INTERNATIONAL GOLDFIELDS LTD

(ABN 69 099 544 680)

HALF YEARLY REPORT

31 DECEMBER 2015

Corporate Directory

INTERNATIONAL GOLDFIELDS LTD

DIRECTORS

David Tasker	Non-Executive Director
Kenny Keogh	Non-Executive Director
Nicholas Sage	Non-Executive Director

JOINT COMPANY SECRETARY

Melissa Chapman
Catherine Grant Edwards

REGISTERED OFFICE

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West Leederville WA 6007
Tel: (08) 9380 9555
Fax: (08) 9380 9666

SOLICITORS

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

BANKERS

Westpac Banking Corporation
109 St George's Terrace
Perth WA 6000

SHARE REGISTER

Advanced Share Registry Limited
110 Stirling Highway
Nedlands WA 6009
Tel: (08) 9389 8033
Fax: (08) 9389 7871

AUDITORS

Ernst and Young
11 Mounts Bay Road
Perth WA 6000
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WEBSITE

www.intgold.com.au

ABN

69 099 544 680

ASX

IGS

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Directors' Report

The Directors submit their report for International Goldfields Limited ('IGS' or 'the Company') and its controlled entities for the half year ended 31 December 2015.

DIRECTORS

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

David Tasker	Director
Kenny Keogh	Director (appointed 5 January 2018)
Nicholas Sage	Director (appointed 5 January 2018)
Jason Brewer	Director (appointed 8 September 2016 – resigned 5 January 2018)
Stephen Brockhurst	Director (appointed 8 September 2016 – resigned 5 January 2018)

COMPANY SECRETARY

Jane Flegg	(resigned 7 July 2016)
Jason Brewer	(appointed 7 July 2016 – resigned 8 September 2016)
David Palumbo	(appointed 8 September 2016 – resigned 1 February 2018)
Melissa Chapman & Catherine Grant Edwards	(appointed 1 February 2018)

REVIEW OF OPERATIONS

Corporate

Definitive Agreement signed with WinterGarden Biosciences and subsequent termination

IGS signed a binding Definitive Agreement ("DA") with Jardin de Invierno SA, trading as WinterGarden Biosciences ("WinterGarden" or "WG"), for the acquisition by IGS of an 85% interest in WG (refer ASX announcement dated 1 May 2015).

WinterGarden is an emerging agriculture bioscience and biotechnology company based in Uruguay, with the aim of becoming one of the first companies in the world to legally harvest and produce non-synthetic cannabis products for the mass-market.

Uruguay is the first nation in the world to federally legalise research and development, as well as cultivation, sale and consumption of non-synthetic cannabinoids. Winter Garden, which possesses a plantation site, corporate headquarters and a laboratory in Uruguay, is able to take advantage of these new laws and regulations to become one of the first companies in the world to legally develop cannabis products.

Federal Uruguayan laws not only facilitate the legal use and research of cannabis, but also provision the use of cannabinoids containing a higher percentage of Tetrahydrocannabinol (THC), which is the psychoactive substance found within cannabis. Globally, growth and research on cannabis with a THC content of more than .03% is prohibited. This has altered every aspect of the plant to the point that it offers almost no useful research benefits. As a result, only synthetic plants can be utilised for research and these are ineffective and inadequate for both research as well as pharma-grade medical applications.

WinterGarden is seeking to grow, research and produce cannabis plants containing a THC content of approximately 1%. The higher THC content will assist Winter Garden to develop products that will provide clinical relief for a variety of neurological ailments. The ailments which could be improved by medicinal cannabis products are wide-ranging, from depression and post-traumatic stress disorder to anti-inflammation and neuropathic pain.

It has all required licences and infrastructure in place to enable this objective to be met.

On 17 July 2016 this transaction was terminated, due to the key terms of the agreement not being satisfied.

Santa Fe Update

IGS has 9,259,259 shares in Santa Fe Gold Corporation ("Santa Fe" or "SFEG") and Convertible Notes with a face value of US$4 million plus accrued interest expired in October 2015.

On 26 August 2015 the Company advised that, Santa Fe and three affiliates filed voluntary chapter 11 cases pursuant to the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. In its chapter 11 filings, Santa Fe has indicated, among other things, that it intends to conduct a process to sell substantially all of the debtors' assets and, to facilitate a sale process, has entered into a debtor-in-possession loan facility with Waterton Global Value, L.P. ("Waterton") and a stalking horse purchase agreement with Waterton under which Waterton proposes to purchase the debtors' assets. The loan facility and sale process are subject to the approval of the bankruptcy court. A committee of unsecured creditors of Santa Fe has been formed to represent the interests of unsecured creditors in the chapter 11 cases. The Company has been appointed to this committee and will work with the other members of the committee to maximize the recovery to unsecured creditors and to achieve an outcome that is in the best interests of the creditors.

