INTERNATIONAL GOLDFIELDS LTD

ABN 69 099 544 680

HALF YEARLY REPORT

31 DECEMBER 2017

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

Australia:
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Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

United Kingdom:
Memery Crystal LLP
44 Southampton Buildings
London WC2A 1AP

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
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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') for the half year ended 31 December 2017.

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)
Stephen Brockhurst	Director (resigned 5 January 2018)
Ray Shorrocks	Director (resigned 5 January 2018)

COMPANY SECRETARY

David Palumbo	(resigned 1 February 2018)
Melissa Chapman	(appointed 1 February 2018)
Catherine Grant-Edwards	(appointed 1 February 2018)

REVIEW OF OPERATIONS AND OPERATING RESULTS

The Company recorded an operating loss after income tax of $124,595 (2016: profit of $492,622). The loss for the period is a result of the Company's operating expenses offset by gains from the revaluation of its investment holding held for trading. As at 31 December 2017, the Company had a net current liability of $1,936,800 and a net shareholders' deficit of the same amount. The Company's biggest asset is its investment in 9,259,259 shares in Santa Fe Gold Corporation ("Santa Fe" or "SFEG") which are listed on the OTC Pink market in the United States. Subsequent to period end, the Company has sold 750,000 of its shares in SFEG at a price of US$0.083 per share. As at the date of this report, IGS owns 8,509,259 shares in Santa Fe. Santa Fe's share price at 30 June 2018 was US$0.09 per share.

At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Company will be able to continue as a going concern. In forming this view, the directors have considered the Company's current position and funding objective via:

- The disposal of its currently held investment in Santa Fe - the Company 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 Company 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 into shares - the Company has entered into agreements with the majority of its Convertible Note holders with principal and accrued interest totalling $1,991,491 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 Company continues to be in discussions to convert the remaining Convertible Notes into shares.
- The conversion of existing creditor balances into shares - the Company has entered into agreements with some creditors for the value of $118,447 to convert the existing amounts into IGS shares at either $0.001 or $0.002 per share, which received shareholder approval and was executed in April 2018. The Company continues to be in discussions to convert other creditor balances into shares.
- The Company will be able to obtain additional funding from equity raisings or borrowing facilities to advance the acquisition of a new asset and suitable funding to re-list on the Australian Stock Exchange.

The Directors are confident that this can be achieved from the sale of SFEG investment shares, convertible notes conversions and settlement of existing creditors. Should the Company 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 not be able to continue as a going concern.

Dividends paid or recommended

The directors recommend that no dividend be paid for the half-year ended 31 December 2017 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 period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years other than the following:

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 principal and accrued interest charges and agreeing that the Company will issue a number of share equal to 100% of the principal amount outstanding at an issue price of $0.001 per share. 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 principal and accrued interest charges and agreeing that the Company will issue a number of shares equal to 100% of the principal amount outstanding at an issue price of $0.002 per share. 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.

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 Santa Fe shares or in the event of default of the loan agreement.

The total additional ordinary shares issued in settlement of outstanding trade creditors, director fees and borrowings subsequent to period end is 1,213,137,995 shares.

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.

D Tasker

David Tasker
Director
3 July 2018

Ernst & Young
11 Mounts Bay Road
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GPO Box M939 Perth WA 6843

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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 2017, 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.

Ernst & Young

Ernst & Young

V L Hoang
Partner
3 July 2018

MH:KG:IGS:003

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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), which comprises the statement of financial position as at 31 December 2017, 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 2017, the Company had net current liabilities of $1,936,800 and the total liabilities exceed its total assets by $1,936,800. As at the date of this report, the Company has limited cash available to fulfil its short term expenditure commitments. The Company'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 entity in the United States, at an acceptable price to the Company
- Secure agreements with its remaining convertible noteholders to convert existing convertible note principal amounts into shares in International Goldfields Limited
- Secure agreements with major creditors and lenders to forgive or defer repayment of their debts
- Obtain additional funding either from equity raisings or borrowing facilities.

We have been unable to obtain sufficient appropriate evidence as to whether the Company 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.

