INTERNATIONAL GOLDFIELDS LIMITED

HALF YEARLY REPORT FOR THE PERIOD ENDED

31 DECEMBER 2008

Contents **Page**

Directors' Report	1
Auditor's Independence Declaration	5
Income Statement	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10
Directors' Declaration	16
Independent Auditor's Review Report	17

DIRECTORS' REPORT

Your directors submit the financial report of the Company for the half-year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names of directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Antony Sage
Timothy Turner
Michael Povey

RESULTS

The Company incurred an operating loss after tax of $275,173 (31 December 2007: Profit $2,033,813).

REVIEW OF OPERATIONS

Tubatse Project

In August 2008, International Goldfields Limited (**"IGC"**) and Nkwe Platinum Limited (**"Nkwe"**) signed an Option Agreement ("Agreement") providing Nkwe exclusive rights to negotiate with IGC to acquire its 15% stake in the Tubatse Project, located in the Bushveld Platinum region of South Africa. Nkwe secured the exclusive right for a period of six months.

Under the terms of the initial agreement, Nkwe could extend the option for a further six months by providing notice to IGC of its intent to extend and by issuing 2.5 million ordinary shares to IGC. As announced on 10 February 2009, Nkwe has taken up its right to extend the agreement for a further six months.

The JORC-compliant resource on portions of Nooitverwacht 324KT and Eerste Geluk 327KT was upgraded in July 2008, from 12.4Moz to 20.4Moz (3PGE + Au). The mineralisation potential of the entire Tubatse Project is independently estimated at approximately 60Moz and 67Moz 3PGE + Au (this includes the 20.4Moz JORC-compliant inferred resource).

Nkwe has exercised its option to acquire a 59 per cent interest in the Tubatse Project, with South African black empowerment company, Genorah Resources (Pty) Ltd, holding the remaining 26 per cent interest in the project.

Nkwe also holds a 74 per cent working interest in the two farms directly adjacent (north) to the Tubatse Project and has a stated goal of becoming a platinum producer, with its joint venture partner Xstrata, producing a steady rate of 1Moz of PGM per annum.

Project Valuation

During the half year, IGC received a DRAFT independent valuation for its Platinum Project confirming IGC's stake in the three farms to be in a range of A$44.1m to A$63.57m.

Nkwe has agreed with IGC's A$60m project valuation and looks forward to completing the exercise and acquisition over the coming months.

Proposed Nkwe/IGC Merger Update

On approval of the terms by the Nkwe board, the proposed merger would be subject to a number of conditions, most notably the receipt of all necessary governmental, regulatory shareholder and third party approvals and consents. The merger would also be subject to Nkwe successfully completing a debt/royalty financing to fund the proposed merger.

Key steps to be undertaken to implement the merger include:

- Nkwe sign off to the merger terms;
- lodgement of Scheme documents with ASIC;
- obtaining Court approval to hold the Scheme meeting for shareholders to vote on the Scheme;
- obtaining IGC shareholder approval of the Scheme;
- Nkwe completing a debt/royalty financing; and
- if IGC shareholders approve the Scheme, Court ratification of the Scheme.

Technical Update - Tubatse Project

Access roads to the Hoepakrantz property of the Tubatse Project were made during the half-year, allowing drilling to commence on this mountainous area. One drill rig was allocated and completed the first hole ever to be drilled on this property. Both the Merensky and UG2 mineralisation were successfully intercepted, both reefs presenting as well-mineralised and geologically normal for the area. The total number of drill holes completed on the Tubatse Project to date comprises 31 holes. Some 2007 assay samples have been submitted to date.

The current Mineral Resource statement for the Tubatse Project is given in Table 1.

Table 1. Tubatse Project – Mineral Resource Statement on 4 July 2008
(in accordance with JORC requirements)

	Discounted Resource Tonnage (Mt)	Channel Width (m)	Grade (3PGE+Au g/t)	3PGE+Au Ounces (Moz)
Merensky Inferred	54.49	1.22	5.03	7.75
UG2 Inferred	48.09	0.68	8.17	12.62
Total / average	**102.58**			**20.37**

The resource estimate was completed by N Denner, an independent Competent Person as defined by JORC.

Figure 1 shows the location of drill holes on the Eerste Geluk and Nooitverwacht properties, and Figure 2 shows drill hole location on the Hoepakrantz property, of the Tubatse Project.

