International Goldfields Limited

(ABN 69 099 544 680)

Annual Financial Report

For the year ended 30 June 2012

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Corporate Directory

DIRECTORS

A Sage	Non-Executive Chairman
J Bontempo	Managing Director (resigned 1 January 2012)
B Aylward	Non-Executive Director
P Kelly	Non-Executive Director (appointed 1 January 2012)

COMPANY SECRETARY

P Leverington (appointed 1 October 2011)

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ABN 69 099 544 680

Chairman's Report

INTERNATIONAL GOLDFIELDS LTD

Dear Shareholder

It has been a very successful year of gold exploration for International Goldfields Limited ("IGS" or "the Company") with accomplishments including a significant gold discovery in Brazil, and Mali exploration rapidly defining multiple major gold anomalies amongst several recently acquired grass-roots exploration projects. The Company identified multiple regions internationally in 2010 that are both under-explored and have high potential for major gold endowment. Taking advantage of opportunities for low-cost entry into exploration projects in some of those priority regions, the Company has now positioned itself in the highly prospective terrains of the Juruena Belt of Brazil and the Birimian greenstones in Cote d'Ivoire and Mali. Through effective first pass exploration methods specific to each terrane, IGS has identified key projects on each continent to continue working towards resource definition in the coming year.

In February this year, the Brazil exploration team made a significant discovery of high grade gold-copper intercepts in a maiden drill program at the Ana Prospect located within the Company's 93% owned Latin Gold Project in Brazil. The drilling program followed up regional mapping and surface geochemistry that has defined multiple gold and copper anomalies associated with wide-spread alteration throughout an 80km long structural corridor within the vast 3,000km^2 land holdings. The Company is currently continuing exploration with initial drill tests on multiple targets at Ana, with high grade gold results including 110g/t Au and 95g/t Au rock chips in surface sampling along with delineation and extension drilling of the discovery zone aimed at defining a maiden resource for the Project in the coming year.

In Mali, the Company has rapidly advanced its seven project areas which cover a 1,450km^2 landholding comprised of 14 licences held directly by IGS or under lease agreements with option for outright purchase. The successful 2011-12 West Africa exploration campaign defined multiple gold surface geochemistry anomalies across most of the projects in Mali. The field season finished with a maiden drill program at the Nangalasso Project, returning significant gold intercepts in wide-spaced reconnaissance drilling, including an air core hole bottoming in 3m of 7.8g/t Au on a structural corridor sub-parallel to the Syama-Tengrela mineralised trend and located 23km northwest of Syama. The maiden drill program at Nangalasso is follow-up work on the 10.5km long surface gold anomaly defined in termitaria sampling and auger drilling earlier in the year, which remains open to the north and has very limited drill testing through-out.

IGS's Cote d'Ivoire projects currently under application are complementary to Mali and target the same geological sequence and gold mineralised structures. With proposed changes to Cote d'Ivoire Mining Law over the past year, the positioning of mineral tenure in Cote d'Ivoire has changed significantly. The Company has taken advantage of opportunities presented through Cote d'Ivoire's efforts to increase mineral exploration investment in their country. IGS made several applications for tenements in Cote d'Ivoire, while at the same time maintaining a holding status on an earn-in agreement with Cape Lambert Resources Limited negotiated in November 2010. These new exploration licences present a fantastic opportunity for new discoveries, as the landholding has strong evidence of gold mineralisation within each project.

Subsequent to year-end, IGS has entered into conditional agreements to divest 100% of its ownership in all of its Australian exploration projects in both Western Australia and Victoria. The consideration to be received on settlement of the transactions comprises both cash and equity component's valued at approximately $3.6m, and will allow IGS further exposure to potential upside from continued exploration efforts in the highly prospective Albany-Fraser belt of Western Australia. Early stage exploration programmes in West Africa have provided positive exploration results on more projects than the Company intended to advance to a drill stage in West Africa, which presents an opportunity for further divestment of several projects with a high tenor of surface gold anomalism in support of continued exploration work on the projects with the best resource potential.

Our company remains in a very strong position to achieve exploration objectives that will add significant value for shareholders, with $11.9 million cash and current receivables as at 30 June 2012. This strong financial base will allow the Company to complete an aggressive exploration program at our highly prospective projects, as well as ensuring we are able to pursue other opportunities that may be presented to the Company without the need to raise additional capital funding.

I would like to thank you for your continued support and look forward to sharing another successful year with you in 2013.

Yours faithfully,

Antony Sage - Chairman
20 September 2012

OVERVIEW

Western Australian-based International Goldfields Limited ("IGS" or "the Company") is an active exploration company focused on organic growth of gold resources with more than 16,000 square kilometres of carefully targeted exploration projects in some of the most exciting emerging gold mineralised districts of the world – the Birimian of West Africa, the Juruena belt of Brazil and the Tropicana belt of Western Australia.

IGS has had an aggressive year of exploration with successful results across several early stage exploration projects acquired in the previous year that positions the company for strong growth through potential resource definition. The Company's expansion into exciting exploration projects located in Brazil and West Africa have provided strong returns in results for the investment made, with the company working towards a maiden resource on the Ana Prospect discovery in Brazil, and extensive surface gold anomalies in highly prospective terrane in Mali South providing several drill-ready targets.

The Company believes these properties offer excellent potential for the discovery and development of major mining projects. It is the ultimate goal of IGS to build a major gold project and provide attractive shareholder returns.

Over the current year, the Company maintained 100% ownership in its Australian exploration projects in both Western Australia and Victoria. Subsequent to year-end the Company has entered into conditional agreements to divesting all of its Australian assets to better support and focus attention on overseas exploration projects.

Figure 1: *International Goldfields Limited – Exploration Project Location*

GOLD EXPLORATION

BRAZIL

The Company holds 93% ownership in the private company Latin Gold Ltd ("Latin Gold"), and retains mineral rights on the Latin Gold project through their wholly owned Brazilian entity Amazongold Pesquisas Minerais Ltda. The Latin Gold project covers an area of over 3,000km^2 in the highly prospective Juruena Belt of northern Mato Grosso, Brazil. The region has extensive artisanal mining (Garampeiro) workings extracting gold from alluvial deposits, with production estimated at over 5Moz of gold recovered by the Garampeiro activities during the period 1980 to 1999. The commencement of modern exploration in the region in the late 1990's and early 2000's resulted in the discovery of mineral resources at X1 and Guaraunta and significant mineralisation at the Serrinha and Matupa prospects located to the north of the Latin Gold project.

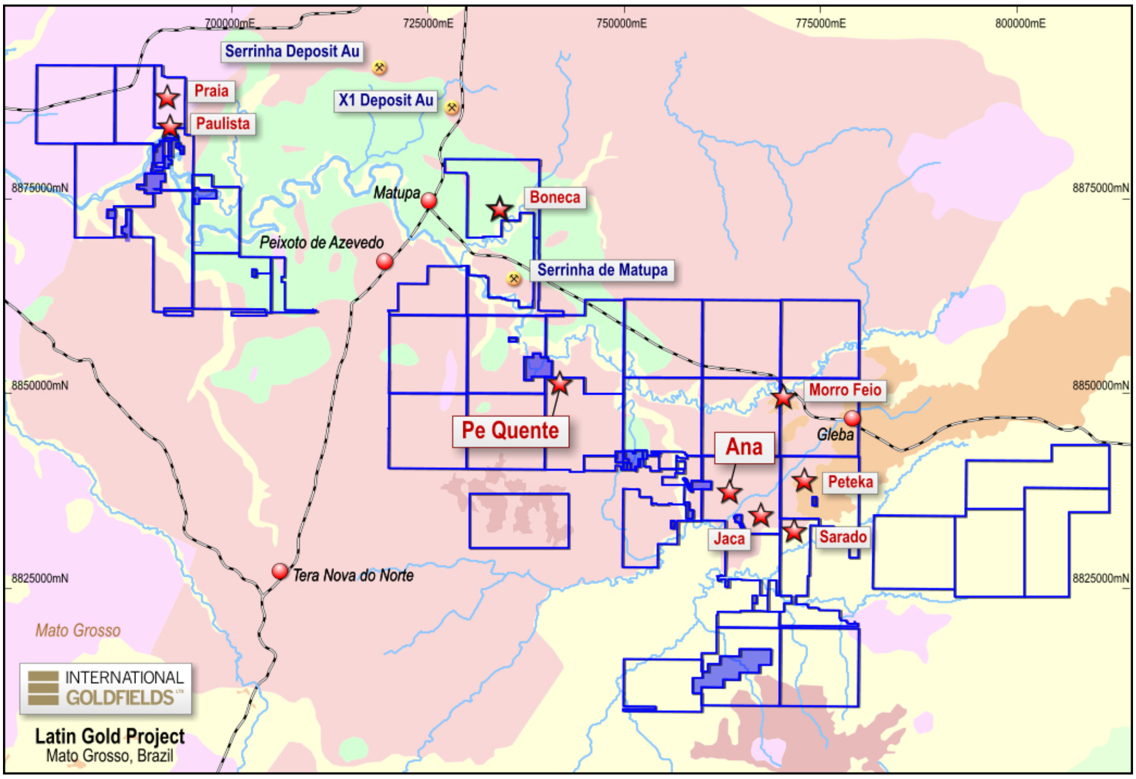

Figure 2: *Latin Gold Project and Regional Geology – Alta Floresta*

Over the past year, the Company has completed a regional scale drilling campaign of 39 diamond holes totalling 4,990m drilled across five prospect areas that span across an 80km long corridor of extensive alteration and localised surface gold anomalism. Diamond drilling resulted in significant extension of the Pe Quente mineralisation, and discovery of a high-grade Au-Cu mineralised zone, now called the PF Quartz Vein, in a maiden drill test at the Ana Prospect. At year end, and additional 1,138m of RC drilling was completed in an ongoing extension drilling program at the Ana discovery.

The 2011-12 exploration programs also included significant regional geochemistry surveys to both prioritise prospects and identify new regional targets. Stream geochemistry covers the full land position, with favourable structural and geochemistry targets also tested with soils geochemistry, totalling 3,004 soil samples covering over 40km^2 area within the Latin Gold Project. Soil sampling survey highlighted multiple targets at both the Pe Quente Prospect and additional targets within the Ana Prospect within the recently defined 2.5 by 4km gold surface anomaly.

The Company continues to manage its land position with the acquisition of five new licences in the south, and relinquishment of eight licences on the western margin of the project area (Figure 2) based on surface geochemistry and regional mapping results. The increasingly extensive and intense alteration encountered in the Latin Gold Project to the southeast underlies sedimentary cover of the Dardanello's formation, which provides untested targets to the southeast. An older sequence of sedimentary units overlying the Matupá granite host rocks within the project area may also provide a control on mineralisation that adds to size potential of covered/blind targets and early stage exploration on the margins of the sedimentary covered targeted Matupá sequence intrusions is anticipated to generate additional prospects for drill testing. Subsequent to year end, Latin Gold has released an additional three permits following completion of regional surface geochemistry surveys designed to rationalise the project's land position.

ANA

The Ana Prospect is a region of artisanal workings (garimpos) with a large proportion of workings in primary mineralisation. The area was defined for drill targeting by Latin Gold in 2009, and a single diamond drill hole test intersected extensive hydrothermal alteration associated with scattered Cu-Zn anomalism including an intercept of 7.68m at 0.37% Zn and 4.75m at 0.04% Cu from 75.3m depth. The anomalous intercept was followed up by IGS geologists in 2011, when mapping and surface sampling identified a metallogenic zonation with increasing Cu and Mo surface anomalism to the west, integrating into a gold rich zone of primary mineralisation forming the recently defined 2.5km by 4km gold surface geochemistry anomaly centred 2km to the West of the initial ANA001 drill test.

Rock Chip sampling across the Ana gold zone has returned several rock chips on multiple structures exceeding 10g/t gold, including surface values up to 18.5g/t Au on the PF Quartz Vein, and values up to 100g/t Au and 95g/t Au rock chips on additional vein targets within the surface gold anomaly. The maiden drill test in 2012 of the newly defined Ana gold zone totalled eight holes for 902.2m of drilling intersected gold and copper mineralisation and better intercepts include;

- **High grade gold** mineralisation:
  - **21m at 5.9g/t gold** from 45m drill depth including **8m at 13.6 g/t Au** - ANA008
  - **18m at 3.24g/t gold** from 33m drill depth – ANA006
  - **6m at 5.18g/t gold** from 36m drill depth – ANA007
- **High grade copper** mineralisation**:**
  - **9m @ 0.23% Cu** from 51m drill depth – ANA008
  - **9m @ 0.24% Cu** from 33m drill depth– ANA006
  - **6m 0.68% Cu** from 36m drill depth – ANA007

Continued exploration at Ana includes further delineation drilling of PF Quartz Vein with down-dip tests, with 1,138m of RC drilling completed at Ana by year end. Continued drilling is in progress with over 3,000m of RC drilled and the commencing of diamond drills for a proposed 2,000m program by end of August 2012. As part of the ongoing RC drill program, IGS will drill several scout holes to test for disseminated porphyry-style mineralisation, and test seven Ana Prospect vein targets identified in mapping and high-grade gold results from surface rock chip sampling in addition to the PF Quartz Vein extension drilling. Better RC drill results reported to date include:

- **High grade gold** mineralisation:
  - **5m at 8g/t gold** from 24m depth and **2m at 2.57g/t gold** from 89m – AR006
  - **16m at 1.65g/t gold** from 32m drill depth – AR007
  - **12m at 2.92g/t gold** with **0.31% Cu** from 92m drill depth – AR011
  - **16m at 2.16g/t gold** from 20m depth, including **4m at 6.47g/t gold** – AR022
  - **12m at 2.02g/t gold** from 36m drill depth – AR023

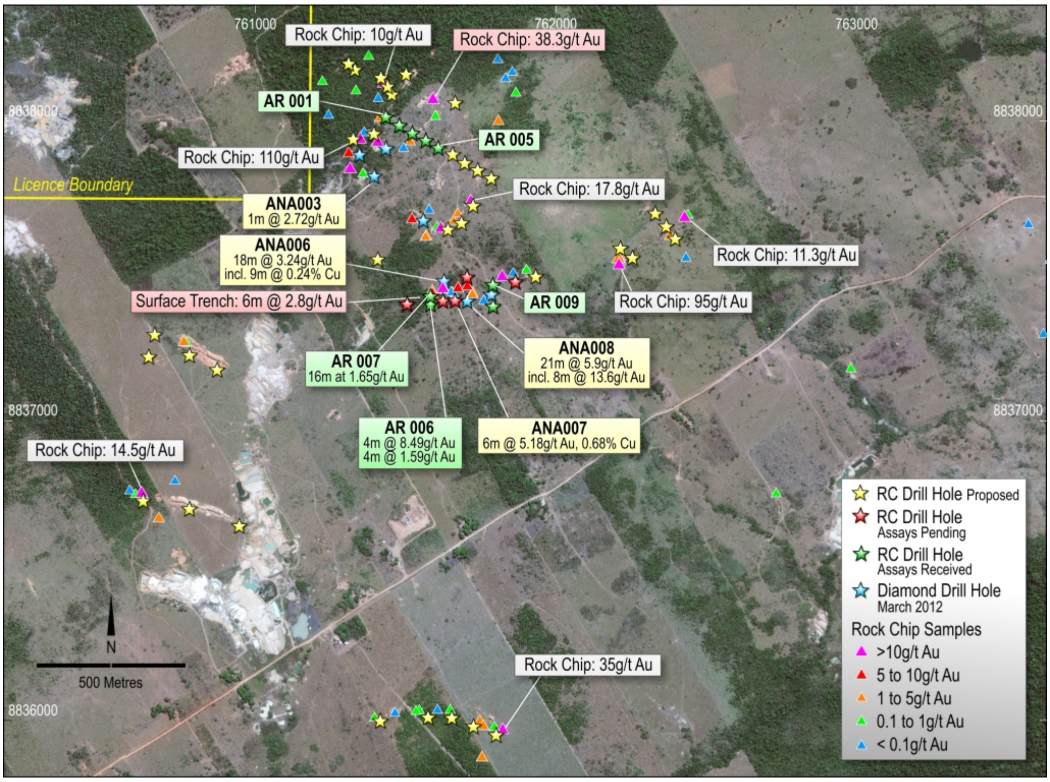

Figure 3: *Ana Prospect rock chip and drill hole locations*

PE QUENTE

In early 2012, the Company completed a follow-up diamond drill program across the larger Pe Quente Prospect area testing multiple surface gold geochemistry and IP-Geophysics anomalies totalling 26 diamond drill holes for 3,317m. The Pe Quente diamond drill program for the past year included ten holes drilled on the east-west trending gold mineralised structure named the PQ2 Copper-Gold vein zone, doubling strike extent to over 350m of mineralisation with up to 90m depth with strong continuity of mineralisation along the structure. Better intercepts of that delineation drill program include;

- **Better gold** intercepts:
  - **1.6m at 3.86g/t gold** from 44.8m – PQ024
  - **2.11m at 5.18g/t gold** from 100.75m – PQ026
  - **1.25m at 2.41g/t gold** from 138.85m – PQ043

Diamond Hole PQ042 (intersecting 1m at 2.21g/t Au from 11m depth and 1.05m at 1.05g/t Au from 16m depth) is located 160m east of hole PQ043 that intersects 1.25m @ 2.41g/t Au and 0.24% Cu at approximately 85m vertically below the surface. The pair of holes is the first down-dip tests below 50m vertical depth on the PQ002 gold-copper Vein Zone and each demonstrates continuity and down-dip potential of the zone that is open in all directions.

