Intrepid Mines Limited

ABN 11 060 156 452

Annual report for the year ended 31 December 2018

Contents

About this report

This report is a summary of Intrepid Mines Limited's operations, activities and financial position as at 31 December 2018. 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

The 2018 financial year was a pivotal period for Intrepid Mines Ltd ("Intrepid"). While the board was presented with many challenges, it was able to execute and finalise a number of key initiatives during the year which have placed Intrepid in a position to potentially exploit opportunities in the near future. Many of these initiatives were flagged at the time the current board was appointed in late 2015 and have been progressing since then and include, among others:

a) **Return of Capital:** During the year, the board approved a return of capital to shareholders of $0.75 per share. On 18 February 2019, that payment (aggregating $10,339,494) was made to shareholders.

b) **AIC Resources Takeover:** In September 2018, Intrepid and AIC Resources Limited ("AIC") announced they had entered into a takeover implementation deed in respect of an off-market takeover offer made by Intrepid for all the issued shares of AIC. Unfortunately, as was announced on 5 February 2019, that bid was unsuccessful. The parties have, however, entered into a revised agreement which has been announced to the market. If the takeover is successful, the combination of these two entities will be value enhancing and will provide the future direction of Intrepid.

c) **Doolgunna Station:** Intrepid entered into a Farm-in and Joint Venture Agreement with Ausgold Limited to earn up to 80% interest in the Doolgunna Station Project. During the year, Intrepid commenced exploration activities at the Doolgunna Station Project.

d) **Sale of Kitumba:** On 12 December 2017, Intrepid announced the sale of the Kitumba Project to Weatherly International. Unfortunately, that contract could not be completed. Subsequently, the board undertook another process to find a buyer for the asset and entered into an agreement with Vulcan Copper Limited to sell the asset for USD $5,000,000. In some respects, the failure of the Weatherly transaction was fortuitous as the purchase price under the Vulcan transaction was at a premium compared to the earlier Weatherly transaction. On 14 February 2019, Intrepid successfully completed the Vulcan transaction. Intrepid has received USD $1,000,000 of the purchase price and there remains USD $4,000,000 to be paid.

e) **Share Buy-Back**: During the year, Intrepid purchased and cancelled 3,281,865 shares at an average price of $1.16 per share (the total cost was $3,797,234 excluding transaction costs).

f) Appointment of New Chairperson: It was my honour to be appointed as the Chairperson of Intrepid on 2 March 2018.

It was with a great deal of disappointment that the board had to make redundant the Acting CEO, Mr Tony De Santis, during the year. Tony had been a great asset and played a key role in allowing Intrepid to execute on many of the initiatives listed above. With the sale of the Kitumba Project, unfortunately, there was no role left for Tony. The board appreciate his service and wish him the best of luck in his future endeavours.

With the sale of the Kitumba Project and the AIC takeover, Intrepid is well positioned for the future. AIC's assets are a perfect fit with the Doolgunna Station Project as it provides for the consolidation of a large contiguous land holding in Western Australia which is highly prospective for gold and copper. The merged companies will benefit from a stronger balance sheet which will be the foundation for future growth. Furthermore, the management team led by Aaron Colleran as Managing Director and CEO and Josef El-Raghy as Chairman, Brett Montgomery, Tony Wolfe and myself will ensure that all potential opportunities are identified and pursued for the benefit of shareholders.

I would like to thank the members of board and management for all their hard work, dedication and commitment. Finally, I would also like to thank our shareholders for their ongoing support.

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 2018.

EXPLORATION AND EVALUATION ACTIVITIES

Intrepid Mines Zambia Limited (Kitumba and Mumbwa exploration projects)

On 12 December 2017, the Company announced that two of its wholly owned Australian subsidiaries ("Intrepid Subsidiaries") had 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 ("Weatherly Share Sale Agreement").

As advised in the ASX announcement dated 24 April 2018, conditions in relation to the Weatherly Share Sale Agreement were not completed prior to the backstop date of 31 March 2018 and an extension to this date was not able to be agreed, meaning the Weatherly Share Sale Agreement lapsed. Subsequent to the Weatherly Share Sale Agreement having lapsed, the Group continued to consider alternative options and actively marketed Intrepid Zambia to third parties throughout the period.

On 7 September 2018 Intrepid announced that it and the Intrepid Subsidiaries had entered into a conditional share sale agreement with Vulcan Copper Limited ("Vulcan"), a subsidiary of Consolidated Mining and Investments Limited ("CMI"), and CMI, in respect of the sale of 100% of the share capital in Intrepid Zambia ("CMI Share Sale Agreement") for consideration of USD $5,000,000. Further details in relation to the CMI Share Sale Agreement were contained in the Notice of Extraordinary General Meeting which was disclosed in the ASX Announcement dated 18 October 2018. Subsequent to period end, on 14 February 2019, Intrepid successfully completed the sale of Intrepid Zambia. The Intrepid Subsidiaries have received USD $1,000,000 of the consideration to date (being a non-refundable deposit of USD $500,000 received in January 2019, and a further payment of USD $500,000 which was required to be paid within 21 days of completion of the CMI Share Sale Agreement). There remains USD $4,000,000 to be paid (which is payable by Vulcan to the Intrepid Subsidiaries within six months of completion of the CMI Share Sale Agreement). Refer to the ASX announcement dated 8 February 2019 for further detail in relation to completion of the CMI Share Sale Agreement.

Health, Safety and Environment

There were no safety or environmental incidents reported during the year ended 31 December 2018, 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.

Doolgunna Station Project

On 4 June 2018, Intrepid announced that it had entered into a Farm-in and Joint Venture Agreement ("Agreement") with Ausgold Limited (ASX: AUC) ("Ausgold") to earn up to an 80% interest of the Doolgunna Station Project ("Doolgunna"), located 150km north east of Meekatharra in West Australia's Bryah Basin.

Highlights of the Agreement are as follows:

- Intrepid to earn up to an 80% interest in Doolgunna by spending a minimum of $2,150,000 over two years;
- After the spending commitment is met, Ausgold will have the right to retain a 30% contributing interest, or revert to a 20% free-carried interest to a decision to mine.

Doolgunna is uniquely positioned on the contact between the Archean in the north-west and Proterozoic rocks towards the south-east and is prospective for both Archean Plutonic-style gold mineralisation and VHMS copper-gold mineralisation.

For further detail in relation to the Doolgunna deposit and the terms of the Agreement, please refer to the ASX announcement dated 4 June 2018.

During the fourth quarter of 2018, Intrepid completed an eight hole 2,400m diamond drill program at the Doolgunna Station Project in Western Australia, targeting Degrussa-style volcanic hosted massive sulphide (VHMS) copper-gold mineralisation on the south eastern portion of the property.

The drill program consisted of eight angled diamond drill holes to test coincident geophysical and geochemical targets considered prospective for VHMS copper-gold mineralisation. These targets were identified from airborne VTEM, fixed loop electro-magnetic (FLEM) survey and where aircore drilling has identified copper anomalies (> 500 ppm copper) in Proterozoic rocks. Interpretation of assay results are underway.

