



(ABN 69 099 544 680)

**ANNUAL REPORT**  
**FOR THE YEAR ENDED**  
**30 JUNE 2014**

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## DIRECTORS

M Edwards	Non-Executive Chairman
D Tasker	Non-Executive Director
T Schwertfeger	Managing Director

## COMPANY SECRETARY

J Flegg	Company Secretary
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## REGISTERED OFFICE

Ground Floor, 1 Havelock St  
West Perth WA 6005  
Tel: (08) 9448 5220  
Fax: (08) 9324 2400  
Email: [info@intgold.com.au](mailto:info@intgold.com.au)

## SOLICITORS

Gilbert & Tobin  
1202 Hay Street  
West Perth WA 6005

Carvalho, Machado, Timm & Deffenti  
Sao Paulo – SP  
Rua Quintana, 887 – Level 3  
CEP 04569-011  
Tel: +55(11) 3522-3253  
Fax: +55(51) 2369-6585

## BANKERS

Westpac Banking Corporation  
109 St George's Terrace  
Perth WA 6000

## SHARE REGISTER

Advanced Share Registry Limited  
150 Stirling Highway  
Nedlands WA 6009  
Tel: (08) 9389 8033  
Fax: (08) 9389 7871

[www.advancedshare.com.au](http://www.advancedshare.com.au)

## AUDITORS

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000  
Tel: (08) 9429 2222  
Fax: (08) 9429 2436

## INTERNET ADDRESS

[www.intgold.com.au](http://www.intgold.com.au)

**ABN 69 099 544 680**

## OVERVIEW

Western Australian-based International Goldfields Limited ("IGS" or "the Company") is a precious metals exploration company targeting resource growth and project development of its effective 33% ownership in the Ouro Paz Gold Project in Brazil.

The Company aims to create value for shareholders through the successful exploration and delineation of gold resources at projects located in the emerging Juruena belt gold districts in Brazil.

During the past year IGS has focussed on reducing costs for the Company while retaining exposure and continuing exploration investment into its flagship project through divestment of non-core assets held by the Company;

- The Company continues to fund a 33% interest in the Ouro Paz JV in Brazil held by its 93% owned subsidiary Latin Gold Ltd.
- The first 6 months of IGS's proportion of exploration expenditure required by the Ouro Paz JV during the 2013-14 financial year was financed by the Ouro Paz Joint Venture Partner as a condition of the Joint Venture agreement entered into in 2013 to consolidate the land position for the Union Project area located within the Ouro Paz Gold Project.
- IGS has now fully divested its Plumridge Project. Following IGS finalising an earn-in agreement early in the financial year on its 100% ownership in the Plumridge Project, this farm-in agreement provided \$1M in exploration expenditure on the project at no cost to IGS investors and retained a 40% interest on the project. When the expenditure commitment neared its completion, IGS elected to sell its remaining interest in the project in exchange for \$300,000 cash, a 1% royalty over future production on the tenements, and 50 million shares in Segue Resource Ltd (ASX: SEG) (refer to ASX announcement dated 9 April 2014). Proceeds from the divestment of the Plumridge asset have been used to finance continued exploration work in Brazil.
- Santa Fe Gold Corporation (OTCQB: SFEG) ("Santa Fe") announced terms of a strategic partnership with Canarc Resource Corp (CCM: TSX and CRCUF: OTC-BB) ("Canarc") on 15 July 2014 which was followed by a 350% increase in value of IGS' current shareholding in Santa Fe to in excess of \$1.8 Million, which represents a 5% ownership in SFEG post transaction with Canarc. The partnership with Canarc in combination with the new SFEG board with strong mine development history, now focused on efforts to re-start production at the Summit Mine with recently announced increased resources significantly adds confidence in repayment to IGS of the \$4 million convertible note expiring October 2015 with \$402k in accrued interest through end of the reporting period.
- The Company finalised the transaction for divestment of its West African Assets early in the reporting period through the sale of its wholly owned subsidiary International Goldfields (Bermuda) Limited as announced to the ASX on 30 April 2013 and the company retains a royalty of 2% gross revenue from all future gold produced from the West African assets.

## REVIEW OF OPERATIONS

### EXPLORATION - BRAZIL

During the year a major milestone for the Company was the release of the Maiden Resource Estimate (MRE) of 690,000 oz Gold at the Ouro Paz Joint Venture, Brazil in late December 2013.

Multiple prospect areas have been defined within a 20 kilometre diameter hosting epithermal style high-grade gold mineralisation associated with quartz veining that forms the Union Gold Project. Each prospect area is host to gold mineralisation at surface with potential for open pit extraction, and higher gold grades provide the potential for underground mining methods to be potentially economically viable. The current exploration program is focused on both quantifying shallow oxide gold mineralisation and identifying new prospects with high-grade gold values to support planned preliminary economic assessment for viability of a centralised milling and CIL processing and/or heap leach facility processing.

The Ouro Paz Gold Project held in Joint Venture (Ouro Paz JV) (approximately 33% attributable to IGS) is located in northern Mato Grosso state with multiple mineralised prospects within the active exploration areas located between 25km and 55km southeast of the city Peixoto de Azevedo in the state of Mato Grosso (refer to Figure 1).

## Summary of Exploration Activity and results during the reporting period:

- A maiden Mineral Resource Estimation (MRE) of 3.4M tonne Measured & Indicated Resource averaging 2.55g/t gold, and a 5.1M tonne Inferred resource averaging 2.48g/t gold for a total of 690,000oz Au of contained metal reported for the Ouro Paz Gold Project.
- A Scoping Study completed on the Union Project Area has been reported and provides a production target based on a portion of the oxidized Indicated and Inferred resource categories and highlights potential for early cash flow in the project with relatively low Capex from mining of oxidized material for heap leach processing requires further study.
- Diamond drilling for the financial year totalled 3,194m. This includes 1,770m of drilling in 18 holes reported as at 30 June for the 2014 field season, and 1,424m of drilling in nine holes completed in the first half of the financial year towards a 51 hole diamond campaign totalling 5,860.2m of drilling completed during the 2013 field season.
- The Ouro Paz JV increased its tenement holdings for the Ouro Paz gold project, with acquisition of six mining tenements from Australian listed Cougar Metals NL and with grant of fourteen new mining tenements from applications made by the Ouro Paz JV. The Ouro Paz JV has also advanced environmental permitting on tenements host to resource estimates and rationalised its land position by relinquishing tenements with low prospectivity and no exploration work planned to reduce tenement holding costs.
- The Ouro Paz JV has completed extensive surface geochemistry and mapping programs covering a substantial portion of the Ouro Paz Gold Project area and identifying multiple gold anomalies for initial drill testing.
- Approximately fifty line-km of ground geophysics survey was completed in three campaigns over the past year with spectral induced polarisation / resistivity geophysical methods (IP) that included over fourteen line kilometres completed during the reporting period, and an additional subsequent campaign of IP recently completed.
- High resolution Airborne Magnetic and Radiometric Survey work completed in late 2013 by the Ouro Paz JV totalled 820km<sup>2</sup> was augmented for regional scale targeting through a data exchange agreement with neighbouring explorer AngloGold Ashanti, increasing the coverage of high resolution airborne geophysical data for the region to 2,380km<sup>2</sup> providing a strong technical advantage for regional scale targeting for the Ouro Paz JV.



Figure 1: Ouro Paz Gold Project Location Map

## Diamond Drilling

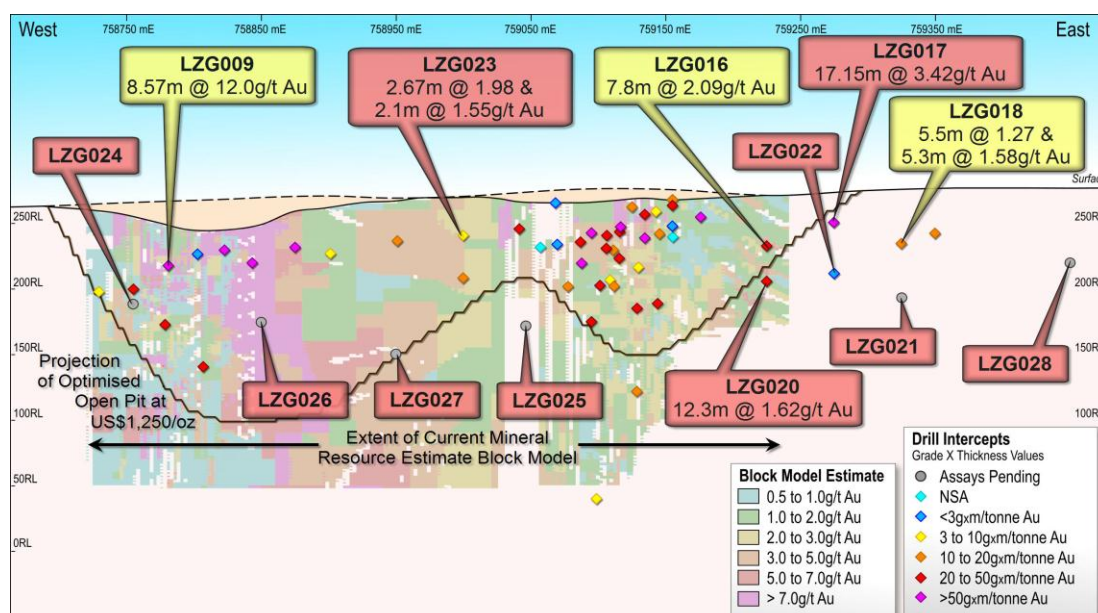
Diamond drilling totalled 3,194m from 27 holes drilled for year ending 30 June 2014. This includes 1,770m of drilling in 18 holes reported as at 30 June for the 2014 field season as part of an ongoing 6,000m diamond drill campaign, and 1,424m of drilling in nine holes completed in the first half of the financial year towards completion of a 51 hole diamond campaign totalling 5,860.2m made during the 2013 field season.

The 2013 exploration program extended known mineralisation, delineated mineralisation for maiden resource estimation, and identified several new mineralised prospects host to high-grade gold mineralisation within, and in close proximity to the União Project area.

The 2014 diamond drilling program has made an over 25% increase to the strike length of the União Prospect with extension drilling assay results received to date. The drill results demonstrate potential to increase the current mineral resource estimation in this year's planned update for the resource. Also, higher grade gold assays than currently modelled in the resource were received on in-fill drilling at the Ana Prospect, completed to acquire material for additional metallurgical test work provide further upside potential for planned estimation updates. Initial drill test of several other prospects identified in compilation of mapping, surface geochemistry and geophysical exploration programs have also been completed.

### Better Intercepts Included;

- 8.57m @ 12g/t Au from 53.63m, including 1.8m @ 50.1g/t Au – LZG009
- 3.38m @ 13.8g/t Au from 42.74m, including 1.5m @ 29.9g/t Au – LZG010
- 0.46m @ 72.7g/t Au from 38.88m  
and 3.26m @ 20.67g/t Au from 41.84m including 0.66m @ 53.28g/t Au – LZG014
- 1.09m @ 10.27g/t Au from 108.73m and 0.4m @ 22.1g/t Au from 149.44m  
And 0.5m @ 28.8 g/t Au from 154.7m – LZG015
- 1m @ 11.4g/t Au from 45.2m within 7.8m @ 2.09g/t Au - LZG016
- 17.15m @ 3.42g/t Au from 24.9m including 2.65m @ 12.6g/t Au – LZG017
- 13.6m @ 10.5g/t Au from 50m, including 4.63m @ 26.5g/t Au,  
and 8m @ 5.2g/t Au from 67m – ANA026



**Figure 2: União Prospect Longitudinal Section – projection of mineralised intercepts with grade time thickness values at a 0.5g/t Au cut-off projected on current mineral resource estimation block model, with better previously announced results in yellow.**

The assay results from diamond drilling include 12.1m @ 4.39g/t Au (LZG017) from 24.9m drill depth from the first 50m step-out from previous drilling. The extension drilling intersects significant mineralisation along strike of the existing resource estimate in three holes totalling 315m of drilling, with holes LZG018 and LZG019 completed on 50m and 25m spacing respectively along trend to the East of LZG017 (refer to Figures 1 & 2). The drilling extends the mineralised corridor from 500m to over 625m extent providing potential for a significant increase to resource, which continues to remain open along strike and down-dip of the relatively shallow drill tests with additional drilling planned for the União Prospect.

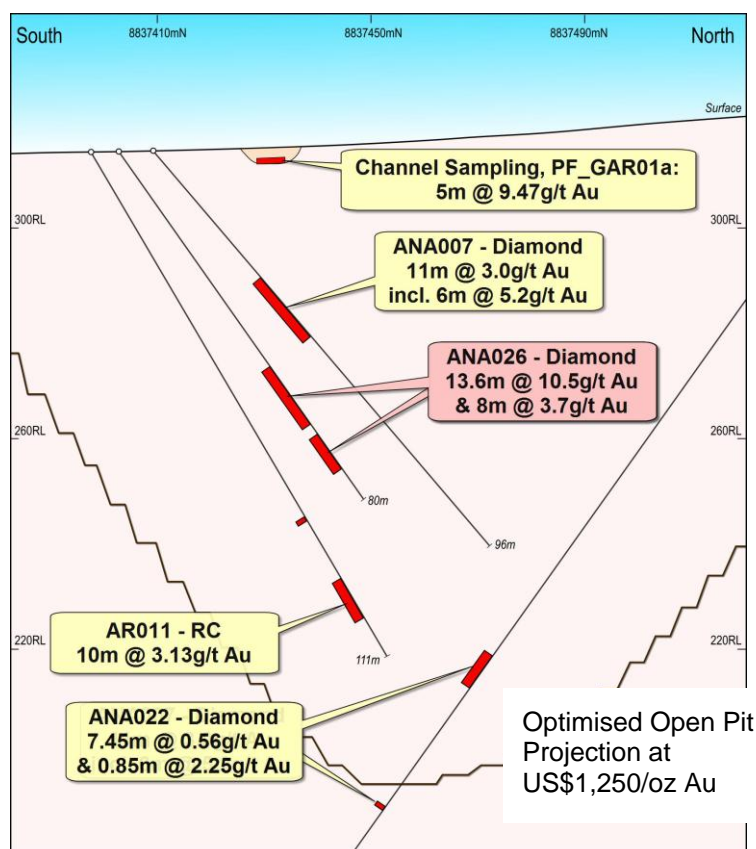


Figure 3: Ana PF Prospect, Cross Section 761660E, north-south oriented section across the Ana PF vein zone looking west.

The diamond core from holes ANA026 and ANA027 have been ¼ cut with a diamond saw and ¾ core shipped to an independent laboratory for initial laboratory analysis, with the holes with ANA026 returning 13.6m @ 10.5g/t Au and 8m @ 3.7g/t Au with estimated true thicknesses of 6.3m and 2.2m respectively (refer to Figure 3). Drill hole ANA027 intersects the same mineralised zone 20m east of ANA026 and intersects 9.8m @ 1.45g/t Au with an estimated true thickness of 6.3m width for the mineralised zone.

