



**PROPOSED MERGER WITH
BLACKTHORN RESOURCES LIMITED
AND A\$110 MILLION SHARE BUY-BACK**

**NOTICE OF EXTRAORDINARY
GENERAL MEETING**

Tuesday, 18 November 2014 at 11:00am AEDT at the Stamford Plaza, Sydney Airport,
Corner of Robey and O'Riordan Streets, Mascot, New South Wales

The Intrepid Directors unanimously recommend that
you **VOTE IN FAVOUR OF ALL RESOLUTIONS**



Financial Advisor



Legal Advisor

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Letter from the Chairman

Dear Shareholder,

As Chairman of Intrepid, I am very pleased to present for your consideration the transaction announced on 28 August 2014 that seeks to satisfy various Shareholders' objectives, namely a A\$110m Buy-Back of Intrepid Shares and a Merger with Blackthorn which holds the Kitumba copper development project in Zambia. The Intrepid Directors unanimously recommend that all Intrepid Shareholders vote in favour of the Buy-Back and the Merger, being the transaction preferred by your Intrepid Directors.

Following the settlement of the Indonesian dispute that left the Company with approximately A\$175m in cash and no other substantial assets, your Intrepid Directors have canvassed a significant number of Shareholders to understand their preferences for the future of the Company.

Accordingly, we committed to Shareholders to provide them with a choice to participate in a compelling new opportunity or see cash returned. Importantly, we committed to putting the choice to Shareholders so that you can collectively decide on the future of the Company.

I am now pleased to provide you with a unique transaction structure that delivers on that commitment by providing a flexible mechanism for Shareholders to receive a return of capital at a premium to the Intrepid Share price prevailing at the time of the announcement, as well as get exposure to an exciting copper development asset.

Under the Buy-Back, you will have the ability to receive A\$0.30 cash for your Intrepid Shares, representing an 18% premium to the Intrepid Share price at the time of the announcement and a price that is materially better than the A\$0.275 that is available to Shareholders if Intrepid were to allow for a return of all Surplus Cash to Shareholders under the Contingent Buy-Back. Importantly, we have ensured that A\$110m is available to be used for the purposes of the Buy-Back, which will allow for up to 66% of the Intrepid Register to be bought back.

The proposed Merger with Blackthorn follows an intensive review process by Intrepid's team to identify an undervalued asset, into which our cash could be deployed to create more value for Shareholders than simply returning all of it.

After an extended process of review and due diligence on numerous assets, our team has determined that Blackthorn's Kitumba copper development and exploration project in Zambia offers more value than is currently recognised by the market, and we are confident that our cash resources can both add value and unlock this discount over time. We see extensive exploration potential at the Kitumba Project and surrounding regional targets. This is on ground previously held by BHP Billiton and where some outstanding exploration results have been achieved. Further exploration success, if realised, will significantly improve the economics of the project.

Whilst the Kitumba Project is early stage, we believe the foundations for a potentially world class project exist. In addition to the attractiveness of long term copper fundamentals, the Kitumba Project has robust economics with low capital intensity, strong exploration upside and is located in a well-established mining jurisdiction. There remains a strong global demand for quality copper projects of this scale and we believe that this project has the potential to be seen as one of these.

Ultimately, the flexible structure of this transaction allows Shareholders to decide on the type and level of their exposure, within limits, between the Buy-Back and remaining a shareholder in the Merged Group, according to their own investment criteria.

Should Shareholders elect not to approve the Buy-Back and Merger with Blackthorn as recommended and preferred by all your Intrepid Directors, then as committed, we have included a Contingent Buy-Back to allow for the return of all Surplus Cash to Shareholders at A\$0.275 per Intrepid Share (amounting to approximately A\$153.3m net of costs and forecast contingent liabilities). Please note, this Resolution will only be put to Shareholders at the meeting if the requisite number of Shareholders vote against the A\$110m Buy-Back or Blackthorn Merger Resolutions.

Intrepid's Directors unanimously recommend that you vote in favour of the Buy-Back and Merger, as well as the Contingent Buy-Back. Each Intrepid Director intends to vote in favour of all Resolutions in relation to Intrepid Shares held or controlled by them.

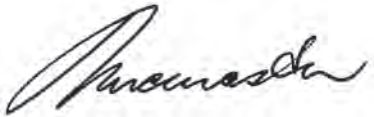
Letter from the Chairman *(continued)*

Your Intrepid Directors' preference is for the transaction represented by Merger and the Buy-Back to be approved and implemented. The Contingent Buy-Back is not your Intrepid Directors' preferred outcome. It has been included in the Notice of Meeting and has been recommended by your Intrepid Directors as a contingency, but only in the event that either the Merger or the Buy-Back is not approved by Intrepid Shareholders.

Each Shareholder must make their own decision in relation to the Resolutions. I strongly urge Shareholders to read this document in full, including the benefits of the proposed transactions and the risks associated with them.

Your vote is important, regardless of how many Intrepid Shares you own. I encourage you to cast an informed vote at the Intrepid Meeting to be held at the Stamford Plaza, Sydney Airport, Corner of Robey and O'Riordan Street, Masco, New South Wales at 11:00am on 18 November 2014. If you are unable to attend the Intrepid Meeting in person, I encourage you to vote by completing your personalised Proxy Form which is enclosed and returning it in accordance with the directions on the form so it is received no later than 11:00am on 16 November 2014.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Ian McMaster".

Ian McMaster AM
Chairman
Intrepid Mines Limited

Notice of Extraordinary General Meeting

INTREPID MINES LIMITED

ABN 11 060 156 452

Intrepid Mines Limited (“**Intrepid**” or the “**Company**”) hereby gives notice that an Extraordinary Meeting of Shareholders will be held on Tuesday, 18 November 2014 at 11:00am AEDT at the Stamford Plaza, Sydney Airport, Corner of Robey and O’Riodran Streets, Mascot, New South Wales (“**Intrepid Meeting**”)

Agenda

ITEM 1 – APPROVAL OF THE MERGER AND THE BUY-BACK (“PREFERRED TRANSACTION”)

RECOMMENDED AND PREFERRED

Resolution 1 - Approval of the Merger with Blackthorn Resources Limited

To consider and, if thought fit approve the following as an ordinary resolution:

*“That, subject to and conditional on the approval of Resolution 2, for the purposes of ASX Listing Rule 11.1 and for all other purposes, shareholders approve the acquisition of all of the issued ordinary shares in Blackthorn Resources Limited ABN 63 009 193 980 (“**Blackthorn**”) on the terms set out in the Explanatory Memorandum pursuant to the proposed merger between the Company and Blackthorn.”*

Voting exclusion:

The Company will disregard any votes cast on Resolution 1 by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as Proxy for a person who is entitled to vote, in the accordance with the directions on the Proxy Form, or if it is cast by the person chairing the meeting as Proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the Proxy decides.

AND

Resolution 2 - Approval of the Buy-Back

Only if Resolution 1 is approved, to consider and, if thought fit approve the following as an ordinary resolution:

“That, subject to and conditional on the approval of Resolution 1, that for the purposes of section 257 C of the Corporations Act and for all other purposes, shareholders approve:

- (a) the Company conducting a conditional off-market equal access buy-back of up to A\$110 million of its issued ordinary shares at A\$0.30 per share, on the terms described in the Explanatory Memorandum; and*
- (b) each agreement entered into pursuant to those terms to the extent that approval of such buy-back agreements is required under the Corporations Act.”*

ITEM 2 – APPROVAL OF THE CONTINGENT BUY-BACK

RECOMMENDED BUT NOT PREFERRED

TO BE CONSIDERED ONLY IF EITHER OF THE ABOVE RESOLUTIONS IS NOT APPROVED

Resolution 3 – Approval of the Contingent Buy-Back

Only if either Resolution 1 (Approval of the Merger with Blackthorn) or Resolution 2 (Approval of the Buy-Back) is not approved, to consider and, if thought fit approve the following as an ordinary resolution:

“That for the purposes of section 257 C of the Corporations Act and for all other purposes, shareholders approve:

- (a) the Company conducting an off-market equal access buy-back of its issued shares at \$0.275 per share, on the terms described in the Explanatory Memorandum; and*
- (b) each agreement entered into pursuant to those terms to the extent that approval of such buy-back agreements is required under the Corporations Act.”*

Note: as Resolution 3 is conditional on either Resolution 1 or Resolution 2 not being passed, the Chairman will not put this resolution to a vote at the Intrepid Meeting if Resolution 1 and Resolution 2 are passed.

Notice of Extraordinary General Meeting *(continued)*

Intrepid Meeting Record Date

Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) permits the Company to specify a time, not more than 48 hours before the Intrepid Meeting, at which time a 'snap shot' of Intrepid Shareholders will be taken for the purposes of determining Intrepid Shareholder entitlements to vote at the Intrepid Meeting. The Intrepid Directors have determined such time will be 7:00pm AEDT on 16 November 2014 ("**Intrepid Meeting Record Date**").

Voting instructions

Registered holders of Intrepid Shares on the Intrepid Meeting Record Date will be entitled either to attend the Intrepid Meeting in person and vote the securities held by them or, provided a completed and executed Proxy Form has been delivered to the Company or its transfer agents as indicated below, vote their securities by Proxy.

Proxy Forms for the Intrepid Meeting are enclosed with this Notice of Meeting. These Proxy Forms provide further details on appointing a Proxy. Proxy Forms (and the original or a certified copy of the power of attorney if the Proxy Form is signed by an attorney) must be received by the Company's share registry, Computershare Investor Services Pty Limited by no later than 11:00am AEDT on 16 November 2014, in accordance with the lodgement instructions detailed on the Proxy Form.

Any Proxy Form received after the relevant time noted above will not be valid for the Intrepid Meeting.

Explanatory Memorandum

Please refer to the Explanatory Memorandum accompanying this Notice of Meeting for the reasons for and information in relation to each of the Resolutions set out in this Notice of Meeting.

Dated: 16 October 2014

By Order of the Board of Directors
Intrepid Mines Limited



Garry Gill
Company Secretary

Explanatory Memorandum in Relation to the Intrepid Meeting

Important notices

Purpose of this Explanatory Memorandum

This Explanatory Memorandum dated 16 October 2014 has been prepared for Intrepid Shareholders in connection with the business to be considered at the Intrepid Meeting at 11:00am on 18 November 2014 at the Stamford Plaza, Sydney Airport, Corner of Robey and O'Riordan Streets, Mascot, New South Wales. The purpose of the Explanatory Memorandum is to explain the Merger, the Buy-Back and the Contingent Buy-Back and to provide information that is required by law or that is material to the decision of Intrepid Shareholders in relation to the Resolutions that will be voted on at the Intrepid Meeting.

This Explanatory Memorandum contains:

- the terms of the Scheme Implementation Deed (Annexure A);
- the terms of the Scheme of Arrangement (Annexure B);
- the Investigating Accountant's Report (Annexure C); and
- the Intrepid Independent Expert's Report, under which the Intrepid Independent Expert separately considers whether each of the Buy-Back and the Contingent Buy-Back is fair and reasonable to all Intrepid Shareholders (Annexure D).

Other documents

Together with this Explanatory Memorandum and the Notice of Meeting, you should also soon receive a Buy-Back Offer Booklet and Buy-Back Acceptance Form. These documents contain important information to assist Intrepid Shareholders in deciding whether to approve and participate in the Buy-Back and you should consider all of the Meeting Materials you are provided before voting on the Resolutions.

Defined terms

Capitalised terms used in this Explanatory Memorandum and the Notice of Meeting are defined in the Glossary of Terms in Section 12.

No investment advice

The information contained in the Meeting Materials is not financial product or investment advice and is general information only. The information has been prepared without reference to the investment objectives, financial situation or particular needs of individual Intrepid Shareholders. The Meeting Materials should not be relied upon as the sole basis for any investment decision in relation to the Resolutions of the Intrepid Meeting. You should read all of the Meeting Materials and consider what is appropriate in light of your particular investment needs, objectives and financial circumstances, with or without the assistance of a financial adviser. If you are unsure about what you should do, you should consider consulting your investment, financial, taxation or other professional adviser before taking any action.

Regulatory information

Draft copies of the Meeting Materials were provided to ASIC on Friday 26 September 2014 in accordance with section 257C of the Corporations Act and to ASX. Neither ASIC, ASX nor any of their officers takes any responsibility for the contents of the Meeting Materials.

Responsibility for information

Other than as set out below, this Explanatory Memorandum has been prepared by Intrepid and is the responsibility of Intrepid.

The Blackthorn Information contained in this Explanatory Memorandum has been prepared by and is the responsibility of Blackthorn. Neither Intrepid nor any of its Directors, officers or advisers assumes or accepts any responsibility for the accuracy or completeness of the Blackthorn Information.

The Joint Information contained in this Explanatory Memorandum has been prepared by and is the joint responsibility of Intrepid and Blackthorn.

Grant Thornton Corporate Finance Pty Ltd with the assistance of technical adviser Runge Pincock Minarco Limited has prepared the Intrepid Independent Expert's Report in relation to the Buy-Back and the Contingent Buy-Back as set out in Annexure D and is responsible for that report. Intrepid Shareholders are urged to read the Intrepid Independent Expert's Report carefully to understand the scope of the report, the methodology of assessment, the sources of information and the assumptions made.

KPMG Financial Advisory Services (Australia) Pty Ltd has prepared the Investigating Accountant's Report as set out in Annexure C and is responsible for that report only.

Other than the information identified above, the remainder of this Explanatory Memorandum has been prepared by Intrepid and its advisers and is the sole responsibility of Intrepid. Blackthorn does not assume or accept any responsibility for the accuracy or completeness of any part of this Explanatory Memorandum other than the Blackthorn Information and the Joint Information.

Forward-looking statements

The Meeting Materials contain both historical and forward-looking statements based on current expectations about future events. These forward-looking statements are subject to inherent risks and uncertainties as they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of Intrepid, and in respect of the Blackthorn Information, Blackthorn.

Such risks, uncertainties and other important factors include, among other things, the risks described in Section 6, general economic conditions, specific market conditions, exchange rates, interest rates and regulatory changes.

As a result of these inherent risks and uncertainties actual results, performance achievements or outcomes may differ materially from the anticipated results, performance, achievements or outcomes which are expressed, projected or implied by these forward-looking statements. None of Intrepid, Blackthorn or their officers, advisors or any person involved in the preparation of the Meeting Materials makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any results, values, performance or achievement expressed or implied in any forward looking statement, except to the extent required by law.

The forward-looking statements in the Meeting Materials are made only as at the date of the Explanatory Memorandum.

Notice to Canadian Shareholders

Intrepid advises that as at 1 January 2014:

- it is a designated foreign issuer as that term is defined in *National Instrument 71-102 - Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*; and
- it is subject to the foreign regulatory requirements of the ASX, which is a foreign regulatory authority.

Dates and times

The dates and times set out in the Important Dates Section of the Explanatory Memorandum and referred to throughout the Meeting Materials are in accordance with the timetable agreed with Blackthorn under the Scheme Implementation Deed. Intrepid does not anticipate that it will change any of the times and dates set out in the Meeting Materials, however, it reserves its right to do so without notifying you (other than by announcement to ASX). Any material change to the timetable will be made in consultation and with the agreement of Blackthorn.

Maps and diagrams

Any diagrams and maps appearing in this Explanatory Memorandum are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Explanatory Memorandum.

Rounding of numerical information

Any discrepancies between totals in tables and sums of components contained in this Explanatory Memorandum and between those figures and figures referred to in other parts of this Explanatory Memorandum are due to rounding.

Privacy

If it is approved by Intrepid Shareholders, Intrepid will carry out the Buy-Back in accordance with the Corporations Act. This will include the collection of personal information contained in the Buy-Back Acceptance Forms required to participate in the Buy-Back. If you do not provide this information, Intrepid may be hindered in, or not able to process your acceptance. The personal information collected by Intrepid will only be disclosed to Intrepid's share registry, Computershare Investor Services Pty Limited, to a print and mail service provider, to Intrepid's advisors in relation to the Buy-Back and to financial institutions in respect of payments to you in connection with the Buy-Back as authorised or required by law. If the Contingent Buy-Back is approved by Intrepid Shareholders, personal information will be used in the manner described above for the Contingent Buy-Back.

If you wish to access the personal information collected by Intrepid, please contact Computershare Investor Services Pty Ltd via the address set out in the Buy-Back Acceptance Form or the Contingent Buy-Back Acceptance Form (as applicable).

Important Dates

Time and date - 2014	Event
14 October	Buy-Back Record Date – date for determining entitlements of Intrepid Shareholders to participate in the Buy-Back
16 October	Date of this Notice of Meeting and Explanatory Memorandum
17 October	Dispatch of Buy-Back Offer Booklet Buy-Back Offer Period commences
11:00am on 16 November	Closing date and time for receipt of completed Proxy Forms for the Intrepid Meeting
7:00pm on 16 November	Intrepid Meeting Record Date – time and date on which entitlement of an Intrepid Shareholder to vote at the Intrepid Meeting will be determined
11:00am on 18 November	Intrepid Meeting Date – date on which Intrepid Shareholders vote on the Resolutions
5:00pm on 18 November	Buy-Back Offer Period closes – date by which Intrepid Shareholders must return their Buy-Back Acceptance Form if they wish to participate in the Buy-Back
19 November	Announcement of Buy-Back acceptances received and calculation of any Scale Back. Implementation of the Buy-Back remains subject to Intrepid Shareholder Approval of the Merger and the Buy-Back and Implementation of the Scheme
21 November	Blackthorn Scheme Meeting date – date on which Blackthorn Shareholders vote on the Scheme
26 November	Second Court Hearing Date – date on which the Court considers approval of the Scheme
27 November	Effective Date – date on which the Scheme becomes effective
4 December	Scheme Record Date – date for determining entitlements of Blackthorn Shareholders to receive Scheme Consideration
11 December	Merger Implementation Buy-Back Consideration distributed to Intrepid Shareholders participating in the Buy-Back

The dates listed in this Section relate to the Preferred Transaction only. The dates that would apply if either of the Merger or the Buy-Back are not approved but the Contingent Buy-Back is approved are set out in Section 10.4.

All dates and times are indicative only and may be revised as determined between Intrepid and Blackthorn in accordance with the Scheme Implementation Deed, the Corporations Act and the ASX Listing Rules. Any changes to the above timetable will be announced to the ASX. The actual times and dates will depend on a number of factors outside of the control of Intrepid, including the Court process for the Scheme and the satisfaction of Conditions Precedent to Scheme Implementation.

All times are referenced to the time in Australian Eastern Daylight Time (“AEDT”), except where stated otherwise.

Key Shareholder Actions

Read the Meeting Materials in full

You should read this Explanatory Memorandum, the Notice of Meeting and the Buy-Back Documents (together the “**Meeting Materials**”) in full before making any decision on how to vote at the Intrepid Meeting. These documents contain important information about the Merger proposal, the Buy-Back and the Contingent Buy-Back, and will assist you in deciding whether to take any of the actions set out below.

There are answers to some questions you may have in Section 1 (*Frequently Asked Questions*). If you have any further questions about any matter contained in the Meeting Materials, please contact Scott Lowe (CEO and Managing Director) on +61 7 3007 8000 or by email slowe@intrepidmines.com or Greg Taylor (Investor Relations) on +1 905 337 7673 or by email gtaylor@intrepidmines.com.

If you are unsure about what you should do, you should consider consulting your investment, financial, taxation or other professional adviser before taking any action.

Nominate your preferred level of participation in the Buy-Back

If you are eligible and wish to participate in the Buy-Back you need to return your Buy-Back Acceptance Form by 5:00pm on 18 November 2014 in accordance with the instructions on the Buy-Back Acceptance Form.

Implementation of the Buy-Back is subject to Intrepid Shareholder Approval of the Merger and the Buy-Back and implementation of the Merger.

If the Merger is implemented, Intrepid is expected to distribute the Buy-Back Consideration to Intrepid Shareholders participating in the Buy-Back on 11 December 2014 and new holding statements are expected to be dispatched on or around 11 December 2014.

Vote on the Resolutions

Intrepid Shareholders who are registered on the Intrepid Register on the Intrepid Meeting Record Date may vote at the Intrepid Meeting at 11:00am at the Stamford Plaza, Sydney Airport, Corner of Robey and O’Riordan Streets, Mascot, New South Wales on 18 November 2014.

It is important that you vote on each of the Resolutions which are to be voted on at the Intrepid Meeting. The Resolutions affect your investment in Intrepid and your vote at the Intrepid Meeting is important in determining whether the Merger and Buy-Back or the Contingent Buy-Back will proceed.

Neither the Merger nor the Buy-Back will proceed unless the Merger Resolution AND the Buy-Back Resolution are approved by the required majorities. The Contingent Buy-Back Resolution will only be put to Intrepid Shareholders at the Intrepid Meeting if either of the Merger Resolution or the Buy-Back Resolution are not approved by the required majority. Information explaining the Merger, the Buy Back and the Contingent Buy-Back is set out in this Explanatory Memorandum.

Remember that if you are unable to attend the Intrepid Meeting, you may appoint a Proxy to vote your Intrepid Shares on your behalf. If you wish to appoint a Proxy, you need to complete the Proxy Form enclosed with this document and return it to the address indicated on the form so it is received by Intrepid’s share registry, Computershare Investor Services Pty Limited by no later than 11.00 am on 16 November 2014.

Participate in the Merger

If you wish to participate in the Merger and retain your Intrepid Shares, aside from voting in favour of the Merger Resolution and the Buy-Back Resolution you do not need to do anything. If the Merger is implemented, Intrepid will hold all of the shares in Blackthorn and through your holding of Intrepid Shares you will hold an investment in the Merged Group.

If the Merger and the Buy-Back do not proceed and the Contingent Buy-Back is approved - consider your preferred level of participation in the Contingent Buy-Back

The Contingent Buy-Back will only proceed if either the Merger Resolution or the Buy-Back Resolution is not approved by Intrepid Shareholders and the Contingent Buy-Back Resolution is approved.

If the Contingent Buy-Back Resolution is approved and you are eligible and wish to participate in the Contingent Buy-Back you will need to return your Contingent Buy-Back Acceptance Form by 5:00pm on 16 December 2014 AEDT. The Contingent Buy-Back Offer Booklet will only be provided to Intrepid Shareholders following the Intrepid Meeting if the Contingent Buy-Back Resolution is approved.

The Proposals at a Glance

The Preferred Transaction has two inter-conditional, elements. Your Intrepid Directors' preference is for the Preferred Transaction to be approved and implemented.

1. MERGER WITH BLACKTHORN	
<ul style="list-style-type: none"> ▪ Scrip Merger by way of a scheme of arrangement ▪ 1.079 Intrepid Shares per Blackthorn Share¹ ▪ Intrepid Shareholders to own 52% of Merged Group² ▪ Merged Group well-funded to progress attractive Kitumba copper development project in Zambia ▪ Opportunity to participate in an exciting, well-funded copper development company 	<p><i>Section 2 (Summary of the Proposed Merger with Blackthorn)</i></p>
2. \$110M INTREPID SHARE BUY-BACK AT A\$0.30 PER INTREPID SHARE	
<ul style="list-style-type: none"> ▪ A\$110 million equal access Buy-Back ▪ A\$0.30 per Intrepid share, 18% premium to pre-announcement close ▪ Intrepid Shareholders may nominate their preferred level of participation (if any) ▪ In the event of over-subscription (with A\$110 million equivalent to approximately 66% of register) acceptances will be scaled back proportionally 	<p><i>Section 9 (Buy-Back)</i></p>

The Contingent Buy-Back is not your Intrepid Directors' preferred outcome and will only be considered at the Intrepid Meeting if either of Resolution 1 or Resolution 2 is not approved.

3. RETURN OF ALL SURPLUS CASH AT A\$0.275 PER INTREPID SHARE	
<ul style="list-style-type: none"> ▪ The return of all of Intrepid's Surplus Cash at A\$0.275 per Intrepid Share, through an equal access share buy-back, after allowing for actual and contingent liabilities 	<p><i>Section 10 (Contingent Buy-Back)</i></p>

¹ The base ratio of 1.079 assumes 100% take-up of the Buy-Back to the Buy-Back Limit. This differs from the 1.078 ratio announced to the ASX on 28 August 2014 due to the issue of Intrepid Shares under the NED Share Plan. The ratio will be between approximately 1.079 and 1.147 Intrepid Shares per Blackthorn Share, dependent on the take-up of the Buy-Back. See Section 2.3 for further detail on the calculation of the Scheme Consideration.

² This assumes 100% take-up of the Buy-Back to the Buy-Back Limit.

The Resolutions at a Glance

ITEM 1 – APPROVAL OF THE MERGER AND THE BUY-BACK (“PREFERRED TRANSACTION”)

RECOMMENDED AND PREFERRED

1. APPROVAL OF THE MERGER WITH BLACKTHORN

Inter-conditional



2. APPROVAL OF THE INTREPID SHARE BUY-BACK AT A\$0.30 PER SHARE

ITEM 2 – APPROVAL OF THE CONTINGENT BUY-BACK

RECOMMENDED BUT NOT PREFERRED

3. APPROVAL OF A RETURN OF SURPLUS CASH AT A\$0.275 PER SHARE

ONLY TO BE CONSIDERED IF EITHER RESOLUTION 1 OR RESOLUTION 2 IS NOT APPROVED

What do the Intrepid Directors recommend?

ITEM 1

– The Intrepid Directors unanimously recommend that you **VOTE IN FAVOUR of Resolution 1 and Resolution 2 (the Preferred Transaction).**

ITEM 2

– The Intrepid Directors also unanimously recommend that you **VOTE IN FAVOUR of Resolution 3 (Contingent Buy Back).**

Your Intrepid Directors’ preference is for the transaction represented by Resolution 1 and Resolution 2 (Preferred Transaction) to be approved and implemented.

Resolution 3 (Contingent Buy-Back) is not your Intrepid Directors’ preferred outcome and will only be considered at the Intrepid Meeting if either Resolution 1 or Resolution 2 is not approved. Resolution 3 has been included in this Notice of Meeting and has been recommended by your Intrepid Directors as a contingency, but only if the Preferred Transaction is not approved by Intrepid Shareholders. It will facilitate the return of all Surplus Cash to Intrepid Shareholders if the Preferred Transaction is not approved.

Each Intrepid Director intends to vote in favour of all Resolutions in relation to Intrepid Shares held or controlled by them.

Reasons for the Intrepid Directors' Recommendations

Benefits of a Flexible Transaction Structure

- | | |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Unique and flexible transaction structure providing Intrepid Shareholders with the option to participate in the Merged Group, the Buy-Back or both |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------|

Benefits of the Merger with Blackthorn

- | | |
|---|------------------------------------------------------------------------------------------|
| 2 | Exposure to the Kitumba Project, an attractive development project with robust economics |
| 3 | Fully funded to complete the Definitive Feasibility Study for the Kitumba Project |
| 4 | Well positioned to pursue attractive high impact exploration opportunities |
| 5 | Long term re-rating potential to benefit all Intrepid Shareholders |

Benefits of the Buy-Back

- | | |
|---|--------------------------------------------------------------------------------------------------------------------------------------|
| 6 | Intrepid Independent Expert has determined that the Buy-Back Price is "Fair and Reasonable" to Intrepid Shareholders as a whole |
| 7 | Opportunity for a significant portion of Intrepid's capital to be returned at a premium to the Intrepid Share price pre-announcement |
| 8 | The Buy-Back Price is superior to the Contingent Buy-Back Price |

Reasons for the Contingent Buy-Back

- | | |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9 | If either the Merger Resolution or the Buy-Back Resolution is not approved by Intrepid Shareholders, Intrepid will have approval to return all Surplus Cash to Intrepid Shareholders at A\$0.275 per Intrepid Share, without the delay or cost involved in calling another meeting |
| 10 | Intrepid Independent Expert determined the Contingent Buy-Back Price to be "Reasonable" to Intrepid Shareholders as a whole |

Benefits of a Flexible Transaction Structure

1 Unique and flexible transaction structure providing Intrepid Shareholders with the option to participate in the Merged Group, the Buy-Back or both

- Intrepid Shareholders may elect to sell all, a portion, or none of their Intrepid Shares under the Buy-Back. However, in the event of over-subscription of the Buy-Back, acceptances will be scaled back proportionally.
- The flexible transaction structure enables Intrepid Shareholders to make an election that best reflects their individual investment criteria, whether it be an immediate cash return at a premium to the pre-announcement Intrepid Share price, an investment in the Merged Group that provides exposure to an attractive copper development project, or a combination of both.
- The key benefits of participating in the Merged Group and the Buy-Back are outlined below.

Benefits of the Merger with Blackthorn

2 Exposure to the Kitumba Project, an attractive development project with robust economics

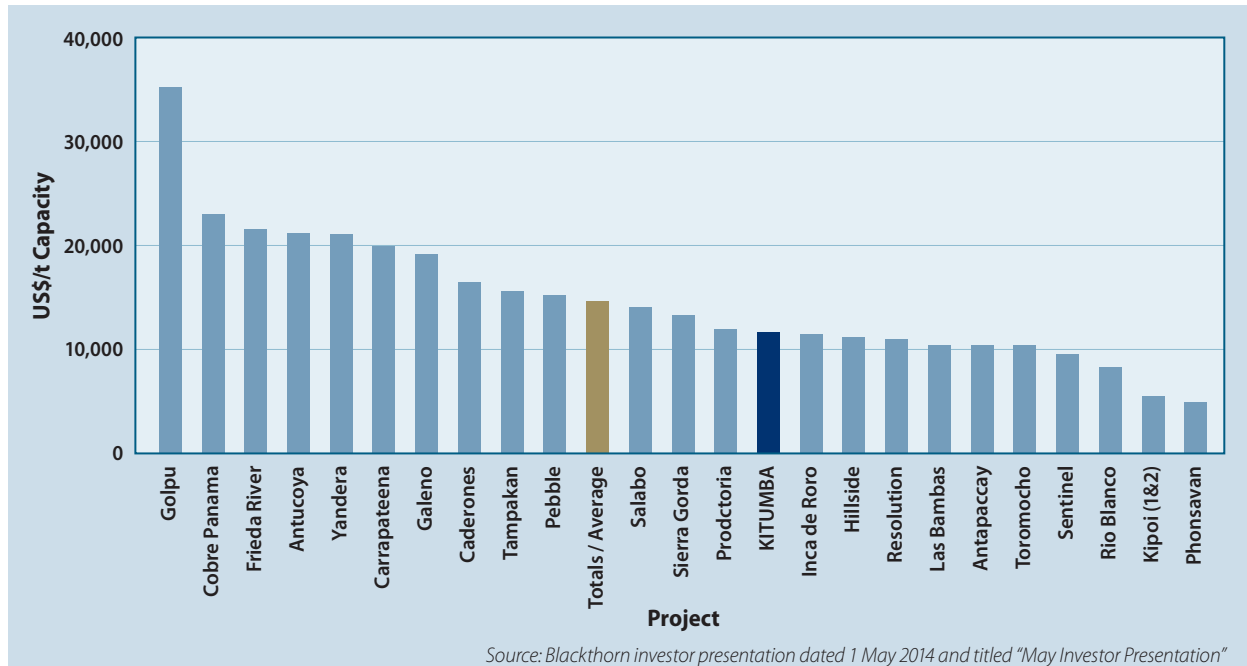
- Prior to announcing this transaction, Intrepid's team ran an intensive review process to identify an undervalued asset, into which Intrepid's cash could be deployed to create and unlock value.
- The Kitumba Project was identified as an asset with attractive characteristics. The Kitumba Optimised Prefeasibility Study released in April 2014 highlighted the strengths of the project:

- ✓ **High Grade** – Head grade >2% copper compares very well to other copper projects globally.
- ✓ **Strong Production Profile** – 58ktpa copper production over an initial 11 year mine life with good potential to extend.
- ✓ **Low Capital Intensity** – US\$11,700 per average annual tonne of copper production, compares well globally (see chart).
- ✓ **Robust Economics** – Optimised Prefeasibility Study demonstrated attractive returns, strong cash flow and a post-tax Net Present Value of US\$461m³.
- ✓ **Strong Upside** – Exciting underexplored near-Kitumba targets provide scope to extend the mine life.
- ✓ **Attractive Location** – Zambia has a mature mining regime and is emerging as a top 5 global copper producer. The Zambian government is supportive of foreign investment and the site has access to key infrastructure.

- An important feature of the Kitumba Project is that it ranks well on capital intensity compared to its peers, as shown on the chart following. Capital intensity is defined as the development cost per tonne of annual production and Kitumba ranks better than its peer average.
- Copper continues to be attractive in the long term and a project of this magnitude, located in Zambia, is expected to attract attention from the major mining companies as its development progresses.

³ On a 100% equity basis, 8% real WACC and a copper price of US\$3.50/lb

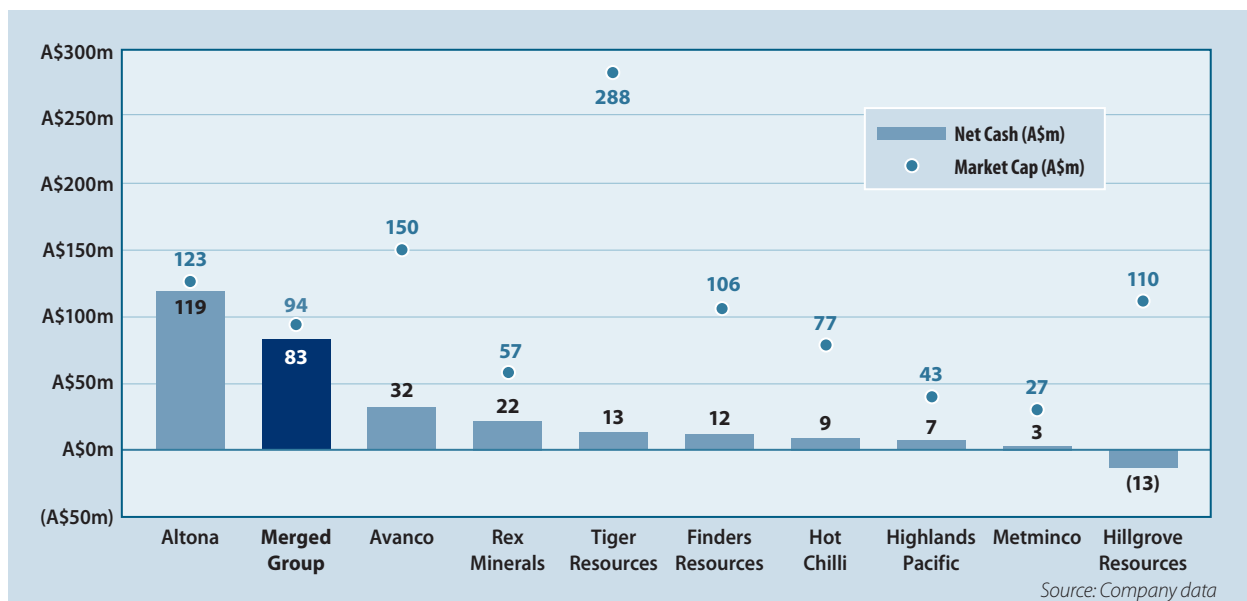
Reasons for the Intrepid Directors' Recommendations *(continued)*



- Further information on the Kitumba Project is provided in Section 4, and in the Intrepid Independent Expert's Report.

3 Fully funded to complete the Definitive Feasibility Study for the Kitumba Project

- If the Merger is implemented and the Buy-Back is fully subscribed, the Merged Group will have a pro forma cash balance as at 30 June 2014 of approximately A\$83 million⁴. The chart below displays the Merged Group's net cash and pro forma market capitalisation⁵ and illustrates its advantage compared with similar copper development/recently producing companies.



⁴ Pro forma calculation as 30 June 2014, net of estimated transaction costs and based on 100% take-up of the Buy-Back.

⁵ Based on 369.4 million Intrepid Shares being on issue following the Merger and the Intrepid Buy-Back and the pre-announcement Intrepid Share price of A\$0.255.

Reasons for the Intrepid Directors' Recommendations *(continued)*

- As only a small portion of the Merged Group's cash balance (approximately A\$20 million) will be required to complete the Definitive Feasibility Study on the Kitumba Project, cash should not be an obstacle in further demonstrating the value of the Kitumba Project through increasing confidence in the technical and implementation plans. The Merged Group will also be able to pursue other planned value-adding initiatives at the Kitumba Project.
- In June 2014, Blackthorn announced that it had commenced the 12,000m Definitive Feasibility Study drilling program with three drill rigs, targeting infill drilling for additional resource definition, and further metallurgical, geotechnical and hydrogeological assessment. The drilling program has been designed in consultation with Blackthorn's metallurgical, mining engineering, geotechnical and hydrological consultants.
- In addition to the drilling program underway, the Definitive Feasibility Study will incorporate a comprehensive work program to refine the technical, economic and planning outcomes produced by the Optimised Prefeasibility Study. The Definitive Feasibility Study is expected to be completed Q4 CY 2015.

4 Well positioned to pursue attractive high impact exploration opportunities

- Significant value upside exists if the current and future exploration programs result in mine life extensions.
- In addition to allowing for the completion of the Definitive Feasibility Study, the Merged Group's cash will allow it to undertake a significant exploration program over the previously under-explored near-Kitumba targets and the wider Mumbwa Project licence areas.
- A series of targets have been identified over the ~1,000km² of exploration licences held by Blackthorn and drilling has commenced on the near-Kitumba Kakozhi prospect. Other targets are expected to be ready for drilling over the next 12 months.
- This exploration program represents substantial potential upside to Kitumba through possible extension of the project's mine life and the ability to demonstrate a further copper rich mineral field around the Kitumba deposit. The Merged Group will have the ability to follow up exploration success without a requirement for additional funding.

5 Long term re-rating potential to benefit all Intrepid Shareholders

- Junior mining companies with Pre-Feasibility Study stage projects typically trade at a discount to fundamental value due to uncertainty regarding key project inputs and the lack of financial resources to fully explore the potential upside.
- The Merged Group will be well placed to unlock this value discount by reducing uncertainty through the completion of a Definitive Feasibility Study, as well as funding a significant exploration program to demonstrate the project's value.
- This potential is demonstrated in the Intrepid Independent Expert's Report. Whilst the Intrepid Independent Expert determined the "fair market value" of shares in the Merged Group (assuming 100% take-up in the Buy-Back) to be A\$0.269 to A\$0.328 per Intrepid Share, its valuation was impacted by the selection of a discount rate which reflects the risks associated with an early stage project (the Intrepid Independent Expert used a real discount rate between 11.40% and 12.44%) as well as a selected copper price assumption between US\$3.07 per pound to US\$3.13 per pound. The sensitivity analysis summarised on page 12 of the Intrepid Independent Expert's Report demonstrates that using a 10.00% real discount rate and a copper price of US\$3.15 per pound would generate a valuation of A\$0.526 per Intrepid Share for the Merged Group.

Benefits of the Buy-Back

6 Intrepid Independent Expert determined the Buy-Back Price to be "Fair and Reasonable" to Intrepid Shareholders as a whole

- The Intrepid Independent Expert determined that:
 - the Buy-Back is "Fair and Reasonable" to Intrepid Shareholders as a whole;
 - Intrepid Shareholders should vote in favour of the Buy-Back; and
 - Intrepid Shareholders are likely to be better-off if the Buy-Back is implemented rather than the Contingent Buy-Back or neither of them.

7 Opportunity for a significant portion of Intrepid's capital to be returned at a premium to the Intrepid Share price pre-announcement

- The Buy-Back Limit of A\$110 million allows for approximately 66% of the Intrepid Register to be bought back.
- Eligible Intrepid Shareholders who elect to participate will receive a capital return of A\$0.30 per Intrepid Share, which is an approximate 18% premium to Intrepid's pre-announcement closing price of A\$0.255 per Intrepid Share.
- The Buy-Back should enable Intrepid Shareholders to sell a significant volume of Intrepid Shares which may otherwise be difficult to do on the ASX.

8 The Buy-Back Price is superior to the Contingent Buy-Back Price

- The Buy-Back Price of A\$0.30 per Intrepid Share is superior to the A\$0.275 per Intrepid Share that an Intrepid Shareholder could receive under the Contingent Buy-Back.
- The reason an Intrepid Shareholder will only receive A\$0.275 per Intrepid Share under the Contingent Buy-Back is because provision needs to be made for actual and contingent liabilities of Intrepid that could arise in certain circumstances, on the basis that there could be up-to 100% acceptance of the Contingent Buy-Back. For a full explanation refer to Section 10.6(b).

Reasons for the Contingent Buy-Back Resolution

9 If either the Merger Resolution or the Buy-Back Resolution is not approved by Intrepid Shareholders, Intrepid will have approval to return all Surplus Cash to Intrepid Shareholders at A\$0.275 per Intrepid Share, without the delay or cost involved in calling another meeting

- Whilst the Contingent Buy-Back is not the Intrepid Directors' preferred outcome and will only be considered at the Intrepid Meeting if either of Resolution 1 or Resolution 2 is not approved, approval of the Contingent Buy-Back ensures Intrepid Shareholders will avoid further delays and costs associated with having to call another meeting if the Merger Resolution and Buy-Back Resolution are not approved.
- Without such approval, there is the risk that:
 - Intrepid would remain with its only significant asset being cash and could trade at a discount to its cash backing, as evidenced by Intrepid's pre-announcement share price of A\$0.255 per Intrepid Share; and
 - Intrepid could be delisted from ASX, due to not meeting the ASX listing requirements, which will result in a material reduction in trading liquidity of Intrepid Shares.

10 Intrepid Independent Expert determined the Contingent Buy-Back Price to be "Reasonable" to Intrepid Shareholders as a whole

- The Intrepid Independent Expert determined that:
 - the Contingent Buy-Back is "Not Fair but Reasonable" to Intrepid Shareholders as a whole; and
 - Intrepid Shareholders should vote in favour of the Contingent Buy-Back.

Key Risks of the Preferred Transaction

1. The Merger is subject to the Merger Conditions

- There is a risk that the Merger will not proceed as a result of a failure to satisfy any of the Merger Conditions outside of the control of Intrepid, including a failure of Blackthorn Shareholders or the Court to approve the Scheme. See Section 7.3 for an explanation of the Merger Conditions.

2. You may have a preference to receive cash, rather than participate in the Merged Group

- Certain Intrepid Shareholders have previously expressed a preference to receive cash for their investment, rather than participate in a new opportunity. An integral part of the Preferred Transaction envisages the formation of the Merged Group and not simply a return of cash.
- Intrepid Shareholders who have a preference to receive cash can elect to participate in the Buy-Back for all of their Intrepid Shares. If the Buy-Back is not fully subscribed, they will receive cash for all of their Intrepid Shares and will not participate in the Merged Group.

3. The Buy-Back is not a guaranteed exit for 100% of your Intrepid Shares

- At A\$110 million, the Buy-Back is equivalent to approximately 66% of Intrepid's total issued share capital. As such, if acceptances are received representing Intrepid Shares over this amount, then acceptances will be proportionately scaled back.
- The Intrepid Directors have considered this risk and believe it is likely that there will be Intrepid Shareholders who will elect for either no participation, or only partial participation, in the Buy-Back. To the extent this occurs, the amount of any Scale Back will be reduced.

4. There are new risks associated with an investment in the Merged Group

- Given Intrepid's predominant asset is currently cash, you are currently exposed to limited risk factors.
- If the Merger is implemented, you will be exposed to additional risk factors resulting from a combination with Blackthorn's portfolio. These include (but are not limited to) risks related to operating and development risk, exchange rate risk, financing risk, legal risk, regulatory risk, Zambian sovereign risk and commodity price risk.

5. You cannot sell any of your Intrepid Shares which are accepted into the Buy-Back

- If you participate in the Buy-Back you will be unable to sell your Intrepid Shares accepted into the Buy-Back on the ASX (or otherwise dispose of them), unless any Intrepid Shares that you accepted into the Buy-Back are not accepted as a result of the Scale Back or Merger Implementation does not occur in which case the Buy-Back will not proceed. This period of time is likely to be at least one month.
- The price at which you may have been able to sell your Intrepid Shares on the ASX after you have submitted your Buy-Back Acceptance Form up until the date of Merger Implementation may be higher or lower than the Buy-Back Price.

6. Potential tax consequences of the Buy-Back

- If you participate in the Buy-Back, there may be tax consequences, including tax payable on any gain on disposal of your Intrepid Shares. General information on the Australian and Canadian taxation considerations associated with the Buy-Back is set out in Section 9.7 (Tax Considerations). However, Intrepid Shareholders should seek their own professional advice regarding the individual tax consequences applicable to them.

Further details on the risks associated with an investment in the Merged Group are set out in Section 6. Risks associated with the Buy-Back are set out in Section 9.6. Intrepid Shareholders should read these Sections in their entirety.

Key Risks of the Contingent Buy-Back

1. A\$0.275 per Intrepid Share is materially less than the current cash backing of Intrepid Shares (estimated to be A\$0.31 per Intrepid Share)

- The Contingent Buy-Back Price is A\$0.275 per Intrepid Share. As explained in prior correspondence to Intrepid Shareholders, provision needs to be made for all actual and contingent liabilities that could eventuate in certain circumstances. As such, the cash return in this scenario is materially inferior to Intrepid's cash backing per Intrepid Share and the price of the Buy-Back that can be proposed in conjunction with the Merger. This is one of the reasons that the Preferred Transaction, represented by Resolution 1 and Resolution 2, is preferred to the Contingent Buy-Back (Resolution 3).

2. There is uncertainty on the profile of Intrepid following the Contingent Buy-Back

- As the Contingent Buy-Back is structured as an elective buy-back, it is not possible to predict how many Intrepid Shareholders will participate in the Contingent Buy-Back.
- It is possible that some Intrepid Shareholders will not participate in the Contingent Buy-Back and that Intrepid has retained more cash than required for actual and contingent liabilities. If this occurs, it is possible that the resulting cash backing after actual liabilities per Intrepid Share is greater than A\$0.275 under the Contingent Buy-Back.
- Equally, Intrepid Shareholders who elect not to participate in the Contingent Buy-Back could be left with shares in a company which is at risk of a de-listing from ASX, has a reduced balance sheet strength, ongoing corporate costs and/or possibly has a lower cash backing than A\$0.275 per Intrepid Share.
- The future of Intrepid will be uncertain and will depend significantly on the level of take-up of the Contingent Buy-Back by Intrepid Shareholders. This may include Intrepid seeking new investment opportunities with its remaining cash reserves or a potential winding-up of Intrepid, which would require further Intrepid Shareholder approval.
- If there is high participation by Intrepid Shareholders in the Contingent Buy-Back, the Contingent Buy-Back may have the effect of significantly concentrating the ownership of Intrepid Shares and such Intrepid Shareholders will obtain greater control of Intrepid.
- The trading liquidity of Intrepid Shares could be negatively affected as a result of the Contingent Buy-Back, which could consequently adversely affect the trading price of Intrepid Shares.
- With a decrease in the number of Intrepid Shares on issue, Intrepid's fixed costs will be spread over a smaller number of Intrepid Shares, which will negatively impact on Intrepid Shareholders who do not participate in the Contingent Buy-Back.

3. Potential Tax Consequences of the Contingent Buy-Back

- If you participate in the Contingent Buy-Back, there may be tax consequences, including tax payable on any gain on disposal of your Intrepid Shares. General information on the Australian and Canadian taxation considerations associated with the Contingent Buy-Back is set out in Section 10.7 (Tax Considerations). However, Intrepid Shareholders should seek their own professional advice regarding the individual tax consequences applicable to them.

Further details on the risks associated with the Contingent Buy-Back are set out in Section 10.6. Intrepid Shareholders should read this Section in its entirety.

Section 1 Frequently Asked Questions

Set out below are answers to some common questions that Intrepid Shareholders may have in relation to the Merger, the Buy-Back and the Contingent Buy-Back. The material below is provided as a summary guide only and should be read in conjunction with the remainder of the Explanatory Memorandum.

Question	Answer	More information
Overview of the Meeting Materials		
Why have I received the Meeting Materials?	The Meeting Materials have been sent to you because you are an Intrepid Shareholder and you are being asked to vote on the Merger, the Buy-Back and, if required, the Contingent Buy-Back. The Meeting Materials are intended to help you consider your options on how to vote at the Intrepid Meeting.	Page 8 <i>(Key Shareholder Actions)</i>
What am I being asked to consider?	<p>You are being asked to consider the following two options for Intrepid:</p> <p>The Preferred Transaction – Merger and Buy-Back</p> <p>Intrepid and Blackthorn merge to create a single mineral exploration and development company listed on the ASX using a court-ordered scheme of arrangement between Blackthorn and Blackthorn Shareholders. Among other conditions described in the Explanatory Memorandum, the Merger is conditional upon Intrepid Shareholders approving the Merger and the Buy-Back.</p> <p>The Intrepid Directors unanimously recommend that you vote in favour of the Merger and the Buy-Back.</p> <p>The Contingent Buy-Back</p> <p>If either the Merger Resolution or the Buy-Back Resolution is not approved by the requisite majorities, Intrepid Shareholders will be asked to consider the Contingent Buy-Back Resolution.</p> <p>The Contingent Buy-Back is not the Intrepid Directors' preferred outcome. It has been included in the Notice of Meeting and has been recommended by the Intrepid Directors as a contingency, but only in the event that either the Merger or the Buy-Back is not approved by Intrepid Shareholders.</p> <p>The Intrepid Directors unanimously recommend that you also vote in favour of the Contingent Buy-Back.</p>	<p>Section 2 <i>(Summary of the Proposed Merger with Blackthorn)</i></p> <p>Section 9 <i>(Buy-Back)</i></p> <p>Section 10 <i>(Contingent Buy-Back)</i></p>
What should I do?	<p>You should read the Meeting Materials carefully and in their entirety. Based on this information and any advice you may receive, you should:</p> <ul style="list-style-type: none"> ▪ if eligible, determine your preferred level of participation in the Buy-Back (if any) and return your Buy-Back Acceptance Form; ▪ determine how you wish to vote on the Merger Resolution and Buy-Back Resolution, and in the event that either of those Resolutions is not approved, the Contingent Buy-Back Resolution; and ▪ vote by attending the Intrepid Meeting in person or by appointing a Proxy. <p>If you are unsure about how you should vote, you should consult your legal, financial or other professional adviser.</p>	Page 8 <i>(Key Shareholder Actions)</i>

Question	Answer	More information
The Merger		
What is the Merger?	<p>Under the Merger, it is proposed that Intrepid will acquire all of the Blackthorn Shares. The Merger will be implemented by way of a Scheme of Arrangement between Blackthorn and the Blackthorn Shareholders.</p> <p>If the Merger is implemented:</p> <ul style="list-style-type: none"> ▪ Intrepid will acquire all of the Blackthorn Shares; ▪ Blackthorn Shareholders (other than Ineligible Overseas Blackthorn Shareholders) will receive the Scheme Consideration in respect of each Blackthorn Share they hold on the Scheme Record Date; and ▪ Blackthorn will become a subsidiary of Intrepid and subsequently be de-listed from ASX. 	Section 2 <i>(Summary of the Proposed Merger with Blackthorn)</i>
What is a scheme of arrangement?	A scheme of arrangement is a procedure under the Corporations Act that can be used to enable one company to acquire another company.	
What happens if the Merger Resolution or the Buy-Back Resolution is not approved?	The Merger is conditional upon Intrepid Shareholders approving the Merger Resolution and the Buy-Back Resolution. If either of those Resolutions are not approved by Intrepid Shareholders, the Merger will not proceed and Intrepid Shareholders will be asked to consider the Contingent Buy-Back Resolution.	Page 9 <i>(The proposals at a Glance)</i>
Why are the Merger Resolution and the Buy-Back Resolution inter-conditional?	In accordance with the terms of the Scheme Implementation Deed, the Merger cannot proceed unless Intrepid Shareholders approve both the Merger and the Buy-Back.	Section 7 <i>(Further information in relation to the Merger)</i>
Is the Merger subject to any conditions?	<p>Implementation of the Merger is subject to a number of conditions, including:</p> <ul style="list-style-type: none"> ▪ Blackthorn Shareholder Approval of the Scheme; ▪ Intrepid Shareholder Approval of the Merger and of the Buy-Back; ▪ Blackthorn obtaining the Mining Licence Approval before 8.00am on 28 November 2014, or such later date as agreed between Intrepid and Blackthorn in writing; ▪ conclusion by the Blackthorn Independent Expert that the Scheme is in the best interests of Blackthorn Shareholders; and ▪ conclusion by the Intrepid Independent Expert that the Buy-Back is either fair and reasonable, or not fair but reasonable to all Intrepid Shareholders. 	Section 2.4 <i>(Conditions to Implementation)</i> Section 7.3 <i>(Conditions of the Scheme)</i>
Under what scenarios can Intrepid or Blackthorn terminate the Merger?	<p>Intrepid or Blackthorn may terminate the Merger on the terms set out in the Scheme Implementation Deed, including if:</p> <ul style="list-style-type: none"> ▪ the Conditions Precedent are not satisfied or waived (including Blackthorn Shareholder Approval of the Merger and Intrepid Shareholder Approval of the Merger and the Buy-Back); ▪ either Blackthorn or Intrepid is in material breach of the Scheme Implementation Deed; ▪ the Merger is not implemented by the End Date; ▪ any of the Blackthorn Directors or the Intrepid Directors withdraws his or her support for the Merger; ▪ a superior proposal is recommended in respect of either Blackthorn or Intrepid; or ▪ Intrepid and Blackthorn agree. 	Section 7.4 <i>(Termination rights)</i>

Question	Answer	More information
The Merger <i>(continued)</i>		
What happens if any Merger conditions are not satisfied?	If any of the Merger Conditions are not satisfied (or waived in accordance with their terms) the Merger will not proceed.	Section 2.4 <i>(Conditions to Implementation)</i>
When will the result of the Blackthorn Meeting be known?	The Blackthorn Meeting will take place on or about Friday 21 November. Intrepid and Blackthorn will announce the result of that meeting to ASX and Intrepid will also post the result on its website www.intrepidmines.com.au .	Page 7 <i>(Important Dates)</i>
When will the result of the Second Court Hearing be known?	The Second Court Hearing Date is expected to take place on or about Wednesday 26 November, at which time the Court will be asked to approve the Merger under section 411(4)(b) of the Corporations Act. Intrepid and Blackthorn will announce the result of that hearing to ASX and Intrepid will also post the result on its website www.intrepidmines.com.au .	Page 7 <i>(Important Dates)</i>
What do Blackthorn Shareholders receive?	<p>If the Scheme is implemented, Blackthorn Shareholders (other than Ineligible Overseas Blackthorn Shareholders) will receive Scheme Consideration of approximately 1.079 New Intrepid Shares for each Blackthorn Share they hold on the Scheme Record Date.</p> <p>The base exchange ratio of approximately 1.079 New Intrepid Shares for each Blackthorn Share will increase up to a maximum of approximately 1.147 if the Buy-Back is undersubscribed to ensure that the cash backed value of the Scheme Consideration received by Blackthorn Shareholders remains constant at A\$0.356, irrespective of the outcome of the Buy-Back.</p>	Section 2.3 <i>(Scheme Consideration)</i>
What will happen to my voting power if the Buy-Back occurs and the Merger is implemented?	<p>If the Buy-Back occurs and you choose to participate, your voting power will decrease by an amount based on the level of Intrepid Shares that you choose to sell and which will be subject to the level of participation in the Buy-Back by other Intrepid Shareholders, as well as any Scale Back that may occur.</p> <p>If you choose not to participate in the Buy-Back but other Intrepid Shareholders participate, your voting power will increase by an amount based on the level of participation in the Buy-Back by those Intrepid Shareholders.</p> <p>When Scheme Implementation occurs, Blackthorn Shareholders will be issued New Intrepid Shares. Your voting power will decrease in proportion to the amount of New Intrepid Shares that are issued to Blackthorn Shareholders.</p>	Section 9.5(b) <i>(Effect of the Buy-Back on the control of Intrepid)</i>
What will the Merged Group look like if the Merger is implemented?	<p>Implementation of the Merger will combine the Zambian mining assets of Blackthorn with the remaining cash holdings of Intrepid following the Buy-Back.</p> <p>If the Buy-Back is fully subscribed, Intrepid Shareholders and Blackthorn Shareholders will respectively hold approximately 52% and 48% of the Merged Group and the Merged Group will have a pro forma cash balance as at 30 June 2014 of approximately A\$83 million.</p> <p>If the Buy-Back does not reach the Buy-Back Limit, the Merged Group will have a larger cash balance, but Intrepid Shareholders will hold a larger proportion of the Merged Group.</p>	Section 5 <i>(Profile of the Merged Group)</i>
What will be the strategy of the Merged Group?	<p>It is the current intention of Intrepid and Blackthorn that the Merged Group will continue to operate the business of Blackthorn as it is currently being operated.</p> <p>In addition to progressing the Definitive Feasibility Study for the Kitumba Project, the robust funding position of the Merged Group will allow it to pursue exploration opportunities, including within the Mumbwa Project licence areas.</p>	Section 5.4 <i>(Intentions in relation to Blackthorn and the Merged Group)</i>

Question	Answer	More information
The Merger <i>(continued)</i>		
Who will be on the board of the Merged Group?	<p>The board of the Merged Group will be comprised of three current Intrepid Directors and three current Blackthorn Directors.</p> <p>The three Intrepid Directors will be Ian McMaster AM (current Chairman of Intrepid), Scott Lowe (current CEO and Managing Director of Intrepid) and Alan Roberts (current Non-Executive Director of Intrepid).</p> <p>The three Blackthorn Directors will be Michael Oppenheimer (current Chairman of Blackthorn), Nicole Bowman (current Non-Executive Director of Blackthorn) and Derek Carter (current Non-Executive Director of Blackthorn).</p>	Section 5.3 <i>(Board and management of the Merged Group)</i>
What are the reasons to vote in favour of the Merger?	<p>The reasons to vote in favour of the Merger include:</p> <ul style="list-style-type: none"> ▪ gaining exposure to an attractive development project in the Kitumba Project; ▪ being fully funded to complete the Definitive Feasibility Study for the Kitumba Project; ▪ being well positioned to pursue high impact exploration opportunities; and ▪ long term re-rating potential. 	Page 11 <i>(Reasons for Intrepid Director's recommendations)</i>
What are the potential risks in relation to the Merger?	<p>Potential risks associated with implementation of the Merger include:</p> <ul style="list-style-type: none"> ▪ the expected advantages of the Merger may not materialise; ▪ the Merger may not be implemented if certain conditions are not satisfied; ▪ the Merger is subject to execution risk, including delays, unexpected costs or other separation and integration issues in establishing the Merged Group; and ▪ the Merger will expose you to the risk profile of Blackthorn which is materially different to the current risk profile you are exposed to as a holder of Intrepid Shares. <p>Investment in the Merged Group will be subject to a range of risks that may adversely affect its future operating or financial performance, prospects, investment returns or the value of its securities. A summary of those risks is set out in Section 6.</p>	Section 6 <i>(Merger Risk Factors)</i>
What do the Intrepid Directors recommend in relation to the Merger Resolution?	The Intrepid Directors unanimously recommend that you vote in favour of the Merger Resolution.	Page 10 <i>(What do the Intrepid Directors recommend?)</i>
How do the Intrepid Directors intend to vote in relation to the Merger Resolution?	Each Intrepid Director intends to vote in favour of the Merger Resolution in respect of the Intrepid Shares they control.	Section 8 <i>(Resolution to approve the Merger)</i>
The Buy-Back		
What is the Buy-Back?	The Buy-Back is an equal access off-market buy-back. Subject to the Merger Resolution and the Buy-Back Resolution being approved and Merger Implementation occurring, Intrepid will buy-back up to A\$110 million Intrepid Shares at the Buy-Back Price from eligible Intrepid Shareholders.	Section 9 <i>(Buy-Back)</i>
Why is Intrepid proposing the Buy-Back?	The structure of the Merger and Buy-Back enables eligible Intrepid Shareholders to choose an option that best reflects each Intrepid Shareholder's individual investment criteria, whether it be an immediate cash return at a premium to the pre-announcement Intrepid Share price or an investment in the Merged Group and exposure to an attractive copper development project.	Section 9.1 <i>(Overview of the Buy-Back)</i>

Question	Answer	More information
The Buy-Back <i>(continued)</i>		
Why does the Buy-Back have a limit of A\$110 million	The Buy-Back was set with a limit of A\$110 million to ensure that the Merged Group retains an appropriate level of cash to enable the progression of the Definitive Feasibility Study for the Kitumba Project and allow for the Merged Group to continue to progress exploration opportunities, including within the Mumbwa Project licence areas.	Section 9.2 <i>(Terms of the Buy-Back)</i>
Is the Buy-Back subject to any conditions?	The Buy-Back is subject to: <ul style="list-style-type: none"> ▪ approval of the Merger Resolution and the Buy-Back Resolution; and ▪ Merger Implementation. 	Section 9.1 <i>(Overview of the Buy-Back)</i>
Do I have to sell all of my Intrepid Shares under the Buy-Back?	No. You are able to nominate how many Intrepid Shares are bought-back from you (if any), up to the maximum number of Intrepid Shares specified on your personalised Buy-Back Acceptance Form.	Section 9.3 <i>(Instructions to Intrepid Shareholders considering the Buy-Back)</i>
What is the Scale Back?	If the total value of the acceptances in relation to the Buy-Back received from Accepting Shareholders is over the Buy-Back Limit of A\$110 million, the Scale Back operates to proportionally reduce each of the acceptances received from Accepting Shareholders so that the total value of Intrepid Shares being bought back is reduced to the Buy-Back Limit.	Section 9.2 <i>(Terms of the Buy-Back)</i>
If I participate in the Buy-Back, am I able to sell any of my Intrepid Shares?	Subject to any Scale Back, you will not be able to sell any of your Intrepid Shares that you have accepted into the Buy-Back unless the conditions of the Buy-Back are not satisfied. Any Intrepid Shares that you have not accepted into the Buy-Back or that are not accepted into the Buy-Back as a result of the Scale Back are able to be sold.	Section 9.3 <i>(Instructions to Intrepid Shareholders considering the Buy-Back)</i>
What is the opinion of the Intrepid Independent Expert?	The Intrepid Independent Expert determined that: <ul style="list-style-type: none"> ▪ the Buy-Back is “Fair and Reasonable” to Intrepid Shareholders as a whole; ▪ Intrepid Shareholders should vote in favour of the Buy-Back; and ▪ Intrepid Shareholders are likely to be better-off if the Buy-Back is implemented rather than the Contingent Buy-Back or neither of them. 	Section 9.2(i) <i>(Intrepid Independent Expert’s Report)</i>
How do I participate in the Buy-Back?	If eligible to participate, you should review the Buy-Back Documents carefully and return your completed Buy-Back Acceptance Form to the address specified on that form before 5:00pm on 18 November 2014. The Buy-Back is conditional upon Intrepid Shareholder Approval of the Merger and the Buy-Back and Merger Implementation.	Section 9.3 <i>(Instructions to Intrepid Shareholders considering the Buy-Back)</i>
If I don’t want to sell any Intrepid Shares in the Buy-Back, what do I need to do?	If you want the Preferred Transaction to proceed, you should still vote in favour of Resolution 1 and Resolution 2 even if you do not wish to sell your Intrepid Shares in the Buy-Back. If the Buy-Back proceeds, you do not need to take any action if you do not wish to participate. You do not need to return a Buy-Back Offer Acceptance Form.	Section 9.3 <i>(Instructions to Intrepid Shareholders considering the Buy-Back)</i>
What happens to the Buy-Back if the Buy-Back Resolution or the Merger Resolution is not approved?	The Buy-Back is conditional upon Intrepid Shareholders approving the Merger Resolution and the Buy-Back Resolution. If either of the Merger Resolution or the Buy-Back Resolution is not approved by Intrepid Shareholders, the Buy-Back cannot proceed.	Section 9 <i>(Buy-Back)</i>

Question	Answer	More information
The Buy-Back <i>(continued)</i>		
How much do I receive for my Intrepid Shares if I accept the Buy-Back Offer?	A\$0.30 for each Intrepid Share that is bought back from you.	Section 9.2 <i>(Terms of the Buy-Back)</i>
Will I have to pay brokerage costs?	No. The Buy-Back is free from brokerage costs.	Section 9.2 <i>(Terms of the Buy-Back)</i>
When will I get paid?	The Buy-Back Consideration is expected to be dispatched on the date of Merger Implementation. This is currently proposed to be on or about 11 December 2014.	Section 9.4 <i>(Key Dates if the Buy-Back is implemented)</i>
What are the tax consequences if I participate in the Buy-Back?	If you participate in the Buy-Back, there may be tax consequences, including tax payable on any gain on disposal of your Intrepid Shares. General information on the Australian and Canadian taxation considerations associated with the Buy-Back is set out in Section 9.7. Intrepid Shareholders should seek their own professional advice regarding the individual tax consequences applicable to them.	Section 9.7 <i>(Tax considerations)</i>
What are the reasons to vote in favour of the Buy-Back?	The reasons to vote in favour of the Buy-Back include: <ul style="list-style-type: none"> ▪ the Merger cannot proceed unless the Buy-Back is approved by the necessary majority of Intrepid Shareholders; ▪ the Independent Expert Report determined the Buy-Back Price to be "Fair and Reasonable"; ▪ the Buy-Back provides an opportunity for a significant portion of Intrepid's capital to be returned at a premium to the Intrepid Share price prior to announcement of the Buy-Back; and ▪ the Buy-Back Price is superior to the Contingent Buy-Back Price. 	Page 11 <i>(Reasons for Intrepid Director's recommendations)</i>
What are the risks of the Buy-Back?	Potential risks of the Buy-Back include: <ul style="list-style-type: none"> ▪ as a result of any Scale Back, there is a risk that you may not be able to accept all of your Intrepid Shares into the Buy-Back; ▪ you will forgo an opportunity to participate in the Merged Group in respect of any Intrepid Shares that are bought back under the Buy-Back; ▪ the Buy-Back Price is less than the current cash backing of Intrepid Shares; ▪ the reduction of cash in Intrepid as a result of the Buy-Back may inhibit the Merged Group's potential investment activities or the ability of the Merged Group to secure funding; and ▪ the Buy-Back may impact the Merged Group's ability to utilise prior year tax losses against the future taxable income of the Merged Group. 	Section 9.6 <i>(Risk Factors)</i>
What do the Intrepid Directors recommend in relation to the Buy-Back Resolution?	The Intrepid Directors unanimously recommend that you vote in favour of the Buy-Back Resolution.	Page 10 <i>(What do the Intrepid Directors recommend?)</i>
How do the Intrepid Directors intend to vote in relation to the Buy-Back Resolution?	Each Intrepid Director intends to vote in favour of the Buy-Back Resolution in respect of the Intrepid Shares they control.	Section 9.10 <i>(Resolution 2 – Approval of the Buy-Back)</i>

Question	Answer	More information
The Contingent Buy-Back		
What is the Contingent Buy-Back?	The Contingent Buy-Back is an equal access off-market buy-back of Intrepid Shares. The Contingent Buy-Back will be proposed to Intrepid Shareholders if either the Merger or the Buy-Back is not approved. If the Contingent Buy-Back Resolution is approved by Intrepid Shareholders, Intrepid will buy-back all Intrepid Shares from eligible Intrepid Shareholders accepted into the Contingent Buy-Back at A\$0.275 per Intrepid Share.	Section 10 <i>(Contingent Buy-Back)</i>
Why is Intrepid proposing the Contingent Buy-Back?	So that in the event Intrepid Shareholders do not approve the Merger or the Buy-Back, eligible Intrepid Shareholders are given the opportunity to receive cash for their investment.	Section 10.1 <i>(Overview of the Contingent Buy-Back)</i>
Why is the Contingent Buy-Back uncapped?	To give all eligible Intrepid Shareholders the opportunity to receive cash for their investment in Intrepid.	Section 10.1 <i>(Overview of the Contingent Buy-Back)</i>
Why is the Contingent Buy-Back Price A\$0.275 per Intrepid Share?	The Contingent Buy-Back Price has been set at A\$0.275 to ensure that Intrepid retains sufficient cash reserves to meet actual and contingent liabilities that could eventuate in certain circumstances, and on the basis that there could potentially be 100% acceptance of the Contingent Buy-Back.	Section 10.6(b) <i>(Future cash backing of Intrepid Shares is uncertain)</i>
Why has the Contingent Buy-Back been proposed over a capital return?	The Contingent Buy-Back is primarily being proposed over a capital return as it allows Intrepid Shareholders to individually elect whether to sell some or all of their Intrepid Shares, rather than be forced into a realisation of their investment.	Section 10.1(f) <i>(Contingent Buy-Back Alternatives)</i>
Is the Contingent Buy-Back subject to any conditions?	The Contingent Buy-Back is conditional only upon Intrepid Shareholder Approval at the Intrepid Meeting. The Contingent Buy-Back will only be put to Intrepid Shareholders for approval at the Intrepid Meeting if either the Merger Resolution or the Buy-Back Resolution are not approved.	Section 10.1 <i>(Overview of the Contingent Buy-Back)</i>
Do I have to sell all of my Intrepid Shares under the Contingent Buy-Back?	No. You are able to nominate how many Intrepid Shares are bought-back from you (if any), up to the maximum number of Intrepid Shares specified on your personalised Contingent Buy-Back Acceptance Form.	Section 10.3 <i>(Instructions to Intrepid Shareholders when considering the Contingent Buy-Back)</i>
Will the Contingent Buy-Back be subject to a scale back?	No. The Contingent Buy-Back is not subject to any scale back.	Section 10 <i>(Contingent Buy-Back)</i>
If I participate in the Contingent Buy-Back, can I sell all of my Intrepid Shares?	Yes. There is no limit to how many Intrepid Shares you can sell under the Contingent Buy-Back.	Section 10.3 <i>(Instructions to Intrepid Shareholders when considering the Contingent Buy-Back)</i>
What is the opinion of Intrepid's Intrepid Independent Expert?	The Intrepid Independent Expert determined that: <ul style="list-style-type: none"> ▪ the Contingent Buy-Back is "Not Fair but Reasonable" to Intrepid Shareholders as a whole; and ▪ Intrepid Shareholders should vote in favour of the Contingent Buy-Back. 	Section 10.2(i) <i>(Independent Expert's Report)</i>

Question	Answer	More information
The Contingent Buy-Back <i>(continued)</i>		
How do I participate in the Contingent Buy-Back?	<p>You should:</p> <ul style="list-style-type: none"> ▪ review the Meeting Materials carefully; ▪ vote in favour of the Contingent Buy-Back Resolution if it is considered at the Intrepid Meeting; ▪ if either the Merger or the Buy-Back is not approved and the Contingent Buy-Back Resolution is approved, review the Contingent Buy-Back Offer Booklet and Contingent Buy-Back Acceptance Form carefully once received; and ▪ return your completed Contingent Buy-Back Acceptance Form to the address specified on that form before 5:00pm time on 16 December 2014. 	Section 10.3 <i>(Instructions to Intrepid Shareholders when considering the Contingent Buy-Back)</i>
If I do not want to sell any Intrepid Shares in the Contingent Buy-Back, what do I need to do?	If the Contingent Buy-Back proceeds but you do not wish to participate, you do not need to take any action.	Section 10.3 <i>(Instructions to Intrepid Shareholders when considering the Contingent Buy-Back)</i>
What happens to the Contingent Buy-Back if the Contingent Buy-Back Resolution is not approved?	The Contingent Buy-Back requires Intrepid Shareholder Approval. If Intrepid Shareholders do not approve the Contingent Buy-Back Resolution, the Contingent Buy-Back cannot proceed.	Section 10.3 <i>(Instructions to Intrepid Shareholders when considering the Contingent Buy-Back)</i>
Will I have to pay brokerage costs?	No. The Contingent Buy-Back is free from brokerage costs.	Section 10.2 <i>(Terms of the Contingent Buy-Back)</i>
When will I get paid?	If the Contingent Buy-Back is approved and implemented, the Contingent Buy-Back Consideration should be dispatched on 22 December 2014, however, this may change under certain conditions. Intrepid will release an announcement to ASX if there is a change to this date.	Section 10.4 <i>(Key Dates)</i>
What are the tax consequences if I participate in the Contingent Buy-Back?	If you participate in the Contingent Buy-Back, there may be tax consequences, including tax payable on any gain on disposal of your Intrepid Shares. General information on the Australian and Canadian taxation considerations associated with the Contingent Buy-Back is set out in Section 10.7. Intrepid Shareholders should seek their own professional advice regarding the individual tax consequences applicable to them.	Section 10.7 <i>(Tax considerations)</i>

Question	Answer	More information
The Contingent Buy-Back <i>(continued)</i>		
What are the risks of the Contingent Buy-Back?	<p>Potential risks of the Contingent Buy-Back include:</p> <ul style="list-style-type: none"> ▪ the Contingent Buy-Back Price is materially inferior to the cash-backing of Intrepid Shares; ▪ you will forgo an opportunity to retain your Intrepid Shares that are bought back under the Contingent Buy-Back and participate in any potential new investment opportunities that Intrepid may consider in the future; ▪ depending on the level of participation in the Contingent Buy-Back, the resulting cash backing per Intrepid Share after the Contingent Buy-Back may be more than the Contingent Buy-Back Price; ▪ Intrepid Shareholders who elect not to participate in the Contingent Buy-Back could be left with shares in a company at risk of being required to de-list from ASX; ▪ a small number of Intrepid Shareholders may gain effective control of Intrepid; ▪ the reduction of cash in Intrepid may inhibit Intrepid’s potential investment activities or the ability to secure funding; and ▪ the Contingent Buy-Back may impact Intrepid’s ability to utilise prior year tax losses against the future taxable income of Intrepid. 	Section 10.6 <i>(Risk factors)</i>
Why do the Intrepid Directors recommend I vote in favour of the Contingent Buy-Back Resolution if it is not the Preferred Transaction?	If the Merger Resolution or the Buy-Back Resolution is not approved by Intrepid Shareholders, the approval of the Contingent Buy-Back allows the return of all Surplus Cash to Intrepid Shareholders without the delay or cost involved in calling another meeting of Intrepid Shareholders.	Section 10.1 <i>(Overview of the Contingent Buy-Back)</i>
What do the Intrepid Directors recommend in relation to the Contingent Buy-Back Resolution?	The Intrepid Directors unanimously recommend that, if it is considered at the Intrepid Meeting, you vote in favour of the Contingent Buy-Back Resolution.	Page 10 <i>(What do the Intrepid Directors recommend?)</i>
How do the Intrepid Directors intend to vote in relation to the Contingent Buy-Back Resolution?	Each Intrepid Director intends to vote in favour of the Contingent Buy-Back Resolution in respect of the Intrepid Shares they control.	Section 10.9 <i>(Resolution 3 – approval of the Contingent Buy-Back)</i>

Question	Answer	More information
Voting		
What choices do I have as an Intrepid Shareholder?	<p>You have the following choices:</p> <ul style="list-style-type: none"> ▪ support the Merger and the Buy-Back, together with the Contingent Buy-Back in the event that the Merger and the Buy-Back are not approved (to do this you should vote in favour of each Resolution); ▪ support the Merger and the Buy-Back, but not the Contingent Buy-Back in the event that the Merger and the Buy-Back are not approved (to do this you should vote in favour of the Merger Resolution and Buy-Back Resolution, but against the Contingent Buy-Back Resolution if it is considered at the Intrepid Meeting); ▪ reject the Merger and the Buy-Back and support the Contingent Buy-Back (to do this you should vote against the Merger Resolution and the Buy-Back Resolution and vote in favour of the Contingent Buy-Back Resolution, if it is considered at the Intrepid Meeting); or ▪ support neither the Merger and the Buy-Back, nor the Contingent Buy-Back (to do this you should vote against all of the Resolutions). 	<p>Page 8 <i>(Key Shareholder Actions)</i></p> <p>Page 9 <i>(The proposals at a Glance)</i></p>
Am I entitled to vote?	If you are registered as an Intrepid Shareholder as at 7:00pm on 16 November 2014, you are entitled to attend the Intrepid Meeting and vote on the Resolutions.	Page 3 <i>(Notice of Extraordinary General Meeting)</i>
Should I vote?	The Intrepid Directors urge all Intrepid Shareholders to vote at the Intrepid Meeting. All of the Resolutions affect your investment in Intrepid and your vote at the Intrepid Meeting is important in determining whether the Buy-Back and Merger will proceed.	Page 8 <i>(Key Shareholder Actions)</i>
How do I vote?	<p>If you are an Intrepid Shareholder who is entitled to vote, you may do so by:</p> <ul style="list-style-type: none"> ▪ attending the Intrepid Meeting to be held on 18 November 2014 at the Stamford Plaza, Sydney Airport, Corner of Robey and O'Riordan Streets, Mascot, new South Wales commencing at 11:00am; or ▪ completing and lodging the Proxy Form that is enclosed with this Notice of Meeting; or ▪ appointing a corporate representative to vote on your behalf; or ▪ appointing an attorney to vote on your behalf. 	<p>Page 8 <i>(Key Shareholder Actions)</i></p> <p>Section 11.1 <i>(Important Information for voting by Proxy)</i></p>
What happens if I vote against the Merger or the Buy-Back?	<p>If you vote against the Merger Resolution or the Buy-Back Resolution and the Merger Resolution and the Buy-Back Resolution are approved, you will be bound by those Resolutions. This means that, provided all necessary conditions are satisfied or waived:</p> <ul style="list-style-type: none"> ▪ the Merger will be implemented; and ▪ the Buy-Back will proceed. <p>If the Merger Resolution or the Buy-Back Resolution are not approved, neither the Merger or the Buy-Back will proceed and you will be asked to vote on the Contingent Buy-Back Resolution.</p>	<p>Page 8 <i>(Key Shareholder Actions)</i></p> <p>Page 9 <i>(The proposals at a Glance)</i></p>

Question	Answer	More information
Voting <i>(continued)</i>		
What happens if I vote against the Merger or the Buy-Back and the Contingent Buy-Back	<p>If you vote against the Merger Resolution and/or the Buy-Back Resolution and the Contingent Buy-Back Resolution, what happens will depend on the outcome of the Resolutions.</p> <p>If Intrepid Shareholders are asked to vote on the Contingent Buy-Back Resolution at the Intrepid Meeting this means that either the Merger Resolution or the Buy-Back Resolution was not approved and those transactions will not proceed.</p> <p>If the Contingent Buy-Back Resolution is approved, the Contingent Buy-Back will proceed.</p>	<p>Page 8 <i>(Key Shareholder Actions)</i></p> <p>Page 9 <i>(The proposals at a Glance)</i></p>
What happens if I vote for the Merger, the Buy-Back and the Contingent Buy-Back?	<p>As above, if Intrepid Shareholders are asked to vote on the Contingent Buy-Back Resolution at the Intrepid Meeting this means that either the Merger Resolution or the Buy-Back Resolution was not approved and those transactions will not proceed.</p> <p>If the Contingent Buy-Back Resolution is approved, the Contingent Buy-Back will proceed.</p>	<p>Page 8 <i>(Key Shareholder Actions)</i></p> <p>Page 9 <i>(The proposals at a Glance)</i></p>
Further Questions		
What if I have further questions about the Intrepid Meeting?	<p>If you have any further questions about the Intrepid Meeting, please contact Scott Lowe (CEO and Managing Director) on +61 7 3007 8000 or by email slowe@intrepidmines.com or Greg Taylor (Investor Relations) on +1 905 337 7673 or by email gtaylor@intrepidmines.com</p>	

2.1 Background

On 28 August 2014, Intrepid announced that it had entered into the Scheme Implementation Deed with Blackthorn, which sets out the terms of the proposed Merger between the parties.

Under the Scheme Implementation Deed, Blackthorn agreed to propose the Scheme to Blackthorn Shareholders to effect the Merger, under which Intrepid would acquire all of the Blackthorn Shares.

A copy of the Scheme Implementation Deed is included as Annexure A to this Explanatory Memorandum and a summary of the Scheme Implementation Deed is set out in Section 7.

2.2 Effect of the Scheme

If the Scheme is implemented:

- (a) Intrepid will acquire all of the Blackthorn Shares;
- (b) Scheme Participants (other than Ineligible Overseas Blackthorn Shareholders) will receive the Scheme Consideration in respect of each Blackthorn Share they hold on the Scheme Record Date; and
- (c) Blackthorn will become a subsidiary of Intrepid and subsequently be de-listed from ASX.

A copy of the Scheme of Arrangement is included as Annexure B to this Explanatory Memorandum.

2.3 Scheme Consideration

If the Scheme is implemented, Scheme Participants (other than Ineligible Overseas Blackthorn Shareholders) will receive New Intrepid Shares as Scheme Consideration.

In the Scheme Implementation Deed, Blackthorn and Intrepid agreed that, for purposes of the Merger, the cash balance of Intrepid at announcement of the Merger, net of estimated transaction costs, was A\$173 million. On the basis of their cash backing, the Intrepid Shares then on issue were ascribed a value of A\$0.310 per Intrepid Share. Blackthorn Shares were ascribed an agreed value of A\$0.356 per Blackthorn Share.

The Buy-Back is expected to result in a reduction in the number of Intrepid Shares on issue and a corresponding reduction in the cash reserves of Intrepid. In order to preserve the agreed notional value of A\$0.356 per Blackthorn Share, the number of New Intrepid Shares that Scheme Participants (other than Ineligible Overseas Blackthorn Shareholders) will receive will vary depending on the level of subscription by Intrepid Shareholders to the Buy-Back.