Liabilities associated with Latin Gold Limited (Liquidators appointed) ("Latin Gold")

As detailed in Note 10 to the financial statements, prior to 8 May 2017, the Company held a 93% interest in Latin Gold. On 8 May 2017, 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 Company and OCRA Trustee, Latin Gold was ordered to be wound up by the High Court in London and an Official Receiver was appointed. The report by the Official Receiver, dated 1 June 2017, identified Latin Gold's total debt at GBP16,352,748 (including issued and paid-up capital of GBP331,147). Liquidators were subsequently appointed on 20 June 2017.

The liquidation process is ongoing and the Company has not received any official report from the liquidators regarding:

- The progress of the liquidation
- To what extent the liquidators have considered and may accept the claim from OCRA Trustees or any other creditor
- Whether the liquidators will make any claim against the Company as a result of the liquidation process.

Due to the High Court's decision and the subsequent appointment of the liquidators, the Company lost control over Latin Gold and therefore deconsolidated Latin Gold from its financial statements effective 8 May 2017. At 31 December 2017, the Company recognised no assets or liabilities in relation to the liquidation of Latin Gold.

Without an official report from the liquidators, we have been unable to obtain sufficient appropriate audit evidence to determine whether the liquidators would make any claims against IGS. Consequently, we have been unable to determine whether any adjustment to the Group's liabilities as at 31 December 2017 or associated disclosures were necessary.

Unsecured loans and convertible notes to external third parties

Included in the Company's 31 December 2017 borrowings disclosed in Note 5 to the financial statements were $107,000 worth of convertible notes issued in the 2016 and 2017 financial years. The Company 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.

Value of the investment in Santa Fe Gold Corporation's ("Santa Fe") shares

As detailed in Note 7 to the financial statements, at 31 December 2017, the Company's financial assets at fair value through profit and loss included an investment in Santa Fe's shares of $1,186,045. These shares are listed on the OTC Pink Market in the United States. Even though the quoted price of the shares at 31 December 2017 on the OTC Pink Market was $0.23 (US$0.18) per share, in preparing these financial statements, management had valued the shares at $0.13 (US$0.10) per share. The difference from the quoted price represents the liquidity discount that the Company estimated that it will need to give to potential buyers in order to realise the shares.

While the trading volume of the Santa Fe shares over the six months to 31 December 2017 appears to be relatively low, we are unable to obtain sufficient and appropriate audit evidence to corroborate whether the discount adopted by management from the quoted price in the OTC Pink market represents an appropriate illiquidity discount to determine the fair value of the Santa Fe shares. Consequently, we have been unable to determine whether any adjustments were necessary to:

- The carrying amount of this financial asset at 31 December 2017

- The gain in fair value of financial assets at fair value through profit and loss for the period then ended
- The associated disclosures.

Impact of the 2017 disclaimer of opinion

We issued a disclaimer of opinion dated 19 June 2018 on the financial report of the Company for the year ended 30 June 2017 as we were unable to obtain sufficient appropriate audit evidence to assess:

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

b. The reasonableness of the carrying value of liabilities associated with Latin Gold Limited (liquidators appointed)

c. The reasonableness of the carrying value of unsecured loans and convertible notes to external third parties.

Since the 30 June 2017 carrying values of the liabilities associated with 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 Company for the half-year ended 31 December 2017, 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 2017.

Responsibilities of the Directors 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 for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on 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

Ernst & Young

V L Hoang
Partner
Perth
3 July 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 Company as set out on pages 9 to 18:

- (i) give a true and fair view of the Company's financial position as at 31 December 2017, 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

