Intrepid Mines Limited

ABN 11 060 156 452

Annual report for the year ended 31 December 2017

Contents

About this report

This report is a summary of Intrepid Mines Limited's operations, activities and financial position as at 31 December 2017. It complies with Australian reporting requirements. An electronic version of this report is available at www.intrepidmines.com.au. Printed reports are also available from Intrepid on request.

CHAIRPERSON'S REPORT

Dear Shareholder,

Based on the ongoing evaluation of the Kitumba project and surrounding exploration licences (the "Project"), in May 2017 the board decided to engage PCF Capital Group Pty Ltd ("PCF") to review options with respect to the Project. After an exhaustive process run by PCF, on 12 December 2017, two wholly owned subsidiaries of Intrepid Mines Limited ("Intrepid" or the "Company") entered a conditional sale contract with Weatherly International Plc and a Weatherly subsidiary for the sale of 100% of Intrepid Mines Zambia Limited, the entity which holds the Project. The purchase price is $4,750,000 with an additional $1,000,000 deferred consideration payable subject to the fulfilment of certain milestones.

The disposal of the Project is beneficial to the Company in several respects. It signals a cessation to the ongoing costs associated with the Project. The monetisation of the Project allows the board to continue to move ahead with its capital management strategies – capital returns and the ongoing share buyback (which have been overwhelmingly supported by the Company's shareholders). Most importantly, however, it allows the Company to focus on new and exciting opportunities that will form the future direction of Intrepid.

Over the last year, the board has evaluated numerous investment opportunities. On 23 January 2018, the Company acquired approximately 5% of the issued capital of Tesoro Resources Pty Ltd. Tesoro is a non-listed Australian company with gold and copper-gold exploration projects in Chile. In addition, the board is undertaking diligence on several other possible gold and copper projects many of which are located in Australia.

Over the next 12 months, it is anticipated that the board will be making announcements with respect to additional investments and acquisitions. In this regard, the Company is focusing on exploration assets.

The board will continue to execute on its capital management program. In particular, the share buyback will continue in 2018. Furthermore, at the extraordinary general meeting held on 2 February 2018, the shareholders approved a capital return of up to $0.8788 per share. The capital return is dependent on several factors, including the finalisation of the sale and the receipt of a Class Ruling from the Australian Taxation Office, among other things.

When the sale of the Project is finalised and the capital return is complete, 100% of the company's attention will be focused on new projects and new opportunities. The board is confident that these prospective projects will be value accretive and will establish the foundation for the future of the Company.

Richard Baumfield

Richard Baumfield
Chairperson

OPERATING AND FINANCIAL REVIEW

The directors provide the following comments on the operations of the Group for the year ended 31 December 2017.

EXPLORATION AND EVALUATION ACTIVITIES

Kitumba and Mumbwa Exploration Projects, Zambia (100%)

On 12 December 2017, the Company announced that two of its wholly owned Australian subsidiaries ("Intrepid Subsidiaries") have entered into a conditional share sale agreement with Weatherly International and a subsidiary of Weatherly International ("Weatherly Subsidiary"), in respect of the sale of 100% of the share capital in Intrepid Mines Zambia Limited, a wholly owned Zambian subsidiary of Intrepid, which holds the interest in the Mumbwa and Kitumba Copper projects (together, the "Project") located in Zambia ("Share Sale Agreement").

Key terms of the Share Sale Agreement are as follows:

A. Consideration: The Share Sale Agreement provides for initial cash consideration of $4.75 million, subject to customary adjustments, payable by the Weatherly Subsidiary to the Intrepid Subsidiaries on completion. Deferred consideration of $1 million is payable subject to certain milestones being achieved, namely:

i. $500,000 payable on the date on which Intrepid Mines Zambia Limited (or any subsequent title holder) makes a decision to mine with respect to any area covered by the Project licence interests; and

ii. $500,000 payable on the date on which Intrepid Mines Zambia Limited (or any subsequent title holder) commences commercial production with respect to any area covered by the Project licence interests.

B. Conditions Precedent: Completion of the Share Sale Agreement is subject to satisfaction or waiver of a number of conditions, including:

i. Intrepid's shareholders approving, by ordinary resolution, the proposed sale pursuant to ASX Listing Rule 11.2 at the Company's Extraordinary General Meeting (EGM) to be held on 2 February 2018 as detailed in the Notice of Extraordinary General Meeting released on the ASX Announcements Platform on 3 January 2018;

ii. receipt by Intrepid, in a form acceptable to Intrepid (acting reasonably), of any regulatory approval required by it in connection with the proposed sale;

iii. consent, in a form acceptable to the Weatherly Subsidiary (acting reasonably), to the change of control of Intrepid Mines Zambia Limited from the Ministry of Mines in Zambia and the Competition and Consumer Protection Commission, and/or confirmation that Intrepid Mines Zambia would not have any Project licence interest revoked in connection with completion; and

iv. receipt by the Weatherly Subsidiary of any regulatory consent which might be required in connection with the proposed sale.

C. Miscellaneous Provisions: The Share Sale Agreement otherwise contains standard pre-completion conduct, warranty, limitation of liability, capacity, confidentiality, and dispute resolution provisions which are standard in a document of this type.

Subsequent to the year ended 31 December 2017, the following events have occurred in relation to satisfying the conditions precedent and completing the sale:

- At an Extraordinary General Meeting of the Company held on 2 February 2018, the Company obtained shareholder approval in relation to the disposal of its main undertaking, satisfying condition B (i).

- Approval from the Zambia Competition and Consumer Protection Commission

Health, Safety and Environment

There were no safety or environmental incidents reported during the year ended 31 December 2017, nor up to the date of this report.

Corporate Social Responsibility and Sustainability Issues in Zambia

Intrepid has continued its community support program in the Kitumba area with the primary focus being on the local Kitumba Community School, with ongoing contributions to the building of an additional classroom block and on-site accommodation and furnishings.

FINANCIAL RESULTS

During the year, the Group delivered a loss before income tax from continuing operations of $2,258,000 (2016: $1,165,000) and a loss before income tax from continuing and discontinued operations of $30,298,000 (2016: ($4,347,000). Net assets of the Group as at 31 December 2017 were $24,302,000 (2016: $55,844,000).

CORPORATE ACTIVITIES

The Company's Annual General Meeting (AGM) was held on 30 May 2017 with all resolutions being passed.

MINERAL RESOURCES AND ORE RESERVES STATEMENTS

Mumbwa Project, Zambia

Mineral Resources - Kitumba

Category	Tonnes (Millions)	Cu%	Acid Soluble Cu%	Co ppm	Au g/t	Ag g/t	U ppm	Density t/m^3
Combined Domains								
Measured	9.6	2.95	0.94	221	0.03	1.3	25	2.62
Indicated	15.3	1.93	0.60	239	0.03	1.1	27	2.66
Total M&I	**24.9**	**2.32**	**0.73**	**232**	**0.03**	**1.1**	**26**	**2.64**
Inferred	3.0	1.23	0.32	247	0.05	0.8	29	2.74
Total Mineral Resources	**27.9**	**2.20**	**0.69**	**234**	**0.04**	**1.1**	**27**	**2.65**

All tabulated data has been rounded to one decimal place for tonnage and to either, no, one or two decimal places for grades.

Review of material changes

There has been no change in the Kitumba Mineral Resource estimate.

Ore Reserves - Kitumba

Category	Tonnes (Mt)	Grade (% Cu)	Contained Metal (kt Cu)
Proved	10.0	2.6%	262
Probable	11.9	1.9%	230
Total	**21.9**	**2.2%**	**492**

Note: Approximately 3% of the Inferred Resources are included in the mining inventory and in the economic analysis. This has occurred only to the extent that it is unavoidable and the material will be drawn into the cave when mining. Given its relatively small quantity and that the Inferred Resource appears to have marginal grade, it is expected to be cost neutral to the economics of the Kitumba Ore Reserves estimate as stated.

Inferred Resources are excluded from the Ore Reserve estimation as is required by the guidelines of the 2012 edition of the JORC Code.

All stated Ore Reserves are completely included within the quoted Mineral Resources and are quoted in dry tonnes.

Mineral Resource Governance

- The Mineral Resource and Ore Reserve estimates are reported in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012) and ASX Listing Rules. Further supporting information is available in the Company's announcement dated 17 August 2015 entitled "Intrepid Mines Limited: Mumbwa Project- Kitumba Mineral Resource Update".

- Mineral Resources are inclusive of Ore Reserves. The Mineral Resource estimates follow standard industry methodology using geological interpretation and assay results from drilling samples. They are completed by a Competent Person prior to each announcement.

- The Mineral Resources are reported at cut-off grade of 1% copper and are dated 29 July 2015.

- The Ore Reserves are dated 23 September 2015.

- The Kitumba mining schedule includes approximately 90kt of Inferred Mineral Resources that is not included in the Ore Reserve estimate. There is a low level of geological confidence associated with this Inferred Mineral Resource and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that any production target relating to the Inferred Mineral Resource itself will be realised.

TENEMENTS SUMMARY

Concession	Location	Tenement Number	2017	2016
Kitumba Mining Licence	Zambia	19820-HQ-LML	100%	100%
Musafwa Permit	Zambia	14265-HQ-LEL	100%	100%
Kachindu Permit	Zambia	14266-HQ-LEL	100%	100%
Kabwera Permit	Zambia	14267-HQ-LEL	100%	100%
Nyoko Permit	Zambia	16385-HQ-LEL	100%	100%

ATTRIBUTIONS

Mumbwa Project, Zambia

The information in this report relating to Mineral Resources at the Mumbwa Project in Zambia is extracted from the report titled "Intrepid Mines Limited: Mumbwa Project - Kitumba Mineral Resource Update", lodged with ASX on 17 August 2015 and available to view on the Company's website, www.intrepidmines.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to Ore Reserves is extracted from the report titled "Intrepid Mines Limited: Kitumba Project - Updated PFS Results and Reserves", lodged with ASX on 8 October 2015 and available to view on the Company's website, www.intrepidmines.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

FORWARD-LOOKING STATEMENTS

This release contains certain forward-looking statements relating to, but not limited to, Intrepid's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as 'anticipate', 'believe', 'expect', 'goal', 'plan', 'intend', 'estimate', 'may' and 'will' or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future outcomes, or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects, and timing of commencement of operations and is based on current expectations that involve a number of business risks and uncertainties.

Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from those expressed or implied.

Shareholders and potential investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Intrepid undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Statements relating to copper reserve and resource estimates are expressions of judgment, based on knowledge and experience and may require revision based on actual production experience. Such estimates are necessarily imprecise and depend to some extent on statistical inferences and other assumptions, such as copper prices, cut-off grades and operating costs, which may prove to be inaccurate. Information provided relating to projected costs, capital expenditure, production profiles and timelines are expressions of judgment only and no assurances can be given that actual costs, production profiles or timelines will not differ materially from the estimates contained in this announcement.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report together with the consolidated financial statements of Intrepid Mines Limited ("the Company" or "Intrepid") and of the Group, being the Company and the entities it controlled at the end of, or during, the year ended 31 December 2017 and the auditor's report thereon.

DIRECTORS

The names and details of directors who held office during the year ended 31 December 2017 and up to the date of this report (unless otherwise stated), are:

Peter Love
Former Chairperson and Independent Non-executive Director
Appointed Director 19 November 2015, ceased 13 February 2018. Appointed Chairperson 24 November 2015, ceased 13 February 2018.

Mr Love is a Director of Overlay Capital, an investment and advisory firm. He is currently Chairperson of Talon Petroleum Limited. He was Vice President of Operations for Maverick Drilling and Exploration Limited from 2008 to 2011. Prior to this, Peter was Assistant Fund Manager at ASX Listed company Trojan Equity Limited. Peter is also a former director of DMX Corporation Limited. On 13 February 2018, Peter resigned as Chairperson and Non-Executive Director of Intrepid Mines Limited.

Richard Baumfield
Chairperson and Independent Non-executive Director
Appointed Director 1 July 2015. Appointed Chairperson 2 March 2018

Mr Baumfield is currently an adjunct assistant professor of law at Bond University, having previously practiced for ten years as a partner with the New York law firm Andrews Kurth LLP. He is a strategic investment specialist, who brings with him experience in investment and corporate governance advisory.

Peter Evans
Independent Non-executive Director
Appointed Director 19 November 2015

Mr Evans has over 30 years experience as a stockbroker with Paul E Morgan & Co and subsequent entities including Morgans Stockbroking, ABN Amro Morgans and RBS Morgans. He was Director – sales at Morgans entities from 1984 until 2013 and remained a Director until his retirement in 2013. He is currently Chairman of Sleepy's Pty Ltd, QEnergy Limited, and Right at Home Australia and serves on a number of other boards. During the period he was also a Director of Talon Petroleum Limited until his resignation on 4 December 2017.

Tony Wolfe
Non-executive Director
Appointed Director 25 November 2016

Mr Wolfe has over 13 years experience in asset management with over 11 years managing, researching and trading event driven and special situations portfolios across the Asia-Pacific region. Mr Wolfe currently holds the position of Portfolio Manager for Brahman Capital Management Pte Ltd focusing on equity driven and special situation investments. Previously, Mr Wolfe was a Portfolio Manager at Brummer & Partners AG, a multi-strategy hedge fund that manages over US$15.0 billion in assets under management. Mr Wolfe also held senior portfolio management roles at Pengana Capital and Rubicon Asset Management in Sydney.

Brahman Pure Alpha Pte Ltd, an entity controlled by Brahman Capital Management Pte Ltd is a substantial holder in Intrepid.

COMPANY SECRETARY

Andrew Crawford
Appointed Company Secretary 10 December 2015

Mr Crawford has over 17 years chartered and commercial accounting experience having commenced his career with KPMG in 2001. He currently holds the office of company secretary for two ASX listed companies, whilst also delivering specialist accounting, taxation and corporate services to his private clients. Mr Crawford is a Chartered Accountant, Registered Tax Agent, holds a Bachelor of Commerce and Diploma of Financial Services.

PRINCIPAL ACTIVITIES

The Group is a for-profit entity whose principal activity during the financial year was the exploration of base metals with a focus on assets currently held in Zambia.

REVIEW OF OPERATIONS

Further information on developments and the results of 2017 are included in the Operating and Financial Review section on pages 4 to 7 of this Annual Report.

The Group's consolidated loss before tax for continuing operations for the year ended 31 December 2017 was $2,258,000 (2016: $1,165,000) and its loss before income tax from continuing and discontinued operations was $30,298,000 (2016: ($4,347,000). At 31 December 2017 the net assets of the Group was $24,302,000 (2016: $55,844,000) and the Group's cash balance was $20,015,000 (2016: 23,864,000).

PRESENTATION CURRENCY

Items included in the directors' reports and financial statements of Intrepid are presented in Australian dollars unless otherwise stated.

DIVIDENDS

No dividends have been declared, provided for or paid during or since the end of the year ended 31 December 2017 or the year ended 31 December 2016.

LIKELY DEVELOPMENTS

Information on the strategy, prospects and risks of the group is included in the Operating and Financial Review section on pages 4 to 7 of this Annual Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed elsewhere in this Directors' Report, there have been no significant changes in the state of affairs of the Group during or since the end of the year ended 31 December 2017.

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 23 January 2018, Intrepid acquired 3,333,333 shares in Tesoro Resources Pty Limited, a non-related unlisted Australian company with gold and copper-gold exploration projects in Chile. The shares were acquired at a price of $0.15 per share, representing an aggregate purchase price of $500,000. This represents ~5% of the total issued shares as of the date of issue.

At an Extraordinary General Meeting of the Company held on 2 February 2018, the Company obtained shareholder approval in relation to the disposal of its main undertaking, one of the conditions in relation to the Share Sale Agreement for the sale of Intrepid Mines Zambia Limited as outlined in the Operating and Financial Review.

At the EGM held on 2 February 2018, the Company also obtained shareholder approval in relation to a potential return of capital of up to $0.8788 per share, subject to obtaining an appropriate class ruling from the ATO.

The Directors are not aware of any other matters or circumstances not otherwise dealt with in the report or financial statements that have significantly, or may significantly affect the operations of the Company or the Group, the results of the operations of the Company or the Group, or the state of affairs of the Company or the Group in subsequent financial years.

CORPORATE GOVERNANCE

In accordance with the ASX Corporate Governance Council's *3rd Edition Corporate Governance Principles and Recommendations with 2010 Amendments* (Corporate Governance Principles and Recommendations), Intrepid has made it a priority to ensure that the corporate governance practices and principles adopted by the Company reflect a high standard of corporate governance. The Board continues to review the Company's Corporate Governance framework and practices to ensure they meet the interests of shareholders.

Details of the Company's corporate governance policies and practices, along with a copy of our corporate governance statement can be located on the Company's website at **www.intrepidmines.com.au.**

ENVIRONMENTAL REGULATION

The Group has conducted exploration and development activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The Group aims to ensure a high standard of environmental care is achieved, and as a minimum, to comply with relevant environmental regulations in the jurisdictions in which it operates. The directors are not aware of any significant breaches of environmental conditions during the year.

SHARE OPTIONS AND RIGHTS

Unissued Shares

As at both 31 December 2017 and 31 December 2016, and to the date of this report there were no unissued shares of the Company outstanding as a result of either options or rights granted under the respective plan's in previous years.

Shares issued as a result of the exercise of options or rights

During or since the end of the year ended 31 December 2017, no shares were issued by the Company as a result of the exercise of options or rights.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has agreements with each of the Directors and Officers of the Company in office at the date of this report and former Directors indemnifying them to the extent permitted by law against all liabilities incurred in their capacity as officers of the Company and its controlled entities and all reasonable legal costs incurred by any of them in the defence of an action for a liability incurred by that officer. The indemnity continues to have effect when the Directors and Officers cease to hold office.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability as such disclosures are prohibited under the terms of the contract.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to Ernst & Young during or since the financial year.

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 31 December 2017 and the numbers of meetings attended by each director were:

	Audit Committee		Board of Directors	
	A	**B**	**A**	**B**
Peter Love	2	2	14	14
Richard Baumfield	2	2	14	14
Peter Evans	1	2	13	14
Tony Wolfe	-	-	14	14

A = number of meetings attended.
B = number of meetings held during the time the Director held office during the year or was a committee member.

REMUNERATION REPORT – AUDITED

The Directors of the Company present the Remuneration Report for the Group for the year ended 31 December 2017. The information provided in this report has been audited as required by section 308(3C) of the *Corporations Act 2001* (Cth) ("Corporations Act") and forms part of the Directors' Report.

The Remuneration Report sets out information relating to the remuneration of the non-executive directors of the Company and the senior executives of the Group, collectively termed 'Key Management Personnel" or "KMP", who are the persons primarily accountable for planning, directing and controlling the affairs of the Group.

The following were KMP of the Group at any time during the reporting period and unless otherwise indicated were KMP for the entire period.

Non-executive directors
Mr P Love (ceased as Non-executive director 13 February 2018)
Mr R Baumfield
Mr P Evans
Mr T Wolfe

Company secretary
Mr A Crawford

Executives
Mr T De Santis (Acting Chief Executive Officer)
Mr M Davison (Chief Financial Officer)

Principles used to determine the nature and amount of remuneration

In the current copper price environment the Company has maintained a continued focus on minimising overhead costs. Also, as shareholders have had no growth in the Company's share price during the year, the Board and management have not had any growth in remuneration.