Additional drilling on targets generated by IP geophysics resolved anomalies as intermediate composition dykes cross cutting granitic host rocks, however not consistently associated with mineralised structures. Drilling on surface geochemistry targets intersected mineralised structures, with a best intercept of 1m at 1.18g/t gold.

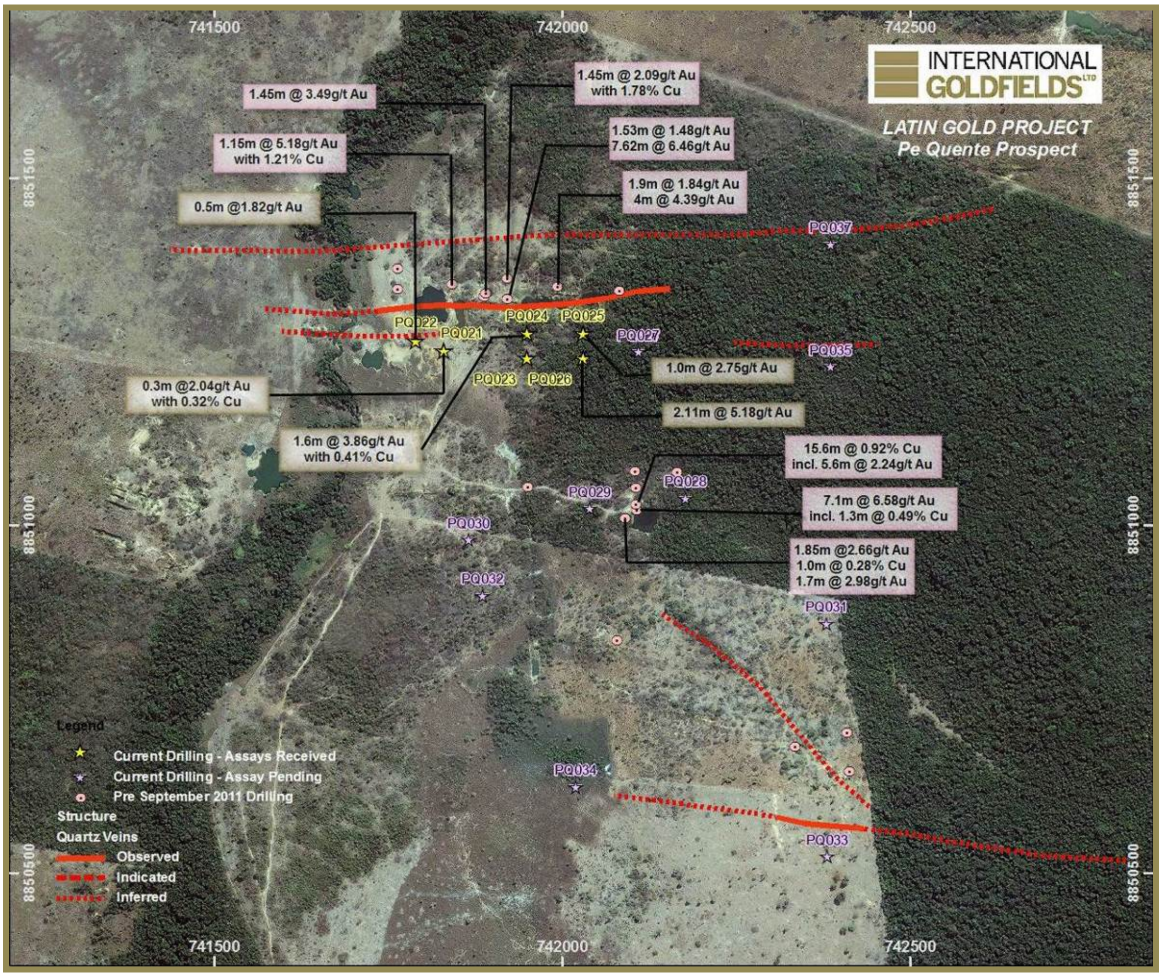

Figure 4: *PQ2 Vein location and Pe Quente area significant drill intercepts*

Figure 5: *PQ026 Drill Core*

Faulted contact between Matupa Granite and intermediate dyke, host to 2.11m averaging 5.18g/t Au

Previous drilling at the Pe Quente Project totals 20 diamond holes totalling 1,727m drilled defining mineralisation within 50m of surface, with best intercepts prior to this year including;

- **High grade gold** mineralisation:
  - **7.62m at 6.46 g/t gold** from 35m – PQ002
  - **1.15m at 5.18 g/t gold** from 56.55m – PQ007
  - **5.6m at 2.24 g/t gold** from 64.4m – PQ014
  - **4m at 4.39 g/t gold** from 86m – PQ019
- **High grade copper** mineralisation:
  - **1.15m at 1.21% copper** from 56.55m – PQ007
  - **0.75m at 15% copper** from 52.25m – PQ009
  - **9m at 1.27% copper** from 70m – PQ014

The geological interpretation of the Pe Quente prospect is indicating a mineralised corridor with a north-northwest orientation, and internal to this structure a series of en-echelon structures with an east-west to northeast-southwest orientation. The overall strike length of the Pe Quente prospect exceeds 3km and may contain multiple mineralised structures within the zone, encountering localised massive sulphide zones and a higher tenor of copper mineralisation directly associated with, and in close proximity to gold mineralisation.

JACA

The Company completed a second and third reconnaissance diamond drill holes at the Jaca prospect to test for extension to copper mineralisation hosted under cover rocks with strong surface alteration and anomalism. All drill holes have intersected significant copper mineralisation with extensive widths of anomalous copper in JVM003 of 48m at 0.11% and 41.5m at 0.20% Cu. Combined with JVM001 and JVM002 with best intercepts of 5.1m @ 0.30% Cu and 8.5m @ 0.20% Cu respectively copper anomalism at Jaca extends to over 200m in length and is open in all directions.

Gold and copper are associated at several prospects across the Latin Gold project area, with copper typically forming an aureole around gold mineralisation. The tenor and extent of the copper mineralisation at Jaca is encouraging for the size potential of the Au-Cu target in the area. Both structural and multi-element data collected in recent drilling are being utilised as vectors to further expand the mineralised zone.

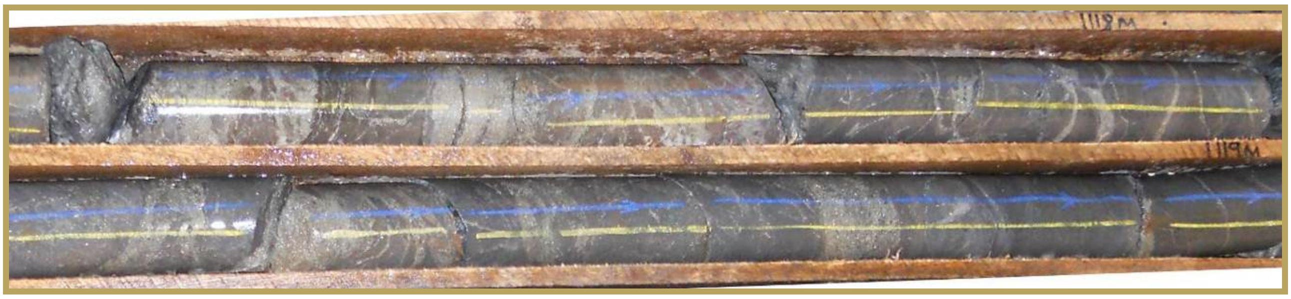

Figure 6: *Jaca Prospect - photo of alteration and stockworks in porphyry-related mineralisation in diamond drilling Drill hole: JVM002, ~117.5 to 119m interval averaging 0.29% copper*

WEST AFRICA

IGS completed aggressive exploration programs in West Africa to prioritise the Company's multiple early stage projects for advancement to drilling. A comprehensive first pass reconnaissance of grass root programs was completed in Mali's 1,450km^2 land positions. In total, IGS has completed 46,808m of auger drilling and collected 4,659 auger samples across all the Mali South projects in follow-up programs to over 5,000 surface samples collected in the 2011-12 field season. The Nangalasso and Diendo projects have been advanced to drill stage projects before the end of the past season, with 3,228m of air core drilling and 2,278m of RC completed in the past year with exciting results warranting additional follow-up drilling commencing as early as December 2012 following the ongoing wet season.

Initial exploration programs in Ivory Coast totalling over 300 stream samples were completed on two of the Kahola project permit areas under COMINE approval, with full grant of tenements anticipated in advance of the upcoming field season in West Africa. The Company is actively reviewing new datasets and prioritising exploration programs for its large land holdings in excess of 11,000km^2 in the Birimian aged greenstone terrain to define projects with the best potential for discovery of multi-million ounce deposits.

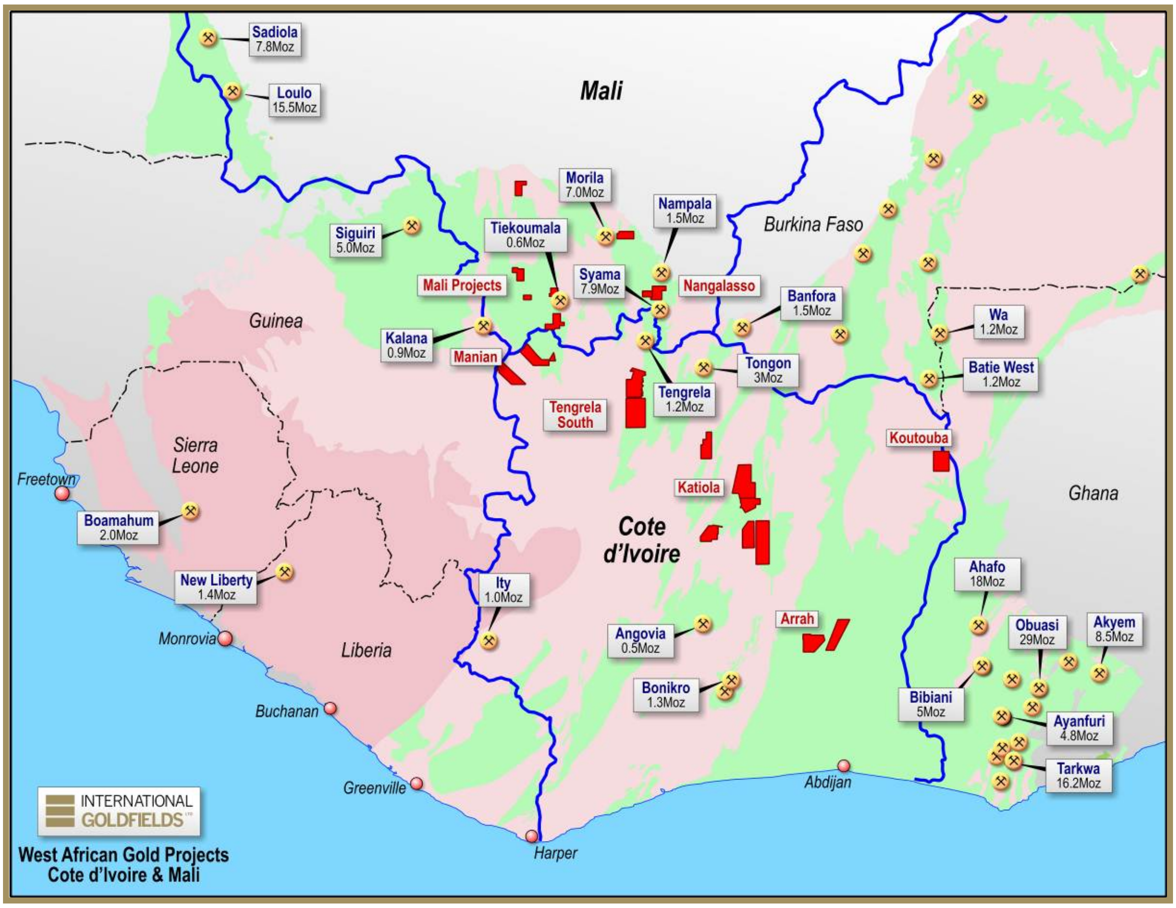

Figure 7: *IGS West African Projects – major landholding in Cote d'Ivoire and Mali*

MALI

IGS has acquired over 1,450km^2 of prospective Birimian greenstone geology in southern Mali, West Africa. The Company has incorporated a 100% owned Mali subsidiary that has successfully completed agreements with local landholders for exploration projects in targeted regions and in addition, has lodged applications for new licences in geologically prospective areas.

The Mali landholding consists of 7 projects (14 separate licences) located in the Syama-Morilla region. These new project areas were selected by identifying Eburnean aged, gold mineralised shear zones and under-explored extensions to known mineralised structures. The key target criteria in identifying areas to gain new projects is based on the observation that the major resources and deposits discovered to date in the Birimian of West Africa, are typically located at intersections of structures and lithologic contacts, or where structures pass through favourable lithologic units.

