



(ABN 69 099 544 680)

HALF YEARLY REPORT

31 DECEMBER 2014

DIRECTORS

M Edwards	Chairman
T Schwertfeger	Director
D Tasker	Director

COMPANY SECRETARY

J Flegg

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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 2014.

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.

Michael Edwards BBus, BSc	Chairman
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Travis Schwertfeger BSc, MSc	Director
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David Tasker BBus	Director
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COMPANY SECRETARY

Jane Flegg

REVIEW OF OPERATIONS

EXPLORATION

BRAZIL

The Ouro Paz Gold Project is located in the state of Mato Grosso, Brazil, held in Joint Venture (Ouro Paz JV) (approximately 33% attributable to IGS) with Brazil-based operator Bio gold Investment Fund. 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 as announced on 19 December 2013.

During the half-year the Ouro Paz JV embarked upon a drilling program targeting inferred resource material to increase confidence on the existing resources estimation.

Summary of Ouro Paz Gold Project Exploration Activity during the Half-Year

- Diamond drilling program at the Ouro Paz Gold Project completed
- Diamond drill results increase confidence in continuity of inferred resources for the União Prospect resource
- Extension drilling triples the strike length of mineralisation along trend from the Morro do Carrapato resource area with over 650m of shallow mineralisation identified northwest of existing resource
- Two new exploration tenements granted consolidating the Peru Prospect target area located 4km west along trend from the União Prospect area

The União Prospect Diamond drilling program completed 4,514m in 38 holes during the half-year period towards a drilling campaign totalling 6,284m in 56 holes during the 2014 CY.

Drill holes targeting inferred resource material to increase confidence on the existing resource estimation have consistently intersected mineralisation and demonstrate good continuity of the mineralised corridor and extensions to mineralisation have been confirmed at the União Prospect with increases of up to 25% in strike length, and over 200% increase in strike length of mineralised intercepts at the Carrapato resource.

For a full listing of exploration drill results refer to ASX releases during the half-year.

União Prospect

Extension drilling to the east of União during the half-year has resulted in a 25% increase in the mineralised strike length of the zone, and drill holes for metallurgical test work returned higher grade gold intercepted within the Ana PF resource estimate (refer to Figure 1).

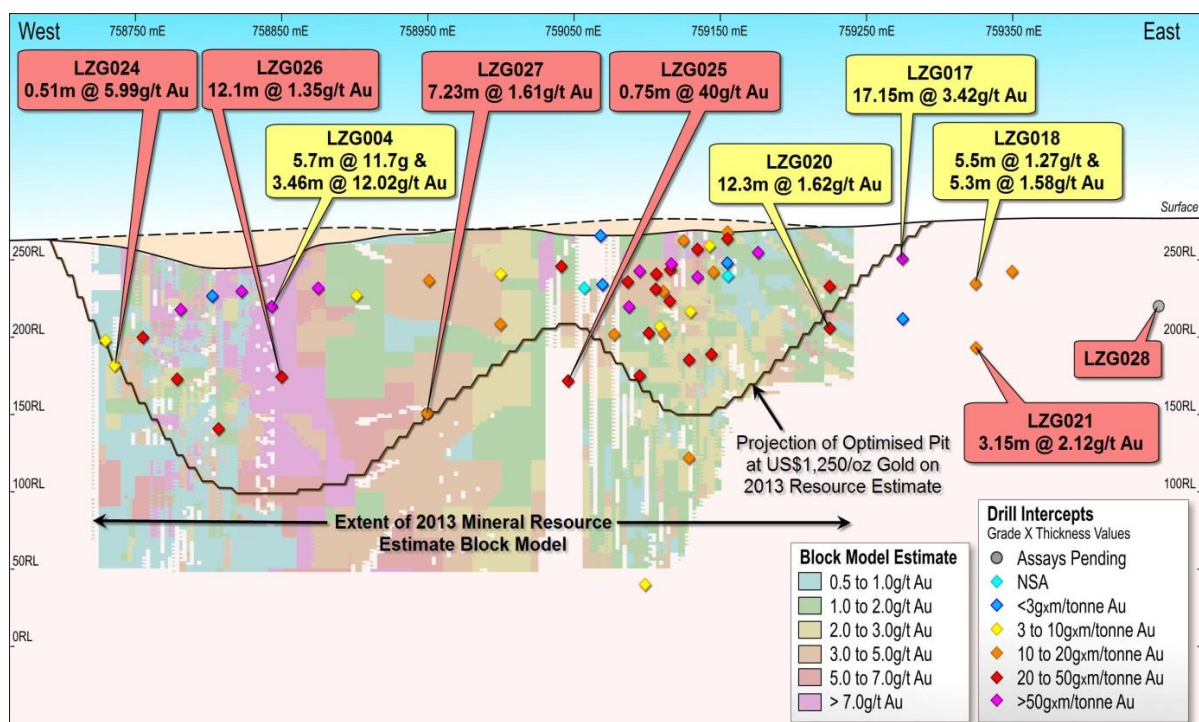


Figure 1: União Prospect - longitudinal east-west oriented vertical cross section, projection of mineralised intercepts with grade multiplied by drilled thickness values at a 0.5g/t Au cut-off projected on current mineral resource estimation block model.