The Board will continue to assess key management personnel compensation in line with the Company's activities.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the board. Non-executive directors abstain from any discussions regarding their own remuneration.

Aggregate remuneration to non-executive directors approved by the shareholders at the special general meeting on 3 March 2008 is not to exceed A$750,000 per annum unless further approval is obtained.

Non-executive director base fees were $60,000 per annum (exclusive of superannuation), except for the chairperson who receives a fee of $85,000 per annum. Non-executive directors do not receive incentive based remuneration. There are no provisions for any retirement benefits other than statutory requirements.

Subsequent to the new Board taking control after the Extraordinary General Meeting on 19 November 2015, a transition committee consisting of two non-executive directors (P Love and R Baumfield) was formed. Each committee member received a fee equivalent to $45,000 per annum through to 31 October 2016 when this committee was ceased.

Executive management

The objectives of the Executive Remuneration Strategy are to:

- provide market competitive levels of remuneration having regard to the level of work and the impact executives can potentially have on the performance of the business;
- attract, motivate, reward and retain a workforce capable of delivering the business plan and substantially growing the business;
- align performance incentives for executives with shareholder interests; and
- comply with the Company's standards of Corporate Governance.

Base pay

Executives are offered a competitive base pay that comprises a fixed cash component as follows:

- The Acting CEO receives $361,800 per annum inclusive of superannuation
- The CFO receives $220,000 per annum inclusive of superannuation for the period until 31 March 2018 and $150,000 per annum past this date to be reviewed in line with the Company's activity

The Company uses benchmark data from external consultants to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure executives' pay is competitive with the market. There are no guaranteed base pay increases included in any senior executive's contracts.

Performance incentives and other benefits

The Acting CEO is eligible to participate in the Company's Short Term Incentive Scheme (STI Scheme). While the plan contemplates an annual bonus of 30% up to 45% of the eligible employees total fixed remuneration (TFR), it is noted that any entitlement under this plan is at the sole discretion of the Board. At the time of the previous annual report there were no performance based awards made under the STI Scheme relevant to the 2016 financial year. However, in August 2017 the decision was made to pay the Acting CEO a performance based award of $54,270 relevant to the STI scheme for the 2016 financial year. This award was equal to 15% of TFR. At the date of this report no performance based award relevant to the STI scheme for the 2017 financial year has been declared. The current CFO does not have any performance based awards in his contract.

A discretionary bonus of $5,000 was awarded to both the Acting CEO and CFO in relation to the 2017 financial year and paid in January 2018. No other non-financial benefits were provided to executives in the current year.

Termination and redundancy

In the event of termination without cause the Acting CEO and CFO are entitled to be given nine and three months notice respectively. The Acting CEO is also entitled to a lump sum termination payment equal to six months TFR.

A redundancy is defined as a circumstance where a particular role is no longer required. The Company's Redundancy Policy sets out the executive entitlements in the event of redundancy. Executives are entitled to redundancy notice commensurate with their period of continuous service as outlined in the Redundancy Policy. Redundancy notice may be required to be wholly or partially worked. Executives are entitled to severance pay commensurate with their period of continuous service as outlined in the Redundancy Policy.

Consequences of performance on shareholder wealth

Share price and capital returned to shareholders is currently considered the key metric relevant in assessing the Company's performance over the last five years and the potential consequences on shareholder value.

	2017	2016	2015	2014	2013
IAU share price ($) at 31 December	1.10	1.20	2.40	2.80	6.20
Capital returned ($) per share during period	-	1.40	-	-	-

Note that the 2016 share price was impacted by a capital return of $0.07 per pre-consolidation share. The comparative share prices (including the 2016 capital return) have been adjusted to reflect the proportionate impact of the 2016 share consolidation as if this event had occurred at the beginning of the earliest period presented.

Details of remuneration

Details of the remuneration of the directors and key management personnel of Intrepid are set out in the following tables:

Year ended 31 December 2017	Short-term employee benefits		Post-employment benefits	Termination benefits		
Name	**Salary and fees**	**Cash bonus**	**Superannuation**	**Termination payment**	**Leave paid out**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Non-executive directors						
P Love [1]	85,000	-	8,075	-	-	93,075
P Evans	60,000	-	5,700	-	-	65,700
R Baumfield	60,000	-	5,700	-	-	65,700
T Wolfe	65,700	-	-	-	-	65,700
Sub-total non-executive directors	**270,700**	**-**	**19,475**	**-**	**-**	**290,175**
Other current KMP						
A Crawford	49,800	-	-	-	-	49,800
T De Santis	331,800	59,270	30,000	-	-	421,070
M Davison	200,913	5,000	19,327	-	-	225,240
Total	**853,213**	**64,270**	**68,802**	**-**	**-**	**986,285**

[1] Subsequently ceased as director on 13 February 2018.

Year ended 31 December 2016	Short-term employee benefits		Post-employment benefits	Termination benefits		
Name	**Salary and fees**	**Cash bonus**	**Superannuation**	**Termination payment**	**Leave paid out**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Non-executive directors						
P Love [1]	122,500	-	11,638	-	-	134,138
P Evans	60,000	-	5,700	-	-	65,700
R Baumfield [1]	97,500	-	9,262	-	-	106,762
T Wolfe [2]	6,570	-	-	-	-	6,570
Sub-total non-executive directors	**286,570**	**-**	**26,600**	**-**	**-**	**313,170**
Other current KMP						
A Crawford	49,800	-	-	-	-	49,800
T De Santis	326,800	-	35,000	-	-	361,800
M Davison [3]	132,477[4]	-	11,780	-	-	144,257
Other former KMP						
R Underwood [3]	94,368	-	8,965	77,500	24,299	205,132
Total	**890,015**	**-**	**82,345**	**77,500**	**24,299**	**1,074,159**

[1] Includes transition committee fee equivalent to $45,000 per annum through to 31 October 2016 when this committee was ceased.
[2] Appointed as director 25 November 2016.
[3] Ravi Underwood was CFO until he ceased this role effective 29 April 2016. Mark Davison was appointed as CFO effective 23 May 2016.
[4] Includes one off sign on fee of $10,000 per agreement

Equity instruments held by key management personnel

Share holdings

The numbers of shares in the company held during the financial year by each director of Intrepid Mines Ltd and other key management personnel of the company, including their personally related parties, are set out below.

Year ended 31 December 2017 Name	Balance at the start of the period	Net acquisitions and disposals during the period	Other changes during the period	Balance at the end of the period
P Love	-	-	-	-
R Baumfield	1,561	-	-	1,561
P Evans	10,000	-	-	10,000
T Wolfe	-	-	-	-
A Crawford	-	-	-	-
T De Santis	56,107	-	-	56,107
M Davison	-	-	-	-

Share trading policy

The trading of shares is subject to, and conditional upon, compliance with the company's employee share trading policy as detailed in the company's "Dealing with Securities" policy. A copy of the policy is available on the company's website at www.intrepidmines.com.

Share based payments

No share based payments were issued or outstanding in relation to any current KMP in either the current or prior period.

End of remuneration report

NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with Intrepid are important.

During the year the Group's auditor, Ernst and Young (EY) Australia provided certain other services in addition to its statutory duties as auditor. Amounts paid or payable to EY Australia for non-audit services in respect of the current year totalled $69,907 (2016: $113,866). The non-audit fees paid to EY Australia were for professional services provided in relation to tax compliance and other tax related advice.

The board of directors has considered the position and is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the Company with leave of the court under section 237 of the Corporations Act 2001.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR

Ernst and Young continues in office in accordance with section 327 of the Corporations Act 2001.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration as required under section 307C of the Corporations Act is set out on page 16 of this Annual Report and forms part of the Directors' Report for the year ended 31 December 2017.

Signed in accordance with a resolution of Directors.

Richard Baumfield

Richard Baumfield
Chairman
Gold Coast, Queensland
29 March 2018

Ernst & Young
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Sydney NSW 2000 Australia
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Auditor's Independence Declaration to the Directors of Intrepid Mines Limited

As lead auditor for the audit of Intrepid Mines Limited for the year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Intrepid Mines Limited and the entities it controlled during the financial period.

Ernst & Young

Scott Jarrett
Partner
29 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated Period 1 Jan 2017 – 31 Dec 2017 $'000	Consolidated Period 1 Jan 2016 – 31 Dec 2016 $'000
Continuing operations			
Other income	5	242	569
Income		242	569
Exploration and evaluation expenditure	6	-	-
General and administrative expenses	6	(1,280)	(1,444)
Integration and restructuring costs	6	-	(431)
Foreign exchange gain/(loss)		(1,220)	141
Loss before tax from continuing operations		(2,258)	(1,165)
Income tax benefit	8	-	-
Loss for the year from continuing operations		(2,258)	(1,165)
Discontinued operations			
Loss after tax from discontinued operations	7	(28,040)	(3,182)
Loss for the year		(30,298)	(4,347)
Other comprehensive income			
Foreign currency translation difference on discontinued operation	16	(1,058)	3,057
Total comprehensive loss attributable to owners of the company		**(31,356)**	**(1,290)**
		Cents	**Cents**
Earnings per share for continuing and discontinued operations			
Basic	18	(176.7)	(24.9)
Diluted	18	(176.7)	(24.9)
Earnings per share for continuing operations			
Basic	18	(13.2)	(6.7)
Diluted	18	(13.2)	(6.7)

