



# SANTA FE MERGER MAKES GROUND FOR INTERNATIONAL

**International Goldfields Ltd's (ASX:IGS) merger with US miner Santa Fe Gold Corporation has shown some immediate upside for the new entity with a new resource at its advanced Ortiz Gold Project.**

The merger which, once complete, will see Santa Fe become a wholly owned subsidiary of International Goldfields was ratified by IGS shareholders at the company's AGM.

Days before the AGM, IGS announced Santa Fe's JORC compliant measured and indicated resource of 0.973 million oz of gold in two deposits at the Ortiz Project in New Mexico. The majority of the estimated resource is hosted in the gold-only Carache deposit, averaging 1.58g/t gold. The Lukas deposit is located 2.5km west of the main Carache deposit and is benefited by the addition of 18,416 tonne of copper to its measured and indicated gold resource estimate.

The new resource lifts the total Santa Fe resource base to 1.25 million oz gold

equivalent, which includes 7.4 million oz silver from the Summit Mine gold-silver deposit.

IGS chief executive officer Travis Schwertfeger said there also existed significant exploration upside on both the Carache and Lukas deposits, as well as other areas within the project which already had historic resource estimates.

Santa Fe also brings to the merger the operating Summit Gold Mine, which has production on target to achieve its forecast of 28,000 oz gold equivalent a year in 2013. Currently operating with positive cash flow, the mine is expected to access higher grade ore blocks and double the gold grades at Santa Fe's Lordsburg Mill over the next six to nine months of production. The forecast increasing revenue profile will

contribute significantly to allowing IGS to self-fund exploration and partially fund development efforts for years to come.

Schwertfeger says the merged IGS will be a diversified, well-funded and low-cost gold-silver explorer, developer and miner.

The company will be listed on the ASX and also traded on a major US exchange or on the OTC Bulletin Board. Post merger, IGS will have an initial market capitalisation of approximately A\$70 million, cash reserves of at least A\$10 million, low-cost gold and silver production of 28,000 oz pa (gold equivalent), an operating mill, near-term development assets, a portfolio of advanced exploration assets in New Mexico, and advancing new gold discoveries with multi-million ounce potential in the emerging gold belts of Brazil and West Africa.

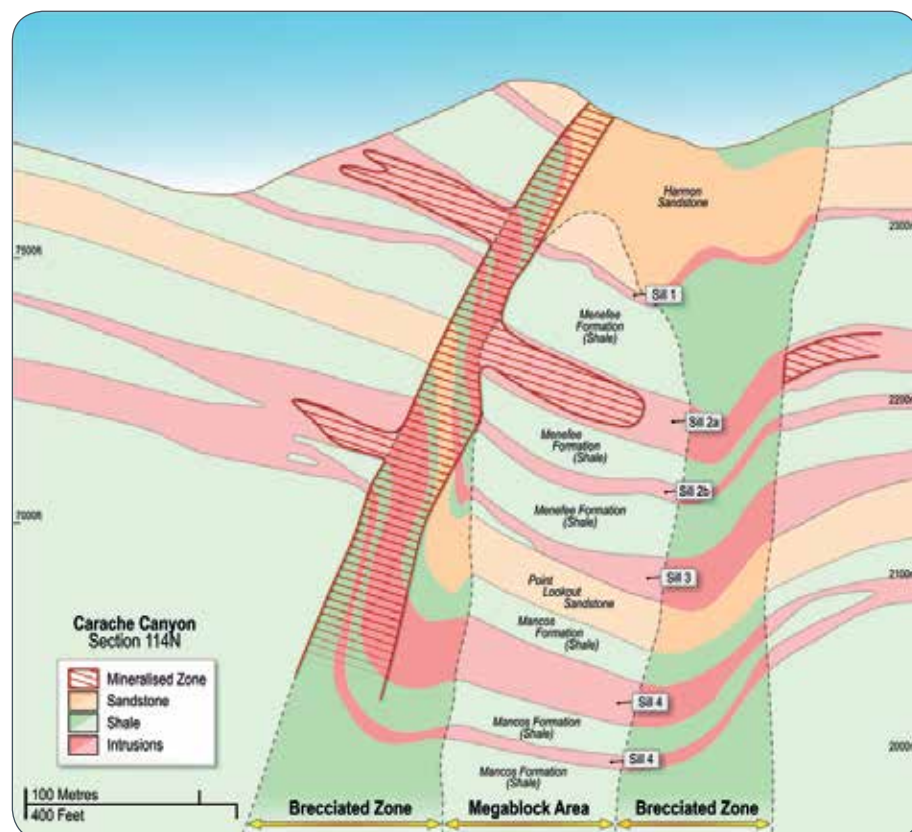
The new resource at Ortiz was the result of a recently completed independent review of historical drilling, sampling and metallurgical data from the project, including 109,355m of diamond core and reverse circulation drilling.

The delineated JORC compliant estimation put the estimated measured and indicated copper mineral resources from the Lukas deposit at 13 million tonne at 0.142 per cent total copper, for 18,400 tonne of contained copper.

