2015 ANNUAL REPORT

ABN 73 100 373 635

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Corporate Directory

International Base Metals Limited ('IBML') is an Australian unlisted public company engaged in mineral exploration and development.

Directors

Mr Hugh Thomas	Non-executive Chairman
Dr Kenneth John Maiden	Executive Director
Mr Zhehong Luo	Non-executive Director
Mr Rui Liu	Non-executive Director
Mr Jinhua Wang	Non-executive Director
Mr Qiang Chen	Alternate Non-executive Director to Mr Zhehong Luo
Mr Aidong Yang	Alternate Non-executive Director to Mr Rui Liu
Mr Xianwu Deng	Alternate Non-executive Director to Mr Jinhua Wang

Chief Executive Officer

Mr Karl Hartmann

Chief Financial Officer

Mr Barry Neal

Company Secretary

Mr John Stone

Registered Office and Principal Place of Business

Suite 60, Level 6, Tower Building
Chatswood Village
47-53 Neridah Street
Chatswood NSW 2067

Telephone: + 61 2 8223 3777
Fax: + 61 2 8223 3799
Internet: www.ibml.com.au

Auditors

Grant Thornton Audit Pty Ltd
Level 17, 383 Kent Street
Sydney NSW 2000

Bankers

Bankwest
17 Castlereagh Street
Sydney NSW 2000

Share Registry

Boardroom Pty Limited
Level 12 , 225 George Street
Sydney NSW 2000
Telephone: + 61 2 9290 9600
Fax: + 61 2 9279 0664
Internet: www.boardroomlimited.com.au

Financial Advisors

Sinonew Capital Advisory Co, Ltd
406, Horizon International Tower A
6 Zhichun Road, Haidian District
Beijing, China 100088

Solicitors

Gadens Lawyers
77 Castlereagh Street
Sydney NSW 2000

Chairman's Letter

Dear Shareholders,

On behalf of the Board of Directors of International Base Metals Limited (IBML) I am pleased to present the Company's Annual Report for the year ended 30 June 2015.

While I was not elected as the Company's Chairman until after the conclusion of FY2015, I am delighted to present this letter as I have gladly accepted the Chairman's role and am fully briefed of the Company's 2015 activities.

The Board thanks Dr Ken Maiden for having served as interim Chair and I thank all the directors, and their alternates, for their contributions during the last financial year.

In July 2015, Mr Alan Humphris resigned after six years as a Director of IBML. Alan's commercial good sense, affability and dedication will be sadly missed. The Board wishes Alan a healthy and enjoyable retirement.

IBML is not immune from the general downturn in the resources sector. Falling commodity prices and the sector's need to adjust to these lower prices and a low growth global economy has required the Company to adjust its strategy and business plan. During the year the Board made the appropriate but difficult decision to initiate a significant expense reduction programme. This programme has resulted in considerable savings in future cash expenditures and included a cut-back in exploration spending and a review of executive positions. This resulted in a number of departures of personnel, most prominently the Managing Director, Mr Frank Bethune. The Board believes these changes were necessary to preserve the strong cash position of the company in the prevailing environment.

In June 2015 a group of shareholders representing just over 5% of the Ordinary shares in IBML requisitioned an extraordinary general meeting (EGM). They proposed two resolutions, the first proposed that the Company be wound up, and a second Resolution that a liquidator be appointed. The EGM was held on 14 August 2015. Both resolutions were soundly defeated with the vast majority of votes supporting the ongoing operation of the Company.

The Company's main asset continues to be the Omitiomire copper deposit in Namibia. The Board believes the potential in the deposit to be significant even in the current commodity price environment and continues to examine several alternatives as to how best exploit the deposit including an integrated oxide and sulphide operation.

There are still several legal challenges to overcome before we can be fully confident of developing the project. The first legal issue affects surface access and whilst IBML, through its wholly owned subsidiary Craton Mining and Exploration (Pty) Ltd ('Craton'), is not a direct participant in the legal action, we are affected by the outcome. The case essentially is an estate planning issue regarding the Omitiomire farm where there is a dispute among four siblings and the executor of the estate. We have engaged legal counsel and believe that, irrespective of the outcome, our plans cater for all possible eventualities. The two other legal challenges are related, having the same appellants, and involve challenges to the granting of Craton's mining licence, ML 183, and environmental clearance certificate. IBML has again retained legal counsel on these matters and is confident of its position and is seeking to have these issues resolved expeditiously. The Craton Board and management are well equipped to continually monitor and manage these and other matters within Namibia.

The Craton Board includes several eminent Namibian business people. I have had the very great pleasure of meeting with them in Namibia and I take this opportunity to thank Elia Shikongo (Chairman), Purvance Heuer and Otto Shikongo for their contributions and stewardship during the year.

IBML emphasises sound corporate governance and aims to be a good corporate citizen. In particular we believe that we have a significant corporate responsibility to participate in community and education programmes in the areas in which we operate. Our vehicle in Namibia is the Craton Foundation www.cratonfoundation.com which has an independent board of trustees chaired by Kobus van Graan, a prominent Namibian businessman whose capacity to provide his time is testament to both the value the Foundation is seen to have in the community and Kobus' generosity of spirit. I encourage all shareholders to log onto the website and read about the educational work and "Eye see the world" initiative helping the young of Namibia.

Finally your Board remains positive about the long term prospects of our business. Whilst copper prices are currently suppressed, the global production of copper remains strong and our collective belief is for increased demand and pricing over time. IBML is a solid company with good cash backing from supportive investors embarking on a consistent strategy with a renewed Board and executive team.

I thank all shareholders and employees for their continued support and believe that when I report back to you at this point next year I will be reporting on an even stronger company delivering shareholder value.

Hugh Thomas

Chairman

Review of Operations

INTRODUCTION

IBML remains focussed on exploration for, and development of, copper resources in Namibia. The Company's main asset is the Omitiomire copper project, held within a mining licence (ML) by IBML's wholly owned Namibian subsidiary, Craton Mining & Exploration (Pty) Ltd ('Craton').

The proposed Phase 1 development of Omitiomire is based on a portion of the near-surface oxide and mixed oxide-sulphide copper resource. During 2013, Craton completed a definitive feasibility study ('DFS') for the Phase 1 development, a modest-sized copper mining and processing operation. An outline of the planned development was presented in the Company's 2014 Annual Report.

During the second half of 2014:

- The Namibian Ministry of Mines and Energy (MME) granted a Mining Licence (ML183);
- The Namibian Ministry of Environment and Tourism (MET) issued an Environmental Clearance Certificate (ECC).

Upon the grant of the mining licence and the issuing of the ECC, Craton proceeded with detailed planning for mine development. The intention was to raise capital and commence project development in early 2016.

However, the Company's development timetable has been disrupted by legal challenges to the validity of the granting of ML183. At the same time, the Company has not concluded a long-term access agreement to the farm Groot-Omitiomire, on which the deposit is located. A summary of these issues is provided in the "Omitiomire" segment of this "Review of Operations".

Over the past several months, IBML has cut costs to ensure sustainability of the Company through the period of expected delays. IBML's cost-cutting has included:

- Postponing work on the Omitiomire Phase 1 project development while continuing low-cost scoping studies to enhance the project economics;
- Relinquishing those exploration tenements, both in Namibia and in Australia, which have lower discovery potential;
- Cutting exploration costs by reverting to low-cost exploration as far as possible while maintaining exploration tenements in good standing;
- Retrenching some staff and laying off consultants while retaining core skills.

The Company remains committed to development of the Omitiomire project when the legal challenges have been resolved.

OMITIOMIRE COPPER PROJECT, NAMIBIA

GEOLOGY

The Omitiomire copper system strikes northwards, forming sub-outcrop, beneath shallow sand cover, over several hundred metres. At depth, drilling has shown a strike length of over 3,500 metres ('m') and a shallow dip to the east. The copper system ranges from 10m to 100m in thickness. For resource estimation, the deposit can be considered as several stacked, parallel tabular bodies.

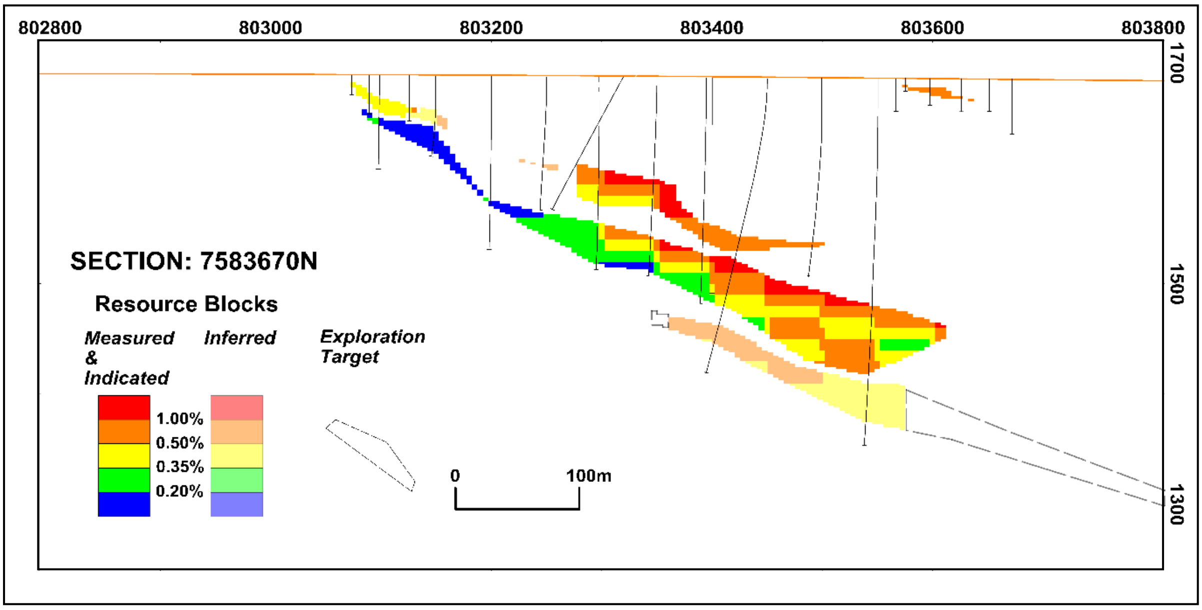

Figure 1. Drill section, showing stacked tabular bodies and resource blocks

Copper occurs mainly as the mineral chalcocite (copper sulphide Cu_2S), hosted by dark amphibole-biotite rich (mafic) rock types. Barren white to light grey quartz-feldspar rich (felsic) gneiss dominates in the hanging wall and is also inter-banded with mafic layers in the copper-bearing zone.

The deposit is oxidised to 20m depth and partly oxidised to 40m depth. Oxide copper is dominantly as the mineral malachite (a green copper carbonate mineral) with subordinate chrysocolla (a blue hydrated copper silicate mineral) and minor tenorite (a black copper oxide mineral). Primary chalcocite increases downwards.

RESOURCE

In August 2014, Bloy Resource Evaluation ('Bloy') provided an updated resource estimate of 137 million tonnes (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.

PROJECT DEVELOPMENT STRATEGY

Following completion of a pre-feasibility study ('PFS') on the project in 2010, IBML planned a two-stage approach to bring Omitiomire into production:

Phase 1: The initial project is based on near-surface oxide and mixed oxide-sulphide copper. Oxide copper constitutes about 15% of the total Omitiomire resource but only a portion of this will be accessed in the proposed Phase 1 operation. In 2013, Craton completed a Definitive Feasibility Study ('DFS') for a 40,000 tonnes per month ('tpm') project. Details of the planned project were provided in the Company's 2014 Annual Report.

Phase 2: In the future, Craton expects to be able to develop a larger project based on the deeper sulphide copper resource at Omitiomire plus other copper resources which might be discovered within trucking distance of Omitiomire. This project will require a separate DFS.

A number of legal issues which have arisen during the reporting year have created significant delays to development of the project. In order to cut costs until the legal situation has been resolved, the Company has postponed ancillary work on the Phase 1 project development but is continuing with low cost work aimed at optimising processing costs and recoveries.

LEGAL ISSUES

Surface Rights Access

Craton is attempting to secure long-term access to the farm Groot-Omitiomire on which the Omitiomire copper deposit is located.

The property is the subject of a dispute between four beneficiaries of a deceased estate. During second-half 2014, the Master of the High Court of Namibia appointed a trust company, Oehl Trust, as executor of the estate. However, one of the beneficiaries of the estate launched an application in the High Court of Namibia in terms of which he challenged the appointment of Oehl Trust as the Executor. A date has not been set for the court hearing.

Mining Licence (ML 183)

ML 183 was granted to Craton by the Namibian Ministry of Mines and Energy (MME) on 8 October 2014, and is valid for 20 years from 22 September 2014.

On 16 February 2015, Craton was served with and cited in motion proceedings in the High Court of Namibia, brought by two neighbours of the farm Groot-Omitiomire, Messrs Hendry Derks and Drikus Swanepoel. The principal respondent under the motion proceedings is the MME, Craton being the third respondent. In substance, the applicants have asked the High Court of Namibia to review the decision of the Minister to award ML 183 to Craton.

The principal basis of the challenge is the applicants' interpretation of section 31 of the Environmental Management Act, 2007. Section 31 (1) of the Environmental Management Act, 2007, states that, despite any other law to the contrary, a "competent authority" may not issue an authorisation to engage in a so-called "listed activity" (such as mining) unless the proponent has obtained an environmental clearance certificate in terms of the Environmental Management Act, 2007.

The applicants assert that ML 183 is invalid because it was granted before the environmental clearance certificate was issued.

Craton lodged a notice to oppose the application. The court hearing date has been set down for 16 September 2015.

Environmental Clearance Certificate

On 13 November 2014, the Namibian Ministry of Environment and Tourism (MET) issued an Environmental Clearance Certificate (ECC) to Craton in respect of the planned Omitiomire Phase 1 project development. The certificate is valid for three years.

On 27 November 2014, Messrs Derks and Swanepoel lodged an appeal against the grant of the ECC.

To date, the MET has not adjudicated the appeal. In terms of the Environmental Management Act, the environmental clearance granted to Craton remains valid until the Minister of Environment and Tourism directs otherwise.

PROJECT DEVELOPMENT

Ancillary work related to development of the Phase 1 project comprised the following activities:

- Metallurgical studies aimed at optimising processing costs and recoveries;
- Assessment of options for the access road to the project site;
- Assessment of power supply options;
- Planning for the required diversion of a public road around the proposed mine site.

In addition, the Company commenced a review of the 2010 PFS on the larger (Phase 2) project, using more recent cost information.

As outlined, the pending legal actions relating to the award of the Mining Licence and the granting of the Environmental Clearance Certificate are causing a delay to the development of the project. In order to cut costs until the legal situation has been resolved, the Company has postponed ancillary work on the Phase 1 project development.

Low-cost scoping studies are continuing. These are focussing on:

- Optimising processing costs and recoveries; and
- Integrating the Phase 1 oxide and Phase 2 sulphide operations.

