden. Some of the more recent encouraging intersections at Teal (May 2016) have been **3m @ 14.1g/t from 72m, 25m @ 12.8g/t** from 39m, 11m @ 6.5g/t from 43m & 10m @ 7.6g/t from 66m, as shown in Figure 5b, while Figure 6a shows that Teal does occasionally have pockets of significantly higher grade ore.

Exploration Upside Potential

While it is not strictly part of the Teal-Peyes region, IRC acquired the Blister Dam prospect, located over both the Zuleika and Kunanalling Shear zones in March 2016, as shown in Figure 6b. NST have expressed an interest to JV in this highly sought area over the Zuleika Shear, as opposed to simply near the Zuleika Shear. However, IRC understandably want to explore it themselves first, especially as Blister Dam contains historic intercepts such as 14m @ 2.5g/t from 60m, & 4m @ 4.8g/t from 52m.

Figure 6. Cross-Sections with High Grades at Teal, and Plan Showing Location of Blister Dam Prospect

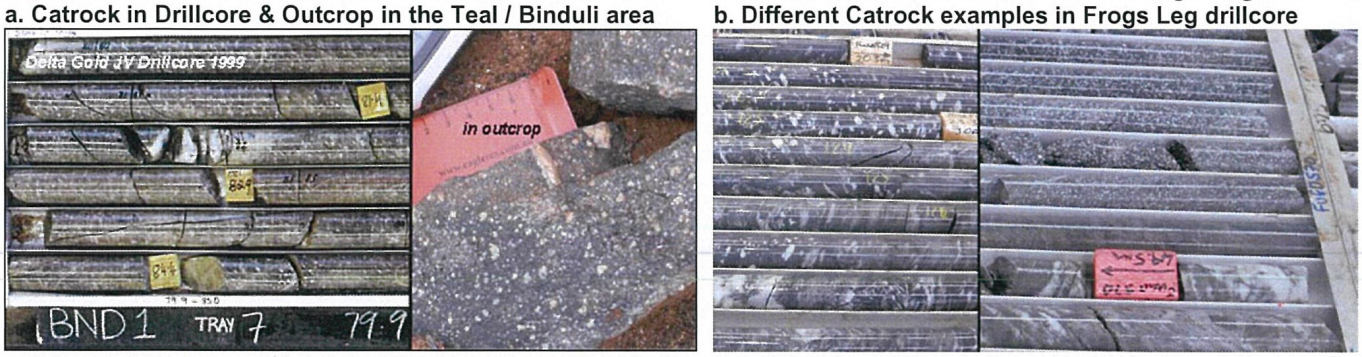
a. Cross-Sections Through Teal Showing Material Grades up to 167.6g/t **b. Plan Showing Location of Blister Dam**



In addition to the inferred potential that can be seen in Figure 4, (in that Teal-Peyes could become materially larger than simply its originally envisaged Stage 1 pit at Teal), we/ERA noticed that the cross-sections of Teal's northern end may be going through a roll (because the lodes appear to be offset east) and it reminded us of Frog's Leg mineralisation. On reviewing ERA's 2010 report of Avoca (available on : http://www.eagleres.com.au/reports/item/aug-2010-avoca-resources, the IRC geos recognised that they had seen the catrock (or spotty [amygdaloidal] basalt in Figure 24e on page 13 of that report) elsewhere in the Teal/Binduli JV area as shown in Figure 7a, which appears to be similar to that shown in Figure 7b.

Figure 7. Catrock in Drillcore & Outcrop in the Teal/Binduli area, and Different Catrock In Frogs Leg drillcore

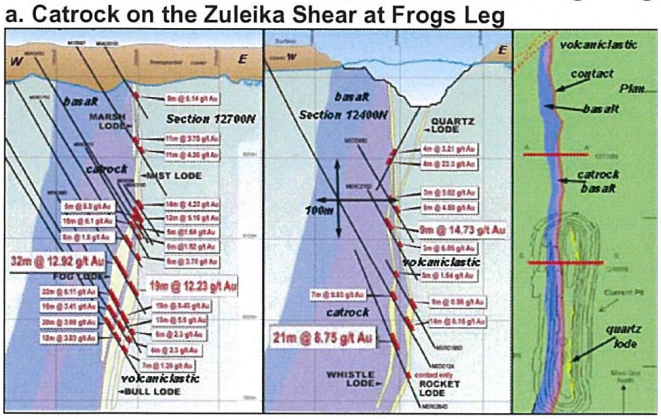
a. Catrock in Drillcore & Outcrop in the Teal / Binduli area **b. Different Catrock examples in Frogs Leg drillcore**



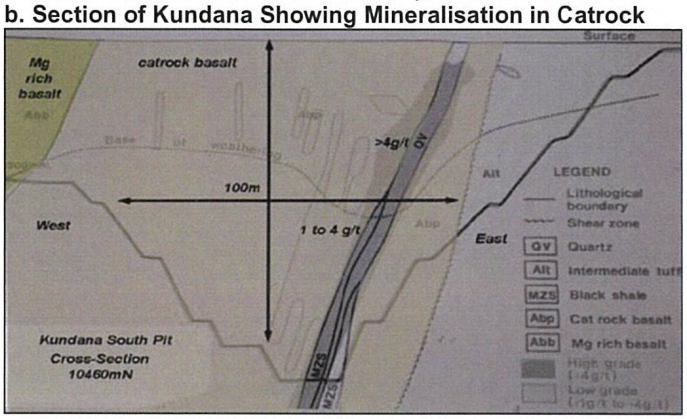
It would appear that the 1999 drillcore was not assayed, possibly because it was simply not recognised for what it potentially could be. We/ERA have only encountered catrock (where it is known to be massive or in pillows [pillow-basalt]) on the Zuleika shear as shown in Figure 7b with two types based on the size of the amygdaloidal "spots". Catrock is a major host for the Frogs Leg mineralisation shown in Figure 8a (from pages 35 to 37 of La Mancha's 2009 NI 43101), or along the shear contact as in Figure 8b at Kundana (based on info from analysts' visits there in 2000, 1998 & 1993).

Figure 8. Catrock on the Zuleika Shear at Frogs Leg (Source La Mancha 2009 NI 43101), and at Kundana

a. Catrock on the Zuleika Shear at Frogs Leg



b. Section of Kundana Showing Mineralisation in Catrock



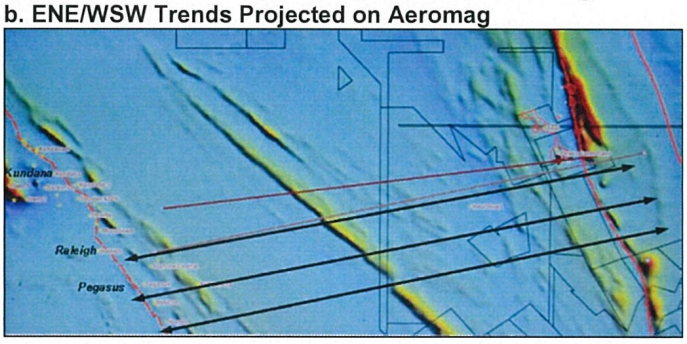
As to what catrock is doing away from the Zuleika shear in the Teal/Binduli JV area, and whether it is associated with mineralisation appears at this stage to be untested.

So far, little appears to have been spent on exploration in the Binduli JV area, which was previously between IRC and La Mancha, and hence taken over by Evolution (EVN), with EVN probably settling down its Mungari operation over the past year. However, the JV area does appear to be prospective, especially when focusing on and applying the almost east-west trending straight edges of the salt lakes as shown in Figure 9a (the straight edges of salt lakes have been shown to correlate with underlying structures as shown in the ERA Paydirt article on salt lakes: [http://www.eagleres.com.au/paydirt/item/oct-2011-salt-lakes].

Figure 9. East-West Trends based on Salt Lake Edges, and ENE/WSW Trends Projected on Aeromag

a. EW & ENE/WSW Trends based on Salt Lake Edges

b. ENE/WSW Trends Projected on Aeromag



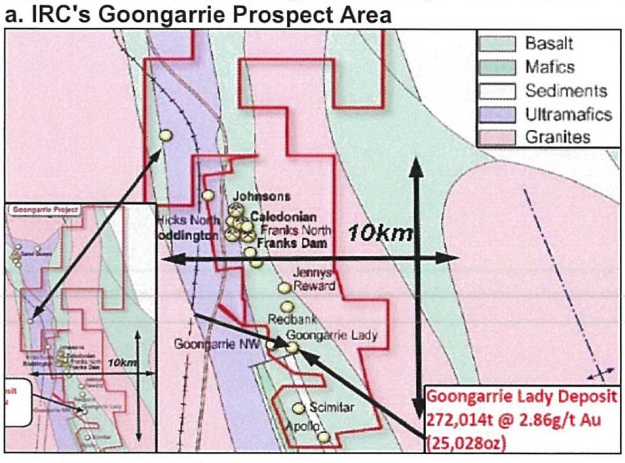
Interestingly as shown in the aeromag n Figure 9b, there could be an ENE/WSW correlation to underlying structures as there appears to be a number of coincident breaks, trending eastwards across/from the Zuleika shear to the Abattoir Shear.

Goongarrie

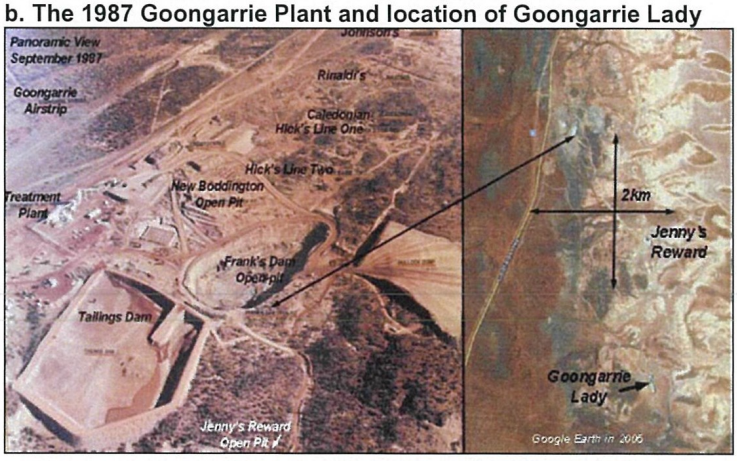
Intermin acquired its Goongarrie prospects located ~80km north of Kalgoorlie or ~40km south of Menzies, as shown in Figure 6b, in February and March 2016.

