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RANDALLS GOLD PROJECT FEASIBILITY STUDY: 10-YEAR MINE LIFE FROM TWO-PHASE DEVELOPMENT

75,000ozpa PRODUCTION FROM PHASE 1 AT A$574/oz CASH OPERATING COST

Key Outcomes

- **Proposed two-phase development of the Randalls Gold Project with potential production of +630,000oz over 10 years**
- **Phase 1 outcomes include:**
  - **Pre-Tax Operating Profit of A$192M**
  - **Net Pre-Tax Profit after Capital of A$128M**
  - **Capital Cost reduced by 27% to $64M**
  - **IRR increased to 71%**
  - **Production of 75,000oz pa**
  - **Estimated A$574/oz cash cost (see Note 1)**
  - **Open pit Ore Reserves of 320,000oz**
  - **Estimated average production grade of 3.1 g/t gold**
- **Phase 2 potential open pit production:**
  - **An additional 330,000oz recovered**
  - **Estimated average production grade of 2.4 g/t gold**
  - **Net Pre-tax Profit of an additional A$120 million**
- **Total Phase 1 plus Phase 2 estimated Pre-tax Profit after Capital of A$248 million**
- **Gold production planned in mid-2010.**

Integra Mining Limited (**ASX: IGR – "Integra"**) is pleased to report outcomes of the recently completed Feasibility Study for development of its 100%-owned **Randalls Gold Project**, located near Kalgoorlie in Western Australia.

The Feasibility Study has confirmed the economic and technical viability of a two-phase development of the Randalls Gold Project as a robust, long-life gold operation for Integra in the Eastern Goldfields.

Importantly, the Study has achieved its two primary objectives:

1. To minimise the up-front capital requirements of project development and,
2. To increase the level of confidence that the operational and financial outcomes forecast by the Feasibility Study will be realised.

The Study outlines a two-stage operation **with an expected minimum 10-year mine life** over both phases based on currently identified resources and reserves.

Importantly, the Study delineates a clear pathway to production for Integra, with the capital cost for Phase 1 reduced by 27% from the previous Pre-Feasibility Study estimates to **A$64 million** and forecast Internal Rate of Return (IRR) increased to **71%**.

The Phase 1 operation would produce approximately **75,000oz of gold per annum** at a competitive C1 **cash operating cost of A$574/oz** from the Salt Creek and Maxwells open pit operations. This will establish a strong production profile and pave the way for the longer-term Phase 2 operation.

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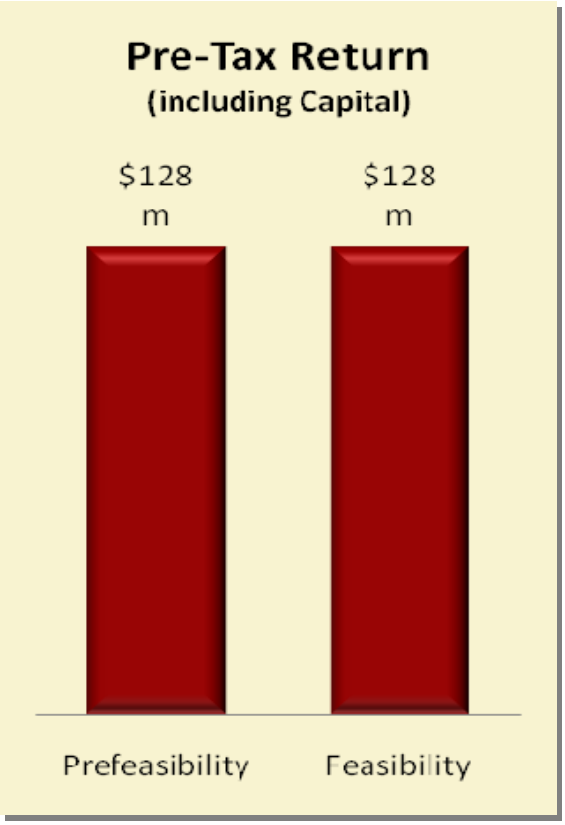