EXPLORATION PROJECTS

Exploration Strategy

IBML has carried out a review of its exploration programmes, aimed at reducing costs substantially by:

- Relinquishing tenements considered to have limited discovery potential;
- Identifying priority tenements and budgeting sufficient funds to keep those tenements in good standing;
- Identifying and testing, effectively but at limited cost, targets considered to have potential for copper within trucking-distance of Omitiomire;
- Reducing personnel numbers while retaining core skills.

As at end-June 2015, Craton holds five Exclusive Prospecting Licences, totalling 3529 km^2 and one Mining Licence (area 2890 Ha) in Namibia. IBML's subsidiary, Tandem Resources Pty Ltd ('Tandem'), retains one exploration joint venture on the Epembe Project in north-western Namibia, but is not contributing further funding to the project.

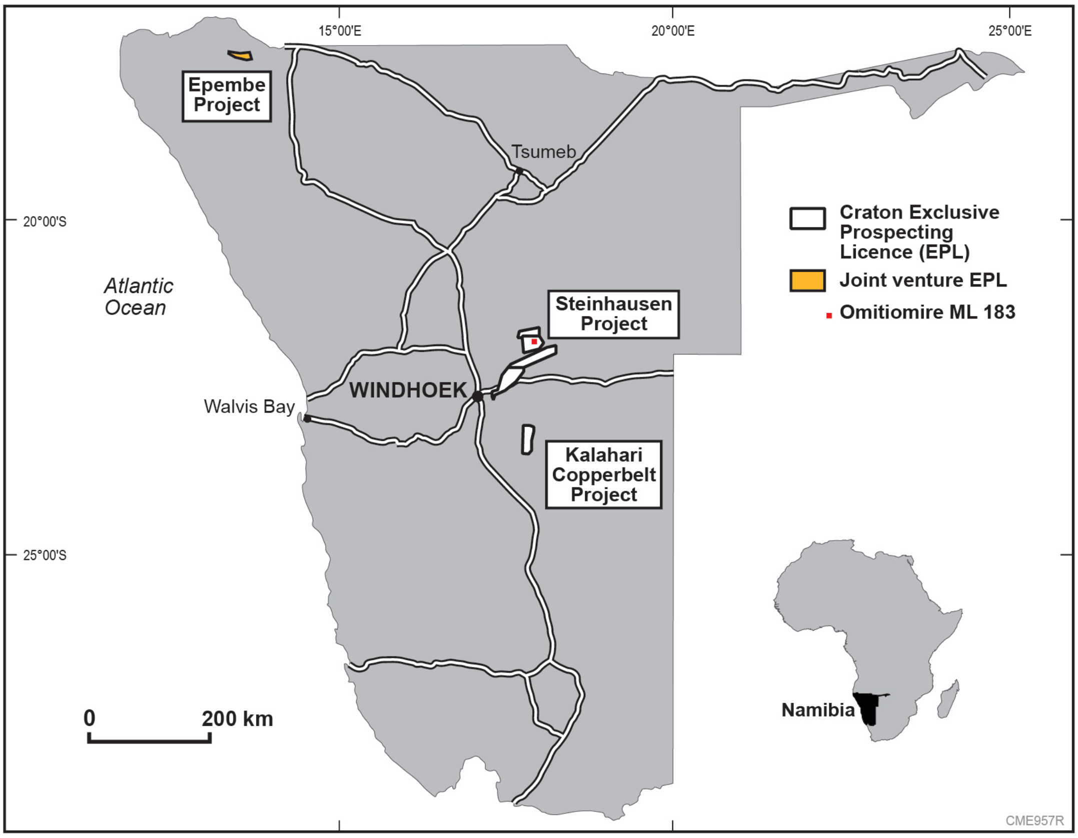

Figure 2. IBML's mineral tenements in Namibia

In Australia, IBML's subsidiary, Endolithic Resources Pty Ltd, has submitted relinquishment documents in respect of its single exploration permit in Queensland.

Steinhausen Project

The project consists of four granted tenements (Figure 3), three of them potentially within "trucking distance" of the Omitiomire copper deposit.

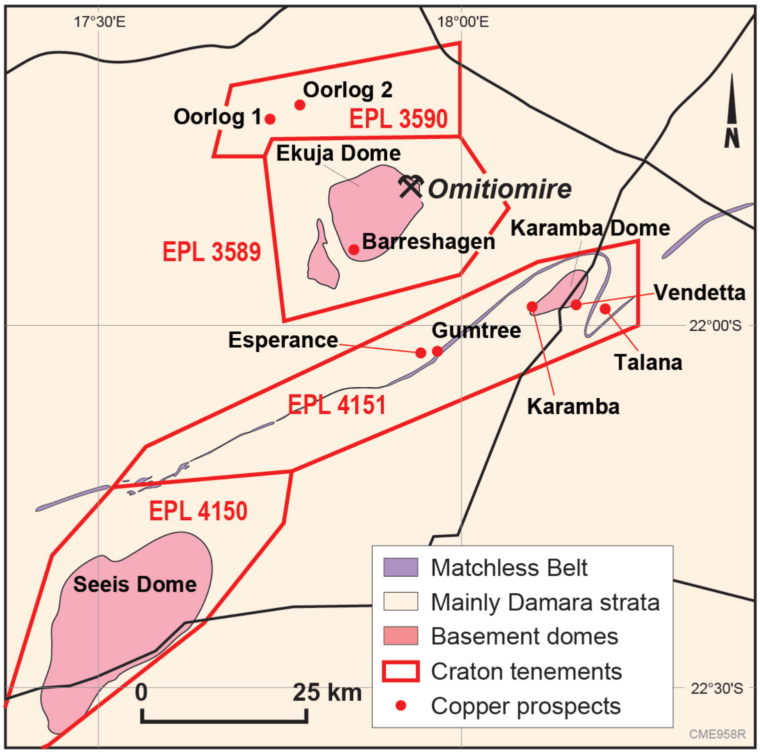

Figure 3. Steinhausen project area, showing EPLs and main targets

Copper Mineralisation

<u>Copper in Basement Domes</u>

The Omitiomire deposit is hosted by metamorphic rocks of the Ekuja basement dome. Geochemical surveys show that the dome is regionally anomalous in copper. Geochemical surveys by Craton have shown elevated copper-in-soil in the Karamba Dome (in EPL 4151) and the Seeis Dome (in EPL 4150).

<u>Copper in the Matchless Belt</u>

EPL 4151 contains about 60 km of strike of the Matchless Belt, a distinctive unit of amphibolite, magnetite quartzite and meta-sedimentary rocks, which stretches for 400 km through central Namibia and hosts numerous known copper deposits and occurrences. Whilst most deposits of this style are small, other bodies, including Otjihase, are more substantial. Several known prospects of this style within EPL 4151 indicate good discovery potential.

<u>Copper in Other Damara Strata</u>

In EPLs 3590, 4150 and 4151, low grade copper concentrations are known from previous (mainly 1970s) shallow exploration drilling.

Exploration Activities

Regional-scale (400m x 400m sample spacing) soil geochemistry is being progressively followed up by more detailed (mostly 100m x 100m sample spacing) soil geochemistry, magnetic surveys, induced polarisation ('IP') surveys and reverse circulation ('RC') drilling on targets.

Difficulties in negotiating access agreements to some farms has delayed exploration of some targets.

Ekuja Dome

In EPL 3589 (Ekuja), drilling on targets on farms Barreshagen, Borealis and Ekuja intersected only low grade copper but included some thick mineralised zones (e.g. 61m at 0.28% Cu from 109m depth on Barreshagen).

Integration of geological and geophysical data provided a new geological interpretation of the Ekuja Dome and highlighted a number of priority target areas for future exploration.

Matchless Belt Targets

In EPL 4151 (Karamba), RC drilling on several prospects returned moderate to low copper grades. Follow-up drilling is planned.

Copper in other Damara Strata

In EPL 3590, Craton's previous drilling showed promising copper intersections at the Klip prospect (e.g. 11m at 0.72% Cu from 7m depth) and Waaihoek prospects (e.g. 3m at 1.71% Cu from 170m depth). Follow-up drilling failed to significantly expand the copper systems.

Portions of EPLs 3589 and 3590 were covered by a helicopter-borne versatile time-domain electro-magnetic ('VTEM') survey. This showed two large EM anomalies, labelled Oorlog 1 & 2 in Figure 4. These targets do not have associated soil geochemical anomalies, but might represent "blind" (i.e. non-outcropping) metal sulphide concentrations.

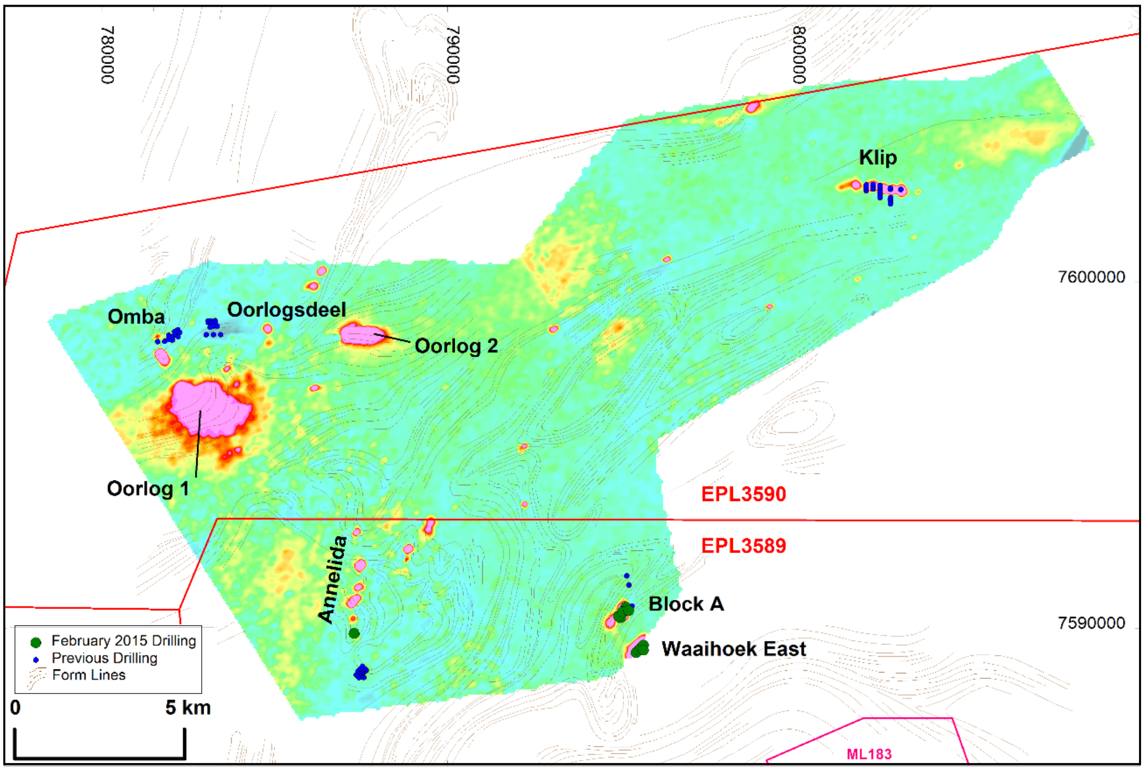

Figure 4. Imagery from VTEM survey. EM anomalies are in "warm" colours.

Existing drill holes are shown as blue circles.

KALAHARI COPPERBELT PROJECT

EPL 4055 (Sib)

Drilling by Craton during 2012 showed that the Sib deposit is a small oxide copper body, tabular in shape, 3–8m thick and shallowly-dipping. Copper is hosted by sandstone at shallow depth (generally less than 35m below surface). During the reporting year, a Scoping Study was carried out by VBKom Namibia Consulting Engineers (Pty) Ltd.

Sib contains a total resource estimated at 0.97 Mt at 0.73% Cu & 23.5 g/t Ag.

	Tonnes	Cu %	Ag ppm	S ppm
Measured	41 025	0.76	24.6	144.3
Indicated	62 386	0.76	22.02	108.7
Total Measured and Indicated	103 411	0.76	23.04	122.82
Inferred	864 565	0.73	23.55	168.9
Total - all classified material	967 976	0.73	23.5	163.98

Sib resource estimation, VBCom Namibia, Oct 2014

The Sib resource statement has been summarised from a report, dated December 2014, provided to Craton by VBKom Consulting Engineers, Namibia. The resource has been estimated by Mr Paulus van der Merwe, a consultant to VBKom Consulting Engineers (Pty) Ltd, in accordance with the guidelines of the 2007 Edition of the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("2007 SAMREC Code"). Mr van der Merwe is a registered member of the South African Council of Scientific Professions (SACNASP) and has sufficient experience to qualify as a Competent Person as defined by the 2007 SAMREC Code.

The study indicated the likely feasibility of:

(a) a small mining and processing operation to produce a solvent extraction ('SX') copper concentrate at the Sib site, which
(b) could be trucked to the planned Omitiomire electro-winning ('EW') plant.

No silver would be recovered in this processing option.

EPL 4039 (Nomeib)

RC drilling (16 holes totalling 1180m) followed up previously identified gold targets. The drilling intersected only narrow zones of gold mineralisation - best intersection 2m at 14.7 g/t Au. The company sees limited potential for a significant gold resource. The tenement has been relinquished.

KAMANJAB PROJECT

At the commencement of the reporting period, Craton retained two EPLs in the project: EPL 4431 Tzamin and EPL 4297 Vaalberg. After a review of data, the Company concluded that the discovery potential for significant deposits of copper and other base metal deposits is low. The tenements have been relinquished. There are currently no exploration tenements in the Kamanjab project.

TANDEM RESOURCES PROJECTS

Epembe Project (EPL 3299)

Under the terms of a JV agreement with African Mining Capital Pty Ltd ('AMC'), IBML's wholly-owned subsidiary, Tandem Resources Pty Ltd, had earned a 31% holding in Tandem JV Company Pty Ltd by funding exploration on the Epembe tantalum-niobium (Ta-Nb) project in north-western Namibia.

Exploration has shown potentially economic Ta-Nb grades in multiple steeply-dipping mineralised bands, with variable strike extent, within a large mineralised system. No estimate of resource potential has been carried out.

After a review of priorities, IBML decided not to exercise its option to earn an additional 20% in Tandem JV Company. IBML and AMC 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.

Awasib 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 have sold the company which holds the EPLs.

AUSTRALIAN EXPLORATION PROJECTS

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

IBML's wholly-owned subsidiary, AuriCula Mines, holds a 10% interest in two project areas south of Cobar. Exploration is being conducted by Cobar Management Pty Ltd ('CMPL'), a subsidiary of Glencore.

Shuttleton Project (EL 6223)

Geological mapping and geophysical modelling identified several targets for Cobar-style copper-gold deposits. CMPL commenced a three-hole diamond drilling programme. Intersections show the presence of a silica-altered shear zone hosting trace iron sulphides. Assays are awaited.

Mount Hope Project (ELs 6868 and 6907)

A soil geochemical survey over the northern half of EL 6907 defined several zones of elevated copper and gold in soils, associated with a major north-trending fault. The geochemical survey is being extended to the south.