A portion of the year's drill program totalling 1,278m of drilling in 13 diamond holes were initial drill tests on several regional prospects with targets for drilling generated from various regional surface geochemistry, geological mapping, and various geophysical surveys. Results have been received and reported on the Carlinhos Prospect (refer to ASX release dated 23 June 2014), and subsequent to the end of the reporting period, Final results have been received for the Porteira M and Peixoto West Prospects (refer to ASX release dated 29 August 2014)

## Mineral Resource Estimation

The Ouro Paz JV Project is host to a maiden Mineral Resource Estimation (MRE) of 3.4M tonne Measured & Indicated Resource averaging 2.55g/t gold, and a 5.1M tonne Inferred resource averaging 2.48g/t gold for a total of 690koz Au of contained metal. The MRE was prepared based on data acquired through 22 November 2013 and released to the ASX on 19 December 2013.

The Ouro Paz JV MRE has been prepared by independent consultant Coffey Consultoria e Serviços Ltda (Coffey), a Brazilian subsidiary of Coffey International Ltd, in their offices located in Belo Horizonte in the state of Minas Gerais, Brazil. The MRE is completed in accordance with the principles of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition (JORC Code), and based on documentation prepared by a Competent Person as defined by the JORC Code.

Table 1: Ouro Paz JV Mineral Resource Estimation Summary as at 30 June 2014

Zone	Resource Class	Tonnes (kt)	Au (ppm )	Au (koz)	Ag (ppm )	Cu (%)
Oxidized	Indicated	116	3.22	12	13.52	0.02
	Inferred	506	2.97	48	6.53	0.29
Sulphide	Measured	1658	2.70	144	10.44	0.18
	Indicated	1653	2.36	125	7.02	0.08
	M&I	3,310	2.53	269	8.73	0.13
	Inferred	4,627	2.43	361	5.05	0.06
<b>Total</b>	<b>M&amp;I</b>	<b>3,426</b>	<b>2.55</b>	<b>281</b>	<b>8.89</b>	<b>0.12</b>
	<b>Inferred</b>	<b>5,133</b>	<b>2.48</b>	<b>409</b>	<b>5.19</b>	<b>0.08</b>

Notes to table:

Based on December 2013 Mineral Resource Estimation

The MRE is reported at a lower cut-off grade of 0.5g/t Au

The MRE is estimated on a 100% basis, of which 33% is attributable to IGS

Detailed MRE by prospect areas is provided in Table 2 below

The MRE covers six separate prospect areas within the Ouro Paz Gold Project utilising results of diamond and RC drilling, and representative surface sampling collected during exploration of the prospect areas from 2006 through 2013. All prospects with the exception of Pé Quente are located within close proximity to each other (within a 2km radius). For full details of IGS' Maiden MRE for Brazil and requirements under ASX listing rule 5.8, please refer to the IGS releases to the ASX dated 19 December 2013 entitled 'Maiden Resource Estimate for Brazil JV' and the subsequent release dated 31 December 2013 entitled 'Mineral Resource Estimation Additional Information'.

Prospects with mineral resource estimations remain open along strike and down-dip with potential to extend and potentially merge some prospect areas along un-tested portions of mineralised trend, and several additional targets remain untested on the project. The União, Ney, and Ana South Prospects are drilled for resource to depths of less than 60m, allowing for potential to increase measured and indicated resources within constraints of open-cut mining within the current footprint of mineralisation with additional drilling.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, 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.



The Company cannot provide a comparison of its current mineral resources against that from the previous year as IGS has generated its maiden MRE during the reporting period.

The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

## Union Project Scoping Study

A Scoping Study was conducted by the Ouro Paz JV for the Union Project area following completion of an independent maiden MRE as disclosed to the ASX on 19 December 2013 and appended to on 31 December 2013. The Union Project area is the consolidation of Latin Gold's Ana and Ana South discoveries of gold mineralisation in 2012 combined with the União and Morro Carrapato Prospect areas consolidated in the formation of the Ouro Paz JV.

The objective of the scoping study was to outline economic parameters and investigate the implementation of a low Capex, high return, heap leaching operation to provide early cash flow to the project and reduce risk associated with development of a major sulphide gold operation and exploration of bulk-mineable Cu-Au potential regionally.

The Scoping Study considers for development of four to five shallow (20 to 30m deep) open cut excavations, and layback/extension of two existing shallow open cuts located within a two kilometre radius of each other, to access oxidized epithermal vein and disseminated shear related gold mineralisation over a 2.5 year mine life at a mining rate of 120,000 tpa. Assuming an 80% metallurgical recovery, the underpinning resource indicates 15,200oz Au gold production for the life of mine.

An additional Scoping Study to investigate potential to develop gold processing facilities for development of the sulphide resources will be initiated in 2014 following planned extension drilling to estimate substantial resource growth potential.

The Scoping Study referred to in this report includes 38% of Indicated resource estimation and 30% of Inferred resource estimation utilised in the underpinning assumptions. All material assumptions outlined in Appendix A of the release to the ASX dated 19 December 2013 continue to apply and have not materially changed for the production target.

The scoping study is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

There is a low level of geological confidence associated with the inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

The scoping study outputs contained in this report are given on a 100% project basis unless stated otherwise.

## Surface Geochemistry and Geology Mapping Programs

The Ouro Paz JV completed extensive geological mapping at various scales across the vast tenement position for the Ouro Paz Gold Project and surface mapping efforts were in most cases augmented with substantial geochemistry work which for the reporting period included approximately 4,004 soil samples and over 1,514 rock samples collected from various surface exposures including outcrops, artisanal workings, and trench and costean activity completed by the Ouro Paz JV. (refer to ASX disclosures dated 29 August 2013, 16 October 2013, 11 February 2014, 24 March 2014, 22 May 2014, & 23 June 2013).

## Ground Geophysical Survey

The IP surveying was conducted by using a spectral induced polarisation (IPR12/TSQ3) system, configured in a conventional 2-D dipole-dipole array. The potential electrode spacing was set to 25 metres and separation factors of  $n=1$  to 8 was used. The results of the IP survey has identified several geophysical anomalies and has been utilised to refine drill targeting when integrated with geological mapping and surface geochemistry datasets and multiple targets for initial drill testing have been identified.

At the União Prospect, a one line-km north-south traverse of IP geophysics (União\_IP-01) was completed over an east-west trending zone of known mineralisation. The survey highlights a strong anomalous response in both the chargeability (Refer to Figure 2) and resistivity related to the projection of the mineralised zone in diamond drilling at União. Similar results were returned on a one line-km traverse between the Morro do Carrapato and Ana PF Prospect areas. The orientation lines indicate the method is effective in recognises potential mineralisation and additional lines of IP are planned for the area as weather permits following seasonal rains from November to February.

At the Ney Prospect, two lines were completed, with the first line covering three diamond drill holes, with an additional line of IP (Ney\_IP-02) completed 400m to the east for exploration purposes, following the trend of substantial hydrothermal breccia's and silica sinter. The line Ney\_IP-02 is host to a significant chargeable anomaly at the margin of a large resistivity anomaly below 60m depth in inverted depth sections. The IP anomalies at Ney justify plans for additional IP survey work for the area to refine drilling plans to test the conceptual target.

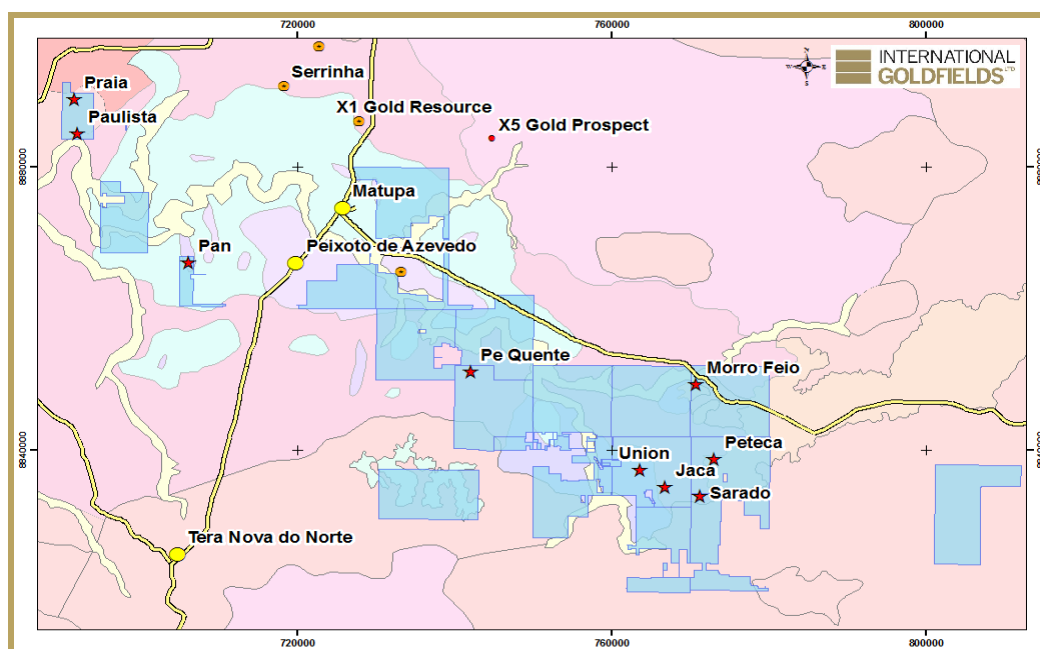
## Airborne Geophysical Survey

The Ouro Paz JV contracted Prospectors Aerolevantamentos e Sistemas Ltda (Prospectors) to complete a low altitude high resolution magnetic and radiometric survey. The fixed wing survey was completed in September over three areas totalling 820km<sup>2</sup> of coverage over priority target areas across the Ouro Paz JV with 200m spaced north-south oriented flight lines and 2,000m spaced east-west tie lines (refer to ASX release dated 2 October 2013).

The high resolution airborne datasets were extended by way of a data exchange agreement between CIA Mineradora Ouro Paz S/A, and neighbouring explorers Anglo Gold Ashanti and Graben Mineração S/A (refer to ASX release dated 11 February 2014). The datasets have been integrated with the Ouro Paz JV datasets increasing the coverage of high resolution airborne geophysical data for the region to 2,380km<sup>2</sup> providing a strong technical advantage for regional scale targeting for the Ouro Paz JV. The data has significantly improved regional mapping, interpretation and targeting efforts during the remainder of the reporting period.

## Tenement Update

The Ouro Paz JV expanded its Ouro Paz Gold Project land holdings in the prospective Alta Floresta Gold Province in the December quarter through a combination of acquisition, and grant of several new mining tenements in the project area. The Ouro Paz JV acquired six tenements from Cougar Resources, and was successful in getting fourteen new mining tenements granted from applications over available ground considered to be prospective within the Alta Floresta Gold Province.



**Figure 4: Latin Gold Project Location and Regional Geology – Alta Floresta Province**

The Ouro Paz JV also relinquished 10 tenements totalling 894km<sup>2</sup> in late 2013 to rationalise its land holdings and reduce land holding costs on ground the JV assessed to be outside the focus of future exploration (refer to release to the ASX dated 2 October 2013). The JV is also continually reviewing its existing land position in the context of regional reconnaissance and exploration activity that is ongoing in conjunction with more intense exploration efforts that are now in progress proximal to existing mineral resources.

With regards to applications for mining licence for the conversion of tenure from exploration authorisation to fully permitted mining licences under Brazilian Mining law, the Ouro Paz JV has had resource estimations on 5 licences accepted by Brazil's National Department of Mineral Production ("DNPM").

With regards to environmental permitting for the Ouro Paz JV, subsequent to the end of the reporting period both the Preliminary Licence (Licença Prévia or "LP") and the Installation Licence (Licença de Instalação or "LI"), have been issued to the Ouro Paz Joint Venture (JV) (IGS – 33% economic interest) for the tenement 866.353/2003. The combined "LP" and "LI" have been issued from the Mato Grosso State Agency; Secretaria Estado do Meio Ambiente (SEMA), which is responsible for licensing, compliance, and regulation of environmental affairs for the Union Project Area (refer to ASX release dated 12 August 2014). On the other four permits being advance for operational licences, advancement of environmental permitting is pending completion and submission of an 'Economic Use Plan' ("PAE") which is expected to be completed during the December quarter.

**Table 2: Summary Table of Ouro Paz JV applications for Mining Licence**

Tenement ID	State	Municipality	Original Area (ha)	Mining Application Area (ha)	Status
866.353 /2003 (Carrapato)	MT	Peixoto de Azevedo	35	35	<b>Mining Application</b> – LP and LI environmental permits issued and filed with the DNPM with final Portaria de Lavra (Mining License) pending approval
866.357 /2005 (Ney)	MT	Nova Santa Helena / Peixoto De Azevedo / Terra Nova Do Norte	8720	6250	<b>Mining Application</b> – LP and LI environmental permits issued and filed with the DNPM with final Portaria de Lavra (Mining License) pending approval
866.377 /2005 (Ana)	MT	Nova Santa Helena / Peixoto De Azevedo / Terra Nova Do Norte	9273	7398	<b>Mining Application</b> – Final Exploration report approved by DNPM, pending filing of PAE reports and issue of LP authorisations
866.688 /2009 (União)	MT	Peixoto de Azevedo	200	200	<b>Mining Application</b> – Final Exploration report approved by DNPM, pending filing of PAE reports and issue of LP authorisations
866.322/ 2005 (Pe Quente)	MT	Peixoto de Azevedo	9870	7067	<b>Mining Application</b> – Final Exploration report approved by DNPM, pending filing of PAE reports and issue of LP authorisations

The “LI” gives the Ouro Paz JV the rights to mine a portion of the current oxide resource estimation which is located within the 866.353/2003 tenement and totals 56,000 oz Au at 3.03g/t Au including 116,000t Indicated and 460,000t Inferred within the Union Project Area, with all of the 116,000 tonnes of Indicated category material averaging 3.22g/t Au located within the 866.353/2003 tenement. The “LI” also allows for surface activities to be completed within the permitted tenement that can increase confidence in the oxide resource.

The remaining oxide resource estimate for the Union Project area is within three adjacent tenements located within 1.5km of the proposed heap leach facility. As announced on 20 May 2014 the resource estimation reports for the larger project area have been accepted by Brazil’s National Department of Mineral Production (“DNPM”) and advancement of environmental permitting for the balance of the resource is pending completion and submission of an ‘Economic Use Plan’ (“PAE”) for each of those tenements to be filed during the December quarter to initiate the environmental permit application.

The final outstanding environmental licence required to commence production is the Operating License (“LO”), which would be issued following completion of construction of the processing facilities in accordance with the environmental parameters established under the PAE.