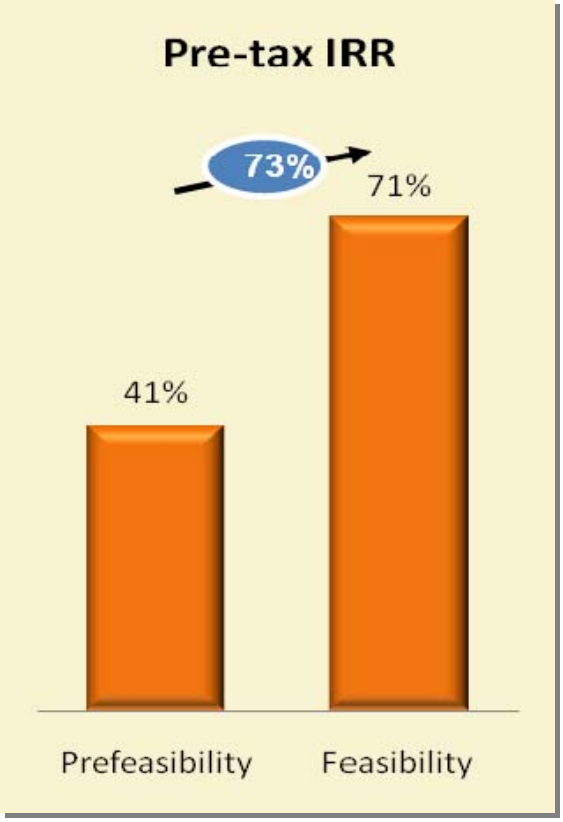

The recent history of both new gold mine developments and old gold mine re-developments in Australia has been characterised by material under-performance in production grades, volumes and financial outcomes.

In almost all recent instances of new gold mine developments and old gold mine re-developments which have materially underperformed, the reason for this underperformance can be attributed to a discrepancy between Mineral Resource estimates and mined volumes and grades.

Integra, on the other hand, has taken all possible steps to ensure that the Randalls Gold Project Feasibility Study will prove to be an accurate reflection of actual production outcomes. To this end, the Company has been cognisant of the need to prepare operating assumptions with an appropriate degree of conservatism so that market participants can have confidence that anticipated financial outcomes will be met.

Further, Integra has completed a very substantial additional diamond drilling programme at the Salt Creek gold deposit, including numerous 'twin' holes of previously drilled holes, scissor drill holes and oblique drill holes to ensure that the Mineral Resource estimate is robust.

Why Phase 1 and Phase 2 mining?

The proposed production profile from the Randalls Gold Project has been divided into two phases of production. The first phase is based on ore sourced from two open pits at the Maxwells and Salt Creek gold deposits. These two deposits represent the largest, highest grade and highest margin deposits in Integra's portfolio of Mineral Resources.

Both the Maxwells and Salt Creek deposits have been subject to extensive drilling and technical programmes conducted by Integra and, as such, Integra has an excellent degree of control on the quality assurance and repeatability of the Company's own work.

For these reasons – and the fact that a development based on the Maxwells and Salt Creek gold deposits alone is, in itself, sufficient to justify project development – the Phase 1 Project is considered to be sufficiently robust to give potential project financiers a high degree of confidence to fund project development.

The Phase 2 potential mining proposition is based on additional gold deposits within the existing Mineral Resources inventory which demonstrate potential economic returns from open pit optimisation studies.

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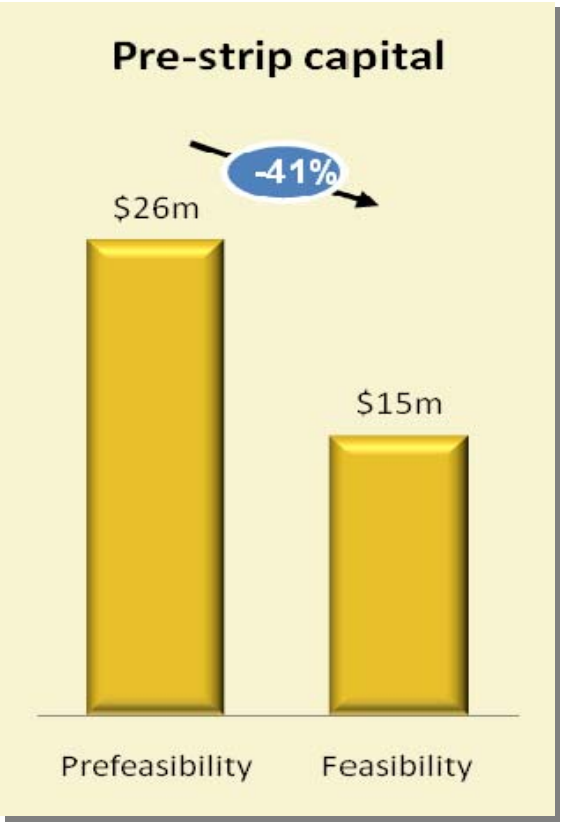

While Integra believes the Mineral Resources for these other gold deposits to be robust and based on work conducted by reputable gold mining companies such as Freeport Australia, Normandy Poseidon, Newcrest and Placer, Integra does not have access to drill sample assay pulps for check analysis. Nor does Integra have the ability to confirm the down-hole drill surveys and other technical quality assurance checks which would, in the Company's view, be required prior to including these additional Mineral Resources in the Ore Reserve inventory. This position reflects Integra's technical conservatism and further reinforces its determination to 'do it right' first time.