Endolithic Resources Pty Ltd (Mount Isa district, Queensland)

EPM 18306 Gereta

During the year, IBML carried out detailed geological mapping and geochemical sampling of previously identified copper and gold targets. A review of exploration results indicated little potential for discovery of substantial deposits. A final report, accompanied by relinquishment documents, has been submitted to the Queensland Department of Natural Resources and Mines

MINERAL TENEMENTS

Licence Code	Name	Area (km^2)	Expiry Date	Status
Omitiomire Project		29		
ML 183	Omitiomire	29	2034-09-21	Legal challenge
Steinhausen Project		3071		
EPL 3589	Ekuja	735	2016-04-25	3rd renewal granted
EPL 3590	Oorlogsdeel	395	2016-04-25	3rd renewal granted
EPL 4150	Seeis	981	2015-10-25	1st 3 years granted
EPL 4151	Karamba	960	2015-10-25	1st 3 years granted
Kalahari Copperbelt Project		457		
EPL 4055	Sib	457	2015-04-26	2nd renewal pending
Epembe JV Project		290		
EPL 3299	Epembe	290	2016-08-15	4th renewal granted
AuriCula Mines JV Projects		224		
EL 6223	Shuttleton	38	2016-04-04	JV with CMPL
EL 6868	Mt Hope Sth	51	2015-09-06	JV with CMPL
EL 6907	Mt Hope	135	2015-10-11	JV with CMPL
Endolithic Resources		202		
EPM 18306	Gereta	202	2017-05-24	Being relinquished

GLOSSARY OF TECHNICAL TERMS

Alteration	A change in the chemical and mineralogical composition of a rock commonly brought about by reaction with hydrothermal solutions
Amphibole	A common calcium-iron-magnesium silicate mineral
Amphibolite	Metamorphic rocks composed largely of amphibole
Anomaly	A value (e.g. of geochemical and geophysical parameters) significantly higher than the norm
Basement	Older, usually metamorphic, rocks beneath younger strata
Belt	In geology, a large linear body of rocks
Biotite	A common black mica mineral
Cathode copper	Almost pure copper plate precipitated on the cathode during electro-winning
Chalcocite	A copper sulphide mineral Cu_2S
Chrysocolla	A hydrated copper-aluminium silicate mineral
Craton	In geology, a large, geologically-stable block of continental crust
Cut-off grade	The lowest grade to which a mineral deposit can be economically mined
Dip	In geology, the angle below the horizontal of a tilted unit of strata
Dome	In geology, a body of old rocks surrounded by younger rocks
Electro-magnetic	A geophysical method to detect conductive bodies in the sub-surface
Electro-winning	The process of extracting metals from solution by passing an electric current through the solution and precipitating the metal on a cathode
Epidote	A calcium-aluminium-iron silicate mineral
Exploration Licence	A mineral exploration tenement in New South Wales
Exploration Permit	A mineral exploration tenement in Queensland
Exclusive Prospecting Licence	A mineral exploration tenement in Namibia
Fault	A break in a rock sequence, along which there has been movement
Feldspar	Common rock-forming minerals composed of silicates of potassium, sodium and calcium with aluminium
Felsic	Pale in colour, composed of “felsic” minerals such as quartz and feldspar
Flotation	A commonly-used mineral separation process whereby crushed and ground metal sulphide minerals are liberated from barren (“gangue”) minerals
Geochemical survey	Prospecting techniques which measure the concentrations of certain metals in soil and rocks, and define anomalies for further testing
Geophysical survey	Prospecting techniques which measure physical properties of rocks and define anomalies for further testing
Gneiss	Metamorphic rocks formed under intense heat and pressure
Grade	The concentration of a metal in a mineral deposit
Hydrothermal	Literally “hot water”. Hydrothermal fluids, typically carrying metals in solution, develop in the Earth’s crust through a number of processes
Igneous rocks	Rocks formed by crystallisation of molten rock (magma)
Induced polarisation	A geophysical exploration method which measures changes in electrical fields induced in the earth by applying an electrical current to the ground
Intersection	A width of rock cut by a section of a drill hole
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves is a professional code of practice that sets minimum standards for public reporting of mineral exploration results, mineral resources and ore reserves
Mafic	Rocks that are dark in colour
Magnetic survey	A geophysical survey which measures variations in the Earth’s magnetic field, caused by variations in the magnetic susceptibility of the rocks
Magnetite	A common magnetic iron oxide mineral Fe_3O_4
Malachite	A basic copper carbonate mineral $Cu_2CO_3(OH)_2$, formed in the oxide (weathered) zone of copper deposits
Metamorphism	The processes by which rocks become mineralogically and texturally altered under the influence of heat and pressure. Hence metamorphic rocks
Mineralisation	Referring to bodies of metal-bearing rock, without connotation as to their economic potential
Mineralised	Containing ore minerals

Mining Licence	A tenement, conferred by the Namibian government, which permits the holder to carry out mining operations
Niobium	A metallic element used mainly in steel alloys
Ore	A body of rock that contains sufficient concentrations of minerals that can be economically extracted from the rock
Oxide copper	Referring to copper minerals (not necessarily copper oxides) that are chemically stable in the upper, near-surface portion of a copper deposit
Oxide zone	The upper, weathered portion of a mineral deposit, wherein metal sulphide minerals have been oxidised to metal oxide, sulphate, carbonate, etc minerals
Quartz	A very common mineral composed of silicon and oxygen SiO_2
Quartzite	A metamorphic rock composed largely of quartz
Reserve	An estimate of tonnage and grade of an ore body, based on detailed sampling and measurement. The categories Proven and Probable reflect the degree of uncertainty
Resource	An estimate of the tonnage and grade of a mineral deposit, but not implying that it can all be profitably mined. The categories Measured, Indicated and Inferred reflect the degree of uncertainty
Reverse circulation	A percussion drilling technique in which rock cuttings are recovered through the centre of hollow drill rods, thus minimising sample contamination
Schist	A common metamorphic rock with parallel orientation of mica minerals
Sedimentary	Rocks formed at the Earth's surface by deposition of sediment
Sequence	A major package of rock strata
Shear zone	A zone of strongly-deformed rocks
Solvent extraction	A process for selectively extracting a metal (e.g. copper) from solution using an organic extractant reagent
Strike	The trend of a unit of strata
Strata	Superimposed layers of sedimentary rocks. Hence "stratigraphic"
Sulphide copper	Referring to minerals where copper and other metals (usually iron) are chemically combined with sulphur. Sulphide copper minerals are not chemically stable in the near-surface oxide zone of copper deposits
Tailings	The waste material after recovery of a metal concentrate
Tantalum	A metallic element used in capacitors in electronic equipment
Tenements	A mining or mineral exploration title, conferred by government
Tenorite	A black copper oxide mineral (CuO), formed in the oxide (weathered) zone of copper deposits

ABBREVATIONS

Cu	Copper (chemical symbol)
DFS	Definitive feasibility study
ECC	Environmental Clearance Certificate
EL	Exploration Licence (NSW)
EM	Electro-magnetic (geophysical exploration technique)
EPL	Exclusive Prospecting Licence (Namibia)
EPM	Exploration Permit for Minerals (Queensland)
FY2015	Financial year ended 30 June 2015
g/t	Grams per tonne (= ppm)
Ha	Hectares
IBML	International Base Metals Limited
IP	Induced polarisation (geophysical exploration technique)
JORC	Joint Ore Reserves Committee
JV	Joint venture
km, km^2	Kilometres, square kilometres
m	Metres
MET	Ministry of Environment and Tourism (Namibia)
ML	Mining Licence
MME	Ministry of Mines and Energy (Namibia)
Nb	Niobium (chemical symbol)
NSW	New South Wales
O	Oxygen (chemical symbol)
PFS	Pre-feasibility survey
ppm	Parts per million
RC	Reverse circulation (drilling technique)
S	Sulphur (chemical symbol)
SEIA	Social and environmental impact assessment
SX/EW	Solvent extraction – electro-winning (ore processing method)
t, Mt	Tonnes, million tonnes
Ta	Tantalum (chemical symbol)
tpa, tpm	Tonnes per annum, tonnes per month
XRF	X-ray fluorescence (analytical technique)

Personnel, OH&S, Environment and Community

OCCUPATIONAL HEALTH AND SAFETY (OH&S)

IBML recognises its duty to ensure the health and safety of all employees, consultants and visitors:

- Visible support and commitment to safety from the board and senior management
- Raising awareness of health and safety in the workforce
- Promoting a culture of health and safety by assigning responsibilities and powers to ensure adherence to health and safety standards and legislation
- Suitable training for health and safety representatives and staff to improve their ability to identify hazards and control OHSE risks
- Structured risk identification process for all work areas
- Commitment to root cause investigations and reporting
- Maintaining records and statistics on incidents, accidents and injuries.

Initiatives undertaken to ensure the health and safety of employees:

- Actively supporting and promoting a healthy lifestyle by offering free annual preventative medical screening
- Encouraging physical activity and good nutrition
- Daily toolbox talks
- Training
- Relating an unblemished health and safety record to annual performance assessments.

IBML is proud of the fact that no lost time injuries occurred during the past year.

OUR PEOPLE

IBML believes in fostering diversity by promoting equal opportunity. The teams consist of people from different backgrounds, world views and beliefs; each contributing towards the attainment of company goals.

We support and motivate our employees within an established organisational structure, to ensure that changes to company strategies occur as smoothly as possible.

All employees are viewed as assets. IBML appreciates its employees' skills and abilities. In addition to basic remuneration, IBML/Craton's remuneration structure recognises dedication and performance which contribute towards continued company achievement.

The company believes in:

- Promoting our values
- Respecting, trusting and supporting all employees
- Creating a positive work environment
- Commitment to a safe and healthy work environment
- Offering interesting and challenging tasks
- Offering ongoing development and training
- Paying performance-based bonuses
- Company contributions for medical aid and retirement fund membership.

Unfortunately, as a result of the legal challenges facing the Omitiomire project and the consequent need to cut costs, the Company was forced to downsize its workforce during the first half of 2016. In Namibia, Craton sought legal advice to ensure that all its actions in relation to employee retrenchments were in accordance with the law, and the Company communicated with the Ministry of Mines and Energy, with the Ministry of Labour, and with the union which represents the employees.

Executives and managers interacted with, and kept open the channels of communication with, employees during the difficult restructuring period.

ENVIRONMENTAL PROTECTION

In its exploration activities, IBML acknowledges its duty in environmental protection:

- Minimise the extent and impact of disturbed areas and rehabilitate them as required.
- Monitor the operations to ensure compliance with accepted environmental standards.
- Monitor the latest developments in environmental management and technology and apply new principles and techniques as required.
- Educate all members of the organisation in the need for responsible environmental management of our operations.

COMMUNITY RELATIONS

Craton strives to maintain good relations with the property owners on whose farms its field teams operate. The field teams adhere to a Code of Conduct to ensure that disruptions to farm activities are kept to a minimum.

Craton is active in the Namibian mining and exploration fraternity through its links with the Namibian Chamber of Mines, with the University of Namibia and its staff members' activities in support of the Geological Society of Namibia. The Company's Acting CEO, Karl Hartmann, serves on the Exploration Committee of the Chamber of Mines.

IBML supports the initiatives of the Namibian Chamber of Mines and the Ministry of Mines and Energy in its commitment to the International Council on Mining and Metals' Sustainable Development Principles and the Voluntary Principles on Security and Human Rights (Voluntary Principles) in relation to security, risk assessment and the maintenance of human rights.

In the wider Namibian community, the Company makes an impact through the Craton Foundation.

THE CRATON FOUNDATION

The Craton Foundation was established through a Trust Deed as a vehicle through which to channel funds to support community-related projects in Namibia. Three independent trustees decide on the projects to be supported and administer the funds. The trustees are: Kobus van Graan (Chairman), Sister Roswitha Pelle (Trustee), Margareth Gustavo (Trustee). Ziggy Hartmann is the Secretary of the Foundation.

IBML currently provides $30,000 per annum to the Foundation and the trustees have attracted other donors to supplement IBML's contribution. The Foundation's constitution sets a focus on educational activities.

Through its "Eye see the World" initiative, supported also by Simonis Storm Securities and Tobich Optics, the Foundation provides eye-sight testing for school children and spectacles for those who need them. To date, the Foundation has screened more than 3,000 school children in Windhoek.

In addition, the Foundation, with the support of Simonis Storm Securities, is funding the building of classrooms in primary schools.

The foundation's activities have created considerable interest within Namibia and have provided positive publicity for Craton. The Foundation has featured in this year's "Who's Who in Namibia".

Inauguration of classrooms at the Tobias Hainyako Primary School

Celebrations at the Tobias Hainyako Primary School

IBML Investments

AFRICAN MINING CAPITAL PTY LTD (IBML 4.66%)

As disclosed in the 2012 annual report, IBML made a $300,000 investment in African Mining Capital Pty Ltd ('AMC'), an unlisted company whose main assets are:

- A 69% holding in Tandem JV Company Pty Ltd
- 4,550,000 KNE Shares (Kunene Resources Limited, ASX:KNE)
- 9,975,000 KNE Options.

This investment secured IBML the option to earn a 51% stake in the Epembe tantalum-niobium project in north-western Namibia. In March 2013 IBML exercised its option to proceed with the first earn-in phase of the Epembe Joint Venture and invested $1.7 million which earned a 31% equity stake in Tandem JV Company Pty Ltd as at 8 April 2014. This 31% equity is held by IBML's subsidiary Tandem Resources Pty Ltd. The Board of IBML has resolved not to proceed to the earn-in phase two of the Epembe project and was written down to zero in June 2014.

ZAMIA METALS LIMITED (IBML 2%)

Zamia Metals Limited ('Zamia') (ASX:ZGM), through its wholly-owned subsidiary Zamia Resources Pty Ltd, holds a portfolio of Exploration Permits for Minerals (EPMs) in the Clermont District of central Queensland. This district is part of an established gold province prospective for gold, copper and other metals including molybdenum.

During the past few years, Zamia has re-focussed its exploration activities away from its Anthony molybdenum discovery to the search for gold and copper in central Queensland. Zamia's activities have been focussed on epithermal-style gold and porphyry-style copper-gold targets. Further Information on Zamia and its projects can be found at www.zamia.com.au.

ANTARES MINING LIMITED (IBML 0.67%)

Antares Mining Limited formerly Caravel Energy Limited is an ASX-listed company current suspended (ASX: AWW) focussing on exploration and development.

On 26 March 2016 the Company announced that it has executed a Share Sale Agreement with Forte Energy NL for the sale of 75% of the issued capital of its wholly owned subsidiary Copper Range (SA) Pty Ltd.

Following the completion of the transaction, the Company will be actively looking for alternative assets that can be acquired to provide shareholder value.

Corporate Governance Statement

International Base Metals Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Although the Company is not listed it has decided in its disclosure policy to adopt the ASX Corporate Governance Principles and Recommendation (3rd edition) (CGPR) published by the ASX Corporate Governance.