Figure 10. IRC's Goongarrie Prospect Area, and The 1987 Goongarrie Plant and Goongarrie Lady

a. IRC's Goongarrie Prospect Area



b. The 1987 Goongarrie Plant and location of Goongarrie Lady



IRC conceptually believe that potentially ~A$15m could be realised from the Goongarrie Lady prospect shown in Figure 9a with a JORC 2012 resource of ~272kt @ ~2.9g/t for ~25koz (of which **~202kt @ 3.3g/t for 21.3koz [top-cut at 35g/t]** is in the oxide and transition zone). IRC currently envisage transporting the ore on an established existing haul road ~50km west for toll-treatment through EGS' new Davyhurst plant.

Goongarrie was originally called 90-mile (being ~90 miles from Coolgardie), and is thought to have been discovered before 1897, being on the way almost due north from Kalgoorlie, and clearly visible on the edge of a salt lake with abundant white (generally bucky or barren) quartz. One of the first mines was actually called Ninety Mile Pty GM Ltd and treated 3.2kt @ 14.5g/t to produce 1490oz between 1897 and 1898, but then the owners apparently moved on. By 1918, ~33kt @ 17g/t had been treated at Goongarrie to produce ~20.4koz, mostly from Boddington which treated ~20kt @ 16.5g/t to produce ~10.6koz.

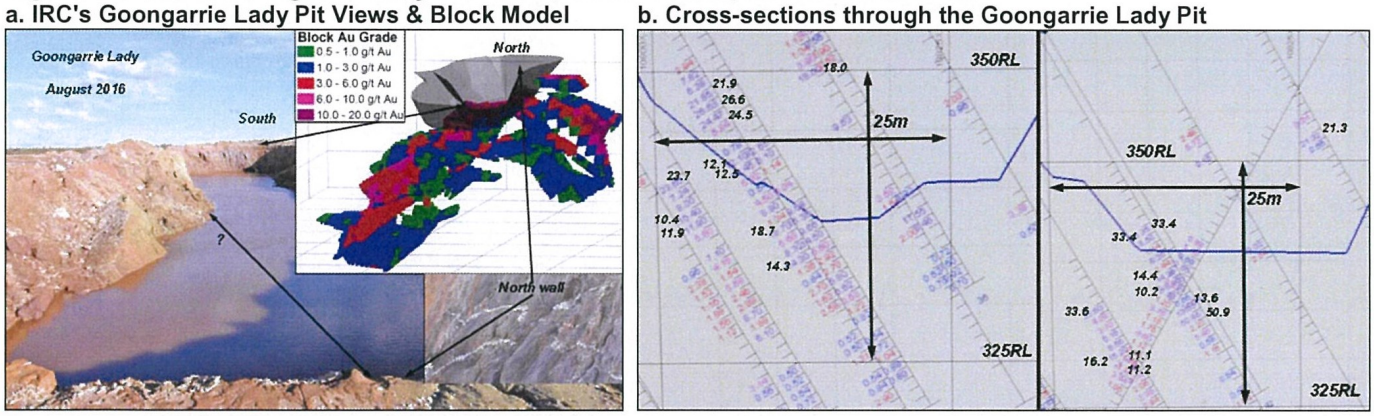
Goongarrie, essentially remained dormant until the late 1980s, when Julia (JLA) built a ~250ktpa plant as shown in Figure 10b to process a resource of ~980kt @ 3.9g/t from 1987. However, Goongarrie Lady apparently flooded due to run-off from the salt lake due to a cyclone in ~1990 after 28.6kt @ 2.7g/t had been extracted to a depth of ~20m from the original design of 58.1kt @ 4.5g/t, and mining stopped. Julia then sold the plant to Western Mining (WMC) who operated the plant in 1991, & then shipped it to QLD.

Julia undertook some short-term exploration and were keen on a prospect ~halfway between Goongarrie Lady and Jenny's Reward (Redbank ?) which had an intersection of ~10m @ 2.3g/t from 30m. In its June 1993 Quarterly, Julia commented that it had delineated a ~100m wide marker horizon in the Jenny's Reward pit that extended for ~2km south at 1g/t to 2g/t through old workings towards Goongarrie Lady.

Although the mineralisation at Goongarrie Lady has been modelled as shown inset in Figure 11a, the views of the pit (after ~25 years of weathering) shows what appears to be stockworks in both the north and south walls (unfortunately there is a waste dump just beyond the north wall). Also a mineralised package appears to strike NNW/SSE across the NNE/SSW striking pit shown in Figure 11a.

Figure 11. IRC's Goongarrie Lady Pit Views, Block Model, and Cross-sections

a. IRC's Goongarrie Lady Pit Views & Block Model **b. Cross-sections through the Goongarrie Lady Pit**

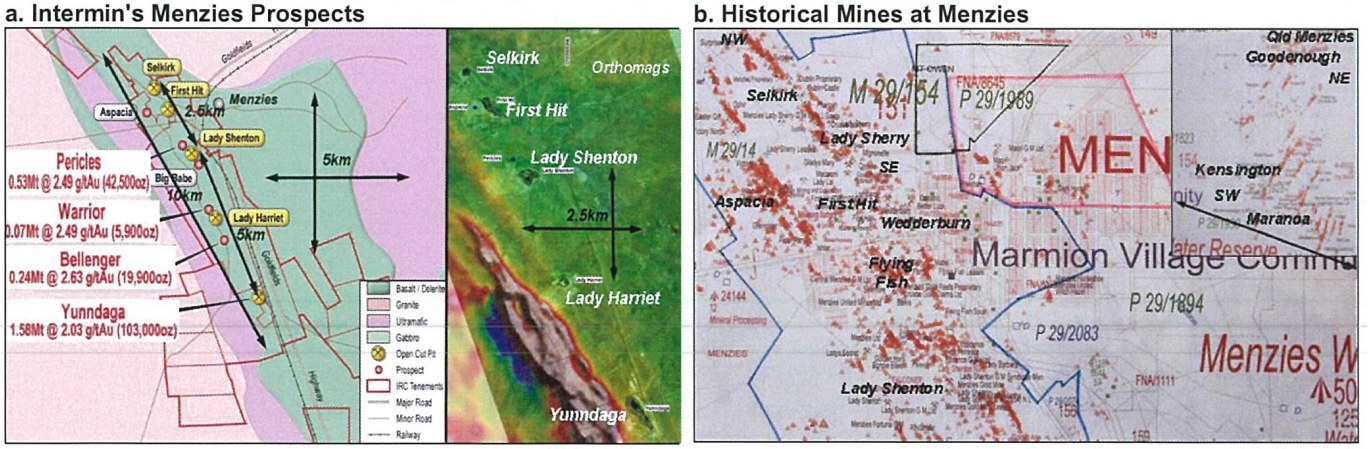


It was remarked while we were on site that there is mineralisation, ie adits etc in the hills adjacent to the west of the pit as shown in Figure 11a, but ERA did not have time to go there. There are many old workings, mostly shallowly explored and reputedly another possibly NS striking structure further into the salt-lake. Although the expected resource grade from Goongarrie Lady is ~3.3g/t, there are some sections that are materially double-digit grade as shown in Figure 11b.

Menzies

Figure 12. Intermin's Menzies Prospects, and Historical Mines at Menzies

a. Intermin's Menzies Prospects **b. Historical Mines at Menzies**



Intermin's Menzies prospects are shown in Figure 12a, covering ~10km of NW/SE strike of which the central portion of ~8.5km from Selkirk to Yunndaga, can be subdivided into a ~3.5km long northern section from Selkirk to Lady Shenton, and a ~5km long southern section from Lady Shenton to Yunndaga. There are 5 open-cuts, namely Selkirk, First Hit, Lady Shenton, Lady Harriet, and Yunndaga. Some geological plans have extensive NE/SW faults and there do appear to be some based on dislocations as shown in Figures 12a and 12b. However, there are two main regional mineralisation components as in NW/SE and NE/SW that can be inferred in Figure 12b.

Background History

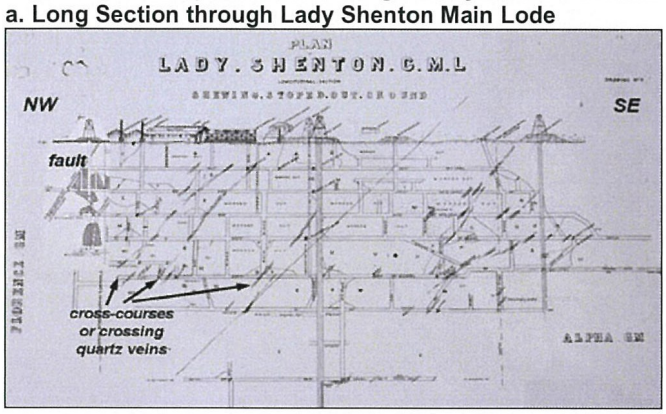
Gold was first discovered at Lady Harriet in August 1894 (then called Menzies Pioneer), but having been described as too lenticular, it was largely ignored until L R Menzies made his October 1894 discovery at Lady Shenton. Some of the early grades at Lady Shenton were spectacular as in low grade was 1oz/t, more common was 2oz/t to 5oz/t over 30cm to 3m wide quartz, and **occasionally 10oz/t to 15oz/t,** as illustrated by Lady Shenton's initial recorded production in 1896 of 7078oz from 1749t (4.04oz/t [~140g/t]), and 1897 of 17,206oz from 4,842 tons (3.55oz/t [122g/t] : 1oz/short ton = 34.3g/t)

In the period of 1897 to 1906, Lady Shenton produced 132,656oz from 96.61ktons at an average grade of 47.1g/t from the Main Lady Shenton reef to a depth of ~ 600ft (~180m) as shown in Figure 13a. It had been truncated at depth at one stage by a porphyry, but was found deeper on the other side of that and it was also recorded as faulted and hence truncated at its south end (which was also later extended). A Mr Falconer took over Lady Shenton in 1906 with a new Syndicate, renaming it Menzies Gold Mine and mined a parallel outcropping lode (called Falconer - apparently in an altered/sheared porphyry) ~200ft or ~120m further east up to 1914 extracting 31.3koz from 47.5ktons @ 22.6g/t to a depth of ~800ft (~240m).

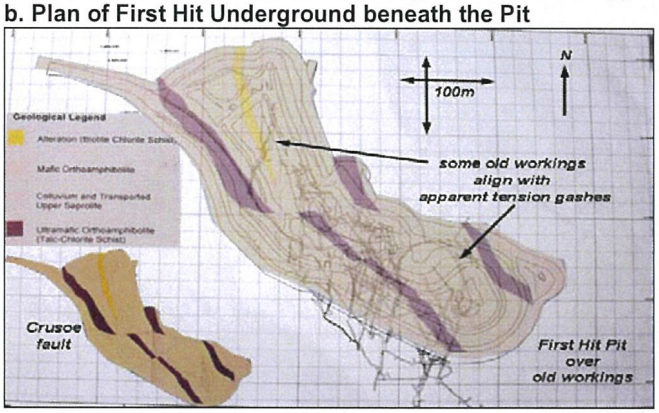
The Main Lode at Lady Shenton was perceived to plunge north as shown in Figure 13a, as were the faults also perceived to dip north at both the northern end and southern end truncating the mineralisation in the Florence mine to the north and Alpha mine to the south, just beyond their boundaries with Lady Shenton.