The drill program was partly funded by Western Australian Government's Exploration Incentive Scheme (EIS) which will provide up to 50% of the cost of innovative exploration drilling projects and is capped at $150,000.

FINANCIAL RESULTS

During the year, the Group delivered a loss before income tax from continuing operations of $1,776,000 (2017: $2,258,000) and a loss before income tax from continuing and discontinued operations of $2,571,000 (2017: ($30,298,000). Net assets of the Group as at 31 December 2018 were $17,628,000 (2017: $24,302,000).

CORPORATE ACTIVITIES

The Company's Annual General Meeting (AGM) was held on 1 May 2018 with all resolutions being passed.

The Company also held three Extraordinary General Meeting's during the year as follows:

- 2 February 2018 – for approvals in relation to the disposal of Intrepid Zambia under the Weatherly Share Sale Agreement
- 16 November 2018 – for approvals in relation to the disposal of Intrepid Zambia under the CMI Share Sale Agreement
- 14 December 2018 – for approvals in relation to the September 2018 takeover offer for AIC Resources Limited (refer below)

All resolutions were passed at each of these meetings.

Takeover offer for AIC Resources Limited

On 19 September 2018, Intrepid and AIC Resources Limited (ASX:A1C) (AIC) communicated a joint announcement that they had entered into a takeover implementation deed (Implementation Deed) in respect of an off-market takeover offer to be made by Intrepid for all of the issued ordinary shares in AIC (September 2018 Offer). Refer to the ASX announcement dated 19 September 2018 for further details of this offer.

Subsequent to period end, on 20 February 2019, the Company and AIC Resources Limited (ASX:A1C)("AIC") announced that following the unsuccessful close of the September 2018 Offer on 5 February 2019, the companies re-engaged, having recognised the merit in combining the two companies, and had agreed to merge the companies on revised terms. The merger will be implemented by way of an off-market takeover offer to be made by Intrepid for all of the issued ordinary shares in AIC (Revised Offer). Under the Revised Offer, Intrepid is offering 1 Intrepid share for every 2 AIC shares held. Upon successful completion of the transaction, existing AIC shareholders and Intrepid shareholders will own approximately 73% and 27% of the combined entity, respectively.

The Revised Offer is subject to a number of conditions, including:

- the receipt of acceptances under the proposed merger in respect of at least 90% of the AIC shares;
- the approval of the issue of the Intrepid shares by Intrepid shareholders for the purposes of ASX Listing Rule 7.1, on account of the proposed merger constituting a 'reverse takeover' for the purposes of the ASX Listing Rules; and

- the approval of the acquisition by Intrepid of all of the AIC shares held by Brahman Pure Alpha Pte Ltd ("Brahman) (and the issue by Intrepid of one Intrepid share for every two AIC shares held by Brahman, to Brahman) under, and on the terms of, the Offer, for the purposes of ASX Listing Rule 10.1.

For further information in relation to the proposed transaction and offer details refer to the ASX announcement dated 20 February 2019. Also refer to the Bidder's Statement and Target's Statement, both of which were released on the ASX Announcements Platform on 15 March 2019 by Intrepid and AIC respectively.

Return of capital

On 19 September 2018 Intrepid announced its intention to complete a $0.75 per share return of capital. Subsequent to period end, on 18 February 2019, the Company completed a return of capital to shareholders of $0.75 per share, resulting in a total payment amount of $10,339,494.

MINERAL RESOURCES AND ORE RESERVES STATEMENTS

NOTE: the following mineral resources and ore reserves were held by the Group throughout the year ended 31 December 2018. However, subsequent to period end the Group has disposed of all interests that it had in these projects in conjunction with completion of the CMI Share Sale Agreement resulting in the sale of Intrepid Zambia. Refer to commentary on page 4 of this report for further detail.

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 was no change in the Kitumba Mineral Resource estimate during the period and as noted above, this project has been disposed of subsequent to period end and is no longer controlled by the Group.

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**

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

All stated Ore Reserves were completely included within the quoted Mineral Resources and were quoted in dry tonnes. As noted above this project has been disposed of subsequent to period end and is no controlled by the Group.

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.

31 DECEMBER 2018 TENEMENTS SUMMARY – all disposed of subsequent to period end

Concession	Location	Tenement Number	2018	2017
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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018 and the auditor's report thereon.

DIRECTORS

The names and details of directors who held office during the year ended 31 December 2018 and up to the date of this report (unless otherwise stated), are:

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, including the ASX listed Smiles Inclusive Limited since his appointment on 1 August 2018. Peter was also previously a Director of Talon Petroleum Limited from 3 November 2014 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.

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 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 was also a former Chairperson and Non-Executive Director of Talon Petroleum Limited from 15 September 2014 to 12 March 2019 and a former director of DMX Corporation Limited. On 13 February 2018, Peter resigned as Chairperson and Non-Executive Director of Intrepid Mines Limited.

COMPANY SECRETARY

Andrew Crawford
Appointed Company Secretary 10 December 2015

Mr Crawford has over 18 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. In the current year the focus was on divesting its Zambian assets while focussing on activities in relation to its farm-in and join venture agreement in relation to the Doolgunna Station Project located in Western Australia.

REVIEW OF OPERATIONS

Further information on developments and the results of 2018 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 2018 was $1,776,000 (2017: $2,258,000) and its loss before income tax from continuing and discontinued operations was $2,571,000 (2017: ($30,298,000). At 31 December 2018 the net assets of the Group was $17,628,000 (2017: $24,302,000) and the Group's cash balance was $13,039,000 (2017: 20,015,000).

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 2018 or the year ended 31 December 2017.

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 2018.

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 14 February 2019, Intrepid successfully completed the sale of its Zambian subsidiary and the related Kitumba and Mumbwa copper projects. Refer to note 7 of the financial statements for further detail with respect to the CMI Share Sale Agreement. The Intrepid Subsidiaries have received USD $1,000,000 of the consideration to date (being a non-refundable deposit of USD $500,000 received in January 2019, and a further payment of USD $500,000 which was required to be paid within 21 days of completion of the CMI Share Sale Agreement). There remains USD $4,000,000 to be paid (which is payable by Vulcan to the Intrepid Subsidiaries within six months of completion of the CMI Share Sale Agreement).

On 18 February 2019, the Company completed a return of capital to shareholders of $0.75 per share, resulting in a total payment amount of $10,339,494.

On 20 February 2019, the Company and AIC Resources Limited (ASX:A1C)("AIC") announced that following the unsuccessful close of Intrepid's September 2018 Offer for AIC on 5 February 2019, the companies re-engaged, having recognised the merit in combining the two companies, and had agreed to merge the companies on revised terms. The merger will be implemented by way of an off-market takeover offer to be made by Intrepid for all of the issued ordinary shares in AIC. Under the Revised Offer, Intrepid is offering 1 Intrepid share for every 2 AIC shares held. Upon successful completion of the transaction, existing AIC shareholders and Intrepid shareholders will own approximately 73% and 27% of the combined entity, respectively.