The 2015 corporate governance statement is dated as at 30 June 2015 and reflects the corporate governance practices in place during the 2015 financial year. The 2015 corporate governance statement was approved by the Board on 3 July 2015. A description of the group's current corporate governance practices is set out in the group's corporate governance statement which can be viewed at (www.ibml.com.au).

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the 'Group') consisting of International Base Metals Limited ('IBML') and the entities it controlled at the end of or during the year ended 30 June 2015.

DIRECTORS

The names of the Directors in office at any time during, or since the end of, the year and continue in office at the date of this report unless otherwise stated:

Mr Hugh Ian Thomas

Non-executive Chairman (appointed a Director on 11 May 2015 and Chairman on 3 July 2015)

Qualifications:	BA, Grad Dip Finance, MAICD
Experience:	Hugh has had significant experience in the resources sector as a company director, senor financial executive and investment banker working throughout the Asian region including China as well as parts of Africa. He was based in Hong Kong for several years in senior positions with JP Morgan and Morgan Stanley, returning to Australia in 2011 to take up a senior position with South African investment bank, Investec, in Sydney. Since 2014 Hugh has worked as an independent investment banker and company director based in Sydney.
Interest in shares:	Nil
Other current Directorships:	-

Dr Kenneth John Maiden

Executive Director - Technical and Chief Geologist

Qualifications:	BSc, PhD
Experience:	Ken has had more than 40 years professional experience - as an exploration geologist with major resource companies (CSR and MIM), as an academic (University of the Witwatersrand, Johannesburg) and as a mineral exploration consultant. He has participated in successful mineral exploration programmes in Australia, southern Africa and Indonesia. Ken has previously established mineral exploration companies in Southern Africa, South Australia and Queensland, and is a founding Director of International Base Metals Limited.
Interest in shares:	10,613,001 ordinary shares
Other current Directorships:	Non-executive Director of Zamia Metals Limited.

Mr Rui Liu

Non-Executive Director

Qualifications:	BSc
Experience:	Rui Liu has worked in geology and the mineral industry since his graduation from university in 1985. He became the Deputy Director of Heilongjiang Geology Mineral Testing Application Research Institute in 1988 and later went to Botswana as Deputy General Manager of CGC Botswana Co., Ltd. Rui Liu has been General Manager and Chairman of Heilong Group since 2005. He holds the position of Executive Deputy Chairman of the Heilongjiang Mining Industry Association.
Special responsibilities:	Chairman of the Remuneration Committee and a Member of the Audit Committee
Interest in shares:	-
Other current Directorships:	-

Mr Jinhua Wang

Non-executive Director

Qualifications:	B Min Eng, Master of Industrial Engineering
Experience:	Mr Wang is a Senior Engineer and Deputy Director, Mining Association of Zhejiang Province, China. Mr Wang has extensive experience in mining project development and marketing. In 2002, he established Hangzhou Kings Industry Co. Ltd, a company engaged in the investment and management of fluorspar mines and the fluoride chemical industry. The company possesses the largest fluorspar reserves in China and is an industrial leader.
Interest in shares:	
Other current Directorships:	

Mr Zhehong Luo

Non-executive Director

Qualifications:	BSc
Experience:	Executive Director of Hangzhou Hongcheng Real Estate Co Ltd from 2005. During this period the company built a high-grade office building, reaching a height of 150m. Since 2009 he has been Chairman and Managing Director of Qinghai West Resources Co Ltd and Chairman of Qinghai West Rare & Precious Metals Co Ltd. Under his leadership, these companies have achieved a good reputation with excellent growth prospects.
Interest in shares:	-
Other current Directorships:	-

Mr Alan John Humphris

Non-executive Director **(resigned 10 July 2015)**

Qualifications:	BSc, BEc, LLM, FCPA
Experience:	Alan Humphris is an independent investment banker with more than 30 years' experience in Australia as a corporate advisor. He was formerly Managing Director of Hambros Corporate Finance Limited and, earlier, he was an Executive Director of JP Morgan Australia Limited responsible for mergers and acquisitions and other corporate advisory services. He has gained wide investment banking experience in Australia and internationally, including in relation to China.
Special responsibilities:	Chairman of the Audit Committee and a Member of the Remuneration Committee and the Nomination Committee.
Interest in shares:	275,000 Ordinary shares
Other current Directorships:	-

Mr Frank Macdonald Bethune

Managing Director **(resigned 30 March 2015)**

Qualifications:	BSc (Engineering - Mining), MSc (Engineering - Mineral Economics)
Experience:	From 1982, Frank's career had been in the mining industry in southern Africa (Anglo American, Rössing Uranium, Anglovaal and AngloGold) and in Australia (AngloGold Ashanti). Frank joined IBML in 2010.
Special responsibilities:	Chairman of the Nomination Committee and a Member of the Remuneration Committee and the Audit Committee.
Interest in shares:	375,000 Ordinary shares
Other current Directorships:	-

Mr Qiang Chen

Alternate Director to Zhehong Luo

Qualifications:	BSc, MSc
Experience:	Qiang Chen is Managing Director of West Minerals Pty Ltd, one of the Company's largest shareholders. Mr Chen, a resident of Perth, has extensive experience in international commodities trading and private equity investment. In the 1990's he was the Marketing Manager of China Metallurgical Import and Export Corporation.
Special responsibilities:	Chairman of the Nomination Committee and a Member of the Remuneration Committee and the Audit Committee.
Interest in shares:	-
Other current Directorships:	-

Mr Aidong Yang

Alternate Director to Rui Liu

Qualifications:	BSc
Experience:	Since graduation, Mr Yang has had extensive experience in mining operations and mine development. He is currently the Deputy General Manager of Heilong Mining Group, General Manager of Baoshan Mining Ltd (Heilong's subsidiary), and General Manager of Tongshan Mining Ltd (Heilong's subsidiary).
Interest in shares:	-
Other current Directorships:	-

Mr Xianwu Deng

Alternate Director to Mr Jinhua Wang (appointed 20 November 2014)

Qualifications:	Bachelor degree in Mining Engineering at the University of Science & Technology Beijing, China, CPA and an economist
Experience:	Currently he works as the Chairman of the Board of Supervisors in China Kings Resources Group Co., Ltd., China
Interest in shares:	-
Other current Directorships:	-

Dr John Zhao

Alternate Director to Mr Jinhua Wang (resigned 17 September 2014)

Mr Karl Hartmann

Acting Chief Executive Officer and IBML Exploration Manager (appointed Acting CEO 30 March 2015)

Qualifications:	MSc Exploration Geology
Experience:	33 years' experience as an exploration geologist
Interest in shares:	2,142,325
Other current Directorships:	-

General Manager, Corporate Affairs

Mr Jordan Guocheng Li

Qualifications:	**BA, MBA**
Experience:	Jordan has over 20 years' corporate experience in Australia and international markets. He has been a private company director and a strategy and project managers for Australian ASX listed companies and government departments.
Interest in shares:	800,000 ordinary shares

Company Secretary

Mr John Stone **B Econ**

Experience: John has over 30 years' experience in the Australian and international corporate markets. He has been a director and company secretary for several private and public listed companies.

Interest in shares: 1,828,125 ordinary shares.

Chief Financial Officer

Mr Barry F Neal **B Econ**

Experience: Barry completed his degree at the University of Queensland in 1962 and started his career as a lecturer in accounting at the Queensland Institute of Technology. Barry has had extensive experience in accounting and company secretarial work with listed public companies in a range of industries.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director while they were a Director. During the financial year, the Company held 8 Board meetings, two Audit Committee meetings, one Nomination Committee and one Remuneration Committee meetings.

	Full meetings of Directors		Meetings of Committees					
			Audit		Nomination		Remuneration	
	A	B	A	B	A	B	A	B
Mr Hugh Thomas	1	1	-	-	-	-	-	-
Dr Kenneth John Maiden	8	8	-	-	-	-	-	-
Mr Rui Liu	8	8	2	2	1	1	1	1
Mr Alan John Humphris	8	7	2	2	1	1	1	1
Mr Jinhua Wang	7	2	-	-	-	-	-	-
Mr Frank Macdonald Bethune	5	4	-	-	-	-	-	-
Mr Qiang Chen as alternate for Mr Zhehong Luo	8	8	2	2	1	1	1	1
Mr Xianwu Deng as alternate to Mr Jinhua Wang	1	1	-	-	-	-	-	-

A. No. of meetings held during the time the Director held office or was a member of the committee during the year
B. No. of meetings attended

PRINCIPAL ACTIVITIES

The principal activity of the entity during the financial year was the continued exploration for economic base metal and gold resources both within Australia and internationally with a specific focus on copper exploration in Namibia.

There were no changes in the Group's principal activities during the course of the financial year.

DIVIDENDS

No dividends have been declared in the 2015 financial year (2014: no dividend declared).

REVIEW OF OPERATIONS AND ACTIVITIES

Financial

For the financial year ended 30 June 2015, the consolidated entity's net loss after taxation was $5,731,927 (2014:$6,275,760 Exploration expenditure on Australian and Namibian tenements in the 2015 financial year was $3,305,809 (2014:$2,601,653) and was fully expensed, rather than capitalised. The Directors believe that expensing, rather than capitalising exploration expenditure is more relevant to understanding the Company's financial position and complies fully with AASB 6 and is cash flow neutral.

Exploration activities

A review of the Group's exploration activities in Namibia and Australia is set out on pages 7-14.

Capital raising activities

No capital was raised in the 2015 financial year.

INVESTMENTS IN LISTED AND UNLISTED ENTITIES

The Company's investments in listed entities decreased in value by $27,187 during the financial year as a result of a decrease in the share prices of investments.

As disclosed in a prior year's annual report IBML made a $300,000 investment in African Mining Capital Pty Ltd, an unlisted entity. This investment secured IBML the option to earn a 51% stake in the Epembe tantalum-niobium project in northern Namibia.

In the previous financial year IBML exercised its option to proceed with the first earn-in phase of the Epembe Joint Venture and invested $1.7 million which earned a 31% equity stake in Tandem JV Company Pty Ltd. This 31% equity is held by IBML's subsidiary Tandem Resources Pty Ltd. The Board of IBML resolved not to proceed to the earn-in phase two of the Epembe project and this investment in the Epembe Joint Venture was impaired in the financials of the Group in the previous financial year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are currently three pending court actions delaying the Company's wholly-owned subsidiary, Craton Mining and Exploration (Pty) Ltd ('Craton'), from developing the Omitiomire Phase 1 project in Namibia. Details of these matters are discussed in the Review of Operations.

While our legal advisors believe that these matters will be satisfactorily resolved in the interests of the Company, the timetable to resolve them is uncertain. As a consequence, the timing of the proposed development of the Phase 1 Omitiomire oxide copper project will be significantly delayed.

These factors, in the presence of lower copper prices, have resulted in IBML instituting Group wide cost reductions. While the exploration spends have been reduced, the Company remains alert to identifying other near term cash flow generating opportunities and has undertaken other work on the Omitiomire project.

In the opinion of the Directors, apart from the above, there were no other significant changes in the state of affairs of the consolidated entity that occurred during the period not otherwise disclosed.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Additional comments on likely and expected results of operations of the Group are included in this annual report under the 'Review of Operations' on pages 6-14.

AFTER BALANCE DATE EVENTS

EGM

An EGM was held on 14 August 2014 at the request of Shareholders holding at least 5% of the votes to put before the Shareholders the resolutions that the Company be wound up by way of members' voluntary liquidation and that if approved a liquidator be appointed. Both resolutions were not carried.

Shareholders at the EGM also approved a termination payment to the previous Managing Director Mr Frank Bethune of $284,392.

There are no other matters or circumstances that have arisen since the end of the financial year which has significantly affected or which may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Mining Licence (ML 183) Set Aside

ML 183 was granted to Craton by the Namibian Ministry of Mines and Energy (MME) on 8 October 2014, and is valid for 20 years from 22 September 2014.

On 16 February 2015, Craton was served with and cited in motion proceedings in the High Court of Namibia, brought by two neighbours of the farm Groot-Omitiomire, Messrs Hendry Derks and Drikus Swanepoel. The principal respondent under the motion proceedings is the MME, Craton being the third respondent. In substance, the applicants have asked the High Court of Namibia to review the decision of the Minister to award ML 183 to Craton.

The principal basis of the challenge is the applicants' interpretation of section 31 of the Environmental Management Act, 2007. Section 31 (1) of the Environmental Management Act, 2007, states that, despite any other law to the contrary, a "competent authority" may not issue an authorisation to engage in a so-called "listed activity" (such as mining) unless the proponent has obtained an environmental clearance certificate in terms of the Environmental Management Act, 2007.

The applicants assert that ML 183 is invalid because it was granted before the environmental clearance certificate was issued.

Craton lodged a notice to oppose the application. However, on 16 September 2015, the matter served before the Honourable Judge Parker who ordered that the decision to award Mining Licence 183 is set aside.

ENVIRONMENT REGULATIONS

The Consolidated Entity's operations are presently subject to environmental regulation under the laws of Australian state governments, the Commonwealth of Australia and Namibia. The Consolidated Entity is at all times in full environmental compliance with these laws and the conditions of its exploration licences.

Remuneration Report

Names and positions held by consolidated and parent entity key management personnel in office during the whole of since the end of the financial year and up to the date of this report were:-		
Mr Hugh Ian Thomas	Non-executive Chairman	Appointed Non-executive Director 11 May 2015 and Non-executive Chairman 26 June 2015)
Dr Kenneth John Maiden	Executive Director – Technical and Chief Geologist	
Mr Rui Liu	Non-executive Director	
Mr Alan John Humphris	Non-executive Director	Resigned 10 July 2015
Mr Jinhua Wang	Non-executive Director	
Mr Zhehong Luo	Non-executive Director	
Mr Qiang Chen	Alternate to Zhehong Luo	
Mr Frank Macdonald Bethune	Managing Director	Resigned 30 March 2015
Mr Aidong Yang	Alternate to Rui Liu and General Manager Technical	Appointed GM-Technical 1 March 2015
Dr John Zhao	Alternate to Mr Jinhua Wang	Resigned 17 September 2014)
Mr Xianwu Deng	Alternate to Mr Jinhua Wang	Appointed 26 November 2014
Mr Karl Hartmann	Acting Chief Executive Officer IBML Exploration Manager	Appointed Acting CEO 31 March 2015
Mr Jordan Guocheng Li,	General Manager Corporate Affairs	
Mr John Stone	Company Secretary	
Mr Barry F Neal	Chief Financial Officer	
Mr Avert André Genis	Chief Operating Officer, Craton Mining and Exploration (Pty) Ltd	Resigned 31 May 2015
Mrs Sigrid Hartmann	Company Secretary, Craton Mining and Exploration (Pty) Ltd	

REMUNERATION GOVERNANCE

The remuneration committee is a committee of the board. It is primarily responsible for making recommendations to the board on:

- the over-arching executive remuneration framework
- operation of the incentive plans which apply to executive directors and senior executives (the executive team), including key performance indicators and performance hurdles
- non-executive director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the company.

EXECUTIVE REMUNERATION POLICY AND FRAMEWORK

In determining executive remuneration, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the company to attract and retain key talent;
- aligned to the company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood, and
- acceptable to shareholders.

