

Date: 4 June 2018

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

*Via E Lodgement*

## Half Year Report and Accounts – 31 December 2016

International Goldfields Limited (ASX: IGS) attaches the updated accounts for the half year ended 31 December 2016.

The Company notes that the accounts released on 1 June 2018 contained a mathematical addition error on the Consolidation Statement of Financial Position.

For and on behalf of International Goldfields Limited.

**Melissa Chapman**  
**International Goldfields Limited**  
**Company Secretary**

### BOARD

David Tasker  
Director

Kenny Keogh  
Director

Nicholas Sage  
Director

### COMPANY SECRETARY

Melissa Chapman  
Catherine Grant-Edwards

### REGISTERED OFFICE AND PRINCIPLE PLACE OF BUSINESS

32 Harrogate Street  
West Leederville  
WA 6007

### COMMUNICATION DETAILS

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Web Address:  
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Email Address:  
[info@internationalgoldfields.com.au](mailto:info@internationalgoldfields.com.au)

### AUSTRALIAN BUSINESS NUMBER

69 099 544 680

ASX CODE  
IGS



ABN 69 099 544 680

**HALF YEARLY REPORT**

**31 DECEMBER 2016**

## 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

32 Harrogate Street  
West Leederville WA 6007  
Tel:    (08) 9380 9555  
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## 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  
Tel:    (08) 9429 2222  
Fax:    (08) 9429 2436

## WEBSITE

<http://www.internationalgoldfields.com.au>

## ABN

69 099 544 680

## ASX

IGS

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The Directors submit their report for International Goldfields Limited ('IGS' or 'the Company') and its controlled entities for the half year ended 31 December 2016.

## 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.

<b>David Tasker</b>	Director
<b>Kenny Keogh</b>	Director (appointed 5 January 2018)
<b>Nicholas Sage</b>	Director (appointed 5 January 2018)
<b>Jason Brewer</b>	Director (resigned 8 September 2016)
<b>Stephen Brockhurst</b>	Director (appointed 8 September 2016 – resigned 5 January 2018)
<b>Ray Shorrocks</b>	Director (appointed 8 September 2016 – resigned 5 January 2018)
<b>Travis Schwertfeger</b>	Director (resigned 31 July 2016)

## COMPANY SECRETARY

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

## REVIEW OF OPERATIONS

### Corporate

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 \$520,509

### **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 pharmaceutical 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. The refundable deposit of \$212,000 has been impaired by the Company as at 31 December 2016 together with advances made to WinterGarden.

### **Santa Fe Update**

IGS had 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.

As at the date of this report, IGS owns 8,509,259 shares in Santa Fe. Santa Fe Gold Corporation share price as at May 2018 is US\$0.11 per share.

## Ouro Paz Gold Project

The Company's 93% owned subsidiary, Latin Gold Ltd ("Latin Gold"), holds a 20% interest joint venture interest in the Ouro Paz Gold Project, located in Brazil. In May 2017, Latin Gold had a liquidator appointed. The Company was not aware that an action to wind up Latin Gold had been made to the courts and that the courts had allowed this application to proceed. The Company has retained UK legal counsel to act for it in regard to this matter and is also proactively working with the appointed liquidator. As at the date of this report the status of the legal position regarding the Company's ownership in Latin Gold remains unconfirmed. Refer to Note 7 for further details on the current status of Latin Gold and the Group's potential exposure.

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 profit after income tax and non-controlling interests of \$492,622 (31 December 2015 loss: \$726,140).

## Dividends paid or recommended

The directors recommend that no dividend be paid for the half-year ended 31 December 2016 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 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 93% interest, has had a liquidator appointed.

On 1 December 2017 the Company executed a deed of conversion, termination and release for loans totalling \$573,000 thereby waiving all interest charges and agreeing that the principal amount is converted into shares only at \$0.002. These conversions received shareholder approval and were executed in April 2018.

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.

On 14 February 2018 the Company executed a deed of conversion, termination and release for loans totalling \$742,308 thereby waiving all interest charges and agreeing that the principal amount is converted into shares only at \$0.001. These conversions received shareholder approval and were executed in April 2018.

In February 2018, the Company entered into agreement with various trade creditors and directors to convert the existing outstanding amounts totalling \$268,661 into IGS shares at \$0.002 per share. These conversions received shareholder approval and were executed in April 2018.

