INTREPID MINES DEC QTR 08: NO MORE HEDGE BOOK

	Dec Qtr	Sept Qtr	Change
Production (oz)	18,713	16,483	14%
Head Grade (g/t)	7.30	6.42	14%
Average Price (US$/oz)	**561**	**654**	**-14%**
Total Cash Cost (US$/oz)	431	577	-25%
Gross Margin (US$/oz)	**130**	**77**	69%
Gross Margin (%) per oz	30%	13%	126%
Ongoing Capital Exp. (US$/oz)	119	153	-22%
Total Cost (US$/oz)	**550**	**730**	-25%
Net Cash Margin (US$/oz)	**11**	**- 76**	-114%
Other Investment Activities			
Exploration/Evaluation. (US$/oz)	167.6	260.2	
Total Other Investment (US$/oz)	**167.6**	**260.2**	
Cash Surplus (Deficit) (US$/oz)	**- 156.7**	**- 336.2**	
Cash Balance (US$m)	10.9	19.4	-44%
Interest Bearing Loans (US$m)	0.3	0.3	-13%
Hedging Liability (US$m)	-	- 4.6	-100%
Shares Outstanding (m)	427.9	427.9	0%
Share Price (C$) (End of Quarter)	0.19	0.15	27%

Intrepid Mines (TSX: IAU; ASX: IAU) improved their production during the December quarter with an increase of 14% reflected in the increased head grade mined. The average price received for gold sold declined as the company delivered gold into the last of its forward sales agreements. In late February 09, Intrepid provided an update on their Paulsens operation stating they had achieved a gross margin of A$1,000/oz. Intrepid CEO Brad Gordon had this to say:

"A combination of factors, including the rise in the Australian dollar gold price, the closeout of our hedging position last year which means we get full value for our production, and a lift in production grades towards 12 grams per tonne allowed us to achieve a margin of $1,000 an ounce last week. The gold price is out of our hands and whether we can maintain such margins is still to be seen, so the focus for the operations team at Paulsens remains on safe and efficient gold production."

The total cash cost including royalties was US$431 for the December quarter, which was a big improvement on the September quarter thanks largely to the higher grades. Ongoing capital expenditure was also lower, resulting in a 25% decline in total cost per oz to US$550/oz. The overall cash margin was $87/oz higher than the previous quarter but was still disappointing thanks largely to the hedging contracts. As the company has already highlighted during the March quarter, margins have improved significantly as the company now delivers their gold entirely into the spot market. Investment activities for the quarter largely involved development related costs for the Casposo gold and silver project in Argentina as well as exploration work on the company's Tujuh Bukit project in Indonesia. Exploration work to date has uncovered a total resource of 1.5 Moz of gold and 68.3 Moz of silver for zones A and C. Drilling is now underway at Zone B in order to assess an initial resource figure. Intrepid has an 80% stake in the project. Despite the improvement in performance, the company's cash balance dropped sharply during the quarter thanks largely to the delivery of ounces into the remaining hedge position which cut into margins. In their February update, the company was able to report a cash balance increase to US$14.2m (24 February 09). The company's balance sheet continues to strengthen with no hedge liability and no bank debt. Brad Gordon had this to say:

"With the recent increase in gold prices, and more recently silver prices, the Company's major development assets - the Casposo gold/silver project in Argentina and our copper/gold/silver Tujuh Bukit project in Indonesia - continue to grow in potential."

One would think these development assets will continue to be the focus of the company going forward. Further exploration work at Paulsens will look to increase reserves and hence secure steady cash flow for future growth.

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