

*International Goldfields Limited*  
(ABN 76 118 108 615)

*Annual Financial Report*  
*For the Year Ended*  
*30 June 2009*

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***CORPORATE DIRECTORY***

***EXECUTIVE CHAIRMAN***

Antony William Paul Sage

***NON-EXECUTIVE DIRECTORS***

Timothy Paul Turner

Mark Gwynne

***COMPANY SECRETARY***

Jane Flegg

***PRINCIPAL & REGISTERED OFFICE***

18 Oxford Close

LEEDERVILLE WA 6007

Telephone: (08) 9388 0744

Facsimile: (08) 9382 1411

***AUDITORS***

BDO Kendalls Audit & Assurance (WA) Pty Ltd

128 Hay Street

SUBIACO WA 6008

Telephone: (08) 9380 8400

Facsimile: (08) 9380 8499

***SHARE REGISTRAR***

Computershare Investor Services Pty Ltd

Level 2, 45 St George's Terrace

PERTH WA 6000

Telephone: (08) 9323 2000

Facsimile: (08) 9323 2033

***STOCK EXCHANGE LISTING***

Australian Stock Exchange

(Home Exchange: Perth, Western Australia)

Code: IGC

## CHAIRMAN'S LETTER

Dear Shareholder

I am delighted to provide a summary of your Company's activities for the year ended 30 June 2009.

This year has been quite a journey, where we have consolidated our focus on the exploration and development of the farm-in rights to the Genorah Farms platinum project in the Bushveld region of South Africa. The Bushveld region produces over 70% of the world's platinum and the Genorah Farms project is seen as one of the most highly prospective projects in the region, continuing to advance development of our significant platinum assets in South Africa.

Under a Farm-In Agreement signed in 2006, we have earned a 15% interest in three "farms", Hoepakrantz 291KT, Nooitverwacht 324KT and Eerste Geluk 327KT that comprise the "Tubatse Project", by spending US\$10 million on exploration over a three year period that commenced in April 2007.

Since 2008, development activities at the project have been ongoing, with up to ten drill rigs on site for the majority of the time. The JORC-compliant resource on portions of Nooitverwacht 324KT and Eerste Geluk 327KT was recently upgraded from 12.4Moz to 45.25Moz (3PGE + Au) of inferred JORC resource.

You are no doubt aware that the prospectivity of the area and the strong development potential of the three farms, in which your Company has an earn-in right, are such that in late 2008, International Goldfields signed an Option Agreement with fellow Australian platinum company and joint venture partner Nkwe Platinum Limited ("Nkwe") in relation to our 15% interest in the three farms comprising the Tubatse Project.

Under the Option Agreement, Nkwe paid International Goldfields Limited an option fee of A\$100,000 and 2.5 million of its own shares for time to facilitate the acquisition of our 15% interest in the Tubatse Project by way of a scheme of arrangement or asset sale. In early 2009, Nkwe extended the Option Agreement by issuing a further 2.5 million Ordinary shares to IGC.

Your Board wishes to advise all shareholders that, despite the six month option period, both parties are committed to the deal and expect to have an agreement finalised by October of this year. Your Board feels that, having reviewed a range of opportunities associated with this investment, including the continued exploration and eventual development of the Project, this deal with Nkwe will deliver maximum return and long-term value to you, the shareholders.

Since early 2009, your board has also been reviewing a number of significant acquisition opportunities that have been presented to it, and in due course expects to finalise at least one of these transactions. Your board believes that these transactions have the ability to generate significant returns to the company and its shareholders.

Tony Sage  
Chairman

## **DIRECTORS' REPORT**

Your Directors present their report on International Goldfields Limited ("International Goldfields" or "IGC" or "Company") for the financial year ended 30 June 2009.

### **DIRECTORS**

The names of Directors in office at any time during or since the end of the year are:

Mr Antony William Paul Sage	
Mr Timothy Paul Turner	
Mr Mark Gwynne	appointed 24 April 2009
Mr Michael George Povey	resigned 24 April 2009

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### **COMPANY SECRETARY**

The Company Secretary is Ms Jane Flegg.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company during the financial year was mineral exploration and development.

During the year, the Company completed its acquisition of its 15% interest in the Tubatse Platinum Project in South Africa.

### **OPERATING RESULTS**

The profit/(loss) of the Company after providing for income tax amounted to (\$1,270,938) (2008: \$1,538,123).

### **DIVIDENDS PAID OR RECOMMENDED**

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

### **REVIEW OF OPERATIONS**

#### **South African Tubatse Platinum Project**

With the sale of the Company's Australian exploration assets last year, the Board further consolidated the Company's focus on the exploration and development of the Company's 15% farm-in rights to the Genorah Farms Platinum Project located on the eastern limb of South Africa's renowned Bushveld Complex, the world's premier platinum group metal producing region comprising approximately 80% of world production.

Under the farm-in agreement, IGC has earned a 15% interest in three Genorah Farms (Hoepakrantz 291KT; Nooitverwacht 324KT and Eerste Geluk 327KT, collectively "the Tubatse project") by spending USD\$10m on exploration over the past three years.

During the year, The JORC-compliant resource on portions of Nooitverwacht 324KT and Eerste Geluk 327KT was upgraded from 12.4Moz to 20.4Moz (3PGE + Au) inferred and, subsequent to 30 June 2009, has been upgraded to 45.25Moz (3PGE + Au) of inferred JORC resource.

## DIRECTORS' REPORT

### Tubatse Project – Mineral Resource

	Discounted (20%) Resource Tonnage (Mt)	Bulked Width (m)	Grade (3PGE+Au g/t)	3PGE+Au Ounces (Moz)
<b>EERSTE GELUK / NOOITVERWACHT</b>				
Merensky Inferred	54.49	1.22	5.03	7.75
UG2 Inferred	48.09	0.68	8.17	12.62
<b>HOEPAKRANTZ</b>				
Merensky Inferred	98.73	1.98	4.13	13.11
UG2 Inferred	57.67	1.00	6.35	11.77
<b>Total</b>	<b>258.98</b>			<b>45.25</b>

#### Competent Person Statement

The information in this report that relates to initial 20.4Moz Mineral Resources for the Tubatse Project 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 14 years 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 in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and the Ore Reserves. Mr 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.

The information in this report that relates to upgraded 24.88Moz Mineral Resources for the Tubatse Project is based on a resource estimate completed by Mr Andy Clay who is employed by Venmyn. Mr Clay is a Geologist with 12 years 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 in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and the Ore Reserves. Mr Clay is a Member of South African Council for Natural Scientific Professions (Membership No. 400041/99). Mr Clay consents to the inclusion of this information in the form and context in which it appears in this report.

All Mineral Resources stated in this Quarterly Report are in accordance with the requirements of the JORC Code (2004)

Nkwe Platinum Limited ("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 option partner Xstrata, producing from both Tubatse and the northern farms a steady state operation of 1Moz of PGM per annum.

#### Option to sell Bushveld Stake to Nkwe Platinum Limited

During the period, International Goldfields Limited entered into a heads of agreement with ASX-listed company Nkwe Platinum Limited (ASX: NKP) to sell its 15 per cent interest in the Tubatse project within the Bushveld platinum region of South Africa to Nkwe Platinum, subject to government and regulatory approvals.

Nkwe and IGC have had an Option Agreement in place since late 2008 that enabled Nkwe to negotiate on an exclusive basis to acquire the IGC's 15% stake. Originally the two parties were negotiating to

## ***DIRECTORS' REPORT***

implement a merger via a court approved Scheme of Arrangement, however the board of IGC believes that at this time an asset sale is in the best interest of its shareholders.

At the date of this report Nkwe and IGC are continuing to negotiate a revised agreement in order to complete the transaction.

### **Board Changes**

In April, the Company was pleased to announce Mr Mark Gwynne's appointment as a Director of the Company following the resignation of Mr Michael Povey.

### **Share / Option Issues**

During the year a total of 34,200,165 shares were issued following the conversion of options, raising \$6,705,025. The Board has been encouraged by the response of shareholders in exercising options during these times of world economic crisis.

### **Short term Loan**

A loan of \$2.15m plus interest owing to International Goldfields was settled during the year

### **Financial Position**

The entity has cash funds on hand of \$6,701,514 (2008: \$2,139,520) at year end.

### ***SIGNIFICANT CHANGES IN STATE OF AFFAIRS***

Refer to Review of Operations which outlines significant changes in the state of affairs during the year.

### ***AFTER BALANCE DATE EVENTS***

The JORC-compliant resource on portions of Nooitverwacht 324KT and Eerste Geluk 327KT has been upgraded to 45.25Moz of inferred JORC resource.

### ***BUSINESS STRATEGIES, PROSPECTS, LIKELY DEVELOPMENTS & EXPECTED RESULTS***

The Company will continue to meet its obligations with respect to its 15% interest in the Tubatse Project with the object of identifying and developing commercial resources until the Nkwe Option Agreement has been finalised.