The reported assay results from diamond drilling are comprised of down-dip tests below previously drilled mineralisation at União to assess continuity and increase confidence in the inferred resource estimate at relatively shallow depths near the anticipated limit of potential open pit extraction.

The União results confirm continuity of the mineralising system and help to better delineate potential for plunging high grade shoots of mineralisation within the mineralised structural corridor.

Carrapato

The assay results for additional in-fill drilling on the extension target returned significant intercepts demonstrating continuity of gold mineralisation, which is included in the current mineral resource.

Follow up drilling targeted a sub-parallel zone of mineralisation identified in this years' drilling located approximately 200m south of the Carrapato Resource. Several holes returned favourable gold assay results requiring additional work to better define the potential of this newly identified mineralised structure.

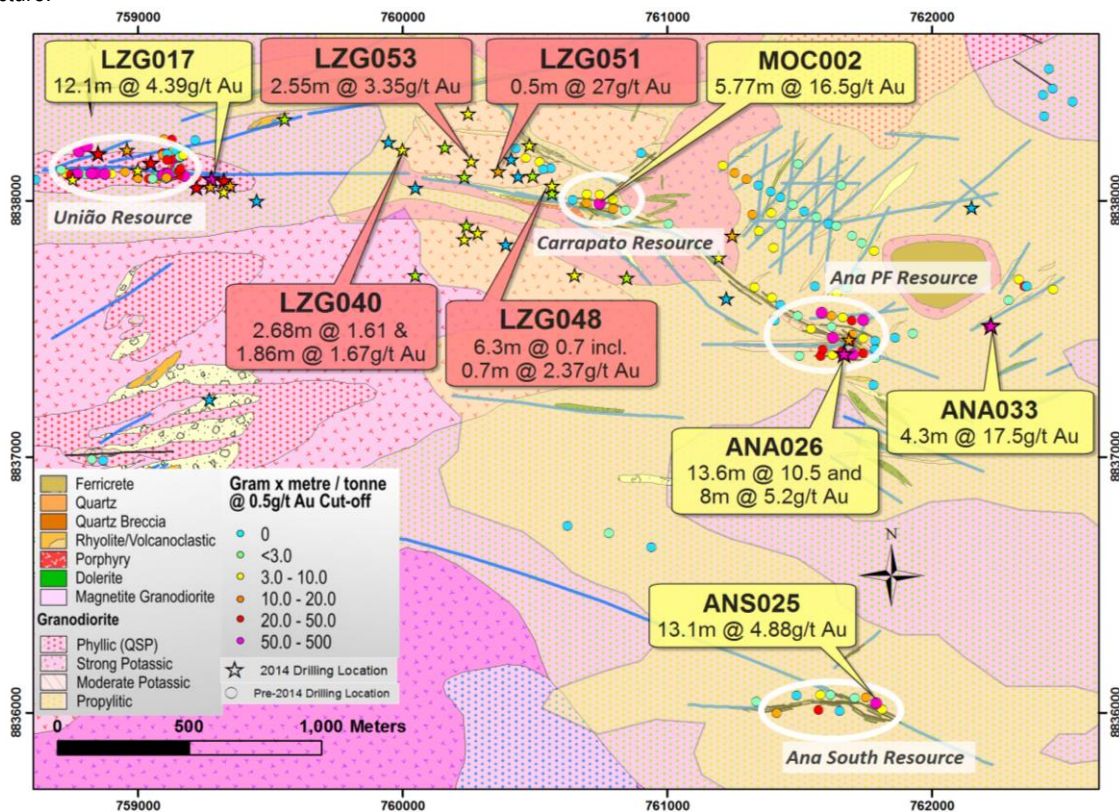


Figure 2: União Prospect JV drill locations on project geology with all 2014 drill collar locations with star outlines. Follow-up Assay results labelled in pink (previously announced results labelled in yellow) Collar locations coloured by grade*thickness value (gold grade multiplied by thickness in metres of drilled intercept at >0.5g/t Au lower cut-off).

Ana East

Three drill holes were completed during the half-year to the east of the Ana PF resource area targeting mineralisation on an east-west trending vein zone previously tested with wide spaced RC drilling in 2012. Additional interpretation and exploration activity is required to better define the relationship of the mineralisation between the holes.

