

12 October 2015

www.intgold.com.au

ASX Compliance Pty Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth, WA 6000

Attention: Jill Hewitt
Senior Advisor, Listings (Perth)

By E-mail: jill.hewitt@asx.com.au

Dear Jill,

I refer to your letter dated 6 October 2015 in relation to the Company's financial condition query and responds in line with the numbers of your letter.

1. Is the Company able to confirm that in the Directors' opinion the Annual Accounts:

- (a) comply with the relevant Accounting Standards; and

The Directors of the Company confirm that in their opinion the Annual Accounts comply with the relevant Accounting Standards

- (b) give a true and fair view of the financial performance and financial position of the Company?

The Directors of the Company confirm that in their opinion the Annual Accounts give a true and fair view of the financial performance and financial position of the Company.

2. Please provide further information to explain the basis of the Disclaimer.

The Company has not moved from the relevant Accounting Standards from prior periods or changed its interpretation of any of its relevant accounting policies during the current period, hence the Director's believe in their opinion that the Annual Accounts comply with the relevant Accounting Standards.

Through the information the Company has received from the Ouro Paz JV, Winter Garden and Santa Fe, and discussions with these parties, the Director's believe in their opinion that the Annual Accounts present a true and fair view of the financial performance and position of the Company.

3. Given the Disclaimer relates to the Auditor's inability to obtain sufficient appropriate audit evidence in relation to, the carrying value of investment in CIA Mineradora Ouro Paz, the loan receivable from Jardin De Invierno S.A. and the 2015 Profit and Loss, what steps does the Company intend

BOARD

Michael Edwards
Chairman

David Tasker
Director

Travis Schwertfeger
Director

COMPANY SECRETARY

Jane Flegg

**REGISTERED OFFICE AND
PRINCIPLE PLACE OF BUSINESS**

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Registry Services Pty Ltd
150 Stirling Hwy
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ASX CODE
IGS

to take to obtain an unqualified audit/review report for future financial periods?

The Company believes that it will be able to obtain an unqualified audit / review report in future periods with coordinated timing of the Ouro Paz JV audits, the completion of the Winter Garden transaction and as the Santa Fe Loan has now been fully impaired there will be no further impact on the profit and loss.

4. Does the Company consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX in accordance with the requirements of listing rule 12.1? In answering this question, please explain the basis for this conclusion.

Yes – on the basis that residual interest in Sante Fe and Ouro Paz are currently being realised through both mine development (JV funded) and a managed sale process, in addition the Company is in the process of acquiring a 85% interest in Jardin de Invierno SA, trading as Winter Garden Biosciences a biosciences and pharmaceutical company based in Uruguay, subject to the necessary regulatory and shareholder approvals.

5. What steps does the Company intend to take to address the going concern issues of the Company? The Company should specifically address how it intends to meet its liabilities and obligations as and when they fall due.

The Company retains its 15% capacity and has been presented with a range of debt financing offers it is currently contemplating. It should also be noted that it's major shareholders have at all times remained supportive of the Company and have confirmed to the board the intent to support the Company further should it be required.

6. Does the Company consider that the financial condition of the Company is sufficient to warrant continued listing on ASX in accordance with the requirements of listing rule 12.2? In answering this question, please explain the basis for this conclusion.

Yes - on the basis that the Company and its advisors are currently finalizing the formal documentation associated with the Winter Garden transaction

7. If the answer to questions 4 or 5 is “No”, please explain what steps the Company has taken, or proposes to take, to warrant continued listing on ASX in accordance with the requirements of listing rules 12.1 and 12.2.

N/A

8. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1 and 12.2.

The Company confirms that the Company complies with the ASX listing rules, in particular listing rules 3.1 and 12.2.

For and on behalf of the board



David Tasker
Director



6 October 2015

Ms J Flegg
Company Secretary
International Goldfields Limited
PO Box 144
West Perth WA 6872

By email: jane@okapventures.com

Dear Ms Flegg,

International Goldfields Limited (“the Entity”) – Financial Condition Query

ASX Limited (“ASX”) refers to the following:

1. The Company’s financial report for the year ended 30 June 2015, lodged with ASX on 30 September 2015 (the “Financial Report”).
2. The Independent Auditor’s Report set out on pages 29 to 31 of the Financial Report (“Auditor’s Report”) which contains a Disclaimer of Opinion (the “Disclaimer”), stating the following:

Basis for disclaimer of opinion

Going concern

As at 30 June 2015, the consolidated entity had net current liabilities of \$3,265,760 and its total liabilities exceeded its total assets by \$2,238,812. At the date of this report, the consolidated entity has limited cash resources available and has not secured agreements with its creditors to defer repayment of their debts.