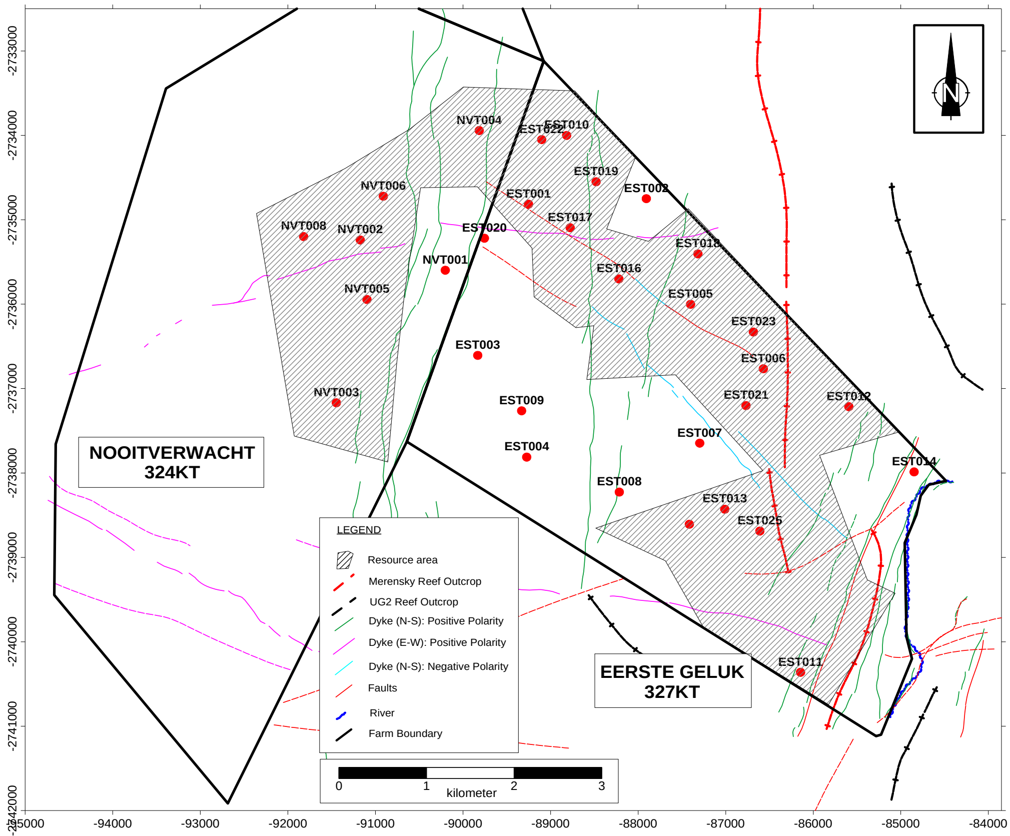

Figure 1: Plan map for the Eerste Geluk and Nooitverwacht properties of the Tubatse Project, with Mineral Resource area indicated