The notes on pages 21 to 47 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000
Current assets			
Cash and cash equivalents	9	20,015	23,864
Trade and other receivables	10	389	1,489
Assets held for sale	7	4,187	-
Total current assets		**24,591**	**25,353**
Non-current assets			
Property, plant, and equipment	11	-	32
Mining properties	12	-	30,833
Total non-current assets		**-**	**30,865**
TOTAL ASSETS		**24,591**	**56,218**
Current liabilities			
Trade and other payables	13	99	265
Employee benefit liabilities	14	88	80
Liabilities associated with held for sale assets	7	66	-
Total current liabilities		**253**	**345**
Non-current liabilities			
Employee benefit liabilities	14	36	29
Total non-current liabilities		**36**	**29**
TOTAL LIABILITIES		**289**	**374**
NET ASSETS		**24,302**	**55,844**
Equity			
Contributed equity	15	241,062	241,248
Reserves	16	(12,743)	41,855
Accumulated losses	17	(204,017)	(227,259)
TOTAL EQUITY		**24,302**	**55,844**

The notes on pages 21 to 47 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

Consolidated	Note	Share capital $'000	Foreign currency translation reserve $'000	Share-based payments reserve $'000	Profit appropriation reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2016		268,499	(14,742)	7,784	45,756	(222,912)	84,385
Total comprehensive loss for the period							
Loss for the period		-	-	-	-	(4,347)	(4,347)
Other comprehensive loss							
Foreign currency translation difference on discontinued operation	16	-	3,057	-	-	-	3,057
Total comprehensive income for the period		**-**	**3,057**	**-**	**-**	**(4,347)**	**(1,290)**
Transactions with owners, recorded directly in equity							
Return of capital, net of transaction costs	15	(24,338)	-	-	-	-	(24,338)
Share buyback, net of transaction costs	15	(2,913)	-	-	-	-	(2,913)
Balance at 31 December 2016		**241,248**	**(11,685)**	**7,784**	**45,756**	**(227,259)**	**55,844**
Balance at 1 January 2017		241,248	(11,685)	7,784	45,756	(227,259)	55,844
Total comprehensive loss for the period							
Loss for the period		-	-	-	-	(30,298)	(30,298)
Other comprehensive loss							
Foreign currency translation difference on discontinued operation	16	-	(1,058)	-	-	-	(1,058)
Total comprehensive income for the period		**-**	**(1,058)**	**-**	**-**	**(30,298)**	**(31,356)**
Transactions with owners, recorded directly in equity							
Transfer of reserves to accumulates losses	16	-	-	(7,784)	(45,756)	53,540	-
Share buyback, net of transaction costs	15	(186)	-	-	-	-	(186)
Balance at 31 December 2017		**241,062**	**(12,743)**	**-**	**-**	**(204,017)**	**24,302**

The notes on pages 21 to 47 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated Period 1 Jan 2017 - 31 Dec 2017 $'000	Consolidated Period 1 Jan 2016 - 31 Dec 2016 $'000
Cash flows used in operating activities			
Payment for exploration activities		(1,381)	(3,674)
Payments to suppliers and employees		(1,435)	(2,432)
Interest received		219	546
Incomes taxes refund		42	129
Payroll taxes refund		97	-
Release of funds previously held in trust		-	706
Net cash used in operating activities	22	**(2,458)**	**(4,725)**
Cash flows used in investing activities			
Proceeds from sale of exploration assets		-	-
Payments for property, plant and equipment		-	-
Net cash used in investing activities		**-**	**-**
Cash flows from financing activities			
Purchase of own shares through on market buyback	15	(185)	(2,890)
Transaction costs related to buyback	15	(1)	(23)
Return of capital to shareholders	15	-	(24,309)
Transaction costs related to return of capital	15	-	(29)
Net cash from financing activities		**(186)**	**(27,251)**
Net decrease in cash and cash equivalents		(2,644)	(31,976)
Effect of exchange rate fluctuations on cash held		(1,205)	(92)
Cash and cash equivalents at beginning of period		23,864	55,932
Cash and cash equivalents at 31 December		**20,015**	**23,864**

The notes on pages 21 to 47 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. REPORTING ENTITY

Intrepid Mines Limited (the "Company" or "Intrepid") is a company incorporated and domiciled in Australia whose shares are publicly listed on the ASX (ASX code: IAU). The Company's registered office is at Suite 2, 24 Bolton Street, Newcastle, NSW, 2300. The consolidated financial statements of the Company as at and for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a for-profit entity whose principal activity during the financial year was the exploration of base metals with a focus on assets currently held in Zambia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations *Act 2001*.

Compliance with IFRS

The consolidated financial statements of the Group comply with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board.

The consolidated financial statements were authorised for issue by the Board of Directors on 29 March 2018.

Historical cost convention

The consolidated financial statements are prepared on the historical cost basis.

Critical accounting estimates and judgements

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Intrepid Mines Limited as at 31 December 2017 and the results of all subsidiaries for the year then ended. Subsidiaries are all those entities (including special purpose entities) over which the Group has control. Control over an entity exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through the power over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint arrangements

The Group has classified its interests in joint arrangements as either joint operations, where the Group has the rights to the assets and obligations relating to the arrangement or joint ventures if the Group has only the rights to the net assets of an arrangement. When making this assessment, the Group considers the structure of the arrangements, the legal form of any specific vehicles, the contractual terms of the arrangement and other facts and circumstances. The interest of the Group in unincorporated joint ventures are brought to account by recognising in

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

its financial statements the assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint operation.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each subsidiary within the Group are measured using the currency of the primary economic environment in which the entity operated (the "functional currency"). The consolidated financial statements are presented in Australian dollars, the functional currency of Intrepid Mines Limited.

Transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Group's subsidiaries at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the date the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of foreign operations are translated to Australian Dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian Dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign currency differences are recognised directly in equity in the translation reserve. When a foreign operation is disposed of, the relevant amount in the translation reserve is transferred to profit or loss.

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the translation reserve. They are released into the statement of comprehensive income upon disposal.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits on call with financial institutions, and other short term, highly liquid investments.

(e) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Prepayments are included in receivables. A provision is raised for any impairment when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms or receivables. Bad debts are written off during the year in which they are identified.

(f) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation of operational assets is calculated using a diminishing value method based on production levels over the ore reserve life of the operation. Depreciation of other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, which for the motor vehicles, leasehold assets and other sundry assets is five years. Leasehold improvements are depreciated over the life of the lease.

Land is not depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

The directors have considered the economic life of plant and equipment with due regard to both the physical life limitations, assessments of economically recoverable ore reserves of the mine property at which the items are located, and to possible future variations in those assessments. The estimated remaining useful life for all such assets is reviewed regularly with annual re-assessments being made for major items.

(g) Mining properties

Exploration and evaluation

All exploration and evaluation costs incurred by or on behalf of the Group up to the establishment of a commercially viable mineral deposit (as approved by the Board) are expensed as incurred except for the cost of acquiring exploration properties (where the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale).

Mining development assets

Mining development assets consist only of acquired exploration assets and mineral properties currently under development or in production together with related mine development costs and capital assets. The cost of mining properties includes the cash consideration and/or the fair value of shares issued on the date the property is acquired.

The recoverability of amounts shown for mining development assets is dependent upon the existence of economically recoverable ore reserves; the acquisition and maintenance of appropriate permits, licenses and rights; the ability of the Group to obtain financing to complete the development of the properties where necessary and upon future profitable production; or, alternatively, upon the consolidated entity's ability to recover its spent costs through a disposition of its interests.

Mine development costs relating to mining development assets are deferred until the properties are brought into commercial production, at which time they are amortised over the estimated useful life of the related property or on a unit-of production basis over ore reserves.

Mining development assets are assessed for impairment if sufficient data exists to determine the technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Where potential impairment is indicated the Group performs impairment testing in accordance with the accounting policy set out in Note 2(h).

(h) Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for sale.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 7. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

(j) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid as at the balance sheet date. They are initially recognised at fair value and subsequently measured at amortised cost. The amounts are unsecured and are usually paid within thirty days of recognition.

(k) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date, are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave expected to be settled within twelve months of the reporting date is recognised in the current provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than twelve months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after reporting date are discounted to present value.

(iv) Employee benefit on-costs

Employee benefit on-costs, including payroll tax and contributions to the employee's defined contributions superannuation plan, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(v) Equity-based compensation benefits - share options

Equity-based compensation benefits are provided to employees through the Company's Employee Option Scheme ('Scheme'). Information relating to this scheme is set out in Note 19.

The fair value of options granted under the Scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

(vi) Equity-based compensation benefits - share rights

Equity-based compensation benefits are provided to eligible Senior Executives via the Company's Senior Executive Share Plan ('ESP'). Information relating to this scheme is set out in note 19.

The fair value of share rights under the ESP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees becomes unconditionally entitled to the shares.

(l) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(m) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control over an entity exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through the power over the investee. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred; plus the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

(n) Share capital – transaction costs

Transaction costs of an equity transaction relating to the raising of new share capital or other transactions with owners of the Company such as the buyback of shares, or return of capital are accounted for as a deduction from equity, net of any recoverable income tax benefit applicable.

(o) Revenue and other income

Interest

Interest revenue is recognised on a time proportion basis using the effective interest method.

Other income

Other income includes the proceeds from the disposal of non-current assets and gains resulting from non-recurring or non-standard transactions. Proceeds from the disposal of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs). A gain is realised when there is a measurable increase in equity to the Group that arises from peripheral transactions not in the ordinary course of business.

(p) Lease payments

Leases of property, plant and equipment where the consolidated entity has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised.

The Group does not distribute non-cash assets as dividends to its shareholders.

The Company and its wholly-owned Australian resident entities formed a tax consolidated group effective from 1 October 2010. As a consequence, all members of the tax consolidated group are taxed as a single entity from this point in time. Following the scheme of arrangement with Blackthorn, Blackthorn's Australian tax consolidated group also became a member of the Intrepid tax consolidated group. The head entity within the tax consolidated group is Intrepid Mines Limited.