Further background on this can be found in the IGS announcement dated 28 April 2016.

Within this announcement IGS advised that it was awaiting the establishment of the General Unsecured Creditor Trust, which once established would see a total of US$500,000 distributed to unsecured creditors on a pro-rata basis. The matter was resolved in June 2016 and the Company subsequently received approximately $318,000 from the General Unsecured Creditor Trust trustee in August 2016 and May 2017 as a settlement of all outstanding liabilities with Santa Fe.

IGS retains 9,259,259 shares in Santa Fe. Santa Fe Gold Corporation share price as at January 2018 is US$0.16 per share.

Ouro Paz Gold Project

The Company's 93% owned subsidiary, Latin Gold Ltd, holds a 20% interest joint venture interest in the Ouro Paz Gold Project, located in Brazil. It remains committed to this interest and will continue to proactively work with its joint venture partners to progress development of this asset.

During the period it conducted no meaningful work as part of the Ouro Paz Gold Project JV.

Operating results

The Consolidated Entity recorded an operating loss after income tax and non-controlling interests of $726,140 (31 December 2014 loss: $2,099,514).

Dividends paid or recommended

The directors recommend that no dividend be paid for the half-year ended 31 December 2015 nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

Significant events after balance sheet date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years other than the following:

- On 5 February 2016, IGS announced that a binding Definitive Agreement ("DA") has been signed with Jardin de Invierno SA, trading as WinterGarden Biosciences ("WinterGarden" or "WG"), for the acquisition by IGS of an 85% interest in WG.

-On 7 July 2016, the Company announced effective 10 July 2016, it has terminated its agreement to acquire 85% interest in Jardin de Invierno SA, trading as WinterGarden Biosciences ("WinterGarden"). The refundable deposit of $212,000 has been impaired by the Company as at 30 June 2016 together with advances made to WinterGarden.

-On 18 August 2016, the Company announced that it had commenced negotiations regarding the acquisition of a highly prospective minerals asset in Australia.

-On 8 September 2016, the Company announced resignation of Jason Brewer from his position as Non-Executive Director and Company Secretary.

-On 8 September 2016, the Company announced appointments of Non-Executive Directors, Ray Shorrocks and Stephen Brockhurst. The company also announced the appointment of David Palumbo as the Company Secretary.

-On 3 October 2016, the Company announced expiry of 37,100,000 unlisted options at $0.01 exercise price.

-During the period August 2016 to November 2016, the directors and various external creditors had agreed to forgive liabilities totalling $592,655. The Group has also entered into agreement with its Convertible Note holders (details at note 18 of this report) to convert the existing Convertible Note principal amounts into IGS shares at $0.002 per share. As at the date of this report, the Group has received $323,000 worth of Convertible Note acceptances.

-On 30 June 2017, the Company's 14,850,640 unquoted options exercisable at $0.03 expired unexercised.

-On 4 October 2017, the Company announced that it has been progressing with a range of acquisition options, new asset and suitable funding before it applies to the ASX to re-commence the trading of Company's securities.

-On 4 October 2017, the Company announced that Latin Gold, which owns the Brazilian gold assets and in which the Company holds an approximate 95% interest, has had a liquidator appointed.

-On 5 January 2018, Mr Kenny Keogh and Mr Nicholas Sage were appointed as Non-Executive Directors of International Goldfields Limited effective immediately. As a result of the appointments, Messrs Shorrocks and Brockhurst resigned as Non-Executive Directors of International Goldfields Limited effective immediately.

-In February 2018, the Company entered into agreement with various trade creditors and directors to convert the existing outstanding amounts totalling $107,784 into IGS shares at $0.002 per share. The Company is anticipating for the conversion of trade creditors balances and directors' fees to be shareholder approved and converted within 8 weeks of the date of this report.

-In February 2018, the Company announced resignation of David Palumbo from his position as Company Secretary and the appointment of Joint Company Secretaries of Melissa Chapman and Catherine Grant Edwards.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the Company's auditors, Ernst and Young, to provide the directors of IGS with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is set out on the following page and forms part of this report.

Signed in accordance with a resolution of the directors.

David Tasker
Director
6 March 2018

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

As lead auditor for the review of International Goldfields Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of International Goldfields Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

V L Hoang
Partner
6 March 2018

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Independent auditor's review report to the members of International Goldfields Limited

Report on the half-year financial report

We were engaged to review the accompanying half-year financial report of International Goldfields Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-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 half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on conducting our review in accordance with Auditing Standard Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Because of the matters described in the Basis for Disclaimer of Conclusion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for a review conclusion.

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, a copy of which is included in the directors' report.