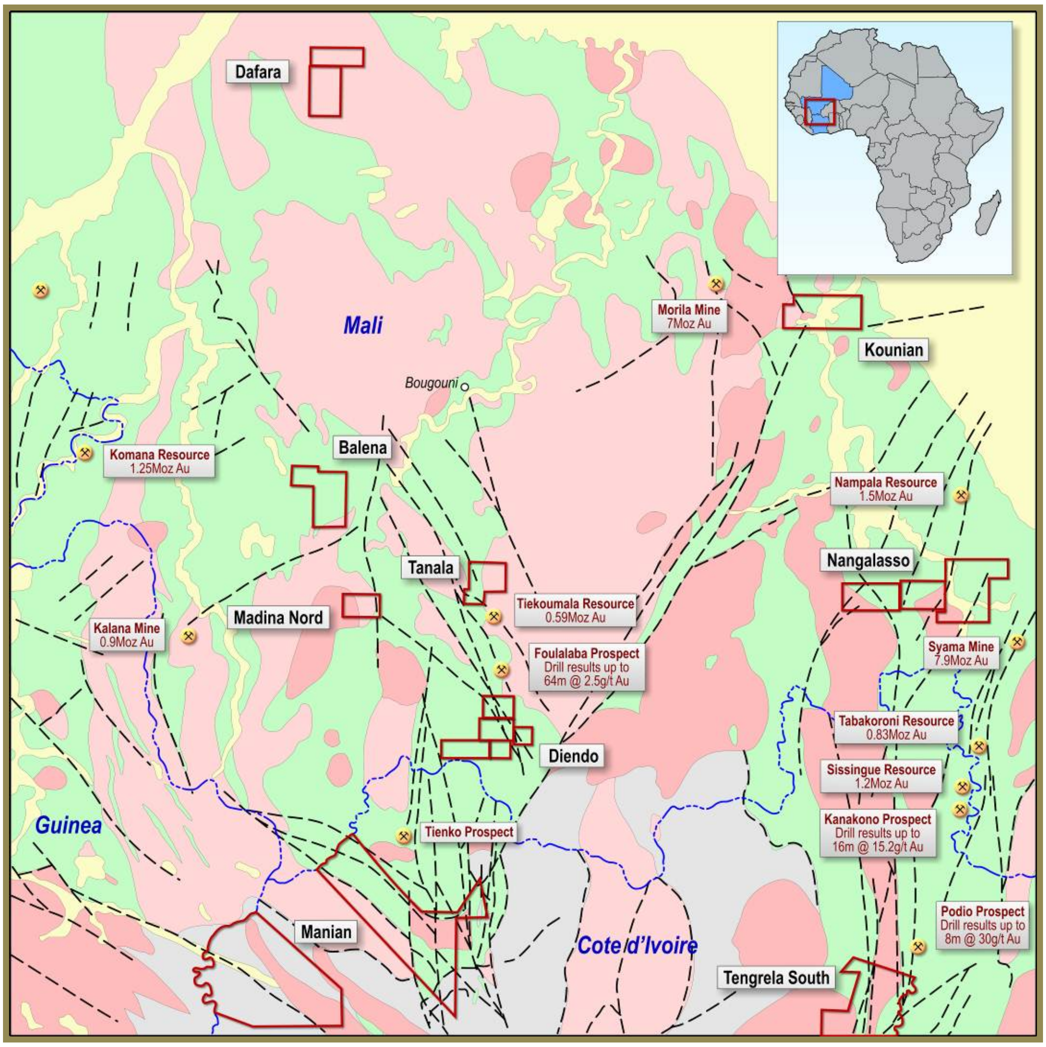

Figure 8: *Mali project locations and summary geology.*

IGS continues to review its West Africa landholdings in the context of first-pass exploration results, and over the course of the year the Company has significantly expanded its Project boundaries with additions to both the Nangalasso and Diendo Project areas, following an increase in anomalous gold target zones from surface geochemistry and drilling on each. Also during the course of the year relinquishment of the Sielé Project, following surface geochemistry review terminated lease payments. Through ongoing review of landholdings based on exploration results, the Company will continue to refine its focus on priority targets.

The interim civilian government of Mali is recognised locally and internationally and is maintaining constitutional law in Mali with no changes to mining tenure. The interim government is focused on its mandate to bring the country to democratic elections before June 2013, with a focus on first reconciling issues in the north and returning Malian refugees to the country for elections, and both exploration and mining activities throughout the country have continued since un-interrupted in Mali.

NANGALASSO

The Nangalasso Project (345km^2) occupies a structural corridor that hosts several intrusions and strong deformation in the Birimian aged greenstone rocks, providing geological settings analogous to Morila and Tengrela style mineralisation across the project area. Surface sampling, comprising auger drilling, termitaria sampling, and soils, has defined a 10.5km long corridor, located 23km northwest of the 7.9Moz Syama deposit, and following the targeted parallel structures that lie on-trend with the 1.5Moz Nampala deposit, located 30km northeast of the Nangalasso project.

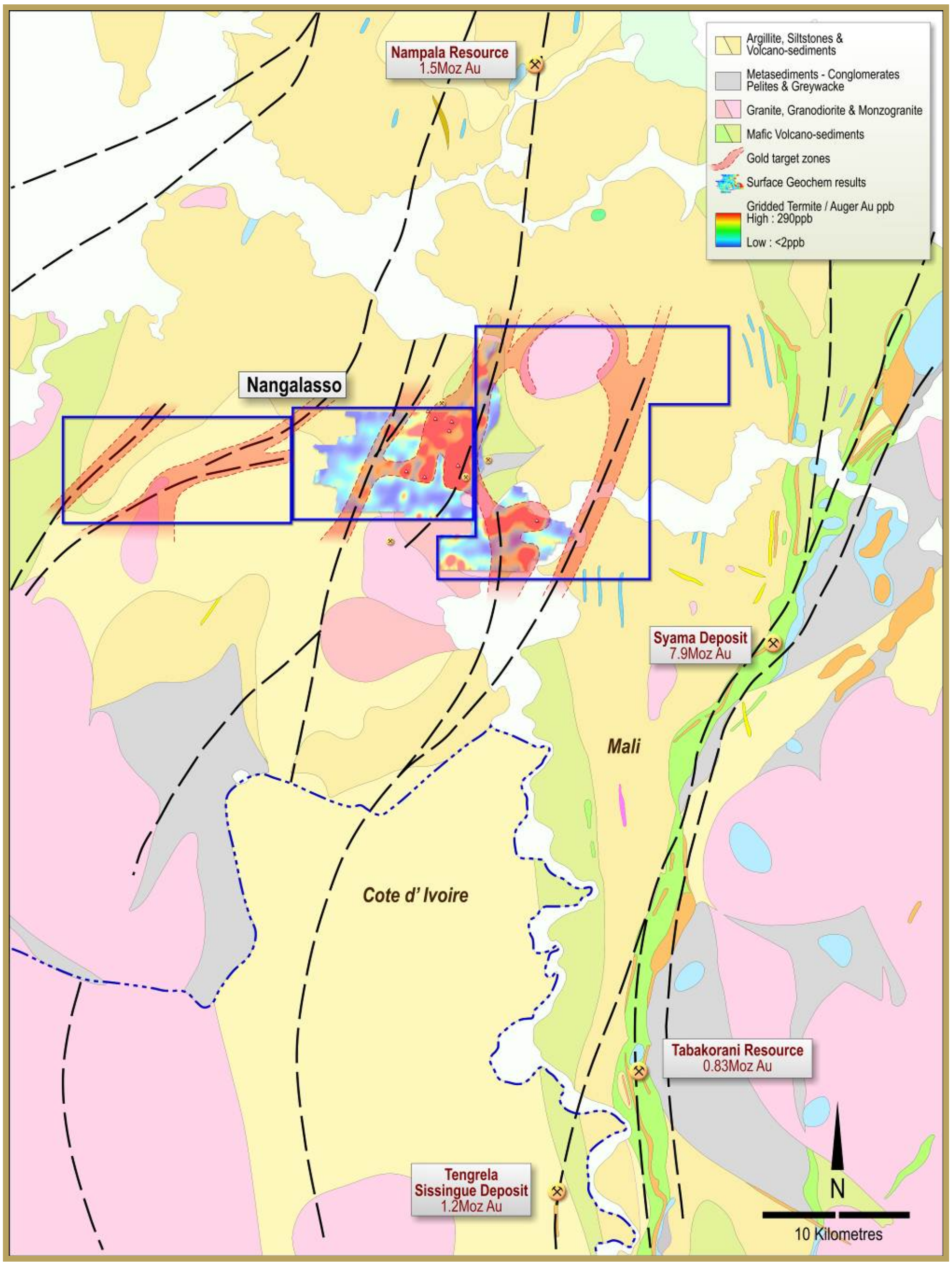

Figure 9: *Nangalasso Project tenement map and regional geology.*

Three principal zones of gold anomalism defined by termitaria sampling up to 1,370 ppb Au extend up to 10km from a mapped granodiorite. Two of these anomalies were verified by shallow auger drilling and tested by air core drilling as part of a 3,228m reconnaissance drill program that including maiden drilling on the Nangalasso Project. The results of one-metre interval sampling submitted for analysis on anomalous three-metre composite sample zones were announced in a disclosure on the ASX released 24 July 2012. The better composite intervals drilled on separate lines of drilling 2km apart intersected;

- 3m at 7.84g/t Au from 14m depth – NNAC021
- 1m at 7.8g/t Au from 7m depth – NNAC014

The 3m at 7.84g/t Au interval was at the end of a 17m vertical hole and included 1m at 13.5g/t Au hosted in the targeted granodiorite.

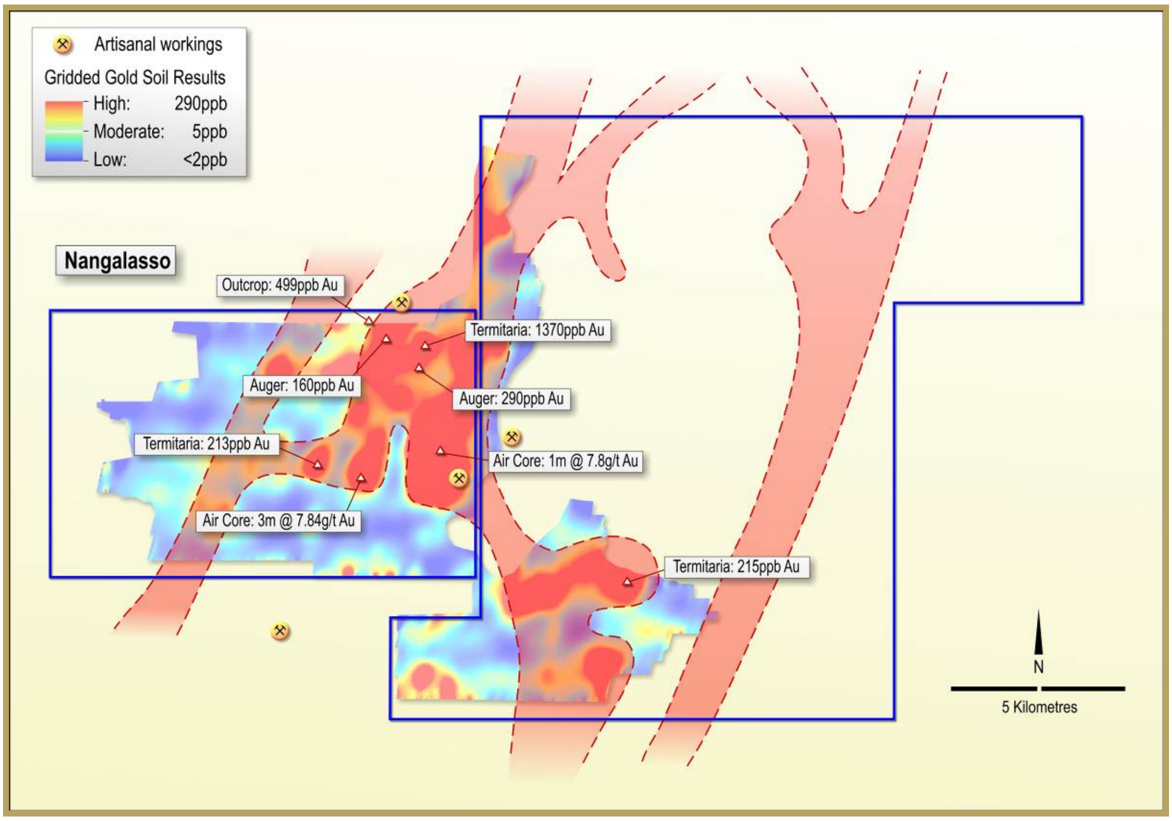

Figure 10: *Nangalasso surface gold geochemistry results and gold target zones with locations for better surface and air core sample results.*

The maiden air core program tests the newly defined gold anomaly outlined in the 2011-12 grassroots exploration program. The initial scout drilling consisted of four lines of drilling with line spacing exceeding 2km and covering the southern portion of the 10.5km long gold anomalies, with better drill intercepts reported located proximal to the contact with a granodiorite intrusion, and a third zone of gold anomalism remaining untested, extending to the east from the intrusion contact. Eastward extension of the successful surface sample coverage and follow-up drilling is planned to resume in the coming months, following the seasonal rains.

DIENDO & TANALA

The Diendo Project comprises five contiguous licences totalling over 280km^2 that occupy the southern portion of the structural belt that hosts the 0.59Moz Au Tiekoumala deposit. The same Eburnean aged structural corridor that is related to gold anomalism at Tiekoumala and Diendoa extends north into the 102km^2 Tanala Project IGS completed an RC drilling campaign in March, with 15 holes totalling 990m at Tanala and 15 holes totalling 1,288m at Diendo. The combined drilling tested 6 target areas, with 5 targets defined by IGS auger drilling (previously un-drilled), and a sixth single drill hole test following up historic air core drilling on the Diendo Project.

The drilling confirmed structures in each project area, and revised geological interpretations for lithology in most areas that will be integrated into further targeting and exploration planning in the area.

Subsequent to the improved understanding of district scale geology from reconnaissance RC drilling, IGS completed an air core drilling program to test additional strike length along the extensive corridor of anomalous surface gold geochemistry at the Diendo Project. Three target areas were tested with 50 air core holes totalling 1,249m drilled at Diendo, where extensive gold anomalism has been defined in surface geochemistry. Several low level (<1g/t Au) results were encountered in 3m composite sampling.

Air core results combined with RC drilling confirm gold anomalism is associated with the favourable structural zone of foliation and shearing. The one metre interval repeats on anomalous 3m composite sampling in the RC drilling has returned a best intercepts of 2m at 0.5g/t Au at Diendo. Exploration to date validates conceptual targeting, with over 10km corridor of the anomalous surface gold trend still remaining untested to the northeast.

Additional surface sampling and results of 250 auger samples, which tested the apparent closure of previous soil and auger anomalies in 4 localities, has increased the dimensions of surface anomalism, highlighting a continuation of the mineralised trend being drilled in the easternmost licence of the project area. The northwest trending gold anomaly follows a discontinuous trend for over 14 kilometres across three licences, with drilling to date testing only the south eastern half of that anomalous structural trend. Additional drill tests are being planned to better evaluate district scale targets.

