

INTERNATIONAL BASE METALS LIMITED

QUARTERLY ACTIVITIES REPORT – End December 2011

HIGHLIGHTS

Corporate

- Sydney overhead costs will be reduced by vacating our current office and sharing a smaller office with Zamia.
- Subscription commitments for \$3 million were signed at 20c per share plus one option for every two shares at 25c per share.
- Azure Capital was appointed to assist with finding a new cornerstone investor. The aim is to try and secure a \$25 million - \$30 million investment in IBML.
- Three potential JV partner/cornerstone investors visited Namibia and our Windhoek office.
- Negotiations towards a potential JV for the Kamanjab project commenced during the quarter. Progress is being made and we expect that an agreement could be signed early in 2012.

Exploration Projects

- A new improved Resource model for Omitiomire was released on 10 October 2011. The resource potential has increased to over 1.2 million tonnes of contained copper. The deposit remains “open” at depth.
- Other known copper occurrences and extensive untested geochemical anomalies indicate the likelihood of expanding the resource substantially within the Omitiomire tenement.
- During the quarter a small scout drilling programme was undertaken on the KCB project at the Groendorn prospect.

CORPORATE ACTIVITIES

SYDNEY OFFICE AND STAFF

A decision was taken to not renew the IBML Sydney office rental when it expires on 30 April 2012. Zamia secured a lease on a smaller office and IBML have agreed to share this office. Overhead costs will be reduced and associated office service provision contracts will be moved from IBML to Zamia.

The first steps have been taken towards closing the salary gap identified by the Namibian mining salary survey. Craton now provides medical aid to all employees and meal allowances have been increased for the lower paid employees.

CRATON MINING AND EXPLORATION (PTY) LTD ('CRATON')

A Craton Board meeting was held by Skype Conference on 1 December.

Negotiations towards a potential JV for the Kamanjab project commenced during the quarter. Progress is being made and we expect that an agreement could be signed early in 2012.

Discussions have commenced regarding either the renewal of the current Omitiomire surface rights agreement or the possible purchase of the farm from the estate.

Various BEE options were discussed and investigated. Given the uncertainty regarding future legislation it was agreed to take a cautionary approach at this stage.

RISK MANAGEMENT

- Risk assessment is a standing agenda item for Craton board meetings.
- The initial risk assessment and the risk management process have been guided by Mr. Schalk Walters of Fiducia.
- Risks with extreme and high ratings are discussed at each board meeting. Senior management is required to report on mitigation measures taken regarding these risks.
- All risks will be reviewed once a year.
- Craton mitigates risks in a number of ways including compliance with legislative requirements, hosting farmer's meetings, giving progress presentations to government, building investor confidence, seeking BEE opportunities, enhancing relations with landowners, attending seminars, Indabas and Chamber of Mines meetings.
- Discussions continue with the heirs of farm Omitiomire to either purchase the farm or secure an extension to our surface rights agreement.
- A risk assessment of the Phase 1 oxide mining is scheduled to be done during February 2012

OHSE SUMMARY

- The Craton OHS&E Policy was revised and approved by the board
- Medical aid has been provided to all permanently employed personnel.
- Four Safety Representatives have been appointed. They attended a one day training course at NOSA Namibia.
- A safety committee was appointed at the end of November 2011.
- OHSE training was given to all personnel on the 12th and 13th of December 2011.

OHSE statistics for the period 01/07/2011 until 31/12/2011

Quarter	Deaths	Lost time due to injury or sickness	Medical visits	Near misses reported
1 st quarter	None	2 Days	4	0
2 nd quarter	None	4 Days	0	7
TOTAL	0	6 Days	4	7

First quarter lost time was due to minor health problems.

Second quarter lost time was due to sprained ankles. Team members wear safety boots and gaiters when working in the field.

FUND RAISING AND ACTIVITIES

The strategy is to raise private equity to fund resource expansion while, in parallel, seeking a new cornerstone investor.

Sinonew assisted to secure subscription commitments for a further \$3 million. The placement comprised the issue of 15 million shares at \$0.20 per share, together with 1 option for every 2 shares issued at an exercise price of \$0.25 per option. The placement included four new shareholders as well as two of our largest existing shareholders, underscoring the strong support of existing shareholders for the Company. Funds from the placement will be allocated towards financing the drilling and work programmes at Omitiomire and regional exploration up to the end of February 2012.

Azure Capital ("Azure") was appointed to advise and assist in managing a formal competitive process to seek a new cornerstone investor for the Company. Azure is a Perth-based corporate advisory firm and a leader in the Australian resources advisory market with focus on mining mergers and acquisitions, project finance/debt advisory, equity capital markets and the provision of general corporate advice. Azure has had significant transactional experience in copper and in Africa. The aim is to try and secure a \$25 million - \$30 million investment in IBML.

During the quarter, a number of further activities were undertaken including:

- Three potential JV partner/cornerstone investors visited Namibia and our Windhoek office.
- Two IBML Board meetings were held on 26 October and 16 November where various investment options and funding requirements were discussed.
- The IBML AGM was held in Sydney on 16 November 2011.
- A number of confidentiality agreements were signed with other potential JV partners and investors.
- IBML and Zamia shared a booth at “Mines and Money” in Sydney on 10-11 October.

AUSTRALIAN PROJECTS

Maranoa Resources Pty Ltd

- During the quarter a ground electromagnetic (EM) survey was commenced at Darkwater, EPM 14262.
- It was decided to surrender the Mount Tabor EPM.

AuriCula Mines Pty Ltd

- The Joint Venture agreements have been extended.
- Cobar Management Pty Ltd, has carried out drill testing at the Mount Hope area. Results are not yet available.