Basis for disclaimer conclusion

Going concern

As detailed in Note 1 to the half- year financial statements, as at 31 December 2015, the Group had net current liabilities of $3,942,248 and the total liabilities exceed its total assets by $2,969,800 with limited cash available to fulfil its short term expenditure commitments. The Group's ability to continue as a going concern is dependent on its ability to:

- Dispose of its investment in Santa Fe Gold Corporation, an OTC listed trading entity in the United States, at an acceptable price to the Group in the short term

- Secure agreements with its convertible noteholders to convert its existing convertible note principal amounts into shares in International Goldfields Limited and with major creditors and lenders to forgive or defer repayment of their debts.

We have been unable to obtain sufficient appropriate evidence as to whether the Group can achieve the above matters and we have therefore been unable to determine whether it is appropriate to prepare the half-year financial statements on a going concern basis.

Carrying value of investment in CIA Mineradora Ouro Paz ("Ouro Paz")

As detailed in Note 4 to the half-year financial statements, included in the 31 December 2015 Investment in Joint Venture balance was an amount of $864,448, representing the Group's interest in the incorporated joint venture, Ouro Paz. The audit of Ouro Paz was last undertaken as at 31 December 2014 and we have therefore been unable to obtain audited financial statements after this date.

In the absence of updated audited financial statements from Ouro Paz, we have been unable to obtain sufficient appropriate audit evidence to determine the accuracy of the share of profit or loss of this equity accounted investee, nor have we been able to assess the recoverable value of this investment. Consequently, we have been unable to determine whether any adjustments to the carrying amount of the investment as at 31 December 2015, the share of profit or loss of equity accounted investee for the half-year then ended, or any associated disclosures were necessary.

Carrying value of loan from CIA Mineradora Ouro MT S.A ("Ouro MT")

As detailed in Note 6 to the half-year financial statements, included in the 31 December 2015 borrowing balance was an amount of $1,228,329 being an advance from Ouro MT to the Group to meet its cash calls from Ouro Paz. The Group announced on 30 October 2015 that it had elected to repay the outstanding balance to Ouro MT with shares in Ouro Paz and had diluted its interest in Ouro Paz to 20%. We have however not been provided with the underlying agreement with Ouro MT in relation to this settlement.

In the absence of a legally binding agreement to confirm the settlement, we have been unable to obtain sufficient appropriate audit evidence to determine the accuracy of the carrying value of the advance from Ouro MT and the reasonableness of the interest expense accrued on the advance. Consequently, we have been unable to determine whether any adjustments to the carrying amount of the advance as at 31 December 2015 or interest expenses for the half-year then ended or associated disclosures were necessary.

Liabilities recorded in Latin Gold Limited (Liquidators appointed) ("Latin Gold")

As detailed in Note 7 to the half-year financial statement, the Group held a 93% interest in Latin Gold. On 8 May 2017, Latin Gold was wound up by the High Court in London and liquidators were subsequently appointed. This decision was made by the High Court following a winding-up petition by OCRA Trustees (Seychelles) Limited as Trustee of Global Trust (formerly Amazonegold Seychelles Trust) ("OCRA Trustees") in relation to an outstanding amount of GBP16,021,601 arising from a Sale & Purchase agreement dated 23 May 2008 between the Group and OCRA Trustee. The Group has not been able to confirm with the liquidators the progress of the liquidation and to what extent the liquidators have considered and accepted the claim from OCRA Trustees. At 31 December 2015, the Group recognised no liabilities in relation to the claim.

Without a full understanding of the progress of the liquidation process and the extent to which the liquidators have accepted OCRA Trustees claim, we have been unable to obtain sufficient appropriate audit evidence to determine if any part of the OCRA Trustee's claim should be recognised by the Group. Consequently, we have been unable to determine whether any adjustment to the carrying amount of the Group's liabilities as at 31 December 2015 or associated disclosures was necessary.

Unsecured loans and convertible notes to external third parties

As detailed in Note 6 to the half-year financial statements, included in the Group's 31 December 2015 borrowings was $96,000 worth of convertible notes issued during this half-year. The Group was unable to provide the underlying agreements with the noteholders specifying terms and conditions of the notes.

In the absence of these agreements, we have been unable to obtain sufficient appropriate audit evidence to assess the reasonableness of the accounting treatment of the note and the accuracy of interest expenses accrued. Consequently, we have been unable to determine whether any adjustment to the carrying amount of the borrowing balance or associated disclosures was necessary.

Valuation of the foreign currency translation reserve

As detailed in the half-year financial statements, included in the 31 December 2015 foreign currency translation reserve was a foreign translation loss of $4,846 arising from the translation of the Group's subsidiaries' financial statements, denominated in foreign functional currencies, into Australian dollars. We have been unable to obtain sufficient appropriate audit evidence to assess the reasonableness of the measurement of this foreign currency translation gain. Consequently, we have been unable to determine whether any adjustment to the carrying amount of the foreign currency translation reserve was necessary.

