

**INTERNATIONAL BASE METALS LIMITED ('IBML')**  
**QUARTERLY ACTIVITIES REPORT – End September 2014**

**KEY POINTS**

**Corporate**

The short term objectives have been identified as:

- Obtain a Mining Licence for the Omitiomire oxide copper project;
- Obtain the required environmental clearance for project development;
- Secure grid power for Omitiomire Phase 1;
- Secure long-term surface access to the farm Omitiomire; and then to
- Secure funding to develop the Omitiomire Oxide Copper Project.
- Remain alert to JV opportunities which are at least at an advanced exploration stage.

**Omitiomire Phase 1 Oxide Copper Project**

- A Mining Licence has been issued by the Namibian Ministry of Mines and Energy for the Omitiomire Oxide Copper Project ('the Oxide Project'). ML 183 has been issued to IBML's wholly-owned subsidiary, Craton Mining and Exploration (Pty) Ltd ('Craton'), for a period of 20 years from 22 September 2014.
- PCF Capital is to act in a Corporate Advisory role for the raising of development funds for the Oxide Project.

**Exploration Projects**

- Omitiomire Project: Bloy Resource Evaluation ('Bloy') have provided an updated resource estimate for the Omitiomire copper deposit of 137 million tonnes ('Mt') at 0.54% Cu at a cut-off grade of 0.25% Cu.
- Steinhausen Project: An airborne electro-magnetic ('EM') survey and continuing soil geochemical surveys have identified additional targets to be tested by drilling.

## **CORPORATE ACTIVITIES**

### **Occupational Health and Safety**

No lost-time accident occurred during the quarter.

### **Company Strategy**

The aim remains to increase the value of IBML by:

- Developing a small oxide copper mining and processing operation at Omitiomire;
- Expanding the copper resource within trucking distance of Omitiomire;
- Successful exploration on our other tenements.

The short term objectives are:

- Obtain a Mining Licence for the Omitiomire oxide copper project;
- Obtain the required environmental clearance for project development;
- Secure grid power for Omitiomire Phase 1;
- Secure long-term surface access to the farm Omitiomire; and then to
- Secure funding to develop the Oxide Project;
- Remain alert to JV opportunities which are at least at an advanced exploration stage.

### **Capital Raising and Investor Relations**

PCF Capital provided a two phase proposal to act in a Corporate Advisory role for the raising of Oxide Project construction funds, and the Company has agreed to proceed with phase 1.

In this initial phase, PCF Capital will overview the Oxide Project, review capital and operating cost estimates, and assess debt capacity and expected returns to investors. PCF Capital will also assess sources of debt and equity capital and advise the Company as to whether any proposed capital raising should be linked to a possible IPO and listing of the Company.

### **IBML Board**

An IBML Board meeting was held in Sydney on 25 September 2014. At this meeting the Board approved the Financial Statements for the year ended 30 June 2014 and approved the 2014 Annual Report.

The composition of the Board is the subject of continuing review.

## **Craton Mining & Exploration Pty Ltd**

The Craton Board met in Windhoek on 10 September 2014. Purvance Heuer, a Namibian chartered accountant, was appointed as a non-executive director to the Board. André Genis, Karl Hartmann and Ziggy Hartmann resigned as directors; Ziggy maintains her role as Craton company secretary.

### **OMITIOMIRE OXIDE COPPER PROJECT**

#### **Mining Licence**

The Namibian Ministry of Mines and Energy has issued a Mining Licence for the Oxide Project. ML 183 has been issued to Craton for a period of 20 years from 22 September 2014. Craton accepted the terms and conditions related to the granting of ML183.

Grant of the Mining Licence is an important step towards developing a modest-sized initial operation at Omitiomire, mining and processing oxide copper ore and mixed oxide-sulphide ore, which the feasibility study demonstrated can be economically viable.

#### **Social & Environmental Impact Assessment ('SEIA')**

Craton's SEIA report is still being reviewed by the Namibian Ministry of Environment & Tourism ('MET'). To date, there have been no queries from MET on any aspects of the SEIA.

