
**QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B
FOR THE QUARTER ENDING 31 DECEMBER 2015**

International Goldfields Limited (ASX: IGS) (“IGS” or “the Company”) is pleased to provide the following commentary and Appendix 5B for the quarter ending 31 December 2015.

International Goldfields has entered into a binding Heads of Agreement (HOA) to acquire an 85% stake in Winter Garden Biosciences (“WinterGarden” or “WG”). The HOA is subject to shareholder approval and the satisfaction or waiver of a number of conditions precedent.

About WinterGarden Biosciences

WinterGarden is an emerging agriculture bioscience and biotechnology company based in Uruguay, with the aim of becoming one of the first companies in the world to legally harvest and produce non-synthetic cannabis products for the mass-market.

Uruguay is the first nation in the world to federally legalise research and development, as well as cultivation, sale and consumption of non-synthetic cannabinoids. Winter Garden, which possesses a plantation site, corporate headquarters and a laboratory in Uruguay, is able to take advantage of these new laws and regulations to become one of the first companies in the world to legally develop cannabis products.

Federal Uruguayan laws not only facilitate the legal use and research of cannabis, but also provision the use of cannabinoids containing a higher percentage of Tetrahydrocannabinol (THC), which is the psychoactive substance found within cannabis. Globally, growth and research on cannabis with a THC content of more than .03% is prohibited. This has altered every aspect of the plant to the point that it offers almost no useful research benefits. As a result, only synthetic plants can be utilised for research and these are ineffective and inadequate for both research as well as pharma-grade medical applications.

WinterGarden is seeking to grow, research and produce cannabis plants containing a THC content of approximately 1%. The higher THC content will assist Winter Garden to develop products that will provide clinical relief for a variety of neurological ailments. The ailments which could be improved by medicinal cannabis products are wide-ranging, from depression and post-traumatic stress disorder to anti-inflammation and neuropathic pain.

The Company confirmed during the previous quarter that Due Diligence associated with the transaction with WinterGarden had been successfully completed to the full satisfaction of the IGS Board.

BOARD

David Tasker
Director

Travis Schwertfeger
Director

Jason brewer
Director

COMPANY SECRETARY

Jane Flegg

REGISTERED OFFICE

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110 Stirling Hwy
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ASX CODE

IGS

During that quarter WinterGarden also achieved a major milestone and received confirmation that it had obtained a range of key permits, licenses and authorisations from the federal Uruguayan government, which included the ability for Winter Garden to be able to import any and all varieties of hemp and cannabis Sativa-L (heirloom varieties), with no restrictions on cultivars and tonnage.

WinterGarden also took delivery of its first 1,000 kgs of seed and commenced planting of its maiden crop for further test purposes and preparation for control work in greenhouses.

Since that time WinterGarden, with the support of IGS, has been advancing fit out of its laboratory facilities and establishing key operational infrastructure at the farm, namely security and irrigation. Winter Garden has also advanced discussions with various parties so as to enable a ramp up of farming operations over a significantly wider area soon after completion of the proposed transaction.

While delays have occurred with the transaction, all parties are working together to aim to complete early in the current Quarter.

GOLD EXPLORATION ACTIVITY – BRAZIL

The Ouro Paz Gold Project is located in the state of Mato Grosso, Brazil, held in Joint Venture (Ouro Paz JV) between Brazil-based operator Biogold Investment Fund and IGS's 93% held subsidiary Latin Gold Ltd, where Latin Gold Ltd holds a 20% interest in the Ouro Paz JV. The Ouro Paz Gold Project is host to a maiden Mineral Resource Estimation (MRE) of 3.4M tonne Measured & Indicated Resource averaging 2.55g/t gold, and a 5.1M tonne Inferred resource averaging 2.48g/t gold for a total of 690,000oz Au of contained metal as announced on 19 December 2013.

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 2013 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.

During the December quarter Biogold Investment Fund wholly funded a resource definition program at the Ouro Paz Gold Project comprised of a combination of trench excavation with representative channel sampling completed on nominal 1m intervals, and RC drilling activity to verify continuity of mineralisation and improve confidence in the MRE. The exploration activity occurred within the footprint of previously reported exploration results, and included over 1,300 linear metres of trenching in 43 trenches and 2519m of drilling in 31 RC holes reported to date.

IGS will further dilute in the Ouro Paz JV in accordance with the Joint Venture Agreement once December quarter expenditure on the Ouro Paz JV is reconciled with cash calls to Latin Gold Ltd totalling USD\$255,000. A cash call for the March quarter exploration activities as at the time of reporting has not been received.

Exploration Proposed

The Ouro Paz Joint Venture intends to finalise the RC drilling and trenching program to improve confidence in the existing oxide resource at the Ouro Paz JV. The JV Committee will assess the final results of the program and

IGS remains committed to the Ouro Paz Joint Venture and continues to engage regularly with Biogold Investment Fund to plan exploration activity and additional work related to advancing the project towards a decision to mine.

