INTERNATIONAL BASE METALS LIMITED

ABN: 73 100 373 635

Annual Report

2019

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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	Executive Chairman
Dr Kenneth John Maiden	Non-executive Director
Mr Zhehong Luo	Non-executive Director
Mr Rui Liu	Non-executive Director
Mr Jinhua Wang	Non-executive Director
Mr Dennis Morton	Non-executive Director (resigned 22 March 2019)
Mr Qiang Chen	Alternate Non-executive Director to Mr Zhehong Luo
Mr Xianwu Deng	Alternate Non-executive Director to Mr Jinhua Wang

Chief Financial Officer
Mr Barry Neal

Company Secretary
Mr John Stone

Registered Office and Principal Place of Business
Suite 201, Level 2,
29 Albert Avenue
Chatswood NSW 2067
Telephone: + 61 2 8412 8110
Internet: www.internationalbasemetals.com

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

Chairman's Letter

Dear Shareholders,

As Chairman of the Board of Directors of International Base Metals Limited (IBML) I present to you, on behalf of the Board, the Company's Annual Report for 30 June 2019. The past 12 months has been akin the opening paragraphs of the Dickens novel 'A Tale of Two Cities' such is the contrast between IBML's two principal assets Craton Mining and Exploration Pty Limited (Craton) and Macquarie Gold Limited (MGL) and its 100% subsidiary Challenger Mines Pty Ltd (Challenger). Craton has been a wonderful success story of perseverance and positioning; MGL a story of an asset slated to have commenced production in August 2019 placed into receivership as the result of failed negotiations with a debtholder who chose to exercise their security rights.

I mentioned in my Chairman's Letter last year that IBML with full cooperation of the Craton Board was endeavouring to source financing for Craton. We approached the market with a dual strategy to maximise our opportunity to gain funds; one option being to commence a small scale 'mini mine' concentrating on a low cost, oxide only, simple heap leach operation which had a limited mine life but would have produced sufficient cash flow to finalise a full bankable feasibility study (BFS) for the larger more complex, long mine life oxide and sulphide operation. The second option was to seek a partner to fund the full BFS to then move directly to the larger project, avoiding the mini mine and arguably some associated risk with creating production inefficiencies as a result of its operations.

As you would be aware from our web page updates, IBML is in the process of finalising documents with a London based PE fund specialising in mining, to fund the full BFS on the Craton oxide/sulphide projects. In summary this requires the UK fund to spend at least USD5.0m within a prescribed timeframe, and with specific hurdles, to produce the BFS for which they earn 51% of Craton; further details of the commercial arrangements are included in the annual report. On completion of the BFS, IBML has the choice to either participate in the project being developed or sell its equity in Craton to the UK fund for a predetermined price plus an ongoing smelter royalty. At the time of writing we are awaiting Mauritian lawyers to finalise the structuring of the deal which requires the formation of a Mauritian based joint venture company that is a Party to the legal documentation. As soon as the Company is formed, we will release the names of all the counter parties. The Board has no reason to believe the JV company will not be formed in the next week or two and that the deal will not complete.

Your Board is obviously delighted by the Craton outcome; we thank the UK fund for the professional manner in which they conducted the deal and we look forward to assisting them in the development of the BFS.

Sadly, the outcome for MGL/Challenger is far less positive. In last year's report we indicated that the IBML Board believed MGL/Challenger was financially viable; to that extent MGL was progressing the development of the mine which was due to go into production in August of this calendar year. IBML had been funding MGL into production and IBML had committed sufficient cash to MGL to meet the operational and capital expenditure to put MGL/Challenger into production. MGL did not have the financial capacity to meet its debt obligation that fell due in February and March 2019 so entered into discussion with the secured lenders in good faith, including with IBML, to seek a solution to reschedule the debt. Whilst many of the secured lenders, including IBML, did reach agreement with MGL to reschedule the debt, Ferromin Pty Ltd ATF Ambler Family Trust without notice chose to exercise its right under the security deed and appointed a receiver. The action of Ferromin has had a disastrous effect on the value of MGL/Challenger.

