

# **INTERNATIONAL BASE METALS LIMITED ('IBML')**

## **QUARTERLY ACTIVITIES REPORT – End-June 2015**

### **OCCUPATIONAL HEALTH AND SAFETY**

There were no lost-time accidents/incidents during the quarter.

### **CORPORATE ACTIVITIES**

#### **IBML Board and Management**

Mr Hugh Thomas was appointed to the Board as from 11<sup>th</sup> May. At a Board meeting on 3<sup>rd</sup> July, directors unanimously voted Mr Thomas as Chairman of the Board.

Mr Yang Aidong was appointed as General Manager – Technical for IBML and its wholly-owned Namibian subsidiary, Craton Mining & Exploration (Pty) Ltd ('Craton').

#### **Cost-Cutting**

As a result of the legal delays to development of the Omitiomire copper project, and the consequent need to conserve cash until project development can recommence, further cost-cutting measures have been put in place. These included:

- Scaling back ancillary work on the Omitiomire project until the legal issues have been resolved;
- Identification of exploration tenements which could be relinquished;
- Cuts to the exploration programmes of remaining tenements;
- Reductions in the number of employees and consultants.

#### **Company Strategy**

At the Board meeting on 3<sup>rd</sup> July, directors agreed to:

- (a) Continue low-cost scoping studies on the Omitiomire copper project;
- (b) Work towards identifying an acquisition or joint venture opportunity which would:
  - Provide early cash flow for the Company; and
  - Provide an exit for shareholders.

## **IBML's Australian-Registered Subsidiary Companies**

IBML's Acting CEO, Karl Hartmann, has been appointed as a director of IBML's Australian-registered subsidiary companies Tandem Resources Pty Ltd (Epembe project, Namibia) and Craton Property Holdings Pty Ltd. After agreement by JV partner Kunene Resources Limited, Karl was also appointed to the Board of Tandem JV Company Pty Ltd.

## **Shareholder Requisition for an Extraordinary General Meeting (EGM)**

On 26<sup>th</sup> June, a group of shareholders representing more than 5% of the votes that may be cast at a general meeting, requested that the Directors call an EGM to consider two resolutions:

1. That the Company be wound up;
2. That a liquidator be appointed to wind the Company up and distribute the assets net of liabilities to shareholders.

The EGM has been set for Friday 14<sup>th</sup> August.

## **Public Relations**

Craton's booth at the Namibian Mining Expo 2015 attracted many visitors, including the Namibian Minister for Mines & Energy.

## **OMITIOMIRE COPPER PROJECT**

### **Surface Access**

As noted in the previous Quarterly Report, there has been an appeal against the appointment of Oehl Trust as executor of the Steyn family estate which holds the farm Omitiomire. The appeal was successful and Oehl Trust has been removed as the executor of the estate. At present, the Steyn estate has no executor and Craton has no access agreement with the farm Omitiomire.

### **Challenge to Granting of Mining Licence ML183**

In the review application submitted by Messrs Derks and Swanepoel to the High Court, Craton is cited as respondent number three. Derks/Swanepoel call upon the High Court to review and set aside the decision by the Minister of Mines and Energy to grant Mining Licence 183 to Craton. The court hearing date has been set down for 16<sup>th</sup> September 2015.

## **Challenge to the Environmental Clearance Certificate (ECC)**

Derks/Swanepoel submitted an appeal to the Ministry of Environment and Tourism requesting an internal review of the Minister's decision to grant an Environmental Clearance Certificate to Craton. To date, the Ministry of Environment and Tourism has not responded to the review application.

## **Project Work**

As noted above, cost-cutting measures include scaling back ancillary work on the Omitiomire Phase 1 project until the legal situation has been resolved. Consultant Green Team International (GTI) produced a report summarising work to date.

Low-cost scoping studies focussed on integrating the Phase 1 oxide and Phase 2 sulphide operations with the aim of providing a combined financial model.

## **EXPLORATION PROJECTS**

### **Exploration Strategy**

The Company's exploration strategy is to:

- Identify, prioritise and test targets within trucking distance of Omitiomire;
- As far possible, use low-cost exploration methods, with limited drilling;
- Relinquish tenements which have low potential for discovery of viable deposits;
- Maintain all remaining licences in good standing.

