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# REPORT FOR THE QUARTER ENDING 31st DECEMBER 2003

# *HIGHLIGHTS*

- **Mining of the BALDOCK deposit commenced. Independent mining consultant Golder Associates indicated that "*the Baldock Project is a robust project that has the potential to generate healthy returns for International Goldfields shareholders*". Key parameters of the project include;**

  | | |
  |---|---|
  | • **Probable Reserve** | **67,600t @ 21.2g/t Au** |
  | • **Net Cash Generated** | **A$8.12 million** |
  | • **Mine Life** | **24 months** |
  | • **Maximum Capital Exposure** | **A$2.5 million** |
  | • **Cash Cost per Ounce** | **A$266** |

- **Results from the metallurgical test work by Ammtec Ltd were highly favourable. Gold recoveries are now expected to be as high as 95%, some 10% higher than the 85% figure used in the Baldock feasibility study.**

- **Excellent drilling results from the Barrassi prospect, located south of the Baldock deposit, where recent drilling traced the Dave Lode over a strike length of 350 metres. Best results include 2m @ 9.40g/t Au from 83m, and 9m @ 4.43g/t Au from 118m including 2m @ 15.3g/t Au.**

- **Several new gold targets generated in the Mt Ida project area including a significant structural/stratigraphic target with similarities to the**

**Timoni mine. Rock chip sampling in the vicinity returned best results of 9.64g/t and 62.2g/t Au.**

- **Further consolidation of the Mt Ida project area through the purchase of the Snake Hill Nickel project. The tenements extend over 7km of prospective ultramafic stratigraphy where drilling, conducted in the early 1970's, returned 2m @ 1.14%Ni from 6m, 15m @ 0.8%Ni from 21.3m, and 6.1m @ 0.87%Ni from 9.1m.**
- **Several new gold targets generated in the Marda region, Evanston Project.**
- **Very encouraging results from a geophysical (IP) survey at the Gladna prospect, Sacu project, Romania. A coincident IP and magnetic anomaly may represent sulphide hosted Cu-Au mineralisation.**
- **Further divestment of non-core business assets at a profit. Several projects were successfully vended into newly ASX listed Cazaly Resources Limited, thereby allowing exploration and management to focus on key projects.**
- **Capital raising at a premium to market with significant European investors.**
- **Successful option conversion raised a further A$3.5 million bringing the Company's total cash reserve to approximately A$7.5 million.**
- **Mr Robert Annett was appointed to the position of Executive Director – Technical. Mr Annett will provide the Company with additional operational and development expertise to assist in the development of the Company's resources.**

# QUARTERLY REPORT FOR THE PERIOD ENDING 31st DECEMBER 2003

## MOUNT IDA PROJECT

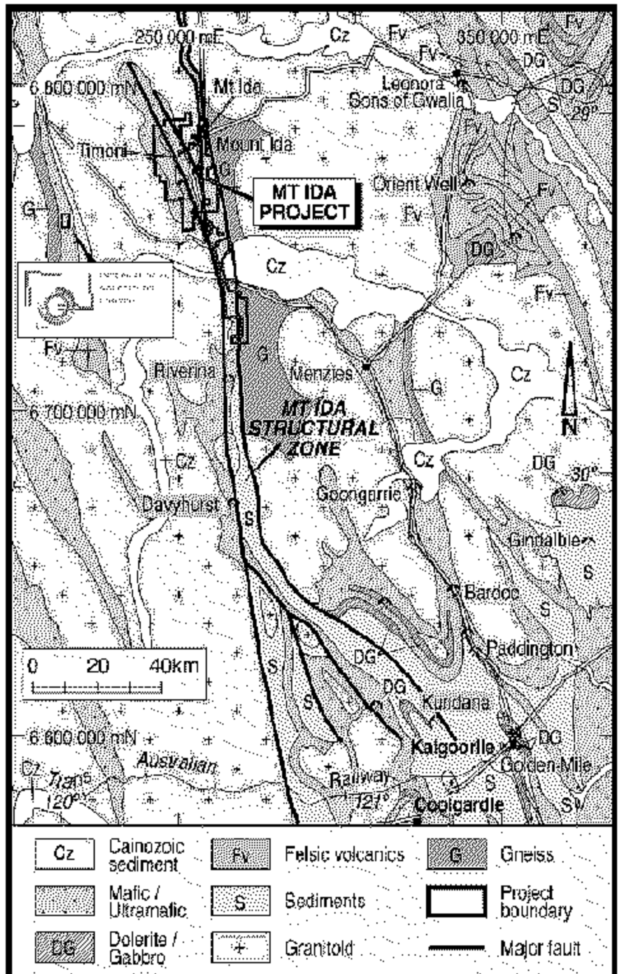
During the quarter work focused on;