The high grade gold intercept in ANA033 is located among several RC holes at ANA East that consistently intersect anomalous gold values along 300m of strike extent and represent a favourable zone for further resource potential.

Jaca Prospect

Two holes totalling 170.8m of diamond drilling were completed during the half-year as initial drill tests on surface geochemistry anomalism identified in 2014 surface geochemistry studies and geological mapping work.

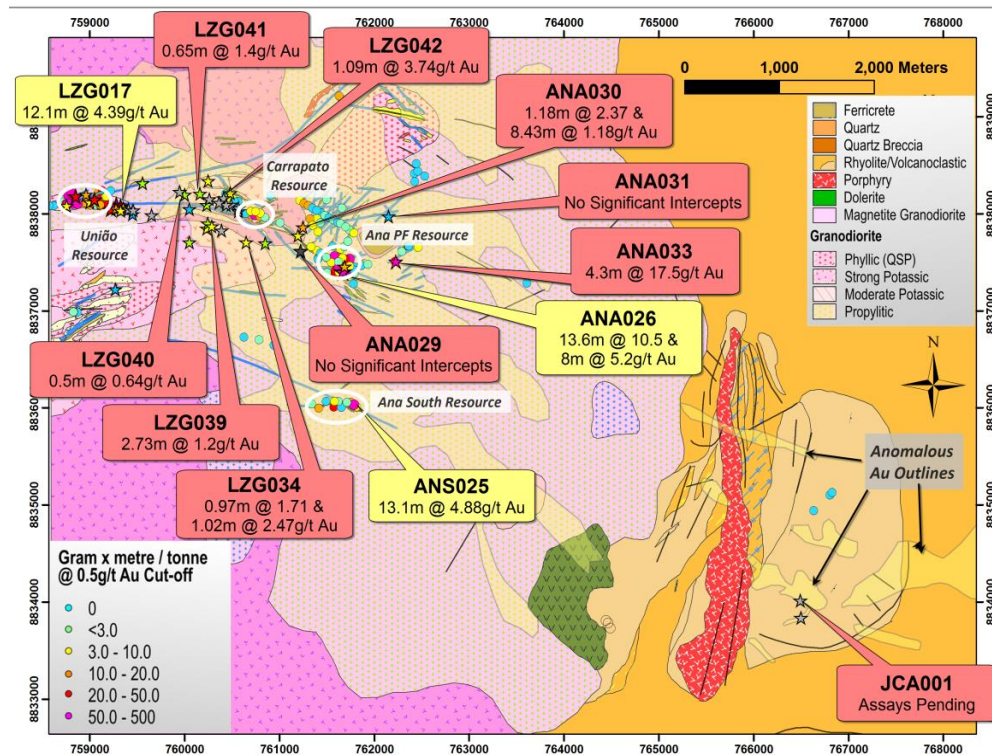


Figure 3: União Prospect JV drill hole locations on generalised project geology and outline of anomalous gold in surface geochemistry, with all 2014 drill collar locations with star outlines. Reported exploration locations with assay results labelled (previously announced results labelled in yellow) Collar locations coloured by grade*thickness value (gold grade multiplied by thickness in metres of drilled intercept at >0.5g/t Au).

The JCA001 and JCA002 holes (Refer to Figure 3) both intercepted sequences of volcanoclastic rocks, locally foliated and interbedded with volcanic rocks (both acid and intermediate in composition determined from field logging). The volcanoclastic rocks vary in particle size from feldspathic greywacke to conglomeratic sandstones with silty matrix and clasts size ranging from coarse sand to pebbles composed of quartz and / or volcanic rocks.

The mineralisation and alteration intersected is associated with stockworks of quartz veinlets ranging in width from several millimetres to several centimetres in thickness and narrow fractures containing fine disseminated sulphides. The predominant hydrothermal alteration is localised potassic alteration and selvages of sericitization proximal to stockworks among a more widespread clay/kaolinite alteration.

The alteration and mineralisation observed in this initial drill test are encouraging and although final assay results are still pending analysis, the evidence for potentially widespread mineralisation indicates additional exploration activity to assess the potential of the Jaca prospect area is required.

Ana – Carrapato In-fill/Extension Drilling

Drill results during the half-year include several exploration holes on extensions to mineralisation to the west of the Ana Resource area. ANA028 and ANA030 (Refer to Figure 3) each intersected mineralisation in the approximate 500m gap between the defined resource estimates at the Morro do Carrapato and Ana PF Prospect areas and demonstrate potential to have continuity of the mineralisation between the two resources.

Tenement Update

Two applications for exploration authorisation were granted in favour of the Ouro Paz JV during the half-year for key tenements that consolidate the highly prospective Peru Prospect area. The two tenements are located from four to nine kilometres west of the União resource estimation and total 8km² of mineral rights added to the extensive land position 100% held by the Ouro Paz JV.