The number of New Intrepid Shares that Scheme Participants (other than Ineligible Overseas Blackthorn Shareholders) will receive as Scheme Consideration will be calculated according to the formula below.

$$\text{Number of New Intrepid Shares to be received as Scheme Consideration} = 0.356 \div [(A-B) \div C]$$

Where:

A = 173,000,000 (being the agreed \$A cash balance of Intrepid for the purposes of the Merger, as at announcement of the Scheme and net of estimated transaction costs)

B = the cash amount paid by Intrepid under the Buy-Back in A\$

C = the number of Intrepid Shares on issue at the close of trading of Intrepid's Shares on the ASX on the last day of the Buy-Back Offer Period, less the number of Intrepid Shares to be bought back under the Buy-Back

If Merger Implementation occurs and the Buy-Back is fully subscribed, Scheme Participants (other than Ineligible Overseas Blackthorn Shareholders) will receive Scheme Consideration of approximately 1.079 New Intrepid Shares for each Blackthorn Share they hold on the Scheme Record Date⁶. If the Buy-Back is not fully subscribed, the formula will operate to increase the number of New Intrepid Shares received as Scheme Consideration up to a maximum of approximately 1.147 New Intrepid Shares⁷ in the event that the Buy-Back receives no subscription.

The number of New Intrepid Shares to be received as Scheme Consideration at varying levels of subscription under the Buy-Back is set out in the following table.

⁶ The calculation of 1.079 New Intrepid Shares is made on the basis of the number of Intrepid Shares that were on issue as at the date of this Explanatory Memorandum. This differs from the 1.078 ratio announced to the ASX on 28 August 2014 due to the issue of Intrepid Shares under the NED Share Plan.

⁷ The calculation of 1.147 New Intrepid Shares is made on the basis of the number of Intrepid Shares that were on issue as at the date of joint Intrepid and Blackthorn ASX announcement on 27 August 2014.

Level of Buy-Back subscription	A\$m	--	27.5	55.0	82.5	110.0
Agreed cash backing prior to Buy-Back ⁸	A\$/sh	0.310	0.310	0.310	0.310	0.310
Intrepid Buy-Back Price	A\$/sh	0.300	0.300	0.300	0.300	0.300
Notional cash backing of Intrepid Shares following Buy-Back ⁹	A\$/sh	0.310	0.312	0.315	0.320	0.330
Number of New Intrepid Shares received as Scheme Consideration ¹⁰	IAU:BTR	1.147	1.140	1.129	1.112	1.079
Aggregate cash backing of New Intrepid Shares received as Scheme Consideration ¹¹	A\$/sh	0.356	0.356	0.356	0.356	0.356

The level of subscription to the Buy-Back will be known at the close of the Buy-Back Offer Period, which is expected to occur on Tuesday, 18 November 2014.

2.4 Conditions to Implementation

Merger Implementation is subject to a number of Conditions Precedent, including approval of the Scheme by Blackthorn Shareholder and the Court, Intrepid Shareholder Approval for both the Merger and the Buy-Back, and receipt of the Mining Licence Approval by Blackthorn. These and other conditions are discussed more fully in Section 7.3.

The Scheme will not proceed unless all of the Conditions Precedent are satisfied or waived in accordance with the Scheme Implementation Deed. It is important to note that some of the conditions may not be satisfied even if the Merger is approved by Intrepid Shareholders.

2.5 Further information

The Scheme Implementation Deed also sets out various other rights and obligations of Intrepid and Blackthorn in relation to the Merger. See Section 7 and Annexure A for further details.

If you have any further questions about the Merger or otherwise in relation to the Intrepid Meeting, please contact Scott Lowe (CEO) on +61 7 3007 8000 or by email slowe@intrepidmines.com or Greg Taylor (Investor Relations) on +1 905 337 7673 or by email gtaylor@intrepidmines.com.

⁸ Agreed cash balance of Intrepid for the purposes of the Merger, as at announcement, net of estimated transaction costs, divided by the number of Intrepid Shares on issue.

⁹ Agreed cash balance of Intrepid for the purposes of the Merger, as at announcement, net of estimated transaction costs less cash amount paid under the Buy-Back divided by the number of Intrepid Shares on issue after completion of the Buy-Back.

¹⁰ The calculation of New Intrepid Shares in the above table is on the basis of the number of Intrepid Shares that were on issue as at the date of joint Intrepid and Blackthorn ASX announcement on 27 August 2014.

¹¹ Number of New Intrepid Shares received as Scheme Consideration, multiplied by the notional cash backing of Intrepid Shares following the Buy-Back.

3.1 Overview of Intrepid

Intrepid is a base and precious metals exploration and development company, incorporated in Australia and listed on ASX.

Intrepid's major asset is its substantial cash balance of approximately A\$173.9 million as at the date of this Explanatory Memorandum.

As at 8 October 2014 (being the last practicable day before finalisation of this Explanatory Memorandum), Intrepid had 557,577,524 Shares on issue and a market capitalisation of approximately A\$153.5 million.

Intrepid was previously the operator of the Tujuh Bukit copper-gold project in Indonesia, where it had commercial agreements in place with its Indonesian joint venture partner, PT IMN to afford Intrepid an 80% economic interest in the project. Tujuh Bukit, located in East Java, contains a large, undeveloped copper-gold porphyry deposit.

During 2012 and 2013, Intrepid's 80% economic interest in Tujuh Bukit became subject to a protracted ownership dispute between Intrepid, PT IMN and various other parties who claimed ownership of, or economic interests in, Tujuh Bukit. On 19 February 2014, Intrepid announced it had signed agreements to settle all disputes surrounding the ownership of Tujuh Bukit, for cash consideration of US\$80 million. The agreements were approved by Intrepid Shareholders at an Extraordinary General Meeting on 9 April 2014. Further details on the disputes and the agreements to settle the disputes are contained in the Intrepid Explanatory Memorandum dated 6 March 2014 and available on the ASX announcements platform.

3.2 Intrepid Directors

IAN MCMMASTER AM

Chairman

Mr McMaster was appointed to the Intrepid Board as an independent non-executive director on 11 March 2008. Mr McMaster served as Chief Executive Officer of CSR Sugar from 1999 until 2006, and prior to that held various senior management roles over a thirty year career with BHP. He holds a Masters in Engineering awarded by the University of Newcastle, and was made an Honorary Fellow of the University of Wollongong in 1996. He was awarded the Order of Australia in 2008.

Mr McMaster is an independent non-executive director, the Chairman of the Intrepid Board, Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.

SCOTT LOWE

Managing Director and Chief Executive Officer

Mr Lowe was appointed as CEO and Managing Director of Intrepid on 1 November 2013. Prior to joining Intrepid, Mr Lowe was Managing Director and CEO of Blackthorn. He is a senior business executive with extensive experience in the mining and maritime logistics industries. He has held senior management roles in BHP Billiton, Peabody Pacific and P&O and holds a post-graduate qualification in Business Management (MBA) along with tertiary qualifications in Mining Engineering, a Mine Manager's Certificate of Competency (Australia) and a Diploma in Marine Terminal Operations from King's Point Merchant Marine Academy New York USA. Mr Lowe is also a member of the Australian Institute of Company Directors.

ALAN ROBERTS

Non-Executive Director

Mr Roberts was appointed to the Intrepid Board as a non-executive director on 11 November 2008. He served as Managing Director of Indophil NL from 2003 until 2004, and prior to that was CEO of Lihir Gold, from 1999 to 2002. He has also held various senior management roles with Rio Tinto over a 40 year career in the mining industry. Mr Roberts is currently a member of the Investment Committee of Taurus Investment Fund. He holds an Honours degree in Applied Mineral Sciences awarded by the University of Leeds in England and is a Fellow of the Australian Institute of Mining and Metallurgy.

Mr Roberts is currently Chairman of the Safety and Social Responsibility Committee.

GREG MAZUR

Non-Executive Director

Mr Mazur was appointed to the Intrepid Board as a non-executive director on 13 May 2014. He is currently the founder and Managing Partner of Quantum Pacific Capital. Mr Mazur was previously a Managing Director based in Hong Kong at ABN Amro, Merrill Lynch and Citigroup with responsibility for various sectors in Asia including Energy & Resources, M&A and Telecom & Media. Mr Mazur holds a M.Sc. in Economics from the London School of Economics and a B.Com from the University of Toronto.

LIM YU NENG PAUL

Non-Executive Director

Mr Lim was appointed to the Intrepid Board as a non-executive director on 13 May 2014. He has over 25 years of banking experience with international investment banks including Morgan Stanley, Deutsche Bank, Citigroup and Bankers Trust. He is currently the Chairman of PT BNI Securities Indonesia. Mr Lim is an Independent Director of Hankore Environment Tech Group Limited, Nippecraft Limited and United Fiber System Ltd. All the three companies are listed on the Singapore Exchange. Mr Lim obtained his Master of Business Administration in Finance and Bachelor of Science in Computer Science from the University of Wisconsin, Madison, USA. He is a Chartered Financial Analyst (CFA).

Mr Lim is a member of the Audit and Risk Committee.

CLIFF SANDERSON

Non-Executive Director

Mr Sanderson was appointed to the Intrepid Board as a non-executive director on 13 May 2014. He is currently the founder of Financial Services International (Australia) and is CEO of Restructuring Works. Mr Sanderson is a 26-year specialist in transaction advice and restructuring. He is a former Partner of Ernst & Young based in Australia and Indonesia. As lead Advice Partner, he has conducted over 42 assignments each with debts exceeding \$100 million, including twenty listed companies. He also serves as an independent director of Indopac Holdings Limited (ASX Listed). Mr Sanderson has a Bachelor of Business from the University of Technology (Sydney) and is a Chartered Accountant.

Mr Sanderson is Chairman of the Audit and Risk Committee.

3.3 Intrepid historical financial information

The following selected financial information of Intrepid is extracted from the audited consolidated financial statements of Intrepid for the years ended 31 December 2013 and 31 December 2012, and the reviewed consolidated financial statements of Intrepid for the six months ended 30 June 2014.

The Intrepid consolidated financial statements for the financial years ended 31 December 2013 and 31 December 2012 have been subject to audit by KPMG in accordance with Australian Auditing Standards and the audit opinions issued relating those financial statements were unqualified. The Intrepid consolidated financial statements for the six months ended 30 June 2013 and 30 June 2014 have been subject to review by KPMG in accordance with Australian Auditing Standards and the review opinions issued relating those financial statements were unqualified.

The following selected financial information of Intrepid has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the AASB and the Corporations Act). The financial information of Intrepid also complies with the recognition and measurement requirements of IFRS and interpretations issued by the International Accounting Standards Board.

The financial information presented in the tables below does not represent complete financial statements and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements. Where appropriate, changes have been made to headings and classifications of historical data to provide a consistent basis of presentation.

Intrepid's presentation currency is United States dollars ("US\$").

Except as set out in Section 3.5, in the interval between the end of the half year to 30 June 2014 and the date of this Explanatory Memorandum, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Intrepid Directors, to significantly affect the operations of Intrepid, the results of those operations, or the state of affairs of Intrepid, in future financial years other than as disclosed in the 30 June 2014 half year financial statements and subsequent filings on ASX. Complete copies of the audited consolidated financial statements of Intrepid for the years ended 31 December 2013 and 31 December 2012 and the reviewed consolidated financial statements of Intrepid for the six months ended 30 June 2014 are on the ASX website at www.asx.com.au or on the "Investor Relations" section of the Intrepid website at www.intrepidmines.com.au.

(a) Intrepid Consolidated Statement of Comprehensive Income

	Half Year ended 30 June 2014	Half Year ended 30 June 2013	Full Year ended 31 Dec 2013	Full Year ended 31 Dec 2012
	US\$000 (Un-audited)	US\$000 (Un-audited)	US\$000 (Audited)	US\$000 (Audited)
Revenue				
Other income	977	1,232	2,731	3,890
Tujuh Bukit settlement process	80,000	-	-	-
	80,977	1,232	2,731	3,890
Expenses				
Exploration and evaluation expenditure	(685)	(2,238)	(2,475)	(29,993)
General and administration expenses				
- General	(7,451)	(6,904)	(12,003)	(10,112)
- Share based payments expense	(485)	(480)	(923)	(7,651)
Unrealised change in fair value of other financial assets	29	(474)	(360)	(557)
Impairment of mining properties	-	-	-	(16,638)
Impairment of other receivables	-	(602)	(627)	(11,546)
Provision for litigation	-	-	(12,249)	-
Reversal of provision for litigation	12,833	-	-	-
Foreign exchange gain/ (loss)	(1,444)	5,107	6,478	(1,399)
Profit/(loss) before income tax	83,744	(4,359)	(19,428)	(74,006)
Income tax benefit	-	-	163	2,157
Profit/(loss) after tax attributable to members of the Company	83,744	(4,359)	(19,265)	(71,849)
Other comprehensive income /(loss)				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign controlled entities and translation to presentation currency	3,787	(10,821)	(14,043)	3,342
Total comprehensive profit/(loss) attributable to members of the Company	87,561	(15,180)	(33,308)	(68,507)
	Cents	Cents	Cents	Cents
Profit/(loss) per share				
Basic and diluted profit/(loss) per Intrepid Share	15.0	(0.8)	(3.5)	(13.4)

(b) Intrepid Consolidated Statement of Financial Position

	30 June 2014	31 Dec 2013	31 Dec 2012
	US\$000	US\$000	US\$000
	(Un-audited)	(Audited)	(Audited)
Current Assets			
Cash and cash equivalents	139,640	9,757	9,653
Other financial assets	24,941	78,692	99,258
Trade and other receivables	968	1,032	1,037
Total current assets	165,549	89,481	109,948
Non-current assets			
Other financial assets	522	498	887
Property, plant and equipment	-	-	8
Total non-current assets	522	498	895
Total assets	166,071	89,979	110,843
Current liabilities			
Trade and other payables	1,457	1,057	1,546
Current tax payable	-	116	-
Provisions	112	98	381
Total current liabilities	1,569	1,271	1,927
Non-current liabilities			
Provisions	82	12,331	150
Total non-current liabilities	82	12,331	150
Total liabilities	1,651	13,602	2,077
Net assets	164,420	76,377	108,766
Equity			
Contributed equity	317,655	317,404	317,157
Reserves	10,349	6,331	19,702
Accumulated losses	(163,584)	(247,358)	(228,093)
Total equity	164,420	76,377	108,766

(c) Intrepid Consolidated Statement of Cash Flows

	Half Year ended 30 June 2014	Full Year ended 31 Dec 2013	Half Year ended 30 June 2013	Full Year ended 31 Dec 2012
	<i>US\$000</i> <i>(Un-audited)</i>	<i>US\$000</i> <i>(Audited)</i>	<i>US\$000</i> <i>(Un-audited)</i>	<i>US\$000</i> <i>(Audited)</i>
Cash flows used in operating activities				
Payment for exploration activities	(634)	(3,722)	(3,332)	(29,961)
Payments to suppliers and employees	(7,459)	(11,370)	(6,732)	(10,614)
Interest received	1,120	1,875	894	4,785
Other revenue	-	576	31	95
Net cash flows used in operating activities	(6,973)	(12,641)	(9,139)	(35,695)
Cash flows from investing activities				
Proceeds from Tujuh Bukit settlement	80,000	-	-	-
Proceeds from maturity of bank term deposits greater than three months	55,613	13,820	10,067	38,137
Acquisition of financial asset	-	-	-	(1,005)
Funds advanced to PT IMN	-	-	-	(6,617)
Net cash flows from investing activities	135,613	13,820	10,067	30,515
Cash flows from financing activities				
Proceeds from issue of shares	-	-	-	697
Transaction cost on share issue	(7)	(2)	(1)	(30)
Net cash flow from/ (used) in financing activities	(7)	(2)	(1)	667
Net increase/ (decrease) in cash and cash equivalents	128,633	1,177	927	(4,513)
Cash and cash equivalents at the beginning of the period	9,757	9,653	9,653	14,240
Effects of exchange rate changes on cash and cash equivalents	1,250	(1,073)	(630)	(74)
Cash and cash equivalents at the end of the period	139,640	9,757	9,950	9,653

3.4 Management discussion and analysis

During the six months ended 30 June 2014, the principal activities of Intrepid and its controlled subsidiaries were the receipt of the settlement proceeds with respect to Tujuh Bukit and, the identification and review of additional mineral projects and advanced exploration assets, for potential investment purposes.

Intrepid's profit after tax was US\$83.8 million for the six months ended 30 June 2014. This is compared with a loss of US\$4.4 million for the six months ended 30 June 2013. The profit for the six months to 30 June 2014 was significantly improved relative to the six months to 30 June 2013 as a result the positive effects of:

- (a) income from Tujuh Bukit settlement of US\$80.0 million;
- (b) the reversal of the provision for litigation claim; and
- (c) reduced exploration expenditure.

Cash and term deposits at 30 June 2014 were US\$164.6 million.

Total assets increased by US\$76.1 million to US\$166.1 million during the six months ended 30 June 2014. The increase in total assets was made up of:

- (a) an increase in cash and term deposits of US\$71.5 million; and
- (b) the positive impact of US\$4.7 million in foreign exchange gains arising from the translation of assets at a stronger closing exchange rate at 30 June 2014 of A\$/US\$0.9420 than that at 31 December 2013 of A\$/US\$0.8948.

Total liabilities decreased by US\$12.0 million to US\$1.7 million during the six months ended 30 June 2014. The decrease was predominantly due the reversal of the provision for litigation of US\$12.3 million.

3.5 Update on Intrepid financial performance and financial position

No material financial transactions or events have occurred for Intrepid post 30 June 2014. On 3 July 2014, the Company was delisted from the TSX as it could not be demonstrated that it held an interest in an active business.

3.6 Intrepid capital structure

As at 8 October 2014 (being the last practicable date prior to finalisation of this Explanatory Memorandum), Intrepid had the following securities on issue:

- (a) 557,577,524 Intrepid Shares quoted on ASX;
- (b) 2,107,458 options; and
- (c) 605,922 share rights.

The tranches of the Intrepid options are as follows:

Number	Expiry Date	Exercise Price
24,258	31 January 2015	A\$0.4536
715,569	30 April 2015	A\$0.2938
155,789	31 May 2015	A\$1.181
93,898	17 July 2016	A\$1.72
494,203	1 January 2017	A\$1.181
623,741	31 May 2017	A\$0.5565

Intrepid has on issue 605,922 share rights that vest (on the dates below) into Intrepid Shares subject to vesting conditions:

Number	Vesting Date
123,552	1 January 2015
155,935	1 June 2015
46,949	17 July 2015
123,550	1 January 2016
155,936	1 June 2016

The LTI Plan reflects 36 to 48 month vesting periods. For any award of options and share rights under the LTI Plan, 50% vest on the third anniversary of the date of grant with the remaining 50% vesting on the fourth anniversary. The vesting of options and share rights issued under the LTI Plan is subject to a continuing employment service condition (which may be waived at the Intrepid Board's discretion) and TSR performance tests. No options or share rights will vest if the relative TSR performance of Intrepid is less than the median as evaluated against the relevant indices using a three-year retrospective leading up to the date of initial grant, half will vest if relative performance is in the third quartile, and all the options and share rights will vest if relative performance is in the top quartile. The relevant index is the ASX300 Mines and Metals Index.

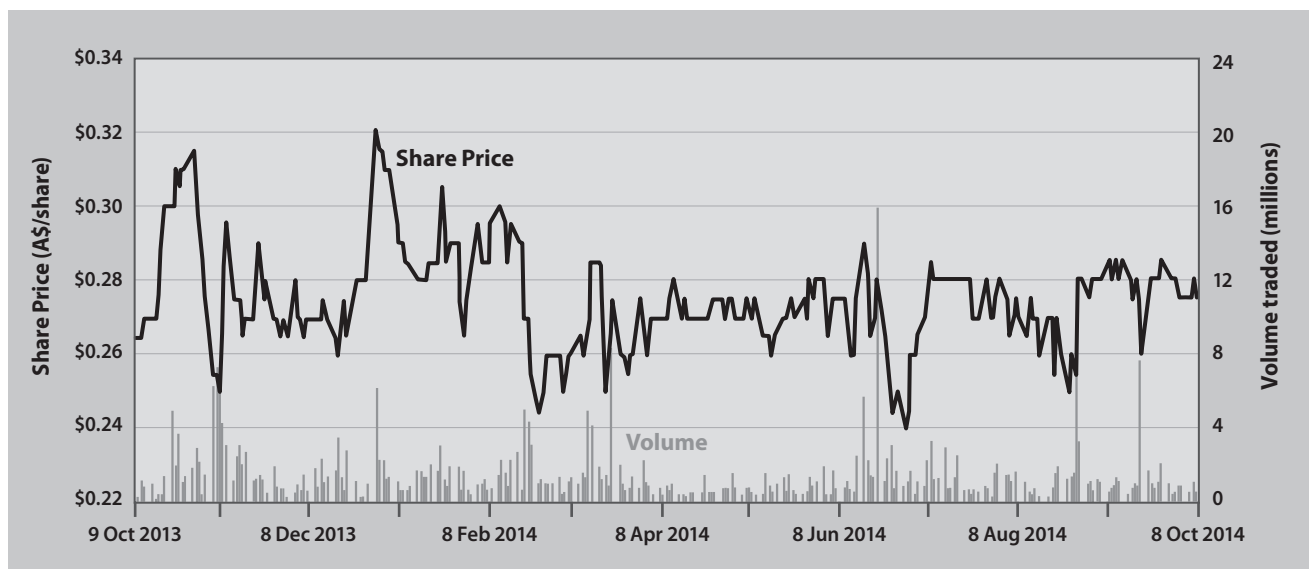
3.7 Intrepid Substantial Shareholders

As at 8 October 2014 (being the last practicable date prior to finalisation of this Explanatory Memorandum), Intrepid had been notified that the following persons hold 5%, or more, of all Intrepid Shares:

Name	Number of Shares held	% of issued Shares held
Van Eck Global	74,041,260	13.3%
Argyle Street Mgt Ltd	39,074,395	7.0%
Acorn Capital Ltd	38,478,996	6.9%
Taurus Funds Mgt	36,921,824	6.6%
Quantum Pacific Limited	31,580,135	5.7%
Total	220,096,610	39.5%

3.8 Intrepid Share price performance

The graph below shows the Intrepid Share price and the volume of Intrepid Shares traded for the twelve months to close of business on 8 October 2014 (being the last practicable date prior to finalisation of this Explanatory Memorandum):



As at close of business on 8 October 2014, being the last practicable day on which Intrepid Shares traded prior to finalisation of this Explanatory Memorandum:

- the last recorded trading price of Intrepid Shares was A\$0.275;
- the one month Volume Weighted Average Price ("VWAP") of Intrepid Shares was A\$0.273;
- the three month VWAP of Intrepid Shares was A\$0.274;
- the highest recorded trading price of Intrepid Shares in the previous three months was A\$0.285; and
- the lowest recorded trading price of Intrepid Shares in the previous three months was A\$0.250.

As at 27 August 2014, being the last day on which Intrepid Shares traded prior to announcement of the Merger:

- the last recorded trading price of Intrepid Shares was A\$0.255;
- the one month VWAP of Intrepid Shares was A\$0.266;
- the three month VWAP of Intrepid Shares was A\$0.271;
- the highest recorded trading price of Intrepid Shares in the previous three months was A\$0.290; and
- the lowest recorded trading price of Intrepid Shares in the previous three months was A\$0.240.

3.9 Intrepid dividend history

No dividends were paid or declared during or since the financial year ended 31 December 2013. No dividends have been recommended by the Intrepid Directors in respect of or since the half year ended 30 June 2014.

3.10 Interests of Intrepid Directors

(a) Interests in Intrepid securities

The Intrepid Directors' interests in Intrepid securities as at the date of this Explanatory Memorandum are detailed in the table below.

Director	Direct	Indirect	Total Intrepid Shares
Ian McMaster AM	395,597	370,588	766,185
Scott Lowe	-	-	-
Alan Roberts	532,347	-	532,347
Gregory Mazur	59,460	20,004,753	20,064,213
Lim Yu Neng Paul	61,559	11,575,000	11,636,559
Cliff Sanderson	62,959	250,000	312,959

No Intrepid Director hold options or share rights in Intrepid.

(b) Interests in Blackthorn securities

As at the date of this Explanatory Memorandum, Mr Scott Lowe has a Relevant Interest in 1,447,000 Blackthorn Shares or Blackthorn Options. No other Intrepid Director has any Relevant Interest in any Blackthorn security.

(c) Intrepid Relevant Interest in Blackthorn securities

As at the date of this Explanatory Memorandum, Intrepid does not have a Relevant Interest in any Blackthorn Shares or Blackthorn Options. Intrepid has not acquired or disposed of a Relevant Interest in any Blackthorn Shares in the four months preceding the date of this Explanatory Memorandum.

3.11 Benefits in connection with retirement from office

No payment or other benefit from Intrepid is proposed to be made or given to any Intrepid Director, company secretary or executive officer of Intrepid (or its Related Bodies Corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in Intrepid or any of its Related Bodies Corporate in connection with the Merger other than in his or her capacity as an Intrepid Shareholder.

Intrepid pays premiums in respect of a directors and officers insurance policy for the benefit of the Intrepid Directors and executive officers.

3.12 Agreements connected with or conditional on the Merger

Except as disclosed in this Explanatory Memorandum:

- (a) no Intrepid Director has any other interests in a contract entered into by Intrepid;
- (b) there are no contracts or arrangements between an Intrepid Director and any person in connection with or conditional upon the outcome of the Merger; and
- (c) no Intrepid Director has a material interest in relation to the Merger other than in their capacity as a securityholder as outlined in Section 3.10.

Section 4 Profile of Blackthorn

4.1 Overview of Blackthorn

Blackthorn is an Australian-based resources company with a focus on advancing the Kitumba Project and exploring high priority exploration targets on its Mumbwa Project tenements in Zambia.

Blackthorn was listed on the ASX in 1987 and was formerly known as AIM Resources Limited before changing its name to Blackthorn Resources Limited in December 2008.

As at 8 October 2014 (being the last practicable day before finalisation of this Explanatory Memorandum), Blackthorn had 164,285,950 Shares on issue and a market capitalisation of approximately A\$43.5 million.

4.2 Overview of Blackthorn’s assets

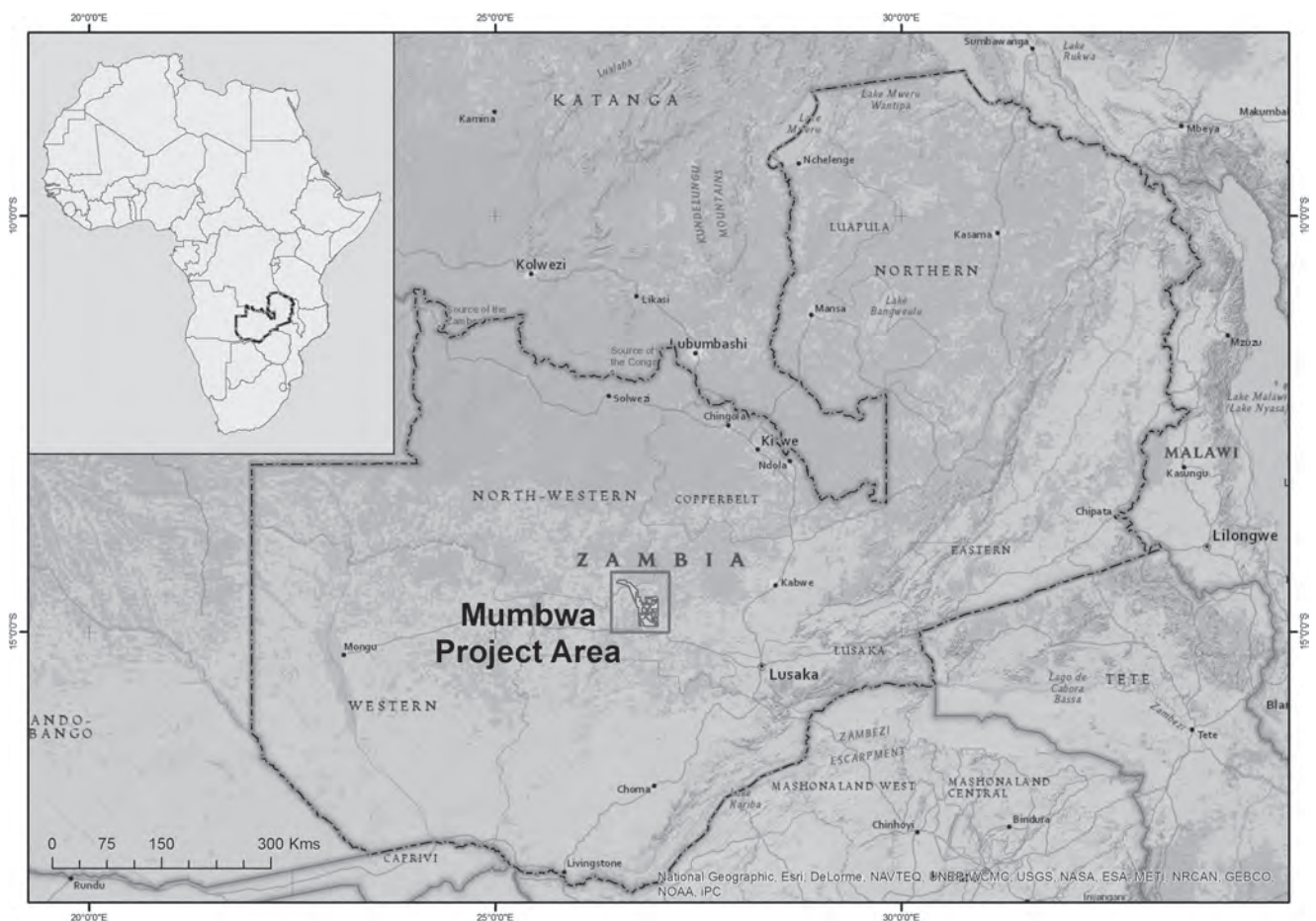
(a) Mumbwa Project overview and project location

Blackthorn’s Mumbwa Project is located in west-central Zambia, approximately 200km north-west of the capital Lusaka.

The Mumbwa Project comprises five contiguous prospecting licences with a total area of approximately 1,000km², including the Mumbwa Licence (8589-HQ-LPL) which hosts Blackthorn’s flagship Kitumba Project.

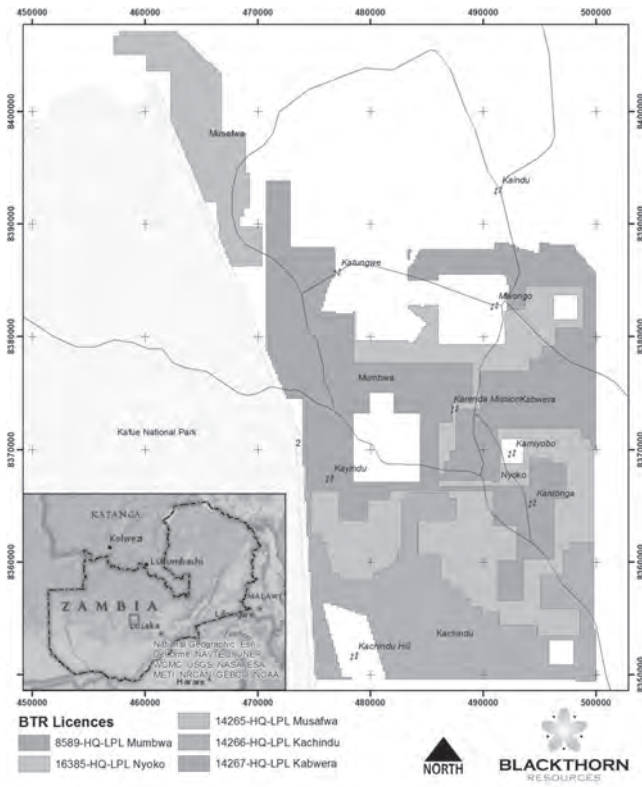
Mumbwa project licences

Name	Licence Number	Date granted	Next renewal	Area (km ²)
Mumbwa	8589-HQ-LPL	14 November 2007	N/A ¹²	248
Musafwa	14265-HQ-LPL	16 June 2011	16 June 2015	93
Kachindu	14266-HQ-LPL	8 July 2011	8 July 2015	204
Kabwera	14267-HQ-LPL	21 September 2012	21 September 2014 ¹³	147
Nyoko	16385-HQ-LPL	2 January 2013	2 January 2015	255
Total				947



¹² Prospecting licence 8589-HQ-LPL is in its final term and is subject to the Mining Licence that has been submitted and is pending approval. See Section 4.2(d) for further detail.

¹³ Application for renewal has been submitted with approval pending.



(b) Geology

The Mumbwa Project lies within the southern end of a fold and thrust belt known as the Lufilian Arc, which also hosts the Zambian copper belt deposits. The oldest rocks are the Kundulungu group metasediments which belong to the upper units of the Neoproterozoic Katanga Sequence. The Kundulungu metasediments are intruded in multiple phases by the Hook Granitoid Suite.

The mineralisation at Kitumba is hosted within brecciated Hook Granitoids (syenite-diorite porphyry) and pervasive iron oxide replacement of various pre-existing rocks is a common feature. Breccia formation has been facilitated by a large north-south oriented structure known as the Kitumba fault zone and iron induration along the fault has resulted in the formation of a prominent hill.

The Kitumba deposit is recognised as having iron oxide copper gold (“IOCG”) type affinities and its geological setting displays similar characteristics to other IOCG deposits, including Olympic Dam in South Australia. Typical characteristics include:

- (i) copper-gold mineralisation accompanied by large-scale partial to pervasive iron alteration and brecciation;
- (ii) vertically oriented, structurally controlled hematite-rich breccia zones containing pyrite and chalcopyrite;
- (iii) mineralisation and brecciation spatially associated with major structural intersections; and
- (iv) a spatial and temporal association with the multi-phase Hook Granitoid Suite, and extensive potassic alteration.

The IOCG type alteration system observed at Kitumba is zoned from north to south, with deeper level magnetite dominated alteration south of Kitumba and higher level hematite dominated alteration over Kitumba itself.

Copper mineralisation at Kitumba comprises a simple hypogene sulphide assemblage (chalcopyrite, bottom) that has been extensively altered, largely redistributed and enriched to form a supergene oxide assemblage (chalcocite, malachite, cuprite, chalcosiderite, chrysocolla, ± native copper, top). Deep weathering is localised along and down the Kitumba Fault Zone and facilitated by acid generation from the weathering of pyrite has resulted in a leached zone to approximately 200m followed by a supergene enriched core above the primary hypogene zone. Supergene enrichment has facilitated the deposition of very high grade copper.

(c) Optimised prefeasibility study

A preliminary Prefeasibility Study for the Kitumba Project was completed in September 2013 and confirmed the potential for a technically viable project. While completion of the preliminary Prefeasibility Study facilitated a one year extension to the Mumbwa Licence, it was recognised that the project design was not optimised and that further work was required to maximise its development potential.

Blackthorn subsequently released details of the Kitumba Optimised Prefeasibility Study to the market in April 2014. The Optimised Prefeasibility Study demonstrated significantly enhanced economics and development potential for the Kitumba Project.

As part of the Optimised Prefeasibility Study, a series of mining options and production rates were assessed and a sub-level cave was chosen as the preferred option. Mine planning is based on a dual decline design and materials handling is by truck haulage. The mine design is based on 25m sub-levels and extends to a depth of approximately 525m below surface.

Copper will be recovered using a copper leaching process comprised of crushing, grinding, flotation, pressure oxidation, atmospheric acid leaching and solvent extraction / electrowinning. The flow sheet utilises commercially proven processes and produces copper cathode product for direct sale. The flow sheet also has excess plant capacity that could potentially be used to allow toll treatment of copper concentrate from outside operations.

A 3 million tonne per annum production rate at a stope design cut-off grade of 1% copper was chosen as the preferred mining production rate. This results in a production mine life of 11 years, producing an average of 58,000 tonnes of copper per annum. The Optimised Prefeasibility Study assumes that the copper cathode is exported directly to customers through the port of Dar es Salaam, Tanzania.

Project development costs are estimated at US\$680 million including US\$185 million for engineering, procurement and construction management contractor, owner's costs and contingency. The Optimised Prefeasibility Study estimated C1 cash costs at US\$1.57/lb of copper metal produced, with an all-in cash cost of US\$1.89/lb.

The Optimised Prefeasibility Study produced preliminary key economic and planning outcomes which offer an indication only of the potential value of the mine. These economic and planning outcomes are summarised in the table below.

Key element	Base Case–Copper price of US\$3.50/lb
Nominal production rate (ROM)	3 Mtpa
Copper ("Cu") head grade	2.03%
Overall Cu recovery	Approx. 92%
Average Cu production over life of mine	58,000 tonnes per year
Mine life	11 years
Real post-tax IRR	21% (100% ungeared equity basis)
Post-tax NPV (8%)	US\$461M
Capital payback	3.5 years after first production
Initial capital expenditure	US\$680 million (including contingency)
Additional life of mine capital expenditure	US\$116 million
Average life of mine cash cost / lb Cu (C1)	US\$1.57
All-in Cash Cost / lb Cu	US\$1.89

Source: *Blackthorn ASX Announcement dated 29 April 2014 – 'Kitumba Optimised Prefeasibility Study Provides Positive Project Re-rating'*

Note the Optimised Prefeasibility Study production targets and forecast financial information derived from the production targets extracted from the report entitled 'Kitumba Optimised PFS Provides Positive Project Re-rating' released to ASX on 29 April 2014, includes 139kt of inferred Mineral Resources that is not included in the Ore Reserve estimate (less than 0.5% of the production target forecast). 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 the production target relating to the inferred Mineral Resource itself will be realised.

See Section 11.2 for the relevant attributions.

(d) Mining Licence Application

In July 2014 Blackthorn Resources (Zambia) Limited, a wholly owned subsidiary of Blackthorn, lodged an application with the Zambian Ministry of Mines for a large-scale mining licence for the Kitumba Project under section 25 of the MMD Act.

The Optimised Prefeasibility Study, together with the environmental impact statement which is currently under consideration by the Zambian Environmental Management Agency have been provided to the Zambian Ministry of Mines in support of the Mining Licence Application.

The Mining Licence Application is currently under review by the Mines Safety Department of Zambia, following which the Mining Licence Application will progress through to the Mines Advisory Council for formal review and consideration on behalf of the Director of Mines.

It is a condition of the Merger that the Mining Licence Approval be granted before 8.00am on 28 November 2014 (or such later date as agreed between Intrepid and Blackthorn) ("**Mining Licence Approval End Date**"). Assuming no material unexpected issues or delays are encountered, Blackthorn currently expects that the Director of Mines will be in a position to grant the Mining Licence before the Mining Licence Approval End Date. If the Mining Licence is not granted by the Mining Licence Approval End Date, Blackthorn and Intrepid are required to consult, and they may agree to waive the condition or to extend the time allowed for satisfaction of the condition. However, if Blackthorn and Intrepid do not agree to waive the condition and do not extend (or further extend) the Mining Licence Approval End Date, they will each have the right to terminate the Merger. A summary of the implications for Intrepid Shareholders if the Merger does not proceed is set out in Section 6.9.

Subject to the MMD Act and the conditions of the Mining Licence, the Mining Licence will confer on the licence holder the exclusive right to carry on mining and prospecting operations (except in relation to gemstones) in the mining area to which the licence relates, and to do all other acts and things necessary for or reasonably incidental to the carrying on of those operations.

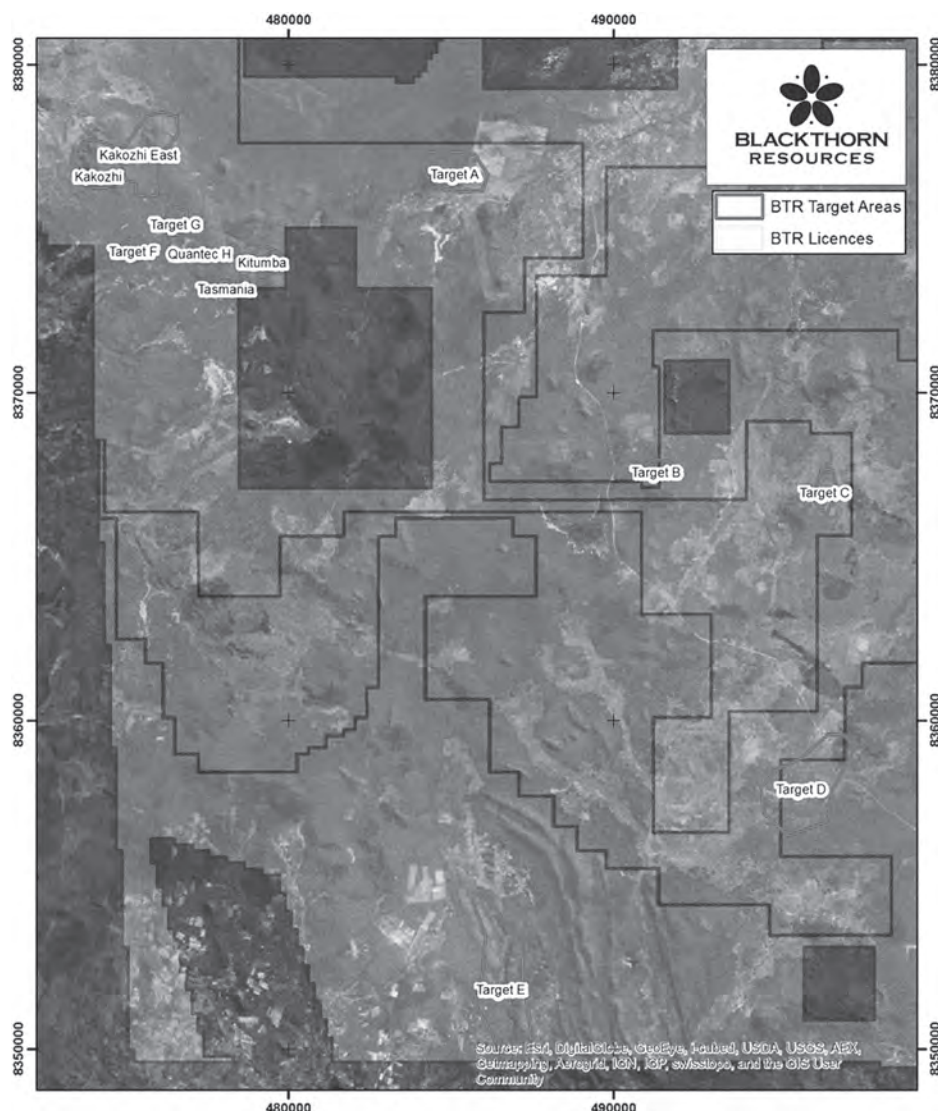
The period of the Mining Licence will be determined by the Director of Mines. Such licences may be granted for up to 25 years, and mining licence holders have certain renewal rights for up to a further 25 years. The Director of Mines will also determine the other terms and conditions of the licence.

(g) Other Mumbwa targets

The IOCG alteration system within the Mumbwa Project extends over 20km of strike length. A significant exploration programme is planned to be undertaken over the previously under-explored near-Kitumba targets and the wider Mumbwa Project licence areas.

A series of targets have been identified over the ~1,000km² of prospecting licences held by Blackthorn. Drilling has commenced on the near-Kitumba Kakozhi prospect. Other targets are expected to be ready for drilling over the next 12 months.

The exploration programme represents substantial potential upside to Kitumba through potential extension of the project's mine life and ability to demonstrate a further copper-rich mineral field around the Kitumba deposit.



(h) Sale of the Perkoa Project and Burkina Faso Exploration Licences

On 16 May 2014, Blackthorn entered into an agreement with Glencore to sell its 27.3% equity interest in the Perkoa Project in Burkina Faso to subsidiaries of Glencore for US\$10 million ("**Glencore Share Transaction**"). The agreement also included the sale of Blackthorn's 100% interest in the four adjacent exploration licences in Burkina Faso ("**BF Exploration Licences**") for US\$2 million ("**Glencore EL Transaction**").

The Glencore Transactions were approved by Blackthorn Shareholders at an Extraordinary General Meeting in August 2014. The Glencore Share Transaction completed on 20 August 2014, with Blackthorn receiving the settlement proceeds of US\$10 million.

Completion of the Glencore EL Transaction, including payment of the US\$2 million purchase consideration, is contingent on receiving the approval of the Burkina Faso Minister of Mines to transfer the Burkina Faso Exploration Licences and satisfaction of certain other conditions.

If the approval of the Minister of Mines is not obtained, or any of the conditions to the Glencore EL Transaction are not satisfied or waived by 12 November 2014, either Blackthorn or Glencore may terminate the Glencore EL Transaction. If the Glencore EL Transaction does not complete, Blackthorn would not receive payment of US\$2 million, but it would retain two of the Burkina Faso Exploration Licences (known as "Poa" and "Guido"). The other two Burkina Faso Exploration Licences, known as "Seboun" and "Sepaogo", expire in October 2014 with no right of renewal. However, Blackthorn will still be party to an Access and Co-operation Agreement dated 20 November 2010 with Glencore, under which Blackthorn holds the base metal rights under the Poa and Guido licences effectively for the benefit of Glencore, whilst retaining for itself the exploration and exploitation rights to gold.

For more information on these arrangements refer to section 2 of Blackthorn's Notice of General Meeting and Explanatory Statement dated 14 July 2014, which is available on the ASX website at www.asx.com.au, or on the "Investor Relations" section of the Blackthorn website at www.blackthornresources.com.au.

4.3 Blackthorn Mineral Resource and Ore Reserve Statement

December 2013 Measured and Indicated Mineral Resource

Copper cut-off (%)	Resource Tonnes (Mt)	Average Grade (% Cu)
0.20	178.2	0.79
0.35	113.7	1.10
0.50	81.6	1.37
1.00	34.7	2.29

April 2014 Ore Reserve

Item	Tonnes (Mt)	Grade (% Cu)	Contained Metal (Kt Cu)
Proved	11.9	2.44	291
Probable	19.6	1.79	350
Total	31.5	2.04	641

See Section 11.2 for the relevant attributions

4.4 Blackthorn Directors

MICHAEL (MIKE) OPPENHEIMER

Non-Executive Chairman

Mike Oppenheimer is a senior executive with over 30 years' experience in the resources sector. He has extensive business leadership and value delivery experience in the international mining industry. Now a principal and founder of a mining investment and advisory group, Mike's most recent CEO position was with Ferrexpo Plc, where he established the iron ore company's business model and led it through a successful IPO in London in 2007. Under his leadership, the company experienced strong growth in share value resulting in Ferrexpo being included in the FTSE 100 index. Prior to his successful stewardship of Ferrexpo, Mike was with BHP Billiton since 1988 in senior positions, including roles on the Executive Committee reporting to the CEO. His experience includes leadership of BHP Billiton's businesses in minerals and petroleum, and he played a significant role in the BHP and Billiton merger, integrating the energy coal businesses. Mike was appointed Chairman of the Blackthorn Board on 6 February 2014.

MARK MITCHELL

Managing Director and Chief Executive Officer

Mark Mitchell joined Blackthorn on 1 January 2014 as its Chief Executive Officer and agreed to join the Blackthorn Board as its Managing Director effective 15 May 2014. Mark has extensive business experience in the mining industry, having held senior operational and general management roles with Perseverance Corporation, MPI Mines/Leviathan Resources, Lihir Gold and more recently Newcrest Mining. Mark brings operational and corporate experience in a variety of fields including management responsibility for the construction, development and operation of mine site activities and services in Australia and challenging overseas environments, longer term strategic planning, management of social and community engagement programs and leadership development. Mark holds a Bachelor of Engineering (Chemical Engineering) from the University of New South Wales and is a member of The Australasian Institute of Mining and Metallurgy.

NICOLE (NICKI) BOWMAN

Non-Executive Director

Nicki Bowman joined the Blackthorn Board having gained extensive experience as a corporate and commercial lawyer in private practice within a Top 10 Australian law firm. Nicki has held senior corporate counsel positions in BHP and Bluescope Steel, before moving into senior management and executive positions. Her experience included key roles in merger and acquisition transactions, leading contract negotiations, and managing corporate restructures. Nicki holds Bachelor of Economics and Bachelor of Law degrees from Sydney University and is a member of the Australian Institute of Company Directors.

DEREK CARTER

Non-Executive Director

Derek Carter has over 40 years' experience in exploration and mine geology, including over 17 years in management of ASX-listed exploration companies. He held senior positions in the Shell Group of Companies and Burmine Ltd before founding Minotaur Exploration in 1993. Derek was Managing Director of Minotaur from its inception until 2010 when he became Chairman of the company. He is also Chairman of Highfield Resources Ltd and is a director of Mithril Resources Ltd, both of which are listed on the ASX. He is currently a member of the South Australian Resources Development Board and the South Australian Minerals and Petroleum Experts Group.

ROGER HIGGINS

Non-Executive Director

Roger Higgins has over 40 years' experience in the international mining industry, covering business and mine management, strategy and business development, project management, engineering and technical services, as well as the management of logistics, environment and government/community relations. Roger's most recent position was Senior Vice President, Copper with Teck Resources. Prior to this role Roger has worked in various senior management roles with BHP Billiton Base Metals in Chile, Papua New Guinea, the United States and South Australia. Roger is a director of ASX listed Metminco Ltd, as well as being a fellow of The Australasian Institute of Mining and Metallurgy and the Institution of Engineers, Australia.

PETER KALKANDIS

Non-Executive Director

Peter Kalkandis is a full-time employee of Glencore Australia Pty Limited, a subsidiary of Glencore PLC and is Head of Glencore's Base Metals Desk in Australia.

4.5 Blackthorn historical financial information

The following selected financial information of Blackthorn is extracted from the audited consolidated financial statements of Blackthorn for the financial years ended 30 June 2013 and 30 June 2014. The Blackthorn consolidated financial statements for the financial years ended 30 June 2013 and 30 June 2014 have been subject to audit by KPMG in accordance with Australian Auditing Standards and the audit opinions issued relating those financial statements were unqualified.

The following selected financial information of Blackthorn has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the AASB and the Corporations Act. The financial information also complies with the recognition and measurement requirements of IFRS and interpretations issued by the International Accounting Standards Board.

The financial information presented in the tables below does not represent complete financial statements and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements. Where appropriate, changes have been made to headings and classifications of historical data to provide a consistent basis of presentation. Except as set out in Section 4.7, in the interval between the end of the full year to 30 June 2014 and the date of this Explanatory Memorandum, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Blackthorn Directors, to significantly affect the operations of Blackthorn, the results of those operations, or the state of affairs of Blackthorn, in future financial years other than as disclosed in the 30 June 2014 full year financial statements and subsequent filings on ASX.

Complete copies of the audited consolidated financial statements of Blackthorn for the years ended 30 June 2014 and 30 June 2013 may be viewed on the ASX website at www.asx.com.au or on the "Investor Relations" section of the Blackthorn website at www.blackthornresources.com.au.

(a) Blackthorn Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Full year ended 30 June 2014	Full Year ended 31 Dec 2013
	US\$'000 (Audited)	US\$'000 (Audited)
Continuing operations		
Finance income	604	1,370
Employee benefits expense	(3,362)	(3,618)
Depreciation	(23)	(14)
Exploration expenditure	-	(317)
Other expenses	(1,925)	(2,434)
Loss before income tax	(4,706)	(5,013)
Income tax expense	-	-
Loss from continuing operations	(4,706)	(5,013)
Discontinued operations		
Loss from discontinued operations net of tax	(33,805)	(7,504)
Loss attributable to equity holders in Blackthorn	(38,511)	(12,517)
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss:	-	-
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences	(3,413)	1,365
Net change in fair value of available-for-sale assets	-	14
Total items that may be reclassified subsequently to profit or loss:	(3,413)	1,379
Other comprehensive income (loss) for the year, net of tax	(3,413)	1,379
Total comprehensive loss for the year	(41,924)	(11,138)
Earnings per share		
	<i>Cents</i>	<i>Cents</i>
Basic earnings per share	(23.44)	(7.79)
Diluted earnings per share	(23.44)	(7.79)
Earnings per share – continuing operations		
Basic earnings per share	(2.86)	(3.12)
Diluted earnings per share	(2.86)	(3.12)

(b) Blackthorn Consolidated Statement of Financial Position

	As at 30 June 2014	As at 30 June 2013
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Current Assets		
Cash and cash equivalents	12,491	25,573
Trade and other receivables	386	1,567
Other current assets	59	55
Assets held for sale	2,121	-
Total current assets	15,057	27,195
Non-current assets		
Trade and other receivables	136	133
Property, plant and equipment	223	426
Exploration and evaluation expenditure	35,621	34,935
Investment in equity accounted associate	-	31,829
Total non-current assets	35,980	67,323
Total assets	51,037	94,518
Current liabilities		
Trade and other payables	1,506	3,304
Provisions	138	207
Total current liabilities	1,644	3,511
Non-current liabilities		
Provisions	26	10
Total non-current liabilities	26	10
Total liabilities	1,670	3,521
Net assets	49,367	90,997
Equity		
Share capital	213,379	213,379
Reserves	(5,842)	(2,723)
Accumulated losses	(158,170)	(119,659)
Total equity	49,367	90,997

(c) Blackthorn Consolidated Statement of Cash Flows

	Full year ended 30 June 2014	Full Year ended 31 Dec 2013
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Cash flows from operating activities		
Payments to suppliers and employees	(4,622)	(5,270)
Net cash used in operating activities	(4,622)	(5,270)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(9,112)	(14,471)
Payments for plant and equipment	(4)	(334)
Payments for security deposits	(2)	-
Receipts from security deposits	-	297
Interest received	659	1,202
Net cash used in investing activities	(8,459)	(13,306)
Cash flows from financing activities		
Proceeds from share issues	-	40,115
Share issue costs	-	(2,391)
Net cash provided by financing activities	-	37,724
Net increase (decrease) in cash held	(13,081)	19,148
Cash and cash equivalents at beginning of the year	25,573	6,347
Effects of exchange rate fluctuations on cash held	(1)	78
Cash and cash equivalents at end of the year	12,491	25,573

4.6 Management discussion and analysis

(a) Financial results

The Blackthorn Group recorded a net loss after tax for the 2014 year of A\$38.5 million. This compared to a net loss of A\$12.5 million for the 2013 year.

The current year loss included a loss of A\$33.8 million (2013: A\$7.5 million) from discontinued operations. This loss consisted of the Blackthorn Group's equity accounted share of operating losses attributable to its investment in the Perkoa Project of A\$31.8 million (2013: A\$7.5 million) a write down of exploration and evaluation expenditure incurred in relation to the Blackthorn Group's interests in the Burkina Faso Exploration Licences of A\$1.1 million, plus other exploration and evaluation related expenditure in Burkina Faso of A\$0.8 million. In August 2014 Blackthorn completed the sale of its interest in the Perkoa Project for US\$10 million, and it has conditionally agreed to dispose of its interest in the Burkina Faso Exploration Licences. A discussion of these transactions is set out in Section 4.2(h).

The current year loss from continuing operations is A\$4.7 million compared, to a loss of A\$5.0 million for the prior year.

(b) Financial position

The net assets of the Blackthorn Group decreased by A\$41.6 million, from A\$91.0 million in 2013 to A\$49.4 million in 2014. This decrease was principally a result of a A\$31.8 million reduction in the carrying value of the Blackthorn Group's investment in the Perkoa Project to zero as a result of the Blackthorn Group equity accounting its share of operating losses incurred by the Perkoa Project, as well as a decrease in working capital of A\$12.5 million. In addition, A\$2.1 million of exploration and evaluation expenditure relating to the Burkina Faso Exploration Licences were transferred to 'Assets held for sale'.

The decrease in working capital was largely due to a decrease in cash of A\$13.1 million and trade and other receivables of A\$1.2 million, partially off-set by a reduction in trade and other payables of A\$1.8 million.

Capitalised exploration and evaluation expenditure increased by A\$0.7 million from A\$34.9 million in 2013 to A\$35.6 million in 2014. This increase consisted of A\$7.3 million of capitalised expenditure principally related to the Kitumba Project, offset by the \$A2.1 million of expenditure transferred to 'Assets held for sale', the

write down plus other exploration and evaluation related expenditure of A\$1.9 million relating to the Burkina Faso Exploration Licences, and the effect of movements in exchange rates of A\$2.6 million.

(c) Cash flows

As at 30 June 2014, the Blackthorn Group had cash on hand of A\$12.5 million (2013: A\$25.6 million).

The Blackthorn Group spent A\$9.1 million during the year on exploration and evaluation expenditure principally in relation to the Mumbwa Project. In addition, Blackthorn spent A\$4 million (2013: A\$4.1 million) on administration costs net of interest received on cash deposits.

4.7 Update on Blackthorn financial performance and financial position

Subsequent to 30 June 2014, a payment of US\$10 million was received as settlement upon completion of the Glencore Share Transaction. Blackthorn's equity interest in the Perkoa Project is carried at nil value at 30 June 2014. A discussion of this transaction is set out in Section 4.2(h).

4.8 Blackthorn capital structure

As at 8 October 2014 (being the last practicable date prior to finalisation of this Explanatory Memorandum), Blackthorn has the following securities on issue:

- 164,285,950 Blackthorn Shares quoted on ASX: and
- Blackthorn Options exercisable over a maximum of 2,810,000 unissued Blackthorn Shares. The tranches of these unquoted options are as follows:

Expiry date	Exercise price	Number
27 June 2015	A\$1.63	150,000
31 May 2017	A\$0.25	2,660,000
Total		2,810,000

In respect of the Blackthorn Options with an expiry date of 27 June 2015:

- one third vest 12 months from grant date;
- one third vest 24 months from grant date;
- one third vest 35 months from grant date; and
- all are exercisable if the Blackthorn Option holder remains in the employ of Blackthorn over the vesting period.

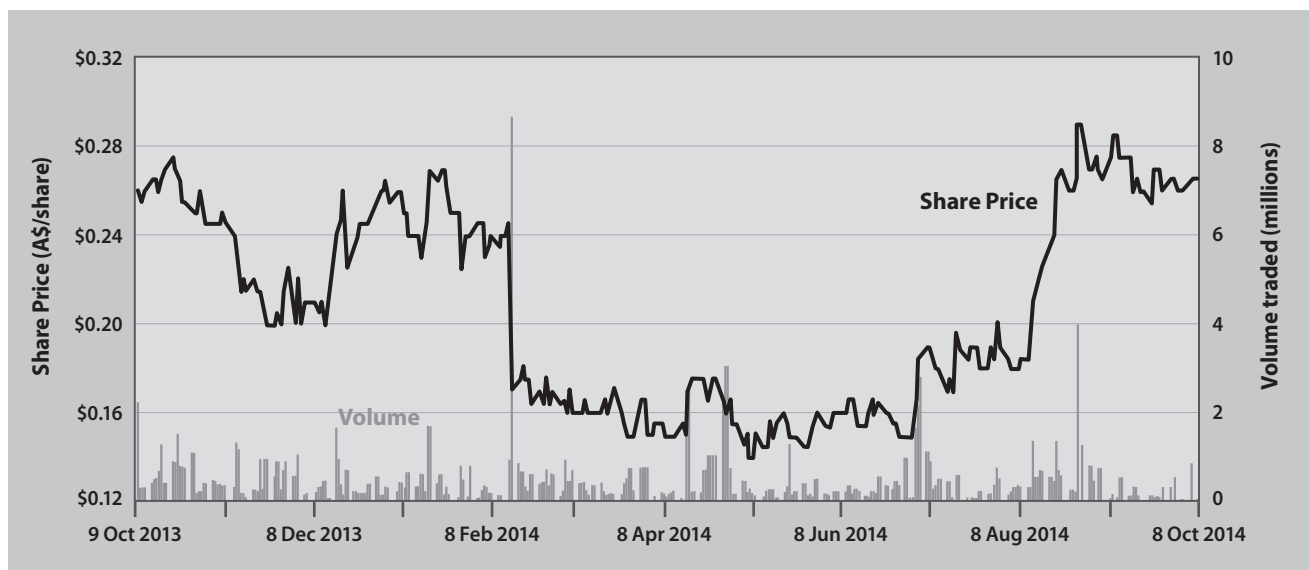
All 31 May 2017 Blackthorn Options vest 36 months from grant date and are exercisable if the Blackthorn Share price is at least A\$0.75 based on the 30 day VWAP prior to vesting date.

Prior to the date of this Explanatory Memorandum, Blackthorn and Intrepid entered into option cancellation deeds with each of the Blackthorn Option Holders. Under the terms of the option cancellation deeds, each person holding Blackthorn Options has agreed to have their Blackthorn Options cancelled with effect from 10.00am on the Implementation Date in exchange for New Intrepid Shares to be issued to them (or, in the case of one foreign Blackthorn Option Holder, paid cash consideration equivalent to the value of the New Intrepid Shares he would otherwise have received on the cancellation of his Blackthorn Options).

4.9 Blackthorn substantial shareholders

As at 8 October 2014 (being the last practicable date prior to finalisation of this Explanatory Memorandum), Blackthorn has been notified that the following persons hold 5%, or more, of Blackthorn Shares:

Name	Number of Blackthorn Shares held	% held of issued Blackthorn Shares
Glencore PLC	23,305,853	14.2%
The Siebels Hard Asset Fund Ltd	11,545,384	7.0%
Lloyd Miller	10,646,165	6.5%
North Sound Fund	9,909,781	6.0%
Total	55,407,183	32.7%



4.10 Blackthorn Share price performance

The graph above shows the Blackthorn Share price and the volume of Blackthorn Shares traded for the 12 months to 8 October 2014 (being the last practicable date prior to finalisation of this Explanatory Memorandum).

As at close of business on 8 October 2014, being the last practicable date prior to finalisation of this Explanatory Memorandum:

- (a) the last recorded trading price of Blackthorn Shares was A\$0.265;
- (b) the one month VWAP of Blackthorn Shares was A\$0.263;
- (c) the three month VWAP of Blackthorn Shares was A\$0.242;
- (d) the highest recorded trading price of Blackthorn Shares in the previous three months was A\$0.290; and
- (e) the lowest recorded trading price of Blackthorn Shares in the previous three months was A\$0.170.

As at 27 August 2014, being the last day on which Blackthorn Shares traded prior to announcement of the Merger:

- (f) the last recorded trading price of Blackthorn Shares was A\$0.265;
- (g) the one month VWAP of Blackthorn Shares was A\$0.223;
- (h) the three month VWAP of Blackthorn Shares was A\$0.195;
- (i) the highest recorded trading price of Blackthorn Shares in the previous three months was A\$0.270; and
- (j) the lowest recorded trading price of Blackthorn Shares in the previous three months was A\$0.150.

4.11 Blackthorn dividend history

No dividends were paid or declared during or since the financial year ended 30 June 2013. No dividends have been recommended by the Blackthorn Directors in respect of or since the financial year ended 30 June 2014.

4.12 Interests of Blackthorn Directors

(a) Interests in Blackthorn securities

The Blackthorn Directors' interests in Blackthorn Shares and Blackthorn Options as at the date of this Explanatory Memorandum are detailed in the table below.

Director	Blackthorn Shares	Blackthorn Options
Michael Oppenheimer	816,089	–
Nicole Bowman	1,000,000	–
Derek Carter	30,000	–
Roger Higgins	100,000	–
Peter Kalkandis	–	–
Mark Mitchell	–	1,000,000

(b) Relevant Interests in Intrepid securities

As at the date of this Explanatory Memorandum, no Blackthorn Director has a Relevant Interest in any Intrepid security.

4.13 Blackthorn Relevant Interests in Intrepid securities

As at the date of this Explanatory Memorandum, Blackthorn does not have a Relevant Interest in any Intrepid securities. Blackthorn has not acquired or disposed of a Relevant Interest in any Intrepid security in the four months preceding the date of this Explanatory Memorandum.

4.14 No pre-transaction benefits

During the period of four months before the date of this Explanatory Memorandum, neither Blackthorn nor any Associate of Blackthorn gave, or offered to give, or agreed to give, a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- (a) vote in favour of the Scheme; or
- (b) dispose of Blackthorn Shares,

and which will not be provided to all Scheme Participants under the Scheme.

(a) Benefits in connection with retirement from office

No payment or other benefit from Blackthorn is proposed to be made or given to any Blackthorn Director, company secretary or executive officer of Blackthorn (or its Related Bodies Corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in Blackthorn or any of its Related Bodies Corporate in connection with the Scheme other than in his or her capacity as a Blackthorn Shareholder, or Blackthorn Option Holder.

Blackthorn pays premiums in respect of a directors and officers (D&O) insurance policy for the benefit of the Blackthorn Directors and executive officers. Blackthorn has also agreed to indemnify certain directors, former directors and certain officers against all liabilities incurred in the course of or arising out of employment with Blackthorn and its controlled entities, other than conduct involving a wilful breach of duty.

(b) Agreements connected with or conditional on the Scheme

Except as disclosed in this Explanatory Memorandum:

- (i) no Blackthorn Director has any other interests in a contract entered into by Intrepid;
- (ii) there are no contracts or arrangements between a Blackthorn Director and any person in connection with or conditional upon the outcome of the Scheme; and
- (iii) no Blackthorn Director has a material interest in relation to the Scheme other than in their capacity as a security holder as outlined in Section 4.12.

4.15 Further information

As a company with securities quoted on the ASX and being a disclosing entity under the Corporations Act, Blackthorn is subject to regular reporting and disclosure obligations. These obligations require Blackthorn to announce price sensitive information as soon as it becomes aware of the information, subject to the exceptions for certain confidential information. Blackthorn's recent ASX announcements are available from the Blackthorn website at www.blackthornresources.com.au and the ASX website at www.asx.com.au.

Blackthorn has confirmed that it intends that further announcements concerning developments at Blackthorn will continue to be made on these websites after the date of this Explanatory Memorandum. Historical ASX announcements and copies of half-yearly and annual financial results (and accompanying releases) are also available from the Blackthorn website at www.blackthornresources.com.au.

Section 5 Profile of the Merged Group

5.1 Overview of the Merged Group

The Merger will combine Blackthorn's portfolio of assets in Zambia, with Intrepid's remaining cash balance following completion of the Buy-Back.

A detailed description of Blackthorn's assets is set out in Section 4.2.

5.2 Capital structure and ownership

(a) If the Buy-Back is fully subscribed

If the Buy-Back is fully subscribed, Blackthorn Shareholders will receive Scheme Consideration of approximately 1.079¹⁴ New Intrepid Shares for each Blackthorn Share they hold and Intrepid Shareholders will own approximately 52% of the Merged Group, which will have a pro forma cash balance as at 30 June 2014 of approximately A\$83 million.¹⁵

If the Buy-Back is fully subscribed and the Merger is implemented, it is expected that the Merged Group will have the following Shares on issue.

	Intrepid Shares
Intrepid Shares on issue prior to the Buy-Back and the Merger	557,577,524
Intrepid Shares bought back under the Buy-Back	(366,666,666)
New Intrepid Shares issued as Scheme Consideration	177,231,331
Intrepid Shares issued as consideration for cancellation of Blackthorn Options	1,256,065
Intrepid Shares on issue following the Buy-Back and Merger	369,398,254

(b) If the Buy-Back is not fully subscribed

In the event that the Buy-Back is not fully subscribed (ie less than 100% take-up is achieved), Blackthorn Shareholders will receive an increased number of New Intrepid Shares as Scheme Consideration up to a maximum of 1.147¹⁶ New Intrepid Shares for each Blackthorn Share that they hold on the Scheme Record Date, in the event that the Buy-Back receives no acceptances.

Section 2.3 explains the formula used to determine the number of New Intrepid Shares to be received as Scheme Consideration. In order to preserve the agreed notional value of A\$0.356 per Blackthorn Share, the number of New Intrepid Shares that each Blackthorn Shareholder will receive will vary depending on the level of subscription by Intrepid Shareholders to the Buy-Back.

If the Buy-Back is not fully subscribed, the Merged Group will have a larger cash balance and Blackthorn Shareholders will own a smaller proportion of the outstanding Shares.

A table setting out the ownership and pro forma cash balance of the Merged Group at varying levels of subscription under the Buy-Back is set out below.

Level of Buy-Back subscription	A\$m	-	27.5	55.0	82.5	110.0
Intrepid Shares on issue prior to the Merger and Buy-Back	m	557.6	557.6	557.6	557.6	557.6
Intrepid Shares bought back under the Buy-Back	m	-	(91.7)	(183.3)	(275.0)	(366.7)
Scheme ratio ¹⁷	IAU:BTR	1.147	1.140	1.129	1.112	1.079
New Intrepid Shares issued as Scheme Consideration	m	188.5	187.3	185.5	182.6	177.2
Intrepid Shares issued as consideration for cancellation of Blackthorn Options	m	1.3	1.3	1.3	1.3	1.3
Intrepid Shares on issue following the Merger and Buy-Back	m	747.4	654.5	561.1	466.4	369.4
Merged Group pro forma cash balance	A\$m	193.0	165.5	138.0	110.5	83.0
Intrepid Shareholder ownership of the Merged Group	%	75%	71%	67%	61%	52%

¹⁴ The calculation of 1.079 New Intrepid Shares is made on the basis of the number of Intrepid Shares that were on issue as at the date of this Explanatory Memorandum. This differs from the 1.078 ratio announced to the ASX on 28 August 2014 due to the issue of Intrepid Shares under the NED Share Plan.

¹⁵ Pro forma calculation as at 30 June 2014, net of estimated transaction costs and based on 100% take-up of the Buy-Back.

¹⁶ The calculation of 1.147 New Intrepid Shares is made on the basis of the number of Intrepid Shares that were on issue as at the date of this Explanatory Memorandum.

¹⁷ The calculation of the ratio of New Intrepid Shares to be issued is on the basis of the number of Intrepid Shares that were on issue as at the date of this Explanatory Memorandum.

(c) Options

Prior to the date of this Explanatory Memorandum, Intrepid and Blackthorn entered into option cancellation deeds with each of the Blackthorn Option Holders. Further details on the treatment of the Blackthorn Options are set out in Section 4.8. No options or share rights over Intrepid Shares will be issued as a result of the Merger. If the Merger is implemented, it is expected that the following options and share rights in respect of the Merged Group will be on issue at the Implementation Date.¹⁸

	Options over Intrepid Shares	Share rights over Intrepid Shares
Prior to Merger Implementation	2,107,458	605,922
Impact of Merger Implementation	–	–
Following Merger Implementation	2,107,458	605,922

5.3 Board and management of the Merged Group

(a) Board

The board of the Merged Group will be comprised of three current Intrepid Directors and three current Blackthorn Directors.

The three current Intrepid Directors to remain on the board of the Merged Group will be:

- (i) Ian McMaster AM (current Chairman of Intrepid);
- (ii) Scott Lowe (current CEO and Managing Director of Intrepid); and
- (iii) Alan Roberts (current Non-Executive Director of Intrepid).

See Section 3.2 for details of the Intrepid Director's qualifications and background.

The three current Blackthorn Directors proposed to join the Merged Group board will be:

- (i) Michael Oppenheimer (current Chairman of Blackthorn);
- (ii) Nicole Bowman (current Non-Executive Director of Blackthorn); and
- (iii) Derek Carter (current Non-Executive Director of Blackthorn).

See Section 4.4 for details of the Blackthorn Director's qualifications and background.

Mr McMaster will be the Chairman of the Merged Group with Mr Oppenheimer to serve as Deputy Chairman.

¹⁸ This table does not include Blackthorn Options, which options are being cancelled with effect from the Implementation Date.

(b) Management

The current CEO of Blackthorn, Mark Mitchell, will be CEO of the Merged Group. See Section 4.4 for details of Mr Mitchell's qualifications and background.

The current CEO of Intrepid, Scott Lowe, will be an Executive Director of the Merged Group with responsibility for business development and funding strategy.

Other members of the Merged Group's senior management team will be drawn from the two companies' existing management teams following Merger Implementation.

5.4 Intentions in relation to Blackthorn and the Merged Group

This Section sets out the intentions of Intrepid and Blackthorn in relation to the Merged Group if the Merger is implemented.

The Merged Group is expected to explore opportunities to optimise the Merged Group's existing projects and maximise value for the Merged Group's shareholders.

Final decisions regarding any such matters will be made by the board of the Merged Group in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this Section are statements of current intentions only, which may vary as new information becomes available or circumstances change and the Merged Group further develops its strategic focus and outlook.

(a) Corporate matters in relation to Blackthorn

If the Merger is implemented, it is intended that:

- (i) Blackthorn be removed from the official list of ASX; and
- (ii) as Blackthorn will be a subsidiary of the Merged Group, the Blackthorn Board will be reconstituted so that it comprises persons nominated by the board of the Merged Group.

Following Merger Implementation, the Merged Group will be known as Intrepid. The Merged Group currently intends to continue to use the Blackthorn name, including any associated trademarks and logos in the conduct of its business in Zambia.

(b) Continuation of Blackthorn's business

It is the current intention of Intrepid and Blackthorn that the Merged Group will continue to operate the business of Blackthorn in substantially the same manner as it is currently being conducted.

In addition to progressing the Definitive Feasibility Study for the Kitumba Project, the more robust funding position will allow the Merged Group to pursue exploration opportunities, including within the Mumbwa Project licence areas, as well as other business development opportunities.

The Merged Group is expected to continue to review all aspects of its assets and operations to identify ways to maximise value for all shareholders.

5.5 Pro forma financial information

The pro forma financial information of the Merged Group presented in this Explanatory Memorandum is included for illustrative purposes and consists of the unaudited pro forma historical statement of financial position of the Merged Group as at 30 June 2014, showing the effects of the proposed Merger as if it had been implemented on 30 June 2014 (**Merged Group Pro Forma Historical Financial Information**).

Due to its nature, the Merged Group Pro Forma Historical Financial Information does not represent the Merged Group's actual or prospective financial position, which will differ from the actual financial position of the Merged Group as at the Effective Date.

(a) Basis of preparation

The Merged Group Pro Forma Historical Financial Information is based upon the:

- (i) historical statement of financial position of Blackthorn as at 30 June 2014, extracted from the audited financial statements of Blackthorn for the year ended 30 June 2014 (see Section 4.5 for further details);
- (ii) historical statement of financial position of Intrepid as at 30 June 2014, extracted from the reviewed financial statements of Intrepid for the six months ended 30 June 2014 (refer to Section 3.3 for further details); and
- (iii) application of pro forma adjustments to the historical statements of financial position of Blackthorn and Intrepid as at 30 June 2014, to illustrate the effects of the Merger as described in the "Notes to the Merged Group Pro Forma Historical Financial Information adjustments" in Section 5.5(b).

The Merged Group Pro Forma Historical Financial Information is prepared in accordance with the recognition and measurement requirements of applicable Australian Accounting Standards adopted by the AASB and IFRS and is presented in an abbreviated form insofar as it does not contain all the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Under Australian Accounting Standards, the proposed Merger will be accounted for as a business combination. Australian Accounting Standards require that where two or more entities combine through an exchange of equity for the purposes of a business combination, one of the entities must be deemed to be the accounting acquirer. Intrepid will issue New Intrepid Shares to effect the business combination. Based on this and other facts and circumstances, Intrepid is deemed to be the accounting acquirer.

The significant accounting policies used in the preparation of the Merged Group Pro Forma Historical Financial Information are consistent with those of Intrepid, the accounting acquirer. In preparing the Merged Group Pro Forma Historical Financial Information, a review was undertaken to identify accounting policy differences between Intrepid and Blackthorn where the impact was potentially material and could be reasonably estimated. The significant accounting policies of Blackthorn conform in all material respects to those of Intrepid, except for the treatment of pre-feasibility exploration and expenditure costs which are expensed by Intrepid and capitalised by Blackthorn. For the purposes of the Merged Group Pro Forma Historical Financial Information, the carrying value of Blackthorn's "Exploration and Evaluation Expenditure" assets as at 30 June 2014 are subject to a pro forma adjustment to reflect a provisional estimate of fair value in accordance with the asset acquisition method of accounting as described in the "Notes to the Merged Group Pro Forma Historical Financial Information adjustments" in Section 5.5(b). Accordingly, the historical difference in accounting policy does not have a material impact on the Merged Group Pro Forma Historical Financial Information.

No adjustments have been made in the Merged Group Pro Forma Historical Financial Information for any expected synergies or integration costs following Merger Implementation. No adjustments have been made in the Merged Group Pro Forma Historical Financial Information for any one-off or nonrecurring costs, other than those set out in the pro forma adjustments.

The Merged Group Pro Forma Historical Financial Information is presented in US\$, the presentation currency of Intrepid. Blackthorn presents its financial reports in A\$. Blackthorn's historical statement of financial position as at 30 June 2014 has been translated to US\$ presentation currency using the closing spot exchange rate of 0.942.

The Investigating Accountant has reported on the Merged Group Pro Forma Historical Financial Information, in an Investigating Accountant's Report, which has been included as Annexure C to this Explanatory Memorandum. Intrepid Shareholders should note the comments made in relation to the scope and limitations of that report.

(b) Merged Group Pro Forma Historical Financial Information

	Blackthorn Audited 30 June 2014	Blackthorn Audited 30 June 2014	Intrepid Reviewed 30 June 2014	Pro forma adjustments	Notes	Pro forma Merged Group 30 June 2014
	A\$'000	US\$ rate 0.942	US\$'000	US\$'000		US\$'000
Cash and Cash equivalents	12,491	11,767	139,640	10,000 (103,620) (2,543) (1,884)	(i) (ii) (iii) (iv)	53,360
Other financial assets	-	-	24,941		(v)	24,941
Trade and other receivables	386	364	968			1,332
Other current assets	59	56	-			56
Assets held for sale	2,121	1,998	-			1,998
Total current assets	15,057	14,184	165,549	(98,047)		81,686
Trade and other receivables	136	128	-	-		128
Other financial assets		-	522	-		522
Property plant and equipment	223	210	-	-		210
Exploration and evaluation expenditure	35,621	33,555	-	1,524	(vi)	35,079
Total non current assets	35,980	33,893	522	1,524		35,939
Total assets	51,037	48,078	166,071	(96,523)		117,625
Trade and other payables	1,506	1,419	1,457	-		2,876
Provisions	138	130	112	-		242
Total current liabilities	1,644	1,549	1,569	-		3,118
Provisions	26	24	82	-		106
Total non-current liabilities	26	24	82	-		106
Total liabilities	1,670	1,573	1,651	-		3,224
Net assets	49,367	46,503	164,420	(96,523)		114,401
Equity						
Share capital	213,379	201,003	317,655	(103,620) (201,003) 55,484	(ii) (vi) (vi)	269,519
Reserves	(5,842)	(5,503)	10,349	5,503	(vi)	10,349
Accumulated Losses	(158,170)	(148,996)	(163,584)	10,000 (2,543) (1,884) 141,540	(i) (iii) (iv) (vi)	(165,467)
TOTAL EQUITY	49,367	46,503	164,420	(96,523)		114,401

Notes to Merged Group Pro Forma Historical Financial Information adjustments

The Merged Group Pro Forma Historical Financial Information adjustments reflect the following assumptions and adjustments:

- (i) recording the proceeds received and gain on disposal of Blackthorn's 27.3% equity interest in the Perkoa Project for US\$10 million which completed in August 2014. The Perkoa Project was recorded at nil carrying value in the historical statement of financial position of Blackthorn as at 30 June 2014. A discussion of this transaction is set out in Section 4.2(h);
- (ii) recording the A\$110 million Buy-Back (on the assumption that the Buy-Back is fully subscribed), as a decrease in cash and cash equivalents and share capital. The Buy-Back is a Condition Precedent of the Merger;
- (iii) recording the estimated US\$2.5 million of transaction costs to be incurred by Blackthorn as a reduction in cash and cash equivalents, and an increase in accumulated losses;
- (iv) recording the estimated US\$1.9 million of transaction costs to be incurred by Intrepid as a reduction in cash and cash equivalents, and an increase in accumulated losses;
- (v) represents bank term deposits greater than three months to maturity. When included with the cash balance the total amount is US\$78.3 million (A\$83.1 million); and
- (vi) recording the acquisition of Blackthorn by Intrepid under the Merger at a total cost of approximately US\$55.5 million, excluding transaction costs. The difference between the fair value of the consideration transferred and the fair value of Blackthorn's net assets, for the purposes of the Merged Group Pro Forma Historical Financial Information, of approximately US\$1.5 million is allocated to "exploration and evaluation expenditure" assets.

Under AASB 3, the fair value of the consideration that Intrepid transfers to Blackthorn is based on the market value of Intrepid's Shares at the Implementation Date. For the purposes of the Merged Group Pro Forma Historical Financial Information, a fair value of US\$55.5 million has been calculated.

Following implementation of the Merger, a detailed valuation of the intangible assets, liabilities, and contingent liabilities of Blackthorn will be conducted to allocate the fair value of the consideration. The ultimate value of the consideration transferred for accounting purposes as at the Implementation Date will differ from that assumed for the purposes of the Merged Group Pro Forma Historical Financial Information as a result of future changes to the acceptance value of the Intrepid Buy-Back and also the prevailing share prices of both Blackthorn and Intrepid.

The ultimate value of the consideration transferred for accounting purposes will be measured based upon the price per share of Intrepid Shares at close of ASX trading on the Effective Date.

The provisional allocation of the estimated consideration to the assets and liabilities to be acquired is as follows:

	US\$'000
Fair value of consideration transferred on consolidation:	55,484
Fair value of Blackthorn's net assets acquired:	
Existing book value of the Blackthorn net assets as at 30 June 2014	46,503
Recognition of Blackthorn Scheme costs	(2,543)
Recognition of proceeds on Perkoa Project disposal	10,000
Adjusted Blackthorn net book value	53,960
Fair value adjustments:	
Exploration and evaluation expenditure assets	1,524
Total fair value of Blackthorn's net assets acquired	55,484

The Merged Group Pro Forma Historical Financial Information assumes that the cost of the Merger will include the fair value of the New Intrepid Shares to be issued under the Merger in exchange for Blackthorn Shares and Blackthorn Options outstanding.