The Receiver has initiated a sale process and was successful is soliciting first round offers. As at the timing of this letter the Receiver is in negotiation with parties to finalise binding offers which we are informed should be submitted late November; it is only at this time that IBML will be able to ascertain the value reduction and be able to report that to shareholders. Many shareholders have been kind enough to contact the Board to express their bewilderment of the Ferromin actions and express their continued support. Testament to the strength of shareholder support is that IBML secured ongoing funding in the form of a Shareholders loan; this was required because the benefit of MGL going into production were obviously not realised.

With clarity regarding the financial consequences of MGL likely later this month, and with the knowledge that the BFS for Craton has commenced, the IBML priority will turn to securing the ongoing financial viability of IBML and what the Company's future direction should be. IBML is already exploring several financing options which we hope to be able to discuss at the Annual General Meeting in December.

During the year many have worked tirelessly so I thank the Principal and Subsidiary Boards and their Directors, Employees within the IBML Group and the collection of advisors engaged during the year for their support, dedication, wisdom and counsel during the last financial year.

Finally, and paraphrasing my opening Dicken's reference, the past year for IBML has been the best of times, it was the worst of times, there has been wisdom within a period of foolishness, it has certainly been an epoch of incredulity and yet the Board is compelled we are moving to a season of light. I hope I can report thus to you in the 2020 Chairman's letter.

Hugh Thomas - Chairman

Review of Operations

Introduction

Craton Mining and Exploration (Pty) Ltd (Namibia)

In the FY2018 annual report we announced we had been granted the Mining Licence (ML197) covering the Omitiomire copper resource and adjacent areas required for mining & processing infrastructure. In addition, we have managed to establish a solid working relation with the land owner whom we thank for his cooperation. As a result of the granting of ML197, IBML and Craton were in a position to be able to approach the market for financing. To assist we also strengthened the Craton Board with the appointment of Mr Primus Hango: Primus has a distinguished commercial background in Namibia having been Chairman of the Namibian Stock Exchange and CEO of the Namibian Government Pension fund.

At the time we had two potential plans for Craton, the first was a mini-mine concept which was to commence a small scale operation with a relatively short mine life which would allow us to be cash positive to fund further technical work including the completion of a BFS (Bankable Feasibility Study). The second was to seek an investor who was prepared to fund a BFS which explored the full opportunity of the oxide/sulphide deposits.

Your Board is delighted that IBML is in the process of finalising the documentation that should provide the Company with funding through a UK based Private Equity fund that specialises in Mining. In summary the UK Private Equity fund will have the right, subject to an agreed expenditure and timetable, to earn 51% of Craton in return for completing a BFS with a minimum expenditure of USD5.0m. At the conclusion of the BFS, and assuming it meets the required future investment hurdles, IBML will have the option to either sell its equity in Craton to the UK fund for USD7.5m plus a 1.5% smelting royalty or invest in the future project to the extent of its equity holding. Whilst the deal is in the process of finalising the documentation, we still need to satisfy one Condition Precedent (CP), which is gaining the Namibian Competition Commission’s approval. Neither Craton nor IBML believe there is reason this would not be granted.

As a condition of ML197 Craton must facilitate a 5% Equity Partner in Craton who meets the Indigenous Owners Requirement. We are currently working through this process but believe that the fully independent Craton Foundation (www.cratonfoundation.com) qualifies. We believe this would be a wonderful outcome that the Charitable Foundation established in 2011 was the benefactor of the 5% equity and it continues our history of a strong Corporate Social Responsibility Programme (CSR) wherever IBML operates.