## PROPOSED EXPLORATION ACTIVITIES 2014 - 2015

IGS will focus its exploration activity on the Ouro Paz Gold Project in the next year. The Company is confident in the economic potential of the Ouro Paz Gold Project and intends to support and maintain Latin Gold Ltd’s 35% interest in the project as the Ouro Paz JV works towards a planned pre-feasibility study to assess staged development of the project in the next year. The proposed exploration activity includes:

## Brazil

- Complete interpretation and integration of recent IP geophysical survey work to prioritise near-resource exploration targets.
- Complete final 3,000m of the budgeted 6,000m Diamond Drilling program for the 2014 calendar year.
- Update of JORC compliant Mineral Resource Estimate following completion of diamond drilling
- Advance more detailed metallurgical studies on oxide and sulphide types of mineralisation for processing optimisation studies for centralised milling/processing options
- Complete Preliminary Economic studies, assessing production options on shallow oxide gold, and larger oxide/sulphide resource with completion of JORC compliant resource estimations
- Additional Geochemical sampling to continue to add additional resource potential within the vast land position to the target pipeline

## SCHEDULE OF MINING TENNEMENTS

Tenement ID	Location	Interest Held at time of reporting	Comments
E28/1475	Western Australia	0%	<i>The four Western Australia tenement's were subject to a Sale Agreement with Segue Resources Limited with the final 35% interest transferred to Segue subsequent to completion of the reporting period</i>
E39/1118	Western Australia	0%	
E39/1117	Western Australia	0%	
E39/1084	Western Australia	0%	
866003/2005	Mato Grosso, Brazil	33%	
866006/2005	Mato Grosso, Brazil	33%	
866127/2005	Mato Grosso, Brazil	33%	
866187/2005	Mato Grosso, Brazil	33%	
866217/2005	Mato Grosso, Brazil	33%	
866240/2005	Mato Grosso, Brazil	33%	
866249/2005	Mato Grosso, Brazil	33%	
866250/2005	Mato Grosso, Brazil	33%	
866267/2005	Mato Grosso, Brazil	33%	
866275/2005	Mato Grosso, Brazil	33%	
866286/2005	Mato Grosso, Brazil	33%	
866294/2005	Mato Grosso, Brazil	33%	
866313/2005	Mato Grosso, Brazil	33%	
866322/2005	Mato Grosso, Brazil	33%	
866338/2005	Mato Grosso, Brazil	33%	
866353/2003	Mato Grosso, Brazil	33%	
866357/2005	Mato Grosso, Brazil	33%	
			Tenement 866.377 had a 28% reduction in size from 9,870ha to 7,067ha during the June quarter period
			Tenement 866.357 had a 23% reduction in size from 8,720ha to 6,250ha during the June quarter

			period
866375/2005	Mato Grosso, Brazil	33%	
866377/2005	Mato Grosso, Brazil	33%	Tenement 866.377 had a 20% reduction in size from 9,273ha to 7,398ha during the June quarter period
866398/2005	Mato Grosso, Brazil	33%	
866407/2005	Mato Grosso, Brazil	33%	
866429/2004	Mato Grosso, Brazil	33%	
866435/2005	Mato Grosso, Brazil	33%	
866447/2005	Mato Grosso, Brazil	33%	
866452/2005	Mato Grosso, Brazil	33%	
866475/2005	Mato Grosso, Brazil	33%	
866633/2009	Mato Grosso, Brazil	33%	
866655/2008	Mato Grosso, Brazil	33%	
866668/2012	Mato Grosso, Brazil	33%	
866673/2005	Mato Grosso, Brazil	33%	
866688/2009	Mato Grosso, Brazil	33%	
866773/2011	Mato Grosso, Brazil	33%	
867121/2012	Mato Grosso, Brazil	33%	
867122/2012	Mato Grosso, Brazil	33%	
867123/2012	Mato Grosso, Brazil	33%	
867124/2012	Mato Grosso, Brazil	33%	
867125/2012	Mato Grosso, Brazil	33%	
867126/2012	Mato Grosso, Brazil	33%	
867128/2012	Mato Grosso, Brazil	33%	
867129/2012	Mato Grosso, Brazil	33%	
867130/2012	Mato Grosso, Brazil	33%	
867142/2012	Mato Grosso, Brazil	33%	
867143/2012	Mato Grosso, Brazil	33%	
867144/2012	Mato Grosso, Brazil	33%	
867145/2012	Mato Grosso, Brazil	33%	
867148/2012	Mato Grosso, Brazil	33%	

## Competent person statements:

The information included in this report that relates to Exploration Results is based on information compiled by Travis Schwertfeger, B.Sc., M.Sc., MAIG, a competent person who is a member of the Australian Institute of Geoscientists. Mr. Schwertfeger is a full-time employee of the Company in the role of Managing Director for International Goldfields Ltd, with a related party holding securities in International Goldfields. Mr Schwertfeger has worked as a geologist in regional exploration, mine evaluation, resource estimation and mineral production roles for over 15 years in precious and base metal deposits. Mr. Schwertfeger has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Travis Schwertfeger consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information extracted from the report entitled 'Maiden Resource Estimate of 690,000 oz Gold - Ouro Paz Joint Venture, Mato Grosso, Brazil' created on 19 December 2013 and appended with the report entitled 'Additional information for the Ouro Paz Joint Venture Mineral Resource Estimation and Scoping Study' created 31 December 2013 and is available to view on [www.intgold.com.au](http://www.intgold.com.au). Material from the referenced reports that relates to project costs and parameters of Mineral Resource Estimation is based on and fairly represents, information and supporting documentation compiled under the overall supervision and direction of Porfirio Cabaleiro Rodriguez B.Sc., MAIG, a competent person who is a member of the Australian Institute of Geoscientists and is an associate consultant with Coffey Consultoria e Serviços Ltda on a contract basis and holds no direct or indirect interest in the Gleba-União (Ouro Paz) Gold Project of Cia. Mineradora Ouro Paz S/A and does not beneficially own, directly or indirectly, any securities of International Goldfields Ltd or any associate or affiliate of such company. Mr Rodriguez is as a professional engineer with more than 34 years of relevant experience in Resource and Reserve estimation, involving mining properties in Brazil, including among others; iron ore, gold, and copper mineralisation. Mr. Rodriguez has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information extracted from the report entitled 'Maiden Resource Estimate of 690,000 oz Gold - Ouro Paz Joint Venture, Mato Grosso, Brazil' created on 19 December 2013 and appended with the report entitled 'Additional information for the Ouro Paz Joint Venture Mineral Resource Estimation and Scoping Study' created 31 December 2013 and is available to view on [www.intgold.com.au](http://www.intgold.com.au). Material from the referenced report that relates to Mineral Resource Estimation is based on information compiled by Leonardo de Moraes Soares B.Sc., MAIG, a competent person who is a member of the Australian Institute of Geoscientists and a full time employee of Coffey Consultoria e Serviços Ltda and holds no direct or indirect interest in the Gleba-União (Ouro Paz) Gold Project of Cia. Mineradora Ouro Paz S/A and does not beneficially own, directly or indirectly, any securities of International Goldfields Ltd or any associate or affiliate of such company. Mr Soares has over 11 years of relevant experience in Resource and Reserve estimation, involving mining properties in Brazil, including, among others; iron ore, gold, and copper mineralisation. Mr. Soares has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information extracted from the report entitled 'Maiden Resource Estimate of 690,000 oz Gold - Ouro Paz Joint Venture, Mato Grosso, Brazil' created on 19 December 2013 and appended with the report entitled 'Additional information for the Ouro Paz Joint Venture Mineral Resource Estimation and Scoping Study' created 31 December 2013 and is available to view on [www.intgold.com.au](http://www.intgold.com.au). Material from the referenced report that relates to Exploration Results supporting Mineral Resource Estimation, Scoping Study, and mineral resource estimate underpinning the production target is based on information compiled by Mario Conrado Reinhardt MAIG, a competent person who is a member of the Australian Institute of Geoscientists. Mr. Reinhardt is contract employee as Senior Geologist for Biogold Investment Fund and is Exploration Manager of CIA Ouro Paz Mineradora S.A. and holds an indirect interest in the Gleba União Gold Project of Cia. Mineradora Ouro Paz S/A but does not beneficially own, directly or indirectly, any securities International Goldfields Ltd. Mr Conrado has worked as a consultant in regional exploration, mine evaluation and mine development for over 30 years in precious and base metal deposits. Mr. Reinhardt has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

## Forward Looking Statement:

Statements regarding plans with respect to the Company's mineral properties are forward-looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that the Company will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties.



The directors submit their report for International Goldfields Limited ("IGS" or "the Company") and its controlled entities for the year ended 30 June 2014, (together referred to as the "Consolidated Entity" or "the Group").

## DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. The directors were in office for the entire period unless otherwise stated.

**Michael Edwards** (Non-Executive Chairman)  
BBus (Economics and Finance), BSc. (Geology)

Mr Edwards is a Geologist and Economist with over 20 years' experience in senior management in both the private and public sector. He has a Bachelor of Business (Economics and Finance) from Curtin University of Technology and a Bachelor of Science (Geology) from The University of Western Australia.

He spent three years with Barclays Australia in their corporate Finance department and then 8 years as an Exploration and Mine Geologist with companies such as Gold Mines of Australia, Eagle Mining and International Mineral Resources. Since 2010, Mr Edwards has been consulting to numerous companies conducting project evaluations and deal structuring across a wide range of commodities and countries. Mr Edwards is also Chief Executive Officer of ASX listed Monteray Mining Group Ltd, a West African focussed gold explorer.

Mr Edwards has not held directorships of other listed companies in the 3 years prior to the end of the financial year.

**David Tasker** (Non-Executive Director)  
BBus

Mr Tasker is the National Director of Investor Relations at Professional Public Relations and is a specialist corporate communications and investor relations consultant with over 15 years' experience in the mining and resources sector. He has extensive knowledge of corporate finance, compliance and reporting and excellent contacts with capital markets and the media.

Mr Tasker has not held directorships of other listed companies in the 3 years prior to the end of the financial year.

**Mr Travis Schwertfeger** (Managing Director)  
BSc, Msc

Mr Schwertfeger has been with IGS since 2010, and was appointed CEO of IGS in January 2012. During that time has played a key role in the advancement of the company's assets, most notably in Brazil.

Mr Schwertfeger is a professional geologist with over 15 years of gold exploration experience in Australia, North and South America, and West Africa. In previous roles as VP of Exploration for Golden Redator Corp. and over seven years' experience with Newmont Mining Corp., Mr Schwertfeger has gained experience in both valuation of mineral projects, and management of exploration programs.

He graduated from Colorado School of Mines in 1998 with a B.Sc. in Geological Engineering, and received his M.Sc. in Ore Deposit Geology and Evaluation from The University of Western Australia in 2011. As a member in good standing with the Australian Institute of Geoscientists, Mr Schwertfeger has appropriate experience to act as competent person with respect to reporting of resources and technical aspects related to the business of the Company.

Mr Schwertfeger is currently a director of the following listed entities:

- |                          |                          |
|--------------------------|--------------------------|
| • Magnolia Resources Ltd | June 2012 to present     |
| • Alicento Minerals Ltd  | Appointed September 2014 |

## COMPANY SECRETARY

**Jane Flegg**

Ms Flegg has over 20 years of experience in finance and administration. During the past decade she has been a corporate advisor to several ASX and AIM listed mining and oil and gas exploration companies, specialising in corporate and financial management, compliance and company secretarial advice. Ms Flegg is currently Company Secretary/CFO of Kaboko Mining Limited, Continental Coal Limited and Black Mountain Resources.



**Shannon Robinson** (Resigned on 2<sup>nd</sup> October 2013)

Ms Robinson (LLB, B. Com) is a corporate advisor and former corporate lawyer specialising in providing corporate advice in relation to acquisitions, takeovers, capital raisings, listing of companies including on ASX and AIM, due diligence reviews and compliance. Ms Robinson is the company secretary of White Star Resources.

## CORPORATE STRUCTURE

IGS is a company limited by shares that is incorporated and domiciled in Australia. The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in Note 17 of the financial statements.

LOSS PER SHARE	2014	2013
Basic loss per share (cents)	(0.79)	(3.58)

## NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of the entities within the Consolidated Entity during the year were focusing on exploration and development in Brazil and the divestment of exploration assets in Australia, Cote d'Ivoire and Mali.

## OPERATING REVIEW

The Consolidated Entity's operations are discussed in detail in the Operations Report.

## REVIEW OF FINANCIAL CONDITION

The Consolidated Entity recorded an operating loss after income tax and non-controlling interests of \$5,097,148 (2013 Loss: \$20,930,066).

## CAPITAL STRUCTURE

As at the date of this report, the Company had 671,669,555 (2013: 638,187,055) fully paid ordinary shares and 70,950,640 (2013: 21,250,000) options over ordinary shares on issue. Details of the terms of the options are outlined in Notes 12 and 14 of the Financial Statements.

## CASH FROM OPERATIONS

The net cash outflow from operations was \$555,579 compared to a cash outflow in the previous year of \$1,741,795. The net cash outflow from operations was funded by loans of \$1,174,946. The cash balance at year end was \$180,893.

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will continue to focus on its most advanced project with potential for near-term development, being its 35% interest in the Ouro Paz JV in Brazil held by its 93% owned subsidiary Latin Gold Ltd. The Company will also work closely with Santa Fe to realise the value to shareholders from the investment.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity holds licences issued by the relevant regulatory authorities of the various countries in which the group operates. These licences specify limits and regulate the management associated with the operations of the Company. There have been no significant known breaches of the consolidated entity's licence conditions.

## SHARES UNDER OPTION

As at the date of this report, there were 70,950,640 unissued ordinary shares under option

Date Options Granted	Expiry Date	Issue Price of Shares	Number Under Option
25-Nov-11	31-Dec-15	\$0.08	7,500,000
7-Oct-11	31-Dec-15	\$0.08	6,500,000
11-Oct-13	30-Sept-16	\$0.01	37,100,000
31-Oct-13	30-June-16	\$0.03	5,000,000
19-Jun-14	30-Jun-17	\$0.03	14,850,640

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. 7,250,000 options expired during the year. No options were exercised during the year.

## INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has entered into Director and Officer Protection Deeds ("D&O Deed") with each Director and the Company Secretary ("Officers"). Under the D&O Deed, the Company indemnifies the Officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the officers in connection with the Officers being an officer of the Company, the employment of the officer with the Company or a breach by the Company of its obligations under the D&O Deed.

Also pursuant to the D&O Deed, the Company must insure the Officers against liability and provide access to all board papers relevant to defending any claim brought against the Officers in their capacity as officers of the Company. The Company has paid insurance premiums of \$20,639 (2013: \$16,066) in respect of liability for any current and future directors, company secretary, executives and employees of the Company. This amount is payable in total and no specific amount is included in the directors' remuneration.