Given that Phase 1 Ore Reserves will justify project development and provide robust financial returns, Integra has elected to use cash-flow from Phase 1 mining to fund the additional check programmes required to bring Phase 2 Mineral Resources into Ore Reserves status, rather than rely on shareholders' funds to complete the necessary technical check programmes.

Phase 1 Mining and Ore Reserves

Phase 1 mining is based on development of the **Maxwells and Salt Creek gold deposits** as open pit mines with ore to be processed through an 800,000 tonne per annum conventional processing facility to be constructed adjacent to the Salt Creek gold deposit.

Project **capital costs** are estimated to be **$64 million** representing a **27% reduction** by comparison with the Pre-Feasibility Study capital cost estimate. Total capital costs include a pre-strip at Salt Creek of A$14.7 million and A$49 million of plant and infrastructure (designed for 10-year plus mine life).

Phase 1 C1 **cash costs** are estimated to be **A$574/oz** (roughly comparable to underground A$374/oz cash cost plus A$200/oz capital development – see Note 1).

Financial returns from Phase 1 mining alone include:

- **operating profit before tax of A$192 million**.
- **net operating profit before tax and after capital of A$128 million**.
- **Phase 1 IRR on cashflow of 71%**.

Based on current Ore Reserves, the Phase 1 mine life will be 4 years.

Phase 1 Ore Reserves are estimated to be **3.2 Mt** at an estimated average diluted mining grade of **3.1 g/t gold** for **320,000 ounces** of contained gold of which the Salt Creek gold deposit contributes 2.6 Mt

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at 2.6 g/t gold for 224,000 contained ounces and the Maxwells gold deposit contributes 560,000 at 5.2 g/t for 93,000 contained ounces.

Ore produced from the Salt Creek gold deposit will be delivered direct to run of mine (RoM) stockpiles at the gold processing facility to be constructed adjacent to the Salt Creek gold deposit. Ore produced from the Maxwells gold deposit will be trucked some 17 kilometres along existing and approved haulage roads to the processing facility for blending with Salt Creek ore as a combined mill feed at an expected average grade of 3.1 g/t gold – **expected to be the highest production grade of any similar sized open pit gold operation in Australia.**

Recovered gold production will range from 70,000 ounces per year to 83,000 ounces per year with **average production of 75,000 ounces per year**. The overall mining strip ratio is estimated to be 6.9:1, and after completion of the capitalised pre-strip, the **operating strip ratio is estimated to be 4.95:1**.

Integra owns a 1.1Mtpa process facility which is currently dismantled and in storage on-site ready for refurbishment and installation. The process facility has 2 ball mills and the Feasibility Study envisages the installation of the larger of the two ball mills for a 800,000tpa throughput capacity. The re-installation design incorporates a vacant space for installation of the second ball mill for seamless upgrade of the throughput capacity to 1.1Mtpa producing over 100,000ozpa should Integra's 'resources to reserve' conversion programmes or exploration success justify an upgrade in processing capacity.

Metallurgical recoveries are estimated to be in the order of **95% through conventional CIP** processing with an average grind of 106µm and a Ball Mill Work Index (BMWi) of 16.5kWh/t for Salt Creek ore and a BMWi of 17.1kWh/t for Maxwells ore.

The Project will utilise mains power supply, thereby reducing its exposure to potential diesel fuel cost increases.

Phase 2 Potential Production

Phase 2 potential production, based on open pit optimisations, could contribute an **additional 4.6Mt** of mill feed at an average mining diluted **grade of 2.4 g/t gold for an additional 330,000oz of gold recovered.**

Based on the open pit optimisation volumes, Phase 2 potential production could **extend operating mine life for some 5.7 years** beyond Phase 1 production for a **target mine life of 10 years** based on existing Mineral Resources.

No additional discoveries or extensions to known deposits are required to justify Integra's 10-year mine life target. However, Integra believes the additional discovery potential is excellent.