REVIEW OF PROJECTS

BACKGROUND

Through its wholly-owned Namibian subsidiary, Craton Mining and Exploration (Pty) Ltd ('Craton'), IBML holds 10 Exclusive Prospecting Licences (EPLs), covering 7,700 km², and four EPL applications, covering 3,200 km².

The Company's major project is the Omitiomire Copper Project, which consists of the Omitiomire copper deposit and the surrounding area in EPL 3589. The other tenements are clustered into three project areas as shown in Figure 1.

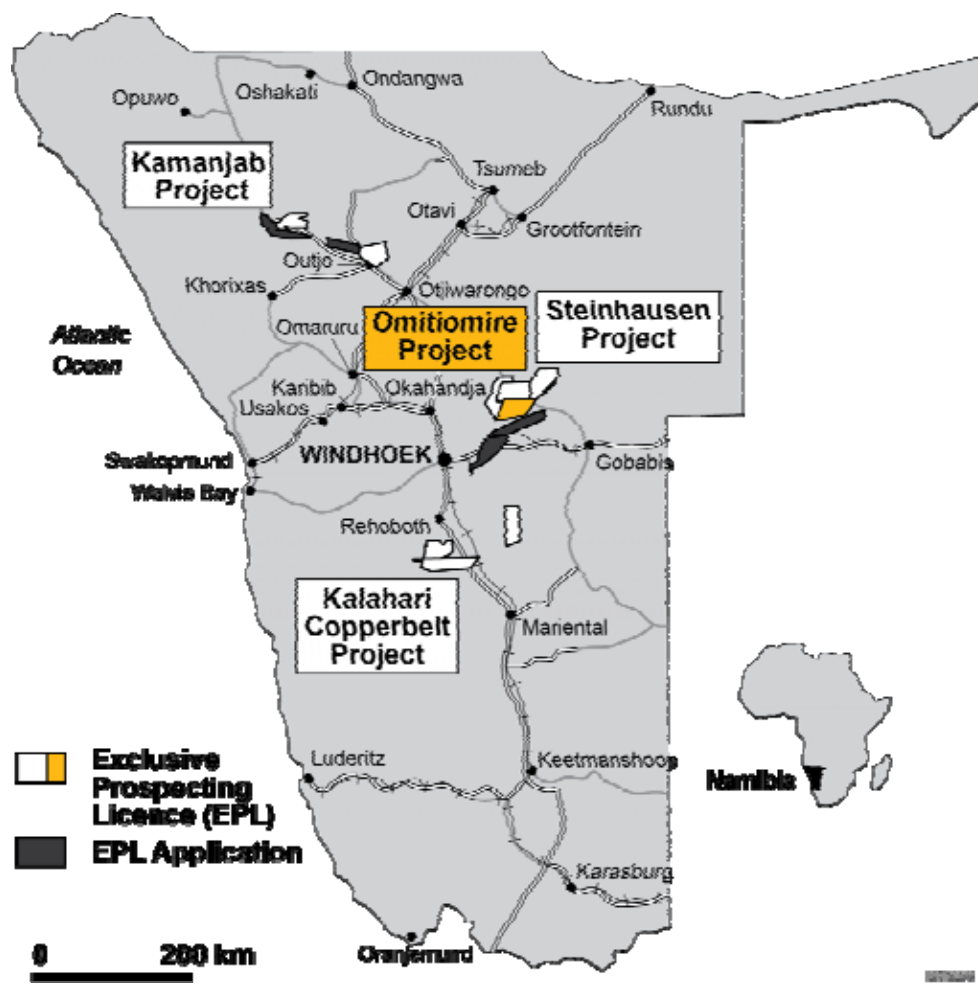


Figure 1. Craton's EPLs and applications

Omitiomire Project: This is IBML's headline project, where drilling to date has identified a JORC-compliant resource in excess of 600,000 tonnes of contained copper. A positive pre-feasibility study, at a copper price of US\$2.50 /lb, was completed in mid-2010. Recent drilling has succeeded in demonstrating potential for over 1.2 million tonnes of contained copper at the Omitiomire deposit, and the deposit remains "open" at depth. Other known copper occurrences and

extensive untested geochemical anomalies indicate the likelihood of expanding the resource substantially within the Omitiomire tenement.

Steinhausen Project: Four granted EPLs and two EPL applications surround the Omitiomire Project area. The tenements contain numerous known copper occurrences, some of which have attracted previous (1970s) shallow drilling. In addition, the project area contains two mafic-ultramafic complexes which may have potential for nickel-copper and titanium-vanadium deposits.

Kalahari Copperbelt Project: Craton holds three granted EPLs in the Namibian sector of the Kalahari Copperbelt, an 800 km copper trend which is an extension of the Central African Copperbelt. Recent exploration in the Botswana sector of the belt has outlined very substantial copper resources; the style of copper mineralisation is very similar to the prospects within Craton's project area.

Kamanjab Project: In northern Namibia, Craton has two granted EPLs and two EPL applications in what appears to be a previously unrecognised extension of the Central African Copperbelt. This interpretation is supported by the presence of Copperbelt-style copper occurrences at the Kopermyn deposit within the Company's tenements and elsewhere along the belt.

Australian projects: In addition to its Namibian projects, IBML has a number of exploration projects in Australia. These are held in separate wholly-owned subsidiary companies:

- AuriCula Mines Pty Ltd: Exploration for copper-gold in the Cobar district of New South Wales;
- Maranoa Resources Pty Ltd: Exploration for nickel and copper in the Maranoa district of south-central Queensland;
- Endolithic Resources Pty Ltd: Exploration for copper in the Mount Isa district of northwest Queensland. The tenement application has not yet been granted.

Exploration objectives: The current programme has the following objectives:

- To extend and verify the resource potential at Omitiomire;
- To investigate the possibility of a Phase 1 mining operation at Omitiomire by starting a small oxide copper mine. This includes social and environmental impact assessment (SEIA);
- To advance regional exploration in the Namibian projects, including drilling of a number of copper targets;
- To identify nickel-copper targets associated with a mafic-ultramafic complex in the Maranoa district of Queensland.