During the reporting period, the Ouro Paz JV relinquished ten tenements totalling 425km² area to rationalise its land holdings and reduce land holding costs within the extensive land position where early stage exploration has not justified further exploration expenditure commitments.

The combined changes in tenure reported during the quarter leave a balance of approximately 1,006km² held by the Ouro Paz Joint Venture in the Alta Floresta Gold Province of Mato Grosso State in Brazil with an additional 122km² of applications still pending approval.

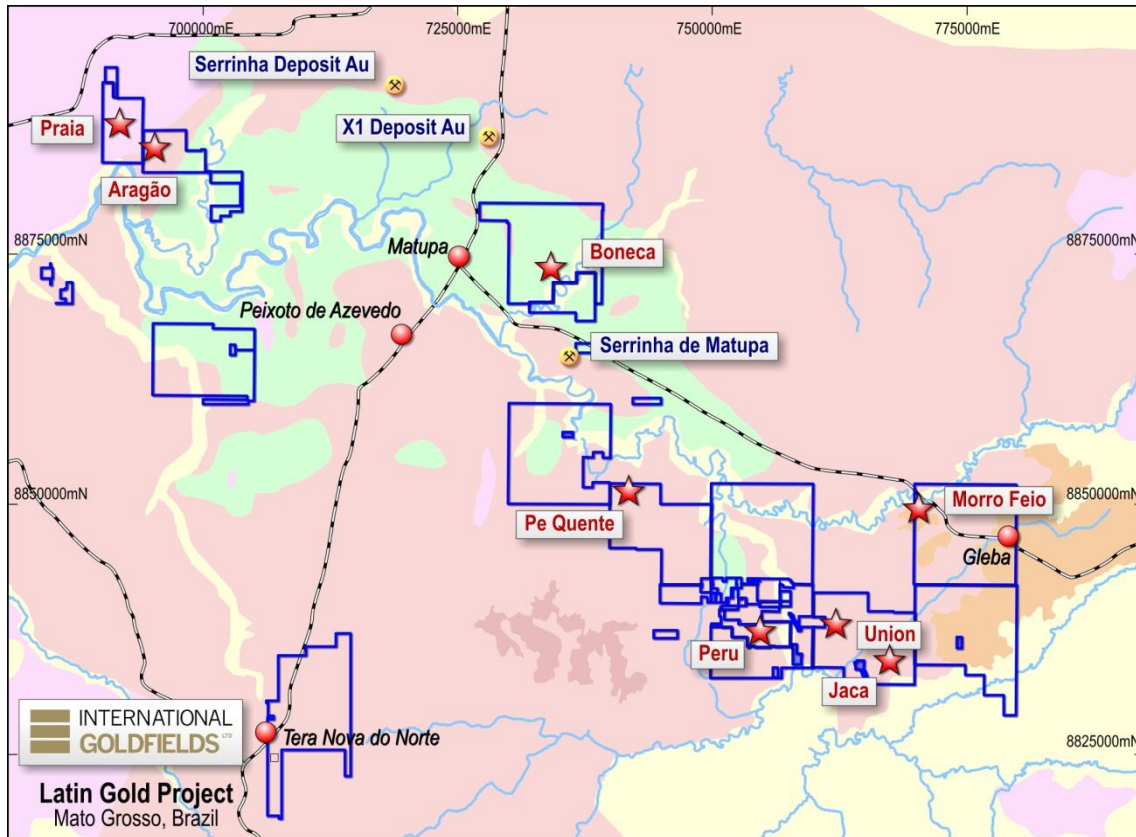


Figure 4: Ouro Paz Gold Joint Venture Project Location and Regional Geology – Alta Floresta Province

CORPORATE ACTIVITY

Subsequent to the half-year end, IGS announced that it had entered into a binding term sheet to acquire the unlisted company Musketeer Resources Limited (“Musketeer”), which holds a number of highly prospective mineral tenements in the Pilbara region of Western Australia significantly 100% of the Yandicoogina Project (E45/3293) and 95% of The Lennons Find Project (M45/368), subject to conditions precedent being met.

IGS further announced that due to the inability of certain conditions precedent to be satisfied, the previously announced transaction with Musketeer Mining Limited will not be proceeding.

IGS also announced that it had completed a convertible loan facility for \$250,000, converting at a fixed A\$0.0015 with one for one 2 year attaching options (exercisable at A\$0.0015), subject to all the necessary regulatory approvals.

The Company holds 9.2m shares in SFEG: OTC currently valued at USD1.47m (AUD1.905m) and is arranging for the sale of either part of, or the whole shareholding.