D Tasker

David Tasker
Director
3 July 2018

INTERNATIONAL GOLDFIELDS LTD

Statement of Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Note	31 DECEMBER 2017 $	31 DECEMBER 2016 $
Continuing operations			
Interest		4	35
Total revenue		**4**	35
Changes in fair value of financial assets at fair value through profit or loss	8	115,393	458,496
Foreign exchange gain		3,454	5,063
Director fees, employee and consultancy expenses		(64,000)	(50,086)
Borrowing costs		(96,808)	(95,105)
Corporate expenses		(82,638)	(144,760)
Forgiveness of debt	9	-	520,509
Other expenses		-	(3,198)
Profit/(Loss) before income tax expense		**(124,595)**	690,919
Income tax expense		-	-
Profit/(Loss) after tax from continuing operations		**(124,595)**	690,919
Profit/(Loss) for the period from discontinued operations	10	-	(198,297)
Profit/(Loss) for the period		**(124,595)**	492,622
Other comprehensive profit/(loss) that may be reclassified subsequently to profit and loss			
- Exchange differences on translation of foreign operations attributable to Parent		-	(60,393)
Other comprehensive profit/(loss) that may not be reclassified subsequently to profit and loss			
- Exchange differences on translation of foreign operations attributable to Non-controlling interest		-	24,038
Total comprehensive profit/(loss) for the period		**(124,595)**	456,267
Profit/(Loss) attributable to:			
Owners of the Parent		(124,595)	506,126
Non-controlling interest		-	(13,504)
		(124,595)	492,622
Total comprehensive profit/(loss) for the period attributable to:			
Owners of the Parent		(124,595)	445,733
Non-controlling interest		-	10,534
		(124,595)	456,267
Earnings/(Loss) per share from continuing operations attributable to the members of the parent:			
Basic and diluted earnings/(loss) per share (cents per share)		(0.02)	0.08
Earnings/(Loss) per share attributable to the members of the parent:			
Basic and diluted earnings/(loss) per share (cents per share)		(0.02)	0.06

The accompanying notes form part of these financial statements.

Statement of Financial Position

AS AT 31 DECEMBER 2017

	Note	31 DECEMBER 2017 $	30 JUNE 2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		5,233	17,135
Other assets	**3**	14,800	3,709
Financial assets at fair value through profit or loss	**8**	1,206,045	1,099,646
TOTAL CURRENT ASSETS		**1,226,078**	1,120,490
TOTAL ASSETS		**1,226,078**	1,120,490
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		761,533	664,411
Borrowings	**5**	2,382,913	2,249,852
Provision	**5**	18,432	18,432
TOTAL CURRENT LIABILITIES		**3,162,878**	2,932,695
TOTAL LIABILITIES		**3,162,878**	2,932,695
NET LIABILITIES		**(1,936,800)**	(1,812,205)
SHAREHOLDER DEFICIT			
Issued capital	**4**	89,429,882	89,429,882
Reserves		4,606,913	4,606,913
Accumulated losses		(95,973,595)	(95,849,000)
Parent entity interest		**(1,936,800)**	(1,812,205)
TOTAL SHAREHOLDERS' DEFICIT		**(1,936,800)**	(1,812,205)

The accompanying notes form part of these financial statements.

Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Note	31 DECEMBER 2017 $	31 DECEMBER 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(63,575)	(208,395)
Interest received		2	35
Interest & other borrowing expenses		-	(1,749)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		**(63,573)**	(210,109)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt from loan receivable		-	210,000
Proceeds from investments		8,994	-
CASH FLOWS FROM INVESTING ACTIVITIES		**8,994**	210,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		42,677	-
CASH FLOWS FROM FINANCING ACTIVITIES		**42,677**	-
NET DECREASE IN CASH HELD		(11,902)	(109)
Cash and cash equivalents at beginning of reporting period		17,135	12,658
Effects of exchange rate fluctuations on cash held		-	13,223
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD		**5,233**	25,772

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

INTERNATIONAL GOLDFIELDS LTD

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Issued Capital	Accumulated Losses	Option Reserve	Foreign Currency Translation Reserve	Non - controlling interest	Total
	$	$	$	$	$	$
At 1 July 2016	89,429,882	(96,783,156)	4,606,913	121,097	(540,753)	**(3,166,017)**
Profit/(Loss) for the period	-	506,126	-	-	(13,504)	**492,622**
Exchange differences on translation of foreign operations	-	-	-	(60,393)	24,038	**(36,355)**
Total comprehensive income/(loss) for the period	-	506,126	-	(60,393)	10,534	**456,267**
At 31 December 2016	**89,429,882**	**(96,277,030)**	**4,606,913**	**60,704**	**(530,219)**	**(2,709,750)**
At 1 July 2017	89,429,882	(95,849,000)	4,606,913	-	-	**(1,812,205)**
Loss for the period	-	(124,595)	-	-	-	**(124,595)**
Total comprehensive loss for the period	-	(124,595)	-	-	-	**(124,595)**
At 31 December 2017	**89,429,882**	**(95,973,595)**	**4,606,913**	**-**	**-**	**(1,936,800)**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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 financial statements for the half year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 3 July 2018.