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

## REMUNERATION REPORT (AUDITED)

This Report outlines the remuneration arrangements in place for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning and directing the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

### Remuneration Policy

The Company's remuneration policies are reflected in the Company Charter. It is the Company's objective to provide maximum stakeholder benefit from the retention of higher quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions.

The Company's remuneration policy is to establish competitive remuneration (including performance incentives) consistent with long term development and success, to ensure remuneration is fair and reasonable (taking into account all relevant factors, and within appropriate controls or limits) that performance and remuneration are appropriately linked, that all remuneration packages are reviewed annually or on an ongoing basis in accordance with management's remuneration packages, and that retirement benefits or termination payments (other than notice periods) will not be provided or agreed other than in exceptional circumstances.

It is the Company's objective that the remuneration policy aligns with the achievement of strategic objectives and creation of long term value for shareholders. The Company does not use specific performance indicators in determining remuneration or short term rewards.

The Consolidated Entity has a policy which restricts executives and directors entering into contracts to hedge their exposure to options granted as part of their remuneration package.

## Services from remuneration consultants

From 1 July 2012, all proposed remuneration consultancy contracts (within the meaning of section 206K of the Corporations Act 2001) are subject to prior approval by the board in accordance with the Corporations Act 2001. The Group did not use any remuneration consultants for the year ended 30 June 2014.

## Group Performance and shareholder wealth

Below is a table summarising key performance and shareholder wealth statistics for the consolidated entity over the last five financial years.

Financial year	Loss after tax \$'000s	Loss per share Cents	Share Price \$
30 June 2010 <sup>1</sup>	(5,397)	(1.53)	0.07
30 June 2011	(19,197)	(3.78)	0.05
30 June 2012	(13,472)	(2.36)	0.03
30 June 2013	(20,930)	(3.58)	0.004
30 June 2014	(5,097)	(0.79)	0.002

<sup>1</sup> Formerly Corvette Resources Limited

## Remuneration Committee

The board has not established a separate Remuneration Committee. The IGS Board of Directors is responsible for determining and reviewing compensation arrangements for the directors and executives. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

## Non-Executive Director Remuneration

The aggregate cash remuneration to non-executive directors will not exceed the maximum approved amount of \$500,000. The board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable by shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers fees paid to non-executive directors of comparable companies when undertaking the annual review as well as additional time commitment of directors who serve on one or more sub committees and assistance to the Company with new investment opportunities.

Non-executive directors are encouraged by the board to hold shares in the Company. It is considered good corporate governance for directors to have a stake in the Company on whose board he or she sits.

## Executives' and Executive Directors' Remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for company and individual performance;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Executive remuneration comprises of:

- base pay and benefits; and
- long term incentives through equity based compensation.

## Fixed Remuneration

### *Base pay and benefits*

Base pay is structured as a total employment cost package that may be delivered as a combination of cash and salary sacrifice superannuation at the executive's discretion.

Executives are offered a competitive base pay. Reference is made to industry benchmarks to ensure that the base pay is set to reflect the market for a comparable role. Base pay is reviewed annually, or upon promotion, to ensure the executive's pay is competitive with comparable positions of responsibility. There is no guaranteed base pay increases included in any executive contracts.

## Equity Based Remuneration

Options may be granted to certain executives, employees and consultants of the Group in the form of share-based payments. There is currently no formal employee share plan, however selected employees of the Group can be granted options. The purpose of the grant of options to selected employees is to:

- recognise the ongoing ability of the employees of the Group and their expected efforts and contribution in the long term to the performance and success of the Company; and
- provide an incentive to the employees of the Group to remain in their employment in the long term.

No options were granted to key management personnel during the financial year 2014.

## Details of Remuneration

Details of the remuneration for each director of the consolidated entity during the year are as follow:

### *Key Management Personnel Compensation*

<b>30 June 2014</b>	<b>Short Term Salary &amp; Fees \$</b>	<b>Post Employment Superannuation \$</b>	<b>Termination Benefits \$</b>	<b>Equity Options \$</b>	<b>Total \$</b>	<b>Option Related %</b>
<b>Directors</b>						
M Edwards Non-Executive Chairman	36,000	-	-	-	36,000	-
D Tasker Non-Executive Director	48,000	-	-	-	48,000	-
T Schwertfeger Chief Executive Officer	208,324	19,269			227,593	
<b>Key Management</b>						
J Flegg* Chief Financial Officer/ Company Secretary	-	-	-	-	-	-
<b>Total</b>	<b>292,324</b>	<b>19,269</b>			<b>311,593</b>	

\* Jane Flegg is an employee of Okap Ventures Pty Ltd and is paid a salary through Okap's consulting agreement with IGS.

# Directors' Report

30 June 2013	Short Term Salary & Fees \$	Post Employment Superannuation \$	Termination Benefits \$	Equity Options \$	Total \$	Option Related %
<b>Directors</b>						
M Edwards Non-Executive Chairman (appointed 16 May 2013)	4,500	-	-	-	4,500	-
A W P Sage Non-Executive Chairman (resigned 3 May 2013)	115,000	-	-	-	115,000	-
M Gwynne Non-Executive Director (appointed 31 January 2013, resigned 16 May 2013)	-	-	-	-	-	-
D Tasker Non-Executive Director (appointed 3 May 2013)	8,000	-	-	-	8,000	-
B Aylward Non-Executive Director (resigned 3 May 2013)	60,000	-	-	-	60,000	-
P Kelly Non-Executive Director (resigned 31 January 2013)	31,500	-	-	-	31,500	-
T Schwertfeger Chief Executive Officer (appointed 3 May 2013)	250,000	22,500	-	4,153	276,653	1.5
<b>Key Management</b>						
J Flegg* Chief Financial Officer/ Joint Company Secretary (appointed 1 June 2013)	-	-	-	-	-	-
S Robinson* Joint Company Secretary (appointed 4 December 2012)	-	-	-	-	-	-
P Leverington Joint Company Secretary (resigned 1 June 2013)	47,969	-	-	-	47,969	-
<b>Total</b>	<b>516,969</b>	<b>22,500</b>	<b>-</b>	<b>4,153</b>	<b>543,622</b>	

Jane Flegg and Shannon Robinson are employees of Okap Ventures Pty Ltd and are paid a salary through Okap's consulting agreement with IGS.

## Employment Contract – Mr Michael Edwards

The Non-Executive Chairman, Mr Michael Edwards is employed under contract. Mr Edwards' remuneration is an annual salary of \$36,000. In the event of Mr Edwards employment being terminated other than in the case of misconduct, either party must give one month's notice. In addition to the notice period, one month's fee is payable at the date of termination. Alternatively, 2 months fees can be paid in lieu of notice.

## Employment Contract – Mr David Tasker

The Non-Executive Director, Mr David Tasker is employed under contract. Mr Tasker's remuneration is an annual salary of \$48,000. In the event of Mr Tasker's employment being terminated other than in the case of misconduct, either party must give one month's notice. In addition to the notice period, one month's fee is payable at the date of termination. Alternatively, 2 months fees can be paid in lieu of notice.

## Employment Contract – Mr Travis Schwertfeger

Mr Schwertfeger was appointed Chief Executive Officer and Managing Director on 18 January 2012. Mr Schwertfeger is employed under a contract and his remuneration is \$208,000 per annum. In the event of Mr Schwertfeger's employment being terminated other than in the case of misconduct, either party must give a minimum of 3 months' notice prior to termination.

## Employment Contract – Jane Flegg

Jane Flegg is an employee of OKAP Ventures Pty Ltd and is paid through OKAP's consulting agreement with International Goldfields Limited. During the year, OKAP Ventures Pty Ltd were paid consulting fees of \$215,000.

There were no other key management personnel of the Group during the financial years ended 30 June 2013 and 30 June 2014. No remuneration is performance related.

The Group pays for Director's Indemnity Insurance. The premium is payable in total and no separate amount is included in the director's remuneration.

## Share Based Compensation

No options were issued to Directors and Key Management personnel during the current year. No awards were exercised during the current year.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. No remuneration options were exercised for the year ended 30 June 2014 (30 June 2013: nil).

Options granted as part of remuneration have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. Options granted under the plan carry no dividend or voting rights.

## Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares of the Company were:

		Ordinary Shares	Options Over Ordinary Shares
M Edwards	Non-Executive Chairman	-	-
D Tasker	Non-Executive Director	-	-
T Schwertfeger	Managing Director	305,555	3,500,000

No shares or options were issued or exercised during the year.

## Loans from Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2014 (2013: Nil).

## End of Remuneration Report

## Directors' Meetings

The number of meetings of directors held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings held whilst a director	Directors' Meetings attended
<b>Number of Meetings Held</b>	4	
M Edwards	4	4
D Tasker	4	4
T Schwertfeger	4	4

## Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of IGS support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the following section of this annual report.

## Auditor Independence and Non-Audit Services

Section 370C of the Corporation Act 2001 requires our auditors, Ernst and Young, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is disclosed on page 35 of this report and forms part of this directors' report for the year ended 30 June 2014.

## Non-Audit Services

The Company's auditors, Ernst and Young, did not provide for any non-audit services during this financial year 2014 (2013:\$20,910).

Signed in accordance with a resolution of the directors.



Michael Edwards  
Chairman

30 September 2014

## INTRODUCTION

International Goldfields Limited ("the Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Principles & Recommendations"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

### 1.1. Disclosure of Corporate Governance Practices Summary Statement

	ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>		ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>
Recommendation 1.1	✓		Recommendation 4.2		✓
Recommendation 1.2	✓		Recommendation 4.3	✓	
Recommendation 1.3 <sup>3</sup>	n/a	n/a	Recommendation 4.4 <sup>3</sup>	n/a	n/a
Recommendation 2.1	✓		Recommendation 5.1	✓	
Recommendation 2.2		✓	Recommendation 5.2 <sup>3</sup>	n/a	n/a
Recommendation 2.3	✓		Recommendation 6.1	✓	
Recommendation 2.4		✓	Recommendation 6.2 <sup>3</sup>	n/a	n/a
Recommendation 2.5	✓		Recommendation 7.1	✓	
Recommendation 2.6 <sup>3</sup>	n/a	n/a	Recommendation 7.2	✓	
Recommendation 3.1	✓		Recommendation 7.3	✓	
Recommendation 3.2	✓		Recommendation 7.4 <sup>3</sup>	n/a	n/a
Recommendation 3.3 <sup>3</sup>	n/a	n/a	Recommendation 8.1		✓
Recommendation 3.4	n/a	n/a	Recommendation 8.2	✓	
Recommendation 3.5	n/a	n/a	Recommendation 8.3 <sup>3</sup>	n/a	n/a
Recommendation 4.1		✓	Recommendation 8.4	n/a	n/a

1 Indicates where the Company has followed the Principles & Recommendations.

2 Indicates where the Company has provided "if not, why not" disclosure.

3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure.

### 1.2. Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at [www.intgold.com.au](http://www.intgold.com.au), under the section marked Corporate Governance. A list of those disclosed charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below.

Charters	Recommendation(s)
Board	1.3
Audit Committee	4.4
Remuneration Committee	8.3
Policies and Procedures	
Process for Performance Evaluation	1.2, 2.5
Diversity Policy	3.2, 3.3
Code of Conduct	3.1
Continuous Disclosure Policy	5.1, 5.2
Shareholder Communications Policy	6.1, 6.2
Risk Oversight and Management Policy	7.1, 7.4

The Company has not established (and therefore has not made publicly available) a formal Nomination Committee Charter, Policy and Procedure for Selection and (Re) Appointment of Directors, or Procedure for Selection, Appointment and



Rotation of External Auditor. Where applicable, the Company's "If Not, Why Not" disclosure for each of the Recommendations to which this charter and these policies and procedures relate, is provided below.

## **Disclosure – Principles & Recommendations**

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2012/2013 financial year ("**Reporting Period**").

### **ESSENTIAL PRINCIPLES OF GOOD CORPORATE GOVERNANCE**

#### **1.1. Principle 1: Lay solid foundations for management and oversight**

##### **Recommendation 1.1:**

*Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.*

##### **Disclosure:**

The Board and senior management of the Company are committed to acting responsibly, ethically and with high standards of integrity as the Company strives to create shareholder value. The Board accepts responsibility for the overall corporate governance of the Company and has consequently developed and adopted corporate governance practices and policies that have been implemented throughout management and governance.

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board's primary role is the optimisation of Company performance and protection and enhancement of shareholder value. Its functions and responsibilities includes setting strategic and policy direction, monitoring performance against strategy, identifying principal risks and opportunities and ensuring risk management systems are established and reviewed, approving and monitoring financial reports, capital management, compliance, significant business transactions and investments, appointing senior management and monitoring performance, remuneration, development and succession, adopting procedures to ensure the business of the Company is consistent with Company values, continuous disclosure compliance, ensuring effective shareholder communication, overseeing the Company's commitment to sustainable development and the environment, ensuring the Board remains appropriately skilled, reviewing and approving corporate governance systems and enhancing and protecting the Company's reputation.

The Board is also governed by the Company's constitution, and on appointment each director is provided with a Director's Information Kit, which forms part of the terms of their appointment and contains guides to director's duties and responsibilities, the role of the Board and committees, the Company's constitution and the Company's policies.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. The Board has delegated the authority and responsibility to manage and administer the Company's general operations to its chief executive officer, and its financial operations to its chief financial officer. The Company has in place formal letters of engagement for its senior management, setting out in further detail the responsibilities specifically delegated to them.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the chief executive officer and assisting the chief executive officer in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

##### **Recommendation 1.2:**

*Companies should disclose the process for evaluating the performance of senior executives.*

##### **Disclosure:**

Evaluation of key executives is carried out by the Board of Directors and comprises ongoing monitoring of management and Company performance, with informal discussions undertaken as required.

##### **Recommendation 1.3:**

*Companies should provide the information indicated in the "Guide to reporting on Principle 1."*

##### **Disclosure:**

The Board of Directors evaluate the remuneration of senior executives annually.

## 1.2. Principle 2: Structure the Board to add value

### Recommendation 2.1:

***A majority of the Board should be independent directors.***

#### Disclosure:

The Board of Directors consists of 3 directors, 2 of which are independent directors, David Tasker (appointed 3 May 2013) and Michael Edwards (appointed 16 May 2013). Mr Schwertfeger is not considered independent due to his role as Managing Director of the Company.

### Recommendation 2.2:

***The Chair should be an independent director.***

#### Notification of Departure:

Mr Edwards is a Non-Executive Director and considered an independent Director.

### Recommendation 2.3:

***The roles of the Chair and Managing Director should not be exercised by the same individual.***

#### Disclosure:

The Managing Director is Travis Schwertfeger (appointed 3 May 2013) who was not Chair of the Board.

