

Company Announcement
18 February 2013

INTERNATIONAL GOLDFIELDS, SANTA FE GOLD SIGN DEFINITIVE MERGER AGREEMENT

HIGHLIGHTS:

- **International Goldfields Limited and Santa Fe execute binding Definitive Merger Agreement related to the merger of the two companies;**
- **Merger expected to be completed in 2nd Quarter 2013;**
- **Advanced discussions with potential finance / off take partners; and**
- **Proposed merged entity will have a market capitalisation of approximately A\$70 million, at least A\$10 million in cash reserves, low cost gold & silver production of 28,000 oz pa gold equivalent (with short and long term production upside) and operating mill.**

International Goldfields Limited (ASX: IGS) (“IGS” or “the Company”) and US-based Santa Fe Gold Corporation (OTCBB: SFEG) (“Santa Fe”) are pleased to announce the execution of a binding Definitive Merger Agreement (“Merger Agreement”), whereby the entities will merge and Santa Fe will become a wholly owned subsidiary of IGS.

The proposed merged entity will be a diversified, well-funded and low cost gold-silver explorer, developer and miner, listed on the ASX and also traded on a major US exchange or on the OTC, with projects located in key projects located in New Mexico (USA), Arizona (USA) and Brazil.

The combined entity will have an initial market capitalisation of approximately A\$70 million, cash reserves of at least A\$10 million (assuming a minimum of A\$5 million is raised) with additional financing well advanced by way of off take/project financing, significant uplift in the profitability and production of the Summit mine as the main high grade ore body at Summit is accessed, an operating mill, near term development assets and a portfolio of advanced exploration assets.

Commenting on the signing of the Definitive Agreement, IGS chief executive officer Travis Schwertfeger said, “We are pleased to have reached this important milestone in the merger process and look forward to completing the transaction in the coming months and building a combined gold company with solid production, yet significant upside.”

Santa Fe President and Chief Executive Mr Pierce Carson said, “the two companies have individually and collectively achieved a number of key advances in recent months, which in our view provides further evidence as to the exciting opportunities being created by this merger.”

The Merger Agreement replaces the conditional Heads of Agreement, with the terms of the transactions and related conditions in line with those detailed in ASX announcement dated 12 October 2012.

IGS obtained shareholder approval for the proposed merger, together with an associated capital raising (\$5-\$15M) in November 2012. Santa Fe shareholder approval, which is the last approval required under the transaction, will be obtained in conjunction with a Form F-4 Registration Statement to be lodged with the US Securities and Exchange Commission in the coming month.

Both parties estimate that the merger will be completed in the second calendar quarter of 2013.

In parallel with the advancement of the regulatory matters related to the merger both the Company and Santa Fe have, for some time, been in discussions with a number potential off take/project financing partners to provide funding to the combined entity. These discussions are now at an advanced stage and with the signing of the Merger Agreement they are expected to be concluded in the coming weeks.

Key assets of the combined group will initially consist of:

Summit Gold-Silver Mine, New Mexico

Current production of approximately 17,000 gold equivalent oz per annum with significant uplift scheduled (28,000 - 30,000 ozs per annum) for the next four years as the main high grade ore body (8 g/t average gold equivalent head grade) is accessed in Q3 2013. Potential also exists to increase production rates with processing improvements and further developments and exploration.

The ore produced from the Summit Mine is processed at the Santa Fe owned Lordsburg Mill, which has substantial additional capacity over that required for Summit operations.

Earlier this month, Santa Fe announced an increase in production activities at its Summit Mine in New Mexico following an increase to double shift for seven days per week, up from the previous five day per week schedule (refer ASX announcement dated 8 February 2013).

The accelerated schedule is designed to increase tonnage output and to advance the drive downward to the main high grade ore zone. The main ore zone has significantly higher grades in resource modelling compared to the currently active upper mining areas. Mining from the main zone is scheduled to begin in mid-2013 and is anticipated to result in a significant production increases referred to above.

Ortiz Gold Project, New Mexico

The Ortiz gold project consists of 170 contiguous square kilometres of the Ortiz Land Grant in Santa Fe County, New Mexico. Historical production exceeded 350,000 ounces of gold. Drilling by several companies up to the early 1990's indicated significant gold contained in several deposits across the extensive project area.

Santa Fe confirmed a JORC Compliant Measured and Indicated Resource on two of the deposit areas at Ortiz totalling 0.973 million oz gold (plus 62,760 oz gold inferred resource) and 18,416 tonnes (40.6Mlb) copper estimated at Santa Fe's Ortiz Project (refer ASX announcement dated 16 November 2012 for full details). The resource report noted that significant exploration upside exists on Carache and Lukas deposits, as well as other areas within the project which have existing historic resource estimates.