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.

On 21 March 2018, the Company executed a deed of conversion, termination and release for a loan totalling \$100,000 thereby waiving all interest charges and agreeing that the principal amount is converted into shares only at \$0.002. This conversion received shareholder approval and was executed in April 2018. On the same date, the Company executed a letter with the loan holder seeking shareholder approval at the 2017 Annual General Meeting of shareholders for the issue of 50,000,000 fully paid ordinary shares. These conversions received shareholder approval and were executed in April 2018.

On 30 April 2018, the Company entered into a loan agreement for an amount of \$200,000. The loan is interest bearing at 10% and is repaid the earlier of 12 months following drawdown, receipt of funds upon the sale of Satna Fe shares or in the event of default of the loan agreement.

## 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  
1 June 2018



## 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 2016, 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



V L Hoang  
Partner  
1 June 2018

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

### Disclaimer of conclusion

We were engaged to review the accompanying half-year financial report of International Goldfields Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

### Basis for disclaimer of conclusion

#### Going concern

As detailed in Note 1 to the half-year financial statements, as at 31 December 2016, the Group had net current liabilities of \$3,486,678 and the total liabilities exceed its total assets by \$2,709,750 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 remaining 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
- ▶ Acquire a new asset and obtain suitable funding to re-list in the Australian Stock Exchange.

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 2016 Investment in Joint Venture balance was an amount of \$776,928, representing the Group's interest in the incorporated joint venture, Ouro Paz. The group did not receive any financial information for the half-year ended 31 December 2016 from Ouro Paz for equity accounting purposes.

In the absence of the reviewed financial statements from Ouro Paz for the half-year ended 31 December 2016, 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 2016, 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 2016 borrowing balance was an amount of \$1,460,284 being an advance from Ouro MT to the Group to meet its cash calls from Ouro Paz and accrued interest. 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. As at 31 December 2016, this settlement had not been processed by the Group.

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 2016 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 ordered to be 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 amount of GBP16,021,601 arising from a Sale & Purchase agreement dated 23 May 2008 between the Group and OCRA Trustee. The report by the Official Receiver dated 1 June 2017 indicated Latin Gold’s total debt of GBP16,352,748 (including issued and paid-up capital of GBP331,147). The liquidation process is on-going and the Group has not received any official report from the liquidators on the progress of the liquidation and to what extent the liquidators have considered and accepted the claim from OCRA Trustees or any other creditors. At 31 December 2016, the Group recognised no liabilities in relation to the claim.

Without an official report from the liquidators on the extent to which the liquidators have accepted OCRA Trustees claim or any other claims arising from the liquidation process, we have been unable to obtain sufficient appropriate audit evidence to determine if any part of the OCRA Trustee’s claim or any other liabilities 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 2016 or associated disclosures were necessary.

### **Unsecured loans and convertible notes to external third parties**

Included in the Group’s 31 December 2016 borrowings disclosed in Note 6 to the financial statements was \$96,000 worth of convertible notes issued in the 2016 financial 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 were necessary.

### **Impact of the 2016 disclaimer of opinion**

We issued a disclaimer of opinion dated 6 March 2018 on the financial report of the Group for the year ended 30 June 2016 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 from CIA Mineradora Ouro MT S.A.
- d. The reasonableness of the carrying value of liabilities recorded in Latin Gold Limited (liquidators appointed)
- e. The reasonableness of the carrying value of unsecured loans and convertible notes to external third parties
- f. The reasonableness of the carrying value of the foreign currency translation reserve

Since the 30 June 2016 carrying values of the investment in CIA Mineradora Ouro Paz, the loan from CIA Mineradora Ouro MT S.A., the liabilities recorded in Latin Gold Limited and the unsecured loans and convertible notes to external third parties are included in the determination of the financial performance of the Group for the half-year ended 31 December 2016, we were unable to determine whether adjustments might have been necessary in respect of the loss reported in the statement of comprehensive income for the half-year ended 31 December 2016.

