



International Goldfields Limited
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Media Release
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IGC in A\$152M deal to acquire Eastern Petroleum and its 50% stake in prospective multi-billion barrel oil fields in one of the major undeveloped new oil basins in Kazakhstan

Key points:

- **International Goldfields signs agreement with private UK company to acquire a 50% interest in the Alakol Basin Licence Block in Eastern Kazakhstan for A\$152M**
- **Potential to discover large fields in one of the major undeveloped new oil basins in Kazakhstan**
- **Significant evaluation/ exploration activities have identified five drillable Prospects and 18 leads**
- **Estimated P10 Prospective Resource volumes between a range of 128.1 MMBO for the smallest Prospect and 459.9 MMBO for the largest Prospect**
- **Excellent rail and pipeline infrastructure within the block and close proximity to the Chinese market**
- **Block is situated on the Chinese border close to the multi-billion barrel oil producing complex of the Junggar-Karamay Basin**
- **An independent international oil and gas consulting firm, has placed a value on the 50% interest at a significant premium to the consideration being paid**
- **Scrip only transaction will see International Goldfields issue 675,965,359 new shares and 135,193,072 options to Eastern Petroleum's shareholders. An additional 193,900,191 options will also be issued to various consultants.**
- **As part of the closing of the Eastern acquisition the Company is finalising a Placement to an institutional investor, to raise A\$20M.**

Australian company International Goldfields Limited (**ASX: IGC**) ("IGC" or the Company"), has entered into what it believes will be a 'company making' transaction, reaching agreement to acquire private UK company, Eastern Petroleum Corporation Limited ("Eastern"), in a scrip deal valued at over A\$152M.

Under the terms of the transaction, IGC will issue 675,965,359 shares in the Company and 135,193,072 options to Eastern Petroleum's shareholders, subject to shareholder approval. The shares and options will be escrowed in accordance with the ASX Listing Rules requirements. Post the completion of this transaction IGC will have 848,365,364 shares outstanding and a market capitalisation of ~A\$191M (assuming share price of A\$0.225).

In addition, and as part of the Eastern Petroleum transaction, the Company has agreed to issue 193,900,191 options to various consultants, subject to shareholder approval.

Eastern, via its 100% owned subsidiary North Caspian Petroleum Limited ("NCPL"), acquired a 50% stake in the Alakol Basin Licence Block ("Alakol Block") in Eastern Kazakhstan in January 2006. NCPL is the Operator of the project and under the terms of a Joint Operating Agreement will finance the Minimum Work Program ("MWP") costs of approximately US\$35M (5 years operating and exploration program). As at 30 June 2009, NCPL had incurred exploration costs of US\$26M on the

Alakol Block. Additional work to be completed under the MWP includes the acquisition and processing of an additional 700 kms of seismic data and the drilling of at least three further wells.

The Board of IGC has received an independent valuation report prepared by independent international oil and gas consulting firm Miller and Lents which in their view supports a value of **\$A559 million for Eastern's 50% interest in the Alakol Block.**

International Goldfields Executive Chairman believes this transaction and opportunity presented by the exposure to such a prospective basin will be instrumental in projecting the Company forward in the coming months.

"Prior to and at the time of completing the sale of our Bushveldt platinum stake we said our aim was to focus on acquisitions or transactions that would add significant value to all shareholders," Mr Sage said.

"We believe this transaction, together with the A\$60M raised from the sale of the Bushveldt stake, has the potential to deliver significant value to shareholders."

Alakol Block background and evaluation

The Alakol Block covers a significant majority of the Alakol Basin, a major undeveloped potential oil basin, covering some 32,000km² and situated on the Chinese border next to the multibillion barrel oil producing complex of the Junggar-Karamay Fields in China (Refer Fig 1).

Significant infrastructure is already in place to assist in the development of this project, with road, rail and air facilities nearby, including the Kazakhstan/China oil pipeline and railway line, which runs through the Alakol Block.

Historically within the block the exploitation of bitumens has been recorded, as well as visible hydrocarbon traces in a number of water wells and live oil seeps on the surface. Together, these indicate the potential presence of large source rocks within the block. Widespread development of "mud volcanoes" associated with escaping hydrocarbons also exist within the block, which is indicative of high pressures at shallow depth reservoirs.

Following, the completion of an integrated subsurface study on behalf of NCPL, **five drillable Prospects and 18 leads** were identified within the Alakol Block. All five Prospects were defined by independent seismic interpretation.

Field activities already completed at (or on) the Alakol Block since 2006 include;

- Study of satellite imagery
- Acquisition of 580 line km of Magnetic data in the basin
- Reprocessing of Gravity/Magnetic data
- Acquisition and processing of 1360km of 2D seismic data
- Field geological mapping, geological sampling and analyses for source rock and oil typing
- Drilling of one exploratory well to 2,487 metres in the southern trough of the South Eastern part of the Alakol Block, with testing due in the second quarter of 2010.