Macquarie Gold Limited and subsidiary Challenger Mines Pty Ltd (NSW)

In early 2018, IBML and MGL agreed to a merger, making MGL a wholly-owned subsidiary of IBML. During the reporting period Adelong Gold Project remained on a care-and-maintenance basis pending completion of a thorough review of the operation. Macquarie Gold had been endeavouring to work with the Secured debt holders (including IBML) to find a solution to repay the debt holders which we believed would have seen the secured debt holders repaid in full but unfortunately on a deferred basis. Whilst Macquarie Gold had been renegotiating in good faith, and had agreed acceptable terms with several of the debt holders, Ferromin Pty Ltd ATF Ambler Family Trust chose to exercise its right to appoint a receiver. Therefore Macquarie Gold was placed in Receivership on 22 March 2019. IBML subsequently also appointed a Receiver on 25 March 2019. IBML appointed the firm Hogan Sprowles who has controlled the assets since the appointment date. As a result of this appointment and the loss of control, MGL and its subsidiary CML have been deconsolidated.

The action of Ferromin in appointing a receiver has potentially a significant negative impact on the value of MGL, and therefore IBML. The Directors of MGL are working closely with the Receivers and are exploring all available options. This is a fluid situation and we do not expect a concrete process to be agreed with the Receivers until later in the next financial year at which time we will update shareholders further.

Dennis Morton resigned as a Director of IBML, Macquarie Gold Limited and Challenger Mines Pty Ltd on 22 March 2019 and Ken Maiden and Hugh Thomas resigned as Directors of Macquarie Gold Limited and Challenger Mines Pty Ltd on 12 April 2019 and 9 May 2019 respectively.

As at the date of this report, Hogan Sprowles, the IBML appointed Receiver, has been conducting a sale process for the assets of both MGL and Challengers. We understand they have received first round offers and are currently working with a short list of parties to solicit bind offers on the 25 November 2019. At this point IBML will have a clearer indication as to what amounts we may assume we will receive back for our Secured Loan.

AuriCula Mines Pty Ltd (NSW)

Through its wholly-owned subsidiary, AuriCula Mines Pty Ltd, IBML has a 10% interest in two exploration licences in the Cobar district of NSW.

Company Strategy

In Namibia, the priorities are:

- to assist the UK Private Equity fund in whatever way possible in working towards the completion of the BFS
- to formalise access to the farm Omitiomire;
- to secure the Competition Commissions approvals to satisfy the CP on the Craton deal

In regard to MGL & Challenger the Company's intentions are:

- to assist Hogan Sprowles in whatever way they require to expedite the sale process of the assets
- to continue to explore options for IBML as the owner of the equity in MGL & Challenger

IBML will remain a passive minority partner in the exploration programs in the Cobar District of NSW.

The IBML Board will retain close control on expenditure.

IBML is currently exploring future financing options to assure the Company is funded; we are in advanced discussions with a Namibian based Company who have completed due diligence. We hope to be able to announce a deal with them by the end of the Calendar year.

Craton Mining & Exploration (Pty) Ltd ('Craton')

Craton - Background

IBML's wholly-owned Namibian subsidiary, Craton Mining and Exploration (Pty) Ltd ('Craton'), holds the Omitiomire copper deposit in central Namibia. Drilling by the Company has identified a JORC Indicated and Inferred resource of 137 million tonnes ('Mt') of ore at 0.54% Cu for 740,000 t contained copper at a 0.25% Cu cut-off grade (Bloy, August 2014).

As a result of the UK Private Equity deal mentioned above, a BFS will be prepared for the large project based on the deeper sulphide copper resource. This resource was the subject of a Preliminary Feasibility Study in 2010 which was revised in 2015.

AuriCula Mines Pty Ltd

Background

IBML's wholly-owned subsidiary, AuriCula Mines Pty Ltd, has a 10% interest in two exploration projects for copper-gold in the Cobar district of NSW. Exploration of the projects is managed by Cobar Management Pty Ltd (CMPL), a subsidiary of Glencore.

Shuttleton Project (EL6223)

Exploration activities during the year:

- Completion of two surface diamond drill holes;
- Core processing including structural interpretation;
- Data entry and validation.