- advancing the feasibility study on the Baldock resource,
- commencement of Baldock mining operations, and
- exploration of both near-mine and regional prospects.

The Notice of Intent ("NOI") was formally lodged with the Department of Industry and Resources ("DOIR") on the 29th of October. The NOI was prepared by independent consultants Outback Ecology in conjunction with the company.

The NOI was approved by DOIR on 9th December, subject to the lodgement of a performance bond of $136,000. The bond was lodged on the 17th December and operations commenced forthwith. Key on-site activities undertaken during the reporting period include:

- construction of both evaporation ponds and water storage dams,
- camp site construction and improvements, and
- commencement of dewatering of the Timoni mine.



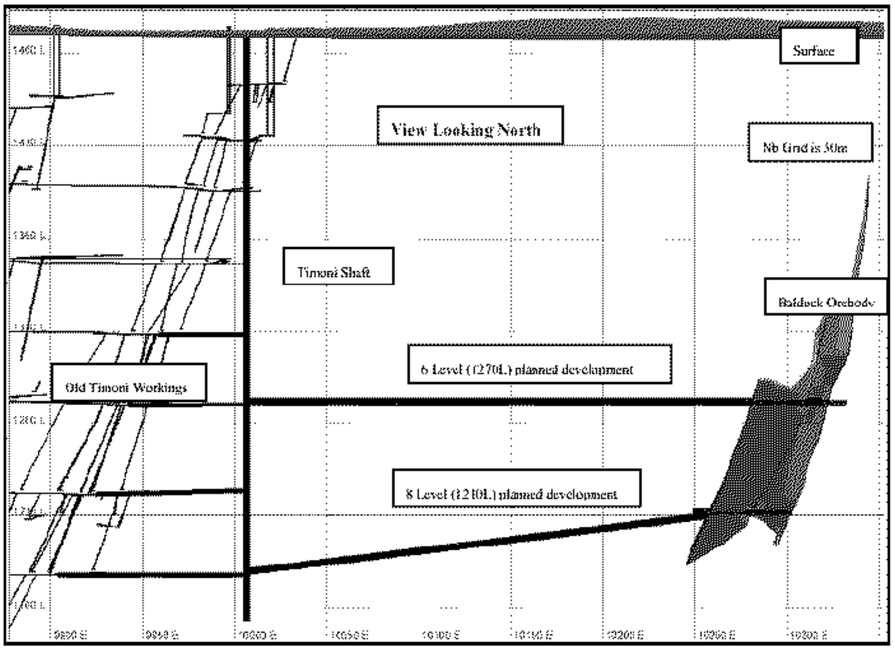
MT IDA PROJECT
REGIONAL STRUCTURAL SETTING

Concurrent with gaining all Government approvals a major review of the mining plan for the development was undertaken by independent consultancy group Golder Associates. Their work was based upon a resource model previously prepared by Golder, in accordance with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC 1999), and reported as:

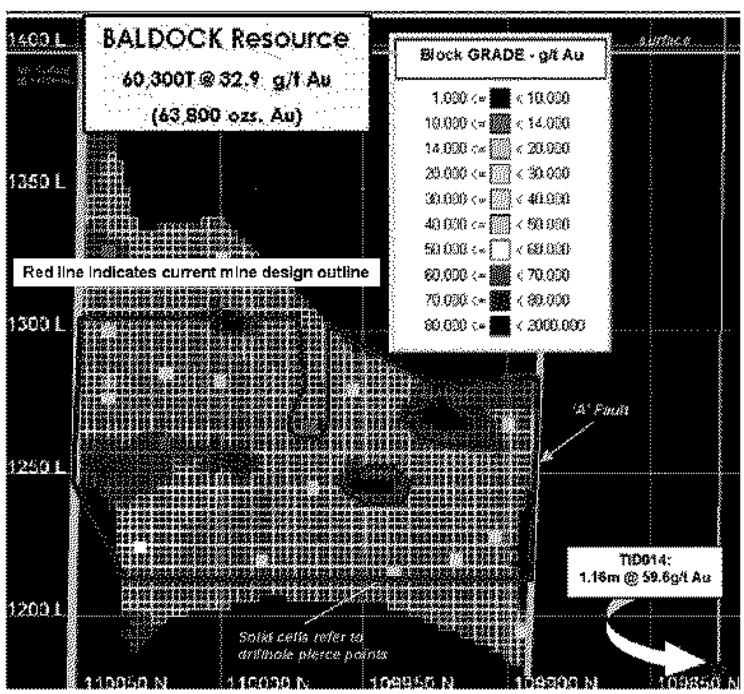
| Lode | Class | Tonnes | Au g/t | Oz Au |
|---|---|---|---|---|
| W2 Lode | Measured | 54,500 | 32.80 | 57,500 |
| W2 Lode | Indicated | 5,800 | 33.84 | 6,300 |
| W2 Lode | Inferred | 0 | 0.00 | 0 |
| **Total** | | **60,300** | **32.90** | **63,800** |

Golder concluded that the recoverable grade for Baldock had been underestimated. Their subsequent redesign of the Baldock stope design led to a **probable reserve of 67,594 tonnes at 21.2g/t Au for 46,050 ounces.**

Mining is programmed to be carried out in two phases, phase one will see the refurbishment of the nearby Timoni shaft (dewatering of which is now underway) and the extraction of a 3,000 tonne bulk sample from the 1270 level. This bulk sample is essentially the sub level development for the 1270 level. On successful completion and metallurgical test work of the bulk sample the second phase will re establish the shaft access to the lower (1210) level to facilitate development and stoping of the bulk of the ore body.




The current resource encompasses only that portion of the W2 lode at Baldock containing the high grade shoot which extends between the Northern Crosscourse fault, in the north, and the 'A' fault, in the south, a zone extending for some 160 metres. A single deep diamond core drill hole drilled some 75 metres to the south of the 'A' fault intersected the continuation of the shoot returning an intercept of **1.16m @ 59.60 g/t Au** (TID014). This clearly indicates that the shoot continues at depth to the south and that great potential exists to further expand the existing resources at Baldock in the future.



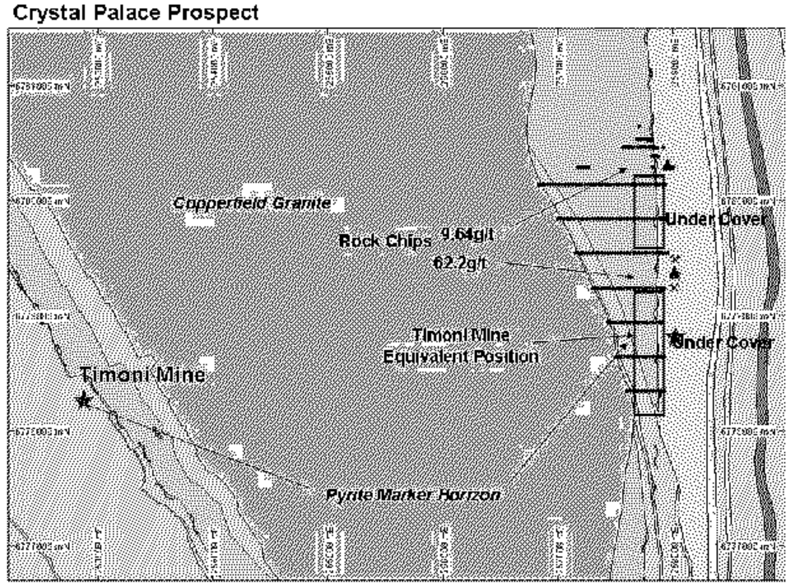
Golder Associates believes that there is some significant potential upside to the Baldock project, primarily;

- the mine design is considered conservative in that areas of the Baldock resource are currently not included in the recoverable resources,
- the stope outlines ensure all ore is captured with the consequence that the grade is potentially over diluted, and
- gold recoveries in the financial model used 85%; whereas recent test work indicates that up to 95% recovery may be more appropriate.