### Recommendation 2.4:

***The Board should establish a Nomination Committee.***

#### Notification of Departure:

The Company has not established a separate Nomination Committee.

#### Explanation for Departure:

The Board has not established a separate Nomination Committee as, due to the Company's size, the simplicity of its operations, the Board's size and the cost effectiveness of the Board's current operations, the Board considers such a separate Nomination Committee is not warranted or commercially viable and its functions and responsibilities can be adequately and efficiently discharged by the Board as a whole. The Board assesses the experience, knowledge and expertise of potential directors before any appointment is made.

Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

### Recommendation 2.5:

***Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.***

#### Disclosure:

The Company has adopted self-evaluation processes to measure Board performance. The performance of all directors is assessed through analysis and review by, and discussion with, the Chair on issues relating to individual directors' attendance at and involvement in Board meetings, interaction with management, performance of allocated tasks and any other matters identified by the Chair or other directors. Evaluation of any Board committees is conducted on a similar basis. Due to the Board's assessment of the effectiveness of these processes, the Board has not formalised qualitative performance indicators to measure individual director's performance.

The Company aims to facilitate director performance by provision of the Director's Information Kit to directors upon their appointment. New directors are also provided with detailed information relating to Company operations and procedures.

## **Recommendation 2.6:**

***Companies should provide the information indicated in the “Guide to reporting on Principle 2.”***

### **Disclosure:**

#### **Skills, Experience, Expertise and Term of Office of each Director**

The composition of the Board has been determined on the basis of providing the Company with the benefit of a broad range of technical, administrative and financial skills, combined with an appropriate level of experience at a senior corporate level. The names and further information regarding the skills, experience, qualifications, relevant expertise and term of office of the directors are set out in the Directors’ Report.

#### **Statement concerning availability of Independent Professional Advice**

The Company's non executive directors have the right, at the Company's cost, to seek independent professional advice in carrying out of their duties as directors.

#### **Identification of Independent Directors**

Mr Michael Edwards is a non-executive chairman and considered an independent director. Mr David Tasker is a non executive director and is considered an independent director.

#### **Company's Materiality Thresholds**

The Company applies the concept of materiality as outlined by the Australian Accounting Standards Board.

#### **Nomination Matters**

The full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period, however the Board discusses nominated-related matters from time to time during the year as required.

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

#### **Performance Evaluation**

During the Reporting Period the Chair reviewed and evaluated the performance of the Board, individual directors and applicable committees on an ongoing basis in accordance with the process disclosed at Recommendation 2.5.

#### **Selection and (Re) Appointment of Directors**

The Company has not established (and therefore has not made publicly available) a formal Policy and Procedure for Selection and (Re)Appointment of Directors.

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed procedure whereby it considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Under the Company's constitution, at every annual general meeting one third of the directors (except the Managing Director) must retire from office and is eligible for re-election at that meeting. The directors to retire must be those who have been longest in office since their last election and, in any event, directors cannot hold office for more than three years without submitting themselves for re-election. Re-appointment of directors is not automatic.

## **1.3. Principle 3: Promote ethical and responsible decision-making**

### **Recommendation 3.1:**

***Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.***

### **Disclosure:**

The Company has adopted a Code of Conduct setting the standards expected of officers, employees and contractors and demonstrate the Company's commitment to conducting business in an ethical and accountable manner. In essence, officers, employees and contractors are expected to act in good faith with the utmost honesty, integrity, objectivity and fairness, not to act improperly, misleadingly or deceptively or engage in illegal activity, understand and comply with

applicable laws and Company policies, avoid conflicts of interest, be professional, responsible and accountable, respect an individual's rights and deal responsibly with the community.

The Board monitors implementation of the Code of Conduct. Breaches are reported by employees or contractors to a supervisor and by management or directors to the Board or the Chair. In addition, the Director's Information Kit provided to each director upon their appointment contains a guide to the duties and responsibilities of directors.

#### **Recommendation 3.2:**

***Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.***

#### **Disclosure:**

The Company has a diversity policy which provides a framework for the Company to achieve:

- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

#### **Recommendation 3.3:**

***Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.***

#### **Disclosure:**

The Board is primarily responsible for setting achievable objectives on gender diversity and monitoring the progress of the Company towards them on an annual basis. The Chairman monitors the scope of the policy. The Company is responsible for implementing, monitoring and reporting on measurable objectives. Measurable objectives as set by the Board will be included in the key performance indicators for the Managing Director and senior executives. In addition, the Board will review progress against the objectives as a key performance indicator in its annual performance assessment.

#### **Recommendation 3.4:**

***Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.***

#### **Disclosure:**

The proportion of woman employed by the Company is 20%, including our Company Secretary, Jane Flegg. There are no women on the board of directors.

#### **Recommendation 3.5:**

***Companies should provide the information indicated in the Guide to reporting on Principle 3.***

Please refer to the section above marked Website Disclosures.

## **1.4. Principle 4: Safeguard integrity in financial reporting**

#### **Recommendation 4.1:**

***The Board should establish an Audit Committee.***

#### **Notification of Departure:**

The Company has not established a separate Audit Committee.

## **Explanation for Departure:**

The Board has not established a separate Audit Committee as, due to the Company's size, the simplicity of its operations, the Board's size and the cost effectiveness of the Board's current operations, the Board considers such a separate Audit Committee is not warranted or commercially viable and its functions and responsibilities can be adequately and efficiently discharged by the Board as a whole. The Board assesses the experience, knowledge and expertise of potential directors before any appointment is made.

Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

## **Recommendation 4.2:**

***The Audit Committee should be structured so that it:***

- ***consists only of non-executive directors***
- ***consists of a majority of independent directors***
- ***is chaired by an independent Chair, who is not Chair of the Board***
- ***has at least three members.***

## **Notification of Departure:**

The Company has not established a separate Audit Committee.

## **Explanation for Departure:**

The Board has not established a separate Audit Committee as, due to the Company's size, the simplicity of its operations, the Board's size and the cost effectiveness of the Board's current operations, the Board considers such a separate Audit Committee is not warranted or commercially viable and its functions and responsibilities can be adequately and efficiently discharged by the Board as a whole. The Board assesses the experience, knowledge and expertise of potential directors before any appointment is made.

Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

## **Recommendation 4.3:**

***The Audit Committee should have a formal charter.***

## **Disclosure:**

The Company has not established a separate Audit Committee and therefore does not have a formal charter.

## **Recommendation 4.4:**

***Companies should provide the information indicated in the "Guide to reporting on Principle 4."***

## **Disclosure:**

Details of each of the director's qualifications and attendance at Board meetings held during the reporting period are set out in the Directors' Report. All directors are financially literate and have an understanding of the industry in which the Company operates.

The Company has not established (and therefore has not made publicly available) a formal Procedure for Selection, Appointment and Rotation of the External Auditor.

The performance of the external auditor is reviewed on an ongoing basis by the Board and any changes implemented where the Board considers such changes are required.

## **1.5. Principle 5: Make timely and balanced disclosure**

### **Recommendation 5.1:**

***Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.***

**Disclosure:**

The Company has in place a continuous disclosure policy, "A Guide to Disclosure", a copy of which is included in the Director's Information Kit provided to each director upon appointment, and which forms part of the terms of their appointment. A copy of the policy is also provided to all Company officers, employees and agents.

In addition, a list of recent announcements is presented to each Board meeting for discussion, minuting and action, if required. The continuous disclosure policy aims:

- to assess information and co-ordinate the timely disclosure to the ASX;
- provide an audit trail of decisions regarding disclosure; and
- ensure employees, consultants and agents of the Company understand the obligation to bring relevant information to the attention of the Chair.

The Company's continuous disclosure policy is reviewed at least annually. The Company's continuous disclosure obligations are brought to the attention of all officers, employees and agents at least once a year.

**Recommendation 5.2:**

*Companies should provide the information indicated in the "Guide to reporting on Principle 5."*

**Disclosure:**

Please refer to the section above marked Website Disclosures.

**1.6. Principle 6: Respect the rights of shareholders****Recommendation 6.1:**

*Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.*

**Disclosure:**

The Company has in place a communications policy, a copy of which is included in the Director's Information Kit provided to each director upon appointment. The policy reflects the Company's commitment to dealing fairly, transparently and promptly with shareholders, encouraging and facilitating participation at meetings and dealing promptly with enquiries. The key aspects of the policy are:

- diligent compliance with the Company's disclosure and trading policies;
- ensuring that the external auditors attend the Company's annual general meetings and are available to answer shareholder questions;
- prompt, transparent compliance with statutory reporting and meeting obligations, including detailed and full disclosure in relation thereto; and
- effective use of the Company's website, electronic communication and its share registry to keep shareholders up to date and to deal with enquiries.

The Company's communications policy is reviewed annually.

**Recommendation 6.2:**

*Companies should provide the information indicated in the "Guide to reporting on Principle 6."*

**Disclosure:**

Please refer to the section above marked Website Disclosures.

**1.7. Principle 7: Recognise and manage risk****Recommendation 7.1:**

*Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.*

**Disclosure:**

The Company has in place a risk oversight and management policy, a copy of which is included in the Director's Information Kit provided to directors upon appointment and which sets out systems for risk oversight, management and internal control.

The key aspects of the Company's risk management policy are:

- the Board oversees the establishment and implementation of risk management;
- the Board of Directors is delegated the function and responsibility to establish, implement and maintain risk management systems and frameworks; and
- the Company's senior management are delegated the tasks of management of operational risk and the implementation of risk management strategies.

The Board approves risk management systems and reviews them and their implementation annually. The Company's risk profile, assessed and determined on the basis of the Company's businesses in mineral exploration, is reviewed annually. The Board regularly considers risk management at its meetings.

The Company's risk management systems and control frameworks include the Board's ongoing monitoring of management and operational performance, a comprehensive system of budgeting, forecasting and reporting to the Board, regular presentations to the Board by management on the management of risk, approval procedures for significant capital expenditure above threshold levels, the functioning of the Board of Directors, comprehensive written policies on specific activities and corporate governance, regular communication between directors on compliance and risk and consultation and review between the Board and external accountants.

The Board recognises that material risks facing the Company are the more significant areas of uncertainty or exposure to the Company that could adversely affect the achievement of the Company's objectives and successful implementation of its business strategies.

The material risks, both financial and non-financial, facing the Company are as follows:

- protection of the Company's assets;
- maintenance of proper financial and accounting records;
- reliability of financial information;
- compliance with key performance indicators;
- financial markets;
- retaining key personnel; and
- technical risk.

The Board considers these identified material risks as part of its annual risk management review or on an as required basis upon advice from senior management including, where appropriate, as a result of regular interaction with management and other relevant staff.

The Board has resolved to review, formalise and document the management of its material business risks and expects to implement this system by the end of this year. This system is expected to include the preparation of a risk register by management to identify the Company's material business risks and risk management strategies for these risks. In addition, the process of management of material business risks will be allocated to members of senior management. The risk register will be formally reviewed annually and updated, as required.

## **Recommendation 7.2:**

*The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.*

## **Disclosure:**

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

## **Recommendation 7.3:**

*The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.*

**Disclosure:**

The Board requires assurance from the Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) that the declaration in relation to section 295A of the Corporations Act is founded in a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks.

**Recommendation 7.4:**

*Companies should provide the information indicated in the "Guide to reporting on Principle 7."*

**Disclosure:**

The Board has received the report from management under Recommendation 7.2.

The Board has received the assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

**1.8. Principle 8: Remunerate fairly and responsibly****Recommendation 8.1:**

*The Board should establish a Remuneration Committee.*

**Notification of Departure:**

The Company has not established a separate Remuneration Committee.

**Explanation for Departure:**

The Board has not established a separate Remuneration Committee as, due to the Company's size, the simplicity of its operations, the Board's size and the cost effectiveness of the Board's current operations, the Board considers such a separate Remuneration Committee is not warranted or commercially viable and its functions and responsibilities can be adequately and efficiently discharged by the Board as a whole. The Board assesses the experience, knowledge and expertise of potential directors before any appointment is made.

Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

**Recommendation 8.2:**

*The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent chair and has at least 3 members.*

**Disclosure:**

The Board has not established a separate Remuneration Committee as, due to the Company's size, the simplicity of its operations, the Board's size and the cost effectiveness of the Board's current operations, the Board considers such a separate Remuneration Committee is not warranted or commercially viable and its functions and responsibilities can be adequately and efficiently discharged by the Board as a whole. The Board assesses the experience, knowledge and expertise of potential directors before any appointment is made.

Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. From time to time and where appropriate, the Company issues options to non-executive directors.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.



**Recommendation 8.3:**

***Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.***

**Disclosure:**

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. From time to time and where appropriate, the Company issues options to non-executive directors.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

**Recommendation 8.4:**

***Companies should provide the information indicated in the "Guide to reporting on Principle 8."***

**Disclosure:**

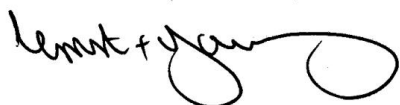
Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report. The Company's remuneration policies are reflected in the Company's Charter. These policies are to establish competitive remuneration, including performance incentives, consistent with long term development and success, to ensure remuneration is fair and reasonable, taking into account all relevant factors, and within appropriate controls or limits, ensure performance and remuneration are appropriately linked, that all remuneration packages are reviewed annually or on an ongoing basis in accordance with management's remuneration packages and that retirement benefits or termination payments (other than notice periods) will not be provided or agreed other than in exceptional circumstances.

During the Reporting Period the Company did not publicly disclose its policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes. However, the Company's position is that such transactions are prohibited.

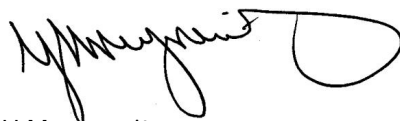
The Director Information Kit provided to each director upon their appointment includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes. A copy of this statement is included on the Company's website.

## Auditor's independence declaration to the Directors of International Goldfields Limited

In relation to our audit of the financial report of International Goldfields Limited for the year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



G H Meyerowitz  
Partner  
30 September 2014

# Director's Declaration

1. In the opinion of the directors:

- (a) the accompanying financial statements, notes and additional disclosures are in accordance with the *Corporations Act 2001* including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the year then ended; and
  - (ii) complying with Accounting Standards (includes the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) Subject to the matters disclosed in Note 1 (c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in Note 1(e).

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2014.

The declaration is signed in accordance with a resolution of the Board of Directors.



Michael Edwards  
Chairman

30 September 2014

# Independent auditor's report to the members of International Goldfields Limited

## Report on the financial report

We have audited the accompanying financial report of International Goldfields Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

## Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

## Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

## Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

## Basis for qualified opinion

Included in the 2014 Non Current Other Receivables balance is an amount of \$4,402,592 receivable from Santa Fe Gold Corporation. The latest available audited financial statements of Santa Fe Gold Corporation as at 30 June 2013 revealed that it had a material deficiency in its working capital position. Its auditor's report contained an emphasis of matter relating to the ability of Santa Fe Gold Corporation to continue as a going concern unless it was able to raise additional funding. We were unable to obtain sufficient appropriate audit evidence to support the recoverability of this receivable and consequently, we were unable to determine whether any adjustment to the carrying amount was necessary.

## Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph:

- a) the financial report of International Goldfields Limited is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

## Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1(c) in the financial report. The matters set forth in Note 1(c) indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

## Report on the remuneration report

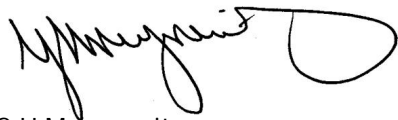
We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of International Goldfields Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



G H Meyerowitz  
Partner  
Perth  
30 September 2014

# Consolidated Statement of Profit and Loss

**INTERNATIONAL  
GOLDFIELDS LTD** and Other Comprehensive Income

**FOR THE YEAR ENDED 30 JUNE 2014**

		CONSOLIDATED	
		2014	2013
	Note	\$	\$
<b>Revenues</b>	2	<b>301,911</b>	293,969
Other Income		<b>58,228</b>	-
Gains on sale of plant and equipment		-	7,270
<b>EXPENSES</b>			
Employee and consultancy expenses	2	<b>(677,755)</b>	(603,635)
Share based payments	12	<b>(109,210)</b>	(4,153)
Impairment of exploration expenditure	11	<b>(238,947)</b>	(17,889,931)
Public relations expenses		<b>(77,389)</b>	(43,300)
Corporate expenses		<b>(763,603)</b>	(581,248)
Depreciation	2	<b>(14,837)</b>	(19,001)
Santa Fe transaction costs		-	(523,000)
(Loss)/Gain on financial assets at fair value through profit & loss		<b>(375,536)</b>	(1,444,874)
Share of loss of equity accounted investment	16	<b>(605,608)</b>	(5,825)
Loss on disposal of subsidiaries	18	<b>(2,307,157)</b>	-
Impairment Expense		<b>(402,696)</b>	-
Foreign currency (loss)/gain		<b>115,451</b>	(116,338)
<b>Loss before income tax expense</b>		<b>(5,097,148)</b>	(20,930,066)
Income tax benefit	3	-	-
<b>Loss for the year</b>		<b>(5,097,148)</b>	(20,930,066)
<b>Other comprehensive income/(loss)</b>			
<b>Items that may be reclassified subsequently to profit and loss</b>			
- Exchange differences on translation of foreign operations attributable to Parent		<b>1,299,765</b>	54,935
<b>Items that may not be reclassified subsequently to profit and loss</b>			
- Exchange differences on translation of foreign operations attributable to Non-Controlling Interest		<b>(20,194)</b>	4,200
<b>Total comprehensive loss for the period</b>		<b>(3,817,577)</b>	(20,870,931)
<b>Loss attributable to:</b>			
Owners of the parent		<b>(5,207,011)</b>	(19,779,060)
Minority Interest		<b>109,863</b>	(1,151,007)
		<b>(5,097,148)</b>	(20,930,067)
<b>Total comprehensive loss for the period attributable to:</b>			
Owner of the parent		<b>(3,907,246)</b>	(19,724,125)
Non-controlling interest		<b>89,669</b>	(1,146,807)
		<b>(3,817,577)</b>	(20,870,932)
<b>Loss per share from continuing operations attributable to the members of the parent</b>			
Basic loss per share (cents per share)	5	<b>(0.79)</b>	(3.58)
Diluted loss per share (cents per share)	5	<b>(0.79)</b>	(3.58)

The accompanying notes form part of these financial statements.

# Statement of Financial Position

AS AT 30 JUNE 2014



		CONSOLIDATED	
	Note	2014 \$	2013 \$
<b>Current Assets</b>			
Cash and cash equivalents	6	180,893	1,501,236
Trade and other receivables	7	223,938	59,426
Financial assets at fair value through profit and loss	8	1,131,544	490,584
<b>Total Current Assets</b>		<b>1,536,375</b>	<b>2,051,246</b>
<b>Non-Current Assets</b>			
Other receivables	9	4,402,592	4,461,208
Plant and equipment	10	16,750	34,261
Deferred exploration expenditure	11	-	1,826,285
Equity accounted investment	16	2,107,938	2,107,938
<b>Total Non-Current Assets</b>		<b>6,527,280</b>	<b>8,429,691</b>
<b>Total Assets</b>		<b>8,063,655</b>	<b>10,480,937</b>
<b>Current Liabilities</b>			
Trade and other payables	13	456,758	119,120
Borrowings	19	907,660	-
Provisions	19	20,676	48,825
<b>Total Current Liabilities</b>		<b>1,385,094</b>	<b>167,945</b>
<b>Total Liabilities</b>		<b>1,385,094</b>	<b>167,945</b>
<b>Net Assets</b>		<b>6,678,561</b>	<b>10,312,992</b>
<b>Equity</b>			
Issued capital	14	89,297,467	89,194,500
Reserves	14	4,490,198	3,110,255
Accumulated losses		(86,834,261)	(81,627,251)
Parent entity interest		6,953,404	10,677,504
Non-controlling interest		(274,843)	(364,512)
<b>Total Equity</b>		<b>6,678,561</b>	<b>10,312,992</b>

The accompanying notes form part of these financial statements.



# Statement of Cash Flows

## FOR THE YEAR ENDED 30 JUNE 2013



	Note	CONSOLIDATED	
		2014 \$	2013 \$
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers and employees		(549,382)	(1,586,312)
Interest received		4,281	91,750
Other income		10,228	252,770
Interest & other borrowing expenses		(20,706)	-
Santa Fe transaction costs		-	(500,000)
<b>Net cash used in operating activities</b>	6	<b>(555,579)</b>	<b>(1,741,795)</b>
<b>Cash Flows from Investing Activities</b>			
Exploration and development expenditure		(1,056,989)	(3,644,512)
Purchase of plant and equipment		-	(3,282)
Purchase of financial assets		-	(862,497)
Proceeds on disposal of plant & equipment		49,000	-
Return of restricted cash		116,000	170,000
Proceeds on sale of financial assets		-	100,000
Purchase of equity accounted investee		-	(573,945)
Loan to Santa Fe		(1,250,000)	(4,000,000)
Aggregate inflow arising from sales of subsidiary	18	402,278	-
<b>Net cash used in investing activities</b>		<b>(1,739,711)</b>	<b>(8,814,237)</b>
<b>Cash Flows from Financing Activities</b>			
Capital raising		-	2,000,000
Cost of capital raising		-	(241,459)
Proceeds from borrowings		1,174,946	-
Repayment of borrowings		(200,000)	-
<b>Cash Flows from / (used in) Financing Activities</b>		<b>974,946</b>	<b>(1,758,541)</b>
Net decrease in cash and cash equivalents		(1,320,344)	(8,797,488)
Cash and cash equivalents at beginning of year		1,501,236	10,417,739
Effects of exchange rate changes on cash		-	(119,017)
<b>Cash and Cash Equivalents at end of year</b>	6	<b>180,893</b>	<b>1,501,236</b>

The accompanying notes form part of these financial statements.

# Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2014



	Issued Capital	Accumulated Losses	Option Reserve	Foreign Currency Reserve	Non-controlling Interest	Total Equity
CONSOLIDATED	\$	\$	\$	\$	\$	\$
As at 1 July 2012	87,435,959	(61,848,190)	4,522,582	(1,471,415)	782,295	29,421,230
Loss for the period	-	(19,779,060)	-	-	(1,151,007)	(20,930,067)
Other comprehensive income	-	-	-	54,935	4,200	59,135
<b>Total comprehensive (loss) / income for the period</b>	<b>-</b>	<b>(19,779,060)</b>	<b>-</b>	<b>54,935</b>	<b>(1,146,807)</b>	<b>(20,870,932)</b>
Issue of shares	2,000,000	-	-	-	-	2,000,000
Capital Raising costs	(241,459)	-	-	-	-	(241,458)
Recognition of share-based payments	-	-	4,153	-	-	4,153
<b>Balance at 30 June 2013</b>	<b>89,194,500</b>	<b>(81,627,250)</b>	<b>4,526,735</b>	<b>(1,416,480)</b>	<b>(364,512)</b>	<b>10,312,993</b>
Loss for the period	-	(5,207,011)	-	-	109,863	(5,097,148)
Other comprehensive income	-	-	-	1,299,765	(20,194)	1,279,571
<b>Total comprehensive (loss) / income for the period</b>	<b>-</b>	<b>(5,207,011)</b>	<b>-</b>	<b>1,299,765</b>	<b>89,669</b>	<b>(3,817,577)</b>
Issue of shares and options	67,967	-	5,968	-	-	73,935
Capital Raising costs	-	-	-	-	-	-
Recognition of share-based payments	35,000	-	74,210	-	-	109,210
<b>Balance at 30 June 2014</b>	<b>89,297,467</b>	<b>(86,834,261)</b>	<b>4,606,913</b>	<b>(116,715)</b>	<b>(274,843)</b>	<b>6,678,561</b>

The accompanying notes form part of these financial statements.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2014

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### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Corporate information

International Goldfields Limited ('IGS') (the Parent) is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange. The Company is a 'for profit entity' and primarily is involved in the exploration, evaluation and exploitation of precious metals. The Company currently has interests in investments in highly prospective gold fields in Brazil. The Company is registered and domiciled in Australia.

#### (b) Basis of Preparation

The consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The consolidated financial report has been prepared on a historical cost basis, except for financial assets at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

#### (c) Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2014 the net funds used in operations totalled \$555,579 (2013: \$1,742,000).

The ability of the Company to fund its planned exploration and evaluation activities as well as on-going costs is dependent on the Company raising additional capital. At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Company will be able to raise additional capital, to enable it to meet its obligations as and when they fall due.

Should the Company not achieve the matters set out above, there is uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability or classification of the recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Company not be able to continue as a going concern.

#### (d) Adoption of new and revised standards

##### *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year. In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes to follow.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards';
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards';
- AASB 12 'Disclosure of Interests in other Entities';
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'; and
- AASB 119 (Revised 2011) 'Amendments to Australian Accounting Standards – Employee Benefits'.

The adoption of these new and revised standards has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or prior periods.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2014

### *New accounting standards and interpretations issued but yet effective*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2014. These are outlined in the table overleaf:

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
Interpretation 21	Levies	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 July 2014
AASB 9/IFRS 9	Financial Instruments	<p>On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.</p> <p>The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p> <p>The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p> <p>The main changes are described below.</p> <p>Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p>	1 January 2018	1 July 2018

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

		<p>Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <p>The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</p> <p>The remaining change is presented in profit or loss</p> <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.</p>		
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	<p>AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.</p> <p>Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:</p> <p>AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.</p> <p>AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137.</p> <p>AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets.</p> <p>AASB 116 &amp; AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.</p> <p>AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.</p>	1 July 2014	1 July 2014
AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle	<p>Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items:</p> <p>AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132.</p>	1 July 2014	1 July 2014

# NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2014**

		AASB40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.		
AASB 1031	Materiality	<p>The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality.</p> <p>AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.</p> <p>AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.</p>	1 January 2014	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	<p>The Standard contains three main parts and makes amendments to a number Standards and Interpretations.</p> <p>Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.</p> <p>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.</p> <p>Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.</p>	^^	^^
Amendments to IAS 16 and IAS 38****	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	<p>IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>	1 January 2016	1 July 2016
Amendments to IAS 16 and IAS 41 for bearer plants****	Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	<p>The amendments require that bearer plants such as grape vines, rubber trees and oil palms, should be accounted for in the same way as property, plant and equipment in IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Consequently, the amendments issued in June 2014 include them within the scope of IAS 16, instead of IAS 41.</p> <p>The produce growing on bearer plants will remain within the scope of IAS 41.</p>	1 January 2016	1 July 2016
AASB 2014-1 Part B Amendments to AASB 119	Amendments to Australian Accounting Standards - Part B Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)	<p>AASB 2014-Part B makes amendments in relation to the requirements for contributions from employees or third parties that are set out in the formal terms of the benefit plan and linked to service.</p> <p>The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.</p>	1 July 2014	1 July 2014

\* Designates the beginning of the applicable annual reporting period unless otherwise stated.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2014

\*\* These IFRS amendments have not yet been adopted by the AASB. In order to claim compliance with IFRS, these amendments should be noted in the financial statements

^^ The application dates of AASB 2013-9 are as follows:

Part A – periods ending on or after 20 Dec 2013

Application date for the Group: period ending 30 June 2014

Part B - periods beginning on or after 1 January 2014 Application date for the Group: period beginning 1 July 2014

Part C - reporting periods beginning on or after 1 January 2015 Application date for the Group: period beginning 1 July 2015

Except as otherwise outlined above, the impact of the new accounting standards and interpretations issued but not yet effective is yet to be determined.

### (e) Statement of Compliance

The financial report was authorised for issue on 30 September 2014.

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### (f) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2014 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. Intercompany transactions and balances, income and expenses and profits and losses between Group companies, are eliminated.

### (g) Significant Accounting Judgements, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities with the next annual reporting period are:

#### (i) Share based payment transactions

The group measures the cost of equity settled transactions with employees and suppliers by reference to the fair value of the equity instrument at the date at which they are granted. The fair value is determined by using a Black and Scholes model, using the assumptions detailed in Note 12.

#### (ii) Impairment

The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity which may lead to impairment of assets.

#### (iii) Functional currency translation reserve

Under the Accounting Standards, each entity within the Group is required to determine its functional currency, which is the currency of the primary economic environment in which the entity operates. Management considers its foreign subsidiaries to be foreign operations with the currency of the economies they operate in as the functional currency. In arriving at this determination, management has given priority to the currency that influences the labour, materials and other costs of exploration activities as they consider this to be a primary indicator of the functional currency.

#### (i) Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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**(g) Significant Accounting Judgements, Estimates and Assumptions (continued)**

*(i) Capitalised exploration and evaluation expenditure (continued)*

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

**(h) Income Tax**

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account, or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it has become probable that the sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**(i) Contributed Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(j) Plant and Equipment**

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

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

*Impairment*

Carrying values of assets are reviewed at each balance date to determine whether there are any objective indicators of impairment that may indicate the carrying values may not be recoverable in whole or in part.

Where an asset does not generate cash flows that are largely independent it is assigned to a cash generating unit and the recoverable amount test applied to the cash generating unit as a whole.



# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2014

### (j) Plant and Equipment (continued)

Recoverable amount is determined as the greater of fair value less costs to sell and value in use. The assessment of value in use considers the present value of future cash flows discounted using an appropriate pre-tax discount rate reflecting the current market assessments of the time value of money and risks specific to the asset.

An impairment exists if the carrying value of the asset is determined to be in excess of its recoverable amount, the asset or cash generating unit is written down to its recoverable amount.