(r) Financial assets

The consolidated entity classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and, in the case of assets classified as held-for-maturity, re-evaluates this designation at each reporting date.

(i) Bank term deposits greater than three months to maturity

Bank term deposits greater than three months to maturity are those term deposits that do not meet the Group accounting policy in relation to cash and cash equivalents as set out in Note 2(d). Bank term deposits are initially recognised at fair value. Subsequent to initial recognition the bank term deposits are measured at amortised cost using the effective interest method.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

(iii) Other financial assets

Other financial assets, comprising principally marketable equity securities, are non-derivatives that are designated at fair value through profit or loss or available-for-sale financial assets. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting date.

Purchases and sales of investments are recognised on trade date - the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the profit or loss in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold, the accumulated fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

adjustments recognised in other comprehensive income are reclassified from equity and recognised in profit or loss.

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is reclassified from equity and recognised in profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through the profit or loss.

(s) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

In valuing financial instruments, the Group uses the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (ie as prices) or indirectly (ie derived from prices).

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

(t) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(u) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the result attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(v) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(w) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(x) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2017 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 - Financial Instruments

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets. The standard is not applicable until 1 January 2018 but is available for early adoption. The Group does not expect any impact from the new classification, measurement and derecognition rule on the Group's financial assets and liabilities. The Group has no debt instruments classified as held for sale, nor any financial liabilities designated at fair value through profit or loss; those provisions of AASB 9 are not expected to significantly impact the Group when adopted. Hedge accounting, if the Group undertakes hedging activities in the future, will be based on AASB's more principles-based approach to determining those transactions properly accounted for as hedges. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses. The Group has not determined how the impairment provision would affect its accounting for certain assets subject to credit risk. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosure about its financial instruments, particularly in the year of the adoption of the new standard. The Group does not intend to adopt AASB 9 early.

(ii) AASB 15 - Revenue from contracts with customers

AASB 15 addresses the principal of revenue recognition. The standard will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for adoption.

The Group does not intend to adopt AASB 15 early. The standard does not have any current impact given no revenue is generated. Future revenue will be assessed under IFRS 15 when the Company starts to generate it.

(iii) AASB 16 - Leases

In January 2016, the IASB issued IFRS 16 Leases, replacing the existing IAS 17 (effective from 1 January 2019). The standard will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The Company does not intend to adopt AASB 16 early. The Group does not currently have any commitments under lease, therefore it is expected that there will be no material impact of the above standard to the Group. This will be reassessed should the Group enter into any such arrangements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In preparing this financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are as follows:

Impairment of Mining Properties

Determining the recoverability of mining properties capitalised in accordance with the Group's accounting policy (see Note 2(h)), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective mining property will be achieved. Critical to this assessment is estimates and assumptions as to economically recoverable ore reserves which represent the estimated quantity of product in an area-of-interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. Changes in these estimates and assumptions as new information about the presence or recoverability of an ore reserve becomes available, may impact the assessment of the recoverable amount of mining properties. If, after having capitalised the expenditure under accounting policy 2(h), a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in profit or loss in accordance with accounting policy 2(h).

In the current year the Group entered into a Share Sale Agreement to dispose of its Zambian subsidiary which holds the interest in all of the Group's mining properties. Therefore, the carrying value of these assets are now part of a disposal group classified as held for sale (refer note 7). Estimates and judgements relevant to the carrying amount of the mining properties within this disposal group and the related impairment loss recognised upon remeasurement to fair value less costs to sell are disclosed within note 12.

Deferred tax

In accordance with the Group's accounting policies for deferred taxes, a deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise those losses. Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This includes estimates and judgements about commodity prices, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets.

The Group has not recognised a net deferred tax asset for temporary differences and tax losses as at 31 December 2017 on the basis that the ability to utilise these temporary differences and tax losses cannot yet be regarded as probable.

4. SEGMENT REPORTING

Consistent with the year ended 31 December 2016, the Group manages its operations as a single business operation and there are no parts of the business that qualify as separate operating segments under AASB 8 *Operating Segments.* The board assesses the financial performance of the Group on an integrated basis only and accordingly, the Group is managed on the basis of a single segment.

Geographical information

The geographical locations of the Group's non-current assets are Africa $nil and Australia $nil (31 December 2016: Africa $30,865,000 and Australia $nil). The African segment is now classified as a discontinued operation (refer note 7).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. OTHER INCOME

	Consolidated Period 1 Jan 2017 - 31 Dec 2017 $'000	Consolidated Period 1 Jan 2016 - 31 Dec 2016 $'000
Interest	196	555
Other	46	14
	242	569

6. EXPENSES

	Consolidated Period 1 Jan 2017 - 31 Dec 2017 $'000	Consolidated Period 1 Jan 2016 - 31 Dec 2016 $'000
Exploration and evaluation expenses		
Employee benefits	-	-
Drilling and exploration activities	-	-
	-	-

As a result of the Zambian subsidiary now being classified as a disposal group held for sale, all of the related exploration and evaluation expenses have been reclassified to discontinued operations. Refer note 7 for further detail.

	Consolidated Period 1 Jan 2017 - 31 Dec 2017 $'000	Consolidated Period 1 Jan 2016 - 31 Dec 2016 $'000
General and administration expenses		
Employee benefits	693	770
Other corporate costs	587	674
	1,280	1,444

	Consolidated Period 1 Jan 2017 - 31 Dec 2017 $'000	Consolidated Period 1 Jan 2016 - 31 Dec 2016 $'000
Integration and restructuring costs		
Employee benefits	-	163
Other corporate restructure costs	-	268
	-	431

7. DISCONTINUED OPERATIONS

On 12 December 2017, the Company announced that two of its wholly owned Australian subsidiaries ("Intrepid Subsidiaries") have entered into a conditional share sale agreement with Weatherly International and a subsidiary of Weatherly International ("Weatherly Subsidiary"), in respect of the sale of 100% of the share capital in Intrepid Mines Zambia Limited (Intrepid Zambia), a wholly owned Zambian subsidiary of Intrepid, which holds the interest in the Mumbwa and Kitumba Copper projects (together, the "Project") located in Zambia ("Share Sale Agreement").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Key terms of the Share Sale Agreement are as follows:

Consideration: The Share Sale Agreement provides for initial cash consideration of $4,750,000 subject to customary adjustments, payable by the Weatherly Subsidiary to the Intrepid Subsidiaries on completion. Deferred consideration of $1,000,000 is payable subject to certain milestones being achieved, namely:

- $500,000 payable on the date on which Intrepid Mines Zambia Limited (or any subsequent title holder) makes a decision to mine with respect to any area covered by the Project licence interests; and
- $500,000 payable on the date on which Intrepid Mines Zambia Limited (or any subsequent title holder) commences commercial production with respect to any area covered by the Project licence interests.

Conditions Precedent: Completion of the Share Sale Agreement is subject to satisfaction or waiver of a number of conditions, including:

- Intrepid's shareholders approving, by ordinary resolution, the proposed sale pursuant to ASX Listing Rule 11.2 at the Company's Extraordinary General Meeting (EGM) to be held on 2 February 2018 as detailed in the Notice of Extraordinary General Meeting released on the ASX Announcements Platform on 3 January 2018;
- receipt by Intrepid, in a form acceptable to Intrepid (acting reasonably), of any regulatory approval required by it in connection with the proposed sale;
- consent, in a form acceptable to the Weatherly Subsidiary (acting reasonably), to the change of control of Intrepid Mines Zambia Limited from the Ministry of Mines in Zambia and the Competition and Consumer Protection Commission, and/or confirmation that Intrepid Mines Zambia would not have any Project licence interest revoked in connection with completion; and
- receipt by the Weatherly Subsidiary of any regulatory consent which might be required in connection with the proposed sale.

Miscellaneous Provisions: The Share Sale Agreement otherwise contains standard pre-completion conduct, warranty, limitation of liability, capacity, confidentiality, and dispute resolution provisions which are standard in a document of this type.

Refer to note 27 for an update on progress in relation to completion of the sale subsequent to 31 December 2017.

Therefore, at 31 December 2017, Intrepid Zambia was classified as a disposal group held for sale and as a discontinued operation. The results attributable to Intrepid Zambia are presented below:

	2017 $'000	2016 $'000
Revenue	-	-
Expenses	(1,345)	(3,182)
Operating loss	(1,345)	(3,182)
Impairment loss recognised on remeasurement to fair value less costs to sell	(26,695)	-
Loss before tax from discontinued operations	(28,040)	(3,182
Tax expense	-	-
Loss for the year from discontinued operations	(28,040)	(3,182)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Impairment

The impairment loss recognised on remeasurement to fair value less costs to sell includes an impairment of $25,901,000 in relation to mining properties (refer note 12 for further detail) as well as $794,000 in relation to impairment of Zambian VAT receivable. While the entitlement to the VAT receivable will remain with Intrepid Zambia after completion of the sale, the Share Sale Agreement outlines that any VAT receivable balance existing at the date of sale completion shall be payable to Intrepid within 30 days of Intrepid Zambia receiving the funds and is to be treated as an adjustment to the purchase price. Given the history of delayed payment due to cash flow challenges faced by the Zambian Revenue Authority and the ongoing uncertainty surrounding timing of collection, the VAT receivable recorded in the fair value less costs to sell calculation as at 31 December 2017 has been limited to the amount of $114,000 already received by the Group subsequent to period end and prior to completion of sale. Any future amounts received will be recorded as an adjustment to the purchase price as and when received.