### **Emphasis of matter - Liquidators appointed for Latin Gold Limited in May 2017**

As detailed in Note 7, on 8 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 amount of GBP16,021,601 arising from a Sale & Purchase agreement dated 23 May 2008 between the Group and OCRA Trustee. At 31 December 2016, Latin Gold holds the Group's equity interest in the Ouro Paz project in Brazil with a carrying value of \$776,928 (as detailed in Note 4) and the loan from CIA Mineradora Ouro MT S.A with a carrying value of \$1,460,284 (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.

## 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 control as the directors determine is 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 responsibilities

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. However, because of the matters described in the Basis for Disclaimer of conclusion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for a review conclusion.

## Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

## 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 financial report to be prepared and reviewed; and
- b. Other records and registers as required by the *Corporations Act 2001*.



Ernst & Young



V L Hoang  
Partner  
Perth  
1 June 2018

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 11 to 22:
  - (i) give a true and fair view of the consolidated entity's financial position as at 31 December 2016, 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**  
**1 June 2018**

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	CONSOLIDATED	
		31 DECEMBER 2016 \$	31 DECEMBER 2015 \$
<b>Continuing operations</b>			
Interest		35	33
Other income – reversal of impairment expenses previously recognised	3	-	318,000
<b>Total revenue</b>		<b>35</b>	<b>318,033</b>
Changes in fair value of financial assets at fair value through profit or loss	10	458,496	(52,938)
Foreign exchange loss		(94,271)	(30,786)
Employee and consultancy expenses		(50,086)	(101,800)
Borrowing expenses		(194,068)	(243,297)
Corporate expenses		(144,795)	(290,028)
Forgiveness of debt	11	520,509	-
Impairment expense	12	(3,198)	(325,324)
<b>Profit/(Loss) before income tax expense</b>		<b>492,622</b>	<b>(726,140)</b>
Income tax expense		-	-
<b>Profit/(Loss) after tax from continuing operations</b>		<b>492,622</b>	<b>(726,140)</b>
<b>Profit/(Loss) attributable to:</b>			
Owners of the Parent		506,126	(696,390)
Non-controlling interest		(13,504)	(29,750)
		<b>492,622</b>	<b>(726,140)</b>
<b>Earnings/(Loss) per share from continuing operations attributable to the members of the parent:</b>			
Basic and diluted earnings/(loss) per share (cents per share)		0.06	(0.09)
<b>Earnings/(Loss) per share attributable to the members of the parent:</b>			
Basic and diluted earnings/(loss) per share (cents per share)		0.06	(0.09)

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	CONSOLIDATED	
	31 DECEMBER 2016	31 DECEMBER 2015
Note	\$	\$
<b>Profit/(Loss) for the period</b>	<b>492,622</b>	<b>(726,140)</b>
<b>Other comprehensive profit/(loss) that may be reclassified subsequently to profit and loss</b>		
Exchange differences on translation of foreign operations attributable to Parent	(60,393)	(4,846)
<b>Other comprehensive profit/(loss) that may not be reclassified subsequently to profit and loss</b>		
Exchange differences on translation of foreign operations attributable to Non-controlling interest	24,038	-
<b>Other comprehensive profit/(loss) for the period, net of tax</b>	<b>(36,355)</b>	<b>(4,846)</b>
<b>Total comprehensive profit/(loss) for the period</b>	<b>456,267</b>	<b>(730,986)</b>
<b>Total comprehensive profit/(loss) for the period attributable to:</b>		
Owners of the Parent	445,733	(711,059)
Non-controlling interest	10,534	(19,927)
	<b>456,267</b>	<b>(730,986)</b>

The accompanying notes form part of these financial statements.



# Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2016

		CONSOLIDATED	
		31 December 2016	30 June 2016
	Note	\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		25,772	12,658
Trade and other receivables	3	122,836	318,000
Financial assets at fair value through profit or loss – listed equity securities	10	659,198	200,702
<b>TOTAL CURRENT ASSETS</b>		<b>807,806</b>	<b>531,360</b>
<b>NON-CURRENT ASSETS</b>			
Investment in Joint Venture	4	776,928	864,448
<b>TOTAL NON-CURRENT ASSETS</b>		<b>776,928</b>	<b>864,448</b>
<b>TOTAL ASSETS</b>		<b>1,584,734</b>	<b>1,395,808</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		643,686	1,172,420
Provision	6	18,432	18,433
Borrowings	6	3,632,366	3,370,972
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,294,484</b>	<b>4,561,825</b>
<b>TOTAL LIABILITIES</b>		<b>4,294,484</b>	<b>4,561,825</b>
<b>NET LIABILITIES</b>		<b>(2,709,750)</b>	<b>(3,166,017)</b>
<b>SHAREHOLDER DEFICIT</b>			
Issued capital	5	89,429,882	89,429,882
Reserves		4,667,617	4,728,010
Accumulated losses		(96,277,030)	(96,783,156)
Parent entity interest		(2,179,531)	(2,625,264)
Non-controlling interest		(530,219)	(540,753)
<b>TOTAL SHAREHOLDERS' DEFICIT</b>		<b>(2,709,750)</b>	<b>(3,166,017)</b>