Additional exploration work within the Mt Ida project during the quarter included RAB and RC drilling. RAB drilling was undertaken at the Red Reign, Delta and Crystal Palace prospects while a short RC drilling program was completed at the Barrassi prospect.

Of particular interest is the Crystal Palace prospect. Previous mapping and drilling to the west of the Copperfield Granite identified a 10m wide marker horizon that can be traced intermittently over a 5km strike length. Where the marker horizon passes adjacent to the Timoni mine it contains abundant pyrite. Recent RAB drilling to the east of the Copperfield Granite, at the Crystal Palace prospect, intersected the equivalent marker horizon over a strike length of 2km and a pyrite rich horizon over 300m strike length, which is identical to that observed adjacent to the Timoni mine. While the equivalent structural position to the Timoni mine is under cover, and remains untested, recent rock chip sampling of several minor workings situated to the immediate north returned 62.2g/tAu. From amongst sparse outcrop the structure can be traced over 1km into an area where previous rock chip sampling returned 9.64g/t Au. At the time of writing, RAB drilling, in the vicinity of the old workings, has just commenced. Significantly the first holes have intersected substantial widths of alteration with quartz/sulphide veining. Assay results are eagerly awaited.

Crystal Palace Prospect




A short programme of RC drilling targeted an area south of the Baldock deposit. The programme consisted of seven holes (TIC0209 to 0214 and the re-entry of TIC0154), and followed up on previous diamond and RC drilling that had returned best results of 1.16m @ 56.9g/t Au (TID014) and 2m @ 15.1g/t from 100m (TIC0195). All seven holes intersected the mineralised structure over a strike length of 350m and returned best results of 2m @ 9.4g/t Au from 83m and 9m @ 4.43g/t Au from 118m, **including 2m @ 15.3g/t Au from 124m** (TIC0211). While step-out and infill drilling is required, the results to date have highlighted the potential for the area, termed the Barrassi prospect, to host a mineralised structure similar in size to both the Timoni mine and the Baldock deposit

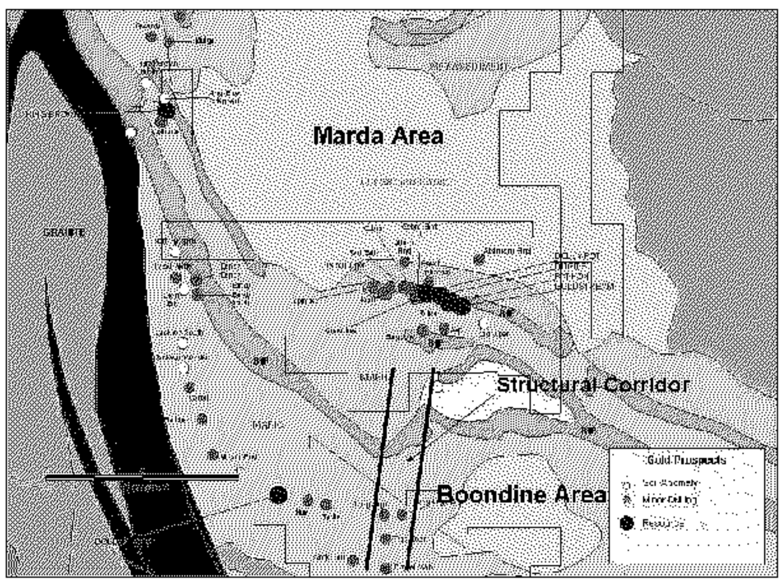
In the quarter the Company further consolidated the Mount Ida project through the purchase of the **Snake Hill Nickel Project** from Delta Gold and Gutnick Resources Ltd. The project is situated along the eastern portion of the Mount Ida greenstone belt where the stratigraphy is dominated by ultramafic-mafic rocks of the Walter Williams Formation (WWF). Regionally, the WWF hosts a number of significant nickel sulphide occurrences along strike to the north of Nickel Australia's Davyhurst nickel project.