Figure 13. Long Section through Lady Shenton's Main Lode, and Plan of First Hit Underground & Geology

a. Long Section through Lady Shenton Main Lode



b. Plan of First Hit Underground beneath the Pit



After the First World War, Lady Shenton (1934) was revived on the Main Lode under a porphyry, extracting 13.3koz from 26.9kt @ 15.3g/t from 1936 up to its closure in 1942 due to WWII. The largest mine was Menzies Consolidated (later renamed Yunndaga by the Wiluna/Julia JV, probably to avoid confusion), which mined 272,227oz from 568.3kt @ 14.9g/t, mostly from the Princess May shoot to a depth of ~600m from 1897 to 1926. In November 1934 the First Hit (1934) Gold Mine was formed over a number of workings separated from Wedderburn to the south by the Crusoe fault.

There were a number of Queensland Menzies' (QM) named gold mines in the Menzies district, of which the most well known appears to have been at First Hit, which had a Crusoe QM and Wedderburn QM at 26oz & 124oz. First Hit's QM in 1935 was crushing ~ 3oz/t, and in 1937 when the No2 winze was stripped at the 356ft (107m) level, 150t were taken from a 5ft (1.5m) quartz vein averaging 2oz/t, while in the north drive after 57ft (17m), the new 3ft (0.9m) quartz lode was intersected by another quartz lode to become 4ft (1.2m) wide at 5oz/t. In the 1930's ~45kt @ 73koz were mined from First Hit's (Wedderburn) QM.

The plan of First Hit's underground workings on QM as shown in Figure 13b infers that there was a stockwork of veins. As not all the leases were cancelled, such as First Hit and Aspacia, the complete historical Menzies gold production (excluding the eastern limb), **could be closer to ~1moz** or more.

In June 1993, the Wiluna/Julia JV (Wiluna were farming-in to Julia's holding), identified a proven resource of 211.8kt @ 4.6g/t (applying a top-cut of only 10g/t!! ie any grades over 10g/t, eg 30g/t, 50g/t etc became 10g/t) over the old Yunndaga (Menzies Consolidated) workings, and followed that up by delineating a resource of 414kt at 2.9g/t over the same area (Yunndaga) by June 1994 (along with other possible pits) as shown in Table 1 (SG of 2 [whereas quartz is 2.7], bottom cut of 1.5g/t, top cut of 10g/t) .

Deciding that there were insufficient ore resources to have a separate plant, the JV (Wiluna were becoming disinterested due to progress on the Bulletin lode at the Wiluna mine) hence sought to find a gold plant that could treat the ore; and the result of that process was the Paddington plant and a $/t royalty based on grade for 18 months, which was changed after about 12 months, and then changed again into a 50/50JV with Goldfields, once Julia had acquired Wiluna's holding in the JV.

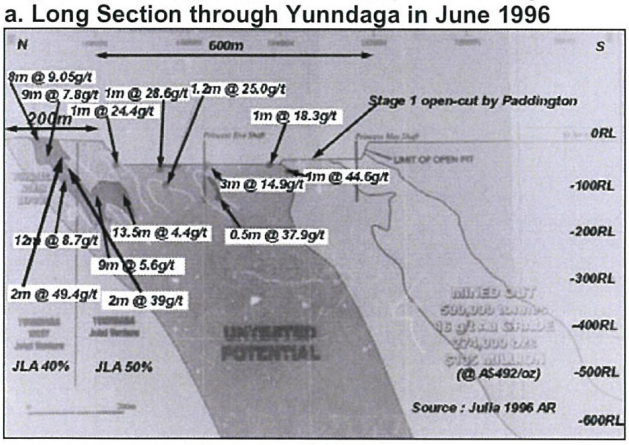
Table 1. Historical Gold Production at Menzies (1896 to 1999, excluding the NS striking Eastern Limb)

Historic	Resources	First Hit (to -70m)			Lady Shenton / Falconer			Yunndaga (to -85m)			Lady Harriet			TOTAL			Other 1	Other 2	TOTAL
		kt	g/t	koz	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz	koz	koz	koz
Historical Mined	Past U/G	165	32.0	169.8	185	32.0	190.3	526	16.0	270.6	12	22.0	8.5	888	4.7	639.2	14.6	108.4	762.2
2004	Rox IM	325	2.4	25.1	314	2.6	26.2	800	2.5	64.3	160	2.8	14.4	1439	3.1	115.5	27.4		142.9
Total Officially Recorded		490	18.6	194.8	499	21.4	216.5	1326	13.0	334.9	172	4.5	22.9	2327	16.3	754.7	41.9	108.4	**905.1**
Note : Historical : First Hit includes QM & Lady Sherry, Lady Shenton includes Golden Age, no name, South dump and Warrior.																			
Note : Other 1 - Selkirk, Aspacia, Lady Irene; Other 2 : the rest of the field -																			
Jun-94	Meas	60.0	3.3	6.4	53.0	4.3	7.4	372.0	2.8	33.5				485.0	4.7	47.3			
SG 2.0	Indicated	40.0	3.4	4.4	58.0	3.1	5.8	36.0	3.0	3.5				134.0	3.1	13.6			
Top-cut 10g/t	Inferred	18.0	3.3	1.9	49.0	3.2	5.0	6.0	2.7	0.5				73.0	3.1	7.4			
Bott Cut 1.5g/t	Total	118.0	3.3	12.6	160.0	3.5	18.2	414.0	2.8	37.5				692.0	3.1	68.3			
Top-cut 30g/t	Yunn North							203.8	4.0	38.0									

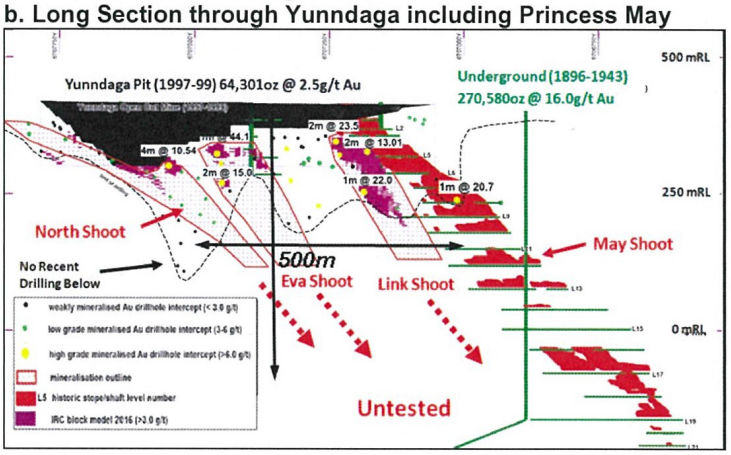
In DQ 1994, an agreement was entered into by the Wiluna JV to take an 80% interest in the ground north of the Yunndaga pit, that was owned by Wells Gold (who had set their sights on Indonesia). And an RC programme was undertaken for up to 200m north of the planned pit, which had very encouraging results that went straight into RC infill (results were high grade and it was being called another Yunndaga / Menzies Consolidated) with intersections in JQ94 such as 2m @ 31.5g/t, 12m @ 11.2g/t, 3m @ 30g/t & 9m @ 7.4g/t. By June 1995, a resource had been determined for Yunndaga North (it was also called Yunndaga West) of 203.8kt @ 3.95g/t (top-cut at 30g/t, uncut it was 4.83g/t), with further deeper intersections such as 2m @ 49.4g/t from 78m & 2m @ 39g/t from 129m, as shown in Figure 14a.

Figure 14. Long Section through Yunndaga in June 1996 and post mining in 1999.

a. Long Section through Yunndaga in June 1996



b. Long Section through Yunndaga including Princess May



Mining started in late SQ95 on the Yunndaga pit with an SR of ~6x, and the low grade ore (mostly from Yunndaga) of ~254kt @ 1.4g/t was simultaneously treated at the Bardoc plant of which the last parcel of *low grade* was 2.1g/t. However, when Yunndaga and the other pits mined were recorded, their grades appear to have only averaged ~2.5g/t (at a ~92% recovery ie 2.7g/t head grade) as shown in Table 1 and Figure 14b, from the Rox Resources 2004 IM (information memorandum). So, ***Yunndaga North's uncut 4.83g/t was only ~2.7g/t when mined, or was it ?***

In the late 1990s, there was often an issue of reconciliation between what was mined and what grade the toll treatment plant said it had received, especially when visible gold was involved. If based on hand/grab samples, the mining source could pick the vg specimens, whilst the plant could deliberately avoid the vg specimens as unrepresentative. And at Menzies, there may have been a large quantity of visible gold.