The accompanying notes form part of these financial statements.

# Consolidated Statement of Cash Flows



FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	CONSOLIDATED	
	31 DECEMBER 2016	31 DECEMBER 2015
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(208,395)	(174,878)
Interest received	35	33
Interest & other borrowing expenses	(1,749)	-
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(210,109)</b>	<b>(174,845)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipt from loan receivable	210,000	-
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>210,000</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	-	(22,870)
Proceeds from convertible notes	-	196,000
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>-</b>	<b>173,130</b>
<b>NET DECREASE IN CASH HELD</b>	<b>(109)</b>	<b>(1,715)</b>
Cash and cash equivalents at beginning of reporting period	12,658	1,845
Effects of exchange rate fluctuations on cash held	13,223	-
<b>CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD</b>	<b>25,772</b>	<b>130</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity

	Issued Capital	Accumulated Losses	Option Reserve	Foreign Currency Translation Reserve	Non - controlling interest	Total
CONSOLIDATED	\$	\$	\$	\$	\$	\$
<b>At 1 July 2015</b>	89,429,882	(95,935,208)	4,606,913	202,104	(542,505)	<b>(2,238,814)</b>
Loss for the period	-	(696,390)	-	-	(29,750)	<b>(726,140)</b>
Exchange differences on translation of foreign operations	-	-	-	(14,669)	9,823	<b>(4,846)</b>
<b>Total comprehensive loss for the period</b>	-	(696,390)	-	(14,669)	(19,927)	<b>(730,986)</b>
Share based payments	-	-	-	-	-	-
<b>At 31 December 2015</b>	<b>89,429,882</b>	<b>(96,631,598)</b>	<b>4,606,913</b>	<b>187,435</b>	<b>(562,432)</b>	<b>(2,969,800)</b>
<b>At 1 July 2016</b>	89,429,882	(96,783,156)	4,606,913	121,097	(540,753)	<b>(3,166,017)</b>
Profit/(loss) for the period	-	506,126	-	-	(13,504)	<b>492,622</b>
Exchange differences on translation of foreign operations	-	-	-	(60,393)	24,038	<b>(36,355)</b>
<b>Total comprehensive loss for the period</b>	-	506,126	-	(60,393)	10,534	<b>456,267</b>
Share based payments	-	-	-	-	-	-
<b>At 31 December 2016</b>	<b>89,429,882</b>	<b>(96,277,030)</b>	<b>4,606,913</b>	<b>60,704</b>	<b>(530,219)</b>	<b>(2,709,750)</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

## 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 2016 were authorised for issue in accordance with a resolution of the directors on 1 June 2018.

### *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 2016 and considered together with any public announcements made by International Goldfields Limited during the half year ended 31 December 2016 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 2016.

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 standards 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 2016, the Consolidated Entity had net current liabilities of \$3,486,678 (30 June 2016: \$4,030,465) and a net shareholders' deficit of \$2,709,750 (30 June 2016: \$3,166,017). The cash balance at 31 December 2016 was \$25,772 (30 June 2016: \$12,658).