The major classes of assets and liabilities classified as held for sale as at 31 December 2017 are, as follows:

	2017 $'000
Other receivables	21
VAT receivable	114
Property, plant & equipment	6
Mining properties	4,046
Assets held for sale	4,187
Trade and other payables	(62)
Employee benefit liabilities	(4)
Liabilities directly associated with assets held for sale	(66)
Net assets directly associated with disposal group	4,121

The net cash flows incurred by discontinued operations are, as follows:

	2017 $'000	2016 $'000
Operating	(1,381)	(3,674)
Investing	-	-
Financing	-	-
Net cash (outflow)/inflow	(1,381)	(3,674)

Earnings per share	**Cents**	**Cents**
- Basic, from discontinued operations	(163.5)	(18.2)
- Diluted, from discontinued operations	(163.5)	(18.2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. INCOME TAX

Numerical reconciliation between tax expense and pre-tax net profit / (loss)

	Consolidated Period 1 Jan 2017 - 31 Dec 2017 $'000	Consolidated Period 1 Jan 2016 - 31 Dec 2016 $'000
Loss before tax from continuing operations	(2,258)	(1,165)
Loss before tax from a discontinued operation	(28,040)	(3,182)
Loss before income tax	(30,298)	(4,347)
Income tax benefit using the domestic corporate tax rate of 30%	9,089	1,304
Increase/(decrease) in income tax expense due to:		
Change in un-recognised movements in temporary differences	(79)	437
De-recognition of current period tax loss	(893)	(1,702)
Other non-temporary differences	(8,184)	(164)
Difference in overseas tax rates	67	125
Income tax expense/(benefit)	-	-

Income tax expense consists of current tax expense of $nil (2016: $nil) and deferred tax expense of $nil (2016: $nil).

Income tax expense/benefit recognised directly in equity for the Group is $nil (2016: $nil)

Tax losses and temporary differences

Deferred tax assets have not been recognised in respect of the following items:		
Net assessable temporary differences	-	-
Tax losses (potential tax benefit at 30%)	83,950	82,445
	83,950	82,445

The jurisdictions relevant to the Group's potential tax benefit from unrecognised tax losses are Australia $75,146,000 and Zambia $8,804,000 (31 December 2016: Australia $70,440,000 and Zambia $12,005,000). Unrecognised tax losses in relation to Zambia will be relinquished by the Group upon completion of the sale outlined in note 7.

9. CASH AND CASH EQUIVALENTS

	Consolidated 2017 $'000	Consolidated 2016 $'000
Current		
Cash at bank	20,015	23,864
	20,015	23,864

The above figures are shown as cash and cash equivalents at the end of the financial year in the cash flow statement. Cash at bank includes interest-bearing amounts. The average rate applicable to the Group's balance at 31 December 2017 was 0.91% (2016: 0.87%)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. TRADE AND OTHER RECEIVABLES

	Consolidated 2017 $'000	Consolidated 2016 $'000
Current		
Australian GST receivable	24	30
Zambian VAT receivable	-	1,031
Other receivables	336	392
Prepayments	29	36
	389	1,489

The Zambian VAT receivable was transferred to assets held for sale. Refer note 7.

The Group's exposure to credit risk, foreign exchange risk and interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 20.

11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2017 $'000	Consolidated 2016 $'000
Non-current		
Plant and equipment – at cost	-	255
Less: Accumulated depreciation	-	(239)
	-	16
Motor vehicles – at cost	-	171
Less: Accumulated depreciation	-	(155)
	-	16
Total property, plant and equipment – at cost	-	426
Less: Accumulated depreciation	-	(394)
	-	32

	Plant and equipment $'000	Motor Vehicles $'000	Total $'000
2017			
Balance at beginning of period	16	16	32
Additions	2	-	2
Disposals	(1)	-	(1)
Depreciation	(14)	(11)	(25)
Foreign exchange translation	(1)	(1)	(2)
Transfer to assets held for sale	(2)	(4)	(6)
Carrying amount at end of year	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	Plant and equipment $'000	Motor Vehicles $'000	Total $'000
2016			
Balance at beginning of period	65	25	90
Additions	-	-	-
Depreciation	(51)	(11)	(62)
Foreign exchange translation	2	2	4
Carrying amount at end of year	16	16	32

12. MINING PROPERTIES

		Consolidated 2017 $'000	Consolidated 2016 $'000
Exploration and evaluation assets			
Cost			
Balance at beginning of period		30,833	27,707
Impairment loss recognised on remeasurement to fair value less costs to sell	7	(25,901)	-
Foreign exchange translation		(886)	3,126
Transfer to assets held for sale	7	(4,046)	
Balance at 31 December		-	30,833
Mining properties consist of the following:			
Exploration properties (Mumbwa, Zambia)		-	30,833

The carrying amount of exploration assets recorded was solely attributed to exploration properties held by Intrepid Mines Zambia Limited including both the Kitumba Project and other surrounding exploration licences. At 31 December 2016 the carrying value represented the fair value attributed at the date of acquisition.

Impairment

On 12 December 2017, the Group entered into a Share Sale Agreement to dispose of the Project and as such the related mining properties are now classified as held for sale. Refer to note 7 for further detail.

An impairment loss was recognised upon remeasurement to fair value less costs to sell upon the transfer to held for sale. At 31 December 2017, fair value less costs to sell was estimated based on the agreed sale price of $4,750,000 less costs including commissions paid to consultants, estimated property transfer tax in Zambia, the cost of various regulatory applications, as well as other legal and admin costs associated with the sale.

The Share Sale Agreement also includes deferred consideration totalling $1,000,000 based on certain milestones being achieved. Given that the realisation of this asset is contingent on future events that are not under the Group's control, the deferred consideration is not included in the calculation of fair value less costs to sell which reflects the carrying value of assets held for sale at 31 December 2017.

The deferred consideration of $1,000,000 is receivable in accordance with the following milestones being achieved:

- $500,000 payable on the date on which Intrepid Mines Zambia Limited (or any subsequent title holder) makes a decision to mine with respect to any area covered by the Project licence interests; and
- $500,000 payable on the date on which Intrepid Mines Zambia Limited (or any subsequent title holder) commences commercial production with respect to any area covered by the Project licence interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. TRADE AND OTHER PAYABLES

	Consolidated 2017 $'000	Consolidated 2016 $'000
Current		
Trade payables	32	47
Accrued expenses	66	204
Other payables	1	14
	99	265

14. EMPLOYEE BENEFIT LIABILITIES

	Consolidated 2017 $'000	Consolidated 2016 $'000
Current		
Annual leave	78	80
Short term incentive	10	-
	88	80
Non-current		
Long service leave	36	29
	36	29

15. CONTRIBUTED EQUITY

Share capital

	31 Dec 2017 Number of shares	31 Dec 2016 Number of shares	31 Dec 2017 $'000	31 Dec 2015 $'000
Ordinary shares	17,067,857	17,224,535	241,062	241,248

Movements in ordinary shares on issue during the current and comparative periods were as follows:

	Number of shares	$'000
Opening balance 1 January 2016	370,038,296	268,499
Share buyback – pre share consolidation [1]	(22,761,447)	(2,731)
Return of capital [2]	-	(24,309)
Share consolidation [3]	(329,913,814)	-
Share buyback – post share consolidation [4]	(138,500)	(159)
Less: transaction costs arising on share buybacks	-	(23)
Less: transactions costs arising on return of capital	-	(29)
Balance 31 December 2016	17,224,535	241,248
Share buyback [5]	(156,678)	(185)
Less: transaction costs arising on share buybacks	-	(1)
Balance 31 December 2017	17,067,857	241,062

[1] During January-May 2016 the Company purchased and cancelled 22,761,447 shares. The buy-back and cancellation were approved by shareholders at last year's annual general meeting. The shares were acquired at an average price of $0.12 per share, with prices ranging from $0.115 to $0.12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

[2] On 25 August 2016, the Company completed a return of capital to shareholders of $0.07 per share, resulting in a total payment amount of $24,309,379.

[3] Subsequent to the return of capital, the Company implemented a share consolidation on 31 August 2016 whereby shareholders received one post-consolidation share for every twenty pre-consolidation shares held. The number of ordinary shares on issue post-consolidation was 17,363,035.

Both the return of capital and share consolidation were approved by Intrepid shareholders at the Company's annual general meeting held on 31 May 2016.

[4] During June-Dec 2016 the company purchased and cancelled 138,500 shares. The buy-back and cancellation were approved by shareholders at the annual general meeting held on 31 May 2016. The shares were acquired in one single parcel at $1.15 per share.

[5] During 2017 the Company purchased and cancelled 156,678 shares. The buy-back and cancellations were approved by shareholders at the Company's annual general meetings. The shares were acquired at an average price of $1.18 per share, with prices ranging from $1.04 to $1.21

Ordinary shares
Ordinary shares have no par value and are fully paid. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

16. RESERVES

Share-based payments reserve

	Consolidated 2017 $'000	Consolidated 2016 $'000
Balance at beginning of the period	7,784	7,784
Transfer to accumulated losses	(7,784)	-
Balance at end of period	-	7,784

As all share options and share rights relevant to the reserve balance have expired, the Group has taken the decision to transfer the balance to accumulated losses.

Profit appropriation reserve

	Consolidated 2017 $'000	Consolidated 2016 $'000
Balance at beginning of the period	45,756	45,756
Current year profit transferred	-	-
Transfer to accumulated losses	(45,756)	-
Balance at end of period	-	45,756

The reserve has been transferred to accumulated losses during the period as this appropriately reflects the underlying nature of the balance.