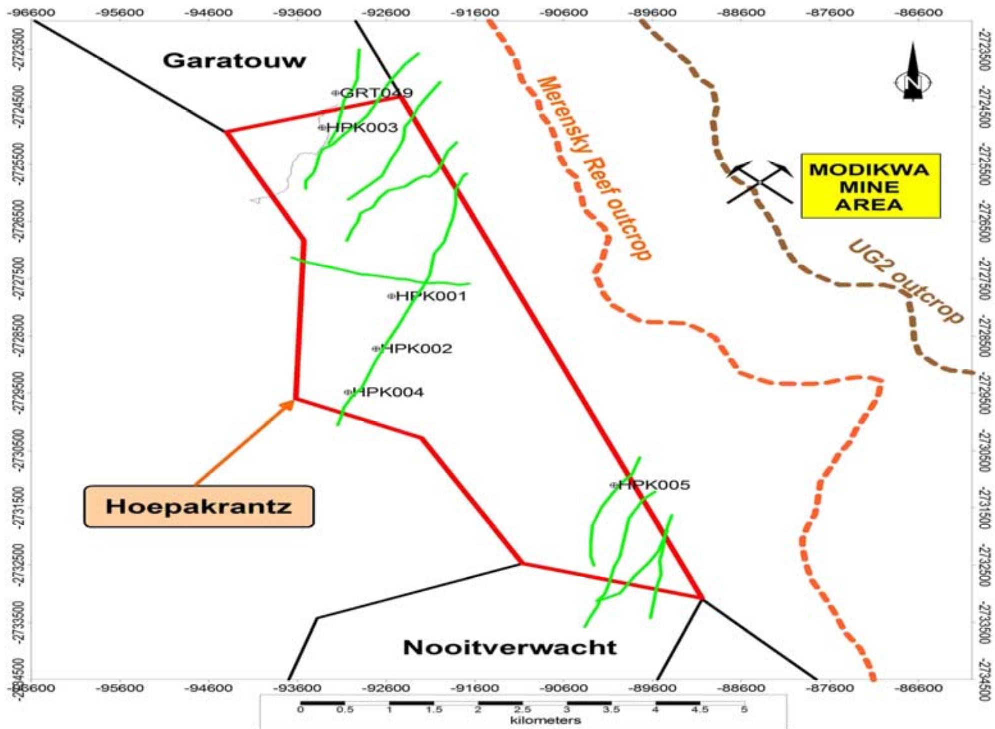

Figure 2: Plan map for the Hoepakrantz property of the Tubatse Project, showing current and planned drilling

The information in this report that relates to Mineral Resources is based on a resource estimate completed by Mr Nico Denner who is employed by Geological and Mine Evaluation Computer Services. Mr Denner is a Geologist with over 14 years of experience in the South African Mining Industry and sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and the Ore reserves. Mr NJ Denner is a member of South African Council for Natural Scientific Professions (Membership No. 400060/98).

Mr Denner consents to the inclusion of this information in the form and context in which it appears in this report.

After Balance Date Events

No matters or circumstances have arisen since the end of the period which significantly affected or may slightly effect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in future financial years, except as follows:-

Nkwe has extended its option to acquire IGC's 15% interest in the Tubatse Platinum Project for a further 6 months to August 2009 by the issue of a further 2.5m Nkwe ordinary fully paid shares to IGC.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, BDO Kendalls Audit & Assurance (WA) Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. The Independence Declaration is set out on page 5 and forms part of this directors' report for the half-year ended 31 December 2008.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

Timothy Turner

Director

Dated this 13th Day of March 2009

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008
PO Box 700
WEST PERTH WA 6872
Phone 61 8 9380 8400
Fax 61 8 9380 8499
aa.perth@bdo.com.au
www.bdo.com.au

ABN 79 112 284 787

13th of March 2009

The Directors
International Goldfield Limited
18 Oxford Close
Leederville, WA 6007

Dear Board Members

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF INTERNATIONAL GOLDFIELDS LIMITED

As lead auditor of International Goldfields Limited for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

B. McVeigh

Brad McVeigh
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd

Perth, Western Australia

INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	2008 $	2007 $
Other Revenue		654,528	122,070
Depreciation expense		(318)	-
Consulting expenses, including directors' remuneration		(479,492)	(289,000)
Compliance and regulatory expenses		(54,045)	(50,552)
Facilitation fee		(65,000)	-
Administration expenses		(345,726)	(182,333)
Loss before income tax expense	2	(290,053)	(399,815)
Income tax expense		-	-
Loss from continuing operations		(290,053)	(399,815)
Profit from discontinued operations	3	14,880	2,433,628
(Loss)/Profit for the period, attributable to equity holders of International Goldfields Limited		(275,173)	2,033,813
EPS from continuing operations			
Basic loss per share (cents per share)		**(0.24)**	**(0.35)**
Diluted loss per share (cents per share)		**n/a**	**n/a**
EPS from loss attributable to equity holders of International Goldfields Limited			
Basic (loss)/earnings per share (cents per share)		**(0.22)**	**1.80**
Diluted (loss)/earnings per share (cents per share)		**n/a**	**1.49**

The accompanying notes form part of these financial statements

INTERNATIONAL GOLDFIELDS LIMITED
ABN 76 118 108 615

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	31 Dec 2008	30 Jun 2008
		$	**$**
Assets			
Current Assets			
Cash and cash equivalents		1,815,186	2,139,520
Trade and other receivables	**4**	721,303	41,511
Short term loan	**5**	2,450,000	2,300,000
Total Current Assets		**4,986,489**	**4,481,031**
Non-Current Assets			
Property, plant and equipment		1,557	1,875
Financial assets	**6**	496,054	-
Exploration, evaluation and development	**7**	22,018,687	21,980,596
Total Non-Current Assets		**22,516,298**	**21,982,471**
Total Assets		**27,502,787**	**26,463,502**
Liabilities			
Current Liabilities			
Trade and other payables		70,415	143,100
Total Current Liabilities		**70,415**	**143,100**
Total Liabilities		**70,415**	**143,100**
Net Assets		**27,432,372**	**26,320,402**
Equity			
Issued capital	**8**	24,240,544	22,853,400
Reserves		7,226,069	7,501,126
Accumulated losses		(4,034,241)	(4,034,124)
Total Equity		**27,432,372**	**26,320,402**