### ***ENVIRONMENTAL ISSUES***

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the first measurement period 1 July 2008 to 30 June 2009, the directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

## DIRECTORS' REPORT

### INFORMATION ON DIRECTORS

<b>Antony William Paul Sage</b>	<i>Executive Chairman</i>	
Qualifications	B.Com, FCPA, CA, FTIA	
Experience	<p>Mr Sage has in excess of 24 years experience in the fields of corporate advisory services, funds management and capital raising. Mr Sage is based in Western Australia and has been involved in the management and financing of listed mining companies for the last 15 years.</p> <p>Mr Sage is also a Director of Cape Lambert Iron Ore Limited, Executive Chairman of Cauldron Energy Limited, Director of Tianshan Goldfields Limited, Director of Global Iron Limited and Non-Executive Chairman of Canadian listed NFX Gold Inc.</p>	
Interest in Shares and Options	Fully Paid Ordinary Shares	1,555,691
<b>Timothy Paul Turner</b>	<i>Non-Executive Director</i>	
Qualifications	B.Bus, FCPA, FTIA, Registered Company Auditor	
Experience	<p>Mr Turner is senior partner with accounting firm, Hewitt Turner &amp; Gelevitis. Mr Turner specialises in domestic business structuring, corporate and trust tax planning and the issuing of audit opinions. Mr Turner also has in excess of 21 years experience in new ventures, capital raisings and general business consultancy.</p> <p>Mr Turner has a Bachelor of Business (Accounting and Business Administration), is a Registered Company Auditor, Fellow of CPA Australia and a Fellow of the Taxation Institute of Australia.</p> <p>Mr Turner is also a Director of Cape Lambert Iron Ore Limited, Global Iron Limited and Legacy Iron Limited.</p>	
Interest in Shares and Options	Fully Paid Ordinary Shares	161,819
<b>Mark Gwynne</b>	<i>Non-Executive Director (appointed 24 April 2009)</i>	
Experience	<p>Mr Gwynne has been involved in exploration and mining for over 17 years and has held management positions on mine sites and in the service sector of the mining industry, including general manager of an exploration consultancy. Mr Gwynne has extensive skills in exploration and mining logistics and management, as well as acquisition and divestment of mineral assets.</p> <p>Mr Gwynne is also a Director of Monitor Energy Limited.</p>	
Interest in Shares and Options	Mr Gwynne does not hold any shares or options in the Company.	



## **DIRECTORS' REPORT**

### **INFORMATION ON DIRECTORS (continued)**

<b>Michael George Povey</b>	<i>Non-Executive Director (resigned 24 April 2009)</i>
Qualifications	Mr Povey is a Chartered Engineer, a member of the Australian Institute of Mining and Metallurgy, a Member of the Institute of Company Directors and Associate of the Camborne School of Mines and holds a number of Certificates of Competency in the mining industry including an unrestricted West Australian Mine Managers certificate.
Experience	Mr Povey is a mining engineer with 29 years experience in the mining and explosives industry. Previous experience has been gained in Southern Africa, North America and Australia and has included senior management positions with Rio Tinto Ltd, ICI Explosives and the Anglo America Group of Companies.
Interest in Shares and Options	Mr Povey does not hold any shares or options in the Company.
<b>Jane Flegg</b>	<i>Company Secretary</i>
Experience	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 Public Listed Companies, specialising in corporate and financial management, compliance and company secretarial advice. Ms Flegg is also Joint Company Secretary of Continental Capital Limited and Range Resources Limited.
Interest in Shares and Options	Ms Flegg does not hold any shares or options in the Company.

### **REMUNERATION REPORT (AUDITED)**

This report details the nature and amount of remuneration for key management personnel of International Goldfields Limited.

#### **Remuneration policy**

##### **Details of directors and key management personnel**

###### *(i) Directors*

Antony Sage	Executive Chairman	
Timothy Turner	Non-Executive Director	
Mark Gwynne	Non-Executive Director	(appointed 24 April 2009)
Michael Povey	Non-Executive Director	(resigned 24 April 2009)

###### *(ii) Other Key Management Personnel*

Jane Flegg	Company Secretary
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There are no other specified executives of the company.

The Board's policy for determining the nature and amount of remuneration for board members is as follows:

The remuneration policy, setting the terms and conditions for the directors, was approved by the Board as a whole. The Board considered that it was not considered necessary to establish a separate remuneration committee. This function could be performed just as efficiently with full board participation.

## DIRECTORS' REPORT

The entity is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions within the same industry. The remuneration may consist of a salary, bonuses, or any other element but must not be a commission on, or percentage of, operating revenue. Currently there is no link between remuneration and shareholder wealth or company performance. Options have no link to performance history. Options have been issued as a long term incentive to increase shareholder wealth.

The executive directors do not receive any retirement benefits. All remuneration paid to Directors is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Executive Chairman determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is \$200,000 or such other amount approved by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors were issued with options upon listing on ASX on 27 April 2006.

The Board has no formal policy for limiting the exposure of Key Management Personnel's to risk in relation to options.

### *Company Performance and Shareholder Wealth and Directors' and Executives' Remuneration*

The Board continues to maintain promotional activity amongst analysts so as to increase investor awareness of the Company in line with a consistent and stable financial position and base value of assets.

The Board exercises its discretion in determining remuneration performance of executives. Given the size and nature of the company, the board does not deem it to be realistic to measure performance against defined criteria. As such remuneration and performance are not linked.

### *Details of Remuneration for Year Ended 30 June 2009*

The remuneration for each key management personnel of the entity during the year was as follows:

2009	Short Term Benefits			Share-based	Post	Total	Performance Related
	Salary, Fees and Commissions	Non-cash Benefits	Cash Bonus	Payment	Employment Benefits		
Name	\$	\$	\$	Options	Superannuation Contribution	\$	%
Antony Sage <sup>(i)</sup>	437,500	-	-	-	-	437,500	-
Timothy Turner <sup>(ii)</sup>	60,000	-	-	-	-	60,000	-
Michael Povey <sup>(iii)</sup>	60,000	-	-	-	-	60,000	-
Mark Gwynne <sup>(iv)</sup>	7,000	-	-	-	-	7,000	-
Jane Flegg <sup>(v)</sup>	-	-	-	-	-	-	-
<b>Total</b>	<b>564,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>564,500</b>	<b>-</b>

## DIRECTORS' REPORT

### Details of Remuneration for Year Ended 30 June 2008

The remuneration for each key management personnel of the entity during the year was as follows:

2008	Short Term Benefits			Share-based Payment	Post Employment Benefits	Total	Performance Related
	Salary, Fees and Commissions	Non-cash Benefits	Cash Bonus	Options	Superannuation Contribution		
Name	\$	\$	\$	\$	\$	\$	%
Antony Sage <sup>(i)</sup>	350,000	-	-	-	-	350,000	-
Timothy Turner <sup>(ii)</sup>	48,000	-	-	-	-	48,000	-
Michael Povey <sup>(iii)</sup>	60,000	-	-	-	-	60,000	-
Jane Flegg <sup>(v)</sup>	-	-	-	-	-	-	-
<b>Total</b>	<b>458,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>458,000</b>	<b>-</b>

- (i) An aggregate amount of \$437,500 (2008: \$350,000) was paid, or due and payable to Okewood Pty Ltd, a company controlled by Mr Sage, for the provision of his director services to the Company.
- (ii) An aggregate amount of \$60,000 (2008: \$48,000) was paid, or due and payable to Corporate Resource and Mining Services, for the provision of Mr Turner's director services to the Company.
- (iii) An aggregate amount of \$60,000 (2008: \$60,000) was paid, or was due and payable to Minman Pty Ltd, a company controlled by Mr Povey for the provision of director services to the Company.
- (iv) An aggregate amount of \$7,000 (2008: nil) was paid, or was due and payable to Mark Gwynne.
- (v) Ms Flegg is an employee of Okap Ventures Pty Ltd and is paid a salary through Okap's consulting agreement with International Goldfields Limited.

### Options Issued as Part of Remuneration for the Year Ended 30 June 2009

There were no options issued as part of remuneration for the year ended 30 June 2009.

Options granted in prior years as remuneration expired on 31 December 2008;

	Vested No.	Granted No.	Date Granted/ Date Vested	Amount Exercised	Last Exercisable Date	Exercise Price	Value per option at grant date
<i>Key Management Personnel</i>							
A Sage	1,500,000	1,500,000	02/05/2006	-	31/12/2008	\$0.20	\$0.078
T Turner	500,000	500,000	02/05/2006	-	31/12/2008	\$0.20	\$0.078
N Mayer	1,500,000	1,500,000	02/05/2006	(1,500,000)	31/12/2008	\$0.20	\$0.078
C Mostert	1,500,000	1,500,000	02/05/2006	-	31/12/2008	\$0.20	\$0.078
	5,000,000	5,000,000		(1,500,000)			

## DIRECTORS' REPORT

### REMUNERATION REPORT (AUDITED) (continued)

#### Additional information

	A Remuneration consisting of options	B Value at grant date \$	C Value at exercise date \$	D Value at lapse date \$
<i>Key Management Personnel</i>				
A Sage	0%	117,881	-	-
T Turner	0%	39,294	-	-
N Mayer	0%	117,881	-	195,000
C Mostert	0%	117,881	-	-

A = The percentage of the value of remuneration consisting of options, based on the value of options expensed during the year.