The Revised Offer is subject to a number of conditions, including:

- the receipt of acceptances under the proposed merger in respect of at least 90% of the AIC shares;
- the approval of the issue of the Intrepid shares by Intrepid shareholders for the purposes of ASX Listing Rule 7.1, on account of the proposed merger constituting a ‘reverse takeover’ for the purposes of the ASX Listing Rules; and
- the approval of the acquisition by Intrepid of all of the AIC shares held by Brahman Pure Alpha Pte Ltd (“Brahman) (and the issue by Intrepid of one Intrepid share for every two AIC shares held by Brahman, to Brahman) under, and on the terms of, the Revised Offer, for the purposes of ASX Listing Rule 10.1.

For further information in relation to the proposed transaction and offer details refer to the ASX announcement dated 20 February 2019. Also refer to the Bidder’s Statement and Target’s Statement, both of which were released on the ASX Announcements Platform on 15 March 2019 by Intrepid and AIC respectively.

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.

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 2018 and the numbers of meetings attended by each director were:

	Audit Committee		Board of Directors	
	A	**B**	**A**	**B**
Richard Baumfield	2	2	16	16
Peter Evans	1	2	11	16
Tony Wolfe	2	2	15	16
Peter Love	-	-	-	-

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

Company secretary
Mr A Crawford

Executives
Mr T De Santis (ceased as Acting Chief Executive Officer 19 September 2018)
Mr M Davison (Chief Financial Officer)

Principles used to determine the nature and amount of remuneration

While pursuing the strategy of divesting its Zambian assets and assessing other opportunities, 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 previous chairperson who received 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.

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 (ceased 19 September 2018) received $361,800 per annum inclusive of superannuation
- The CFO receives $220,000 per annum inclusive of superannuation

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 was 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 no performance based award relevant to the STI scheme for the 2017 financial year had been declared. However, in September 2018 the decision was made to pay the Acting CEO a performance based award of $54,270 relevant to the STI scheme for the 2017 financial year as well as a pro-rata performance based award of $36,180 relevant to the STI scheme for the 2018 financial year. These awards were equal to 15% of TFR. Subsequent to the employment of the Acting CEO having ceased on 19 September 2018, there are no employees of Intrepid that currently have performance based awards in their contract.

Termination and redundancy

In the event of termination without cause the Acting CEO was previously entitled to be given nine months notice as well as being entitled to a lump sum termination payment equal to six months TFR. The CFO is entitled to be given three months notice.

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.

	2018	2017	2016	2015	2014
IAU share price ($) at 31 December	1.02	1.10	1.20	2.40	2.80
Capital returned ($) 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 2018	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						
R Baumfield	62,016	-	5,892	-	-	67,908
P Evans	60,000	-	5,700	-	-	65,700
T Wolfe	65,700	-	-	-	-	65,700
Former Non-executive directors						
P Love [1]	10,372	-	985	-	-	11,357
Sub-total non-executive directors	**198,088**	**-**	**12,577**	**-**	**-**	**210,665**
Other current KMP						
A Crawford	49,800	-	-	-	-	49,800
M Davison	200,913	-	19,087	-	-	220,000
Other former KMP						
T De Santis [2]	242,048	90,450	18,750	361,800	107,902	820,950
Total	**690,849**	**90,450**	**50,414**	**361,800**	**107,902**	**1,301,415**

[1] Ceased as director on 13 February 2018.
[2] Antonio De Santis held the role of Acting CEO until he ceased this role effective 19 September 2018.

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						
R Baumfield	60,000	-	5,700	-	-	65,700
P Evans	60,000	-	5,700	-	-	65,700
T Wolfe	65,700	-	-	-	-	65,700
Former Non-executive directors						
P Love	85,000	-	8,075	-	-	93,075
Sub-total non-executive directors	**270,700**	**-**	**19,475**	**-**	**-**	**290,175**
Other current KMP						
A Crawford	49,800	-	-	-	-	49,800
M Davison	200,913	5,000	19,327	-	-	225,240
Other former KMP						
T De Santis	331,800	59,270	30,000	-	-	421,070
Total	**853,213**	**64,270**	**68,802**	**-**	**-**	**986,285**

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 2018 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
Current KMP				
R Baumfield	1,561	-	-	1,561
P Evans	10,000	-	-	10,000
T Wolfe	-	-	-	-
A Crawford	-	-	-	-
M Davison	-	-	-	-
Former KMP				
P Love	-	-	-	-
T De Santis	56,107	-	(56,107) [1]	-

[1] Balance of shares held when ceased as KMP effective 19 September 2018.

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 $78,527 (2017: $69,907). 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 2018.

Signed in accordance with a resolution of Directors.

Richard Baumfield

Richard Baumfield
Chairman
Gold Coast, Queensland
29 March 2019

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Auditor's Independence Declaration to the Directors of Intrepid Mines Limited

As lead auditor for the audit of the financial report of Intrepid Mines Limited for the financial year ended 31 December 2018, 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 the financial report of Intrepid Mines Limited and the entities it controlled during the financial year.

Ernst & Young

Scott Jarrett
Partner
29 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Consolidated Period 1 Jan 2018 – 31 Dec 2018 $'000	Consolidated Period 1 Jan 2017 – 31 Dec 2017 $'000
Continuing operations			
Other income	5	453	242
Income		453	242
Exploration and evaluation expenditure	6	(564)	-
General and administrative expenses	6	(1,378)	(1,280)
Corporate transaction costs	6	(366)	-
Gain / (loss) on investments	11	(100)	-
Foreign exchange gain/(loss)		179	(1,220)
Loss before tax from continuing operations		(1,776)	(2,258)
Income tax benefit	8	-	-
Loss for the year from continuing operations		(1,776)	(2,258)
Discontinued operations			
Loss after tax from discontinued operations	7	(795)	(28,040)
Loss for the year		(2,571)	(30,298)
Other comprehensive income			
Foreign currency translation difference on discontinued operation	17	(287)	(1,058)
Total comprehensive loss attributable to owners of the company		**(2,858)**	**(31,356)**
		Cents	**Cents**
Earnings per share for continuing and discontinued operations			
Basic	19	(18.0)	(176.7)
Diluted	19	(18.0)	(176.7)
Earnings per share for continuing operations			
Basic	19	(12.4)	(13.2)
Diluted	19	(12.4)	(13.2)

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 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
Current assets			
Cash and cash equivalents	9	13,039	20,015
Trade and other receivables	10	508	389
Assets held for sale	7	3,778	4,187
Total current assets		**17,325**	**24,591**
Non-current assets			
Investments at fair value through profit or loss	11	900	
Property, plant, and equipment	12	-	-
Mining properties	13	-	-
Total non-current assets		**900**	**-**
TOTAL ASSETS		**18,225**	**24,591**
Current liabilities			
Trade and other payables	14	438	99
Employee benefit liabilities	15	15	88
Liabilities associated with held for sale assets	7	144	66
Total current liabilities		**597**	**253**
Non-current liabilities			
Employee benefit liabilities	15	-	36
Total non-current liabilities		**-**	**36**
TOTAL LIABILITIES		**597**	**289**
NET ASSETS		**17,628**	**24,302**
Equity			
Contributed equity	16	237,246	241,062
Reserves	17	(13,030)	(12,743)
Accumulated losses	18	(206,588)	(204,017)
TOTAL EQUITY		**17,628**	**24,302**