The current programme at Omitiomire does not include infill drilling to convert the potential for +1 million tonnes of contained copper into a JORC-compliant Inferred Resource. Nor does it include a Definitive Feasibility Study for a copper mining and processing operation.

OMITIOMIRE PROJECT

Exploration Strategy

The IBML Board approved the re-commencement of drilling at Omitiomire during the second quarter of 2011, with the objective of demonstrating the potential for a resource of at least 1 million tonnes contained copper. Drill holes intersected thick zones of copper mineralisation, including a previously-unknown extensive lower lens (the C Lens) in the northeast of the deposit.

The discovery of the C Lens and several infill drill holes completed during 2010 were considered to be sufficient additional data for an updated resource estimation. Although the drill hole spacing in the northeast is too broad to assign a JORC-compliant resource status, this drilling has added substantially to the resource potential. The resource estimation, carried out in October 2011, showed an Indicated + Inferred resource of 123 million tonnes (Mt) at 0.53% Cu (648,000 tonnes copper metal) at a 0.25% Cu cut-off and potential for an additional 600,000 tonnes of copper metal at a 0.25% Cu cut-off.

Drilling is continuing, aimed at confirming and further extending the potential resource by means of:

- Diamond tails on previous shallow reverse circulation (RC) drill holes to test for deeper copper (especially the C Lens) below the identified resource;
- Additional widely-spaced (approx 200m x 400m) RC and diamond cored holes to test the northern and northeastern extensions of the deposit;
- RC drilling of targets at Omitiomire West has discovered significant copper grades in a narrow zone at shallow depths (Table 2 and Figure 2). The results at Omitiomire West and other satellite deposits on the Omitiomire farm suggest less potential than in the northeast and drilling in these areas is considered to be of lower priority.

To the end of December 2011, a total of 14,095m of drilling has been completed since June 2011 (Table 1).

	Holes	Metres	Holes assayed
Percussion holes	7	666	3
Percussion pre-collars	9	1882	9
RC pre-collars	11	2311	11
Diamond holes	26	5326	26
RC exploration holes	18	2393	18
RC grade control	31	1517	31

Table 1: Drill advances from June to end-December 2011

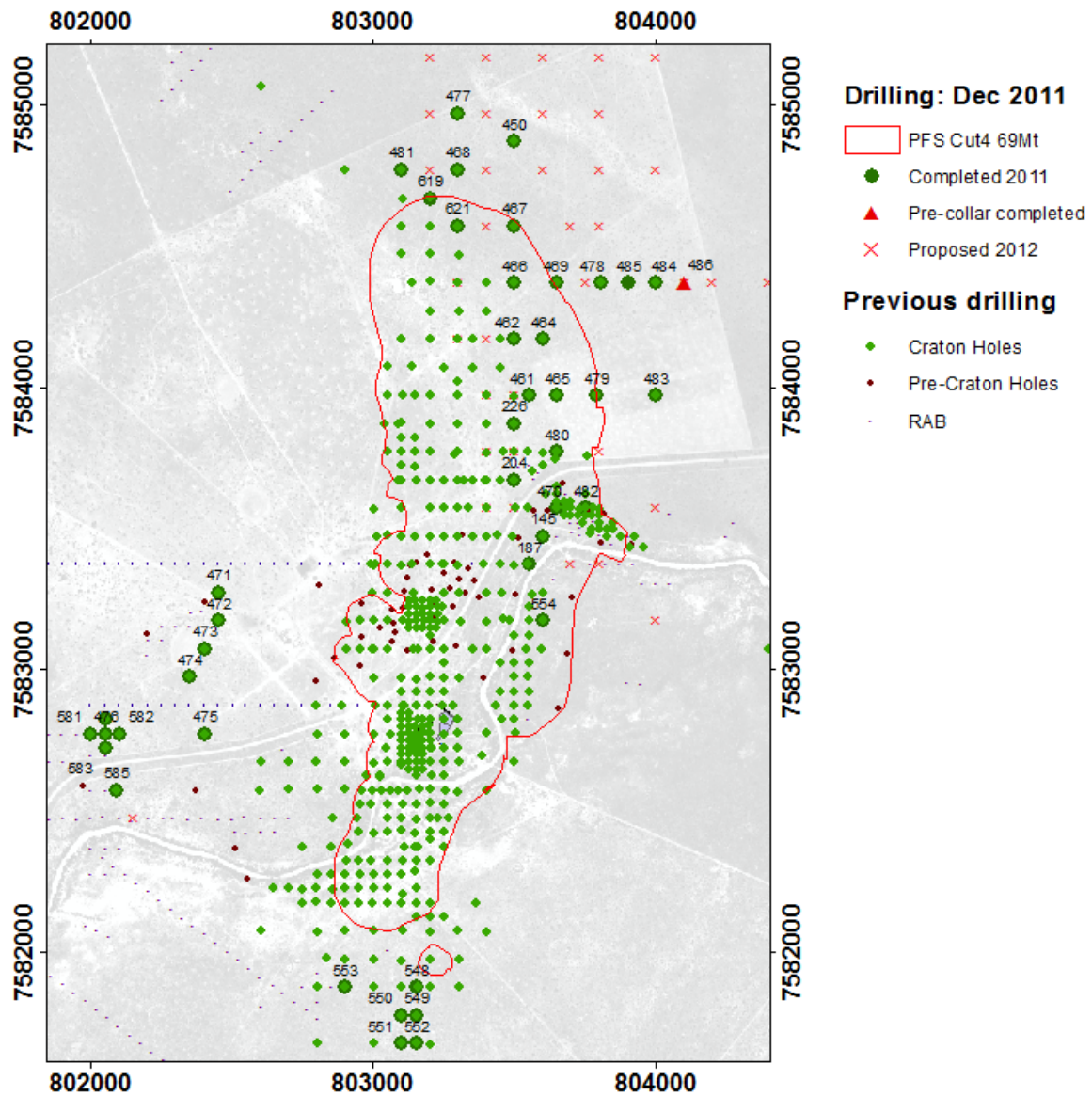


Figure 2: Completed and planned holes of the current resource extension drill program