B = The value at grant date calculated in accordance with AASB2 *Share-based Payment* of options granted during the year as part of remuneration.

C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date.

D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing, but assuming the condition was satisfied.

#### Service Agreements

##### Mr Antony Sage – Executive Chairman

The Company has entered into an executive chairman consultancy agreement with Okewood Pty Ltd and Mr Antony Sage to provide the services of the Executive Chairman of the Company.

The agreement stipulates the following terms and conditions:

- (a) the term of the agreement is a minimum of three (3) years commencing 1 July 2008;
- (b) the Company will pay Mr Sage a consultancy fee of \$437,500 per annum to be reviewed bi-annually by the Board. In addition, Mr Sage will be reimbursed for all reasonable expenses incurred in the performance of his duties.
- (c) this agreement may be terminated by the Company in a number of circumstances including:
  - (i) failure to comply with lawful directions given by the Company through the Board;
  - (ii) failure to produce the services to a satisfactory standard which continues unremedied for ten business days after written notice of failure has been given;
  - (iii) a serious or consistent breach of any of the provisions of the Executive Chairman consultancy agreement which is either not capable to being remedied or is capable of being remedied and is not remedied within 14 day; and
  - (iv) Mr Sage being unable to perform services for 40 consecutive business days or an aggregate of 60 business days in any 12 months.

Upon termination without meeting the circumstances outlined in (c) above the Company must pay the fee for the remaining term of the agreement.

## DIRECTORS' REPORT

### Mr Timothy Turner – Non-Executive Director

The Company has entered into a consultancy agreement with CRMS Pty Ltd and Mr Timothy Turner to provide the services of a Non-Executive Director to the Company.

The agreement stipulates the following terms and conditions:

- (a) the term of the agreement is a minimum of three (3) years commencing 25 November 2008;
- (b) the Company will pay Mr Turner a consultancy fee of \$60,000 per annum to be reviewed bi-annually by the Board. In addition, Mr Turner will be reimbursed for all reasonable expenses incurred in the performance of his duties.
- (c) this agreement may be terminated by the Company in a number of circumstances including:
  - (i) failure to comply with lawful directions given by the Company through the Board;
  - (ii) failure to produce the services to a satisfactory standard which continues unremedied for ten business days after written notice of failure has been given;
  - (iii) a serious or persistent breach of any of the provisions of the Non-Executive Director consultancy agreement which is either not capable to being remedied or is capable of being remedied and is not remedied within 14 day; and
  - (iv) Mr Turner being unable to perform services for 40 consecutive business days or an aggregate of 60 business days in any 12 months.

Upon termination without meeting the circumstances outlined in (c) above the Company must pay the fee for the remaining term of the agreement.

### Mr Mark Gwynne – Non-Executive Director

The Company has entered into a consultancy agreement with Mr Mark Gwynne to provide the services of a Non-Executive Director to the Company.

The agreement stipulates the following terms and conditions:

- (a) the term of the agreement is a minimum of three (3) years commencing 24 April 2009;
- (b) the Company will pay Mr Gwynne a consultancy fee of \$36,000 per annum to be reviewed bi-annually by the Board. In addition, Mr Gwynne will be reimbursed for all reasonable expenses incurred in the performance of his duties.
- (c) this agreement may be terminated by the Company in a number of circumstances including:
  - (i) seriously neglectful of his duties under the Agreement;
  - (ii) absent in, or demonstrates gross incompetence with regard to, the performance of his duties under this Agreement;
  - (iii) conviction of any criminal offence which in the reasonable opinion of the Board brings the Consultant or the Company or any of its related bodies corporate into disrepute;; and
  - (iv) Mr Gwynne being unable to perform services for 3 consecutive months or an aggregate of 3 months within any 12 month period.

Upon termination without meeting the circumstances outlined in (c) above the Company must pay the fee for the remaining term of the agreement.

*End of remuneration report*

## **DIRECTORS' REPORT**

### **MEETINGS OF DIRECTORS**

The number of Directors' meetings (including committees) held during the year and the number of meetings attended by each director are:

Director	Directors' Meetings	
	Number Eligible to Attend	Meetings Attended
Antony Sage	4	4
Michael Povey	3	-
Mark Gwynne	1	1
Timothy Turner	4	4

The audit committee did not meet during the year.

### **INDEMNIFYING OFFICERS OR AUDITOR**

In accordance with the constitution, except where prohibited by the Corporations Act 2001, every director, principal executive officer or secretary of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as director, principal executive officer or secretary of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the year the Company paid a premium of \$19,602 to insure the directors and officers of the Company.

### **OPTIONS**

#### ***Unissued Shares under Option***

There are currently no options on issue.

#### ***Shares issued on the exercise of options***

The following ordinary shares of the Company were issued during the year ended 30 June 2009 on the exercise of options.

Date	Number	Exercise price
4 August 2008	5,000,000	20 cents
4 August 2008	83,333	15 cents
30 September 2008	83,500	15 cents
9 October 2008	249,999	20 cents
19 January 2009	2,500,000	15 cents
28 May 2009	166,667	15 cents
28 May 2009	2,000,000	20 cents
30 June 2009	2,116,666	15 cents
30 June 2009	22,000,000	20 cents

## DIRECTORS' REPORT

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 49 of the annual report.

### NON AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to the auditor (BDO Kendalls Audit & Assurance (WA) Pty Ltd) for audit and non-audit services provided during this financial period are set at below.

During the year the following fees were paid or payable for services provided by the auditor or its related practices:

#### Assurance Services

	2009	2008
BDO Kendalls Audit & Assurance (WA) Pty Ltd	\$	\$
(a) Audit & Review Services	44,595	30,251
(b) Other	-	-
	<u>44,595</u>	<u>30,251</u>

This report is made in accordance with a resolution of the Board of Directors.



Timothy Turner  
Director

Perth, 25 September 2009

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	NOTE	2009 \$	2008 \$ (Restated)
Revenue from continuing operations	2	1,097,253	392,232
Depreciation expense	3	(633)	(59)
Directors' remuneration	4	(564,500)	(458,000)
Consulting expenses		(537,123)	(490,283)
Occupancy expenses		-	(1,182)
Compliance and regulatory expenses		(115,620)	(108,762)
Other – share based payment expense		(135,000)	-
Administration expenses		(331,634)	(199,616)
		<hr/>	<hr/>
Loss before income tax		(587,257)	(865,670)
Income tax expense	6	<hr/> -	<hr/> -
Loss from continuing operations		<hr/> <b>(587,257)</b>	<hr/> <b>(865,670)</b>
Profit/(loss) from discontinued operations	7	<hr/> <b>(683,681)</b>	<hr/> <b>2,403,793</b>
Profit/(loss) for the year	18	<hr/> <b>(1,270,938)</b>	<hr/> <b>1,538,123</b>
		<hr/>	<hr/>
		Cents per share	Cents per share
<b>EPS from continuing operations</b>			
Basic loss per share	20	(0.47)	(0.76)
Diluted earnings cents per share	20	n/a	n/a
<b>EPS from overall operations</b>			
Basic earnings/(loss) per share	20	(1.02)	1.36
Diluted earnings cents per share	20	n/a	1.06

*The accompanying notes form part of these financial statements*



**BALANCE SHEET**  
**AS AT**  
**30 JUNE 2009**

	NOTE	2009 \$	2008 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	6,701,514	2,139,520
Trade and other receivables	9	150,512	41,511
Non-current assets classified as held-for-sale	10	-	634,444
Short term receivable	11	-	2,300,000
<b>TOTAL CURRENT ASSETS</b>		<u>6,852,026</u>	<u>5,115,475</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	1,242	1,875
Financial assets available-for-sale	13	1,618,836	-
Exploration, evaluation and development expenditure	14	24,532,307	21,346,152
<b>TOTAL NON-CURRENT ASSETS</b>		<u>26,152,385</u>	<u>21,348,027</u>
<b>TOTAL ASSETS</b>		<u>33,004,411</u>	<u>26,463,502</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	<u>789,690</u>	<u>143,100</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>789,690</u>	<u>143,100</u>
<b>TOTAL LIABILITIES</b>		<u>789,690</u>	<u>143,100</u>
<b>NET ASSETS</b>		<u><u>32,214,721</u></u>	<u><u>26,320,402</u></u>
<b>EQUITY</b>			
Contributed equity	16	29,577,362	22,853,400
Reserves	17	4,433,164	7,501,126
Accumulated losses	18	<u>(1,795,805)</u>	<u>(4,034,124)</u>
<b>TOTAL EQUITY</b>		<u><u>32,214,721</u></u>	<u><u>26,320,402</u></u>