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 2018

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 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	17	-	(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	17	-	-	(7,784)	(45,756)	53,540	-
Share buyback, net of transaction costs	16	(186)	-	-	-	-	(186)
Balance at 31 December 2017		**241,062**	**(12,743)**	**-**	**-**	**(204,017)**	**24,302**
Balance at 1 January 2018		241,062	(12,743)	-	-	(204,017)	24,302
Total comprehensive loss for the period							
Loss for the period		-	-	-	-	(2,571)	(2,571)
Other comprehensive loss							
Foreign currency translation difference on discontinued operation	17	-	(287)	-	-	-	(287)
Total comprehensive income for the period		**-**	**(287)**	**-**	**-**	**(2,571)**	**(2,858)**
Transactions with owners, recorded directly in equity							
Share buyback, net of transaction costs	16	(3,816)	-	-	-	-	(3,816)
Balance at 31 December 2018		**237,246**	**(13,030)**	**-**	**-**	**(206,588)**	**17,628**

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 2018

	Note	Consolidated Period 1 Jan 2018 - 31 Dec 2018 $'000	Consolidated Period 1 Jan 2017 - 31 Dec 2017 $'000
Cash flows used in operating activities			
Payments to suppliers and employees		(1,460)	(1,435)
Payment for exploration activities		(1,503)	(1,381)
Proceeds from recovery of Zambian VAT		760	-
Transaction costs in relation to potential takeover of AIC Resources Ltd		(354)	-
Interest received		254	219
Incomes taxes refund		-	42
Payroll taxes refund		-	97
Unclaimed monies recovered		56	-
Net cash used in operating activities	22	**(2,247)**	**(2,458)**
Cash flows used in investing activities			
Payments to acquire equity investments		(1,000)	-
Proceeds from disposal of equity investments		46	-
Transaction costs in relation to sale of discontinued operations		(120)	-
Net cash used in investing activities		**(1,074)**	**-**
Cash flows from financing activities			
Purchase of own shares through on market buyback	16	(3,797)	(185)
Transaction costs related to buyback	16	(19)	(1)
Net cash from financing activities		**(3,816)**	**(186)**
Net decrease in cash and cash equivalents		(7,137)	(2,644)
Effect of exchange rate fluctuations on cash held		161	(1,205)
Cash and cash equivalents at beginning of period		20,015	23,864
Cash and cash equivalents at 31 December		**13,039**	**20,015**

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 2018 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. In the current year the focus was on divesting its Zambian assets while focussing on activities in relation to its farm-in and join venture agreement in relation to the Doolgunna Station Project located in Western Australia.

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 2019.

Historical cost convention

The consolidated financial statements are prepared on the historical cost basis with the exception of investments at fair value through profit or loss (note 11) and the assets held for sale which are recorded at the lower of carrying amount and fair value less costs to sell (note 7).

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.

Changes in accounting policies, accounting standards and interpretations

The accounting policies applied by the Group in this consolidated financial report are the same as those applied by the Group in its consolidated financial report as at and for the period ended 31 December 2017, except for the impact of new accounting standards that became effective 1 January 2018 as outlined below.

The group has adopted AASB9: Financial Instruments effective from 1 January 2018. AASB 9 introduces three significant areas of change from AASB139 Financial Instruments:

- A new model for classification and measurement of financial assets and liabilities;
- A new expected credit loss model for determining impairment allowances; and
- A new approach to hedge accounting

While the new standard did not have a material impact on the Group's opening balance sheet, the equity investments (investments in listed shares) made during the year have been accounted for in accordance with the new standard. The Group has recorded these at fair value through profit or loss. Going forward the Group will record all equity investments in this manner unless an irrevocable option to record them through other comprehensive income is specifically elected at the acquisition date. With the exception of this change, the adoption of this standard did not result in any significant changes to the Group's accounting policies as previously disclosed.

The group has also adopted AASB15: Revenue from contracts with customers from 1 January 2018. As the company does not generate revenue, this standard has no impact both on transition and for the year ended 31 December 2018. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(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 2018 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(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) 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.

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.

(f) 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(g).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(g) 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.

(h) 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 sale 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 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.

(i) 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.

(j) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

(k) 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.

(l) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

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.

(m) 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.

(n) Revenue and other income

Interest

Interest revenue is recognised as it accrues using the effective interest method.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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.

(o) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(p) 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;
- 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.

(q) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group does not currently have any financial assets classified to either of the fair value through OCI categories.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

  And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminated, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed and unlisted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

  Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(r) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

In both the current and prior period, the Group's only financial liabilities were trade and other payables which are measured at amortised cost.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 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 2018 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) 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.

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Classification and valuation of assets held for sale

In the prior period, the Company made the decision to dispose of its Zambian subsidiary and entered into the Weatherly Share Sale Agreement. Therefore, as at 31 December 2017 Intrepid Zambia was classified as a disposal group held for sale and as a discontinued operation. While the Weatherly Share Sale Agreement lapsed in April 2018, the Company continued to actively market Intrepid Zambia throughout the period and entered into the CMI Share Sale Agreement. At period end, it remained the Company's intention and expectation that the disposal of Intrepid Zambia would be completed. On this basis it is deemed that the classified as a disposal group held for sale and discontinued operation remains appropriate as at 31 December 2018. Refer to note 7 for further detail in relation to the sale agreements, and to note 28 in relation to the completion of the CMI Share Sale Agreement subsequent to period end.

An asset held for sale is valued at the lower of its carrying amount and fair value less cost to sell (FVLCTS). As at 31 December 2018, FVLCTS was estimated based on the agreed sale price of USD $5,000,000 (approximately AUD $6,980,000) 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. It has been concluded that conditions present at 31 December 2018 did not reflect a material change to the existing carrying amount and therefore the carrying amount recorded as at 31 December 2018 remains appropriate. While the CMI Share Sale Agreement was completed subsequent to period end, this is indicative of conditions that arose after the reporting period and therefore the relevant accounting implications will be reflected in that period. Refer to note 7 for further detail in relation to the valuation of the asset held for sale, and to note 28 in relation to the completion of the CMI Share Sale Agreement subsequent to period end.

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 2018 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 2017, 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 2017: $nil and Australia $nil). The African segment was classified as a discontinued operation as at both 31 December 2018 and 31 December 2017 (refer note 7).