Drilling Results

A summary of assay results from recent drilling is presented in Table 2. In comparing recent drill intersections with the October 2011 resource potential of the C Lens, the recent intersections are generally thinner and of lower grade south of section 4370. Additional copper tonnes are projected:

- north of section 4370;
- extensions of the C Lens beyond the current resource limits; and
- within a new lens which has been discovered in the easternmost drill holes.

Borehole	From	To	Cu (%)	width (m)	Comments
ORC554	156	171	0.73	15	RC: B Lens
ORC226	200.7	306.48	0.63	105.78	
including:	200.7	241.37	1.12	40.67	B Lens
and:	277.18	306.48	0.51	29.30	C Lens
ORC621	218.87	242	1.42	23.13	A Lens
	252	274.65	0.60	22.65	B Lens
	290.27	302.71	0.38	12.44	C Lens
ORC450	474.56	490.2	0.69	15.64	C Lens
ORC461	298.74	321.25	0.61	22.51	C Lens
ORC462	243.59	261.79	0.66	18.20	B Lens
	275.74	316.93	1.01	41.19	C Lens
ORC464	316.56	347.06	0.80	30.50	C Lens
ORC465	327.33	347.2	0.60	19.87	C Lens
ORC466	339.63	349.16	0.64	9.53	C Lens
ORC467	380.96	399	1.02	18.04	C Lens
ORC468	255.08	258	0.88	2.92	A Lens
	284.48	295.72	1.60	11.24	B Lens
	306.19	311.25	1.31	5.06	B Lens
ORC469	393	413.13	0.70	20.13	C Lens
ORC477	335.68	347.07	1.07	11.39	B Lens
ORC478	420	437	1.28	17.00	C Lens
ORC480	302	316	0.71	14.00	C Lens
ORC481	208.45	211	0.47	2.55	?
ORC619	207.96	223	0.77	15.04	A Lens
	237.25	249	0.44	11.75	B Lens
ORC470	214.43	234.24	0.45	19.81	C Lens
ORC470	291.82	319.43	0.26	27.61	C Lens
ORC479	367.75	387.58	0.36	19.83	C Lens
ORC482	343.65	359.29	0.28	15.64	C Lens
ORC483	354.4	360	0.52	5.6	New Lens
ORC483	442.5	451.2	0.57	8.7	C Lens
ORC484	409.64	429.53	0.59	19.89	New Lens
ORC485	442.29	485.19	0.46	42.9	C Lens
ORC583	40	48	0.46	8	Omitiomire W
ORC584	22	28	0.61	6	Omitiomire W
ORC585	48	62	0.35	14	Omitiomire W

Table 2: Recent significant assay results directed at resource extension. All results are from core drilling, except ORC554, 583, 584 and 585 which are from RC chips

Omitiomire Structural Model

The following drill sections show the emerging structural model. There is 400m between each of the sections. Note that these are simplified representations, as the copper lenses grade into one another to some extent. Drilling to date has shown that the A Lens and B Lens terminate down dip; the C Lens remains open.