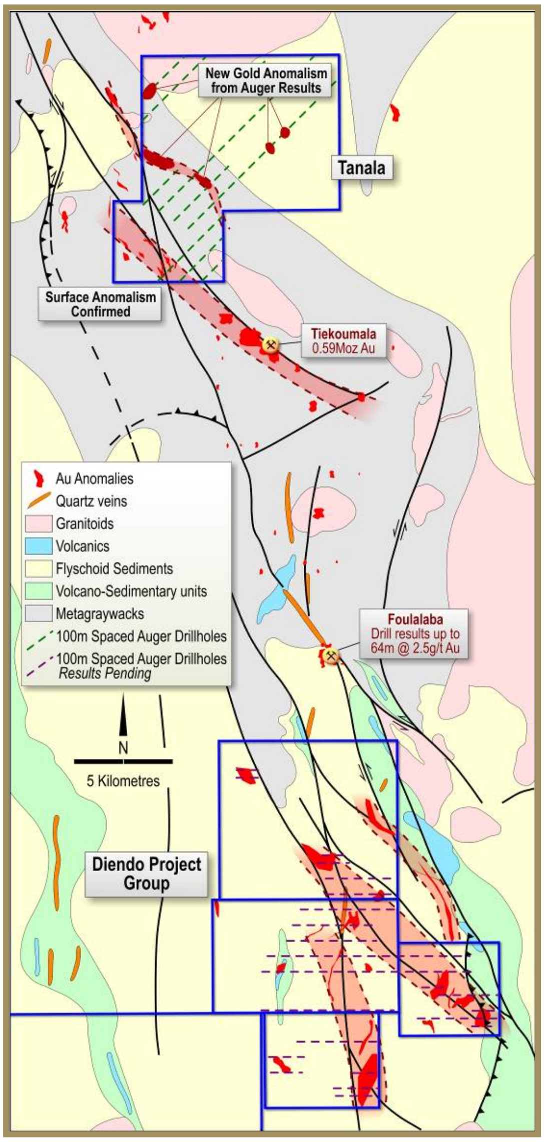

Figure 11: *Nangalasso Project tenement map and regional geology*

KOUNIAN

The Kounian Project (194km^2) is located just over 20km to the East of the +7Moz Au Morila Mine. The project straddles the Banifing shear zone, a major northeast trending fault zone that separates two structural domains in the region. The western half of the Kounian permit is host to the same greenstone terrain dominated by intrusions that hosts the Morila deposit, and to the east is predominantly Birimian aged sediments. IGS has completed 1,091 auger holes at Kounian including an additional 133 auger hole follow-up program, completed in the June quarter to infill the previous survey and extend coverage westward. Results for the initial portion of the program returned gold anomalism up to 150ppb Au. Continued augering has seen additional anomalous gold values, which increase confidence and continuity of an anomaly across the northwest of the tenement, with a range of values within the previous peak value encountered. Elevated auger gold assays up to 376ppb form a 7km long anomaly that lies 7km west of the Banifing shear, at the contact of granitoid intrusions with metasediments.

BALENA

An elongate magnetic body interpreted to be deformed Birimian mafic rocks forms the core of the Balena project area (171km^2). Auger sampling across this geology and another parallel body, totals 645 sample points collected during the year. Initial sampling in an early field season program gave results up to 128 ppb Au, with highest values clustering on the inferred shear contacts between the mafic volcanics and enveloping metasediments. Additional auger sampling was completed late in the field season amounting to 150 auger drill holes on 5 sample lines that sought to extend open anomalism on the southern limit of earlier augering. Results of the program extended the narrow central anomaly to a length of 8 kilometres, and the anomalism still remains open in the south.

COTE D'IVOIRE

The Company has taken advantage of opportunities presented through Cote d'Ivoire's efforts to increase mineral exploration investment in their country through mining law reform. Proposed changes to mining law is anticipated to reduce the size of existing mineral licence applications in the country, providing room for additional applications adjacent to reduced parcels. IGS made several applications for tenements in Cote d'Ivoire, while at the same time maintains a holding status on an earn-in agreement with Cape Lambert Resources Limited negotiated in November 2010. IGS is party to a Cote d'Ivoire earn-in agreement between IGS and Cape Lambert Resources Ltd, pursuant to which IGS may earn up to an 80% interest in eleven licenses, covering five project areas totalling 9,900km^2 of mineral rights (expected to be reduced in size in the re-application process) which are highly prospective for gold in Cote d'Ivoire, West Africa. Each project is hosted by Birimian greenstone belts and associated with major Birimian aged structures, which are key criteria to many of the major gold deposits in the West African region.

Cote d'Ivoire provides very good infrastructure in several locations and is one of Africa's best developed countries thanks to a strong agricultural industry. However, Ivory Coast has indicated its intention to diversify its economy and provide an exploration friendly environment for foreign investment. The Minister for Mines, Oil, and Energy stated in June 2011 that the government intends to triple its gold production in the next four to seven years. A feasible goal, as Ivory Coast has the largest proportion of the Birimian aged greenstone belts that also hosts major deposits in Ghana, and has provided substantial discoveries and increases of gold production in Mali and Burkina Faso in recent years.

Ivory Coast has the geological setting for significant gold endowment, and the government is positioned to provide a stable political climate for uninterrupted exploration and development that can allow major increases in gold reserves. IGS is well positioned across several of the country's underexplored greenstone belts to implement its technical expertise for potential discovery of major gold deposits.

WESTERN AUSTRALIA
PLUMRIDGE PROJECT

At year end, IGS was the 100% owner of the Plumridge project located in the Albany-Fraser mobile zone on the eastern margin of the Yilgarn Craton of Western Australia. The Plumridge project comprises 12 granted exploration licences covering over 2,300km^2 and is located 260km to the north-east of Kalgoorlie.

This exciting area is highly prospective for the discovery of gold mineralisation, with significant potential for Nickel-Cobalt mineralisation in analogous lithologic settings to the recent Nova discovery. 2011 air core drilling identified ultramafic lithology when drilling under Permian cover sequence targeting fold closures defined in air magnetic interpretation in the eastern portion of the main Plumridge tenement block. Presence of unltramafic units within the Albany Fraser Belt provides an analogous lithologic and tectonic setting to the Nova discovery that warrants further exploration work at the Plumridge Project.

Significant gold potential of the project is evidenced by the positive results returned for the exploration already completed at Plumridge and is regionally highlighted by the ongoing development of the **5Moz Au** Tropicana-Havana deposit located just 60km to the north of the Plumridge project, and recent discoveries on Beadell Resources tenements, also located to the north of Plumridge project within the Albany Fraser mobile zone.

Subsequent to year-end, IGS has entered into conditional agreements to divest 100% of its ownership in all of its Australian exploration projects in both Western Australia and Victoria. The consideration to be received on settlement of the transactions comprises both cash and equity component's valued at approximately $3.6m, and will allow IGS further exposure to potential upside from continued exploration efforts in the highly prospective Albany-Fraser belt of Western Australia.

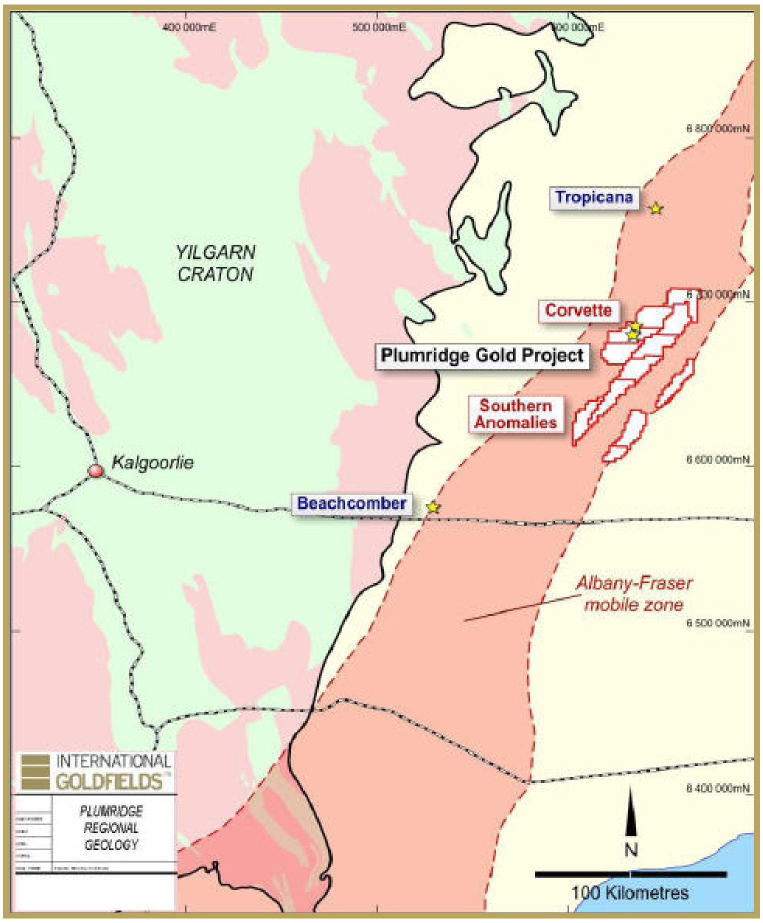

Figure 12: *Plumridge Project location diagram*

The Company has entered into a binding terms sheet with AAQ Holdings Limited (ASX: AAQ) ("AAQ") to sell its wholly owned subsidiary Plumridge, the holder of the Plumridge Project located north east of Kalgoorlie ("AAQ Transaction").

In order to complete the AAQ Transaction, AAQ will be required by ASX to re-comply with Chapters 1 and 2 of the ASX Listing Rules and will undertake a capital raising of no less than $2 million ("Capital Raising"). As part of the re-compliance the share capital of AAQ will be consolidated ("Consolidation").

In consideration for the sale of Plumridge, the Company will receive:

(a) 600 million AAQ shares (on a pre-Consolidation basis) issued at settlement of the AAQ Transaction ("AAQ Settlement");

(b) in the event that not less than $3 million is raised under the Capital Raising (and any prior capital raising), the payment of $250,000 at AAQ Settlement; and

(c) in the event AAQ undertakes a further capital raising following AAQ Settlement, the payment of $250,000 at completion of such further capital raising.

AAQ Settlement is subject to and conditional on:

(a) AAQ being satisfied with the results of its due diligence investigations on the Plumridge Project;

(b) the granting of all regulatory approvals required to complete the AAQ Transaction;

(c) the granting of all ASX approvals required to complete the AAQ Transaction;

(d) AAQ shareholder approval of such resolutions as may be necessary to give effect to the AAQ Transaction, the re-compliance and the Capital Raising; and

(e) AAQ raising a minimum of $2 million (or such greater amount as required by ASX as part of the re-compliance) pursuant to the Capital Raising.

The total consideration to be received on completion of the AAQ Transaction is valued at $3.5 million.

VICTORIA

MURRAY BASIN- HEAVY MINERAL SANDS

During 2011-12 IGS maintained its 100% ownership in four granted exploration licences in the Murray Basin Heavy Mineral Sand province in the west and north-west of Victoria. The Company relinquished one granted licence on the Cannie West Project that did not contain existing resources, and withdrew its exploration licence application on the Meridian Project area. Subsequent to year end, the Company has executed an agreement to sell the tenements which comprise its Murray Basin Project ("Mineral Sands Transaction"). In consideration for the sale of the Murray Basin Project, which is located in the heavy mineral sands province in the west and north-west of Victoria, the Company will receive $100,000 cash upon completion of transfer. Completion of the sale of Mineral Sands Transaction will occur prior to completion of the AAQ Transaction.

International Goldfields Ltd – Murray Basin Projects - Total Mineral Resource as at 30 June 2007 - *3% THM cut-off*

	INFERRED			INDICATED			TOTAL RESOURCE		
Deposit	**Tonnes Mt**	**THM %**	**Zircon % within THM**	**Tonnes Mt**	**THM %**	**Zircon % within THM**	**Tonnes Mt**	**THM %**	**Zircon % within THM**
Wedderburn	141.1	4.3	13.5	32.0	4.8	18.6	173.2	4.4	14.4
Graybridge	47.6	3.4	15.2	-	-	-	47.6	3.4	15.2
Avonbank/Kalkee	160.9	5.1	15.7	199.4	6.4	15.8	360.3	5.8	15.8
Total	**349.6**	**4.6**	**14.7**	**231.4**	**6.2**	**16.2**	**581.1**	**5.2**	**15.3**

Note: *THM refers to total heavy minerals. Figures used are rounded.*

EXPLORATION ACTIVITIES 2012 - 2013

IGS has an exciting portfolio of exploration projects and an extensive exploration program has been developed to test the excellent array of high-priority targets.

The proposed exploration activity includes:

Brazil

- RC and Diamond delineation drilling of the Ana Prospect
- Geochemical sampling to continue to add to the target pipeline
- Preliminary sub-surface modelling and resource definition work

West Africa

- Follow-up air core and RC drilling on favourable gold results intersected in maiden drilling at Nangalasso
- Reconnaissance RAB and RC drilling of targets to determine primary gold mineralisation
- Geological mapping and field reconnaissance to expand surface anomalism adjacent to Nangalasso on the recently acquired Sotian and Doubasso exploration licences.

Competent Person Attributes

The information in this section of the Annual Report that relates to Exploration Results for projects located in Brazil is based on information compiled by Mr Travis Schwertfeger. Mr Schwertfeger is the Chief Executive Officer of International Goldfields Limited. Mr Schwertfeger is a member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Schwertfeger consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

The information in this section of the Annual Report that relates to Exploration Results for projects located in West Africa is based on information compiled by Mr Ross McConnochie. Mr McConnochie is the Exploration Manager of West Africa for International Goldfields Limited. Mr McConnochie is a member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McConnochie consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

The information in this section of the Annual Report that relates to the Mineral Resources of the Avonbank, Wedderburn and Graybridge projects owned by IGS is based on information compiled by Mrs Christine Standing, who is a member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is acting to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mrs Standing, who is a full-time employee of Snowden Mining Industry Consultants, consents to the inclusion in this Target's Statement of the matters based on her information in the form and context in which it appears.

The directors submit their report for International Goldfields Limited ("IGS" or "the Company") and its controlled entities for the year ended 30 June 2012, (together referred to as the "consolidated entity" or "the Group").

DIRECTORS

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

Antony William Paul Sage (Non-Executive Director and Chairman)
BCom, FCPA, CA, FTIA

Mr Sage brings valuable gold industry experience to the Company being instrumental in the successful listing of Gabriel Resources Ltd which owns one of the largest gold/silver deposits in Europe as well as strong, established relationships and reputation in China from his dealings via Cape Lambert Resources Limited. Mr Sage is currently a director of the following listed entities:

• Cape Lambert Resources Limited	December 2000 to present
• International Petroleum Limited	January 2006 to present
• Fe Limited	August 2009 to present
• African Petroleum Corporation Limited	October 2007 to present
• Global Strategic Metals N.L.	June 2012 to present
• Kupang Resources Limited (formerly Chameleon Mining NL)	September 2010 to present
• Cauldron Energy Limited	June 2009 to present
• Matrix Metals Limited	December 2010 to present

Bernard Aylward (Non-Executive Director)
MAusIMM

Mr Aylward is an honours graduate in Geology from the University of Melbourne, and has 20 years' experience in Australian mineral exploration. Mr Aylward is currently a non-executive director of International Goldfields Limited, and has joined the board as part of the Company's commitment to the continued exploration and development of its highly prospective gold exploration projects. Previously, Mr Aylward served as General Manager of Geology of Azumah Resources Ltd where he oversaw the expansion of the WA gold project to over 1 million ounces. Prior to that, Mr Aylward's experience included working for Sons of Gwalia Limited where he was directly involved in the exploration drilling and expansion of the Safari Bore resource and the Deep South discoveries. Mr Aylward is currently a director of the following listed entities:

• Glory Resources Limited	May 2011 to present
• Taruga Gold Limited	October 2011 to present

Paul Kelly (Non-Executive Director) (appointed 1 January 2012)

Mr Kelly has more than 20 years' of experience in the fields of finance, investment and banking. Mr Kelly was previously National Manager of Advertising and Sponsorship for Members Equity Bank and has held a number of senior roles with the bank over a 15 year period. Mr Kelly is currently a director of the following listed entities:

• Fe Limited	April 2010 to present
• Kupang Resources Limited (formerly Chameleon Mining NL)	September 2010 to present

Jason Anthony Bontempo (Managing Director) (resigned 1 January 2012)
B.Business, ACA

Mr Bontempo has worked in Investment Banking and Corporate Advisory since qualifying as a Chartered Accountant with Ernst & Young in 1997. Mr Bontempo has worked for investment banks in Australia and the UK and has been closely involved with the advising and financing of companies in the mineral resources industry specialising in asset sales and ASX listings. Mr Bontempo was closely involved with the management of IGS (originally Tianshan Goldfields) since 2005 when the Company was focused on the exploration and development of the 2.6 million ounce Gold Mountain project. Subsequently, Mr Bontempo sold the Gold Mountain project for US$22.5m cash, which provides the funding for IGS to explore its exploration projects. Mr Bontempo originally joined the Company in capacity of Chief Financial Officer and was appointed Director in April 2008 and to the position of Managing Director in January 2009. Mr Bontempo resigned on 1 January 2012. Mr Bontempo is currently a director of the following listed entities:

• Glory Resources Limited	May 2010 to present
• Matrix Metals Limited	December 2010 to present
• Red Emperor Resources NL	January 2011 to present
• Orca Energy Limited (formerly Monitor Energy Limited)	July 2011 to present

COMPANY SECRETARY

Pippa Leverington (Appointed 1 October 2011)

Ms Leverington has over 6 years' experience in the legal profession, primarily in the areas of equity capital markets, mergers and acquisitions, corporate restructuring, corporate governance and mining and resources. She was a lawyer at a corporate law firm for a number of years before joining the Company and has a Bachelor of Laws degree.