A high resolution helicopter-borne magnetic survey is planned for the current year.

Mount Hope Project (EL6907)

Exploration activities during the year:

- Soil geochemical survey;
- Ground magnetic survey;
- Processing of ground magnetic data.

A high resolution helicopter-borne magnetic survey is planned for the current year.

Competent Person

Dr Ken Maiden, a Director of International Base Metals Limited, compiled the geological technical aspects of this report. Dr Maiden is a Member of the Australian Institute of Geoscientists and a Fellow of the Australasian Institute of Mining and Metallurgy. He has sufficient experience to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Maiden consents to the inclusion of the matters in the form and context in which they appear and takes responsibility for data quality.

Mineral Tenements

Licence Code	Name	Area (km^2)	Expiry Date	Status
Omitiomire Project (Craton)				
ML 197	Omitiomire	29 km^2	06-03-2036	Granted
EPL 3589	Ekuja	735 km^2	13-02-2021	Granted
AuriCula Mines JV Projects				
EL 6223	Shuttleton	13 units	05-04-2020	JV with CMPL
EL 6907	Mt Hope	23 units	11-10-2021	JV with CMPL

Note: NSW Exploration Licences: a "unit" is an area of 1 Minute of Latitude x 1 Minute of Longitude.

Abbreviations

Cu	Copper (chemical symbol)
DFS	Definitive feasibility study
EL	Exploration Licence (NSW)
EPL	Exclusive Prospecting Licence (Namibia)
FY2015	Financial year ended 30 June 2015
g/t	Grams per tonne (= ppm)
JV	Joint venture
km, km^2	Kilometres, square kilometres
m	Metres
ML	Mining Licence
MME	Ministry of Mines and Energy (Namibia)
N$	Namibian Dollars
NSW	New South Wales
PFS	Pre-feasibility survey
ppm	Parts per million
SX/EW	Solvent extraction – electro-winning (ore processing method)
t, Mt	Tonnes, million tonnes
tpa, tpm	Tonnes per annum, tonnes per month

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, worldviews 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 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.

Environmental Regulations

The Group's operations are subject to significant environmental and other regulations under the laws of the Australian Commonwealth, the State of New South Wales and the Republic of Namibia. The Group has a policy of engaging appropriately experienced contractors and consultants. There have been no reports of breaches of environmental regulations in the financial year and at the date of this report.

In its exploration and mining activities, IBML acknowledges its duties 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 and licence conditions.
- 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 Mining and Exploration (Pty) Ltd

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 Director, 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.

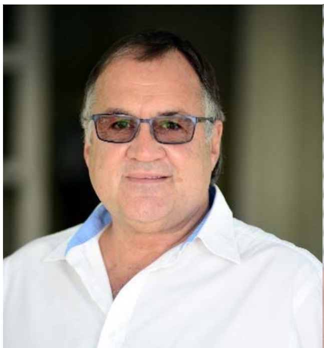
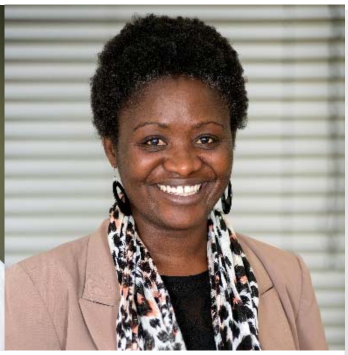
In the wider Namibian community, Craton makes an impact through the Craton Foundation.

The Craton Foundation

The Craton Foundation was registered in 2010 as a trust with three founding trustees namely Kobus van Graan, MD of Indongo Group of Companies, Elize Angula, attorney, and Florence Kamona, an events manager.

The Craton Foundation was officially launched on 28 September 2011, strategically timed to take place on Namibia's 'Day of the Child'. The launch was celebrated with a donation to the Olof Palme Primary School of N$80,000. With these funds a new classroom, with space for 30 to 40 learners, was built in 2012.