Key management personnel are entitled to participate in the employee share and option arrangements and to benefits at the discretion of the Board.

DETAILS OF REMUNERATION

The following benefits and payments represent the components of the current year and comparative year remuneration expenses for each member of KMP of the consolidated group. Such amounts have been calculated in accordance with Australian Accounting Standards.

Remuneration – key management personnel of the Group 2015

	Short-term benefits	Post-employment benefits	Share-based payments			
	Cash, salary and fees $	Super-annuation $	Equity $	Options $	Termination benefit $	Total $
***Executive* Directors**						
Mr Frank Bethune, Managing Director[1]	404,060	35,000	-	-	284,362	723,422
Dr Kenneth John Maiden, Interim Chairman	271,796	25,821	-	-	-	297,617
	675,856	**60,821**	**-**	**-**	284,362	**1,021,039**
Non-executive Directors						
Mr Zehong Luo	34,167	-	-	-	-	34,167
Mr Alan John Humphris	42,500	4,037	-	-	-	46,537
Mr Hugh Thomas[2]	8,387		-	-	-	8,387
	85,054	4,037				**89,091**
Other Key Management Personnel						
Mr Karl Hartmann, Acting CEO and Exploration Manager IBML[3]	278,339	-	-	-	-	278,339
Mr Aidong Yang, General Manager-Technical[4]	59,924	-	-	-	-	59,924
Mr John Stone, Company Secretary	48,404	-	-	-	-	48,404
Mr Barry F Neal, Chief Financial Officer[5]	54,973	-	-	-	-	54,973
Mr Jordan Guocheng Li, General Manager Corporate Affairs[5]	115,414	-	-	-	-	115,414
Mr Avert Andre Genis, COO[6]	180,907	-	-	-	-	180,907
Mrs Sigrid Hartmann, Company Secretary [7]	92,478	-	-	-	-	92,478
	830,439		-	-	-	**830,439**
Total Key Management Remuneration	**1,591,349**	**64,858**	-	-	**284,362**	**1,940,569**

1 Resigned as a Director 30 March 2015
2 Appointed 11 May 2015
3 Appointed acting CEO 30 March 2015
4 Appointed General Manager-Technical 1 March 2015
5 Includes fees paid to related parties of key management personnel
6 COO of controlled entity Craton Mining and Exploration (Pty) Ltd, resigned 31 May 2015.
7 Company Secretary of controlled entity Craton Mining and Exploration (Pty) Ltd
No cash or non-cash remuneration, including share based payments, were paid to Mr Jinhua Wang, Mr Qiang Chen, Mr Xianwu Deng and Dr John Zhao during the year ended 30 June 2015 (2014:Nil)

Remuneration – key management personnel of the Group 2014

	Short-term benefits	Post-employment benefits	Share-based payments			
	Cash, salary and fees $	Super-annuation $	Equity $	Options $	Termination benefits $	Total $
***Executive* Directors**						
Mr Frank Bethune, Managing Director	391,576	25,000	-	-	-	416,576
Dr Kenneth John Maiden, Interim Chairman	259,172	23,973	-	-	-	283,145
	650,748	**48,973**	**-**	**-**	**-**	**699,721**
Non-executive Directors						
Dr Alasdair James Macdonald, Chairman[1]	10,000	-	-	-	-	10,000
Mr Zehong Luo	30,000	-	-	-		30,000
Mr Alan John Humphris	36,300	3,237	-	-	-	39,537
	76,300	**3,237**	**-**	**-**	**-79,537**	
Other Key Management Personnel						
Mr John Stone, Company Secretary	44,595	-	-	-	-	44,595
Mr Barry F Neal, Chief Financial Officer[2]	52,858	-	-	-	-	52,858
Mr Jordan Guocheng Li, General Manager Corporate Affairs	84,267	7,795	-	-	-	92,062
Mr Karl Hartmann, Exploration Manager IBML [2]	235,705	-	-	-	-	235,705
Mr Avert Andre Genis, COO[3]	176,380	-	-	-	-	176,380
Mrs Sigrid Hartmann, Company Secretary [4]	84,182	-	-	-		84,182
	677,987	**7,795**	**-**	**-**	**-**	**685,782**
Total Key Management Remuneration	**1,405,035**	**60,005**	**-**	**-**	**-**	**1,465,040**

1 Resigned 1 October 2013

2 Includes fees paid to related parties of key management personnel
3 COO of controlled entity Craton Mining and Exploration (Pty) Ltd
4 Company Secretary of controlled entity Craton Mining and Exploration (Pty) Ltd
No cash or non-cash remuneration, including share based payments, was paid to Mr Jinhua Wang, Mr Qiang Chen, Mt Aidong Yang and Dr John Zhao during the year ended 30 June 2014 (2013:Nil)

SERVICE CONTRACTS

Remuneration and other terms of employment for Key Management Personnel of the Company and its fully owned subsidiary Craton Mining and Exploration (Pty) Ltd, are formalised in service agreements. The major provisions of the agreements are set out below:-

Name	Term of agreement	Base fees	Termination Benefit
Mr Frank Macdonald Bethune, Managing Director	From 3 August 2010. Resigned as MD on 30 March 2015 but remains as an employee on leave until 31 July 2015	Current salary $405,808 per annum plus superannuation	12 months' salary and superannuation plus leave entitlements
Dr Kenneth John Maiden, Executive Director and Chief Geologist	From 1 February 2014 ongoing	Effective from 1 July 2014 the Board on the recommendation of the Remuneration Committee increased Ken's salary to $248,062.50 p.a. plus statutory superannuation. While acting Chairman $24,000 p.a.	Three month's salary and superannuation plus leave entitlements.
Barry F. Neal, CFO	Contract 1 September 2015 expiring on 1 January 2016	A consulting fee of $130 p.h. plus GST	-
John Stone, Company Secretary	Contract 11 October 2015 expiring on 31 January 2016	A consulting fee of $68 p.h. plus GST	-
Jordan (Guocheng) Li, General Manager Corporate Affairs	Contract as from 1 July 2014 ongoing	$104,378 p.a. plus GST.	Agreement may be terminated by three months' notice by either party.
Mr Karl Hartmann, Acting CEO and IBML Exploration Manager	Consulting contract from 1 February 2015 and expiring on 31 January 2016	A consulting fee of US$228,808 per annum plus applicable VAT. Subject to rates review at the same time as Craton employee salaries are reviewed.	Agreement may be terminated by three months' notice by either party. No termination payments apply.

OTHER EXECUTIVES (STANDARD CONTRACTS)

The Company may terminate the executive's employment agreement by providing four weeks written notice or providing payment in lieu of the notice period (based on the fixed component of the executive's remuneration). The Company may terminate the contract at any time without notice if serious misconduct has occurred.

Shareholdings of key management personnel

2015	Balance at start of the year	Received during the year as share based payments	Other changes during the year	Balance at the end of the year
Frank Bethune	375,000	-	(375,000)	-
Dr Kenneth Maiden, Executive Director	10,613,001	-	-	10,613,001
Alan Humphris	275,000	-	-	275,000
John Stone	828,125	-	1,000,000	1,828,125
Jordan Guocheng Li	300,000		500,000	800,000
Karl Hartmann	1,862,179	-	-	1,862,179
Sigrid Hartmann	280,146	-	-	280,146
	14,533,451	-	**1,125,000**	**15,658,451**

2014	Balance at start of the year	Received during the year as share based payments	Other changes during the year	Balance at the end of the year
Dr James Macdonald, Chairman	795,409	-	(795,409)	-
Frank Bethune	375,000	-		375,000
Dr Kenneth Maiden, Executive Director	10,613,001	-	-	10,613,001
Alan Humphris	275,000	-	-	275,000
John Stone	828,125	-	-	828,125
Jordan Guocheng Li	-	-	300,000	300,000
Karl Hartmann	1,862,179	-	-	1,862,179
Sigrid Hartmann	280,146	-	-	280,146
	15,028,860	-	(495,409)	14,533,451

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

Options may be issued to Directors and Company Executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to all Directors and executives of the Company to increase goal congruence among Directors, executives and shareholders. Options are granted for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. No options were issued as remuneration during the reporting period.

The number of share options in the Company held at the end of the financial year by each Director of International Base Metals Limited and other key management personnel of the Group, including their personally related parties are set out below.

SHARES ISSUED ON EXERCISE OF REMUNERATION OPTIONS

No shares were issued to key management personnel during the year or since the end of the year up to the date of this report, as a result of the exercise of remuneration options.

LAPSE OF REMUNERATION OPTIONS

At the 30 June 2015 there were no KMP unexpired remuneration options on issue (2014:Nil).

2014 Key management option holding

	Balance at start of the year	Received during the year as share based payments	Other changes**	Balance at the end of the year	Vested and exercisable
Dr James Macdonald	1,500,000	-	(1,500,000)		-

*Expired options and options cancelled on resignation

END OF REMUNERATION REPORT

INDEMNIFYING AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the end of the previous financial year, the Company has given an indemnity or entered into an agreement to indemnity, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure all of the Directors of the Company as named above, the Company Secretary Mr John Stone, and all executive officers of the Company against any liability incurred as such by Directors, the Company Secretary and executive officers to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The company may decide to employ the Auditor on assignments additional to their statutory audit duties where the Auditor's expertise and experience with the company and/or the group are important.

No such services were provided to the Company during the reporting period.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and is set out on page 35 of the financial report.

Signed in accordance with a resolution of the Board of Directors

Hugh Thomas
Chairman

Sydney, 25 September 2015

Auditor's Independence Declaration

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF INTERNATIONAL BASE METALS LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of International Base Metals Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Ian Kemp

I S Kemp
Partner - Audit & Assurance

Sydney, 25 September 2015

Grant Thornton

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

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F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF INTERNATIONAL BASE METALS LIMITED

Report on the financial report

We have audited the accompanying financial report of International Base Metals Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of International Base Metals Limited is in accordance with the Corporations Act 2001, including:

 i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

 ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

I S Kemp
Partner - Audit & Assurance

Sydney, 25 September 2015

Directors' Declaration

In the opinion of the Directors of International Base Metals Limited:

1. The consolidated financial statements and notes of International Base Metals Limited are in accordance with the Corporations Act 2001, including:

   (a) Giving a true and fair view of it financial positon as at 30 June 2015 and of its performance for the financial year ended on that date; and

   (b) Complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

2. There are reasonable grounds to believe that International Base Metals Limited will be able to pay its debts as and when they become due and payable.

3. The consolidated financial statements comply with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of Directors:

Hugh Thomas
Chairman

25 September 2015

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2015

	Note	30 June 2015 $	30 June 2014 $
Revenue	**4**	819,384	1,242,990
Other income	**5**	7,164	10,619
Expenditure			
Administrative expenses		(972,256)	(950,489)
Exploration expenditure		(3,305,809)	(2,601,653)
Depreciation and amortisation expense	**6**	(87,716)	(53,136)
Consultants' expense		(127,979)	(16,694)
Financial and legal costs		(99,195)	(68,115)
Occupancy expenses		(81,729)	(35,615)
Contribution to the Craton Foundation		(31,159)	(29,549)
Employee benefits expense		(1,798,242)	(1,407,612)
Impairment of investments		(27,187)	(2,366,506)
Loss before income tax	**6**	**(5,704,724)**	**(6,275,760)**
Income tax	**7**	(27,203)	-
Loss for the year		**(5,731,927)**	**(6,275,760)**
Other Comprehensive Income			
The items listed in Other Comprehensive Income may recycle subsequently to profit or loss:			
Changes in the fair value of available-for-sale financial assets		-	339,318
Exchange differences on translation of foreign operations	**16**	102,862	(62,666)
Total Other Comprehensive Income		102,862	**276,652**
Total Comprehensive (loss) for the year		**(5,629,065)**	**(5,999,108)**
Basic and diluted loss per Share (cents)	**27**	(1.05)	(1.15)

The accompanying notes form part of the financial statements

Consolidated Statement of Financial Position

As at 30 June 2015

	Note	30 June 2015 $	30 June 2014 $
Current Assets			
Cash and cash equivalents	**8**	19,130,643	24,264,820
Trade and other receivables	**9**	221,110	412,757
Total Current Assets		**19,351,753**	**24,677,577**
Non-current Assets			
Available-for-sale financial assets	**10**	40,782	67,969
Plant and equipment	**11**	230,236	290,630
Total Non-current Assets		**271,018**	**658,599**
Total Assets		**19,622,771**	**25,036,176**
Current Liabilities			
Trade and other payables	**12**	588,239	396,759
Short-term provisions	**13**	171,046	146,866
Total current liabilities		**759,285**	**543,625**
Total Liabilities		**759,285**	543,625
Net Assets		**18,863,486**	**24,492,551**
Equity			
Issued capital	**14**	67,707,532	67,707,532
Reserves	**15(a)**	(1,223,320)	(1,326,182)
Accumulated losses	**15(b)**	(47,620,726)	(41,888,799)
Total Equity		**18,863,486**	**24,492,551**

The accompanying notes form part of the financial statements

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2015

Consolidated Group

	Share Capital $	Accumulated Losses $	Foreign Exchange Transaction Reserve $	Total Equity $
Balance at 1 July 2013	**67,707,532**	**(36,259,063)**	**(956,810)**	**30,491,659**
Loss for the year	-	**(6,275,760)**	**-**	**(6,275,760)**
Other comprehensive income	-	**-**	**276,652**	**276,652**
Total comprehensive (loss)/income for the year	-	**(6,275,760)**	**276,652**	**(5,999,108)**
Transactions with owners in their capacity as owners				
Transfer of expired options to retained earnings	-	646,024	(646,024)	-
Balance at 30 June 2014	**67,707,532**	**(41,888,799)**	**(1,326,182)**	**24,492,551**
Balance at 1 July 2014	**67,707,532**	**(41,888,799)**	**(1,326,182)**	**24,492,551**
Loss for the year	-	(5,731,927)	-	(5,731,927)
Other comprehensive income	-	-	102,862	102,862
Total comprehensive (loss)/income for the year	-	(5,731,927)	102,862	(5,629,065)
Balance at 30 June 2015	**67,707,532**	**(47,620,726)**	**(1,223,320)**	**18,863,486**

The accompanying notes form part of the financial statements

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2015

	Note	30 June 2015 $	30 June 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers inclusive of GST collected on sales		14,427	219,844
JV funds received (paid)/received		(4,800)	4,800
Payments to suppliers and employees		(2656,260)	(3,221,771)
Payments for exploration expenditure		(3,305,809)	(2,493,612)
Interest received		822,736	977,723
Net cash (outflow) from operating activities	**25**	**(5,129,706)**	**(4,513,016)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(14,041)	(230,607)
Proceeds from the sale of plant and equipment		9,570	10,619
Payment for purchase of interest in joint venture		-	(1,700,000)
Net cash (outflow)/ inflow from investing activities		**(4,471)**	**(1,919,988)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net inflow from financing activities		**-**	**-**
Net (decrease) in cash held		(5,134,177)	(6,433,004)
Cash at the beginning of the financial year		24,264,820	30,697,824
Cash at the end of the financial year	**8**	**19,130,643**	**24,264,820**

The accompanying notes form part of the financial statements

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent International Base Metals Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 23.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(b) New and Amended Accounting Policies Adopted by the Group

Consolidated financial statements

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2014:

(i) AASB 2014-1: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Group's financial statements.