5. OTHER INCOME

	Consolidated Period 1 Jan 2018 - 31 Dec 2018 $'000	Consolidated Period 1 Jan 2017 - 31 Dec 2017 $'000
Interest	246	196
Grant income – Doolgunna Station Project	120	-
Other	87	46
	453	242

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. EXPENSES

	Consolidated Period 1 Jan 2018 - 31 Dec 2018 $'000	Consolidated Period 1 Jan 2017 - 31 Dec 2017 $'000
Exploration and evaluation expenses		
Doolgunna Station Project	564	-
	564	-

As a result of the Zambian subsidiary being classified as a disposal group held for sale, all of the related exploration and evaluation expenses in both the current and prior periods have been reclassified to discontinued operations. Refer note 7 for further detail. All exploration expenditure in the current period was in relation to the Doolgunna Station Project. Refer to note 27 for further detail.

	Consolidated Period 1 Jan 2018 - 31 Dec 2018 $'000	Consolidated Period 1 Jan 2017 - 31 Dec 2017 $'000
General and administration expenses		
Employee benefits	807	693
Other corporate costs	571	587
	1,378	1,280

	Consolidated Period 1 Jan 2018 - 31 Dec 2018 $'000	Consolidated Period 1 Jan 2017 - 31 Dec 2017 $'000
Corporate transactions costs		
Transaction costs related to potential takeover of AIC Resources Limited	366	-
	366	-

All costs classified as Corporate transaction costs in the period were in relation to the September 2018 Offer to takeover AIC Resources Limited. This offer lapsed subsequent to period end and a Revised Offer has been made. Refer note 28 for further detail.

7. DISCONTINUED OPERATIONS

On 12 December 2017, the Company announced that two of its wholly owned Australian subsidiaries ("Intrepid Subsidiaries") had 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 ("Weatherly Share Sale Agreement").

Therefore, at 31 December 2017, Intrepid Zambia was classified as a disposal group held for sale and as a discontinued operation. As advised in the ASX announcement dated 24 April 2018, conditions in relation to the Weatherly Share Sale Agreement were not completed prior to the backstop date of 31 March 2018 and an extension to this date was not able to be agreed, meaning the Weatherly Share Sale Agreement lapsed.

Subsequent to the Weatherly Share Sale Agreement having lapsed, the Group continued to consider alternative options and actively marketed Intrepid Zambia to third parties throughout the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

On 7 September 2018 Intrepid announced that it and the Intrepid Subsidiaries had entered into a conditional share sale agreement with Vulcan Copper Limited ("Vulcan"), a subsidiary of Consolidated Mining and Investments Limited ("CMI"), and CMI, in respect of the sale of 100% of the share capital in Intrepid Zambia ("CMI Share Sale Agreement") for a cash consideration of US$5,000,000 subject to customary adjustments, payable by Vulcan to the Intrepid Subsidiaries on completion.

Refer to the review of operations within the Directors' report, as well as the ASX announcement dated 7 September 2018 for further detail on conditions included in the CMI Share Sale Agreement.

The sale of Intrepid Zambia was successfully completed subsequent to period end. Refer to note 28 for further detail in relation to this subsequent event.

Therefore, the classification as a disposal group held for sale and as a discontinued operation remained appropriate at 31 December 2018. The results attributable to Intrepid Zambia are presented below:

	2018 $'000	2017 $'000
Other income	739	-
Expenses	(1,534)	(1,345)
Operating loss	(795)	(1,345)
Impairment loss recognised on remeasurement to fair value less costs to sell	-	(26,695)
Loss before tax from discontinued operations	(795)	(28,040)
Tax expense	-	-
Loss for the year from discontinued operations	(795)	(28,040)

Valuation of assets held for sale

An asset held for sale is valued at the lower of its carrying amount and fair value less costs to sell (FVLCTS).

As at 31 December 2018, FVLCTS was estimated taking into account timing and completion risk and costs to sell, 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 major classes of assets and liabilities classified as held for sale as at 31 December 2018 and 31 December 2017 were, as follows:

	2018 $'000	2017 $'000
Other receivables	1	21
VAT receivable	-	114
Property, plant & equipment	2	6
Mining properties	3,775	4,046
Assets held for sale	3,778	4,187
Trade and other payables	(142)	(62)
Employee benefit liabilities	(2)	(4)
Liabilities directly associated with assets held for sale	(144)	(66)
Net assets directly associated with disposal group	3,634	4,121

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The net cash flows attributable to discontinued operations are, as follows:

	2018 $'000	2017 $'000
Operating	(468)	(1,381)
Investing	(120)	-
Financing	-	-
Net cash (outflow)/inflow	(588)	(1,381)

Earnings per share	**Cents**	**Cents**
- Basic, from discontinued operations	(5.6)	(163.5)
- Diluted, from discontinued operations	(5.6)	(163.5)

8. INCOME TAX

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

	Consolidated Period 1 Jan 2018 - 31 Dec 2018 $'000	Consolidated Period 1 Jan 2017 - 31 Dec 2017 $'000
Loss before tax from continuing operations	(1,776)	(2,258)
Loss before tax from a discontinued operation	(795)	(28,040)
Loss before income tax	(2,571)	(30,298)
Income tax benefit using the domestic corporate tax rate of 30%	771	9,089
Increase/(decrease) in income tax expense due to:		
Change in un-recognised movements in temporary differences	578	(79)
De-recognition of current period tax loss	(1,185)	(893)
Other non-temporary differences	(164)	(8,184)
Difference in overseas tax rates	-	67
Income tax expense/(benefit)	-	-

Income tax expense consists of current tax expense of $nil (2017: $nil) and deferred tax expense of $nil (2017: $nil).

Income tax expense/benefit recognised directly in equity for the Group is $nil (2017: $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%)	83,197	83,950
	83,197	83,950

The jurisdictions relevant to the Group's potential tax benefit from unrecognised tax losses are Australia $76,522,000 and Zambia $6,675,000 (31 December 2017: Australia $75,146,000 and Zambia $8,804,000). Unrecognised tax losses in relation to Zambia have been relinquished by the Group subsequent to period end upon completion of the CMI Share Sale Agreement outlined in note 7 and note 28.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. CASH AND CASH EQUIVALENTS

	Consolidated 2018 $'000	Consolidated 2017 $'000
Current		
Cash at bank	13,039	20,015
	13,039	20,015

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 2018 was 1.33% (2017: 0.91%)

10. TRADE AND OTHER RECEIVABLES

	Consolidated 2018 $'000	Consolidated 2017 $'000
Current		
GST receivable	72	24
Grant income receivable – Doolgunna Station Project	132	-
Other receivables	283	336
Prepayments	21	29
	508	389

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. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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. Given that Tesoro is an unlisted investment it is categorised within level 3 of the fair value hierarchy. The fair value has been estimated based on Tesoro's recent capital raising activities and remains consistent at $0.15 per share at 31 December 2018.

On 14 June 2018, Intrepid also acquired 16,665,000 shares in Ausgold Limited (ASX:AUC) ("Ausgold") as part of a share placement to raise $2,400,000. Ausgold is an ASX listed gold exploration and development company based in Western Australia. The shares were acquired at a price of $0.03 per share, representing an aggregate purchase price of $499,950. Given that Ausgold is an ASX listed investment it is categorised within level 1 of the fair value hierarchy and is valued using its share price. As at 31 December 2018, Ausgold's share price was $0.024 representing a fair value of $399,960.