Inferred copper mineral resources from Lukas are an additional 1.0 million tonne at 0.122 per cent total copper, for 1,200 tonne contained copper.

It is anticipated that the gold at Lukas (current measured and indicated resource of 378,200oz) will be recovered within a copper concentrate.

In 2005, an independent, though not JORC compliant, study based on the 1992 historic resource estimation, evaluated the open pit mining of approximately 1 million ounces of gold from the Carache and Lukas gold deposits. This study, together with other historical independent evaluations and studies, including metallurgical test work, suggested that low-cost recovery options may be available for the deposits.



Schwertfeger said it was anticipated these studies would be updated in 2013 with a scoping study in the context of the JORC compliant resource and updated cost estimates, to verify the anticipated low-cost gold production potential of the Ortiz Project indicated in previous work. Environmental permitting studies are also expected to commence early in 2013.

Schwertfeger said the resource delineation at Ortiz was an early indication of the value of the complementary assets that had been brought together by the merger.

"The combination of International Goldfields' exploration assets in emerging global mining districts with Santa Fe's portfolio of low-cost mining and exploration assets in New Mexico, together with the combined skills of the two experienced management teams, will create a new merged company capable of adding significant value for its shareholders during a time of robust gold prices," he said.

Assets of the merged entity will include the Summit Mine, the Ortiz gold project and the Mogollon gold-silver project, all in New Mexico, the Latin gold project, in Brazil and the Nangalasso gold project, in Mali.

## SUMMIT MINE

Santa Fe's Summit Project includes the underground Summit gold-silver mine and related property consisting of about 40 hectares of patented mining claims and 250 hectares of unpatented mining claims in Grant County, south-western New Mexico.

Currently building gold production to approximately 28,000oz a year, with 2013 and 2014 production scheduled for 150,000tpa at average head grade of 7.8g/t (gold and gold equivalent), with average cash cost estimated in the range of USD\$400-\$500 per gold and gold equivalent ounce.

The project contains 98,000oz of gold and 7.4 million oz of silver in the indicated category in 623,000 tonne averaging 4.9g/t gold and 370g/t silver, which IGS believes can be increased significantly with further exploration.

Ore from the Summit Mine is processed at the company-owned Banner Mill, which commenced operations in April 2010. The mill has excess processing capacity.

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During the 2012 financial year, the Summit Mine generated revenues of US\$11.5 million and in the three months to 30 September 2012 generated revenue of US\$5.9 million.

## ORTIZ GOLD PROJECT

The Ortiz gold project consists of 170 contiguous square kilometres of the Ortiz Land Grant in Santa Fe County, New Mexico, USA.

Historical gold production from the project exceeded 350,000oz. Drilling by several companies up to the early 1990s resulted in historical resource estimations in 1990 and by separate consultants again in 1992 and 2006.

## MOGOLLON GOLD-SILVER PROJECT

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 the company's Lordsburg Mill and has the potential to more than double the supply of ore to the mill.

Past production from the project includes 15.7 million oz of silver and 327,000oz of gold. IGS believes production from the Mogollon Project could begin as early as 2015.

IGS is planning a drilling program for 2013 to extend previously drilled zones and validate historical resource estimates for the purpose of generating a JORC compliant estimate within the year.

## LATIN GOLD PROJECT, MATO GROSSO, BRAZIL

IGS has a 93 per cent interest in a major gold project holding 2,976sq km with 33 granted exploration licences located in the state of Mato Grosso in Brazil.

The Latin gold project area is hosted by the highly mineralised and under-explored Alta

Floresta Mineral Province located on the southern portion of the Juruená Belt.

The Latin gold project area is host to several prospects, with more advanced prospects located along an 80km long corridor of favourable hydrothermal alteration and localised mineralisation.

Prospects include the recent discovery of the Ana Prospect in early 2012 that intersected 21m at 5.9g/t gold, including 8m at 13.6g/t gold in diamond hole ANA008, and 18m at 3.24g/t gold in hole ANA006.

IGS recently completed a second drill campaign at Ana totalling 2,000m diamond drilling and 4,779m of reverse circulation drilling with better RC intercepts received to date including: 12m at 2.92g/t gold, 5m at 8.0g/t gold and a 12m at 2.16g/t gold intercept inclusive of 4m at 6.47g/t gold.

## NANGALASSO PROJECT, MALI

The Nangalasso Project is 462sq km comprised of three licences approximately 30km north-west of the Syama Mine (7.9 million oz gold).

The structural corridor is host to several intrusions and strong deformation in the Birimian rocks, providing analogous geological setting for both Morilla and Tengrela style mineralisation across the project area.

Nangalasso is host to an extensive gold anomaly in excess of 10km that returned encouraging gold assay results in a recent maiden drill program at the project.

A reconnaissance air core program to test for mineralisation in the in-situ weathered profile produced significant results, including: 1m of 7.8g/t gold near artisanal mining activities on the shared boundary with Sotian permit, and 3m of 7.84g/t gold from 14m depth hosted in granodiorite at end of hole. Further drill investigation of these features is planned.