The estimated fair value of the New Intrepid Shares to be issued under the Scheme and in exchange for the cancellation of Blackthorn Options is based on:

Description	Number of Blackthorn Shares/ Options issued	Exchange Ratio	Number of Intrepid Shares to be issued	Estimated fair value (AUD)	Estimated fair value (USD)
New Intrepid Shares issued in exchange for Blackthorn Shares	164,285,950	1.079	177,231,331	58,485,798	55,093,622
New Intrepid Shares issued as consideration for A\$1.63 Blackthorn Options outstanding	75,000 ¹⁹		545	180	170
New Intrepid Shares issued as consideration for A\$0.25 Blackthorn Options outstanding	2,660,000	0.472	1,255,520	414,581	390,535
Total					55,484,327

Note: The value of each Intrepid Share is based on a post Buy-Back cash backing of A\$0.33 per Intrepid Share, net of transaction costs.

¹⁹ A further 75,000 A\$1.63 Blackthorn Options will be cancelled and exchanged for the equivalent value of 545 New Intrepid Shares (estimated value A\$180 or US\$170).

The estimated fair value of US\$0.4 million for the outstanding Blackthorn Options has been determined by an independent valuer.

(c) Forecast financial information for the Merged Group

Intrepid has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information. The Intrepid Board has concluded that, as at the date of this Explanatory Memorandum, it would be misleading to provide forecast financial information, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable law, policy and market practice.

The financial performance of the Merged Group in any period will be influenced by various factors that are outside the control of the Intrepid Board and that cannot, at this time, be predicted with a high level of confidence.

Intrepid and Blackthorn do not have an established practice of issuing financial forecasts.

6.1 Introduction

This Section 6 sets out a number of risks associated specifically with the proposed Merger. These risks will be important for Intrepid Shareholders in deciding whether to vote in favour of the Merger and also important when considering whether to participate in the Buy-Back and/or maintain a holding in the Merged Group. Risks which are specific to Intrepid but which are not specifically disclosed in this Section may also have an adverse impact on the Merged Group.

Additional risks and uncertainties not currently known to Intrepid or Blackthorn may also have an adverse effect on the Merged Group's business and the information set out below does not purport to be, nor should it be construed as representing, an exhaustive summary of the risks.

This Section does not take into account the investment objectives, financial situation, taxation position or particular needs of individual Intrepid Shareholders.

6.2 Merger specific risks

(a) You may be concerned about the effect of the dilution in your voting power because of the Merger

On Merger Implementation, Blackthorn Shareholders will be issued New Intrepid Shares for each Blackthorn Share they hold at the Scheme Record Date. This will dilute the voting power of each current Intrepid Shareholder.

The level of voting power of Intrepid Shareholders will be impacted by the level of subscription under the Buy-Back. The impact of the Buy-Back on the ownership and pro forma cash position of the Merged Group at various levels of subscription under the Buy-Back is set out in Section 5.2.

The effect of the Merger on the voting power of individual Intrepid Shareholders will depend on their individual level of subscription under the Buy-Back.

(b) Merger conditions

The Merger is subject to a number of Conditions Precedent, including:

- (i) Blackthorn Shareholders approving the Merger at the Scheme Meeting by:
 - (A) a majority by number of Blackthorn Shareholders present and voting at the Scheme Meeting (either in person or by proxy), unless the Court orders otherwise; and
 - (B) holders of in aggregate at least 75% of the total number of votes cast on the resolution at the Scheme Meeting;
- (ii) approval of the Merger by the Court, which will be sought by Blackthorn following the Scheme Meeting; and
- (iii) the granting of the Mining Licence Approval to Blackthorn (discussed in further detail at Section 4.2(c)).

If any Condition Precedent is not satisfied (or where possible, waived), the Merger will not proceed.

(c) Mining Licence Approval

In July 2014, Blackthorn Resources (Zambia) Limited, a wholly owned subsidiary of Blackthorn, lodged an application with the Zambian Ministry of Mines for a large-scale mining licence for the Kitumba Project.

It is a condition of the Merger that the Mining Licence Approval be given before the Mining Licence Approval End Date. Blackthorn currently expects that, assuming no material unexpected issues or delays are encountered, the Director of Mines will be in a position to grant the Mining Licence before the Mining Licence Approval End Date. If the Mining Licence is not granted by the Mining Licence Approval End Date, Blackthorn and Intrepid are required to consult, and they may agree to waive the condition or to extend (or further extend) the time allowed for satisfaction of the condition. However, if Blackthorn and Intrepid do not agree to waive the condition and do not extend the time allowed for its satisfaction, they will each have the right to terminate the Merger.

6.3 Implementation risks

(a) Integration risk

The long term success of the Merged Group will depend, amongst other things, on the success of management in integrating the respective businesses and the strength of management of the Merged Group.

There are risks that any integration of the businesses of Intrepid and Blackthorn may take longer or cost more than expected and that the anticipated benefits of that integration may be less than estimated. These risks include possible differences in the management culture of the two groups, and the potential loss of key personnel.

(b) Accounting treatment of Merger

In accounting for the Merger, the Merged Group will need to perform a fair value assessment of all of Intrepid's assets, liabilities and contingent liabilities, which will include the identification and valuation of tangible and intangible assets. As a result of this fair value assessment, the Merged Group's charges (for example, depreciation expense and amortisation expense) may be substantially greater than the relevant charges of Intrepid and Blackthorn as separate businesses and to that extent may significantly reduce the future earnings of the Merged Group.

(c) Contract risk and third party consents

Under certain material contracts to which members of Intrepid and Blackthorn are parties, the Merger may be deemed to result in a change of control or other relevant event in respect of Intrepid or Blackthorn that allows the counterparty to review or terminate the contract upon Merger Implementation. If the

counterparty to any such contract were to validly seek to renegotiate or terminate the contract on that basis, this may have a material adverse effect on the financial performance of the Merged Group, depending on the nature of the relevant contracts.

6.4 Investment risks

(a) Share market conditions

There are general risks associated with investments in equity capital. The trading price of shares in the Merged Group may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for shares declining after the Merger. Generally applicable factors which may affect the market price of shares include:

- (i) general movements in Australian and international stock markets;
- (ii) investor sentiment;
- (iii) Australian and international economic conditions and outlook;
- (iv) changes in interest rates and the rate of inflation;
- (v) changes in government regulation and policies;
- (vi) material announcements in respect of an entity's business or operations; and
- (vii) geo-political instability, including international hostilities and acts of terrorism.

No assurances can be given as to the price that Intrepid Shares will trade following the Merger.

(b) Changes in economic climate

Economic conditions, both domestic and global, may affect the performance of the Merged Group. Adverse changes in macroeconomic conditions, including global and country-specific growth rates, the cost and availability of credit, the rate of inflation, interest rates, exchange rates, government policy and regulations, general consumption and consumer spending, input costs, employment rates and industrial disruptions, among others, are variables which while generally outside the control of the Merged Group and its directors, may result in material adverse impacts on the Merged Group's businesses, financial position and operating results.

(c) Exchange rate risk

Some of the Merged Group's assets are located in foreign jurisdictions, with cash flows denominated in foreign currencies. Some of these currencies may be subject to exchange controls and may operate in relatively inefficient markets. The Merged Group may also source equipment, supplies and services from various foreign countries. The Merged Group is therefore subject to changes beyond its control due to fluctuations in currency exchange rates. Neither Intrepid or Blackthorn currently engage in active hedging to minimise exchange rate risk.

(d) Risks associated with future growth initiatives

Historically, Intrepid and Blackthorn have each sought to grow both organically and through mergers and acquisitions. At any time each may be evaluating one or more potential new investments. In addition, from time to time each may be presented with the potential to increase or decrease its investment in existing assets pursuant to the pre-emptive rights or change of control provisions in respect of the joint ventures to which they are parties. Further, new investments may not necessarily take the form of investment in further copper mining assets, but rather may involve diversification into complementary activities or potentially new areas of operation.

There are always risks that the benefits, synergies or efficiencies expected from such investments or growth opportunities may take longer than expected to be achieved or may not be achieved at all. Any investments pursued could, for a variety of reasons, have a material adverse effect on the value of the Merged Group.

(e) Equity dilution

The Merged Group may undertake offerings of securities in the future. The increase in the number of shares issued and the possibility of sales of such shares may have a depressive effect on the price of shares already on issue. In addition, as a result of the issue of such additional shares, the voting power of the Merged Group's existing shareholders at that time would be diluted.

6.5 Operating risks

(a) Exploration and development risk

Mineral exploration and development inherently involves significant and irreducible financial risks. The Merged Group may suffer from the failure to find and develop profitable mines.

The exploration for and development of mineral deposits involves significant financial risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Unprofitable efforts may result from the failure to discover mineral deposits. Even if mineral deposits are found, such deposits may be insufficient in quantity and quality to return a profit from production, or it may take a number of years until production is possible, during which time the economic viability of the project may change. Few properties which are explored are ultimately developed into producing mines. Mining companies rely on consultants and others for exploration, development, construction and operating expertise.

(b) Mineral Resources and Ore Reserves

The volume and quality of the copper that the Merged Group recovers may be less than the estimates included in this Explanatory Memorandum. Mineral Resources and Ore Reserves estimates (including those contained in this Explanatory Memorandum) are stated to the JORC Code and are expressions of judgment based on knowledge, experience and industry practice. Mineral Resources and Ore Reserves estimates are

necessarily imprecise and depend to some extent on interpretations and geological assumptions, copper prices, cost assumptions, and statistical inferences which may ultimately prove to have been unreliable.

Moreover, a decline in the price of copper, increases in production costs, decreases in recovery rates or changes in applicable laws and regulations, including environment, permitting, title or tax regulations, that are adverse to the Merged Group, may mean the volumes of copper that can be feasibly extracted may be significantly lower than the Mineral Resources and Ore Reserves estimates indicated in this Explanatory Memorandum. If it is determined that mining of certain of their Ore Reserves has become uneconomic, this may ultimately lead to a reduction in aggregate Ore Reserves.

If the Merged Group's actual Mineral Resources and Ore Reserves are less than current estimates, the Merged Group's prospects, value, business, results of operations and financial condition may be materially adversely affected.

(c) Commodity price risk

The demand for, and the price of, commodities are highly dependent on a variety of factors, including international supply and demand, the price and availability of substitutes, actions taken by governments and global economic and political developments. Given the operational significance of the Mumbwa Project for the Merged Group, which primarily involves exploration for and potentially the production of copper, the Merged Group's operational and financial performance, as well as the economic viability of these projects, is heavily reliant on the prevailing global price of copper. Volatility in commodity markets may therefore materially affect the profitability and financial performance of the Merged Group and the price of Intrepid Shares following the Merger.

The factors which affect commodity prices (which are largely outside the control of the Merged Group and its directors) include, among many other factors, the velocity and intensity of global manufacturing and construction activities (as well as the quantity of global supply in each of these respective commodities as a result of the commissioning of new mines and the decommissioning of others), political developments in countries which produce material quantities of these commodities, the weather in these same countries, the price and availability of appropriate substitutes, and sentiment or conditions in the countries and sectors in which the Merged Group or its business or commercial partners sell its products.

Given the complex array of factors which contribute to the prevailing global price of these commodities, it is particularly difficult for the Merged Group to predict with any certainty the prevailing price for these commodities. Accordingly, investors are cautioned not to place undue reliance on any price or demand forecasts provided by Intrepid, Blackthorn or by external analysts.

(d) Commercial viability of development projects

Substantial expenditures are required to establish Ore Reserves, extract metals from ore and, in the case of new properties, to construct mining and processing facilities. The commercial viability of any development project is based upon, among other things, estimates of the size and grade of Ore Reserves, proximity to infrastructure and other resources (such as water and power), metallurgical recoveries, production rates, capital and operating costs of such development projects, and metals prices. Development projects, such as the Kitumba Project, are also subject to the completion of favourable feasibility studies, issuance and maintenance of necessary permits and receipt of adequate financing.

Once a mineral deposit is developed, its commercial viability depends on a number of factors, including the particular attributes of the deposit, such as size, grade and proximity to infrastructure, government regulations including taxes, royalties, land tenure; land use, importing and exporting of minerals and environmental protection, and mineral prices. Factors that affect adequacy of infrastructure include: reliability of roads, bridges, power sources and water supply, unusual or infrequent weather phenomena, sabotage, and government or other interference in the maintenance or provision of such infrastructure. The exact effect of these factors cannot be accurately predicted, but the combination may result in not receiving an adequate return on invested capital.

(e) Reliance on one asset

After the Merger is implemented, the Merged Group will hold the Mumbwa Licence which includes the Kitumba Project. The Merged Group will not hold any other major assets or have an interest in any other project or operation. The Merged Group's operations in Zambia are vulnerable to disruption due to government intervention, political, social and labour unrest, and other hazards more generally associated with the mining industry. Any suspension of operations or production (once this commences) for any reason could have an adverse effect on the Merged Group's business, prospects, financial condition and results of operations.

(f) Marketing risk

In the event of successful project development, the marketing of the Merged Group's prospective production of copper from such reserves will be dependent on market fluctuations and the availability of processing facilities and storage and transportation infrastructure at economic tariff rates over which the Merged Group may have limited or no control.

(g) Competition

Competition from other mineral producers and explorers may affect the potential future cash flow and earnings which the Merged Group may realise from its operations. For example, the introduction of new mining and processing facilities and any increase in competition and supply in the global copper market could lower the price of copper ores and copper concentrate. The Merged Group may also encounter competition from other mining and exploration companies for the acquisition of new projects required to sustain or increase its potential future production levels.

(h) Transportation and remoteness of operations

The copper expected to be produced by the Merged Group's projects is required to be transported to end users around the world. There are risks associated with each stage of this transportation process including the condition and maintenance of roads. Additionally, given the remoteness of the Merged Group's projects, the Merged Group is subject to risks which include unexpected transportation and fuel costs, unexpected delays and accidents that each could singly or collectively materially negatively impact upon the Merged Group's financial performance and position. Further, as the Merged Group's primary assets are located in remote locations in Africa it is susceptible to limitations associated with costs and availability of transportation, availability of personnel, specialist services, parts, equipment and supplies on a timely basis.

(i) Land access arrangements

Mineral exploration, development and mining generally require rights to access the underlying land, and it may be necessary to consult or reach agreement with landholders or other third parties in relation to access arrangements. Any access agreements may impose restrictions on access, require payment of compensation, or have other conditions attached. There is a risk that landholders or other third parties may refuse access to the relevant land, which may impact the exploration for and development of these projects.

(j) Failure of basic infrastructure

In the countries in which the Merged Group operates, infrastructure for utilities such as electricity and water supply is under strain and underdeveloped. A serious failure of basic infrastructure or occurrences of power outages in the regions in which the Merged Group operates could adversely affect the exploration and development of the Merged Group's projects.

(k) Availability and cost of key equipment

The Merged Group has significant equipment and construction material requirements for its exploration and development activities. Any delay on the part of such equipment and material suppliers to deliver to schedule, or any cost increases could have an adverse impact on the Merged Group's financial performance or financial position.

(l) Funding of capital expenditure

Despite the expected strong cash balance of the Merged Group following the Merger, the funding position of the Merged Group will not be sufficient to meet the capital expenditure requirements for construction of the Kitumba Project.

To develop the Kitumba Project, the Merged Group will need to obtain financing through joint ventures, debt financing, equity financing or a combination of these. There is no assurance that the Merged Group will be able to secure the financing required as and when needed and on terms acceptable to the Merged Group. If adequate funds are not available on acceptable terms, the Merged Group may not be able to take advantage of opportunities or otherwise respond to competitive pressures. Failure to obtain additional financing on a timely basis may also cause the Merged Group to postpone its development plans, forfeit rights in some or all of its properties or joint ventures or reduce or terminate some or all of its operations.

(m) Joint ventures

The Merged Group may hold future assets and developments, through incorporated and unincorporated joint ventures with third parties. Structures of this type impose a number of constraints that do not exist where the underlying asset is fully owned. The Merged Group's ability to sell its interest in these assets may require the prior approval of the joint venture party or co-owner (as the case may be) and (in some cases) is subject to pre-emptive rights. Disagreements between co-venturers or failure of other joint venture participants to perform their obligations under the joint venture or shareholders arrangements (including the provision of funding) and delays in the approval process may adversely impact the value of Merged Group's assets and developments.

(n) Dependence on third party customers

In some regions in which the Merged Group operates there are limited or illiquid markets in which to sell copper. The presence of limited options creates customer concentration risk. The cancellation or breach of contracts with specific customers may impact on the ability of the Merged Group to sell copper.

(o) Dependence on key personnel

The Merged Group will have a small management team and the loss of a key individual or the Merged Group's inability to attract suitably qualified personnel in the future could affect its business. Difficulties may also be experienced in certain jurisdictions in employing and retaining qualified personnel who are willing to work in such jurisdictions.

The Merged Group's business depends on good relations with its employees and key personnel. The Merged Group could experience labour disputes, work stoppages or other disruptions in production that could adversely affect the Merged Group.

(p) Dependence on key contractors

The Merged Group's business relationships, operations and financial performance may be materially and adversely affected if any of its current and proposed contractors and sub-contractors do not perform their contractual obligations. The Merged Group can provide no guarantee that the contractors will fulfil these obligations.

(q) Labour and employment

While the Merged Group has good relations with its employees, these relations may be impacted by changes in the scheme of labour relations which may be introduced by the relevant country governmental authorities which regulate its operations. Adverse changes in such legislation may have a material adverse effect on the Merged Group's business.

(r) Environmental risk

Mining exploration and development can be hazardous to the environment. If it is responsible for environmental damage, the Merged Group may incur substantial costs for environmental rehabilitation, damage control and losses by third parties resulting from its operations.

The Merged Group will be subject to relevant environmental laws and regulations in connection with its operations, and intends to conduct its activities in an environmentally responsible manner. However, the Merged Group could be subject to liability due to risks inherent in its activities.

(s) Health, safety and hazardous materials

Health and safety regulation affects the Merged Group's activities. Exploration and mining are potentially hazardous activities. If any injuries or accidents occur in a mine for example, this could have adverse financial implications for the Merged Group including legal claims and potential delays or stoppages.

(t) Insurance

Insurance against all risks associated with mining and exploration and development is not always available and if available the associated costs may be high. Intrepid and Blackthorn currently have insurance in place which they believe is appropriate to their needs, having regard to what is available on economic terms in the insurance market. However, there is no guarantee that such insurance will be sufficient in all circumstances.

(u) Uninsurable risk

The Merged Group may become subject to liability for accidents, pollution and other hazards which it cannot insure against, or which it may elect not to insure because of premium costs or for other reasons, or in amounts which exceed policy limits. The occurrence of an event that is not fully covered, or covered at all, by insurance, could have a material adverse effect on its operational or financial performance.

(v) Wars, terrorism, civil unrest and natural disasters

Events may occur within or outside Australia, Zambia or other jurisdictions connected with the operations of the Merged Group that could adversely impact the market for copper, the operations of the Merged Group or any of their suppliers, service providers and customers, including war, acts of terrorism, civil disturbance, political intervention and natural activities such as earthquakes, floods, fire and poor weather affecting the transport and mining of copper.

6.6 Legal risks

(a) Mining permits

Mining companies are required to obtain government permits to expand operations or begin new operations. The costs and delays associated with such approvals could affect the Merged Group's operations. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and costly undertakings. The duration and success of permitting efforts are contingent on many factors that are out of the Merged Group's control. The governmental approval process may increase costs and cause delays depending on the nature of the activity to be permitted, and could cause the Merged Group to not proceed with the development of a mine. Accordingly, this approval process could harm the Merged Group's results or operations.

(b) Unpatented mining claims

Third parties may dispute the Merged Group's unpatented mining claims, which could result in the discovery of defective titles and losses affecting its business.

All licences and permits in which the Merged Group has interests are subject to renewal conditions or are yet to be granted, which will be at the discretion of relevant government ministries in the jurisdiction. The maintenance of licences and permits, obtaining renewals, or getting licences and permits granted, often depends on the Merged Group being successful in obtaining required statutory approvals for proposed activities. While the Merged Group anticipates that subsequent renewals or licence and permit grants will be given as and when sought, there is no assurance that such renewals or grants will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection with such grant or renewal.

(c) Grant and renewal of mining authorisations

Exploring for and mining minerals is generally illegal without an appropriate authorisation granted by the host nation or state. The grant and renewal of exploration permits, prospecting licences, mining licences, mining leases and other such authorisations are generally subject to legislative and regulatory regimes and to conditions which will be at the discretion of relevant Ministries in the host nation or state. There is no

certainty that a grant or renewal applied for will be obtained at all or on satisfactory terms and conditions or within expected or desired timeframes. Accordingly, this approval process could harm the Merged Group's results or operations.

(d) Mining Licence compliance

For any of the reasons set out in this Section 6, it is possible that the continued development of the Kitumba Project in accordance with the mining programme, capital expenditure forecast and other conditions applicable to the Mining Licence is not, or ceases to be, commercially viable. In this event, it is expected that the holder of the Mining Licence would apply to the Director of Mines under section 31 of the MMD Act for approval of amendments to the mining programme, or otherwise enter into discussions with the Zambian government to modify the terms and conditions of the Mining Licence. The outcome of any such application or discussions, if required, cannot be anticipated at this time, and it is possible that the Mining Licence is ultimately terminated.

(e) Disputes and litigation

There are no current or anticipated material disputes or litigation known to Intrepid or Blackthorn as at the date of this Explanatory Memorandum, however the Merged Group may be involved in disputes and possible litigation in the course of its future operations. There is a risk that any material or costly dispute or litigation in the future could adversely affect the value of the assets or future financial performance of the Merged Group.

(f) Industrial action

The Merged Group is reliant on skilled and productive employees and contractors to maintain the intensity of its development and exploration activities. Blackthorn has taken deliberate steps to be thorough in selecting individuals with such characteristics to be its employees. However, any industrial action by the Merged Group's employees or its contractors' employees has the potential to disrupt development and exploration activities and may adversely affect the Merged Group's financial performance or financial position.

(g) Compensation

The Merged Group may also incur costs and liabilities resulting from claims for damages to property or injury to persons arising from the Merged Group's operations. The Merged Group must compensate employees for work-related injuries. If the Merged Group does not make adequate provisions or is otherwise not adequately insured for its workers' compensation liabilities and is pursued for such sanctions, costs and liabilities, the Merged Group's business, financial condition and results of operations could be adversely affected.

(h) Contractual arrangements

Intrepid and Blackthorn have entered into contracts which are important to the future of their businesses.

Any failure by counterparties to perform those contracts may have a material adverse effect on the Merged Group and there can be no assurance that it would be successful in enforcing any of its contractual rights through legal action.

6.7 Regulatory risks

(a) Government regulation

The Merged Group's operations could be adversely affected by government actions in Australia, Zambia or other countries or jurisdictions in which it has operational exposures or investment interests. Developing countries such as Zambia have a history of political instability, unpredictable changes in government policies and laws, illegal mining activities, lack of law enforcement and labour unrest. The Merged Group's operations could be effected by actions which include, but are not limited to, the introduction of or amendment to or changes in the interpretation of, legislation, guidelines and regulations in relation to mining and resources exploration and production, taxation, the environment, carbon emissions, competition policy, cultural heritage and so on. Such actions could impact upon land access, the granting of licences and permits, the approval of project developments and ancillary infrastructure requirements and the cost of compliance. The possible extent of the introduction of additional legislation, regulations, guidelines or amendments to existing legislation that might affect the Merged Group is difficult to predict. Any such government action may require increased capital commitments or even additional capital in order to ensure compliance or could delay or even prevent certain operation/activities of the Merged Group. Such actions could therefore have a material adverse effect on the Merged Group's financial condition.

(b) Authorisations

The implementation of the Merger is subject to a number of Authorisations being obtained, including clearance by or approval of the Zambian Competition and Consumer Protection Authority, before 8:00 am on the Second Court Hearing Date. If the Authorisations are not granted before 8:00am on Second Court Hearing Date, Blackthorn and Intrepid are required to consult, and they may agree to waive the condition or to extend (or further extend) the date by which the Authorisations are required to be obtained. However, if Blackthorn and Intrepid do not agree to waive the condition and do not extend the time allowed for its satisfaction, they will each have the right to terminate the Merger.

(c) Legal systems

Some of the jurisdictions in which the Merged Group will operate have less developed legal systems than would be found in more established economies like Australia. This may result in risks such as:

- (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute;
- (ii) a higher degree of discretion on the part of governmental authorities;
- (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (v) relative inexperience of the judiciary and courts in such matters.

In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

(d) Tax risk

The Merged Group will be subject to taxation and other imposts in Australia, Zambia and other jurisdictions in which the Merged Group has activities and investment interests. Future changes in taxation laws in those countries, including changes in the interpretation or application of existing laws by the courts or applicable revenue authorities in those jurisdictions may affect the taxation treatment of the Merged Group's business activities thereby potentially impacting on the Merged Group's financial condition. In addition to the normal level of income tax imposed on companies in all industries, companies in the resources sector are usually required to pay government royalties and indirect taxes and other levies. The profitability of companies in this industry can be adversely affected by changes in government taxation and royalty policies or in the interpretation or application of such policies.

As a result of the implementation of the Merger, Blackthorn will become a member of the Intrepid tax consolidated group. Blackthorn will be required to transfer its tax losses to Intrepid as the head company of the Intrepid tax consolidated group or forfeit its tax losses. The ability to transfer the losses is subject to Blackthorn satisfying the loss integrity rules, namely the modified 'continuity of ownership' test ("COT") or modified 'same business test' ("SBT").

Blackthorn will only be eligible to transfer its losses where it meets the modified SBT. That is, where it carries on the same business for the 'trial' period – being the period commencing 12 months prior to joining the Intrepid tax consolidated group and ending just after the joining time. Blackthorn is likely to fail the modified COT.

Blackthorn has not determined whether the modified SBT will be satisfied, but on the assumption that it is satisfied, the Blackthorn losses will only be available according to their available fraction. This fraction is determined based on the relative market value of Blackthorn to the Intrepid tax consolidated group at the joining time. This will then determine the access to tax losses for the Intrepid tax consolidated group.

Intrepid Shareholders should also consider the risks identified in Section 9.6(f) with respect to Intrepid's ability to utilise its prior year tax losses.

(e) Climate change

The Merged Group's activities, including development and exploration and ultimately production, will be energy intensive enterprises and depend on fossil fuels. Changing government regulation and policy responding to climate change may adversely affect the Merged Group's cost of operations and reduce its profitability. In addition, it is possible that the countries in which the Merged Group operates may introduce regulations which impose a cost on greenhouse gas emissions and energy intensive assets with application to Merged Group operations.

Subject to the terms of these regulations, these regulations could materially impact the Merged Group's operations, directly or indirectly.

6.8 Other risks

Additional risks and uncertainties not currently known to Intrepid or Blackthorn may also have a material adverse effect on the Merged Group's business and the information set out above does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting Intrepid, Blackthorn or, if the Merger proceeds, the Merged Group.

6.9 Implications for Intrepid if the Merger is not implemented

(a) Intrepid Share price

Until such time as the Merger is completed, the Intrepid Share price will be affected by market sentiment and speculation about the likelihood of success of the Merger and the Buy-Back. Furthermore, the Merger is subject to various Conditions Precedent and if such conditions are not satisfied (or where possible, waived) the Merger and the Buy-Back will not proceed and the Intrepid Share price may be adversely affected.

(b) Consequences if the Contingent Buy-Back is implemented

If the Merger is not implemented because either the Merger Resolution or the Buy-Back Resolution is not approved and the Contingent Buy-Back is approved and implemented, the risks associated with the Contingent Buy-Back will arise. A summary of the risks associated with the Contingent Buy-Back are set out at Section 10.6.

(c) Consequences if the Contingent Buy-Back is not implemented

If the Merger and the Contingent Buy-Back do not proceed, Intrepid's sole substantial asset will be cash and Intrepid Shares may trade at a discount to Intrepid's cash backing, as evidenced by the Intrepid Share price of A\$0.255 per Intrepid Share prior to the announcement of the Merger. Section 10.6 includes a summary of the risks in relation to the Contingent Buy-Back, including a number of risks which are relevant if the Contingent Buy-Back does not proceed.

(d) ASX Listing Rule requirements

If the Merger does not proceed, Intrepid's sole substantial asset will remain cash. As a result, Intrepid will be at risk of failing to meet the requirements of ASX Listing Rule 12.3 and ASX may exercise its discretion to either suspend trading of Intrepid Shares, or to delist Intrepid from the ASX.

If ASX exercises its discretion to delist Intrepid, Intrepid Shareholders may experience the following difficulties:

- (i) trading liquidity in Intrepid Shares would be materially adversely affected with Intrepid Shares only capable of sale by private transaction; and
- (ii) the ASX Listing Rules will no longer apply to Intrepid and Intrepid Shareholders would forgo protections inherent in the ASX Listing Rules (including those relating to disclosures, restrictions on share issues and making significant changes to Intrepid's activities).

(e) Break fee

As detailed further in Section 7.5 of this Explanatory Memorandum, under the Scheme Implementation Deed, Intrepid is liable to pay the break fee of A\$580,000 to Blackthorn if Merger Implementation does not occur as a result of a number of prescribed circumstances.

7.1 Introduction

This Section 7:

- (a) discusses the purpose and effect of the Merger;
- (b) provides a summary of the conditions and approvals required for the Merger to proceed; and
- (c) provides a summary of the rights of Intrepid and Blackthorn to withdraw from the Merger.

7.2 Scheme of Arrangement

(a) Purpose

The purpose of the Scheme is to give effect to the Merger between Intrepid and Blackthorn. If the Scheme becomes Effective:

- (i) Intrepid will acquire all of the Blackthorn Shares;
- (ii) Blackthorn Shareholders will cease to hold any Blackthorn Shares and will become holders of New Intrepid Shares which will be issued as consideration under the Scheme; and
- (iii) Blackthorn will become a wholly owned subsidiary of Intrepid and will be delisted from ASX.

The terms of the Scheme are set out in the Scheme of Arrangement, which has been included as Annexure B to this Explanatory Memorandum.

(b) Legal effect

If the Scheme becomes Effective, it will constitute a binding arrangement between Blackthorn and each Scheme Participant under which:

- (i) all Blackthorn Shares held by each Scheme Participant (including those who do not vote on the Scheme and those who vote against it) will be transferred to Intrepid free of any security interest (in accordance with, without limitation, section 32(1) of the Personal Property Securities Act 2009 (Cth) and Regulation 7.1 of the Personal Property Securities Act Regulations 2010 (Cth)), without the need for any action on the part of the Scheme Participant; and
- (ii) each Scheme Participant (including those who do not vote on the Scheme and those who vote against it), other than Ineligible Overseas Blackthorn Shareholders, will receive the Scheme Consideration, as consideration in full for the transfer of all of their Blackthorn Shares to Intrepid.

7.3 Conditions of the Scheme

The Scheme is subject to the Conditions Precedent noted below, all of which must be satisfied or waived (as applicable) by 8.00am on the Second Court Hearing Date.

As at the date of this Explanatory Memorandum, neither Intrepid nor Blackthorn is aware of any circumstances which would cause any of the Conditions Precedent not to be satisfied or which could result in termination of the Scheme Implementation Deed.

(a) Joint conditions

The following conditions apply for the mutual benefit of Intrepid and Blackthorn (noting that those relating to regulatory approvals, Blackthorn Shareholder Approval and Court Approval are not capable of waiver):

- (i) **(Blackthorn Independent Expert's Report)** the Blackthorn Independent Expert's Report concludes that the Scheme is in the best interests of Blackthorn Shareholders and the Blackthorn Independent Expert maintains that opinion (including by not withdrawing or changing that opinion) at all times up to 8.00am on the Second Court Hearing Date;
- (ii) **(orders convening Scheme Meeting)** the Court makes orders convening the Scheme Meeting under section 411(1) of the Corporations Act;
- (iii) **(Blackthorn Shareholder Approval)** Blackthorn Shareholder Approval is obtained at the Scheme Meeting convened in accordance with the orders made under section 411(1) of the Corporations Act, which meeting is expected to occur on 21 November 2014;
- (iv) **(Intrepid Shareholder Approvals)** the Intrepid Shareholders approve by ordinary resolution:
 - (A) the acquisition by Intrepid of the Blackthorn Shares in accordance with the Scheme; and
 - (B) the Buy-Back.
- (v) **(Court approval of Scheme)** the Court makes orders under section 411(4)(b) of the Corporations Act approving the Scheme;
- (vi) **(Authorisations)** before 8:00am on the Second Court Date, all Authorisations required to implement the Merger are granted or obtained;
- (vii) **(order lodged with ASIC)** an office copy of the Court order approving the Scheme is lodged with ASIC under section 411(4)(b) of the Corporations Act;
- (viii) **(no restraint adversely affecting Implementation)** no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the acquisition of all the Blackthorn Shares by Intrepid or otherwise preventing Merger Implementation is in effect at 8.00 am on the Second Court Hearing Date;

- (ix) **(ASX quotation)** before 8.00 am on the Second Court Hearing Date, the New Intrepid Shares to be issued to Scheme Participants (other than Ineligible Overseas Blackthorn Shareholders) in accordance with the Scheme are approved for official quotation on ASX, which approval may be conditional on the issue of those shares and other conditions customarily imposed by ASX;
- (x) **(Mining Licence Approval)** before 8.00 am on 28 November 2014 (or such later date as agreed between Blackthorn and Intrepid), the Mining Licence Approval has been obtained;
- (xi) **(ASIC and ASX consents)** before 8.00am on the Second Court Hearing Date, ASIC and ASX issue or provide such consents or approvals or have done such other acts which Blackthorn and Intrepid agree are reasonably necessary to implement the Scheme; and
- (xii) **(Intrepid Independent Expert's Report)** the Intrepid Independent Expert's Report concluding that the Buy-Back is either fair and reasonable, or not fair but reasonable, to all Intrepid Shareholders and the Intrepid Independent Expert maintaining that opinion (including by not withdrawing or changing that opinion) at all times up until the conclusion of the Intrepid Meeting.

(b) Conditions that apply for the benefit of Intrepid

The following conditions apply for the sole benefit of Intrepid and can be waived by Intrepid in its absolute discretion:

- (i) **(no Material Adverse Effect on Blackthorn)** during the period commencing on 27 August 2014 and ending at 8.00 am on the Second Court Hearing Date, no one or more events, occurrences or matters individually or in aggregate that have or could reasonably be expected to have a "Material Adverse Effect" (as defined in the Scheme Implementation Deed) on Blackthorn, occurs or becomes known to Intrepid, other than a Material Adverse Effect that resulted solely from an event, occurrence or matter which:
 - (A) was fairly disclosed in the Blackthorn Disclosure Material;
 - (B) was due to one or more acts or omissions which were required to be done or procured by Blackthorn under the Scheme Implementation Deed or the Scheme;
 - (C) was due to one or more acts or omissions which Intrepid expressly consented to in writing;
 - (D) was attributable to the Mining Licence Approval not being obtained prior to the Mining Licence Approval End Date; or
 - (E) is a "Blackthorn Excluded Transaction" (as defined in the Scheme Implementation Deed);
- (ii) **(no Blackthorn Prescribed Event)** during the period commencing on the date of this document and ending at 8.00 am on the Second Court Hearing Date, no "Blackthorn Prescribed Event" (as defined in the Scheme Implementation Deed) occurs; and

- (iii) **(Blackthorn representations and warranties)** each of the representations and warranties given or made by Blackthorn under clause 18 of the Scheme Implementation Deed is true and correct as at the time it is given or made.

(c) Conditions that apply for the benefit of Blackthorn

The following conditions apply for the sole benefit of Blackthorn and can be waived by Blackthorn in its absolute discretion.

- (i) **(no Material Adverse Effect on Intrepid)** during the period commencing on 27 August 2014 and ending at 8.00 am on the Second Court Hearing Date, no one or more events, occurrences or matters individually or in aggregate that have or could reasonably be expected to have a Material Adverse Effect on Intrepid, occurs or becomes known to Blackthorn unless that event, occurrence or matter:
 - (A) was fairly disclosed in the Intrepid Disclosure Material;
 - (B) was due to one or more acts or omissions which were required to be done or procured by Intrepid under the Scheme Implementation Deed or the Scheme;
 - (C) was due to one or more acts or omissions which Blackthorn expressly consented to in writing; or
 - (D) is a "Intrepid Excluded Transaction" (as defined in the Scheme Implementation Deed);
- (ii) **(no Intrepid Prescribed Event)** during the period commencing on 27 August 2014 and ending at 8.00 am on the Second Court Hearing Date, no "Intrepid Prescribed Event" (as defined in the Scheme Implementation Deed) occurs; and
- (iii) **(Intrepid representations and warranties)** each of the representations and warranties given or made by Intrepid under clause 18 of the Scheme Implementation Deed is true and correct as at the time it is given or made.

7.4 Termination rights

(a) Mutual termination rights

Either Intrepid or Blackthorn may terminate the Scheme Implementation Deed by notice in writing to the other party before 8.00 am on the Second Court Hearing Date in any of the following circumstances:

- (i) if Intrepid and Blackthorn are unable to reach agreement within five Business Days after both parties become aware that a Condition Precedent will not be fulfilled (or waived) and where such condition is for the benefit of any party (whether solely or jointly with the other party), only the party for whose benefit the Condition Precedent is included can terminate; or
- (ii) if the Effective Date does not occur on or before the End Date.

(b) Intrepid additional termination rights

Intrepid may terminate the Scheme Implementation Deed by giving notice in writing to Blackthorn before 8.00 am on the Second Court Hearing Date if:

- (i) Blackthorn is in breach of the Scheme Implementation Deed (including a breach of a representation or warranty under that document) and that breach is material and is not remedied by Blackthorn within five Business Days (or such shorter period ending on the Second Court Hearing Date) of it receiving notice from Intrepid of the details of the breach and its intention to terminate;
- (ii) any of Blackthorn's Directors adversely changes or withdraws his or her recommendation that the Scheme is in the best interests of Blackthorn Shareholders; or
- (iii) Blackthorn or any of its directors acts in a manner which is inconsistent with obtaining approval for the Scheme (including by recommending a Competing Proposal (as that term is defined in the Scheme Implementation Deed) in respect of Blackthorn).

(c) Blackthorn additional termination rights

Blackthorn may terminate the Scheme Implementation Deed by giving notice in writing to Intrepid before 8.00 am on the Second Court Hearing Date if:

- (i) Intrepid is in breach of the Scheme Implementation Deed (including a breach of a representation or warranty under that document) and that breach is material and is not remedied by Intrepid within five Business Days (or such shorter period ending on the Second Court Hearing Date) of it receiving notice from Blackthorn of the details of the breach and its intention to terminate;
- (ii) any of the Intrepid Directors withdraws his or her support for the Scheme or the Buy-Back; or
- (iii) Intrepid or any of the Intrepid Directors acts in a manner which is inconsistent with obtaining approval for the Scheme or the Buy-Back (including by recommending a Competing Proposal (as that term is defined in the Scheme Implementation Deed) in respect of Intrepid).

7.5 Break fees

Under the Scheme Implementation Deed, a break fee of A\$580,000 may be payable by either Blackthorn or Intrepid to the other in certain circumstances, including where:

- (a) one party accepts or enters into an agreement regarding a competing proposal or any other transaction that may reduce the likelihood of success of the Scheme;
- (b) a director of a party does not recommend the Scheme (or the Buy-Back in respect of Intrepid), withdraws or adversely modifies an earlier recommendation, or approves or recommends or makes an announcement in favour of a competing proposal or any other transaction that may reduce the likelihood of success of the Scheme, unless this is done in certain permitted circumstances, including where:
 - (i) in relation to Blackthorn, the Blackthorn Independent Expert's Report concludes or is modified to conclude that the Scheme is not in the best interests of Blackthorn Shareholders; or
 - (ii) in relation to Intrepid, the Intrepid Independent Expert's Report concludes or is modified to conclude that the Buy-Back is not fair and not reasonable to Intrepid Shareholders, except where this arises due to the existence of an competing proposal;
- (c) a party is in material breach of the Scheme Implementation Deed and the other party validly terminates the Scheme Implementation Deed.

Clauses 16.2 and 16.3 of the Scheme Implementation Deed set out all circumstances in which the break fee may be payable.

7.6 Blackthorn Options

(a) Cancellation arrangements in respect of Blackthorn Options

Blackthorn has on issue 2,810,000 Blackthorn Options to subscribe for Blackthorn Shares. These options are held by eight employees under Blackthorn's Employee Share Option Plan and by two consultants. The two consultants each hold 75,000 Blackthorn Options in a tranche with an exercise price of A\$1.63 which is 'out of the money', and the eight employees hold the remaining 2,660,000 Blackthorn Options in a tranche with an exercise price of A\$0.25 which is 'in the money'. The Blackthorn Options are not quoted on any financial market.

Prior to the date of this Explanatory Memorandum, Blackthorn and Intrepid entered into an option cancellation deed with each Blackthorn Option Holder. Under the terms of the option cancellation deeds, each person holding Blackthorn Options has agreed to have their Blackthorn Options cancelled with effect on or from 10.00am on the Implementation Date in exchange for Intrepid Shares to be issued to them (or, in the case of one foreign Blackthorn Option Holder, paid a cash consideration equivalent to the value of the Intrepid Shares he would have otherwise received on cancellation of his Blackthorn Options).

The number of Intrepid Shares to be issued to Blackthorn Option Holders is set out in Table A and B below.

Table A: Blackthorn Options with an exercise price of A\$1.63

Total Number of Blackthorn Options	Number of Blackthorn Option Holders	Exercise Price	Expiry Date	Total number of Intrepid Shares to be offered
75,000	1	A\$1.63	27 June 2015	545 Intrepid Shares ²⁰

Table B: Blackthorn Options with an exercise price of A\$0.25

Total Number of Blackthorn Options	Number of Blackthorn Option Holders	Exercise Price	Expiry Date	Number of Intrepid Shares to be offered
2,660,000	8	A\$0.25	31 May 2017	0.472 Intrepid Shares per Blackthorn Option

(b) Independent valuation of the Blackthorn Options

The values of the Blackthorn Options have been determined by an independent valuer engaged for that purpose by Blackthorn (and agreed by Intrepid). The independent valuer applied the Black Scholes and quasi Monte-Carlo simulation valuation methodologies as relevant to value the different tranches of Blackthorn Options.

In valuing the Blackthorn Options and calculating the corresponding number of Intrepid Shares to be issued as consideration for cancellation of the Blackthorn Options, the assumed value of:

- (i) a Blackthorn Share at the date the Blackthorn Options were valued, being 26 August 2014, was A\$0.356; and
- (ii) an Intrepid Share at the date the Blackthorn Options were valued, being 26 August 2014, was A\$0.330.

The above values are the same values used for the Blackthorn Shares and Intrepid Shares in calculating the Scheme Consideration (assuming the Buy-Back is fully subscribed).

(c) ASX waiver under Listing Rule 6.23.2

ASX has given approval to a waiver from ASX Listing Rule 6.23.2 to the extent necessary to allow Blackthorn to cancel the Blackthorn Options in consideration for Intrepid issuing Blackthorn Option Holders with Intrepid Shares (or, in the case of one foreign Blackthorn Option Holder, paid a cash consideration equivalent to the value of Intrepid Shares he would otherwise have received on cancellation of his Blackthorn Options).

(d) When Blackthorn Option cancellations are effective

The deeds cancelling the Blackthorn Options have no effect unless the Scheme becomes Effective on or before the End Date.

If the Blackthorn Options are cancelled under the option cancellation deeds, each Blackthorn Option Holder releases and discharges Blackthorn from all claims that they may have against Blackthorn, including without limitation any obligation for Blackthorn to issue Blackthorn Shares on the exercise of Blackthorn Options.

7.7 Ineligible Overseas Blackthorn Shareholders

Some Overseas Blackthorn Shareholders may not be able to receive New Intrepid Shares under the Scheme as restrictions in foreign countries may make it unlawful or unduly onerous for Intrepid to issue New Intrepid Shares to Overseas Blackthorn Shareholders (or for those persons to receive New Intrepid Shares).

Provided an Overseas Blackthorn Shareholder is not an Ineligible Foreign Shareholder, such Blackthorn Shareholder may receive New Intrepid Shares under the Scheme.

Intrepid is not obliged to issue New Intrepid Shares to an Ineligible Foreign Shareholder under the Scheme. Instead, the New Intrepid Shares that would otherwise have been issued to the Ineligible Overseas Blackthorn Shareholder will be issued to the Sale Nominee and sold on ASX, with the net proceeds of sale to be distributed proportionately among Ineligible Overseas Blackthorn Shareholders.

7.8 Taxation implications

This Section 7.8 contains a general description of the Australian tax implications for Australian-resident and non-resident (for tax purposes) Intrepid Shareholders if the Merger is implemented.

It is expected that there will be no direct Australian income tax (including capital gains tax) implications for Intrepid Shareholders as a sole result of the Merger as they will not receive any proceeds in relation to the Merger, nor will the Merger constitute a disposal of their Intrepid Shares.

As Intrepid Shareholders do not acquire or dispose of any Intrepid Shares themselves under the Merger terms, no stamp duty should be payable by them in respect of the Merger.

²⁰ A further 75,000 A\$1.63 Blackthorn Options will be cancelled and exchanged for the equivalent value of 545 New Intrepid Shares (estimated value A\$180 or US\$170).

Section 8 Resolution to Approve the Merger

8.1 Resolution 1 - Approval of the Merger

(a) Reasons why Intrepid Shareholder Approval is being sought

The Intrepid Directors have previously stated to Intrepid Shareholders that any new investment opportunity would be put to Intrepid Shareholders to determine the future of the Company. As a result of this commitment, Intrepid Shareholders are being given the opportunity to consider and approve the Merger (and the linked Buy-Back).

Intrepid Shareholder Approval is also being sought pursuant to ASX Listing Rule 11.1 on the basis that the Merger may be viewed as a significant change to the nature or scale of Intrepid's activities.

(b) Consequences if the Merger or the Buy-Back is not approved

If Resolution 1 (Approval of the Merger) or Resolution 2 (Approval of the Buy-Back) is not approved:

- (i) the Buy-Back will not be implemented and Intrepid Shareholders will not have the opportunity of selling their Intrepid Shares to the Company at the Buy-Back Price of A\$0.30;
- (ii) the Merger will not be implemented; and
- (iii) the Contingent Buy-Back, if it is approved by Intrepid Shareholders, will be implemented.

(c) Recommendation of the Intrepid Directors

Each Intrepid Director recommends that Intrepid Shareholders vote in favour of the Merger Resolution.

The reasons for the Intrepid Directors' recommendation include that:

- (i) the shareholders of the Merged Group will have exposure to the Kitumba Project, an attractive development project with robust economics;
- (ii) the Merged Group will be fully funded to complete the Definitive Feasibility Study for the Kitumba Project;
- (iii) the Merged Group will be well positioned to pursue attractive high impact exploration opportunities; and
- (iv) the Merger offers the opportunity of long-term re-rating potential to benefit all Intrepid Shareholders.

(d) Voting intentions of Intrepid Directors

Each Intrepid Director intends to vote in favour of the Merger Resolution in respect of the Intrepid Shares they control (details of which are set out in Section 3.10(a)).

(e) Details on how the Chairman intends to vote undirected proxies

The Chairman of the Intrepid Meeting intends to vote undirected Proxies in favour of the Merger Resolution.

8.2 What are the Blackthorn Directors recommending?

Subject to no superior proposal emerging, each Blackthorn Director has:

- (a) recommended that, subject to the Blackthorn Independent Expert opining that the Merger is in the best interests of Blackthorn Shareholders, Blackthorn Shareholders vote in favour of the Merger at the Blackthorn Meeting, and
- (b) confirmed that he or she intends to vote in favour of the Merger in respect of all Blackthorn Shares they control (details of which are set out in Section 4.12(a)).

Section 9 Resolution to Approve the Buy-Back

In addition to the information on the Buy-Back set out in this Section 9, Intrepid Shareholders should review the information contained in the Buy-Back Offer Booklet which is being separately dispatched to those Intrepid Shareholders who are entitled to participate in the Buy-Back.

9.1 Overview of the Buy-Back

(a) What is the Buy-Back?

In conjunction with the Merger, Intrepid is proposing to buy-back up to A\$110 million Intrepid Shares under an equal access off-market buy-back.

If the Buy-Back proceeds, Intrepid Shareholders as at the Buy-Back Record Date may, subject to the Scale Back and Merger Implementation occurring, sell to Intrepid some or all of their Intrepid Shares at a price of A\$0.30 per Intrepid Share.

(b) What is an off-market buy-back?

In a buy-back, a company buys back some of its shares from its shareholders. A buy-back is off-market when it is made to shareholders directly rather than through the share market.

(c) When is the Buy-Back Offer Period?

The Buy-Back is open for acceptance from 9.00am on Friday 17 October 2014 until 5.00pm on Tuesday 18 November 2014 AEDT.

(d) The Buy-Back is conditional

The Buy-Back is subject to the following conditions:

- (i) Intrepid Shareholder Approval of Resolution 1 – Approval of the Merger (refer to Section 8);
- (ii) Intrepid Shareholder Approval of Resolution 2 – Approval of the Buy-Back (refer to Section 9.11); and
- (iii) Merger Implementation.

(e) Why is Intrepid proposing the Buy-Back?

Intrepid is aware that certain Intrepid Shareholders have previously expressed a preference to receive cash for their investment, rather than participate in a new opportunity, while certain other Intrepid Shareholders have expressed a preference to consider a new investment opportunity.

The Intrepid Directors believe that the structure of the Merger and Buy-Back enables Intrepid Shareholders to choose an option that best reflects each Intrepid Shareholder's individual investment criteria, whether it be an immediate cash return at a premium to the pre-announcement Intrepid Share price or an investment in the Merged Group and exposure to an attractive copper development project.

(f) Buy-Back alternatives

The Intrepid Directors have considered various ways to return capital to Intrepid Shareholders, including dividends, off-market buy-backs, on-market buy-backs, pro-rata capital returns and winding up.

The Intrepid Directors consider that at this time, it is in the best interests of Intrepid and Intrepid Shareholders as a whole that Intrepid Shareholders be given the opportunity to decide:

- (i) whether they will approve an opportunity for Intrepid Shareholders to sell all or some of their Intrepid Shares; and
- (ii) the extent of their participation in the Buy-Back (potentially for up to 100% of their Intrepid Shares, subject to the Scale Back),

instead of a substantial pro-rata capital return or winding up of Intrepid, under which all Intrepid Shareholders would be forced into a realisation of a substantial portion of their entire investment.

(g) How does the Buy-Back compare to selling Intrepid Shares on the securities market?

You may be able to sell your Intrepid Shares for a higher price than the Buy-Back Price on the securities market. However, you would have to pay brokerage – you do not have to pay this charge if you sell your Intrepid Shares in the Buy-Back.

The market price for Intrepid Shares on the ASX may be, or may move, higher than the Buy-Back Price during the Buy-Back Offer Period. It may also vary significantly in the future. By offering the Buy-Back and setting the Buy-Back Price, Intrepid is not making any recommendations or giving any advice on the value of Intrepid Shares or whether (or how) you should sell your Intrepid Shares.

Before you decide what to do, Intrepid recommends that you seek your own professional advice.

9.2 Terms of the Buy-Back

(a) Buy-Back Limit and Scale Back

The maximum amount of Intrepid's cash reserves that will be used to implement the Buy-Back is A\$110 million ("**Buy-Back Limit**").

At the Buy-Back Price of A\$0.30 per Intrepid Share, the maximum number of Intrepid Shares that may be purchased under the Buy-Back is 366,666,666 or 65.76% of Intrepid's issued share capital. The Buy-Back Limit does not necessarily represent the actual number or percentage of Intrepid Shares that will definitely be bought back, as this will depend on the number of acceptances that are received from Intrepid Shareholders.

If Intrepid receives Buy-Back acceptances representing less than 65.76% of all Intrepid Shares, all of the Intrepid Shares represented by the acceptances will be bought back.

If acceptances are received representing a number of Intrepid Shares over the Buy-Back Limit, the Scale Back will operate to proportionally reduce each of the acceptances so that the total number of Intrepid Shares bought back, based on the Buy-Back Price, is reduced to the Buy-Back Limit.

Shortly following closure of the Buy-Back Offer Period on 18 November 2014, Intrepid will make an announcement summarising the Buy-Back Offer acceptances received and outlining the details of any Scale Back.

If the Buy-Back Conditions are not fulfilled no Intrepid Shares will be bought back under the Buy-Back.

(b) Buy-Back Price

The Buy-Back Price per Intrepid Share is A\$0.30.

(c) Payment for Intrepid Shares bought back under the Buy-Back

Payment for Intrepid Shares purchased under the Buy-Back will be made by way of cheque in Australian dollars or paid in Australian dollars into the account nominated on the Buy-Back Acceptance Form and despatched or paid on or around 11 December 2014.

(d) Eligibility to participate in the Buy-Back

Intrepid Shareholders, who are not Ineligible Overseas Intrepid Shareholders, holding Intrepid Shares on the Buy-Back Record Date, being 7.00 pm Tuesday 14 October 2014 AEDT, may participate in the Buy-Back.

While eligible Intrepid Shareholders may participate in the Buy-Back, voting in favour of Resolution 2 does not require any Intrepid Shareholders to sell any Intrepid Shares into the Buy-Back. Participation in the Buy-Back is voluntary and at the discretion of all eligible Intrepid Shareholders.

The Buy-Back is not being offered to Ineligible Overseas Intrepid Shareholders.

(e) Intrepid Directors' interest in Intrepid Shares

Intrepid Directors and their respective Associates will be entitled to participate in the Buy-Back and may do so at their discretion and having regard to their own particular circumstances.

Refer to Section 3.10(a) for the Relevant Interest of each Intrepid Director in Intrepid securities.

(f) Effect of the Buy-Back on voting

Intrepid Shareholders are entitled to vote at any meeting of Intrepid that is held at any time until the Implementation Date, even if they have lodged a Buy-Back Acceptance Form to sell Intrepid Shares under the Buy-Back.

(g) Trading or dealing with your Intrepid Shares after completing and returning your Acceptance Form

You will be unable to sell your Intrepid Shares accepted into the Buy-Back on the ASX (or otherwise dispose of them), unless:

- (i) you have validly withdrawn or amended your acceptance in accordance with the terms set out in the Buy-Back Booklet before the close of the Buy-Back Offer Period;
- (ii) such Intrepid Shares that you accepted into the Buy-Back are not accepted as a result of the Scale Back; or
- (iii) Merger Implementation does not occur in which case the Buy-Back will not proceed and you will free to sell (or otherwise dispose of your Intrepid Shares) from such time.

(h) No brokerage and handling fees

Intrepid Shareholders do not have to pay any handling or brokerage fees on sales of Intrepid Shares into the Buy-Back.

(i) Intrepid Independent Expert's Report

To assist Intrepid Shareholders in their consideration of the Buy-Back, the Intrepid Directors commissioned the Intrepid Independent Expert to prepare the Intrepid Independent Expert's Report and express an opinion as to whether the Buy-Back is fair and reasonable to all Intrepid Shareholders.

Intrepid was not required under the Corporations Act to obtain an Intrepid Independent Expert's Report on the proposed Buy-Back, however ASIC policy recommends obtaining an independent expert's report and the Intrepid Directors also considered it appropriate to do so to enable Intrepid Shareholders to make a fully informed decision as to whether to approve the Buy-Back.

A copy of the Intrepid Independent Expert's Report is set out in Annexure D to this Explanatory Memorandum.

In summary, the Intrepid Independent Expert determined that:

- (i) the Buy-Back is "Fair and Reasonable" to Intrepid Shareholders as a whole;
- (ii) Intrepid Shareholders should vote in favour of the Buy-Back; and
- (iii) Intrepid Shareholders are likely to be better-off if the Buy-Back is implemented rather than the Contingent Buy-Back or neither of them.

9.3 Instructions to Intrepid Shareholders considering the Buy-Back

(a) Read all of the documents

You should read and consider all of the Notice of Meeting and Explanatory Memorandum.

You will shortly receive a Buy-Back Offer Booklet (including a Buy-Back Acceptance Form or Buy-Back Acceptance Forms), which sets out the terms and conditions of the Buy-Back and instructions on how to accept the Buy-Back.

You should read and consider the Notice of Meeting, Explanatory Memorandum and Buy-Back Offer Booklet in full before making any decision on the Resolutions.

(b) Consider your options

Neither this Explanatory Memorandum nor the Buy-Back Offer Booklet considers your financial situations, investment objects and particular needs. If you have any queries regarding whether you should sell any of your Intrepid Shares in the Buy-Back, you should consider seeking advice from your professional advisers.

(c) Vote at the Intrepid Meeting

The Intrepid Directors urge all Intrepid Shareholders to vote at the Intrepid Meeting. All of the Resolutions affect your investment in Intrepid and your vote at the Intrepid Meeting is important in determining whether the Buy-Back and Merger will proceed.

Instructions on how to vote are set out in the Notice of Meeting.

(d) Actions if you wish to participate in the Buy-Back

If you wish to participate in the Buy-Back for some or all of your Intrepid Shares:

- (i) read the Buy-Back Offer Booklet and consider seeking advice from your professional advisers if necessary (including your tax adviser); and
- (ii) complete your personalised Buy-Back Acceptance Form in accordance with the instructions set out in the Buy-Back Offer Booklet and Buy-Back Acceptance Form for some or all of your Intrepid Shares.

The Buy-Back Offer Booklet sets out instructions in relation to jointly held Intrepid Shares and Intrepid Shares held by trustees and nominees.

Intrepid Shareholders should note that the Buy-Back will only proceed if the Merger Resolution and the Buy-Back Resolution is approved and the Merger is implemented.

(e) Actions if you do not wish to participate in the Buy-Back

If you do not wish to participate in the Buy-Back, do nothing with your Buy-Back Acceptance Forms. Participation in the Buy-Back is voluntary.

If you do not sell your Intrepid Shares, the number of Intrepid Shares that you hold will not change, but the proportion of Intrepid that you own will increase, depending on the level of acceptances by other Intrepid Shareholders and the subsequent cancellation of their Intrepid Shares that are brought back.

However, even if you do not wish to participate in the Buy-Back, the Intrepid Directors still recommend that you vote in favour of all Resolutions, including the Buy-Back Resolution.

(f) Withdrawing or amending your acceptance

You can withdraw or amend your acceptance of the Buy-Back provided that you do so by 5.00 pm on Tuesday 18 November 2014 AEDT.

The Buy-Back Offer Booklet sets out instructions on how to withdraw or amend your acceptance.

9.4 Key dates if the Buy-Back is implemented

The key dates for the Buy-Back are:

Time and date - 2014	Event
14 October	Buy-Back Record Date – date for determining entitlements of Intrepid Shareholders to participate in the Buy-Back
17 October	Buy-Back Offer Period commences
18 November	Intrepid Meeting date – date on which Intrepid Shareholders vote on the Resolutions
5:00pm on 18 November	Buy-Back Offer Period closes – date by which Intrepid Shareholders must return their Buy-Back Acceptance Forms if they wish to participate in the Buy-Back
19 November	Announcement of Buy-Back acceptances received and calculation of any Scale Back, with the implementation of the Buy-Back being subject to Merger Implementation
11 December	Merger Implementation Buy-Back Consideration distributed to Intrepid Shareholders participating in the Buy-Back

These dates are indicative only and may be changed as determined between Intrepid and Blackthorn in accordance with the Scheme Implementation Deed, the Corporations Act and the ASX Listing Rules.

Any changes to these dates will be notified on Intrepid's website (www.intrepidmines.com) and announced to the ASX.

9.5 Effect of the Buy-Back

(a) Funding of the Buy-Back

The Buy-Back will be funded from Intrepid's cash reserves. No part of the Buy-Back Price will be paid out of the profits of the Company, nor constitute a dividend.

The Intrepid Board considers that the level of the Buy-Back appropriately balances the interim funding requirements of the Merged Group and the stated desire of a number of Intrepid Shareholders to be given an opportunity to exit their holdings in Intrepid. Following completion of the Buy-Back and the Merger, the Merged Group should be well funded to complete the Kitumba Definitive Feasibility Study, embark on an aggressive exploration program, fund corporate costs and maintain a sufficient position for contingencies or business development opportunities.

(b) Effect of the Buy-Back on the control of Intrepid

Having regard to Intrepid's current shareholding spread, and assuming that this is maintained, the Buy-Back is not expected to have any change of control implications for Intrepid.

As a consequence of the cancellation of Intrepid Shares bought back under the Buy-Back, the percentage shareholding and voting power of Intrepid Shareholders who do not participate in the Buy-Back will increase. This may materially alter the ownership of Intrepid. At this point, it is not possible to determine the precise extent to which ownership make-up of Intrepid will change, as that will be dependent on Buy-Back acceptances and any Scale Back.

On Merger Implementation, Intrepid will issue between 177,231,331 and 188,499,229 New Intrepid Shares to Blackthorn Shareholders, which may impact on the ownership makeup of Intrepid²¹. See Sections 5 and 7 which describe the terms of the Merger and the Merged Group.

(c) Effect of the Buy-Back on Intrepid's ability to pay its creditors

Pursuant to section 257A(a) of the Corporations Act, Intrepid may only buy-back its own shares if the buy-back does not materially prejudice its ability to pay its creditors.

The Buy-Back Limit is set at an amount aimed to provide that Intrepid retains sufficient cash reserves to meet its obligations. Accordingly, the Intrepid Directors consider that the Buy-Back will not have a material impact on Intrepid's ability to pay its creditors.

(d) Effect of the Buy-Back on Intrepid's issued capital

As at 8 October 2014 (being the last practicable day before finalisation of this Explanatory Memorandum), Intrepid had 557,577,524 Shares on issue. All of the Intrepid Shares that are bought back under the Buy-Back will be cancelled in accordance with the Corporations Act. Consequently, the Buy-Back will reduce the total number of Intrepid Shares on issue.

On Merger Implementation, Intrepid will issue between 177,231,331 and 188,499,229 New Intrepid Shares to Blackthorn Shareholders,²² which will increase the number of Intrepid Shares on issue. See Section 5.2 which describes the capital structure of the Merged Group dependent on the level of Buy-Back take-up.

(e) Effect of the Buy-Back on Intrepid's issued options and share rights

The Buy-Back will have no effect on the number of options or share rights that Intrepid has on issue.

(f) Financial effect of the Buy-Back

All Intrepid Shares that are bought back under the Buy-Back will be cancelled in accordance with section 257H(3) of the Corporations Act.

Assuming that the Buy-Back Limit is reached, the Buy-Back will reduce Intrepid's cash reserves by A\$110 million. If the Buy-Back Limit is not reached, Intrepid's cash reserves will be reduced by a smaller amount.

The table in Section 5.2(b) sets out the pro forma cash balance of the Merged Group at varying levels of subscription to the Buy-Back. The pro forma financial information in Section 5.5 sets out a consolidated statement of the financial position of the Merged Group as at 30 June 2014.

9.6 Risk factors

This Section describes what are considered to be the material risks in relation to the Buy-Back. Intrepid Shareholders should also consider the general investment risks contained in Section 6, which are relevant to a decision as to whether to accept the Buy-Back or hold an investment in the Merged Group. Individually or in combination, these risks may adversely affect the future financial position, performance or prospects of Intrepid and the value of an investment in Intrepid.

The information set out in this Section does not purport to be, nor should be construed as representing, an exhaustive summary of all possible risks that Intrepid Shareholders should consider when determining whether to participate in the Buy-Back.

²¹ These calculations are based on the number of Intrepid Shares on issue as at the date of this Explanatory Memorandum.

²² These calculations are based on the number of Intrepid Shares on issue as at the date of this Explanatory Memorandum.

(a) Buy-Back Price is inferior to the cash backing of Intrepid Shares

The Buy-Back Price of A\$0.30 per Intrepid Share is less than the current cash backing of Intrepid Shares, which at the date of this Explanatory Memorandum, is estimated to be A\$0.31 per Intrepid Share.

However, Intrepid Shareholders should note that the cash-backing of Intrepid Shares does not take into account the actual and contingent liabilities of Intrepid.

(b) You may not be able to sell all of your Intrepid Shares

The Buy-Back is limited to A\$110 million, which equates to approximately 66% of Intrepid's total issued share capital. Therefore, if Intrepid receives acceptances for more than A\$110 million, all acceptances will be proportionally scaled back.

The Intrepid Directors have considered this risk, and believe that it is likely that there will be many Intrepid Shareholders who will elect not to participate in the Buy-Back, or only participate in the Buy-Back for some of their Intrepid Shares.

(c) Possibility of cash constraints

Under the Buy-Back, there will be a reduction in the overall cash held by Intrepid. Although the Intrepid Directors are satisfied that Intrepid will retain an appropriate amount of cash reserves, there is a risk that unforeseen developments may occur that place unexpected demands on those reserves. This would inhibit Intrepid's investment activities.

If Intrepid is required to raise additional funding, it may be more expensive than would have been the case if the cash had not been distributed as part of the Buy-Back.

If funding cannot be obtained, or cannot be obtained on appropriate terms, this may adversely affect Intrepid's ability to maximise the value of its existing investment and generate returns by making the investments.

(d) Funding risks

Intrepid may elect to raise debt or equity funding to fund the future operations of Intrepid. The unavailability of such funding, or the unavailability of such funding on commercially favourable terms, may limit those operations.

Debt funding will expose Intrepid to the risk of movement in interest rates. An increase in interest rates would make it more expensive for Intrepid to use debt or other senior securities to finance Intrepid's future operations, which may in turn adversely affect Intrepid's profitability.

(e) You cannot sell your Intrepid Shares

If you participate in the Buy-Back you will be unable to sell your Intrepid Shares accepted into the Buy-Back on the ASX (or otherwise dispose of them), unless any Intrepid Shares that you accepted into the Buy-Back are not accepted as a result of the Scale Back or if Merger Implementation does not occur in which case the Buy-Back will not proceed. The period of time from when you accept into the Buy-Back until when Merger Implementation occurs is likely to be at least one month. Intrepid Shareholders should consider the key dates in Section 9.4 when determining whether to participate in the Buy-Back.

The price at which you may have been able to sell your Intrepid Shares on the ASX after you have submitted your Buy-Back Acceptance Form up until the date of Merger Implementation may be higher or lower than the Buy-Back Price.

(f) General tax implications

Intrepid is currently in the process of applying for a Class Ruling in respect of the Buy-Back from the ATO to, amongst other things, confirm that the Commissioner of Taxation will not seek to apply the dividend substitution anti-avoidance rules to the Buy-Back. The ruling is expected to be available after the completion of the Buy-Back. Please refer to Section 9.7 for further details.

If a favourable ruling is obtained from the ATO confirming that the dividend substitution anti-avoidance rules will not apply, Intrepid does not expect there to be adverse income tax consequences for Intrepid from the Buy-Back.

The Buy-Back may have implications for Intrepid's ability to set off its existing revenue and capital losses of approximately A\$240.8 million against future taxable income when determining Intrepid's tax liabilities.

Generally, Intrepid must pass the continuity of ownership test ("COT") to set off prior year tax losses against its taxable income in a given income year. While the proportionate change in ownership of Intrepid as a result of the Buy-Back will depend on the level of subscription in the Buy-Back, a risk exists that the Buy-Back may result in Intrepid failing the COT. Even if Intrepid does not fail the COT as a result of the Buy-Back, the Buy-Back could increase the likelihood that Intrepid will fail the COT in the future.

If the COT is not passed, Intrepid would need to satisfy the Same Business Test in order to be able to utilise those tax losses in the future.

9.7 Tax considerations

The tax consequences for Intrepid Shareholders in respect to the Buy-Back may vary depending upon Intrepid Shareholders' specific circumstances.

The information set out below is provided as a general guide only and does not constitute tax advice. The information provided does not represent a complete analysis of all potential tax implications associated with the Buy-Back.

Intrepid Shareholders should consult their own tax adviser to confirm the potential tax consequences for their own particular circumstances with respect to the Buy-Back. Neither Intrepid nor any of its officers, employees or advisers assumes any liability or responsibility for advising Intrepid Shareholders about the tax consequences of the Buy-Back.

(a) Australian income tax considerations for Intrepid Shareholders

Intrepid is currently in the process of applying for a Class Ruling from the ATO in relation to the tax treatment of the Buy-Back for Intrepid Shareholders. Once the Class Ruling has been issued by the ATO, an Intrepid Shareholder may rely on that Class Ruling in preparing their income tax return.

The ATO has not yet released a Class Ruling in response to Intrepid's application, and is not expected to issue a Class Ruling until after the outcome of the Buy-Back is known. Intrepid Shareholders should be aware that a Class Ruling from the ATO regarding the Buy-Back may not be available until after the Buy-Back Offer Period ends.

The final version of the Class Ruling will be published on the ATO website and a notice included in the Gazette. Intrepid will make an announcement when the final Class Ruling is published and display the final Class Ruling on its website as soon as it becomes available.

The following contains a general description of the Australian tax consequences that may arise for Intrepid Shareholders as a consequence of the Buy-Back if the Class Ruling is issued in accordance with Intrepid's application. Intrepid Shareholders should be aware that, despite the expectation of Intrepid, the ATO may adopt a position in the Class Ruling that could differ materially from the position outlined below.

The general description provided in this Section is only relevant to Intrepid Shareholders who hold Intrepid Shares on capital account and who continue to be Intrepid Shareholders at the time the relevant transactions are undertaken. It does not apply to Intrepid Shareholders who hold their Intrepid Shares on revenue account or as trading stock.

The whole of the Buy-Back Price will be debited against Intrepid's share capital account. Accordingly, no part of the Buy-Back Price is expected to be a dividend and therefore, no franking credits attach to the Buy-Back Price.

(i) Australian resident Shareholders

An Intrepid Shareholder whose Intrepid Shares are bought back under the Buy-Back should realise a capital gain or loss on the disposal of their Intrepid Shares under the Buy-Back.

This capital gain or loss arises at the time the contract for the disposal is entered into. This should be when Intrepid accepts the Intrepid Shareholder's offer to sell Intrepid Shares pursuant to their Buy-Back Acceptance Form.

The capital gain or loss that arises under the Buy-Back should equal the difference between the capital proceeds received under the Buy-Back, being the Buy-Back Price of A\$0.30 per Intrepid Share, and the cost base or reduced cost base of the Intrepid Share.

Any capital gain that arises under the Buy-Back to particular Intrepid Shareholders may be reduced by 50% (individuals / trusts) or 33 1/3% (complying superannuation funds) if the Intrepid Shareholder held their Intrepid Shares for at least 12 months before disposing of them under the Buy-Back. Intrepid Shareholders should obtain their own advice on the amount of any capital gain that is to be included in their taxable income.

(ii) Non-resident Shareholders

No Australian income tax implications should arise as a consequence of the Buy-Back.

Intrepid Shareholders who are not residents of Australia for tax purposes should seek specific advice in relation to the taxation consequences arising from the Buy-Back under the laws of their country of residence.

(b) Canadian income tax considerations for Canadian resident Intrepid Shareholders

The following is a general outline of the Canadian federal income tax considerations generally applicable to Intrepid Shareholders who sell Intrepid Shares pursuant to the Buy-Back and receive payment from Intrepid under the terms of the Buy-Back and who, for the purposes of the Canadian Tax Act, are resident in Canada, deal at arm's length with Intrepid and hold their Intrepid Shares as capital property (referred to as a "**Canadian Shareholder**"). As a matter of Australian corporate law, Intrepid is of the view that all Intrepid Shares sold by an Intrepid Shareholder pursuant to the Buy-Back will be cancelled.

This summary is not applicable to a Canadian Shareholder:

- (i) that is a “financial institution” for purposes of the mark-to-market rules;
- (ii) that is a “specified financial institution”;
- (iii) in respect of which Intrepid is a “foreign affiliate” (either prior to and/or immediately following the Buy-Back);
- (iv) that has elected to determine its Canadian tax results in accordance with a “functional currency”; or
- (v) an interest in which is a “tax shelter investment”, as each term is defined in the Canadian Tax Act.

Such Canadian Shareholders should consult their own tax advisors to determine the tax consequences of the Buy-Back.

This summary is based upon the provisions of the Canadian Tax Act and an understanding of the current administrative practices and assessing policies published in writing by the CRA, all in effect as of the date hereof. This summary takes into account all specific proposals to amend the Canadian Tax Act that have been publicly announced prior to the date hereof. No advance income tax ruling has been sought from the CRA as to the tax treatment of Canadian Shareholders disposing of their Intrepid Shares pursuant to the Buy-Back.

Buy-Back

Based on the fact that Intrepid Shares sold pursuant to the Buy-Back will be cancelled under Australian corporate law as described above, a Canadian Shareholder who sells Intrepid Shares pursuant to the Buy-Back and receives payment from Intrepid should be considered to have disposed of such Intrepid Shares for the purposes of the Canadian Tax Act. Accordingly, a Canadian Shareholder will recognise a capital gain (or a capital loss) to the extent that the proceeds of disposition (expressed in Canadian dollars) received by the Canadian Shareholder exceeds (or are less than) the adjusted cost base of such Intrepid Shares to the Canadian Shareholder and any reasonable costs of disposition.

Taxation of capital gains

A Canadian Shareholder will be required to include one-half of the amount of any capital gain (a “taxable capital gain”) in income, and one-half of the amount of any capital loss (an “allowable capital loss”) will be required to be deducted against taxable capital gains recognised in the year of disposition. Allowable capital losses not deducted in the taxation year in which they are recognised may ordinarily be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against net capital gains recognised in such years, to the extent and under the circumstances specified in the Canadian Tax Act.

A capital gain realised by a Canadian Shareholder who is an individual (including a trust) may give rise to a liability for alternative minimum tax. An Intrepid Shareholder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Canadian Tax Act) may be liable to pay an additional refundable tax of 62/3% on certain investment income, including interest and taxable capital gains.

Relief from Australian taxation

If a Canadian Shareholder is required to pay Australian income tax in connection with the disposition of Intrepid Shares pursuant to the Buy-Back, such holder may be entitled to a foreign tax credit under the Canadian Tax Act. The foreign tax credit rules are complex and a Canadian Shareholder should consult with their own advisors with respect to their eligibility for a foreign tax credit and the amount of any such credit.

9.8 Intrepid Share price information

Section 3.8 sets out the recent Intrepid Share price trading information.

(a) Comparison of Buy-Back Price against most recent trading

With reference to the Intrepid Share price as at 8 October 2014 (being the last practicable date on which Intrepid Shares traded prior to finalisation of this Explanatory Memorandum), the Buy-Back Price is:

- (i) 9.09% above the last recorded trading price of Intrepid Shares of A\$0.275;
- (ii) 9.95% above the one month VWAP of Intrepid Shares of A\$0.273; and
- (iii) 9.60% above the three month VWAP of Intrepid Shares of A\$0.274.

(b) Comparison of Buy-Back Price against trading pre-announcement

With reference to the Intrepid Share price as at 27 August 2014, being the last day on which Intrepid Shares traded prior to announcement of the Merger and the Buy-Back, the Buy-Back Price is:

- (i) approximately 17.65% above the last recorded trading price of Intrepid Shares of A\$0.255;
- (ii) approximately 12.78% above the one month VWAP of Intrepid Shares of A\$0.266; and
- (iii) approximately 10.70% above the three month VWAP of Intrepid Shares of A\$0.271.

9.9 ASX waiver

Intrepid has received a waiver from ASX Listing Rule 7.40 Appendix 7A to the extent necessary to permit Intrepid to set the Buy-Back Record Date five ASX Business Days after announcement of the Buy-Back (by lodgement of an Appendix 3C) rather than five ASX Business Days after the Intrepid Meeting.

9.10 ASIC relief

As the Buy-Back is not being offered to Ineligible Overseas Intrepid Shareholders, the Buy-Back does not technically comply with the requirements under the Corporations Act for an equal access buy-back. Intrepid has applied for and received an exemption under section 257D(4) of the Corporations Act. This exemption permits Intrepid to conduct the Buy-Back in substantially the same manner as an equal access buy-back in accordance with Division 2 of Part J of the Corporations Act provided that certain conditions are met, including that:

- (a) the terms of the Buy-Back offers made to eligible Intrepid Shareholders are the same except for the number of Intrepid Shares which Intrepid is offering to buy-back from any eligible Intrepid Shareholder who accepts the offer;
- (b) the Buy-Back Price is less than the value of the net tangible assets of Intrepid per Intrepid Share, as at the Buy-Back Record Date and as at the close of the Buy-Back Offer Period; and
- (c) the Buy-Back and the Merger are approved by Intrepid Shareholders at a general meeting before the Buy-Back Agreements are entered into or any Buy-Back Agreements entered into are conditional on such approvals.

9.11 Resolution 2 - Approval of the Buy-Back

(a) Reasons why Intrepid Shareholder Approval is being sought

Pursuant to section 257C of the Corporations Act, a company must obtain the approval of its shareholders in order to buy back more than 10% of the smallest number of voting shares that the company had on issue during the 12 months preceding the buy-back.

As Intrepid is offering to buy-back more than 10% of its voting shares, Intrepid Shareholder Approval of the Buy-Back is required.

Resolution 2 will be approved if more than 50% of the total number of votes that are cast on Resolution 2 are in favour of it.

(b) Consequences if the Merger or the Buy-Back are not approved

If Resolution 1 (Approval of the Merger) or Resolution 2 (Approval of the Buy-Back) is not approved:

- (i) the Buy-Back will not be implemented and Intrepid Shareholders will not have the opportunity of selling their Intrepid Shares to Intrepid at the Buy-Back Price of A\$0.30;
- (ii) the Merger will not be implemented; and
- (iii) the Contingent Buy-Back, if it is approved by Intrepid Shareholders, will be implemented.

(c) Recommendation of the Intrepid Directors

Each Intrepid Director recommends that Intrepid Shareholders vote in favour of the Buy-Back Resolution.

The reasons for the Intrepid Directors' recommendation include the following:

- (i) the Intrepid Independent Expert determined that:
 - (A) the Buy-Back is "Fair and Reasonable" to Intrepid Shareholders as a whole;
 - (B) Intrepid Shareholders should vote in favour of the Buy-Back; and
 - (C) Intrepid Shareholders are likely to be better-off if the Buy-Back is implemented rather than the Contingent Buy-Back or neither of them;
- (ii) the Buy-Back offers an opportunity for a significant portion of Intrepid's capital to be returned at a premium to the Intrepid Share price pre-announcement of the Buy-Back; and
- (iii) the Buy-Back Price is superior to the Contingent Buy-Back Price.

A copy of the Intrepid Independent Expert's Report is set out in Annexure D to this Explanatory Memorandum.

(d) Voting intentions of the Intrepid Directors

Each Intrepid Director intends to vote in favour of the Buy-Back in respect of the Shares they control (details of which are set out in Section 3.10(a)).

As at the date of this Explanatory Memorandum, the Intrepid Directors have not determined whether they will participate in the Buy-Back in relation to Intrepid Shares held or controlled by them.

(e) Details on how the Chairman intends to vote undirected proxies

The Chairman of the Intrepid Meeting intends to vote undirected Proxies in favour of the Buy-Back Resolution.

10.1 Overview of the Contingent Buy-Back

(a) What is the Contingent Buy-Back?

If either the Merger Resolution or the Buy-Back Resolution is not approved by Intrepid Shareholders, neither the Merger or the Buy-Back will proceed.

As certain Intrepid Shareholders have previously indicated their preference to receive cash for their investment, the Intrepid Directors would like to give Intrepid Shareholders the opportunity to consider and if thought fit, vote on a resolution to return all Surplus Cash to Intrepid Shareholders.

The Contingent Buy-Back allows for the return of all Surplus Cash to Intrepid Shareholders that wish to participate by way of an unlimited off-market equal access buy-back at A\$0.275 per Intrepid Share.

(b) What is an off-market buy-back?

In a buy-back, a company buys back some of its shares from its shareholders. A buy-back is off-market when it is made to shareholders directly rather than through the share market.

(c) When is the Contingent Buy-Back Offer Period?

If either the Buy-Back or the Merger is not approved and the Contingent Buy-Back is approved by Intrepid Shareholders, the Contingent Buy-Back is proposed to be open for acceptance from 18 November 2014 to 5:00pm on 16 December 2014 AEDT.

(d) Is the Contingent Buy-Back conditional?

The Contingent Buy-Back is subject to approval by Intrepid Shareholders at the Intrepid Meeting, but is otherwise not conditional.

(e) Why is Intrepid proposing the Contingent Buy-Back?

Intrepid is aware that certain Intrepid Shareholders have previously expressed a preference to receive cash for their investment, rather than participate in a new opportunity, while certain other Intrepid Shareholders have expressed a preference to consider a new investment opportunity.

Even though (as explained in the "Reasons for the Intrepid Directors' recommendation" Section and in Section 8.1(a)) the Intrepid Directors believe that the Preferred Transaction enables each Intrepid Shareholder to choose an option that best reflects their individual investment criteria (and the Intrepid Directors recommend that Intrepid Shareholders vote in favour of the Preferred Transaction), the Intrepid Directors believe that if the Preferred Transaction is not approved by Intrepid Shareholders, Intrepid Shareholders should still be given the opportunity to receive cash for their investment.

(f) Contingent Buy-Back alternatives

The Intrepid Directors have considered various ways to return capital to Intrepid Shareholders, including dividends, off-market buy-backs, on-market buy-backs, pro-rata capital returns and winding up Intrepid.

The Intrepid Directors consider that at this time, and in the event that, contrary to the Intrepid Directors' recommendation, either the Merger or the Buy-Back is not approved, it is in the best interests of Intrepid and Intrepid Shareholders as a whole that that Intrepid Shareholders be given the opportunity to decide:

- (i) whether they will approve an opportunity for Intrepid Shareholders to sell all or some of their Intrepid Shares; and
- (ii) the extent of their participation in the Contingent Buy-Back (potentially for up to 100% of their Intrepid Shares),

instead of a substantial pro-rata capital return or winding up of Intrepid, under which all Intrepid Shareholders would be forced into a realisation of a substantial portion of their entire investment. It is also noted that a capital return to Intrepid Shareholders would require special resolution approval (being approval by 75% of the votes cast at an Intrepid Shareholder meeting).

(g) How does the Contingent Buy-Back compare to selling Intrepid Shares on the securities market?