*The accompanying notes form part of these financial statements.*

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009**

Note	Ordinary Share Capital	Converting Performance Share Capital	Accumulated Losses	Share Based Payment Reserve	Redeemed Option Reserve	Revaluation Reserve	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 30 June 2007</b>	<b>22,090,176</b>	<b>600</b>	<b>(5,572,247)</b>	<b>7,501,126</b>	<b>-</b>	<b>-</b>	<b>24,019,655</b>
Profit attributable to members of entity	18	-	-	1,538,123	-	-	1,538,123
Total recognised income and expense for the year		-	-	1,538,123	-	-	(5,037,391)
<i>Transactions with equity holders in their capacity as equity holders</i>							
Options exercised during the year	16&17	869,975	-	-	(452,988)	452,988	869,975
Transaction costs	16(a)	(107,351)	-	-	-	-	(107,351)
<b>Balance at 30 June 2008</b>	<b>22,852,800</b>	<b>600</b>	<b>(4,034,124)</b>	<b>7,048,138</b>	<b>452,988</b>	<b>-</b>	<b>26,320,402</b>
Revaluation of investments during the year	17	-	-	-	-	441,095	441,095
Total income recognised directly in equity		-	-	-	-	441,095	441,095
<i>Transactions with equity holders in their capacity as equity holders</i>							
Loss attributable to members of entity	18	-	-	(1,270,938)	-	-	(1,270,938)
Total recognised income and expense for the year		-	-	(1,270,938)	-	441,095	(829,843)
Shares expired during the year	16(b)	-	(200)	200	-	-	-
Options exercised during the year	16&17	6,705,025	-	-	(3,539,081)	3,539,081	6,705,025
Options expired during the year	17	-	-	3,509,057	(3,509,057)	-	-
Transaction costs	16(a)	19,137	-	-	-	-	19,137
<b>Balance at 30 June 2009</b>	<b>29,576,962</b>	<b>400</b>	<b>(1,795,805)</b>	<b>-</b>	<b>3,992,069</b>	<b>441,095</b>	<b>32,214,721</b>

*The accompanying notes form part of these financial statements.*

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

	NOTE	2009 \$	2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(1,509,845)	(1,216,436)
Interest received		93,390	234,039
Income tax refund received		-	17,469
Other		-	1,252
		<hr/>	<hr/>
<i>Net cash used in operating activities</i>	21	(1,416,455)	(963,676)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of right to ore bodies		15,000	7,060,000
Payments for purchase of property, plant and equipment		-	(1,934)
Payments for exploration expenditure		(52,871)	(65,998)
Payments for investments		(640,344)	-
Payments for right to farm-in		-	(5,469,727)
Loans to other entities		-	(2,150,000)
		<hr/>	<hr/>
<i>Net cash used in investing activities</i>		(678,215)	(627,659)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of equity securities		6,667,526	907,475
Payments for costs of raising equity		(10,862)	(74,201)
		<hr/>	<hr/>
<i>Net cash provided by financing activities</i>		6,656,664	833,274
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		4,561,994	(758,061)
<b>CASH AT THE BEGINNING OF FINANCIAL YEAR</b>		<hr/>	<hr/>
		2,139,520	2,897,581
<b>CASH AT THE END OF FINANCIAL YEAR</b>	8	<hr/> <hr/>	<hr/> <hr/>
		6,701,514	2,139,520

*The accompanying notes form part of these financial statements.*

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

International Goldfields Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated. The financial report of International Goldfields Limited complies with all International Financial Reporting Standards (IFRS) in their entirety.

The financial report has been prepared on an accruals basis and is based on the historical cost convention, as modified for selected financial assets for which the fair value basis of accounting has been applied.

**(a) Property, plant and equipment**

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

**Property, plant and equipment**

Plant and equipment are measured on the cost basis. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's 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 Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. Refer to Note 1(c).

**Depreciation**

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Company 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	Depn rate 2009	Depn rate 2008
Computer equipment	33%	33%

Gains and proceeds on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Financial instruments**

**Recognition and derecognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below. Financial instruments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. They are measured initially at fair value and subsequently at amortised cost.

**Available-for-sale financial assets**

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the categories. They are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

**Impairment of financial assets**

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the categories. They are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

**Financial liabilities**

Non-derivative financial liabilities are recognised initially at fair value and subsequently at amortised cost, comprising original debt less principal payments and amortisation.

**(c) Impairment of assets**

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**(d) Income tax**

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Income tax (continued)**

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(e) Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

**(f) Exploration, evaluation and development expenditure**

Exploration, evaluation and development expenditure is recorded at historical costs on an area of interest basis. Expenditure on acquisition of an area of interest is carried forward where rights to tenure of the area of interest are current and:

- (i) it is expected to be recouped through successful development and exploitation of the area of interest or alternatively by its sale; or
- (ii) exploration and evaluation activities are continuing in an area of interest but at balance date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Accumulated costs in respect of areas of interest which are abandoned, are written off in full against profit in the year in which the decision to abandon the area is made.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Exploration, evaluation and development expenditure (continued)**

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 on an undiscounted basis.

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. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Projects are advanced to development status when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest.

International Goldfields is applying AASB 6 *Exploration for and Evaluation of Mineral Resources* which is equivalent to IFRS 6. The carrying value of exploration and evaluation expenditure is historical cost less accumulated amortisation less impairment.

**(g) Earnings per share**

(i) Basic earnings per share ("EPS") is calculated by dividing the net profit or loss attributable to members for the reporting period, after excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares of the Company, adjusted for any bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**(h) Revenue**

Revenues are recognised as fair value of the consideration received or receivable net of the amount of goods and services tax paid to the taxation authority. Revenue is recognised for the major business activities as follows:

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**Interest**

Interest revenue is recognised on a time proportional basis using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(i) Cash and cash equivalents**

For cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with banks or financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

**(j) Joint venture entities**

A joint venture entity is an entity in which the Company holds a long-term interest and which is jointly controlled by the Company and one or more other venturers. Decisions regarding the financial and operating policies essential to the activities, economic performance and financial position of that venture require the consent of each of the venturers that together jointly control the entity.

The Company has certain contractual arrangements with other participants to engage in joint activities where all significant matters of operating and financial policy are determined by the participants such that the operation itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create a joint venture entity due to the fact that the policies are those of the participants, not a separate entity carrying on a trade or a business of its own.

The financial statements of the Company include its share of the assets, liabilities and cash flows in such joint venture operations, measured in accordance with the terms of each arrangement, which is usually pro-rata to the Company interest in the joint venture operations.

**(k) Contributed equity**

Contributed equity is recognised at the fair value of the consideration received by the Company, less any capital raising costs in relation to the issue.

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchases consideration.

**(l) Share-based payments**

The fair value of shares and options granted are recognised as an expense or the fair value of the asset acquired with a corresponding increase in equity. The fair value is measured at grant date taking into account market performance conditions only, and will be spread over the vesting period during which the holder becomes unconditionally entitled to the options. The fair value of the options is measured using the Black-Scholes model.

Upon exercise of options, the balance of the share-based payments reserve relating to those options is transferred to the redeemed option reserve and the proceeds received, net of any directly attributable transaction costs are credited to share capital.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Non-current assets held-for-sale and discontinued operations**

Non-current assets are classified as held-for-sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Non-current assets are not depreciated or amortised while they are classified as held-for-sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale continue to be recognised.

Non-current assets classified as held-for-sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately on the face of the income statement.

**(n) Fair value estimation**

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as trading and available-for-sale ASX listed securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example trading and available-for-sale unlisted securities) are carried at cost.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(o) Segment reporting**

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

**(p) Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

**(q) Critical accounting estimates and significant judgements**

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economics data, obtained both externally and within the Company.

**Key estimates – impairment**

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amounts of the asset are determined.

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(q) Critical accounting estimates and significant judgements (continued)**

Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

*Exploration and evaluation expenditure*

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided certain conditions listed in Note 1(f) are met. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed the recoverable amount. These calculations and reviews require the use of assumptions and judgement. The related carrying amounts are disclosed in Note 14.

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

- the continuance of the Company's rights 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.

The Company's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

	2009	2008
	\$	\$
<b>2. REVENUE</b>		
<i>Revenue from continuing operations</i>		
- Interest received/receivable	107,796	390,980
- Option Fee	925,000	-
- Unrealised foreign exchange gain	64,457	1,252
	1,097,253	392,232
<i>Other income from discontinued operations</i>		
- Net gain on sale of mining tenements	14,880	3,026,002
	14,880	3,026,002
	2009	2008
	\$	\$
<b>3. EXPENSES</b>		
<i>Expenses from continuing operations</i>		
Depreciation of non-current assets		
- computer equipment	633	59
	633	59
Total depreciation	633	59
<i>Expenses from discontinued operations</i>		
Loss on sale of right to ore bodies	7	496,894
Written off exploration expenditure	7	622,209

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**4. KEY MANAGEMENT PERSONNEL DISCLOSURES**

*a) Key management personnel compensation*

	2009 \$	2008 \$
Short term employee benefits	564,500	458,000
Post-employment benefits	-	-
Share-based payments	-	-
	564,500	458,000

*(b) Shareholdings*

Number of shares held by Directors and other Key Management Personnel:

2009	Balance 01.07.08	Balance held on Appointment	Net Change Other	Balance 30.06.09	Balance held nominally
Antony Sage	1,555,691	-	-	1,555,691	23,864
Timothy Turner	161,819	-	-	161,819	161,819
Mark Gwynne	-	-	-	-	-
Michael Povey	-	-	-	-	-
Jane Flegg	-	-	-	-	-
	1,717,510	-	-	1,717,510	185,683