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 disposed of 750,000 fully paid ordinary shares in SFEG in January 2018 at a price of US\$0.083 per share (before brokerage costs). The Group is in discussions to dispose its remaining 8,509,259 fully paid ordinary shares investment in SFEG to a third party with expected net proceeds of approximately USD \$850,000 to be generated.
- The conversion of existing convertible notes and creditors into shares - the Group has entered into agreements with the majority of its Convertible Note holders (details at note 6 of this report) with principal and accrued interest totalling \$1,851,054 and some creditors for the value of \$118,447 to convert the existing Convertible Note principal amounts into IGS shares at either \$0.001 or \$0.002 per share, which received shareholder approval and was executed in April 2018. The Group continues to be in discussions to convert the remaining Convertible Notes and creditor balances into shares.
- the Group will be able to advance the acquisition of a new asset and suitable funding to re-list in the Australian Stock Exchange. The Directors are confident that this can be achieved from the sale of SPEG investment shares, convertible notes conversions and settlement of existing creditors.

# Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

The Directors are of a view that the Latin Gold liability for the settlement of the cash calls and accrued interest 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. At 31 December 2016 the value of the cash calls and accrued interest is \$1,460,284 (refer to Note 6). 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 nor 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.

## 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. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	31 DECEMBER 2016	30 JUNE 2016
	\$	\$
Loan receivable (a)	108,000	318,000
Prepayments	14,836	-
Total	122,836	318,000

- (a) The Loan receivable as well as accrued interest receivable from Santa Fe was 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 (\$210,000) and May 2017 (\$108,000).

## 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.

# Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

## (a) Movements in carrying amounts

	CONSOLIDATED	
	31 DECEMBER 2016	30 JUNE 2016
	\$	\$
Carrying amount at beginning of period	864,448	864,448
Unrealised foreign exchange loss on investment	(87,520)	-
Carrying amount at end of period	<u>776,928</u>	<u>864,448</u>

The investment was previously 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 2016 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 2016 (2015: Nil).

## 5. ISSUED CAPITAL

### (a) Issued and paid up

	CONSOLIDATED	
	31 DECEMBER 2016	30 JUNE 2016
	\$	\$
Issued and fully paid	89,429,882	89,429,882
Total	<u>89,429,882</u>	<u>89,429,882</u>

### (b) Movement in shares on issue

	31 DECEMBER 2016		30 JUNE 2016	
	Number of Shares	Amount Paid \$	Number of Shares	Amount Paid \$
Balance at beginning of the period	814,542,456	89,429,882	814,542,456	89,429,882
Issued during the period	-	-	-	-
Balance at the end of the period	<u>814,542,456</u>	<u>89,429,882</u>	<u>814,542,456</u>	<u>89,429,882</u>

### (c) Movement in share options on issue

	31 DECEMBER 2016		30 JUNE 2016	
	Number of options	Weighted average exercise price \$	Number of Options	Weighted average exercise price \$
Balance at beginning of the period	51,950,640	0.015	70,950,640	0.016
Granted during the period	-	-	-	-
Expired/forfeited during the period	(37,100,000)	0.010	(19,000,000)	0.067
Balance at the end of the period	<u>14,850,640</u>	<u>0.030</u>	<u>51,950,640</u>	<u>0.015</u>

Total share based payments expense for the period is \$Nil (30 June 2016: Nil).

# Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

## 6. BORROWINGS AND PROVISIONS

	CONSOLIDATED	
	31 DECEMBER 2016	30 JUNE 2016
<b>BORROWING - current</b>	<b>\$</b>	<b>\$</b>
Unsecured Loan (a)	257,439	245,084
Convertible Note (b)	490,067	468,895
Unsecured Loan (c)	259,554	239,803
Convertible Notes (d)	1,146,020	1,085,900
Loan Ouro Paz (e)	1,460,284	1,312,288
Other Loan	19,002	19,002
Total	3,632,366	3,370,972
 <b>PROVISIONS - current</b>		
Provision for annual leave (f)	18,432	18,433
Total	18,432	18,433