The potential production from Phase 2 open pit optimisations (Table 1) indicate a potential **net operating profit before tax of A$120 million** (Table 2) with limited additional capital expenditure required as the process facility will have been amortised over the period of Phase 1 production.

Integra Mining has a global **Mineral Resource estimate of 20Mt at 2.7g/t for 1.8 million oz** above 1g/t (Table 3). These Mineral Resources are contained in 15 gold deposits within the Aldiss, Randalls and Mt Monger project areas.

Table 1: Phase 2 Open Pit Optimisations

GOLD PRICE ($1250/oz)	TONNES (t)	GRADE (g/t)	OUNCES RECOVERED (oz)
Cock-Eyed Bob	309,084	4.55	42,973
Main Zone	908,980	2.41	64,288
Fingals	460,580	2.34	32,954
French Kiss	682,696	2.32	46,532
Harry's Hill	1,479,505	2.12	91,916
Flora Dora	171,004	2.36	12,304
Dunlevy	326,287	1.65	16,456
Santa	44,723	2.71	3,700
Spice	77,132	4.33	9,800
Anomaly A	108,228	2.43	8,023
Randalls Dam	36,273	2.80	3,103
CUMULATIVE	**4,600,000**	**2.4**	**330,000**

The deposits underpinning the Phase 2 potential production are in varying states of readiness to add to Ore Reserves. However, all require additional drilling, QAQC programs, environmental and regulatory

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approvals, geotechnical assessments, hydro-geological assessments, detailed designs and scheduling. Integra expects this work be funded by cash flow from the successful development of the Phase 1 project.

Integra has budgeted A$14 million over the next two years for the partial conversion of some of these Mineral Resources to Ore Reserves.

This is in addition to the A$20 million proposed exploration budget over the same period.

Table 2: Phase One and Total Mine Plan Vital Statistics

	Ore Reserve Phase 1	10 year mine plan Phase 1 + Phase 2
Mill Feed	3.2Mt	7.7Mt
Grade	3.1g/t	2.7g/t
Contained Gold	320Koz	670Koz
Recovery	95%	95%
Annual Throughput	800ktpa	800ktpa
Capital Expenditure	$64M	$64M
Maximum Negative Cash Flow	$65M	$65M
Total Cost per Ounce	$795	$823
Cash Cost per Ounce	$574	$721
Assumed Gold Price	$1,250	$1,250
IRR	71%	70%
Cash Flow before capital items	$192M	$312M

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What Is Not Yet Included...

Integra has a global Mineral Resources estimate of **20Mt at 2.7 g/t gold for a contained 1.8 million oz** (Table 3) providing the Company with very substantial leverage to increases in the gold price both in terms of enhancing the profitability of planned and expected production and also potentially bringing additional deposits and extensions to known deposits into 'economic' status.

The capital cost saving demonstrated by the current Feasibility Study relative to the Pre-feasibility Study has partly been achieved by reducing the pre-strip required at the Salt Creek gold deposit by approximately 40%. Consequently, the Feasibility Study only focuses on the central and northern portions of the **Salt Creek** gold deposit. The **gold mineralisation at the southern end of the deposit remains available for an along-strike open pit push-back at a later date**.

Additional gold deposits not currently included in Integra's global Mineral Resources estimate include the **Lucky Bay gold deposit** (4.5 kilometres south of Salt Creek) and the **Fly Camp gold deposit** (north of Santa), both located within the Randalls Gold Project. These two deposits are robust and high-grade and will be brought into Mineral Resources status in anticipation of conversion to Ore Reserves.

Integra has, to date, only focused on open pit production potential. However, a number of the banded-iron formation (BIF) hosted gold deposits in the Randalls Gold Project demonstrate excellent vertical continuity of gold mineralisation at depth below open pit designs and optimisations. **The underground production potential of the Maxwells, Cock-eyed Bob and Santa gold deposits is considered to be excellent** and additional drilling programmes are underway to confirm this potential (Figure 1).

The Cock-eyed Bob gold deposit has resource blocks grading 8-12 g/t gold below the current pit floor which represent an attractive underground mining target. Likewise, a cross section of the Santa gold deposit is shown in Figure 2 and a long section in Figure 3 clearly demonstrates the high-grade nature of BIF hosted gold mineralisation at depth.