Basis of preparation

The half year 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 Company 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 2017 and considered together with any public announcements made by International Goldfields Limited during the half year ended 31 December 2017 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 Company

The accounting policies adopted in the preparation of the interim half-year financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2017.

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 from 1 July 2017.

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 2017, the Company had net current liabilities of $1,936,800 (30 June 2017: $1,812,205) and a net shareholders' deficit of $1,936,800 (30 June 2017: $1,812,205). The cash balance at 31 December 2017 was $5,233 (30 June 2017: $17,135).

At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Company will be able to continue as a going concern. In forming this view, the directors have considered the Company'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 Company 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 Company 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 into shares - the Company has entered into agreements with the majority of its Convertible Note holders (details at note 5 of this report) with principal and accrued interest totalling $1,991,491 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 Company continues to be in discussions to convert the remaining Convertible Notes into shares.
- The conversion of existing creditor balances into shares - the Company has entered into agreements with some creditors for the value of $118,447 to convert the existing amounts into IGS shares at either $0.001 or $0.002 per share, which received shareholder approval and was executed in April 2018. The Company continues to be in discussions to convert other creditor balances into shares.

- The Company will be able to obtain additional funding from equity raisings or borrowing facilities to advance the acquisition of a new asset and suitable funding to re-list on the Australian Stock Exchange.

The Directors are confident the Company will be able to re-list following the sale of SFEG investment shares, convertible notes conversions and settlement of existing creditors. Should the Company 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 not be able to continue as a going concern.

2. SEGMENT REPORTING

For management purposes, the Company is organised into one main operating segment, which involves mining exploration for gold and other minerals. All of the Company'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 Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

3. OTHER ASSETS

	31 DECEMBER 2017 $	30 JUNE 2017 $
Prepayments	**14,800**	3,709
Total	**14,800**	3,709

4. ISSUED CAPITAL

(a) Issued and paid up

	31 DECEMBER 2017 $	30 JUNE 2017 $
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 2017		30 JUNE 2017	
	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	**814,542,456**	**89,429,882**	814,542,456	89,429,882

(c) Movement in share options on issue

	31 DECEMBER 2017		30 JUNE 2017	
	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
Granted during the period	-	-	-	-
Expired/forfeited during the period	-	-	(51,950,640)	0.015
Balance at the end of the period	**-**	**-**	-	-

Total share based payments expense for the period is $Nil (30 June 2017: Nil).

5. BORROWINGS AND PROVISIONS

	31 DECEMBER 2017	30 JUNE 2017
BORROWING - current	**$**	$
Unsecured Loan (a)	**283,827**	270,206
Secured Loan (b)	**532,067**	510,895
Unsecured Loan (c)	**264,164**	255,410
Convertible Notes (d)	**1,243,460**	1,194,340
Draw Down Loan Facility (e)	**40,393**	-
Other Loan	**19,002**	19,002
Total	**2,382,913**	2,249,852
PROVISIONS - current		
Provision for annual leave (f)	**18,432**	18,432
Total	**18,432**	18,432

(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 at $0.001 per share subject to shareholders' approval, which was obtained in March 2018. The balance represents principal plus interest up to 31 December 2017.

(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. The loans are secured by listed shares by the Company as detailed in note 8. 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 at $0.001 per share subject to shareholders' approval, which was obtained in March 2018. The balance represents principal plus interest up to 31 December 2017.

(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 at $0.001 per share subject to shareholders' approval, which was obtained in March 2018. The balance represents principal plus interest up to 31 December 2017.

(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 at $0.002 per share subject to shareholders' approval, which was obtained in March 2018. The balance represents principal plus interest up to 31 December 2017.

(e) IGS entered into a loan agreement for an amount of up to $200,000. The loan is interest bearing at 10% and is repaid the earlier of 12 months following drawdown (December 2018), receipt of funds upon the sale of Santa Fe shares or in the event of default of the loan agreement. The balance represents principal ($40,177 drawn down) plus interest up to 31 December 2017.

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

At 31 December 2017, all of the above loans except (e) are in default, refer to note 1 going concern for the Directors' strategy to ensure the Company continues as a going concern.

6. CONTINGENT LIABILITIES AND COMMITMENTS

There has been no material change of any contingent liabilities or commitments since the last annual reporting date.

7. RELATED PARTY TRANSACTIONS

There have been no material changes to the related party transactions disclosed in the 30 June 2017 Annual Report.