#### *Depreciation*

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to the Statement of Comprehensive Income.

### (k) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the consolidated entity's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an area of interest are written off in full in the Statement of Comprehensive Income in the year when the above criteria do not apply or when the directors assess that the carrying value may exceed the recoverable amount.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

### (l) Foreign Currency Transactions and Balances

The functional and presentation currency of International Goldfields Limited is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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## (l) Foreign Currency Transactions and Balances (continued)

All differences in the consolidated financial report are taken to the Statement of Comprehensive Income with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of a net investment, at which time they are recognised in the Statement of Comprehensive Income.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value was determined.

The functional currency of the overseas subsidiaries is Brazilian Real ("BRL"), Great British Pound ("GBP") and Central African Franc ("CFA").

As at the reporting date, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of IGS at the rate of exchange ruling at the balance date and the Statement of Comprehensive Income are translated at the rate of exchange ruling at the end of the period.

The exchange differences on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity is recognised in the Statement of Comprehensive Income.

## (m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the Statement of Financial Position.

## (n) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue is capable of being reliably measured.

Interest revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividend revenue is recognised when the right to receive the payment is established.

All revenue is stated net of the amount of goods and services tax.

## (o) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## (p) Segment Reporting

Operating segments are reported in the manner that is consistent with internal reporting provided by the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of International Goldfields Limited.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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**(q) Financial Assets**

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments or available-for-sale investments, as appropriate. The Group determines the classification of its financial assets on initial recognition.

*Financial assets at fair value through profit and loss*

Financial assets classified as held for trading are included in the 'financial assets at fair value through the profit and loss' category. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit and loss.

**(r) Derecognition of financial assets and financial liabilities**

*Financial assets*

A financial asset is derecognised when the rights to receive cash flows from the asset have expired.

*Financial liabilities*

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

The Group reviews the position of financial assets and liabilities each balance date and makes classification adjustments where required.

**(s) Share Based Payment Transactions**

*Equity settled transactions*

The Group provides benefits to directors and employees (including senior executives) of the Group in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of these equity settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black & Scholes model, further details of which are given in Note 12.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of IGS (market conditions) if applicable.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

**(t) Employee Benefits**

*Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave are due to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken, and are measured at the rates paid or payable.

*Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

**(u) Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(v) Comparative Figures**

Certain comparative figures have been adjusted to conform to changes in presentation in the current financial year.

**(w) Investment in Joint Venture**

The Group's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of loss of equity accounted investment' in the statement of profit or loss.

Upon loss of significant influence over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014



	CONSOLIDATED	
	2014	2013
	\$	\$
<b>2. REVENUES AND EXPENSES</b>		
<b>(a) Revenue</b>		
Interest	301,911	293,969
	<b>301,911</b>	<b>293,969</b>
<b>(b) Depreciation – plant and equipment</b>	<b>14,837</b>	<b>19,001</b>
<b>(c) Employment and consultancy expenses:</b>		
- wages and fees	677,755	603,635
- share-based payments:		
Options	-	4,153
	<b>677,755</b>	<b>607,788</b>
<b>(d) Rental outgoings</b>	<b>118,372</b>	<b>160,346</b>
<b>3. INCOME TAX</b>		
<b>(a) Income tax benefit</b>		
Major component of tax benefit for the year:		
Current tax	-	-
Deferred tax	-	-
	<b>-</b>	<b>-</b>
<b>(b) Reconciliation to Income Tax Expense on Accounting Loss</b>		
The prima facie income tax expense on pre tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting loss before income tax	<b>(5,097,148)</b>	<b>(20,930,067)</b>
Tax payable at the statutory income tax rate 30%	<b>(1,529,144)</b>	<b>(6,279,020)</b>
<b>(c) Non Deductible Expenses</b>		
Non deductible option expense	34,553	1,246
Impairment of exploration / goodwill	-	540,000
Entertainment expenses	540	695
International travel expenses	881	922
Tax losses and timing differences not recognised	61,400	5,575,157
Cost in respect of foreign operations	1,198,847	-
Other non deductible expense	-	161,000
Income tax benefit	-	-

# NOTES TO FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2014

	CONSOLIDATED	
	2014	2013
	\$	\$
<b>3. INCOME TAX (continued)</b>		
The following deferred tax balances have not been brought to account:		
Deferred Tax Liabilities		
Capitalised exploration and evaluation expenditure	-	547,883
Accrued interest receivable	-	-
Offset by deferred tax assets	-	(547,883)
Deferred tax liability recognised	-	-
Assets		
Accrued expenses	139,673	700,641
Losses available to offset against future taxable income	9,390,943	9,160,099
Capital losses	4,648,968	4,858,968
Deferred tax assets offset against deferred tax liabilities	-	(547,883)
Deferred tax assets not brought to account as realisation is not regarded as probable	(14,179,584)	(14,324,583)
Deferred tax asset recognised	-	-
<b>(d) Unused tax losses</b>		
Unused tax losses – revenue	31,768,719	31,042,857
Unused tax losses – capital	15,496,560	16,196,560
Potential tax benefit not recognised at 30%	(14,179,584)	(14,171,825)

The benefit for tax losses will only be obtained if:

- (i) the Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
- (ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia and
- (iii) no changes in tax legislation in Australia, adversely affect the Group in realising the benefit from the deductions for the losses.

## Tax Consolidation

International Goldfields Limited and its 100% owned Australian resident subsidiaries formed a tax consolidation group with effect from 1 July 2003. IGS is the head entity of the tax consolidated group. Members of the group have entered into a tax funding and sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company, IGS. The difference between the current tax amount that is allocated under the tax funding agreement and the amount that is allocated under the allocation method is recognised as an equity contribution/distribution.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

## 4. SEGMENT REPORTING

The Group has identified its operating segments based on internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources. During the period, the Group operated predominantly in one business segment being the gold exploration sector. The financial results from this segment are equivalent to the financial statements of the Group as a whole. Total revenue earned by the Group is generated in Australia. The following presents the non-current assets by geographic regions.

	CONSOLIDATED	
	2014	2013
	\$	\$
<b>Geographic information – non-current assets</b>		
Australia	4,419,342	2,368,196
Brazil	2,107,938	5,937,413
Central Africa	-	124,803
<b>Total non-current assets</b>	<b>6,527,280</b>	<b>8,429,691</b>

	CONSOLIDATED	
	2014	2013
	Cents Per Share	Cents Per Share
<b>5. LOSS PER SHARE</b>		
Basic / diluted loss per share	(0.79)	(3.58)
	\$	\$
Loss used in calculation of total basic / diluted earnings per share	(5,907,148)	(20,930,067)
Weighted average number of ordinary shares for the purposes of basic / diluted earnings per share	649,016,096	585,256,650
Effect of dilution:		
- share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	649,016,096	585,256,650

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	CONSOLIDATED	
	2014	2013
	\$	\$
<b>6. CASH AND CASH EQUIVALENTS</b>		
Cash at bank	180,893	1,474,236
Term deposits	-	27,000
	<b>180,893</b>	<b>1,501,236</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates and are with financial institutions with a credit rating of A or higher.

	CONSOLIDATED	
	2014	2013
	\$	\$
<b>(i) Reconciliation of Loss for the Year to Net Cash Flows (used in) / from Operating Activities</b>		
Loss for the year	(5,097,148)	(20,930,067)
Depreciation of assets	14,837	19,001
Impairment of exploration expenditure	238,947	17,888,931
Share based payments	109,210	4,153
Loss/(Gain) on financial assets at fair value through profit or loss	375,536	1,444,874
Unrealised foreign exchange loss/(gain)	115,451	116,338
Decrease / (increase) in assets:		
– current receivables	637,711	303,752
– non-current receivables	1,758,851	(204,329)
(Decrease) / increase in liabilities:		
– current payables	1,291,026	(384,448)
Cash flow used in operating activities	<b>(555,579)</b>	<b>(1,741,795)</b>
	\$	\$
<b>7. CURRENT TRADE AND OTHER RECEIVABLES</b>		
Sundry debtors		37,827
Interest receivable	-	-
Prepayments	-	2,029
GST recoverable	18,350	19,570
Restricted cash (i)	205,588	-
	<b>223,938</b>	<b>59,426</b>

Trade receivables are non-interest bearing and are generally on 30 day terms. All trade and other receivables are current. Given the short term nature of trade and other receivables, the carrying value is equal to the fair value.

- (i) Term deposits required for backing bank guarantees for rehabilitation bonds have been classified as current assets as they are expected to expire in the next six months and will not be renewed. The bond on the lease has been classified as current as the lease expires in December and will not be renewed.



# NOTES TO FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2014

## 8. FINANCIAL ASSETS

	CONSOLIDATED	
	2014	2013
	\$	\$
Listed shares	1,131,544	490,584

Financial assets comprise listed investments in the ordinary share capital of various entities. The fair value of financial assets has been determined directly by reference to published price quotation in an active market (level 1 fair value hierarchy).

All of these financial assets were purchased and sold on market.

	CONSOLIDATED	
	2014	2013
	\$	\$
Term deposits	-	256,878
Loan to Santa Fe <sup>(a)</sup>	4,402,592	4,204,329
	4,402,592	4,461,207

(a) During the year 2013 IGS entered into a loan agreement to loan Santa Fe Gold Corporation AUD\$4 million secured by 2 convertible notes of A\$2 million each. The convertible notes mature on 24 October 2015 and 31 October 2015. At the Groups option, if Santa Fe Gold Corporation fails to pay all outstanding principal and interest on the maturity dates, or upon acceleration, the Group may choose to have all or any part of the outstanding principal and accrued interest repaid in shares of Common Stock of the Borrower at a conversion rate equal to the volume weighted average share price of Santa Fe Gold Corporation on the ITC Bulletin Board reported by Bloomberg Financial LP using the AQR function on the day of conversion. Interest is receivable on the loans at 6%p.a, compounding quarterly.

The directors do not consider that this receivable is impaired because Santa Fe Gold Corporation is a producing gold/silver mine, owns its own plant and is in the process of completing a minimum US\$15 million capital raising through a prominent New York investment bank. Although no funds have been raised by Santa Fe Gold Corporation at the date of this report, the directors believe that sufficient funds will be raised in the near term to provide Santa Fe with adequate funding for it to continue as a going concern.

In addition the directors believe that the carrying value of the loan equates to its fair value.

	CONSOLIDATED	
	2014	2013
	\$	\$
<b>10. PLANT AND EQUIPMENT</b>		
Cost	103,895	309,868
Accumulated depreciation and impairment	(87,145)	(275,607)
Net carrying amount	16,750	34,261

### *Plant and Equipment*

At beginning of year, net of accumulated depreciation and impairment	34,261	50,000
Additions	-	16,000
Disposals/ Write off of PPE	(2,674)	(12,000)
Exchange adjustment		(738)
Depreciation charge for the year	(14,837)	(19,001)
At end of year, net of accumulated depreciation and impairment	16,750	34,261

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	CONSOLIDATED	
	2014	2013
	\$	\$
<b>11. DEFERRED EXPLORATION EXPENDITURE</b>		
<b>Explorations and Evaluation Phases</b>		
Cost	<b>4,403,964</b>	33,007,000
Allowance for impairment	<b>(4,403,964)</b>	(31,180,715)
<b>Net carrying amount</b>	-	1,826,285
At beginning of year, net of allowance for impairment	<b>1,826,285</b>	17,937,312
Transferred as consideration for equity accounted investment	-	(1,619,000)
Direct expenditure	<b>323,899</b>	3,222,904
Impairment loss	<b>(238,947)</b>	(17,889,931)
Divestment of exploration assets	<b>(1,911,237)</b>	-
Foreign exchange adjustments	-	175,000
<b>Total</b>	-	1,826,285

An impairment loss of \$238,947 was recognised in the period (2013: \$17,888,931). The allowance for impairment for the current year relates to certain overseas exploration projects. During the financial year, the Group has made a decision not to continue exploration on these tenements and wrote down the carrying value to nil. The group also disposed of all exploration tenements it holds in its subsidiary and disposed of those subsidiaries during the year. The group will now focus on its exploration in the Ouro Paz joint venture.

## 12. SHARE BASED PAYMENT PLAN

### a) Recognised share based payment transactions

Share based payment transactions recognised either as operation expenses in the statement of comprehensive income or cost of business acquisition during the year were as follows:

	CONSOLIDATED	
	2014	2013
	\$	\$
<i>Operating expenses</i>		
Employees share based payment	-	4,153
Facility Fee settled in shares & options	<b>94,360</b>	-
Advisory Fee settled in options	<b>14,850</b>	-
	<b>109,210</b>	4,153

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2014

### 12. SHARE BASED PAYMENT PLAN (continued)

#### b) Share based payment

The Group issues options as part of the remuneration incentives to its executive officers, consultants and employees. Options have also been issued in relation to the \$350,000 loan interest payment for the year.

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
12/07/2010	31/12/2013	\$0.20	1,000,000	-	-	(1,000,000)	-	-
26/11/2010	31/12/2013	\$0.20	6,250,000	-	-	(6,250,000)	-	-
7/10/2011	31/12/2015	\$0.08	6,500,000	-	-	-	6,500,000	6,500,000
25/11/2011	31/12/2015	\$0.08	7,500,000	-	-	-	7,500,000	7,500,000
11/10/2013	30/09/2016	\$0.01	-	37,100,000	-	-	37,100,000	37,100,000
16/10/2013	30/06/2016	\$0.03	-	5,000,000	-	-	5,000,000	5,000,000
26/06/2014	30/06/2017	\$0.03	-	14,850,640	-	-	14,850,640	14,850,640
			<b>21,250,000</b>	<b>56,950,640</b>	<b>-</b>	<b>(7,250,000)</b>	<b>70,950,640</b>	<b>70,950,640</b>

Weighted remaining contractual life (yrs)

2.82

1.82

1.82

Weighted average exercise price

\$0.12

-

-

-

\$0.12

\$0.12

The table below summaries options granted during the prior year:

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
12/07/2010	31/12/2013	\$0.20	1,000,000	-	-	-	1,000,000	1,000,000
26/11/2010	31/12/2013	\$0.20	6,250,000	-	-	-	6,250,000	6,250,000
7/10/2011	31/12/2015	\$0.08	6,500,000	-	-	-	6,500,000	6,500,000
25/11/2011	31/12/2015	\$0.08	7,500,000	-	-	-	7,500,000	7,500,000
			<b>21,250,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,250,000</b>	<b>21,250,000</b>

Weighted remaining contractual life (yrs)

2.82

2.82

2.82

Weighted average exercise price

\$0.12

-

-

-

\$0.12

\$0.12

#### c) Option valuation

The fair value at grant date of options granted during the reporting period was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

56,950,640 options were issued during the year.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2014

### 12. SHARE BASED PAYMENT PLAN (continued)

The following table lists the inputs to the models used when granting options during the year ended 30 June 2014:

	26 June 14	11 Oct 13
Expected volatility (%)	75.00%	75.00%
Risk-free interest rate (%)	2.50%	2.50%
Expected life of option (years)	3	2.7
Exercise price (cents)	0.03	0.03
Grant date share price (cents)	0.02	0.05

	Note	CONSOLIDATED	
		2014 \$'000s	2013 \$'000s
<b>13. TRADE AND OTHER PAYABLES</b>			
Trade payables	(i)	336,312	9,462
Other creditors		120,446	109,658
		<b>456,758</b>	<b>119,120</b>

(i) Trade payables and other creditors are non-interest bearing and are normally settled on 30 day terms.