For both investments, the fair equal is equal to the carrying amount.

12. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment $'000	Motor Vehicles $'000	Total $'000
2018			
Balance at beginning of period	-	-	-
Additions	-	-	-
Disposals	-	-	-
Depreciation	-	-	-
Foreign exchange translation	-	-	-
Transfer to assets held for sale	-	-	-
Carrying amount at end of year	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	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	-	-	-

13. MINING PROPERTIES

		Consolidated 2018 $'000	Consolidated 2017 $'000
Exploration and evaluation assets			
Cost			
Balance at beginning of period		-	30,833
Impairment loss recognised on remeasurement to fair value less costs to sell	7	-	(25,901)
Foreign exchange translation		-	(886)
Transfer to assets held for sale	7	-	(4,046)
Balance at 31 December		-	-
Mining properties consist of the following:			
Exploration properties (Mumbwa, Zambia)		-	-

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 1 January 2017 the carrying value represented the fair value attributed at the date of acquisition.

Impairment

On 12 December 2017, the Group entered into the Weatherly Share Sale Agreement to dispose of the Project and as such the related mining properties were transferred to be classified as held for sale in the year ended 31 December 2017. 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 in the Weatherly Share Sale Agreement 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 Weatherly Share Sale Agreement also included deferred consideration totalling $1,000,000 based on certain milestones being achieved. Given that this was contingent on future events that were not under the Group's control (and ultimately did not occur), the deferred consideration was not included in the calculation of fair value less costs to sell reflecting the carrying value of assets held for sale at 31 December 2017.

These mining properties remained under the asset held for sale classification throughout the period. Refer note 7 for further detail and consideration of carrying value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. TRADE AND OTHER PAYABLES

	Consolidated 2018 $'000	Consolidated 2017 $'000
Current		
Trade payables	302	32
Accrued expenses	136	66
Other payables	-	1
	438	99

15. EMPLOYEE BENEFIT LIABILITIES

	Consolidated 2018 $'000	Consolidated 2017 $'000
Current		
Annual leave	15	78
Short term incentive	-	10
	15	88
Non-current		
Long service leave	-	36
	-	36

16. CONTRIBUTED EQUITY

Share capital

	31 Dec 2018 Number of shares	31 Dec 2017 Number of shares	31 Dec 2018 $'000	31 Dec 2017 $'000
Ordinary shares	13,785,992	17,067,857	237,246	241,062

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

	Number of shares	$'000
Opening balance 1 January 2017	17,224,535	241,248
Share buyback [1]	(156,678)	(185)
Less: transaction costs arising on share buybacks	-	(1)
Balance 31 December 2017	17,067,857	241,062
Share buyback [2]	(3,281,865)	(3,797)
Less: transaction costs arising on share buybacks	-	(19)
Balance 31 December 2018	13,785,992	237,246

[1] 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

[2] During 2018 the Company purchased and cancelled 3,281,865 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 $1.16 per share, with prices ranging from $0.97 to $1.19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

17. RESERVES

Share-based payments reserve

	Consolidated 2018 $'000	Consolidated 2017 $'000
Balance at beginning of the period	-	7,784
Transfer to accumulated losses	-	(7,784)
Balance at end of period	-	-

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 2018 $'000	Consolidated 2017 $'000
Balance at beginning of the period	-	45,756
Current year profit transferred	-	-
Transfer to accumulated losses	-	(45,756)
Balance at end of period	-	-

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 2018 $'000	Consolidated 2017 $'000
Balance at beginning of the period	(12,743)	(11,685)
Currency translation differences arising during the year	(287)	(1,058)
Balance at end of period	(13,030)	(12,743)

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.

18. ACCUMULATED LOSSES

	Consolidated 2018 $'000	Consolidated 2017 $'000
Balance at beginning of the period	(204,017)	(227,259)
Net loss attributable to members of the Group	(2,571)	(30,298)
Transfer from reserves	-	53,540
Balance at end of period	(206,588)	(204,017)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. EARNINGS PER SHARE

	Consolidated Period 1 Jan 2018 - 31 Dec 2018 Cents	Consolidated Period 1 Jan 2017 - 31 Dec 2017 Cents
From continuing and discontinued operations		
Basic loss per share	(18.0)	(176.7)
Diluted loss per share	(18.0)	(176.7)
From continuing operations		
Basic loss per share	(12.4)	(13.2)
Diluted loss per share	(12.4)	(13.2)

	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	14,269,644	17,144,680
	$'000	**$'000**
Loss used in the calculation of basic and diluted earnings per share for continuing and discontinued operations	(2,571)	(30,298)
Loss used in the calculation of basic and diluted earnings per share for continuing operations	(1,776)	(2,258)

20. FINANCIAL INSTRUMENTS

The Group holds the following financial instruments:	Consolidated Period 1 Jan 2018 - 31 Dec 2018 $'000	Consolidated Period 1 Jan 2017 - 31 Dec 2017 $'000
Financial assets		
Cash and cash equivalents	13,039	20,015
Trade and other receivables	508	389
Investments at fair value through profit and loss	900	-
	14,447	20,404
Financial liabilities		
Trade and other payables	438	99
	438	99

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 fair value of cash and cash equivalents, trade and other receivables and trade and other payables 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. As outlined in note 11, during the period the Group acquired an investment in an unlisted company that is categorised in Level 3 in the fair value hierarchy. The fair value of the unlisted investment is estimated based recent capital raising activities which have remained consistent to the original purchase price of the investment. The Group does not have

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

any financial assets and liabilities that are categorised as Level 2 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
- equity price 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.

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. During the period the Group' had operations 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**
2018				
Cash and cash equivalents	10,941	1,648	-	450
Trade and other receivables	225	283	-	-
Investments	900	-	-	-
Trade and other payables	(438)	-	-	-
Net exposure	11,628	1,931	-	450
Sensitivity to change in FX rates				
Plus 10%	-	(176)	-	(41)
Minus 10%	-	215	-	50

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Interest rate risk

The Group's interest rate risk arises from cash and cash equivalents at variable interest rates. Based on the 31 December 2018 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 $27,000 (2017: $19,000), assuming that all other variables remain constant. The Company has no borrowings which would expose it to interest rate risk at year end.

Equity price risk

The Group's listed and unlisted equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. At the reporting date, the exposure to investments at fair value listed on the Australian Stock Exchange was $400,000 and the exposure to unlisted investments was $500,000. An increase/(decrease) of 10% in the fair value of these investments could have an impact of approximately $90,000 increase/(decrease) on the income and equity attributable to the Group.

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.