The current trustees are:

Kobus van Graan	*Margareth Gustavo*	*Mildy Samaria*	*Ziggy Hartmann*
CEO at Frans Indongo Group	*Owner/Manager Cornerstone Joe Public (Pty) Ltd*	*Managing Director at Cornastone Information Technology Services (Pty) Ltd*	**Company Secretary**

The Craton Foundation believes in creating long lasting relations within the Khomas region communities and regions in which Craton Mining and Exploration operates. The communities become friends of the Foundation.

Through its good works, the Foundation believes by assisting several communities, foundations are laid for development, upliftment and progress.

The Craton Foundation can be found via their website: http://www.cratonfoundation.com

IBML Investments

Macquarie Gold Limited – Corporate

As disclosed 'Under Review of Operations' Macquarie Gold and its fully owned subsidiary Challenger Mines Pty Ltd were placed in Receivership on 22 March 2019. IBML subsequently also appointed a Receiver on 25 March 2019.

Dennis Morton resigned as a Director of Macquarie Gold Limited and Challenger Mines Pty Ltd on 22 March 2019 and Ken Maiden and Hugh Thomas resigned as Directors of Macquarie Gold Limited and Challenger Mines Pty Ltd on 12 April 2019 and 9 May 2019 respectively.

The Board of MGL now comprises one Director namely Mr Qiang Chen. The Company Secretary is Mr John Stone.

Please refer to the Macquarie Gold website www.macquariegold.com.au for further details.

Craton Corporate Activities

Craton Board

Craton Shareholders

Craton is a wholly-owned subsidiary of IBML. As previously reported, during 2016, Craton received a letter from the Namibian Ministry of Mines and Energy ('MME') stating its Preparedness to Grant a Mining Licence (ML197) covering the Omitiomire Project area, once certain terms and conditions had been met. Those conditions included making a minimum 5% equity shareholding available to approved Namibian citizens or companies.

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.

No field exploration activity has taken place over the past year and the company has been pursuing an acquisition and a capital raising.

The company's shares are currently suspended on the ASX.

Further Information on Zamia and its projects can be found at www.zamia.com.au.

WestStar Industrial Limited (WSI) (IBML 0.02%)

The Company was previously involved in mineral exploration but with the sale of shares in Copper Range and the acquisition of Precast Australia Pty Ltd., a Western Australian business involved in the manufacture of precast concrete products, this has resulted in a significant change in the nature of the Company's main business activity from mineral exploration and resource investment to the manufacture of precast concrete products. During the financial year the company entered the property development business

Firstwave Cloud Technology Limited (FCT) (IBML 0.02%)

IBML has 86 shares in Firstwave Cloud Technology Limited, received as an in specie distribution from Antares Mining Limited. The company's principal business activities are the development and sale of internet security software and related professional services to business and enterprises.

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 2019 corporate governance statement is dated as at 30 June 2019 and reflects the corporate governance practices in place during the 2019 financial year. The corporate governance statement was approved by the Board on 20 June 2019. 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.interbasemetals.com).

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 2019.

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

Executive Chairman

Qualifications:	BA, Grad Dip Finance,
Experience:	Hugh has had significant experience in the resources sector as a company director, senior 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 South East Asia.
Interest in shares:	13,603,963
Other listed Directorships in last 3 years:	-

Dr Kenneth John Maiden

Non-Executive Director

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 listed Directorships in last 3 years:	Non-executive Director of Zamia Metals Limited (resigned 22 November 2017)

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 listed Directorships in last 3 years:	-

Directors' Report (continued)

Mr Dennis James Morton (resigned 22 March 2019)
Non-executive Director

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 listed Directorships in last 3 years:	-

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 listed Directorships in last 3 years:	-

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 listed Directorships in last 3 years:	Zamia Metals Limited

Directors' Report (continued)