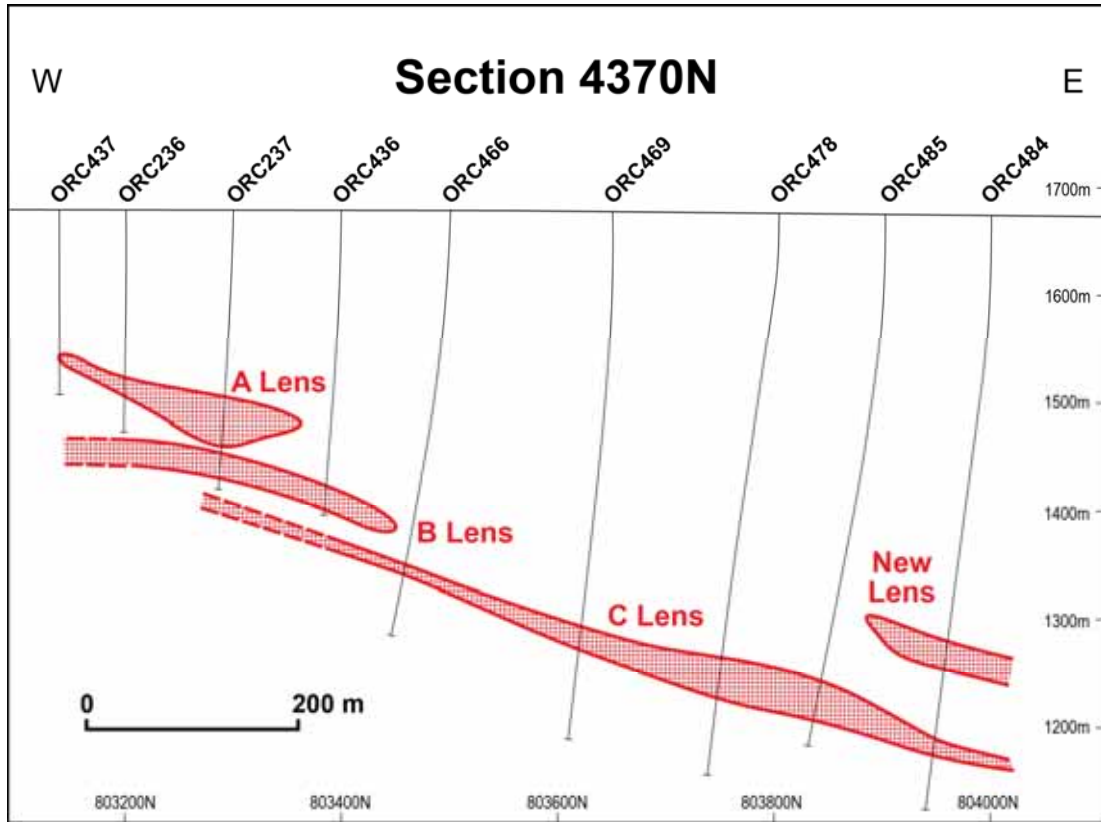


Figure 3: Section 4370N

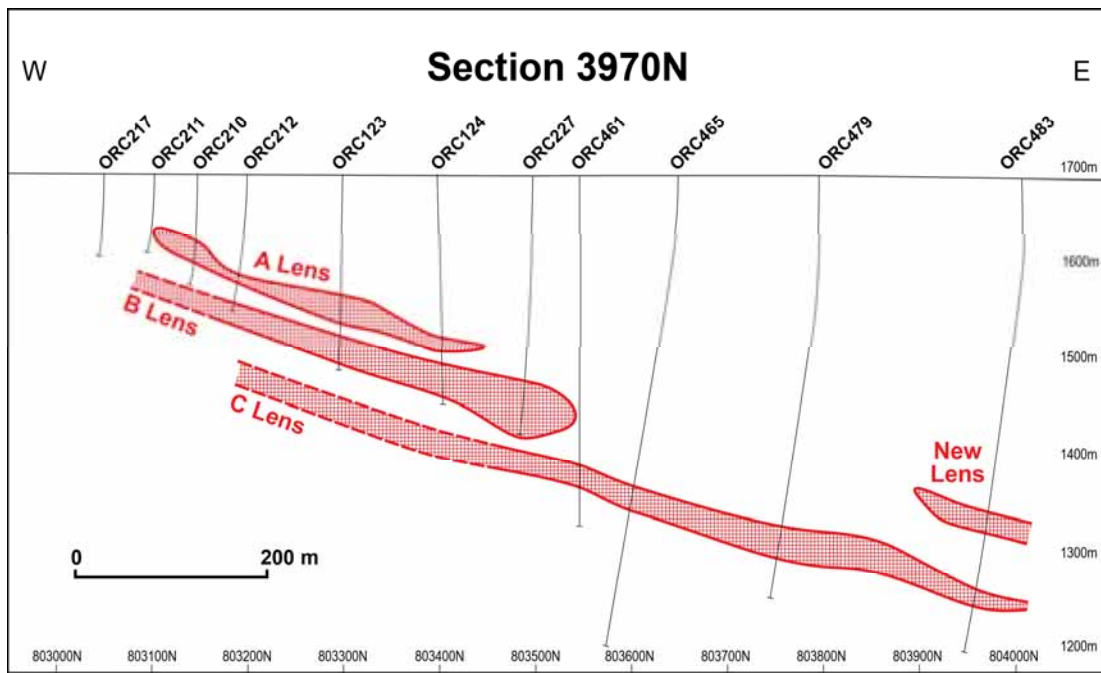


Figure 4: Section 3970N

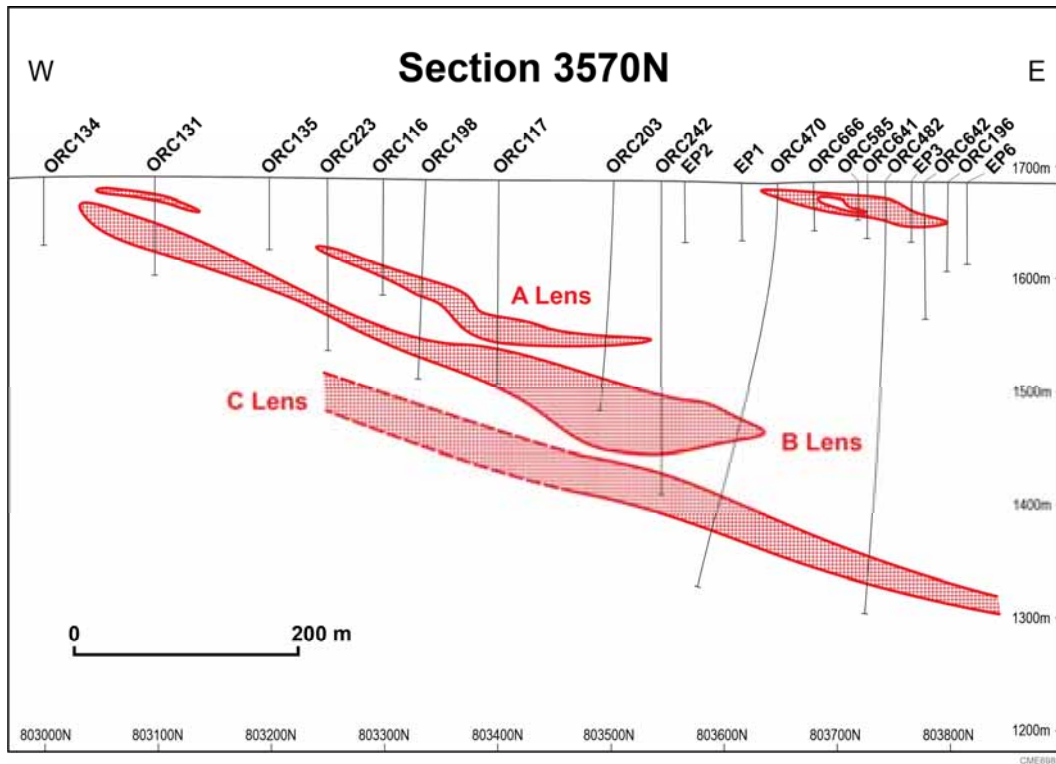


Figure 5: Section 3570N

The northern extent of the deposit has not yet been determined. At the current stage of drilling, the A, B and C Lenses all remain open-ended down plunge to the north.