2008	Balance 01.07.07	Balance held on Appointment	Net Change Other	Balance 30.06.08	Balance Held nominally
Antony Sage	1,727,443	-	(171,752)	1,555,691	23,864
Timothy Turner	161,819	-	-	161,819	161,819
Michael Povey	-	-	-	-	-
Jane Flegg	-	-	-	-	-
	1,889,262	-	(171,752)	1,717,510	185,683

*(c) Option holdings*

Number of 20 cent options that expired on 31 December 2008 held by Directors and Executives:

2009	Balance 01.07.08	Exercised	Expired	Balance 30.06.09	Total Vested	Total Exercisable
Antony Sage	1,500,000	-	(1,500,000)	-	-	-
Timothy Turner	500,000	-	(500,000)	-	-	-
Mark Gwynne	-	-	-	-	-	-
Michael Povey	-	-	-	-	-	-
Jane Flegg	-	-	-	-	-	-
	2,000,000	-	(2,000,000)	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**4. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)**

*(c) Option holdings (continued)*

2008	Balance 01.07.07	Net Change Other	Balance 30.06.08	Total Vested	Total Exercisable
Antony Sage	1,500,000	-	1,500,000	1,500,000	1,500,000
Timothy Turner	500,000	-	500,000	500,000	500,000
Michael Povey	-	-	-	-	-
Jane Flegg	-	-	-	-	-
	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

*(d) Loans to key management personnel*

There have been no loans made to key management personnel.

*(e) Other transactions with key management personnel*

Refer to Note 25 for details on other transactions with key management personnel.

*(f) Share-based compensation*

*Options issued as part of remuneration for the period ended 30 June 2009*

During the year ended 30 June 2009 and 30 June 2008, no options or other share-based payments were issued to directors as part of their remuneration.

	2009 \$	2008 \$
<b>5. AUDITORS' REMUNERATION</b>		
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	44,595	30,251
- Other services	-	-
Total remuneration for assurance services	<u>44,595</u>	<u>30,251</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

<b>6. INCOME TAX</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
(a) The components of income tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
(b) The prima facie tax on profit/(loss) from continuing activities before income tax is reconciled to the income tax as follows:	(1,270,938)	1,538,123
Prima facie tax (benefit) on profit/(loss) from ordinary activities before income tax at 30%	<u>(381,282)</u>	<u>461,437</u>
Add/(less)		
Tax effect of		
- Foreign exploration expenditure	7,200	1,640,919
- Entertainment	2,625	3,616
- Non deductible Share based payments	220,854	-
- Deferred tax asset attributable to tax losses	150,603	-
- Deferred tax assets utilised	-	(2,105,972)
	<u>-</u>	<u>-</u>
Income tax attributable to the Company	<u>-</u>	<u>-</u>
(c) The applicable weighted average effective tax rate is as follows:	N/A	N/A
(d) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in note 1(f) occur.		
- Exploration expenditure	(588,759)	(588,759)
- Temporary differences	15,270	8,660
- Tax losses		
- Operating losses	1,953,913	1,807,521
- Capital losses	-	-
	<u>1,969,183</u>	<u>1,227,422</u>

The Company has estimated income tax losses of \$19,507,018 (2008: \$12,518,575) available to be offset against future taxable income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**7. DISCONTINUED OPERATIONS**

**(a) Description**

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

The Evanston Project's Affected tenements were written off during the period, as it is deemed unlikely that Southern Cross Goldfields will pursue their option to purchase the tenements. International Goldfields remains the licensee of the tenements, however, further exploration of the tenements is not the Company's main focus.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below. Further information is set out in Note 23 – Segment Information.

**(b) Financial performance and cash flow information**

	2009 \$	2008 \$
Revenue from sale of mining tenements	15,000	5,885,000
Expenses incurred during the life of tenement	(120)	(2,858,998)
Gain on sale of tenements before income tax	14,880	3,026,002
Income tax expense	-	-
Gain on sale of tenements after income tax	14,880	3,026,002
Impairment of exploration expenditure	(698,561)	(622,209)
<b>Profit/(loss) from discontinued operations</b>	<b>(683,681)</b>	<b>2,403,793</b>
Net cash inflow/(outflow) from operating activities	-	-
Net cash inflow/(outflow) from investing activities	15,000	7,060,000
Net cash inflow/(outflow) from financing activities	-	-
<b>Net increase in cash generated by sale of tenements</b>	<b>15,000</b>	<b>7,060,000</b>

Refer to Note 10 for information regarding the impairment loss.

**8. CASH AND CASH EQUIVALENTS**

	2009 \$	2008 \$
Cash at bank and on hand	5,785,007	1,277,901
Deposits at call	916,507	861,619
	<b>6,701,514</b>	<b>2,139,520</b>

**(a) Reconciliation to cash at the end of the year**

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2009 \$	2008 \$
Balances as above	6,701,514	2,139,520
Bank overdrafts	-	-
Balances as per cash flow statement	<b>6,701,514</b>	<b>2,139,520</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

	2009 \$	2008 \$
<b>9. TRADE &amp; OTHER RECEIVABLES</b>		
Current		
Option Fee	100,000	-
Other debtors	50,512	41,511
	150,512	41,511

The other debtors balance is predominantly GST receivable and prepaid expenses. No interest will be charged on the other debtor amounts.

The option fee is due from Nkwe Platinum Limited, in regards to the extension of Nkwe's option to acquire IGC's 15% stake in the Tubatse project. This amount is to be settled in cash.

**10. NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE**

	2009 \$	2008 \$
Costs carried forward in respect of areas of interest in:		
- Exploration, evaluation and development phases	-	634,444
	-	634,444

As per the Conditional Purchase Agreement dated 27 August 2007, the Company has given Southern Cross Goldfields the option to purchase the Evanston Project's Affected tenements for \$450,000 and 2.5 million ordinary shares. As at 30 June 2009, this option has not been exercised and the amount of exploration expenditure, that had previously been classified as held-for-sale, has been written off as it is deemed unlikely to occur.

**11. SHORT TERM RECEIVABLE**

	2009 \$	2008 \$
Short term loan	-	2,300,000
	-	2,300,000

A loan of \$2.15m plus interest owing to IGC was settled during the year.

**12. PROPERTY, PLANT AND EQUIPMENT**

	2009 \$	2008 \$
Computer equipment		
At cost	1,934	1,934
Accumulated depreciation	(692)	(59)
	1,242	1,875



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**12. PROPERTY, PLANT AND EQUIPMENT (continued)**

*Movements in carrying amounts*

	Computer Equipment \$	Total \$
Carrying amount at 1 July 2007	-	-
Additions	1,934	1,934
Disposal	-	-
Depreciation	(59)	(59)
<b>Carrying amount at 30 June 2008</b>	<b>1,875</b>	<b>1,875</b>
Additions	-	-
Disposals	-	-
Depreciation	(633)	(633)
<b>Carrying amount at 30 June 2009</b>	<b>1,242</b>	<b>1,242</b>
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>

**13. FINANCIAL ASSETS AVAILABLE-FOR-SALE**

Listed investments, at fair value		
Interest in other corporations	1,086,695	-
Unlisted investments, at cost		
Interest in other corporations	532,141	-
<b>Total available-for-sale financial assets</b>	<b>1,618,836</b>	<b>-</b>

Available-for-sale financial assets comprise investments in the ordinary share capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

Unlisted investments are traded in inactive markets. They have been measured at cost because their fair value cannot be reliably measured

No assets have been pledged as security.

***Risk Exposure***

Information about the Company's exposure to credit risk, foreign exchange and price risk is provided in Note 19.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**14. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE**

	2009 \$	2008 \$
<b>Non-current</b>		
Costs carried forward in respect of areas of interest in:		
- Exploration, evaluation and development phases	<u>24,532,307</u>	<u>21,346,152</u>
Costs carried forward in respect of areas of interest in:		
- Exploration and evaluation phases		
Opening balance	21,346,152	16,507,962
Exploration expenditure incurred	3,186,155	5,460,399
Exploration expenditure written off	-	(622,209)
Exploration and evaluation phases	<u>24,532,307</u>	<u>21,346,152</u>
Exploration and evaluation and development phases	<u>24,532,307</u>	<u>21,346,152</u>

Included in exploration expenditure incurred is \$24,410,355 (2008: \$21,248,200) relating to the Company's acquisition of a 15% interest in the Tubatse Project.

At the date of this report, Directors are of the opinion this amount represents fair value over and above book value of the assets acquired.