(ii) Interpretation 21: Levies (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Group's financial statements.

(iii) AASB 2013–3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: **Impairment of Assets** pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group's financial statements.

(iv) AASB 2013–4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013–4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Group does not hedge and the standard is not expected to significantly impact the Group's financial statements.

(vi) AASB 2013–5: Amendments to Australian Accounting Standards – Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013–5 amends AASB 10: Consolidated Financial Statements to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the Group's financial statements.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(c) Financial report prepared on a going concern basis

The financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and at the amounts stated in the financial report.

The net loss after income tax for the consolidated entity for the year ended 30 June 2015 was $5,731,927 (2014: $6,275,760).

The Directors nevertheless believe that it is appropriate to prepare the financial report on a going concern basis because:-

- ***(i)*** the Group had $19,130,643 (2014: $24,264,820) cash on hand at 30 June 2015;
- ***(ii)*** the Company is expected to require additional funds for the development of an oxide copper mining operation at the Omitiomire project and for working capital purposes including resource drilling and additional drilling on other targets. To fund this expenditure the Board is planning capital raising and other fund raising as required.

(d) Investments in Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost.

(e) Interests in Joint Arrangements

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. International Base Metals Limited has a joint venture.

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of International Base Metals Limited.

Changes in ownership interests

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of International Base Metals Limited.

(g) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is International Base Metals Limited's functional and presentation currency.

(ii) Transactions and balance

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

(h) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

All Australian revenue is stated net of the amount of goods and services tax (GST) and Namibian revenue net of VAT.

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(i) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted at the end of the reporting period based on the applicable income tax rates for each jurisdiction where the Company and its subsidiaries operate and generate income.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

International Base Metals Limited and its wholly owned Australian controlled entities have not implemented the tax consolidation legislation.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary difference can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

(j) Exploration and development expenditure

All exploration, evaluation and development expenditure on all the Company's exploration tenements is expensed as incurred with the exception of exploration on the Epembe JV which has been capitalised as an investment in the Tandem JV Company Pty Ltd (Refer Note 23(b). Directors believe this treatment where expenditure is expensed rather than capitalised is more relevant with understanding the Company's financial position, complies fully with AASB 6 and is cash flow neutral.

(k) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of twelve months or less, and bank overdrafts. Bank overdrafts are shown with short-term borrowings in current liabilities.

(m) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(n) Investments and other financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loan to subsidiaries are classified as non-current receivables.

Available-for-sale financial assets

The Group classifies its investments as available-for-sale assets, which comprise of marketable securities. They are included in non-current assets unless management intends to dispose of the investments within twelve months of the end of the reporting period.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Such investments are stated at fair value, with any resultant gain or loss recognised directly in Other Comprehensive Income. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

The fair value of financial instruments classified as available-for-sale is the quoted bid price at the balance date.

Financial instruments classified as available-for-sale investments are recognised/derecognised by the entity on the date it commits to purchase/sell the investments.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired, in the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

(o) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

At each reporting date, the group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value is use is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

Depreciation

Land and buildings are recognised at fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. A revaluation surplus is credited to other reserves in shareholders' equity. All other property, plant and equipment is recognised at historical cost less depreciation.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Office equipment	4 years
Furniture & fitting	5 years
Plant and Equipment	5 years
Motor vehicles	4 years
Computer equipment	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These gains and losses are recognised in profit or loss. When re-valued assets are sold, amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(q) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the reporting date.

(r) Operating Leases

Lease payments for operating leases, where substantially all the risks remain with the lessor, are charged as expenses in the periods in which they are incurred.

(s) Borrowing

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed as a liability when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(v) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(x) Goods and services tax and VAT

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) or value added tax (VAT), except, where the amount of GST incurred is not recoverable from the Australian Tax Office or VAT is not recoverable from the Namibian Tax Office. In these circumstances the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are shown inclusive of GST/VAT. The net amount of GST/VAT recoverable from, or payable to, the taxation authorities is included with other receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis except for the GST/VAT component of cash flows arising from investing and financing activities which are disclosed as operating cash flows.

(y) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates – Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Impairment of other receivables

The Directors have reviewed outstanding debtors as at 30 June 2014 and have formed the opinion that not all debtors outstanding are collectible and have therefore decided that a provision for impairment of other receivables should be made in the accounts of the parent of $8,229,198 being debts owing by subsidiaries to the parent entity. Refer to Note 17(b).

Impairment of investment in JV

In the previous financial year the Directors reviewed the 31% equity investment in Tandem JV Company Pty Ltd and the investment of $300,000 in African Mining Capital Pty Ltd (AMC) and formed the opinion that these investments have a nil fair value based on exploration results and available information on these assets and that consequently a provision for impairment of the investment of $2 million should be made. This has been confirmed by Directors at 30 June 2015.

Impairment of available-for-sale financial assets

The Directors have reviewed the fair value of the group's available-for-sale financial assets at balance date. This asset has fallen below fair value at 30 June 2014 as per the closing price of the securities on the ASX and accordingly the decline in fair value of $27,187 has been recognised in profit or loss.

Key judgements – Income tax

The Group principal activity at this stage of its development is mineral exploration without an income stream. The Group has therefore decided not to recognise deferred tax assets relating to carried forward tax loses to the extent that there are insufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. Refer Note 7(c).

Key judgements – exploration expenses

The Directors have elected to expense rather than capitalise all expenditure on exploration, evaluation and development on all the Company's exploration as it is incurred with the exception of exploration on the Epembe JV which has been capitalised n the previous reporting period as an investment in the Tandem JV Company Pty Ltd (Refer Note 23(c)). Directors believe this treatment when expenditure is expensed rather than capitalised is more relevant with understanding the Company's financial position, complies fully with AASB 6 and is cash flow neutral. Refer Note 1(j).

(z) Parent entity financial information

The financial information for the parent entity, International Base Metals Limited, disclosed in Note 16 has been prepared on the same basis as the consolidated financial statements, except as set out below,

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of International Base Metals Limited less any accumulated impairment.

The carrying value of the investments in subsidiaries is assessed for impairment at each year end. Where impairment is identified, the impairment expenses is recognised in profit or loss for the year.

(aa) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The group's assessment of the impact of these new standards when adopted in future periods are discussed below:

(i) AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.
The key changes made to the Standard include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. The Group does not hedge and the new standard will have no impact.

(ii) AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The directors anticipate that the adoption of AASB 15 will have no impact on the Group's financial statements.

NOTE 2: FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

Risk management is carried out by management under policies approved by the Board of Directors. The Group's overall risk management strategy is to ensure that financial targets are met, while minimising potential adverse effects on financial performance relating to current and future cash flow requirements.

The Group's financial instruments consist mainly of deposit with banks, accounts receivable, investments, and trade and other payables.

The total for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated Group	
	2015	**2014**
	$	**$**
Financial Assets		
Cash and cash equivalents	19,130,643	24,264,820
Trade and other receivables	221,110	412,757
Available-for-sale financial assets	40,782	67,969
	19,392,535	24,745,546
Financial liabilities		
Trade and other payables	588,239	396,759

Market Risk

(i) Foreign exchange risk

Notes to the Financial Statements

NOTE 2: FINANCIAL RISK MANAGEMENT

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposure with respect to the Namibia dollar (N$).

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Namibian dollars, was as follows:-

	30 June 15 N$	30 June 14 N$
Cash at bank	41,785,965	2,741,887
Other receivables	800,243	2,720,664
Payables	(527,413)	(1,646,995)
	42,058,795	**3,815,556**

Group sensitivity

Based on the financial instruments held at 30 June 2015, had the Australian dollar weakened/strengthened by 10% against the Namibian dollar (N$) with all other variables held constant, the Group's net profit before tax would have been $497,208 higher/$406,814 lower (2014: $42,548 higher/$34,812 lower than the previous year.

(ii) Price risk-security prices

The Group is exposed to equity security price risk. This arises from investments held by the Group and classified as available-for-sale financial assets representing shares held in two listed companies and one unlisted company. The Group is not exposed to commodity price risk.

The Group's investments in listed equity securities are in listed mining companies which were floated by International Base Metals Ltd.

Price risk sensitivity

The analysis of the available for sale assets (investments in equity securities) is based upon the change in the S&P/ASX Metals and Mining Index which has decreased by 3.67% (2014: decreased 15.26%) over the financial year

	Impact on other components of equity	
	2015	2014
S&P/ASX Metals and Mining Index – decrease 3.67% (2014: increase 15.26%)	24,694	41,706

(iii) Interest rate risk

As the Group does not at the end of the reporting period have any external debt and all its liabilities are non-interest bearing, the effect on profit and equity as a result of change in the interest rate, with all other variables remaining constant is not material.

Receivables are carried at amortised cost and are therefore not subject to interest rate risk as defined in AASB 7.

The Group's interest rate risk arises from cash equivalents with variable interest rates. The average interest rate applicable during the reporting period 1.85% (2014:2.4%).

Group sensitivity

At 30 June 2015 if interest rates had increased/decreased by 50 basis points from the year end rates with all other variables held constant, the Group's net profit before tax would have been $4,034 higher/lower (2014: $5,156 higher/ lower as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from other third parties, investments, banks and financial institutions.

Investments, banks and financial institutions

The Group limits its exposure to credit risk by only limiting transactions with high credit quality financial institutions that have an external credit rating, set down by Standard and Poors (S&P), of at least AA- and BBB+ category for long term investing and at least a short term rating of A-1 and A-1+, excluding available-for-sale financial assets. With respect to investments, it limits its exposure by investing in liquid investments that are principally exchange traded.

Notes to the Financial Statements

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

Trade and other receivables

As the Group operates in the mining exploration sector, the group and parent generally does not have trade receivables but does receive service fees charged for supply of services and facilities to a related entity. The Group also receives refunds for VAT and GST (all of which are not subject to AASB 7 disclosures). The Group is therefore not generally exposed to credit risk in relation to trade receivables. The Group however provides security deposits as part of its exploration activities which does expose the Group to credit risk in this area but which is not material.

Financial assets past due but not impaired

As the Group and Parent Entity are only involved in mineral exploration and are not trading, there are no financial assets past due and there is no management of credit risk through performing an aging analysis as required by AASB 7. For this reason an ageing analysis has not been disclosed in relation to this class of financial instrument.

Financial assets neither past due nor impaired

The Group and Company credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or past history:

	Carrying amount Consolidated	
	2015	**2014**
	$	**$**
Cash and cash equivalents		
AA- Standard & Poor's, Moody's Aa2	7,782,838	10,521,541
A+ Standard & Poor's, Moody's A+	5,674,449	10,351,189
Moody's Baa3	4,445,066	274,137
BBB+ Fitch rating	944	1,040
Aa2 Standard & Poor's, Moody's AA-	1,227,346	3,116,913
	19,130,643	24,264,820
Trade receivables		
Counterparts without external credit rating		
Group 1*	88,546	105,451
	88,546	105,451

* Service clients (more than 6 months) with no defaults in the past

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational and financing activities;
- ensuring that adequate capital raising activities are undertaken;
- maintaining a reputable credit profile; and
- investing surplus cash only with major financial institutions.

The Group has no long term financial liabilities and has used capital raising rather than borrowings to balance cash flow requirements.

The following tables reflect undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

As at 30 June 2015	Less than 1 Year $	1 to 5 Years $	More than 5 Years $	Total contractual cash flows $	Carrying Value $
Trade and other payables	588,239	-	-	588,239	588,239
Total financial liabilities	588,239	-	-	588,239	588,239

As at 30 June 2014	Less than 1 Year $	1 to 5 Years $	More than 5 Years $	Total contractual cash flows $	Carrying Value $
Trade and other payables	396,759	-	-	396,759	396,759
Total financial liabilities	396,759	-	-	396,759	396,759

Notes to the Financial Statements

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

(d) Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. term receivables, held-to-maturity assets and loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group

		2015		2014	
	Footnote	Carrying Value $	Net Fair Value $	Carrying Value $	Net Fair Value $
Financial assets					
Cash and cash equivalents	(i)	19,130,643	19,130,643	24,264,820	24,264,820
Trade and other receivables	(i)	221,110	221,110	412,757	412,757
Available-for-sale financial assets at fair value:					
- listed investments	(ii)	40,782	40,782	67,969	67,969
- Unlisted investments	(iii)	-	-	-	-
Total Financial assets		19,392,535	19,392,535	24,745,546	24,745,546
Financial liabilities					
Trade and other payables	(i)	588,239	588,239	396,759	396,759
Total Financial liabilities		588,239	588,239	396,761	396,761

(i) Cash and cash equivalents, trade and other receivables, other current assets, security deposits and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

(ii) For listed available-for-sale assets, closing quoted bid prices at the end of the reporting period are used.

(iii) For unlisted investment valued at cost which equates to fair value

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Consolidated 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Available-for-sale financial assets:				
- Listed investments	40,782	-	-	40,782
- Unlisted investments	-	-	-	-
	40,782	-	-	40,782

Notes to the Financial Statements

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

Consolidated 2014	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Available-for-sale financial assets:				
- Listed investments	67,969	-	-	67,969
- Unlisted investments	-	-	-	-
	67,969	-	-	67,969

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

Included in Level 3 of the hierarchy is an unlisted investment. The fair value of this financial asset has been based on cost being the fair value of this investment at reporting date.

NOTE 3: SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The Board considers the business from both exploration and a geographic perspective and has identified two reportable segments.

International Base Metals Limited and its controlled entity are involved in mineral exploration without an income stream at this stage. Cash flow including the raising of capital to fund exploration is presently therefore the main focus rather than profit.

The two reportable segments are Australia and Namibia which also equate to the geographic location.

(b) Segment performance

	2015 Australia $	2015 Namibia $	2015 Total $	2014 Australia $	2014 Namibia $	2014 Total $
REVENUE						
External services	6,179	6,223	12,402	18,072	193,678	211,750
Other revenue (including finance revenue)	2,018,993	212,483	2,231,476	2,060,722	25,809	2,086,531
Total segment revenue	2,025,172	218,706	2,243,878	2,078,794	219,487	2,298,281
Reconciliation of segment revenue to group revenue						
Inter-segment elimination**	(1,417,330)	-	(1,417,330)	(1,044,672)	-	(1,044,672)
Total group revenue and income	607,842	218,706	826,548	1,034,122	219,487	1,253,609

* No revenue by product disclosed as the Group is involved solely in mineral exploration and does not sell a product.

** Represents interest charged by Australia to Namibia.

MAJOR CUSTOMERS

Australian revenue from external sales of $6,179 (2014: $18,072) was for service fees from a single customer and other Australian revenue was interest earned and other revenue. Namibian revenue $218,705 (2014: $219,487) in the reporting period was for project management fees and other revenue was interest earned.