Given the short term nature of trade and other payables, the carrying value is equal to the fair value.

	CONSOLIDATED	
	2014 \$	2013 \$
<b>14. CONTRIBUTED EQUITY AND RESERVES</b>		
Issued capital	89,297,467	89,194,500

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	No.	\$'000s
<b>Movement in ordinary shares on issue:</b>		
At 1 July 2012	571,520,389	87,435,958
Shares issued during the year	66,666,666	1,758,542
<b>At 30 June 2013</b>	<b>638,187,055</b>	<b>89,194,500</b>
Shares issued during the year	33,482,500	102,967
<b>At 30 June 2014</b>	<b>671,669,555</b>	<b>89,297,467</b>

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

## 14. CONTRIBUTED EQUITY AND RESERVES (Continued)

	Option Reserve	Foreign Currency Translation Reserve	Total
	\$'000s	\$'000s	\$'000s
<b>Reserves – Consolidated</b>			
At 30 June 2012	4,522,582	(1,471,415)	3,051,167
Share-based payments - employee benefits	4,153	-	4,153
Foreign currency translation	-	54,935	54,935
<b>At 30 June 2013</b>	<b>4,526,735</b>	<b>(1,416,480)</b>	<b>3,110,255</b>
Share-based payments – Facility Fee on loan	59,360	-	7,178
Share-based payments – Legal fees settled	5,968		73,000
Share-based payments – Advisory fee settled	14,850		
Foreign currency translation	-	1,299,765	1,299,765
<b>At 30 June 2014</b>	<b>4,606,913</b>	<b>(116,715)</b>	<b>4,490,198</b>

Refer to the Statement of Changes in Equity for a reconciliation of movements in accumulated losses and non-controlling interest.

### Nature and Purpose of Reserves

#### *Option reserve*

This reserve is used to record the value of equity benefits provided to directors, employees and external service providers as part of their fees and remuneration.

#### *Foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

### Capital Management

The Group's capital comprises share capital, reserves less accumulated losses amounting to \$6,678,561 at 30 June 2014 (2013: 10,312,992).

Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels, distributions to shareholders and share and option issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior period.

## 15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short term deposits, receivables, financial assets at fair value through profit and loss, other financial assets and payables.

The Group manages its exposure to key financial risks in accordance with its risk management policy with the objective to ensure that the financial risks inherent in exploration activities are identified and managed accordingly.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

## 15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The main financial risks that arise in the normal course of business for the Group's financial instruments are foreign currency risk, interest rate risk, credit risk, equity price risk and liquidity risk. Management employs different methods to measure and mitigate the different risks to which the Group is exposed. These include monitoring exposure to foreign exchange risk and assessments of market forecast for interest rate, foreign exchange, equity prices and commodity prices. Liquidity risk is managed by development of rolling budgets and forecasts.

Primary responsibility for identification and control of financial risks lies with the Managing Director and Chief Financial Officer, under the authority of the Board. The Board is abreast of these risks and agrees any policies that may be implemented to manage the risks identified.

The following table outlines the Group's financial instruments and provides an ageing analysis:

	Current	90 – 120 Days	120 – 180 Days	180 + Days	Total
<b>30 June 2014</b>					
<b>Financial assets</b>					
Cash and cash equivalents	180,893	-	-	-	180,893
Trade and other receivables	18,350	-	-	-	18,350
Term deposits secured funds held for bank guarantee	205,588	-	-	-	205,588
Financial assets at fair value through profit and loss	1,131,544	-	-	-	1,131,544
<b>Financial liabilities</b>					
Trade and other payables	456,758	-	-	-	456,758
Loans and borrowings	907,660	-	-	-	907,660
<b>Net Maturity</b>	171,957	-	-	-	171,957

	Current	90 – 120 Days	120 – 180 Days	180 + Days	Total
<b>30 June 2013</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,501,236	-	-	-	1,501,236
Trade and other receivables	59,426	-	-	-	59,426
Term deposits secured funds held for bank guarantee	256,878	-	-	-	256,878
Financial assets at fair value through profit and loss	490,584	-	-	-	490,584
<b>Financial liabilities</b>					
Trade and other payables	119,120	-	-	-	119,120
Loans and borrowings	-	-	-	-	-
<b>Net Maturity</b>	2,189,004	-	-	-	2,189,004

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

## 15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Foreign currency risk

Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group is exposed to US dollar (USD) foreign exchange risk as a result of its term deposits in USD. The Group does not enter in to any financial arrangements to mitigate the exposure to foreign currencies. The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at balance date is as follows:

	Consolidated	
	2014	2013
	\$	\$
Cash balances denominated in USD:	2,321	1,202,197

The effect on the statement of comprehensive income due to reasonably possible change in market factors, as represented by movement in exchange rate, which all other variable held constant is indicated in the table below:

	Effect on Post Tax Earnings		Impact on Other Comprehensive Income	
	Increase/(Decrease)		Increase/(Decrease)	
	2014	2013	2014	2013
	\$	\$	\$	\$'
<b>Consolidated</b>				
USD/AUD 5%	(109)	(60,110)	-	-
USD/AUD -5%	109	60,110	-	-

The sensitivity analysis is based on reasonably possible changes expected over the following financial year using general economic and financial forecasts.

### Interest Rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	Consolidated	
	2014	2013
	\$	\$
Cash balances and term deposits	180,893	1,501,236

### Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's Consolidated Statement of Profit or Loss and Other Comprehensive Income to a reasonably possible change in interest rates, with all other variables constant.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

## 15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	Effect on Post Tax Losses		Impact on Other Comprehensive Income	
	Increase/(Decrease)		Increase/(Decrease)	
	2014	2013	2014	2013
	\$	\$	\$	\$
Increase 25 basis points	452	3,753	-	-
Decrease 25 basis points	(452)	(3,753)	-	-

A sensitivity of 50 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends. The analysis was performed on the same basis in 2013.

### *Credit risk*

The consolidated entity's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position. The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question. Term deposits are with financial institutions with a credit rating of A or higher.

### *Equity price risk*

Price risk is the risk that the fair value of investment in equities decrease or increase as a result of changes in market prices.

The Group is exposed to equity price risks arising from financial assets fair value through profit and loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the balance date and on reasonably possible changes expected over the following financial year using general economic and financial forecasts.

At balance date, if the equity prices had been 5% higher or lower, net profit would increase by \$56,577 and decrease by \$56,577 (2013: increase and decrease by \$25,000). The value of financial assets at fair value through profit and loss would also be adjusted.

### *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet all financial commitments in a timely and cost efficient manner. The Chief Executive Officer and the Financial Officer constantly reviews the liquid position including cash flow forecasts to determine the forecast cash position and maintain appropriate liquidity levels.

At 30 June 2014 and 30 June 2013, all financial liabilities are interest free and are payable within 90 days.

## 16. INVESTMENT IN A JOINT VENTURE

The Group executed a joint venture agreement and formed an incorporated joint venture between IGS' 93% owned private entity, Latin Gold Ltd and Brazil based CIA Mineradora Manganes Conselheiro S.A.

Latin Gold transferred its assets in its 100% owned subsidiary, Amazongold Pesquisas Minerais Ltda in exchange for 35% ownership in the incorporated joint venture, CIA Mineradora Ouro Paz ("Ouro Paz").

The Group has accounted for the investment in the jointly controlled entity using the equity method.



# NOTES TO FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2014

## 16. INVESTMENT IN A JOINT VENTURE (continued)

	Consolidated	
	2014	2013
	\$	\$
Current assets	602,626	602,626
Non-current assets	5,547,578	5,547,578
<b>Total assets</b>	<b>6,150,204</b>	<b>6,150,204</b>
Current liabilities	139,671	139,671
Non-current liabilities	119	119
<b>Total liabilities</b>	<b>139,790</b>	<b>139,790</b>
<b>Net assets</b>	<b>6,010,414</b>	<b>6,010,414</b>
Income	-	-
Expenses	(1,856,554)	(16,642)
<b>Profit / (loss)</b>	<b>(1,856,554)</b>	<b>(16,642)</b>
<b>Group share of net assets</b>	<b>2,107,938</b>	<b>2,107,938</b>
<b>Group share of profit / (loss)</b>	<b>(605,608)</b>	<b>(5,825)</b>

No contingent liabilities or capital commitments exist at 30 June 2014.

## 17. RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of IGS and the subsidiaries listed in the following table:

	Country of Incorporation	% Equity Interest	
		2014	2013
Tulasi Gold Pty Ltd*	Australia	-	100
Plumridge Gold Pty Ltd*	Australia	-	100
International Goldfields (Mali) Sarl *	Mali	-	100
Latin Gold Limited	United Kingdom	93	93
Amazon Minerals Ltd *	United Kingdom	-	93
Amazongold Pesquisas Minerais LTDA *	Brazil	-	93

These subsidiaries have been disposed of during the current period.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2014

### 18. SALES OF SUBSIDIARIES

During the year, the directors have decided to dispose of IGS Bermuda & Mali, Amazon Mineral, Amazon Gold, Tulasi and Plumridge Gold. The divestment of the West African assets represents an A\$900,000 saving in the Group's exploration budget for minimum expenditure requirements and land holding costs in Mali and Cote d'Ivoire for the Company over the 12 month period following completion of the heads of agreement.

In consideration for the sale of the West African Assets the Company received at completion of the West African Transaction ('Completion') a royalty of 2% of gross revenue from all future gold production from the West African Assets and a cash consideration component including reimbursement of any cash holdings and expenditure made between completion of heads of agreement and Completion.

The fair value of net assets disposed of during the year is \$3,109,435. The Company received a cash consideration component of \$402,278 including reimbursement of any cash holdings and 50,000,000 shares in Segue (valued at \$0.08).

#### (a) Details of the sale

	<b>Consolidated</b>
	<b>30 June 2014</b>
	<b>\$</b>
Consideration received:	
Cash	402,278
50,000,000 shares received in Segue Resources Limited	400,000
Total disposal consideration	<b>802,278</b>
Carrying amount of net assets sold	(3,109,435)
Loss on disposal before income tax	<b>(2,307,157)</b>
Income tax expense	-
<b>Loss on disposal after income tax</b>	<b>(2,307,157)</b>

The fair value of assets and liabilities as at the date of disposal were:

Mining Tenements	3,109,435
Less Liabilities at disposal	-
<b>Net assets</b>	<b>3,109,435</b>

### 19. BORROWINGS AND PROVISIONS

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Working Capital Facility (a)	<b>44,946</b>	-
Unsecured Loan (b)	<b>200,000</b>	-
Unsecured Loan (c)	<b>350,000</b>	-
Secured Loan (d)	<b>312,714</b>	-
	<b>907,660</b>	-

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

## 19. BORROWINGS AND PROVISIONS (continued)

	Consolidated	
	2014	2013
	\$	\$
<b>CURRENT</b>		
Provision for annual leave (e)	20,676	-
	<b>20,676</b>	-

- (a) IGS entered into a loan agreement in May 2014 to fund short term working capital. The loan was non-interest bearing and had been fully repaid in July 2014.
- (b) IGS entered into a loan agreement in May 2014 for an amount of \$200,000. The loan is non-interest bearing and matures on 31 December 2014.
- (c) IGS entered into a loan agreement in September 2013 for an amount of \$350,000. The interest on the loan is at 12% per annum and shall be repaid in October 2014.
- (d) The company entered into a loan agreement in March 2014 for an amount of \$720,000. The loan was secured by the company's Cape Lambert shares and is non-interest bearing, however attracts penalty interest at 20% upon default. As of August 2014, this loan has been fully repaid.
- (e) The provision for annual leave relates to accrued annual leave for Mr Travis Schwertfeger for the year 2014.

## 20. COMMITMENTS AND CONTINGENCIES

There are no contingent liabilities for the year ended 30 June 2014(2013: nil). There are lease commitments of \$60,000 for the year ended 30 June 2014 which will fall due within 1 year.

## 21. PARENT ENTITY DISCLOSURES

### Financial position

	2014	2013
	\$	\$
<b>Assets</b>		
Current Assets	1,534,055	10,573,276
Non-current Assets	18,032,113	-
Total assets	19,566,168	10,573,276
<b>Liabilities</b>		
Current liabilities	1,064,933	260,284
Total liabilities	1,064,933	260,284
<b>Net assets</b>	18,501,235	10,312,992
<b>Equity</b>		
Issued capital	89,297,465	89,194,500
Share-based payments reserve	4,606,913	4,526,735
Accumulated losses	(75,403,143)	(83,408,243)
Total equity	18,501,235	10,312,992
<b>Financial performance</b>		
Loss for the year	(8,005,100)	(20,871,932)
Other comprehensive income/(loss)	-	-
Total comprehensive income/ (loss)	(8,005,100)	(20,871,932)

The parent entity has no contingent liabilities for the year ended 30 June 2014(2013: nil). There are lease commitments of \$60,000 for the year ended 30 June 2014 which will fall due within 1 year.

# NOTES TO FINANCIAL STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2014

## 20. EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## 21. AUDITORS' REMUNERATION

The auditors of IGS for the year ended 30 June 2014 and 30 June 2013 are Ernst and Young.

	CONSOLIDATED	
	2014	2013
	\$	\$
An audit or review of the financial report of the entity and any other entity in the consolidated entity	29,745	53,890
UK & Brazil audits	30,454	27,360
	60,199	81,250
Other corporate services – assist in the F4 filing for Santa Fe Merger	-	20,910
	60,199	102,160

## 22. KEY MANAGEMENT PERSONNEL

### Details of Remuneration

Details of the remuneration for each director of the consolidated entity during the year are as follow:

#### Key Management Personnel Compensation

The key management personnel during the year were:

M Edwards	Non-Executive Chairman
D Tasker	Non-Executive Director
T Schwertfeger	Managing Director & Chief Executive Officer
J Flegg	Chief Financial Officer/ Company Secretary

	CONSOLIDATED	
	2014	2013
	\$	\$
<i>Key Management Personnel</i>		
Short-term	292,324	516,969
Post-employment & Long term benefits	19,269	22,500
Share based payment	-	4,153
Termination payment	-	-
	311,593	543,622