#### **EPCM Process**

The submissions from three potential Engineering Procurement Construction and Management ('EPCM') contractors are being evaluated.

#### **Steering Committee**

A Steering Committee and its members have been approved by the IBML Board. The inaugural meeting was held in Windhoek on 9 September 2014.

#### **Surface Rights Access**

As previously reported, Craton has made an offer to purchase the farm Omitiomire but has not yet secured agreement from the estate. The estate is still not finalised. In order to obtain access to the farm, Craton has made a submission to the Ancillary Rights Commission.

## EXPLORATION PROJECTS

### INTRODUCTION

In Namibia, Craton holds eight Exclusive Prospecting Licences, totalling about 5500 km<sup>2</sup>, and one Mining Licence (ML 183) which has been offered for grant by the Namibian MME.

In addition, IBML's wholly-owned subsidiary, Tandem Resources Pty Ltd ('Tandem') has exploration joint ventures with subsidiaries of African Mining Capital Pty Ltd ('AMC') on two project areas in Namibia.

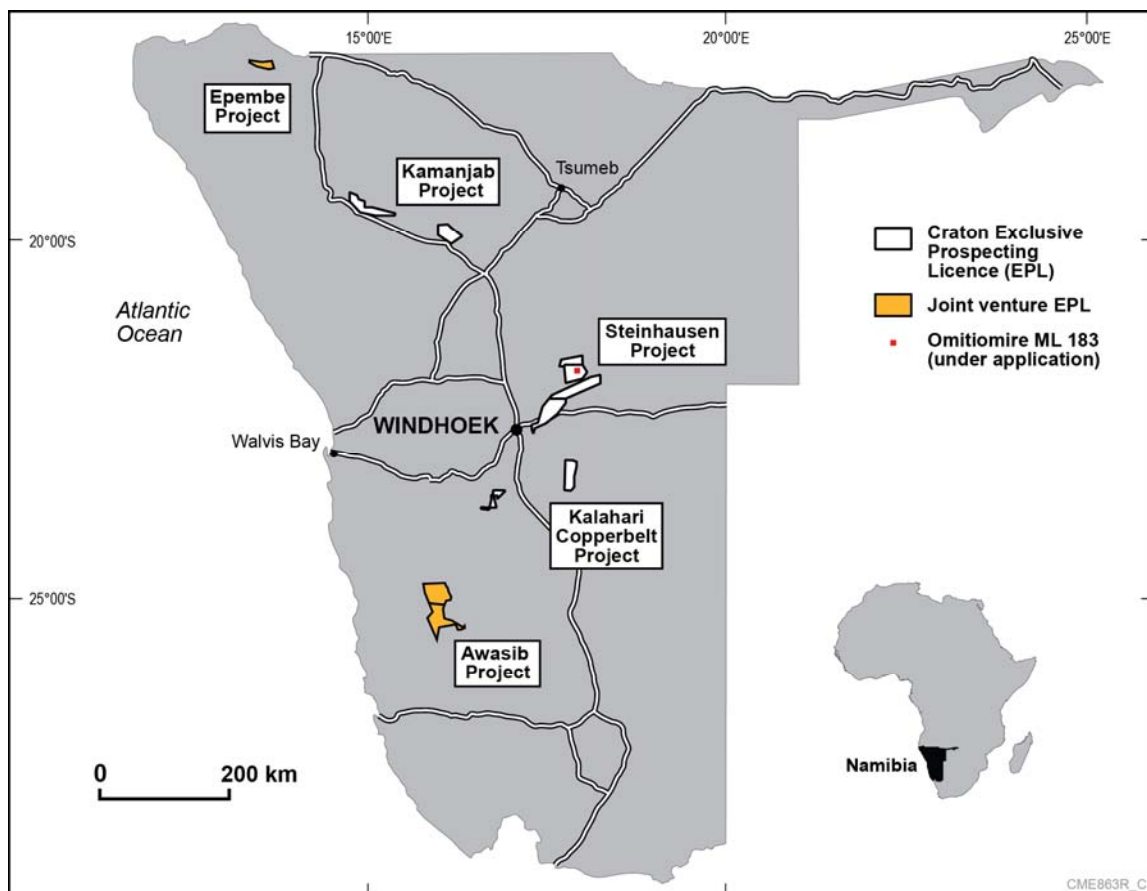


Figure 1. IBML's projects in Namibia

In Australia, IBML has exploration projects in two wholly-owned subsidiaries:

- AuriCula Mines Pty Ltd: Exploration joint ventures with subsidiaries of Glencore on two project areas in the Cobar district of New South Wales ('NSW');
- Endolithic Resources Pty Ltd: A single Exploration Permit for Minerals ('EPM') in the Mount Isa district of Queensland.

## CRATON PROJECTS (NAMIBIA)

### Omitiomire Project (ML183)

ML 183 covers the Omitiomire copper deposit and a small surrounding area containing a number of copper prospects.

#### Resource update

In August 2014, Bloy Resource Evaluation ('Bloy') provided an updated resource estimate of 137 Mt at 0.54% Cu at a cut-off grade of 0.25% Cu. The resources are reported in accordance with the guidelines set out by the Joint Ore Reserves Committee (JORC, 2012). The Measured and Indicated categories constitute 71% of the deposit.

Resource class	Million tonnes (Mt)	Grade (% Cu)	Contained metal ('000 t)
Measured	4.4	0.85	38
Indicated	93.4	0.52	486
Inferred	39.1	0.56	217
Total	136.9	0.54	741

*Table 1. Omitiomire resource at a cut-off grade of 0.25% Cu (Bloy, 2014)*

*Note: The resource figures are not constrained within any form of resource limiting pit shell*

Bloy reported Exploration Target material, also at a cut-off grade of 0.25% Cu, in the range 76 – 155 Mt for 430,000 – 650,000 tonnes of metal grading between 0.4 and 0.6% Cu. The Exploration Target includes a small contribution from the Mamba and Tiger satellite deposits. Bloy cautions that "Exploration Target material remains conceptual in nature and might or might not be realised in the future."

The technical information relating to the Omitiomire resource has been summarised from a report, dated 31 August 2014, provided to Craton by Ms Carrie Nicholls and Mr Michael Rohwer of Bloy Resource Evaluation. Both Ms Nicholls and Mr Rohwer are Members of the Australasian Institute of Mining and Metallurgy ('AusIMM') and have sufficient experience to qualify as Competent Persons as defined in the September 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms Nicholls and Mr Rohwer consent to the inclusion of the information in the form and context in which it appears. Their full report has been placed on the IBML website.

Environmental monitoring: Groundwater monitoring and dust monitoring continued.

Field work: Exploration field work has been deferred until an access agreement has been re-established.

## Steinhausen Project

The project consists of four granted tenements, three of them potentially within “trucking distance” of the Omitiomire copper deposit. Regional-scale (400m x 400m sample spacing) soil geochemistry is being progressively followed up with more detailed (mostly 100m x 100m sample spacing) soil geochemistry (see Figure 2).