US based international oil and gas consulting firm Miller and Lents evaluated the Prospects and estimated Prospective Resource volumes, on a P10 basis, would range between **128.1 MMBO to 459.9 MMBO for each of the five Prospects.**

Hydrocarbon charge is considered to be prospective, with Miller & Lents confirming that if a hydrocarbon charge is proven the overall hydrocarbon potential of the blocks is significant.

Placement

The Company is finalising details of a proposed placement to an institutional investor to raise A\$20,000,000. The Company will issue a prospectus for the purpose of the Placement in or around November/December 2009.

Capital Structure

The effect on the capital structure of the Company following completion of the transaction is set out below.

Shares	Number
Shares on issue	152,400,005
Shares to be issued to EPCL Shareholders	675,965,359
Shares to be issued to Dundee Corporation pursuant to the Placement	100,000,000
Total Shares	928,365,369
Options	
Options on issue	Nil
Options to be issued to EPCL Shareholders	135,193,072
Options to be issued to consultants	193,900,191
Total Options	329,093,263
Converting Performance Shares on issue	40,000 ¹

Notes:

- 1 The Converting Performance Shares will convert into fully paid ordinary shares in accordance with their terms.

As this transaction requires shareholder approval and recompliance with Chapters 1 and 2 of the ASX Listing Rules, the Company is currently preparing a Notice of Meeting, which will be dispatched to shareholders in the coming weeks.

Oil exploration involves a number of risks many of which are beyond the control of the Company, Eastern or NCPL. The drilling may result in dry wells or wells which are insufficiently productive to justify commercial development or which may not be exploited as intended. In addition, events such as mechanical failures or delays, adverse weather conditions and government regulations or delays may adversely impact this project. Further details of the risks associated with the transaction will be detailed in the Notice of Meeting to be sent to shareholders.

ENDS

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Figure 1: Alakol Basin Location Map