	Consolidated Carrying amount 2018 $'000	**Consolidated Carrying amount 2017 $'000**
Cash and cash equivalents		
- AA [1]	12,589	19,986
- A [2]	449	29
- Petty cash	1	-
	13,039	20,015
Trade and other receivables		
- AAA [3]	72	24
- AA [4]	132	9
Other receivable [5]	304	356
	508	389

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

[2] Deposits held with Standard Chartered Bank in Zambia

[3] Tax receivables from the Australian Government

[4] Grant income receivable from the Western Australian Government. Prior year was interest receivable on Australian term deposits

[5] Sundry debtors including $200,000 USD ($283,000 AUD) deferred consideration receivable from Troy Resources, as well as prepayments. The Directors are comfortable with the credit quality of the other receivables balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 $438,000 (2017: $99,000) and employee benefits of $15,000 (2017: $124,000). The Group has net current assets of $16,728,000 as at 31 December 2018 (2016: $24,338,000) and had net operating cash outflows for the year ended 31 December 2018 of $2,247,000 (2017: $2,458,000).

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.

21. CONTINGENCIES AND COMMITMENTS

Non-cancellable operating lease expense commitments

The Group had no non-cancellable operating lease expense commitments as at 31 December 2018 or 31 December 2017.

Exploration expenditure

Given the Group had entered into the CMI Share Sale Agreement and has subsequently disposed of Intrepid Zambia (refer note 7 and note 28 for further detail) it does not have any minimum expenditure commitments to undertake exploration work and expend money on these mineral exploration tenements in the next twelve months. This was also the case at 31 December 2017.

The annual minimum expenditure commitment to keep the tenement relevant to the Doolgunna Station Project in good standing is $94,500. Refer to note 27 for further detail on expenditure to be performed by Intrepid in relation to the Doolgunna Station Project should it meet the planned (but not committed) requirements of the farm-in and joint venture agreement.

Contingent liability

A former employee has made a claim against the Company in relation to termination benefits to which they should have been entitled. The Company is currently defending the claim and the parties have been ordered to enter a process of mediation. If mediation is unsuccessful the matter will proceed to a hearing. The Company's maximum exposure in relation to the claim is approximately $370,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated Period 1 Jan 2018 – 31 Dec 2018 $'000	Consolidated Period 1 Jan 2017 – 31 Dec 2017 $'000
Cash flows from operating activities		
Loss from continuing operations	(1,776)	(2,258)
Loss from discontinued operations	(795)	(28,040)
	(2,571)	**(30,298)**
Adjustments to reconcile profit before tax to net cash flows from operating activities:		
Depreciation	-	26
Impairment loss on remeasurement to fair value less costs to sell	-	26,695
Transaction costs in relation to disposal of Zambian subsidiary	135	-
Unrealised gain/loss on Investments	100	-
Unrealised foreign exchange loss/(gain)	(167)	1,175
Operating profit/(loss) before changes in working capital and provisions	**(2,503)**	**(2,402)**
Changes in operating assets and liabilities:		
(Increase)/decrease in operating receivables	(165)	29
(Decrease)/increase in trade and other payables	339	(166)
(Decrease)/increase in employee benefits	(109)	15
(Increase)/decrease in receivables within assets held for sale	134	-
(Decrease)/increase in operatng liabilities associated with assets held for sale	57	66
Net cash used in operating activities	**(2,247)**	**(2,458)**

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.

(c) Key management personnel

Key management personnel compensation comprised the following:

	Consolidated Period 1 Jan 2018 – 31 Dec 2018 $	Consolidated Period 1 Jan 2017 – 31 Dec 2017 $
Short term benefits	781,299	917,483
Post-employment benefits	50,414	68,802
Termination benefits	361,800	-
Paid out leave entitlements	107,902	-
	1,301,415	986,285

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(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 2018, fees paid to Box One Corporate were $49,800 (2017: $49,800).

24. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 31 December 2018 the parent entity of the Group was Intrepid Mines Limited.

Result of the parent entity	2018 $'000	2017 $'000
Loss for the period	(2,842)	(10,903)
Other comprehensive income for the period	-	-
	(2,842)	(10,903)
Financial position of the parent entity at period end		
Current assets	18,081	24,563
Total assets	18,081	24,563
Current liabilities	453	241
Total liabilities	5,438	5,262
Total equity of the parent entity comprising of:		
Share capital	237,246	241,062
Accumulated losses	(224,603)	(221,761)
Total equity	12,643	19,301
Parent entity commitments		
Operating commitments		
Within one year	95	-
One year or later and no later than five years	95	-
Total operating commitments	190	-

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

25. SUBSIDIARIES

	Country of Incorporation	Ownership interest 2018 %	Ownership interest 2017 %
Subsidiaries			
African Investments Pty Ltd	Australia	100	100
African Platinum Limited[1]	Mauritius	-	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	-	-
Intrepid NuStar Exchange Corporation[4]	Canada	-	-
Minera Sierra S.A. de C.V. [3]	Mexico	-	-
Nantou Mining Limited B.V. [5]	Netherlands	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

[1] Dissolved on 26 May 2018

[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

[5] Currently being dissolved

26. AUDITOR'S REMUNERATION

	Consolidated Period 1 Jan 2018 – 31 Dec 2018 $	Consolidated Period 1 Jan 2017 – 31 Dec 2017 $
Audit services:		
Audit and review of financial reports		
- Australia	67,650	111,000
- Zambia	-	17,782
Total remuneration for audit services	67,650	128,782
Other services:		
Taxation and other services		
- Australia	78,527	69,907
- Zambia	-	-
Total remuneration for other services	78,527	69,907
Total remuneration paid to auditor of the Group	146,177	198,689

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.

27. FARM-IN AND JOINT VENTURE

Doolgunna Station Project

On 4 June 2018, Intrepid announced that it had entered into a Farm-in and Joint Venture Agreement ("Agreement") with Ausgold Limited (ASX:AUC) ("Ausgold") to earn up to an 80% interest of the Doolgunna Station Project ("Doolgunna"), located 150km north east of Meekatharra in West Australia's Bryah Basin.

Highlights of the Agreement are as follows:

- Intrepid to earn up to an 80% interest in Doolgunna by spending a minimum of $2,150,000 over two years;
- After the spending commitment is met, Ausgold will have right to retain a 30% contributing interest, or revert to a 20% free-carried interest to a decision to mine.

For further detail in relation to the Doolgunna deposit and the terms of the Agreement, please refer to the ASX announcement dated 4 June 2018.

Under the terms of the Agreement, a joint venture is not formed until the minimum spending requirement (the "Farm-in Period") is met by Intrepid. Therefore, joint venture accounting is not currently applicable. All expenditure throughout the Farm-in Period is recorded as exploration expenditure in the statement of comprehensive income, consistent with the accounting policy in relation to expenditure on mining properties outlined in note 2(f). In the period ended 31 December 2018, $564,000 of exploration expenditure was incurred in relation to Doolgunna.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. SUBSEQUENT EVENTS

On 14 February 2019, Intrepid successfully completed the sale of its Zambian subsidiary and the related Kitumba and Mumbwa copper projects. Refer to note 7 of the financial statements for further detail with respect to the CMI Share Sale Agreement. The Intrepid Subsidiaries have received USD $1,000,000 of the consideration to date (being a non-refundable deposit of USD $500,000 received in January 2019, and a further payment of USD $500,000 which was required to be paid within 21 days of completion of the CMI Share Sale Agreement). There remains USD $4,000,000 to be paid (which is payable by Vulcan to the Intrepid Subsidiaries within six months of completion of the CMI Share Sale Agreement).