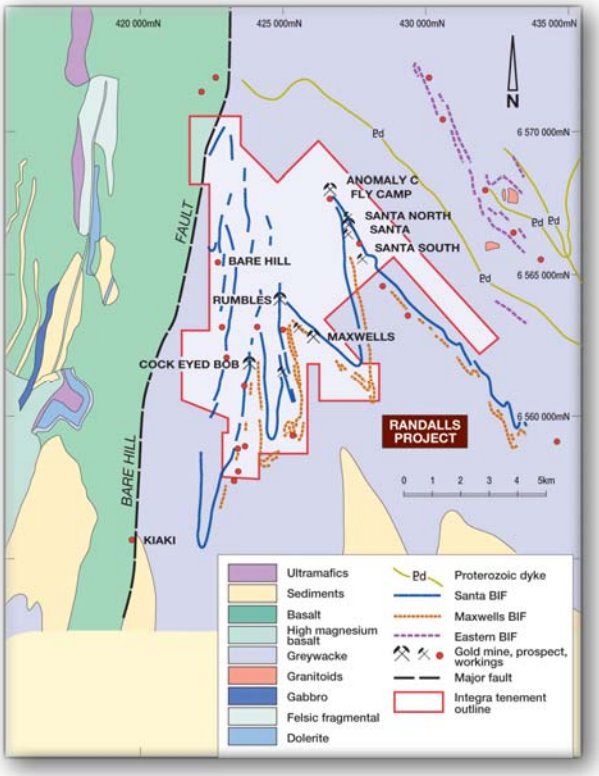

Figure 1: BIF hosted gold deposits in the Randalls Gold Project.

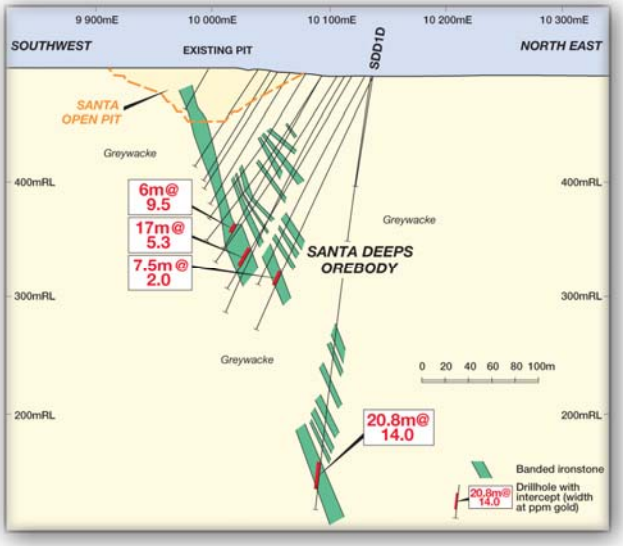

Figure 2: High-grade gold mineralisation at depth at the Santa Gold deposit.