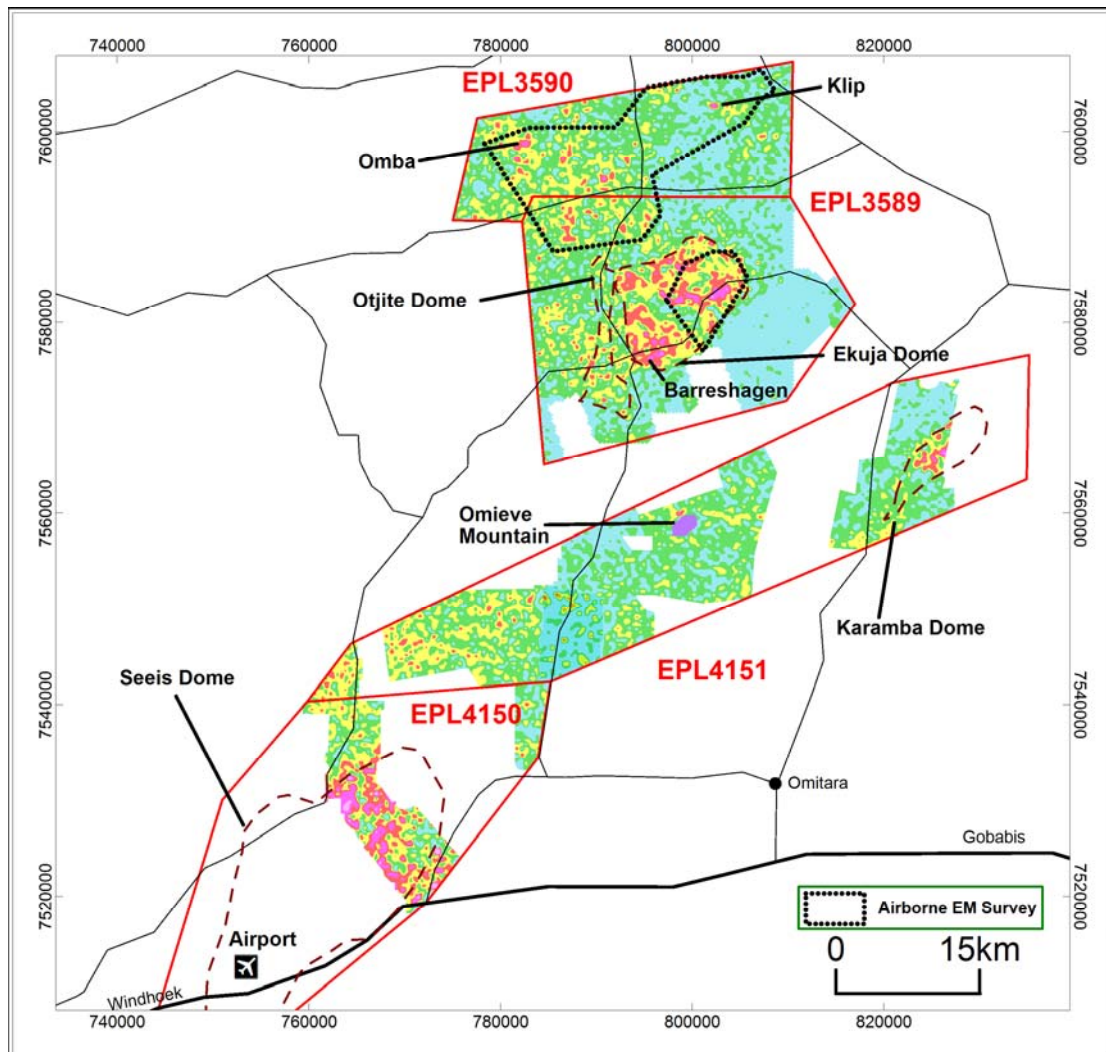


Figure 2. Steinhausen Project: Regional copper-in-soil geochemistry in faint colours; completed infill grids in darker colours and planned infill grids in blue outlines.

On EPL 3589 (Ekuja), drilling on farms Barreshagen and Borealis intersected modest copper grades. On EPL 4151 (Karamba), drilling on several prospects returned modest to low copper grades. Follow-up drilling is planned.

Portions of the project area were covered by a helicopter-borne versatile time-domain electromagnetic (‘VTEM’) survey. Preliminary imagery has indicated several targets, including a possible extension to the Klip prospect. Drilling is planned to test these targets.

## **Kalahari Copperbelt Project**

EPL 4039 (Nomeib): RC drilling, totalling 1180m in 16 holes, followed up two gold targets. The best intersection was 2m at 14.7 g/t Au.

At EPL 4055 (Sib): An Order of Magnitude financial assessment has been commissioned.

## **Kamanjab Project**

EPL 4297 Vaalberg: Review of data is in progress.

EPL 4431 Tzamin: Exploration has identified only one target: the previously known copper prospect on farm Tzamin. Drilling by Craton has indicated no significant extension to the known deposit; the Tzamin tonnage potential is very small. Recent review of data has not identified any other potential. As a result, the tenement will be relinquished.