The tenements cover a considerable strike length of the prospective stratigraphy, where very sparse drilling previously intersected **6.1m @ 0.87%Ni from 9.1m** and **12.2m @ 0.69%Ni from 4m**. These results are typically accompanied by elevated copper values and represent nickel sulphide mineralisation.

## EVANSTON PROJECT

The Company has continued its active exploration programme at the Evanston project. Due to the large tenement holding at Evanston (approximately 900 square kilometres) the Company has decided to focus its efforts in the Marda area of the project. The Marda area contains a number of small, shallow resources typically associated with BIF units. The current estimated resource is **2.02Mt @ 2.6 g/t Au.**

Recent work in the area included regional geological mapping and a study into the controls on gold mineralisation. This work resulted in a greater understanding of the area and defined several target areas, including the north-south structural corridor in the Boondine area, which the Company has recently begun testing by RAB drilling. While results from this drilling await final interpretation best results from 4m composite samples include 4m @ 1.28g/t Au from 56m to EOH (BNB088), 8m @ 0.50g/t Au from 32m (BNB091), 4m @ 0.53g/t Au from 12m (BNB098) and 16m @ 0.59g/t Au from 28m.




Recent exploration activities confirm the Company's view that the Evanston project has the potential to host significant economic gold resources.

## SACU PROJECT

During the quarter the Company instigated an 'IP' (Induced Potential) geophysical survey at the Gladna prospect within the Sacu copper-gold project in Romania.

The survey intended to cover a large, 3km by 1.5km, strongly magnetic anomaly thought to represent a porphyry intrusive body capable of hosting significant copper-gold mineralisation. However, inclement winter weather restricted the programme to just a single line. Nevertheless preliminary results indicate a coincident IP and magnetic anomaly, approximately 100m beneath ground surface, which may represent sulphide hosted Cu-Au mineralisation. To the south the chargeable zone comes to the surface in the vicinity of old mine workings, and outcropping intrusive rocks which are strongly altered and leached. The anomaly has yet to be drill tested

The Sacu project is situated approximately 30 km to the Southwest of the famous 'Golden Quadrilateral' region of Romania. The project was originally generated by BHP in the 1990's as part of their world wide search for large porphyry hosted copper-gold deposits.

**CORPORATE**

During the reporting period, Cazaly Resources Limited successfully listed on the ASX. By virtue of an Option Agreement dated July 2003, International Goldfields Ltd received $175,000 cash and 3.75% of the issued capital of Cazaly Resources Limited. International Goldfields Ltd also retains a $1.00 per dry tonne royalty on any mined and milled production from the tenements subject to the Option Agreement.

The Directors of International Goldfields Ltd are pleased to announce that the conversion of the Company's December 31, 2003 options was completed, and that 98.6% of the options were converted. Pursuant to the underwriting agreement between the Company and Bell Potter Securities Limited dated 28th November 2003, a placement of the shortfall, being 238,607 of a total of 17,450,005 options, will be made to the underwriters.

The conversion of, and placement of the shortfall for, the 17,450,005 options at an exercise price of 20 cents raises a further A$3.49 million bringing the Company's total cash reserve to approximately A$7.5 million.

The funds raised through the placement will be utilised for the continued exploration and development of the Company's Mt Ida Project as well as increased exploration on the Evanston and Sacu projects.

**SUMMARY**

The Company continues its solid growth strategy through:

- Continued exploration success,
- Consolidation of ownership of mineral provinces,
- Cash flow through development and operation of high margin gold projects, and
- Alliances with key long term quality investors, both European and Australian.

The Company is uniquely positioned for future growth as it is well funded, controls three large projects situated in well mineralised belts, has a proven technical team and is due to commence mining in the near term.

A comprehensive website, www.internationalgoldfields.com.au is maintained providing all current information relating to the Company. Furthermore, should you wish to be placed on the electronic mailing list for all announcements please contact bob@internationalgoldfields.com.

**Tony Sage**

**Executive Chairman**

Information in this report pertaining to mineral resources and exploration results was compiled by Mr. RW Annett who is a Member of the Aus.I.M.M with not less than 5 years experience in the relevant fields, and who consents to the report appearing in the form and context in which it appears.