Foreign currency translation reserve

	Consolidated 2017 $'000	Consolidated 2016 $'000
Balance at beginning of the period	(11,685)	(14,742)
Currency translation differences arising during the year	(1,058)	3,057
Balance at end of period	(12,743)	(11,685)

Note that the entire foreign currency translation reserve relates to discontinued operations (refer note 7) and will therefore be transferred through profit and loss once disposal of these operations is complete.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. ACCUMULATED LOSSES

	Consolidated 2017 $'000	Consolidated 2016 $'000
Balance at beginning of the period	(227,259)	(222,912)
Net loss attributable to members of the Group	(30,298)	(4,347)
Transfer from reserves	53,540	-
Balance at end of period	(204,017)	(227,259)

18. EARNINGS PER SHARE

	Consolidated Period 1 Jan 2017 - 31 Dec 2017 Cents	Consolidated Period 1 Jan 2016 - 31 Dec 2016 Cents
From continuing and discontinued operations		
Basic loss per share	(176.7)	(24.9)
Diluted loss per share	(176.7)	(24.9)
From continuing operations		
Basic loss per share	(13.2)	(6.7)
Diluted loss per share	(13.2)	(6.7)

	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	17,144,680	17,456,574
	$'000	**$'000**
Loss used in the calculation of basic and diluted earnings per share for continuing and discontinued operations	(30,298)	(4,347)
Loss used in the calculation of basic and diluted earnings per share for continuing operations	(2,258)	(1,165)

19. SHARE BASED PAYMENTS

No share based payments were granted in either the current or comparative periods.

Share options

No share options were granted in either the current or comparative periods. Options that were previously granted under the Company's scheme that was re-approved at the Company's 2012 Annual General Meeting were all fully vested and exercisable as at 31 December 2015. Therefore, no share based payments expense was recorded in relation to share options in the years ended 31 December 2017 or 31 December 2016. All remaining share options expired in the prior period leaving no outstanding options as at 31 December 2016 as summarised in the table below.

	2017		2016	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at 1 January	-	-	$0.72	317,802
Expired during the year	-	-	$0.72	(317,802)
As at 31 December	-	-	-	-
Vested and exercisable at 31 December	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. FINANCIAL INSTRUMENTS

The Group holds the following financial instruments:	Consolidated Period 1 Jan 2017 - 31 Dec 2017 $'000	Consolidated Period 1 Jan 2016 - 31 Dec 2016 $'000
Financial assets		
Cash and cash equivalents	20,015	23,864
Trade and other receivables	389	1,489
	20,404	25,353
Financial liabilities		
Trade and other payables	99	265
	99	265

Financial instruments used

The Group did not enter into and was not part of any derivative financial instruments in accordance with its financial risk strategy in either the current or prior period.

Fair value of financial assets and liabilities

The net fair value of financial assets and liabilities of the Group approximate their carrying value due to their short term nature.

The Group's financial assets and liabilities are in the consolidated balance sheet at amounts that approximate their fair values. The Group does not have any financial assets and liabilities that are categorised as Level 2 or Level 3 in the fair value hierarchy. There have been no transfers within the fair value hierarchy during the period. Refer note 2(s) for further detail in relation to the fair value hierarchy.

FINANCIAL RISK MANAGEMENT

The Group's activities provide exposure to the following risks:

- market risk
- credit risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and has adopted risk management policies to protect the assets and undertakings of the Group.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate controls, and to monitor risks and adherence to controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Financial risk is managed by the whole of the Board.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates affect the Group's income or the value of its financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Currency risk

The Group is exposed to currency risk on purchases, assets and liabilities that are denominated in a currency other than the respective functional currencies of group entities. The Group's operations are located in Zambia where expenses are billed in either United States Dollars, South African Rand or Zambia Kwacha. The Group also holds a significant balance of its

currency in United States Dollars, therefore its reported results and financial position can be significantly affected by changes in the USD/AUD and ZMW/AUD exchange rates. The Group seeks to minimise its exposure to currency risk by monitoring exchange rates and holding a currency mix relevant to the Group strategy. The Group does not presently enter into hedging arrangements to hedge its currency risk. All foreign currency transactions are entered into at spot rates. The Board considers this policy appropriate, taking into account the Group's size, current stage of operation, financial position and the Board's approach to risk management.

The Group's exposure to foreign currency risk at balance date was as follows, based on Australian dollar equivalent amounts.

	AUD	USD	ZAR	ZMW
In AUD	**$'000**	**$'000**	**$'000**	**$'000**
2017				
Cash and cash equivalents	7,748	12,261	-	6
Trade and other receivables	133	256	-	-
Trade and other payables	(86)	(13)	-	-
Net exposure	7,795	12,504	-	6
Sensitivity to change in FX rates				
Plus 10%	-	(1,137)	-	(1)
Minus 10%	-	1,389	-	1
2016				
Cash and cash equivalents	8,223	15,603	8	30
Trade and other receivables	157	278	-	1,054
Trade and other payables	(161)	-	-	(104)
Net exposure	8,219	15,881	8	980
Sensitivity to change in FX rates				
Plus 10%	-	(1,444)	(1)	(89)
Minus 10%	-	1,764	1	109

Interest rate risk

The Group's interest rate risk arises from cash and cash equivalents at variable interest rates. Based on the 31 December 2017 balance of variable rate cash deposits, if prevailing interest rates had increased or decreased by 25 basis points during the period, the effect would have been an increase / decrease in interest income of $19,000 (2016: $20,000), assuming that all other variables remain constant. The Company has no borrowings which would expose it to interest rate risk at year end.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk is minimal at present as the majority of its financial assets are held in cash with highly rated banks. The carrying amount of the Group's financial assets represents the maximum credit exposure. The maximum exposure to credit risk, as well as the relevant credit rate at the reporting date is summarised in the table below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	Consolidated Carrying amount 2017 $'000	Consolidated Carrying amount 2016 $'000
Cash and cash equivalents		
- AA [1]	19,986	23,769
- A	29	95
- Petty cash	-	-
	20,015	23,864
Trade and other receivables		
- AAA [2]	24	72
- AA [3]	9	32
- B [4]	-	1,031
Other receivable [5]	356	354
	389	1,489

[1] Deposits held with highly rated banks including NAB and ANZ.

[2] Tax receivables from the Australian Government

[3] Interest receivable on Australian term deposits

[4] VAT receivable from the Zambian government. Reclassified to assets held for sale as at 31 December 2017. Refer note 7.

[5] Sundry debtors including $200,000 USD ($256,000 AUD) deferred consideration receivable from Troy Resources, as well as prepayments and security deposits held. The Directors are comfortable with the credit quality of the other receivables balances.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient cash or liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors its cash holdings on a regular basis in relation to actual cash flows, financial obligations and planned activities in order to manage liquidity risk.

The Group's financial liabilities consist of trade payables of $99,000 (2016: $265,000) and employee benefits of $124,000 (2016: $109,000). The Group has net current assets of $24,338,000 as at 31 December 2017 (2016: $25,008,000) and had net operating cash outflows for the year ended 31 December 2017 of $2,458,000 (2016: $4,725,000).

Capital management

The Board's policy is to maintain a suitable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the Group's current stage of development and financial position the Board is focused on minimising overhead expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. COMMITMENTS FOR EXPENDITURE

Non-cancellable operating lease expense commitments

The Group had no non-cancellable operating lease expense commitments as at 31 December 2017 or 31 December 2016.

Exploration expenditure

Given the Group has entered into a Share Sale Agreement to dispose of Intrepid Zambia (refer note 7 for further detail) it does not have any minimum expenditure commitments to undertake exploration work and expend money on mineral exploration tenements in the next twelve months. As at 31 December 2016 the Group had minimum expenditure commitments to undertake exploration work and expend money on mineral exploration tenements of $342,000.

22. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated Period 1 Jan 2017 – 31 Dec 2017 $'000	Consolidated Period 1 Jan 2016 – 31 Dec 2016 $'000
Cash flows from operating activities		
Loss from continuing operations	(2,258)	(4,347)
Loss from discontinued operations	(28,040)	-
	(30,298)	
Adjustments for non-cash items:		
Depreciation	26	62
Impairment loss on remeasurement to fair value less costs to sell	26,695	-
Unrealised foreign exchange loss/(gain)	1,175	19
Operating profit/(loss) before changes in working capital and provisions	**(2,402)**	**(4,266)**
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	29	387
(Decrease)/increase in payables	(166)	(564)
(Decrease)/increase in employee benefits	15	(282)
(Decrease)/increase in liabilities associated with assets held for sale	66	-
Net cash used in operating activities	**(2,458)**	**(4,725)**

23. RELATED PARTIES

(a) Parent entity

The ultimate parent entity and controlling party is Intrepid Mines Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(c) Key management personnel

Key management personnel compensation comprised the following:

	Consolidated Period 1 Jan 2017 – 31 Dec 2017 $	Consolidated Period 1 Jan 2016 – 31 Dec 2016 $
Short term benefits	917,483	890,015
Post-employment benefits	68,802	82,345
Termination benefits	-	77,500
Other long term benefits	-	24,299
	986,285	1,074,159

(d) Other transactions with directors and other key management personnel

Box One Corporate Pty Ltd

The Group's Company Secretary, Mr Andrew Crawford, is a Director of Box One Corporate Pty Ltd. Box One Corporate charges the Group for Mr Crawford's services as Company Secretary on normal commercial terms. For the year ended 31 December 2017, fees paid to Box One Corporate were $49,800 (2016: $49,800).

24. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 31 December 2017 the parent entity of the Group was Intrepid Mines Limited.