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Ordinary Share Capital	Converting Performance Share Capital	Accumulated Losses	Share Based Payment Reserve	Redeemed Option Reserve	Total Equity
	$	$	$		$	$
Balance at 1 July 2007	22,090,176	600	(5,572,247)	7,501,126	-	24,019,655
Profit for the period	-	-	2,033,813	-	-	2,033,813
Total recognised income and expenses for the period	-	-	2,033,813	-	-	2,033,813
Shares issued during the half-year (net of share issue costs)	(31,075)	-	-	-	-	(31,075)
Balance at 31 December 2007	22,059,101	600	(3,538,434)	7,501,126	-	26,022,393
Balance at 1 July 2008	22,852,800	600	(4,034,124)	7,048,138	452,988	26,320,402
Loss for the period	-	-	(275,174)	-	-	(275,174)
Total recognised income and expenses for the period	-	-	(275,174)	-	-	(275,174)
Shares issued during the half-year (net of share issue costs)	1,387,144	-	-			1,387,144
Options Expired	-	-	275,057	(275,057)	-	-
Options Exercised	-	-	-	(117,881)	117,881	-
Balance at 31 December 2008	24,239,944	600	(4,034,241)	6,655,200	570,869	27,432,372

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	2008 $	2007 $
Cash flows from operating activities		
Payments to suppliers and employees	(891,360)	(628,090)
Payments for exploration and development	(38,958)	(1,218,853)
Interest received	67,394	101,103
Income tax refund	-	15,887
Net cash used in operating activities	(862,924)	(1,729,952)
Cash flows from investing activities		
Payment for financial assets	(496,054)	-
Proceeds from sale of tenements	15,000	7,060,000
Net cash (used in)/provided by investing activities	(481,054)	7,060,000
Cash flows from financing activities		
Proceeds from issue of shares	1,025,025	35,025
Payment for share issue costs	(5,381)	(66,100)
Net cash provided by/(used in) financing activities	1,019,644	(31,075)
Net (decrease)/increase in cash and cash equivalents held	(324,334)	5,298,973
Cash and cash equivalents at beginning of period	2,139,520	2,897,581
Cash and cash equivalents at end of period	1,815,186	8,196,554

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB').

The half-year report has been prepared on a historical cost basis, except for available-for-sale financial assets which are measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by International Goldfields Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2008 annual financial report for the financial year ended 30 June 2008.

Available for sale financial assets

Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. Investments are designated as available for sale if they do not have fixed maturities and fixed a determinable payments and management intends to hold them for the medium to long term.

Cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

Going Concern

The accounts have been prepared on the basis that the entity can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business.

The ability of the Company to continue as a going concern is dependant upon the Company raising funding for future activities through the issue of equity or debt and obtaining and providing continued funding for the platinum project. As the Company's share price is currently in the money the Company expects that the majority of its 15 cent and 20 cent options will be converted raising approx $11m. Nkwe have agreed the price for the platinum farms in South Africa of $60m for the proposed merger. The Directors therefore consider that there are reasonable grounds to believe that the Company will continue to raise equity and/or debt to meet its short to medium term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

	31 December 2008 $	31 December 2007 $
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Proceeds of sale of tenements	15,000	5,885,000
Cost of sale of tenements	(120)	(3,451,372)
Interest revenue	229,528	105,883
Directors' fees	(278,750)	(229,000)
Corporate management fees	(120,000)	(105,000)
Consultant's expense	(200,742)	(60,000)

NOTE 3: DISCONTINUED OPERATIONS

(a) Description

On 6th August 2008, the Company received final payment for the sale of E39/0970. The sale of this tenement is reported in this financial report as a discontinued operation.