## **TANDEM RESOURCES PROJECTS**

### **Background**

Under the terms of a JV agreement with African Mining Capital Pty Ltd ('AMC'), IBML's wholly-owned subsidiary, Tandem Resources Pty Ltd, earned a 31% holding in Tandem JV Company Pty Ltd by contributing Phase 1 expenditure of A\$1.7 million.

Tandem Resources had the option to earn an additional 20% by spending a further \$3.0 million. As previously reported, the IBML Board decided not to contribute further exploration funds to the joint venture at this stage and its Tandem Resources subsidiary has therefore not exercised its option to earn an additional 20% in Tandem JV Company Pty Ltd.

### **Epembe Project (EPL 3299)**

Field Work: For the purposes of exploration, the Epembe carbonatite dyke has been divided into a number of sectors (Figure 3). During the quarter, Craton completed geological mapping and sampling on Sector G of the dyke. This work indicated that Sector G contains similar tantalum and niobium grades as for Sector B, with good along-strike continuity of mineralised zones. No estimate of resource potential has been carried out.

Tenement: The companies have agreed to maintain the Epembe licence in good standing through meeting MME expenditure commitments and to seek other joint venture partners to advance the Epembe project. AMC has submitted an application for a Retention Licence for EPL 3299.

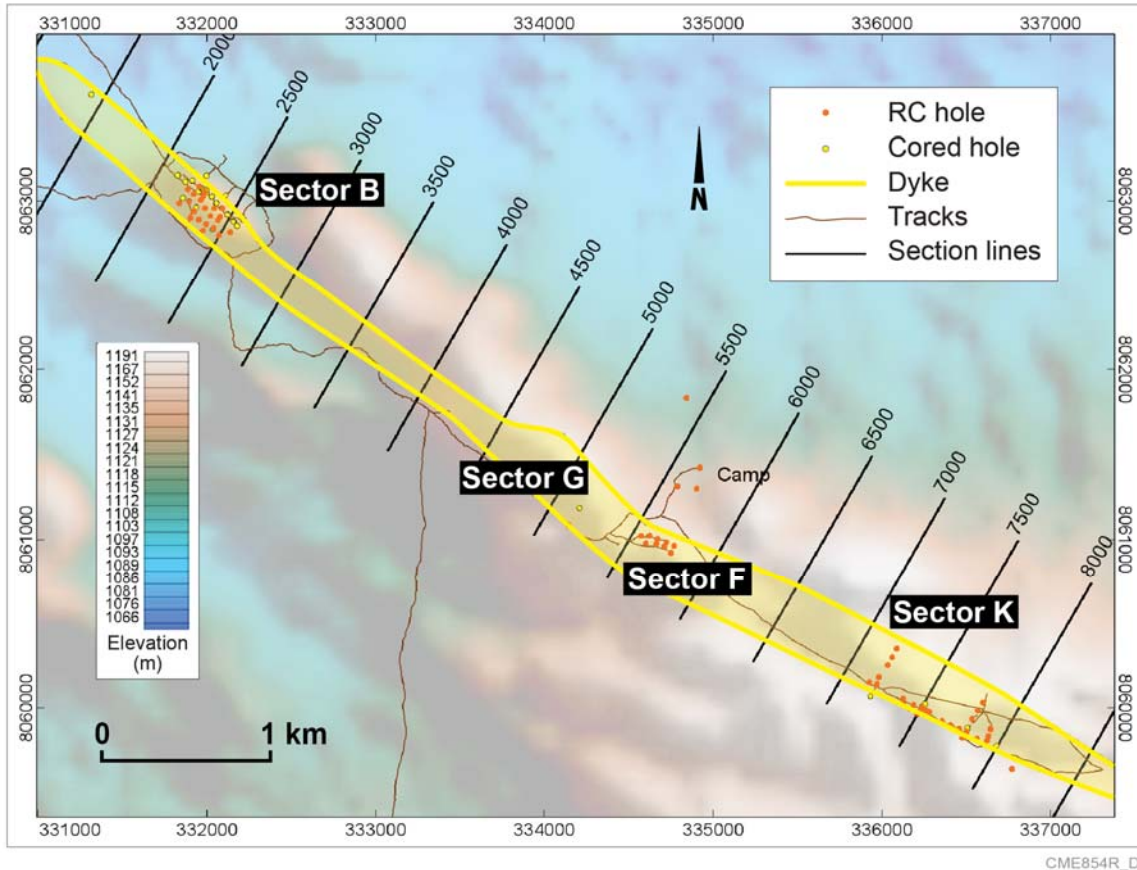


Figure 3. Epembe dyke showing location of target sectors