As well as the Company's 35% interest in its Brazilian Gold operations it has a key strategic debt stake in Santa Fe Gold Corporation. IGS will continue to evaluate other commercial opportunities to potentially give shareholders greater exposure to more nearer term value driven events which can be funded by the Company's balance sheet and support from key stakeholders.

Resignation of Managing Director

Travis Schwertfeger resigned from the role of Managing Director effective 21 November 2014 and remains as a non-executive on the board.

Santa Fe Gold Update

IGS currently holds 9.2m common shares and \$4m in convertible notes in Santa Fe Gold Corp (OTCQB: SFEG) ("Santa Fe") expiring in October 2015, in addition to approx. \$400,000 of accrued interest on the convertible notes.

During the reporting period, the Share Exchange Agreement between Santa Fe and Canarc Resource Corp. terminated pursuant to the terms of the Share Exchange Agreement (refer to ASX releases dated 25 July 2014 and 22 October 2014).

Santa Fe is currently focused on advancement of its Lordsburg copper project and Summit Mine resource drilling and engineering program, an operational strategy intended to be completed with the assistance of a potential strategic investor.

The current strategy is supported by senior secured creditors, Waterton Global Value, L.P. and Sandstorm Gold Ltd. The board of IGS also supports the strategy and continues an active dialogue with the Santa Fe board, remains engaged with regular technical reviews of Santa Fe project work, and remains engaged with other major creditors.

Competent person statements:

The information included in this report that relates to Exploration Results is based on information compiled by Travis Schwertfeger, B.Sc., M.Sc., MAIG, a competent person who is a member of the Australian Institute of Geoscientists. Mr. Schwertfeger is a full-time employee of the Company in the role of Managing Director for International Goldfields Ltd, with a related party holding securities in International Goldfields. Mr. Schwertfeger has worked as a geologist in regional exploration, mine evaluation, resource estimation and mineral production roles for over 15 years in precious and base metal deposits. Mr. Schwertfeger has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Travis Schwertfeger consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information is extracted from the report entitled 'Maiden Resource Estimate of 690,000 oz. Gold - Ouro Paz Joint Venture, Mato Grosso, Brazil' created on 19 December 2013 and appended with the report entitled 'Additional information for the Ouro Paz Joint Venture Mineral Resource Estimation and Scoping Study' created 31 December 2013 and are available to view on www.intgold.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement dated 19 December 2014 and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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.



Michael Edwards
Non-Executive Chairman
17 April 2015

Auditor's independence declaration to the Directors of International Goldfields Ltd

In relation to our review of the financial report of International Goldfields Ltd and its controlled entities for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



G H Meyerowitz
Partner
17 April 2015

Independent review report to members of International Goldfields Ltd

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of International Goldfields Ltd, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on 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*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of International Goldfields Ltd and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Basis for qualified conclusion

Included in the current assets balance is an amount of \$4,523,578 receivable from Santa Fe Gold Corporation. The latest available audited financial statements of Santa Fe Gold Corporation as at 30 June 2014 revealed that it had a material deficiency in its working capital position. Its auditor's report contained an emphasis of matter relating to the ability of Santa Fe Gold Corporation to continue as a going concern unless it was able to raise additional funding. We were unable to obtain sufficient appropriate evidence to support the recoverability of this receivable and consequently, we were unable to determine whether any adjustment to the amount was necessary.


Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of International Goldfields Ltd is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without modification to the conclusion expressed above, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



Ernst & Young



G H Meyerowitz
Partner
Perth
17 April 2015

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 12 to 22:
 - (i) give a true and fair view of the consolidated entity's financial position as at 31 December 2014, 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



Michael Edwards
Non-Executive Chairman
17 April 2015

Consolidated Income Statement



FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	31 DECEMBER 2014	31 DECEMBER 2013
Note	\$	\$
Continuing operations		
Interest	122,632	167,676
Other revenue	62,715	31,728
Total revenue	185,347	199,404
Realised gains on financial assets at fair value through P&L	181,892	-
Changes in fair value of financial assets at fair value through profit or loss	28,498	59,806
Foreign exchange gain/(loss)	(4,569)	118,767
Employee and consultancy expenses	(271,049)	(336,808)
Share based payments expense	-	(100,328)
Impairment of exploration and evaluation assets	-	(209,155)
Impairment of Santa Fe loan receivable	-	(388,897)
Public relations expenses	(19,855)	(65,107)
Insurance expenses	(7,518)	(13,605)
Borrowing Expenses	(19,650)	-
Corporate expenses	(219,595)	(267,033)
Travel expenses	(28,402)	(7,495)
Depreciation expense	(4,679)	(3,975)
Impairment of investment in associate	4 (1,243,490)	-
Share of loss of equity accounted investee	4 (675,434)	(16,719)
Other expenses	(1,009)	(2,468)
Loss before income tax expense	(2,099,514)	(1,033,613)
Income tax expense	-	-
Loss after tax from continuing operations	(2,099,514)	(1,033,613)
Loss after tax from discontinued operation	-	(37,034)
Loss for the period	(2,099,514)	(1,070,647)
Loss attributable to:		
Owners of the Parent	(2,250,154)	(1,033,613)
Non-controlling interest	150,640	(37,034)
	(2,099,514)	(1,070,647)
Loss per share from continuing operations attributable to the members of the parent:		
Basic and diluted loss per share (cents per share)	(0.32)	(0.16)
Loss per share attributable to the members of the parent:		
Basic and diluted loss per share (cents per share)	(0.32)	(0.16)