(b) Financial performance and cash flow information

Income from sale of mining tenement	15,000	5,010,000
Expenses incurred during the life of the tenement	(120)	(1,487,105)
Profit on sale of tenements before income tax	14,880	3,522,895
Income tax expense	-	-
Profit on sale of tenement after income tax	14,880	3,522,895
Net cash inflow/(outflow) from operating activities	-	-
Net cash inflow/(outflow) from investing activities	15,000	5,010,000
Net cash inflow/(outflow) from financing activities	-	-
Net increase in cash generated by sale of tenements	15,000	5,010,000

NOTE 4: TRADE AND OTHER RECEIVABLES

Current period Trade and Other Receivables includes an accrual of $300,000 which relates to a cheque received on exercise of options that was presented to the bank subsequent to period end. This amount has been recorded as a receivable as the option exercise forms were received prior to year end. An amount of $360,000 has been recorded for the after balance date event of 2.5m Nkwe shares being issued and receipt of $100,000 cash relating to Nkwe's option to acquire IGC's 15% interest in the Tubatse project. Option agreement with Nkwe was signed before year end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 5: SHORT TERM RECEIVABLES

	31 December 2008 $	30 June 2008 $
Short term loan to Golden Falls Trading	2,450,000	2,300,000

The due date for this amount has been extended and is now the 30 June 2009. The increase in the balance during the period relates to accrued interest.

NOTE 6: FINANCIAL ASSETS

	31 December 2008 $	30 June 2008 $
Available-for-sale financial assets		
- Unlisted investment in Latin Gold Limited, at cost	496,054	-

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. However, this investment was recently purchased and is therefore reflected at cost on balance sheet valuations. Unlisted available-for-sale financial assets exist within active markets and could be disposed of if required. No intention to dispose of any unlisted available-for-sale financial assets existed at 31 December 2008. IGC does not play a major role in the decision-making process of Latin Gold Limited, therefore does not hold a significant influence in Latin Gold's operations.

NOTE 7: DEFERRED EXPLORATION EXPENDITURE

	31 December 2008 $	30 June 2008 $
Movements in costs carried forward in respect of areas of interest are as follows:		
- Exploration and evaluation phases		
Opening balance	21,346,152	16,507,962
Exploration expenditure incurred	672,535	5,460,399
Exploration expenditure written off	-	(622,209)
Exploration and evaluation phases	22,018,687	21,346,152

Included in exploration expenditure incurred is $21,248,200 relating to the Company's option to acquire a 15% interest in the Genorah Platinum farms.

To secure the 15% interest, the Company was obligated to spend US$ 10 million on the exploration development of the project within a 36 month period from commencement date. Currently, the Company must expend a further US$ 2.5 million within a 6 month period. This has not been booked as a liability at 31 December 2008.

At the date of this report, the Directors are of the opinion this amount represents fair value.

The value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of the Company's right to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 8: ISSUED CAPITAL

		31 December 2008 $	31 December 2007 $
Ordinary shares			
Issued and fully paid	(a)	24,239,944	22,059,101
Converting Performance Shares	(b)	600	600
		24,240,544	22,059,701

		No.	$
(a) *Movements in ordinary shares on issue*			
At 1 July 2007		112,733,339	22,090,176
- 24 July 2007 shares were converted from options		100,000	15,000
- 12 September 2007 shares were converted from options		133,500	20,025
Share Issue Costs		-	(66,100)
At 31 December 2007	(c)	112,966,839	22,059,101
At 1 July 2008		118,199,840	22,852,800
- 4 August 2008 shares were converted from options		5,083,333	1,012,500
- 30 September 2008 shares were converted from options		333,499	50,025
- 31 December 2008 accrual for shares to be converted from options		1,500,000	300,000
Credit of Share Issue Expenses		-	24,619
At 31 December 2008	(c)	125,116,672	24,239,944
(b) *Movements in Converting Performance shares on issue*			
At 1 July		60,000	600
Converting performance shares on issue at 31 December	(d)	60,000	600

(c) *Ordinary shares participate in dividends and the proceeds on winding up in proportion to the number of shares held. At shareholder meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands*

(d) *The terms of the converting performance shares (CPS) are as follows:*

20,000 CPS will convert into 20 million shares and 10 million options (exercisable at 20 cents on or before 30 June 2009) upon Genorah and the Company establishing a JORC compliant (or similar) resource of 25 million contained 3PGE+Au ounces on the project by not later than 12 months from the commencement date;

20,000 CPS will convert into 20 million shares and 10 million options (exercisable at 20 cents on or before 30 June 2009) upon Genorah and the Company establishing a JORC compliant (or similar) resource of 45 million contained 3PGE+Au ounces on the project by no later than 30 months from commencement date; and

20,000 CPS will convert into 20 million shares and 10 million options (exercisable at 20 cents on or before 30 June 2009) upon Genorah and the Company establishing a JORC compliant (or similar) resource of 65 million contained 3PGE+Au ounces on the project by no later than 36 months from commencement date.