On disposal of a foreign subsidiary, accounting standards require that any balance recorded in the foreign currency translation reserve (FCTR) that relates to that subsidiary be recycled through profit or loss in the period that disposal occurs. As at 31 December 2018 the FCTR relating to Intrepid Zambia was $13,030,000, being the entire balance of the reserve. Therefore, the sale of Intrepid Zambia will result in this balance being recorded as a loss in the year ended 31 December 2019.

On 18 February 2019, the Company completed a return of capital to shareholders of $0.75 per share, resulting in a total payment amount of $10,339,494.

On 20 February 2019, the Company and AIC Resources Limited (ASX:A1C)("AIC") announced that following the unsuccessful close of the September 2018 Offer on 5 February 2019, the companies re-engaged, having recognised the merit in combining the two companies, and had agreed to merge the companies on revised terms. The merger will be implemented by way of an off-market takeover offer to be made by Intrepid for all of the issued ordinary shares in AIC. Under the Revised Offer, Intrepid is offering 1 Intrepid share for every 2 AIC shares held. Upon successful completion of the transaction, existing AIC shareholders and Intrepid shareholders will own approximately 73% and 27% of the combined entity, respectively.

The Revised Offer is subject to a number of conditions, including:

- the receipt of acceptances under the proposed merger in respect of at least 90% of the AIC shares;
- the approval of the issue of the Intrepid shares by Intrepid shareholders for the purposes of ASX Listing Rule 7.1, on account of the proposed merger constituting a 'reverse takeover' for the purposes of the ASX Listing Rules; and
- the approval of the acquisition by Intrepid of all of the AIC shares held by Brahman Pure Alpha Pte Ltd ("Brahman) (and the issue by Intrepid of one Intrepid share for every two AIC shares held by Brahman, to Brahman) under, and on the terms of, the Revised Offer, for the purposes of ASX Listing Rule 10.1.

For further information in relation to the proposed transaction and offer details refer to the ASX announcement dated 20 February 2019. Also refer to the Bidder's Statement and Target's Statement, both of which were released on the ASX Announcements Platform on 15 March 2019 by Intrepid and AIC respectively.

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 2018 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 2018 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 2018.

Signed in accordance with a resolution of the Directors.

Richard Baumfield

Richard Baumfield
Chairperson
Gold Coast, Queensland
29 March 2019

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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 (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, 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 2018 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
As disclosed in Note 7 to the financial statements, the Group is in the process of divesting its interest in 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 licenses. The IMZL disposal group has been classified as held for sale and as a discontinued operation in the 31 December 2018 financial statements and is carried at its fair value less costs of disposal. We considered this to be a key audit matter given the significance of the assets held for sale to the Group's consolidated statement of financial position and the judgement involved in determining changes to the fair value of the disposal group.	Our audit procedures included the following: • Evaluated the criteria for IMZL to continue to be recorded as an asset held for sale and discontinued operation against the requirements of Australian Accounting Standards; • Assessed the fair value less costs of disposal of IMZL, which included considering the terms of share sale agreement in place, support for the costs associated with completing this sale, the ability and intent of the counterparty to make required payments under the agreement, and the expected timing of these payments; • Assessed the foreign exchange impact at 31 December 2018 by assessing the translation of the IMZL disposal group into the Group's Australian presentation currency; and • Considered the associated financial report disclosures relating to discontinued operations and assets held for sale.

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 2018 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 2018.

In our opinion, the Remuneration Report of Intrepid Mines Limited for the year ended 31 December 2018, 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 2019

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 2019:

Category	Number of holders of fully paid ordinary shares	Number of fully paid ordinary shares	% of issued capital
1-1,000	1,956	755,330	5.48
1,001-5,000	456	921,496	6.68
5,001-10,000	57	403,567	2.93
10,001-100,000	55	1,260,963	9.15
100,001-and over	11	10,444,636	75.76
Total	**2,535**	**13,785,992**	**100.0**

The number of holders holding less than a marketable parcel of 1,667 fully paid ordinary shares as at 28 February 2019 was 2,199 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 2019:

Name	Number	%
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,419,649	17.55
2. ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	2,373,883	17.22
3. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,915,527	13.89
4. MR SURYA PALOH	1,384,000	10.04
5. SINGPAC INVESTMENT HOLDING PTE LIMITED	1,145,116	8.31
6. CITICORP NOMINEES PTY LIMITED	386,630	2.80
7. CH GLOBAL PTY LTD <THE ABC INVESTMENT A/C>	250,180	1.81
8. FIRST NZ CAPITAL SCRIP LIMITED	222,403	1.61
9. MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	117,374	0.85
10. NATIONAL NOMINEES LIMITED	116,474	0.84
11. SINGPAC INVESTMENT HOLDING PTE LTD	113,400	0.82
12. JETOSEA PTY LTD	91,696	0.67
13. JEFFREY FEUERHEERDT PTY LTD <JWF FAMILY SUPER A/C>	75,504	0.55
14. MRS BRONWYN GAYE MARVELL	61,854	0.45
15. SAFETYFIRST PTY LTD <MALONEY FAMILY S/F A/C>	40,000	0.29
16. NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	36,193	0.26
17. MRS VICKY TEOH	35,630	0.26
18. ALMAVIJO PTY LIMITED	34,375	0.25
19. BNP PARIBAS NOMINEES PTY LTD <JARVIS A/C NON TREATY DRP>	32,372	0.23
20. MR WILLIAM GEORGE STEVENS	32,275	0.23
TOTAL	**10,884,535**	**78.95**

ADDITIONAL INFORMATION (continued)

(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 2019 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	23.67%
Brahman Pure Alpha Pte Ltd	2,373,883	16.51%
Mr Surya Paloh	1,384,000	8.04%
Glencore Plc	1,258,516	7.13%
TOTAL	**8,289,179**	**55.35%**

(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 2017: nil)

(f) On-market buy-back

The Company is currently undergoing an on market buyback which commenced on 1 May 2018. As at 28 March 2019 343,452 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

Mark Davison (Chief Financial Officer)

Share Registry

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West End QLD Australia 4101

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(international): +61 3 9415 4000

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Solicitors

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Brisbane QLD Australia 4000

Registered office

Intrepid Mines Limited

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Newcastle NSW Australia 2300

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Email: info@intrepidmines.com

Home Exchange: Sydney

Australian Stock Exchange (code: IAU)

20 Bridge Street

Sydney NSW Australia 2000

Auditor

Ernst & Young

200 George St, Sydney

NSW 2000

Bankers

National Australia Bank Limited

6 Chapman Street

Charlestown NSW 2290