Table 2. Paddington Gold Production (SQ1995 to DQ1999, ie 3 years longer than the expected 1.5yrs)

Year	1995		1996				1997				1998				1999				2000	Total
Qtr	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	
Paddington																				
Mined kt	503	464																		
Treated kt	469	644	675	810	769	795	713	738	723	821	804	807	760	595	536	548	252	401	172	
Head g/t	1.2	1.7	1.9	1.8	1.9	1.7	1.6	1.8	1.9	1.9	2.2	2.9	2.3	1.9	2.0	2.5	2.9	3.2	2.6	
Head koz	18.1	35.2	41.2	46.9	47.0	43.5	36.7	42.7	44.2	50.1	56.9	75.2	56.2	36.3	34.4	44.1	23.5	41.3	14.4	
Recovered g/t	0.88	1.43	0.84	29.66	1.60	1.49	1.44	1.59	1.68	1.91	1.98	2.62	2.26	1.87	1.98	2.26	1.87	1.87	1.87	
Recovery	73%	84%	89%	95%	84%	88%	90%	89%	88%	101%	90%	90%	98%	98%	93%	89%	88%	87%	70%	
Production koz	13.3	29.7	36.6	44.5	39.6	38.2	33.0	37.8	38.9	50.5	51.3	68.0	55.1	35.8	31.9	39.4	20.8	35.8	10.1	
Cash Cost A$/oz	731	533		369	407	506	501	488	327	491	372	141	283	544	447	395	257	366	467	
Menzies (Pit)		Y	YC	FHC	L Sh	L Sh	Y	Y	YN/LH	YN/LH	YN	YN	YN/LH	YN/LH C?		L Sh ?		LI C	Gr Venn	
Treated kt		46	102.7	182		>60				194	125	82								
Head g/t		2.7	2.7	2.8	>3.0	>3.0				3.6	3.1	2.8	>3.0	>3.0						
Head koz		4.0	8.9	16.4						22.5	12.6	7.5								
Other Menzies		B :Y	B :Y/FH ?	B :FH ?							LH	LH						LI ?		Bardoc
Treated kt		38	202	14							11	78						43		254
Head g/t		1.3	1.4	2.1							2.6	2.7						5.5		1.4
Head koz		1.6	9.1	0.9							1.0	6.7						7.5		11.6
Recovered g/t		0.78	1.23	2.86														4.8		1.3
Recovery		60%	88%	136%														87%		88%
Production koz		0.95	8.00	1.29														6.6		10.2
Poss Padd Head koz	18.1	31.2	32.3	30.5	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	14.4	
Inf Menzies		4.0	8.9	16.4	16.0	12.5	5.7	11.7	13.2	19.5	20.3	37.0	24.1	4.8	0.9	8.4		10.3		**213.5**
Reported Menzies										22.5	13.5	14.2						7.5		

Lady Harriet also had some grade reconciliation issues. In DQ97, 5 intersections to 100m were reported, being 24m @ 3.8g/t, 26m @ 4.9g/t, 26m @ 5.3g/t, 36m @ 4.8g/t, & 22m @ 3.2g/t, but yet as shown in Table 1 this became 2.8g/t when recovered (or 3g/t in-situ), whereas it was identified as providing high grades of >3g/t for almost 1.5 years. Table 2 has been based mostly on GLD & JLA's quarterly reporting.

So, why the analysis ? Well, apart from the intersections (there were many 50g/t and 100g/t over 1m in Yunn North) and at Lady Shenton a completely unmined lode (Big Babe) was mined further east within the pit shell, yet the overall result was apparent low grades mined. The production figures do not seem logical, and inferred either mine overcall or plant undercall (especially JQ98), at least in terms of grade.

Table 2's estimate of 213.5koz from Menzies x 92% = 190.4koz, vs 142.7koz in the Rox IM, does depend on the base for Paddington of 31koz/qtr. The Paddington pit was 1.2g/t to 1.3g/t (high grade was 1.4g/t to 1.5g/t with the occasional 1.6g/t patch). Production of 500ktpa at 1.3g/t x 87% = 18.2koz. **Plus there are the historical notes**, viz : Julia [April 1997] : Lady Shenton has ~180koz in the halo to 120m, First Hit ~250koz, Yunndaga ~350koz; Selkirk had 20m @ 5g/t & 4m @ 195g/t from 38m (ie 82m bs); and Goldfields [Mar 1999] : Lady Shenton underground possibly 150koz, Menzies underground 600 to 700koz.

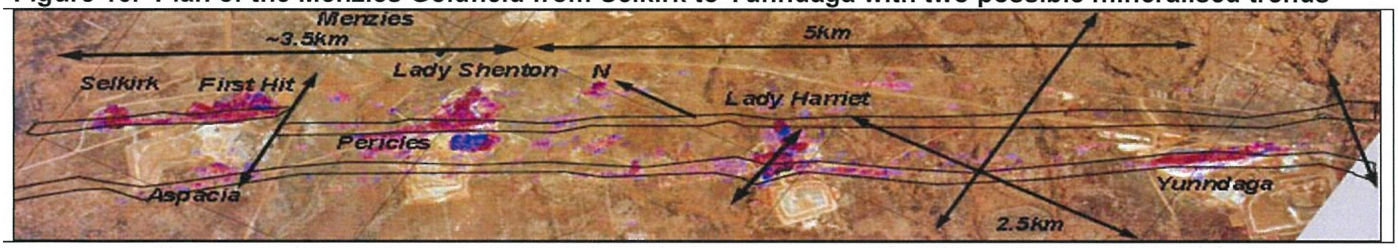
So were the actual grades mined closer to 3g/t to 4g/t (or higher) than 2.7 g/t ? - maybe. Lady Shenton had a deeper cut back in progress in SQ99, but then had a failure of the south wall that stopped it, while deep drilling under Yunndaga in DQ99 gave what was regarded as uneconomic results at that time (without specifying intersections). In mid-September 1999, the gold price traded at ~US$256/oz (A$390/oz), although it did rebound up, by the end of 1999 through to Mar 2000 it was ~US$285/oz. As a sign of the times, in April 2000, Julia Mines became a water system dot com tech company.

Geology

As shown in Figure 12a, the Menzies goldfield is ~10km long being ~8.5km from Selkirk to Yunndaga and all in a mafic package with ultramafics further west, and Lady Irene being located much further north. Some geological plans show extensive NE/SW faulting, however, the interpretation may be partly due to cross-cutting quartz veins. More critically, the broad mafic package is an oversimplification as there are also porphyrys, sediments, and ultramafic units as shown in the geological plan of First Hit in Figure 13b.

There appears to be two broad NW/SE trending mineralised channels, with one of the interpretations (by Julia) as shown in Figure 15a, centred around Lady Shenton into a northern and southern section.

Figure 15. Plan of the Menzies Goldfield from Selkirk to Yunndaga with two possible mineralised trends

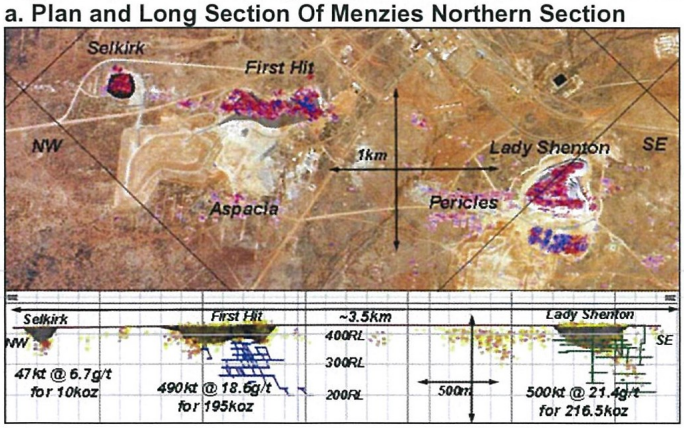


The Northern Section : Selkirk to Lady Shenton

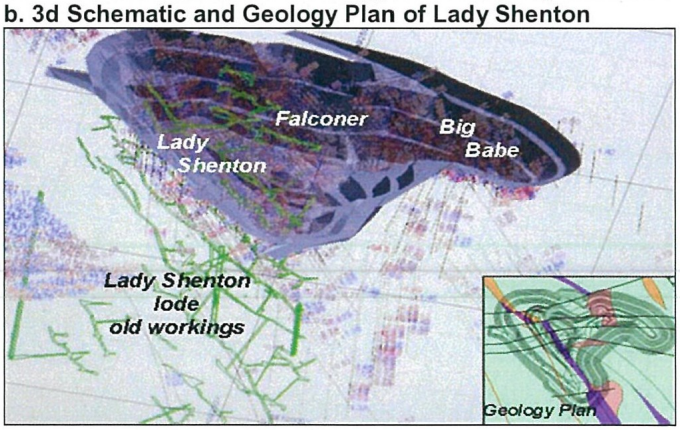
The Northern section of Menzies covers a distance of ~3.5km (similar to Dacian's Mt Morgans length), as shown in Figure 16a along with the drilling and historical workings [with an exaggerated vertical scale] under it. It contains the three historical pits of Lady Shenton, First Hit and Selkirk that went to depths of ~85m, ~50m and ~55m respectively, while the historic undergrounds at Lady Shenton & First Hit, both went to depths of ~200RL or ~230m below surface. Figure 16a also shows the location of the two relatively advanced exploration prospects of Pericles and Aspacia, and the relatively sparse drilling.

Figure 16. Plan & Long Section of Menzies Nth Section, & 3d Schematic and Geology Plan of Lady Shenton

a. Plan and Long Section Of Menzies Northern Section



b. 3d Schematic and Geology Plan of Lady Shenton



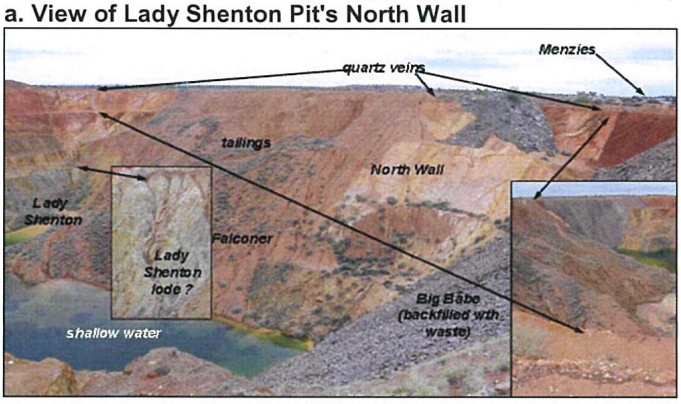
Lady Shenton

The Lady Shenton pit contains 3 lodes, namely Lady Shenton, Falconer and Big Babe as shown in Figure 16b of which the Big Babe lode was not mined by the old timers, and was a new discovery taken out by the open-cut. The inset geological plan shows a number of EW faults, but they are not all reflected in the underground workings' contours, and the northernmost fault appears to include 3 visual parallel quartz veins as shown in Figure 17a, which it seems, were at one stage mined.