CORPORATE STRUCTURE

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

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

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

		Ordinary Shares	**Options Over Ordinary Shares**
A Sage	Non Executive Chairman	5,077,775	3,000,000
B Aylward	Non-Executive Director	-	5,500,000
P Kelly	Non-Executive Director – appointed 1 January 2012	-	-

LOSS PER SHARE	**2012**	2011
Basic loss per share (cents)	**(2.36)**	(3.78)

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

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

OPERATING REVIEW

The consolidated entity's operations are discussed in detail in the Operations Report.

REVIEW OF FINANCIAL CONDITION

The consolidated entity recorded an operating loss after income tax and non-controlling interests of ($13,471,856) (2011 Loss: $19,196,707).

CAPITAL STRUCTURE

As at the date of this report, the Company had 571,520,386 fully paid ordinary shares and 21,250,000 options over ordinary shares on issue. Details of the terms of the options are outlined in Notes 13 and 15 of the financial statements.

CASH FROM OPERATIONS

The net cash outflow from operations was $0.7m compared to a cash inflow in the previous year of $0.39m. Payments to suppliers and employees of $2.04m were offset by interest received of $0.58m and Research & Development rebate of $0.81m.

The net cash outflow from operations was funded by carried forward cash reserves of $18.2m. The cash balance at year end was $10.4m.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to year-end, IGS has entered into conditional agreements to divest 100% of its ownership in all of its Australian exploration projects in both Western Australia and Victoria. The consideration to be received on settlement of the transactions comprises both cash and equity component's valued at approximately $3.6m, and will allow IGS further exposure to potential upside from continued exploration efforts in the highly prospective Albany-Fraser belt of Western Australia.

The Company has entered into a binding terms sheet with AAQ Holdings Limited (ASX: AAQ) ("AAQ") to sell its wholly owned subsidiary Plumridge, the holder of the Plumridge Project located north east of Kalgoorlie ("AAQ Transaction"). In order to complete the AAQ Transaction, AAQ will be required by ASX to re-comply with Chapters 1 and 2 of the ASX Listing Rules and will undertake a capital raising of no less than $2 million ("Capital Raising"). As part of the re-compliance the share capital of AAQ will be consolidated ("Consolidation").

In consideration for the sale of Plumridge, the Company will receive:

(a) 600 million AAQ shares (on a pre-Consolidation basis) issued at settlement of the AAQ Transaction ("AAQ Settlement");

(b) in the event that not less than $3 million is raised under the Capital Raising (and any prior capital raising), the payment of $250,000 at AAQ Settlement; and

(c) in the event AAQ undertakes a further capital raising following AAQ Settlement, the payment of $250,000 at completion of such further capital raising.

AAQ Settlement is subject to and conditional on:

(a) AAQ being satisfied with the results of its due diligence investigations on the Plumridge Project;

(b) the granting of all regulatory approvals required to complete the AAQ Transaction;

(c) the granting of all ASX approvals required to complete the AAQ Transaction;

(d) AAQ shareholder approval of such resolutions as may be necessary to give effect to the AAQ Transaction, the re-compliance and the Capital Raising; and

(e) AAQ raising a minimum of $2 million (or such greater amount as required by ASX as part of the re-compliance) pursuant to the Capital Raising.

The total consideration to be received on completion of the AAQ Transaction is valued at $3.5 million.

There have been no other significant events after the balance date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The directors foresee that the 2012/2013 financial year will focus on increased exploration at the Company's 93% owned Latin Gold Project. The Company is also committed to identifying and pursuing new investment opportunities to maximise shareholder value, both in Australia and overseas.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

SHARES UNDER OPTION

As at the date of this report, there were 21,250,000 unissued ordinary shares under option (21,250,000 options at the reporting date).

Date Options Granted	Expiry Date	Issue Price of Shares	Number Under Option
12-Jul-10	31-Dec-13	$0.20	1,000,000
26-Nov-10	31-Dec-13	$0.20	6,250,000
25-Nov-11	31-Dec-15	$0.08	7,500,000
7-Oct-11	31-Dec-15	$0.08	6,500,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. No options were exercised and 9,200,000 options expired during the year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

Also pursuant to the D&O Deed, the Company must insure the Officers against liability and provide access to all board papers relevant to defending any claim brought against the Officers in their capacity as officers of the Company. The Company has paid insurance premiums of $19,589 (2011: $17,215) in respect of liability for any current and future directors, company secretary, executives and employees of the Company. This amount is payable in total and no specific amount is included in the directors' remuneration.

REMUNERATION REPORT (AUDITED)

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

Details of Key Management Personnel

(i) *Directors*

	A Sage	Director (Non-Executive Chairman)
	J Bontempo	Managing Director (Resigned 1 January 2012)
	B Aylward	Non-Executive Director
	P Kelly	Non-Executive Director (Appointed 1 January 2012)

(ii) *Other Executives*

	T Schwertfeger	Chief Executive Officer (Appointed 18 January 2012)
	P Leverington	Company Secretary (Appointed 1 October 2011)
	C Tolcon	Company Secretary (Appointed 12 January 2011) (Resigned 1 June 2011) (Reappointed 12 August 2011)(Resigned 1 October 2011)
	M Chapman	Company Secretary (Appointed 1 June 2011) (Resigned 12 August 2011)

Remuneration Policy

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

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

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

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

Services from remuneration consultants

From 1 July 2011, all proposed remuneration consultancy contracts (within the meaning of section 206K of the Corporations Act 2001) are subject to prior approval by the Board in accordance with the Corporations Act 2001.

Group Performance and shareholder wealth

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

Financial year	Loss after tax $'000s	Loss per share Cents	Share Price $
30 June 2008[1]	(3,957)	(1.69)	0.42
30 June 2009[1]	(11,371)	(3.79)	0.08
30 June 2010[2]	(5,397)	(1.53)	0.07
30 June 2011	(19,197)	(3.78)	0.05
30 June 2012	(13,472)	(2.36)	0.03

[1] Fomerly Tianshan Goldfields Limited
[2] Formerly Corvette Resources Limited

Remuneration Committee

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

Non-Executive Director Remuneration

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

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

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

The remuneration of non-executive directors for the year ended 30 June 2012 is detailed under the remuneration section of this report.

Executives' and Executive Directors' Remuneration

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

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

Executive remuneration comprises of:

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

Fixed Remuneration

Base pay and benefits

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

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

Variable Remuneration – Long Term Incentives

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

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

These options were granted in addition to the employee's salary entitlement and were granted to satisfy the conditions of their employment contract. The rewards have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. Refer to the section below for details of options granted.

Employment Contract – Mr Antony Sage

The Non-Executive Chairman, Mr Antony Sage is employed under contract. Mr Sage's remuneration is an annual salary of $120,000. In addition, Mr Sage has been granted 3,000,000 options in November 2011. These options vested immediately.

In the event of Mr Sages's employment being terminated other than in the case of misconduct, either party must give a minimum of 4 weeks' notice prior to termination.

Employment Contract – Mr Jason Bontempo (resigned 1 January 2012)

The Managing Director, Mr Jason Bontempo, was employed under contract. Mr Bontempo's remuneration was an annual salary package of $250,000 plus the compulsory superannuation. In addition, Mr Bontempo had been granted 2,500,000 options in November 2011. These options vested immediately. The terms of the employment contract were:

In the event of Mr Bontempo's employment being terminated other than in the case of misconduct, either party must give a minimum of 12 months notice prior to termination. Notwithstanding this, in the event of his employment being terminated following the retirement or removal of Keith Liddell as Chairman or 12 months from the appointment of a new Managing Director, Mr Bontempo will be entitled to a termination payment (including that relating to any notice period) equal to the amount of his base salary in the previous three months if termination is at his instigation and in the previous six months if the termination is at the Company's instigation.

Upon resignation, Mr Jason Bontempo was paid $100,000 in lieu of the termination conditions of his employment contract, outlined above.

Employment Contract – Mr Bernard Aylward

The Non-Executive Director, Mr Bernard Aylward is employed under contract. Mr Aylward's remuneration is a daily rate of $988. In addition, Mr Aylward was granted 3,500,000 options during the prior year. These options are subject to the following vesting conditions: 1/3 vest on completion of probationary period; 1/3 vest on the 1 year anniversary of employment and 1/3 vest on the 2 year anniversary of employment. My Aylward was also issued 2,000,000 options in November 2011. These options vested immediately.

In the event of Mr Aylward's employment being terminated other than in the case of misconduct, either party must give a minimum of 4 weeks' notice prior to termination.

Employment Contract – Mr Paul Kelly

The Non-Executive, Mr Paul Kelly is employed under contract. Mr Kelly's remuneration is a monthly rate of $4,000. There are no termination payment requirements within Mr Kelly's employment contract.

Employment Contract – Mr Travis Schwertfeger

Mr Schwertfeger was appointed Chief Executive Officer on 18 January 2012. Mr Schwertfeger is employed under a contract and his remuneration is $250,000 per annum.

In the event of Mr Schwertfeger's employment being terminated other than in the case of misconduct, either party must give a minimum of 3 months' notice prior to termination.

During the current year, Mr Schwertfeger was issued 2,000,000 options. These options vested immediately.

Details of Remuneration

Details of the remuneration of each director of IGS and each of the executives of the Company and the consolidated entity are set out in the following tables. Premium for Director's liability insurance is not included in the table.

30 June 2012	Short Term Salary & Fees $	Post Employment Superannuation $	Termination Benefits $	Equity Options $	Total $	Option Related %
Directors						
A W P Sage						
Non-Executive Chairman	120,000	-	-	43,345	163,345	27
J A Bontempo [1]						
Managing Director	145,833	11,250	100,000	36,121	293,204	12
B Aylward						
Non-Executive Director	140,088	-	-	53,818	193,906	28
P Kelly [2]						
Non-Executive Director	24,000	-	-	-	24,000	-
Key Management						
T Schwertfeger [3]						
Chief Executive Officer	125,000	11,250	-	5,477	**141,727**	4
P Leverington [4]						
Company Secretary	28,188	-	-	8,149	**36,337**	22
C Tolcon [5]						
Company Secretary	6,000	-	-	-	**6,000**	-
M Chapman [6]						
Company Secretary	15,974	1,438	-	-	**17,412**	-
Total	**605,083**	**23,938**	**100,000**	**146,910**	**875,931**	

30 June 2011	Short Term Salary & Fees $	Post Employment Superannuation $	Termination Benefits $	Equity Options $	Total $	Option Related %
Directors						
A W P Sage						
Non-Executive Chairman	105,000	-	-	-	105,000	-
J A Bontempo						
Managing Director	258,333	23,250	-	-	281,583	-
J C Moore [7]						
Non-Executive Director	45,000	675	-	-	45,675	-
B Aylward [8]						
Executive Director	211,698	-	-	60,042	271,740	22
Key Management						
M Chapman [6]						
Company Secretary	11,667	1,050	-	-	12,717	-
C Tolcon						
Company Secretary	-	-	-	-	-	-
B Evans [9]						
Company Secretary	85,407	7,119	-	-	92,526	-
Total	**717,105**	**32,094**	**-**	**60,042**	**809,241**	

[1] Resigned 1 January 2012

[2] Appointed 1 January 2012

[3] Appointed 18 January 2012

[4] Appointed 1 October 2011

[5] Appointed 12 January 2011, resigned 1 June 2011, reappointed 12 August 2011 and resigned 1 October 2011

[6] Appointed 1 June 2011 and resigned 12 August 2011

[7] Resigned 30 June 2011

[8] Appointed 30 June 2011

[9] Resigned 12 January 2011

There were no other key management personnel of the Group during the financial years ended 30 June 2012 and 30 June 2011. No remuneration is performance related.

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

Share Based Compensation

10,000,000 options valued at $149,106 were issued to Directors and Key Management personnel during the current year. All options vested on issue. A further 1,166,666 options vested in the current year, which were issued during the prior period and were subject to vesting conditions. The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

30 June 2012	Grant Date	Number Granted	First exercise date	Expiry date/Last exercise date	Value per option at grant date $	Value of options $	Exercise price $	No. Vested
A W P Sage	25/11/2011	3,000,000	25/11/2011	31/12/2015	0.01	43,345	$0.08	3,000,000
J Bontempo	25/11/2011	2,500,000	25/11/2011	31/12/2015	0.01	36,121	$0.08	2,500,000
B Aylward	25/11/2011	2,000,000	25/11/2011	31/12/2015	0.01	28,897	$0.08	2,000,000
	12/07/2010	-	12/04/2012	31/12/2013	0.009	3,000	$0.20	333,333
	26/11/2010	-	12/04/2012	31/12/2013	0.032	26,667	$0.20	833,333
T Schwertfeger	7/10/2011	2,000,000	7/10/2011	31/12/2015	0.02	32,595	$0.08	2,000,000
P Leverington	7/10/2011	500,000	7/10/2011	31/12/2015	0.02	8,149	$0.08	500,000
TOTAL		**1,00,000**						**11,166,666**

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. No remuneration options were exercised for the year ended 30 June 2012 (30 June 2011: nil). On 31 December 2011, 3,000,000 options held by Mr Bontempo and 2,000,000 options held by Mr Sage expired without exercise. On 12 August 2011, 1,500,000 options, with an intrinsic value of nil held by Ms Chapman, were forfeited upon her resignation from the Company.

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

End of Remuneration Report

Directors' Meetings

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

	Directors' Meetings held whilst a director	Directors' Meetings
Number of Meetings Held	3	3
A W P Sage	3	3
J A Bontempo – resigned 1 January 2012	2	2
B Aylward	3	2
P Kelly – appointed 1 January 2012	1	1

Corporate Governance

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

Auditor Independence and Non Audit Services

Section 370C of the Corporation Act 2001 requires our auditors, Ernst and Young, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is disclosed on page 42 of this report and forms part of this directors' report for the year ended 30 June 2012.

Non Audit Services

The Company's auditors, Ernst and Young, have not provided any non audit services during the financial year.

Rounding of Amounts

The Company is an entity to which ASIC Class order 98/100 applies and accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars where indicated as such.

Signed in accordance with a resolution of the directors.

Antony Sage

Chairman

20 September 2012

1. INTRODUCTION

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

1.1. Disclosure of Corporate Governance Practices Summary Statement

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

1 Indicates where the Company has followed the Principles & Recommendations.
2 Indicates where the Company has provided "if not, why not" disclosure.
3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

1.2. Website Disclosures

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

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

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

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

Disclosure – Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2011/2012 financial year ("**Reporting Period**").