You may be able to sell your Intrepid Shares for a higher price than the Contingent Buy-Back Price on the securities market. However, you would have to pay brokerage – you do not have to pay this charge if you sell your Intrepid Shares in the Contingent Buy-Back.

The market price of the Intrepid Shares on the ASX may be, or may move, higher than the Contingent Buy-Back Price during the Contingent Buy-Back Offer Period. It may also vary significantly in the future. By offering the Contingent Buy-Back and setting the Contingent Buy-Back Price, Intrepid is not making any recommendations or giving any advice on the value of Intrepid Shares or whether (or how) you should sell your Intrepid Shares.

Before you decide what to do, Intrepid recommends that you seek your own professional advice.

10.2 Terms of the Contingent Buy-Back

If either or both of the Merger Resolution or Buy-Back Resolution are not passed and the Contingent Buy-Back is approved, Intrepid will issue the Contingent Buy-Back Offer Booklet setting out the terms of the Contingent Buy-Back.

An outline of those terms as at the date of this Explanatory Memorandum are set out below.

(a) No limit

Unlike the Buy-Back, the Contingent Buy-Back is not subject to a limit and therefore a scale back will not apply to acceptances received for the Contingent Buy-Back.

Based on the total number of Intrepid Shares currently on issue and assuming no further Intrepid Shares are issued prior to the Contingent Buy-Back Record Date, the total maximum amount that may be paid to the Intrepid Shareholders under the Contingent Buy-Back is approximately \$A153.3 million.

(b) Contingent Buy-Back Price

The Contingent Buy-Back Price per Intrepid Share is A\$0.275.

(c) Payment for Intrepid Shares bought back under the Contingent Buy-Back

Payment for Intrepid Shares purchased under the Contingent Buy-Back will be made by way of cheque in Australian dollars or paid in Australian dollars into the account nominated on the Contingent Buy-Back Acceptance Form and despatched or paid on or around 22 December 2014.

(d) Eligibility to participate in the Contingent Buy-Back

Intrepid Shareholders, who are not Ineligible Overseas Intrepid Shareholders, holding Intrepid Shares on the Contingent Buy-Back Record Date, being 5:00 pm on Tuesday 25 November 2014 AEDT, may participate in the Contingent Buy-Back.

While eligible Intrepid Shareholders may participate in the Contingent Buy-Back, voting in favour of Resolution 3 does not require any Intrepid Shareholders to sell any Intrepid Shares into the Contingent Buy-Back. Participation in the Contingent Buy-Back is voluntary and at the discretion of all eligible Intrepid Shareholders.

The Contingent Buy-Back is not being offered to Ineligible Overseas Intrepid Shareholders.

(e) Intrepid Directors' interest in Intrepid Shares

Intrepid Directors and their respective Associates will be entitled to participate in the Contingent Buy-Back and may do so at their discretion and having regard to their own particular circumstances.

Refer to Section 3.10(a) for the Relevant Interest of each Intrepid Director in Intrepid securities.

(f) Effect of the Contingent Buy-Back on voting

Contingent Buy-Back Acceptance Forms will not be effective until after the close of the Contingent Buy-Back Offer Period. Accordingly, Intrepid Shareholders are entitled to vote at any meeting of Intrepid that is held during the Contingent Buy-Back Offer period, even if they have lodged an Contingent Buy-Back Acceptance Form to sell Intrepid Shares under the Contingent Buy-Back.

(g) Trading or dealing with your Intrepid Shares after completing and returning your Contingent Buy-Back Acceptance Form

You will be unable to sell your Intrepid Shares accepted into the Contingent Buy-Back on the ASX (or otherwise dispose of them), unless you have validly withdrawn or amended your acceptance in accordance with the terms set out in the Contingent Buy-Back Booklet before the close of the Contingent Buy-Back Offer Period.

(h) No brokerage and handling fees

Intrepid Shareholders do not have to pay any handling or brokerage fees on sales of Intrepid Shares into the Contingent Buy-Back.

(i) Independent Expert's Report

To assist Intrepid Shareholders in their consideration of the Contingent Buy-Back, the Intrepid Directors commissioned the Intrepid Independent Expert to prepare the Intrepid Independent Expert's Report and express an opinion as to whether the Contingent Buy-Back is fair and reasonable to all Intrepid Shareholders.

Intrepid was not required under the Corporations Act to obtain an independent expert's report on the proposed Contingent Buy-Back, however ASIC policy recommends obtaining an independent expert's report and the Intrepid Directors also considered it appropriate to do so to enable Intrepid Shareholders to make a fully informed decision as to whether to approve the Contingent Buy-Back.

A copy of the Intrepid Independent Expert's Report is set out in Annexure D to this Explanatory Memorandum.

In summary, the Intrepid Independent Expert determined that:

- (i) the Contingent Buy-Back is "Not Fair but Reasonable" to Intrepid Shareholders as a whole;
- (ii) Intrepid Shareholders should vote in favour of the Contingent Buy-Back; and

10.3 Instructions to Intrepid Shareholders when considering the Contingent Buy-Back**(a) Read all of the documents**

You should read and consider the Notice of Meeting and the Explanatory Memorandum in full before making any decision on the Resolutions.

If the Contingent Buy-Back is approved, you will shortly thereafter receive a Contingent Buy-Back Offer Booklet (including an Contingent Buy-Back Acceptance Form or Contingent Buy-Back Acceptance Forms), which sets out the terms and conditions of the Contingent Buy-Back and instructions on how to accept the Contingent Buy-Back.

(b) Consider your options

This Explanatory Memorandum does not consider your financial situations, investment objects and particular needs. If you have any queries regarding whether you should sell any of your Intrepid Shares in the Contingent Buy-Back, you should consider seeking advice from your professional advisers.

(c) Vote at the Intrepid Meeting

The Intrepid Directors urge all Intrepid Shareholders to vote at the Intrepid Meeting. All of the Resolutions affect your investment in Intrepid and your vote at the Intrepid Meeting is important in determining whether the Buy-Back and Merger or the Contingent Buy-Back will proceed.

Instructions on how to vote at the Intrepid Meeting are set out in the Notice of Meeting.

(d) Actions if you wish to participate in the Contingent Buy-Back

If the Merger Resolution and the Buy-Back Resolution are not approved but the Contingent Resolution is approved and you wish to participate in the Contingent Buy-Back for some or all of your Intrepid Shares:

- (i) read the Contingent Buy-Back Offer Booklet and consider seeking advice from your professional advisers if necessary (including your tax adviser); and
- (ii) complete your personalised Contingent Buy-Back Acceptance Form in accordance with the instructions set out in the Contingent Buy-Back Offer Booklet and Contingent Buy-Back Acceptance Form for some or all of your Intrepid Shares.

The Contingent Buy-Back Offer Booklet sets out instructions in relation to jointly held Intrepid Shares and Intrepid Shares held by trustees and nominees.

(e) Actions if you do not wish to participate in the Contingent Buy-Back

If the Merger Resolution and the Buy-Back Resolution are not approved but the Contingent Resolution is approved but you do not wish to participate in the Contingent Buy-Back, do nothing. Participation in the Contingent Buy-Back is voluntary.

However, even if you do not wish to participate in the Contingent Buy-Back, the Intrepid Directors recommend that you vote in favour of all Resolutions, including the Contingent Buy-Back Resolution.

(f) Withdrawing or amending your acceptance

You can withdraw or amend your acceptance of the Contingent Buy-Back provided that you do so by 5.00pm on Tuesday 16 December 2014.

The Contingent Buy-Back Offer Booklet will set out instructions on how to withdraw or amend your acceptance.

10.4 Key dates if the Contingent Buy-Back is implemented

The following table sets out the key dates for the Contingent Buy-Back, which dates will only be relevant if either the Merger or the Buy-Back are not approved by Intrepid Shareholders and the Contingent Buy-Back is approved by Intrepid Shareholders:

Time and date - 2014 AEDT	Event
18 November	Intrepid Meeting date – date on which Intrepid Shareholders vote on the Resolutions
21 November	Ex-date – Trading in Intrepid Shares on an ex-Contingent Buy-Back basis
25 November	Contingent Buy-Back Record Date – date for determining entitlements of Intrepid Shareholders to participate in the Contingent Buy-Back
28 November	Contingent Buy-Back Offer Period commences Dispatch Contingent Buy-Back Booklet and Contingent Buy-Back Acceptance Forms
5.00pm 16 December	Contingent Buy-Back Offer Period closes – date by which Intrepid Shareholders must return their Contingent Buy-Back Acceptance Forms if they wish to participate in the Contingent Buy-Back
17 December	Announcement of Contingent Buy-Back acceptances received
22 December	Anticipated date for Contingent Buy-Back Consideration to be distributed to Intrepid Shareholders participating in the Contingent Buy-Back

These dates are indicative only and may be changed as determined by Intrepid in accordance with the Corporations Act and the ASX Listing Rules.

Any changes to these dates will be notified on Intrepid's website (www.intrepidmines.com) and announced to the ASX.

10.5 Effect of the Contingent Buy-Back

(a) Funding of the Contingent Buy-Back

The Contingent Buy-Back will be funded from Intrepid's cash reserves. No part of the Contingent Buy-Back Price will be paid out of the profits of Intrepid, nor constitute a dividend.

Subject to acceptances, the Contingent Buy-Back may result in the majority of Intrepid's cash reserves being paid to Intrepid Shareholders.

The Contingent Buy-Back Price has been set at a level that takes into account actual and contingent liabilities that could eventuate in certain circumstances, including but not limited to tax liabilities, ongoing operating costs and any potential wind-up costs should the remaining Intrepid Shareholders elect to pursue a wind-up following completion of the Contingent Buy-Back.

(b) Effect of the Contingent Buy-Back on control of Intrepid

As a consequence of the cancellation of Intrepid Shares bought back by Intrepid under the Contingent Buy-Back, the percentage shareholding and voting power of Intrepid Shareholders who do not participate in the Contingent Buy-Back will increase. This may materially alter the ownership of Intrepid. At this point, it is not possible to determine the precise extent to which ownership make-up of Intrepid will change, as that will be dependent on Contingent Buy-Back acceptances.

(c) Effect of the Contingent Buy-Back on Intrepid's ability to pay its creditors

Pursuant to section 257A(a) of the Corporations Act, Intrepid may only buy-back its own Shares if the Contingent Buy-Back does not materially prejudice Intrepid's ability to pay its creditors.

The Contingent Buy-Back Price has been set at an amount aimed to provide that Intrepid retains sufficient cash reserves to meet its actual and contingent liabilities even if there is a full take-up of the Contingent Buy-Back. Accordingly, the Intrepid Board considers that the Contingent Buy-Back will not have a material impact on Intrepid's ability to pay its creditors.

(d) Effect of the Contingent Buy-Back on the Intrepid's issued capital

As at 8 October 2014 (being the last practicable day before finalisation of this Explanatory Memorandum), Intrepid had 557,577,524 Intrepid Shares on issue. All of the Intrepid Shares that are bought back under the Contingent Buy-Back will be cancelled in accordance with the Corporations Act. Consequently, the Contingent Buy-Back will reduce the total number of Intrepid Shares on issue.

(e) Effect of the Contingent Buy-Back on Intrepid's issued options and share rights

The Contingent Buy-Back will have no effect on the number of options or share rights that Intrepid has on issue.

(f) Financial effect of the Contingent Buy-Back

All Intrepid Shares that are bought back under the Contingent Buy-Back will be cancelled in accordance with section 257H(3) of the Corporations Act.

Dependent on the acceptance levels, the Contingent Buy-Back will reduce Intrepid's cash reserves by up to approximately A\$153.3 million.

(g) Intentions for Intrepid following completion of the Contingent Buy-Back

Following completion of the Contingent Buy-Back, the Intrepid Directors will need to consider the future direction for Intrepid. The future of Intrepid will depend significantly on the level of take-up of the Contingent Buy-Back by Intrepid Shareholders, as this will determine the number of remaining Intrepid Shareholders and the cash retained by Intrepid.

Dependent on the level of take-up of the Contingent Buy-Back, the Intrepid Directors may consider further potential acquisitions (particularly so, if Intrepid retains a significant level of cash following the Contingent Buy-Back) or a potential winding-up of Intrepid (if there was a significantly high level of take-up of the Contingent Buy-Back), which would require further Intrepid Shareholder Approval.

10.6 Risk factors

This Section describes what are considered to be the material risks in relation to the Contingent Buy-Back. Intrepid Shareholders should also consider the general investment risks contained in Section 6, which are relevant to a decision as to whether to accept the Contingent Buy-Back or maintain your investment in Intrepid. Individually or in combination, these risks may adversely affect the future financial position, performance or prospects of Intrepid and the value of an investment in Intrepid.

The information set out in this Section does not purport to be, nor should be construed as representing, an exhaustive summary of all possible risks that Intrepid Shareholders should consider when determining whether to participate in the Contingent Buy-Back.

(a) Contingent Buy-Back Price is inferior to the cash backing of Intrepid Shares

The Contingent Buy-Back Price of A\$0.275 per Intrepid Share is materially less than the current cash backing of Intrepid Shares, which at the date of this Explanatory Memorandum, is estimated to be A\$0.31 per Intrepid Share.

The Contingent Buy-Back Price is materially inferior to Intrepid's cash backing per Intrepid Share because the Contingent Buy-Back Price accounts for actual and contingent liabilities that could eventuate in certain circumstances, including, including but not limited to tax liabilities, ongoing operating costs and any potential wind-up costs should the remaining Intrepid Shareholders elect to pursue a wind-up following completion of the Contingent Buy-Back.

(b) Future cash backing of Intrepid Shares is uncertain

Intrepid cannot predict with certainty how many Intrepid Shareholders will participate in the Contingent Buy-Back and the extent to which certain contingent liabilities may arise, which will be dependent on a number of factors, many of which are outside of the control of Intrepid.

The Contingent Buy-Back Price has been set at an amount aimed to provide that Intrepid retains sufficient cash reserves to meet its actual and contingent liabilities and corporate costs even if there is a full take-up of the Contingent Buy-Back. If for any reason any of these contingent liabilities do not rise or costs do not materialise, Intrepid may be left with further cash resources than required for corporate costs and liabilities. If this occurs, the actual cash-backing after accounting for liabilities per Intrepid Shares may be greater than A\$0.275 which may benefit Intrepid Shareholders that have elected not to participate in the Contingent Buy-Back.

On the other hand, if actual liabilities and corporate costs are higher than those provisioned for, this may detriment Intrepid Shareholders that have elected not to participate in the Contingent Buy-Back.

(c) Risk of failure to comply with ASX listing requirements

Intrepid Shareholders who elect not to participate in the Contingent Buy-Back could be left with shares in a company that is at risk of de-listing from ASX.

Under ASX Listing Rule 12.4.1, Intrepid must maintain a spread (dispersion) of Intrepid Shareholders which, in the opinion of ASX, is sufficient to ensure that there is an orderly and liquid market in its securities. The Contingent Buy-Back may have the effect of significantly concentrating the ownership of Intrepid's Shares, which may impact Intrepid's ability to satisfy the ASX's spread requirements.

If the ASX determines that Intrepid does not have a sufficient spread of Intrepid Shareholders, ASX may require Intrepid to do each of the following:

- (i) obtain the required spread within three months after the date the ASX requires it to do so; and
- (ii) tell all Intrepid Shareholders in writing that if the required spread is not obtained within three months after the date specified by ASX, ASX may suspend quotation of Intrepid Shares.

If Intrepid is unable to achieve the required level of spread, ASX may exercise its discretion to suspend quotation of Intrepid Shares, which would materially adversely affect the ability of Intrepid Shareholders to buy and sell Intrepid Shares.

If ASX exercises its discretion to delist Intrepid, the remaining Intrepid Shareholders may experience the following difficulties:

- (iii) trading liquidity in Intrepid Shares would be materially adversely affected with Intrepid Shares only capable of sale by private transaction; and

- (iv) the ASX Listing Rules will no longer apply to Intrepid and Intrepid Shareholders would forgo protections inherent in the ASX Listing Rules (including those relating to disclosures, restrictions on share issues and making significant changes to Intrepid's activities).

Intrepid may also be at risk from being de-listed from the ASX as a result of Intrepid's only material asset being cash.

(d) A small number of Intrepid Shareholders may gain effective control of Intrepid

If there is high participation by Intrepid Shareholders in the Contingent Buy-Back, the Contingent Buy-Back may have the effect of significantly concentrating the ownership of Intrepid Shares. Consequently, the voting power of a small number of Intrepid Shareholders may increase and potentially give those Intrepid Shareholders greater control of Intrepid.

In this scenario, Intrepid Shareholders may consider that the Contingent Buy-Back Price does not incorporate a sufficient premium for their Intrepid Shares.

(e) Loss of potential benefits

To the extent that Intrepid Shareholders participate in the Contingent Buy-Back, Intrepid Shareholders will forgo:

- (i) any benefits derived by maintaining their Intrepid Shareholding; and
- (ii) the opportunity to obtain any increased value that may be achieved from the eventual realisation of Intrepid, future capital returns or future investments by Intrepid.

(f) Potential impact on liquidity

Taken together, the impact of:

- (i) Intrepid's reduced cash;
- (ii) potential for share ownership concentration affecting control of Intrepid; and
- (iii) Intrepid's likely lower market capitalisation,

may materially adversely affect the trading liquidity of Intrepid Shares following implementation of the Contingent Buy-Back (and consequently adversely affect the trading price of Intrepid Shares).

(g) Potential for Intrepid Shares to trade below the Contingent Buy-Back Price

If Intrepid Shareholders do not participate in the Contingent Buy-Back, following implementation of the Contingent Buy-Back, their Intrepid Shares may trade at prices below the Contingent Buy-Back Price.

(h) Possibility of cash constraints

Under the Contingent Buy-Back, there will be a reduction in the overall cash in Intrepid. Although the Intrepid Directors are satisfied that Intrepid will retain an appropriate amount of cash reserves, there is a risk that unforeseen developments may occur that place unexpected demands on those reserves. This would inhibit Intrepid's investment activities.

If Intrepid is required to raise additional funding, it may be more expensive than would have been the case if the cash had not been distributed as part of the Contingent Buy-Back.

If funding cannot be obtained, or cannot be obtained on appropriate terms, this may adversely affect Intrepid's ability to maximise the value of its existing investment and generate returns by making the investments.

(i) Funding risks

Intrepid may elect to raise debt or equity funding to fund the future operations of Intrepid. The unavailability of such funding, or the unavailability of such funding on commercially favourable terms, may limit those operations.

Debt funding will expose Intrepid to the risk of movement in interest rates. An increase in interest rates would make it more expensive for Intrepid to use debt or other senior securities to finance Intrepid's future operations, which may in turn adversely affect Intrepid's profitability.

(j) You cannot sell your Intrepid Shares

If you participate in the Contingent Buy-Back you will be unable to sell your Intrepid Shares accepted into the Contingent Buy-Back on the ASX (or otherwise dispose of them).

The price at which you may have been able to sell your Intrepid Shares on the ASX after you have submitted your Contingent Buy-Back Acceptance Form up until the date of close of the Contingent Buy-Back may be higher or lower than the Contingent Buy-Back Price.

(k) Risk of winding-up

Dependent on the level of take-up of the Contingent Buy-Back, the Intrepid Directors may consider a potential winding-up of Intrepid, which would require further Intrepid Shareholder Approval.

(l) General tax implications

Intrepid is currently in the process of applying for a Class Ruling in respect of the Contingent Buy-Back from the ATO to, amongst other things, confirm that the Commissioner of Taxation will not seek to apply the dividend substitution anti-avoidance rules to the Contingent Buy-Back. The ruling is expected to be available after the completion of the Contingent Buy-Back. Please refer to Section 10.7 for further details.

If a favourable ruling is obtained from the ATO confirming that the dividend substitution anti-avoidance rules will not apply, Intrepid does not expect there to be adverse income tax consequences for Intrepid from the Contingent Buy-Back.

The Contingent Buy-Back may have implications for Intrepid's ability to set off its existing revenue and capital losses of approximately A\$240.8 million against future taxable income when determining Intrepid's tax liabilities.

Generally, Intrepid must pass the Continuity of Ownership ("COT") to set off prior year tax losses against its taxable income in a given income year. While the proportionate change in ownership of Intrepid as a result of the Contingent Buy-Back will depend on the level of subscription in the Contingent Buy-Back, a risk exists that the Contingent Buy-Back may result in Intrepid failing the COT. Even if Intrepid does not fail the COT as a result of the Contingent Buy-Back, the Contingent Buy-Back could increase the likelihood that Intrepid will fail the COT in the future.

If the COT is not passed, Intrepid would need to satisfy the Same Business Test in order to be able to utilise those tax losses in the future.

10.7 Tax considerations

The tax consequences for Intrepid Shareholders in respect to the Contingent Buy-Back may vary depending upon Intrepid Shareholders' specific circumstances.

The information set out below is provided as a general guide only and does not constitute tax advice. The information provided does not represent a complete analysis of all potential tax implications associated with the Contingent Buy-Back.

Intrepid Shareholders should consult their own tax adviser to confirm the potential tax consequences for their own particular circumstances with respect to the Contingent Buy-Back. Neither Intrepid nor any of its officers, employees or advisers assumes any liability or responsibility for advising Intrepid Shareholders about the tax consequences of the Contingent Buy-Back.

(a) Australian income tax considerations for Intrepid Shareholders

Intrepid is currently in the process of applying for a Class Ruling from the ATO in relation to the tax treatment of the Contingent Buy-Back for Intrepid Shareholders. Once the Class Ruling has been issued by the ATO, an Intrepid Shareholder may rely on that Class Ruling in preparing their income tax return.

The ATO has not yet released a Class Ruling in response to Intrepid's application, and is not expected to issue a Class Ruling until after the outcome of the Contingent Buy-Back is known. Intrepid Shareholders should be aware that a Class Ruling from the ATO regarding the Contingent Buy-Back may not be available until after the Contingent Buy-Back Offer Period ends.

The final version of the Class Ruling will be published on the ATO website and a notice included in the Gazette. Intrepid will make an announcement when the final Class Ruling is published and display the final Class Ruling on its website as soon as it becomes available.

The following contains a general description of the Australian tax consequences that may arise for Intrepid Shareholders as a consequence of the Contingent Buy-Back if the Class Ruling is issued in accordance with Intrepid's application. Intrepid Shareholders should be aware that, despite the expectation of Intrepid, the ATO may adopt a position in the Class Ruling that could differ materially from the position outlined below.

The general description provided in this Section is only relevant to Intrepid Shareholders who hold Intrepid Shares on capital account and who continue to be Intrepid Shareholders at the time the relevant transactions are undertaken. It does not apply to Intrepid Shareholders who hold their Intrepid Shares on revenue account or as trading stock.

The whole of the Contingent Buy-Back Price will be debited against Intrepid's share capital account. Accordingly, no part of the Contingent Buy-Back Price is expected to be a dividend and therefore, no franking credits attach to the Contingent Buy-Back Price.

(i) Australian resident Shareholders

An Intrepid Shareholder whose Intrepid Shares are bought back under the Contingent Buy-Back should realise a capital gain or loss on the disposal of their Intrepid Shares under the Contingent Buy-Back.

This capital gain or loss arises at the time the contract for the disposal is entered into. This should be when Intrepid accepts the Intrepid Shareholder's offer to sell Intrepid Shares pursuant to their Contingent Buy-Back Acceptance Form.

The capital gain or loss that arises under the Contingent Buy-Back should equal the difference between the capital proceeds received under the Contingent Buy-Back, being the Contingent Buy-Back Price of A\$0.275 per Intrepid Share, and the cost base or reduced cost base of the Intrepid Share.

Any capital gain that arises under the Contingent Buy-Back to particular Intrepid Shareholders may be reduced by 50% (individuals / trusts) or 33 1/3% (complying superannuation funds) if the Intrepid Shareholder held their Intrepid Shares for at least 12 months before disposing of them under the Contingent Buy-Back. Intrepid Shareholders should obtain their own advice on the amount of any capital gain that is to be included in their taxable income.

(ii) Non-Resident Shareholders

No Australian income tax implications should arise as a consequence of the Contingent Buy-Back.

Intrepid Shareholders who are not residents of Australia for tax purposes should seek specific advice in relation to the taxation consequences arising from the Contingent Buy-Back under the laws of their country of residence.

(b) Canadian income tax considerations for Canadian resident Intrepid Shareholders

The following is a general outline of the Canadian federal income tax considerations generally applicable to Intrepid Shareholders who sell Intrepid Shares pursuant to the Contingent Buy-Back and receive payment from Intrepid under the terms of the Contingent Buy-Back and who are a Canadian Shareholder. As a matter of Australian corporate law, Intrepid is of the view that all Intrepid Shares sold by an Intrepid Shareholder pursuant to the Contingent Buy-Back will be cancelled.

This summary is not applicable to a Canadian Shareholder:

- (i) that is a "financial institution" for purposes of the mark-to-market rules;
- (ii) that is a "specified financial institution";
- (iii) in respect of which Intrepid is a "foreign affiliate" (either prior to and/or immediately following the Contingent Buy-Back);
- (iv) that has elected to determine its Canadian tax results in accordance with a "functional currency"; or
- (v) an interest in which is a "tax shelter investment", as each term is defined in the Canadian Tax Act.

Such Canadian Shareholders should consult their own tax advisors to determine the tax consequences of the Contingent Buy-Back.

This summary is based upon the provisions of the Canadian Tax Act and an understanding of the current administrative practices and assessing policies published in writing by the CRA, all in effect as of the date hereof. This summary takes into account all specific proposals to amend the Canadian Tax Act that have been publicly announced prior to the date hereof. No advance income tax ruling has been sought from the CRA as to the tax treatment of Canadian Shareholders disposing of their Intrepid Shares pursuant to the Contingent Buy-Back.

Contingent Buy-Back

Based on the fact that Intrepid Shares sold pursuant to the Contingent Buy-Back will be cancelled under Australian corporate law as describe above, a Canadian Shareholder who sells Intrepid Shares pursuant to the Contingent Buy-Back and receives payment from Intrepid should be considered to have disposed of such Intrepid Shares for the purposes of the Canadian Tax Act. Accordingly, a Canadian Shareholder will recognise a capital gain (or a capital loss) to the extent that the proceeds of disposition (expressed in Canadian dollars) received by the Canadian Shareholder exceeds (or are less than) the adjusted cost base of such Intrepid Shares to the Canadian Shareholder and any reasonable costs of disposition.

Taxation of capital gains

A Canadian Shareholder will be required to include one-half of the amount of any capital gain (a "taxable capital gain") in income, and one-half of the amount of any capital loss (an "allowable capital loss") will be required to be deducted against taxable capital gains recognised in the year of disposition. Allowable capital losses not deducted in the taxation year in which they are recognised may ordinarily be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against net capital gains recognised in such years, to the extent and under the circumstances specified in the Canadian Tax Act.

A capital gain realised by a Canadian Shareholder who is an individual (including a trust) may give rise to a liability for alternative minimum tax. An Intrepid Shareholder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Canadian Tax Act) may be liable to pay an additional refundable tax of 62/3% on certain investment income, including interest and taxable capital gains.

Relief from Australian taxation

If a Canadian Shareholder is required to pay Australian income tax in connection with the disposition of Intrepid Shares pursuant to the Contingent Buy-Back, such holder may be entitled to a foreign tax credit under the Canadian Tax Act. The foreign tax credit rules are complex and a Canadian Shareholder should consult with their own advisors with respect to their eligibility for a foreign tax credit and the amount of any such credit.

10.8 Intrepid Share price information

Section 3.8 sets out the recent Intrepid Share price trading information.

(a) Comparison of Contingent Buy-Back Price against most recent trading

With reference to the Intrepid Share price as at 8 October 2014 (being the last practicable date on which Intrepid Shares traded prior to finalisation of this Explanatory Memorandum), the Contingent Buy-Back Price is:

- (i) 0.00% above/below the last recorded trading price of Intrepid Shares of A\$0.275;
- (ii) 0.78% above the one month VWAP of Intrepid Shares of A\$0.273; and
- (iii) 0.47% above the three month VWAP of Intrepid Shares of A\$0.274.

(b) Comparison of Contingent Buy-Back Price against trading pre-announcement

With reference to the Intrepid Share price as at 27 August 2014, being the last day on which Intrepid Shares traded prior to announcement of the Merger and the Contingent Buy-Back, the Contingent Buy-Back Price is:

- (i) approximately 7.84% above the last recorded trading price of Intrepid Shares of A\$0.255;
- (ii) approximately 3.38% above the one month VWAP of Intrepid Shares of A\$0.266; and
- (iii) approximately 1.48% above the three month VWAP of Intrepid Shares of A\$0.271.

10.9 ASIC relief

As the Contingent Buy-Back is not being offered to Ineligible Overseas Intrepid Shareholders, the Contingent Buy-Back does not technically comply with the requirements under the Corporations Act for an equal access buy-back. Intrepid has applied for and received an exemption under section 257D(4) of the Corporations Act. This exemption permits Intrepid to conduct the Contingent Buy-Back in substantially the same manner as an equal access buy-back in accordance with Division 2 of Part J of the Corporations Act provided that certain conditions are met, including that:

- (a) the terms of the Contingent Buy-Back offers made to eligible Intrepid Shareholders are the same except for the number of Intrepid Shares which Intrepid is offering to buy-back from any eligible Intrepid Shareholder who accepts the offer;
- (b) the Contingent Buy-Back Price is less than the value of the net tangible assets of Intrepid per Intrepid Share, as at the Contingent Buy-Back Record Date and as at the close of the Contingent Buy-Back Offer Period; and
- (c) the Contingent Buy-Back is approved by Intrepid Shareholders at a general meeting before the Contingent Buy-Back Agreements are entered into or any Contingent Buy-Back Agreements entered into are conditional on such approvals.

10.10 Resolution 3 - Approval of the Contingent Buy-Back

(a) Reasons why Intrepid Shareholder Approval is being sought

Under section 257C of the Corporations Act, a company must obtain the approval of its shareholders in order to buy back more than 10% of the smallest number of voting shares that the company had on issue during the 12 months preceding the buy-back.

As Intrepid is offering to buy-back more than 10% of its voting shares (if the Merger Resolution and the Buy-Back Resolution are not passed), Intrepid Shareholder Approval of the Contingent Buy-Back is required.

Resolution 3 will be approved if more than 50% of the total number of votes that are cast on Resolution 3 are in favour of it.

(b) Consequences if the Contingent Buy-Back is not approved

If Resolution 3 (Contingent Buy-Back Resolution) is not approved the Contingent Buy-Back will not be implemented and Intrepid Shareholders will not have the opportunity of selling their Intrepid Shares to Intrepid at the Contingent Buy-Back Price of A\$0.275.

Section 10.6 includes a summary of the risks in relation to the Contingent Buy-Back, including a number of risks which are relevant if the Contingent Buy-Back does not proceed.

(c) Consequences if the Contingent Buy-Back is approved

If Resolution 1 (Merger Resolution) or Resolution 2 (Buy-Back Resolution) is not approved and Resolution 3 (Contingent Buy-Back Resolution) is approved, following completion of the Contingent Buy-Back the Intrepid Directors will need to consider the future direction for Intrepid. The future of Intrepid will depend significantly on the level of take-up of the Contingent Buy-Back by Intrepid Shareholders, as this will determine the number of remaining Intrepid Shareholders and the cash retained by Intrepid.

Dependent on the level of take-up of the Contingent Buy-Back, the Intrepid Directors may consider further potential acquisitions (particularly so, if Intrepid retains a significant level of cash following the Contingent Buy-Back) or a potential winding-up of Intrepid (if there was a significantly high level of take-up of the Contingent Buy-Back), which would require further Intrepid Shareholder approval.

Section 10.6 includes a summary of the risks in relation to the Contingent Buy-Back.

(d) Recommendation of the Intrepid Directors

Each Intrepid Director recommends that Intrepid Shareholders vote to approve the Contingent Buy-Back Resolution.

The reasons for the Intrepid Directors' recommendation include the following:

- (i) the Intrepid Independent Expert determined that:
 - (A) the Contingent Buy-Back is "Not Fair but Reasonable" to Intrepid Shareholders as a whole; and
 - (B) Intrepid Shareholders should vote in favour of the Contingent Buy-Back; and
- (ii) if either the Merger Resolution or the Buy-Back Resolution is not passed, Intrepid will have approval to return all Surplus Cash to Intrepid Shareholders at A\$0.275 per Intrepid Share, without the delay or cost involved in calling another meeting.

A copy of the Intrepid Independent Expert's Report is set out in Annexure D to this Explanatory Memorandum.

(e) Voting intentions of the Intrepid Directors

Each Intrepid Director intends to vote to approve the Contingent Buy-Back Resolution in respect of the Intrepid Shares they control (details of which are set out in Section 3.10(a)).

As at the date of this Explanatory Memorandum, the Intrepid Directors have not determined whether they will participate in the Contingent Buy-Back in relation to Intrepid Shares held or controlled by them.

(f) Details on how the Chairman intends to vote undirected proxies

The Chairman of the Intrepid Meeting intends to vote undirected Proxies in favour of the Contingent Resolution.

11.1 Important information for voting by Proxy

(a) Appointment and Revocation of Proxies for Intrepid Shareholders

An Intrepid Shareholder of one or more Intrepid Shares is entitled to attend and vote at the Intrepid Meeting or, if unable to attend, an Intrepid Shareholder may, by using the applicable Proxy Form enclosed, appoint another person (who need not be a Shareholder of the Company), to attend the Intrepid Meeting and represent the Intrepid Shareholder as Proxy. The Chairman of the Intrepid Meeting will be appointed as Proxy if a Proxy Form is submitted by an Intrepid Shareholder, but no one is named on the form.

An Intrepid Shareholder desiring to appoint a Proxy may do so by inserting another person's name in the blank space provided in the Proxy Form and returning the completed and executed Proxy Form by no later than 11:00am on 16 November 2014 AEDT to Intrepid's share registry, Computershare Investor Services Pty Limited, in accordance with the lodgement instructions detailed on the applicable Proxy Form.

An Intrepid Shareholder is entitled to appoint up to two Proxies to attend the Intrepid Meeting and represent the Intrepid Shareholder. If an Intrepid Shareholder appoints two Proxies, the Intrepid Shareholder must specify the percentage of votes or number of Intrepid Shares for each Proxy, otherwise each Proxy may exercise half of the votes.

A Proxy can be appointed by an Intrepid Shareholder or the Intrepid Shareholder's attorney duly authorised in writing or, if the Intrepid Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorised.

An Intrepid Shareholder submitting the Proxy Form may indicate the manner in which the Proxy is to vote with respect to any specific item of business by ticking the appropriate box. If the Intrepid Shareholder wishes to confer discretionary authority on the Proxy (or Chairman of the Intrepid Meeting) with respect to any item of business, then the boxes opposite the item can be left blank. The Intrepid Shares represented by the Proxy Form submitted by an Intrepid Shareholder will be voted in accordance with the directions, if any, given in the Proxy Form.

In addition to any other manner permitted by law, the Proxy may be revoked before it is exercised. Such revocation must be in writing and executed and delivered in the same manner as the Proxy Form at any time up to and including 11:00am AEDT on 16 November 2014 or delivered to the Chairman of the Intrepid Meeting on the day of the Intrepid Meeting or any adjournment thereof, prior to the time of voting and upon either such occurrence, the Proxy is revoked.

(b) Exercise of Discretion by Proxies

The persons appointed as Proxy may attend the Intrepid Meeting and vote the Intrepid Shares or voting rights in respect of which they are appointed in accordance with the directions of the persons appointing them.

The enclosed Proxy Form confers discretionary authority upon the persons named therein with respect to any amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting.

However, if any such amendments, variations, or other matters that are not now known to management, should properly come before the Intrepid Meeting, the Shares and voting rights represented by the Proxies hereby solicited will be voted in accordance with the best judgment of the person or persons voting such Proxies.

11.2 Mineral Reserves and Ore Resources and attributions

Blackthorn has confirmed that the Blackthorn Information in this Explanatory Memorandum which relates to Mineral Reserves and Ore Resources for the Kitumba Project is extracted from the report entitled 'Kitumba Mineral Resource Update' released by Blackthorn to ASX on 16 December 2013 which is available on the ASX website at www.asx.com.au or the Blackthorn website at www.blackthornresources.com.au. Blackthorn has confirmed that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Blackthorn has confirmed that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Blackthorn has confirmed that the Blackthorn Information in this Explanatory Memorandum which relates to Production Targets, Financial Information Derived From Production Targets, and Ore Reserves for the Kitumba Project is extracted from the report entitled 'Kitumba Optimised PFS Provides Positive Project Re-rating' released to ASX on 29 April 2014 which is available on the ASX website at www.asx.com.au or the Blackthorn website at www.blackthornresources.com.au. Blackthorn has confirmed that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Production Targets, Financial Information Derived From Production Targets, and Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Blackthorn has confirmed that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

11.3 National Instrument 43-101 Technical Report

Intrepid has commissioned the preparation of a technical report with respect to the Kitumba Project in accordance with *Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects*. For further information and to review this report Intrepid Shareholders should refer to the NI 43-101 report titled "NI 43-101 Technical Report: Kitumba Copper Project Optimised Pre-feasibility Study" dated 25 September 2014 filed on SEDAR (www.sedar.com). Intrepid Shareholders should also refer to the announcement released by Intrepid to the ASX on 9 October 2014 with respect to this report.

Dated: 16 October 2014

By Order of the Board of Directors
Intrepid Mines Limited



Garry Gill
Company Secretary

Section 12 Glossary of Terms

Term	Meaning
A\$	Australian dollars
AASB	Australian Accounting Standards Board
Accepting Shareholder	an Intrepid Shareholder who accepts the Buy-Back for some or all of their Intrepid Shares by returning a valid Buy-Back Acceptance Form in accordance with the instructions on that Buy-Back Acceptance Form
AEDT	Australian Eastern Daylight Time
ASIC	Australian Securities and Investments Commission
Associates	has the meaning given to it in the Corporations Act
ASX	the Australian Securities Exchange or ASX Limited ABN 98 008 624 691, as the context requires
ASX Business Day	has the meaning given to the term "business day" in the ASX Listing Rules
ASX Listing Rules	means the listing rules of ASX
ATO	Australian Taxation Office
AuditCo	the Audit and Risk Committee of Intrepid
Australian Accounting Standards	the accounting standards and principles developed by AASB
Australian Auditing Standards	the auditing standards and principles developed by the Australian Auditing and Assurance Standards Board
Authorisations	has the meaning given to it in the Scheme Implementation Deed
Blackthorn	Blackthorn Resources Limited ABN 63 009 193 980
Blackthorn Board	the Board of Directors of Blackthorn
Blackthorn Director	each member of the Blackthorn Board
Blackthorn Disclosure Material	(a) all written information relating to the business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of Blackthorn and its subsidiaries provided or made available by or on behalf of any member of the Blackthorn Group or its representatives to Intrepid or its representatives; and (b) information available on the records made available for public inspection by ASIC and ASX prior to 27 August 2014
Blackthorn Group	Blackthorn and each of its subsidiaries
Blackthorn Independent Expert	Ernst & Young Transaction Advisory Services Limited
Blackthorn Independent Expert's Report	the report prepared by the Blackthorn Independent Expert, under which the Blackthorn Independent Expert expresses an opinion on whether the Scheme is in the best interests of Blackthorn Shareholders
Blackthorn Information	the information in the Explanatory Memorandum provided by Blackthorn, being the information in Sections 4, 6.2(c), 6.6(d), 6.7(d), 7.6(c), 8.2 and 11.2 of the Explanatory Memorandum
Blackthorn Meeting	the meeting of Blackthorn Shareholders which will be convened to vote on the Scheme
Blackthorn Options	an option to subscribe for Blackthorn Shares
Blackthorn Option Holder	the holder of a Blackthorn Option
Blackthorn Register	the register of Shareholders maintained by Blackthorn in accordance with the Corporations Act
Blackthorn Share	each Share in Blackthorn
Blackthorn Shareholder	each person that is recorded as the holder of Blackthorn Shares in the Blackthorn Register
Blackthorn Shareholder Approval	approval of the Scheme by the requisite majority of Blackthorn Shareholders at the Scheme Meeting in accordance with section 411(4)(1)(ii) of the Corporations Act
Burkina Faso Exploration Licences	four exploration licences adjacent to the Perkoa Project in Burkina Faso, which are subject to the Glencore EL Transaction
Business Day	a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Brisbane, Queensland and Sydney, New South Wales

Term	Meaning
Buy-Back	<i>the proposed conditional off-market equal access buy-back, of up to A\$110 million Intrepid Shares at A\$0.30 per Intrepid Share, as described in Section 9 of the Explanatory Memorandum</i>
Buy-Back Acceptance Form	<i>the acceptance form (or forms) accompanying the Buy-Back Offer Booklet</i>
Buy-Back Agreement	<i>the agreement that Intrepid and each Accepting Shareholder will be deemed to enter into at the end of the Buy-Back Offer Period for Intrepid to buy back from that Intrepid Shareholder the number of Intrepid Shares nominated by them in the Buy-Back Acceptance Form, as reduced by the Scale Back (if applicable) and subject to any valid amendment or withdrawal, on the terms and conditions set out in the Buy-Back Offer Booklet</i>
Buy-Back Consideration	<i>the cash consideration of A\$0.30 per Intrepid Share being offered to Intrepid Shareholders for each Intrepid Share that they hold under the Buy-Back</i>
Buy-Back Documents	<i>the Buy-Back Offer Booklet and Buy-Back Acceptance Form, which will be sent to Intrepid Shareholders before the Intrepid Meeting</i>
Buy-Back Limit	<i>the limit of the amount available to spend on the Buy-Back, being A\$110 million</i>
Buy-Back Offer Booklet	<i>the offer booklet to be sent to Intrepid Shareholders, inviting Intrepid Shareholders to participate in the Buy-Back</i>
Buy-Back Offer Period	<i>the period during which the Buy-Back is open for acceptance, being from 9:00am on Friday 17 October 2014 to 5:00pm on Tuesday 18 November 2014 AEDT</i>
Buy-Back Price	<i>A\$0.30 per Intrepid Share</i>
Buy-Back Record Date	<i>date for determining entitlements of Intrepid Shareholders to participate in the Buy-Back</i>
Buy-Back Resolution	<i>Resolution 2 of the Notice of Meeting</i>
Canadian Shareholders	<i>for the purpose of the Canadian Tax Act, are resident in Canada, deal at arm's length with the Company and holder their Shares as capital property</i>
Canadian Tax Act	<i>Income Tax Act (Canada)</i>
Class Ruling	<i>binding advice issued by the ATO that explains how a relevant provision of Australian tax law is applied to a specific class of persons in a particular set of circumstances</i>
Commissioner of Taxation	<i>Australian Commissioner of Taxation</i>
Company and Intrepid	<i>Intrepid Mines Limited ABN 11 060 156 452</i>
Competent Person	<i>has the meaning given to that term in the JORC Code</i>
Condition Precedent	<i>a condition precedent to the Scheme, as further described in Sections 2.4 and 7.3</i>
Contingent Buy-Back	<i>the proposed off-market equal access buy-back at A\$0.275 per Intrepid Share, as described in Section 10 of the Explanatory Memorandum</i>
Contingent Buy-Back Acceptance Form	<i>the acceptance form (or forms) that will accompany the Contingent Buy-Back Offer Booklet</i>
Contingent Buy-Back Consideration	<i>the cash consideration of A\$0.275 per Intrepid Share being offered to Intrepid Shareholders for each Intrepid Share that they hold under the Contingent Buy-Back</i>
Contingent Buy-Back Price	<i>the cash consideration of A\$0.275 per Intrepid Share being offered to Intrepid Shareholders for each Intrepid Share that they hold under the Contingent Buy-Back</i>
Contingent Buy-Back Offer Booklet	<i>the offer booklet to be sent to Intrepid Shareholders following the Intrepid Meeting if the Contingent Buy-Back is approved, inviting Intrepid Shareholders to participate in the Contingent Buy-Back</i>
Contingent Buy-Back Offer Period	<i>Friday 28 November 2014 to Tuesday 16 December 2014 AEDT</i>
Contingent Buy-Back Record Date	<i>5:00pm on Tuesday 25 November 2014 AEDT</i>
Contingent Buy-Back Resolution	<i>Resolution 3 of the Notice of Meeting</i>
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
COT	<i>continuity of ownership test</i>
Court	<i>the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act agreed in writing by Intrepid and Blackthorn</i>

Term	Meaning
Court Approval	<i>approval by the Court of the Scheme for the purposes of section 411(4)(b) of the Corporations Act</i>
CRA	<i>Canadian Revenue Agency</i>
Cu	<i>copper</i>
CY	<i>calendar year</i>
Director of Mines	<i>the Director of Mines, Republic of Zambia</i>
Effective	<i>the coming into effect, under section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme</i>
Effective Date	<i>date on which the Scheme becomes Effective</i>
End Date	<i>12 December 2014, subject to any extension to that date in accordance with clause 3.7 of the Scheme Implementation Deed</i>
Explanatory Memorandum	<i>this document dated 16 October 2014</i>
Final Investment Decision	<i>the decision by the Board of the Merged Group to approve investment in the Kitumba Project</i>
Gazette	<i>Commonwealth of Australia Gazette</i>
Glencore	<i>Glencore PLC or its subsidiaries</i>
Glencore EL Transaction	<i>the sale of Blackthorn's 100% interest in 4 exploration licences adjacent to the Perkoa Zinc Project to Glencore</i>
Glencore Share Transaction	<i>the sale of Blackthorn's 27.3% equity interest in the Perkoa zinc project in Burkina Faso to Glencore</i>
Glencore Transactions	<i>the Glencore EL Transaction and the Glencore Share Transaction</i>
Headcount Test	<i>the requirement under section 411(4)(a)(iii) of the Corporations Act that the Scheme be approved by a majority of Blackthorn Shareholders present and voting at the Scheme meeting</i>
IFRS	<i>International Financial Reporting Standards</i>
Implementation Date	<i>the date of Merger Implementation, being the day that is five Business Days following the Scheme Record Date or such other date agreed between the Company and Blackthorn in writing, ordered by the Court or as required by ASX</i>
Independent Technical Expert's Report	<i>the report prepared by the Independent Technical Expert, a copy of which is included as an appendix to the Independent Expert's Report</i>
Ineligible Overseas Blackthorn Shareholder	<p><i>an Overseas Blackthorn Shareholder who:</i></p> <p><i>(a) is, or is acting on behalf of, a citizen or resident of; or</i></p> <p><i>(b) is recorded in the Blackthorn Register at the Scheme Record Date as having a registered address in, any jurisdiction other than the following jurisdictions:</i></p> <ul style="list-style-type: none"> <i>Australia</i> <i>New Zealand</i> <i>USA</i> <i>Singapore</i> <i>United Kingdom</i> <i>Switzerland</i> <i>Guernsey</i> <i>Bahamas</i> <i>Canada</i> <i>Burkina Faso</i> <i>Hong Kong</i> <i>Cayman Islands,</i> <p><i>unless Intrepid and Blackthorn determine that such Overseas Blackthorn Shareholder should not be an Ineligible Overseas Blackthorn Shareholder in accordance with the Scheme Implementation Deed</i></p>

Term	Meaning
Ineligible Overseas Intrepid Shareholder	<p>any person who:</p> <p>(a) holds Intrepid Shares to whom Intrepid would be prohibited from paying money pursuant to any act, rule or regulation of Australia that prohibits Intrepid from making payments to foreign persons;</p> <p>(b) is (or who is acting on behalf of or for the account of a person who is) in the United States or a US Person;</p> <p>(c) does not have a registered address in Australia or New Zealand and who:</p> <p>(i) holds Intrepid Shares and resides in a jurisdiction where it would be illegal under the laws of that jurisdiction to permit Intrepid Shareholders residing in that jurisdiction to participate in the Buy-Back or Contingent Buy-Back;</p> <p>(ii) is acting on behalf of or for the account of a person who holds Intrepid Shares and resides in a jurisdiction where it would be illegal under the laws of that jurisdiction to permit such person residing in that jurisdiction to participate in the Buy-Back or Contingent Buy-Back for an Intrepid Shareholder;</p> <p>(iii) holds Intrepid Shares and resides in a jurisdiction in respect of which Intrepid determines that compliance with the laws of that jurisdiction relating to the Buy-Back or the Contingent Buy-Back would not be practical; or</p> <p>(iv) is acting on behalf of or for the account of a person who holds Intrepid Shares and resides in a jurisdiction that Intrepid determines compliance with the laws of that jurisdiction relating to the Buy-Back or the Contingent Buy-Back would not be practical.</p>
Intrepid Board	the Board of directors of Intrepid
Intrepid Director or Director	each member of the Intrepid Board
Intrepid Disclosure Material	<p>(a) all written information relating to the business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of Intrepid and its subsidiaries provided or made available by or on behalf of any member of the Intrepid Group or its representatives to Blackthorn or its representatives; and</p> <p>(b) information available on the records made available for public inspection by ASIC and ASX prior to 27 August 2014</p>
Intrepid Group	Intrepid and each of its subsidiaries
Intrepid Independent Expert	Grant Thornton Corporate Finance Pty Ltd, being the independent expert engaged by Intrepid to prepare the Intrepid Independent Expert's Report
Intrepid Independent Expert's Report	the report prepared by the Independent Expert in accordance with ASIC Regulatory Guides 111 and 112 to provide an opinion as to whether each of the Buy-Back and the Contingent Buy-Back is fair and reasonable to all Intrepid Shareholders, a copy of which is included at Annexure D
Intrepid Meeting and Meeting	the Extraordinary General Meeting of Intrepid Shareholders that will be held on Tuesday, 18 November 2014 at 11:00am AEDT at the Stamford Plaza, Sydney Airport, Corner of Robey and O'Riordan Streets, Mascot, New South Wales
Intrepid Meeting Date	18 November 2014, being the date of the Intrepid Meeting
Intrepid Meeting Record Date	7:00pm AEDT on 16 November 2014, being the date on which the entitlement of a Shareholder to vote at the Intrepid Meeting will be determined
Intrepid Register	the register of Shareholders maintained by Intrepid in accordance with the Corporations Act
Intrepid Share	each Share in Intrepid
Intrepid Shareholder	each person that is recorded as the holder of Intrepid Shares in the Intrepid Register
Intrepid Shareholder Approval	approval by Intrepid Shareholders of the Merger Resolution and the Buy-Back Resolution by ordinary resolution
Investigating Accountant	KPMG Financial Advisory Services (Australia) Pty Ltd
Investigating Accountant's Report	the report prepared by the Investigating Accountant, a copy of which is included at Annexure C
IOCG	iron oxide copper gold

Term	Meaning
Joint Information	<i>the information in the Explanatory Memorandum jointly prepared by Intrepid and Blackthorn (and for which they share responsibility), being the information in Section 5</i>
JORC Code	<i>the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia</i>
Kitumba Project or Kitumba	<i>the Kitumba Copper Project on the Mumbwa Licence</i>
Ktpa	<i>kilo-tonnes per annum</i>
LTI Plan	<i>long-term incentive plan</i>
m	<i>metre</i>
Material Adverse Effect	<i>has the meaning given to it in the Scheme Implementation Deed</i>
Meeting Materials	<i>the Notice of Meeting, Explanatory Memorandum and Buy-Back Documents</i>
Merged Group	<i>Intrepid and Blackthorn and each of their controlled entities following Merger Implementation</i>
Merged Group Pro Forma Historical Financial Information	<i>the unaudited pro forma historical statement of financial position of the Merged Group as at 30 June 2014, showing the effects of the proposed Merger as if it had been implemented on 30 June 2014</i>
Merger	<i>the proposed acquisition by Intrepid of all of the ordinary shares in Blackthorn, to be effected by way of the Scheme, and where the context requires, the Scheme</i>
Merger Conditions	<i>the conditions that must be satisfied (or waived) for Merger Implementation to occur, as described in Section 7.3</i>
Merger Implementation	<i>implementation of the Scheme</i>
Merger Resolution	<i>Resolution 1 of the Notice of Meeting</i>
MI 52-110	<i>Multilateral Instrument 52-110</i>
Mineral Resources	<i>has the meaning given to this term in the JORC Code</i>
Mining Licence	<i>a large-scale mining licence granted (or to be granted) under the MMD Act to succeed the Mumbwa Licence</i>
Mining Licence Application	<i>the application under the MMD Act for the grant of the Mining Licence</i>
Mining Licence Approval	<i>the granting of the Mining Licence</i>
Mining Licence Approval End Date	<i>8:00am 28 November 2014, or such later date as agreed between Intrepid and Blackthorn in writing</i>
MMD Act	<i>Mines and Minerals Development Act, 2008, Republic of Zambia</i>
Mt	<i>million tonnes</i>
Mumbwa Licence	<i>8589-HQ-LPL</i>
Mumbwa Project	<i>the project consisting of the following prospecting licences in Zambia, 14265-HQ-LPL, 14267-HQ-LPL, the Mumbwa Licence, 16385-HQ-LPL and 14266-HQ-LPL held by the Blackthorn Group</i>
NED Share Plan	<i>Intrepid's non-executive director share plan</i>
New Intrepid Shares	<i>Intrepid Shares to be issued under the Scheme as Scheme Consideration</i>
Notice of Meeting	<i>the Notice of Meeting issued by the Company dated 16 October 2014 to convene the Intrepid Meeting</i>
NPV	<i>net present value</i>
Ore Reserves	<i>has the meaning given to this term in the JORC Code</i>
Optimised Prefeasibility Study	<i>the Kitumba Copper Project PFS Optimisation Study dated 29 May 2014</i>
Overseas Blackthorn Shareholder	<i>a Blackthorn Shareholder who is recorded in the Blackthorn Register at the Scheme Record Date as having a registered address outside Australia, or who is (or who is acting on behalf of) a resident of a jurisdiction other than Australia or New Zealand and their respective external territories.</i>
Perkoa Project	<i>the Perkoa zinc project in Burkina Faso</i>
Preferred Transaction	<i>the transactions contemplated by the Merger Resolution and the Buy-Back Resolution</i>
Proxy	<i>a person appointed as proxy for a Shareholder in accordance with the constitution of the Company</i>

Term	Meaning
Proxy Form	<i>the form accompanying the Notice of Meeting to be executed and returned by each Shareholder who wishes to exercise their right to vote by proxy at the Meeting</i>
PT IMN	<i>PT Indo Multi Niaga</i>
Related Bodies Corporate	<i>has the meaning given to it the Corporations Act</i>
Relevant Interest	<i>has the meaning given to it in the Corporations Act</i>
Resolutions	<i>each of the Merger Resolution, Buy-Back Resolution and the Contingent Buy-Back Resolution</i>
Sale Nominee	<i>such person or persons nominated by agreement by Intrepid to sell the Intrepid Shares that are attributable to Ineligible Overseas Blackthorn Shareholders under the terms of the Scheme</i>
SBT	<i>same business test</i>
Scale Back	<i>a proportionate reduction in the number of Intrepid Shares to be bought back from each Intrepid Shareholder below the number of Intrepid Shares for which acceptances have been received under the Buy-Back to avoid the Buy-Back Limit being exceeded, as further described in Section 9.2(a).</i>
Scheme or Scheme of Arrangement	<i>the proposed scheme of arrangement between Blackthorn and Blackthorn Shareholders under Part 5.1 of the Corporations Act under which the Merger will be affected, a copy of which is included at Annexure B</i>
Scheme Booklet	<i>the information memorandum in respect of the Scheme to be approved by the Court and distributed by Blackthorn to Blackthorn Shareholders, which includes the explanatory statement as that term is described in section 412 of the Corporations Act</i>
Scheme Consideration	<i>the number of New Intrepid Shares to be issued to Blackthorn Shareholders under the Scheme, as described in Section 2.3</i>
Scheme Implementation Deed	<i>the Scheme Implementation Deed between Intrepid and Blackthorn dated 27 August 2014, a copy of which is included at Annexure A</i>
Scheme Meeting	<i>the meeting of Blackthorn Shareholders convened to vote on the Scheme</i>
Scheme Participant	<i>a Blackthorn Shareholder as at the Record Date</i>
Scheme Record Date	<i>7.00pm AEDT on the day that is five Business Days after the Effective Date, or any other date (after the Effective Date) agreed by the Company and Blackthorn</i>
Scheme Share	<i>a Blackthorn Share on issue as at the Record Date</i>
Scheme Shareholder	<i>each Blackthorn Shareholder as at the Scheme Record Date</i>
Second Court Hearing	<i>the Court hearing to determine the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard by the Court, which is expected to be on or around 26 November 2014</i>
Second Court Hearing Date	<i>the first day on of the Second Court Hearing, which is expected to be on or around 26 November 2014</i>
Share	<i>a fully paid issued ordinary share</i>
Shareholders	<i>a holder of Shares</i>
Surplus Cash	<i>Intrepid's cash reserves less any actual and contingent liabilities that could eventuate in certain circumstances, including but not limited to tax liabilities, ongoing operating costs and any potential wind-up costs applicable in the jurisdictions in which the Intrepid Group has operated</i>
TSR	<i>total shareholder return</i>
TSX	<i>Toronto Stock Exchange</i>
Tujuh Bukit	<i>the Tujuh Bukit copper-gold project in East Java</i>
United States or US	<i>United States of America</i>
US Person	<i>has the meaning given by Regulation S under the United States Securities Act of 1933 (as amended)</i>
US\$	<i>United States dollars</i>
VWAP	<i>volume weighted average price</i>

Scheme Implementation Deed
(as amended by Amendment Deed
to Scheme Implementation Deed
dated 29 September 2014)

Blackthorn Resources Limited

ACN 009 193 980

and

Intrepid Mines Limited

ACN 060 156 452

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THIS DEED is made on 27 August 2014

BETWEEN:

- (1) **Blackthorn Resources Limited** ACN 009 193 980 of Level 5, Suite 502, 80 William Street, Sydney, NSW 2011 (**Blackthorn**); and
- (2) **Intrepid Mines Limited** ACN 060 156 452 of Level 1, 490 Upper Edward Street, Spring Hill QLD 4000 (**Intrepid**).

RECITALS:

- (A) Intrepid and Blackthorn have agreed that a scheme of arrangement will be proposed under Part 5.1 of the *Corporations Act 2001* (Cth) between Blackthorn and the holders of its ordinary shares in accordance with this document.
- (B) Intrepid and Blackthorn have agreed certain other matters in connection with the Share Scheme as set out in this document.

THE PARTIES AGREE AS FOLLOWS:

1. **INTERPRETATION**

1.1 **Definitions**

The following definitions apply in this document.

Announcement means a press release, announcement, ASX announcement or other public statement (other than a draft explanatory statement, an explanatory statement or supplementary explanatory statement as required under Part 5.1 of the Corporations Act).

ASIC means the Australian Securities and Investments Commission.

ASIC Review Draft means the draft of the Share Scheme Booklet, which is provided to ASIC for approval under section 411(2) of the Corporations Act.

ASX means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

ASX Listing Rules means the listing rules of ASX.

Authorisation means:

- (a) an approval, authorisation, consent, declaration, exemption, licence, notarisation, permit or waiver, however it is described, including any renewal or amendment and any condition attaching to it from or by a Government Agency; and
- (b) in relation to anything that could be prohibited or restricted by law, if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken.

Blackthorn Board means the board of directors of Blackthorn.

Blackthorn Competing Proposal means any proposal (including a scheme of arrangement) or offer that would, if completed substantially in accordance with its terms, result in any person or persons other than Intrepid or a member of the Intrepid Group acquiring (directly or indirectly):

- (a) an interest in all or a substantial part of the assets of Blackthorn or the Blackthorn Group;
- (b) a relevant interest in more than 20% of the voting shares of Blackthorn;
- (c) control of Blackthorn within the meaning of section 50AA of the Corporations Act; or
- (d) otherwise acquiring or merging with Blackthorn (including by way of reverse takeover, reverse scheme of arrangement or dual listed company structure).

Blackthorn Consolidated Tax Group means the consolidated group of which Blackthorn is the head company. In this definition, "*consolidated group*" and "*head company*" have the meaning respective meanings given by the *Income Tax Assessment Act 1997* (Cth).

Blackthorn Disclosure Material means the:

- (a) Blackthorn Due Diligence Information; and
- (b) information available on the Public Registers prior to the date of this document.

Blackthorn Due Diligence Information means all written information relating to the business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of Blackthorn and its subsidiaries provided or made available by or on behalf of any member of the Blackthorn Group or its Representatives to Intrepid or its Representatives.

Blackthorn Excluded Transaction means a transaction:

- (a) fairly disclosed in the Blackthorn Disclosure Material before the date of this document;
- (b) consistent with a policy relating to employment which was fairly disclosed in the Blackthorn Disclosure Material;
- (c) in relation to the Blackthorn Option Buy Out;
- (d) required to be done or procured by Blackthorn under this document or the Share Scheme; or
- (e) in relation to which Intrepid has expressly consented in writing.

Blackthorn Group means Blackthorn and its subsidiaries (each of Blackthorn and each such subsidiary being a member of the Blackthorn Group).

Blackthorn Material means information to be included by Blackthorn in the Share Scheme Booklet that explains the effect of the Share Scheme and sets out the information prescribed by the *Corporations Act* and the *Corporations Regulations 2001* (Cth), and any other information that is material to the making of a decision by Blackthorn Shareholders whether or not to vote in favour of the Share Scheme, being information that is within the knowledge of Blackthorn's directors and has not previously been disclosed to Blackthorn Shareholders, other than the Intrepid Material and the Independent Expert's Report.

Blackthorn Option means an option to subscribe for a Blackthorn Share, listed in Schedule 2.

Blackthorn Option Holder means each holder of a Blackthorn Option.

Blackthorn Option Buy Out means the transaction described in clause 5.

Blackthorn Prescribed Event means the occurrence of any of the following:

- (a) Blackthorn converting all or any of its shares into a larger or smaller number of shares;
- (b) Blackthorn resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) Blackthorn:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) Blackthorn declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members;
- (e) a member of the Blackthorn Group:
 - (i) issuing shares or securities convertible into shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option other than:
 - (A) to a wholly-owned subsidiary of Blackthorn; or
 - (B) pursuant to the exercise of any convertible securities or options existing as at, and the issue of which has been notified to the ASX before, the date of this document;
 - (C) the vesting or exercising of any Blackthorn Options;
 - (ii) making any change to its constitution;
 - (iii) being deregistered as a company or otherwise dissolved except in the case of a Blackthorn Group member with less than \$100,000 in net assets as at the date of this document;
 - (iv) carrying on its business other than in the ordinary and usual course;
 - (v) acquiring, offering to acquire or agreeing to acquire any one or more assets (including any one or more shares in any company) having a market value that in aggregate is, or the consideration for which in aggregate is, \$100,000 or more;
 - (vi) disposing, offering to dispose or agreeing to dispose of any one or more assets (including any one or more shares in any company), or an interest in any one or more assets, having a market value that in aggregate is, or the consideration for which in aggregate is, \$100,000 or more (and, for the avoidance of doubt, "dispose" includes sell, transfer, grant an option over, declare or create a trust over, surrender, allow to lapse or Encumber), except for the sale of the exploration licences in Burkina Faso to Glencore as approved by Blackthorn shareholders at the extraordinary general meeting on 14 August 2014;

- (vii) granting, or agreeing to grant, any Security Interest over the whole, or a substantial part, of its business or property;
- (viii) entering into, or offering to enter into, any joint venture, asset or profit sharing arrangement, partnership or merger of businesses or of corporate entities (including through a multiple listed companies structure) in respect of any one or more assets (including any one or more shares in any company) or undertakings having a market value that in aggregate is, or involving a commitment or liability that in aggregate is, \$100,000 or more;
- (ix) other than in the ordinary course of business:
 - (A) incurring or committing to, or bringing forward the time for incurring or committing, or granting to another person a right the exercise of which would involve a member of the Blackthorn Group incurring or committing to, any capital expenditure or liability; or
 - (B) foregoing any revenue,

for one or more related items or amounts of \$100,000 or more.

(For the avoidance of doubt and for the purposes of this paragraph (ix), ordinary course of business includes, without limitation, any budgeted expenditures of Blackthorn previously approved by the Blackthorn board of directors, and disclosed in writing to Intrepid, prior to the date of this document and that are made substantially in the manner previously approved);

- (x) entering into or resolving to enter into a transaction with any related party of Blackthorn (other than a related party which is a wholly-owned member of the Blackthorn Group) as defined in section 228 of the Corporations Act;
- (xi) changing any accounting policy applied by them to report its financial position other than any change in policy required by a change in applicable accounting standards or law;
- (xii) doing anything that would result in a change in the membership of the Blackthorn Consolidated Tax Group;
- (xiii) other than in accordance with annual remuneration reviews occurring in the ordinary course of business, varying or agreeing to vary the employment arrangements or remuneration of any director or employee of any member of the Blackthorn Group whose annual remuneration as at the date of this document is \$100,000 or more;
- (xiv) amending the terms of an employee share scheme or any other plan or scheme operated for the benefit of directors or employees of any one or more members of the Blackthorn Group;
- (xv) paying or agreeing to pay any bonus, termination or retention payment to any director or employee of any member of the Blackthorn Group except, in accordance with the terms of the contract in place with such person as at the date of this document or otherwise in the ordinary course of business;
- (xvi) employing or agreeing to employ any person the value of whose total remuneration is or is to be \$100,000 or more;

(xvii) entering into any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this document and which have been disclosed in writing to Intrepid prior to the date of this document; or

(xviii) disclosing (without having disclosed before the date of this document) the existence of any matter described in subparagraphs (i) to (xvii) above, or announces an intention to do anything described in described in subparagraphs (i) to (xvii) above; or

(f) an Insolvency Event occurring in relation to a member of the Blackthorn Group,

but excluding any Blackthorn Excluded Transaction.

Blackthorn Provided Material means the information provided by Blackthorn to Intrepid in accordance with clause 6(g) for inclusion in the Intrepid Meeting Material.

Blackthorn Share means each fully paid ordinary share in Blackthorn.

Blackthorn Shareholder means each person entered in the Register as a holder of Blackthorn Shares.

Blackthorn Shareholder Approval means a resolution in favour of the Share Scheme passed by the required majority of Blackthorn Shareholders under section 411(4)(a)(ii) of the Corporations Act.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Brisbane, Queensland and Sydney, New South Wales.

Claim, in relation to a person, means any claim, allegation, cause of action, proceeding, liability, suit or demand made against the person concerned however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

Condition means a condition precedent set out in clause 3.2.

Confidentiality Deeds means the deed of that name between Blackthorn and Intrepid in respect of the proposed Scheme dated 6 June 2014 and 29 July 2014 respectively.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act agreed in writing between Intrepid and Blackthorn.

Deed Poll means a document in the form or substantially in the form of Schedule 4, or in such other form as is agreed in writing between Blackthorn and Intrepid.

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Share Scheme.

Effective Date means the date on which the Share Scheme becomes Effective.

End Date means 12 December 2014, subject to any extension to that date made under clause 3.7

Exclusivity Period means the period commencing on the date of this document and ending on the earlier of:

- (a) termination of this document in accordance with its terms;
- (b) the Implementation Date; and
- (c) the End Date.

First Court Date means the first day of the hearing of the Court of an application for an order under section 411(1) of the Corporations Act convening of the Share Scheme Meeting.

Government Agency means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including ASIC, ASX, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX.

GST Law means the same as "GST Law" in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Implementation means the implementation of the Share Scheme, on it becoming Effective.

Implementation Date means the day that is 5 Business Days following the Record Date, or such other date:

- (a) agreed between Intrepid and Blackthorn in writing;
- (b) ordered by the Court; or
- (c) as required by ASX.

Impugned Amount means all or any part of the payment required to be made under clause 11.2 or 11.3 that is found by the Takeovers Panel or court to:

- (a) be unlawful;
- (b) involve a breach of directors' duties; or
- (c) constitute Unacceptable Circumstances.

Independent Expert means an independent expert to be engaged by Blackthorn to express an opinion on whether the Share Scheme is in the best interests of Blackthorn Shareholders.

Independent Expert's Report means a report prepared by the Independent Expert in accordance with ASIC Regulatory Guides 111 and 112.

Ineligible Overseas Shareholder means a Blackthorn Shareholder:

- (a) who is (or is acting on behalf of) a resident of a jurisdiction other than Australia or New Zealand and their respective external territories;
- (b) whose address is shown in the Register as a place outside of Australia or New Zealand and their respective external territories,

unless Blackthorn and Intrepid agree that a Blackthorn Shareholder with a registered address outside of Australia and New Zealand should not be treated as an Ineligible Overseas Shareholder and may be issued the New Intrepid Shares in accordance with the Share Scheme and for this purpose the parties agree that shareholders who are residents of, or whose address as shown in the Register is in, USA and Singapore will not be treated as an Ineligible Overseas Shareholder.

Further, if a Blackthorn Shareholder has a registered address outside of Australia, New Zealand, USA or Singapore and Blackthorn considers it appropriate for those shareholders to have the opportunity to receive the New Intrepid Shares, then Intrepid will agree to those shareholders not being treated as Ineligible Overseas Shareholders if Blackthorn can provide, to Intrepid's reasonable satisfaction, at least 3 Business Days before the date on which the Court makes orders under section 411(4)(b) of the Corporations Act approving the Share Scheme, confirmation that there are appropriate exemptions available to allow Intrepid to issue the New Intrepid Shares to those shareholders without having to undertake onerous filing or disclosure obligations in those jurisdictions.

Insolvency Event means, in respect of a person:

- (a) an administrator being appointed to the person;
- (b) a controller or analogous person being appointed to the person or any of the person's property;
- (c) an application being made to a court for an order to appoint a controller, provisional liquidator, trustee for creditors or in bankruptcy or analogous person to the person or any of the person's property;
- (d) an appointment of the kind referred to in paragraph (c) being made (whether or not following a resolution or application);
- (e) the holder of a Security Interest or any agent on its behalf, appointing a controller or taking possession of any of the person's property (including seizing the person's property within the meaning of section 123 of the PPSA) or otherwise enforcing or exercising any rights under the Security Interest or Chapter 4 of the PPSA;
- (f) the person being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand;
- (g) an application being made to a court for an order for its winding up;
- (h) an order being made, or the person passing a resolution, for its winding up;
- (i) the person:
 - (i) suspending payment of its debts, ceasing (or threatening to cease) to carry on all or a material part of its business, stating that it is unable to pay its debts or being or becoming otherwise insolvent; or
 - (ii) being unable to pay its debts or otherwise insolvent;
- (j) the person taking any step toward entering into a compromise or arrangement with, or assignment for the benefit of, any of its members or creditors;
- (k) a court or other authority enforcing any judgment or order against the person for the payment of money or the recovery of any property; or

(l) any analogous event under the laws of any applicable jurisdiction,

unless this takes place as part of a solvent reconstruction, amalgamation, merger or consolidation that has been approved by the other party to this document.

Intrepid Board means the board of directors of Intrepid.

Intrepid Buy-Back has the meaning given to that term in clause 10.

Intrepid Competing Proposal means any proposal (including a scheme of arrangement) or offer that would, if completed substantially in accordance with its terms, result in any person or persons other than a member of Blackthorn, Blackthorn or a member of the Blackthorn Group acquiring (directly or indirectly):

- (a) an interest in all or a substantial part of the assets of Intrepid or the Intrepid Group;
- (b) a relevant interest in more than 20% of the voting shares of Intrepid;
- (c) control of Intrepid within the meaning of section 50AA of the Corporations Act; or
- (d) otherwise acquiring or merging with Intrepid (including by way of reverse takeover, reverse scheme of arrangement or dual listed company structure).

Intrepid Disclosure Material means:

- (a) the Intrepid Due Diligence Information; and
- (b) information available on the Public Registers prior to the date of this document.

Intrepid Due Diligence Information means all written information relating to the business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of Intrepid and its subsidiaries made available by or on behalf of any member of the Intrepid Group or its Representatives to Blackthorn or its Representatives.

Intrepid Excluded Transaction means a transaction:

- (a) fairly disclosed in the Intrepid Disclosure Material before the date of this document;
- (b) consistent with a policy relating to employment which was fairly disclosed in the Intrepid Disclosure Material;
- (c) required to be done or procured by Intrepid under this document or the Share Scheme; or
- (d) in relation to which Blackthorn has expressly consented in writing.

Intrepid Independent Expert means an independent expert engaged by Intrepid to prepare an Intrepid Independent Expert's Report.

Intrepid Independent Expert's Report means any independent expert's report commissioned by Intrepid to express an opinion as to whether the Intrepid Buy-Back is fair and reasonable to all Intrepid Shareholders, prepared in accordance with ASIC Regulatory Guides 111 and 112.

Intrepid Group means Intrepid and its subsidiaries.

Intrepid Material means the information provided by Intrepid to Blackthorn in accordance with clause 7(h) for inclusion in the Share Scheme Booklet.

Intrepid Meeting Material means all material in respect of the Share Scheme and the Intrepid Buy-Back to be provided to Intrepid Shareholders, and any other material also being provided to the Intrepid Shareholders for the purposes of the Intrepid Shareholder Meeting prior to the Intrepid Shareholder Meeting, including the:

- (a) offer documents associated with the Intrepid Buy-Back, including the Intrepid Independent Expert's Report; and
- (b) notice of meeting and explanatory material to be provided to Intrepid Shareholders in relation to the Intrepid Shareholder Meeting.

Intrepid Option means an option to subscribe for an Intrepid Share, listed in Schedule 2.

Intrepid Prescribed Event means the occurrence of any of the following:

- (a) Intrepid converting all or any of its shares into a larger or smaller number of shares;
- (b) Intrepid resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) Intrepid:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) Intrepid declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members;
- (e) a member of the Intrepid Group:
 - (i) issuing shares or securities convertible into shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option other than:
 - (A) to a wholly-owned subsidiary of Intrepid; or
 - (B) pursuant to the exercise of any convertible securities existing as at, and the issue of which has been notified to the ASX before, the date of this document; or
 - (C) to Intrepid's non-executive directors pursuant to its Non-Executive Directors' Share Plan where each director's interest has been disclosed in writing to Blackthorn before the date of this document;
 - (ii) making any change to its constitution; or
 - (iii) being deregistered as a company or otherwise dissolved except in the case of an Intrepid Group member with less than \$100,000 in net assets, or which is not carrying on business as at the date of this document; or
 - (iv) carrying on its business other than in the ordinary and usual course;

- (v) acquiring, offering to acquire or agreeing to acquire any one or more assets (including any one or more shares in any company) having a market value that in aggregate is, or the consideration for which in aggregate is, \$100,000 or more;
- (vi) disposing, offering to dispose or agreeing to dispose of any one or more assets (including any one or more shares in any company), or an interest in any one or more assets, having a market value that in aggregate is, or the consideration for which in aggregate is, \$100,000 or more (and, for the avoidance of doubt, "dispose" includes sell, transfer, grant an option over, declare or create a trust over, surrender, allow to lapse or Encumber);
- (vii) granting, or agreeing to grant, any Security Interest over the whole, or a substantial part, of its business or property;
- (viii) entering into, or offering to enter into, any joint venture, asset or profit sharing arrangement, partnership or merger of businesses or of corporate entities (including through a multiple listed companies structure) in respect of any one or more assets (including any one or more shares in any company) or undertakings having a market value that in aggregate is, or involving a commitment or liability that in aggregate is, \$100,000 or more;
- (ix) other than in the ordinary course of business:
 - (A) incurring or committing to, or bringing forward the time for incurring or committing, or granting to another person a right the exercise of which would involve a member of the Intrepid Group incurring or committing to, any capital expenditure or liability; or
 - (B) foregoing any revenue,for one of more related items or amounts of \$100,000 or more;
- (x) entering into or resolving to enter into a transaction with any related party of Intrepid (other than a related party which is a wholly-owned member of the Intrepid Group) as defined in section 228 of the Corporations Act;
- (xi) changing any accounting policy applied by them to report its financial position other than any change in policy required by a change in applicable accounting standards or law;
- (xii) doing anything that would result in a change in the membership of the Intrepid Consolidated Tax Group;
- (xiii) other than in accordance with annual remuneration reviews occurring in the ordinary course of business, varying or agreeing to vary the employment arrangements or remuneration of any director or employee of any member of the Intrepid Group whose annual remuneration as at the date of this document is \$100,000 or more;
- (xiv) amending the terms of an employee share scheme or any other plan or scheme operated for the benefit of directors or employees of any one or more members of the Intrepid Group;
- (xv) paying or agreeing to pay any bonus, termination or retention payment to any director or employee of any member of the Intrepid Group except in

accordance with the terms of the contract in place with such person as at the date of this document or otherwise in the ordinary course of business;

- (xvi) employing or agreeing to employ any person the value of whose total remuneration is or is to be \$100,000 or more;
 - (xvii) entering into any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this document and which have been disclosed in writing to Intrepid prior to the date of this document; or
 - (xviii) disclosing (without having disclosed before the date of this document) the existence of any matter described in subparagraphs (i) to (xvii) above, or announces an intention to do anything described in described in subparagraphs (i) to (xvii) above; or
- (f) an Insolvency Event occurring in relation to a member of the Intrepid Group (except in the case of an Intrepid Group member with less than \$100,000 in net assets as at the date of this document),

but excluding:

- (g) any occurrence relating to the closure of Intrepid's representative office in Jakarta, including the divestment or liquidation of related assets and the termination of contracts of employment providing that the aggregate liabilities, or anticipated contingent liabilities, for these events do not exceed \$100,000;
- (h) the buy-back of Intrepid Shares pursuant to the Intrepid Buy-Back;
- (i) the payment of a cash amount of \$320,000 to Scott Lowe in lieu of the issue of securities pursuant to the long term incentive component of his remuneration package; or
- (j) any Intrepid Excluded Transaction.

Intrepid Share means a fully paid ordinary share in Intrepid.

Intrepid Shareholder means each person entered in the register of members of Intrepid as a holder of Intrepid Shares.

Intrepid Shareholder Approval means:

- (a) the approval by Intrepid Shareholders by ordinary resolution to the acquisition by Intrepid of the Blackthorn Shares in accordance with the Share Scheme terms for all purposes including pursuant to Chapter 11 of the ASX Listing Rules; and
- (b) the approval by Intrepid Shareholders by ordinary resolution of the Intrepid Buy-Back.

Intrepid Shareholder Meeting means the meeting of Intrepid Shareholders where Intrepid Shareholders will be asked to consider and approve:

- (a) as an ordinary resolution, the acquisition by Intrepid of the Blackthorn Shares in accordance with the Share Scheme terms;
- (b) as an ordinary resolution, the Intrepid Buy-Back,

which resolutions set out in paragraphs (a) and (b) above will be inter-conditional;
and

(c) at Intrepid's election, either of the following resolutions (being the **Alternative Resolution**):

- (i) as an ordinary resolution, pursuant to section 257B of the Corporations Act an equal access share buy-back under which all Intrepid Shareholders as at the relevant record date will be given the opportunity to elect that some or all of their Intrepid Shares are bought back by Intrepid for the amount of \$0.275 per Intrepid Share; or
- (ii) as a special resolution, for the purposes of sections 256B(1)(c) and 256C(1) of the Corporations Act, Regulation 30 of Intrepid's constitution and for all other purposes, a reduction in Intrepid's issued ordinary share capital to permit the return to all Intrepid Shareholders as at the relevant record date of the amount of \$0.275 per Intrepid Share,

where such Alternative Resolution will begin with the words "*Only if either Resolution 1 (approving the Share Scheme) or Resolution 2 (approving the Intrepid Buy-Back) are not approved, to consider and, if thought fit to pass the following ...*" and where such Alternative Resolution will only be put to Intrepid Shareholders if either of the resolutions set out in paragraphs (a) and (b) above are not approved by Intrepid Shareholders.

Loss includes any loss, damage, liability, obligation, compensation, fine, penalty, charge, payment, cost or expense (including any legal cost and expense) however it arises and whether it is present or future, fixed or unascertained, actual or contingent but excluding any consequential or indirect loss, economic loss or loss of profits.

Material Adverse Effect, in relation to a party, means a material adverse effect on the structure, business, assets, liabilities, operations, financial or trading position or performance and prospects of the party and its subsidiaries, taken as a whole, which diminishes the value and prospects of the party and its subsidiaries, taken as a whole of not less than \$500,000, including (without limitation), any material investigation, prosecution, arbitration, litigation or dispute being threatened against the party's Group which could reasonably be expected to give rise to a liability for the party's Group in excess of \$500,000 (**Material Proceedings**), or circumstances arising which would reasonably be expected to give rise to any Material Proceedings, but excluding any event, occurrence or matter:

- (a) which is fully and fairly disclosed in an ASX lodgement made by the affected party prior to the Execution Date;
- (b) which is a change in generally accepted accounting principles or the interpretation of them;
- (c) which is solely a change in interest rates, commodity prices or currency exchange rates;
- (d) required to be undertaken or procured by a party pursuant to the terms of this document; or
- (e) to the extent that event, occurrence or matter was known to the non-affected party prior to the date of this document (which does not include knowledge of the risk of an event, occurrence or matter happening).

Meeting Date means the date on which Blackthorn Shareholders vote on a resolution to approve the Share Scheme under section 411(4)(a)(ii) of the Corporations Act.

Mining Licence Approval means the granting of a mining licence pursuant to the Mines and Minerals Development Act 2008, Republic of Zambia, to succeed Blackthorn's Prospecting Licence 8589-HQ-LPL;

Mining Licence Approval End Date means 28 November 2014, or such later date as agreed between Intrepid and Blackthorn in writing.

New Intrepid Share means Intrepid Shares to be issued under the Share Scheme as Share Scheme Consideration.

PPS Security Interest means a security interest that is subject to the PPSA.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Public Registers means the records made available for public inspection by ASIC and ASX.

Record Date means 7:00pm (Sydney time) on the day which is five Business Days after the Effective Date, or any other date (after the Effective Date) agreed by the parties to be the record date to determine entitlements to receive Share Scheme Consideration under the Share Scheme.