- (a) 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. On 14 February 2018 the Company executed a deed of conversion, termination and release thereby waiving all interest charges and agreeing that the principal amount is converted into shares only at \$0.001. The balance represents principal plus interest up to 31 December 2016.
- (b) IGS entered into a loan agreement in September 2013 for an amount of \$350,000. The interest on the loan is at 12% per annum and matured in March 2015. On 14 February 2018 the Company executed a deed of conversion, termination and release thereby waiving all interest charges and agreeing that the principal amount is converted into shares only at \$0.001. The balance represents principal plus interest up to 31 December 2016.
- (c) IGS 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. On 14 February 2018 the Company executed a deed of conversion, termination and release thereby waiving all interest charges and agreeing that the principal amount is converted into shares only at \$0.001. The balance represents principal plus interest up to 31 December 2016.
- (d) IGS entered into various convertible note agreements in April 2015, August 2015 and December 2015 totalling \$923,000. On 1 December 2017 and 21 March 2018 the Company executed deeds of conversion, termination and release for \$673,000 of the loans thereby waiving all interest charges and agreeing that the principal amount is converted into shares only at \$0.002. The balance represents principal plus interest up to 31 December 2016.
- (e) 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. In case Latin Gold fails to fully repay its payment obligation by the due date, Ouro Paz Cia Mineradora is entitled at the sole discretion to convert the outstanding balance to additional equity interest in the joint venture. The balance represents principal plus interest up to 31 December 2016.
- (f) The provision for annual leave relates to accrued annual leave for Mr Travis Schwertfeger.

# Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

## 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 2016	30 June 2016
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 \$776,928 (refer to note 4) and also the loan from CIA Mineradora Ouro MT S.A with a carrying value of \$1,460,284 (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 potential exposure 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 2016, 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. As the directors have not received an official report from the liquidators on the progress of the liquidation and to what extent the liquidators have considered and accepted the claim from OCRA Trustees or any other creditors, no liabilities have been recognised in relation to the claim.

## 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 2016 Annual Report.

## 10. FINANCIAL INSTRUMENTS

The fair value of the Group's financial assets are measured using Level 1 inputs of the fair value hierarchy in accordance with AASB 13.

	31 December 2016	30 June 2016
	\$	\$
Shares in listed entities (including OTC market)	659,198	200,702
	<b>659,198</b>	<b>200,702</b>

Changes in the fair value of the above investments resulted in a gain recognised in the half-year financial period of \$458,496.



# Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

## 11. FORGIVENESS OF DEBT

	31 December 2016	31 December 2015
	\$	\$
Forgiveness of debt (a)	520,509	-
<b>Impairment Expense for the financial period</b>	<b>520,509</b>	<b>-</b>

- (a) Relates to the forgiveness of outstanding directors fees owing to Antony Sage, David Tasker, Michael Edwards, Jason Brewer, and Travis Schwertfeger as part of Group's current restructuring plan.

## 12. IMPAIRMENT EXPENSES

	31 December 2016	31 December 2015
	\$	\$
Impairment of receivable from Jardin De Invierno S.A (a)	-	259,186
Impairment of receivable from OKAP (b)	-	66,138
Other	3,198	-
<b>Impairment Expense for the financial period</b>	<b>3,198</b>	<b>325,324</b>

- (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 previous 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income at the half year ended 31 December 2015.
- (b) The receivable with OKAP was fully impaired during the half year ended 31 December 2015 as the possibility that the amount could be recovered was remote.

## 13. 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 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 93% interest, has had a liquidator appointed.

On 1 December 2017 the Company executed a deed of conversion, termination and release for loans totalling \$573,000 thereby waiving all interest charges and agreeing that the principal amount is converted into shares only at \$0.002. These conversions received shareholder approval and were executed in April 2018.

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.

# Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

On 14 February 2018 the Company executed a deed of conversion, termination and release for loans totalling \$742,308 thereby waiving all interest charges and agreeing that the principal amount is converted into shares only at \$0.001. These conversions received shareholder approval and were executed in April 2018.

In February 2018, the Company entered into agreement with various trade creditors and directors to convert the existing outstanding amounts totalling \$268,661 into IGS shares at \$0.002 per share. These conversions received shareholder approval and were executed in April 2018.

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.

On 21 March 2018, the Company executed a deed of conversion, termination and release for a loan totalling \$100,000 thereby waiving all interest charges and agreeing that the principal amount is converted into shares only at \$0.002. This conversion received shareholder approval and was executed in April 2018. On the same date, the Company executed a letter with the loan holder seeking shareholder approval at the 2017 Annual General Meeting of shareholders for the issue of 50,000,000 fully paid ordinary shares. These conversions received shareholder approval and were executed in April 2018.

On 30 April 2018, the Company entered into a loan agreement for an amount of \$200,000. The loan is interest bearing at 10% and is repaid the earlier of 12 months following drawdown, receipt of funds upon the sale of Satna Fe shares or in the event of default of the loan agreement.