The accompanying notes form part of these financial statements.

Consolidated Statement of Comprehensive Income



FOR THE HALF YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED

31 DECEMBER 31 DECEMBER
2014 2013

Note

\$

\$

Loss for the period

(2,099,514)

(1,070,647)

Other comprehensive income/(loss) that may be reclassified subsequently to profit and loss

Exchange differences on translation of foreign operations

(14,177)

144,144

Other comprehensive income for the period, net of tax

(2,113,691)

(926,503)

Total comprehensive income for the period

(2,113,691)

(926,503)

Total comprehensive income/ (loss) for the period attributable to:

Owners of the Parent

(1,948,968)

(899,140)

Non-controlling interest

(164,723)

(27,363)

(2,113,691)

(926,503)

Consolidated Statement of Financial Position



AS AT 31 DECEMBER 2014

		CONSOLIDATED	
		31 December 2014	30 June 2014
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		15,232	180,893
Trade and other receivables		144,515	223,938
Loan Santa Fe Receivable	3	4,523,578	-
Financial assets at fair value through profit or loss – listed equity securities		660,043	1,131,544
TOTAL CURRENT ASSETS		5,343,368	1,536,375
NON-CURRENT ASSETS			
Loan Santa Fe Receivable		-	4,402,592
Plant and equipment		12,072	16,750
Investment in associate	4	864,448	2,107,938
TOTAL NON-CURRENT ASSETS		876,520	6,527,280
TOTAL ASSETS		6,219,888	8,063,655
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		709,060	456,758
Provision		18,435	20,676
Borrowings	6	795,108	907,660
TOTAL CURRENT LIABILITIES		1,522,603	1,385,094
TOTAL LIABILITIES		1,522,603	1,385,094
NET ASSETS		4,697,285	6,678,561
EQUITY			
Issued capital	5	89,429,882	89,297,467
Reserves		4,791,384	4,490,198
Accumulated losses		(89,084,415)	(86,834,261)
Parent entity interest		5,136,851	6,953,404
Non-controlling interest		(439,566)	(274,843)
TOTAL EQUITY		4,697,285	6,678,561

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows



FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	31 DECEMBER 2014	31 DECEMBER 2013
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(249,074)	(348,259)
Interest received	1,646	627
Other income	-	9,228
Interest & other borrowing expenses	9,806	(21,979)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(237,622)	(360,383)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on exploration interests	(449,865)	(313,905)
Restricted cash released	167,878	116,000
Loan provided to Santa Fe Gold Corporation	-	(1,329,617)
Proceeds from sales of Segue shares	681,892	-
Proceeds from sale of plant and equipment	-	22,500
Proceeds from sale of IGS Bermuda/Mali	-	102,278
CASH FLOWS USED IN INVESTING ACTIVITIES	399,905	(1,402,744)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(327,944)	-
Proceeds from borrowings	-	350,000
CASH FLOWS FROM FINANCING ACTIVITIES	(327,944)	350,000
NET DECREASE IN CASH HELD	(165,661)	(1,413,127)
Cash and cash equivalents at beginning of reporting period	180,893	1,501,236
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	15,232	88,109

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Issued Capital	Accumulated Losses	Option Reserve	Foreign Currency Translation Reserve	Owners of the parent	Non - controlling interest	Total Equity
CONSOLIDATED Note	\$	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
At 1 July 2013	89,194,500	(81,627,250)	4,526,735	(1,416,480)	10,677,505	(364,512)	10,312,993
Loss for the period	-	(1,033,613)	-	-	(1,033,613)	(37,034)	(1,070,647)
Exchange differences on translation of foreign operations	-	-	-	134,473	134,473	9,671	144,144
Total comprehensive loss for the period	-	(1,033,613)	-	134,473	(899,140)	(27,363)	(926,503)
Issue of capital – net of capital raising costs	35,000	-	-	-	35,000	-	35,000
Share based payments	-	-	65,327	-	65,327	-	65,327
At 31 December 2013	89,229,500	(82,660,863)	4,592,062	(1,282,007)	9,878,692	(391,875)	9,486,817
At 1 July 2014	89,297,467	(86,834,261)	4,606,913	(116,715)	6,953,404	(274,843)	6,678,561
Loss for the period	-	(2,250,154)	-	-	(2,250,154)	150,640	(2,099,514)
Exchange differences on translation of foreign operations	-	-	-	301,186	301,186	(315,363)	(14,177)
Total comprehensive loss for the period	-	(2,250,154)	-	301,186	(1,948,968)	(164,723)	(2,113,691)
Share based payments	132,415	-	-	-	132,415	-	132,415
At 31 December 2014	89, 429,882	(89,084,415)	4,606,913	184,471	5,136,851	(439,566)	4,697,285