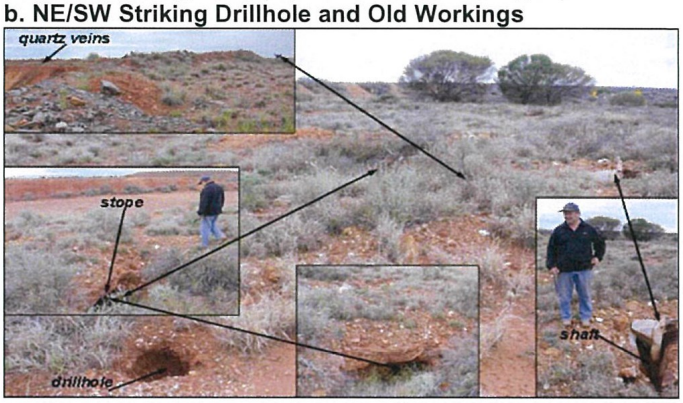
Based on the old workings outside the pit that link with the position of the veins, it can be seen in Figure 17b, that a drillhole was undertaken next to the workings. Fortunately for IRC, the person concerned failed to interpret the old workings of a shaft and a stope that were striking NE/SW and consequently drilled between and parallel to them - *consequently finding nothing.*

Figure 17. View of Lady Shenton Pit's North Wall, and NE/SW Striking Drillhole and Old Workings

a. View of Lady Shenton Pit's North Wall



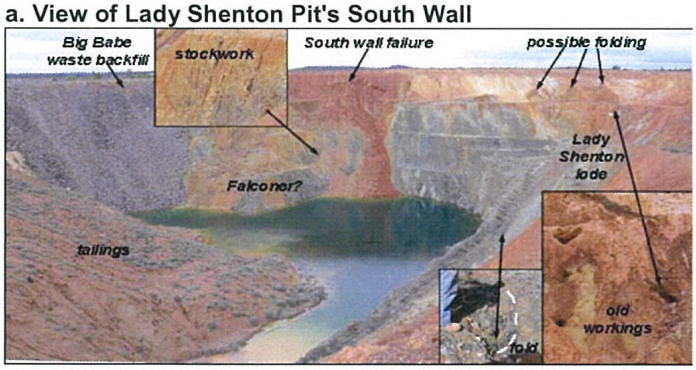
b. NE/SW Striking Drillhole and Old Workings



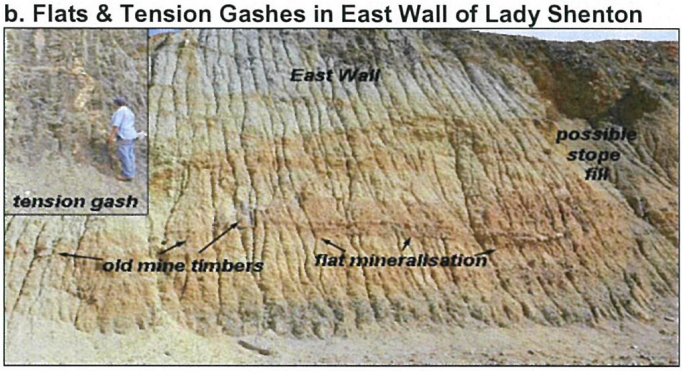
Unfortunately what the fault/structure and veining actually does along the northern wall is buried under some tailings that someone decided to tip over the edge. It can be seen from the inset picture in Figure 17a, that there is some kind of offset, either by faulting or folding. There are no noticeable references to folding, but folds can be seen in the ramp that goes along the Lady Shenton lode, and also possibly in the South Wall of the pit as shown in Figure 18a. There are also no references to the flats, and tension gashes that can be seen in Figure 18b, all of which probably confused anyone trying to interpret geology.

Figure 18. View of Lady Shenton Pit's South Wall, and Flats & Tension Gashes in East Wall of Lady Shenton

a. View of Lady Shenton Pit's South Wall



b. Flats & Tension Gashes in East Wall of Lady Shenton

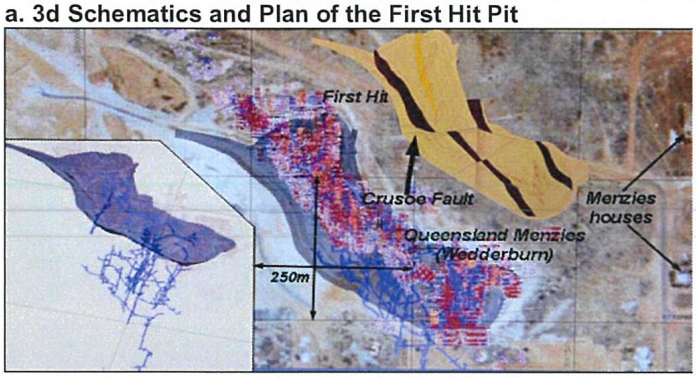


The main questions for Lady Shenton are the mineralisation in the North wall and what happens at depth, after all those 2oz/t to 5oz/t grades that were in reasonably wide mined structures / quartz veins have to come from somewhere. While that south wall failure does not look too disastrous, the size of the waste backfill in Big Babe appears to be more of a dampener, along with the tailings. Perhaps the Lady Shenton lode's workings can be extended deeper underground.

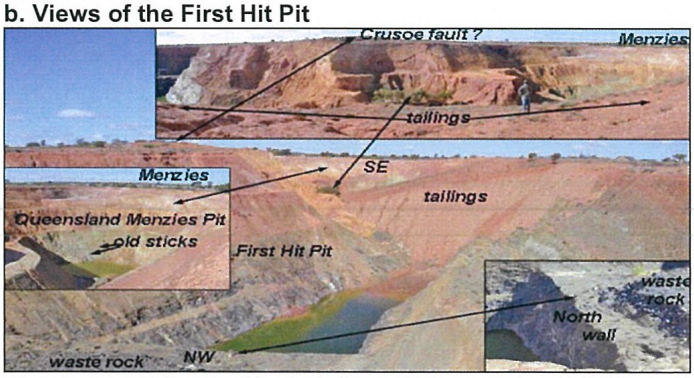
First Hit (/Queensland Menzies)

Figure 19. 3d Schematics and Plan of the First Hit Pit, and Views of the First Hit Pit

a. 3d Schematics and Plan of the First Hit Pit



b. Views of the First Hit Pit



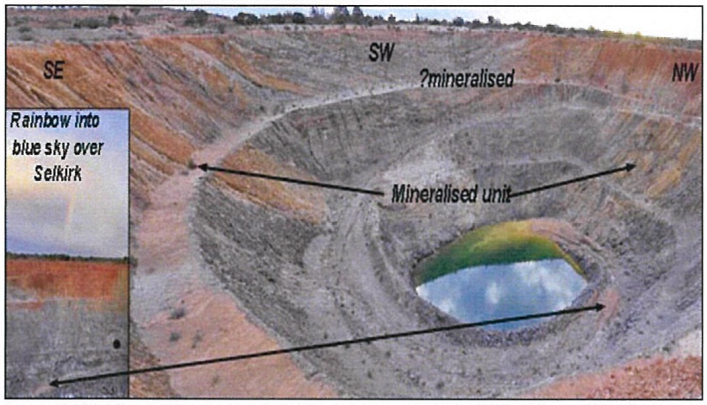
The First Hit / Queensland Menzies pit is shown in Figures 13b and 19a, and although it had historical and still has some high grades, the local council gave approval for construction of housing near the pit as shown in Figures 19a and 19b. The proximity of the housing, tailings dumped into the central area of the pit, weak NE wall and minor waste rock on top of the north wall as shown in Figure 19b, in ERA's opinion push First Hit onto the back-burner, for later in the JV's life. As seen in Figure 19a, the walls appear to be weak around the position of the Crusoe cross-fault and the majority of the historical workings were on the Queensland Menzies side, where their non-uniformity suggests a stockwork, while as in Figure 13b, some of the old workings followed sinusoidal mineralisation.

Selkirk

The Selkirk pit has not had anything (tails or waste rock) tipped into it, presumably because Goldfields intended to return as shown in Figure 20a. On a reported basis it did have the highest recovered open-pit grade at Menzies, being 42kt @ 4.6g/t (infers 5g/t in-situ for a ~92% recovery), for 6.2koz. Historical production was only ~5kt @ ~24g/t for 3.9koz, *but maybe there is gold at the end of the rainbow.*

Figure 20. Views to SW Wall of Selkirk Pit

a. View to SW Wall of Selkirk Pit



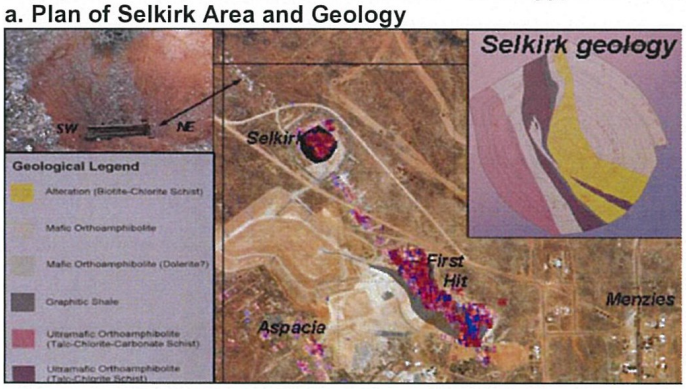
b. View to SW Wall of Selkirk Pit

In JQ94, the WNA/JLA JV delineated a possible low tonnage high grade resource at Selkirk with intersections such as 2m @ 31.5g/t from 48m and ~35m further east, 2m @ 12.5g/t from 72m. A 10-hole follow-up RC programme in SQ94 identified a narrow **high grade shoot** at Selkirk to a depth of 60m with 1m intervals of 69g/t from 48m, 39g/t from 60m, 29.2g/t from 72m & 7.7g/t fr 86m, in individual drillholes.

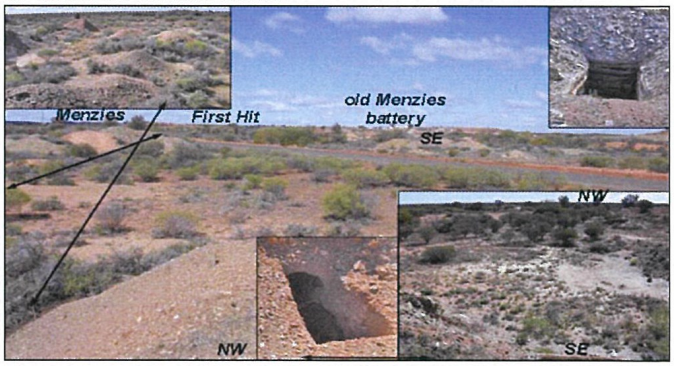
There is also an April 1997 intersection by Julia (and in its MQ97 report) of **8m @ 101g/t (incl 4m @ 195g/t)** from 38m or 82m below surface (bs, implying that it was drilled in the floor of the open-cut), along with **20m @ 5g/t**, but it is unclear as to whether it was mined, and the pit shown in Figure 20a, does not look deep enough. And then there are the fairly extensive old workings, with a NW/SE followed drive on the NW edge of the pit (Menzies Pty) also shown inset in Figure 20b. In fact looking at Figure 20a, with the added benefit of almost 20 years' of weathering, there appears be an overlooked mineralised vein system in the SW wall, when looking at the geological plan and workings inset in Figure 21a.