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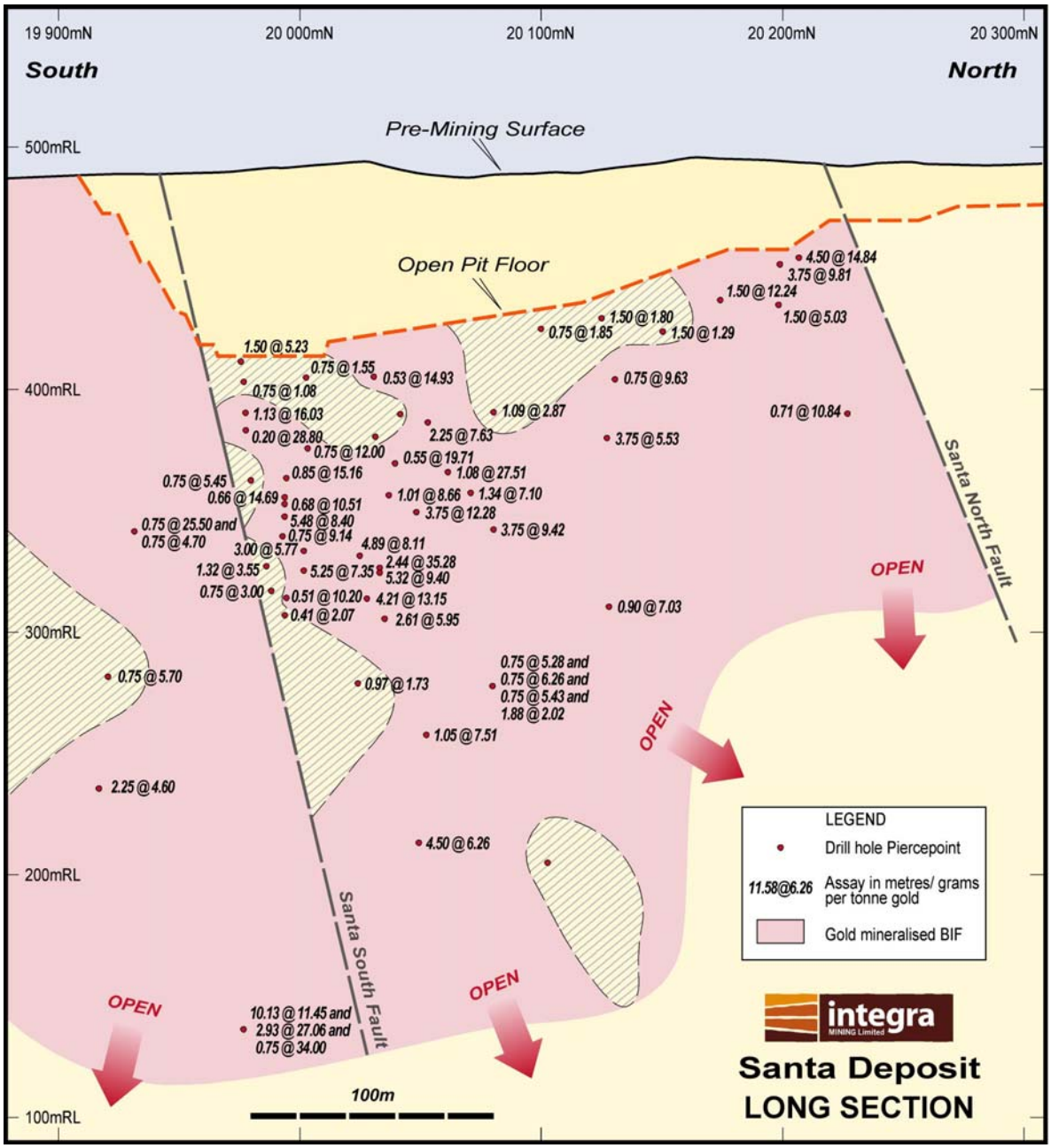

Figure 3: Santa gold deposit long-section.

The Path Forward

Integra has received tenders for mill construction and is in a position to move to 'preferred contractor' status in approximately one month. Integra has received mining quotations and the Company will be in a position to call for mining tenders in approximately 6 weeks. Integra has received mains power supply tenders and will be short-listing preferred power suppliers in approximately 6 weeks.

Perth-based corporate advisory firm PCF Capital has been mandated to provide debt advisory services and Confidentiality Agreements have been entered into with a number of financial institutions for the provision of project finance.

Preparations for regulatory approvals for project development are well advanced.

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The completion of the Randalls Gold Project Feasibility Study represents a major milestone in Integra's progression towards gold producer status. The Company is very well positioned to become Australia's newest gold producer in mid-2010 with a very robust project as the platform for future growth.

Yours sincerely,

Chris Cairns
Managing Director

Information in this announcement that relates to Ore Reserves is based on information compiled by Steve O'Grady, Consulting Engineer, who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Steve O'Grady is an independent consultant to Integra Mining Limited through Intermine Engineering Consultants, is a member of The Australasian Institute of Mining and Metallurgy and consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Chris Cairns, Managing Director, who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Chris Cairns is a member of The Australasian Institute of Geoscientists and consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Note 1: *Cash costs per ounce produced are commonly not directly comparable between open pit mining and underground mining. The reason being that while project development expenditure to attain steady-state production is capitalised for both open pit and underground mines, open pit mining generally does not incur additional capital expenditure whereas underground mining continues to capitalise ore access and decline extension costs. Typically these on-going capital expenses in an underground mine can equate to approximately A$200 per oz produced.*

Some underground mine operators, such as Silver Lake Resources and Dominion Mining Limited provide very transparent cash cost and on-going capital cost expenditure figures. However, most underground producers are not as transparent and analysts must identify the net increase in accrued capital for the period and divide that capital by the number of oz produced over the respective period to deduce the capital development cost per oz. On-going capital expenditure for underground mining would typically be in the order of A$200 per oz.

Consequently, Integra's estimated C1 cash cost of A$574/oz for open pit production is roughly comparable to a A$374 C1 cash cost from underground mining given that an additional A$200/oz of capitalised development expenditure is required to produce the same ounce from underground.