2. ESSENTIAL PRINCIPLES OF GOOD CORPORATE GOVERNANCE

2.1. Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1:

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

Disclosure:

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

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

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

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

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

Recommendation 1.2:

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

Disclosure:

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

Recommendation 1.3:

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

Disclosure:

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

2.2. Principle 2: Structure the Board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

The Board of Directors consists of 3 directors, 2 of which are independent directors, Bernard Aylward and Paul Kelly (appointed 1 January 2012). Mr Sage is not considered independent due to his role as an officer of a substantial shareholder of the Company.

Recommendation 2.2:

The Chair should be an independent director.

Notification of Departure:

The Chair of the Board is Mr Sage. Mr Sage is not considered independent due to his role as an officer of a substantial shareholder of the Company.

Explanation for Departure:

The Board considers that as a Non-Executive Director, Mr Sage is sufficiently removed from the operations of the Company that his view is impartial and in the best interests of shareholders. The Company has appropriate guidelines and checks in place to ensure that the Board makes decisions in the best interests of shareholders.

Recommendation 2.3:

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

Disclosure:

The Managing Director was Mr Bontempo (resigned 1 January 2012) who was not Chair of the Board. Since Mr Bontempo resigned the Company has appointed a Chief Executive Officer who reports to the Board.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Notification of Departure:

The Company has not established a separate Nomination Committee.

Explanation for Departure:

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

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

Recommendation 2.5:

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

Disclosure:

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

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

Recommendation 2.6:

Companies should provide the information indicated in the "Guide to reporting on Principle 2."

Disclosure:

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

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

Statement concerning availability of Independent Professional Advice

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

Identification of Independent Directors

Mr Bernard Aylward is a non-executive director and considered an independent director. Mr Paul Kelly was appointed non-executive director on 1 January 2012 and is considered an independent director.

Company's Materiality Thresholds

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

Nomination Matters

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

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

Performance Evaluation

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

Selection and (Re) Appointment of Directors

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

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

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

2.3. Principle 3: Promote ethical and responsible decision-making

Recommendation 3.1:

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

Disclosure:

The Company has adopted a Code of Conduct setting the standards expected of officers, employees and contractors and demonstrate the Company's commitment to conducting business in an ethical and accountable manner. In essence, officers, employees and contractors are expected to act in good faith with the utmost honesty, integrity, objectivity and fairness, not to act improperly, misleadingly or deceptively or engage in illegal activity, understand and comply with applicable laws and Company policies, avoid conflicts of interest, be professional, responsible and accountable, respect an individual's rights and deal responsibly with the community.

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

Recommendation 3.2:

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

Disclosure:

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

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

Recommendation 3.3:

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

Disclosure:

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

Recommendation 3.4:

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

Disclosure:

The proportion of woman employed by the Company is 50%, including our Company Secretary, Pip Leverington. There are no women on the board of directors.

Recommendation 3.5:

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

Please refer to the section above marked Website Disclosures.

2.4. Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1:

The Board should establish an Audit Committee.

Notification of Departure:

The Company has not established a separate Audit Committee.

Explanation for Departure:

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

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

Recommendation 4.2:

The Audit Committee should be structured so that it:

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

Notification of Departure:

The Company has not established a separate Audit Committee.

Explanation for Departure:

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

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

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

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

Recommendation 4.4:

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

Disclosure:

Details of each of the director's qualifications and attendance at Board meetings held during the reporting period are set out in the Directors' Report. All directors are financially literate and have an understanding of the industry in which the Company operates. Further, Mr Antony Sage, a chartered accountant, has formal financial and accounting qualifications and experience.

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

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

2.5. Principle 5: Make timely and balanced disclosure

Recommendation 5.1:

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

Disclosure:

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

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

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

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

Recommendation 5.2:

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

Disclosure:

Please refer to the section above marked Website Disclosures.

2.6. Principle 6: Respect the rights of shareholders

Recommendation 6.1:

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

Disclosure:

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

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

The Company's communications policy is reviewed annually.

Recommendation 6.2:

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

Disclosure:

Please refer to the section above marked Website Disclosures.

2.7. Principle 7: Recognise and manage risk

Recommendation 7.1:

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

Disclosure:

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

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

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

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

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

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

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

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

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

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

Recommendation 7.2:

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

Disclosure:

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

Recommendation 7.3:

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

Disclosure:

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

Recommendation 7.4:

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

Disclosure:

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

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

2.8. Principle 8: Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Notification of Departure:

The Company has not established a separate Remuneration Committee.

Explanation for Departure:

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

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

Recommendation 8.2:

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

Disclosure:

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

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

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

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

Recommendation 8.3:

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

Disclosure:

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

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

Recommendation 8.4:

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

Disclosure:

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

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

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

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Auditor's Independence Declaration to the Directors of International Goldfields Limited

In relation to our audit of the consolidated financial report of International Goldfields Limited and its controlled entities for the year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

G H Meyerowitz
Partner
20 September 2012

GHM:MJ:IGS:2012:010

Director's Declaration

1. In the opinion of the directors:

   (a) the accompanying financial statements, notes and additional disclosures are in accordance with the *Corporations Act 2001* including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and its performance for the year then ended; and

   (ii) complying with Accounting Standards (includes the Australian Accounting Interpretations) and Corporations Regulations 2001.

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in Note 1(d).

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2012.

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

Antony Sage
Chairman

20 September 2012

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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 and its controlled entities, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

Opinion

In our opinion:

a. the financial report of International Goldfields Limited and its controlled entities is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(d).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 30 of the Directors' Report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of International Goldfields Limited and its controlled entities for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

G H Meyerowitz
Partner
Perth
20 September 2012

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012

	Note	CONSOLIDATED **2012** **$'000s**	 2011 $'000s
Revenues	2	**443**	1,133
Other Income			
Gains on financial assets at fair value through profit and loss		**147**	317
EXPENSES			
Employee and consultancy expenses	2	**(970)**	(932)
Corporate expenses		**(745)**	(949)
Depreciation	2	**(73)**	(86)
Stamp duty		**(425)**	(592)
Impairment of exploration expenditure	12	**(12,351)**	(892)
Impairment of goodwill	11	**–**	(16,746)
Foreign currency gain / (loss)		**249**	(1,265)
Loss before income tax expense		**(13,725)**	(20,012)
Income tax benefit	3	**253**	815
Net loss for the period		**(13,472)**	(19,197)
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations		**(1,567)**	24
Total comprehensive loss for the period		**(15,039)**	(19,173)
Loss attributable to:			
Owners of the parent		**(13,471)**	(19,197)
Non-controlling interest		**(1)**	–
		(13,472)	(19,197)
Total comprehensive loss for the period attributable to:			
Owner of the parent		**(14,928)**	(19,173)
Non-controlling interest		**(111)**	–
		(15,039)	(19,173)
Earnings per share attributable to the members of the parent			
Basic loss per share (cents per share)	5	**(2.36)**	(3.78)
Diluted loss per share (cents per share)	5	**(2.36)**	(3.78)

The accompanying notes form part of these financial statements.

Statement of Financial Position

AS AT 30 JUNE 2012

	Note	CONSOLIDATED 2012 $'000s	2011 $'000s
Current Assets			
Cash and cash equivalents	6	**10,418**	18,165
Trade and other receivables	7	**363**	1,170
Financial assets at fair value through profit and loss	8	**1,073**	1,044
Total Current Assets		**11,854**	20,379
Non Current Assets			
Other receivables	9	**427**	440
Plant and equipment	10	**50**	116
Deferred exploration expenditure	12	**17,937**	24,339
Total Non Current Assets		**18,414**	24,895
Total Assets		**30,268**	45,274
Current Liabilities			
Trade and other payables	14	**847**	1,076
Total Current Liabilities		**847**	1,076
Total Liabilities		**847**	1,076
Net Assets		**29,421**	44,198
Equity			
Issued capital	15	**87,436**	87,436
Reserves	15	**3,051**	4,246
Accumulated losses		**(61,848)**	(48,377)
Parent entity interest		**28,639**	43,305
Non-controlling interest		**782**	893
Total Equity		**29,421**	44,198

The accompanying notes form part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2012

		CONSOLIDATED	
		2012	2011
	Note	**$'000s**	$'000s
Cash Flows from Operating Activities			
Payments to suppliers and employees		**(2,042)**	(1,424)
Interest received		**578**	1,294
Other income		**805**	516
Net cash from / (used in) operating activities	6	**(659)**	386
Cash Flows from Investing Activities			
Exploration and development expenditure		**(7,425)**	(4,467)
Proceeds from sale of investments		–	3,394
Purchase of plant and equipment		**(14)**	(58)
Purchase of financial assets		**(1,122)**	(3,470)
Proceeds on sale of financial assets		**1,240**	–
Dividends received		**–**	140
Purchase of subsidiary	24	**–**	(2,420)
Net cash used in investing activities		**(7,321)**	(6,881)
Cash Flows from Financing Activities			
Net decrease in cash and cash equivalents		**(7,980)**	(6,495)
Cash and cash equivalents at beginning of year		**18,165**	25,925
Effects of exchange rate changes on cash		**233**	(1,265)
Cash and Cash Equivalents at end of year	6	**10,418**	18,165

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2012

CONSOLIDATED	Issued Capital $'000s	Accumulated Losses $'000s	Option Reserve $'000s	Foreign Currency Reserve $'000s	Non-controlling Interest $'000s	Total Equity $'000s
As at 1 July 2010	**82,958**	**(29,180)**	**4,120**	**(38)**	-	**57,860**
Loss for the period	-	(19,197)	-	-	-	(19,197)
Other comprehensive income	-	-	-	24	-	24
Total comprehensive (loss) / income for the period	**-**	**(19,197)**	**-**	**24**	**-**	**(19,173)**
Recognition of share-based payments	-	-	140	-	-	140
Shares issued during the period	4,478	-	-	-	-	4,478
Non-controlling interest on acquisition of subsidiary	-	-	-	-	893	893
Balance at 30 June 2011	**87,436**	**(48,377)**	**4,260**	**(14)**	**893**	**44,198**
Loss for the period	-	(13,471)	-	-	(1)	(13,472)
Other comprehensive income	-	-	-	(1,457)	(110)	(1,567)
Total comprehensive (loss) / income for the period	**-**	**(13,471)**	**-**	**(1,457)**	**(111)**	**(15,039)**
Recognition of share-based payments	-	-	262	-	-	262
Balance at 30 June 2012	**87,436**	**(61,848)**	**4,522**	**(1,471)**	**782**	**29,421**

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Corporate information

International Goldfields Limited ('IGS') (the Parent) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The Company is a 'for profit entity' and is registered and domiciled in Australia.

(b) Basis of Preparation

The consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian accounting standards and interpretations and complies with other requirements of the law.

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

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

(c) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year. From 1 July 2011, the Group has adopted all the standards and interpretations mandatory for annual periods beginning on or after 1 July 2011. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group. The Group has not elected to early adopt any new standards or amendments.

New accounting standards and interpretations issued but yet effective

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2012, and no change to the Group's accounting policy is required:

Reference	Title	Summary	Application date for Group
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 July 2012
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7.	1 July 2013

Reference	Title	Summary	Application date for Group
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 July 2013
AASB 2012-5	Annual Improvements to 2009–2011 Cycle	This standard sets out amendments to various Standards and the related bases for conclusions and guidance. The following items are addressed by this standard: AASB1 First-time Adoption of International Financial Reporting Standards • Repeated application of IFRS 1 • Borrowing costs AASB 101 Presentation of Financial Statements • Clarification of the requirements for comparative information AASB 116 Property, Plant and Equipment • Classification of servicing equipment AASB 132 Financial Instruments: Presentation • Tax effect of distribution to holders of equity instruments AASB 134 Interim Financial Reporting • Interim financial reporting and segment information for total assets and liabilities	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	1 July 2013

Reference	Title	Summary	Application date for Group
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Standard removes the requirements to include individual key management personnel disclosures in the notes to and forming part of the Financial Report.	1 July 2013

*AASB ED 215 Mandatory effective date of IFRS 9 proposes to defer the mandatory effective date of AASB 9 from annual periods beginning 1 January 2013 to annual periods beginning on or after 1 January 2015, with early application permitted. At the time of preparation, finalisation of ED 215 is still pending by the AASB. However, the IASB has deferred the mandatory effective date of IFRS 9 to annual periods beginning on or after 1 January 2015, with early application permitted.

The Group is in the process of determining the impact of the above on the Group's financial statements. The Group has not elected to early adopt any new Standards or Interpretations.

(d) Statement of Compliance

The financial report was authorised for issue on 20 September 2012.

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

(e) Principles of Consolidation

The consolidated financial report comprises the financial statements of International Goldfields Limited ("IGS" or "the Company") and its controlled entities (together the "Group"). A controlled entity is any entity controlled by IGS, whereby IGS has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies. Accounting policies of controlled entities have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

All intercompany balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition. Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

Transaction costs directly attributable to the acquisition are expensed as incurred.

(f) Significant Accounting Judgements, Estimates and Assumptions

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

(i) Share based payment transactions

The group measures the cost of equity settled transactions with employees and suppliers by reference to the fair value of the equity instrument at the date at which they are granted. The fair value is determined by using a Black and Scholes model, using the assumptions detailed in Note 13.

(ii) Impairment

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

(iii) Functional currency translation reserve

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

(iii) Capitalised exploration and evaluation expenditure

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

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

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

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

(g) Income Tax

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

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

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

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

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

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

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

(h) Contributed Equity

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

(i) Property, Plant and Equipment

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

Plant and Equipment

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

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

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

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

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

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

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

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10%

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

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

(j) Exploration and Development Expenditure

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

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

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

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

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

(k) Foreign Currency Transactions and Balances

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

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

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

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

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

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

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

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

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

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

(l) Cash and Cash Equivalents

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

(m) Revenue

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

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

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

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

(n) Goods and Services Tax ("GST")

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

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

(o) Segment Reporting

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

(p) Financial Assets

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

Financial assets at fair value through profit and loss

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

(q) Derecognition of financial assets and financial liabilities

Financial assets

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

Financial liabilities

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

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

(r) Share Based Payment Transactions

Equity settled transactions

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

The cost of these equity settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black & Scholes model, further details of which are given in Note 13.

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

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

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

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

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

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

(s) Employee Benefits

Wages, salaries, annual leave and sick leave

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

Long service leave

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

(t) Earnings per share

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

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

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

(u) Comparative Figures

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

	CONSOLIDATED	
	2012	2011
	$'000s	$'000s
2. REVENUES AND EXPENSES		
(a) Revenue		
Interest	**443**	828
Dividend from Cape Lambert Resources Limited	**-**	140
Other revenue	**-**	165
	443	1,133
Depreciation – plant and equipment	**73**	86
Employment and consultancy expenses:		
- wages and fees	**708**	792
- share-based payments:		
options	**262**	140
	970	932
Rental outgoings	**78**	104
3. INCOME TAX		
(a) Income tax benefit		
Major component of tax benefit for the year:		
Current tax	**(253)**	(815)
Deferred tax		-
	(253)	(815)
(b) Reconciliation to Income Tax Expense on Accounting Loss		
The prima facie income tax expense on pre tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting loss before income tax	**(13,725)**	(20,012)
Tax (receivable) / payable at the statutory income tax rate 30%	**(4,118)**	(6,004)
(c) Non Deductible Expenses		
Non deductible option expense	**79**	42
Impairment of exploration / goodwill	**666**	5,291
Entertainment expenses	**18**	7
International travel expenses	**13**	-
Tax losses and timing differences not recognised	**3,342**	664
R&D tax rebate	**(253)**	(815)
Income tax benefit	**(253)**	(815)

	CONSOLIDATED	
	2012	2011
	$'000s	$'000s
3. INCOME TAX (continued)		
The following deferred tax balances have not been brought to account:		
Liabilities		
Capitalised exploration and evaluation expenditure	**5,381**	7,302
Accrued interest receivable	**3**	41
Offset by deferred tax assets	**5,382**	7,343
Deferred tax liability recognised	**-**	-
Assets		
Accrued expenses	**28**	13
Losses available to offset against future taxable income	**9,285**	8,748
Capital losses	**4,958**	4,958
Deferred tax assets offset against deferred tax liabilities	**(5,382)**	(7,343)
Deferred tax assets not brought to account as realisation is not regarded as probable	**(8,889)**	(6,376)
Deferred tax asset recognised	-	-
(d) Unused tax losses		
Unused tax losses – revenue	**13,102**	4,725
Unused tax losses – capital	**16,528**	16,528
Potential tax benefit not recognised at 30%	**(8,889)**	(6,376)

The benefit for tax losses will only be obtained if:

(i) the Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and

(ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia and

(iii) no changes in tax legislation in Australia, adversely affect the Group in realising the benefit from the deductions for the losses.