*PGE is an abbreviation for the Platinum Group element. The platinum group elements include, in this instance, in a decreasing order of abundance of platinum, palladium and rhodium. Au is the chemical symbol for gold. 3PGE+Au is therefore 3 parts of platinum, palladium, rhodium and gold per ounce.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 8: ISSUED CAPITAL (continued)

Options

The Company has on issue 57,383,333 (June 2008:67,800,165) options over un-issued capital in the Company.

	31 December 2008 No. of options	31 December 2007 No. of options
(b) *Movements in options on issue*		
Balance at the beginning of the period	67,800,165	73,266,666
Options issued during the period	-	-
Options exercised during the period	(6,916,832)	(233,500)
Options expired	(3,500,000)	-
Balance at the end of the period	57,383,333	73,033,166

NOTE 9: SEGMENT REPORTING

Geographical segments

The following table presents the revenue and results information regarding geographical segments for the half-year periods ended 31 December 2008 and 31 December 2007.

	Gold in Australia $	Platinum in South Africa $	Unallocated $	Total $
31 December 2007				
Segment revenue	5,885,000	-	122,070	6,007,070
Segment result before income tax from continuing activities	2,433,628	-	(399,815)	2,033,813
31 December 2008				
Segment revenue	15,000	425,000	229,528	669,528
Segment result before income tax from continuing activities	9,893	360,000	(645,066)	(275,173)

NOTE 10: CONTINGENT LIABILITIES

As at 31 December 2008, the Company's contingent liabilities have not significantly changed. Refer to the 30 June 2008 Annual Report for more information, except as detailed below:

On the 7th January 2009, International Goldfields received notification that an agreement with one of their consultants, Gun Capital Investments Limited, had not been honoured and Gun Capital was proceeding to claim compensation. The claim is denied by International Goldfields and the proceedings are being vigorously defended.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

As announced on 10 February 2009, Nkwe Platinum Limited has extended the option agreement with IGC in relation to the negotiations over the 15% stake in the Tubatse Platinum project located in the Bushveld Platinum Region of South Africa for a further six months and as per the option agreement has issued to IGC 2.5 million Nkwe Platinum Limited ordinary fully paid shares. In addition, Nkwe Platinum Limited has agreed with IGC's AU$60m project valuation.

NOTE 12: RELATED PARTY TRANSACTIONS

There have been no changes in related party transactions since the 30 June 2008 Annual Report, except an investment in Latin Gold Limited, of which Antony Sage is also a director.

INTERNATIONAL GOLDFIELDS LIMITED
ABN 76 118 108 615

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes thereto, as set out on pages 6 to 15 are in accordance with the Corporations Act 2001 and:
    a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
    b. give a true and fair view of the entity's financial position as at 31 December 2008 and of its performance for the half-year then ended.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Timothy Turner

Director

Dated this 13th day of March 2009

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008
PO Box 700
WEST PERTH WA 6872
Phone 61 8 9380 8400
Fax 61 8 9380 8499
aa.perth@bdo.com.au
www.bdo.com.au

ABN 79 112 284 787

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF INTERNATIONAL GOLDFIELDS LIMITED

We have reviewed the accompanying half-year financial report of International Goldfields Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of International Goldfields Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Basis for Qualified Conclusion

Included in the company's balance sheet is a short term loan in the amount of $2,450,000 including accrued interest of $300,000. We have not been provided sufficient evidence to determine the recoverability of this asset. Accordingly, we are unable to determine the asset's realisable value and any commensurate effect that an adjustment to realisable value would have on the company's balance sheet or profit and loss. Due to this limitation of scope, we have not been able to determine if an impairment provision against this short term loan is necessary or the amount of the effect, if any, that an impairment provision would have on the balance sheet and statement of income included in the half-year accounts.

Qualified Conclusion

Based on our review, except for the adjustments to the half-year financial report that we might have become aware of had it not been for the matter described above, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of International Goldfields Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, we draw attention to Note 1 in the half-year accounts which indicates that the company has cash assets of $1,815,186 and receivables of $3,171,303, and has a commitment to expend USD $2,500,000 by 30 June 2009 in order to secure the 15% interest in Genorah Platinum Farms. The ability to fund the expenditure is dependent upon the company obtaining additional funding, either through capital raisings, realisation of assets, or incurrence of debt, or a combination of the three. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

BG McVeigh
Director

Perth, Western Australia
Dated this 13th day of March 2009