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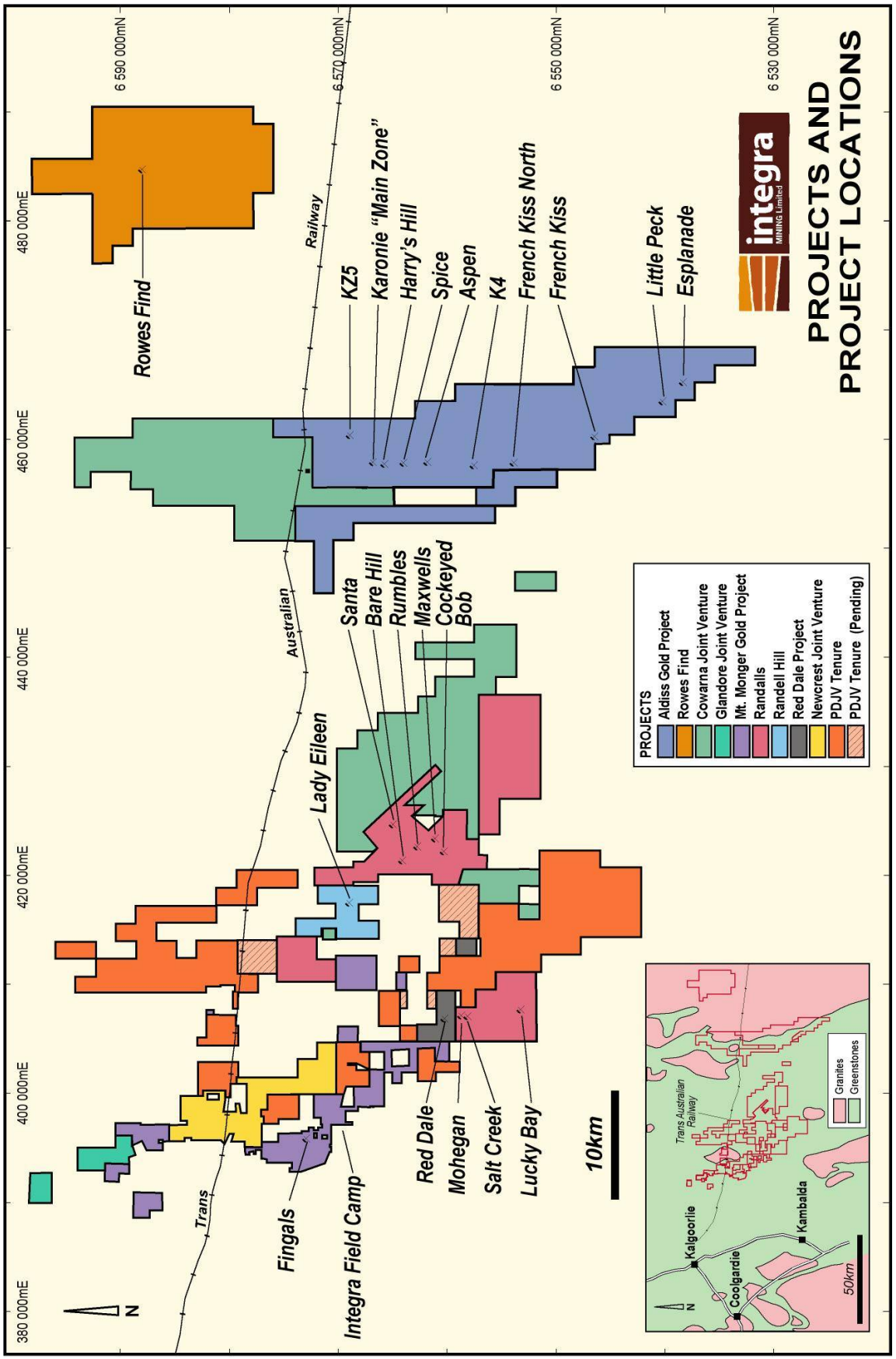

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Table 3: Classified Resource Estimates above 1 g/t Gold