Tax Consolidation

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

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

4. SEGMENT REPORTING

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

	CONSOLIDATED	
	2012	2011
	$'000s	$'000s
Geographic information – non-current assets		
Australia	**4,073**	15,386
Brazil	**12,033**	8,991
Central Africa	**2,308**	518
Total non-current assets	**18,414**	24,895

	CONSOLIDATED	
	2012	2011
	Cents Per Share	Cents Per Share
5. EARNINGS PER SHARE		
Basic / diluted earnings per share	**(2.36)**	(3.78)
	$'000s	$'000s
Loss used in calculation of total basic / diluted earnings per share	**(13,471)**	(19,197)
Weighted average number of ordinary shares for the purposes of basic / diluted earnings per share	**571,520,386**	507,840,496
Effect of dilution:		
- share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**571,520,386**	507,840,496

There is no impact from 21,250,000 options outstanding at 30 June 2012 (2011: 20,300,000 options) on the earnings per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future. There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

	CONSOLIDATED	
	2012	2011
	$'000s	$'000s
6. CASH AND CASH EQUIVALENTS		
Cash at bank	**5,918**	10,165
Term deposits	**4,500**	8,000
	10,418	18,165

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

	CONSOLIDATED	
	2012	2011
	$'000s	$'000s
(i) Reconciliation of Loss for the Year to Net Cash Flows (used in) / from Operating Activities		
Loss for the year	**(13,472)**	(19,197)
Depreciation of assets	**73**	86
Impairment of goodwill and exploration expenditure	**12,351**	17,638
Share based payments	**262**	140
Gain / loss on financial assets at fair value through profit or loss	**(147)**	(317)
Dividend received classified as investment	**-**	(140)
Unrealised foreign exchange (gain) / loss	**(287)**	1,265
Decrease / (increase) in assets:		
– current receivables	**807**	(78)
– non-current receivables	**13**	124
(Decrease) / increase in liabilities:		
– current payables	**(259)**	865
Net Cash (used in) / from Operating Activities	**(659)**	386

7. CURRENT TRADE AND OTHER RECEIVABLES		
Sundry debtors (i)	**290**	935
Interest receivable	**2**	137
Prepayments	**2**	3
GST recoverable	**40**	95
Restricted cash (ii)	**29**	-
	363	1,170

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

(i) Sundry debtors include $253,000 due from the Australian Taxation Office for the R&D claim (2011: $805,000).

(ii) Term deposits required for backing for bank guarantees for rehabilitation bonds.

	CONSOLIDATED	
	2012	2011
	$'000s	$'000s
8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS		
Listed shares	**1,073**	1,044

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

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

	CONSOLIDATED	
	2012	2011
	$'000s	$'000s
9. NON CURRENT RECEIVABLES		
Term deposits - backing for bank guarantee for rehabilitation bonds, credit cards and guarantees for leased premises.	**427**	440

The carrying value is equal to the fair value. Term deposits are with financial institutions with a credit rating of A or higher.

	CONSOLIDATED	
	2012	2011
	$'000s	$'000s
10. PLANT AND EQUIPMENT		
Cost	**370**	363
Accumulated depreciation and impairment	**(320)**	(247)
Net carrying amount	**50**	116
Plant and Equipment		
At beginning of year, net of accumulated depreciation and impairment	**116**	144
Additions	**14**	41
Acquired through purchase of subsidiaries	**-**	17
Exchange adjustment	**(7)**	-
Depreciation charge for the year	**(73)**	(86)
At end of year, net of accumulated depreciation and impairment	**50**	116

11. PRIOR PERIOD ACQUISITION AND GOODWILL

On 24 February 2010, the Company acquired 100% interest in Corvette Resources Limited, an exploration company with 100% interest in the Plumridge, Murray Basin and Inkerman tenements and recognised goodwill from acquisition of $16,746,000. The goodwill acquired represents the premium arising as a result of accounting for the acquisition. In 2011, the directors determined that there was no future benefit arising from this asset and accordingly recognised an impairment loss for this goodwill amount.

The recoverable amount used to determine the impairment loss was the estimated fair value less costs to sell.

	CONSOLIDATED	
	2012	2011
	$'000s	$'000s
12. DEFERRED EXPLORATION EXPENDITURE		
Explorations and Evaluation Phases		
Cost	**31,229**	25,280
Accumulated provision for impairment	**(13,292)**	(941)
Net carrying amount	**17,937**	24,339
At beginning of year, net of accumulated provision for impairment	**24,339**	12,776
Acquisition	**-**	8,655
Direct expenditure	**7,500**	3,800
Impairment allowance	**(12,351)**	(892)
Foreign exchange adjustments	**(1,551)**	-
Total	**17,937**	24,339

An impairment loss of $12,351,179 was recognised in the period (2011: $891,893). The allowance for impairment for the current year relates to certain Australian and overseas exploration projects. During the financial year, the Group has made a decision not to continue exploration on these tenements and wrote down the carrying value to estimated fair value less costs to sell based on the indicated selling prices.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

13. SHARE BASED PAYMENT PLAN

a) Recognised share based payment transactions

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

	CONSOLIDATED	
	2012	2011
	$'000s	$'000s
Operating expenses		
Employees share based payment	**262**	140
Acquisition of subsidiaries		
Consideration for acquisition of assets	**-**	4,478

13. SHARE BASED PAYMENT PLAN (continued)

b) Employees share based payment

The Group issues options as part of the remuneration incentives to its executive officers, consultants and employees. The table below summaries options granted during the current year:

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
23/07/2009	31/12/2011	$0.10	7,700,000	-	-	(7,700,000)	-	-
12/07/2010	31/12/2013	$0.20	1,000,000	-	-	-	1,000,000	1,000,000
26/11/2010	31/12/2013	$0.20	7,750,000	-	-	(1,500,000)[1]	6,250,000	6,250,000
7/10/2011	31/12/2015	$0.08	-	6,500,000	-	-	6,500,000	6,500,000
25/11/2011	31/12/2015	$0.08	-	7,500,000	-	-	7,500,000	7,500,000
			16,450,000	**14,000,000**	**-**	**(9,200,000)**	**21,250,000**	**21,250,000**
Weighted remaining contractual life (yrs)			1.48				2.82	2.82
Weighted average exercise price			$0.14	$0.08	-	$0.12	$0.12	$0.12

[1] 1,500,000 options were forfeited during the current year upon resignation of M Chapman on 12 August 2011.

The table below summaries options granted during the prior year:

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number
12/3/2008	31/12/2010	$0.60	4,333,334	-	-	(4,333,334)	-	-
23/07/2009	31/12/2011	$0.10	7,700,000	-	-	-	7,700,000	7,700,000
12/07/2010	31/12/2013	$0.20	-	1,000,000	-	-	1,000,000	666,666
26/11/2010	31/12/2013	$0.20	-	7,750,000	-	-	7,750,000	4,916,667
			12,033,334	**8,750,000**	**-**	**(4,333,334)**	**16,450,000**	**13,283,333**
Weighted remaining contractual life (yrs)			1.14				1.57	1.48
Weighted average exercise price			$0.28	$0.20	-	$0.60	$0.15	$0.14

The weighted average fair value of options granted during the year was $0.02 (2011: $0.026).

c) Consideration for acquisition of subsidiary in prior period

In 2011, as part of the acquisition of Latin Gold Ltd, the Group issued 71,080,000 shares to the shareholders of Latin Gold Ltd. The fair value of the shares at the date of receiving the assets amounting to $4,478,000 which was used to record the transactions as the fair value of the underlying assets could not be reliably measured (refer to note 24).

13. SHARE BASED PAYMENT PLAN (continued)

d) Option valuation

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

The following table lists the inputs to the models used when granting options during the year ended 30 June 2012:

	7-Oct-11	25-Nov-11
Expected volatility (%)	75.00%	75.00%
Risk-free interest rate (%)	3.80%	3.26%
Expected life of option (years)	4.25	4.10
Exercise price (cents)	8.0	8.0
Grant date share price (cents)	3.8	3.6

The following table lists the inputs to the models used when granting options during the year ended 30 June 2011:

	23-Jul-09	19-Feb-10	12-Jul-10	26-Nov-10
Expected volatility (%)	57.73%	50.99%	70.00%	70.00%
Risk-free interest rate (%)	6.17%	4.76%	4.97%	5.55%
Expected life of option (years)	2.5	2.4	1.7	1.5-2.6
Exercise price (cents)	10	7.5	20	20
Grant date share price (cents)	7.5	11.5	7.4	11.5

		CONSOLIDATED	
		2012	2011
	Note	**$'000s**	$'000s
14. TRADE AND OTHER PAYABLES			
Trade payables	(i)	**269**	305
Other creditors	(ii)	**578**	771
		847	1,076

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

(ii) Other creditors include an accrual of $424,875 payable to the Valuer General Office for stamp duty on the transfer of exploration assets (30 June 2011: $592,420).

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

	CONSOLIDATED 2012 $'000s	2011 $'000s
15. CONTRIBUTED EQUITY AND RESERVES		
Issued capital	**87,436**	87,436
	87,436	87,436

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

	No.	$'000s
Movement in ordinary shares on issue:		
At 1 July 2010	500,440,386	82,958
Shares issued during the year	71,080,000	4,478
At 30 June 2011	**571,520,386**	**87,436**
Shares issued during the year	-	-
At 30 June 2012	**571,520,386**	**87,436**

	Option Reserve $'000s	Foreign Currency Translation Reserve $'000s	Total $'000s
Reserves – Consolidated			
At 1 July 2010	4,120	(38)	4,082
Share-based payments - employee benefits	140	-	140
Foreign currency translation	-	24	24
At 30 June 2011	**4,260**	(14)	4,246
Share-based payments - employee benefits	**262**	-	262
Foreign currency translation	**-**	(1,457)	(1,457)
At 30 June 2012	**4,522**	(1,471)	3,051

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

Nature and Purpose of Reserves

Option reserve

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

Foreign currency translation reserve

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

Capital Management

The Group's capital comprises share capital, reserves less accumulated losses amounting to $29,421,230 at 30 June 2012 (2011: $44,198,000).

15. CONTRIBUTED EQUITY AND RESERVES (continued)

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

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

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

The following table outlines the Group's financial instruments:

	Consolidated	
	2012	2011
	$'000s	$'000s
Financial assets		
Cash and cash equivalents	**10,418**	18,615
Trade and other receivables	**790**	1,610
Financial assets at fair value through profit and loss	**1,073**	1,044
Financial liabilities		
Trade and other payables	**847**	1,076
Net exposure	**11,434**	20,193

Foreign currency risk

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

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

	Consolidated	
	2012	2011
	$'000s	$'000s
Cash balances denominated in USD:	**4,492**	9,402

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

	Effect on Post Tax Earnings		Impact on Other Comprehensive Income	
	Increase/(Decrease)		Increase/(Decrease)	
	2012	2011	**2012**	2011
	$'000s	$'000s	**$'000s**	$'000s
Consolidated				
USD/AUD 10%	**(449)**	(940)	-	-
USD/AUD -10%	**449**	940	-	-

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

Interest Rate risk

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

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

	Consolidated	
	2012	**2011**
	$'000s	**$'000s**
Cash balances and term deposits	**10,418**	18,165

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's statement of comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	Effect on Post Tax Losses		Impact on Other Comprehensive Income	
	Increase/(Decrease)		Increase/(Decrease)	
	2012	2011	**2012**	2011
	$000s	$000s	**$000s**	$000s
Increase 50 basis points	**52**	**91**	**-**	**-**
Decrease 50 basis points	**(52)**	**(91)**	**-**	**-**

A sensitivity of 50 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends. The analysis was performed on the same basis in 2011.

Credit risk

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

Equity price risk

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

The Group is exposed to equity price risks arising from financial assets fair value through profit and loss. Equity investments are held for strategic rather than trading purposes. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

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

At balance date, if the equity prices had been 5% higher or lower, net profit would increase by $54,000 and decrease by $54,000 (2011: increase and decrease by $53,000). The value of financial assets at fair value through profit and loss would also be adjusted.

Liquidity risk

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

At 30 June 2012 and 30 June 2011, all financial liabilities are interest free and are payable within 90 days.

17. RELATED PARTY DISCLOSURE

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

	Country of Incorporation	% Equity Interest 2012	2011
Tulasi Gold Pty Ltd	Australia	**100**	100
Plumridge Gold Pty Ltd	Australia	**100**	100
International Goldfields (Mali) Sarl *	Mali	**100**	100
Latin Gold Limited **	United Kingdom	**93**	91
Amazon Minerals Ltd **	United Kingdom	**93**	91
Amazongold Pesquisas Minerais LTDA **	Brazil	**93**	91

* The entity was incorporated during the financial year

** These entities were acquired as part of the acquisition of Latin Gold Limited as discussed in note 24.

The Group has entered into an earn-in agreement with Cape Lambert Resources Limited ("Cape Lambert"), a company with a common director, to earn up to 80% interest in 5 large exploration projects covering an area in excess of 9,900km^2 in Cote d'Ivoire, West Africa. International Goldfields is the manager of the projects with responsibility for the design and implementation of all exploration programmes.

Included in current financial assets (refer Note 8) at year end, $918,811 is with companies with a common director (2011: $785,048). All of these financial assets were purchased and sold on market with $1,121,732 of purchases made and $1,176,369 of proceeds received during the year (2011: $2,589,450 of purchases made and $2,894,561 of proceeds received).

An amount of $45,130 was received from a director related entity as reimbursement of costs incurred on their behalf during the current year (2011: nil).

18. COMMITMENTS AND CONTINGENCIES

Refer to Note 24 for detail of contingent liabilities associated with the acquisition of a subsidiary in the prior period.

The Company has engaged an independent management company to facilitate the exploration activities of the IGS's Brazilian projects. Included in the engagement agreement is a commitment to pay the management company until either party gives at least 6 months' written notice of termination. As at 30 June 2012 this commitment is valued at $170,287.

No other contingent liabilities or commitments exist as at 30 June 2012 (2011: nil).

19. PARENT ENTITY DISCLOSURES

Financial position

	2012	2011
	$'000s	$'000s
Assets		
Current Assets	**19,916**	19,524
Non-current Assets	**10,175**	24,657
Total assets	**30,091**	44,181
Liabilities		
Current liabilities	**670**	876
Non-current liabilities	**-**	-
Total liabilities	**670**	876
Equity		
Issued capital	**87,436**	87,436
Share-based payments reserve	**4,522**	4,260
Retained earnings	**(62,537)**	(48,391)
Total equity	**29,421**	43,305

Financial performance

Loss for the year	**(14,146)**	(19,173)
Other comprehensive income/ (loss)	**-**	-
Total comprehensive income/ (loss)	**(14,146)**	(19,173)

The parent entity has no contingent liabilities or commitments at 30 June 2012 (30 June 2011: nil).

20. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to year-end, IGS has entered into conditional agreements to divest 100% of its ownership in all of its Australian exploration projects in both Western Australia and Victoria. The consideration to be received on settlement of the transactions comprises both cash and equity component's valued at approximately $3.6m, and will allow IGS further exposure to potential upside from continued exploration efforts in the highly prospective Albany-Fraser belt of Western Australia.

The Company has entered into a binding terms sheet with AAQ Holdings Limited (ASX: AAQ) ("AAQ") to sell its wholly owned subsidiary Plumridge, the holder of the Plumridge Project located north east of Kalgoorlie ("AAQ Transaction").

In order to complete the AAQ Transaction, AAQ will be required by ASX to re-comply with Chapters 1 and 2 of the ASX Listing Rules and will undertake a capital raising of no less than $2 million ("Capital Raising"). As part of the re-compliance the share capital of AAQ will be consolidated ("Consolidation").

In consideration for the sale of Plumridge, the Company will receive:

(a) 600 million AAQ shares (on a pre-Consolidation basis) issued at settlement of the AAQ Transaction ("AAQ Settlement");

(b) in the event that not less than $3 million is raised under the Capital Raising (and any prior capital raising), the payment of $250,000 at AAQ Settlement; and

20. EVENTS AFTER THE BALANCE SHEET DATE (continued)

(c) in the event AAQ undertakes a further capital raising following AAQ Settlement, the payment of $250,000 at completion of such further capital raising.

AAQ Settlement is subject to and conditional on:

(a) AAQ being satisfied with the results of its due diligence investigations on the Plumridge Project;

(b) the granting of all regulatory approvals required to complete the AAQ Transaction;

(c) the granting of all ASX approvals required to complete the AAQ Transaction;

(d) AAQ shareholder approval of such resolutions as may be necessary to give effect to the AAQ Transaction, the re-compliance and the Capital Raising; and

(e) AAQ raising a minimum of $2 million (or such greater amount as required by ASX as part of the re-compliance) pursuant to the Capital Raising.

The total consideration to be received on completion of the AAQ Transaction is valued at $3.5 million.

There have been no other significant events after the balance date.

21. AUDITORS' REMUNERATION

The auditors of IGS for the year ended 30 June 2012 and 30 June 2011 are Ernst and Young.

	CONSOLIDATED	
	2012	2011
	$	$
An audit or review of the financial report of the entity and any other entity in the consolidated entity	**52,175**	48,005
	52,175	48,005

22. DIRECTORS AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

A Sage	(Non-Executive Chairman)
J Bontempo	(Executive Director) (Resigned 1 January 2012)
B Aylward	(Non-Executive Director) (Appointed 30 June 2011)
P Kelly	(Non-Executive Director) (Appointed 1 January 2012)

(ii) Company Secretary

P Leverington	(Company Secretary) (Appointed 1 October 2011)
C Tolcon	(Company Secretary) (Appointed 12 January 2011) (Resigned 1 June 2011)(Reappointed 12 August 2011)(Resigned 1 October 2011)
M Chapman	(Company Secretary) (Appointed 1 June 2011, resigned 12 August 2011)

(iii) *Other key management personnel*

T Schwertfeger	(Chief Executive Officer) (Appointed 18 January 2012)

22. DIRECTORS AND EXECUTIVE DISCLOSURES (continued)

There was no change to key management personnel between the reporting date and the date the financial report was authorised for issue.

(b) Compensation of Key Management Personnel

	CONSOLIDATED	
	2012	2011
	$	$
Key Management Personnel		
Short-term	**605,083**	717,105
Post-employment	**23,938**	32,094
Share based payment	**146,910**	60,042
Termination payment	**100,000**	
	875,931	809,241

(c) Option Holdings of Key Management Personnel

2012	**Balance at beginning of year 1 July 2011**	**Granted as remunerat-ion**	**Options exercised**	**Net change other**	**Balance at end of year 30 June 2012**	**Not Exercisable**	**Exercisable**
Directors							
A Sage	2,000,000	3,000,000	-	(2,000,000)[4]	**3,000,000**	-	3,000,000
J Bontempo[1]	3,000,000	2,500,000	-	(5,500,000)[4]	**-**	-	-
B Aylward	3,500,000	2,000,000	-	-	**5,500,000**	-	5,500,000
Company Secretary							
P Leverington	-	500,000	-	-	**500,000**	-	500,000
C Tolcon	-	-	-	-	**-**	-	-
M Chapman[2]	1,500,000	-	-	(1,500,000)	**-**	-	-
Other key management personnel							
T Schwertfeger[3]	1,500,000	2,000,000	-	-	3,500,000	-	3,500,000
Total	**11,500,000**	**10,000,000**	-	**(9,000,000)**	**12,500,000**	-	**12,500,000**

[1] Resigned 1 January 2012.

[2] 1,500,000 options held by M Chapman were forfeited on resignation on 12 August 2011.

[3] Appointed as Chief Operating Office on 18 January 2012.

[4] 3,500,000 options expired without exercised during the current year. Mr Bontempo held 2,500,000 options in International Goldfields Limited at 1 January 2012, the date of his resignation. He is no longer considered key management personnel from this date.

23. DIRECTORS AND EXECUTIVE DISCLOSURES (continued)

2011	Balance at beginning of year 1 July 2010	Granted as remunerat-ion	Options exercised	Net change other	Balance at end of year 30 June 2011	Not Exercisable	Exercisable
Directors							
A Sage	2,000,000	-	-	-	**2,000,000**	-	2,000,000
J Bontempo	4,000,000	-	-	(1,000,000)[1]	**3,000,000**	-	3,000,000
J Moore	-	-	-	-	**-**	-	-
B Aylward	-	3,500,000	-	-	**3,500,000**	1,166,667	2,333,333
Company Secretary							
C Tolcon	-	-	-	-	**-**	-	-
M Chapman	-	1,500,000	-	-	**1,500,000**	1,000,000	500,000
B Evans	250,000	-	-	(250,000)[2]	**-**	-	-
Total	**6,250,000**	**5,000,000**	-	**(1,250,000)**	**10,000,000**	**2,166,667**	**7,883,333**

[1] During the year 1,000,000 options issued to J Bontempo expired without exercise.

[2] B Evans held 250,000 options when he resigned on 12 January 2011, at which time he was not considered key management personnel.

(d) Shareholdings of Key Management Personnel

2012	Balance 1 July 2011 Ordinary	Granted as Remuneration Ordinary	On Exercise of Options Ordinary	Net Change Other Ordinary	Balance 30 June 2012 Ordinary
Directors					
A Sage	1,000,000	-	-	-	1,000,000
J Bontempo [1]	2,170,000	-	-	(2,170,000)	-
B Aylward	-	-	-	-	-
P Kelly [2]	-	-	-	-	-
Company Secretary					
P Leverington					
C Tolcon	-	-	-	-	-
M Chapman	-	-	-	-	-
Other key management personnel					
T Schwertfeger	-	-	-	-	-
Total	**3,170,000**	**-**	**-**	**(2,170,000)**	**1,000,000**

23. DIRECTORS AND EXECUTIVE DISCLOSURES (CONTINUED)

2011	Balance 1 July 2010 Ordinary	Granted as Remuneration Ordinary	On Exercise of Options Ordinary	Net Change Other Ordinary	Balance 30 June 2011 Ordinary
Directors					
A Sage	1,000,000	-	-	-	1,000,000
J Bontempo	2,170,000	-	-	-	2,170,000
J Moore	7,500,000	-	-	(7,500,000)	-
B Aylward	-	-	-	-	-
Company Secretary					
C Tolcon	-	-	-	-	-
M Chapman	-	-	-	-	-
B Evans [3]	772,000	-	-	(772,000)	-
Total	**11,442,000**	**-**	**-**	**(8,272,000)**	**3,170,000**

[1] Mr Bontempo held 2,170,000 shares in International Goldfields Limited at 1 January 2012 when he resigned. He is not considered key management personnel from this date.

[2] Mr Kelly was appointed as Non-Executive Director on 1 January 2012.

[3] Mr Evans held 100,000 shares in Corvette Resources Limited at 1 July 2010 however he was not considered key management personnel at that date.

(f) Other Transactions with Key Management Personnel

There were no other transactions with key management personnel.

24. PRIOR PERIOD ACQUISITION OF SUBSIDIARIES

On 20 May 2011, the Company acquired 14,216,000 shares in Latin Gold Limited ("Latin") from its existing shareholders and increased its holding in Latin from 34.5% to 91%. As part of the consideration, International Goldfields Limited ('IGS') paid £0.05 in cash and issued five (5) shares (with trading restrictions) in IGS for every one (1) share in Latin. The total consideration for the acquisition was a cash payment of $1,111,026 (£710,800) and issuing 71,080,000 shares.

Latin is the 100% owner of a major Brazilian gold project extending over 3,250 square km located in the highly mineralised and under-explored Alta Floresta Mineral Province. The Directors believe that the acquisition of Latin will result in a number of resource opportunities becoming available to the Company which will add value to the Shares and provide a new direction for the Company consistent with its existing operations and segment.

The acquisition does not constitute a business combination accordingly the transaction has been accounted for an asset acquisition. The cost of acquisition has been allocated to individual identifiable assets and liabilities acquired on the basis of their relevant fair value.

24. PRIOR PERIOD ACQUISITION OF SUBSIDIARIES (continued)

The net assets acquired are as follows:

	$'000s
Identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	857
Property, plant and equipment	17
Deferred Exploration Expenditure	8,655
Trade and other payables	(120)
	9,409
Acquisition date fair value of consideration transferred:	
Cost to acquire initial 34.5% *	2,927
Cash payment for additional 56.5%	1,111
Shares issued, at fair value for additional 56.5%	4,478
	8,516
Non controlling interest	893
	9,409

* This comprises costs incurred in prior years.

The following contingent liabilities exist and are due if Latin Gold Limited is admitted to trading on AIM or another securities exchange;

- cash consideration of £420,000
- allotment and issue of 15% of the ordinary share capital in Latin Gold Limited.

Furthermore, if a proven and probable reserve in excess of 1,500,000 ounces is discovered, £1,200,000 payable in cash or the allotment and issue of ordinary shares in Latin Gold Limited with a market value equal to this amount is also due.

The directors of IGS believe that a future initial public offering of Latin Gold Limited is not probable and in the opinion of the directors the exploration operation in Brazil is in its infancy, and therefore as a result no economic reserves have been defined and mining has not commenced. Therefore, no contingent consideration referred to above has been recognised when calculating the acquisition cost of the investment in Latin Gold Limited.

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 17 August 2012.

(a) Distribution of Equity Securities

The number of shareholders by size of holding in each class of share are:

	Listed Ordinary Shares	
	Number of Holders	Number of Shares
1 – 1,000	36	13,497
1,001 – 5,000	87	325,508
5,001 – 10,000	174	1,525,500
10,001 – 100,000	575	26,835,931
100,001 – and over	329	542,819,950
TOTAL	**1,201**	**571,520,386**
The number of shareholders holding less than a marketable parcel of shares are:	**367**	**2,817,799**

(b) Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

		Listed Ordinary Shares	
		Number of Shares	Percentage of Shares
1	MINERAL SECURITIES OPERATIONS LIMITED	99,338,076	17.38
2	CAPE LAMBERT IRON ORE LIMITED	61,548,420	10.77
3	CITICORP NOMINEES PTY LIMITED	37,344,322	6.53
4	PERSHING AUSTRALIA NOMINEES PTY LTD <ARGONAUT ACCOUNT>	32,056,017	5.61
5	MACQUARIE BANK LIMITED <METALS & ENERGY CAP DIV A/C>	30,632,945	5.36
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	29,678,607	5.19
7	J P MORGAN NOMINEES AUSTRALIA LIMITED	18,738,483	3.28
8	NATIONAL NOMINEES LIMITED	14,898,294	2.61
9	MR RUSSELL NEIL CREAGH	12,000,000	2.1
10	CHRIS BARNES	7,500,000	1.31
11	CLEARVIEW ESTATE NOMINEES PTY LTD	7,372,428	1.29
12	BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	5,674,200	0.99
13	HON JOHN COLINTON MOORE + MS JACQUELINE SARAH MOORE	5,540,000	0.97
14	MR MICHAEL DAVID CROOKS + MRS PATRICIA ANN CROOKS <MISHANI SUPER FUND A/C>	5,212,852	0.91
15	ACN 139 886 025 PTY LTD	5,182,410	0.91

16	MR CHEE NAM LIEW + MRS LEE CHIN LIEW <LIEW FAMILY SUPER FUND A/C>	5,151,000	0.9
17	MRS TIZIANA BATTISTA <MORRISTON A/C>	4,670,000	0.82
18	OKEWOOD PTY LTD	4,077,775	0.71
19	JAMAX HOLDINGS PTY LIMITED	4,075,000	0.71
20	MR KEITH STUART LIDDELL + MRS SHELAGH JANE LIDDELL	4,000,000	0.7
		394,690,829	**69.06**

(c) Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares	Percentage of Shares	Preference Shares
CAPE LAMBERT IRON ORE LIMITED	163,836,496	28.67	-
MACQUARIE BANK LIMITED	30,632,945	5.36	-

(d) Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Unquoted Securities (and names of holders with more than 20% of equity in securities in each case)

Class	Number of Securities	Number of Holders	Holders with More Than 20%
Options over ordinary shares exercisable at $0.20 on or before 31 December 2013	1,000,000	1	Mr Bernard Aylward 1,000,000 options
Options over ordinary shares exercisable at $0.20 on or before 31 December 2013	6,250,000	8	Mr Bernard Aylward 2,500,000 options Mr Travis Schwertfeger 2,000,000 options
Options over ordinary shares exercisable at $0.08 on or before 31 December 2015	7,500,000	3	Mr Antony Sage 3,000,000 options Mr Bernard Aylward 2,000,000 options Mr Jason Bontempo 2,500,000 options
Options over ordinary shares exercisable at $0.08 on or before 31 December 2015	6,500,000	9	Mr Travis Schwertfeger 2,000,000 options Ms Pippa Leverington 500,000 options

(f) Securities Exchange Listing

Quotation has been granted for all the ordinary shares of the company on ASX Limited.

(g) Schedule of Mining Tenements

Area of Interest	Tenements	Comments
Victoria		
	Wedderburn EL4912 Graybridge EL4915 Avonbank EL4955 Kalkee EL5016	EL = Exploration Licence (Granted)
Western Australia		
Plumridge	E39/1084, E39/1085, E28/1475, E28/1476, E39/1116, E39/1117, E39/1118, E28/1537, E28/1556, E28/1557, E28/1558, E39/1119	
Mali		
	Dialakoroba Sud Dafara Tanala Nangalasso Sotian	
	Balena Kounian Diendo Sud Manankoro Nord Diossyan Sud Manankoro Doubasso	
Latin Gold		
Far South	866.398/2005, 866.407/2005, 866.475/2005	
Pescoso Comprido	866.375/2005, 866.452/2005,	
Peteka	866.447/2005	
Jaca	866.377/2005	
357	866.357/2005	
Morro Feio Group	866.435/2005, 866.429/2005, 866.349/2005, 866.344/2005	
328-338	866.328/2005, 866.338/2005	
Pe Quente	866.275/2005, 866.322/2005, 866.294/2005, 866.313/2005	
267-286	866.267/2005, 866.286/2005	
250	866.250/2005	
249	866.249/2005	
Boneca	866.240/2005	
Pan Group	866.150/2005, 866.187/2005, 866.217/2005	
Paulista	866.128/2005	
168	866.168/2005	
127	866.127/2005	
Peixoto West	866.111/2005, 866.119/2005, 866.134/2009, 866.773/2011	