### **Namibian Tenement Position**

As at end-May 2015, Craton holds five Exclusive Prospecting Licences, totalling 3529 km<sup>2</sup> and one Mining Licence (area 2890 Ha). In recent months, Craton has relinquished EPL4297 (in the Kamanjab Project) and EPL4039 (in the Kalahari Copperbelt Project). There are now no tenements in the Kamanjab Project and only one tenement in the Kalahari Copperbelt Project.

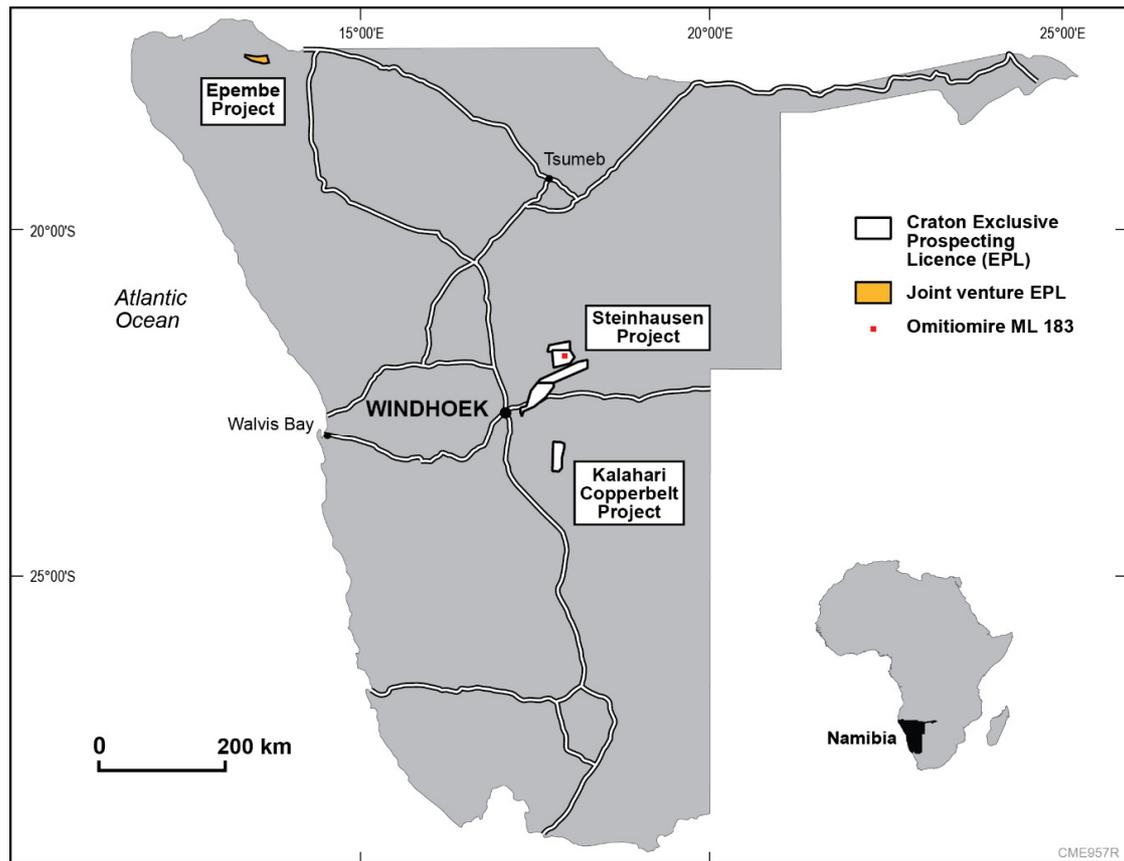


Figure 1. IBML's Namibian projects as at end-May 2015

On 26<sup>th</sup> April, as part of the Company's restructuring, the Craton field crew was reduced to two sampling teams and one magnetometer team.

### Omitiomire Project (ML183)

- Apart from the main copper body, exploration has defined several small satellite deposits, two of which add to the resource inventory.
- Geophysical and soil geochemical surveys have indicated other targets to be tested.
- Exploration on the Mining Licence and the rest of the farm Omitiomire has ceased until a new access agreement is in place.
- Routine environmental monitoring has also stopped due to access constraints.