Register means the register of Blackthorn Shareholders.

Relevant Date means, in relation to a Condition, the date or time specified in this document for its fulfilment or, if no date or time is specified, 8.00 am on the Second Court Date, subject, in either case, to extension of that date made pursuant to clause 3.7(f).

Representatives means, in relation to an entity:

- (a) each of the entity's subsidiaries; and
- (b) each of the directors, officers, employees and legal, financial and other expert advisers of the entity or any of its subsidiaries.

Scheme Booklet means the information memorandum in respect of the Share Scheme to be approved by the Court and dispatched to Blackthorn Shareholders, and includes the Share Scheme, a copy of the Deed Poll executed by Intrepid, an explanatory statement as that term is defined in section 412 of the Corporations Act, the Independent Expert's Report and a notice of meeting and proxy form.

Scheme Shareholders means each Blackthorn Shareholder as at the Record Date (taking into account registration of all registrable transfers and transmission applications received at Blackthorn's share registry by the Record Date) but excluding Ineligible Overseas Shareholders.

Scheme Resolution means a resolution to approve the Share Scheme.

Second Court Date means the first day on which the Court hears the application for an order under section 411(4)(b) of the Corporations Act approving the Share Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.

Security Interest means any security interest, including:

- (a) any other mortgage, charge, pledge or lien; or
- (b) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property.

Share Scheme means a scheme of arrangement under Part 5.1 of the Corporations Act between Blackthorn and the Blackthorn Shareholders in the form or substantially in the form of Schedule 3 or in such other form as is agreed in writing between Blackthorn and Intrepid, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved by each party.

Share Scheme Consideration means the number of Intrepid Shares for each Blackthorn Share held by a Scheme Shareholder as at the Record Date as determined by the following formula (subject to rounding in accordance with clause 2.4(b)), which based on the current issued capital of Intrepid as at the date of this document will provide a result of between 1.078 and 1.147 Intrepid Shares for each Blackthorn Share:

$$\text{Share Scheme Consideration} = 0.356 / ((A - B) / C)$$

Where:

A = 173,000,000

B = the cash amount to be paid by Intrepid under the Intrepid Buy-Back, which is subject to Intrepid Shareholder Approval being obtained

C = the number of Intrepid Shares on issue at the close of trading of Intrepid's securities on the ASX on the last day of the Intrepid Buy-Back offer period, less the number of Intrepid Shares to be bought back under the Intrepid Buy-Back, which is subject to Intrepid Shareholder Approval

Share Scheme Meeting means the meeting of Blackthorn Shareholders to be convened as ordered by the Court under section 411(1) of the Corporations Act, to consider the Share Scheme.

Takeovers Panel means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

Timetable means the timetable set out in Schedule 1, subject to any modifications as the parties may agree in writing.

Unacceptable Circumstances has the meaning given to that term in section 657A of the Corporations Act.

1.2 Rules for interpreting this document

Headings and catchwords are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
 - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;

- (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (iii) a party to this document or to any other document or agreement includes a permitted substitute or a permitted assign of that party;
 - (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
 - (v) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
 - (c) A word which suggests one gender includes the other genders.
 - (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
 - (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
 - (f) The words **associate**, **controller**, **entity**, **officer**, **relevant interest**, **security interest** and **subsidiary** have the same meanings as given by the Corporations Act.
 - (g) A reference to **\$** or **dollar** is to Australian currency.
 - (h) The word **agreement** includes an undertaking or other binding arrangement or understanding, whether or not in writing.
 - (i) The expression **this document** includes the agreement, arrangement, understanding or transaction recorded in this document.
 - (j) Words defined in the GST Law have the same meaning in clauses concerning GST.
 - (k) A reference to time in this document is a reference to time in Sydney, New South Wales.

1.3 **Non-Business Days**

If the day on or by which a person must do something under this document is not a Business Day the person must do it on or by the next Business Day.

2. **BLACKTHORN SCHEME**

2.1 **Agreement to propose and implement the Share Scheme**

- (a) Blackthorn agrees to propose and implement the Share Scheme in accordance with Part 5.1 of the Corporations Act and subject to the terms of this document, and must use all reasonable endeavours to do so substantially in accordance with the Timetable.
- (b) Intrepid agrees to assist Blackthorn to propose and implement the Share Scheme in accordance with Part 5.1 of the Corporations Act and subject to the terms of this document, and must use all reasonable endeavours to do so substantially in accordance with the Timetable.

2.2 Outline of the Share Scheme

Subject to the terms of this document, on the Implementation Date, all of the Blackthorn Shares held by Scheme Shareholders will be transferred to Intrepid and the Scheme Shareholders will be entitled to receive the Share Scheme Consideration.

2.3 No amendments to the Share Scheme without consent

Blackthorn must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Share Scheme without the prior written consent of Intrepid or the consent of Intrepid's representative in attendance at Court proceedings for the Share Scheme (which consents must not be unreasonably withheld or delayed).

2.4 Share Scheme Consideration

- (a) Intrepid agrees and undertakes to Blackthorn that in consideration of the transfer to Intrepid of each Blackthorn Share held by a Scheme Shareholder under the terms of the Share Scheme, Intrepid will on the Implementation Date, subject to the terms of this document, the Deed Poll and the Share Scheme, accept that transfer and issue the Share Scheme Consideration to each Scheme Shareholder as at the Record Date.
- (b) Any fractional entitlement of a Scheme Shareholder to part of an Intrepid Share will be rounded up or down to the nearest whole number of Intrepid Shares in accordance with the Share Scheme (and if the fraction entitlement would include one-half of an Intrepid Share, the entitlement will be rounded up to the nearest whole number of Intrepid Shares in accordance with the Share Scheme).
- (c) Unless Intrepid is satisfied that it may lawfully issue New Intrepid Shares to an Ineligible Overseas Shareholder either unconditionally or after compliance with terms which Intrepid reasonably regards as acceptable and practical, Intrepid has no obligation to allot or issue New Intrepid Shares to the Ineligible Overseas Shareholder.
- (d) If Intrepid elects not to allot or issue New Intrepid Shares to an Ineligible Overseas Shareholder under clause 2.4(c), it must allot and issue the New Intrepid Shares to which the Ineligible Overseas Shareholder would otherwise become entitled to a nominee appointed by Intrepid (with the consent of Blackthorn, not to be unreasonably withheld or delayed). Intrepid must procure that the nominee sell those New Intrepid Shares at the time and the nominee must then pay to that Ineligible Overseas Shareholder the proceeds received after deducting any applicable fees, brokerage, taxes and charges.

3. CONDITIONS

3.1 Obligations not binding until Conditions satisfied

Subject to this clause 3, the obligations of the parties with respect to Implementation (including the obligations of Intrepid under clauses 2.4 above and 7(v) below) do not become binding unless and until each Condition is satisfied or waived under clause 3.4.

3.2 Conditions

The Conditions are as follows:

Conditions for the benefit of both parties

- (a) **(Independent Expert's Report)** the Independent Expert's Report concludes that the Share Scheme is in the best interests of Blackthorn Shareholders and the Independent Expert maintains that opinion (including by not withdrawing or changing that opinion) at all times up to 8.00am on the Second Court Date;
- (b) **(orders convening Meeting)** the Court makes orders convening the Share Scheme Meeting under section 411(1) of the Corporations Act;
- (c) **(Blackthorn Shareholder Approval)** Blackthorn Shareholder Approval is obtained at the Share Scheme Meeting convened in accordance with the orders made under section 411(1) of the Corporations Act;
- (d) **(Intrepid Shareholder Approval)** Intrepid Shareholder Approval is obtained;
- (e) **(Court approval of Scheme)** the Court makes orders under section 411(4)(b) of the Corporations Act approving the Share Scheme;
- (f) **(order lodged with ASIC)** an office copy of the Court order approving the Share Scheme is lodged with ASIC under section 411(4)(b) of the Corporations Act;
- (g) **(no restraint adversely affecting Implementation)** no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the acquisition of all the Blackthorn Shares by Intrepid or otherwise preventing Implementation is in effect at 8.00 am on the Second Court Date;
- (h) **(ASX quotation)** before 8.00 am on the Second Court Date, the New Intrepid Shares to be issued to Scheme Shareholders in accordance with the Share Scheme are approved for official quotation on ASX, which approval may be conditional on the issue of those shares and other conditions customarily imposed by ASX;
- (i) **(Mining Licence Approval)** before 8.00 am on the Mining Licence Approval End Date, the Mining Licence Approval has been obtained;
- (j) **(ASIC and ASX consents)** before 8.00am on the Second Court Date, ASIC and ASX issue or provide such consents or approvals or have done such other acts which Blackthorn and Intrepid agree are reasonably necessary to implement the Scheme;
- (k) **(Intrepid Independent Expert's Report)** the Intrepid Independent Expert's Report concluding that the Intrepid Buy-Back is either fair and reasonable, or not fair but reasonable, to all Intrepid Shareholders and the Intrepid Independent Expert maintaining that opinion (including by not withdrawing or changing that opinion) at all times up until the conclusion of the Intrepid Shareholder Meeting;
- (KA) **(Authorisations)** before 8:00am on the Second Court Date, all Authorisations required to implement the Scheme are granted or obtained;

Conditions for the benefit of Intrepid

- (l) **(no Material Adverse Effect on Blackthorn)** during the period commencing on the date of this document and ending at 8.00 am on the Second Court Date, no one or more events, occurrences or matters individually or in aggregate that have

or could reasonably be expected to have a Material Adverse Effect on Blackthorn, occurs or becomes known to Intrepid, other than a Material Adverse Effect that resulted solely from an event, occurrence or matter which:

- (i) was fairly disclosed in the Blackthorn Disclosure Material;
 - (ii) was due to one or more acts or omissions which were required to be done or procured by Blackthorn under this document or the Share Scheme;
 - (iii) was due to one or more acts or omissions which Intrepid expressly consented to in writing;
 - (iv) was attributable to the approval of Mining Licence not being obtained prior to the Mining Licence Approval End Date; or
 - (v) is a Blackthorn Excluded Transaction;
- (m) **(no Blackthorn Prescribed Event)** during the period commencing on the date of this document and ending at 8.00 am on the Second Court Date, no Blackthorn Prescribed Event occurs;
- (n) **(Blackthorn representations and warranties)** each of the representations and warranties given or made by Blackthorn under clause 18 below is true and correct as at the time it is given or made;

Conditions for the benefit of Blackthorn

- (o) **(no Material Adverse Effect on Intrepid)** during the period commencing on the date of this document and ending at 8.00 am on the Second Court Date, no one or more events, occurrences or matters individually or in aggregate that have or could reasonably be expected to have a Material Adverse Effect on Intrepid, occurs or becomes known to Blackthorn unless that event, occurrence or matter:
- (i) was fairly disclosed in the Intrepid Disclosure Material;
 - (ii) was due to one or more acts or omissions which were required to be done or procured by Intrepid under this document or the Share Scheme;
 - (iii) was due to one or more acts or omissions which Blackthorn expressly consented to in writing; or
 - (iv) was an Intrepid Excluded Transaction;
- (p) **(no Intrepid Prescribed Event)** during the period commencing on the date of this document and ending at 8.00 am on the Second Court Date, no Intrepid Prescribed Event occurs; and
- (q) **(Intrepid representations and warranties)** each of the representations and warranties given or made by Intrepid under clause 18 below is true and correct as at the time it is given or made.

3.3 Benefit of Conditions

The Conditions in:

- (a) clauses 3.2(a) to 3.2(KA) are for the benefit of each party (except that clauses 3.2(b), 3.2(c), 3.2(e), 3.2(j) and 3.2(KA) cannot be waived by any party);
- (b) clauses 3.2(l) to 3.2(n) are for the benefit of Intrepid; and

- (c) clauses 3.2(o) to 3.2(q) are for the benefit of Blackthorn.

3.4 Waiver of Conditions

- (a) If a Condition has been included for the benefit of:
- (i) one party only, only that party may, in its sole and absolute discretion, waive the breach or non-fulfilment of the Condition; or
 - (ii) more than one party, the breach or non-fulfilment of the Condition may be waived only by the consent of all those parties, except in relation to clauses 3.2(b), 3.2(c), 3.2(e), 3.2(j) and 3.2(KA) which cannot be waived by the parties.

However, a party for whom a Condition has been included must not waive the Condition if it would result in a breach of law.

- (b) The breach or non-fulfilment of a Condition may only be waived in writing.
- (c) If a party waives the breach or non-fulfilment of a Condition, that waiver precludes the party from suing another party for any breach of this document that resulted in the breach or non-fulfilment of the Condition.

3.5 Fulfilment of Conditions

Each party must:

- (a) use its reasonable endeavours (other than by waiver) to ensure and procure that each Condition is satisfied as soon as practicable after the date of this document;
- (b) not take any action or refrain from taking any action (except as required by law) designed to prevent the Conditions being satisfied, without the prior consent of the other party;
- (c) keep the other party promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions;
- (d) promptly inform the other party of any circumstances of which it becomes aware which may result in any of the Conditions not being satisfied in accordance with its terms; and
- (e) promptly advise the other party of the satisfaction of a Condition.

3.6 Parties to provide certificate to Court

Each of Blackthorn and Intrepid must provide to the other and to the Court before or at the Second Court Hearing, a certificate or such other evidence as the Court requests, confirming whether or not the conditions set out in clause 3.2 of this document included for its benefit, other than the conditions in clause 3.2(e) and 3.2(f), have been satisfied (or waived by it) in accordance with the terms of this document.

3.7 If a Condition is not fulfilled or waived

Subject to clause 3.4(a), if:

- (a) a Condition set out in clause 3.2(a) to 3.2(d) inclusive and clause 3.2(g) to 3.2(q) inclusive has not been fulfilled by the Relevant Date and is not waived;

- (b) a Condition set out in clause 3.2(e) or 3.2(f) has not been fulfilled or waived by the End Date;
- (c) the Effective Date does not occur on or prior to the End Date; or
- (d) there is an act, failure to act, event or occurrence which will prevent a Condition being fulfilled by:
 - (i) in the case of a Condition in clause 3.2(a) to 3.2(d) inclusive or clause 3.2(g) to 3.2(q) inclusive, the Relevant Date; or
 - (ii) in the case of a Condition in clause 3.2(e) or 3.2(f), the End Date,(and the breach or non-fulfilment of the Condition which would otherwise occur has not been waived),

the parties:

- (e) must consult in good faith to determine whether the Share Scheme may proceed by way of alternative means or method so as to achieve a commercial outcome which reflects the Share Scheme; and
- (f) may agree to extend the Relevant Date or the End Date, or both.

4. OBLIGATIONS OF THE PARTIES

Each party must use reasonable endeavours to give effect to the Share Scheme, subject to compliance with their respective obligations, powers and duties under this document, their constituent documents and all applicable laws and the proper performance by the directors of each of Blackthorn and Intrepid respectively of their fiduciary duties.

5. BLACKTHORN OPTION BUY OUT

- (a) As soon as practicable following the date of this document, Blackthorn and Intrepid will use their best endeavours to enter into binding written agreements with each Blackthorn Option Holder which will set out the terms on which:
 - (i) Blackthorn Option Holders will have their Blackthorn Options cancelled on the Implementation Date (conditional on the Scheme being implemented and the Option Consideration being issued) in exchange for Intrepid issuing the Option Consideration (as described in clause 5(a)(ii) below) to them on the Implementation Date;
 - (ii) in consideration for the Blackthorn Option Holders cancelling their Blackthorn Options, Intrepid will issue Intrepid Shares (**Option Consideration**) to each Blackthorn Option Holder, with the number of such shares to be calculated as set out in Schedule 5 to this document; and
 - (iii) in respect of any Option Consideration granted to Mr Mark Mitchell, Mr Mitchell will be restricted in dealing (including by way of selling, transferring or creating a trust over) with 50% of the Option Consideration for a period of 12 months following the issue of the Option Consideration and Mr Mitchell will agree to Intrepid implementing any reasonable procedure it considers to restrict such dealings, including by way of a Holding Lock (as such term is defined in chapter 19 of the ASX Listing Rules except that the restriction will be lifted if a takeover bid is made for Intrepid or a scheme of arrangement is proposed for all of the shares in Intrepid),

(Blackthorn Option Buy Out)

- (b) Blackthorn and Intrepid agree to use their best endeavours to and do all things reasonably necessary to:
 - (i) enter into binding written agreements with Blackthorn Option Holders before the date of the Scheme Meeting for the cancellation of the Blackthorn Options consistent with the terms of this clause 5; and
 - (ii) effect the Blackthorn Option Buy Out on the Implementation Date.

6. **BLACKTHORN OBLIGATIONS**

Blackthorn must take all necessary steps to propose and implement the Share Scheme as expeditiously as practicable and use all reasonable endeavours to do so substantially in accordance with the Timetable, including taking each of the following steps:

- (a) **(Announcement)** on the date of this document, make an Announcement, in a form agreed between Blackthorn and Intrepid which includes a statement (on the basis of written statements made to it by each of its directors) that each director of Blackthorn:
 - (i) considers the Share Scheme to be in the best interest of Blackthorn Shareholders and recommends to Blackthorn Shareholders that the Share Scheme be approved; and
 - (ii) who holds Blackthorn Shares intends to vote his or her Blackthorn Shares in favour of the Share Scheme,

subject to no superior proposal emerging and the Independent Expert's Report opining at all times prior to the Second Court Date that the Share Scheme is in the best interest of Blackthorn Shareholders;

- (b) **(directors' approval)** use reasonable endeavours to procure that, subject to:
 - (i) the proper performance by its directors of their fiduciary duties;
 - (ii) no superior proposal emerging; and
 - (iii) the Independent Expert's Report opining at all times prior to the Second Court Date that the Share Scheme is in the best interest of Blackthorn Shareholders,

the Blackthorn directors maintain the recommendation referred to in clause 6(a) until the Implementation Date;

- (c) **(Independent Expert's Report)** commission the preparation of the Independent Expert's Report and provide all assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report;
- (d) **(Intrepid Independent Expert's Report)** provide all assistance and information reasonably requested by the Intrepid Independent Expert in connection with the preparation of any Intrepid Independent Expert's Report commissioned by Intrepid;
- (e) **(prepare Scheme Booklet)** prepare the Share Scheme Booklet in accordance with the principles in clause 8, subject to Intrepid complying with its obligations under clauses 7(h) and 7(j) below in respect of the Intrepid Material;
- (f) **(continuing obligation of disclosure)** subject to any order of the Court and applicable law, ensure that the Share Scheme Booklet (but in respect of the Intrepid Material, subject to Intrepid complying with its obligations under clauses

7(h) and 7(j) below) is updated by all such further or new information which may arise after the Share Scheme Booklet has been dispatched until the Share Scheme Meeting which is necessary to ensure that the Share Scheme Booklet is not misleading or deceptive in any material respect (including because of any material omission) and otherwise complies with all applicable laws;

- (g) **(Intrepid Meeting Material):**
- (i) as expeditiously as practicable, give to Intrepid for inclusion in the Intrepid Meeting Material such information regarding Blackthorn which would be included in the Scheme Booklet and which is required to be included in the Intrepid Meeting Material (**Blackthorn Provided Material**). The Blackthorn Provided Material must be provided to Intrepid in a form appropriate for inclusion in the Intrepid Meeting Material (to the extent that Blackthorn reasonably can and except where the form appropriate for inclusion in the Intrepid Meeting Material is more onerous than required of Blackthorn to provide for the Scheme Booklet) and with reasonable time to allow Intrepid to prepare the Intrepid Meeting Material in accordance with this document; and
 - (ii) take all reasonable steps to ensure and confirm in writing to Intrepid before the time the Intrepid Meeting Material is dispatched to Intrepid Shareholders that the Blackthorn Provided Material is accurate and not misleading or deceptive in any material respect (including because of any material omission);
- (h) **(further information)** inform Intrepid in writing as expeditiously as practicable if it becomes aware that the Blackthorn Provided Material (or any part of it) is or has become inaccurate or misleading or deceptive in any material respect (including because of any material omission) and provide Intrepid with updated information that is accurate and not misleading or deceptive in any material respect (including because of any material omission);
- (i) **(Court documents)** prepare all documents necessary for the Court proceedings relating to the Share Scheme in accordance with all applicable laws;
- (j) **(consult with Intrepid)** in a timely manner consult with Intrepid as to the form and content of all documents required for the purposes of the Share Scheme, including:
- (i) the Share Scheme Booklet, including taking into account Intrepid's reasonable comments received in a timely manner and incorporating the Intrepid Material. Intrepid acknowledges and agrees that Blackthorn has ultimate discretion with respect to the preparation, form and content of the Share Scheme Booklet, other than as expressly provided in this document with respect to the Intrepid Material; and
 - (ii) the Court proceedings relating to the Share Scheme, including taking into account Intrepid's reasonable comments received in a timely manner in relation to the documents required for the Court proceedings;
- (k) **(lodgement of ASIC Review Draft)** as soon as practicable after the preparation of an advanced draft of the Share Scheme Booklet suitable for review by ASIC, subject to Intrepid complying with its obligations under clauses 7(h) and 7(j) , procure that:
- (i) a meeting of the Blackthorn Board, or of a committee of the Blackthorn Board appointed for the purpose, is held to consider approving that draft as

being in a form appropriate for provision to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act; and

- (ii) provide such advanced draft of the Share Scheme Booklet to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act;
- (l) **(approval of Share Scheme Booklet)** as soon as practicable after the conclusion of the review by ASIC of the Share Scheme Booklet, procure that a meeting of the Blackthorn Board (or a subcommittee of it) is convened to consider approving the Share Scheme Booklet (except those sections of the Share Scheme Booklet that relate to Intrepid and the Independent Expert's Report) as being in a form appropriate for dispatch to the Blackthorn Shareholders, subject to approval of the Court;
- (m) **(apply to Court for order to convene Meeting)** apply to the Court under section 411(1) of the Corporations Act for an order directing Blackthorn to convene the Share Scheme Meeting;
- (n) **(convene Meeting)** convene the Share Scheme Meeting in accordance with any order made by the Court under section 411(1) of the Corporations Act;
- (o) **(registration of Scheme Booklet)** take all reasonable measures necessary for the registration of the Share Scheme Booklet under section 412 of the Corporations Act;
- (p) **(dispatch of Scheme Booklet)** as expeditiously as practicable following an order made by the Court under section 411(1) of the Corporations Act, dispatch a copy of the Share Scheme Booklet to each Blackthorn Shareholder and to all other persons entitled to receive notice of the Share Scheme Meeting;
- (q) **(inform shareholders)** if it becomes aware of information after the date of dispatch of the Share Scheme Booklet which is material for disclosure to Blackthorn Shareholders in deciding whether to approve the Share Scheme, subject to applicable laws and any order of the Court, inform shareholders of such information in an appropriate and timely manner;
- (r) **(proxy information)** upon request of Intrepid made before the commencement of the Share Scheme Meeting, inform Intrepid of the total number of proxy votes in respect of which the appointment for the Share Scheme Meeting specified that:
 - (i) the proxy is to vote in favour of the Scheme Resolution;
 - (ii) the proxy is to vote against the Scheme Resolution;
 - (iii) the proxy is to abstain on the Scheme Resolution; and
 - (iv) the proxy may vote at the proxy's discretion;
- (s) **(section 411(17)(b) statement)** if Blackthorn Shareholder Approval is obtained, apply to ASIC for the production of a statement under section 411(17)(b) of the Corporations Act in relation to the Share Scheme;
- (t) **(Court approval)** subject to satisfaction or waiver of all Conditions other than the Conditions in clause 3.2(e) and 3.2(f), apply to the Court for orders approving the Share Scheme under section 411(4) of the Corporations Act;
- (u) **(no Blackthorn Prescribed Event)** not take or fail to take any action that constitutes a Blackthorn Prescribed Event or that could reasonably be expected to

result in a Blackthorn Prescribed Event occurring during the period commencing on the date of this document and ending at 8.00 am on the Second Court Date and, if a Blackthorn Prescribed Event occurs, immediately inform Intrepid;

- (v) **(certificate)** before commencement of the hearing by the Court of the application for the order under section 411(4)(b) of the Corporations Act, give:
 - (i) to Intrepid a certificate signed by Blackthorn stating whether or not each representation or warranty given by Blackthorn is true and correct as at the time it is given or made under clause 18 below; and
 - (ii) to Intrepid and the Court the certificate referred to in clause 3.6 above;
- (w) **(not act inconsistently)** subject to clause 14.6, not act in a manner inconsistent with obtaining Court approval for the Share Scheme and provided that nothing in this paragraph prevents any action by or on behalf of Blackthorn or its directors if taking the action or failure to take the action would, in the reasonable opinion of the board of directors of Blackthorn, be likely to otherwise involve a breach of duties of the directors of Blackthorn;
- (x) **(lodge copy of order)** if the Court approves the Share Scheme under section 411(4) of the Corporations Act, lodge an office copy of the Court order with ASIC in accordance with section 411(10) of the Corporations Act no later than the first Business Day after the day on which the Court approves the Share Scheme;
- (y) **(Scheme Shareholders)** give to the share registry of Intrepid details of the names, registered addresses and holdings of Blackthorn Shares of every Blackthorn Shareholder as shown in the Register on the Record Date, in such form as Intrepid may reasonably require, and determine Blackthorn Shareholders' respective entitlements to the Share Scheme Consideration in accordance with the Share Scheme; and
- (z) **(register transfers)** if the Share Scheme is approved by the Court, register all transfers of Blackthorn Shares to Intrepid on the Implementation Date (subject to provision of the Share Scheme Consideration by Intrepid in accordance with the Share Scheme and Deed Poll).

7. INTREPID OBLIGATIONS

Intrepid must take all necessary steps to assist Blackthorn to propose and implement the Share Scheme as expeditiously as practicable and use all reasonable endeavours to do so in accordance with the Timetable, including taking each of the following steps:

- (a) **(Announcement)** on the date of this document make an Announcement, in a form agreed between Blackthorn and Intrepid which includes a statement (on the basis of written statements made to it by each of its directors) that each director of Intrepid, subject to no superior proposal emerging:
 - (i) unanimously recommends that Intrepid Shareholders vote in favour of both the acquisition by Intrepid of the Blackthorn Shares in accordance with the Share Scheme terms and the Intrepid Buy-Back; and
 - (ii) who holds Intrepid Shares intends to vote his or her Intrepid Shares in favour of the acquisition by Intrepid of the Blackthorn Shares in accordance with the Share Scheme terms and the Intrepid Buy-Back;
- (b) **(Intrepid directors' approval)** use reasonable endeavours to procure that, subject to:

- (i) the proper performance by Intrepid directors of their fiduciary duties;
- (ii) no superior proposal emerging; and
- (iii) the Intrepid Independent Expert's Report opining at all times up until the Intrepid Shareholder Meeting, that the Intrepid Buy-Back is either, fair and reasonable, or not fair but reasonable, to all Intrepid Shareholders,

the Intrepid directors maintain the recommendations referred to in clause 7(a) until the Implementation Date;

- (c) **(Intrepid Shareholder Approval)** convene the Intrepid Shareholders Meeting;
- (d) **(Independent Expert's Report)** provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report;
- (e) **(Intrepid Independent Expert's Report)** in respect of the Intrepid Independent Expert's Report commissioned by Intrepid, provide all reasonable assistance and information reasonably requested by the Intrepid Independent Expert to enable it to prepare such report;
- (f) **(prepare Intrepid Meeting Materials)** prepare the Intrepid Meeting Materials in accordance with the principles in clause 10, subject to Blackthorn complying with its obligations under clauses 6(g) and 6(h) in respect of the Blackthorn Provided Material;
- (g) **(continuing obligation of disclosure)** subject to any applicable law, ensure that the Share Intrepid Meeting Material (but in respect of the Blackthorn Provided Material, subject to Blackthorn complying with its obligations under clauses 6(g) and 6(h) is updated by all such further or new information which may arise after the Intrepid Meeting Material has been dispatched until the Intrepid Shareholders Meeting, which is necessary to ensure that the Intrepid Meeting Material is not misleading or deceptive in any material respect (including because of any material omission) and otherwise complies with all applicable laws;
- (h) **(Intrepid Material):**
 - (i) as expeditiously as practicable, give to Blackthorn for inclusion in the Share Scheme Booklet such information regarding Intrepid, all information regarding Intrepid and Intrepid's intentions with respect to the assets, business and employees of Blackthorn if the Scheme is approved and implemented and all other information as is required under all applicable laws, relevant ASIC regulatory guides, Takeovers Panel policy and guidance notes and the ASX Listing Rules to be included in the Share Scheme Booklet **(Intrepid Material)**. The Intrepid Material must be provided to Blackthorn in a form appropriate for inclusion in the Share Scheme Booklet and with reasonable time to allow Blackthorn to prepare the Share Scheme Booklet in accordance with this document; and
 - (ii) take all reasonable steps to ensure and confirm in writing to Blackthorn before the Share Scheme Booklet is dispatched to Blackthorn Shareholders that:
 - (A) the Intrepid Material is not misleading or deceptive in any material respect (including because of any material omission) and otherwise complies with all applicable laws, relevant ASIC regulatory guides, Takeovers Panel policy and guidance notes and the ASX Listing Rules; and

- (B) the Share Scheme Booklet includes all information regarding Intrepid as is required under all applicable laws, relevant ASIC regulatory guides, Takeovers Panel policy and guidance notes and the ASX Listing Rules;
- (i) **(consult with Blackthorn)** in a timely manner consult with Blackthorn as to the form and content of the Intrepid Meeting Material, including taking into account Blackthorn's reasonable comments received in a timely manner and incorporating the Blackthorn Provided Material.

Blackthorn acknowledges and agrees that Intrepid has ultimate discretion with respect to the preparation, form and content of the Intrepid Meeting Material, other than as expressly provided in this document with respect to the Blackthorn Provided Material;

- (j) **(further information):**
 - (i) inform Blackthorn in writing if it becomes aware that the Intrepid Material (or any part of it) is or has become misleading or deceptive in any material respect (including because of any material omission) or otherwise does not comply with all applicable laws, relevant ASIC regulatory guides, Takeovers Panel policy and guidance notes and the ASX Listing Rules; and
 - (ii) as expeditiously as practicable, give to Blackthorn any further information required before the Meeting Date to ensure that the Intrepid Material is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission) and does so comply with all applicable laws, relevant ASIC regulatory guides, Takeovers Panel policy and guidance notes and the ASX Listing Rules;
- (k) **(review of Share Scheme Booklet)** as soon as reasonably practicable after delivery, review the drafts of the Share Scheme Booklet prepared by Blackthorn and provide comments on those drafts in good faith;
- (l) **(approval of draft Share Scheme Booklet for ASIC review)** as soon as practicable after the preparation of an advanced draft of the Share Scheme Booklet suitable for review by ASIC, procure that a meeting of the Intrepid Board, or of a committee of the Intrepid Board appointed for the purpose, is held to consider approving those sections in such draft that comprise the Intrepid Material as being in a form appropriate for provision to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act;
- (m) **(approval of Share Scheme Booklet)** as soon as practicable after the conclusion of the review by ASIC of the Share Scheme Booklet, procure that a meeting of the Intrepid Board (or a subcommittee of it) is convened to consider approving those sections of the Share Scheme Booklet that relate to Intrepid as being in a form appropriate for dispatch to the Blackthorn Shareholders, subject to approval of the Court;
- (n) **(Deed Poll)** at least 7 Business Days before the dispatch of the Share Scheme Booklet, duly execute and enter into the Deed Poll;
- (o) **(no Intrepid Prescribed Event)** not take or fail to take any action that constitutes a Intrepid Prescribed Event or that could reasonably be expected to result in an Intrepid Prescribed Event occurring during the period commencing on the date of this document and ending at 8.00 am on the Second Court Date and if a Intrepid Prescribed Event occurs, immediately inform Blackthorn;

- (p) **(representation)** procure that it is represented (and will consider any reasonable request by Blackthorn to be represented by Counsel, but for the avoidance of doubt will have full discretion as to whether it is represented by Counsel) at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act, at which through its representative Intrepid will undertake (if requested by the Court) to do all such things and take all such reasonable steps within its power as are necessary in order to ensure the fulfilment of its obligations under this agreement and the Share Scheme;
- (q) **(certificates)** before commencement of the hearing by the Court of the application for the order under section 411(4)(b) of the Corporations Act, give:
 - (i) to Blackthorn a certificate signed by Intrepid stating whether or not each representation or warranty given by Intrepid is true and correct as at the time it is given or made under clause 18 below; and
 - (ii) to Blackthorn and the Court the certificate referred to in clause 3.6 above;
- (r) **(proxy information)** upon request of Blackthorn made before the commencement of the Intrepid Shareholders Meeting, inform Blackthorn of the total number of proxy votes in respect of which the appointment for the Intrepid Shareholder Meeting specified that:
 - (i) the proxy is to vote in favour of the Scheme Resolution;
 - (ii) the proxy is to vote against the Scheme Resolution;
 - (iii) the proxy is to abstain on the Scheme Resolution;
 - (iv) the proxy is to vote in favour of the Intrepid Buy Back;
 - (v) the proxy is to vote against the Intrepid Buy Back;
 - (vi) the proxy is to abstain on the Intrepid Buy Back;
 - (vii) the proxy is to vote in favour of the Alternative Resolution;
 - (viii) the proxy is to vote against the Alternative Resolution;
 - (ix) the proxy is to abstain on the Alternative Resolution; and
 - (x) the proxy may vote at the proxy's discretion.
- (s) **(not act inconsistently)** not act in a manner inconsistent with obtaining Court approval for the Share Scheme (provided that nothing in this paragraph prevents any action by or on behalf of Intrepid or its directors if taking the action or failure to take the action would, in the reasonable opinion of the board of directors of Intrepid, be likely to involve a breach of duties of the directors of Intrepid);
- (t) **(New Intrepid Shares)** apply for the New Intrepid Shares to be approved for official quotation on ASX subject to the Share Scheme becoming Effective and do everything reasonably necessary to obtain ASX's approval for official quotation by 8.00 am on the Second Court Date and that trading in the New Intrepid Shares commences by the first Business Day after the Implementation Date;
- (u) **(Share transfer)** if the Share Scheme becomes Effective, Intrepid shall accept a transfer of the Blackthorn Shares as contemplated by this document;

- (v) **(Share Scheme Consideration)** if Implementation occurs, provide the Share Scheme Consideration as contemplated by the Share Scheme and in accordance with the Deed Poll on the Implementation Date; and
- (w) **(Scheme)** do all things within its power that are reasonably necessary to lawfully give effect to the Share Scheme and the orders of the Court approving the Share Scheme.

8. SHARE SCHEME BOOKLET PREPARATION PRINCIPLES

- (a) As soon as reasonably practicable after the date of this document and substantially in accordance with the Timetable, Blackthorn must prepare the Share Scheme Booklet in compliance with:
 - (i) all applicable laws, in particular with the Corporations Act, Regulatory Guide 60 and the Listing Rules; and
 - (ii) this clause 8.
- (b) The Share Scheme Booklet will include:
 - (i) the terms of the Share Scheme;
 - (ii) the notice of Share Scheme Meeting, and any other notice of meeting in respect of any resolution that is necessary, expedient or incidental to give effect to the Scheme, together with a proxy form for the Share Scheme Meeting and for any ancillary meeting;
 - (iii) the Blackthorn Material;
 - (iv) the Intrepid Material;
 - (v) a copy of this document (without the schedules or annexures);
 - (vi) a copy of the executed Deed Poll; and
 - (vii) a copy of the Independent's Expert Report.
- (c) Intrepid and Blackthorn each agree that the efficient preparation of the Share Scheme Booklet and the implementation of the Share Scheme are in the interests of Blackthorn Shareholders and Intrepid and Blackthorn agree that they will use all reasonable endeavours and utilise all necessary resources (including management resources and the resources of external advisers) to comply with their respective obligations under this clause 8 and to implement the Share Scheme as soon as reasonably practicable and substantially in accordance with the Timetable.

9. POST-IMPLEMENTATION BOARD AND MANAGEMENT STRUCTURE

On the Effective Date the parties must do all things necessary to reconstitute the Intrepid Board as follows:

- (a) three of the current directors of Intrepid will remain on the Intrepid Board, including Scott Lowe and one of which will be the Chairman; and
- (b) three additional directors nominated by Blackthorn will be appointed to the Intrepid Board, one of which will be the deputy chairman, and Blackthorn will nominate the Chief Executive Officer who will not be a director.

10. **INTREPID BUY-BACK AND INTREPID MEETING MATERIALS PREPARATION PRINCIPLES**

- (a) Blackthorn agrees that Intrepid will, substantially in accordance with the Timetable, provide Intrepid Shareholders with the opportunity to participate in an equal access share buy-back in accordance with section 257B of the Corporations Act under which all Intrepid Shareholders (as at the relevant record date) will be sent an equal access share buy-back offer pursuant to which each Intrepid shareholder will be given the opportunity to elect that some or all of their Intrepid Shares are bought back by Intrepid for the amount of \$0.30 per Intrepid Share on the following terms:
- (i) the buy-back will be subject to a total monetary cap of \$110,000,000 as consideration for the buy-back and if acceptances are received by Intrepid Shareholders that would provide that the aggregate buy-back was over this amount, acceptances received by Intrepid Shareholders will be scaled back on a proportionate basis; and
 - (ii) completion of the buy-back will be subject to:
 - (A) Intrepid Shareholders approving the buy-back by ordinary resolution in accordance with section 257C of the Corporations Act; and
 - (B) Implementation occurring,(the **Intrepid Buy-Back**).
- (b) As soon as reasonably practicable after the date of this document and substantially in accordance with the Timetable, Intrepid must prepare the Intrepid Meeting Materials in compliance with:
- (i) all applicable laws, in particular with the Corporations Act and the Listing Rules; and
 - (ii) this clause 10.
- (c) The Intrepid Meeting Materials will include:
- (i) the terms of the Share Scheme, Intrepid Buy Back and if determined by Intrepid, the Alternative Resolution;
 - (ii) the notice of the Intrepid Shareholders Meeting which will set out, among other things, the terms of:
 - (A) the Intrepid Shareholder Approval resolutions (being Resolution 1 approving the acquisition by Intrepid of the Blackthorn Shares in accordance with the Share Scheme terms and Resolution 2 approving the Intrepid Buy-Back);
 - (B) if determined by Intrepid, the Alternative Resolution; and
 - (C) the Intrepid director's recommendations, in the form and manner described in clause 7(a) of this document;
 - (D) a proxy form for the Intrepid Shareholders Meeting and for any ancillary meeting where disclosure is made either in the notice of meeting or proxy form (or both) that the Chairman will vote undirected proxies in favour of the resolutions approving the Share Scheme and the Intrepid Buy Back;

- (iii) the Blackthorn Provided Material; and
 - (iv) a copy of the Intrepid Independent's Expert Report.
- (d) Intrepid and Blackthorn each agree that the efficient preparation of the Intrepid Meeting Material is in the interests of Intrepid Shareholders and Blackthorn and Intrepid agree that they will use all reasonable endeavours and utilise all necessary resources (including management resources and the resources of external advisers) to comply with their respective obligations under this clause 10 to implement the Share Scheme (and in relation to Intrepid only, the Intrepid Buy Back) substantially in accordance with the Timetable.

11. PRE-IMPLEMENTATION OBLIGATIONS

11.1 Conduct of the Blackthorn business

During the period commencing on the date of this document and ending on the Implementation Date, Blackthorn must conduct (and must procure that each of its subsidiaries conducts) its businesses in the ordinary course, in substantially the same manner and at the same locations as conducted on the date of this document, and to the extent consistent, use reasonable efforts to:

- (a) preserve intact its business organisation;
- (b) keep available the services of its officers and employees;
- (c) preserve its relationship with customers, suppliers, licensors, licensees and others having business dealings with it;
- (d) take or fail to take any action that constitutes a Blackthorn Prescribed Event or that could reasonably be expected to result in such event occurring; and
- (e) maintain its business and assets, including maintaining at least its current level of insurance,

as in place on the date of this document.

11.2 Conduct of the Intrepid business

During the period commencing on the date of this document and ending on the Implementation Date, Intrepid must conduct (and must procure that each of its operating subsidiaries conducts) its businesses in the ordinary course, in substantially the same manner and at the same locations as conducted on the date of this document, and to the extent consistent, use reasonable efforts to:

- (a) preserve intact its business organisation;
- (b) keep available the services of its officers and employees that relate to the ongoing business activities of the Intrepid Group as at the date of this document;
- (c) preserve its relationship with customers, suppliers, licensors, licensees and others having business dealings with it;
- (d) take or fail to take any action that constitutes a Intrepid Prescribed Event or that could reasonably be expected to result in such event occurring; and
- (e) maintain its assets, including maintaining at least its current level of insurance,

as in place on the date of this document.

11.3 Exception

Clause 11.1 does not apply to anything:

- (a) which the party is required to do, permitted to do or is permitted not to do, under or in accordance with this document or the Share Scheme; or
- (b) in respect of which the other party consents (such consent not to be unreasonably withheld or delayed).

11.4 Access to information

- (a) From the date of this document and up to and including the Implementation Date, subject to applicable laws each party must give (and must procure each of its subsidiaries gives) the other party reasonable access to its records (subject to any existing confidentiality obligations owed to third parties), premises and personnel and reasonably co-operate for the purpose of:
 - (i) understanding the financial and tax position of it and its subsidiaries including the cash flow and working capital position of each of them;
 - (ii) integrating the business of Blackthorn with the business of Intrepid;
 - (iii) understanding the operations of the business of it and its subsidiaries;
 - (iv) Implementation; and
 - (v) any other purpose which is agreed in writing between the parties.
- (b) Nothing in clause 11.4(a) requires a party or any of its subsidiaries to provide information to the other party concerning consideration of the Share Scheme by directors and management of it or any of its subsidiaries.

11.5 Information on representations and warranties

From the date of this document and up to and including the Implementation Date each party must promptly give, and must procure that each of its subsidiaries promptly gives, to the other party details of any matter or occurrence which might reasonably make any representations or warranties given under this document by the first-mentioned party inaccurate in a material respect.

11.6 Information provided subject to confidentiality obligation

All information provided under or in connection with this document is subject to the terms of the Confidentiality Deeds which continue to have full force and effect subject to this document.

12. ANNOUNCEMENT

12.1 No Announcement

Neither party may make an Announcement relating to the subject matter of this document or its termination or make public this document (or any of its terms) unless the Announcement or publication:

- (a) is required by this document;
- (b) has the prior approval of the other party; or

- (c) is required to be made by any applicable law, the ASX Listing Rules or the requirements of the Ontario Securities Commission.

12.2 Notice of Announcement

If a party is required to make an Announcement under clause 12.1(c), it must, to the extent practicable without that party breaching any applicable law, give to the other party:

- (a) such notice as is reasonable in the circumstances of its intention to make the Announcement; and
- (b) a draft of the Announcement and an opportunity, to the extent practicable in the circumstances, to comment on the contents of the draft Announcement.

13. STANDSTILL

13.1 Restriction on Intrepid

Subject to clause 13.2, during the Exclusivity Period, Intrepid must not, and must make sure that members of the Intrepid Group do not, and must use reasonable endeavours to ensure its associates do not:

- (a) acquire or offer to acquire, any securities or property or any right or option to acquire any Blackthorn Shares or other securities in Blackthorn unless it has received the prior written consent of Blackthorn;
- (b) enter into any arrangements involving the conferring of rights the economic effect of which is equivalent, or substantially equivalent, to acquiring, holding or disposing of securities in Blackthorn; or
- (c) solicit proxies from Blackthorn Shareholders or otherwise seek to influence or control the management or policies of Blackthorn.

13.2 Exceptions

- (a) Clause 13.1 does not apply to any action required to be taken by Intrepid, members of the Intrepid Group or any other person under the Share Scheme.
- (b) Clause 13.1 ceases to apply if a Blackthorn Competing Proposal is announced by a person other than Intrepid or a member of the Intrepid Group.

13.3 Restrictions on Blackthorn

Subject to clause 13.4, during the Exclusivity Period, Blackthorn must not, and must make sure that members of the Blackthorn Group do not, and must use reasonable endeavours to ensure its associates do not:

- (a) acquire or offer to, acquire any securities or property or any right or option to acquire any Intrepid Shares or other securities in Intrepid unless it has received the prior written consent of Intrepid;
- (b) enter into any arrangements involving the conferring of rights the economic effect of which is equivalent, or substantially equivalent, to acquiring, holding or disposing of securities in Intrepid; or
- (c) solicit proxies from Intrepid Shareholders or otherwise seek to influence or control the management or policies of Intrepid.

13.4 Exceptions

- (a) Clause 13.3 does not apply to any action required to be taken by Blackthorn, members of the Blackthorn Group or any other person under the Share Scheme.
- (b) Clause 13.3 ceases to apply if a Intrepid Competing Proposal is announced by a person other than Blackthorn or a member of the Blackthorn Group.

14. BLACKTHORN EXCLUSIVITY

14.1 Cease existing discussions and negotiations

- (a) Blackthorn represents and warrants to Intrepid that immediately following the execution of this document it will:
 - (i) unconditionally cease and terminate any discussions or negotiations with all third parties relating to any Blackthorn Competing Proposal that have been conducted prior to the date of this document; and
 - (ii) notify all persons (other than Intrepid) to whom it has provided non-public information between the period commencing on 1 May 2014 and the date of this document in connection with a Blackthorn Competing Proposal to keep confidential any information about Blackthorn provided to it in connection with such Blackthorn Competing Proposal in accordance with the terms of any confidential agreement between Blackthorn and such persons.
- (b) Blackthorn must, by no later than two Business Days after this document is executed, notify Intrepid in writing that the notifications required to be given under clause 14.1(a)(ii) have been given.

14.2 No shop

- (a) During the Exclusivity Period, Blackthorn must not and must ensure that its Representatives do not directly or indirectly solicit, initiate, invite or encourage any inquiries, proposals, discussions or negotiations, or communicate any intention to do any of these things, regarding any Blackthorn Competing Proposal.
- (b) Nothing in clause 14.2(a) prevents Blackthorn from continuing to make presentations to, and respond to enquiries from brokers, portfolio investors, analysts, shareholders and media in the ordinary course in relation to the Share Scheme or its business generally provided those communications do not concern or relate to a Blackthorn Competing Proposal.

14.3 No talk

Subject to clause 14.6, during the Exclusivity Period, Blackthorn must not and must ensure that its Representatives do not directly or indirectly participate in any discussions or negotiations with any person regarding, or that could reasonably be expected to lead to, a Blackthorn Competing Proposal, even if:

- (a) those discussions or negotiations were not directly or indirectly encouraged, solicited, invited or initiated by Blackthorn; or
- (b) that person has publicly announced a Blackthorn Competing Proposal.

For the avoidance of doubt, this clause 14.3 does not apply to the normal provision of information to a Public Authority, auditors, advisers and financiers in the ordinary course of business or making presentations to brokers, portfolio investors and analysts in the ordinary course of business.

14.4 No due diligence

- (a) Subject to clause 14.6, during the Exclusivity Period, Blackthorn must not and must ensure that its Representatives do not, make available to any other person or permit any other person to receive non-public information relating to Blackthorn, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Blackthorn Competing Proposal (**Blackthorn Diligence Information**).
- (b) Where, in reliance on clause 14.6, Blackthorn or any of its Representatives proposes to provide any Blackthorn Diligence Information to any third party in connection with or for the purposes of a current or future Blackthorn Competing Proposal, it must, to the extent that Intrepid has not previously been provided with the information, provide Intrepid with a complete copy of that information at the same time as it is provided to the third party.

14.5 Blackthorn to notify Intrepid

- (a) During the Exclusivity Period, Blackthorn must immediately notify Intrepid in writing if it proposes, in circumstances permitted by clause 14.6, to take any action of a kind that is set out in clause 14.3 or 14.4.
- (b) During the Exclusivity Period, Blackthorn must promptly notify Intrepid in writing if in circumstances permitted by clause 14.6:
 - (i) Blackthorn enters into discussions or negotiations with a party that has proposed (or may reasonably be expected to propose) a Blackthorn Competing Proposal; or
 - (ii) Blackthorn makes available to any person, or permits any person to receive, any Blackthorn Diligence Information.

14.6 Fiduciary exception

The restrictions in clauses 14.3 and 14.4 and the notification obligations in clause 14.5(b) do not apply to the extent that they restrict Blackthorn or the Blackthorn Board from taking or refusing to take any action with respect to a bona fide Blackthorn Competing Proposal (which was not encouraged, solicited, invited or initiated by Blackthorn or one of its Representatives in contravention of clause 14.2) provided that in the opinion of each Blackthorn Director, reasonably formed in good faith and for a proper purpose:

- (a) the Blackthorn Competing Proposal is bona fide and is made in writing by or on behalf of a person that the Blackthorn Board considers is of reputable commercial standing;
- (b) the Blackthorn Competing Proposal if substantially completed in accordance with its terms, would, or would reasonably be expected to lead to, a transaction which is more favourable to Blackthorn Shareholders than the Share Scheme, after taking into account all aspects of the Blackthorn Competing Proposal; and

taking or failing to take the action with respect to the Blackthorn Competing Proposal would, or would be likely to, involve a breach of the fiduciary or statutory duties of the directors of Blackthorn, in the opinion of the Blackthorn Board acting reasonably and after having taken written advice from Blackthorn's legal advisors to the effect that the Blackthorn Directors' fiduciary or statutory duties require them to take or not take the action proposed under this clause 14.6.

14.7 **Provision of information**

- (a) Without limiting Blackthorn's obligations under clause 14.5, if any Blackthorn Director proposes to (whether or not subject to conditions) change his or her recommendation of the Offer so that he or she can recommend a Blackthorn Competing Proposal, Blackthorn must give Intrepid written notice (**Relevant Notice**) of such proposed change of recommendation.
- (b) A Relevant Notice must include details of the basis on which the Blackthorn Director intends to change his or her recommendation.

15. **INTREPID EXCLUSIVITY**

15.1 **Cease existing discussions and negotiations**

- (a) Intrepid represents and warrants to Blackthorn that immediately following the execution of this document it will:
 - (i) unconditionally cease and terminate any discussions or negotiations with all third parties relating to any Intrepid Competing Proposal that have been conducted prior to the date of this document; and
 - (ii) notify all persons (other than Blackthorn) to whom it has provided non-public information between the period commencing on 1 May 2014 and the date of this document in connection with an Intrepid Competing Proposal to keep confidential any information about Intrepid provided to it in connection with such Intrepid Competing Proposal in accordance with the terms of any confidential agreement between Intrepid and such persons.
- (b) Intrepid must, by no later than two Business Days after this document is executed, notify Blackthorn in writing that the notifications required to be given under clause 15.1(a)(ii) have been given.

15.2 **No shop**

- (a) During the Exclusivity Period, Intrepid must not and must ensure that its Representatives do not directly or indirectly solicit, initiate, invite or encourage any inquiries, proposals, discussions or negotiations, or communicate any intention to do any of these things, regarding any Intrepid Competing Proposal.
- (b) Nothing in clause 15.2(a) prevents Intrepid from continuing to make presentations to, and respond to enquiries from brokers, portfolio investors, analysts, shareholders and media in the ordinary course in relation to the Share Scheme or its business generally provided those communications do not concern or relate to a Intrepid Competing Proposal.

15.3 **No talk**

Subject to clause 15.6, during the Exclusivity Period, Intrepid must not and must ensure that its Representatives do not directly or indirectly participate in any discussions or negotiations with any person regarding, or that could reasonably be expected to lead to, a Intrepid Competing Proposal, even if:

- (a) those discussions or negotiations were not directly or indirectly encouraged, solicited, invited or initiated by Intrepid; or
- (b) that person has publicly announced a Intrepid Competing Proposal.

For the avoidance of doubt, this clause 15.3 does not apply to the normal provision of information to a Public Authority, auditors, advisers and financiers in the ordinary course of business or making presentations to brokers, portfolio investors and analysts in the ordinary course of business.

15.4 No due diligence

- (a) Subject to clause 15.6, during the Exclusivity Period, Intrepid must not and must ensure that its Representatives do not, make available to any other person or permit any other person to receive non-public information relating to Intrepid, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Intrepid Competing Proposal (**Intrepid Diligence Information**).
- (b) Where, in reliance on clause 15.6, Intrepid or any of its Representatives proposes to provide any Intrepid Diligence Information to any third party in connection with or for the purposes of a current or future Intrepid Competing Proposal, it must, to the extent that Blackthorn has not previously been provided with the information, provide Blackthorn with a complete copy of that information at the same time as it is provided to the third party.

15.5 Intrepid to notify Blackthorn

- (a) During the Exclusivity Period, Intrepid must immediately notify Blackthorn in writing if it proposes, in circumstances permitted by clause 15.6, to take any action of a kind that is set out in clause 15.3 or 15.4.
- (b) During the Exclusivity Period, Intrepid must promptly notify Blackthorn in writing if in circumstances permitted by clause 15.6:
 - (i) Intrepid enters into discussions or negotiations with a party that has proposed (or may reasonably be expected to propose) a Intrepid Competing Proposal; or
 - (ii) Intrepid makes available to any person, or permits any person to receive, any Intrepid Diligence Information.

15.6 Fiduciary exception

The restrictions in clauses 15.3 and 15.4 and the notification obligations in clause 15.5(b) do not apply to the extent that they restrict Intrepid or the Intrepid Board from taking or refusing to take any action with respect to a bona fide Intrepid Competing Proposal (which was not encouraged, solicited, invited or initiated by Intrepid or one of its Representatives in contravention of clause 15.2) provided that in the opinion of each Intrepid Director, reasonably formed in good faith and for a proper purpose:

- (a) the Intrepid Competing Proposal is bona fide and is made in writing by or on behalf of a person that the Intrepid Board considers is of reputable commercial standing;
- (b) the Intrepid Competing Proposal if substantially completed in accordance with its terms, would, or would reasonably be expected to lead to, a transaction which is more favourable to Intrepid Shareholders than the Share Scheme, after taking into account all aspects of the Intrepid Competing Proposal; and

taking or failing to take the action with respect to the Intrepid Competing Proposal would, or would be likely to, involve a breach of the fiduciary or statutory duties of the directors of Intrepid, in the opinion of the Intrepid Board acting reasonably and after having taken written advice from Intrepid's legal advisors to the effect that the Intrepid Directors'

fiduciary or statutory duties require them to take or not take the action proposed under this clause 15.6.

15.7 **Provision of information**

- (a) Without limiting Intrepid 's obligations under clause 15.5 if any Intrepid Director proposes to (whether or not subject to conditions) change his or her recommendation of the Offer so that he or she can recommend a Intrepid Competing Proposal Intrepid must give Blackthorn written notice (**Intrepid Relevant Notice**) of such proposed change of recommendation.
- (b) An Intrepid Relevant Notice must include details of the basis on which the Intrepid Director intends to change his or her recommendation.

16. **PAYMENT OF LIQUIDATED AMOUNT**

16.1 **Background**

- (a) Each of Blackthorn and Intrepid confirms its belief that the Share Scheme will provide significant benefits to it and its shareholders and acknowledges that each of them has and will incur significant costs in connection with performing its obligations under this document and the Share Scheme.
- (b) The parties agree that provisions be made in this document for the payments set out in clauses 16.2 in the absence of which it would not have entered into this document. The parties acknowledge that the amounts they have agreed to pay each other under this clause 16 is an amount which is appropriate to compensate them for their reasonable external and internal costs and opportunity costs in connection with the Share Scheme.

16.2 **Payment by Blackthorn to Intrepid**

Blackthorn undertakes to pay Intrepid \$580,000 (exclusive of GST) if:

- (a) between the date of this document and the End Date:
 - (i) Blackthorn accepts or enters into or offers to accept or enter into, any agreement, arrangement or understanding regarding a Blackthorn Competing Proposal or any other transaction that may reduce the likelihood of success of the Share Scheme;
 - (ii) any Blackthorn director does not recommend the Share Scheme or withdraws or adversely modifies an earlier recommendation or approves or recommends or makes an announcement in support of a Blackthorn Competing Proposal or any other transaction that may reduce the likelihood of success of the Share Scheme or announces an intention to do any of these acts, other than:
 - (A) in circumstances where Blackthorn is entitled to terminate this document under clause 17:
 - (aa) because any Condition set out in clauses 3.2(d), 3.2(g), 3.2(h) or in clauses 3.2(o) to 3.2(q) (inclusive) will not be fulfilled; or
 - (bb) because Intrepid is in material breach of this document and such breach is not remedied in accordance with the terms of this document; or

- (cc) because of the Effective Date not occurring by the End Date;
or
- (B) because the Independent Expert's Report concludes or is modified to conclude that the Share Scheme is not in the best interest of Blackthorn Shareholders;
- (iii) a Blackthorn Competing Proposal is announced, made or becomes open for acceptance before the End Date and, whether before or after termination of this document or before or after the End Date but within 12 months after the End Date, under that Blackthorn Competing Proposal the relevant bidder:
 - (A) acquires a relevant interest in more than 50% of all Blackthorn Shares and that Blackthorn Competing Proposal is (or becomes) free from any defeating conditions;
 - (B) acquires all or a substantial part of the assets of Blackthorn or the Blackthorn Group;
 - (C) acquires control of Blackthorn, within the meaning of section 50AA of the Corporations Act; or
 - (D) otherwise acquires or merges with Blackthorn (including by way of reverse takeover bid, reverse scheme of arrangement of dual listed companies structure); or
- (b) Blackthorn is in material breach of any provision of this document and this document is terminated in accordance with clause 17.2(a).

16.3 Payment by Intrepid to Blackthorn

Intrepid undertakes to pay Blackthorn \$580,000 (exclusive of GST) if:

- (a) between the date of this document and the End Date:
 - (i) Intrepid accepts or enters into or offers to accept or enter into, any agreement, arrangement or understanding regarding a Intrepid Competing Proposal or any other transaction that may reduce the likelihood of success of the Share Scheme;
 - (ii) any Intrepid director does not recommend the Share Scheme or the Intrepid Buy-Back (for those Shareholders that desire to divest themselves of their Intrepid Shares) or withdraws or adversely modifies an earlier recommendation or approves or recommends or makes an announcement in support of a Intrepid Competing Proposal or any other transaction that may reduce the likelihood of success of the Share Scheme or the Scheme Capital Return or announces an intention to do any of these acts, other than:
 - (A) in circumstances where Intrepid is entitled to terminate this document under clause 17:
 - (aa) because any Condition set out in clauses 3.2(g), 3.2(h) or in clauses 3.2(l) to 3.2(n)(inclusive) will not be fulfilled; or
 - (bb) because Blackthorn is in material breach of this document and such breach is not remedied in accordance with the terms of this document; or

- (cc) because of the Effective Date not occurring by the End Date;
or
- (B) because the Intrepid Independent Expert's Report concludes or is modified to conclude that the Intrepid Buy-Back is not fair and not reasonable to Intrepid Shareholders except where this arises due to the existence of an Intrepid Competing Proposal;
- (iii) a Intrepid Competing Proposal is announced, made or becomes open for acceptance before the End Date and, whether before or after termination of this document or before or after the End Date but within 12 months after the End Date, under that Intrepid Competing Proposal the relevant bidder:
 - (A) acquires a relevant interest in more than 50% of all Intrepid Shares and that Intrepid Competing Proposal is (or becomes) free from any defeating conditions;
 - (B) acquires all or a substantial part of the assets of Intrepid or the Intrepid Group;
 - (C) acquires control of Intrepid, within the meaning of section 50AA of the Corporations Act; or
 - (D) otherwise acquires or merges with Intrepid (including by way of reverse takeover bid, reverse scheme of arrangement of dual listed companies structure); or
- (iv) Intrepid is in material breach of any provision of this document and this document is terminated in accordance with clause 17.3(a).

16.4 Demand for payment

- (a) If an event referred to in clause 16.2 occurs, any demand for payment under clauses 16.2 and 16.3 must be in writing and Blackthorn or Intrepid (as applicable) must pay the amount referred to in either clause 16.2 or clause 16.3 to the other party within 10 Business Days of receipt of such demand.
- (b) The parties acknowledge and agrees that if an amount is paid to it under clause 16.2 or 16.3, that payment constitutes that party's sole and exclusive remedy in respect of the matter giving rise to the payment.

16.5 Compliance with law

If the Takeovers Panel or a court of competent jurisdiction determines that an amount paid or payable under clause 16.2 or 16.3 is an Impugned Amount and:

- (a) the period for lodging an application for review for a notice of appeal of that decision has expired without such application or notice having been lodged; or
- (b) an application for review or a notice of appeal has been lodged with the Takeovers Panel or a court within the prescribed period and the relevant review Panel or court also determines that the amount is an Impugned Amount,

then:

- (c) the undertaking under clause 16.2 or 16.3 does not apply to the extent of the Impugned Amount; and

- (d) if a party has been paid an Impugned Amount under this document, it must refund that Impugned Amount to the other party.

17. TERMINATION

17.1 Termination for non-fulfilment of Condition

- (a) If Intrepid and Blackthorn are unable to reach agreement under clause 3.7 above within five Business Days after both parties become aware that a Condition will not be fulfilled (or waived), any party for whose benefit the Condition is included (see clause 3.3 above) (whether solely or jointly with the other party) may terminate this document by notice in writing to the other party.
- (b) Without limiting clause 17.1(a), a party may terminate this document by giving notice in writing to the other party after the End Date, if the Effective Date does not occur on or before that date.

17.2 Intrepid's additional right to terminate

Intrepid may terminate this document by giving notice in writing to Blackthorn before 8.00 am on the Second Court Date if:

- (a) Blackthorn is in breach of this document (including a breach of a representation or warranty under clause 18) and that breach is material and is not remedied by Blackthorn within five Business Days (or such shorter period ending on the Second Court Date) of it receiving notice from Intrepid of the details of the breach and its intention to terminate;
- (b) any of Blackthorn's directors adversely changes or withdraws his or her recommendation that the Share Scheme is in the best interests of Blackthorn Shareholders; or
- (c) Blackthorn or any of its directors acts in a manner which is inconsistent with obtaining approval for the Share Scheme (including by recommending a Competing Proposal in respect of Blackthorn).

17.3 Blackthorn's additional right to terminate

Blackthorn may terminate this document by giving notice in writing to Intrepid if, before 8.00 am on the Second Court Date:

- (a) Intrepid is in breach of this document (including a breach of a representation or warranty under clause 18) and that breach is material and is not remedied by Intrepid within five Business Days (or such shorter period ending on the Second Court Date) of it receiving notice from Blackthorn of the details of the breach and its intention to terminate;
- (b) any of Intrepid's directors withdraws his or her support for the Share Scheme or the Intrepid Buy-Back; or
- (c) Intrepid or any of its directors acts in a manner which is inconsistent with obtaining approval for the Share Scheme or the Intrepid Buy-Back (including by recommending a Competing Proposal in respect of Intrepid).

17.4 Obligations on termination

- (a) If a party terminates this document, all obligations of the parties under this document, other than this clause, clauses 12 (Announcements), 15 (Payment of Liquidated Amount), 18 (Representations and warranties), 19 (Indemnities), 20

(Release), 21 (GST), 22 (Notices), 23 (Amendment and Assignment) and 24 (General), immediately cease to be of further effect.

- (b) The termination of this document does not affect any Claim that a party may have against another party where that Claim arose before this document is terminated.

18. **REPRESENTATIONS AND WARRANTIES**

18.1 **Mutual representations and warranties**

Each party represents and warrants to the other party that:

- (a) **(status)** it is a company limited by shares under the Corporations Act;
- (b) **(power)** it has full legal capacity and power to:
- (i) own its property and to carry on its business; and
 - (ii) enter into this document and carry out the transactions that this document contemplates in accordance with its terms;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise it entering into this document and carrying out the transactions that this document contemplates in accordance with its terms;
- (d) **(Authorisations)** it holds each Authorisation that is necessary or desirable to:
- (i) enable it to properly execute this document and to carry out the transactions that this document contemplates in accordance with its terms;
 - (ii) ensure that this document is legal, valid, binding and admissible in evidence; and
 - (iii) enable it to properly carry on its business,
- and it is complying with any conditions to which any such Authorisation is subject;
- (e) **(document effective)** this document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms;
- (f) **(no contravention)** neither its execution of this document nor the carrying out by it of the transactions that it contemplates in accordance with its terms, does or will contravene:
- (i) any law to which it or any of its property is subject or any order of any Government Agency that is binding on it or any of its property;
 - (ii) any Authorisation held by it;
 - (iii) any undertaking or instrument binding on it or any of its property; or
 - (iv) its constitution;
- (g) **(no Insolvency Event)** neither it nor any of its subsidiaries is affected by an Insolvency Event;
- (h) **(not representative capacity)** it is not entering into this document as trustee of any trust or settlement or otherwise in a representative capacity;

- (i) **(information provided to the Independent Expert)** all information provided by it to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report for inclusion in the Share Scheme Booklet; and
- (j) **(information provided to the Intrepid Independent Expert)** all information provided by it to any Intrepid Independent Expert will be provided in good faith and on the understanding that the Intrepid Independent Expert will rely on that information for the purpose of preparing the Intrepid Independent Expert's Report.

18.2 Blackthorn representations and warranties

Blackthorn represents and warrants to Intrepid that:

- (a) **(Blackthorn Due Diligence Information not false or misleading)** to Blackthorn's knowledge, Blackthorn has not knowingly or recklessly:
 - (i) omitted to disclose information to Intrepid, the disclosure of which might reasonably be expected to have resulted in Intrepid not entering into this document, or entering into it on materially different terms;
 - (ii) omitted anything from the Blackthorn Due Diligence Information that would make any part of that information materially false or misleading;
 - (iii) included anything materially false or misleading in the Blackthorn Due Diligence Information; or
 - (iv) denied access to requested information with the intention of misleading Intrepid;
- (b) **(Scheme Booklet not false or misleading)** to Blackthorn's knowledge, as at the date of dispatch of the Share Scheme Booklet, the Share Scheme Booklet (other than the Intrepid Material and the Independent Expert's Report) will not contain any material statement which is false or misleading (including because of any material omission);
- (c) **(no false or misleading statement)** to Blackthorn's knowledge, as at the date of dispatch of the Intrepid Meeting Material, the Blackthorn Provided Material will not contain any material statement which is false or misleading (including because of any material omission);
- (d) **(continuous disclosure)** Blackthorn is not in breach of its continuous disclosure obligation under ASX Listing Rule 3.1 and, except for information contained in the Announcement to be made in accordance with clause 6(a) above, there is no information to which ASX Listing Rule 3.1 does not apply because of ASX Listing Rule 3.1A;
- (e) **(complied with applicable laws)** other than as fairly disclosed in the Blackthorn Disclosure Material, Blackthorn and its wholly owned subsidiaries have complied in all material respects with all applicable laws and the ASX Listing Rules;
- (f) **(no default)** other than as fairly disclosed in the Blackthorn Disclosure Material:
 - (i) neither Blackthorn nor any of its wholly owned subsidiaries is in default under any document or agreement binding on it or its assets; and

- (ii) nothing has occurred which is or would, with the giving of notice or lapse of time or both, constitute an event of default, prepayment event or similar event under any such document or agreement;
- (g) **(no litigation)** other than as fairly disclosed in the Blackthorn Disclosure Material no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending or to its knowledge, threatened which, if adversely decided, could reasonably be expected to have a Material Adverse Effect on Blackthorn;
- (h) **(schedule accurately details Blackthorn capital)** Part A of Schedule 2 accurately records the total number and details of Blackthorn Shares, securities convertible into Blackthorn Shares, Blackthorn Options, notes or other securities issued by Blackthorn as at the date of this document and Blackthorn is not under any actual or contingent obligation to issue, convert or cancel any securities other than as listed in Schedule 2; and
- (i) **(no other approvals necessary)** to Blackthorn's knowledge, no consents, approvals or other acts by a Government Agency are necessary to effect Implementation, other than as disclosed to Intrepid prior to lodgement of the draft Scheme Booklet with ASIC for review.

18.3 Intrepid representations and warranties

Intrepid represents and warrants to Blackthorn that:

- (a) **(Intrepid Due Diligence Information not false or misleading)** to Intrepid's knowledge, Intrepid has not knowingly or recklessly:
 - (i) omitted to disclose information to Blackthorn, the disclosure of which might reasonably be expected to have resulted in Blackthorn not entering into this document, or entering into it on materially different terms;
 - (ii) omitted anything from the Intrepid Due Diligence Information that would make any part of that information materially false or misleading;
 - (iii) included anything materially false or misleading in the Intrepid Due Diligence Information; or
 - (iv) denied access to requested information with the intention of misleading Blackthorn;
- (b) **(no false or misleading statement)** to Intrepid's knowledge, as at the date of dispatch of the Share Scheme Booklet, the Intrepid Material will not contain any material statement which is false or misleading (including because of any material omission);
- (c) **(complied with applicable laws)** other than as fairly disclosed in the Intrepid Disclosure Material, Intrepid and its wholly owned subsidiaries have complied with all applicable laws and the ASX Listing Rules;
- (d) **(material correspondence to be promptly disclosed)** without limiting clause 18.3(a), all material correspondence between Intrepid or any of its wholly owned subsidiaries and any Government Agency which is received following execution of this document until the Effective Date will be promptly disclosed in writing to Blackthorn;
- (e) **(no default)** other than as fairly disclosed in the Intrepid Disclosure Material:

- (i) neither Intrepid nor any of its wholly owned subsidiaries is in default under any document or agreement binding on it or its assets; and
- (ii) nothing has occurred which is or would, with the giving of notice or lapse of time or both, constitute an event of default, prepayment event or similar event under any such document or agreement,

which individually or in aggregate could reasonably be expected to have a Material Adverse Effect on Intrepid;

- (f) **(no litigation)** no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending or to its knowledge, threatened which, if adversely decided, could reasonably be expected to have a Material Adverse Effect on Intrepid;
- (g) **(continuous disclosure)** Intrepid is not in breach of its continuous disclosure obligation under ASX Listing Rule 3.1 and, except for information contained in the Announcement to be made in accordance with clause 6(a) above, there is no information to which ASX Listing Rule 3.1 does not apply because of ASX Listing Rule 3.1A;
- (h) **(schedule accurately details Intrepid capital)** Part B of Schedule 2 accurately records the total number and details of Intrepid Shares, securities convertible into Intrepid Shares, Intrepid Options, notes or other securities issued by Intrepid at the date of this document;
- (i) **(New Intrepid Shares)** the New Intrepid Shares will, upon issue:
 - (i) be duly issued and fully paid;
 - (ii) be free from any Security Interest or other encumbrance, other than as provided for in the constitution of Intrepid; and
 - (iii) rank equally in all respects, including for future dividends, with all existing Intrepid Shares; and
- (j) **(no other approvals necessary)** to Intrepid's knowledge, no consents, approvals or other acts by a Government Agency are necessary to effect Implementation other than as disclosed to Blackthorn prior to lodgement of the draft Scheme Booklet with ASIC for review.

18.4 No representations made on economic or future matters

Each party acknowledges and agrees that the other party makes no representation or warranty other than as set out in this clause 18 and, in particular, at no time has the other party made or given any representation or warranty in relation to the achievability of:

- (a) any economic, fiscal or other interpretations or evaluations by it; or
- (b) future matters, including future or forecast costs, prices, revenues or profits.

18.5 Reliance on representations and warranties

Each party acknowledges that the other party has executed this document and agreed to take part in the transactions that this document contemplates in reliance on the representations and warranties that are made in clauses 18.1, 18.2 and 18.3.

18.6 When warranties are given

Each representation and warranty given or made under clauses 18.1, 18.2 and 18.3 is given:

- (a) as at the date of this document;
- (b) as at 8.00 am on the Second Court Date;
- (c) in the case of representations and warranties in clauses 18.2(a) and 18.3(a), when the Intrepid and Blackthorn Due Diligence Information is provided by the relevant party to the other; and
- (d) at any other date at which the representation or warranty is expressed to be given under this document.

19. INDEMNITIES

19.1 Indemnities by Blackthorn

Blackthorn indemnifies Intrepid and members of the Intrepid Group and their respective directors, officers and employees against, and must pay on demand, any Loss, Claim or damage (including any right to common law damage) arising from or incurred in connection with a breach of the representation and warranty in clause 18.2(b) to the fullest extent permitted by law.

19.2 Indemnities by Intrepid

Intrepid indemnifies Blackthorn and members of the Blackthorn Group and their respective directors, officers and employees against, and must pay on demand, any Loss, Claim or damage (including any right to common law damage) arising from or incurred in connection with a breach of the representation and warranty in clause 18.3(b) to the fullest extent permitted by law.

20. RELEASE

Each party agrees with each other, and declares and covenants in favour of each party's officers and employees, as follows:

- (a) subject to applicable law (including section 199A of the Corporations Act) and clause 20(b), no officer or employee of a party, is liable for anything done or purported to be done in connection with Implementation;
- (b) clause 20(a) does not exclude an officer or employee from any liability which may arise from wilful misconduct or a grossly negligent act or omission on the part of the person; and
- (c) this clause 20 operates as a deed poll in favour of and for the benefit of each officer and each employee of each party and may be relied on and enforced by each such officer and employee in accordance with its terms even though the officer or employee is not named as a party to this document.

21. GST

21.1 GST pass on

If GST is or will be imposed on a supply made under or in connection with this document, to the extent that the consideration otherwise provided for that supply under this document is not stated to include an amount for GST on the supply:

- (a) the consideration otherwise provided for that supply under this document is increased by the amount of that GST; and
- (b) the recipient must make payment of the increase as and when the consideration otherwise provided for, or relevant part of it, must be paid or provided or, if the consideration has already been paid or provided, within seven days of receiving a written demand from the supplier.

21.2 Tax Invoice

The right of the supplier to recover any amount in respect of GST under this document on a supply from the recipient is subject to the issuing of the relevant tax invoice or adjustment note.

21.3 Consideration exclusive of GST

Any consideration otherwise provided for a supply or payment obligation in connection with this document is exclusive of GST unless stated otherwise.

21.4 Adjustments

If there is an adjustment event in relation to a supply which results in the amount of GST on a supply being different from the amount in respect of GST already recovered by the supplier, as appropriate, the supplier within 14 days of becoming aware of the adjustment event:

- (a) may recover from the recipient the amount by which the amount of GST on the supply exceeds the amount already recovered by giving seven days written notice; or
- (b) must refund to the recipient the amount by which the amount already recovered exceeds the amount of GST on the supply to the extent that the supplier is entitled to a refund or credit from the Commissioner of Taxation; and
- (c) must issue an adjustment note or tax invoice reflecting the adjustment event in relation to the supply to the recipient within 28 days of the adjustment event.

21.5 Reimbursements

Costs actually or estimated to be incurred or revenue actually or estimated to be lost by a party that is required to be reimbursed or indemnified by another party, or used as the basis for calculation of consideration for a supply, under this document must exclude the amount of GST referable to the cost to the extent to which an entitlement arises or would arise to claim an input tax credit and any amount in respect of GST referable to the revenue.

22. NOTICES

22.1 How to give a notice

A notice, consent or other communication under this document is only effective if it is:

- (a) in writing, signed by or on behalf of the person giving it;
- (b) addressed to the person to whom it is to be given; and
- (c) either:

- (i) delivered or sent by pre-paid mail (by airmail, if the addressee is overseas) to that person's address; or
- (ii) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full; or
- (iii) sent by email to that person's email address.

22.2 When a notice is given

A notice, consent or other communication that complies with this clause is regarded as given and received:

- (a) if it is delivered or sent by fax:
 - (i) by 5.00 pm (local time in the place of receipt) on a Business Day – on that day; or
 - (ii) after 5.00 pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day – on the next Business Day;
- (b) if it is sent by mail:
 - (i) within Australia – three Business Days after posting; or
 - (ii) to or from a place outside Australia – seven Business Days after posting; and
- (c) if it is sent by email, on the earlier of:
 - (i) when the sender receives an automated message confirming delivery; or
 - (ii) four hours after the time sent (as recorded in the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered.

22.3 Address for notices

A person's address and fax number are those set out below, or as the person notifies the sender:

Blackthorn

Address: Level 5, Suite 502,
80 William Street
Sydney, New South Wales 2011
Fax number: +61 2 9332 1336
Email: c.brown@blackthornresources.com.au
Attention: Chris Brown, Company Secretary

Intrepid

Address: Level 1, 490 Upper Edward Street
Spring Hill, Queensland 4000
Fax number: +61 7 3007 8080
Email: vchidrawi@intrepidmines.com
Attention: General Counsel

23. **AMENDMENT AND ASSIGNMENT**

23.1 **Amendment**

This document can only be amended or replaced by another document executed by the parties.

23.2 **Assignment**

A party may only assign, encumber, declare a trust over or otherwise deal with its rights under this document with the prior consent of each other party.

24. **GENERAL**

24.1 **Governing law**

- (a) This document is governed by the law in force in Queensland.
- (b) Each party submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Queensland, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document, and waives any right it might have to claim that those courts are an inconvenient forum.

24.2 **Liability for expenses**

- (a) Intrepid must pay for all stamp duty payable on this document or any instrument or transaction contemplated in or necessary to give effect to this document.
- (b) Subject to clause 24.2(a), each party must pay its own expenses incurred in negotiating, preparing, executing and registering this document.

24.3 **Giving effect to this document**

Each party must do anything within its power (including execute any document) that the other party may reasonably require to give full effect to this document.

24.4 **Waiver of rights**

A right may only be waived in writing, signed by the party giving the waiver, and:

- (a) no other conduct of a party (including a failure to exercise, or delay in exercising, the right) operates as a waiver of the right or otherwise prevents the exercise of the right;
- (b) a waiver of a right on one or more occasions does not operate as a waiver of that right if it arises again; and
- (c) the exercise of a right does not prevent any further exercise of that right or of any other right.

24.5 **No partnership or agency**

Nothing in this document is to be treated as creating a partnership and, except as specifically provided in this document, no party may act as agent of or in any way bind another party to any obligation.

24.6 **Operation of this document**

- (a) Subject to clause 11.6:

- (i) this document contains the entire agreement between the parties about its subject matter;
 - (ii) any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this document.
- (b) Any right that a person may have under this document is in addition to, and does not replace or limit, any other right that the person may have.
- (c) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

24.7 Operation of indemnities

- (a) Each indemnity in this document survives the expiry or termination of this document.
- (b) A party may recover a payment under an indemnity in this document before it makes the payment in respect of which the indemnity is given.

24.8 Consents

Where this document contemplates that a party may agree or consent to something (however it is described), unless this document expressly contemplates otherwise, the party may:

- (a) agree or consent, or not agree or consent, in its sole and absolute discretion; and
- (b) agree or consent subject to conditions.

24.9 No merger

No provisions of this document merge on Implementation.

24.10 Inconsistency with other documents

If this document is inconsistent with any other document or agreement between the parties, this document prevails to the extent of the inconsistency.

24.11 Counterparts

- (a) This document may be executed in counterparts.
- (b) If this document is executed in counterparts, it is not binding until all executed counterparts have been exchanged.
- (c) Executed counterparts may be exchanged by email or fax. While not effecting the validity of exchange, if executed counterparts are exchanged by email or fax, original executed counterparts must be exchanged as soon as practicable after the time of exchange.

SCHEDULE 1

Timetable

Step	Date	Action
1.	Thursday 28 August 2014	Sign Scheme Implementation Deed and announce transaction
2.	Friday 26 September 2014	Provide ASIC and ASX with draft Intrepid Meeting Material
3.	Monday 29 September 2014	Provide ASIC, ASX and the Court with draft Scheme Booklet and provide notice of First Court Hearing to ASIC
4.	Tuesday 7 October 2014	Announcement of Intrepid Buy-Back and lodgement of Appendix 3C
5.	Wednesday 8 October 2014	Intrepid Shares quoted ex-entitlement to Intrepid Buy-Back
6.	Monday 13 October 2014 <i>(at least 14 days after Step 3)</i>	First Court Date to convene Share Scheme Meeting and approve Scheme Booklet for dispatch
7.	Tuesday 14 October 2014	Record date for Intrepid Buy-Back
8.	Tuesday 14 October 2014	Scheme Booklet registered by ASIC and lodged with ASX
9.	Thursday 16 October 2014	Dispatch Intrepid Meeting Material
10.	Friday 17 October 2014	Dispatch Intrepid Buy-Back offer documents
11.	Tuesday 21 October 2014	Dispatch notice of Share Scheme Meeting and Scheme Booklet to Blackthorn Shareholders
12.	Tuesday 11 November 2014	Close of Intrepid Buy-Back offer period
13.	Tuesday 18 November 2014	Hold Intrepid Shareholder Meeting and announce results to ASX
14.	Friday 21 November 2014	Hold Share Scheme Meeting and announce results to ASX
15.	Wednesday 26 November 2014	Second Court Date and announce to ASX intention to lodge Court order on the next Business Day
16.	Thursday 27 November 2014	Effective Date File Court order approving the Share Scheme with ASIC and announce to ASX
17.	Thursday 27 November	Blackthorn securities cease trading at close of trading

Step	Date	Action
	2014	on ASX
18.	Thursday 4 December 2014 <i>(5th Business Day after the Effective Date)</i>	Record Date for entitlements to Share Scheme Consideration
19.	Thursday 11 December 2014	Implementation Date Intrepid issues Share Scheme Consideration
20.	Thursday 11 December 2014	Expected date of dispatch of holding statements for New Intrepid Shares
21.	Thursday 11 December 2014	Expected date of dispatch of Intrepid Buy-Back consideration and cancellation of Intrepid Shares bought-back
22.	Friday 12 December 2014	Commencement of normal settlement trading of New Intrepid Shares

SCHEDULE 2

Capital

Part A - Blackthorn's Capital

1. **BLACKTHORN SHARES**

Blackthorn has 164,285,950 fully paid ordinary shares on issue.