CORPORATE ACTIVITY

WinterGarden Transaction

The Company has been in proactive and positive discussions with the ASX, WinterGarden and its financiers for some time so as to ensure the most efficient path forward for completion of the proposed transaction and while all parties are disappointed delays have occurred in relation to completion of the transaction all stakeholders remain committed to its completion.

So as to enhance the financial capabilities of the proposed transaction and ensure WinterGarden has the necessary funding to capitalise on a number of key development initiatives, the Company has been reviewing a range of transactions and funding opportunities/alternatives. The Company is confident that the financing path forward will be announced shortly with a clear and desirable outcome for WinterGarden and is Uruguay activities.

WinterGarden and International Goldfields are confident of signing definitive agreements during the early stages of this current quarter, after which time a timetable to completion will become clear.

Santa Fe Gold Corporation

On 26 August 2015 the Company advised that, Santa Fe Gold Corporation (“Santa Fe” or “SFEG”) and three affiliates filed voluntary chapter 11 cases pursuant to the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. In its chapter 11 filings, Santa Fe has indicated, among other things, that it intends to conduct a process to sell substantially all of the debtors’ assets and, to facilitate a sale process, has entered into a debtor-in-possession loan facility with Waterton Global Value, L.P. (“Waterton”) and a stalking horse purchase agreement with Waterton under which Waterton proposes to purchase the debtors’ assets. The loan facility and sale process are subject to the approval of the bankruptcy court.

A committee of unsecured creditors of Santa Fe was formed to represent the interests of unsecured creditors in the chapter 11 cases. A representative of the Company has been appointed to this committee and will work with the other members of the committee to maximise the recovery to unsecured creditors and to achieve an outcome that is in the best interests of the creditors.

It is expected that a final outcome on IGS position in SFEG will be determined by the courts in February/ March 2016.

Likely Developments and Expected Results

While the Company’s main focus is now on completing the Wintergarden acquisition (referred to above), the Company will continue to engage with Biogold Investment Fund, JV partner to the Ouro Paz Joint Venture, to plan exploration activity and additional work related to advancing the project towards a decision to mine. The Company will also work closely with the unsecured creditors of Santa Fe to maximise the recovery to them that is in the best interests of all.

It is expected that a resolution to the Santa Fe matter is expected to be completed in the coming weeks, which will likely see some funds come into the company during the early stages of the next quarter. In addition to this

the Company is well advanced in discussions with funding groups regarding a funding package that would provide immediate funding to the company to sustain itself for the coming quarter, to fund expense requirements associated with completion of the Wintergarden transaction, and a large package on support of Completion of the Winter Garden transaction. It should be noted that these discussions remain confidential and incomplete. Should a binding agreement be reached it will be disclosed to shareholders via an ASX filing.

Any proposed funding would be done within the guidelines and approvals required by the ASX.

For and on behalf of the board



David Tasker
Director

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Competent person statements:

The information 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 is available to view on www.intgold.com.au. Material from the referenced reports that relates to project costs and parameters of Mineral Resource Estimation is based on and fairly represents, information and supporting documentation compiled under the overall supervision and direction of Porfirio Cabaleiro Rodriguez B.Sc., MAIG, a competent person who is a member of the Australian Institute of Geoscientists and is an associate consultant with Coffey Consultoria e Serviços Ltda on a contract basis and holds no direct or indirect interest in the Gleba-União (Ouro Paz) Gold Project of Cia. Mineradora Ouro Paz S/A and does not beneficially own, directly or indirectly, any securities of International Goldfields Ltd or any associate or affiliate of such company. Mr Rodriguez is as a professional engineer with more than 34 years of relevant experience in Resource and Reserve estimation, involving mining properties in Brazil, including among others; iron ore, gold, and copper mineralisation. Mr. Rodriguez has sufficient experience that is relevant to the style of mineralisation 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'. Porfirio Cabaleiro Rodriguez 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 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 is available to view on www.intgold.com.au. Material from the referenced report that relates to Mineral Resource Estimation is based on information compiled by Leonardo de Moraes Soares B.Sc., MAIG, a competent person who is a member of the Australian Institute of Geoscientists and a full time employee of Coffey Consultoria e Serviços Ltda and holds no direct or indirect interest in the Gleba-União (Ouro Paz) Gold Project of Cia. Mineradora Ouro Paz S/A and does not beneficially own, directly or indirectly, any securities of International Goldfields Ltd or any associate or affiliate of such company. Mr Soares has over 11 years of relevant experience in Resource and Reserve estimation, involving mining properties in Brazil, including, among others; iron ore, gold, and copper mineralisation. Mr. Soares has sufficient experience which 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'. Leonardo de Moraes Soares 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 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. 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.

Forward Looking Statement:

Statements regarding plans with respect to the Company's mineral properties are forward-looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that the Company will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties.