## Steinhausen Project

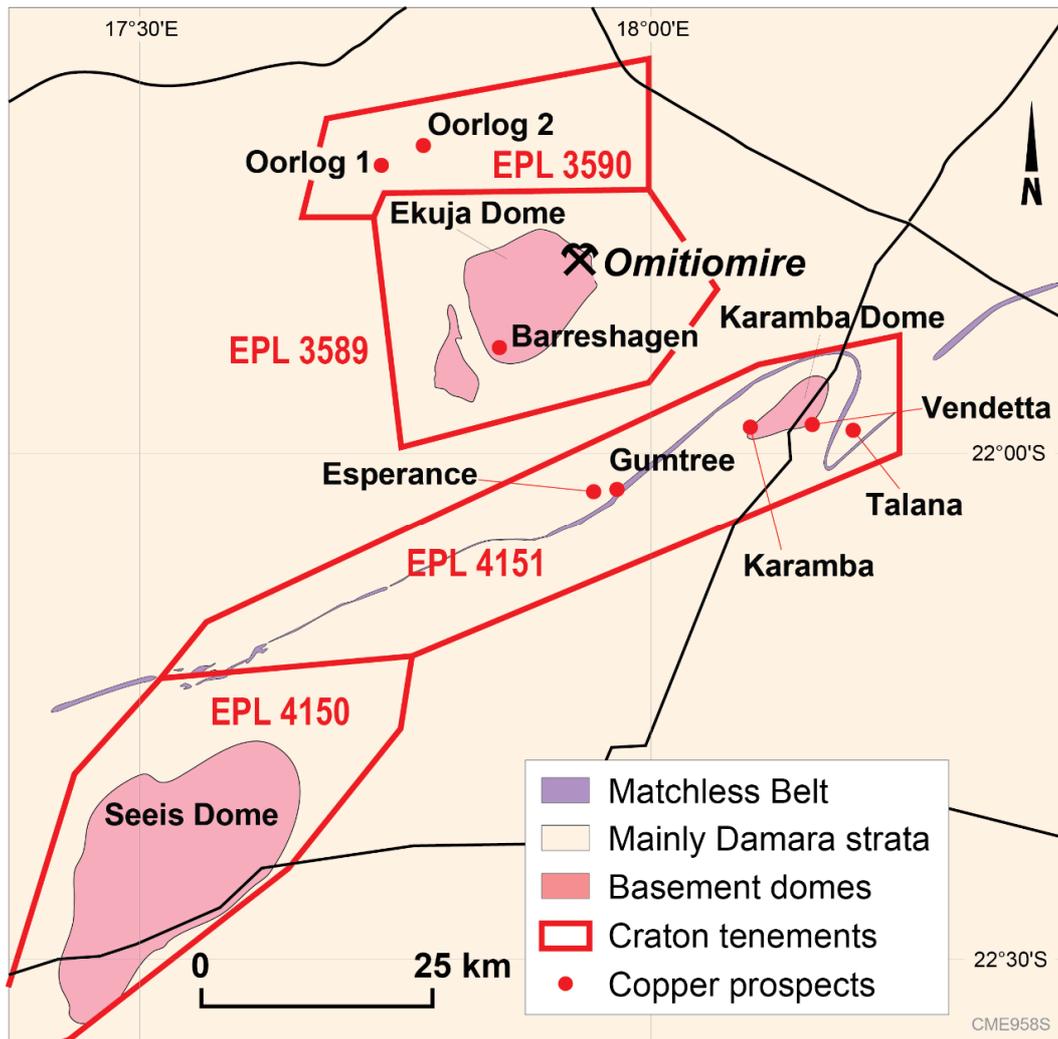


Figure 2. Steinhausen project area, showing EPLs and main targets

Low cost exploration during the quarter consisted of soil geochemical and magnetometer surveys. Farm access difficulties have hindered exploration on some priority targets.

## Australian Projects

AuriCula Mines Pty Ltd (Cobar district, NSW)

At the Shuttleton Project (EL 6223), JV partner Cobar Management Pty Ltd (CMPL) completed two diamond drill holes designed to test targets identified from geophysical modelling. Intersections show the presence of a silica-altered shear zone hosting trace iron sulphides. Assays are expected during August.

At the Mount Hope Project (ELs 6868 & 6907), a soil geochemical programme was initiated. This was designed to extend coverage south of the anomalous zones highlighted from the 2014 survey across the northern part of EL 6907. The work is scheduled for completion during August.

Endolithic Resources Pty Ltd (Mount Isa district, Queensland)

EPM 18306 (Gereta): A final report, accompanied by relinquishment documents, has been submitted to the Queensland Department of Natural Resources and Mines.