8. FINANCIAL INSTRUMENTS

The fair value of the Company's financial assets are measured using Level 1 and Level 2 inputs of the fair value hierarchy in accordance with AASB 13.

	31 December 2017	30 June 2017
	$	$
Shares in listed entities (including OTC market)	1,206,045	1,099,646
	1,206,045	**1,099,646**
Listed in the OTC (i)	1,186,045	1,084,096
Listed in the ASX (ii)	20,000	15,550
Financial assets at fair value through profit and loss	**1,206,045**	**1,099,646**

(i) This related to 9,259,259 shares in Santa Fe Gold Corporation ("SFEG" or "Santa Fe"). These shares are listed on the OTC Pink market in the United States. At 31 December 2017, the quoted price of the shares on the OTC Pink market was $0.23 (US$0.18) per share. However, given the share has been relatively illiquid with only 12 million shares (4.4% of Santa Fe's total shares on issue) traded over the six months to 31 December 2017, and the fact that the Company has not been able to open a trading account in the OTC Pink market, in preparing the half-year financial report, management has determined the fair value of the shares to be $0.13 (US$0.10) per share. The difference from the quoted price of $0.23 (US$0.18) per share represents the illiquidity discount that IGS would need to give to potential buyers in order to realise its shares (Level 2 of the fair value hierarchy).

(ii) This relates to shares held in ASX listed entities valued at the quoted price as at 31 December 2017 (Level 1 of the fair value hierarchy).

All of these financial assets were used as security for the borrowings disclosed in note 5 (b).

Changes in the fair value of the above investments resulted in a gain recognised in the half-year financial period of $115,393.

The fair value of the Company's other financial assets are approximately the same as their carrying value.

9. FORGIVENESS OF DEBT

	31 December 2017	31 December 2016
	$	$
Forgiveness of debt (a)	-	520,509
	-	**520,509**

(a) Relates to the forgiveness of outstanding directors fees and related party balances owing to David Tasker, Michael Edwards, Jason Brewer and Travis Schwertfeger of $251,509 and an amount payable to Okewood Pty Ltd of $269,000 entity as part of Group's current restructuring plan in prior year.

10. DISCONTINUED OPERATIONS

On 8 May 2017, the Company's 93% owned subsidiary, Latin Gold Ltd (Latin Gold), which holds a 20% joint venture interest in the Ouro Paz Gold Project, was ordered to be wound up by the High Court in London and London and an Official Receiver was appointed. Liquidators were subsequently appointed on 20 June 2017. 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.

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 a result of the appointment of the Official Receiver and liquidator the Company lost control of its interest in Latin Gold and deconsolidated its interest in Latin Gold and disclosed the Latin Gold's operations as discontinued operations in the prior year. As at the date of de-consolidation, the Company recognised no liabilities in relation to the OCRA Trustee as the directors believe that the milestones associated to the above payments have not been met.

The liquidation process is ongoing and the Company has not received any official report from the liquidators regarding:

- the progress of the liquidation;
- to what extent the liquidators have considered and may accept the claim from OCRA Trustees or any other creditor; and
- whether the liquidators will make any claim against the Company as a result of the liquidation process.

At 31 December 207, no liabilities have been recognised for these potential exposure.

The below provides a summary of Latin Gold's contribution to the Company's financial results (after consolidation adjustments) for the respective periods:

	31 December 2017	31 December 2016
	$	$
Profit/(Loss) after income tax expense from discontinued operations		
Revenue	-	-
Expenses	-	(198,297)
Profit/(Loss) before income tax	-	(198,297)
Income tax expense	-	-
Profit/(Loss) after income tax from discontinued operations	-	(198,297)

11. 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 Company, the results of those operations, or the state of affairs of the Company in future financial years other than the following:

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 subsequently 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 subsequently 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 were subsequently executed in April 2018. On the same date, the Company executed a letter with the loan holder seeking shareholder approval at the 2016 Annual General Meeting of shareholders for the issue of 50,000,000 fully paid ordinary shares. These conversions received shareholder approval and were subsequently 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 Santa Fe shares or in the event of default of the loan agreement.

The total additional ordinary shares issued in settlement of outstanding trade creditors, director fees and borrowings subsequent to period end is 1,213,137,995.