	2009 \$	2008 \$
<b>15. TRADE &amp; OTHER PAYABLES</b>		
<b>Current</b>		
<b>Unsecured Liabilities</b>		
Trade payables	141,992	105,600
Genorah Cash Call balance due	647,698	-
Shares to be issued	-	37,500
	<u>789,690</u>	<u>143,100</u>

	2009 \$	2008 \$
<b>16. CONTRIBUTED EQUITY</b>		
152,400,005 Fully Paid Ordinary Shares (2008: 118,199,840)	(a) 29,576,962	22,852,800
40,000 Converting Performance Shares (2008: 60,000)	(b) 400	600
	<u>29,577,362</u>	<u>22,853,400</u>

	2009 Number	2009 \$
<b>a) Fully paid ordinary shares</b>		
Shares issued during 2009:		
From the exercise of options throughout the year	34,200,165	6,705,025
Transaction costs relating to share issues	-	19,137
<b>Ordinary shares issued during 2009</b>	34,200,165	6,724,164
<b>Ordinary shares on issue at 30 June 2009</b>	(c) <u>152,400,005</u>	<u>29,576,962</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

	2008 Number	2008 \$
<b>16. CONTRIBUTED EQUITY (continued)</b>		
Shares issued during 2008:		
From the exercise of options throughout the year	5,466,501	869,975
Transaction costs relating to share issues	-	(107,351)
<b>Ordinary shares issued during 2008</b>	<b>5,466,501</b>	<b>762,624</b>
<b>Ordinary shares on issue at 30 June 2008</b>	<b>(c) 118,199,840</b>	<b>22,852,800</b>
<b>b) Converting performance shares</b>		
Issued 27 January 2007 to Bodmin Resources Limited for facilitating the right to farm into Genorah Platinum project	60,000	600
Expiry of CPS: first milestone not reached	(20,000)	(200)
<b>Converting performance shares on issue at 30 June 2009</b>	<b>(d) 40,000</b>	<b>400</b>

(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 of April 2007;
- 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 the commencement date of April 2007; 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 the commencement date of April 2007.

None of the above converting performance shares were exercised during the financial period. The First Milestone has not been reached and therefore 20,000 CPS were cancelled during the financial period.

The expiry date of the options has elapsed, therefore if the CPS are converted, no options will be issued.

\* 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 YEAR ENDED 30 JUNE 2009**

**16. CONTRIBUTED EQUITY (continued)**

**(e) Options**

The Company has on issue at year end:

- nil (2008: 60,000,000) options over unissued shares exercisable at 20 cents on or before 30 June 2009
- nil (2008: 2,800,165) options over unissued shares exercisable at 15 cents on or before 30 June 2009

<b>17. RESERVES</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Share-based payment reserve</b>		
At beginning of reporting period	7,048,138	7,501,126
Expired options	(3,509,057)	-
Options exercised	(3,539,081)	(452,988)
At reporting date	<u>-</u>	<u>7,048,138</u>

The share-based payment reserve is used to recognise the fair value of options issued but not exercised.

**Redeemed option reserve**

At beginning of reporting period	452,988	-
Option expense	-	-
Options exercised	3,539,081	452,988
At reporting date	<u>3,992,069</u>	<u>452,988</u>

The redeemed option reserve is used to recognise the fair value of options exercised from the share based payment reserve.

**Revaluation reserve**

At beginning of reporting period	-	-
Revaluation during the year	441,095	-
At reporting date	<u>441,095</u>	<u>-</u>

The revaluation reserve is used to recognise the changes in fair value of available-for-sale investments held.

<b>Total reserves</b>	<u>4,433,164</u>	<u>7,501,126</u>
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**18. ACCUMULATED LOSSES**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Accumulated losses at the beginning of the financial year	(4,034,124)	(5,572,247)
Expired options	3,509,057	-
Expired converting performance shares	200	-
Net profit/(loss) attributable to the members of the entity	(1,270,938)	1,538,123
Accumulated losses at the end of the financial year	<u>(1,795,805)</u>	<u>(4,034,124)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**19. FINANCIAL INSTRUMENTS**

**(a) Overview**

This note presents information about the Company's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Company does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

**(b) Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

**(c) Fair value**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

**(d) Credit risk**

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with creditworthy counter-parties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company does not have any significant credit risk exposure to any single counter-party.

**(i) Cash and cash equivalents**

The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

**(ii) Trade and other receivables**

Trade and other receivables as at the balance sheet date mainly comprise GST and short term loans to be refunded to the Company. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

**(iii) Short term receivable**

A loan of \$2.15m plus interest owing to IGC was settled during the financial year.

The Company have established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables (mainly relate to short term loans) and investments. The management does not expect any counterparty to fail to meet their obligations.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**19. FINANCIAL INSTRUMENTS**

**(d) Credit risk (continued)**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Exposure to Credit Risk

The carrying value of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	2009	2008
	\$	\$
Cash at bank and short term deposits	6,701,514	2,139,520
Loans and receivables	150,512	2,341,511
	<u>6,852,026</u>	<u>4,481,031</u>

Impairment Losses

None of the Company's other receivables are past due (2008: nil).

**(e) Liquidity risk management**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Company does not have any external borrowings.

The following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years
2009	A\$	A\$	A\$	A\$	A\$	A\$
Trade and other payables	786,690	647,698	786,690	-	-	-
	<u>786,690</u>	<u>647,698</u>	<u>786,690</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years
2008	A\$	A\$	A\$	A\$	A\$	A\$
Trade and other payables	143,100	-	143,100	-	-	-
	<u>143,100</u>	<u>-</u>	<u>143,100</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**19. FINANCIAL INSTRUMENTS (continued)**

**(f) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**(g) Currency risk**

The Company is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company entities, which is primarily the Australian Dollar (AUD). The currency in which these transactions primarily are denominated are United States Dollar (USD). The Company has not entered into any derivative financial instrument to hedge such transactions.

Sensitivity Analysis

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

30 June 2009	Equity <sup>(i)</sup> A\$	Profit or loss A\$
USD	57,346	-
<hr/>		
30 June 2008	Equity <sup>(i)</sup> A\$	Profit or loss A\$
USD	259,713	-

A 10 percent weakening of the Australian dollar against the above currencies at 30 June would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant. 10 percent is management's assessment of the possible change in foreign exchange.

(i) The Company has one outstanding joint venture cash call denominated for USD \$512,070 (2008: USD \$2,500,000)

**(h) Interest rate risk**

The Company is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Company does not use derivatives to mitigate these exposures.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**19. FINANCIAL INSTRUMENTS (continued)**

**(h) Interest rate risk (continued)**

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Weighted Average Interest Rate %	2009  \$	Weighted Average Interest Rate %	2008  \$
<b>Fixed rate instruments</b>				
Financial assets – short term deposits	6.53%	155,481	6.32%	146,000
Financial assets – short term loan		-	14.76%	2,150,000
		155,481		2,296,000
<b>Variable rate instruments</b>				
Financial assets – cash	4.67%	6,546,033	4.73%	1,993,520
		6,546,033		1,993,520

Fair value sensitivity analysis for fixed rate investments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at reporting date would not affect profit or loss.

An increase of 100 basis points in interest rates would have increased the Company's equity by A\$1,464 (2008: 30,693). 100 basis points is management's assessment of the possible change in interest rates.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008. It is not expected that interest rates will decrease in the foreseeable future.

	Equity A\$	Profit or loss A\$
<b>30 June 2009</b>		
Variable rate instruments	27,147	27,147
<b>30 June 2008</b>		
Variable rate instruments	23,322	23,322



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**19. FINANCIAL INSTRUMENTS (continued)**

**(i) Commodity price risk**

The Company operates primarily in the exploration and evaluation phase and accordingly the Company's financial assets and liabilities are subject to minimal commodity price risk.

**(j) Price risk on available-for-sale financial assets**

The Company is exposed to equity security price risk. This arises from investments held by the Company and classified on the balance sheet as available-for-sale. The Company is not exposed to commodity price risk on its financial instruments.

The Company's listed equity investments are publicly listed on the ASX.

The table below summarises the impact of increases/decreases of these two indexes on the Company's post tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 10% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. 10% is management's assessment of the possible change in price of equity instruments.

	Impact on post- tax loss A\$	Impact on equity A\$
<b>Listed available-for-sale assets</b>		
Global Iron Limited	-	1,800
Nkwe Platinum Limited	-	98,000
Tianshan Goldfields Limited	-	8,870

Equity would further increase/decrease as a result of gains/losses on equity securities classified as available-for-sale.

**(k) Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debt. The Company's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities. The Company monitors capital on the basis of the gearing ratio, however there are no external borrowings as at balance date.