Mr Xianwu Deng

Alternate Director to Mr Jinhua Wang

Qualifications:	Bachelor degree in Mining Engineering at the University of Science & Technology Beijing, China, CPA and an economist
Experience:	Currently he is the Chairman of the Board of Supervisors of China Kings Resources Group Company Ltd., China
Interest in shares:	-
Other listed Directorships in last 3 years:	-

Company Secretary

Mr John Stone

Qualifications:	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

Qualifications:	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 and unlisted 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 3 Board meetings, one Audit Committee meetings, nil 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	3	3	1	1	-	-	1	1
Dr Kenneth John Maiden	3	3			-	-		
Mr Rui Liu	3	3	1	1	-	-	1	1
Mr Dennis Morton (resigned 22 March 2019)	3	2	-	-	-	-	-	-
Mr Jinhua Wang	3	-	-	-	-	-	-	-
Mr Zhehong Luo	3	-	-	-	-	-	-	-
Mr Qiang Chen as alternate for Mr Zhehong Luo	3	3	1	1	-	-	1	1
Mr Xianwu Deng as alternate to Mr Jinhua Wang	3	-	-	-	-	-	-	-

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*

Directors’ Report (continued)

Principal Activities

The principal activity of the entity during the financial year was the continued exploration for economic base metals in Namibia and development of the Challenger Gold mine.

MGL’s fully owned Challenger Gold Mine has during the reporting continued under care and maintenance pending a review of operations.

Macquarie Gold had been endeavouring to work with the Secured debt holders (including IBML) to find a solution to repay the debt holders which we believed would have seen the secured debt holders repaid in full but unfortunately on a deferred basis. Whilst Macquarie Gold had been renegotiating in good faith and had agreed acceptable terms with several of the debt holders, Ferromin Pty Ltd ATF Ambler Family Trust chose to exercise its right to appoint a receiver. Therefore Macquarie Gold was placed in Receivership on 22 March 2019. IBML subsequently also appointed a Receiver on 25 March 2019. As a result of this appointment and the loss of control, MGL and its subsidiary CML have been deconsolidated.

Craton Mining and Exploration (Pty) Ltd was issued a mining licence (ML197) by the Namibian Ministry of Mines and Energy following confirmation to the Ministry that Craton would divest 5% equity in the company to previously disadvantaged persons or entities in Namibia.

Craton will be funded for the completion of a BFS.

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

Dividends

No dividends have been declared in the 2019 financial year (2018: no dividend declared).

Review of Operations and Activities

Financial

For the financial year ended 30 June 2019, the consolidated entity’s net loss after taxation was $3,152,063 (2018:$11,837,433).

Exploration expenditure on Australian and Namibian tenements in the 2019 financial year was $295,204 (2018:$347,770) 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.

Exploration activities

A review of the Group’s exploration activities in Namibia and Australia is set out on pages 5-7.

Share Issues

No capital was raised in the 2019 financial year.

Options

There are no outstanding and unexpired options on ordinary shares

Loans

Borrowings were incurred by Macquarie Gold Limited, prior to the company becoming a subsidiary of IBML in January 2018.

Failure to reach agreement with the lenders to extend the term of these loans resulted in one of the borrowers putting these MGL and its subsidiary Challenger Mines Pty Ltd into receivership.

Investments in Listed and Unlisted Entities

IBML’s investment in Macquarie Gold Limited has been fully impaired on the basis that the company is now in receivership.

IBML’s investment in Zamia Metals Limited (ZGM) has been fully impaired on the basis that the company’s shares are currently suspended on the ASX.

Directors' Report (continued)

Significant changes in state of affairs

Investment in Macquarie Gold Limited (MGL)

As reported above IBML's fully owned subsidiary Macquarie Gold Limited (MGL) was placed in receivership by a lender to MGL on 25 March 2019.