Impact of the 2015 disclaimer of opinion

We issued a disclaimer of opinion dated 30 September 2015 on the financial report of the Group for the year ended 30 June 2015 as we were unable to obtain sufficient appropriate audit evidence to assess:

a. Whether the Group could achieve specific matters relating to its ability to continue as a going concern

b. The reasonableness of the carrying value of the investment in CIA Mineradora Ouro Paz

c. The reasonableness of the carrying value of the loan receivable from Jardin De Invierno S.A.

Since the 30 June 2015 carrying values of the investment in CIA Mineradora Ouro Paz and the loan receivable from Jardin De Invierno S.A. are included in the determination of the impairment charge and therefore the financial performance of the Group for the half-year ended 31 December 2015, we were unable to determine whether adjustments might have been necessary in respect of the impairment change and the loss reported in the statement of comprehensive income for the half-year ended 31 December 2015.

Disclaimer of conclusion

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for a review conclusion. Accordingly, we do not express a review conclusion on the half-year financial report.

Emphasis of matter – Liquidators appointed for Latin Gold Limited in May 2017

As detailed in Note 7, in May 2017, Latin Gold Limited ("Latin Gold"), a 93% owned subsidiary of the Group was wound up by the High Court in London and liquidators were subsequently appointed. This decision was made by the High Court following a winding-up petition by OCRA Trustees (Seychelles) Limited as Trustee of Global Trust (formerly Amazonegold Seychelles Trust) ("OCRA Trustees") in relation to an outstanding amount of GBP16,021,601 arising from a Sale & Purchase agreement dated 23 May 2008 between the Group and OCRA Trustee. At 31 December 2015, Latin Gold holds the Group's equity interest in the Ouro Paz project in Brazil with a carrying value of $864,448 (as detailed in Note 4) and the loan from CIA Mineradora Ouro MT S.A with a carrying value of $1,228,329 (as detailed in Note 6). No adjustments have been made to these balances as a result of this subsequent event. Our review conclusion is not modified in respect of this matter.

Report on other legal and regulatory requirements

Due to the matters described in the Basis for Disclaimer of Auditor's Conclusion paragraphs, we have not been given all information, explanation and assistance necessary for the conduct of the review; and we are unable to determine whether the company has kept:

a. financial records sufficient to enable the half-year financial report to be prepared and reviewed; and

b. other records and registers as required by the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

V L Hoang
Partner
Perth
6 March 2018

Directors' Declaration

In accordance with a resolution of the directors of International Goldfields Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the Consolidated Entity as set out on pages 9 to 20:

(i) give a true and fair view of the consolidated entity's financial position as at 31 December 2015, and of its performance for the half year ended on that date; and

(ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) subject to the achievement of the matters described under note 1, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

David Tasker
Director
6 March 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

INTERNATIONAL GOLDFIELDS LTD

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

		CONSOLIDATED	
	Note	31 DECEMBER 2015 $	31 DECEMBER 2014 $
Continuing operations			
Interest		33	122,632
Other income – reversal of impairment expenses previously recognised	3	318,000	62,715
Total revenue		**318,033**	185,347
Changes in fair value of financial assets at fair value through profit or loss		(52,938)	210,390
Foreign exchange loss		(30,786)	(4,569)
Employee and consultancy expenses		(101,800)	(271,049)
Public relations expenses		(29,800)	(19,855)
Insurance expenses		(4,995)	(7,518)
Borrowing expenses		(243,297)	(19,650)
Corporate expenses		(246,999)	(219,595)
Travel expenses		(8,234)	(28,402)
Depreciation expense		-	(4,679)
Impairment expense	**11**	(325,324)	(1,243,490)
Share of loss of equity accounted investee	**4**	-	(675,434)
Other expenses		-	(1,009)
Loss before income tax expense		**(726,140)**	(2,099,514)
Income tax expense		-	-
Loss after tax from continuing operations		**(726,140)**	(2,099,514)
Loss after tax from discontinued operation		-	-
Loss for the period		**(726,140)**	(2,099,514)
Loss attributable to:			
Owners of the Parent		(696,390)	(2,250,154)
Non-controlling interest		(29,750)	150,640
		(726,140)	(2,099,514)
Loss per share from continuing operations attributable to the members of the parent:			
Basic and diluted loss per share (cents per share)		(0.09)	(0.32)
Loss per share attributable to the members of the parent:			
Basic and diluted loss per share (cents per share)		(0.09)	(0.32)

The accompanying notes form part of these financial statements.

Consolidated Statement of Profit or Loss

and Other Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2015		CONSOLIDATED	
		31 DECEMBER 2015	31 DECEMBER 2014
	Note	**$**	$
Loss for the period		**(726,140)**	(2,099,514)
Other comprehensive loss that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		(4,846)	(14,177)
Other comprehensive loss for the period, net of tax		**(4,846)**	**(14,177)**
Total comprehensive loss for the period		**(730,986)**	(2,113,691)
Total comprehensive loss for the period attributable to:			
Owners of the Parent		(711,059)	(1,948,968)
Non-controlling interest		(19,927)	(164,723)
		(730,986)	(2,113,691)

The accompanying notes form part of these financial statements.