There were no changes in the Company's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

<b>20. EARNINGS/(LOSS) PER SHARE (EPS)</b>	<b>2009 \$</b>	<b>2008 \$</b>
<b>(a) Basic earnings/(loss) per share</b>		
Continuing operations	(0.47)	(0.76)
Discontinued operations	(0.55)	2.12
Overall operations	(1.02)	1.36
<b>(b) Diluted earnings/(loss) per share</b>		
Continuing operations	n/a	n/a
Discontinued operations	n/a	1.06
Overall operations	n/a	1.06
<b>(c) Reconciliation of earnings/(loss) used in calculating earnings/(loss) per share</b>		
<i>Basic earnings/(loss) per share</i>		
Loss from continuing operations attributable to the ordinary equity holders of the Company used in calculating basic earnings/(loss) per share	(587,257)	(865,670)
Profit/(loss) from discontinued operations	(683,681)	2,403,793
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings/(loss) per share	(1,270,938)	1,538,123
<b>(d) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share</b>		
	<b>Number</b>	<b>Number</b>
	124,344,484	113,219,640
<b>(e) Weighted average number of ordinary shares outstanding during the period used in the calculation of dilutive earnings per share</b>		
	n/a	186,000,005

Options on issue are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

<b>21. CASH FLOW INFORMATION</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>(i) Reconciliation of cash flows from operating activities with profit/(loss) after income tax</b>		
Profit/(loss) for the year	(1,270,938)	1,538,123
<i>Non-cash flows in (profit)/loss from ordinary activities:</i>		
Depreciation	633	59
Profit on sale of right to ore body	(14,880)	(3,522,896)
Loss on sale of right to ore body	-	496,894
Written off exploration expenditure	664,376	622,209
Other share-based payment expense	135,000	-
Shares received as income	(925,000)	-
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in operating receivables and prepayments	(4,538)	(143,650)
(Decrease)/increase in trade and other creditors and accruals	(1,108)	45,585
<b>Net cash (outflows) from operating activities</b>	<b>(1,416,455)</b>	<b>(963,676)</b>
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>(ii) Non-cash financing and investing activities</b>		
Acquisition of interest in mineral tenements by means of share and option issue	-	-
Acquisition of plant and equipment by means of share issue	-	-
Brokers remunerated by means of share based payment	-	-
	-	-
<b>(iii) Finance Facilities</b>		
At 30 June 2009 there are no credit facilities available.		

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**22. COMMITMENTS**

***Remuneration commitments***

	2009	2008
	\$	\$
Commitments for the payment of remuneration under long term contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within 1 year	533,500	291,674
Later than 1 year and not later than 5 years	588,500	-
Later than 5 years	-	-
	<b>1,122,000</b>	<b>291,674</b>

Refer further to pages 11 & 12 for details of service contracts.

***Mineral tenement discretionary commitments***

In order to maintain current rights of tenure to mining tenements, the Company has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	2009	2008
	\$	\$
Within 1 year	-	-
Later than 1 year and not later than 5 years	(a) -	2,896,493
Later than 5 years	-	-
	<b>-</b>	<b>2,896,493</b>

***Joint venture commitments***

The Company has no outstanding Australian joint venture or royalty agreements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**23. SEGMENT INFORMATION**

The Company operates in the following business and geographical segments.

- Gold exploration in Australia; and
- Platinum exploration in South Africa

	Gold in Australia		Platinum in South Africa		Unallocated		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Other income: net gain on disposal of tenements	14,880	3,026,002	-	-	-	-	14,880	3,026,002
Other income	-	-	989,457	-	107,796	392,232	1,097,253	392,232
Result before income tax from continuing activities	-	-	797,774	(135,236)	(1,385,031)	(730,434)	(587,257)	(865,670)
Result from discontinued operations	(683,681)	2,403,793	-	-	-	-	(683,681)	2,403,793
Assets	-	825,955	24,632,308	21,346,152	8,372,103	4,291,395	33,004,411	26,463,502
Liabilities	-	105,600	647,698	-	141,992	37,500	789,690	143,100
Depreciation expense	-	-	-	-	(633)	(59)	(633)	(59)
Share-based payment expense	-	-	(135,000)	-	-	-	(135,000)	-
Impairment loss	(698,561)	(622,209)	-	-	-	-	(698,561)	(622,209)
Acquisition of non current assets	-	634,444	24,532,308	21,346,152	1,620,078	1,875	26,152,386	21,982,471

**Accounting policies**

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. While most assets can be directly attributed to individual segments, cash has been unallocated as there is no reasonable basis for allocating it across segments. Segments assets and liabilities do not include deferred income taxes.

**Intersegment Transfers**

Segment revenues, expenses and results include transfer between segment. The prices charged on intersegment transactions are the same as those charged for similar goods to external parties at an arm's length. These transfers are eliminated on consolidation.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**24. EVENTS SUBSEQUENT TO REPORTING DATE**

The JORC-compliant resource on portions of Nootverwacht 324KT and Eerste Geluk 327KT has been upgraded to 45.25Moz of inferred JORC resource.

**25. RELATED PARTY INFORMATION**

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

**(a) Transactions with related entities:**

- (i) Remuneration (excluding the reimbursement of costs) received or receivable by the Directors of the Company and aggregate amounts paid to superannuation plans in connection with the retirement of directors are disclosed in the remuneration report on page 10.
- (ii) An aggregate amount of \$18,135 (2008: \$30,962) was paid or payable accrued to Hewitt Turner and Gelevitis, an entity related to Mr Turner, a Director, for the provision of accounting services to the Company.
- (iii) On the 16<sup>th</sup> April 2009, an amount of \$87,600 was paid for 1,095,000 fully paid ordinary shares in Tianshan Goldfields Limited, a company that Mr Sage became a director of on 19 February 2009.
- (iv) On the 5<sup>th</sup> May 2009, an amount of \$20,716 was paid for 100,000 fully paid ordinary shares in Global Iron Limited, a company that Mr Sage and Mr Turner are directors of.
- (v) An aggregate amount of \$4,630 was paid or payable to Cape Lambert Iron Ore Limited, an entity which Mr Sage and Mr Turner are Directors of, for the recoupment of occasional expenses incurred by Cape Lambert on behalf of International Goldfields.

	2009	2008
	\$	\$
Amounts payable at year end to related parties		
Hewitt Turner Gelevitis	8,302	-
Mark Gwynne	7,000	-
CRMS	5,000	4,000

**26. SHARE - BASED PAYMENTS**

The following share based payment arrangements existed at 30 June 2009:

On 27 January 2007, 60,000 converting performance shares were issued to Bodmin Resources Limited for facilitating the Company's right to farm into the Genorah platinum project. 20,000 converting performance shares were cancelled during the year as the first milestone was not met. Details of the terms of the converting performing shares are outlined in Note 16(d).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**26. SHARE – BASED PAYMENTS (continued)**

<u>Options granted</u>	2009		2008	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
	No.	\$	No.	\$
Outstanding at the beginning of the year	67,800,165	0.1979	73,266,666	0.1951
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	(34,200,165)	0.1961	(5,466,501)	0.1590
Expired	(33,600,000)	0.1999	-	-
<b>Outstanding and exercisable at year end</b>	<b>-</b>	<b>-</b>	<b>67,800,165</b>	<b>0.1979</b>

**2009 Options**

There were 34,200,165 options exercised during the year ended 30 June 2009. These options had a weighted average exercise price of 0.1961 cents at exercise date.

On 31 December 2008, 3,500,000 options expired. On 30 June 2009, 30,100,000 options expired leaving no options on issue at the end of the financial year.

**2008 Options**

There were 5,466,501 options exercised during the year ended 30 June 2008. These options had a weighted average exercise price of 0.159 cents at exercise date.

The options outstanding at 30 June 2008 had a weighted average exercise price of 0.1979 cents and a weighted average remaining contractual life of 11.5 months. Exercise prices range from 15 cents to 20 cents in respect of options outstanding at 30 June 2008.

**27. CHANGES IN ACCOUNTING POLICY**

The following Australian Accounting Standards have been issued or amended and are applicable to the Company but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date/ Effective date:	Impact on Initial Application
AASB 2008-5, (issued July 2008)	AASB 136, Impairment of Assets	Additional disclosure requirements about discounted cash flow assumptions used for the fair value less costs to sell method.	Periods commencing on or after 1 January 2009	There will be no financial impact when these amendments are first adopted because these amendments relate to additional disclosure requirements only.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date/ Effective date:	Impact on Initial Application
AASB 8 (Issued Feb 2007)	Operating Segments	Replaces the disclosure requirements of AASB 114: <i>Segment Reporting</i> .	Periods commencing on or after 1 January 2009	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, disclosures required for the operating segments will be significantly different to what is currently reported (business and geographical segment).
AASB 101 (Revised Sep 2007)	Presentation of Financial Statements	Amendments to presentation and naming of the financial statements.	Annual reporting periods commencing on or after 1 January 2009	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way financial statements are presented and various changes to names of individual financial statements.
AASB 2009-2 (Issued April 2009)	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments	Requires additional disclosures about financial instrument fair values and liquidity risk.	Periods commencing on or after 1 January 2009	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, various additional disclosures will be required about fair values of financial instruments and the entity's liquidity risk. No comparative disclosures are required in the first year that these amendments are applied.

No other standards, amendments or interpretations are expected to affect the accounting policies of the Company.

**28. CONTINGENT LIABILITIES**

As at 30 June 2009 the Company has no contingent liabilities (2008: nil).



## DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements, comprising the income statement, balance sheet, cash flow statement, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the year ended on that date.
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.
3. The remuneration disclosures included in pages 8 to 12 of the Directors' report (as part of audited Remuneration Report), for the year ended 30 June 2009, comply with section 300A of the *Corporations Act 2001*.
4. The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



**Timothy Turner**  
Director

**Perth, 25 September 2009**



BDO Kendalls

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ABN 79 112 284 787

25 September 2009

The Directors  
International Goldfields Limited  
PO Box 144  
WEST PERTH WA 6872

Dear Sirs

**DECLARATION OF INDEPENDENCE BY BRAD McVEIGH TO THE DIRECTORS OF INTERNATIONAL GOLDFIELDS LIMITED**

As lead auditor of International Goldfields Limited for the year ended 30 June 2009, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of International Goldfields Limited during the period.