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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 2014 were authorised for issue in accordance with a resolution of the directors on 17 April 2015. The Company currently has interests in investments in Brazil.

Basis of preparation

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

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

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2014 and considered together with any public announcements made by International Goldfields Limited during the half year ended 31 December 2014 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 2014, except for the adoption of new standards and interpretations effective as of 1 July 2014, which include:

Reference	Title
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities AASB 2012-3 adds application guidance to AASB 132 <i>Financial Instruments: Presentation</i> to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets AASB 2013-3 amends the disclosure requirements in AASB 136 <i>Impairment of Assets</i> . The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.
AASB 2013-9	<i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i> The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	<i>Amendments to Australian Accounting Standards - Part A</i> AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) <i>Annual Improvements to IFRSs 2010–2012 Cycle</i> and <i>Annual Improvements to IFRSs 2011–2013 Cycle</i> . Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.
Part A -Annual Improvements 2011–2013 Cycle	<i>Amendments to Australian Accounting Standards - Part A</i> Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132.

The adoption of the above new standards and interpretations have not had a material impact on the financial position or performance of the Group.

International Goldfields Limited has elected not to adopt any new standards or amendments that have been issued but are not yet effective.

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT)

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.

The ability of IGS to continue its operations is dependent on IGS being able to fund its activities while meeting its ongoing obligations. Based on the Group's position as at 31 December 2014, the Directors believe that IGS will be able to raise sufficient capital, monetise its SFEG shares which has grown significantly in value in recent months and/or monetise all or a portion of its receivable from Santa Fe to enable IGS to meet its ongoing working capital requirements for the next 12 months.

At 31 December 2014 the Group has a total of \$4,523,578 receivable from Santa Fe Gold Corporation (OTCBB: SFEG). This receivable matures in October 2015 and the group believes this investment will be monetised in a timely manner.

Should the Group be unable to monetise its investment in SFEG and/ or raise additional sufficient capital there is material uncertainty whether the Group would be able to 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 amount stated in the financial statements.

The financial statements of IGS do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Company 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 (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

3. LOAN SANTA FE RECEIVABLE

	CONSOLIDATED	
	31 DECEMBER 2014	30 JUNE 2014
	\$	\$
Loan receivable ¹	4,523,578	4,402,592
Total	4,523,578	4,402,592

¹ During October 2012, the Company entered into two \$2 million convertible note agreements with Santa Fe Gold Corporation ('Santa Fe'). In accordance with the terms of the Heads of Agreement, IGS completed two advance payments totalling \$4 million to Santa Fe to secure Santa Fe's option to the Mogollon project and for general working capital purposes. The convertible notes have a maturity date of 31 October 2015, and interest is charged at 6% per annum. If Santa Fe fails to pay all outstanding principal and interest on the maturity date, IGS may choose to have all or any part of the outstanding principal and accrued interest repaid in Santa Fe shares at the daily volume weighted average sale price of Santa Fe on the OTC Bulletin Board on conversion date.

In the event that IGS chooses to convert the outstanding principal and accrued interest into Santa Fe shares, IGS must give written notice to Santa Fe of such anticipated conversion no less than 15 days prior to the date of conversion.

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

4. INVESTMENT IN A JOINT VENTURE

In the June 2013 financial year, the Group executed a joint venture agreement and formed an incorporated joint venture between IGS' 93% owned private entity, Latin Gold Ltd and Brazil based CIA Mineradora Manganês Conselheiro S.A.

Latin Gold transferred its assets in its 100% owned subsidiary, Amazongold Pesquisas Minerais Ltda in exchange for 35% ownership in the incorporated joint venture, CIA Mineradora Ouro Paz ("Ouro Paz").

The Group has accounted for the investment in the joint venture using the equity method.

(a) Movements in carrying amounts

	CONSOLIDATED	
	31 DECEMBER 2014	30 JUNE 2014
	\$	\$
Carrying amount at beginning of period	2,107,938	2,107,938
Contributions during the period	675,434	
Share of loss after income tax	(675,434)	-
Impairment of investment	(1,243,490)	-
Total	864,448	2,107,938

The recoverable amount was determined based on the net asset method and meets the criteria of a Level 3 financial asset.