**Management:** Craton remained Manager of the Epembe Project until 25 September 2014.

### **Awasi Project (EPLs 4759 and 4760)**

As previously reported, IBML decided that it did not wish to fund further exploration of the tenements. The joint venture partners intend to sell the company which holds the exploration tenements.

## **AUSTRALIAN PROJECTS**

### **AuriCula Mines Pty Ltd (Cobar district, New South Wales)**

AuriCula Mines holds a 10% interest in two project areas south of Cobar:

- Shuttleton Project: EL 6223
- Mount Hope Project: ELs 6868 and 6907.

Exploration is being conducted by Cobar Management Pty Ltd ('CMPL'), a subsidiary of Glencore. During the quarter, CMPL carried out the following work:



- Review of results of previous geophysical surveys at Shuttleton;
- A soil geochemical survey over the northern half of EL 6907. Analytical results have not yet been received.

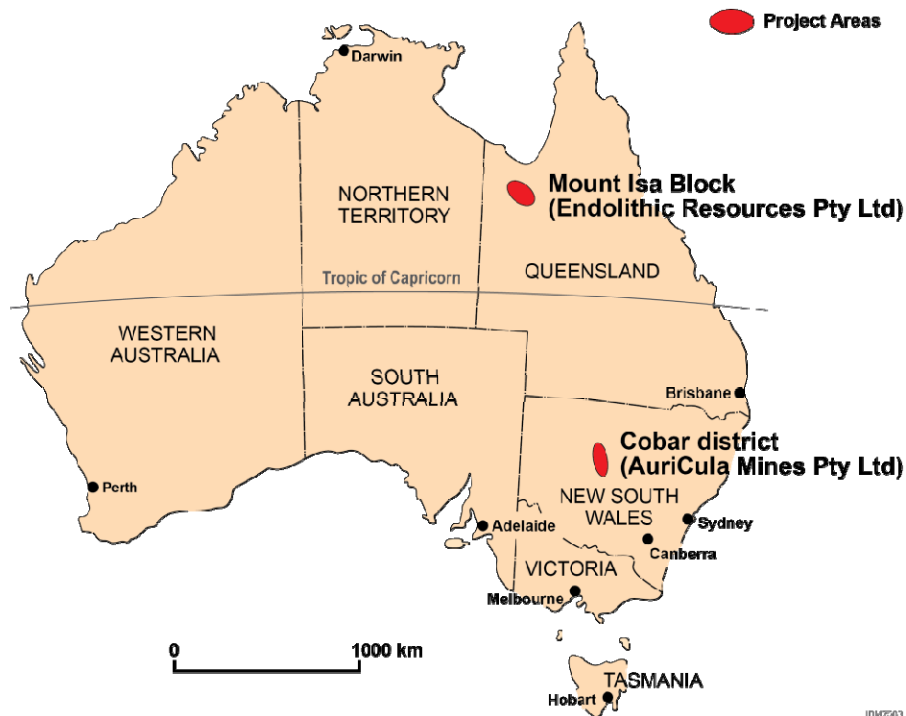


Figure 4. Location of IBML's Australian project areas

#### **Endolithic Resources Pty Ltd (Mount Isa district, Queensland)**

Gereta Project (EPM 18306): A field team carried out the following work:

- Sampling of previously-identified targets using a small portable diamond drill;
- Trial termite mound sampling of prospects;
- Identification and documentation of former gold workings.

At the Gertrude prospect, the team identified 16 gold workings on veins associated with narrow breccia zones. The results have been compiled into a report, with recommendations for follow-up sampling.