NET (LOSS) BEFORE TAX

	2015 Australia $	2015 Namibia $	2015 Total $	2014 Australia $	2014 Namibia $	2014 Total $
Net (loss) Before Tax *	(8,816,687)	(5,246,069)	(14,362,756)	(4,838101)	(3,989,737)	(8,827,938)
Reconciliation of segment net loss before tax to group net loss before tax						
Inter-segment eliminations	6,913,499	1,417,330	8,630,829	1,507,406	1,044,672	2,552,078
Operating Net Loss before tax	**(1,903,188)**	**(3,828,7390)**	**(5,731,927)**	**(3,330,695)**	**(2,945,065)**	**(6,275,760)**

* Australian net loss includes $ 296,361 on exploration expenditure on Australian tenements, exploration expenditure on Namibian tenements $3,006,692, impairment charges, and an exchange loss by Australia on a loan to Namibia; and interest expense by Namibia on loan from Australia.

Notes to the Financial Statements

NOTE 3: SEGMENT INFORMATION (continued)

(c) Segment assets

	Australia $	2015 Namibia $	Total $	Australia $	2014 Namibia $	Total $
Segment assets current*	14,819,402	4,534,505	19,353,907	24,129,243	548,334	24,677,577
Segment assets non-current**	11,554,436	217,056	12,971,492	10,657,553	281,529	10,939,082
Inter-segment eliminations***	(11,500,463)	(2,165)	(12,702,628)	(10,580,473)	(10)	(10,580,483)
Total group assets	14,873,375	4,749,396	19,622,771	24,206,323	829,853	25,036,176

* Australian current assets are cash and receivables; Namibian current assets are cash, receivables and prepayments.

** Australian non-current assets include investment in subsidiaries, investments in other listed entities, and office plant and equipment.

*** Represents investment in Namibia by Australia, and investment by Namibia in a subsidiary.

Eliminations in segment assets include loans from the Parent to the controlled entities of $27,676,741 (2014:$17,747,474) which has been contrared against the impairment of these loans.

(d) Segment liabilities

	Australia $	2015 Namibia $	Total $	Australia $	2014 Namibia $	Total $
Segment liabilities*	4,719,412	23,711,200	28,430,612	4,316,412	15,674,689	19,991,101
Reconciliation of segment liabilities to group liabilities						
Inter-segment eliminations**	(4,035,634)	(23,635,693)	(27,671,327)	(3,962,802)	(15,484,674)	(19,447,476)
Total group liabilities	**683,778**	**75,507**	**759,285**	**353,610**	**190,015**	**543,625**

* Australian liabilities include payables and loans extended to subsidiaries

** Eliminations in segment liabilities include loans from the Parent to the controlled entities of $19,447,474 (2014:$18,414,255).

NOTE 4: REVENUE

	Consolidated Group 2015 $	2014 $
From continuing operations		
Service revenue		
Technical service fee	6,179	18,072
Project management fee	6,223	143,091
Rental income - equipment		50,587
	12,402	211,750
Other revenue		
Interest received	806,959	1,031,240
Other revenue	23	-
	806,982	1,031,240
TOTAL REVENUE	819,384	1,242,990

NOTE 5: OTHER INCOME

	Consolidated Group 2015 $	2014 $
Net gain on disposal of plant and equipment	7,164	10,619

Notes to the Financial Statements

NOTE 6: EXPENSES

	Consolidated Group 2015 $	2014 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Office equipment	2,458	1,783
Furniture & fitting	2,045	1,086
Plant and Equipment	24,329	19,241
Computer software and equipment	30,259	12,577
Motor vehicles	38,624	18,449
Total Deprecation	87,716	53,136
Impairment of investment in joint venture	-	2,000,000
Total rental expense relating to operating leases	81,729	35,615

NOTE 7: INCOME TAX

		Consolidated Group 2015 $	2014 $
(a)	**Income tax expense**		
	Current tax	(158,153)	(24,736)
	Deferred tax	-	-
	Deferred tax assets not recognised	185,356	24,736
		27,203	-
(b)	**Numerical reconciliation of income tax expense to prima facie tax payable**		
	The prima facie tax on (loss) before income tax is reconciled to the income tax as follows		
	Prima facie tax payable on profit/(loss) before income tax at applicable rates:	(1,711,417)	(1,882,728)
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
	- Exploration expenditure incurred – Namibia (Note 7c below)	1,990,005	1,496,151
	- Other allowable items	(54,905)	(64,415)
	- Provisions and accruals	17,300	725,486
	- Non-mining fixed assets disposal in Namibia	(3,587)	-
	Difference in overseas tax rates	(395,549)	(299,230)
	Tax losses not recognised	185,356	24,736
	Income tax expense	27,203	-
(c)	**Unrecognised temporary differences**		
	Deferred tax assets (at 30%) – Australian entities		
	Carry forward tax losses	3,769,268	3,583,913
	Temporary differences	743,756	791,247
		4,513,024	4,375,160

There is no tax impact of the revaluation of available-for-sale financial assets because no deferred tax has been recognised for this taxable temporary difference (refer Note (c) above)

With respect to Craton, a Namibian incorporated entity, which is subject to Namibian tax legislation exploration, expenditure is not deductible until the entity reaches the production stage, as such no tax losses are currently available. When Craton enters the production stage, it should have approx $30,241,184 (2014: $28,656,230) of accumulated exploration expenditure to utilise.

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank and in hand	19,130,643	26,264,820
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to cash at the end of the financial year as follows:		
Cash at bank and in hand	19,130,643	26,264,820

Interest rate exposure

The Group and the parent entity's exposure to interest rate risk is disclosed in Note 2.

Notes to the Financial Statements

NOTE 9: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2015	2014
	$	$
Trade receivable	88,546	105,451
Other receivables	25	10,968
Deposits paid	376	171,041
VAT/GST refund due	13,218	114,611
Prepayments	118,945	10,686
Total Trade and other receivables	**221,110**	**412,757**

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

NOTE 10: NON-CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSETS

Shares in listed entities at fair value	40,782	67,969
Shares in unlisted entities at cost and fair value*	300,000	300,000
Less provison for impairment	(300,000)	(300,000)
	40,782	67,969

* On 12 September 2012 an Investment and Farm-in Agreement was signed with African Mining Capital Pty Limited to investment in the company and IBML has made a $300,000 investment in African Mining Capital Pty Ltd., an unlisted entity. This investment secured IBML the option to earn a 51% stake in the Epembe tantalum-niobium (Ta-Nb) project in northern Namibia. (Note 23(b)). The Directors resolved at 30 June 2014 that a provision for impairment should be made for this investment.

The total expenditure of $1.56 million on the Epembe JV was converted to equity in Epembe JV Company Pty Ltd on 8 April 2014.

Fair value

Shares in listed entities have been valued at market value based on closing bid price on 30 June 2015 resulting in a decrease in the Available-for-sale investments fair value of $27,187 (2014: $327,188 decrease).

Shares in an unlisted entity are at cost less accumulated impairment which equals the approximate fair value or an impaired value.

Classification

Shares in listed entities have been classified as 'Non-Current Available-for-sale Financial Assets' as they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

NOTE 11: NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	Office Equipment	Furniture & Fittings	Plant & Equipment	Motor Vehicles	Computer Equipment	Total
	$	$	$	$	$	$
Year ended 30 June 2014						
Opening Net book value	4,349	1,326	43,662	64,692	13,879	127,908
Additions	724	7,025	60,793	99,868	62,197	230,607
Disposal	-	-	(553)	(4,633)	-	(5,186)
Foreign exchange loss on conversion	(155)	(78)	(3,306)	(5,351)	(673)	(9,563)
Depreciation charge	(1,783)	(1,086)	(19,241)	(18,449)	(12,577)	(53,136)
Closing Net book value	**3,135**	**7,187**	**81,355**	**136,127**	**62,826**	**290,630**
At 30 June 2014						
Cost or fair value	6,143	8,705	129,370	165,286	85,277	394,781
Accumulated depreciation	(3,008)	(1,518)	(48,015)	(29,159)	(22,451)	(104,151)
Net book value	**3,135**	**7,187**	**81,355**	**136,127**	**62,826**	**290,630**

Notes to the Financial Statements

NOTE 11: NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	Office Equipment $	Furniture & Fittings $	Plant & Equipment $	Motor Vehicles $	Computer & Software $	Total $
Year ended 30 June 2015						
Opening Net book value	**3,135**	**7,187**	**81,355**	**136,127**	**62,826**	**290,630**
Additions	-	-	9,260	-	4,781	14,041
Disposal	-	-	-	(2,406)	-	(2,406)
Foreign exchange loss on conversion	63	401	4,525	7,603	3,094	15,686
Depreciation charge	(2,458)	(2,045)	(24,329)	(38,624)	(20,259)	(87,715)
Closing Net book value	**740**	**5,543**	**70,811**	**102,700**	**50,442**	**230,236**
At 30 June 2014						
Cost or fair value	6,289	9,229	146,413	157,188	94,444	413,563
Accumulated depreciation	(5,549)	(3,686)	(75,602)	(54,488)	(44,002)	(183,327)
Net book value	**740**	**5,543**	**70,811**	**102,700**	**50,442**	**230,236**

NOTE 12: CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated Group 2015 $	2014 $
Trade payables	93.628	201,727
Sundry payable and accrued expenses	494,611	195,032
	588,239	396,759

NOTE 13: CURRENT LIABILITIES – SHORT TERM PROVISIONS

	Consolidated Group 2015 $	2014 $
Employee benefits	171,046	146,866

NOTE 14: ISSUED CAPITAL

	2015 No of Shares	2014 No of Shares	2015 $	2014 $
Fully paid ordinary shares 544,158,541 (FY2014:544,158,541)	544,158,541	544,158,541	67,707,532	67,707,532

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(a) Movements in ordinary share capital

Date	Details	No of shares	Issue price	$
1 July 2013	Balance	544,158,540	-	67,707,531
09 October 2013	Conversion of a preference share to an ordinary share	1	1.00	1
30 June 2014 and 2015	Balance	544,158,541		67,707,532

(b) Options

No options were issued during the financial year. There are no unexpired options on issue (2014:nil).

(c) Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

All ordinary shares issued are fully paid up.

Notes to the Financial Statements

NOTE 14: ISSUED CAPITAL (continued)

(d) Capital risk management

The Group and the parent entity's objective when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or seek debt to fund operations.

The Group and the parent entity continually monitor capital on the basis of budgeted expenditure. The Group had no long-term debt at balance date.

NOTE 15: RESERVES AND ACCUMULATED LOSSES

(a) Reserves

	Consolidated 2015 $	2014 $
Foreign currency translation reserve	(1,223,320)	(1,326,182)
	(1,223,320)	(1,326,182)
Movements		
Available-for-sale investments revaluation reserve		
Balance at beginning of financial year	-	(339,318)
Revaluation	-	339,318
Balance at end of financial year	-	-
Share-based payments Reserve		
Balance at beginning of financial year	-	646,024
Share based payments	-	-
Transfer of expired options to retained earnings	-	(646,024)
Balance at end of financial year	-	-
Foreign Exchange Translation Reserve		
Balance at beginning of financial year	(1,326,182)	(1,263,516)
Currency translation differences arising during the year	102,862	(62,666)
Balance at end of financial year	(1,223,320)	(1,326,182)

(b) Accumulated losses

	Consolidated 2015 $	2014 $
Movements in retained losses were as follows:		
Balance 1 July	(41,888,799)	(36,259,063)
Net (loss) attributable to members of the Company	(5,731,927)	(6,275,760)
Transfer of unexercised options to retained earnings	-	646,024
Balance 30 June	(47,620,726)	(41,888,799)

(b) Nature and purpose of reserves

(i) Foreign Exchange Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

(ii) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised.

(iii) Share-based payment reserve

The share base payment reserve represents the value of options and shares issued to employees and shareholders. This reserve will be reversed against share capital when the options are converted into shares by the employee.

Notes to the Financial Statements

NOTE 16: PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:-

	Parent Entity 2015 $	2014 $
Current assets	14,801,278	24,110,402
Total assets	26,355,714	34,767,955
Current liabilities	532,123	356,761
Total liabilities	683,778	356,761
Shareholders' equity		
Contributed equity	67,707,532	67,707,532
Retained losses	(42,035,596)	(33,296,338)
Total equity	**25,671,936**	**34,411,194**
Loss for the year	(7,539,259)	(3,060,786)
Total Comprehensive Income	**(7,539,259)**	**(3,060,786)**
Loans by parent to controlled entities		
Amounts owing by controlled entities	27,676,741	19,447,474
Provision for impairment of receivables	(27,676,741)	(19,447,474)
	-	-

(a) Impaired receivables and receivables past due

At 30 June 2015 $27,676,741 (2014: $19,447,473) owing by controlled entities was impaired with $8,299,198 provided for in 2015 (2014: $1,033,219). The impairment has resulted from the Parent Entity advancing working capital to Controlled Entities which entities have no income and therefore are not in a position at this exploration stage to meet their liability to the Parent Entity.

The Company has issued Letters of Support to its Controlled Entities agreeing not to call up the above mentioned loans totalling $27,676,741 (2014: $19,447,473) until each of the Controlled Entities is able to pay its debts as and when they fall due; and to provide further funding as is necessary to enable each of the Controlled Entities to pay its debts as and when they become due and payable.

(b) Impaired investment in subsidiaries

The group's accounting policy is consistent with accounting standards that financial assets are carried at fair value in accordance with AASB139.

The accounting policies for the Parent Entity (IBML) are the same as those of the group, other than investments in subsidiary which are carried at their cost, less any impairment.

At 30 June 2015 the parent company's investment in Craton Mining and Exploration (Pty) Ltd was $11.5M (2014: $10.6M). The Directors have considered whether all or part of this investment is impaired and have resolved that a provision for Impairment of this investment of $1.2 million should be provided due to the uncertain timing of the future income streams.

(c) Fair values

After provisioning for impairment for the amount owing by a controlled entities in the current and past years of $27,676,741, the carrying amount is assumed to approximate the fair value of the loans to controlled entities. $8,299,198 was provisioned in the current financing reporting period and the balance in previous financial years. Information about the Group's exposure to credit and interest risk is provided in Note 2.

Additionally after provisioning for impairment of investment in Craton Mining and Exploration (Pty) Ltd of $1.2 million the carrying amount is assumed to approximate the fair value of investments in subsidiaries.

Notes to the Financial Statements

NOTE 17: KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	Consolidated 2015 $	2014 $
Short-term employee benefits	1,591,349	1,405,035
Post-employment benefits	64,858	60,005
Termination benefits	284,362	-
	1,940,569	**1,465,040**

Details of key management personnel remuneration are included in the remuneration report on page 30-31.

(b) Shareholdings of key management personnel

No options are held by KMP's (2014:Nil).

(c) Option holdings of key management personnel

Details of option holdings of key management personnel are disclosed in the remuneration report on page 33.