INTERNATIONAL GOLDFIELDS LTD

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2015	Note	CONSOLIDATED 31 December 2015 $	30 June 2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		130	1,845
Trade and other receivables		27,701	103,899
Loan Santa Fe Receivable	3	210,000	-
Financial assets at fair value through profit or loss – listed equity securities		44,545	97,483
TOTAL CURRENT ASSETS		282,376	203,227
NON-CURRENT ASSETS			
Loan Receivable from Winder Garden	11	-	162,500
Loan Santa Fe Receivable	3	108,000	-
Investment in associate	4	864,448	864,448
TOTAL NON-CURRENT ASSETS		972,448	1,026,948
TOTAL ASSETS		**1,254,824**	1,230,175
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,024,198	689,624
Provision	6	18,432	28,307
Borrowings	6	3,181,994	2,751,056
TOTAL CURRENT LIABILITIES		4,224,624	3,468,987
TOTAL LIABILITIES		**4,224,624**	3,468,987
NET LIABILITIES		**(2,969,800)**	(2,238,812)
SHAREHOLDER DEFICIT			
Issued capital	5	89,429,882	89,429,882
Reserves		4,794,348	4,809,017
Accumulated losses		(96,631,598)	(95,935,206)
Parent entity interest		(2,407,368)	(1,696,307)
Non-controlling interest		(562,432)	(542,505)
TOTAL SHAREHOLDERS' DEFICIT		**(2,969,800)**	(2,238,812)

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

		CONSOLIDATED	
		31 DECEMBER 2015	31 DECEMBER 2014
	Note	**$**	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(174,878)	(249,074)
Interest received		33	1,646
Interest & other borrowing expenses		-	9,806
NET CASH FLOWS USED IN OPERATING ACTIVITIES		**(174,845)**	(237,622)
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on exploration interests		-	(449,865)
Restricted cash released		-	167,878
Proceeds from sales of Segue shares		-	681,892
CASH FLOWS USED IN INVESTING ACTIVITIES		**-**	399,905
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(22,870)	(327,944)
Proceeds from convertible notes		196,000	-
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**173,130**	(327,944)
NET DECREASE IN CASH HELD		(1,715)	(165,661)
Cash and cash equivalents at beginning of reporting period		1,845	180,893
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD		**130**	15,232

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

INTERNATIONAL GOLDFIELDS LTD

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

CONSOLIDATED Note	Issued Capital $	Accumulated Losses $	Option Reserve $	Foreign Currency Translation Reserve $	Owners of the parent $	Non - controlling interest $	Total $s
At 1 July 2014	89,297,467	(86,834,261)	4,606,913	(116,715)	6,953,404	(274,843)	**6,678,561**
Loss for the period	-	(2,250,154)	-	-	(2,250,154)	150,640	**(2,099,514)**
Exchange differences on translation of foreign operations	-	-	-	301,186	301,186	(315,363)	**(14,177)**
Total comprehensive loss for the period	-	(2,250,154)	-	301,186	(1,948,968)	(164,723)	**(2,113,691)**
Share based payments	132,415	-	-	-	132,415	-	**132,415**
At 31 December 2014	**89,429,882**	**(89,084,415)**	**4,606,913**	**184,471**	**5,136,851**	**(439,566)**	**4,697,285**
At 1 July 2015	89,429,882	(95,935,208)	4,606,913	202,104	(1,696,309)	(542,505)	**(2,238,814)**
Loss for the period	-	(696,390)	-	-	(696,390)	(29,750)	**(726,140)**
Exchange differences on translation of foreign operations	-	-	-	(14,669)	(14,669)	9,823	**(4,846)**
Total comprehensive loss for the period	-	(696,390)	-	(14,669)	(711,059)	(19,927)	**(730,986)**
Share based payments	-	-	-	-	-	-	**-**
At 31 December 2015	**89,429,882**	**(96,631,598)**	**4,606,913**	**187,435**	**(2,407,368)**	**(562,432)**	**(2,969,800)**

The accompanying notes form part of these financial statements.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Corporate information

International Goldfields Limited ('IGS') (the Parent) is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The interim consolidated financial statements for the half year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 2 March 2018. The Company currently has interests in investments in Brazil.

Basis of preparation

The half year consolidated financial statements are a general purpose condensed financial report prepared in accordance with the requirements of the *Corporations Act 2001* and applicable accounting standards including AASB 134 Interim Financial Reporting.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any public announcements made by International Goldfields Limited during the half year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial statements except as set out below.

New and amended accounting standards and interpretations adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated half-year financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2015, except for the adoption of new and amended standards and interpretations described below.

In the current period, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half-year.

The adoption of these standard has not had a material impact on this half year financial report.