2. **BLACKTHORN OPTIONS**

Blackthorn has on issue a total of 2,810,000 options to subscribe for fully paid shares issued on the following key terms:

Number	Expiry Date	Exercise Price
150,000	27 June 2015	\$1.63
2,660,000	31 May 2017	\$0.25

Part B - Intrepid's Capital

3. **INTREPID SHARES**

Intrepid has 557,500,888 fully paid ordinary shares on issue.

4. **INTREPID OPTIONS**

Intrepid has on issue a total of 2,201,357 options to subscribe for fully paid shares issued on the following key terms:

Number	Expiry Date	Exercise Price
24,258	31 January 2015	\$0.4536
715,569	30 April 2015	\$0.2938
155,789	31 May 2012	\$1.181
187,797	17 July 2016	\$1.72
494,203	1 January 2017	\$1.181
623,741	31 May 2017	\$0.5565

5. **INTREPID SHARES RIGHTS**

Intrepid has on issue 652, 871 share rights that vest into fully paid ordinary shares subject to vesting conditions.

SCHEDULE 3

Scheme of Arrangement (Share Scheme)

SCHEDULE 4

Deed Poll

SCHEDULE 5

Option Consideration

Option series	Total Number of Intrepid Shares to be offered to the relevant Blackthorn Option Holder
Holder of 75,000 Blackthorn Options with an exercise price of \$1.63 expiring on 27 June 2015	545 Intrepid Shares

Option series	Number of Intrepid Shares to be offered for each Blackthorn Option
Blackthorn Options with an exercise price of \$0.25 expiring on 31 May 2017	0.4720 Intrepid Share per Blackthorn Option

ANNEXURE A Scheme Implementation Deed



EXECUTED as a deed.

EXECUTED by **BLACKTHORN RESOURCES LIMITED ACN 009 193 980:**

A handwritten signature in black ink, appearing to read 'Mark A Mitchell', written over a horizontal line.

Signature of director

The name 'MARK A MITCHELL' written in all caps in black ink, underlined.

Name

A handwritten signature in black ink, appearing to read 'Christopher Brown', written over a horizontal line.

Signature of ~~director~~/secretary

The name 'CHRISTOPHER BROWN' written in all caps in black ink, underlined.

Name

EXECUTED by **INTREPID MINES LIMITED ACN 060 156 452:**

A handwritten signature in black ink, appearing to read 'Scott Frederick Lowe', written over a horizontal line.

Signature of director

The name 'SCOTT FREDERICK LOWE' written in all caps in black ink, underlined.

Name

A handwritten signature in black ink, appearing to read 'Vanessa Mary Chidrawi', written over a horizontal line.

Signature of ~~director~~/secretary

The name 'Vanessa Mary Chidrawi' written in black ink, underlined.

Name

ashurst

Scheme of Arrangement

Blackthorn Resources Limited

ACN 009 193 980

The holders of ordinary fully paid shares issued in
Blackthorn Resources Limited

SCHEME OF ARRANGEMENT

Under section 411 of the Corporations Act

BETWEEN:

- (1) Blackthorn Resources Limited ACN 009 193 980 of Level 5, Suite 502, 80 William Street, Sydney, NSW 2011 (**Blackthorn**); and
- (2) each Scheme Shareholder.

BACKGROUND

- (A) Blackthorn is a public company incorporated in Australia under the Corporations Act. It is registered in Western Australia and is a company limited by shares. It has its registered office at Level 5, Suite 502, 80 William Street, Sydney, New South Wales 2011. Blackthorn is admitted to the official list of ASX and Blackthorn Shares are quoted on the stock market conducted by ASX. As at the date of the Scheme Implementation Deed, 164,285,950 of Blackthorn Shares were on issue.
- (B) Intrepid Mines Limited (**Intrepid**) is a public company incorporated in Australia under the Corporations Act. It is registered in Queensland and is a company limited by shares. It has its registered office at Level 1, 490 Upper Edward Street, Spring Hill, Queensland 4000. Intrepid is admitted to the official list of ASX and its fully paid ordinary shares are quoted on the stock market conducted by ASX. As at the date of the Scheme Implementation Deed, 557,500,888 of Intrepid Shares were on issue.
- (C) Blackthorn and Intrepid entered into the Scheme Implementation Deed on 27 August 2014 to facilitate the implementation of the Share Scheme. The directors of Blackthorn have proposed the Share Scheme to the members of Blackthorn and consider that the Share Scheme is in the best interests of Blackthorn and its members as a whole.
- (D) Under the Scheme Implementation Deed, Blackthorn and Intrepid have agreed that each of them will perform their respective obligations under the Share Scheme and do everything within their powers that is necessary to give full effect to the Share Scheme.
- (E) Intrepid has executed the Deed Poll under which it covenants in favour of the Blackthorn Shareholders to carry out its obligations under the Share Scheme, including to provide the Share Scheme Consideration in accordance with the terms of the Share Scheme.
- (F) If the Share Scheme becomes Effective:
 - (1) Intrepid will issue the Share Scheme Consideration in accordance with the terms of this Scheme in consideration of the transfer of the Scheme Shares to Intrepid; and
 - (2) all the Scheme Shares will be transferred to Intrepid and Blackthorn will become a wholly owned subsidiary of Intrepid; and
 - (3) Blackthorn will enter Intrepid's name in the Register as the holder of all Scheme Shares.

OPERATIVE PROVISIONS

1. INTERPRETATION

1.1 Definitions

The following definitions apply in this document:

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

ASX Listing Rules means the listing rules of ASX.

Blackthorn Share means each fully paid ordinary share in the capital of Blackthorn.

Blackthorn Shareholder means each person who is registered in the Register as a holder of Blackthorn Shares.

Business Day means a business day as defined in the ASX Listing Rules.

CHES means the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited, which provides for the electronic transfer, settlement and registration of securities.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act agreed in writing between Intrepid and Blackthorn under the terms of the Scheme Implementation Deed.

Deed Poll means the deed poll executed by Intrepid in favour of Blackthorn Shareholders in the form set out in Schedule 4 to the Scheme Implementation Deed.

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Share Scheme.

Effective Date means the date on which the Share Scheme becomes Effective.

End Date means 12 December 2014, subject to any extension under clause 3.7(f) of the Scheme Implementation Deed.

Implementation means the implementation of the Share Scheme, on it becoming Effective.

Implementation Date means the day that is 5 Business Days following the Record Date, or such other date:

- (a) as Blackthorn and Intrepid may agree in writing;
- (b) ordered by the Court; or
- (c) as required by ASX.

Ineligible Overseas Shareholder means a Blackthorn Shareholder:

- (a) who is (or is acting on behalf of) a resident of a jurisdiction other than Australia or New Zealand and their respective external territories;
- (b) whose address is shown in the Register as a place outside of Australia or New Zealand and their respective external territories,

unless Blackthorn and Intrepid agree that a Blackthorn Shareholder with a registered address outside of Australia and New Zealand should not be treated as an Ineligible Overseas Shareholder and may be issued the New Intrepid Shares in accordance with the Share Scheme and for this purpose the parties agree that shareholders who are residents of, or whose address as shown in the Register is in, USA and Singapore will not be treated as an Ineligible Overseas Shareholder.

Further, if a Blackthorn Shareholder has a registered address outside of Australia, New Zealand, USA or Singapore and Blackthorn considers it appropriate for those shareholders to have the opportunity to receive the New Intrepid Shares, then Intrepid will agree to those shareholders not being treated as Ineligible Overseas Shareholders if Blackthorn can provide to Intrepid's reasonable satisfaction, at least 3 Business Days before the date on which the Court makes orders under section 411(4)(b) of the Corporations Act approving the Share Scheme, confirmation that there are appropriate exemptions available to allow Intrepid to issue the New Intrepid Shares to those shareholders without having to undertake onerous filing or disclosure obligations in those jurisdictions.

Intrepid Buy-Back means the equal access buy-back to be conducted by Intrepid in accordance with section 257B of the Corporations Act as more particularly described in clause 10 of the Scheme Implementation Deed.

Intrepid Share means a fully paid ordinary share in Intrepid.

Intrepid Shareholder Approval means:

- (a) the approval by Intrepid Shareholders by ordinary resolution to the acquisition by Intrepid of the Blackthorn Shares in accordance with this document for all purposes including pursuant to Chapter 11 of the ASX Listing Rules; and
- (b) the approval by Intrepid Shareholders by ordinary resolution of the Intrepid Buy-Back.

New Intrepid Shares means Intrepid Shares to be issued under the Share Scheme as Share Scheme Consideration.

Nominee has the meaning given in clause 3.2(a) of this document.

Record Date means 7.00 pm (Sydney time) on the day which is five Business Days after the Effective Date or any other date agreed by the parties to be the record date to determine entitlements to receive Share Scheme Consideration under the Share Scheme.

Register means the register of Blackthorn Shareholders.

Registered Address means, in relation to a Blackthorn Shareholder, the address of the shareholder shown in the Register.

Scheme Implementation Deed means the Scheme Implementation Deed between Intrepid and Blackthorn dated 27 August 2014 relating to the implementation of the Share Scheme.

Scheme Order means the order of the Court under section 411(4)(b) of the Corporations Act approving this Scheme, with or without modification.

Scheme Share means each Blackthorn Share on issue as at the Record Date.

Scheme Shareholder means each Blackthorn Shareholder at the Record Date, taking into account registration of all registrable transfers and transmission applications in accordance with clause 4.1 below.

Scheme Transfer, in relation to Scheme Shares, means a duly completed and executed instrument of transfer of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all the Scheme Shares.

Second Court Date means the first day on which the Court hears the application for an order under section 411(4)(b) of the Corporations Act approving the Share Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.

Share Scheme Meeting means the meeting of Blackthorn Shareholders to be convened as ordered by the Court under section 411(1) of the Corporations Act, to consider the Share Scheme.

Share Scheme means the scheme of arrangement under Part 5.1 between Blackthorn and the Scheme Shareholders, set out in this document, subject to any alterations or conditions made or required by the Court under section 411(6).

Share Scheme Consideration means the number of Intrepid Shares for each Blackthorn Share held by a Scheme Shareholder as at the Record Date as determined by the following formula, which based on the current issued capital of Intrepid as at the date of this document will provide a result of between 1.079 and 1.147 Intrepid Shares for each Blackthorn Share, subject to rounding in accordance with clause 3.7:

$$\text{Share Scheme Consideration} = 0.356 / ((A - B) / C)$$

Where:

A = 173,000,000

B = the cash amount to be paid by Intrepid under the Intrepid Buy-Back, which is subject to Intrepid Shareholder Approval being obtained

C = the number of Intrepid Shares on issue at the close of trading of Intrepid's securities on the ASX on the last day of the Intrepid Buy-Back offer period, less the number of Intrepid Shares to be bought back under the Intrepid Buy-Back, which is subject to Intrepid Shareholder Approval

1.2 Rules for interpreting this document

Headings and catchwords are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

(a) A reference to:

- (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;

- (ii) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
- (iii) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
- (c) A word which suggests one gender includes the other genders.
- (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (f) The words **officer** and **security interest** have the same meaning as in section 9 of the Corporations Act.
- (g) The expression **related body corporate** has the same meaning given in section 50 of the Corporations Act.
- (h) The word **agreement** includes an undertaking or other binding arrangement or understanding, whether or not in writing.
- (i) A reference to **\$** or **dollar** is to Australian currency.

1.3 **Non-Business Days**

If the day on or by which a person must do something under this document is not a Business Day the person must do it on or by the next Business Day.

2. **CONDITIONS PRECEDENT**

2.1 **Conditions precedent to the Share Scheme**

The Share Scheme is conditional on the following:

- (a) as at 8.00am on the Second Court Date, neither the Scheme Implementation Deed nor the Deed Poll has been terminated in accordance with its terms;
- (b) all the conditions set out in clause 3.2 of the Scheme Implementation Deed, other than the condition in clause 3.2(e), having been satisfied or waived (other than the conditions which may not be waived by either party to the Scheme Implementation Deed), in accordance with the terms of the Scheme Implementation Deed; and
- (c) the Court having made an order under section 411(4)(b) of the Corporations Act approving the Share Scheme.

2.2 **Certificate**

Blackthorn and Intrepid must provide to the Court at the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent to this Share Scheme set out in clause 2.1 above have been satisfied or waived. The certificate constitutes conclusive evidence that those conditions precedent (other than Court approval) are satisfied, waived or taken to be waived.

2.3 Effective Date

The Share Scheme takes effect on the Effective Date. Blackthorn must lodge with ASIC an office copy of the order of the Court approving the Share Scheme under section 411(4)(b) of the Corporations Act and by no later than 10.00am on the first Business Day after the date on which the Court makes that order.

2.4 End Date

The Share Scheme will lapse and be of no effect if:

- (a) the Effective Date has not occurred on or before the End Date;
- (b) the Scheme Implementation Deed has been terminated in accordance with its terms,

unless Blackthorn and Intrepid otherwise agree in writing.

3. THE SCHEME

3.1 Implementation steps

On the Implementation Date:

- (a) subject to the provision of the Share Scheme Consideration in accordance with this document, the Share Scheme and Intrepid having provided Blackthorn with written confirmation of that having occurred, all the Scheme Shares, together with all rights and entitlements attaching to those shares as at the Implementation Date, will be transferred to Intrepid without the need for any further act by any Scheme Shareholder (other than acts performed by Blackthorn or its directors and officers as attorney and agent for the Scheme Shareholders under the Share Scheme) by Blackthorn effecting a valid transfer or transfers of the Scheme Shares to Intrepid under section 1074B of the Corporations Act or, if that procedure is not available for any reason in respect of any Scheme Shares, by:
 - (i) Blackthorn delivering to Intrepid for execution duly completed and, if necessary, stamped Scheme Transfers to transfer the Scheme Shares to Intrepid, duly executed by Blackthorn or any of its directors and officers as the attorney and agent of each Scheme Shareholder as transferor under clause 5.4 below;
 - (ii) Intrepid executing the Scheme Transfers as transferee and attending to stamping the Scheme Transfers (if required) and delivering them to Blackthorn; and
 - (iii) Blackthorn upon receipt the Scheme Transfers under subparagraph (ii) above entering or procuring entry of the name and address of Intrepid in the Blackthorn Register as the holders of all the Scheme Shares; and
- (b) Intrepid will:
 - (i) issue to each Scheme Shareholder (other than Ineligible Overseas Shareholders) the Share Scheme Consideration for each Blackthorn Share held by the Scheme Shareholder, in accordance with and subject to the terms of this Share Scheme; and

- (ii) issue to the Nominee the Share Scheme Consideration that would have otherwise been issued to the Ineligible Overseas Shareholders in accordance with clause 3.2 below;

3.2 Ineligible Overseas Shareholders

- (a) Ineligible Overseas Shareholders shall not be entitled to be issued the Share Scheme Consideration under clause 3.1(b) above. Instead, the Share Scheme Consideration that, but for this clause, would be issued to the Ineligible Overseas Shareholders will be issued to a person nominated by Intrepid (with the consent of Blackthorn, not to be unreasonably withheld or delayed) for this purpose (the **Nominee**). Where the Nominee is issued Share Scheme Consideration under this clause, Blackthorn shall cause:
 - (i) the Nominee, as soon as reasonably practicable (but, in any case within 28 days after the Implementation Date), to offer all the Intrepid Shares comprising such Share Scheme Consideration for sale on ASX in such manner, at such price or prices and on such other terms as the Nominee determines in good faith (and at the risk of the Ineligible Overseas Shareholders); and
 - (ii) as reasonably practicable but in any case within 5 Business Days after settlement of all the sales of the Intrepid Shares comprising the Share Scheme Consideration issued to the Nominee having occurred, to be remitted to each Ineligible Overseas Shareholder the same proportion of the net proceeds of sale of all such shares (after deduction of any fees and taxes and other charges and costs of sale) as the Share Scheme Consideration issued to the Nominee in respect of that Ineligible Overseas Shareholder bears to the total number of Intrepid Shares issued to and sold by the Nominee under paragraph (i) above.
- (b) Ineligible Overseas Shareholders agree that the amount referred to in clause 3.2(a)(ii) may be paid by the Nominee doing any of the following at the Nominee's election:
 - (i) sending by pre-paid post (or pre-paid airmail if the address is outside Australia) the proceeds to the Ineligible Overseas Shareholder's Registered Address;
 - (ii) depositing or procuring the Blackthorn Registry to deposit it into account with any Australian bank notified to Blackthorn (or Blackthorn's agent who manages the Blackthorn Register) by an appropriate authority from the Ineligible Overseas Shareholder; or
 - (iii) in the event that an Ineligible Overseas Shareholder does not have a Registered Address or the Nominee believes an Ineligible Overseas Shareholder is not known at its Registered Address, and no account has been notified in accordance with paragraph (d) or a deposit into such account is rejected or refunded, the Nominee may credit the amount payable to that Ineligible Overseas Shareholder to a separate bank account of Blackthorn to be held until the Ineligible Overseas Shareholder claims the amount or the amount is dealt with in accordance with unclaimed money legislation, and Blackthorn must hold the amount on trust, but any amount accruing from the amount will be to the benefit of Blackthorn. An amount credited to the account is to be treated as having been paid to the Ineligible Overseas Shareholder. Blackthorn must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.

- (c) Payment by the Nominee to an Ineligible Overseas Shareholder in accordance with this clause 3.2 satisfies in full the Ineligible Overseas Shareholder's right to Share Scheme Consideration.
- (d) Each Ineligible Overseas Shareholder appoints Blackthorn, and each director and officer of Blackthorn, as its agent to receive on its behalf any financial services guide or other notice which may be given by the Nominee to Ineligible Overseas Shareholder for or in connection with its appointment or the sales.

3.3 Registration and confirmations

- (a) Intrepid will register, or cause to be registered, the Scheme Shareholders (other than the Ineligible Overseas Shareholders) and the Nominee (in respect of Ineligible Overseas Shareholders) as the holders of the Intrepid Shares to which they become entitled under the Share Scheme.
- (b) As required by the Corporations Act Intrepid will send confirmations of allotment, including uncertificated holding statements where applicable, for the Intrepid Shares issued to Scheme Shareholders (at the risk of the Scheme Shareholders) by pre-paid ordinary mail or, in the case of an address outside Australia by airmail, to the Registered Addresses of the respective Scheme Shareholders. In the case of Scheme Shareholders that are joint holders, such confirmations or notices shall be sent to the holder whose name appears first in the Register on the Record Date.

3.4 Agreement to become member of Intrepid

Each Scheme Shareholder agrees for all purposes to become a member of Intrepid (without the need for any further act on its part) and to be bound by the constitution of Intrepid.

3.5 Blackthorn Shares transferred free from encumbrance

- (a) To the extent permitted by law, the Blackthorn Shares transferred to Intrepid under the Share Scheme will be transferred (subject to Blackthorn's constitution) free from all security interests (including mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise).
- (b) Each Scheme Shareholder is deemed to have warranted to Intrepid and, to the extent enforceable, appointed and authorised Blackthorn as its agent to warrant to Intrepid that all its Scheme Shares (including any rights and entitlements attaching to those Shares) will, as at the time of the transfer of them to Intrepid, be fully paid and (subject to Blackthorn's constitution) free from all security interests (including mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise), and from any restrictions on transfer of any kind, and that it has full power and capacity to sell and to transfer its Scheme Shares (including any rights and entitlements attaching to those shares) to Intrepid under the Share Scheme. Blackthorn undertakes in favour of each Scheme Shareholder that it will provide such warranty to Intrepid on behalf of the Scheme Shareholder.

3.6 Intrepid beneficially entitled to Scheme Shares

Intrepid will be beneficially entitled to the Scheme Shares transferred to it under the Share Scheme pending registration by Blackthorn of the name and address of Intrepid in the Register as the holder of the Scheme Shares.

3.7 Fractional entitlements and splitting

(a) Subject to clause 3.7(b), where the calculation of the number of New Intrepid Shares to be issued to a particular Scheme Shareholder would result in the issue of a fraction of a New Intrepid Share, the fractional entitlement:

- (i) which is 0.5 or greater will be rounded up to the nearest whole number of New Intrepid Shares; and
- (ii) which is less than 0.5 will be rounded down to the nearest whole number of New Intrepid Shares,

after aggregating all holdings of the Scheme Shareholder and in a manner which avoids manipulation of a Scheme Shareholder's holdings to take advantage of the rounding entitlement.

(b) If Intrepid reasonably forms the opinion that two or more Scheme Shareholders, each of whom holds a number of Scheme Shares which result in rounding in accordance with clause 3.7(a), have, before the Record Date, been party to shareholding splitting or division in an attempt to obtain advantage by reference to such rounding, Intrepid may send a notice to those Scheme Shareholders stating that opinion and attributing to one of them specifically identified in that notice (the **Deemed Holder**) all of the Scheme Shares held by all of them, upon which, for the purposes of the Scheme:

- (i) the Deemed Holder will be taken to hold all the Scheme Shares referred to in the notice; and
- (ii) each of the Scheme Shareholders whose names are set out in the notice, will be taken not to hold any of the Scheme Share,

and by complying with this clause 3.7(b), Intrepid will be taken to have satisfied and discharged its obligation under the terms of the Scheme to all the Scheme Shareholders named in the notice.

3.8 Ranking of Scheme Consideration

Upon issue:

- (a) the New Intrepid Shares will rank equally in all respects with all other Intrepid Shares then on issue; and
- (b) each New Intrepid Share will be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.

4. DEALINGS IN BLACKTHORN SHARES

4.1 What Blackthorn Share dealings are recognised?

To establish the persons who are Scheme Shareholders, dealings in Blackthorn Shares will be recognised only if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Register as the holder of the Blackthorn Shares as at the Record Date; and

- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the Registry at or before the Record Date.

4.2 Blackthorn to register transfer and transmission applications

Blackthorn will register registrable transfers or transmission applications of the kind referred to in clause 4.1(b) above by, or as soon as practicable after, the Record Date.

4.3 Transfers received after Record Date not recognised

- (a) If the Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose or purport or agree to dispose of any Scheme Shares or interest in them after the Effective Date.
- (b) Blackthorn will not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of Scheme Shares received after the Record Date.

4.4 Blackthorn to maintain Register to determine entitlements

In order to determine entitlements to the Share Scheme Consideration, Blackthorn will maintain, or procure the maintenance of, the Register in accordance with this clause 4 until the Share Scheme Consideration has been paid to Scheme Shareholders and the Register in this form will solely determine entitlements to the Share Scheme Consideration.

4.5 Holding statements no effect from Record Date

From the Record Date, all holding statements for Scheme Shares will cease to have effect as documents of title (or evidence thereof), and each entry on the Register at the Record Date will cease to have any effect other than as evidence of the entitlements of Scheme Shareholders to the Share Scheme Consideration.

4.6 Blackthorn to provide contact information for Scheme Shareholders

As soon as practicable after Record Date and in any event at least three Business Days before the Implementation Date, Blackthorn will give to Intrepid or procure that Intrepid be given details of the name, Registered Address and the number of Blackthorn Shares held by each Scheme Shareholder, as shown in the Register at the Record Date, in whatever form Intrepid reasonably requires.

4.7 Suspension of trading

Blackthorn will apply to ASX to suspend trading in Blackthorn Shares on the stock market conducted by ASX from the close of trading on the Effective Date.

4.8 Blackthorn to apply for termination of quotation of Blackthorn Shares

On a date after the Implementation Date to be determined by Intrepid, Blackthorn will apply for termination of the official quotation on the stock market conducted by ASX of Blackthorn Shares and to have itself removed from the official list of ASX.

5. GENERAL PROVISIONS

5.1 Blackthorn giving effect to the Share Scheme

Blackthorn must do anything (including execute any document), and must ensure that its employees and agents do anything (including execute any document), that is necessary,

expedient or incidental to give full effect to the Share Scheme and the transactions contemplated by it. Without limiting Blackthorn's power under the Share Scheme, Blackthorn has power to do all things that it considers necessary or desirable to give effect to the Share Scheme and the Scheme Implementation Deed.

Each Scheme Shareholder:

- (a) agrees to the transfer of their Blackthorn Shares, together with all rights and entitlements attaching to those Shares, to Intrepid, in accordance with the Share Scheme;
- (b) consents to Blackthorn doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, expedient or incidental to Implementation and to give full effect to the Share Scheme and the transactions contemplated by it and Blackthorn, as agent of each Scheme Shareholder, may sub-delegate its functions under this document to any of its directors and officers, jointly and severally;

without the need for any further act by the Scheme Shareholder.

5.2 **Scheme Shares – Free of encumbrances**

- (a) To the extent permitted by law, the Scheme Shares transferred to Intrepid under this Scheme must be transferred free from all mortgages, charges, liens, encumbrances and interest of third parties of any kind, whether legal or otherwise.
- (b) Each Scheme Shareholder is deemed to have warranted to Intrepid that all their Scheme Shares (including any rights attaching to those shares) that are transferred to Intrepid under this Scheme are, at the date of transfer, fully paid and free from all mortgages, charges, liens, encumbrances and interest of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares together with any rights attaching to those shares.

5.3 **Beneficial ownership pending registration**

Intrepid is beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Blackthorn of Intrepid in the Blackthorn Register as the holder of the Scheme Shares.

5.4 **Appointment as attorney of Scheme Shareholders**

Each Scheme Shareholder without the need for any further act, irrevocably appoints Blackthorn and each of its directors and officers, jointly and severally, on and from the Effective Date, as the Scheme Shareholder's attorney and agent,

- (a) to execute any document or do any other act necessary, expedient or incidental to give full effect to the Share Scheme and the transactions contemplated by it, including the effecting of a valid transfer or transfers (or execution and delivery of any Scheme Transfer) under clause 3 above; and
- (b) enforcing the Deed Poll against Intrepid,

and Blackthorn accepts such appointment. Blackthorn may as agent and attorney of each Scheme Shareholder sub-delegate any of its functions, authorities, powers under this clause to all or any of its directors and officers (jointly, severally, or jointly and severally).

5.5 Appointment of Intrepid as attorney in respect of Scheme Shares

- (a) Immediately upon the provision of the Share Scheme Consideration until Intrepid is registered as the holder of all Scheme Shares, each Scheme Shareholder:
 - (i) irrevocably appoints Intrepid as its attorney and agent (and irrevocably appoints Intrepid as its agent and attorney to appoint any of the directors and officers of Intrepid as its attorney and agent) to:
 - (A) appoint the chairman of the board of directors of Intrepid, or failing him, the Chief Executive Officer of Intrepid, as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings of Blackthorn;
 - (B) exercise the votes attaching to the Blackthorn Shares registered in the name of the Scheme Shareholder;
 - (C) sign any Blackthorn Shareholders' resolution; and
 - (ii) must take all other action in the capacity of a registered holder of Scheme Shares as Intrepid reasonably directs.
- (b) From the Implementation Date no Scheme Shareholder may attend or vote at any of those meetings or sign any Blackthorn Shareholders resolution (whether in person, by proxy or by corporate representative) other than under this clause.

5.6 Binding effect of Scheme

The Share Scheme binds Blackthorn and all Blackthorn Shareholders from time to time, including those who do not attend the Share Scheme Meeting, do not vote at that meeting or vote against the Share Scheme. To the extent of inconsistency between this Scheme and the Blackthorn Constitution, this Scheme overrides the Blackthorn Constitution to the extent permitted by law.

5.7 Alteration or conditions to the Share Scheme

If the Court proposes to approve the Share Scheme subject to any alteration or condition Blackthorn may, by its counsel or solicitors, but subject to the prior approval of Intrepid (which may not be unreasonably withheld or delayed), consent on behalf of all persons concerned, including each Scheme Shareholder, to those alterations or conditions.

5.8 Deed Poll

Blackthorn undertakes in favour of each Scheme Shareholder to enforce the Deed Poll against Intrepid for and on behalf of each Scheme Shareholder.

5.9 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in the Share Scheme is sent by post to Blackthorn, it will be deemed to be received on the date (if any) on which it is actually received at Blackthorn's registered office or Blackthorn's Share Registry and on no other date.

5.10 Costs and stamp duty

Intrepid will pay all stamp duty and any related fines, penalties and other costs in respect of the Share Scheme and the Deed Poll (including in connection with the transfer of the Scheme Shares to Intrepid) in accordance with the terms of the Share Scheme.

5.11 No liability when acting in good faith

To the maximum extent permitted by law, none of Blackthorn or Intrepid nor any officer of any of those companies is liable for anything done or omitted to be done in the performance of this Scheme in good faith.

5.12 Governing law

This document is governed by the law in force in Queensland. The parties submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in Queensland.

ANNEXURE C

Investigating Accountant's Report



KPMG Transaction Services

A division of KPMG Financial Advisory Services
(Australia) Pty Ltd
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The Directors
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Level 5, Suite 502
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Sydney, NSW, 2011

The Directors
Intrepid Mines Limited
Level 1, WBM Building
490 Upper Edward Street
Spring Hill, QLD, 4004

13 October 2014

Dear Directors

Limited Assurance Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Blackthorn Resources Limited ("Blackthorn") and Intrepid Mines Limited ("Intrepid") to prepare this report for inclusion in the scheme booklet of Blackthorn, to be issued by Blackthorn and dated on or about 13 October 2014 ("Scheme Booklet") and in the explanatory memorandum of Intrepid, to be issued by Intrepid and dated on or about 16 October 2014 ("Explanatory Memorandum"), in connection with the proposed merger between Blackthorn and Intrepid by way of a Scheme of Arrangement ("the Scheme").

Expressions defined in the Scheme Booklet and in the Explanatory Memorandum have the same meaning in this report.

*Blackthorn Resources Limited and Intrepid Mines Limited
Limited Assurance Investigating Accountant's Report and
Financial Services Guide*

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the Merged Group Pro Forma Historical Financial Information described below and disclosed in the Scheme Booklet by Blackthorn and in the Explanatory Memorandum by Intrepid (each a responsible party).

The Merged Group Pro Forma Historical Financial Information is presented in the Scheme Booklet and in the Explanatory Memorandum in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Merged Group Pro Forma Historical Financial Information

The Merged Group Pro Forma Historical Financial Information consists of the unaudited pro forma historical statement of financial position of the Merged Group as at 30 June 2014, as set out in Section 6.5.2 of the Scheme Booklet and in Section 5.5 (b) of the Explanatory Memorandum.

The Merged Group Pro Forma Historical Financial Information has been compiled by Blackthorn and Intrepid and derived from the financial statements of Blackthorn for the year ended 30 June 2014 and from the interim financial statements of Intrepid for the six months ended 30 June 2014, after adjusting for the effects of pro forma adjustments described in Section 6.5.3 of the Scheme Booklet and in Section 5.5 (b) of the Explanatory Memorandum, to illustrate the effect of the Scheme as if it had been implemented on 30 June 2014.

The financial statements of Blackthorn for the year ended 30 June 2014 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinion issued to the members of Blackthorn relating to those financial statements was unqualified. The interim financial statements of Intrepid for the six months ended 30 June 2014 were reviewed by KPMG in accordance with Australian Auditing Standards. The review opinion issued to the members of Intrepid relating to those financial statements was unqualified.

The stated basis of preparation of the Merged Group Pro Forma Historical Financial Information is the recognition and measurement principles contained in applicable Australian Accounting Standards and Intrepid's accounting policies, applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 6.5.1 of the Scheme Booklet and in Section 5.5 (a) of the Explanatory Memorandum. Due to its nature, the Merged Group Pro Forma Historical Financial Information does not represent the Merged Group's actual or prospective financial position.

For the purposes of preparing this report we have performed limited assurance procedures in relation to the Merged Group Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Merged Group Pro Forma Historical Financial Information is not prepared, in all material respects, by the directors of Blackthorn and Intrepid in accordance with the stated basis of preparation.

*Blackthorn Resources Limited and Intrepid Mines Limited
Limited Assurance Investigating Accountant's Report and
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We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Merged Group Pro Forma Historical Financial Information is prepared, in all material respects, by the directors of Blackthorn and Intrepid, in accordance with the stated basis of preparation.

Directors' responsibilities

The directors of Blackthorn and Intrepid are responsible for the preparation of the Merged Group Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the Merged Group Pro Forma Historical Financial Information.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Merged Group Pro Forma Historical Financial Information, as set out in Section 6.5.2 of the Scheme Booklet and in Section 5.5 (b) of the Explanatory Memorandum, comprising the unaudited pro forma historical statement of financial position of the Merged Group as at 30 June 2014, is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Section 6.5.3 of the Scheme Booklet and in Section 5.5 (b) of the Explanatory Memorandum, and in accordance with the recognition and measurement principles prescribed in applicable Australian Accounting Standards, and Intrepid's accounting policies.

Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed Scheme, other than in connection with the preparation of this report for which normal professional fees will be received. KPMG is the auditor of Blackthorn and Intrepid and from time to time, KPMG also provides Blackthorn and Intrepid with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Scheme Booklet and in the Explanatory Memorandum, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any

*Blackthorn Resources Limited and Intrepid Mines Limited
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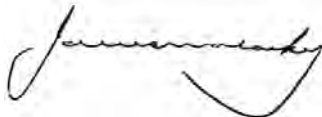
information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

Without modifying our conclusions, we draw attention to Section 6.5 of the Scheme Booklet and to Section 5.5 of the Explanatory Memorandum, which describe the purpose of the Merged Group Pro Forma Historical Financial Information, being for inclusion in the Scheme Booklet and in the Explanatory Memorandum. As a result, the Merged Group Pro Forma Historical Financial Information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the Merged Group Pro Forma Historical Financial Information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Scheme Booklet and in the Explanatory Memorandum in the form and context in which it is so included, but has not authorised the issue of the Scheme Booklet or the Explanatory Memorandum. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Scheme Booklet and the Explanatory Memorandum.

Yours faithfully



James Malackey
Authorised Representative



KPMG Transaction Services

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Financial Services Guide

Dated 13 October 2014

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) ('**KPMG Transaction Services**'), and James Malackey as an authorised representative of KPMG Transaction Services, authorised representative number 404261 (**Authorised Representative**).

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted;
- the services KPMG Transaction Services and its Authorised Representative are authorised to provide;
- how KPMG Transaction Services and its Authorised Representative are paid;
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative;
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services.

This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

*Blackthorn Resources Limited and Intrepid Mines Limited
Limited Assurance Investigating Accountant's Report and Financial
Services Guide*

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investments schemes including investor directed portfolio services;
- securities;
- superannuation;
- carbon units;
- Australian carbon credit units; and
- eligible international emissions units,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide financial product advice on KPMG Transaction Services' behalf.

KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by Blackthorn Resources Limited and Intrepid Mines Limited (collectively, the "Client") to provide general financial product advice in the form of a Report to be included in the Scheme Booklet prepared by Blackthorn Resources Limited and in the Explanatory Memorandum prepared by Intrepid Mines Limited (individually, the "Document") in relation to the proposed merger between Blackthorn Resources Limited and Intrepid Mines Limited by way of a Scheme of Arrangement (the "Scheme").

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than the Client.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Transaction Services has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Scheme.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG Transaction Services \$100,000 for preparing the Report. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

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Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided, and continue to provide, a range of audit, tax and advisory services to the Client for which professional fees are received. Over the past two years professional fees of \$254,806 and \$214,179 have been received from Blackthorn Resources Limited and Intrepid Mines Limited, respectively. None of those services have related to the transaction or alternatives to the transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO
Box 3, Melbourne Victoria 3001

Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

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A division of KPMG Financial Advisory
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James Malackey
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Intrepid Mines Ltd

Independent Expert's Report and Financial Services Guide

3 October 2014



The Directors
Intrepid Mines Limited
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Grant Thornton Corporate Finance Pty Ltd
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3 October 2014

Dear Directors

Independent Expert's Report and Financial Services Guide

Introduction

Intrepid Mines Limited ("IAU" or "Intrepid") is an Australian public company listed on the Australian Securities Exchange ("ASX"). IAU had cash resources of approximately US\$164.6 million as at 30 June 2014 and a market capitalisation of approximately A\$153 million as at 2 October 2014. The Directors of IAU ("the IAU Directors") have been actively considering various investment and realisation strategies over the last six months to provide the shareholders of IAU ("the IAU Shareholders") with an opportunity to realise all or part of their investment.

On 28 August 2014, IAU Directors announced the following two alternative proposals (collectively "the Proposals") to be voted on by IAU Shareholders as summarised below.

Proposal 1 - the Proposed Transaction

The Proposed Transaction consists of the following inter-conditional and interdependent transactions which are to be effected in sequence:

- The Proposed Buyback – an equal access buyback under section 257C of the Corporations Act of up to A\$110 million worth of ordinary shares in IAU ("IAU Shares") at A\$0.30 per share ("Buyback Price"). The cash pool of A\$110 million available for the Proposed Buyback is equivalent to approximately 66% of the issued capital of Intrepid. If the Proposed Buyback is oversubscribed, IAU Shareholders will be scaled back on a pro-rate basis. The IAU Shares bought back will be cancelled in accordance with the requirements of the Corporations Act.
- The Proposed Merger – a proposed merger between IAU (following completion of the Proposed Buyback) and Blackthorn Resources Limited ("BTR") to be implemented by way of a scheme of arrangement. BTR is an ASX listed resource company focussed on the development of its flagship underground copper project ("Kitumba Project"). Under the Proposed Merger, the shareholders of BTR ("BTR Shareholders") will receive 1.079¹ IAU Shares ("Share Exchange Ratio") for each ordinary share in BTR held ("BTR Shares"). The Share Exchange Ratio will be adjusted based on the level of take-up of the Proposed Buyback so to

¹ Exchange Ratio of 1.079 IAU Shares per BTR Share is calculated assuming 100% take-up of the A\$110 million Proposed Buyback.



ensure that the cash backed value of the scheme consideration to be received by BTR Shareholders (i.e. IAU Shares) remains fixed at A\$0.356 per BTR Share irrespective of the level of participation in the Proposed Buyback.

Following implementation of the Proposed Buyback and Proposed Merger, IAU Shareholders will collectively hold between circa 52% and 75% of the enlarged share capital of IAU ("the Merged Group") assuming between 100% and nil take-up of the Proposed Buyback, respectively.

Under the Proposed Buyback, IAU Shareholders will have the option to either:

- Participate in the Proposed Buyback and receive the Buyback Price of A\$0.30 per share subject to a maximum overall cash pool of A\$110 million² ("the Participating Shareholder").
- Retain all/a portion of their investment in IAU which will ultimately become a part of the Merged Group upon successful implementation of the Proposed Merger ("the Non-Participating Shareholder").

Subject to their directors' fiduciary duties, IAU Directors unanimously recommend that IAU Shareholders vote in favour of the Proposed Buyback and the Proposed Merger in the absence of a superior proposal and subject to an Independent Expert opining that the Proposed Buyback is fair and reasonable. The IAU Directors intend to vote all IAU shares they hold or control in favour of the Proposed Buyback and the Proposed Merger in the absence of a superior proposal. Refer to section 1.2 for further details in relation to the Proposed Transaction.

Proposal 2 - the Contingent Buyback

In the event that the Proposed Buyback and/or the Proposed Merger are not approved, the IAU Directors will seek approval from IAU Shareholders in relation to an alternative buyback ("the Contingent Buyback"). The Contingent Buyback will involve an equal access buyback of IAU shares of up to approximately A\$153 million at A\$0.275 per share ("Contingent Buyback Price"). The Contingent Buyback Price is lower than the Proposed Buyback Price as it accounts for actual and contingent liabilities that could eventuate in certain circumstances, including, including but not limited to tax liabilities, ongoing operating costs and any potential wind-up costs should the remaining Intrepid Shareholders elect to pursue a wind-up following completion of the Contingent Buy-Back.

Under the Contingent Buyback, IAU Shareholders will have the option to either:

- Participate in the Contingent Buyback and tender their shares at the Contingent Buyback Price of A\$0.275 per share (i.e. the Participating Shareholder²). The IAU Shares bought back will be cancelled in accordance with the requirements of the Corporations Act.
- Retain all/a portion of their investment in IAU, which currently has no operating activities (i.e. the Non-Participating Shareholder).

As set out in the Notice of Meeting and Explanatory Memorandum, the Contingent Buyback is not the IAU Directors' preferred outcome. However in the event that either or both the Proposed Buyback and Proposed Merger are not approved, the IAU Directors will unanimously recommend that IAU Shareholders vote in favour

² If the Proposed Buyback is oversubscribed, shareholders will be scaled back on a pro-rata basis.



of the Contingent Buyback in the absence of a superior proposal and subject to an Independent Expert opining that the Contingent Buyback is reasonable. The IAU Directors also intend to accept the Contingent Buyback in respect of all IAU Shares they hold or control in the absence of a superior proposal.

Each of the Proposed Buyback, Proposed Merger and Contingent Buyback (i.e. collectively the “Proposals”) will be subject to approval by an ordinary resolution of IAU Shareholders³. The Proposed Buyback and Proposed Merger are to be voted upon first. If the resolutions in relation to the Proposed Buyback and Proposed Merger are both passed by IAU Shareholders as ordinary resolutions, then the Proposed Transaction will be implemented by IAU and the Contingent Buyback will not be voted upon.

Purpose of the report

The IAU Directors have engaged Grant Thornton Corporate Finance Pty Limited (“Grant Thornton Corporate Finance”) to prepare an independent expert’s report to assist the IAU Shareholders to consider the Proposed Buyback and the Contingent Buyback in accordance with the requirements of Australian Securities and Investment Commission (“ASIC”) Regulatory Guide 110 ‘Share buy-backs’ (“RG 110”).

Given the Proposed Buyback and Proposed Merger are inter-conditional and interdependent, and the IAU Shareholders⁴ will ultimately be impacted by the terms of the Proposed Merger, in forming our opinion in relation to the Proposed Buyback, we have had regard to the Proposed Transaction as a whole assuming various buyback take-up scenarios.

We note that we have not been engaged to form an opinion and we have not formed an opinion on the merits of the Proposed Merger for IAU Shareholders.

For the purpose of this report, Grant Thornton Corporate Finance has engaged RungePincockMinarco Limited (“Runge”) to review and express an opinion on the reasonableness of the technical assumptions included in the financial model in relation to the Kitumba Project and to prepare a valuation of the exploration assets of BTR. Runge’s findings are included in the report (“Runge Report”).

Basis of assessment

In considering the basis of our assessment, we have had regard to the Corporations Act, 2001 (the “Corporations Act”), ASIC Regulatory Guide 111 “Content of expert’s report” (“RG 111”) and RG 110.

In order to assist IAU Shareholders in their consideration of the Proposals and in accordance with the requirements of RG 110, Grant Thornton Corporate Finance has had regard to the following:

- The terms of the Proposed Buyback, Proposed Merger and Contingent Buyback.
- The fair market value of IAU Shares before the Proposals.

³ We note that the Contingent Buyback resolution will only be put to IAU Shareholders if the Proposed Buyback and/or the Proposed Merger resolutions will not approved by the required ordinary majority.

⁴ Both the Participating Shareholders if the level of participation in the Proposed Buyback is 100% and the Non-Participating Shareholders.



- The fair market value of IAU Shares after the Proposed Transaction (which involves completion of the Proposed Buyback and Proposed Merger) and the Contingent Buyback assuming various levels of participation.
- The advantages and disadvantages to IAU Shareholders associated with the Proposed Buyback and the Contingent Buyback.
- Any other matters that should be taken into account by IAU Shareholders in evaluating how to vote in relation to the Proposals.

In relation to our valuation of IAU Shares after the Proposed Buyback, we note that in our opinion, the Proposed Transaction as a whole is not a change of control transaction due to the following:

- The shares bought back from IAU Shareholders under the Proposed Buyback will be on an equal access basis and cancelled in accordance with the Corporations Act requirements.
- The IAU Shareholders will in aggregate own between 52% to 75% of the Merged Group assuming 100% and nil participation in the Proposed Buyback, respectively.
- Based on the composition of the share register of IAU as at the date of this Report⁵, we note that Van Eck Global is the largest shareholder of IAU holding approximately 13.3% of the outstanding issued capital of IAU. If the Proposed Buyback is approved, Van Eck Global decides not to participate in the Proposed Buyback and the cash pool is fully utilised, Van Eck Global's interest in the share capital of the Merged Group will remain below the 20% change of control threshold set out in Chapter 6 of the Corporations Act.
- Although the share register will change significantly as a result of different levels of take-up of the Proposed Buyback, no single BTR Shareholder will be able to acquire an interest of 20% or more in the issued shares of the Merged Group.
- The board of the Merged Group will comprise of six directors, three from each company providing equal representation and control of the Merged Group.

Based on the above analysis, we have not adjusted the value of IAU Shares after the Proposed Transaction to reflect the impact of any change in control and accordingly, we have valued IAU Shares before and after the Proposed Buyback on a like for like basis.

Substantially the same principles apply to the Contingent Buyback. However, we note that there could be circumstances where the Contingent Buyback may have an impact over the control of Intrepid. This may occur in conjunction with a high level of take-up in the Contingent Buyback but it also depends on the intention of the major shareholders in relation to the Contingent Buyback which are unknown at this point in time. Accordingly, we are of the opinion that the approach outlined above is also applicable to the Contingent Buyback.

⁵ Based on discussions with the Management of IAU ("IAU Management"), we have been instructed that no IAU Shareholders have provided indications to the IAU Management or the IAU Directors in relation to their intentions for the Proposed Buyback.



Summary of opinion – Proposed Buyback

Grant Thornton Corporate Finance has concluded that IAU Shareholders should vote in favour of the Proposed Buyback in the absence of a superior proposal. Overall, we are of the opinion that the Proposed Buyback is fair and reasonable to IAU Shareholders as a whole.

Having regard to the terms of the Proposed Buyback and the Proposed Merger, in our opinion, IAU Shareholders are likely to be better-off if the Proposed Buyback is implemented rather than the Contingent Buyback or neither of them. In forming our opinion, we have considered that the Proposed Buyback Price is:

- 9% higher than the Contingent Buyback Price.
- Between 6% and 8% higher than our valuation assessment of IAU before the Proposals.
- Between 11% and 18% higher than the VWAP⁶ of IAU before the announcement of the Proposed Transaction.
- Substantially in line with the net assets backing per share of Intrepid of approximately A\$0.31 as at 31 August 2014 (before any contingent liabilities, corporate overheads and orderly realisation costs are taken into account). However, we note that net assets backing per share of approximately A\$0.31 may be difficult to be realised by IAU Shareholders in the absence of an alternative transaction.
- The value per share of the Merged Group is, with the exclusion of a limited number of value points, equal to or higher than our assessment of the fair market value of IAU before the Proposed Buyback.

In considering the Proposed Buyback, IAU Shareholders⁷ should also be aware that our assessment of the fair market value of the Merged Group is highly sensitive to small changes in the key economic assumptions underlying the valuation assessment of the Kitumba Project, including copper price, exchange rate and discount rate.

Whilst our valuation assessment of the Kitumba Project is based on publicly available information, including consensus estimates, there is no guarantee that the future copper price and exchange rate will be consistent with the assumptions adopted in our valuation assessment. Actual results are likely to be different (positively and negatively) from those projected as events and circumstances often do not occur as expected and those differences may be material. IAU Shareholders should carefully consider the sensitivity analysis sets out on pages 11 and 12.

Summary of opinion – Contingent Buyback

If the Proposed Buyback and/or the Proposed Merged are not approved, and accordingly the IAU Directors seek IAU Shareholders' approval to undertake the Contingent Buyback, Grant Thornton Corporate Finance has concluded that IAU Shareholders should vote in favour of the Contingent Buyback. In our opinion the Contingent Buyback is not fair but is reasonable to IAU Shareholders.

⁶ Having regard to 3 month VWAP and the closing price before the announcement respectively.

⁷ Both Participating Shareholders if the cash pool is oversubscribed and Non-Participating Shareholders.



In relation to the Contingent Buyback, we note that whilst the Contingent Buyback Price is lower than our assessment of the fair market value of IAU before the Contingent Buyback, and accordingly it would be not fair in accordance with the requirements of RG 111, we are of the opinion that it is still reasonable for IAU Shareholders to vote in favour of the Contingent Buyback due to the following:

- The Contingent Buyback Price is only at a discount between 1.1% and 2.8% compared with our valuation range of IAU before the Contingent Buyback.
- The Contingent Buyback Price is at a premium to the trading prices of IAU before announcement of the Proposed Transaction between 2% and 8%.
- If the Contingent Buyback is not approved, there could be risks and uncertainties in relation to the ability of IAU to realise a price materially in excess to the Proposed Buyback Price.
- If the Contingent Buyback is not approved by IAU Shareholders, IAU will remain as listed shell with a cash balance as at 31 August 2014 of A\$176 million. We consider that retaining such a large cash balance is not efficient from a portfolio allocation perspective as the cash balance is currently generating relatively low returns.

We note that we have not opined on whether IAU Shareholders should participate or not in the Proposed Buyback/ Contingent Buyback. Each of these proposed transactions has features that may appeal to certain investors and not others and, as a result, it is not possible to opine on a holistic basis whether one alternative would be superior to the other.

Under no circumstances should Grant Thornton Corporate Finance's assessment of the Proposed Buyback, Merged Group and Contingent Buyback should be considered a recommendation for the IAU Shareholders to participate or not in the Proposals. This is a matter for each IAU Shareholder to decide based on their own views of value of the Merged Group and expectations about future market conditions, risk profile and investment strategy.

The Proposed Buyback

Valuation Assessment – the Proposed Buyback

As noted previously, the Proposed Buyback provides IAU Shareholders with the option to realise their investment at the Buyback Price and/or retain their investment in the Merged Group if the Proposed Transaction is completed. Accordingly, we have formed our opinion on the Proposed Buyback by considering the position of a Participating Shareholder and Non-Participating Shareholder.

In our valuation assessment, we have compared the value of IAU before the Proposals on a 100% basis with the following:

- *Participating Shareholder* – fair market value of the consideration mix comprising cash from the Proposed Buyback and shares in the Merged Group available to shareholders under various levels of take-up of the



Proposed Buyback⁸. This allows us to take into consideration scenarios where a Participating Shareholder is not able to fully participate in the Proposed Buyback due to oversubscription and must retain a portion of their shares which will be affected by the terms of the Proposed Merger.

- *Non-Participating Shareholder* – fair market value of IAU after the Proposed Transaction on a 100% basis under various levels of take-up of the Proposed Buyback.

The following table summarises our overall valuation assessment of the Proposed Buyback for Participating Shareholders in conjunction with different level of participation⁹.

Proposed Buyback (Participating Shareholder) (A\$)	Section Reference	Percentage of participation by Participating Shareholder (2)					
		Scenario 1 - 1%		Scenario 2 - 66%		Scenario 3 - 100%	
		Low	High	Low	High	Low	High
Fair market value of IAU Share before the Proposals (on control basis)	8	0.278	0.283	0.278	0.283	0.278	0.283
Fair value of Consideration Mix (Proposed Buyback Price and Merged Group Share)	Note 1, table below	0.269	0.328	0.289	0.309	0.300	0.300
Increase/(decrease) in value per IAU Share (A\$)		(0.009)	0.045	0.011	0.026	0.022	0.017
Increase/(decrease) in value per IAU Share (%)		(3.4%)	15.8%	4.0%	9.3%	7.9%	6.0%

Source: GTCF calculations

Note (1): Value of the Consideration Mix = [(% of available participation) x Buyback Price] + [(1-% of available participation) x Value of Merged Group Share]

Note (2): No. shares held by Participating Shareholders tendered into the Proposed Buyback. The Proposed Buyback's take-up is maintained at 100% (no scale back)

Our calculation of the consideration to be received by Participating Shareholders is further outlined below.

Proposed Buyback (Participating Shareholder) (A\$)	Reference	Percentage of participation by Participating Shareholder (2)					
		Scenario 1 - 1%		Scenario 2 - 66%		Scenario 3 - 100%	
		Low	High	Low	High	Low	High
Percentage of participation in the Proposed Buyback	A	1%	1%	66%	66%	100%	100%
Buyback Price (A\$/share)	B	0.300	0.300	0.300	0.300	0.300	0.300
Cash component of Consideration Mix (A\$/share)	A x B = C	0.003	0.003	0.198	0.198	0.300	0.300
Percentage of non-participation in the Proposed Buyback	D	99%	99%	34%	34%	-	-
Fair market value of IAU Share after the Proposed Transaction ⁽³⁾	E	0.268	0.328	0.268	0.328	0.268	0.328
Equity component of Consideration Mix (A\$/share)	D x E = F	0.266	0.325	0.091	0.111	-	-
Total value of Consideration available to the Participating Shareholder (A\$/share)	C + F	0.269	0.328	0.289	0.309	0.300	0.300

Source: GTCF calculations

Note (1): Value of the Consideration Mix = [(% of available participation) x Buyback Price] + [(1-% of available participation) x Value of Merged Group Share]

Note (2): No. shares held by Participating Shareholders tendered into the Proposed Buyback. The Proposed Buyback's take-up is maintained at 100% (no scale back)

Note (3): Refer to section 9 of the report for details. It refers to the value of the Merged Group after the Proposed Buyback assuming 100% take-up under all 3 participating scenarios

Scenario 2 in the table above provides an indication of the fair market value to be received by Participating Shareholders assuming equal participation in the Proposed Buyback, IAU Shareholders are scaled back in equal proportion and 100% of the cash pool is utilised.

⁸ We note that in the case of less than 100% take-up in the Proposed Buyback, the fair market value of the mixed consideration will be equivalent to the Proposed Buyback Price of A\$0.30 per share (i.e. Participating Shareholders will be able to sell 100% of their shares into the Proposed Buyback).

⁹ The level of participation indicates how many shares held by Participating Shareholders are tendered into the Proposed Buyback. The Proposed Buyback take-up is maintained at 100% with no scale back.



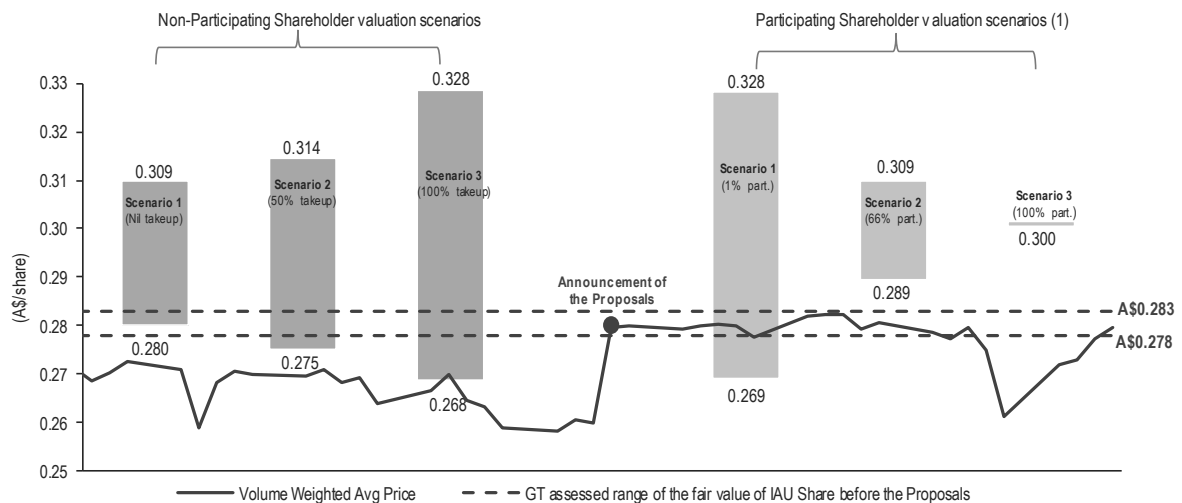
The following table summarises our overall valuation assessment of the Proposed Buyback for Non-Participating Shareholders.

Proposed Buyback (Non-Participating Shareholder) (A\$)	Section Reference	Levels of Proposed Buyback take-up					
		Scenario 1 - nil		Scenario 2 - 50%		Scenario 3 - 100%	
		Low	High	Low	High	Low	High
Fair market value of IAU Share before the Proposals (on control basis)	8	0.278	0.283	0.278	0.283	0.278	0.283
Fair market value of IAU Share after the Proposed Transaction(on control basis)	9	0.280	0.309	0.275	0.314	0.268	0.328
Increase/(decrease) in value per IAU Share (A\$)		0.002	0.026	(0.003)	0.031	(0.010)	0.045
Increase/(decrease) in value per IAU Share (%)		0.7%	9.3%	(1.2%)	10.9%	(3.5%)	15.8%

Source: GTCF calculations

The graph below sets out a summary of our valuation conclusions for Participating and Non-Participating Shareholders compared with the trading prices and our assessment of the fair market value of IAU before the Proposals.

Valuation assessment of the Proposed Buyback in comparison to historical daily VWAP



Source: GTCF calculations

Note (1): Indicates how many shares held by Participating Shareholders are tendered into the Proposed Buyback. The Proposed Buyback's take-up is maintained at 100%

We note the following in relation to the summary graph above:

- *Participating Shareholders*
 - The fair market value of the assessed consideration under Scenario 2 and Scenario 3 is at a premium to the fair market value of IAU Shares before the Proposals and to the IAU trading prices before and after the announcement of the Proposed Transaction.
 - The fair market value of the assessed consideration under Scenario 1 is equal to or above the fair market value of IAU before the Proposals for the majority of the value points, however we note that there is



greater potential downside for IAU Shareholders in conjunction with the low-end of the assessed valuation range. In our opinion, Scenario 1 is more akin to a range of potential outcomes for Non-Participating Shareholders and it is not likely to crystallise for a large number of IAU Shareholders. Accordingly, we have given limited reliance to it. In addition, if IAU Shareholders elect to receive Merged Group Shares for 99% of their holding, these shareholders, all other things being equal, are likely to have a view of the value of Merged Group towards the high-end of our valuation assessment.

As outlined in the graph above, the ultimate outcome for Participating Shareholders will depend on the level of take-up and hence participation in the Proposed Buyback. The more financially advantageous the Proposed Buyback is considered by IAU Shareholders, the higher the overall expected level of participation and accordingly the less likely is that the value outlined under Scenario 3 could be achieved.

However, we note that if all IAU Shareholders elect to participate to the Proposed Buyback in equal proportion (i.e. equal access buyback), the assessed value under Scenario 2 represents the fair market value to be received by Participating IAU Shareholders.

- *Non-Participating Shareholders*

- The mid-point of the assessed consideration under all the three scenarios is always at a premium to the value range of IAU before the Proposals.
- IAU Shareholders electing not to participate in the Proposed Buyback, all other things being equal, are likely to have a view of the value of Merged Group towards the high-end of our valuation assessment.

IAU Shareholders should be aware that our assessment of the value per IAU Share post the Proposed Transaction does not reflect the price at which IAU Shares will trade if the Proposed Transaction is completed. The price at which IAU Shares will ultimately trade depends on a range of factors including the liquidity of IAU Shares, macro-economic conditions, the underlying performance of the Merged Group business and the supply and demand for IAU Shares and potential minority discount applicable.

Advantages of the Proposed Buyback

The Proposed Buyback Price (Participating Shareholders only)

The Proposed Buyback Price of A\$0.30 is higher than the Contingent Buyback Price and the trading prices in IAU Share/our valuation assessment of IAU before the announcement of the Proposals.

Opportunity for IAU Shareholders who are seeking to realise their investment in IAU to do so via an off-market transaction (Participating Shareholders only)

IAU Management have advised that some IAU Shareholders have indicated a desire for a return of capital rather than participate in a new opportunity. The Proposed Buyback, if it proceeds, will be an opportunity for IAU Participating Shareholders to exit part or all of their investment through an off-market transaction at a premium to the recent trading prices of IAU Shares. In addition, they will not incur brokerage costs in conjunction the shares bought back under the Proposed Buyback.



Provides an opportunity for shareholders to decide their own investment strategy (within limits) of either selling some/all LAU Shares and/or retaining other LAU Shares

If the Proposed Transaction as a whole is approved by IAU Shareholders, they will be able to choose between realising their investment (fully or partially within limits) or retaining all/some IAU shares which will then be part of the Merged Group.

The Merged Group provides opportunity for shareholders to invest in a prospective copper development project and potentially benefit from the following:

- IAU's cash resources will provide sufficient funding to the Merged Group to allow it to move to the next stage including completing a DFS.
- The Merged Group is well positioned to pursue attractive exploration opportunities over previously under-explored area near-Kitumba and the wider Mumbwa Project area.
- The Merged Group will combine the expertise and skills of the boards and management teams of IAU and BTR.

Disadvantages of the Proposed Buyback

100% participation in the Proposed Buyback¹⁰ will mean that LAU Shareholders will forgo any opportunity to remain a shareholder in the Merged Group in respect of those shares that are bought back (Participating Shareholders)

Assuming no scale back, Participating Shareholders will not be able to share in any potential future benefits that flow from being a shareholder in the Merged Group.

The valuation assessment of the Merged Group includes the fair market value of the Kitumba Project and other exploration potential. As outlined in section 9.3.1.4, we have prepared a sensitivity analysis of the fair market value of the Kitumba Project in conjunction with a range of key economic assumptions (copper price, exchange rate and discount rate). The sensitivity analysis is summarised below:

Valuation summary - DCF method	Reference Section	A\$'000s
Copper price (long term)		
Low US\$3.05/lb	9.3.1.2	38,645
High US\$3.15/lb	9.3.1.2	71,588
Discount rate - Real WACC		
Low 12.44%	9.3.1.3	39,669
High 11.40%	9.3.1.3	70,748
Exchange rate (long term)		
Low 0.85	9.3.1.2	41,754
High 0.80	9.3.1.2	77,340

¹⁰ Assuming 100% participation and no scale back



Our valuation assessment of the Merged Group includes a valuation assessment of the Kitumba Project between A\$45 million and A\$65 million. However, we note that the value of the Merged Group accruing to Non-Participating Shareholders could be materially higher in conjunction with the high-end range of the economic assumptions outlined in the table above. Participating Shareholders will forego or limit their potential upside from the Kitumba Project.

In addition, we note that our valuation assessment of the Kitumba Project takes into account the typical risks of a large project at OPFS stage. These risks are mainly reflected in the selected discount rate. By reducing the uncertainty on future projections of the Kitumba Project through completion of the Definitive Feasibility Study, the Management of the Merged Group may be able to unlock material value for the Non-Participating Shareholders which is not captured in our valuation assessment.

Set out in the table below, we have included a sensitivity analysis of the value of the Kitumba Project based on changes in the discount rate and copper price. Whilst, we are of the opinion that the assumptions adopted in our valuation assessment of the Kitumba Project are reasonable, depending upon the views taken by individual shareholder in relation to these assumptions, it is possible that individual shareholders could reach a different conclusion on the appropriate range of values for the Kitumba Project and hence the Merged Group.

Sensitivity analysis - NPV of the Kitumba Project - A\$000

		Long term estimated copper price (US\$/lb)									
		3.55	3.45	3.35	3.25	3.15	3.10	3.05	2.95	2.85	2.75
Rela WACC	8.00%	420,661	374,390	328,118	278,737	227,830	204,610	182,458	138,154	93,850	49,547
	8.50%	388,486	344,138	299,790	252,443	203,622	181,357	160,117	117,639	75,160	32,681
	9.00%	358,099	315,580	273,060	227,647	180,812	159,455	139,083	98,339	57,596	16,852
	9.50%	329,396	288,616	247,836	204,262	159,318	138,824	119,278	80,184	41,091	1,998
	10.00%	302,280	263,154	224,029	182,208	139,063	119,391	100,630	63,107	25,584	(11,939)
	10.50%	276,660	239,109	201,559	161,406	119,975	101,086	83,072	47,044	11,016	(25,012)
	11.40%	234,007	199,106	164,206	126,862	88,318	70,748	53,992	20,479	(13,033)	(46,545)
	11.92%	211,371	177,894	144,416	108,581	71,588	54,726	38,645	6,484	(25,677)	(57,839)
	12.44%	190,020	157,896	125,771	91,373	55,858	39,669	24,231	(6,644)	(37,520)	(68,395)
	12.50%	187,509	155,545	123,580	89,352	54,011	37,903	22,541	(8,183)	(38,907)	(69,630)
	13.00%	168,189	137,461	106,734	73,819	39,830	24,337	9,563	(19,985)	(49,534)	(79,082)
	13.50%	149,924	120,377	90,829	59,168	26,469	11,564	(2,649)	(31,076)	(59,503)	(87,930)

Note (1) - the value ranges highlighted in gray represents the value of the Kitumba Project associated with the selected copper price and discount rate

Set out in the table below, we have presented the value of the Merged Entity (assuming 100% take-up of the Proposed Buyback) in conjunction with different value of the Kitumba Project outlined in the sensitivity table above.



Sensitivity analysis - Value per share of the Merged Group- A\$ ⁽¹⁾

		Long term estimated copper price (US\$/lb)									
		3.55	3.45	3.35	3.25	3.15	3.10	3.05	2.95	2.85	2.75
Rela WACC	8.00%	1.288	1.163	1.038	0.904	0.766	0.703	0.643	0.523	0.403	0.283
	8.50%	1.201	1.081	0.961	0.833	0.700	0.640	0.583	0.468	0.353	0.238
	9.00%	1.119	1.004	0.888	0.766	0.639	0.581	0.526	0.415	0.305	0.195
	9.50%	1.041	0.931	0.820	0.702	0.581	0.525	0.472	0.366	0.260	0.155
	10.00%	0.968	0.862	0.756	0.643	0.526	0.472	0.422	0.320	0.219	0.117
	10.50%	0.898	0.797	0.695	0.586	0.474	0.423	0.374	0.277	0.179	0.082
	11.40%	0.783	0.688	0.594	0.493	0.388	0.341	0.295	0.205	0.114	0.023
	11.92%	0.721	0.631	0.540	0.443	0.343	0.297	0.254	0.167	0.080	(0.007)
	12.44%	0.664	0.577	0.490	0.397	0.300	0.257	0.215	0.131	0.048	(0.036)
	12.50%	0.657	0.570	0.484	0.391	0.295	0.252	0.210	0.127	0.044	(0.039)
	13.00%	0.605	0.521	0.438	0.349	0.257	0.215	0.175	0.095	0.015	(0.065)
	13.50%	0.555	0.475	0.395	0.309	0.221	0.181	0.142	0.065	(0.012)	(0.089)

Note (1) - Assuming 100% take-up and taking into account the mid-point for the exploration value and corporate overheads set out in section 9

These sensitivities do not represent a range of potential values of the Kitumba Project, but intend to show to IAU Shareholders the sensitivity of our valuation assessment to changes in certain variables.

There is a risk that the Proposed Buyback will be oversubscribed and therefore not all of Participating Shareholders' shares will be bought back which will mean that your risk will increase.

The maximum cash pool for the Proposed Buyback is A\$110 million which means that the maximum number of IAU Shares that may be bought back is approximately 66% of the total issued shares. In the event of oversubscription of the Proposed Buyback, the number of shares bought back from each Participating Shareholder will be scaled back.

As a result Participating Shareholders, by virtue of not all of their shares being bought back, will be exposed to the increased risk of the Merged Group. Given IAU's only asset is cash, IAU Shareholders are exposed to limited risk factors. If the Proposed Merger is implemented, Participating Shareholders (assuming scale back) and Non-Participating Shareholders will face additional risks resulting from BTR's asset portfolio. These risks, which are mostly related to its Kitumba Project, include operating and development risk, equity and debt funding risks, Zambian political risk and commodity price risk.

In addition to these project specific risks, shareholders in the Merged Group may also be exposed to the potential integration risk between the two companies. There is a risk that the integration of IAU and BTR may take longer than expected and the expected benefits may not be realised within the anticipated timeframe, to their full extent or at all. Should this happen, there may be an adverse impact on the operations and financial performance and position of the Merged Group and the value of its shares. In relation to this topic, we note that our valuation assessment of the Merged Group includes cost savings to be realised on the on-going corporate costs of the two companies. If these cost savings are not realised in a timely manner and in accordance with the timetable provided to us by Management of IAU, our valuation assessment of the Merged Group may be adversely impacted.



Other factors of the Proposed Buyback

Premium for control paid for BTR Shares

The BTR valuation implied in the Share Exchange Ratio is A\$0.356 per share which implies a premium as outlined in the table below.

Blackthorn Premium	BTR Share price A\$	Consideration for BTR shares A\$	Implied Premium (%)
Before 28 August 2014 announcement of the Proposed Merger			
Closing price of BTR	0.265	0.356	34%
5 day VWAP of BTR	0.261	0.356	36%
1 month VWAP of BTR	0.224	0.356	59%
3 month VWAP of BTR	0.196	0.356	82%
6 month VWAP of BTR	0.181	0.356	97%

Source: Capital IQ and GTCF calculations

Evidence from studies indicates that premiums for control on successful takeovers have typically ranged between 20% and 40% in Australia, however, the premiums vary significantly by transaction, depending on various circumstances.

Whilst the implied premium outlined in the table above is, in some instances, substantially above the typical range between 20% and 40%, we have placed greater emphasis on premium implied in the trading prices closer to date of announcement as in our opinion better reflect price sensitive announcements and communications released to the market at the end of July and afterwards in relation to the Optimised Preliminary Feasibility Study ("OPFS") on the Kitumba Project and the sale of the Perkoa Project.

Whilst IAU has agreed to pay a premium for control on BTR's trading prices before the announcement of the Proposed Transaction, we note the following:

- The relative shareholding in the Merged Group will be 52% IAU and 48% BTR in the case of 100% participation in the Proposed Buyback and no scale back is applied. However, IAU Shareholders' interest in the Merged Group will increase to circa 75% in case of nil take-up of the Proposed Buyback.
- The Directors of the Merged Group will comprise equal representation of IAU and BTR nominees.
- The Proposed Buyback Price of A\$0.30 per share implies a premium over IAU trading prices before the announcement of the Proposed Merger between 11% and 18% as outlined in the table below.



Intrepid Premium per share participating	IAU	Proposed	Implied
	Share price A\$	Buyback price A\$	Premium (%)
Before 28 August 2014 announcement of the Proposed Merger			
Closing price of IAU	0.255	0.300	18%
5 day VWAP of IAU	0.260	0.300	16%
1 month VWAP of IAU	0.266	0.300	13%
3 month VWAP of IAU	0.271	0.300	11%
6 month VWAP of IAU	0.269	0.300	12%

Source: Capital IQ and GTCF calculations

Whilst the implied premium is at the low-end of the premium for control typically paid for successful takeovers, we note that the Proposed Merger is not a change of control transaction for IAU Shareholders. In addition, the only asset of IAU is cash and accordingly, the premium for control payable should be limited (if any).

Based on the above analysis, there is a risk that the Proposed Merger may be dilutive for existing IAU Shareholders if the development of the Kitumba Project does not proceed in accordance with the timetable and financial outcomes outlined in the OPFS.

Implications if the Proposed Buyback is not implemented (also applicable to the context of the Contingent Buyback)

If the Proposed Buyback is not implemented, all other things being equal, IAU Shares are likely to fall from their current trading levels. In our opinion, the prospect of IAU Shares trading above the Proposed Buyback Price in the foreseeable future is remote in the absence of an alternative proposal.

Prospect of a superior proposal (also applicable to the context of the Contingent Buyback)

The Proposed Buyback and the Proposed Transaction as a whole are the outcome of a process undertaken by the Directors of IAU to find the best possible transaction for IAU Shareholders as a whole. Having undertaken this review of strategic initiatives, no superior value proposition that is realisable by IAU Shareholders has emerged.

In addition, the transaction process should act as a potential catalyst for potential interested parties and it will provide significant additional information in the Notice of Meeting (“NOM”) and Explanatory Memorandum (“EM”) and Independent Expert’s Report to enable such potential acquirers to assess the merits of potential alternative transactions. If a superior proposal emerges before the IAU Shareholders cast their vote on the Proposed Transaction as a whole, the shareholders meeting will be adjourned or IAU Shareholders will be able to vote against the Proposed Buyback and the Proposed Transaction.

Tax implication (also applicable to the Contingent Buyback)

Participating Shareholders may crystallise a tax liability in conjunction with the Proposed Buyback. However the taxation consequences for shareholders will vary according to their individual circumstances. IAU Shareholders should read the overview of tax implications of the Explanatory Memorandum and also seek independent financial and tax advice on the implications of accepting the Proposed Buyback.



Valuation of IAU before the Proposals (also applicable to the context of the Contingent Buyback).

Our valuation assessment of IAU before the Proposed Transaction includes an assessment of the potential tax and other liabilities associated with an orderly realisation of IAU assets (refer to section 8.2 for details). We have adopted a value range for these liabilities between A\$12 million and A\$13 million. However, we note that the value of actual liabilities that may be incurred is subject to fluctuations associated with the US\$:A\$ exchange rate. Set out in the table below is a sensitivity analysis and the assessed fair market value of these liabilities in conjunction with different exchange rates.

Value of the tax liability (A\$m)	A\$:US\$ Exchange rate						
	0.8500	0.8625	0.8750	0.8875	0.9000	0.9125	0.9250
	7.60	8.73	9.82	10.89	11.92	12.93	13.91

No detriment to creditors

We are of the opinion that completion of the Proposed Buyback and Proposed Merger will not represent a potential detriment for the creditors of the Company given the Merged Group will retain a pro-forma cash balance as at 30 June 2014 of approximately US\$80 million following completion of the Proposed Transaction.

The Directors recommendation

As set out in the Notice of Meeting and Explanatory Memorandum, at the date of this report, the directors of IAU have, in the absence of a superior proposal and subject to the independent expert not changing its opinion in relation to the Proposed Buyback, recommended IAU Shareholders to vote in favour of the Proposed Buyback.

Transaction expenses and break-fee

If the Proposed Merger is not approved, IAU will incur transaction expenses of approximately A\$1.2 million¹¹. Furthermore, under certain circumstances, IAU may be required to pay a reimbursement fee of A\$0.58 million to BTR.

However, in our opinion, the quantum of the potential break-fee payable by IAU to BTR if an alternative proposal is completed should not act as deterrent to alternative proposals.

The Contingent Buyback

Valuation Assessment – the Contingent Buyback

If the Proposed Buyback and/or the Proposed Merger and hence the Proposed Transaction as a whole are not approved by IAU Shareholders, the Contingent Buyback will provide an opportunity to IAU Shareholders to realise their investment in full¹² at the Contingent Buyback Price, and/or retain their investment in IAU. Accordingly, we have formed our opinion on the Contingent Buyback by considering the position for a Participating Shareholder and Non-Participating Shareholder.

¹¹ Excluding transaction expenses contingent on the successful completion of the Proposed Merger.

¹² We note that there is not scale back provision with the Contingent Buyback.



In our valuation assessment, we have compared the value of IAU before the Contingent Buyback on a 100% basis with the following:

- *Participating Shareholder* – Contingent Buyback Price of A\$0.275 per share.
- *Non-Participating Shareholder* – The value of IAU after the Contingent Buyback under various levels of take-up of the Contingent Buyback. The table below summarises our overall valuation assessment of the Contingent Buyback for Participating Shareholders.

Contingent Buyback (Participating Shareholder) (A\$)	Section Reference	Low	High
Fair market value of IAU Share before the Proposals (on control basis)	8	0.278	0.283
The Contingent Buyback Price		0.275	0.275
Increase/(decrease) in value per IAU Share (A\$)		(0.003)	(0.008)
Increase/(decrease) in value per IAU Share (%)		(1.1%)	(2.9%)

Source: GTCF calculations

As set out in the table above, the Contingent Buyback Price is slightly below our assessed valuation range of IAU Shares before the Proposals. In our consideration of the above outcome, we have also taken the following into account:

- The Contingent Buyback Price is at a premium between 2% and 8% to the trading prices of IAU before the Proposals as outlined in the table below.

Intrepid Premium per share participating	IAU Share price A\$	Contingent Buyback price A\$	Implied Premium (%)
Before 28 August 2014 announcement of the Proposed Merger			
Closing price of IAU	0.255	0.275	8%
5 day VWAP of IAU	0.260	0.275	6%
1 month VWAP of IAU	0.266	0.275	3%
3 month VWAP of IAU	0.271	0.275	2%
6 month VWAP of IAU	0.269	0.275	2%

Source: Capital IQ and GTCF calculations

- The Contingent Buyback Price is only at a discount of 1.1% and 2.8% compared to our valuation range of IAU before the Proposals.



The table below summarises our overall valuation assessment of the Contingent Buyback for Non-Participating Shareholders in conjunction with different level of take-up.

Contingent Buyback (Non-Participating Shareholder) Take-up % of the Contingent Buyback	IAU Share (A\$/share)	
	Low	High
0.01%	0.278	0.283
10%	0.278	0.284
20%	0.278	0.285
30%	0.279	0.287
40%	0.279	0.288
50%	0.280	0.291
60%	0.282	0.295
70%	0.284	0.302
80%	0.288	0.315
90%	0.288	0.356

Source: GTCF calculations

The value of the consideration received by Non-Participating Shareholders is equal to or higher than our valuation assessment if IAU before the Proposals in conjunction with different level of take-up of the Contingent Buyback

Advantages of the Contingent Buyback¹³

Cash backing of IAU Shares after the Contingent Buyback (Non-Participating Shareholders)

As outlined in the table above, depending on the level of participation in the Contingent Buyback, there is a possibility that the cash backing of IAU shares after the Contingent Buyback may be greater than the Contingent Buyback price or the fair market value of IAU before the Proposals. The Contingent Buy-Back Price has been set at an amount aimed to ensure that Intrepid retains sufficient cash reserves to meet its actual and contingent liabilities and corporate costs. If for any reason any of these contingent liabilities do not arise or costs do not materialise, Intrepid may be left with further cash resources than required for corporate costs and liabilities. If this occurs, the actual cash backing after accounting for liabilities per Intrepid Shares may be greater than A\$0.275 which may benefit Intrepid Shareholders that have elected not to participate in the Contingent Buyback.

Opportunity for shareholders who are seeking to realise their investment in IAU to do so via an off-market transaction (Participating Shareholders)

Whilst the Contingent Buyback Price is marginally lower than our assessed valuation range of IAU before the Proposals, we note that our assessed valuation range is narrow and the Contingent Buyback Price is only 1.1% lower than the low-end of our assessed value range.

In addition, the Contingent Buyback is at a premium to the trading prices before the announcement of the Contingent Buyback

¹³ Some of the advantages set out in under the Proposed Buyback heading also apply to the Contingent Buyback.



No transaction costs

IAU Shareholders participating in the Contingent Buyback will be able to do so without incurring brokerage costs.

Disadvantages and other factors of the Contingent Buyback

Whilst the Contingent Buyback price is reasonable, it is not fair

The Contingent Buyback Price is marginally below our valuation assessment of the fair market value of IAU before the Proposals and accordingly it is not fair in accordance with the requirements of RG 111.

Participating in the Contingent Buyback will mean that you will forgo any opportunity to remain a shareholder in IAU thereby forgoing the possibility of participating in a superior proposal should one emerge (Participating Shareholders)

By participating in the Contingent Buyback, IAU Shareholders forgo the possibility of participating in an alternate transaction or investment opportunity that IAU may consider in the future. However, whilst seeking for alternative proposals, IAU will incur corporate and legal costs which may reduce (net of the interest income on the cash balance) its cash resources.

Provides a lower price than the Proposed Buyback (Participating Shareholders)

Participating Shareholders in the Contingent Buyback will receive 27.5 cents compared to the alternative consideration of the 30 cents under the Proposed Buyback. The reason for this reduced amount is that under the Contingent Buyback, IAU is unlikely to continue as a going concern and accordingly it will incur orderly realisation expenses (including contingent liability).

Risk of ASX de-listing (Non-Participating Shareholders)

Non-Participating Shareholders in the Contingent Buyback could be left with shares in a company at risk of being delisted from the ASX given that IAU as a cash box may not meet the ASX Listing Rule requirements in relation to preserving a minimum spread of its shares to ensure that there is an orderly and liquid market in its securities. In relation to this, we note that on 3 July 2014, IAU was delisted from the Toronto Stock Exchange as it could not demonstrate that it held an interest in an active business.

Reduced cash (Non-Participating Shareholders)

The reduction of cash in IAU as a result of high level of take-up of the Contingent Buyback may inhibit IAU's potential investment activities going forward.

Other factors – No detriment to creditors

We are of the opinion that completion of the Contingent Buyback will not represent a potential detriment for the creditors of the Company given the Contingent Buyback Price has been calculated by the Directors of IAU having regard to all the actual, future and potential liabilities of IAU.



Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to vote and/or accept the Proposed Buyback or the Contingent Buyback is a matter for each IAU Shareholder to decide based on their own views of value of IAU and expectations about future market conditions, IAU's performance, risk profile and investment strategy. If IAU Shareholders are in doubt about the action they should take in relation to the proposals, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



ANDREA DE CIAN
Director



PHILLIP RUNDLE
Director



3 October 2014

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance Pty Ltd (“Grant Thornton Corporate Finance”) carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by IAU to provide general financial product advice in the form of an independent expert's report in relation to the Proposed Transactions and Alternative Buyback (i.e. the Proposals). This report is included in IAU's Notice of Extraordinary General Meeting and Explanatory Memorandum.

2 Financial Services Guide

This Financial Services Guide (“FSG”) has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the report, Grant Thornton Corporate Finance's client is IAU. Grant Thornton Corporate Finance receives its remuneration from IAU. In respect of the Report, Grant Thornton Corporate Finance will receive from IAU fees in the order of A\$140,000 plus GST, which is based on commercial rate plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.



5 Independence

Grant Thornton Corporate Finance is required to be independent of IAU in order to provide this report. The guidelines for independence in the preparation of an independent expert's report are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission ("ASIC"). The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with IAU (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposals.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the transaction, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of expert" issued by the ASIC."

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

PO Box 579 – Collins Street West
Melbourne, VIC 8007
Telephone: 1800 335 405

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

6 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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1 Outline of the Proposals

1.1 Background and rationale for the Proposals

The board of directors of IAU (“IAU Board”) provided an opportunity for IAU Shareholders to vote on a return of capital to all shareholders of US\$0.258 per share on 30 May 2014 (“Capital Return”). The Capital Return resolution required at least 75% of shareholder votes cast to be passed. IAU Shareholders voted on 30 May 2014 and whilst over 50% of votes cast were in favour of the Capital Return, the 75% threshold was not met. There were a large proportion of IAU shareholders who voted against the Capital Return indicating preference for IAU to put in additional effort in considering alternative investment opportunities.

