



International Goldfields Limited  
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**12 January 2009**

## **IGC Finalises Merger Terms @ AUD\$60m Valuation**

### **Key points:**

- **International Goldfields Limited board sets key terms for merger with fellow Australian-based platinum company NKWE Platinum Limited,**
- **Cash offer (by way of Scheme of Arrangement) proposed for each IGC Share based on a project valuation of AUD\$60m for IGC's interest in the Tubatse Project**
- **Merger terms structured to consolidate ownership structure of one of world's most prospective platinum tenement areas**
- **Aiming to have transaction completed by 31 March 2008**

Australian platinum exploration company International Goldfields Limited (**ASX: IGC**) ("IGC" or the Company") has finalised its terms for the proposed merger with emerging Australian platinum producer NKWE Platinum Limited (**ASX: NKP**), expected to occur via a Scheme of Arrangement pursuant to the Australian Corporations Act (the "Scheme").

The board of IGC is confident it will obtain NKWE agreement on these terms shortly, with the targeted completion date of 31 March 2008 subject to all conditions being met.

Last year, IGC and NKWE signed an Option Agreement ("Agreement") providing NKWE exclusive rights to negotiate a transaction with IGC regarding its South African platinum assets or shares in IGC.

Under the terms of the IGC proposal, NKWE will offer to buy all IGC Ordinary shares on the basis of IGC's cash at bank at the time of the implementation of the Scheme plus a valuation of IGC's interest in the Tubatse Project of AUD\$60m ("Offer price").

The final Offer price for the IGC Ordinary shares will be determined by the total number of shares on issue at the time the Scheme is implemented, divided by the Offer price.

Presently there are 123,616,672 IGC shares on issue. On the basis of shares on issue and current cash, the per share return to IGC shareholders would be about AUD\$49.9c.

Importantly, the proposed transaction would also consolidate the ownership structure of a significant tenement package within the highly prospective Bushveldt platinum region of South Africa - one of the world's premier platinum producing regions.

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No Scheme is being implemented in respect of the IGC Options on issue. If option holders want to participate in the Scheme, they will need to convert their options to fully paid ordinary shares prior to the record date for the Scheme. There are 62,800,125 options held with a strike prices of AUD\$0.15 and AUD\$0.20 expiring on June 30, 2009.

International Goldfields' exploration spend of US\$10 million is earning the Company a 15 per cent interest in three farms within the Bushveldt platinum region - Hoepakrantz 291KT; Nooitverwacht 324KT; and Eerste Geluk 327KT - which together comprise the Tubatse Project.

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

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

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

IGC Executive Chairman Tony Sage believes that it was imperative for the ownership structure of this tenement package to be consolidated, concurrent with IGC shareholders receiving a payment that recognised the project's current value.

"We were united with NKWE in the belief that a consolidation of the ownership structure needed to occur as the project developed towards a significant production asset," Mr Sage said.

"That being said we were also very strong in our belief that our own shareholders should be rewarded for the current value of their holding.

"We believe the terms that we have proposed to Nkwe are reflective of this and will ultimately be supported by the Nkwe board."

IGC received two independent reports which were used as the basis for determining the offer price per IGC Share proposed to be made by NKWE pursuant to the Scheme.

A valuation based on a technical report dated 1 August 2008 (**Technical Report**) valued IGC's interest in the Project within a range of A\$44.18 million and A\$63.57 million with a preferred value of \$53.88 million.

The second valuation included in the draft report released to the market in November 2008 valued the same interest within a range of A\$53.88 million and A\$69.92 million with a preferred valuation of \$61.9 million.

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

Key steps to be undertaken to implement the merger include:

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

ENDS

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#### **Competent Person Statement:**

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

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