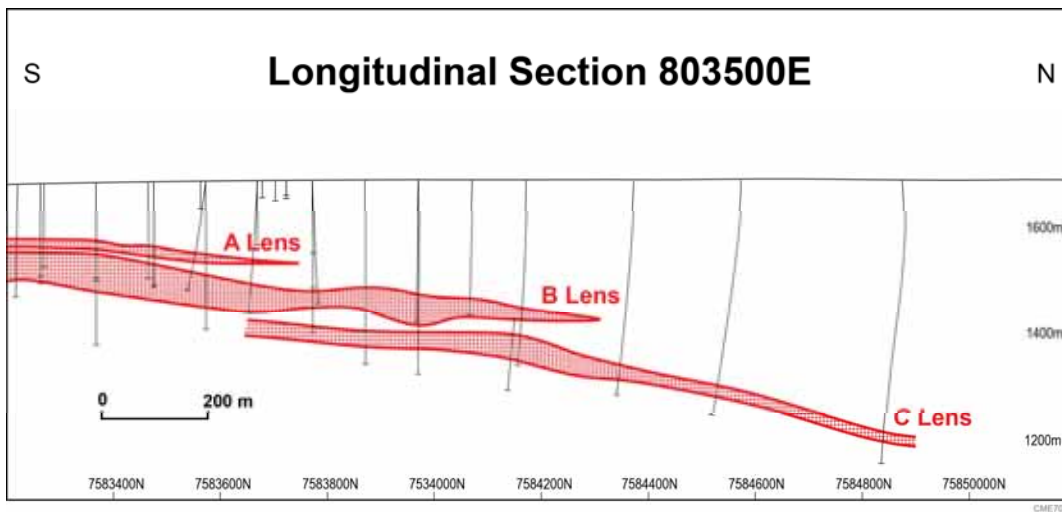


Figure 6: Longitudinal Section 3500E

Initial Oxide Copper Mining

IBML has been considering the possibility of a series of initial shallow pits to mine an oxide copper resource. Table 3 shows the resource within the proposed oxide pits. Craton has completed the close-spaced drilling within the BT and Palm pits, in order to produce a Measured Resource and

simulate a “grade control” process of reserve estimation. The in-pit Measured Resource will be required to determine the feasibility of an initial oxide mining and processing operation.

	2011 resource			Comment
	t (000)	Cu%	Cu (t)	
BT	537	0.62	3329	No grade control drilling
Palm	823	0.94	7736	Some grade control drilling
Pan	544	0.81	4406	Some grade control drilling

Table 3: Resource tabulation within proposed oxide pits

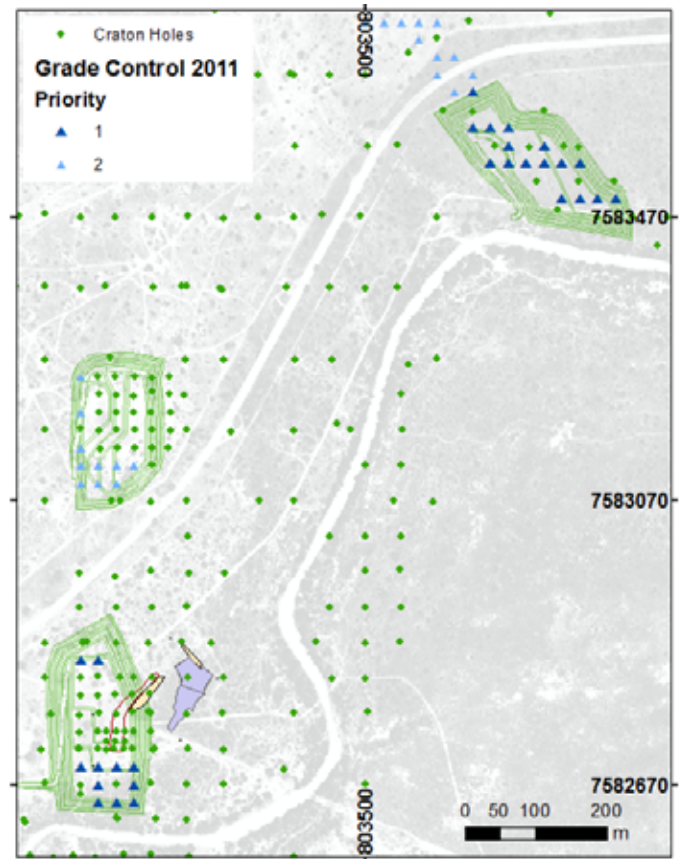


Figure 7: Grade control drilling completed (dark blue triangles) within the Palm (southern) and Bruce Terrace (northeastern) proposed pits. The light blue triangles show grade control holes required at a later stage as these are not needed for initial mining. The outlines east of the Palm pit show the positions of the bulk sample pit and waste dumps.

Social and Environmental Impact Assessment (SEIA)

Pump testing of various drill holes has been established poor permeability in the main rock mass, but good permeability along selected fractures.

The following work is in progress:

- Routine monitoring of groundwater, dust and the weather station; and

- Specialist field studies on biodiversity/ecology; soils and land capability; air quality; surface water run-off and water balance; hydrogeological modelling; visual impact; noise; traffic; socio-economics; closure costing and public participation.

Draft progress reports on groundwater, water flow model, fauna, vegetation and soils have been received.