Figure 21. Plan of Selkirk Area and Geology, and Views of Selkirk South

a. Plan of Selkirk Area and Geology



b. Views of Selkirk South

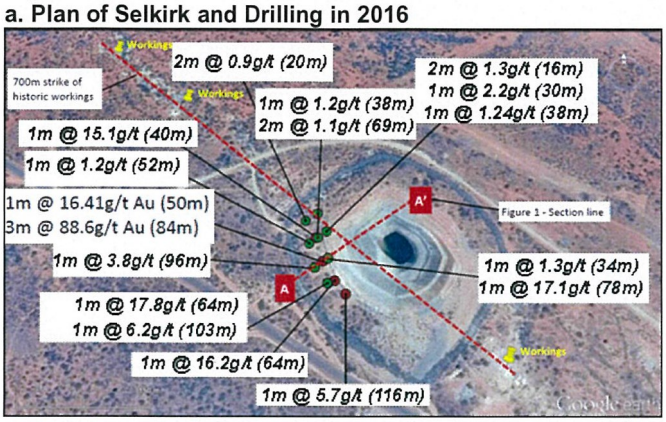


Although there are old workings, north of Selkirk as shown inset in Figure 21a, including a very narrow width NE/SW striking shaft (clearly for thin people), there appears to be significant underexplored old workings south of Selkirk through to the road and beyond to the First Hit pit as shown in Figure 21b. Amongst these workings there appears to be at least 2 trends of NW/SE striking lodes, plus some NE/SW striking lodes too as identified by the long axes / strike of the old shafts.

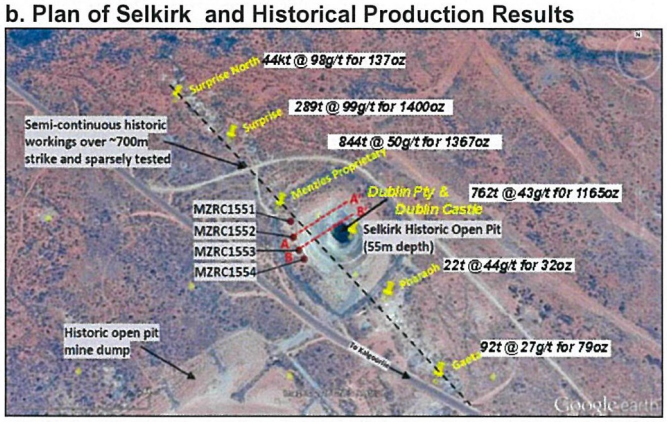
Intermin reported to the ASX earlier this year (2016) the encouraging results of some RC drilling at Selkirk including a number of double-digit grade intersections as shown in Figure 22a such as **3m @ 88.6g/t**, and the "overlooked mineralised vein system" appears to have been the main structure shown in Figure 22b.

Figure 22. Plan of Selkirk Area with 2016 Drillhole Results and Historical Production

a. Plan of Selkirk and Drilling in 2016



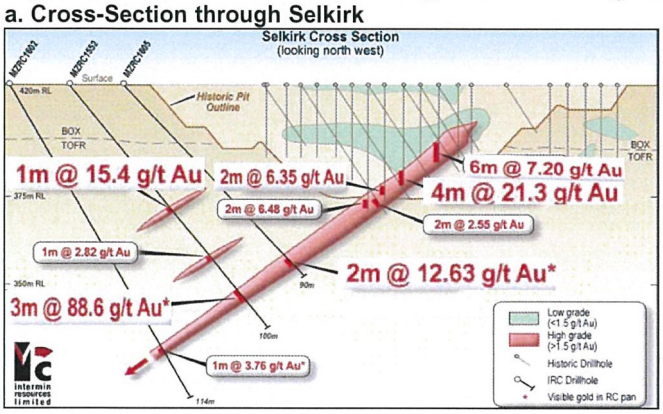
b. Plan of Selkirk and Historical Production Results



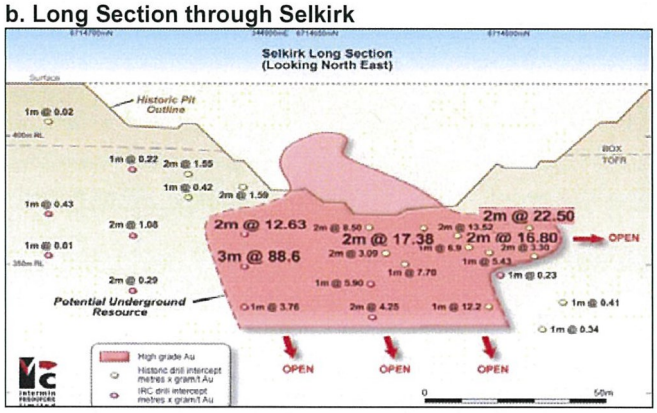
It seems that in ~1896, the Selkirk lease covered a broad line of workings from Menzies Pty Ltd to *high grade* Surprise, unless there was a parallel structure (since mined), that perhaps the pit went down on. The geological plan inset in Figure 21a does not pick up the main structure, now clearly visible due to weathering, and it seems that perhaps the pit went down on a eastern parallel structure, the western (main) one having been intersected in Figure 22a. There are no references to NE/SW mineralisation.

Figure 23. Cross-Section and Long Section through Selkirk

a. Cross-Section through Selkirk



b. Long Section through Selkirk



The drilling by Intermin shows the structure that the pit went down on as the new main structure, with an intercept of 1m @ 15.4g/t in the historical main structure as shown In Figure 23a. Interestingly the Selkirk pit has a similar biotite schist as contained in the First Hit pit, and is also present at Aspacia where it more closely resembles almost crystalline biotite than a schist, as shown inset in Figure 24a.

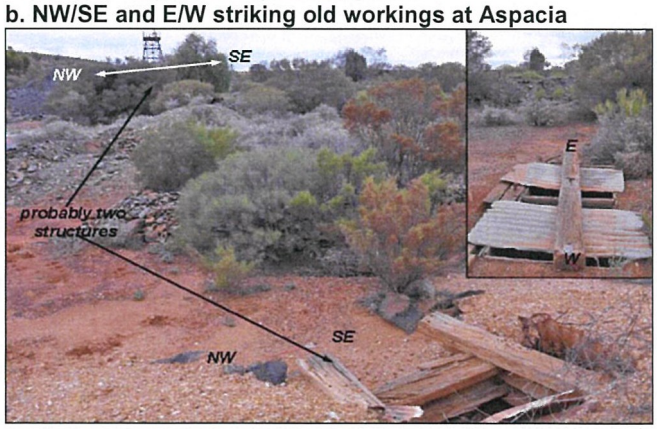
Aspacia

Aspacia had been mined by various companies and syndicates up to ~1989, by which time production had reputedly attained >50koz. It is one of the few historic operations that still has an intact winder as shown in Figure 24a. In addition to the old shaft that strikes NW/SE, there are other shafts near the workings that strike NW/SE and almost E/W as shown in Figure 24b.

Figure 24. Views of Aspacia Headgear, and NW/SE and E/W striking workings at Aspacia

a. Views of Aspacia Headgear and Mine Equipment

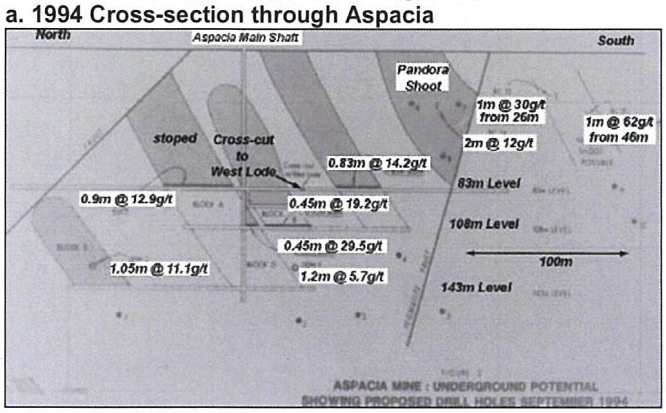
b. NW/SE and E/W striking old workings at Aspacia



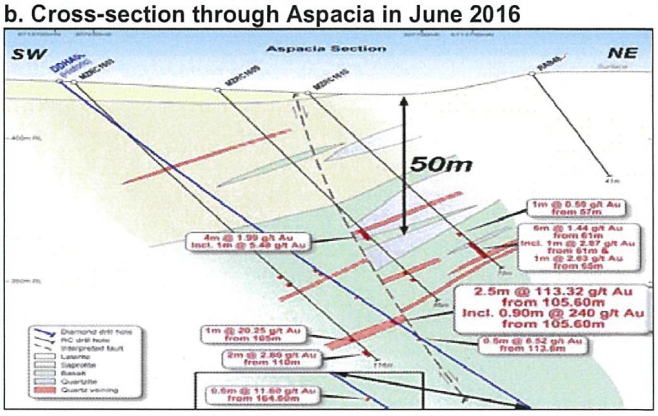
Julia took out an option over Aspacia in JQ94 as Aspacia had stopped mining further south due to encountering a pegmatite infilled fault. Julia then drilled south beyond the fault and discovered a number of intersections up to 8g/t, with one drillhole intercept of 1m @ 30.5g/t from 23m, that was conceptualised to link with a 1973 intersection of 0.7m @ 35g/t ~150m away further SW on strike. Julia thought that there could be potential for ~20koz below the 108 level shown in Figure 25a.

Figure 25. Cross-sections through Aspacia in 1994 and 2016

a. 1994 Cross-section through Aspacia



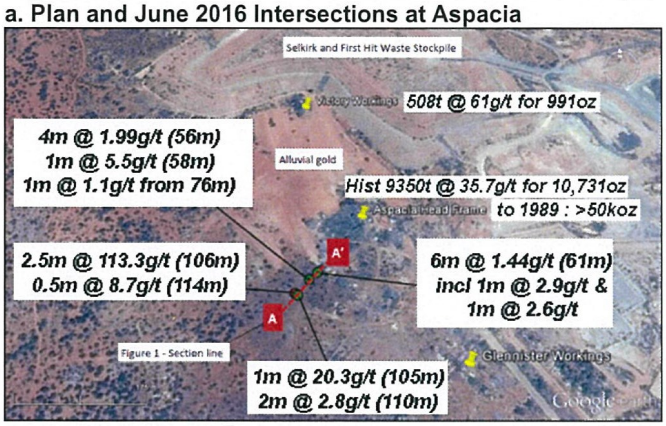
b. Cross-section through Aspacia in June 2016



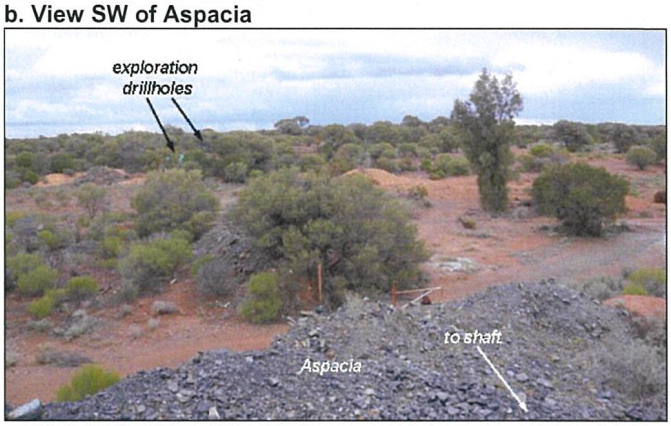
Of the follow-up intersections in SQ94, the best intercept was 1m @ 6g/t, and 1m @ 15g/t in the Pandora shoot, plus 4m @ 15.7g/t in an intrusive dunite / shattered dolerite, which were deemed not high enough to continue, there was a switched focus to nickel mineralisation, and then it apparently went dormant.