As discussed in the executive summary to this report, on 28 August 2014, IAU jointly announced with BTR that the two companies have entered into a Scheme Implementation Agreement (“SIA”) in relation to the Proposed Merger. Before the Proposed Merger becomes effective, IAU Shareholders will have the opportunity to participate in the Proposed Buyback.

In the event that the Proposed Transaction is not approved by IAU Shareholders, the IAU Directors will seek approval from IAU Shareholders to implement the Contingent Buyback.

1.2 Overview of the Proposed Transaction

The Proposed Buyback, regulated by Resolution 1 in the NOM, and the Proposed Merger, regulated by Resolution 2 in the NOM, are inter-conditional and interdependent between each other.

1.2.1 Proposed Buyback

Under the terms of the Proposed Buyback, IAU will undertake an equal access buyback of up A\$110 million of IAU Shares at a fixed Buyback Price of A\$0.30 per share from IAU’s cash holdings before the Proposed Merger is implemented. Based on the cash pool of A\$110 million, the Proposed Buyback is equivalent to approximately 66% of IAU’s total issued capital. In the event of over-subscription, IAU Shareholder participation in the Proposed Buyback will be scaled back proportionally. In the event of under-subscription, the share exchange ratio will be adjusted accordingly as discussed in Section 1.3.2 below.

Completion of the Proposed Buyback is subject to the following:

- Implementation of the Proposed Merger.
- IAU Shareholder approval for the Proposed Buyback and the Proposed Merger by ordinary resolution in a general meeting.

1.2.2 Proposed Merger

IAU and BTR have entered into a SIA under which IAU will acquire all the shares in BTR at a Share Exchange Ratio of 1.079 IAU Share for every 1 BTR Share (assuming 100% take-up of the Proposed Buyback). In the Scheme Implementation Deed (“SID”), BTR and IAU agreed that, for the purpose of the Proposed Merger, the cash backed balance of IAU at the announcement of the Proposed Merger was



A\$173 million (net of transaction costs). On the basis of this agreed cash backed balance of IAU, IAU Shares were ascribed a value of A\$0.310 per share and BTR Shares were ascribed a value of A\$0.356 per share.

In the event of under-subscription of the Proposed Buyback, the Share Exchange Ratio will be adjusted to ensure that BTR Shareholders will continue to receive cash backed value of A\$0.356 per BTR Share. The Share Exchange Ratio will be adjusted based on the following formula:

$$\text{New IAU Share} = \frac{0.356}{\left[\frac{(A - B)}{C}\right]}$$

Where:

A = 173,000,000 (in AUD) cash backed at announcement date (net of estimated transaction costs)

B = the cash (in AUD) amount to be paid by IAU under the Proposed Buyback

C = the number of IAU Shares remaining immediately on issue after the Proposed Buyback

If the Proposed Merger is implemented, IAU Shareholders will collectively hold between 52% and 75% of the Merged Group assuming 100% and nil take-up of the Proposed Buyback, respectively. Set out in the table below we have provided an outline of IAU Shareholders' interest in the Merged Group in conjunction with various levels of take-up of the Proposed Buyback.

	Section Reference	Level of Proposed Buyback take-up (A\$m)		
		Scenario 1	Scenario 2	Scenario 3
		-	50.0%	100.0%
Existing number of IAU Shares	4.4	557,577,524	557,577,524	557,577,524
Proposed Buyback take-up (A\$m)	1	-	55	110
IAU Shares cancelled under the Proposed Buyback (shares)	1	-	183,333,333	366,666,667
Number of IAU Shares after the Proposed Buyback		557,577,524	374,244,191	190,910,857
Existing number of BTR Shares	5.4	164,285,950	164,285,950	164,285,950
Share Exchange Ratio (IAU/BTR)	1	1.147	1.129	1.079
New IAU Shares issued under the Proposed Merger		188,499,229	185,491,273	177,231,331
New IAU Shares issued as consideration for BTR Options	1	1,256,065	1,256,065	1,256,065
Total new IAU Shares issued under the Proposed Merger		189,755,294	186,747,338	178,487,396
Total number of shares in the Merged Group		747,332,818	560,991,529	369,398,254
% interest held by IAU Shareholders		74.6%	66.7%	51.7%
% interest held by BTR Shareholders		25.4%	33.3%	48.3%

Source: GTCF calculations

Source: SID and GTCF calculations

If the Proposed Merger is implemented, all BTR Shares will be transferred to IAU, and BTR will be delisted from ASX and become a wholly-owned subsidiary of IAU. We note under the Proposed Merger, all existing options in BTR ("BTR Options") will be cancelled for a consideration of 1.2 million IAU Shares¹⁴.

¹⁴ We note that one foreign BTR Shareholders is receiving cash consideration equivalent to the value of the IAU Shares he would otherwise have received.



As part of the Proposed Merger, IAU and BTR have entered into an exclusivity arrangement which applies from the date of the SIA until the earlier of the termination of the SID, the implementation date of the Proposed Merger or the 28 November 2014. During the exclusivity period IAU and BTR are bound by the typical no-talk, no-shop and no-due diligence provisions. In addition, both parties have an obligation to cease any discussions and negotiations with third parties in relation to competing proposals.

IAU and BTR have agreed to pay each other a break fee of A\$580,000 under certain circumstances, including:

- a competing proposal is publicly announced and recommended or supported by the IAU/BTR Directors; or
- BTR/IAU terminates the SID due to a material breach of the other party.

The Proposed Merger is subject to a number of conditions, including:

- An independent expert opinion for the benefit of IAU Shareholders concluding that the Proposed Buyback is fair and reasonable or not fair but reasonable to IAU Shareholders.
- IAU Shareholder approvals in relation to the Proposed Merger and Proposed Buyback are obtained.
- An independent expert for the benefit of BTR Shareholders concluding that the Proposed Merger is in the best interest of BTR Shareholders.
- BTR Shareholders approve the Proposed Merger by the majorities required under section 411 (4)(a)(ii) of the Corporations Act.
- The Proposed Merger is approved by the Court under section 411(4)(b) of the Corporation Act either unconditionally or on conditions that do not impose unduly onerous obligations upon any party.
- Mining license approval in relation to the Kitumba Project is obtained before 30 November 2014.
- Other conditions precedents customary for a transaction of this type (refer to section 2 of the Notice of Meeting and Explanatory Memorandum for details).

1.2.3 Effect of the Proposed Buyback

If the Proposed Buyback is approved by the IAU Shareholders and the Proposed Transaction as a whole is completed, then:

- IAU will buy back up to A\$110 million at A\$0.30 per share from Participating Shareholders.
- IAU will acquire 100% of BTR Shares based on the Share Exchange Ratio of 1.079 IAU Shares for every one BTR Share (assuming 100% participation in the Proposed Buyback).
- IAU will no longer be a shell company and will become mainly engagement in the development of the Kitumba Project in Zambia.



- The cash position of the Merged Group after completion of the Proposed Buyback will enable the continued development of the Kitumba Project in accordance with the planned timetable, in particular in relation to the completion of the DFS.
- IAU Shareholders not participating in the Proposed Buyback will hold collectively a 52% interest in the Merged Group (assuming 100% take-up in the Proposed Buyback).
- BTR will become a wholly owned subsidiary of IAU and be delisted from the ASX.
- The board of the Merged Group will include three directors from IAU and three directors from BTR. Mr Ian MacMaster will be the Chairman of the Merged Group. The current CEO and Managing Director of BTR, Mr. Mark Mitchell, will become the CEO (but not a director) of the Merged Group.

1.3 Contingent Buyback

In the event that the Proposed Buyback and/or the Proposed Merger are not approved by IAU Shareholders, the IAU Directors will seek approval from IAU Shareholders in relation to the Contingent Buyback. The Contingent Buyback will involve an equal access buyback of IAU shares at the Contingent Buyback Price of A\$0.275 per share to potentially allow the return of all surplus cash held by IAU to shareholders.

The Contingent Buyback is only subject to IAU Shareholders approving the Contingent Buyback under Resolution 3 and it is otherwise not conditional. Also, unlike the Proposed Buyback, the Contingent Buyback is not subject to a limit and, therefore, a scale back does not apply.

1.3.1 Effect of the Contingent Buyback

If the Proposed Buyback and/or the Proposed Merger are not approved but the Contingent Buyback is approved by the IAU Shareholders, then:

- Potentially all surplus cash estimated by IAU Directors net of transaction costs (i.e. A\$153 million) will be used to buy back shares from participating IAU Shareholders.
- As a result of the cancellation of IAU Shares under the Contingent Buyback, the interest in IAU of the Non-Participating Shareholders will increase materially and alter the ownership schedule of IAU, including potentially impacting on the control of IAU.



2 Purpose and scope of the Report

An equal access buyback, such as the Proposed Buyback, is regulated by section 257C of the Corporations Act which requires the Proposed Buyback to be approved by Intrepid Shareholders by ordinary resolution.

Section 257C(2) of the Corporations Act requires Intrepid to include in the notice of meeting a statement setting out all information known to the company that is material to the decision on how to vote on the resolution.

In addition to the Corporations Act, we note that RG 110 sets out what ASIC expects a company to provide when disclosing information to shareholders with a notice of meeting for the purposes of a buyback offer.

RG 110.18 states:

If a company proposes to buy back a significant percentage of shares or the holdings of a major shareholder, it should consider providing:

- *a report by its independent directors about whether shareholders should vote in favour of the buy-back, particularly regarding how much the company is paying for the shares; and*
- *an independent expert's report with a valuation of the shares.*

Further, RG 110.20 states:

- *It is usually appropriate for shareholders to have the benefit of independent advice on whether to vote for a buy-back.*

Accordingly, the IAU Directors have appointed Grant Thornton Corporate Finance to prepare an independent expert's report to assist IAU Shareholders in their consideration of the Proposed Buyback setting out the following:

- The fair market value of IAU before the Proposed Buyback and the Contingent Buyback and in conjunction with various levels of participation.
- The consideration offered to the Participating and Non-Participating Shareholders under the Proposed Buyback and Contingent Buyback.
- The advantages and disadvantages of the Proposed Buyback and Contingent Buyback.

For the purpose of this report, an independent technical specialist, RungePincockMinarco Limited, was engaged to prepare an independent technical report ("the Runge Report") in relation to the exploration and pre-development assets owned by BTR.

It is noted that Runge has also been commissioned by Ernst & Young Transaction Advisory Services Limited (independent expert appointed by BTR) ("EY") to assist in the preparation of an independent expert report for the BTR Shareholders in relation to the Proposed Merger. Runge has provided the same report, in all material respect, to Grant Thornton Corporate Finance and EY. We have discussed this joint



appointment with Runge and based on these discussions and a review of the relevant independence regulatory requirements, nothing has come to our attention that would suggest that the use of Runge Report by both Grant Thornton Corporate Finance and EY would impair Runge's independence in relation to the Proposals.

2.1 Basis of assessment

In preparing our report, Grant Thornton Corporate Finance has had regard to the Regulatory Guides issued by ASIC, RG 111 and RG 110.

RG 111 establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG 111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer. In addition, RG 111 refers to the disclosure in RG 110 whereby a company which proposes to acquire a significant percentage of the securities should consider providing an independent expert's report with a valuation of the shares.

RG 110 paragraph 58 states that:

"A buy-back will not breach the takeovers prohibition in s606 if it is carried out in accordance with the buy-back provisions: s611, item 19. However, we ASIC may apply to the Takeovers Panel for a declaration of unacceptable circumstances if we consider the buy-back is unreasonable having regard to:

- (a) its effect on the control of the company or another company;*
- (b) whether there was equal opportunity for shareholders to participate in the benefits; and*
- (c) whether the disclosure and other procedural aspects of the buy-back would have substantially satisfied the requirements for a takeover in Ch 6 (regardless of whether they satisfy the requirements of the buy-back provisions).*

RG 111 also states that an expert should focus on the substance of the transaction, rather than the legal mechanism to consider what level of analysis of the transaction is required.

As discussed in the front section of this report, in our opinion, the Proposed Buyback and the Proposed Transaction as a whole are not a change of control transaction for IAU Shareholders in accordance with the requirements of section 606 of the Corporations Act.

In order to assist IAU Shareholders in their consideration of the Proposals, Grant Thornton Corporate Finance has had regard to the following:

- The terms of the Proposed Buyback and the Contingent Buyback.
- The fair market value of IAU Shares before the Proposals.
- Fair market value of IAU Shares after the Proposed Buyback and the Contingent Buyback assuming various levels of take-up of the Proposed Buyback.



- The advantages and disadvantages to IAU Shareholders in conjunction with the Proposed Buyback and the Contingent Buyback.
- Any other matters that should be taken into account by IAU Shareholders in evaluating how to vote in relation to the Proposals.

2.2 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Proposed Buyback and the Contingent Buyback with reference to the ASIC Regulatory Guide 112 “Independence of Experts” (“RG112”).

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of any of the Proposals other than that of independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of any of the Proposals.

2.3 Consent and other matters

Our report is to be read in conjunction with the Notice of Extraordinary General Meeting and Explanatory Memorandum dated on or around 7 October 2014 in which this report is included, and is prepared for the exclusive purpose of assisting the IAU Shareholders in their consideration of the Proposals. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Notice of Meeting and Explanatory Memorandum.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Proposals to IAU Shareholders as a whole. We have not considered the potential impact of the Proposals on individual shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Proposals on individual shareholders.

The decision of whether or not to approve the Proposed Buyback or Contingent Buyback is a matter for each IAU Shareholder based on their own views of value of IAU and expectations about future market conditions, IAU's performance, risk profile and investment strategy. If IAU Shareholders are in doubt about the action they should take in relation to the Proposals, they should seek their own professional advice.



3 Overview of the copper industry

Whilst IAU is a cash shell company with no operating activities, BTR is an ASX listed resource company mainly focused on the advancement of its Kitumba copper Project in Zambia. Accordingly, in this section of our report we have provided a summary of the copper exploration industry as this will represent the key focus of the Merged Group if the Proposed Transaction is completed.

3.1 Overview

Copper is a base metal used primarily in the manufacturing of electrical cabling, piping, valves and electronic devices due to its high ductility, malleability, and thermal and electrical conductivity. In terms of volume, copper is the third highest traded commodity in the world and experiences daily price fluctuations as determined by global demand and supply factors.

3.2 Key drivers affecting copper exploration and development

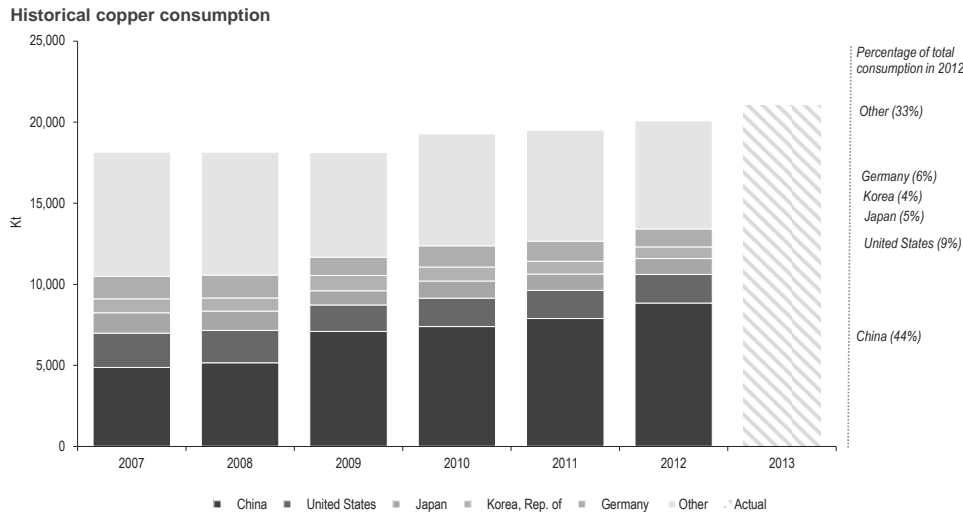
The key drivers affecting copper exploration and development include:

- Demand for copper – the demand for copper is derived mainly from construction and manufacturing activities which in turn are closely aligned with world gross domestic product (“GDP”) growth.
- Copper prices – low copper prices tend to have a negative impact on the level of copper exploration and development activities and vice versa.
- Exchange rates – copper is usually traded in US dollars, therefore relative exchange rates are an important factor affecting the level of global copper trading and demand.
- Political and regulatory factors – copper exploration activities are considered high risk undertakings as there is a considerable amount of risk and uncertainty surrounding the commercial viability of such projects. Tenements located in countries with well-defined regulatory processes and a stable political environment may be more attractive to copper explorers and producers as they are less risky than unregulated and politically unstable countries.
- Funding requirements – given the inherent riskiness of the copper industry, the availability and cost of capital to fund copper projects can significantly impact on the level of copper exploration and development activities being undertaken.



3.3 Consumption

The following graph shows the historical world copper consumption levels.

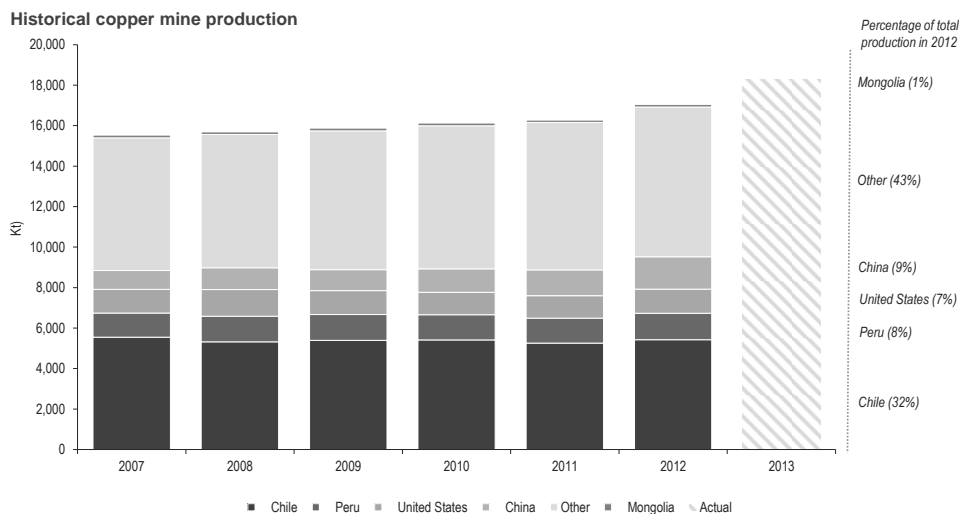


Source: Bureau of Resources and Energy Economics (BREE) - Resources and Energy 2013 and June Quarter 2014
Note: Includes consumption of raw copper ore and refined copper

The demand for copper is predominantly dependent on the growth of China as it accounts for up to 44%¹⁵ of the world's copper consumption as illustrated in the graph above. In 2013, world copper consumption is estimated to have increased by 4.5% to 21.0 million tonnes as compared to 2012. Higher consumption was mainly driven by the rapid urbanisation and construction levels in China.

3.4 Production

The following graph shows the historical world copper mine production levels.



Source: Bureau of Resources and Energy Economics (BREE) - Resources and Energy 2013 and June Quarter 2014

¹⁵ BREE December Quarter 2013, p 39



In 2012, estimated global copper mine production increased by 4.7% relative to 2011, to 17 million tonnes. This increase is primarily due to mines in South America resuming production following resolution of labour disputes, and increases in production from China and the Democratic Republic of Congo (“DRC”) by more than 25% due to the commissioning of new mines, capacity expansions at existing mines and higher utilisation rates in response to increasing copper prices in 2011.

In 2013, mine production is estimated to have increased to 18.3 million tonnes due to new mines starting or ramping up production across Asia, Africa, Oceania and Latin America.

3.5 Price of copper

Since 2007, volatility in global financial markets (resulting from the Global Financial Crisis (“GFC”)) and concerns in relation to European sovereign debt levels (“European Debt Crisis”) significantly adversely impacted global economic growth, decreasing the demand for copper. As a result, the average price of copper decreased from circa US\$7,127/ metric tons in 2007 to US\$5,159/ metric tons in 2009. Subsequent to 2009, continual expansion of large developing economies such as China and India supported an increase in the copper price to US\$8,827/metric tons in 2011.

However, sovereign debt issues constraining growth in Japan, US and the European Union (“EU”), slower growth in China and India, and increase in copper production levels, resulted in a declining trend in the copper price since 2012.

Set out below is the daily historical price of copper in US\$ per metric ton between September 2007 and September 2014:



Source: Capital IQ, Calculations

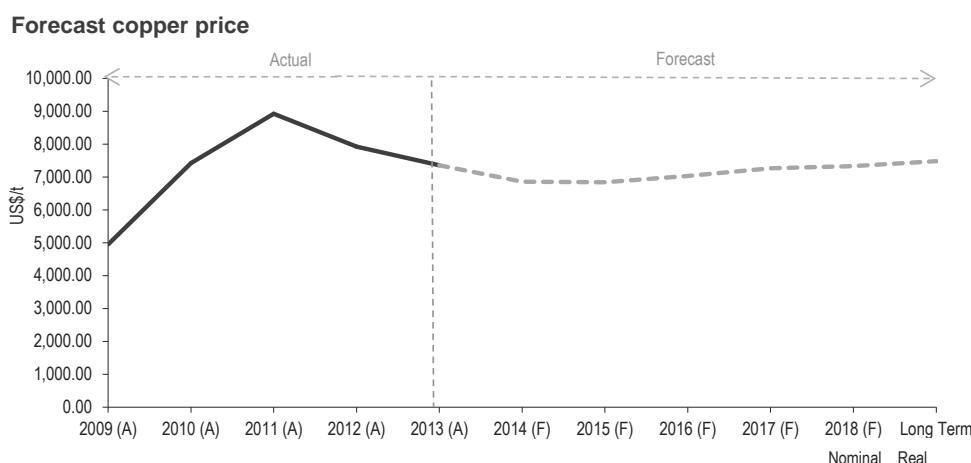
The recent declining copper price trend is expected to continue in the short term. In particular, we note that from 2014 to 2018, world copper mine production is expected to increase at an average rate of some 5% per annum to approximately 23.2 million tonnes, largely due to increases in production from additional larger copper mines opening in Peru, Chile and Indonesia over the forecast period.



On the other hand, forecast copper consumption from 2014 to 2018 is expected to increase by 4% per annum to 24.8 million tonnes in 2018. Growth in consumption is expected to be derived primarily from China and India. The Bureau of Resources and Energy Economics (“BREE”) has forecast China’s share of the world copper consumption to increase from 44% in 2012 to 49% in 2018¹⁶. Robust growth in residential construction as well as expansion in electricity transmission networks are expected to be the principal drivers of the increase in China’s copper consumption.

In the mid to long term, copper price are expected to be driven by the gradual recovery of the global economy.

Set out below is the nominal forecast price of copper.



*Note: Forecast copper price from 2014 onwards was based on median forecast price from various broker reports.
Source: Consensus Economics April 2014 and various broker report*

3.6 Profile of mining in Zambia

Zambia is a landlocked country located in Southern Africa, bordered with Angola, DRC, Tanzania, Malawi, Mozambique, Zimbabwe, Botswana, Namibia and Angola. Unlike other African countries, over the last decade Zambia has had no major political conflicts. The legislative and presidential elections in 2011 were believed to be fair, enhanced the country’s democracy status and reinforced its international credibility. According to the World Bank’s 2013 Doing Business report, Zambia ranked seventh among sub-Saharan African countries (94th in the world) in terms of ease in doing business.

The mining industry in Zambia has been the backbone for the country’s economy since the early 1930s¹⁷. Zambia’s mining industry value was estimated to be approximately 1.8 billion USD in 2013 and contributed more than 8% to the country’s GDP in the same period¹⁸. Over the last five years, approximately US\$8 billion has been invested in the Zambian mining industry¹⁹.

Even though Zambia has deposits of iron ore, coal, uranium and manganese, the country’s dominant minerals are copper and cobalt. Up until the late 1960s, Zambia was the third largest copper producer

¹⁶ BREE March Quarter 2013, p 85

¹⁷ The first phase of exploitation of the Copperbelt’s copper-cobalt deposits.

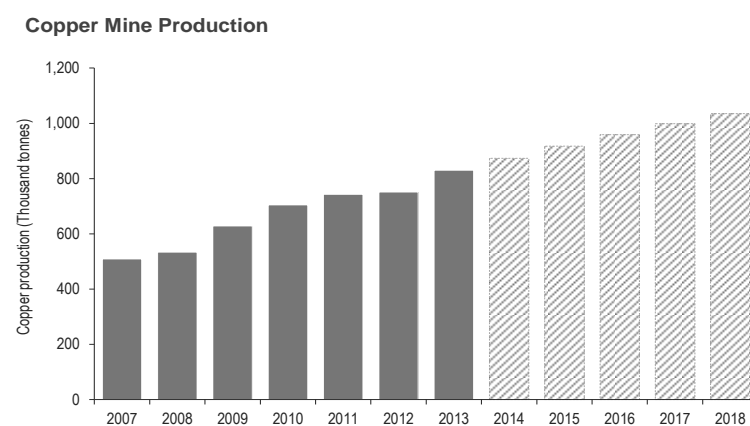
¹⁸ Source: Business Monitor International (Data on Zambia Mining Profile) accessed on 1 September 2014.

¹⁹ Source: BTR’s ASX company presentation dated 28 August 2014.



after the US and the former Soviet Union²⁰. Currently, Zambia is the second largest copper producer in Africa (after Democratic Republic of Congo)²¹ and the seventh largest in the world.

The following graph sets out the historical and forecast copper mine production in Zambia in the period between 2007 and 2018:



Source: Business Monitor International accessed on 1 September 2014 and GTCF analysis

The recovery from a national electrical power failure in 2008 and increasing copper prices in 2009 as well as the reopening of the third largest copper mine in the country, Baluba Mine, in April 2009, boosted the copper production in Zambia in 2009 by 18%. The trend continued in 2010 primarily due to rising copper prices and privatisation of the mining sector. The slowdown of the world economy created a negative impact on the world copper price and Zambia copper production during 2011 and 2012. In 2013, the recovery of copper price as well as the investment from large mining companies, such as Vale SA, Glencore Xtrata Plc, First Quantum Minerals Ltd, and Vedanta Resources Plc, resulted in an 11% increase in copper production compared to the previous period.

Over the next few years, backed by an estimated copper reserve of approximately 20 billion tonnes in 2013 as well as the active involvement of international mining companies in Zambia, the country is expected to be one of the top five copper producers in the world with a mine production volume approaching 1 Mtpa. In addition, an increasing demand from developing economies in Asia such as China and India is also expected to create a positive impact on copper production in Zambia in the near future.

²⁰ Source: Zambia Development Agency, *Zambia Mining Sector Profile*, June 2013.

²¹ Source: Bloomberg, *Congo trumps Zambia as Top African Copper Miner*, CRU Says, (February 2014).



4 Overview of IAU

4.1 Company overview and history

IAU is an ASX listed²² company that was previously focused on the exploration and development of precious and base metals. IAU's headquarters is located in Brisbane (Australia). IAU previously had operations in Canada, Mexico, El Salvador, Papua New Guinea ("PNG") and Indonesia. As at the date of this report, IAU does not have any operating assets. IAU's primary assets as at 30 June 2014 are its cash reserves and bank deposits of approximately US\$164.6 million.

4.2 Background to the Tujuh Bukit project

Over the last two years, IAU's principal activities have been focused on restoring its rights to participate in the development of the Tujuh Bukit Project. The Tujuh Bukit Project covers approximately 11,622 hectares of land and is located approximately 205 kilometres southeast of the capital of East Java (Indonesia).

The Tujuh Bukit Project was a large gold-copper deposit which comprises several mineral prospects. The main porphyry mineralisation contains inferred resources of 1.9 billion tonnes at 0.45% copper and 0.45 g/t gold at cut-off grade of 0.2% copper for a total of 19 billion pounds of contained copper and 28 million ounces of contained gold²³. Intrepid had an economic interest in the project equivalent to 80% via a commercial agreement in place with a local business partner (PT Indo Multi Niaga "PT IMN").

On 19 July 2012, PT IMN requested IAU's personnel to leave the exploration sites of the Tujuh Bukit Project area and claimed ownership of, or economic interest in, Tujuh Bukit. On 24 July 2012, PT IMN officially announced the change in its corporate structure with the new incoming shareholders²⁴ who received newly issued shares to effectively own 80% of the expanded PT IMN.

As a result of the above, IAU and its wholly owned subsidiary EMP were involved in two protected legal disputes in relation to the economic interests in the Tujuh Bukit Project.

On 19 February 2014, in order to settle all the legal disputes, all involved parties signed a number of agreements subject to, among others, IAS Shareholders' approval. The dispute settlement terms implied the payment of a cash consideration of US\$80 million to IAU to settle all disputes. On 9 April 2014, the result of the resolution to approve the settlement was passed by IAU shareholders. On 11 April 2014, the settlement fund of US\$80 million was received by Intrepid.

²² IAU is no longer listed in Canada. It has been delisted from TSX since 3 July 2014.

²³ Based on 2004 JORC Code.

²⁴ Included PT Cinta Kasih Abadi, PT Selaras Karya Indonesia, Mr Andreas Tjahjadi and Mr Rahmad Deswandy.



4.3 Financial information

4.3.1 Financial performance

The audited consolidated income statement of IAU for the financial year ended 31 December 2012 (“FYDec12”) and 31 December 2013 (“FYDec13”), and the reviewed consolidated income statement for the six-month period ended 30 June 2014 (“HYJun14”) are set out in the table below:

Consolidated statements of comprehensive income	12-month	12-month	6-month
Intrepid Mines Limited	31-Dec-12	31-Dec-13	30-Jun-14
Stated in US\$000s unless stated otherwise	Audited	Audited	Unaudited
Revenues			
Interest	3,795	2,155	977
Other Income	95	576	80,000
Total Revenues	3,890	2,731	80,977
Expenses			
General and Administration Expenses	(10,112)	(12,003)	(7,451)
Exploration and Evaluation Expenditure	(29,993)	(2,475)	(685)
Share Based Payment Expense	(7,651)	(923)	(485)
Impairment of Mining Properties	(16,638)	-	-
Unrealised Change in Fair Value of Other Financial Assets	(557)	(360)	29
Currency Translation Gain(Loss)	(1,399)	6,478	(1,444)
Impairment of Other Receivable	(11,546)	(627)	-
Provision for Litigation	-	(12,249)	12,833
Earnings before Taxes	(74,006)	(19,428)	83,774
Provision for Income Tax	2,157	163	-
Net Income (Loss)	(71,849)	(19,265)	83,774

Rounding differences may exist

Source: LAU Annual Reports for FY2012 and FY2013, Half-year report for the period ended 30 June 2014

We note the following in regards to the financial performance of IAU.

FYDec12

- The majority of IAU’s income in FY2012 was derived from interest earned from IAU’s cash and other financial investment assets.
- General and administration expenses included approximately US\$1.0 million legal expenditure related to the dispute on the Tujuh Bukit Project.
- Share based payment expenses were relatively high primarily driven by the inclusion of US\$6.6 million associated with the Share Subscription Agreement with Mr. Surya Paloh, a prominent Indonesian politician and media tycoon in Indonesia. The share based payment expenses related to the payment of



approximately 5% interest in IAU to Mr Surya Paloh in return for his assistance and support in promoting IAU's profile and business interests in Indonesia²⁵.

- Impairment of mining properties totalled approximately US\$16.6 million related to the decrease of the fair value of the Tujuh Bukit Project as a result of the legal disputes in relation to IAU's interest in the project as mentioned in the previous section.
- Impairment of other receivables amounting to c.US\$11.5 million was associated with the loan receivables from PT IMN. Due to the uncertainties of the repayment of the receivables as a consequence of the related parties' disputes the receivables balance was impaired.

FYDec13

- On 19 July 2012, all on-site activities were suspended due to the disputes at the Tujuh Bukit Project. As a result, technical works related to pre-feasibility studies for the oxide deposit as well as scoping studies for the porphyry deposit were terminated in the June quarter 2013. Hence, the exploration and development expenses decreased by approximately 92% from c.US\$30 million in FY2013 to c.US\$2.5 million in FY2012.
- A non-recurring provision for the potential legal liabilities of US\$12.3 million was accrued. The provision was recognised after the initial decision dated 11 November 2013 by the South Jakarta District Court in favour of Mr Paul Willis in the law suit against a number of parties including IAU.

HYJun14

- IAU's income in the half-year results for the six-month period ended 30 June 2014 reflect the receipt of US\$80.0 million in cash pursuant to the settlement terms related to the Tujuh Bukit Project.
- Exploration and evaluation expenditure decreased further from previous years' levels due to lack of exploration and development projects.
- The contingent liabilities of US\$12.8 million²⁶ related to the Tujuh Bukit law suit recognised in FY2013 were reversed following the settlement of the disputes in April 2014.

²⁵ Source: IAU's ASX announcement dated 1 August 2012.

²⁶ The increase in the provision balance as at 31 December 2013 compared to that as at 31 December 2012 was due to the increase in exchange rate between AUD and USD between the two periods (AUD/USD =0.9221 in 2012 compared to AUD/USD =0.8948 in 2013).



4.3.2 Financial position

The consolidated statement of financial position of IAU as at 31 December 2013 and as at 30 June 2014 is set out in the table below:

Consolidated statements of financial position	31-Dec-13	30-Jun-14
Intrepid Mines Limited	Audited	Unaudited
	US\$000s	US\$000s
Current assets		
Cash and Cash Equivalents	9,757	139,640
Other Financial Assets	78,692	24,941
Trade and Other Receivables	1,032	968
Total Current Assets	89,481	165,549
Non Current Assets		
Other Financial Assets	498	522
Total non current assets	498	522
Total Assets	89,979	166,071
Current Liabilities		
Trade and Other Payables	1,057	1,457
Provisions	98	112
Total Current Liabilities	1,271	1,569
Non Current Liabilities		
Provisions	12,331	82
Total non current liabilities	12,331	82
Total liabilities	13,602	1,651
Net assets	76,377	164,420
Shareholders' Equity		
Common Stock - Par Value	317,404	317,655
Reserves	6,331	10,349
Retained Profits/(Accumulated Losses)	(247,358)	(163,584)
Total Shareholders Equity	76,377	164,420

Rounding differences may exist

Source: LAU Annual Reports for the year ended 30 December 2013 and Monthly Management Reporting Report for the eleven-month period ended 30 May 2014

We note the following in relation to the consolidated balance sheet as at 30 June 2014:

- The substantial increase in the cash and cash equivalent balance as at 30 June 2014 was primarily related to the receipt of US\$80 million legal dispute settlement on 11 April 2014 (net amount of US\$77.5 million after paying all legal associated fees).
- Other financial assets (current) balance of c.US\$24.9 million included bank deposits with a maturity of more than three months. All of these deposits were denominated in Australian dollars due to the new investment strategy adopted by IAU (the split between Australian dollars and US dollars denominated investment in FYDec13 was approximately 50-50).



- Other financial assets (non-current) balance of c.US\$522,000 related to the market value of three TSX-listed equity securities investments as at 30 June 2014, namely Aura Silver Resources Inc., Cornerstone Capital Resource Inc.²⁷ and New Nadina Explorations Ltd.
- Trade and other payables balance of approximately US\$1.5 million relates to payments to consultants and legal advisors.
- The decrease in non-current provisions of US\$12.3 million was driven by the reversal of the provisions on contingent legal liabilities after the settlements of the lawsuits on the Tujuh Bukit Project.

4.4 Capital Structure

As at 15 September 2014, IAU had the following securities on issue:

- 557,577,524 fully paid listed ordinary shares (“IAU Shares”).
- 2,107,458 unlisted options (“IAU Options”).
- 605,922 unlisted share rights to ordinary shares (“IAU Rights”) subject to vesting conditions.

4.4.1 IAU Shares

Top shareholders

The top ten shareholders of IAU as at 2 October 2014 are set out below:

Top shareholders	Number of shares	Percentage (%)
Van Eck Global	74,041,260	13.3%
Acom Capital Ltd	39,532,681	7.1%
Taurus Funds Mgt	36,921,824	6.6%
Argyle Street Mgt Ltd	39,074,395	7.0%
Quantum Pacific Limited	31,580,135	5.7%
Total	221,150,295	39.7%

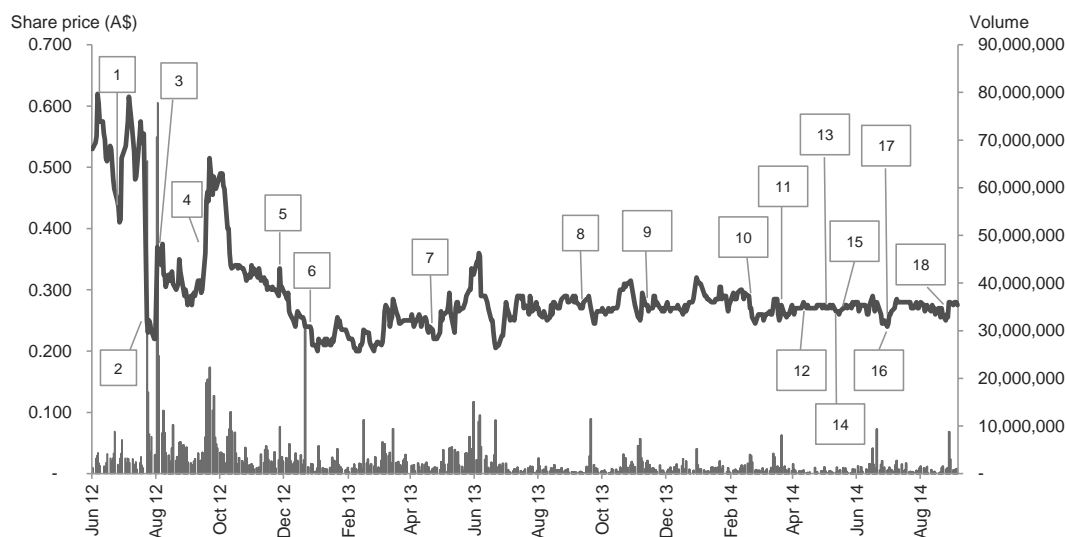
Source: Capital IQ, ASX announcements and GTCF analysis

Source: LAU Management and GTCF analysis.

²⁷ As per IAU Management accounts, 541,000 of Cornerstone Capital Resource's shares have been sold in August 2014.

Share price movements

The daily movements in IAU's share price and volumes for the period between June 2012 and early September 2014 is set out below:



Source: Capital IQ and GTCF analysis

Over the period, IAU's share price traded from a high of A\$0.64 in June 2012 to a low of A\$0.19 in July 2012. Over the last twelve months, trading volumes have been moderate, with the share volume traded each month being approximately 4.5% of the total outstanding number of shares on average.

Also in respect of the diagram above, we note the following key events.

#	Date	Comments
1	28 Jun 2012	IAU announced a new joint venture partner who acquired new ownership interests in the Tujuh Bukit Project. Before the acquisition, IAU held 80% economic interest in the project while PT IMN held the remaining 20% pursuant to the Alliance Agreement between the two parties. However, after the acquisition the new venture partner owns 80% of the newly expanded issued capital in PT IMN. IAU share price closed at A\$0.42 per share.
2	20 Jul 2012	IAU's mining joint venture partner, PT IMN, terminated IAU's operations at the Tujuh Bukit Project. PT IMN also requested IAU's personnel to leave the operation sites. The incident was expected to interrupt the work on porphyry resources and oxide resources. IAU share price closed at A\$0.25 per share.
3	2 Aug 2012	IAU announced the private placement of 27,680,017 ordinary shares (~5% share ownership in IAU) to a politician and businessman in Indonesia, Mr Surya Paloh, who had investments in waters, resources, media and public sectors. The 5% interest in IAU was provided to Mr Surya Paloh in return for his influence and connections with the Indonesian governments in order to promote IAU's position in Indonesia. IAU share price closed at A\$0.37 per share.
4	18 Sep 2012	IAU replied to shareholders' queries related to the substantial increase in share price and trading volume occurred around September. IAU stated that there was no new information that IAU had not disclosed to shareholders. IAU share price closed at A\$0.45 per share.
5	26 Nov 2012	IAU announced the results of the Technical Report prepared for the Tujuh Bukit Project. Oxide resource estimate increased contained gold in Measured and Indicated categories. Porphyry resource also increased in copper grade by 9%. IAU share price closed at A\$0.29 per share.
6	18 Dec 2012	IAU commented on the documentation on the transfer of the interest in the Tujuh Bukit Project by PT IMN to PT BSI in July 2012. The transfer was certified by the Indonesian Energy and Minerals Department. IAU share price closed at A\$0.255 per share.
7	26 Apr 2013	IAU received a requisition from one of the main shareholders, Quantum Pacific and related parties, who was seeking to remove five out of seven current directors of IAU as well as the intention to appoint four new directors nominated by Quantum Pacific. IAU share price closed at A\$0.22 per share.
8	13 Sep 2013	The lawsuit brought by IAU in its attempt to set aside the ownership transfer of the mining rights of the Tujuh Bukit Project was rejected by two out of three judges in the State Administrative Tribunal in East Java. IAU share price closed at A\$0.295 per share.



#	Date	Comments
9	12 Nov 2013	The legal dispute against IAU, EMP and their former Joint Venture's partner (PT IMN) by IndoAust and Mr Willis reached its initial verdict in the South Jakarta District Court. The judges were in favour of IndoAust and Mr Willis and awarded them a total compensation of approximately \$13.7 million. IAU filed an appeal in the High Court of Jakarta as well as continued its lawsuit against PT IMN and its original shareholders (Reza and Maya). IAU share price closed at A\$0.275 per share.
10	19 Feb 2014	IAU signed binding agreements to settle all legal disputes related to the Tujuh Bukit Project and deemed to receive approximately A\$90 million in cash subject to shareholder approval. IAU share price closed at A\$0.27 per share.
11	19 Mar 2014	IAU disclosed its initial intention to return capital to shareholders at the next Company's Annual General Meeting. IAU share price closed at A\$0.26 per share.
12	11 Apr 2014	On 9 April 2014, the majority of shareholders voted in favour of the settlement of the abovementioned legal dispute in Indonesia for approximately A\$90 million cash. Two days later, the funds were received and IAU share price closed at A\$0.28 per share on the same date.
13	28 Apr 2014	The Board of Directors recommended shareholders to vote against the return of capital set out in the 'Notice of Annual General Meeting' as they believed there were better alternatives that could substantially enhance the value of IAU shares. Share price closed at A\$0.28 per share on the same date.
14	14 May 2014	Shareholders voted to remove three directors in the Board and appointed three new directors nominated by Quantum Pacific Investment Ltd and Fides Capital Partners Ltd (collectively referred to as "Quantum Capital") at the Extraordinary General Meeting. Prior to the shareholders meeting in relation to the Capital Return, Quantum Capital requested IAU to remove five out of the six current IAU Directors and appoint three new directors in their place. Quantum Capital was in the view that the Capital Return is the most efficient and effective way to return capital to shareholders. Share price closed at A\$0.265 per share.
15	21 May 2014	IAU's Board of Director provided their recommendation to shareholders in accept the return of capital to shareholders at A\$0.258 per share. IAU share price closed at A\$0.275 per share.
16	26 Jun 2014	IAU announced that it would be delisted from the Toronto Stock Exchange from 3 July 2014. IAU share price closed at A\$0.25 per share.
17	3 July 2014	IAU delisted from the TSX. Share price closed at A\$0.26 per share.
18	28 Aug 2014	IAU announced the Proposals. Share price closed at A\$0.28 per share.

Source: IAU ASX announcements

4.4.2 IAU Options

The following table summarises the unlisted options issued by IAU:

Options number	Exercise price	
	(A\$)	Expiry date
24,258	0.4536	31-Jan-15
715,569	0.2938	30-Apr-15
155,789	1.1810	31-May-12
93,898	1.7200	17-Jul-16
494,203	1.1810	01-Jan-17
623,741	0.5565	31-May-17
2,107,458		

Source: Appendix 3B dated 16 September 2014

We note that based on the closing share price as of 2 October 2014 of A\$0.275, all of the above options are currently out of the money.



4.4.3 IAU Rights

As at 2 October 2014, IAU had 605,922 unlisted share rights issued to IAU's employees. The following table summarises the share rights:

Share Rights Group as at 18 September 2014	# of share rights	Grant date	Share price at grant date (A\$)	Fair price at grant date (A\$) ¹	Expiry date	Performance / Vest date
Group 1	46,949	27-Sep-11	\$ 0.960	\$ 0.623	17-Jul-21	17-Jul-15
Group 2 - Tranche 1	123,552	18-Feb-12	\$ 1.310	\$ 0.931	01-Jan-22	01-Jan-15
Group 2 - Tranche 2	123,550	18-Feb-12	\$ 1.310	\$ 0.878	01-Jan-22	01-Jan-16
Group 3 - Tranche 1	155,935	11-Sep-12	\$ 0.310	\$ 0.147	01-Jun-22	01-Jun-15
Group 3 - Tranche 2	155,936	11-Sep-12	\$ 0.310	\$ 0.225	01-Jun-22	01-Jun-16
Total	605,922					

*Note (1): Estimated by IAU Management and disclosed in IAU's Annual Reports
Source: ASX announcements, Annual Reports and GTCF analysis*

The vesting conditions for the options and share rights above are based on the employees' continuity of employment and the relative performance of IAU against a basket of listed peer companies included in the ASX 300 Mines and Metals Index²⁸. The proportion of share rights that vest will be pro-rata based on IAU's Total Shareholder Returns ("TSR")²⁹ percentile.

²⁸ IAU has delisted on the TSX since 3 July 2014. Hence, the vesting conditions only depend on its performance compared to peer companies in the ASX 300 Metals & Mining Index.

²⁹ Including dividends.



5 Overview of BTR

5.1 Company overview and history

BTR is a resource exploration and development company focused on base metals projects in Africa.

BTR's key asset is the Mumbwa Project which is wholly owned and includes five contiguous prospecting licences located in west central Zambia. BTR's flagship project is the Kitumba Project, a copper exploration and development project. BTR recently completed an OPFS of the Kitumba Project and is currently conducting a DFS.

We note that BTR recently sold its 27.3% interest in the Perkoa Project³⁰ and four exploration licences attached to the Perkoa Project to Glencore Xstrata for a total consideration of approximately US\$12 million. Completion of the sale of the Perkoa Project occurred on 20 August 2014 when BTR received a cash consideration of US\$10 million. Completion of the sale of the four contiguous exploration licences is, among other things, contingent on receiving approval of the Burkina Faso, Minister of Mines (expected in November 2014). At that point in time, BTR will receive the balance of the cash consideration (i.e. US\$2 million).

Set out below is a brief overview of the recent corporate history of BTR:

#	Date	Comments
1	17 Sep 12	BTR completed the Scoping Study for the Kitumba Project which suggested an estimated mineable ore of 84.5 Mt Run of Mine at 1.19% Cu for approximately 14 years using the open cut mining method.
2	8 Jan 13	BTR commenced on a PFS for the Kitumba Project following the completion of the Scoping Study in September 2012. The PFS was expected to be completed in the second half year of CY2013.
3	13 Mar 13	BTR's interest in the Perkoa Project is diluted from approximately 39.9% to 27.3%.
4	10 Sep 13	Kitumba Project's PFS results suggested positive commercial potential prospects.
5	14 Feb 14	BTR announced its intention to undertake due diligence and reconsider its operations in the Perkoa Project due to the under-performance of the mined resources following the Perkoa Project's resources downgrade by Glencore Xstrata.
6	16 Apr 14	BTR signed a Heads of Agreements to sell its 27.3% interest in the Perkoa Project and four other exploration licences to Glencore Xstrata for a total consideration of approximately US\$12 million.
7	29 Apr 14	BTR announced the results of the OPFS for the Kitumba Project.
8	16 May 14	BTR entered into a binding definitive agreement with Glencore Xstrata in relation to its 27.3% interest in the Perkoa Project and four other exploration licences.
9	17 Jun 14	BTR commenced its DFS drilling for the Kitumba Project.
10	20 Aug 14	BTR completed the sale of its ownership interest in the Perkoa Project following shareholders' approval. We note the US\$2 million out of the total consideration of US\$12 million will be received subject to, among other things, the approval of the Burkina Faso Minister of Mines, which is expected to be received in November 2014.
11	28 Aug 14	On 28 August 2014, BTR and IAU announced their intention to conduct a scrip merger by way of Scheme of Arrangement.

Source: BTR's ASX announcements

5.2 Asset overview

As previously stated, BTR's key asset is the Mumbwa Project comprising five exploration licences covering approximately 1,000 km² area and located in west central Zambia (approximately 200km west of the Zambia's capital city, Lusaka). Within the Mumbwa Project, the main focus is on the Kitumba Project which is located in the Mumbwa licence as outlined in the table below:

³⁰ Located in the Sanguie Province of Burkina Faso, the Perkoa Project was a joint venture between BTR (27.3% interest), Glencore Xstrata (62.7% interest), and the State of Burkina Faso (10.0% interest) and involved a zinc mine located in Burkina Faso, West Africa. BTR decided to sell their interest in the Perkoa Project in order to use the proceeds from the sale to fund the advancement of the Kitumba Project.

Licences comprising the Mumbwa Prospect

Name	Licence Number	Date granted	Next renewal	Area (square km)
Mumbwa	8589-HQ-LPL	14 November 2007	Note (1)	248
Musafwa	14265-HQ-LPL	16 June 2011	16 June 2015	93
Kachindu	14266-HQ-LPL	6 July 2011	8 July 2015	204
Kabwera	14267-HQ-LPL	21 September 2012	21 September 2014	147
Nyoko	16385-HQ-LPL	2 January 2013	2 January 2015	255
Total				947

*Note (1): Mining Licence Application has been submitted with approval pending
Source: LAU's Notice of Extraordinary General Meeting and Range Report*

One of the consideration precedent for the completion of the Proposed Merger is that BTR obtains a mining licence for the Kitumba Project (“Mumbwa licence”) by the end of November 2014.

In 2004, BTR entered into a joint venture (“JV”) with BHP Billiton (“BHP”) to earn a 70% interest in the Mumbwa Project through funding three phases of exploration over four years period³¹. However following BHP’s decision to exit the Mumbwa Project in May 2011, BTR obtained full ownership. BHP only retained a 2% production royalty from any future mining.

The following map sets out the location of BTR’s key projects:

BTR’s key projects location



Source: BTR's Company presentation dated 28 August 2014

5.2.1 Kitumba Project

The Mumbwa Prospect locates in the southern end of a fold and thrust belt namely the Lufilian Arc, which also hosts the Zambian copper belt deposits. Kitumba Project is BTR’s most developed project and is located within the Mumbwa Prospect area. The following table summarises Kitumba Project’s current attributable JORC defined mineral resources and reserves:

³¹ BTR's Annual Report 2008.



Kitumba Project Resources	Attributable resources (Mt)	Grade Cu %	Kitumba Project Reserves	Attributable ore reserves (Mt)	Grade Cu %	Metal Cu (Kt)
Measured	10.5	2.9%	Proved	11.9	2.4%	291
Indicated	24.2	2.0%	Probable	19.6	1.8%	350
Inferred	4.1	1.4%				
Total	38.8¹	2.2%	Total	31.5	2.0%	641

Note (1): Attributable resources also include attributable reserves
Source: BTR's ASX announcements

In September 2012, BTR completed a scoping study ("the Scoping Study") for the Kitumba Project, which indicated potential for a large open pit mine. The Scoping Study estimated an overall mine life of 13.5 years, producing approximately 7.5 Mt of 30% copper concentrate per annum ("pa").

Approximately a year later, a PFS for the Kitumba Project was completed and showed a positive economically and technically viable project. Completion of the PFS facilitated a one-year extension of the Mumbwa Licence. However, it was recognised that the project design needed to be optimised. Subsequently, in April 2014, BTR released details of the OPFS, which showed enhanced economic and development potential for the Kitumba Project.

Mine planning is based on a dual decline design and materials handling is by truck haulage. The mine design extends to a depth of circa 500m below surface. Copper will be recovered using a leaching process. The Kitumba Project is planned to produce copper cathode for direct sale. The plant design allows for excess capacity to process copper concentrate from third parties. Set out below is a summary of the key outcomes of the OPFS:

Kitumba project OPFS summary	Comment
Type of mines	Underground
Project life (years)	11
Recovery rate (%) ¹	92.0%
Copper head grade (%)	2.0%
Nominal production rate (Mt)	3
Average annual copper production (Kt) ²	58
C1 cash cost (US\$/ lb) ³	\$1.57
Project development cost (US\$m) ⁴	680

Note (1): Range calculations estimated the recovery rate of approximately 90% over life of mine (90.3% including Concentrate).

Note (2): Annual copper production rate can go up to 70 Kt.

Note (3): C1 cash cost includes cash cost of mining, processing, treatment, refining, and transport. All-in cost includes C1 cash cost plus royalties and sustaining capital cost and was estimated to be US\$1.89/ lb.

Note (4): Reflect the initial development costs and include contingency. Additional LOM capital expenditure was estimated to be \$116 million.

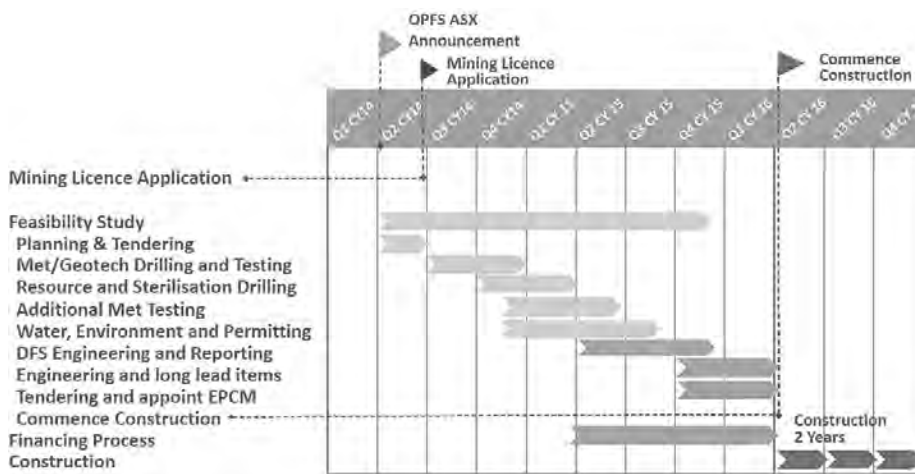
Source: BTR's OPFS dated 29 April 2014

BTR expect the results of the OPFS, together with an Environmental Impact Study ("EIS"), to provide the necessary support for a mining licence application for the Kitumba Project which was lodged in July 2014. The application is currently under review by the Mines Safety Department of Zambia ("MSD"). Endorsement of the mining licence application and approval of the EIS are expected by the end of November 2014. We note that it is a condition precedent for the Merger to complete that a mining licence approval for the Kitumba Project is obtained before 28 November 2014.



The Kitumba Project area is accessible via a 52 km dirt road from Mumbwa. The Zambian Government is planning to upgrade the road infrastructure which is expected to result in a sealed road within 6 km radius to the Kitumba Project gate. In addition, 350km of double 330kV transmission lines from Kalumbila to Mumbwa and from Mumbwa to Lusaka West as well as a number of hydroelectric power projects are expected to be built by the local authority.

The following diagram shows the development timeline for the Kitumba Project:



Source: BTR's Company presentation dated 28 August 2014

BTR has recently commenced the DFS for the Kitumba Project and expects to complete all feasibility studies and commence construction activities by April 2016. We understand that completion of the DFS will require a total additional expenditure of A\$20 million.

5.2.2 Mumbwa Exploration Licences

The Mumbwa Project, comprising five contiguous prospecting licences³², includes a series of targets which are distributed over approximately 1,000 km² area in west-central Zambia. Drilling activities have started with varying degrees of progression. Copper mineralisation has been found at the Kakozhi and Tasmania targets. Other targets are in the preparation process to be ready for drilling over the next 12 months.

³² Refer to the beginning of section 5.2 for more details.



5.3 Financial information

5.3.1 Financial performance

The historical consolidated statements of financial performance for BTR for the years 30 June 2013 (“FYJun13”) and 30 June 2014 (“FYJun14”) are set out in the table below:

Consolidated statement of comprehensive income	12-month	12-month
Blackthorn Resources Limited	30-Jun-13	30-Jun-14
Stated in A\$000s unless stated otherwise	Audited	Audited
Revenues		
Interest received	1,292	601
Net foreign exchange gain	78	3
Total revenue	1,370	604
Expenses		
Employee benefits expense	(3,618)	(3,362)
Depreciation	(14)	(23)
Exploration expenditure	(317)	-
Loss on deconsolidation of subsidiaries	-	-
Impairment charge	-	-
Finance expense	-	-
Share of loss of equity accounted associate and other	(7,504)	(33,805)
Other expenses	(2,434)	(1,925)
Loss before income tax	(12,517)	(38,511)
Income tax expense	-	-
Loss attributable to equity holder	(12,517)	(38,511)

Source: BTR's financial statements for the year ended 30 June 2013 and 30 June 2014

We note the following with regards to BTR's financial performance:

FYJun13

- Interest received in FYJun13 was primarily driven by funds from a capital raising of approximately A\$40 million conducted during that year.
- Employee benefits expense includes the allocated accounting cost of the fair value assessment of the employee options granted in May and August 2012.
- FYJun13's loss of equity accounted associate of approximately A\$7.5 million was attributable to BTR's equity interest in the Perkoa Project for the two months of May and June following the commencement of production.



FYJun14

- Share of loss of equity accounted associate of approximately A\$33.8 million is mainly in relation to the equity accounted losses in relation to BTR's remaining 27.3% ownership interest in the Perkoa Project.

5.3.2 Financial position

The consolidated statement of financial position of BTR as at 30 June 2013 and 30 June 2014 are set out below:

Consolidated statement of financial position	30-Jun-13	30-Jun-14
Blackthorn Resources Limited	Audited	Audited
Stated in A\$000s unless stated otherwise	A\$000s	A\$000s
Current assets		
Cash and cash equivalent	25,573	12,491
Trade and other receivables	1,567	386
Other current assets	55	59
Assets held for sale	-	2,121
Total current assets	27,195	15,057
Non current assets		
Trade and other receivables	133	136
Property, plant and equipment	426	223
Exploration and evaluation expenditure	34,935	35,621
Investment in equity accounted associate	31,829	-
Total non current assets	67,323	35,980
Total assets	94,518	51,037
Current liabilities		
Trade and other payables	3,304	1,506
Provisions	207	138
Total current liabilities	3,511	1,644
Non current liabilities		
Provisions	10	26
Total non current liabilities	10	26
Total liabilities	3,521	1,670
Net assets	90,997	49,367
Shareholders' equity		
Share capital	213,379	213,379
Reserves	(2,723)	(5,842)
Accumulated losses	(119,659)	(158,170)
Total equity	90,997	49,367

Source: BTR's financial statements for the period ended 30 June 2013 and 30 June 2014



We note the following in relation to the historical consolidated financial position above:

30 June 2013

- Cash balance reflected to completion of a A\$40 million capital raising in FYJun13.
- The A\$31.8 million investment in equity accounted associate was associated with BTR's ownership interest in the Perkoa Project.
- The A\$3.3 million of current trade and other payables comprises approximately A\$2.03 million in trade payable and A\$1.28 million in accrued expenses. In addition, the balance of A\$207,000 in provisions was related to employee benefits liabilities.

30 June 2014

- The overall reduction in BTR's net assets between 30 June 2014 and 30 June 2013 is mostly due to the reduction in the carrying value of BTR's interest in the Perkoa Project.
- The cash reduction is primarily driven by the payments for exploration and feasibility study for the Kitumba Project.
- The A\$2.1 million balance of assets held for sale is associated with the exploration licences attached to the Perkoa Project in Burkina Faso. As discussed in section 5.1, settlement of this transaction is expected to occur in November 2014.

5.4 Capital structure

As at the date of the report, BTR has the following securities on issue:

- 164,285,950 BTR Ordinary Shares ("BTR Shares").
- 2,810,000 unlisted options ("BTR Options") exercisable at A\$0.25 (2,660,000 options) or A\$1.63 (150,000 options) with an expiry date of 31 May 2017 and 27 June 2015 respectively.



5.4.1 BTR Shares

Top shareholders

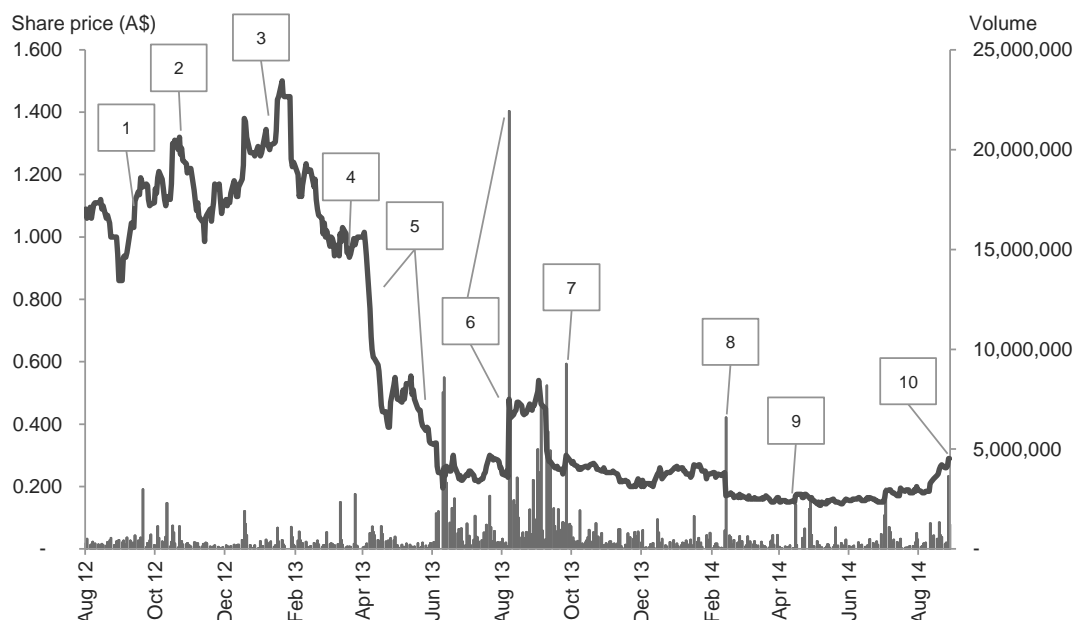
The substantial shareholders of BTR as at the date of this report are set out below:

Top shareholders	Number of shares	Percentage (%)
Glencore Plc	23,305,853	14.2%
Miller, Lloyd I.	10,646,165	6.5%
North Sound Capital LLC	9,909,781	6.0%
The Siebels Hard Asset Fund Ltd	9,603,303	5.8%
Top shareholders	53,465,102	32.5%
Other shareholders	110,820,848	67.5%
Total	164,285,950	100.0%

Source: Capital IQ

Share price movements

The daily movements in BTR's share price and volumes for the period between August 2012 and August 2014 are set out below:



Source: BTR's ASX announcements, Capital IQ and GTCF analysis

Over the period, BTR's share price traded from a high of A\$1.53 on 22 January 2013 to a low of A\$0.14 during March 2014 and May 2014. Over the last twelve months, trading volumes have been reasonably liquid, with the monthly number of shares traded being approximately 7.7% of the number of shares on issue, on average.



Also in respect of the diagram above, we note the following key events in relation to the share price history:

#	Date	Comments
1	17 Sep 12	BTR announces the completion of the Scoping Study for the Kitumba Project which suggested an estimated mineable ore of 84.5 Mt Run of Mine at 1.19% Cu for approximately 14 years using the open cut mining method. Share price closed at A\$1.145 per share.
2	23 Oct 12	BTR announces the additional high-grade copper results from six drillings which ranged between 1.39% and 3.02% at various depth levels. Share price closed at A\$1.320 per share.
3	Jan 13	<ul style="list-style-type: none"> On 7 January 2013, BTR granted a new exploration licence (Nyoko) within the Mumbwa Project area which is valid for two years. Share price closed at A\$1.345 per share. On 8 January 2013, BTR announces its commencement on a PFS for the Kitumba Project following the completion of the Scoping Study in September 2012. The PFS was expected to be completed in the second half year of CY2013. Share price closed at A\$1.295 per share.
4	13 Mar 13	BTR announces its decision to not provide additional funding (circa US\$35 million) in order to maintain its ownership interest in the Perkoa Project. As a result, BTR's ownership interest in the Perkoa Project is diluted from approximately 39.9% to 27.3%. Share price closed at A\$1.010 per share.
5	11 Jun 13	BTR Management explains the recent plummet of BTR share price was due to recent negative market sentiment to small resource entities. Share price closed at A\$0.220 per share.
6	8 Aug 13	BTR discloses Assay results from the Kitumba Project which show a high copper grade of 5% from drilling. Share price closed at A\$0.480 per share.
7	27 Sep 13	BTR announced another high copper grade of 7.14% from the most recent drilling result from the Kitumba Project. Share price closed at A\$0.300 per share.
8	14 Feb 14	BTR decides to suspend open pit mining operations at the Perkoa Project's tenements due to resource and financial underperformance. This suspension follows the announcement of Glencore Xstrata (the largest ownership holder in the Perkoa Project) in relation to the downgrade of the Perkoa Ore Reserve. Share price closed at A\$0.170 per share.
9	16 Apr 14	BTR signs a non-binding agreement in relation to the sale of its 27.3% BTR's interest in the Perkoa Project and four additional exploration licences to Glencore Xstrata for approximately US\$12 million. Share price closed at A\$0.170 per share.
10	28 Aug 14	BTR announces its intention to merge with IAU by way of SOA. Share price closed at A\$0.285.

Source: Capital IQ, BTR's ASX announcements and GTCF analysis

5.4.2 BTR Options

The following table summarises the outstanding unlisted options issued by BTR:

Number of options	Exercise price		Expiry date
		(A\$)	
150,000 ¹	\$	1.63	27-Jun-15
2,660,000	\$	0.25	31-May-17
2,810,000			

Note (1): 100,000 options vested, the balance of the options are expected to vest on 8 April 2015

Source: BTR's ASX announcements

The 2.6 million employee options were issued in March 2014 and they are only exercisable if BTR's share price is at least A\$0.75 (based on 30-day VWAP on the exercise date (before the expiry date)).

In conjunction with the Proposed Merger, BTR entered into an option cancellation deed whereby all BTR Options are cancelled and the fair market value consideration is satisfied via the issue of 1,256,065 IAU Shares³³. This agreement is contingent on the Proposed Merger becoming effective.

³³ Or in the case of certain foreign holders, paid in cash.



6 Profile of the Merged Group

6.1 Principal activities and benefits

If the Proposed Transaction is completed, it will create a cash rich and well-funded resources exploration and development company focusing on base metals with assets in Africa.

In particular, the Merged Group will:

- Be fully funded to complete the DFS for the Kitumba Project which is expected to produce on average 58 Kt of 2.03% Head Grade copper pa.
- Be well positioned to pursue exploration opportunities by having access to the under-explored /developed areas near the Kitumba Project and the wider Mumbwa Project areas.
- Have JORC compliant mineral resources of 38.8 Mt and JORC compliant ore reserves of 31.5 Mt as of April 2014.
- Have a pro-forma net cash balance of approximately US\$78 million as set out in the IAU's Notice of Extraordinary General Meeting³⁴.

6.2 Board of Directors and control

The Merged Group's Board of Directors will be comprised of three directors from each company. In addition:

- Mr Ian McMaster (IAU's current Chairman) will be the Chairman of the Merged Group, with Mr Mike Oppenheimer (BTR's current Chairman) to serve as the Merged Group's Deputy Chairman.
- Mr Mark Mitchell (BTR's current CEO) will be the Merged Group's CEO and Mr Scott Lowe (IAU's current CEO) will serve as an Executive Director focusing on business development.

6.3 Dividend Policy

BTR currently does not expect to make any payment of a dividend in the short term. However, it is the intention of the Merged Group to consider the payment of future dividends having regard to the Merged Group's profits, financial position and future growth capital requirements.

6.4 Capital structure and shareholders

Prior to implementation of the Merger, IAU will complete the Proposed Buyback.

If the Proposed Merger is completed, BTR shareholders will receive 1.079 IAU shares for each BTR ordinary share they hold assuming 100% take-up of the Proposed Buyback.

³⁴ Based on the balance sheet of BTR and IAU as at 30 June 2014 and assuming 100% participation in the Proposed Buyback.



Following the completion of the Proposed Buyback and the Proposed Merger, IAU and BTR shareholders will own approximately 52% and 48% of the Merged Group respectively with a pro-forma cash balance of approximately US\$78 million (assuming 100% participation in the Proposed Buyback).

On the other hand, as discussed in Section 1 of this report, the exchange ratio will be adjusted if the Proposed Buyback is undersubscribed in order to ensure that the cash-backed consideration to be received by BTR Shareholders (i.e. IAU Shares) is fixed at A\$0.356. Set out below, we have outlined the pro-forma capital structure assuming 0%, 50% and 100% participation into the Proposed Buyback:

	Section Reference	Level of Proposed Buy back take-up (A\$m)		
		Scenario 1	Scenario 2	Scenario 3
		-	50.0%	100.0%
Existing number of IAU Shares	4.4	557,577,524	557,577,524	557,577,524
Proposed Buyback take-up (A\$m)	1 0.30 A\$/share	-	55	110
IAU Shares cancelled under the Proposed Buyback (shares)	1	-	183,333,333	366,666,667
Number of IAU Shares after the Proposed Buyback		557,577,524	374,244,191	190,910,857
Existing number of BTR Shares	5.4	164,285,950	164,285,950	164,285,950
Share Exchange Ratio (IAU/BTR)	1	1.147	1.129	1.079
New IAU Shares issued under the Proposed Merger		188,499,229	185,491,273	177,231,331
New IAU Shares issued as consideration for BTR Options	1	1,256,065	1,256,065	1,256,065
Total new IAU Shares issued under the Proposed Merger		189,755,294	186,747,338	178,487,396
Total number of shares in the Merged Group		747,332,818	560,991,529	369,398,254
% interest held by IAU Shareholders		74.6%	66.7%	51.7%
% interest held by BTR Shareholders		25.4%	33.3%	48.3%

Source: GTCF calculations

Source: LAU's Notice of Extraordinary Notice of Meeting dated



6.5 Pro- forma financials

The Merged Group pro forma consolidated statement of financial position as at 30 June 2014 is set out below.

Consolidated statement of financial position	Blackthorn	Blackthorn	Intrepid	Pro-forma	Merged
Merged Group	Pro-forma	Pro-forma	Pro-forma	adjustments	Group
As at 30 June 2014	A\$000s	US\$000s	US\$000s	US\$000s	US\$000s
Current assets					
Cash and cash equivalent	12,491	11,767	139,640	(98,047)	53,360
Trade and other receivables	386	364	968	-	1,332
Other current assets	59	56	-	-	56
Other financial assets	-	-	24,941	(0)	24,941
Assets held for sale	2,121	1,998	-	0	1,998
Total current assets	15,057	14,184	165,549	(98,047)	81,686
Non current assets					
Trade and other receivables	136	128	-	-	128
Other financial assets ⁽¹⁾	-	-	522	-	522
Property, plant and equipment	223	210	-	-	210
Exploration and evaluation expenditure	35,621	33,556	-	1,523	35,079
Total non current assets	35,980	33,894	522	1,523	35,939
Total assets	51,037	48,078	166,071	(96,524)	117,625
Current liabilities					
Trade and other payables	1,506	1,419	1,457	2	2,877
Provisions	138	130	112	-	242
Total current liabilities	1,644	1,549	1,569	2	3,119
Non current liabilities					
Provisions	26	24	82	-	106
Total non current liabilities	26	24	82	-	106
Total liabilities	1,670	1,573	1,651	2	3,225
Net assets	49,367	46,505	164,420	(96,525)	114,400

Source: Management

Note (1) - it includes short term deposits over 3 months



7 Valuation methodologies

7.1 Introduction

In accordance with our adopted valuation approach as set out in section 2.1, our analysis of the Proposals involves comparing the following:

The Proposed Buyback

- For Participating Shareholders – we have compared the fair market value of IAU before the Proposed Buyback on a control basis with the value of the Buyback Price and the value of the Merged Group under various take-up level of the Proposed Buyback.
- For Non-participating Shareholders – we have compared the fair market value of IAU before the Proposed Buyback on a control basis with the value of IAU after the Proposed Buyback (i.e. value of the Merged Group) on a control basis under various take-up level scenarios.

The Contingent Buyback

- For Participating Shareholders – we have considered the fair market value of IAU Shares before the Contingent Buyback on a control basis with the Contingent Buyback Price of A\$0.275 per share.
- For Non-participating Shareholders – we have considered the fair market value of IAU Shares before the Contingent Buyback on a control basis with the fair market value of IAU Shares after the Contingent Buyback under various take-up scenarios.

In each case, Grant Thornton Corporate Finance has assessed value using the concept of fair market value. Fair market value is commonly defined as:

“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

7.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow (“DCF”) method and the estimated realisable value of any surplus assets.
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets.
- Amount available for distribution to security holders on an orderly realisation of assets.



- Quoted price for listed securities, when there is a liquid and active market.
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG 111 does not prescribe the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

7.3 Selected valuation methodology

7.3.1 Valuation methodology for IAU

We note that the key asset of IAU is its cash reserves of approximately A\$173.6 million³⁵ (including term deposits held as other financial assets) as at 31 August 2014. Intrepid does not have any other material assets, activities or operations. In our valuation assessment of IAU before the Proposals, we have adopted the net realisable assets under a liquidation scenario to value 100% of the issued share capital of IAU.

We have considered the value of IAU before the Proposals under an orderly realisation based on a liquidation scenario given that IAU does not carry out any business or operations. In our opinion, this is also the most likely valuation approach that would be adopted by a pool of potential purchasers. We note that conversely, our valuation of IAU after the Proposed Transactions is on a going concern basis in conjunction with the valuation of the Merged Group.

In assessing the fair market value of IAU under a liquidation scenario, we have aggregated:

- The cash resources as at the Valuation Date.
- The realisable value of other assets net of liabilities.
- Potential contingent liabilities.
- The realisation expenses and liquidation costs associated with the wind up of IAU and its subsidiaries in an orderly manner.

We have utilised the market value of listed securities before the announcement Proposed Buyback to cross check our values under the net realisable assets approach.

³⁵ We note circa 98% of IAU's cash reserves are held in Australian dollars with the balance held mainly in US dollars



7.3.2 Valuation of the Merged Group after the Proposed Buyback

Grant Thornton Corporate Finance has selected the market value of net assets as the primary method to assess IAU's equity value after the Proposed Transaction (i.e. the Merged Group). The market value of net assets is based on the sum of parts of:

- The value of IAU before the Proposals on a going-concern basis.
- BTR's Kitumba Project and other exploration assets.
- BTR's other assets and liabilities as set out in BTR's balance sheet.
- Considered the market value of other securities on issue such as options and performance rights.
- Deducted the net present value of corporate overhead costs not directly related to the exploration and exploitation of its mining assets.
- Deducted costs incurred by IAU and BTR associated with the Proposed Merger that is not already captured in our valuation of IAU before the Proposals.

The market value of BTR's key asset, the Kitumba Project, was assessed using the DCF valuation approach. We have selected the DCF valuation method given that:

- Management of BTR has prepared cash flow forecasts in relation to the Kitumba Project based on the current level of reserves and resources.
- The Kitumba Project is relatively advanced, with an OPFS being completed and a DFS in progress.
- Grant Thornton Corporate Finance has engaged Runge to independently review the technical assumptions in relation to the cash flow forecast of the Kitumba Project.
- The DCF method is the most appropriate approach in valuing assets with a finite life such as mineral assets due to the depletion of reserves over time.
- The DCF method is the most appropriate approach in reflecting the significant level of capital and time required for the development of mineral assets.

We note that the market value of the Kitumba Project based on the DCF approach presents a high level of sensitivity to key input assumptions such as copper price, exchange rate and the discount rate. Given the inherent uncertainty in forecasting these economic variables in our valuation assessment of the Kitumba Project, we have also had regard to the "see-through" value implied in BTR trading prices before the announcement of the Proposed Merger. We note that the level of liquidity of BTR Shares is reasonable and after the sale of the Perkoa Project, the Kitumba Project and related exploration expenditure represents the only operating asset of BTR. In our valuation assessment of the Kitumba Project, we have also analysed the resources multiples of listed comparable companies. However, given the low level of comparability, we have placed no reliance on this valuation methodology.



Prior to reaching our valuation conclusions on the Merged Group, we have also considered the trading prices following announcement of the Proposed Transaction, which should provide an indication of investors' view of the value of the Merged Group.

7.3.3 Independent technical specialist for BTR

For the purpose of this report, Grant Thornton Corporate Finance has engaged Runge to review and express an opinion on the reasonableness of the technical assumptions included in the financial model in relation to BTR's Kitumba Project, and to prepare a valuation of the exploration assets of the two companies which was completed in accordance with the VALMIN Code³⁶.

³⁶ The VALMIN Code is binding on members of the Australasian Institute of Mining and Metallurgy when preparing public independent expert reports required by the Corporations Act concerning mineral and petroleum assets and securities. The purpose of the VALMIN Code is to provide a set of fundamental principles and supporting recommendations regarding good professional practice to assist those involved in the preparation of independent expert reports that are public and required for the assessment and/or valuation of mineral and petroleum assets and securities so that the resulting reports will be reliable, thorough, understandable and include all the material information required by investors and their advisers when making investment decisions.

8 Valuation assessment of IAU before the Proposals

As outlined in section 7.3.1, Grant Thornton Corporate Finance has adopted the net realisable asset method to assess the equity value of IAU before the Proposals. Set out below is a summary of our valuation assessment:

IAU before the Proposals Valuation assessment (A\$'000s)	Section Reference	Low	High
Adjusted net assets as at 31 August 2014	8.1	174,004	174,004
Less: Contingent tax liabilities	8.2	(13,000)	(12,000)
Less: Value of the Options & Rights	8.3	-	-
Less: Estimated corporate and liquidation costs net of interest income	8.4	(5,000)	(3,000)
Less: Estimated non-contingent transaction costs	8.5	(1,170)	(1,170)
Equity value of IAU on a control basis		154,834	157,834
Number of IAU Shares (000s)	4.4.1	557,578	557,578
Value per IAU Share on a control basis (A\$)		0.278	0.283

Source: IAU Management and GTCF calculations

8.1 Financial position as at 31 August 2014

We have used the unaudited management balance sheet of IAU as at 31 August 2014 as a starting point for our net realisable assets / net asset backing valuation. The balance sheet of IAU as at 31 August 2014 and the adjustments made are set out below:

Adjusted balance sheet as at 31 August 2014 IAU	Section Reference	30-Jun-14 Unaudited US\$000s	31-Aug-14 Unaudited US\$000s	31-Aug-14 Unaudited A\$000s	Deduction Adjustments A\$000s	Addition Adjustments A\$000s	Adjusted Balance A\$000s
Exchange rate US\$/A\$ as at 30 June 2014	8.1.1			0.9350			
Current assets							
Cash and Cash Equivalents	8.1.1, 8.1.2	139,640	137,331	146,992	(1,200)	1,153	146,946
Other Financial Assets	8.1.1	24,941	24,975	26,732			26,732
Trade and Other Receivables	8.1.1	968	1,145	1,272			1,272
Non Current Assets							
Other Financial Assets	8.1.3	522	344	382	(382)	322	322
Total Assets		166,071	163,795	175,379	(1,582)	1,475	175,272
Current Liabilities							
Trade and Other Payables	8.1.1	1,457	940	1,044			1,044
Provisions	8.1.1	112	109	121			121
Non Current Liabilities							
Provisions	8.1.1	82	92	102			102
Total liabilities		1,651	1,141	1,268	-	-	1,268
Net assets		164,420	162,654	174,111	(1,582)	1,475	174,004

Source: IAU Management, Capital IQ and GTCF calculations

The adjustments made are discussed in further detail below.

8.1.1 Cash reserves and exchange rate

Based on discussions with IAU Management, we understand that circa 98% of IAU's existing cash reserves (including term deposits held as current other financial assets) was already held in Australian



dollars as at 30 June 2014. Accordingly, for the purpose of our valuation assessment we have adopted the following US\$/A\$ exchange rates to translate IAU's net assets into Australian dollars:

- For the 98% of IAU's cash reserves already held in Australian dollars, we have adopted an US\$/A\$ exchange rate of circa 0.94 as at 30 June 2014.
- For the remaining 2% of IAU's cash reserves, and other assets and liabilities, we have adopted an US\$/A\$ exchange rate of 0.900 having regard to the spot exchange rate as at 24 September 2014 (0.8876), average year to date historical exchange rate (0.919) and consensus forecast exchange rate for 2014 (0.907).

8.1.2 Restricted cash

IAU Management has advised that out of its cash reserves as at 31 August 2014, approximately A\$1.20 million is restricted and relates to cash obtained from the relinquishment of IAU's subsidiaries in PNG. This cash amount will not be available to IAU until its subsidiaries are liquidated, which requires the clearance of potential tax liabilities associated with the wind-up. IAU Management expect the tax liabilities clearance process in PNG to be a protracted process, accordingly there is no certainty over the timing of the recovery of the restricted cash balance.

In our assessment of the value of IAU, we have assumed that the restricted cash balance of A\$1.20 million will be released within 1 year and 2 years. Adopting a discount rate of 2.69%³⁷, the present value of the restricted cash balance is calculated to be approximately A\$1.15 million.