(b) Commitments and contingent liabilities of associate

No contingent liabilities or capital commitments exist at 31 December 2014.

During the half year ended 31 December 2014, \$675,434 was paid towards our cash calls commitments to the Ouro Paz JV. This amount has been treated as an expense during the period.

5. ISSUED CAPITAL

(a) Issued and paid up

	CONSOLIDATED	
	31 DECEMBER 2014	30 JUNE 2014
	\$	\$
Issued and fully paid	89,429,882	89,297,467
Total	89,429,882	89,297,467

(b) Movement in shares on issue

	31 DECEMBER 2014		30 JUNE 2014	
	Number of Shares	Amount Paid \$	Number of Shares	Amount Paid \$
Balance at beginning of the period	671,669,555	89,297,467	638,187,055	89,194,500
Issued during the period	142,872,901	132,415	33,482,500	102,967
Balance at the end of the period	814,542,456	89,429,882	671,669,555	89,297,467

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

(c) Movement in share options on issue	31 DECEMBER 2014		30 JUNE 2014	
	Number of options	Weighted average exercise price \$	Number of Options	Weighted average exercise price \$
Balance at beginning of the period	70,950,640	0.03	21,250,000	
Granted during the period	-		56,950,640	0.03
Forfeited during the period	-		-	-
Lapsed during the period	-		(7,250,000)	0.20
Balance at the end of the period	70,950,640	0.03	70,950,640	0.03

Total share based payments expense for the period is \$132,415 (31 December 2013: \$100,000).

6. BORROWINGS

	CONSOLIDATED	
	31 DECEMBER 2014	30 JUNE 2014
	\$	\$
Working Capital Facility	-	44,946
Unsecured Loan (a)	200,000	200,000
Unsecured Loan (b)	350,000	350,000
Secured Loan	-	312,714
Loan Ouro Paz (c)	245,108	-
Total	795,108	907,660

(a) IGS entered into a loan agreement in May 2014 for an amount of \$200,000. The loan is non-interest bearing and matures on 31 March 2015.

(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 shall be repaid in October 2014. The loan agreement has been extended and the loan shall be repaid in June 2015.

(c) Ouro Paz Cia Mineradora has agreed to fund the December 14 quarter cash call on behalf of Latin Gold. The amount advanced was USD\$200,000. The interest on the funds advanced is 18% per annum, accruing daily. The principal and interest shall be repaid by the 31 March 2015.

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 2014	30 June 2014
Latin Gold Ltd	United Kingdom	93	93

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

8. CONTINGENT LIABILITIES AND COMMITMENTS

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 2014 Annual Report.

10. FINANCIAL INSTRUMENTS

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value instruments by level of the following fair value measurement hierarchy:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- (b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December and 30 June 2014 on a recurring basis:

At 31 December 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets at fair value through profit or loss – listed equity securities	660,043	-	-	660,043
Total assets	660,043	-	-	660,043
Total liabilities	-	-	-	-
At 30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Financial assets at fair value through profit or loss – listed equity securities	1,131,544	-	-	1,131,544
Total assets	1,131,544	-	-	1,131,544
Total liabilities	-	-	-	-

(b) Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments that are not traded in an active market (for example, investment in associates) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3, which is the case for the Group's investment in associate. The value of the Group's investment in associate is based upon the underlying net asset position of the associate entity.

(c) Fair values of other financial instruments

The value of the Group's financial assets and financial liabilities will be impacted by changes in foreign exchange rates.

At 31 December 2014 the carrying value of the Group's financial assets and financial liabilities approximate their fair value.

13. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the half-year end, IGS announced that it had entered into a binding term sheet to acquire the unlisted company Musketeer Resources Limited ("Musketeer"), which holds a number of highly prospective mineral tenements in the Pilbara region of Western Australia significantly 100% of the Yandicoogina Project (E45/3293) and 95% of The Lennons Find Project (M45/368), subject to conditions precedent being met.

IGS further announced that due to the inability of certain conditions precedent to be satisfied, the previously announced transaction with Musketeer Mining Limited will not be proceeding.

IGS also announced that it had completed a convertible loan facility for \$250,000, converting at a fixed A\$0.0015 with one for one 2 year attaching options (exercisable at A\$0.0015), subject to all the necessary regulatory approvals.

In January 2015, IGS entered into a loan agreement with Ouro Paz CIA Mineradora. They agreed to fund the March 2015 quarter cash call on behalf of IGS. The amount loaned is USD\$500,000 with interest accruing daily at 18% per annum. The principal and interest shall be repaid in March 2015.

No other matters or events, other than the ones disclosed, have arisen since the end of the financial period which have 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 subsequent financial periods.