ASX Additional Information for Quarterly Report to 31 December 2015
SCHEDULE OF MINING TENEMENTS

| Tenement ID | Location | Interest Acquired during quarter | Interest Disposed during quarter | Beneficial Interest Sold during quarter | Interest Held at end of quarter | Comments |
|-------------|---------------------|----------------------------------|----------------------------------|---|---------------------------------|----------|
| 866006/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866127/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866187/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866240/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866267/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866286/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866294/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866322/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866338/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866349/2011 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866353/2003 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866357/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866377/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866398/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866407/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866429/2004 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866435/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866447/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866475/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866633/2009 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866655/2008 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866668/2012 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866673/2005 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866688/2009 | Mato Grosso, Brazil | | | na | 18.6% | |
| 866742/2013 | Mato Grosso, Brazil | | | na | 18.6% | |
| 867121/2012 | Mato Grosso, Brazil | | | na | 18.6% | |
| 867122/2012 | Mato Grosso, Brazil | | | na | 18.6% | |
| 867123/2012 | Mato Grosso, Brazil | | | na | 18.6% | |
| 867124/2012 | Mato Grosso, Brazil | | | na | 18.6% | |
| 867125/2012 | Mato Grosso, Brazil | | | na | 18.6% | |
| 867126/2012 | Mato Grosso, Brazil | | | na | 18.6% | |
| 867128/2012 | Mato Grosso, Brazil | | | na | 18.6% | |
| 867129/2012 | Mato Grosso, Brazil | | | na | 18.6% | |
| 867130/2012 | Mato Grosso, Brazil | | | na | 18.6% | |
| 867142/2012 | Mato Grosso, Brazil | | | na | 18.6% | |
| 867143/2012 | Mato Grosso, Brazil | | | na | 18.6% | |
| 867144/2012 | Mato Grosso, Brazil | | | na | 18.6% | |

| Tenement ID | Location | Interest Acquired during quarter | Interest Disposed during quarter | Beneficial Interest Sold during quarter | Interest Held at end of quarter | Comments |
|-------------|---------------------|----------------------------------|----------------------------------|---|---------------------------------|----------|
| 867145/2012 | Mato Grosso, Brazil | | | na | 18.6% | |
| 867148/2012 | Mato Grosso, Brazil | | | na | 18.6% | |

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

| |
|---|
| INTERNATIONAL GOLDFIELDS LIMITED |
|---|

ABN

| |
|-----------------------|
| 69 099 544 680 |
|-----------------------|

Quarter ended ("current quarter")

| |
|-------------------------|
| 31 December 2015 |
|-------------------------|

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for (a) exploration & evaluation | - | (93) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (19) | (63) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | - | - |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other (provide details if material) | - | - |
| | (19) | (156) |
| Net Operating Cash Flows | | |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a) prospects | (100) | (100) |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.9 Proceeds from sale of: | - | - |
| (a) equity investments | - | - |
| (b) other fixed assets | - | - |
| (c) Data in regards to prospects | - | - |
| 1.10 Loans to other entities | - | - |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other – refund of tenement bonds | - | - |
| | - | - |
| Net investing cash flows | - | - |
| 1.13 Total operating and investing cash flows (carried forward) | (119) | (256) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|-------|--|-------|-------|
| 1.13 | Total operating and investing cash flows (brought forward) | (119) | (256) |
| | Cash flows related to financing activities | | |
| 1.14a | Proceeds from issues of shares, options, placement | | |
| 1.14b | Shares to issue | - | - |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | 100 | 309 |
| 1.17 | Repayment of borrowings | - | (23) |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other - Capital raising costs | - | - |
| | Net financing cash flows | 100 | 286 |
| | Net increase (decrease) in cash held | (19) | 30 |
| 1.20 | Cash at beginning of quarter/year to date | 51 | 2 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 32 | 32 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | - |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

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|--|
| |
|--|

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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|--|
| |
|--|

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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| |
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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | | |
| 3.2 Credit standby arrangements | | |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 100 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 50 |
| Total | 150 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 32 | 51 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 32 | 51 |

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements*

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|---|-------------------------------|----------------------------------|----------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | | | |
| 6.2 | Interests in mining tenements acquired or increased | | | |

*Full details of the Group's tenement holdings are set out in the attached Schedule of Mining Tenements

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|-----|--|---------------|---|--|
| 7.1 | Preference securities (description) | | | |
| 7.2 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | |
| 7.3 | *Ordinary securities | 774,691,816 | 774,691,816 | |
| 7.4 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | | | |
| 7.5 | *Convertible debt securities (Convertible Notes) | | | |

+ See chapter 19 for defined terms.

| | | | | | |
|------|---|---------------------------------------|-------------|---|--|
| 7.6 | Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 | Options <i>(description and conversion factor)</i> | 37,100,000 5,000,000 14,850,640 | - - - | <i>Exercise price</i> \$0.01 \$0.03 \$0.03 | <i>Expiry date</i> 30/09/2016 30/06/2016 30/06/2017 |
| 7.8 | Issued during quarter | | | | |
| 7.9 | Exercised during quarter | | | | |
| 7.10 | Expired during quarter | 14,000,000 | - | <i>Exercise price</i> \$0.08 | <i>Expiry date</i> 31/12/2015 |
| 7.11 | Debentures <i>(totals only)</i> | | | | |
| 7.12 | Unsecured notes <i>(totals only)</i> | | | | |

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31 January 2016
(Director)

Print name: David Tasker

Notes

- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.