Planned Future Work

Planned future work includes:

- Continued resource extension drilling below the PFS planned pit and northeast;
- Continued SEIA monitoring and detailed groundwater studies;
- Continued scoping study, including additional grade control drilling, for an early oxide mining option;
- Depending on the viability of oxide mining, completion of the bulk sample box-cut;
- Shallow drilling at Waainorth and Borealis to test geochemical and magnetic anomalies.

STEINHAUSEN PROJECT (excludes EPL3589)

The project area comprises four granted tenements - EPLs 3587, 3588, 3590 and 4054 - and two EPL applications.

Previous soil geochemistry identified a number of nickel anomalies associated with the Okatjuru mafic-ultramafic igneous complex. These are now being followed up with a series of 20 shallow pits, on a 200m x 200m spacing, to expose and sample bedrock. In addition, a lag geochemical sampling program tests for nickel-chromium (Ni-Cr) and titanium-vanadium (Ti-V) potential. The samples are to be assayed by means of a two-stage acid digest, possibly supported by petrography, to establish if the Ni-Cr are present in sulphides/oxides or in silicates.

Planned future work:

- Continued 400m x 400m spaced soil sampling and outcrop mapping;
- Follow-up detailed soil sampling and mapping on selected geochemical anomalies;
- Ground magnetic surveys of selected targets;
- Negotiation of access agreements for drilling of targets.

KALAHARI COPPERBELT PROJECT

The Kalahari Copperbelt Project comprises three granted EPLs: Recent exploration has focussed on EPL 3584 (Rehoboth South), where twenty targets have been identified by data research, soil sampling, rock-chip sampling and geological line mapping within the Kagas Member of the Klein Aub Formation (Figure 7).

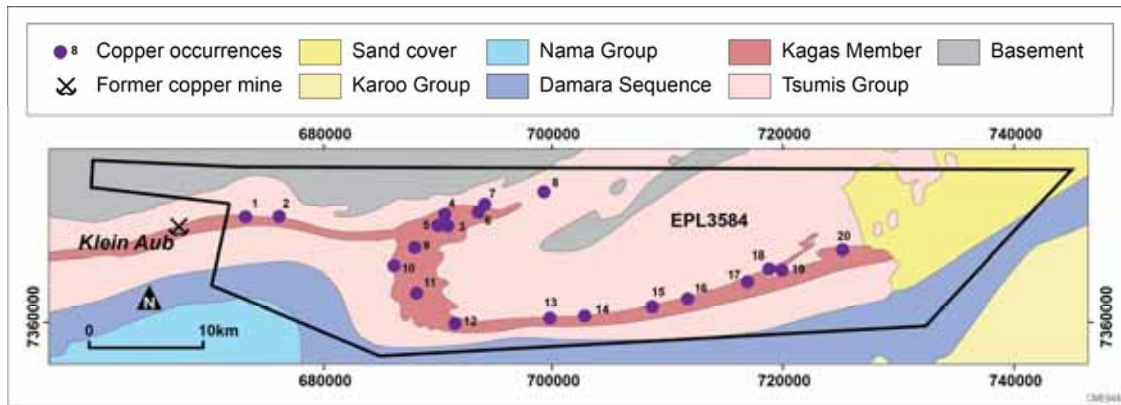


Figure 8. EPL 3584 showing identified targets

During the quarter, IBML completed 1214m of RC drilling in 27 shallow holes on four targets at the Groendorn Prospect (Figure 8).

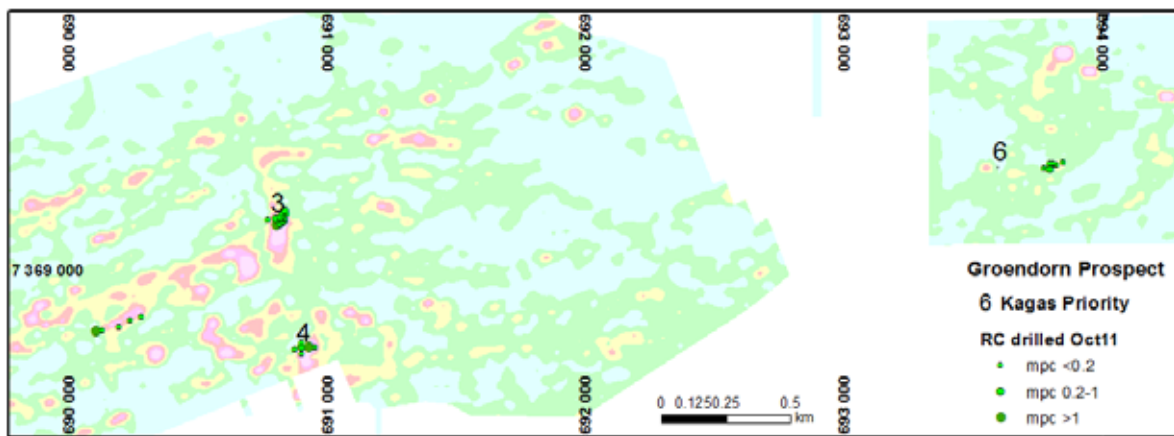


Figure 9: RC holes at Groendorn on soil geochemical sampling background

The samples were analysed by XRF and some samples have been dispatched for ICP analysis.

BHID	FROM	TO	m	Cu%_XRF	Anomaly
GDR002	1	6	5	0.39	4
GDR007	6	15	9	0.28	3
GDR008	9	11	2	0.47	3
GDR009	1	9	8	0.41	3
GDR017	8	11	3	0.36	5

Table 4: Selected assay results of RC drilling at Groendorn

Initial observations from logging and XRF results have shown the following trends:

- Copper concentrations occur within greenish (reduced) sediments, as opposed to the adjacent barren reddish-coloured (oxidised) rocks.
- Claystone has the best chance of mineralisation, followed by siltstone. Sandstone in the drill holes was barren.
- Moderately calcareous sediments contain more copper than limestone or rocks with no limestone content.