Randalls

		Volume	Tonnes	Au g/t	Au (oz)
Maxwells	*Indicated*	560,094	1,608,670	5.41	279,805
	Inferred	278,547	798,213	4.89	125,493
	Total	838,641	2,406,883	5.24	405,298
Salt Creek		Volume	Tonnes	Au g/t	Au (oz)
	Indicated	1,209,611	3,381,638	2.75	298,874
	Inferred	451,243	1,250,971	2.61	104,822
	Total	1,652,543	4,609,346	2.72	403,566
Santa Area		Volume	Tonnes	Au g/t	Au (oz)
	Indicated	675,953	1,947,604	2.42	151,617
	Inferred	164,540	473,949	1.99	30,291
	Total	840,493	2,421,553	2.34	181,908
Cockeyed Bob		Volume	Tonnes	Au g/t	Au (oz)
	Indicated	117,313	350,345	5.56	62,627
	Inferred	31,175	93,525	7.20	21,650
	Total	148,488	443,870	5.91	84,277
Rumbles		Volume	Tonnes	Au g/t	Au (oz)
	Indicated	-	-	-	-
	Inferred	230,500	645,399	1.37	28,515
	Total	230,500	645,399	1.40	28,515
Anomaly A		Volume	Tonnes	Au g/t	Au (oz)
	Indicated	50,975	151,076	3.04	14,766
	Inferred	2,463	7,388	1.81	430
	Total	53,438	158,464	2.98	15,196
Randalls Dam		Volume	Tonnes	Au g/t	Au (oz)
	Indicated	-	-	-	-
	Inferred	45,828	123,473	2.81	11,155
	Total	45,828	123,473	2.81	11,155

Total Indicated	2,621,334	7,457,386	3.38	809,258
Total Inferred	1,204,296	3,392,918	2.96	322,356

Randalls Total	**3,810,000**	**10,810,000**	**3.3**	**1,130,000**

Mount Monger

		Volume	Tonnes	Au g/t	Au (oz)
Fingals	*Indicated*	-	-	-	-
	Inferred	694,724	2,014,700	2.00	129,548
	Total	694,724	2,014,700	2.00	129,548

Mt Monger Total	**690,000**	**2,010,000**	**2.0**	**130,000**

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Aldiss

		Volume	Tonnes	Au g/t	Au (oz)
Main Zone	***Indicated***	662,784	1,888,370	2.39	145,305
	Inferred	9,219	25,538	2.14	1,759
	Total	672,003	1,913,908	2.39	147,064
Harrys Hill		**Volume**	**Tonnes**	**Au g/t**	**Au (oz)**
	Indicated	605,251	1,778,495	2.49	142,271
	Inferred	19,251	51,976	1.73	2,886
	Total	624,502	1,830,471	2.47	145,157
French Kiss		**Volume**	**Tonnes**	**Au g/t**	**Au (oz)**
	Indicated	655,001	1,905,845	1.89	115,528
	Inferred	13,095	38,644	2.13	2,648
	Total	668,096	1,944,489	1.89	118,176
Spice		**Volume**	**Tonnes**	**Au g/t**	**Au (oz)**
	Indicated	-	-	-	-
	Inferred	41,391	104,400	4.05	13,598
	Total	41,391	104,400	4.05	13,598
Tank/Atriedes		**Volume**	**Tonnes**	**Au g/t**	**Au (oz)**
	Indicated	221,351	622,108	1.85	37,046
	Inferred	20,164	60,375	1.94	3,766
	Total	241,515	682,483	1.86	40,812
Italia/Argonaut		**Volume**	**Tonnes**	**Au g/t**	**Au (oz)**
	Indicated	164,724	417,853	1.42	19,091
	Inferred	-	-	-	-
	Total	164,724	417,853	1.42	19,091
Rowes Find		**Volume**	**Tonnes**	**Au g/t**	**Au (oz)**
	Indicated	-	-	-	-
	Inferred	62,846	161,493	3.53	18,328
	Total	62,846	161,493	3.53	18,328
	Total Indicated	2,310,000	6,610,000	2.20	470,000
	Total Inferred	170,000	440,000	3.00	40,000
Aldiss Total		**2,480,000**	**7,060,000**	**2.2**	**500,000**

		Volume	Tonnes	Au g/t	Au (oz)
Estimate Total	**Indicated**	**4,931,334**	**14,067,386**	**2.8**	**1,300,000**
	Inferred	**2,069,020**	**5,847,618**	**2.6**	**490,000**
	Total	**6,980,000**	**20,000,000**	**2.7**	**1,800,000**

Table 3 Note: *All deposit figures are reported as calculated from their relevant resource block models. Sub-totals, project totals and the Integra Mining Limited total resource figures are rounded to 2 significant digits as defined by Clause 26 in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". All sub-totals, project totals and the Integra Mining Limited total resource figures are calculated from the raw deposit figures then rounded to 2 significant digits. Totals are not calculated from intermediate sub-total which results in rounding variances which may be observed between the various total figures.*

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