GOING CONCERN

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As at 31 December 2015, the Consolidated Entity had net current liabilities of $3,942,248 and a net shareholders' deficit of $2,969,800. The cash balance at 31 December 2015 was $130.

At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Group will be able to continue as a going concern. In forming this view, the directors have considered the Group's current position and funding objective via the disposal of its currently held investment in Santa Fe Gold Corporation (OTC: SFEG) (OTC listed trading entity). The Group is currently in negotiations to dispose of its 9,259,259 fully paid ordinary shares investment in SFEG to a third party with expected net proceeds of approximately USD $900,000 to be generated.

In the event that the above funding options do not result in the receipt of cash in the short term, the Group would need to seek alternative sources of funding to meet its immediate operating obligations.

The Group has also entered into agreement with its Convertible Note holders (details at note 6 of this report) to convert the existing Convertible Note principal amounts into IGS shares at $0.002 per share. As at the date of this report, the Group has received $323,000 worth of Convertible Note acceptances. The Group is anticipating for the conversion of Convertible Notes to be shareholder approved and converted within 8 weeks of the date of this report. In addition and subsequent to half-year, the directors and certain external creditors have agreed to forgive liabilities totalling $592,655 as part of Group's current restructuring plan.

The Directors are confident that with the incoming funds from the sale of SFEG investment shares, Convertible Notes conversions and settlement of existing creditors, the Group will be able to rapidly advance the acquisition of a new asset and suitable funding to re-list.

The Directors are of a view that the Latin Gold liability for the settlement of the cash calls provided to Latin Gold during the 2015 financial year to fund the exploration operations at its project in Brazil should not require a cash outflow. As per the executed agreement, Latin Gold's interest could dilute its interest in the Brazilian project if the Company does not meet the agreed cash call requirements.

Should the Consolidated Entity not achieve the matters as outlined above, there is significant uncertainty as to whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in this financial report. This financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Company and the Consolidated Entity not be able to continue as a going concern.

COMPARATIVES

Certain comparative information has been reclassified to conform with the current period presentation.

2. SEGMENT REPORTING

For management purposes, the Group is organised into one main operating segment, which involves mining exploration for gold and other minerals. All of the Group's activities are interrelated, and discrete financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

3. LOAN SANTA FE RECEIVABLE

	CONSOLIDATED	
	31 DECEMBER 2015	30 JUNE 2015
	$	$
Loan receivable	**4,642,592**	4,642,592
Impairment of loan receivable	**(4,324,592)**	(4,642,592)
Total	**318,000**	-
Of which:		
- Current asset	**210,000**	-
- Non-current assets	**108,000**	-

The Loan receivable as well as accrued interest receivable from Santa Fe has been fully impaired in 2015 when Santa Fe Gold Corporation and its three affiliates filed voluntary chapter 11 cases pursuant to the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware resulting in an impairment expense of $4,642,592. $318,000 was subsequently reversed during the half-year ended 31 December 2015 and reflected the amount the Group expected to receive from Santa Fe as part of its restructuring effort to emerge from the voluntary petitions under Chapter 11. The amount was received in October 2016 and May 2017.

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

4. INVESTMENT IN A JOINT VENTURE

The Ouro Paz Gold Project is located in the state of Mato Grosso, Brazil, held via the Group's 20% equity interest in CIA Mineradora Ouro Paz, a Brazilian entity (Ouro Paz JV) . The Ouro Paz Gold Project is host to a maiden Mineral Resource Estimation (MRE) of 3.4M tonne Measured & Indicated Resource averaging 2.55g/t gold, and a 5.1M tonne Inferred resource averaging 2.48g/t gold for a total of 690,000oz Au of contained metal.

The Group has accounted for the investment in the jointly controlled entity using the equity method as below

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(a) Movements in carrying amounts

	CONSOLIDATED	
	31 DECEMBER 2015	31 DECEMBER 2014
	$	$
Carrying amount at beginning of period	**864,448**	2,107,938
Cash Call made during the period	**-**	675,434
Expensed Exploration expenditures	**-**	(675,434)
Impairment of Investment	**-**	(1,243,490)
Total	**864,448**	864,448

In the prior period, the investment has been impaired to the Group's share of the Joint Ventures net assets based on the last available information being 31 December 2013 and the share of loss in the JV is equal to the cash calls payment made during the period.

For the current financial period, the Group did not receive the necessary financial information for the half-year ended 31 December 2015 from Ouro Paz for equity accounting purposes and are therefore unable to make the required disclosures under Australian accounting standards or perform appropriate equity accounting for the investment.

b) Commitments and contingent liabilities of associate

No contingent liabilities or capital commitments exist at 31 December 2015.

During the half year ended 31 December 2015 Nil (2014: $675,434) was paid towards our cash calls commitments to the Ouro Paz JV.