- The thick limestone outcrops with over 2% Cu in chalcocite have no depth extent, suggesting these bodies are small and discontinuous.
- Within fine-grained sediments, continuity of copper occurs over tens of metres.
- Down-hole photography shows dirt on the lower side of the borehole walls. Structures are indistinct, but visible.

Planned future work on the Kagas belt:

- Complete an aeromagnetic survey over Groendorn and parts of the Kalfrivier target areas;
- Evaluate the Groendorn drilling in conjunction with drill hole logging (including down-hole photography), geochemical results, geological surface mapping and the aeromagnetic survey, to determine controls on copper mineralisation;
- Check and expand the literature research of previous exploration along the Kagas Member;
- Continue detailed soil sampling in areas of best potential along the Kagas Member in the Kalfrivier area;
- Prioritise targets for further drilling in the Groendorn and Kalfrivier areas;
- Evaluate regional soil geochemistry and geological mapping for sterilisation purposes.

Further work on copper-gold targets in the basement (EPLs 3584 and 4039) is on hold while higher priority exploration continues on the Kagas Member target zone. The following work is planned:

- Cover the Rehoboth Group with regional-scale soil geochemistry and mapping to determine the copper potential;
- Continue follow-up soil sampling with associated mapping and rock chip samples;
- Conduct a ground magnetic survey over the Samkubis and Vodkas Draai prospects and possibly other grids;
- Evaluate previous work, soil anomalies, geology and grab sample assays;
- Conduct field checks by senior or specialist geologists;
- Analyse selected samples for gold by ICP;
- Based on the evaluation, consider testing anomalies with drilling.

Planned future work on the Sib licence (EPL 4055) is on hold until the next phase of drilling on the Kagas target is complete:

- Continue regional 400m x 400m soil sampling on farms along strike of anomalies;
- Follow up soil sampling over anomalies;
- Carry out a magnetic survey over Sib;
- Verify the 1969 resource at Sib by RC drilling.

KAMANJAB PROJECT

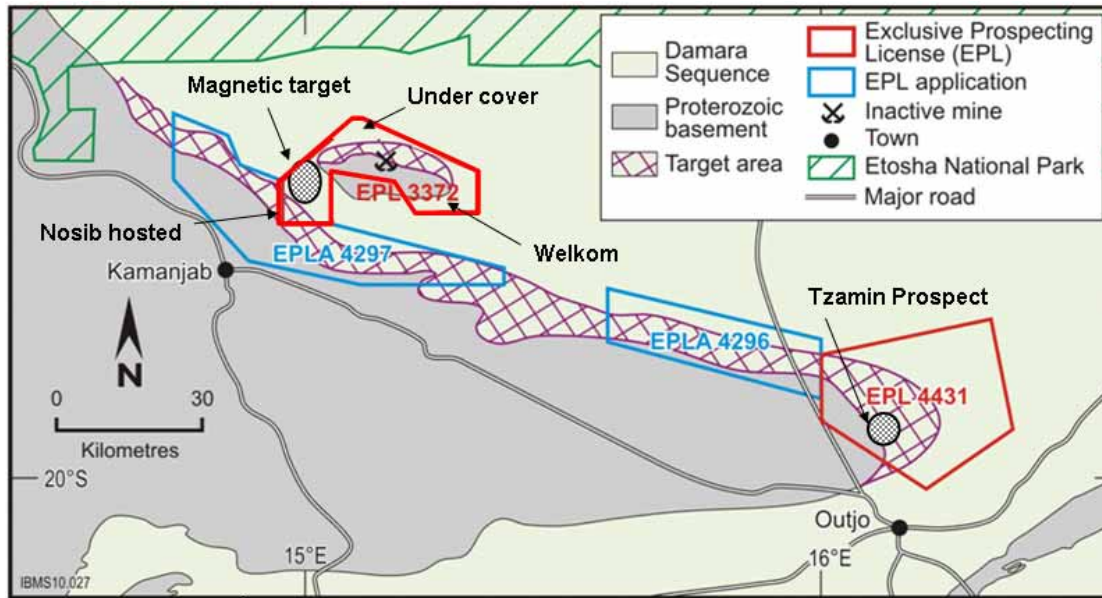


Figure 10. Location of licences and prospects in the Kamanjab Project

In EPL 3372 (Kopermyn), the Peperboom magnetic target was tested with 537m of RC drilling in four holes. Abundant pyrite was intersected within phyllite but no base metal anomalies were detected by XRF analysis. No further work is planned for this target.

A soil geochemical survey in the southwestern corner of EPL 3372 detected only low order anomalies and no further work is planned at this stage.

There was no further work on EPL 4431 (Tzamin) during the quarter.

AUSTRALIAN PROJECTS

Maranoa Resources Pty Ltd

Darkwater project, EPM 14260: During the quarter, IBML's wholly owned subsidiary, Maranoa Resources, commenced a ground electromagnetic (EM) survey. A ground survey was chosen in preference to an aerial survey because the results would be definitive so anomalous data would outline targets for drill testing.

However, the survey operators experienced difficulty with the rugged terrain, with the first crew having to be replaced and equipment failures also causing considerable delays. The survey acquired only a few lines of data, before adverse weather conditions set in, flooding the area and stranding the crew. They managed to be evacuated prior to Christmas.

Mount Tabor project, EPM 14261: Following an appraisal of the exploration results of the Mount Manganese cobalt prospect, the cobalt potential was considered to be limited in scale and sub-economic in grade. It was decided to surrender this tenement.

AuriCula Mines Pty Ltd

Auricula Mines (a wholly owned subsidiary of IBML) holds interests in three exploration licences in the Cobar district of NSW. Joint Venture agreements have been extended and the operator, Cobar Management Pty Ltd, has carried out drill testing at the Mount Hope area. Results are not yet available.