The two deposits; the Carache gold deposit and the Lukas gold-copper deposit are located 2.5km apart, The Carache resource is 11.7 million tonnes at 1.58g/t gold, and has historical metallurgical

work indicating low cost gravity recovery highly effective for the mineralisation style. The Lukas gold-copper resource is lower grade, with 13 million tonnes at 0.91g/t gold, however with extremely low strip ratios with a significant portion of the mineralised stratigraphic unit outcropping. Lukas deposit suggests similar low cost recovery options are available and is currently being optimised to include copper recoveries from the Lukas deposit.

The JORC Resource will be incorporated into a Scoping Study to be completed by mid-year 2013, with Environmental permitting studies to commence in 2013.

Mogollon Gold- Silver Project, New Mexico

Santa Fe has entered into an option agreement to acquire the Mogollon Project from Columbus Silver Corporation. The project is within trucking distance (approximately 160km) from Santa Fe's Lordsburg Mill. The Mogollon Project acquisition has the potential to more than double the supply of ore to the mill.

Past production from the Mogollon Project includes 15.7 million ounces of silver and 327,000 ounces of gold. Santa Fe believes production from the Mogollon Project could recommence as early as 2015.

Diamond drilling in the 1980's targeted the Queen Vein of the Consolidated Mine to identify a historic resource of 767,000 tonnes averaging 320g/t (9.35oz/st) silver and 5.1g/t (0.15oz/st) gold in <1km of strike length. The historic resource is along strike and down-dip of previous production on the Queen vein, which mined 267,000 tonnes of 4.8g/t gold and 262g/t Ag prior to production being terminated by the government in support of the war effort.

A qualified person has not done sufficient work to classify the historical estimates contained herein as current mineral resources. IGS / Santa Fe is not treating the historical estimates as current mineral resources and the historical estimates should not be relied upon, however the historical mineral estimations on Mogollon are relevant to IGS in assessing the potential value of the Santa Fe asset portfolio. Additional drilling is planned for 2013 to validate historical work and a JORC compliant resource estimation is expected following completion of initial exploration and delineation drilling.

Exploration drilling will focus on confirmation of the 257,000 ounce Au & Au equivalent ounce historic resource and significant exploration upside at the Consolidated Mine to advance towards a development decision for Mogollon to provide additional gold-silver production utilising the available capacity of the Lordsburg Mill.

Latin Gold Project, Mato Grosso, Brazil

IGS' 93% owned subsidiary, Latin Gold Limited, is the 100% owner of a major gold project in Mato Grosso state, Brazil. The Latin Gold Project is 2,976 square kilometres, and is made up of 33 granted exploration licences.

The Latin Gold Project is located in an area of a major gold rush, with over 5Moz gold extracted by "Garampeiro" (artisanal) mining in the Alta Floresta region during the 1980's. At this site IGS is targeting large gold-copper porphyry style systems.

On 7 February 2013 the Company announced the signing of a memorandum of understanding with Brazil domiciled Biogold Investment Fund, whereby each entity will contribute their respective

land holdings in the south eastern extent of the Juruena Belt in Brazil into the private entity Ouro Paz and expose IGS to exploration upside of the highly prospective Union Project located adjacent to IGS gold discovery at the Ana Prospect. The Company will hold a 35% interest in the joint venture company (refer ASX announcement dated 7 February 2013 for full details).

The proposed joint venture in Brazil exposes IGS to a more mature exploration asset with significantly increased probability of positive economic assessment and brings forward a timeline for development and production for the project.

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Competent Person Statement – Santa Fe -

The information included in this release that relates to Santa Fe Gold resources for the Ortiz Project is based on information compiled by Michael G. Hester, FAusIMM. Mr. Hester is employed as Vice President and Principal Mining Engineer by Independent Mining Consultants, Inc. (IMC) of Tucson, Arizona, USA, and has worked as a consultant in resource modeling, mine evaluation and mine development for 33 years in precious and base metal deposits. Mr. Hester has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person. Mr. Hester consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

Competent Person Statement – Santa Fe

The information included in this release that relates to Santa Fe Gold Corp's Summit Mine resource and historical mining data is based on information compiled by Douglas F. Irving, who is a professional member of a 'Recognised Overseas Professional Organisation' (The Association of Professional Engineers and Geoscientists of British Columbia) included in a list promulgated by the ASX from time to time. Mr. Irving is employed by Chapman, Wood and Griswold, Inc. and has worked as a consultant in exploration and mine development for 40 years in precious and base metal exploration. Mr. Irving has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person. Mr. Irving consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

Competent Person Statement – International Goldfields

The information in this release that relates to exploration results for International Goldfields Ltd 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.