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MARKET UPDATE ON SANTA FE GOLD INVESTMENT

Highlights

- **Significant milestone for IGS investment in Santa Fe Gold Corporation through Canarc Resources strategic partnership, and**
- **IGS investment consists of \$4m of Convertible Notes (expiring Oct 2015) and 9.3m common shares currently valued at US\$1.7m.**

International Goldfields Limited (ASX: IGS) (IGS or the Company) is pleased to provide an update to investors in regards to its investment in Santa Fe Gold Corporation (OTCQB: SFEG) ("Santa Fe"), which announced on 15 July 2014 it had entered into a strategic partnership with Canarc Resource Corp. (CCM: TSX and CRCUF: OTC-BB) ("Canarc").

The key terms of the strategic partnership between Santa Fe and Canarc are;

- Santa Fe to issue 66m shares of its common stock to Canarc and Canarc to issue 33m of its common stock to Santa Fe. Upon consummation of the Share Exchange, Santa Fe will own approximately 17% of Canarc's outstanding shares and Canarc will own approximately 34% of Santa Fe's outstanding shares.
- Santa Fe's senior secured creditors, Waterton Global Value, L.P. ("Waterton"), Sandstorm Gold Ltd. and Sandstorm Gold (Barbados) Ltd. ("Sandstorm") have entered into respective agreements that demonstrate that they are supportive of the share exchange transaction and that they are amenable to restructuring collectively approximately \$20m of Santa Fe debt;
- Santa Fe has entered into a "best-efforts" Placement Agreement with an investment bank with which Canarc and Endeavour Silver (NYSE:EXK, TSX:EDR) ("Endeavour")(a strategic partner Company of Canarc) have enjoyed a long standing relationship, pursuant to which it will place an estimated \$22m of 8% Gold Bonds Due in 2018 that are redeemable in cash or gold ETF;
- Mr. Bradford Cooke, Chairman and Founder of Canarc and Founder and CEO of Endeavour has been appointed as Chairman of Santa Fe, with the Santa Fe board now consisting of three current Santa Fe directors: Jakes Jordan, Michael Heeley and Erich Hofer, and two Canarc nominees: Bradford Cooke and Catalin Chiloflisci.
- Canarc CEO, Catalin Chiloflisci has been appointed President and Chief Executive Officer and Director of Santa Fe and Canarc Chief Operating Officer, Garry Biles has been appointed Chief Operating Officer of Santa Fe.

IGS currently holds 9.3m common shares and \$4m in convertible notes in Santa

BOARD

Michael Edwards
Non-Executive Chairman

Travis Schwertfeger
Managing Director

David Tasker
Non-Executive Director

COMPANY SECRETARY

Jane Flegg

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IGS

Fe (due Oct 2015), in addition to approx. \$400,000 of accrued interest.

Since the transaction was announced the value of the SFEG shares held by IGS has risen from US\$372,000 to approximately US\$1,674,000. IGS expects that with the growth in the strategic relationship between Santa Fe and Canarc, further value growth will be created for IGS shareholders.

Managing Director Travis Schwertfeger said, *"International Goldfields' stake in Santa Fe now represents a significant source of value growth for our shareholders. We have been and remain in constant dialogue with the new executive team at SFEG with a view to extracting some of the value IGS has in SFEG for the benefit of our own shareholders.."*

ENDS

FOR FURTHER INFORMATION, PLEASE CONTACT:

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