5. ISSUED CAPITAL

(a) Issued and paid up

	CONSOLIDATED	
	31 DECEMBER 2015	30 JUNE 2015
	$	$
Issued and fully paid	**89,429,882**	89,429,882
Total	**89,429,882**	89,429,882

(b) Movement in shares on issue

	31 DECEMBER 2015 Number of Shares	31 DECEMBER 2015 Amount Paid $	30 JUNE 2015 Number of Shares	30 JUNE 2015 Amount Paid $
Balance at beginning of the period	**814,542,456**	**89,429,882**	671,669,555	89,297,467
Issued during the period	**-**	**-**	142,872,901	132,415
Balance at the end of the period	**814,542,456**	**89,429,882**	814,542,456	89,429,882

(c) Movement in share options on issue

	31 DECEMBER 2015 Number of options	31 DECEMBER 2015 Weighted average exercise price $	30 JUNE 2015 Number of Options	30 JUNE 2015 Weighted average exercise price $
Balance at beginning of the period	**70,950,640**	**0.03**	70,950,640	0.03
Granted during the period	**-**		-	-
Forfeited during the period	**-**		-	-
Lapsed during the period	**(14,000,000)**	**0.08**	-	-
Balance at the end of the period	**56,950,640**	**0.02**	70,950,640	0.03

Total share based payments expense for the period is $Nil (30 June 2015: $132,415).

6. BORROWINGS AND PROVISIONS

	CONSOLIDATED 31 DECEMBER 2015 $	CONSOLIDATED 30 JUNE 2015 $
BORROWING - current		
Working Capital Facility (a)	-	22,870
Unsecured Loan (b)	**233,977**	222,000
Convertible Note (c)	**447,952**	427,698
Unsecured Loan (d)	**232,908**	211,413
Convertible Notes (e)	**1,020,156**	733,172
Loan Ouro Paz (f)	**1,228,329**	1,100,582
Fee Payable to WG (g)	**-**	33,321
Other Loan	**18,672**	-
Total	**3,181,994**	2,751,056
PROVISIONS - current		
Provision for annual leave (h)	**18,430**	18,430
Provision for lease liability (i)	**-**	9,877
Total	**18,430**	28,307

6. BORROWINGS (continued)

(a) IGS entered into a loan agreement in April 2015 to fund short term working capital. The loan was non-interest bearing and has been fully repaid in August 2015.

(b) IGS entered into a loan agreement in May 2014 for an amount of $200,000. The loan is interest bearing at 10% and matured in March 2015. The directors are currently negotiating an extension. The balance represents principal plus interest up to 31 December 2015.

(c) IGS entered into a convertible note agreement in September 2013 for an amount of $350,000. The interest on the convertible note is at 12% per annum and matured in March 2015. The loans are secured by listed shares by the Group. The directors are currently negotiating an extension. The balance represents principal plus interest up to 31 December 2015.

(d) The company entered into a loan agreement in May 2015 for an amount of USD$160,000. The loan is interest bearing at 10% and matured in June 2015. The directors are currently negotiating an extension. The balance represents principal plus interest up to 31 December 2015.

(e) The company entered into various convertible note agreements in April 2015, August 2015 and December 2015 totalling $972,485. This convertible notes carry an interest of 12% and will be converted to shares subject to shareholders approval. The balance represents principal plus interest up to 31 December 2015.

(f) Ouro Paz Cia Mineradora has agreed to fund the December 14, March 15 and June 15 quarter cash call on behalf of Latin Gold. The amount advanced was USD$790,000. The interest on the funds advanced is 18% per annum, accruing daily. The company has the option of repaying the debt or diluting its share in the joint venture. The balance represents principal plus interest up to 31 December 2015.

(g) $33,321 relates to WG. It is part of the deposit of $325,000 that IGS agreed upon in April 2015. As of August 2015, this has been paid.

(h) The provision for annual leave relates to accrued annual leave for Mr Travis Schwertfeger.

(i) The lease liability relates to the onerous provision for Oxford Leederville rent. The liability was settled during the current financial period.

7. CONTROLLED ENTITIES

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

	Country of Incorporation	% Equity Interest	
		31 December 2015	30 June 2015
Latin Gold Ltd	United Kingdom	93	93

Latin Gold directly holds the Group's equity interest in the Ouro Paz project in Brazil with carrying value of $864,448 (refer to note 4) and also the loan from CIA Mineradora Ouro MT S.A with a carrying value of $1,228,329 (refer to note 6).

On 8 May 2017, Latin Gold was wound up by the High Court in London and liquidators were subsequently appointed. This decision was made by the High Court following a winding-up petition by OCRA Trustees (Seychelles) Limited as Trustee of Global Trust (formerly Amazonegold Seychelles Trust) ("OCRA Trustees") in relation to the below outstanding amount of GBP16,021,601 arising from a Sale & Purchase agreement dated 23 May 2008 between the Group and OCRA Trustee.