Figure 26. Plan and June 2016 Intersections at Aspacia, and View SW of Aspacia

a. Plan and June 2016 Intersections at Aspacia



b. View SW of Aspacia



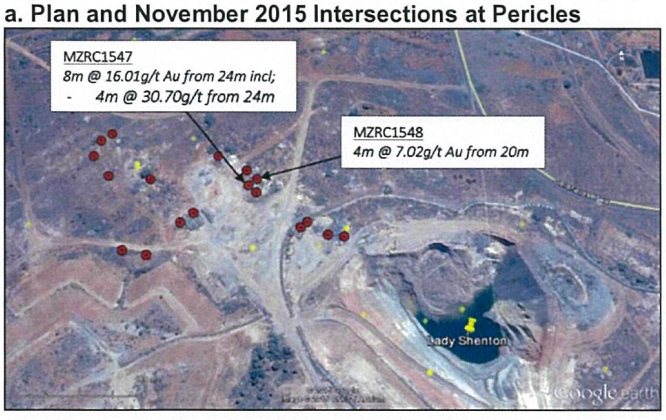
In June 2016, IRC followed up a diamond drillhole that intersected 2.5m @ 113.3g/t from ~106m (incl 0.9m @ 240g/t [ie typical Menzies high grade in a quartz-sulphide, shear hosted lode with vg nuggets] from the same depth) as shown in Figures 25b and 26a. Although 1m @ 20.25g/t was intersected, no other mega grades were intersected, & IRC did comment that perhaps they had not drilled deep enough. The location of the section is shown in Figure 26a, along with some of the bags further west in Figure 26b.

Pericles

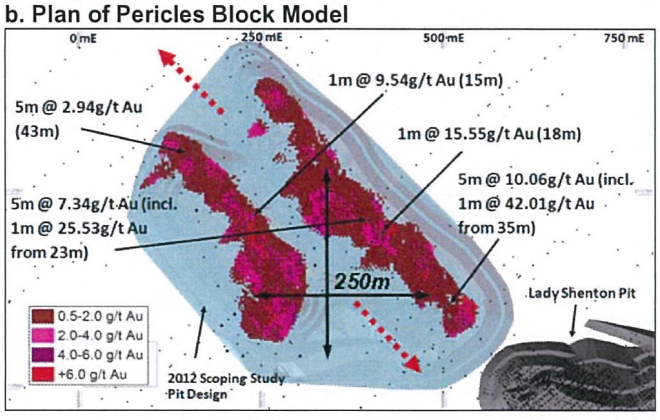
With an indicated resource of 530kt @ 2.5g/t for 42.5koz, Pericles currently has IRC's second largest JORC 2012 resource at Menzies (after Yunndaga), and is regarded by IRC as possibly its first operation at Menzies, after Goongarrie and possibly trucked on existing haul roads ~50km for toll-treatment at EGS' Davyhurst plant.

Figure 27. Plan and November 2015 Intersections at Pericles, and Plan of Pericles Block Model

a. Plan and November 2015 Intersections at Pericles



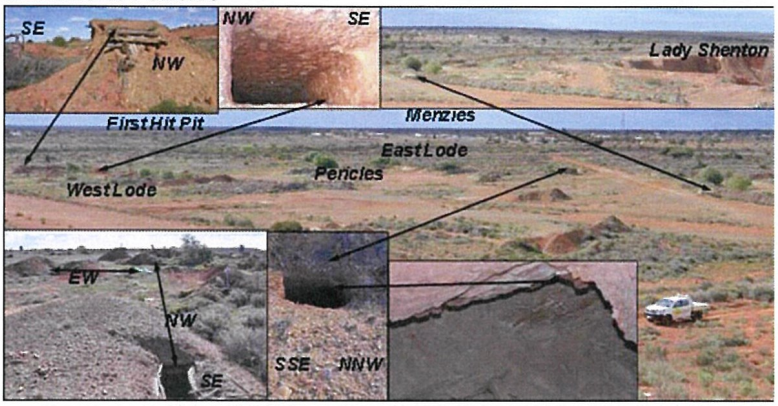
b. Plan of Pericles Block Model



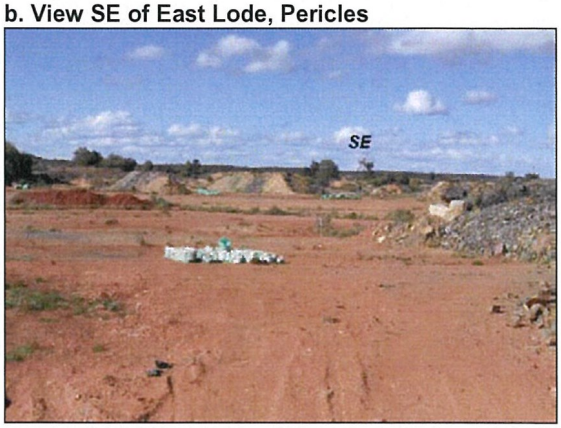
As shown in Figures 16a and 27a, Pericles is thought to represent the NW extension of the Lady Shenton lode. Encouraging shallow intersections on the East lode were reported in November 2015, such as **8m @ 16g/t (incl 4m @ 30.7g/t from 24m), and 4m @ 7g/t from 20m.** Walking around Pericles, it could be seen that on the West Lode there appeared to be 3 NW/SE structures and 2 or 3 E/W structures. While East Lode appeared to be comprised of ~2 structures plus an EW component, both to some degree also seen in the block model. Theoretically (unless there is an offset) there could be further lodes east.

Figure 28. Views of Pericles, and View SE of Pericles' East Lode

a. Views of Pericles



b. View SE of East Lode, Pericles

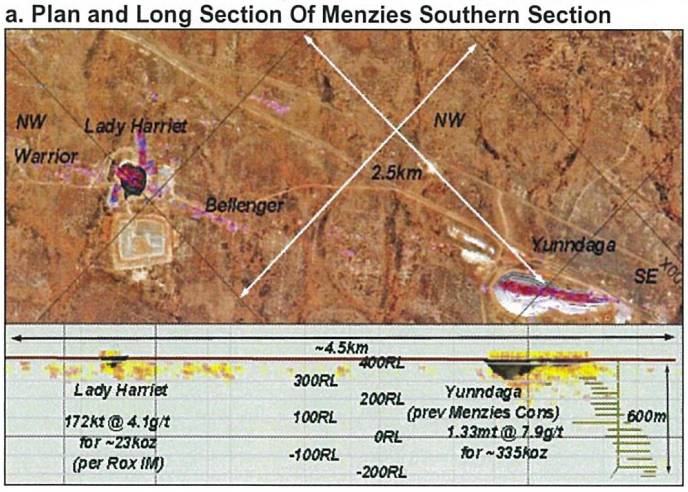


The Southern Section : South of Lady Shenton to Yunndaga

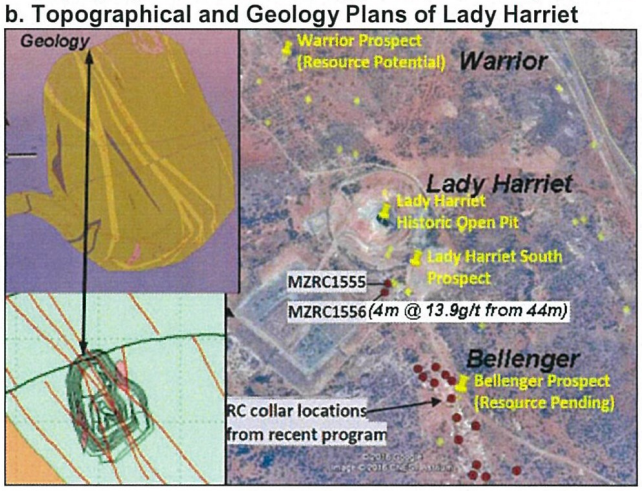
Just where the line is drawn between the N & S sections, south of Lady Shenton is not yet clear as shown in Figure 29a, but the southern section is broadly ~4.5km to 5.5km long on strike NW/SE, with two historical pits, namely Lady Harriet and Yunndaga which were mined by Goldfields to depths of ~60m & ~110m respectively, and two early stage prospects, north and south of Lady Harriet, being Warrior and Bellenger, as shown in Figure 29b. The Yunndaga pit, previously called Menzies Consolidated followed its Princess May shoot to a depth of ~600m underground as shown in Figure 29a.

Figure 29. Plan & Long Section of Menzies Sth Section, & Topographical and Geology Plans of Lady Harriet

a. Plan and Long Section Of Menzies Southern Section



b. Topographical and Geology Plans of Lady Harriet



Lady Harriet

The first discovery of gold at Menzies was at Lady Harriet, which was originally called Menzies Pioneer, but was abandoned or soon sold, because "the gold mineralisation was reportedly lenticular". While there is consensus over the historical production being ~12kt @ 22g/t for 8.5koz between 1896 & 1922, the open-cut production by Goldfields ranges from (all grades are recovered grades, ie possibly divide by 92% for in-situ grades) : 160kt @ 2.8g/t for 14.4koz (by Rox), 262kt @ 2.9g/t for 24.3koz (in an IRC February 2016 release), to 193kt @ 3.4g/t for 21.1koz (by Mindat). More than likely it was greater than 3g/t as Lady Harriet along with Yunndaga North was consistently reported by Goldfields as being responsible for the higher gold production (at a time when Goldfields was mining ~3g/t from other satellite pits).

ERA did not visit the Lady Harriet pit (this time) as the main focus was on nearby exploration, however, a figure in the Rox IM as shown in Figure 30a, shows the pit to have had a number of wall failures. The gold mineralisation at Lady Harriet has been described as being contained within a series of 3 steeply dipping sheared chlorite-biotite amphibolite schists stacked in an EW direction striking NW/SE as shown in the geological plan inset in Figure 29b.

