

28 April 2016

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Company Announcements Office
Australian Securities Exchange
Level 6, 20 Bridge Street
SYDNEY NSW 2000

Via E Lodgement

CORPORATE UPDATE

The Board of International Goldfields Limited (**ASX: IGS**) ("**IGS**" or "**Company**") wishes to provide a corporate update on a number of matters concerning the Company.

Progress with WinterGarden Transaction

The Company executed 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 on 5 February 2016 (refer ASX announcement dated 5 February 2016).

Since signing the DA the parties have been working to finalise the transaction as soon as practically possible, within the requirements of ASX and shareholder approvals. Delays have unfortunately occurred due to the Company's difficulties to source its immediate funding needs which are required to meet regulatory costs associated with completion (i.e. shareholder meeting, independent expert report, etc). The Company is diligently working with its existing and new financiers to source these funds so the transaction can regain momentum lost as a result of the delays.

Key conditions of the DA are required to be satisfied on or before 31 May 2016, unless otherwise extended by the Company and WG. The Company continues to work to meet the conditions precedent for transaction to complete. Should these conditions and completion of the transaction not be achieved, or the agreement expire without being extended, or be terminated by mutual consent, then the Company will be entitled to receive full repayment of the refundable deposit (\$212,000) already paid.

The Company has received notification from WG that it has sought to terminate the DA based on alleged breaches by the Company. The Company has refuted such claims and believes that they are unfounded and without substance. Termination of the DA prior to its expiry can be agreed by mutual consent, or as a result of certain conditions precedent not being met.

BOARD

David Tasker
Director

Jason Brewer
Director

Travis Schwertfeger
Director

COMPANY SECRETARY

Jane Flegg

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At this time, the Company is not seeking termination of the DA and is firmly of the opinion that it is in compliance with its obligations under the DA and as such it continues to work towards meeting the conditions precedent for transaction to complete.

The Board notes and shares the frustration, not least of the Company's shareholders and WG executives as a result of the delays associated with this transaction, however, the Board wishes to confirm that the Company remains committed to the WG transaction (in whatever final form can be finalized) and the opportunity it presents to the Company, and its shareholders.

Further information on this transaction will be provided as it comes to hand.

Santa Fe Update

On 26 August 2015 the Company advised that, Santa Fe Gold Corporation ("**Santa Fe**" or "**SFEG**") 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 indicated, among other things, that it intended to conduct a process to sell substantially all of the debtors' assets and, to facilitate a sale process, 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 proposed to purchase the debtors' assets. The loan facility and sale process were subject to the approval of the bankruptcy court.

In Mid-January 2016, once the deadline was reached, no bids for the assets of SFEG and its subsidiaries were received at or higher than that of the stalking horse purchaser agreement with Waterton, meaning Waterton was able to acquire the assets for the value of its secured debt.

On or about 29 February 2016 the Bankruptcy Court for the District of Delaware approved a "dismissal process order". The dismissal process order provides that the Court will enter an order formally dismissing the Chapter 11 Bankruptcy case, as all the assets of the company have now been sold in lieu of the secured creditor debt. In addition, and to formally dismiss the matter, the following need to occur:

- (a) the establishment and funding of the General Unsecured Creditor Trust,
- (b) payment of all quarterly fees due and owing to the Office of the United States Trustee,
- (c) resolution of certain disputed and unsecured claims, and
- (d) that the Court has entered an order regarding the professionals' final fee applications and payments having been made to the professionals involved in the matter.

A further hearing date occurred on 19 April 2016, at which time the Court considered the Debtors' (SFEG) claim objections as well as the final fee applications of all of the professionals retained in the cases. These matters were resolved at or soon after this hearing, meaning the order actually dismissing the cases will be entered and the liquidating trust became effective.

It is now the understanding of the Company that the establishment of the General Unsecured Creditor Trust is occurring and once established funds will be dispersed to unsecured creditors on a pro-rata basis.

Shareholders are advised that while the Company has an unsecured creditor position of approx. \$4m, which in its view represents between one third and one half of the total unsecured creditor position, it is

likely that its return via the General Unsecured Creditor Trust is likely to be in the order of 10% of the amount it is owed. It is expected that this payment will be received in the coming 4-6 weeks.

Funding Discussions

The Company has continued its financing discussions with its existing debt providers and with new financiers regarding the immediate funding requirements of the Company, working capital and immediate costs associated with the WG transaction, together with more substantive longer-term funding.

In February 2016 the Company received and executed a term sheet for an initial \$800,000 bridging loan to the Company, together with a further loan tranche of \$2,000,000 to satisfy the funding requirement associated with Completion of the transaction with WG. The funding was to be used to satisfy current debt obligations, general working capital and to fund regulatory and procedural costs associated with the transaction.

The Board has yet to receive the initial \$800,000 advance from the financier, and now has major concerns over whether any funds will be advanced. The Company and its advisors are making continual efforts to seek payment of the funds as contemplated. Clearly, the fact these funds and other financing initiatives have not been received or concluded have placed significant financial and operational burden on the Company.

The Company, despite this matter being unresolved, is advancing discussions with a range of alternative funding providers regarding securing short-term capital.

Resignation of Director and Company Secretary

Mr Travis Schwertfeger, who is currently a Director of the Company, has advised of his intention to resign from the Board, citing increasing work commitments. Mr Schwertfeger was previously a Managing Director of the Company and has played a key role in the advancement of the Company's Ouro Paz Joint Venture in Brazil. He will be retained by the Company in a consultancy capacity to assist specifically with Ouro Paz. The Board would like to thank Mr Schwertfeger for his significant contribution to the Company and wish him all the best for the future.

In addition, the Board also confirms that Jane Flegg, current IGS Company Secretary, has also agreed to resign her position with the Company.

The Board is currently in the process of identifying suitable candidates to fill both roles and upon their appointments the resignations will be effective.

Suspension timing and lodgement of financial accounts

The Board sought and was granted a trading halt on 15 March 2016 in respect to an update on the Wintergarden transaction, Santa Fe update and status of funding discussions.

Securities of the Company were suspended from official quotation on 16 March 2016 under Listing Rule 17.5 for failing to lodge its Half Yearly accounts ("Half Yearly") under Listing Rule 4.2B by the due date.

On 17 March 2016 the company, in an announcement to the ASX, noted that it was unable to lodge its “half yearly” because it was:

“awaiting finalisation of Chapter 11 Bankruptcy in the United States in respect of Santa Fe, as previously announced, that has only occurred in the past few days which has affected the finalisation of the half yearly accounts.”

And that it believed it would be in position to lodge its accounts:

“by early April however should resolution of this and other related funding matters then will be earlier.”

In light of the matters detailed above, and the resulting impact on the preparation and lodgement of the “half yearly”, the Company does not expect to be in a position to seek a lifting of the suspension for at least the next three weeks.

ENDS

For and on behalf of the Board

David Tasker
Director