- GBP 420,000 cash payable within five business after Latin Gold Ltd successfully completes an Initial Public Offering
- GBP1,200,000 to be satisfied at the absolute discretion of the Company in cash or by the allotment and issue of shares with a market value equal to this value within 20 business days from the date the Company's proven and probable reserves of gold within the mining tenement exceed 1,500,000 ounces as determined in accordance with JORC
- Royalty of US$7 per ounce of gold produced from the reprocessing of the tailings existing at the date hereof within the mining tenements calculated by OCRA Trustee at GBP14,401,601.

At 31 December 2015, the Group recognised no liabilities in relation to the claim as the directors believe that the milestones associated to these payments have not been met.

8. CONTINGENT LIABILITIES AND COMMITMENTS

Other than the potential exposure in Latin Gold Limited as disclosed in note 7, there has been no material change of any contingent liabilities or commitments since the last annual reporting date.

9. RELATED PARTY TRANSACTIONS

There have been no material changes to the related party transactions disclosed in the 30 June 2015 Annual Report.

10. FINANCIAL INSTRUMENTS

The fair value of the Group's financial assets and financial liabilities is approximately the same as their carrying value.

11. IMPAIRMENT EXPENSES

	31 December 2015	31 December 2014
	$	$
Impairment of Investment in Ouro Paz (note 4)	-	1,243,490
Impairment of receivable from Jardin De Invierno S.A (a)	259,186	-
Impairment of receivable from OKAP (b)	66,138	-
Impairment Expense for the financial period	**325,324**	**1,243,490**

(a) As part of the Winter Garden Heads of Agreement, IGS had to make an initial payment of $325,000. The first payment of $162,500 was accounted for as acquisition cost in the Statement of Comprehensive Income. The 2nd payment made was for $129,179. This is a refundable loan at 0% interest if the Winter Garden deal does not go through. During the financial period, the Group also paid $130,000 to Winter Garden. In July 2016, the company announced the termination of the deal resulting to an impairment expense of $259,186 recognised in the income statement.

(b) The receivable with OKAP was fully impaired as the possibility that the amount could be recovered is remote.

12. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years other than the following:

- On 5 February 2016, IGS announced that a binding Definitive Agreement ("DA") has been signed with Jardin de Invierno SA, trading as WinterGarden Biosciences ("WinterGarden" or "WG"), for the acquisition by IGS of an 85% interest in WG.

-On 7 July 2016, the Company announced effective 10 July 2016, it has terminated its agreement to acquire 85% interest in Jardin de Invierno SA, trading as WinterGarden Biosciences ("WinterGarden"). The refundable deposit of $212,000 has been impaired by the Company as at 30 June 2016 together with advances made to WinterGarden.

-On 18 August 2016, the Company announced that it had commenced negotiations regarding the acquisition of a highly prospective minerals asset in Australia.

-On 8 September 2016, the Company announced resignation of Jason Brewer from his position as Non-Executive Director and Company Secretary.

-On 8 September 2016, the Company announced appointments of Non-Executive Directors, Ray Shorrocks and Stephen Brockhurst. The company also announced the appointment of David Palumbo as the Company Secretary.

-On 3 October 2016, the Company announced expiry of 37,100,000 unlisted options at $0.01 exercise price.

-During the period August 2016 to November 2016, the directors and various external creditors had agreed to forgive liabilities totalling $592,655. The Group has also entered into agreement with its Convertible Note holders (details at note 18 of this report) to convert the existing Convertible Note principal amounts into IGS shares at $0.002 per share. As at the date of this report, the Group has received $323,000 worth of Convertible Note acceptances.

-On 30 June 2017, the Company's 14,850,640 unquoted options exercisable at $0.03 expired unexercised.

-On 4 October 2017, the Company announced that it has been progressing with a range of acquisition options, new asset and suitable funding before it applies to the ASX to re-commence the trading of Company's securities.

-On 4 October 2017, the Company announced that Latin Gold, which owns the Brazilian gold assets and in which the Company holds an approximate 95% interest, has had a liquidator appointed.

-On 5 January 2018, Mr Kenny Keogh and Mr Nicholas Sage were appointed as Non-Executive Directors of International Goldfields Limited effective immediately. As a result of the appointments, Messrs Shorrocks and Brockhurst resigned as Non-Executive Directors of International Goldfields Limited effective immediately.

-In February 2018, the Company entered into agreement with various trade creditors and directors to convert the existing outstanding amounts totalling $107,784 into IGS shares at $0.002 per share. The Company is anticipating for the conversion of trade creditors balances and directors' fees to be shareholder approved and converted within 8 weeks of the date of this report.

-In February 2018, the Company announced resignation of David Palumbo from his position as Company Secretary and the appointment of Joint Company Secretaries of Melissa Chapman and Catherine Grant Edwards.