**Brad McVeigh**  
Director

**BDO Kendalls Audit & Assurance (WA) Pty Ltd**  
Perth, Western Australia

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## 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 balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 controls relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 control 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 control. 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 audit opinions.

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### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

### Auditor's Opinion

In our opinion:

- (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 company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of International Goldfields Limited 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.

### Auditor's Opinion

In our opinion, the Remuneration Report of International Goldfields Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

### BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls  
BM'Vey/

**Brad McVeigh**  
Director

Dated this 25<sup>th</sup> day of September 2009  
Perth, Western Australia

## ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

### 1. Shareholdings

The issued capital of the Company as at 24 September 2009 is 152,400,005 ordinary fully paid shares.

Ordinary Shares	No. of Holders	No. of Shares
1 - 1,000	500	194,113
1,001 - 5,000	605	1,553,366
5,001 – 10,000	252	2,051,336
10,001 - 100,000	765	27,650,720
100,001 and over	209	120,950,470
	<b>2,331</b>	<b>152,400,005</b>
Number holding less than a marketable parcel	838	747,839

### 2. Top 20 Shareholders as at 24 September 2009

	No. of Shares Held	% Held
1 Cape Lambert Iron Ore Ltd	18,717,529	12.28
2 Mr Christopher Eric Barnes	13,925,000	9.14
3 Gun Capital Management Pty Ltd	4,000,000	2.62
4 Peter Treen Electrical Discounter Pty Ltd <Peter Treens Emp S/F A/C>	3,870,239	2.54
5 Mr Russell Neil Creagh	3,531,105	2.32
6 Mr Russell Neil Creagh	2,618,032	1.72
7 Mrs Tracey Lyn Nielsen	2,001,497	1.31
8 Go Now (WA) Pty Ltd <J Morfesse Super Fund A/C>	2,000,000	1.31
9 Mr Bruce Cedric Armstrong + Mrs Lillian Ross Baillie <Bca Super Fund A/C>	1,780,922	1.17
10 Mr Steven Jan Zielinski + Mrs Karen Lyn Zielinski <Mauvista Park Super A/C>	1,700,000	1.12
11 Antony William Paul Sage <Egas Super Fund A/C>	1,531,827	1.01
12 Citicorp Nominees Pty Limited	1,416,018	0.93
13 Ms Thi Ly Huong Pham	1,250,000	0.82
14 Hkt Au Pty Ltd <Moramba Serv Super Plan A/C>	1,167,934	0.77
15 Miss Hiu Yin Chan	1,102,000	0.72
16 Whitey Tiger Pty Ltd <Wtl A/C>	1,040,300	0.68
17 Murfett Investments Pty Ltd <Njm Super Fund A/C>	1,040,000	0.68
18 Mr Jason Mcdonald	1,000,000	0.66
19 Mr Xuan Khoa Pham	1,000,000	0.66
20 M B M Investments Pty Ltd <Brett Mckee Family A/C>	962,470	0.63
	<b>65,654,873</b>	<b>43.08</b>

## ASX ADDITIONAL INFORMATION

## 3. Substantial Shareholders as at 24 September 2009

		No. of Shares Held	% Held
1	Cape Lambert Iron Ore Ltd	18,717,529	12.28
2	Mr Christopher Eric Barnes	13,925,000	9.14

## CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (**Best Practice Recommendations**). The Best Practice Recommendations are not mandatory. However, the Company will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the Best Practice Recommendations.

The Board of the Company currently has in place a corporate governance policy and are in the process of adopting a more comprehensive Corporate Governance Plan.

Copies of the Company's corporate governance policies are available on the Company's website at [www.internationalgoldfields.com](http://www.internationalgoldfields.com)

	BEST PRACTICE RECOMMENDATION	COMMENT
1.	<b><i>Lay solid foundations for management and oversight</i></b>	
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	Satisfied. Board charter available on the Company website.
1.2	Disclose the process for evaluating the performance of senior executives	Not satisfied. The Company has not yet established formal performance review measures for key executives nor has it established a nomination committee given the size and stage of the Company's operations. The full Board will review the performance of key executives.
1.3	Provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	Satisfied. Board charter available on the Company website.
2.	<b><i>Structure the board to add value</i></b>	
2.1	A majority of the board should be independent directors.	Not satisfied. The Board has considered this and have deemed it to be appropriate for the Company at its early stage of operation
2.2	The chairperson should be an independent director.	Not satisfied. The chairman of the Board is Executive Chairman. The Company does not currently consider it would benefit from a change from the existing approach given the size of the Company.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	Not satisfied. The chairman of the Board is the Executive Chairman and will undertake the function of CEO. The Company does not currently consider it would benefit from a change from the existing approach given the size of the Company and early stage of its operations.
2.4	The board should establish a nomination committee.	Not satisfied. The Board considers that given the current size of the board, this function is efficiently achieved with full Board participation. Accordingly, the Board has resolved not to establish a nomination committee at this stage.
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	Not satisfied. The Company has not yet established formal performance review measures for key executives nor has it established a nomination committee given the size and stage of the Company's operations. The full Board will review the performance of key executives.
2.6	Provide the information indicated in <i>Guide to Reporting on Principle 2</i> .	Satisfied.

## CORPORATE GOVERNANCE STATEMENT

	<b>BEST PRACTICE RECOMMENDATION</b>	<b>COMMENT</b>
<b>3.</b>	<b><i>Promote ethical and responsible decision-making</i></b>	
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: (a) the practices necessary to maintain confidence in the company's integrity; and (b) the practices necessary to take into account their legal obligations and the reasonable expectations of stakeholders (c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Satisfied. Code of conduct is available on the Company website.
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	Satisfied. Trading in securities policy is available on Company website.
3.3	Provide the information indicated in <i>Guide to Reporting on Principle 3</i> .	Satisfied. Available on Company website.
<b>4.</b>	<b><i>Safeguard integrity in financial reporting</i></b>	
4.1	The board should establish an audit committee.	Satisfied. An audit committee has been established.
4.2	Structure the audit committee so that it consists of: (a) only non-executive directors; (b) a majority of independent directors; (c) an independent chairperson, who is not chairperson of the board; and (d) at least three members.	Not satisfied. The role of the audit committee is currently being undertaken by two non-executive directors, one of which is an accountant. There are currently no independent directors on the audit committee. The Board notes that ASX Corporate Governance Council recommends a majority of independent directors, the Company does not consider it would benefit from a change from the existing approach given the size of the Company.
4.3	The audit committee should have a formal charter.	Satisfied. Available on the Company website.
4.4	Provide the information indicated in <i>Guide to Reporting on Principle 4</i> .	Satisfied. Refer to Director's report.
<b>5.</b>	<b><i>Make timely and balanced disclosure</i></b>	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Satisfied. Continuous disclosure policy is available on the Company website.
5.2	Provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	Satisfied. Refer 5.1
<b>6.</b>	<b><i>Respect the rights of shareholders</i></b>	
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Satisfied. Communications with shareholders policy is available on the Company website.
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	Satisfied.
6.3	Provide the information indicated in <i>Guide to Reporting on Principle 6</i> .	Satisfied. Refer 6.1
<b>7.</b>	<b><i>Recognise and manage risk</i></b>	
7.1	The board or appropriate board committee should establish policies on risk oversight and management.	Satisfied. Risk management program is available on the Company website.



## CORPORATE GOVERNANCE STATEMENT

	<b>BEST PRACTICE RECOMMENDATION</b>	<b>COMMENT</b>
7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that: (a) the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and (b) the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	Due to the size and scale of operations the Company does not have a designated CEO or CFO. The roles are performed by the Board as a whole.
7.3	Provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	Satisfied. Refer 7.1 Not currently applicable. Refer 7.2
<b>8.</b>	<b><i>Remunerate fairly and responsibly</i></b>	
8.1	The board should establish a remuneration committee.	Not satisfied. The Board considers this recommendation and formed the view that given the number of directors on the Board, this function could be performed just as efficiently with full board participation.
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Details of executive and non-executive remuneration are outlined in the Directors' report.
8.3	Provide the information indicated in <i>Guide to Reporting on Principle 8.3</i> .	Satisfied. The Company has incorporated all information as required.

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**CORPORATE GOVERNANCE STATEMENT****SCHEDULE OF MINERAL TENEMENTS**

<b>Tenement No.</b>	<b>Prospect Area</b>	<b>Percentage</b>
E08/1372	Bali Hi	10%
E77/1074	British Hill	100%
E77/1106	Bungalbin	10%
E77/1037	Evanston	100%
E77/1158	Evanston	100%
E77/1167	Evanston	100%
M77/0394	Evanston	100%
M77/0576	Evanston	100%
M77/0824	Evanston	100%
P77/3413	Evanston	100%