We have been unable to obtain sufficient appropriate audit evidence as to whether the consolidated entity can achieve the matters set out in Note 1 to the financial report and we have therefore been unable to determine whether it is appropriate to prepare the financial statements on a going concern basis.

Carrying value of investment in CIA Mineradora Ouro Paz ("Ouro Paz")

Included in the 30 June 2015 Investment in Joint Venture balance was an amount of \$864,448 being a 35% interest in the incorporated joint venture known as Ouro Paz. The audit of Ouro Paz was last undertaken for the year ended 31 December 2013 and we have therefore been unable to obtain audited accounts from that date.

We have therefore been unable to obtain sufficient appropriate audit evidence to support the recoverability of this investment and consequently, we have been unable to determine whether any adjustment to the carrying amount of the investment was necessary.

Loan receivable from Jardin De Invierno S.A. ("Winter Garden transaction")

As detailed in Note 7 to the accounts, included in the 30 June 2015 Non Current Other Receivable balance is an amount of \$162,500 receivable from Jardin De Invierno S.A. in relation to the Winter Garden transaction. This amount is repayable to International Goldfields Limited in the event that the Winter Garden transaction is not completed.

We have been unable to obtain sufficient appropriate audit evidence to determine whether the Winter Garden transaction will be completed or to support the recoverability of this receivable and consequently, we have been unable to determine whether any adjustment to the carrying amount of the receivable was necessary.

2015 Profit and loss

Included in the 2014 Non Current Other Receivable balance was an amount of \$4,402,592 receivable from Santa Fe Gold Corporation. Our audit report on the financial report of International Goldfields Limited for the year ended 30 June 2014 was qualified on the basis that we were unable to obtain sufficient appropriate audit evidence to support the recoverability of the receivable from Santa Fe Gold Corporation and consequently, we were unable to determine whether any adjustment to the carrying amount of the receivable was necessary.

On 26 August 2015, Santa Fe Gold Corporation filed a voluntary petition for relief under chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. On this basis, International Goldfields Limited has impaired the entire receivable from Santa Fe Gold Corporation in the current financial year.

As we have been unable to obtain sufficient appropriate audit evidence to determine whether any adjustment to the carrying amount of the receivable from Santa Fe Gold Corporation was necessary as at 30 June 2014, we have been unable to determine whether the impairment of the receivable, which has been recognised through the consolidated statement of profit and loss in the current financial year, should have been, in part or in whole, recognised through the consolidated statement of profit and loss in the prior financial year.

Disclaimer of opinion

Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial report.

Relevant Listing Rules and Guidance

- Listing Rule 12.1 – *The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing.*
- Listing Rule 12.2 – *An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.*
- Listing Rule 19.11A – *If a listing rule requires an entity to give ASX accounts, the following rules apply:*
...
(b) The accounts must be prepared to Australian accounting standards. If the entity is a foreign entity the accounts may be prepared to other standards agreed by ASX.

Questions for Response

In light of the Auditor's Report, the information contained in the Financial Report, and the application of the listing rules stated above, please respond to each of the following questions:

1. Is the Company able to confirm that in the Directors' opinion the Annual Accounts:
 - (a) comply with the relevant Accounting Standards; and
 - (b) give a true and fair view of the financial performance and financial position of the Company?
2. Please provide further information to explain the basis of the Disclaimer.
3. Given the Disclaimer relates to the Auditor's inability to obtain sufficient appropriate audit evidence in relation to, the carrying value of investment in CIA Mineradora Ouro Paz, the loan receivable from Jardin De Invierno S.A. and the 2015 Profit and Loss, what steps does the Company intend to take to obtain an unqualified audit/review report for future financial periods?
4. Does the Company consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX in accordance with the requirements of listing rule 12.1? In answering this question, please explain the basis for this conclusion.
5. What steps does the Company intend to take to address the going concern issues of the Company? The Company should specifically address how it intends to meet its liabilities and obligations as and when they fall due.
6. Does the Company consider that the financial condition of the Company is sufficient to warrant continued listing on ASX in accordance with the requirements of listing rule 12.2? In answering this question, please explain the basis for this conclusion.
7. If the answer to questions 4 or 5 is "No", please explain what steps the Company has taken, or proposes to take, to warrant continued listing on ASX in accordance with the requirements of listing rules 12.1 and 12.2.
8. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1 and 12.2.

Please note the ASX reserves its right under listing rule 18.7A to release this letter and the Company's response to the market. Accordingly, the Company's response should address each question separately and be in a format suitable for release to the market.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event by **no later than 6.30 a.m. AWT on Monday, 12 October 2015.**

Any response should be sent to me by return email. It should not be sent to the ASX Market Announcements Office.

If you have any queries regarding any of the above, please let me know.

Yours sincerely

(sent electronically without signature)

Jill Hewitt
Senior Adviser, Listings Compliance (Perth)