NOTE 18: REMUNERATION OF AUDITORS

	2015 $	2014 $
Auditor to the parent company		
Audit and review of financial statements		
Grant Thornton Audit Pty Ltd	53,416	62,592
Auditors of subsidiaries		
Grant Thornton Neuhaus	35,011	28,225
Other services to the subsidiaries		
Taxation services – Grant Thornton Neuhaus	12,770	-
	101,197	90,817

NOTE 19: CONTINGENT LIABILITIES

There were no contingent liabilities at balance date.

NOTE 20: COMMITMENTS

(a) Non-cancellable operating leases

The Sydney Head Office shares premises with Zamia Metals Limited and has entered into a service agreement with this company for the use of premises and facilities. (refer to (b) below).
The Namibian subsidiary leases various offices and storage facilities under non-cancellable operating leases expiring within one year. On renewal the terms of the leases are re-negotiated. The Namibian office leases have been prepaid

Non-cancellable operating leases contracted but not capitalised in the financial statements:-

	2015 $	2014 $
- Payable not later than one year	-	56,200
- Longer than 1 year and not longer than five years	-	27,314
Minimum lease payments	-	83,514

Notes to the Financial Statements

NOTE 20: COMMITMENTS (continued)

(b) Service agreement

During the reporting period the Company has signed a new service administrative services agreement with Zamia Metals Limited ("ZGM") whereby Zamia Metals Limited provides equipment, premises, office services plus the services of its personnel to International Base Metals Limited for a fixed terms of thirty-six months commencing on 1 March 2015. As from this date the monthly service fee payable by the Company under the agreement is $4,044 per month plus 45% of the monthly rent paid by Zamia. The Company is also to pay personnel services provided by Zamia Metals Ltd less technical services provided by International Base Metals Limited to Zamia Metals Ltd.

The service agreement states that the agreement may be terminated by either party with six months' notice.

(c) Exploration and Development

Exploration tenements granted in Australia, Namibia are issued with a minimum annual expenditure commitment. The total minimum expenditure on existing exploration tenements in the next financial year is $0.3 million although there is some flexibility in expenditure patterns over the life of the tenements where shortfalls in any single year can be made good in aggregate terms. (Minimum annual expenditure for tenements in Namibia is translated at the rate of 1A$=9.39N$)

	2015 $	2014 $
- Namibia Tenement Payable not later than one year	345,833	993,566
- Australia Tenement Payable not later than one year	-	100,000
	345,833	1,093,566

(d) Loans to Controlled entities

The Company has issued Letters of Support to its Controlled Entities agreeing not to call up loans totalling $27,676,741 (2014: $19,447,474) until each of the Controlled Entities is able to pay its debts as and when they fall due; and to provide further funding as is necessary to enable each of the Controlled Entities to pay its debts as and when they become due and payable.

NOTE 21: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entity

The parent entity within the Group is International Base Metals Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 23.

(c) Key management personnel

Disclosures in relation to key management personnel are set out in Note 18 and on pages 28 of the Directors' Report.

(d) Transactions with other related parties

The following transactions occurred with related parties.

	2015 $	2014 $
Expenses incurred		
Hartmann Geoservices CC *	278,339	235,705
Genis Business Consulting CC**	180,907	176,380
Balmoral Development Corporation Pty Ltd***	46,538	1,300

* *Hartmann Geoservices CC a Company owned by a Director, Karl Gerald Hartmann*

** *Genis Business Consulting CC, a Company owned by COO, Andre Genis*

*** *Balmoral Development Corporation Pty Ltd, a Company controlled by the spouse of Alan Humphris*

Notes to the Financial Statements

NOTE 22: RELATED PARTY TRANSACTIONS (continued)

Other transactions with related parties of Parent

As disclosed in Note 21(b), during the reporting period the Company has signed a new service administrative services agreement with Zamia Metals Limited ("ZGM") whereby Zamia Metals Limited provides equipment, premises, office services plus the services of its personnel to International Base Metals Limited for a fixed terms of thirty-six months commencing on 1 March 2015.

The service agreement states that the agreement may be terminated by either party with six months' notice.

Under the service agreement Zamia Metals Limited billed the Company $127,359 (excluding GST) for service fees during the financial year.

Additionally the Company charged technical service fees performed by employee Ken Maiden to a subsidiary of Zamia Gold Limited.

Dr Ken Maiden and Qiang Chen are also Directors of Zamia Metals Limited.

Aggregate amounts of each of the above types of transaction with related parties of the Group not including key management personnel:

	2015 $	2014 $
Amounts recognised as revenue – technical service fees	18,072	17,068
Amounts recognised as expense - service fees	127,359	126,635
Outstanding balances arising from sale of services		
Current receivables – service fees and expenses recouped	4,418	7,577

NOTE 23: INTEREST IN OTHER ENTITIES

(a) Subsidiaries

The group's principal subsidiaries at 30 June 2014 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Nature of Operations	Country of Incorporation	Ownership Interest 2015	Ownership Interest 2014
Parent entity				
International Base Metals Limited	Holding Company	Australia	100%	100%
Controlled entities				
AuriCula Mines Pty Ltd (incorporated 15 March 2004)	Exploration	Australia	100%	100%
Maranoa Resources Pty Ltd (incorporated 31 August 2004)	Exploration	Australia	100%	100%
Endolithic Resources Pty Ltd (incorporated 8 November 2007)	Exploration	Australia	100%	100%
Tandem Resources Pty Ltd (incorporated 13 May 2013)	Intermediate Holding Company	Australia	100%	100%
Craton Property Holdings Pty Ltd (incorporated 14 April 2014)	Property	Australia	100%	100%
Craton Mining and Exploration (Pty) Ltd (acquired 12 February 2007)	Exploration	Namibia	100%	100%
Omitiomire Mining Company (Pty) Ltd (incorporated 4 March 2009)	Exploration	Namibia	100	100%
Kopermyn Explorations (Pty) Ltd (incorporated 6 April 2010)	Exploration	Namibia	100	100%

(b) Interests in Associates and Joint Ventures

Tandem JV

	2015 $	2014 $
Investment in JV Company Pty Ltd	1,700,000	1,700,000
Investment in in African Mining Capital Pty Ltd.	300,000	300,000
Less Provision for Impairment of investment	(2,000,000)	(2,000,000)
	-	-

Notes to the Financial Statements

NOTE 23: INTEREST IN OTHER ENTITIES (continued)

On 12 September 2012 an Investment and Farm-in Heads-of-Agreement was signed with African Mining Capital 4 Pty Limited to investment in the company and IBML made a $300,000 investment in African Mining Capital Pty Ltd., an unlisted entity. This investment secured for IBML options to earn a 51% stake in the Epembe tantalum-niobium (Ta-Nb) project in northern Namibia.

Subsequently on 21 November 2013 a joint venture agreement was signed between Tandem Resources Pty Ltd., a fully owned subsidiary of IBML (the farmee), the African Mining Capital 4 Pty Ltd (farmor) and Tandem JV Company Pty Ltd (JV entity).

In March 2013 IBML exercised its option to proceed with the first earn-in phase of the Epembe Joint Venture by contributing $1.7 million on exploration expenditure to earn a 31% stake in the joint venture Tandem JV Pty Ltd.

IBML's contribution of $1.7 million was completed in March 2014 and shares were issued in Tandem JV Pty Ltd., to Tandem Resources Pty Ltd, the fully owned subsidiary of IBML, on 8 April 2014, representing 31% of the paid up capital of the JV entity.

On 25 March 2014 Tandem Resources Pty Ltd gave notice to African Mining Capital 4 Pty Ltd and Tandem JV Company Pty Ltd that it would not provide the Phase 2 Financial contribution of $3 million to earn an additional 20% stake in the JV entity.

Cobar/Actway Joint Venture

AuriCula Mines, a wholly owned subsidiary of IBML, has an exploration Joint Venture with Cobar Management Pty Ltd ('CMPL') and Actway Pty Ltd ('Actway') in the Cobar district, of central New South Wales. AuriCula holds Exploration Licence ('EL') 6223 (Shuttleton Project); another two tenements EL 6907 & EL 6868 (Mt Hope Project) are held by Actway. CMPL manages the projects.

(c) Interest in associates and joint ventures

Set out below are the associates and joint ventures of the group as at 30 June 2014 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of Business/ country of incorporation	% of ownership interest		Nature of relation-ship	Measure-ment method	Quoted fair value		Carrying amount	
		2015	2014			2015	2014	2015	2014
								$	$
Tandem JV Pty Ltd	Australia	31%	-	Associate	Equity method	-[1]	-[1]	-[2]	-

[1] *Private company – no quoted price available*

[2] *In the previous reporting period, the Directors reviewed the 31% equity investment in Tandem JV Company Pty Ltd and formed the opinion that this investment has a nil fair value based on exploration results and that consequently a provision for impairment for the full amount of the investment of $1.7 million should be made.*

NOTE 24: SUBSEQUENT EVENTS

EGM

An EGM was held on 14 August 2015 at the request of Shareholders holding at least 5% of the votes to put before the Shareholders the resolutions that the Company be wound up by way of members' voluntary liquidation and that if approved a liquidator be appointed. Both resolutions were not carried.

Shareholders at the EGM also approved a termination payment to the previous Managing Director Mr Frank Bethune of $284,392.

Mining Licence (ML 183) Set Aside

ML 183 was granted to Craton by the Namibian Ministry of Mines and Energy (MME) on 8 October 2014, and is valid for 20 years from 22 September 2014.

On 16 February 2015, Craton was served with and cited in motion proceedings in the High Court of Namibia, brought by two neighbours of the farm Groot-Omitiomire, Messrs Hendry Derks and Drikus Swanepoel.

Notes to the Financial Statements

NOTE 24: SUBSEQUENT EVENTS (continued)

The principal respondent under the motion proceedings is the MME, Craton being the third respondent. In substance, the applicants have asked the High Court of Namibia to review the decision of the Minister to award ML 183 to Craton.

The principal basis of the challenge is the applicants' interpretation of section 31 of the Environmental Management Act, 2007. Section 31 (1) of the Environmental Management Act, 2007, states that, despite any other law to the contrary, a "competent authority" may not issue an authorisation to engage in a so-called "listed activity" (such as mining) unless the proponent has obtained an environmental clearance certificate in terms of the Environmental Management Act, 2007.

The applicants assert that ML 183 is invalid because it was granted before the environmental clearance certificate was issued.

Craton lodged a notice to oppose the application. However, on 16 September 2015, the matter served before the Honourable Judge Parker who ordered that the decision to award Mining Licence 183 is set aside

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

NOTE 25: RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 $	2014 $
Operating profit/(loss) after income tax	(5,731,927)	(6,275,760)
Non-cash items included in profit and loss:		
- depreciation and amortization	87,716	53,136
- share- based payment expense	-	-
Net (gain) on sale of property, plant and equipment	(9,570)	(10,619)
Impairment of available-for-sale financial assets	27,188	366,506
Net foreign exchange difference	89,581	(47,917)
Impairment of investments	-	2,000,000
Change in assets and liabilities		
(Increase)/ decrease in:		
- receivables	191,647	(116,984)
Increase/(decrease) in:		
- payables	182,074	(534,998)
- provisions	24,180	53,620
Net cash (outflow) from operating activities	**(5,129,706)**	**(4,513,016)**

NOTE 26: LOSS PER SHARE

	Consolidated Group 2015 Cent per Share	 2014 Cents per Share
Basic loss per share	(0.99)	(1.15)
Diluted loss per share	(0.99)	(1.15)

Basic and diluted loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:-

	2015 $	2014 $
Loss *(i)*	(5,410,801)	(6,275,760)
Weighted average number of ordinary shares (ii)	544,158,541	544,158,541

(i) Losses used in the calculation of basic and diluted loss per share are net loss after tax attributable to owners as per statement of comprehensive income.
(ii) There were no options outstanding at 30 June 2015 (2014:Nil) and therefore no dilutive effect on the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted loss per share.

Shareholder Information

Statement of issued securities as at 10 September 2015

There are 321 shareholders holding a total of 544,158,541 ordinary fully paid shares on issue by the Company.10 September to be present at any general meeting of the Company and to vote on any question on a show of hands and upon a poll and to be reckoned in a quorum.

Distribution of issued securities as at 10 September 2015

Ordinary fully paid shares

Range of holding			Number of holders	Total Units
	1 -	1,000	-	-
	1,001 -	5,000	3	7,500
	5,001 -	10,000	6	51,655
	10,001 -	100,000	125	7,092,113
	100,001 -	and over	187	537,007,273
Total holders			321	544,158,541

Substantial shareholdings as at 10 September 2015 of Fully Paid Ordinary Shares

Ordinary shareholder	Total relevant interest notified	% of total voting rights
Rui King Resources Limited	150,000,000	27.57
West Minerals Pty Limited	118,326,492	21.75
Heilongjiang Heilong Resources Investment Co Ltd	25,022,723	4.60

The three entities which are substantial Shareholders are associates with 53.92% voting control of the Company.

Top Twenty Shareholders 10 September 2015

Holder Name	Shares held	%
RUI KING RESOURCES LIMITED	150,000,000	27.57
WEST MINERALS PTY LIMITED	118,326,492	21.75
HEILONGJIANG HEILONG RESOURCES INVESTMENT CO LTD	25,022,723	4.60
CHINA KINGS RESOURCES GROUP CO LTD	22,500,000	4.14
CHINA SUN INDUSTRY PTY LTD	20,000,000	3.68
MANICA MINERALS LTD	15,000,000	2.76
PEARL GLOBAL INVESTMENT LIMITED	13,333,333	2.45
BLACKMANS & ASSOCIATES PTY LTD <SUPER FUND A/C>	13,000,000	2.39
MR KENNETH JOHN MAIDEN & MRS MARGARET FRANCES MAIDEN <MAIDEN FAMILY S/F A/C>	10,521,751	1.93
GREAT SEA WAVE INVESTMENT PTY LTD	9,167,333	1.69
MACQUARIE BANK LTD	8,333,333	1.53
PERPETUAL CORPORATE TRUST LIMITED <AEF LINQ RESOURCES FUND A/C>	8,333,333	1.53
PEAK SUCCEED INVESTMENTS LIMITED	6,666,667	1.23
HUNAN CENTRAL SOUTH BIOHYDROMETALLURGY COMPANY LTD	6,250,000	1.15
GOLDVANCE PTY LTD <BMR A/C>	5,047,200	0.93
MRS CORAL ESTELLE HARRIS & MR KERRY WILLIAM JOHN HARRIS <THE CE HARRIS S/F A/C>	5,046,362	0.93
MONSLIT PTY LTD <ANTHONY TORRESAN A/C>	4,889,104	0.90
AUSTRALIAN GEOSCIENTISTS PTY LTD	2,932,500	0.54
FITEL NOMINEES LIMITED	2,856,667	0.53
SUN JIA DEVELOPMENT LIMITED	2,727,272	0.50
	449,954,070	82.69

INTERNATIONAL BASE METALS LIMITED
(IBML)

Suite 60, Level 6 Tower Building
Chatswood Village
47-53 Neridah Street
CHATSWOOD NSW 2067
T: + 61 (0) 2 8223 3777
F: + 61 (0) 2 8223 3799
www.ibml.com.au