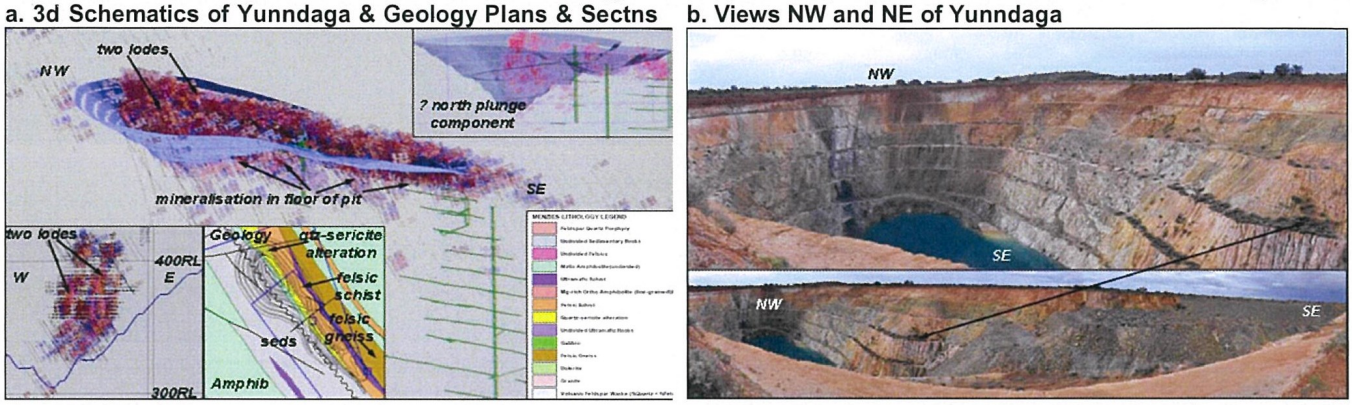
There is an old miner's building east of the pit which faces NE, and has a NE/SW striking shaft on the left hand side of the building, and a NW/SE striking shaft and other workings just beyond a small line of trees in front of the building. Indicating further prospectivity in the region of Lady Harriet - there is no mention of EW mineralisation in the text. The Rox IM referred to quartz-biotite-pyrite lodes extending north and south of the pit on strike NW/SE as shown in the larger geology plan (also inset in Figure 29b), towards the historical Warrior workings (13.9kt @ 15.7g/t for 7koz from 1897 to 1944) and south into the Bellenger area, as shown in Figure 29a.

Yunndaga

Apart from being the largest gold producing area in the Menzies goldfield at >335koz, largely due to the ~600m deep Princess May orebody shown in Figure 14b, Yunndaga also has the largest resource being an **inferred 1.58mt @ 2.03g/t for 103koz**. Figures 14a and 14b show a number of higher grade intercepts as the Yunndaga North extension was discovered. The northern limit of the pit was based solely on a 200m drill programme extension north of the stage 1 open-cut, and the 200m limit was then infilled, with only 2 drillholes (all RC) beyond the 200m limit. The interpretation of the initial ore shoots in 1996 is shown in Figure 14b, inferring that there were 2 lodes in parallel as can also be seen in Figure 30a. Eliminating some of the lower grades, inset in Figure 30b shows that there may be a north plunging component to the higher grades in addition to plunging south.

Figure 30. Yunndaga 3d Schematics with Geology Plans & Sectns, and Views NW and NE of Yunndaga

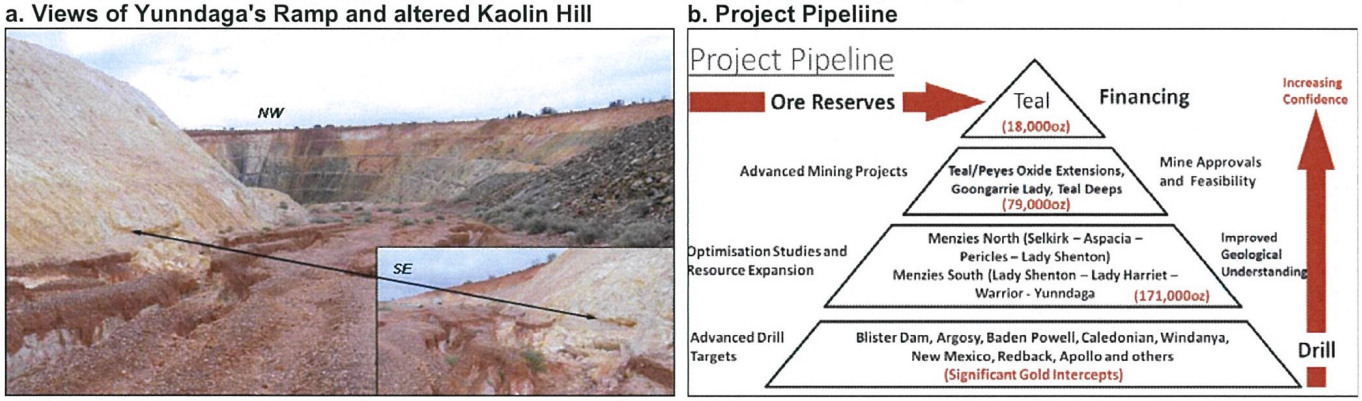
a. 3d Schematics of Yunndaga & Geology Plans & Sectns **b. Views NW and NE of Yunndaga**



While the back NW wall of the Yunndaga open-pit appears to have remained competent as can be seen in Figure 30b, unfortunately the front end has been covered by a large volume of waste as shown inset in the figure. This waste is on top of payable reasonably graded mineralisation shown in the 3d schematic in Figure 30a, next to the access ramp shown. The access ramp is heavily riven / weathered and being kaolinised white is probably on top of the (or an) orebody and carrying grade as shown in Figure 31a.

Figure 31. Views of Yunndaga's Ramp and altered Kaolin Hill, and Project Pipeline

a. Views of Yunndaga's Ramp and altered Kaolin Hill **b. Project Pipeliine**



Yunndaga clearly has a few challenges, although it could contain a significant prize.

Other Prospects and Interests

The other prospect at Menzies is Lady Irene, which is located at the northern end of IRC's Menzies' tenement holdings as shown in Figure 2a, and although it had some encouraging near surface intercepts, it was mined by Goldfields and reputedly has a short strike. It is not included in the current summary pipeline shown in Figure 31b, and was planned to be reviewed later.

As shown in Figure 1, IRC has a number of other holdings, some of which are free-carried as in Lehman's JV which is a 10% free carry to a DTM with Saracen over 33sqkm immediately north of SAR's Thunderbird operation in WA; while other holdings provide royalties such as over Janet Ivy being ~50c/t on Janet Ivy's 13.6Mt resource @ 0.9g/t payable by Norton, or a 3% gross gold royalty over Otto's Bore with Gold Fields, north of Lehman's JV. IRC also has some non-core assets being a ni-cu-pge JV over Nanadie Well in which Mithril are farming-in to for 60% by spending $2m by April 2018, and can earn another 15% by spending a further $2m by April 2020.

IRC also has ~$2.75m in listed ASX investments, being 5.96m RWD (Reward) shares @ 46c = $2.74m, 20k FML (Focus) shares @ 56c = $11.2k, and 142k AIV (Activex) shares @ 2c = $2.8k. In May 2016, IRC divested its Wiluna calcine tailings for $1.5m cash to Blackham Resources (BLK), of which $0.8m has already been paid, with the remaining $0.7m payable by 31 December 2016.

Financial Considerations and Upside Potential

Depending on what the JV delineates at Menzies, the ore could either be trucked and toll-treat at EGS' Davyhurst plant or have its own plant at Menzies. IRC estimated the cost of having its own ~400ktpa hard rock rated plant as ~$20m to $25m, so it is not justified at present, and a different size may be envisaged by EGS when its Ida complex is included. *But just how big could Menzies become?* It has clearly become forgotten. There are not many WA goldfields which had historic grades where 2oz/t to 5oz/t (~70g/t to ~170g/t) was common as visible gold in thick quartz, and I have never heard of a mine with an **average recovered grade of almost 100g/t**, but yet both the aptly named **Surprise** and Surprise North that lay on strike north of Selkirk did - and do not appear to have been looked at (or explored) since 1915!

Grade intersections were usually **double digi**t, anything less than that was ignored as too low or classified as "not typical Menzies". And despite its open-cuts typically being 50m to 100m deep and ~1moz extracted from the ~10km long goldfield, it has become forgotten. Perhaps it was also fueled by ~2.5g/t reported open-cut grades, whereas if they had been 3g/t to 4g/t, Menzies would have attracted more interest. I recall Goldfields often stating that they *wished they had gone underground* at Menzies, but didn't, & being intrigued as to why something that averaged 2.5g/t prompted such interest, (unless grades were higher). Having now raised sufficient cash, **IRC appears to be in a prime position** to grow and develop Teal and Goongarrie Lady, with the strategic JV with EGS enabling the development of the rest of Goongarrie and Menzies (both shallowly drilled with many gaps and possibly overlooked geology).

Management

Board of Directors

Peter Hunt – Non-Executive Chairman (Non-exec director since inception, ie over 20 years). Peter is a Chartered Accountant who holds and has held a number of directorships in listed and unlisted companies.

Peter Bilbe – Non-Executive Director since 2016. Peter is a mining engineer with over 40 years' experience in the Australian and International mining industry at the operating, corporate and business level, with comprehensive operational experience. Peter has held a number of senior positions and is currently Non-Exec Chairman of IGO.

Jon Price – Managing Director since 2016. Jon is a metallurgist and mineral economist with over 25 years' experience in WA and overseas in all aspects of mining from finance, exploration, development and construction. Jon was GM at Paddington and St Ives, and was the founding MD of Phoenix Gold.

Lorry Hughes - Executive Director (Business Development) since 2015. Lorry is a geologist with over 20 years' experience and has held a number of senior management positions on mining and development projects with major companies such as RIO and Barrick. Lorry was previously MD & CEO of South Boulder Mines Ltd

Bianca Taveira - Company Secretary since 2010 - Bianca has been providing administration and secretarial services to many listed and unlisted public companies for 17 years.

Senior Management

David O'Farrell - Exploration Manager since 2012. David is a geologist with over 25 years' experience in all aspects of exploration, development and mining in Australia and overseas, having worked on many operations and projects.

Grant Haywood - Mining Manager since 2016. Grant is a mining engineer with over 25 years' experience in underground and open-cut mining operations, having managed projects from feasibility study through to operations mostly in the WA goldfields for junior and multi- national gold mining companies.

Chart of Intermin Resources Limited (September 2015 to September 2016) (Source : www.yahoo.com)

IRC's share price broke out ahead of its placement...

..and has drifted back, with the market yet to recognise its potential