8.1.3 The realisable value of non-current 'Other financial assets'

The non-current 'Other financial assets' balance relates to the fair value of a portfolio of TSX-listed securities namely Aura Silver Resources Inc, Cornerstone Capital Resource Inc and New Nadia Explorations Ltd. The following table sets out the current market value of the financial assets to reflect the portfolio realisable value as at 24 September 2014:

	# of shares	Price per share (C\$)	Share value C\$000s	Share value A\$000s ¹
Other Financial assets (non-current) as at 17 Sept				
Aura Silver Resources Inc.	465,000	\$ 0.030	14.0	14.2
Cornerstone Capital Resource Inc	1,909,952	\$ 0.080	152.8	155.4
New Nadina Exploration	10,000,000	\$ 0.015	150.0	152.6
Total value of non-current 'Other Financial Assets'			316.7	322.2

Note (1): We note LAU sold 541,000 shares in Cornerstone Capital Resources Inc. in August 2014 at a price of C\$0.10 per share which has been included in the cash reserves of LAU as at 31 August 2014

Source: Capital IQ, IAU Management, RBA and GTCF calculations

Based on our discussion with IAU Management, since the market value of financial assets are below IAU's cost base for these assets, we conclude that there are no potential deferred tax liabilities attached to the realisation of the above portfolio. Given non-current financial assets consist of investments in TSX-

³⁷The discount rate was calculated based on Australian 2-year government bonds yield of 2.69% as at 24 September 2014



listed securities, we have adopted the spot C\$/A\$ exchange rate of 0.983³⁸ as at/ around the date of this Report (i.e. 24 September 2014).

As a result, we conclude that the fair value of the portfolio above as at 24 September 2014 is approximately A\$0.322 million.

8.2 Contingent liabilities

In our valuation assessment based on our orderly liquidation of IAU, we have also considered the potential of any other liabilities that could be incurred upon liquidation. IAU's contingent liabilities have been determined by Management of IAU and their advisors after taking into account all current and future (existing and contingent) obligations related to the windup of IAU and all of its subsidiaries to the revenue authorities of the various jurisdictions in which IAU has operated.

For the purpose of this Report and based on a review of the information provided by Management, we adopted a value range of A\$12 million to A\$13 million in our valuation assessment of the potential tax and other liabilities. However, we note that the value of actual liabilities that may be incurred is subject to fluctuations associated with the US\$:A\$ exchange rate and accordingly it will continue to oscillate going forward.

We note that Grant Thornton's tax team has preliminarily and indicatively reviewed the Directors' estimate in relation to the contingent tax liability and they do not believe it is unreasonable.

8.3 Value of the IAU Options & Rights

IAU currently has approximately 2.1 million IAU Options and 0.6 million IAU Rights on issue (as set out in Section 4.4). For the purpose of our valuation assessment of the IAU Options and Rights we have attributed nil value to them due to the following:

- We have considered the value of IAU before the Proposals under a liquidation scenario which significantly limit the time value of the derivatives.
- We note that IAU's TSR³⁹ is currently ranked 31st out of 44 companies in the ASX 300 Metals & Mining Index (i.e. bottom 30% of constituents) based on TSR for the three years leading up to 30 June 2014. This is materially below the vesting condition of at least achieving a ranking of 50% of constituents.
- Out of the IAU Options that have vested, all are significantly out-of-the-money except for 715,569 IAU Options which do not have a material value under an orderly liquidation valuation.

8.4 Corporate overheads costs and wind-up costs net interest income

In our valuation assessment, we have adjusted the realisable value of net assets for the following costs expected to be associated with the notional realisation and the wind-up of IAU in the range of A\$3 million to A\$5 million:

³⁸ Exchange rate sourced from the Reserve Bank of Australia website

³⁹ As discussed in Section 4.4, TSR is the variable considered to assess the number of IAU Right that will vest (if only).



- *Overhead costs* – corporate overheads and other administrative expenses expected to be incurred during a reasonable realisation period. The corporate costs are estimated to be approximately in the range of A\$2 million to A\$3 million based on discussion with the Management and a review of the current corporate costs incurred by IAU.
- *Redundancy costs* – redundancy costs of personnel have been estimated by IAU Management at approximately A\$1.5 million.
- *Other liquidation/ windup costs* - other wind-up costs in the range between A\$0.5 million to A\$1.0 million are based on an indicative assessment undertaken by IAU. Grant Thornton's recovery and reorganisation team has preliminarily and indicatively reviewed the Directors' estimate and they do not believe it to be unreasonable. However, they have indicated that there is always a material degree of uncertainty and subjectivity in the estimate of the potential contingencies, in particular for a company like IAU which had significant legal disputes in the past.
- *Interest income* – IAU Management have advised that IAU expects to receive approximately A\$1.0 million in interest income during a reasonable realisation period based on the cash reserves as 31 August 2014.

8.5 Estimated one-off transaction costs

Management of IAU has advised that the estimated one-off non-contingent transaction costs committed by IAU in relation to the Proposals to total approximately A\$1.17 million. We note that none of these costs were incurred as at 31 August 2014.

8.6 Tax losses

As at 30 June 2014, IAU had accumulated gross revenue and capital tax losses of approximately A\$240.8 million⁴⁰. The future utilisation of these tax losses is dependent on the ability of IAU to meet the requirements of the Australian Tax Office ("ATO") in respect of the "continuity of ownership" or "same business" tests.

We have attributed nil value to the existing tax losses due to the following:

- IAU currently does not carry out any operations/ activities and it does not generate any revenue (excluding interest received on the cash balance).
- After the Proposed Buyback, IAU may not satisfy the strict test required by the ATO to utilise existing tax losses.
- A hypothetical purchaser would unlikely be prepared to attribute any value to the existing tax losses due to the potential uncertainty of meeting the requirements of the ATO.

⁴⁰ Source: IAU's Company Tax Return (2014).



8.7 Value of listed shell company

For the purposes of our valuation assessment of IAU, we have considered whether there is any potential value attributed to the company listed “shell” which could be extracted through a possible back-door listing transaction. In the past, it was possible for shareholders in companies in the position of IAU to generate additional value by approving the acquisition of businesses / assets, resulting in a change of control of the company (i.e. backdoor Transaction). In our opinion, the share market conditions conducive to the use of IAU as a possible back-door listing vehicle do not currently prevail.

Further, we note that IAU has had a history of litigations and disputes and operations in several jurisdictions which would make any back-door transaction less compelling. Accordingly, in the circumstances of IAU we consider that any value that might attach to the listed shell would be nominal.

8.8 Valuation crosscheck

Prior to reaching our valuation conclusion, we have considered the quoted security price of IAU shares to cross check our values under the orderly realisation of assets approach.

The following table summarises the monthly trading volume of IAU Shares since August 2013:

Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of shares traded (\$'000)	Volume traded as % of total shares
Aug 2013	20,416	0.2729	5,572	3.7%
Sep 2013	28,032	0.2746	7,696	5.0%
Oct 2013	25,619	0.2946	7,547	4.6%
Nov 2013	43,932	0.2642	11,609	7.9%
Dec 2013	27,110	0.2817	7,636	4.9%
Jan 2014	19,734	0.2893	5,708	3.5%
Feb 2014	25,881	0.2783	7,204	4.7%
Mar 2014	30,972	0.2654	8,219	5.6%
Apr 2014	10,877	0.2689	2,925	2.0%
May 2014	13,369	0.2696	3,604	2.4%
Jun 2014	34,372	0.2716	9,336	6.2%
Jul 2014	20,238	0.2727	5,518	3.6%
Aug 2014	26,589	0.2716	7,223	4.8%
1 Sep - 24 Sep 2014	20,015	0.2719	5,441	3.6%

Source: Capital IQ and GTCF calculations

Based on the above table, we note the following:

- The volume traded as a proportion of total shares outstanding is approximately 4.5% per month on average over the last twelve months.
- The trading share price represents the value in which minority shareholders could realise (if they wanted) to exit their investment. Over the last twelve months, IAU's monthly VWAP was in the range of A\$0.264 and A\$0.295 on a minority basis.



Our valuation assessment of IAU based on the net assets of IAU is in the range of A\$0.278 and A\$0.283. This seems to be supported by the trading prices over the last few months (including before the announced of the Proposed Transaction). Whilst we note that the trading prices typically represent the value of IAU on a minority/portfolio basis, we note that given the assets of IAU are only represented by cash, we do not believe a premium for control or a minority discount are applicable.

Overall, we have concluded that the trading prices support our valuation assessment of IAU based on the realisation value of net assets.

9 Valuation assessment of IAU after the Proposed Transaction

In this section of the report, we have estimated the fair market value of the shares in IAU after the Proposed Transaction on a control basis. In assessing the fair market value of IAU after the Proposed Transaction (assuming various levels of take-up of the Proposed Buyback), Grant Thornton Corporate Finance has aggregated the following:

- Market value of IAU before the Proposals on a going concern.
- Market value of BTR's 100% interest in Kitumba Project.
- Market value of BTR's interest in other exploration assets.
- Adjusted value of other assets (net of liabilities) of BTR.
- Deducted the net present value of corporate overhead costs of the Merged Group estimated by the Management of IAU and BTR.
- Deducted transaction costs associated with the Proposed Transaction.

Set out below is a summary of our valuation assessment of IAU after the Proposed Transaction.

IAU after the Proposed Transaction Valuation assessment (A\$'000s)	Section Reference	Scenario 1: 0% take-up		Scenario 2: 50% take-up		Scenario 3: 100% take-up	
		Low	High	Low	High	Low	High
Adjusted equity value of IAU on a control basis							
Equity value of IAU on a control basis	9.1	154,834	157,834	154,834	157,834	154,834	157,834
Less: Value of IAU Options/Rights	9.2	(179)	(179)	(179)	(179)	(179)	(179)
Add: Contingent liabilities	9.2	13,000	12,000	13,000	12,000	13,000	12,000
Add: Estimated corporate costs and liquidation costs	9.2	4,255	2,255	4,255	2,255	4,255	2,255
Less: Cash paid under the Proposed Buyback	1.3.1	-	-	(55,000)	(55,000)	(110,000)	(110,000)
Adjusted equity value of IAU on a control basis		171,910	171,910	116,910	116,910	61,910	61,910
Equity value of BTR on a control basis							
Fair value of Kitumba Project	9.3	45,000	65,000	45,000	65,000	45,000	65,000
Other exploration assets	9.4	3,666	7,160	3,666	7,160	3,666	7,160
Add: Other assets/ (liabilities) as at 30 June 2014	9.5	21,570	21,570	21,570	21,570	21,570	21,570
Add: Value of tax losses	9.6	-	-	-	-	-	-
Less: Corporate overheads	9.7	(29,548)	(31,037)	(29,548)	(31,037)	(29,548)	(31,037)
Equity value of BTR on a control basis		40,688	62,694	40,688	62,694	40,688	62,694
Less: Transaction costs	9.8	(3,465)	(3,465)	(3,465)	(3,465)	(3,465)	(3,465)
Equity value of the Merged Group on a control basis		209,133	231,139	154,133	176,139	99,133	121,139
Number of IAU Shares (000s)	9.9	747,333	747,333	560,992	560,992	369,398	369,398
Value per IAU Share on a control basis (A\$)		0.280	0.309	0.275	0.314	0.268	0.328

Source: IAU Management and GTCF calculations

We note that in the table above, the percentage of take-up refers to the overall take-up of the cash pool (i.e. A\$110 million) utilised to buyback IAU shares rather than the percentage of participation by a single IAU Shareholder in the Proposed Buyback. Even if the overall take-up % of the Proposed Buyback is 100%, a single IAU Shareholder may still only participate for 50% or less of their holding.



9.1 Equity value of IAU

As set out in section 8.1, we have assessed the equity value of IAU between A\$154.8 million and A\$157.8 million on a 100% basis before the Proposals having regard to an orderly realisation of the assets under a liquidation scenario.

9.2 Contingent liability, corporate/liquidation costs and IAU Options/Rights

In our valuation assessment of IAU after the Proposed Buyback on a going concern scenario, we have added back/deduct the following:

- Add back the contingent liabilities that Management has estimated may be incurred by IAU in a wind-up scenario⁴¹.
- Add back the estimated corporate costs⁴² and liquidation costs in the range of A\$2.3 to A\$4.3 in relation to expenses expected to be incurred under the liquidation scenario. We note that the corporate costs of the Merged Group are assessed separately in our valuation.
- Deduct the fair market value of IAU Options and IAU Rights. As discussed in Section 8.3, we have attributed nil value to the existing IAU Options and IAU Rights before the Proposals mainly as a reflection of our valuation of IAU on a liquidation basis. However, in our valuation assessment of the Merged Group, we have assessed the value of the IAU Options and IAU Rights based on the key terms set out in Section 4.4 and using the Monte Carlo simulation model.

9.3 Kitumba Project

As discussed in section 7.3.2, we have used the following methodologies to assess the value of the Kitumba Project:

- DCF valuation method.
- See through value of the Kitumba Project based on the quoted security price of BTR.

We have also analysed the resource multiples of comparable companies but we have placed no reliance on them given the limited level of comparability.

9.3.1 DCF valuation

Management of BTR have provided the OPFS financial model (“Financial Model”) in relation to the Kitumba Project. The Financial Model is based on an operational plan of 11 years until 2029 having regard to the current level of ore reserves and it does not take into account potential extension of the life of mine based on current and future exploration or other existing resources. The market value of the exploration potential and resources not included in the OPFS has been estimated separately by Runge.

⁴¹ Whilst this liability may still be incurred by IAU at some time in the future if IAU is wound-up, the net present value of this potential liability is expected to be immaterial and not feasible to be calculated on a reasonable basis at the date of this Report

⁴² We note that corporate costs have been estimated separately as part of the Merged Group



Grant Thornton Corporate Finance has engaged Runge, to review and express an opinion on the reasonableness of the technical assumptions included in the Financial Model in relation to, among other things, the reserves, production profile, ore grades, operating and capital expenditure for the Kitumba Project.

Based on Runge's review and suggested changes of the Financial Model, Grant Thornton Corporate Finance has assessed the net present value of the Kitumba Project using ungeared, real and post-tax cash flows, having regard to our assessment of the future copper prices, economic factors and discount rate.

Set out below is a brief overview of the key operating and economic assumptions used in the assessment of the Kitumba Project.

9.3.1.1 Operating assumptions

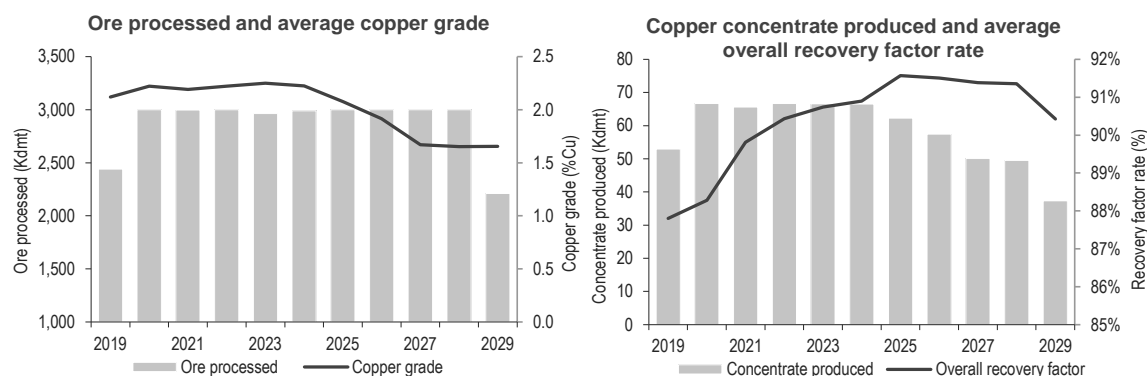
Based on Runge's review, certain changes were made to the operating assumptions in the Financial Model. Refer to the Runge Report for complete details of the recommended modifications made to the operating assumptions. The key operating assumptions included underpinning the forecast cash flows relating to the Kitumba Project are set out below.

Financial Model		
Key assumptions summary (including RPM modifications)	Units	Value (real terms)
Projected economic life	[Years]	11.0
Annual steady-state processing throughput	[Mdmtpa]	3.0
Annual steady-state copper concentrate production	[Kdmt/pa]	58.3
Total ore milled over project life	[Mdmtp]	31.6
Average processed ore grade (% Cu)	[% Cu]	2.0%
Overall average copper recovery rate	[%]	90.3%
Total copper contained in mined ore	[Kdmt]	641.8
Construction capital cost (including contingencies)	[US\$m]	659.0
Total sustaining/ maintenance capital cost	[US\$m]	121.0
Salvage value at end of operations	[US\$m]	20.0

Source: ASX, Financial Model and Runge Report

Production

The projected production profile for the Kitumba Project over the operational plan adjusted based on Runge recommendations are presented in the graphs below.



Source: Financial Model

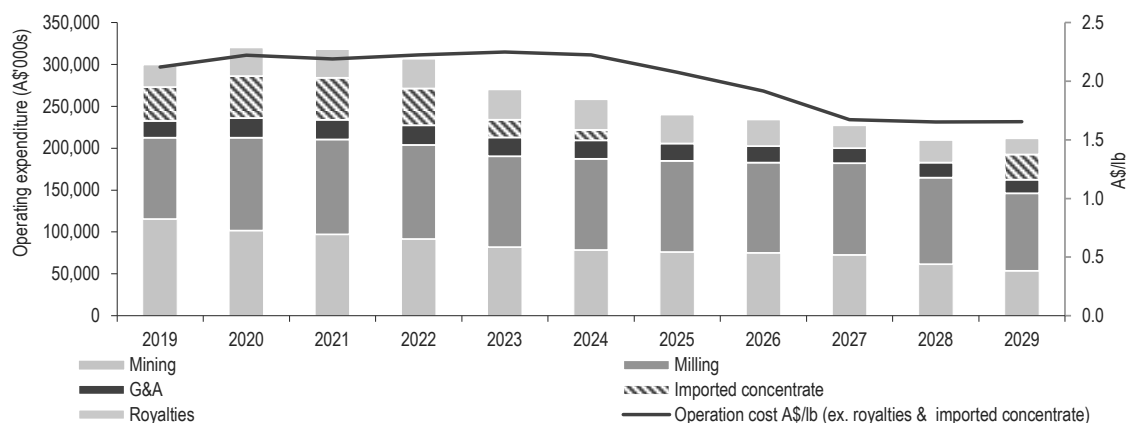
We note the following in relation to the above graphs:

- Under the OPFS, the Kitumba Project is expected to be mined using the underground sub level cave (“SLC”) method. Runge has noted that this is a well-known and proven mining approach for similar deposits.
- The forecast annual ore milled is fairly consistent over the operational plan with target steady state ore processed of 3 Mtpa to be reached in 2020. Based on discussions with BTR Management and Runge, commencement of production is expected in 2019.
- Runge indicated that the metallurgical recovery in the Financial Model may be over-estimated based on Runge’s independent testing of the limited mineralogical details provided in BTR Management’s mine schedule. Runge have adjusted the overall copper recovery rate over the life of the mine from 92.1% under the OPFS to 90.3% (including concentrate). As a result, the total level of copper produced is estimated to reduce from approximately 637.1 Kt to 622.2 Kt. We also note that Runge has indicated that further testwork is required to reduce the technical risk attached to the recoveries and increase confidence in the economic outcomes.

Operating costs

Operating costs include costs associated with mining, milling, purchase of imported copper concentrates, royalty payments and other overhead costs. The following graph summarises the forecast operating expenses (real terms) over projected mine life.

Operating expenditure



Source: Financial Model

In relation to the cost breakdown above, we note the following:

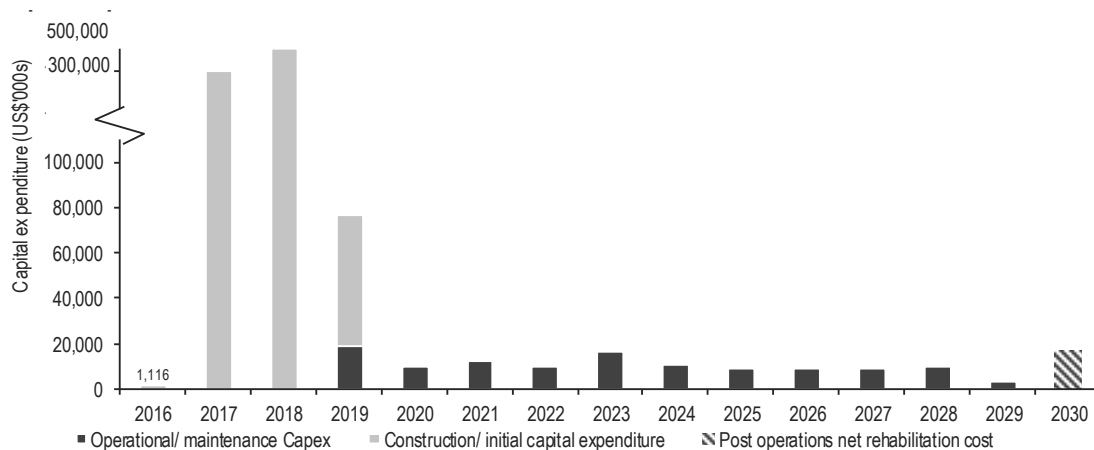
- Operating costs are approximately US\$1.45/lb (real basis) of copper produced (excluding the cost of purchased concentrate).
- Mining and milling costs in the Financial Model are based on the OPFS which was completed in May 2014.



- General and administration costs (G&A costs) relate solely to the Kitumba Project and include site office and general staff costs, insurance, and general product transportation costs. The reduction in the copper recovery advised by Runge has resulted in a slight decrease of the product transport costs as a result of the lower volume. However, this has been mostly offset by an additional adjustment, as recommended by Runge, to include additional total costs over the life of mine of US\$2.64 million (or US\$0.084/t) in relation to the marketing of copper cathode.
- Imported concentrate costs have been adjusted upward to reflect typical smelter terms.
- Royalty payments include the following:
 - 6.0% of the total copper revenues (prior to concentrate and transport costs and any other royalty) payments payable to the Zambian Government.
 - 2.0% production royalty payable to BHP.

Capital expenditure

The forecast capital expenditure (real terms) over the projected mine life assessed by Runge in US\$ is summarised below:



Source: Financial Model

We note the following in relation to the forecast capital expenditure:

- Total construction costs are expected to be approximately US\$659 million.
- Sustaining capital costs are estimated at US\$121 million over the life of mine including tailing dam and rehabilitation expenses at the end of LOM.
- Pre-production and operational/maintenance capital expenditure have been adjusted downwards slightly as a result of refinements to contingencies applied to better reflect the level of certainty of key capital costs.



- As the Kitumba Project is yet to be developed, the majority of the capital expenditure is expected to be incurred on the initial development of the mine, including construction of the processing plant and related infrastructure. The majority of pre-production construction activities are expected to be incurred in 2017 and 2018.
- Post operations costs include rehabilitation expenses of US\$33.5 million and salvage value of the plant and equipment of US\$20.0 million assessed by Runge based on independent benchmarking.

Definitive feasibility expenditure

We note that the Financial Model only captures the costs of developing and operating the Kitumba Project from commencement of pre-production construction in 2017. As discussed in Section 5.2.1 of the Explanatory Memorandum, DFS drilling at the Kitumba Project commenced in June 2014 and the DFS is expected to be completed in 2015 at a cost of circa A\$20 million. Accordingly, we have included in our DCF valuation of the Kitumba Project the budgeted DFS costs not already incurred by BTR as at 31 August 2014 (approximately A\$18 million)⁴³.

9.3.1.2 Economic assumptions

Copper price

For the purpose of forming a view on the appropriate copper prices to use for the valuation, Grant Thornton Corporate Finance has had regard to the historical spot prices and forecast prices prepared by various brokers.

Given the volatility in commodity markets, the current levels of commodity prices relative to historical long run prices, and the widely varying views of industry analysts, assumptions regarding future copper prices are inherently subject to considerable uncertainty. It should be noted that the value of the mineral assets could vary materially based on changes in commodity price expectations.

The assumptions in relation to the copper prices adopted by Grant Thornton Corporate Finance do not represent forecasts by Grant Thornton Corporate Finance but are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing of resources assets and companies.

The sources for the copper prices are denominated in US dollars and are on a nominal basis (i.e. inclusive of inflation expectations). We have re-expressed the nominal US-dollar denominated commodity prices into real Australian dollar denominated terms having regards to the exchange rate assumptions discussed below and the Consumer Price Index ("CPI").

In our assessment of the commodity prices, we have considered the following:

- Forecasts released by Consensus Economics Inc, "Energy & Metals Forecasts" dated 18 August 2014.
- Consensus forecasts released by Capital IQ.
- Various brokers' reports.

⁴³ This is consistent with the August cash balance adopted in our valuation assessment of BTR.



- Movement in spot and forward prices of copper.

Based on the analysis and discussion above, the following table summarises the real US-dollar denominated prices for copper used in our valuation assessment. We note that we have only utilised the long term assessed price in our DCF valuation given the commencement of processing is in 2018.

	Copper price (US\$/lb)						Long term
	Spot ¹	2014E	2015E	2016E	2017E	2018E	
Average - real (US\$/lb)	3.14	3.11	3.04	3.07	3.12	3.09	3.10
Grant Thornton Corporate Finance assessed range							
Low (1% decrease to average)							3.05
High (1% increase to average)							3.15

Note (1): Spot price as at 17 September 2014 sourced from CapitalIQ
Source: Broker reports, publicly available information and GTCF calculations

Set out in the following graph, we have plotted our assessed range of the long term real copper price against the historical copper price (real).



Source: Capital IQ, Consensus Economics and GTCF analysis

Exchange rate

Based on discussions with BTR Management and Runge, we note that whilst the Kitumba Project is located in Zambia, the Financial Model assumes that all the capital and operating expenditures are incurred in US dollars due to the following:

- Majority of the capital items and key operational material supplies will be purchased in US dollars.
- It is expected that given the high levels of inflation currently experienced in Zambia and Africa, most local suppliers will tend to react quickly to any exchange rate fluctuations.



- A large portion of labour costs are expatriate costs which will mainly be paid in US dollars.
- Contingencies of 20% to 10% have been included in the financial model to account for unexpected costs such as adverse local exchange rate movements.
- The OPFS is to $\pm 25\%$ accuracy allowing comparative estimates to apply.

Accordingly, for the purpose of our valuation, we have only considered the forecast US\$/A\$ exchange rate as summarised in the table below.

	Spot'	2014E	2015E	US\$/A\$			Long term
				2016E	2017E	2018E	
Average - real (US\$/A\$)	0.90	0.91	0.88	0.85	0.84	0.84	0.83
Grant Thornton Corporate Finance assessed range							
Low		0.91	0.88	0.85	0.84	0.84	0.80
High		0.91	0.88	0.85	0.84	0.84	0.85

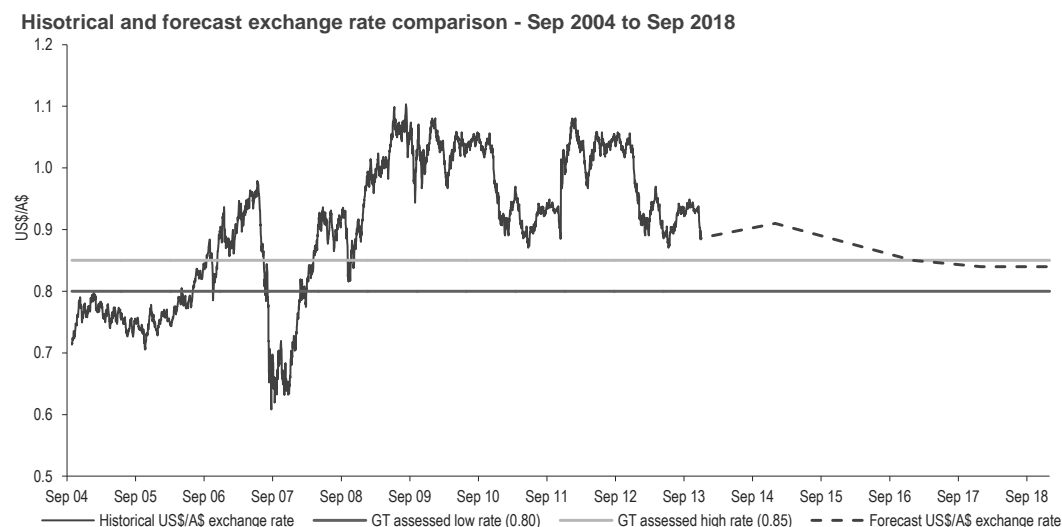
Source: Broker reports and GTCF calculations

Note: Spot rate as at 24 September 2014 sourced from RBA

In our assessment of the exchange rates, we have considered the following:

- Various broker reports.
- Consensus estimates provided by Capital IQ.
- Movement in spot and forward exchange rates.

The graph below illustrates the historical and forecast US\$/A\$ exchange rate (nominal) in comparison to our assessed range of the long US\$/A\$ exchange rate.



Source: Capital IQ and GTCF calculations



9.3.1.3 Other assumptions

Tax rate

We note that the Kitumba Project is operated in Zambia while its operator, BTR, is based in Australia. The Zambian Government imposes a 30% tax rate on mining companies who are holding a large-scale mining licence of base metals⁴⁴. Further, the Australian corporate tax rate is also 30%.

Accordingly, income tax has been calculated by applying the tax rate of 30% to the notional taxable income. We have also assumed that the future tax losses will be utilised in Zambia over the duration of the cash flow projections.

Depreciation

The Financial Model estimate for forecast monthly depreciation and assumes that capital expenditure is depreciated on a straight line basis over four years. We note this is consistent with the current Zambian tax regime.

Working capital

Movements in working capital have been included in the Financial Model on a quarterly basis to take into consideration the timing difference between revenue/expenses recognition and collections/payments.

Discount rate

The cash flows assumptions associated with the Kitumba Project have been prepared on a real, ungeared and post-tax basis. Accordingly, Grant Thornton Corporate Finance has applied a real, post-tax Weighted Average Cost of Capital ("WACC") in the range of 11.40% and 12.44% to value the Kitumba Project. Refer to Appendix B for further details.

In our assessment of the nominal cost of equity between 16.2% and 17.4%, we have applied a specific risk premium of 5% to take into account the following.

- The country risk premium for Zambia is estimated to be circa 6.8% by Professor Aswath Damodaran of Stern School of Business at New York University.
- The nature, size and diversification of resources and reserves compared to the selected comparable companies. We note the Kitumba Project's copper grade and reserves are relatively higher than comparable pre-development companies.
- The potential dilution and risks attached to raising the required level of debt and equity for the future construction phase of the Kitumba Project.
- The risks and uncertainties indicated in the Runge Report in relation to the Kitumba Project. Specifically, we note the following:

⁴⁴ Other mining companies are taxed at 35%.



- Recoveries – Runge has indicated in the copper recovery the primary metallurgical risk due to the lack of direct testing of the atmospheric leach circuit.
- Testwork –additional testwork required to better understand the mineralogical composition of ores mined during the early years.
- Infrastructure – Runge believes the main infrastructure risk to the Kitumba Project is the reliance on the public authorities to commission the major infrastructure (national grid loop) required to support its development.
- Power supply – Power supply in Zambia has historically been unstable with numerous power outages reported as power generation only just meets demand. Hydropower accounts for around 95% of electricity supply where the maximum electricity generation is during the rainy season during the first half of the year. However mining is most productive during the second half of the year when hydropower generation is lower. If the country suffers frequent power outages then the project would need to supplement their grid power with costly standby diesel generators.
- Water supply – There is uncertainty in relation to the source of water supply or the attached costs.

Whilst the above risks factors are not unreasonable for a project in development phase and based on the OPFS, we have reflected them in our valuation assessment via the adoption of a specific risk factor.

We note that investments' analysts may adopt a different approach to reflect the aforementioned risks of the project in their valuation assessment. The net present value of the cash flows may be assessed based on the risk unadjusted discount rate and then applying a probability factor to the derived value.

9.3.1.4 Valuation summary – DCF method

Based on our assessed range of key economic assumptions being the copper price, exchange rate and discount rate, we have summarised below our valuation assessment of the Kitumba Project.

Valuation summary - DCF method	Reference Section	A\$'000s
Copper price (long term)		
Low US\$3.05/lb	9.3.1.2	38,645
High US\$3.15/lb	9.3.1.2	71,588
Discount rate - Real WACC		
Low 12.44%	9.3.1.3	39,669
High 11.40%	9.3.1.3	70,748
Exchange rate (long term)		
Low 0.85	9.3.1.2	41,754
High 0.80	9.3.1.2	77,340

Source: Financial Model and GTCF calculations

As discussed in Section 7.3.2 and given the sensitivity of the fair market value of the Kitumba Project to small changes in the economic assumption, before reaching our conclusions, we have also had regard to the “see-through” value of the Kitumba Project implied in BTR trading prices prior to the announcement of the Proposed Transaction (i.e. 28 August 2014).

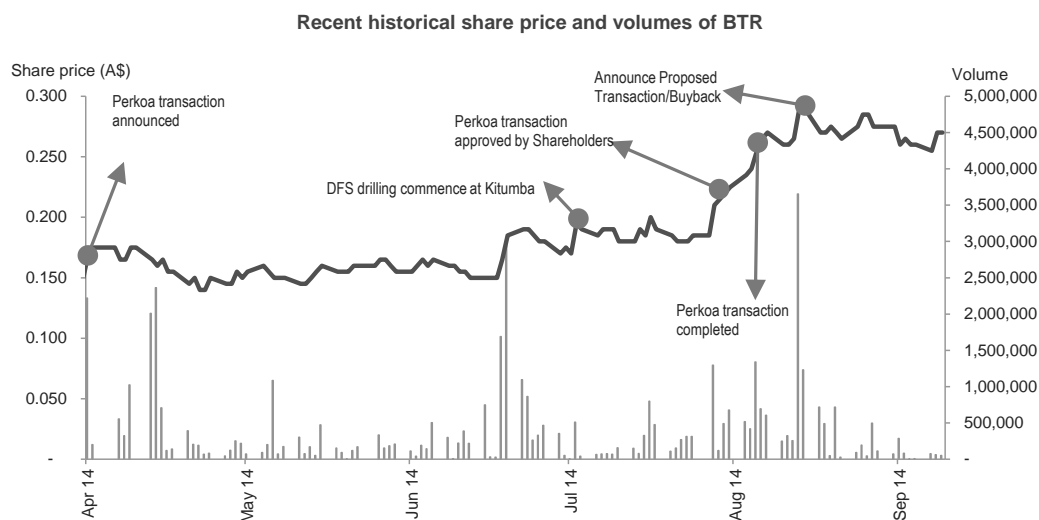


9.3.2 See through valuation cross check

We have set out below the quoted security prices, VWAPs, and volumes of BTR Shares post the sale of the Perkoa Project and prior to the announcement of the Proposals.

VWAP	Low (A\$)	High (A\$)	VWAP (A\$)	Volume/day (000s)	Volume traded as % of total
Prior to 28 Aug 2014					
5 day (between 20 Aug 2014 and 28 Aug 2014)	0.245	0.280	0.264	0.425	1.3%
10 day	0.215	0.280	0.246	0.517	3.5%
1 month	0.175	0.280	0.223	0.453	6.1%
2 month	0.150	0.280	0.203	0.467	12.2%
3 month	0.150	0.280	0.195	0.372	14.7%
4 month	0.140	0.280	0.197	0.385	20.1%
Until 16 Apr 2014	0.140	0.280	0.195	0.391	21.4%

Source: Financial Model and GTCF calculations



Source: CapitalIQ, ASX and GTCF calculations

We note the following in relation to the above table and graph:

- BTR complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of BTR.
- BTR Shares have been quite volatile over the selected period, with the minimum and maximum share price varying between A\$0.14 and A\$0.28. In relation to this, we note that the share price of BTR increase materially after shareholder approval was received for the Perkoa Transaction and DFS drilling at the Kitumba Project commenced in June 2014.
- During the selected period, 21.4% of the total BTR Shares outstanding were traded. This indicates that the historical liquidity levels in BTR Shares have been reasonable.
- In the absence of a takeover or other share offers, the trading share price represents the value at which minority shareholders could realise their portfolio investment.



Based on the analysis above, we are of the opinion that the BTR trading prices represent a reasonable proxy of the fair market value of BTR Shares.

We have selected a trading prices range between A\$0.22 and A\$0.26 as representative of the fair market value of BTR on a minority basis. We have placed greater reliance on the trading prices closer to date of announcement of the Proposals as in our opinion better reflect price sensitive announcements and communications released to the market at the end of July and afterwards.

Our calculation of the see through value of the Kitumba Project is summarised in the table below.

See through valuation of the Kitumba Project		Low	High
Grant Thornton assessed BTR Share price (minority basis)	[A\$]	0.220	0.260
Control premium ¹	[%]	20%	40%
Grant Thornton assessed BTR Share price (control basis)	[A\$]	0.264	0.364
Existing number of BTR Shares	[number of shares]	164,285,950	164,285,950
Implied equity value of BTR	[A\$'000s]	43,371	59,800
Less: Adjusted other assets/ (liabilities) as at 30 June 2014	[A\$'000s]	(21,570)	(21,570)
Less: Value of other exploration assets	[A\$'000s]	(7,160)	(3,666)
Add: Capitalised corporate overheads attributable to BTR ²	[A\$'000s]	25,817	25,116
Add: Transaction costs attributable to BTR ²	[A\$'000s]	2,635	2,635
Implied see-through value of the Kitumba Project	[A\$'000s]	43,093	62,315

Source: CapitalIQ and GTCF calculations

Source: GTCF calculations

Note (1): Evidence from studies indicates that premiums for control on successful takeovers have frequently been in the range of 20% to 40% in Australia and that the control premium varies significantly from transaction to transaction.

Note (2): We have excluded all costs attributable to LAU.

Note 1 – other assets mainly comprises of cash resources of BTR which we have deducted from the equity value to assess the implied enterprise value (being the see through value of the Kitumba Project). Refer to section 9.5 for details.

Note 2 – we have excluded from the see through value the fair market value of the other exploration assets assessed by Runge. Refer to section 9.4 for details.

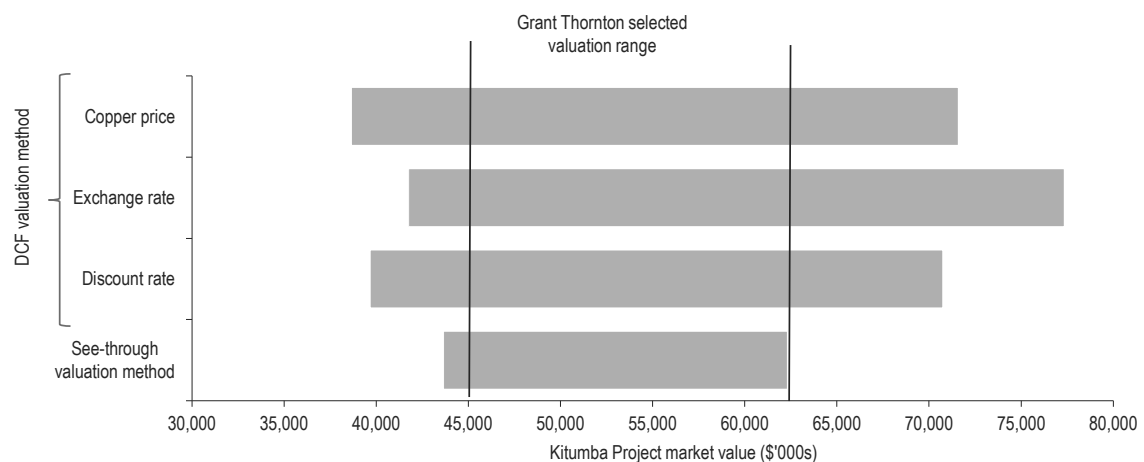
Note 3 – given our assessment of the Kitumba Project in section 9.3 does not include the net present value of the corporate overheads which are considered separately in section 9.7, in our valuation assessment of the see through value, we have added back our assessment of the market value of the BTR corporate overheads (i.e. excluding the corporate overheads of the Merged Group attributable to IAU). Refer to section 9.7 for details.



9.3.3 Valuation summary – the Kitumba Project

Based on our assessed value of the Kitumba Project under the DCF method as set out in Section 9.3.1.4 and our see-through value cross check in Section 9.3.2, we have assessed the fair market value of the Kitumba Project to be in the range of A\$45 million and A\$65 million as illustrated in the graph below.

Kitumba Project market value assessment



Source: GTCF calculations

9.4 BTR other exploration assets

Runge has assessed the fair value of BTR's other exploration assets based on the geoscience factor method, appraised value method and comparable transactions in the range of US\$3.3 million (A\$3.7 million) and US\$6.4 million (A\$7.2 million). For the purpose of our valuation assessment we have translated the assessed value of other exploration assets based on US\$/A\$ exchange rate of approximately 0.90.

9.5 BTR other assets and liabilities

For the purpose of this report, we have assessed the fair market value of other assets and liabilities of BTR not incorporated into the Financial Model based on the balance sheet as at 31 August 2014. Our assessment of BTR's other assets and liabilities is set out below:

BTR Adjusted Net Assets		
(A\$'000s)	Note	
Adjusted cash and cash equivalent as at 31 August 2014	Note 1	20,600
Trade and other receivables		522
Other current assets		59
Burkina Faso Consideration	Note 2	1,836
Property, plant and equipment		223
Trade and other payables		(1,506)
Provisions		(164)
Total adjusted net assets		21,570

Note: The value of property, plant and equipment is already taken into consideration in the cash flows of the Financial Model.

Source: BTR Annual Report 2014

Note 1 – the cash balance as at 31 August 2014 includes circa A\$10.6 million (US\$10.0 million) in settlement proceeds in relation to the sale of its 27.3% equity interest in the Perkoa Project to Glencore.

Note 2 – as discussed in section 5, upon completion of the sale to Glencore of the four contiguous exploration licences to the Perkoa Project, BTR will receive the consideration of US\$2million. Settlement is contingent on receiving approval of the Burkina Faso Minister of Mines (expected by November 2014). In our valuation assessment, we have considered the net present value at the valuation date less the Burkina Faso corporate overheads that are expected to be continued to be incurred by BTR until settlement.

9.6 BTR Tax losses

BTR has approximately A\$19.8 million accumulated tax losses as at 30 June 2014 which could potentially be used to offset against future taxable income. However, the amount has not been recognised as an asset for financial reporting purposes as it does not satisfy the recognition criteria under the relevant accounting standards.

For valuation purposes, unutilised tax losses may have a value as the hypothetical purchaser of a company can use the tax losses to offset against future taxable income, subject to satisfying certain taxation rules.

Based on discussions with the Management of BTR and IAU, we understand that the likelihood of the Merged Group being able to utilise the existing BTR's tax losses is limited and accordingly we have not attributed any value to them⁴⁵. This is consistent with the assumptions that would be adopted by a pool of potential purchasers under the fair market value concept.

9.7 Merged Group capitalised corporate overheads

The Merged Group will incur on-going corporate costs which are not directly related/captured into the Financial Model. These costs are associated with maintaining offices, the executive management teams, finance and corporate administration.

Based on the discussions with Management of IAU and BTR, annual corporate overheads of the Merged Group have been assessed to be approximately A\$5.5 million per annum on a pre-tax basis. The estimated

⁴⁵ With the exclusion of a small component of the tax losses utilised in the Kitumba Project's set-up cost.



corporate costs take into account IAU Management's estimate of the cost savings achievable as a result of the Proposed Merger.

We have assessed the capitalised value of the corporate overheads to be approximately A\$30 million having regard to the net present value of post-tax future corporate overheads using a discount rate between 11.40% and 12.44% on a real basis. Refer to Appendix B for further details on discount rate.

9.8 Costs associated with the Proposed Transaction

Transaction costs include contingent transaction costs to be incurred by IAU and BTR associated with completion of the Proposed Transaction. We note the non-contingent transaction costs in relation to the Proposed Transaction have already been captured in our assessment of IAU before the Proposals as set out in Section 8.6.

9.9 Number of IAU Shares after the Proposed Transaction

Based on the terms of the Proposed Buyback and the Proposed Merger, we have assessed the total number of IAU Shares outstanding after the Proposed Transaction under three scenarios assuming different levels of take-up of the Proposed Buyback as summarised below.

	Section Reference	Level of Proposed Buyback take-up (A\$m)		
		Scenario 1	Scenario 2	Scenario 3
		-	50.0%	100.0%
Exisiting number of IAU Shares	4.4	557,577,524	557,577,524	557,577,524
Proposed Buyback take-up (A\$m)	0.30 A\$/share 1	-	55	110
IAU Shares cancelled under the Proposed Buyback (shares)	1	-	183,333,333	366,666,667
Number of IAU Shares after the Proposed Buyback		557,577,524	374,244,191	190,910,857
Exisiting number of BTR Shares	5.4	164,285,950	164,285,950	164,285,950
Share Exchange Ratio (IAU/BTR)	1	1.147	1.129	1.079
New IAU Shares issued under the Proposed Merger		188,499,229	185,491,273	177,231,331
New IAU Shares issued as consideration for BTR Options	1	1,256,065	1,256,065	1,256,065
Total new IAU Shares issued under the Proposed Merger		189,755,294	186,747,338	178,487,396
Total number of shares in the Merged Group		747,332,818	560,991,529	369,398,254
% interest held by IAU Shareholders		74.6%	66.7%	51.7%
% interest held by BTR Shareholders		25.4%	33.3%	48.3%

Source: Scheme implementation agreement, NOM and GTCF calculations

10 Valuation cross-check of the Merged Group – Trading prices

As a cross check to our valuation of the Merged Group, Grant Thornton Corporate Finance has considered the trading prices of BTR after the announcement of the Proposed Transaction. Based on our analysis sets out in sections 8.8 and 9.3.2, the liquidity of BTR Shares is slightly superior to the liquidity of IAU Shares, accordingly in this analysis, we have preferred to adopt the trading prices of BTR to cross check our assessment of the Merged Group. In addition, we note that the trading prices of IAU may be greatly influenced by the uncertainty in relation to the alternative Proposals presented to IAU Shareholders.

The trading prices of BTR following announcement of the Proposed Transaction should reflect market's expectations in relation to the fair market value of the Merged Group.

Set out below is a summary of our analysis based on various levels of Proposed Buyback take-up.

Value of the Merged Group implied in BTR trading prices	Trading prices after announcement				
	1 day	5 days	10 days	15 days	Days to date ¹
	VWAP (cents)	VWAP (cents)	VWAP (cents)	VWAP (cents)	VWAP (cents)
Assume 100% take-up					
BTR VWAP before 25 Sep 14	27.20	26.53	26.29	26.79	28.13
Share exchange ratio	1.079x	1.079x	1.079x	1.079x	1.079x
Value of the Merged Group (i.e. scrip consideration to BTR Shareholders)	29.35	28.63	28.36	28.91	30.35
Assume 50% take-up					
BTR VWAP before 25 Sep 14	27.20	26.53	26.29	26.79	28.13
Share exchange ratio	1.129x	1.129x	1.129x	1.129x	1.129x
Value of the Merged Group (i.e. scrip consideration to BTR Shareholders)	30.71	29.96	29.68	30.25	31.76
Assume 0% take-up					
BTR VWAP before 25 Sep 14	27.20	26.53	26.29	26.79	28.13
Share exchange ratio	1.147x	1.147x	1.147x	1.147x	1.147x
Value of the Merged Group (i.e. scrip consideration to BTR Shareholders)	31.21	30.45	30.16	30.74	32.27

Note (1): 'Days to date' refer to the period from 28 Aug 14 to 25 Sep 14

Source: GTCF calculations

In relation to the trading prices of BTR post announcement of the Proposed Transaction, we note that BTR trading prices may incorporate an element of uncertainty in relation to the successful completion of the Proposed Transaction and the take-up of the Proposed Buyback.

Our valuation assessment of the Merged Group is as summarised below:

- 100% take-up – between 26.8 cents and 32.8 cents.
- 50% take-up – between 27.5 cents and 31.4 cents.

Our valuation assessment of the Merged Group does not seem inconsistent with the value of the Merged Group implied in the trading prices of BTR post announcement of the Proposed Merger.

11 Valuation cross-check of the Merged Group – Resource multiple

As discussed in section 7.3.2, we have also considered the resource multiples observed for listed comparable companies in order to cross check our valuation assessment of the enterprise value of the Merged Group, which is mainly presented by the operating assets of BTR (i.e. the Kitumba Project and other exploration assets).

This method provides a high level indication of the market value of the underlying securities as the resource multiple may vary significantly between the different listed comparable companies due to size of the deposit, grade or mineralisation, availability of infrastructure, port allocation, cost structure and stage of development.

11.1 Resource multiple of listed comparable companies

Set out below are the resource multiples of broadly comparable companies that are engaged in copper mining, either at a development or pre-development stage. Refer to Appendix C for further details on these companies.

Company	Marketcap A\$m	EV A\$m	Location ²	Ownership %	Total Resources Mt	Average copper grade %	Attributable contained resources ³				Attributable copper resource metal ratio ⁵ Kt	Resource Multiple (EV/metal ratio)
							Inferred Resources Kt	Indicated Resources Kt	Measured Resources Kt	Other ⁴ Resources Kt		
Blackthorn Resources Limited	44	33	Zambia	100%	39	2.2%	56	489	305	-	850	38.5x
Tier 1 - Copper explorer and developer with African assets												
Ivanhoe Mines Ltd.	833	75	DRC	64%-95%	1320	1.8%	19,177	4,457	na	11,956	35,590	211x
Nambian Copper NL	2	2	Namibia	78%	8	16%	49	62	17	18	146	13.8x
Tier 2 - International copper explorer and developer listed on the ASX												
Rex Minerals Limited.	57	40	Australia	100%	337	0.6%	680	901	396	950	2,927	13.7x
KGL Resources Limited	13	17	Australia	100%	14	1.3%	69	101	na	58	228	72.5x
Ventures Resources Limited	11	10	Australia	70%-100%	26	1.2%	41	253	19	392	705	13.7x
Avanco Resources Limited	163	142	Brazil	100%	63	1.3%	64	89	93	121	918	15.0x
Finders Resources Limited	108	100	Indonesia	95%	13	2.4%	5	29	171	25	230	435.3x
Metminco Limited.	30	27	Peru and Chile	100%	1428	0.5%	1808	3,016	1892	105	6,821	3.9x
Highlands Pacific Limited	51	45	PNG	20%	682	0.4%	1228	546	796	255	2,824	16.0x
Altona Mining Limited	117	100	Australia	100%	266	0.6%	689	433	406	74	1,602	62.5x
Hot Chili Limited	73	94	Chile	100%	265	0.5%	354	860	-	188	1,402	67.0x
Low					8	0.4%	5	29	-	18	146	3.9x
Average					402	1.1%	2,247	977	421	1,286	4,854	79.5x
Median					265	1.2%	64	433	171	121	1,402	21.1x
High					1428	2.4%	19,177	4,457	1892	11,956	35,590	435.3x

Note:

(1) EV based on latest available market capitalisation with adjustments for debt based on the company's latest available annual return and cash based on latest available quarterly cash flow statements.

(2) Location of flag ship asset.

(3) Attributable resources (reserves) = total resources (reserves) × percentage of ownership in the flagship project.

(4) We note that except for Ivanhoe Mines that has its resources and reserves estimation following the National Instruments 43-101, the remaining countries have their mineral estimation following the JORC Code 2012.

(5) Copper metal ratio is the sum of contained resources adjusted for the ratio of the resource price to the price of copper as at 27 August 2014 (copper price at US\$7,030/t, gold price at US\$1,283/oz, silver price at US\$19/oz, molybdenum price at US\$0.03/t, lead price at US\$2,285/t, zinc price at US\$2,372/t, iron ore price at US\$93/t, platinum at US\$1,420/oz, palladium at US\$895/oz, rhodium at US\$1,250/oz, nickel at US\$18,975/Mt).

(6) Contained resources equals approximately grade of resources × total resource tonnage

(7) We note that the copper metal ratio estimation calculation is for the purposes of our valuation and does not attempt to estimate or reflect a reported copper equivalent under JORC Code 2012.

Rounding differences might exist.

Source: Capital IQ, company presentations and websites, other publicly available information



In our selection of comparable companies, we have had regard to the following factors:

- Flagship projects focused on copper, located in Africa and preferably operated by an ASX listed company.
- Status of development of the flagship project of the relevant company (i.e. exploration/ development phase with at least the completion of scoping studies).
- Size of the company, including market capitalisation.
- Resource and grade estimates.

Notwithstanding the selection criteria adopted above, the level of comparability of the selected companies is limited given many of them are developing open cut mines which have very different construction and operating costs, in addition to grades and recoveries compared with the underground Kitumba Project.

Whilst we have placed limited/no reliance on the resource multiple of comparable companies, we note that the median resource multiple of the comparable companies is approximately 21.1x on a minority basis which does not seem unreasonable compared with the resource multiple implied in the Merged Group valuation between approximately 20x and 35x on a control basis.

12 Valuation assessment of IAU after the Contingent Buyback

In this section of the report, we have estimated the fair market value of the shares in IAU after the Contingent Buyback assuming various levels of take-up of the Contingent Buyback. We note that consistent with our valuation assessment of IAU before the Proposals, we have adopted the liquidation scenario to value IAU after the Contingent Buyback.

Contingent Buyback	Section Reference	After the Contingent Buyback					
		Scenario 1 - 10% Take-up		Scenario 2 - 50% Take-up		Scenario 3 - 99% Take-up	
		Low	High	Low	High	Low	High
Equity value before the Contingent Buyback (A\$000)	8	154,834	157,834	154,834	157,834	154,834	157,834
Value of the shares boughtback (A\$000)	0.275 A\$/share	(15,333)	(15,333)	(76,667)	(76,667)	(151,800)	(151,800)
Adjusted equity value (A\$000)		139,501	142,501	78,167	81,167	3,034	6,034
Adjusted number of shares on issue ('000)		501,820	501,820	278,789	278,789	5,576	5,576
Value per share after the Contingent Buyback		0.278	0.284	0.280	0.291	0.544	1.082

Source: GTCF calculations

12.1 Number of IAU Shares after the Contingent Buyback

Based on the terms of the Contingent Buyback, we have assessed the total number of IAU Shares outstanding after the Contingent Buyback under three scenarios assuming different levels of take-up by IAU Shareholders as summarised below.

	Section Reference	Level of Contingent Buyback take-up (A\$m)		
		Scenario 1	Scenario 2	Scenario 3
		10.0%	50.0%	99.0%
Existing number of IAU Shares	4.4	557,577,524	557,577,524	557,577,524
IAU Shares cancelled under the Contingent Buyback (shares)	1	(55,757,752)	(278,788,762)	(552,001,749)
Number of IAU Shares after the Proposed Buyback		501,819,772	278,788,762	5,575,775

Source: GTCF calculations

Source: NOM and GTCF calculations



13 Source of information, disclaimer and consents

13.1 Sources of information

In preparing this report, Grant Thornton Corporate Finance has used various sources of information, including:

- Draft Notice of Meeting
- Scheme Implementation Deed for the Proposed Merger
- Annual Reports of IAU and BTR for FY2012, FY2013 and FY2014
- IAU's Company Tax Return for FY2014 (Year ended 31 December 2013)
- Releases and announcements of IAU and BTR on ASX
- Capital IQ
- Reserve Bank of Australia website
- Various broker reports
- Runge Report
- IAU and BTR's company website
- Other publicly available sources
- Discussion with IAU Management

13.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to and all other parties involved in the Share Offer and Option Offer with reference to the ASIC Regulatory Guide 112 "Independence of expert" and APES 110 "Code of Ethics for Professional Accountants" issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to IAU, its shareholders and all other parties involved in Proposed Buyback.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with IAU or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Buyback and Contingent Buyback.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Proposed Buyback, Proposed Transaction or Contingent Buyback, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Proposed Buyback. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.



13.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by IAU and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by IAU through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of IAU.

The responsibility for business plan and forecasts and the assumptions, on which they are based, is solely that of the directors of IAU. It must be emphasised that all profit and cash flow forecasts necessarily depend on subjective judgement. They are, to a greater or lesser extent, according to the nature of the business and the period covered by the forecasts, subject to substantial inherent uncertainties. In consequence, they are not capable of being substantiated or audited in the same way as financial statements which present the results of completed accounting periods.

This report has been prepared to assist the directors of IAU in advising the IAU Shareholders in relation to the Proposed Buyback and Contingent Buyback. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Proposed Buyback is fair and reasonable to the IAU Shareholders.

IAU has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by IAU, which IAU knew or should have known to be false and/or reliance on information, which was material information IAU had in its possession and which IAU knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. IAU will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

13.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Notice of Meeting and Explanatory Memorandum to be sent to IAU Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.



Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.



Appendix B – Discount Rate

Introduction

The cash flows assumptions associated with the Kitumba Project have been prepared on a real, ungeared and post-tax basis. Accordingly, we have assessed a range of real post-tax discount rates for the purpose of calculating the net present values of the projects.

The discount rate was determined using the WACC formula. The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided. However, we note that the selection of an appropriate discount rate is ultimately a matter of professional judgment.

Under a classical tax system, the nominal WACC is calculated as follows:

$$WACC = R_d \times \frac{D}{D+E} \times (1-t) + R_e \times \frac{E}{D+E}$$

Where:

- R_e = the required rate of return on equity capital;
- E = the market value of equity capital;
- D = the market value of debt capital;
- R_d = the required rate of return on debt capital; and
- t = the statutory corporate tax rate.

WACC Inputs

In our assessment of the required rate of return on equity capital, we have observed the global financial markets and adopted the US market as a proxy due to the following:

- Demand and supply for copper is driven by global forces and markets.
- Majority of the costs are forecast to be incurred in US\$.
- Copper is traded in US\$.
- A component of the copper produced by the Kitumba Project will be exported.

Required rate of return on equity capital

We have used the Capital Asset Pricing Model (“CAPM”), which is commonly used by practitioners, to calculate the required return on equity capital.

The CAPM assumes that an investor holds a large portfolio comprising risk-free and risky investments. The total risk of an investment comprises systematic risk and unsystematic risk. Systematic risk is the



variability in an investment's expected return that relates to general movements in capital markets (such as the share market) while unsystematic risk is the variability that relates to matters that are unsystematic to the investment being valued.

The CAPM assumes that unsystematic risk can be avoided by holding investments as part of a large and well-diversified portfolio and that the investor will only require a rate of return sufficient to compensate for the additional, non-diversifiable systematic risk that the investment brings to the portfolio. Diversification cannot eliminate the systematic risk due to economy-wide factors that are assumed to affect all securities in a similar fashion. Accordingly, whilst investors can eliminate unsystematic risk by diversifying their portfolio, they will seek to be compensated for the non-diversifiable systematic risk by way of a risk premium on the expected return. The extent of this compensation depends on the extent to which the company's returns are correlated with the market as a whole. The greater the systematic risk faced by investors, the larger the required return on capital will be demanded by investors.

The systematic risk is measured by the investment's beta. The beta is a measure of the co-variance of the expected returns of the investment with the expected returns on a hypothetical portfolio comprising all investments in the market - it is a measure of the investment's relative risk.

A risk-free investment has a beta of zero and the market portfolio has a beta of one. The greater the systematic risk of an investment the higher the beta of the investment.

The CAPM assumes that the return required by an investor in respect of an investment will be a combination of the risk-free rate of return and a premium for systematic risk, which is measured by multiplying the beta of the investment by the return earned on the market portfolio in excess of the risk-free rate.

Under the CAPM, the required nominal rate of return on equity (R_e) is estimated as follows:

$$R_e = R_f + \beta_e(R_m - R_f)$$

Where:

- R_f = risk free rate
- β_e = expected equity beta of the investment
- $(R_m - R_f)$ = market risk premium

Risk free rate

In the absence of an official risk free rate, the yield on government bonds (in an appropriate jurisdiction) is commonly used as a proxy. We have observed the yield on the 10-year United States Treasury bond over several intervals from a period of 5 trading days to 10 trading years as set out in the table below:



United States Treasury Constant Maturity - 10 Year as at 24 September 2014				
	Range			Daily average
Previous 5 trading days	2.54%	-	2.63%	2.59%
Previous 10 trading days	2.54%	-	2.63%	2.59%
Previous 20 trading days	2.34%	-	2.63%	2.50%
Previous 30 trading days	2.34%	-	2.66%	2.53%
Previous 60 trading days	2.34%	-	2.82%	2.56%
Previous 1 year trading	2.34%	-	3.04%	2.66%
Previous 2 years trading	1.58%	-	3.04%	2.37%
Previous 3 years trading	1.43%	-	3.04%	2.21%
Previous 5 years trading	1.43%	-	4.01%	2.60%
Previous 10 years trading	1.43%	-	5.26%	3.38%

Source: Capital IQ and GTCF calculations

Given the volatility in the global financial markets, we have placed more emphasis to the average risk free rate observed over a longer period of time. Based on the above, we have adopted the risk free rate of 2.6% which is primarily based on the 5 year average yield on the 10-year United States Treasury bond. We note that this is also consistent with the spot price.

Market risk premium

The market risk premium represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk free rate of return is earned.

The expected return of the market in excess of the risk-free rate, termed the long horizon equity risk premium, has been estimated based on an historical study of mean actual returns as published in Stocks, Bonds, Bills and Inflation® Valuation Edition 2013 Yearbook, (Morningstar, Inc., 2013).

An adjusted long horizon equity risk premium of 5.8% has been utilised based on current research indicating that the actual long horizon risk premium is approximately 100 basis points less than that indicated by the Ibbotson full period data.

Beta

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation.

An equity beta includes the effect of gearing on equity returns and reflects the riskiness of returns to equity holders. However, an asset beta excludes the impact of gearing and reflects the riskiness of returns on the asset, rather than returns to equity holders. Asset betas can be compared across asset classes independent of the impact of the financial structure adopted by the owners of the business.

Equity betas are typically calculated from historical data. These are then used as a proxy for the future which assumes that the relative risk of the past will continue into the future. Therefore, there is no right equity beta and it is important not to simply apply historical equity betas when calculating the cost of equity.

For the purpose of this report, we have had regard to the observed betas (equity betas) of companies engaged in advanced copper exploration to early development (Tier 1) and copper producers with flagship assets located in the African region (Tier 2) as set out below:

Company	Country	Market Cap	Equity	Equity	Gearing	Ungeared	Ungeared	Regeared	Regeared
Beta analysis		\$'million	Beta ¹ (Local)	Beta ¹ (MSCI)	Ratio ¹	Beta (Local)	Beta (MSCI)	Beta (Local)	Beta (MSCI)
Blackthorn Resources Limited	Australia	44	1.81	1.26	0%	1.81	1.26	2.13	1.48
Tier 1 - Copper advanced exploration to development stage companies listed on the ASX									
Ivanhoe Mines Ltd.	Canada	819	5.49	1.10	0%	5.49	1.10	6.46	1.29
Namibian Copper NL	Australia	2	0.65	(0.86)	0%	0.65	NM	0.76	NM
Rex Minerals Limited.	Australia	57	3.00	1.78	0%	3.00	1.78	3.52	2.10
KGL Resources Limited	Australia	34	3.14	0.33	0%	3.14	0.33	3.69	0.39
Venturex Resources Limited	Australia	11	1.45	0.69	0%	1.45	0.69	1.70	0.81
Avanco Resources Limited	Australia	163	4.22	4.34	0%	4.22	4.34	4.96	5.09
Finders Resources Limited	Australia	108	1.32	0.90	4%	1.28	0.88	1.51	1.04
Metminco Limited.	Australia	30	4.57	2.92	0%	4.56	2.91	5.35	3.42
Highlands Pacific Limited	Australia	51	1.53	1.35	0%	1.53	1.35	1.79	1.58
Tier 1 - Average		142	2.82	1.39	0%	2.81	1.67	3.31	1.96
Tier 1 - Median		51	3.00	1.10	0%	3.00	1.22	3.52	1.44
Tier 2 - Copper production companies located in Africa									
Mawson West Ltd.	Australia	43	2.62	1.23	0%	2.62	1.23	3.08	1.45
Weatherly International PLC	United Kingdom	24	2.56	1.13	18%	2.24	0.99	2.63	1.16
Discovery Metals Ltd.	Australia	19	1.22	0.66	168%	0.56	0.30	0.66	0.35
African Copper PLC	United Kingdom	9	1.81	1.55	473%	0.39	0.33	0.46	0.39
Tiger Resources Ltd.	Australia	300	1.18	0.95	146%	0.58	0.47	0.69	0.55
Katanga Mining Ltd.	Switzerland	792	2.24	1.70	245%	0.74	0.57	0.87	0.66
Tier 2 - Average		198	1.94	1.20	175%	1.19	0.65	1.40	0.76
Tier 2 - Median		33	2.02	1.18	157%	0.66	0.52	0.78	0.61
Total Average		164	2.47	1.32	70%	2.16	1.23	2.54	1.45
Total Median		43	2.24	1.13	0%	1.53	0.93	1.79	1.10

Note (1): Equity betas are calculated using data provided by CapitalIQ. The betas are based on a five-year period with monthly observations and have been degeared based on the average gearing ratio over five years.

Source: Capital IQ and calculations

Grant Thornton Corporate Finance has observed the betas of the comparable companies by reference to the local index and MSCI of the comparable company.

It should be noted that the above betas are drawn from the actual and observed historic relationship between risk and returns. From these actual results, the expected relationship is estimated generally on the basis of extrapolating past results. Despite the arbitrary nature of the calculations it is important to assess their commercial reasonableness. That is, to assess how closely the observed relationship is likely to deviate from the expected relationship.

Consequently, while measured equity betas of the listed comparable companies provide useful benchmarks against which the equity beta used in estimating the cost of equity for the pre-development assets, the selection of an unsystematic equity beta requires a level of judgement.

The asset betas of the selected company are calculated by adjusting the equity betas for the effect of gearing to obtain an estimate of the business risk of the comparables, a process commonly referred as degearing. We have then recalculated the equity beta based on an assumed 'optimal' capital structure deemed appropriate for the business (regearing). This is a subjective exercise, which carries a significant possibility of estimation error.



We used the following formula to undertake the degearing and regearing exercise:

$$\beta_e = \beta_a \left[1 + \frac{D}{E} \times (1 - t) \right]$$

Where:

- β_e = Equity beta
- β_a = Asset beta
- t = corporate tax rate

The betas are de-gearing using the average gearing⁴⁶ level over the period in which the betas were observed and then re-gearing using a gearing ratio of approximately 25%. The gearing ratio has been determined after considering the gearing levels of BTR and the comparable companies.

In selecting the appropriate beta, we have considered the following:

- Majority of the tier 1 companies are unfunded and a number of the companies have significant uncertainty in relation to their ability to continue as a going concern based on latest audited accounts as at 30 June 2014. After the Proposed Transaction, the Kitumba Project will be fully funded for the DFS and will likely have material remaining cash reserves for further development/ construction activities.
- A number of the selected comparable companies are materially smaller than the Merged Group.
- Most of the production companies are generating relatively steady revenues. Accordingly their betas should be lower than BTR's all other things being equal.
- The median geared beta of tier 1 companies based on the ASX Index and the MCSI Index is between 1.44 and 3.52, respectively.
- The median geared beta of all comparable companies based on the ASX Index and MSCI Index assessed by Grant Thornton Corporate Finance is between 1.10 and 1.79, respectively.

Based on the analysis above, we have selected a beta range of between 1.50 and 1.70 to calculate the required rate of return on equity capital for the Kitumba Project.

Specific risk premium

Specific risk premium represents the additional return an investor expects to receive to compensate for country, size and project related risks not reflected in the beta of the observed comparable companies.

In assessing the appropriate specific risk premium to be applied, we have considered the following:

- Country risk premium. Professor Aswath Damodaran of Stern School of Business at New York University refers to a potential country risk premium for Zambia of 6.8%.

⁴⁶ Gearing ratio represents Net debt/Market capitalisation



- The nature, size and diversification of resources and reserves compared to the selected comparable companies. We note the Kitumba Project's copper grade and reserves are relatively higher than comparable pre-development companies.
- The potential dilution and risks attached to raise the debt and equity funding for the future construction phase of the Kitumba Project. However, we also note that most of the comparable pre-development companies selected to assess the beta factor share the same risks.
- The risks and uncertainties indicated in the Runge Report in relation to the recoveries of the Kitumba Project.

Based on the above, we have adopted a specific risk premium of 5%. We note that the selection of the specific risk premium involves a certain level of professional judgement and as a result, the total specific risk premium is not fully quantifiable with analytical data.

Cost of debt

For the purpose of estimating the cost of debt, Grant Thornton Corporate Finance has considered the following.

- The margin implicit in corporate bond yields over the US Government bond yields.
- The debt ratings of comparable companies, in particular, Moody's BAA credit ratings.
- Cost of debt achievable for an equivalent business in the industry.
- Expectations on the yield curve.

Based on the above, Grant Thornton Corporate Finance has adopted a cost of debt in the range of 7.0% to 8.0%.

Capital structure

Grant Thornton Corporate Finance has considered the gearing ratio which a hypothetical purchaser of the business would adopt in order to generate a balanced return given the inherent risks associated with debt financing. Factors which a hypothetical purchaser may consider include the shareholders' return after interest payments, and the business' ability to raise external debt.

The appropriate level of gearing that is utilised in determining WACC for a particular company should be the "target" gearing ratio, rather than the actual level of gearing, which may fluctuate over the life of a company. The target or optimal gearing level can therefore be derived based on the trade-off theory which stipulates that the target level of gearing for a project is one at which the present value of the tax benefits from the deductibility of interest are offset by present value of costs of financial distress. In practice, the target level of gearing is evaluated based on the quality and variability of cash flows. These are determined by:



- the quality and life cycle of a company;
- working capital;
- level of capital expenditure; and
- the risk profile of the assets.

In determining the appropriate capital structure, we have had regard to the current capital structure of the comparable companies, and the likely capital structure of BTR based on initial capital expenditure requirements and current cash reserves over the life of the Kitumba Project.

For the purpose of the valuation, Grant Thornton Corporate Finance has adopted average debt-to-asset ratio of 20% debt and 80% equity.



The real discount rate adopted for BTR is summarised below:

WACC calculation in real terms	Low	High
WACC (post tax) (nominal)	14.0%	15.0%
US & AUS long term blended inflation	2.3%	2.3%
WACC (post tax) (real)¹	11.40%	12.44%

Source: Capital IQ and GTCF Calculations

Note (1): Rounded to nearest 0.5%

Appendix C - Description of comparable companies

Company	Description
Tier 1 - Copper explorer and developer with African assets	
Ivanhoe Mines Ltd.	Ivanhoe Mines Ltd explores and develops mineral properties of copper, nickel, gold, zinc, germanium, lead, and platinum-group elements. The principal projects of the company comprise the Kamao and Kipushi project in the Central African Copperbelt in Katanga Province, the Democratic Republic of Congo ("DRC"); and Platreef project in the Bushveld Complex, South Africa. The company also holds other interests in prospective mineral properties in DRC, Gabon and Australia.
Namibian Copper NL	Namibian Copper NL explores and develops mineral resource properties in Namibia. It primarily explores for copper, silver, and gold concentrates. The company primarily has interests in Ongombo project, which is located in central Namibia. Namibian Copper NL was founded in 2006 and is based in Perth, Australia.
Tier 2 – International copper explorer and developer listed on the ASX	
Rex Minerals Limited	Rex Minerals Limited is engaged in the exploration and development of mineral properties in Australia. It explores for copper, gold, and iron ore deposits. The company's flagship property includes a 100% owned Hillside copper-gold project located in Yorke Peninsula, South Australia. Rex Minerals Limited is based in Goodwood, Australia.
KGL Resources Limited	KGL Resources Limited operates as a copper mining company in Australia. The company focuses on the development of the Jervois copper-silver-gold project in the Northern Territory, Australia. It also has interest in the Bashkol gold-copper project in the north east of the Kyrgyz Republic. The company was formerly known as Kentor Gold Limited and changed its name to KGL Resources Limited in August 2013. KGL Resources Limited was founded in 1998 and is based in Brisbane, Australia.
Venture Resources Limited	Venture Resources Limited, a resources company, explores for and develops base and precious metal resources in Australia. It owns or controls resources of copper, zinc, lead, silver, and gold at Sulphur Springs, Kangaroo Caves, Whim Creek, Mons Cupri, Salt Creek, and Liberty-Indee projects located in Western Pilbara in Australia. The company is also exploring for gold in Brazil. Venture Resources Limited is based in West Perth, Australia.
Avanco Resources Limited	Avanco Resources Limited engages in the exploration and development of base metal properties in Brazil. It explores for iron, copper, nickel, and gold ores. The company develops Rio Verde and Pedra Branca Copper projects, as well as the Antas Copper Mine, which are located in Carajas Mineral Province in northern Brazil. The company is based in West Perth, Australia.
Finders Resources Limited	Finders Resources Limited is engaged in the exploration, mining, and development of mineral properties in Indonesia. It primarily holds approximately 95% interest in the Wetar copper project located on Wetar Island, Indonesia; and 72% interest with option to increase to 100% in the Ojolali project, a gold-silver prospect that covers an area of 13 square kilometers and is located in Lampung Province of southern Sumatra, Indonesia.
Metminco Limited	Metminco Limited, through its subsidiaries, explores for and develops mineral prospects primarily located in Chile and Peru, South America. It primarily focuses on exploring porphyry copper style deposits, as well as on gold, molybdenum, and zinc. The company primarily holds interest in the Los Calatos copper-molybdenum project covering an area of 275 square kilometers located in southern Peru; and the Mollacas project covering an area of 33 square kilometers located in Chile.
Highlands Pacific Limited	Highlands Pacific Limited, together with its subsidiaries, explores for, evaluates, and develops mineral resource properties. It primarily holds interests in the Ramu nickel cobalt mine, located west of the provincial capital of Madang, Papua New Guinea (PNG); the Frieda River copper gold project that is located on the border of Sandaun and East Sepik provinces of PNG; and the Star Mountains prospects, which is located in the Western Sepik Province, PNG. The company also has exploration tenements located at Muller Range on the border of the Western and Southern Highlands Provinces, and on Normanby Island.
Altona Mining Limited	Altona Mining Limited operates as a mining company in Australia. It primarily focuses on the Cloncurry copper project located to the north-east of Mt Isa in Queensland, Australia. The company was formerly known as Universal Resources Limited and changed its name to Altona Mining Limited in August 2010. Altona Mining Limited is based in West Perth, Australia.
Hot Chili Limited	Hot Chili Limited acquires, explores, and develops mineral properties in Chile. It primarily explores for iron-oxide-copper-gold, porphyry style deposits, and molybdenum. The company's flagship project is the Productora multi-commodity copper project located to the south of Vallenar in Chile. It also has interests in the Frontera, Banderas, and Los Mantos copper projects in Chile.
Tier 3 – Copper production companies located in Africa	
Mawson West Ltd.	Mawson West Ltd is engaged in the exploration, development, and production of copper and silver in DRC. It primarily holds interests in the Dikulushi copper-silver mine; and the Kapulo copper exploration and development project, as well as multiple exploration targets covering a land package of approximately 7,300 square kilometers located in the Katanga province of DRC.
Weatherly International PLC	Weatherly International Plc is engaged in the mining, exploration, and development of base metals, primarily copper in Namibia, South Africa. Its copper portfolio includes two production mines, Otjihase and Matchless; Tschudi, an open pit development project, which is in financing phase; Tsumeb Tailings project that is in feasibility stage; and an exploration license in Namibia.
Discovery Metals Ltd.	Discovery Metals Ltd is engaged in the acquisition, exploration, development, mining, and initial processing of base and precious metals in Australia and Botswana. The company's principal project includes the 100% owned Boseto copper project located in Kalahari Copperbelt in north-west Botswana. It also has prospecting licenses covering approximately 26,150 km ² in Botswana.
African Copper PLC	African Copper PLC explores, develops, and mines copper deposits in Botswana. The company's principal project includes the Mowana mine that is located near Francistown city. It also explores for silver deposits. The company is headquartered in London, the United Kingdom.
Tiger Resources Ltd.	Tiger Resources Limited is engaged in the mining, exploration, development, and sale of mineral properties in DRC. It primarily explores for copper and cobalt deposits. Its holds a 60% interest in the Kipoi Copper Project covering an area of approximately 55km ² located northwest of Lubumbashi in the Katanga Province of DRC. The company also holds a 100% interest in the Lupoto Copper Project that has a surface area of approximately 140 km ² and a 100% interest in the La Patience Project covering an area of 27 km ² located in the Katanga Province.
Katanga Mining Ltd.	Katanga Mining is engaged in the copper and cobalt mining and related activities in DRC. It is involved in the exploration, mining, refurbishment, rehabilitation, and operation of the Kamoto/Mashamba East mining complex; the Kamoto Oliveira Virgule copper and cobalt mine; various oxide open pit resources; the Kamoto concentrator; and the Lulu metallurgical plant.



Appendix D – Glossary

A\$ or \$	Australian dollar
AOH	Altona Mining Ltd
APES 110	“Code of Ethics for Professional Accountants” issued by the Accounting Professional and Ethical Standard Board
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
AVB	Avanco Resources Ltd
BFS	Bankable Feasibility Study
BHP	BHP Billiton
BREE	The Bureau of Resources and Energy Economics
BTR	Blackthorn Resources Limited
BTR Options	BTR's 2,810,000 unlisted options
BTR Shares	BTR's 164,300,000 Ordinary Shares
BTR Shareholders	Ordinary shareholders in BTR
Buyback	The Proposed Buyback or the Contingent Buyback
Buyback Price	A\$0.30 for the Proposed Buyback and A\$0.275 for the Contingent Buyback
CAPM	Capital Asset Pricing Model
CEO	Chief Executive Officer
Corporations Act	Corporations Act 2001
CPI	Consumer Price Index
CY2013	Calendar year 2013
DCF	Discounted cash flow
DFS	Definitive Feasibility Study
DRC	Democratic Republic of Congo
EIS	Environmental Impact Study
EMP	Emperor Mines Limited
Equal Access Buyback	
EU	European Union
EV	Enterprise Value
EY	Earnst & Young Transaction Advisory Services Limited
Financial Model	The Kitumba Project Projections
FND	Finders Resources Ltd
FSG	The Financial Services Guide
FY20xx	Financial year 20xx (ended 31 December 20xx)
FYDec12	31 December 2012
FYDec13	31 December 2013
GDP	Gross domestic product
GFC	Global Financial Crisis



Grant Thornton Corporate Finance or GTCF	Grant Thornton Corporate Finance Pty Ltd
HCH	Hot Chili Ltd
HY2014	Half year period ended 31 June 2014
HYJun14	30 June 2014
IAU	Intrepid Mines Limited
IAU Options	IAU's 2,107,458 unlisted options
IAU Rights	IAU's 605,922 unlisted share rights to ordinary shares
IAU Shares	IAU's 557,420,429 fully paid listed ordinary shares
IndoAust	IndoAust Mining Ltd
IVN	Ivanhoe Mines Ltd
JORC	Joint Ore Reserves Committee
JV	Joint venture
LOM	Life of Mine
LME	London Metal Exchange
Merged Group	The merger of Intrepid Mines Limited and Blackthorn Resources Limited
Mining Law	Indonesian Mining Law of 2009
MSCI	Morgan Stanley Capital Index
MSD	Mines Safety Department of Zambia
NOM	Notice of Meeting
Non-Participating Shareholders	IAU Shareholders not participating in the Proposed Buyback
OPFS	Optimised Pre-Feasibility Study
Pa	per annum
Participating Shareholders	IAU Shareholders participating in the Proposed Buyback
PFS	Preliminary Feasibility Study
PNG	Papua New Guinea
Proposals	Each of the Proposed Buyback, Proposed Merger and Contingent Buyback
Proposed Buyback	The buyback of A\$110 million worth of IAU Shares at a price of A\$0.30 per IAU share
PT ASI	PT Alfa Sukes Indo
PT BSI	PT Bumi Sukses Indo
PT IMN	PT Indo Multi Niaga
PT MSJ	PT Merdeka Serasi Jaya
Quantum Capital	Quantum Pacific Investment Ltd and Fides Capital Partners Ltd
RG 110	ASIC Regulatory Guide 110 "Share buy-backs"
RG 111	ASIC Regulatory Guide 111 "Content of expert reports"
RG 112	ASIC Regulatory Guide 112 "Independence of Expert's Reports"
Runge	RungePincockMinarco Limited
Runge Report	Independent technical specialist report created by Runge
RXM	Rex Minerals Ltd
Share Exchange Ratio	1.079 IAU Shares for each ordinary share in BTR
SIA	Scheme Implementation Agreement



SID	Scheme Implementation Deed
TSR	Total Shareholder Returns
TSX	Toronto Stock Exchange
Tujuh Bukit Project	The project that IAU partnered with PT IMN located in East Java, Indonesia
US	United States
US\$	US dollar
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital

STRICTLY CONFIDENTIAL

The Directors
Intrepid Mines Limited
Level 1, 490 Upper Edward Street
Spring Hill QLD 4004

8 October 2014

Dear Sirs

Independent Expert's Report

Grant Thornton Corporate Finance Pty Ltd (**Grant Thornton**) acknowledges that it has received a verification draft of the Notice of Extraordinary General Meeting and Explanatory Memorandum dated 7 October 2014 in relation to the Extraordinary General Meeting of the shareholders of Intrepid Mines Limited (**Intrepid**), proposed to be held on Tuesday, 18 November 2014 (**Verification Draft**).

Grant Thornton consents to:

- (a) being named as the independent expert in the Verification Draft in the form and context in which it is named; and
- (b) the inclusion of its independent expert's report as Annexure D of the Verification Draft dated on or around 3 October 2014.

Yours faithfully

For Grant Thornton Corporate Finance Pty Ltd



Andrea De Cian

Partner

Grant Thornton Australia Limited ABN 41 127 556 389

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Intrepid Mines Limited ACN 060 156 452

Directors

Ian McMaster AM (Chairman)
Scott Lowe (Managing Director, CEO)
Alan Roberts
Greg Mazur
Lim Yu Neng Paul
Cliff Sanderson

Company Secretary

Garry Gill

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