Result of the parent entity	**2017 $'000**	**2016 $'000**
Loss for the period	(10,903)	(1,810)
Other comprehensive income for the period	-	-
	(10,903)	(1,810)
Financial position of the parent entity at period end		
Current assets	24,563	24,185
Total assets	24,563	56,108
Current liabilities	241	234
Total liabilities	5,262	25,718
Total equity of the parent entity comprising of:		
Share capital	241,062	241,248
Reserves	-	53,540
Accumulated losses	(221,761)	(264,398)
Total equity	19,301	30,390
Parent entity commitments		
Operating commitments		
Within one year	-	-
One year or later and no later than five years	-	-
Total operating commitments	-	-

The parent entity's net assets have been impaired to the estimated recoverable amount of assets within the subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. SUBSIDIARIES

	Country of Incorporation	Ownership interest 2017 %	Ownership interest 2016 %
Subsidiaries			
African Investments Pty Ltd	Australia	100	100
African Platinum Limited[1]	Mauritius	100	100
Blackthorn Resources Pty Limited	Australia	100	100
Intrepid Mines (Zambia) Limited[2]	Zambia	100	100
Emperor Mines Pty Limited	Australia	100	100
Intrepid Mines Mexico SA de C.V. [3]	Mexico	-	100
Intrepid NuStar Exchange Corporation[4]	Canada	-	100
Minera Sierra S.A. de C.V. [3]	Mexico	-	100
Nantou Mining Limited B.V. [1]	Netherlands	100	100

[1] Currently being dissolved

[2] Entered into Share Sale Agreement to dispose of this subsidiary. Refer note 7 for further detail.

[3]Dissolved on 17 May 2017

[4]Dissolved on 20 June 2017

26. AUDITOR'S REMUNERATION

	Consolidated Period 1 Jan 2017 – 31 Dec 2017 $	Consolidated Period 1 Jan 2016 – 31 Dec 2016 $
Audit services:		
Audit and review of financial reports		
- Australia	111,000	64,000
- Zambia	17,782	17,713
Total remuneration for audit services	128,782	81,713
Other services:		
Taxation and other services		
- Australia	69,907	113,866
- Zambia	-	-
Total remuneration for other services	69,907	113,866
Total remuneration paid to auditor of the Group	198,689	195,579

Fees for other services relate to fees paid to EY Australia for tax compliance and other tax advice. No non-audit fees were paid to EY Zambia in either the current or prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. SUBSEQUENT EVENTS

On 23 January 2018, Intrepid acquired 3,333,333 shares in Tesoro Resources Pty Limited, a non-related unlisted Australian company with gold and copper-gold exploration projects in Chile. The shares were acquired at a price of $0.15 per share, representing an aggregate purchase price of $500,000. This represents ~5% of the total issued shares as of the date of issue.

At an Extraordinary General Meeting of the Company held on 2 February 2018, the Company obtained shareholder approval in relation to the disposal of its main undertaking, one of the conditions in relation to the Share Sale Agreement for the sale of Intrepid Mines Zambia Limited as outlined in the Directors report.

At the EGM held on 2 February 2018, the Company also obtained shareholder approval in relation to a potential return of capital of up to $0.8788 per share, subject to obtaining an appropriate class ruling from the ATO.

The Directors are not aware of any other matters or circumstances not otherwise dealt with in the report or financial statements that have significantly, or may significantly affect the operations of the Company or the Group, the results of the operations of the Company or the Group, or the state of affairs of the Company or the Group in subsequent financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors of Intrepid Mines Limited ("the Company"):

(a) the consolidated financial statements and notes for the financial year ended 31 December 2017 are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2 (a);

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2017.

Signed in accordance with a resolution of the Directors.

Richard Baumfield

Richard Baumfield
Chairperson
Gold Coast, Queensland
29 March 2018

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Independent Auditor's Report to the Members of Intrepid Mines Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Intrepid Mines Limited and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Non-current assets held for sale and discontinued operations

Why significant	How our audit addressed the key audit matter
During the year the Group has entered into a conditional share sale agreement to sell 100% of the share capital in Intrepid Mines Zambia Limited (IMZL), a wholly owned subsidiary of the Group. IMZL holds the ownership interest in all of the Group's Zambian exploration licences. As set out within note 7 to the financial statements, the investment in IMZL has been recorded as an asset held for sale and a discontinued operation. Immediately before the transfer to assets held for sale, the Group impaired the IMZL assets to its fair value less cost to sell. In determining the fair value of the asset held for sale, no value was attributed to the deferred consideration on the sale, which is comprised of future royalties due to the Group upon future development and production from the mine, and the collection of VAT to be received from the Zambian Revenue Authority (ZRA). We considered this to be a key audit matter given the significance of the assets held for sale, the quantum of the impairment loss recorded, and the judgement involved in determining the fair value and costs to sell of the asset.	In performing our audit procedures we have: • Evaluated the criteria for IMZL being recorded as an asset held for sale and discontinued operation against the requirements of Australian Accounting Standards; • Assessed the inputs used to calculate the fair value less cost to sell of IMZL. This included considering the share sale agreement as well as support for the costs associated with completing this sale; • Considered the fair value of the deferred consideration related to royalties payable to Intrepid upon certain future project milestones being met on the exploration assets being sold with this entity; • Considered the recoverability of the VAT from the ZRA with reference to the collection history, the ageing of balances, whether the balances had been verified by the ZRA though audit, and the impact of the sale of IMZL; • Assessed the treatment of the associated foreign currency translation reserve upon transfer to assets held for sale; and • Considered the associated financial report disclosures relating to discontinued operations and impairment of assets.

Building a better working world

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 14 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Intrepid Mines Limited for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Scott Jarrett
Partner
Sydney
29 March 2018

ADDITIONAL INFORMATION

Additional information provided pursuant to ASX listing rule 4.10 and not shown elsewhere in this Annual Report:

(a) Distribution of security holders

A distribution schedule of the number of holders, by size of holding, in each class of equity securities as at 28 February 2018:

Category	Number of holders of fully paid ordinary shares	Number of fully paid ordinary shares	% of issued capital
1-1,000	2,089	815,879	5.40
1,001-5,000	503	1,007,883	6.68
5,001-10,000	58	408,156	2.70
10,001-100,000	64	1,706,584	11.31
100,001-and over	12	11,157,082	73.91
Total	**2,726**	**15,095,584**	**100.0**

The number of holders holding less than a marketable parcel of 428 fully paid ordinary shares as at 28 February 2018 was 1,279 holders.

(b) Twenty largest shareholders

The names of the 20 largest holders of listed fully paid ordinary shares, the number of listed fully paid ordinary shares each holds and the percentage of capital each holds as at 28 February 2018:

Name	Number	%
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,037,043	20.12
2. ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	2,373,883	15.73
3. J P MORGAN NOMINEES AUSTRALIA LIMITED	1,595,350	10.57
4. MR SURYA PALOH	1,384,000	9.17
5. SINGPAC INVESTMENT HOLDING PTE LIMITED	1,145,116	7.59
6. CITICORP NOMINEES PTY LIMITED	468,351	3.10
7. CLAPSY PTY LTD <BARON SUPER FUND A/C>	300,000	1.99
8. CH GLOBAL PTY LTD <THE ABC INVESTMENT A/C>	250,180	1.66
9. NATIONAL NOMINEES LIMITED	190,262	1.26
10. BEIRNE TRADING PTY LTD	170,000	1.13
11. KLIP PTY LTD <THE BEIRNE SUPER FUND A/C>	129,497	0.86
12. SINGPAC INVESTMENT HOLDING PTE LTD	113,400	0.75
13. KLIP PTY LTD <BEIRNE SUPER FUND A/C>	100,000	0.66
14. JETOSEA PTY LTD	91,696	0.61
15. LOVE SUPER SERVICES PTY LTD <J&A LOVE SUPER FUND A/C>	90,000	0.60
16. ROTHWOOD ENTERPRISES PTY LTD	89,156	0.59
17. MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	88,620	0.59
18. JEFFREY FEUERHEERDT PTY LTD <JWF FAMILY SUPER A/C>	75,504	0.50
19. BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	58,925	0.39
20. INTREPID MINES LIMITED <INTREPID SHARE BUYBACK A/C>	55,091	0.36
TOTAL	**11,806,074**	**78.21**

(c) Substantial shareholders

The name of the substantial holder in the Company and the number of equity securities to which the substantial holder and the substantial holder's associates have a relevant interest, as disclosed in the substantial holding notices given to the Company as at 28 March 2018 and directors interest notices are as follows. Note that where relevant, the number of shares held and percentage interest have been updated subsequent to the last notice to reflect the impact of the share consolidation and share buy backs performed during the period.

Name	Number	%
Neil S. Subin, Estate of Lloyd I. Miller, III	3,272,780	22.62%
Brahman Pure Alpha Pte Ltd	2,373,883	15.50%
Mr Surya Paloh	1,384,000	8.04%
Glencore Plc	1,258,516	7.13%
Phoenix Portfolios Pty Ltd	738,005	5.12%
TOTAL	**9,027,184**	**58.41%**

(d) Voting rights of ordinary fully paid shares

Every holder of ordinary shares has the right to receive notices of, to attend and to vote at general meetings of the Company. On a show of hands every shareholder present at a meeting in person or by proxy, attorney or representative is entitled to one vote and upon a poll each share is entitled to one vote.

(e) Escrowed or restricted securities

As at the date of this report the Company has no ordinary shares on issue which are subject to voluntary escrow (December 2016: nil)

(f) On-market buy-back

The Company is currently undergoing an on market buyback which commenced on 31 May 2017. As at 28 March 2018 2,848,740 of the Company's shares had been bought back.

(g) Canadian shareholders

Intrepid Mines Limited advises that;

- It is a designated foreign issuer as that term is defined in National Instrument 71-102 – Continuous Disclosure and Other Exemptions Relation to Foreign Issuers; and
- It is subject to the foreign regulatory requirements of the Australian Securities Exchange.

CORPORATE DIRECTORY

Directors
Richard Baumfield (Non-Executive Chairman)
Peter Evans (Non-Executive Director)
Tony Wolfe (Non-Executive Director)

Company Secretary
Andrew Crawford

Executive Management
Tony De Santis (Acting Chief Executive Officer)
Mark Davison (Chief Financial Officer)

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