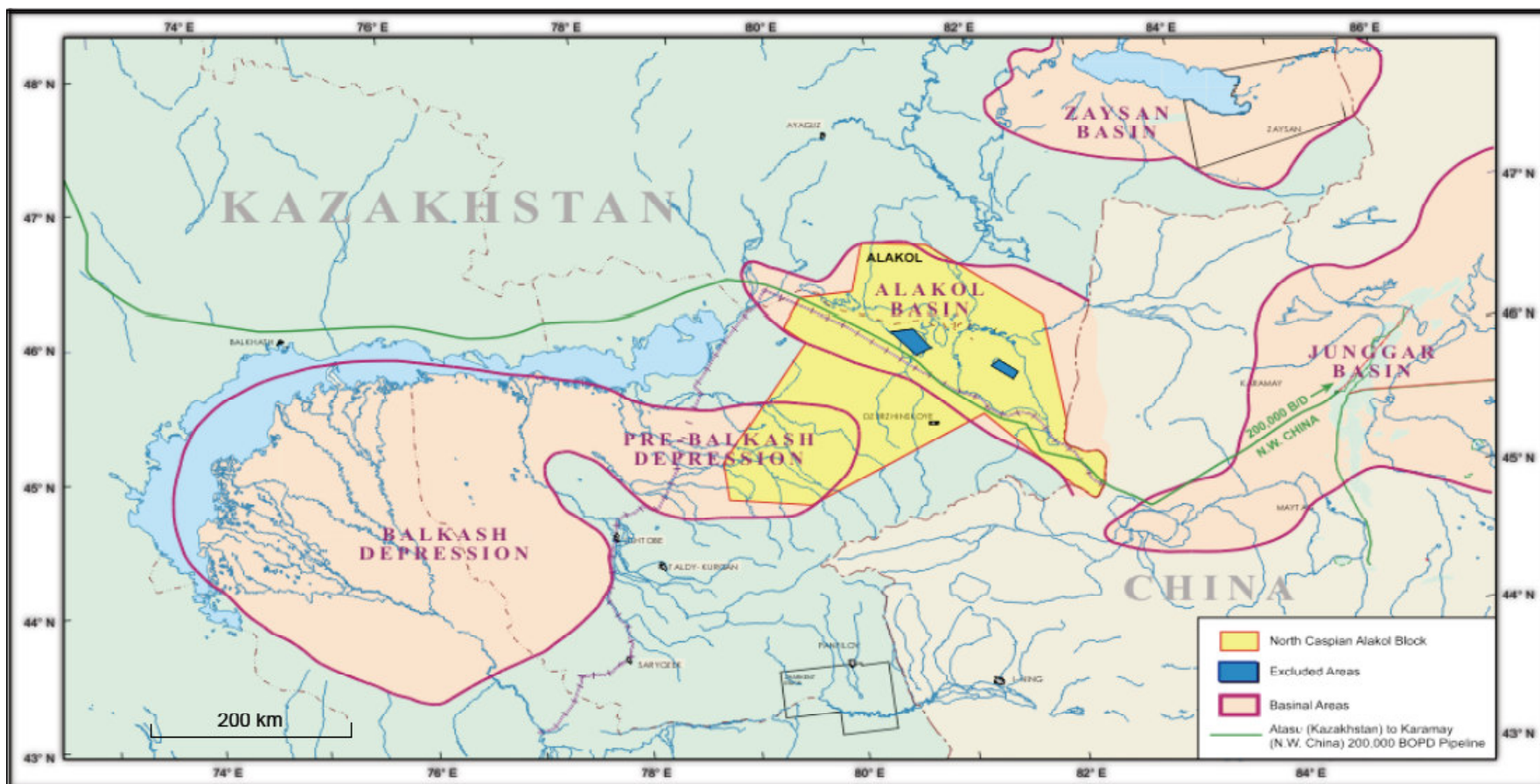
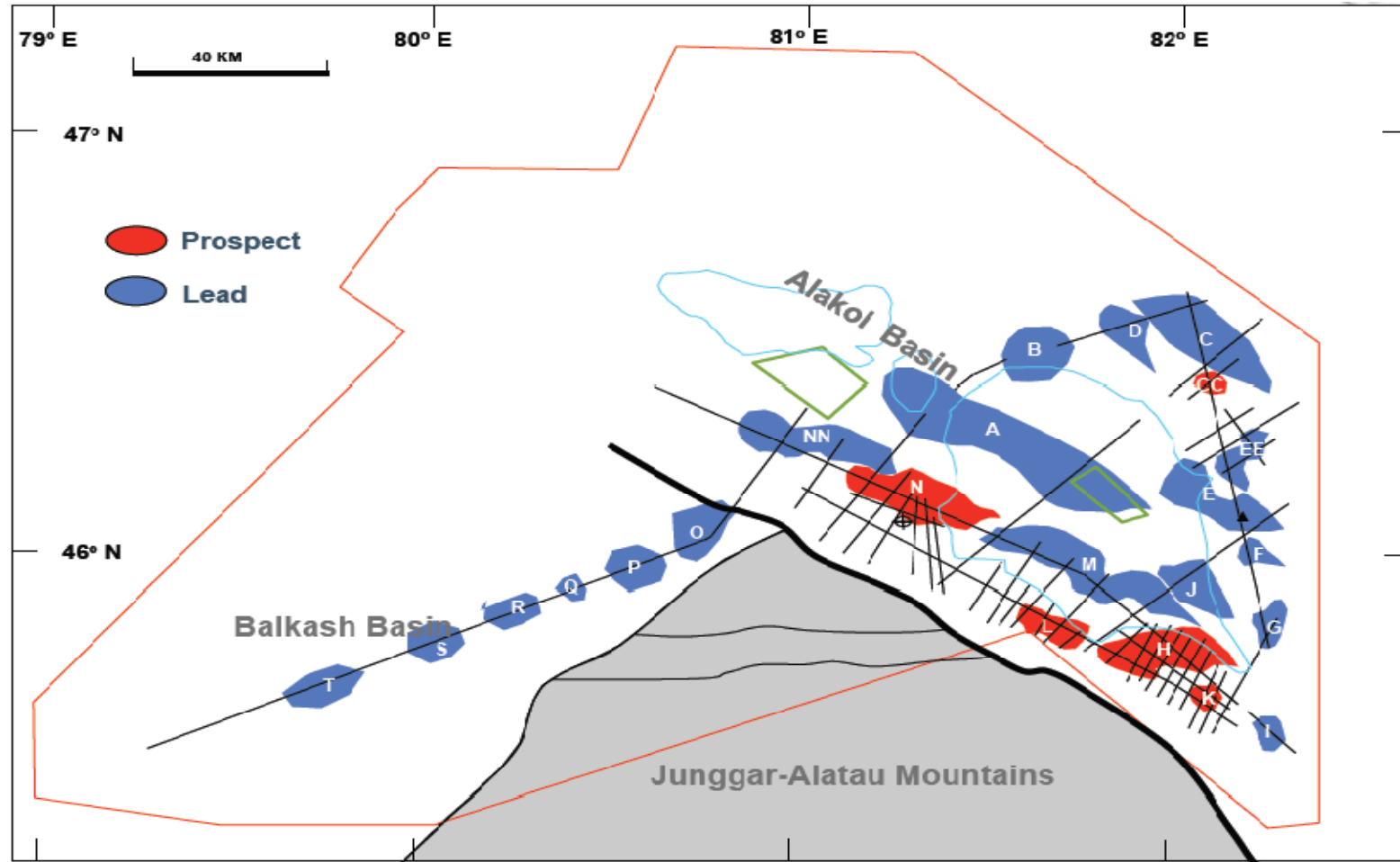


Figure 2: Infastrucutre Map



Figure 3: Prospects and Leads Map



NCPL Seismic Crew 2007



View from South Western Lakeside looking South



View from North West Lakeside looking South



Lake Alakol



Figure 4: Live oil seeping from shallow water wells



Figure 5: drill mobilised ahead of drilling