Craton – Omitiomire Project

IBML is currently in the process of finalising documents with a UK Private Equity for this company to earn 51% of Craton in return for completing a BFS with a minimum expenditure of USD5.0m. Refer 'After balance date events'. The deal is awaiting formation of a Joint Venture Company in Mauritius as that Company is a Party to the legal documentation. The Board believe there is no reason the Company will not be formed successfully (we are awaiting the lawyers) and that the deal won't complete.

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 5-7.

After balance date events

On 14 August 2019 agreements were signed with a related party of Director Mr Qiang Chen (Far union Ltd) and Director Mr Rui Liu to advance loans totalling $0.5 million being $0.1 million from Far Union Ltd and $0.4 million from Mr Liu. This amount is to be drawn down as required by the company by giving notice to the lenders. The maturity date of the loans is 18 months from the date the agreements were signed with interest at 13.5% pa is payable with the principal at maturity date.

IBML is currently in the process of finalising documents with a UK based Private Equity Company for this company to earn 51% of Craton in return for completing a BFS with a minimum expenditure of USD5.0m. At the conclusion of the BFS, and assuming it meets the required future investment hurdles, IBML will have the option to either sell its equity in Craton to the Fund for USD7.5m plus a 1.5% smelting royalty or invest in the future project to the extent of its equity holding.

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.

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 Republic of 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	Executive Chairman
Dr Kenneth John Maiden	Non-executive Director – Technical and Chief Geologist
Mr Rui Liu	Non-executive Director
Mr Dennis James Morton	Non-executive Director (resigned 22 March 2019)
Mr Jinhua Wang	Non-executive Director
Mr Zhehong Luo	Non-executive Director
Mr Qiang Chen	Alternate to Zhehong Luo
Mr Aidong Yang	Alternate to Rui Liu and General Manager Technical
Mr Xianwu Deng	Alternate to Mr Jinhua Wang
Mr Karl Hartmann	Non-executive Director, Craton Mining and Exploration (Pty) Ltd
Mr John Stone	Company Secretary
Mr Barry F Neal	Chief Financial Officer
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 2019

	Short-term benefits	Post-employment benefits	Share-based payments			
	Cash, salary and fees $	Super-annuation $	Equity $	Options $	Termination benefit $	Total $
Directors						
Mr Hugh Thomas[1]	309,500	-	-	-	-	309,500
Dr Kenneth John Maiden[1]	84,390	-	-	-	-	84,390
Mr Rui Liu	40,020	-	-	-	-	40,020
Mr Dennis Morton resigned 22 March 2019)[1]	26,680	-	-	-	-	26,680
Mr Qiang Chen (Alternate to Zehong Luo)	40,020	-	-	-	-	40,020
	500,610	**-**	**-**	**-**	**-**	**500,610**
Other Key Management Personnel						
Mr Karl Hartmann, Non-Executive Director[2]	102,017	-	-	-	-	102,017
Mr Aidong Yang, General Manager-Technical[1]	90,000	-	-	-	-	90,000
Mr John Stone, Company Secretary	57,628	-	-	-	-	57,628
Mr Barry F Neal, Chief Financial Officer[1]	119,183	-	-	-	-	119,183
Mrs Sigrid Hartmann, Company Secretary [3]	41,433	-	-	-	-	41,433
Total Key Management Remuneration	**910,871**	**-**	**-**	**-**	**-**	**910,871**

1 Includes fees paid to related parties of key management personnel
2 Non-executive Director of controlled entity Craton Mining and Exploration (Pty) Ltd
3 Company Secretary of controlled entity Craton Mining and Exploration (Pty) Ltd
No cash or non-cash remuneration, including share based payments, were paid or payable to Mr Jinhua Wang, and Mr Xianwu Deng during the year ended 30 June 2019 (2018:Nil)

Remuneration – key management personnel of the Group 2018

	Short-term benefits	Post-employment benefits	Share-based payments			
	Cash, salary and fees $	Super-annuation $	Equity $	Options $	Termination benefit $	Total $
Directors						
Mr Hugh Thomas[1]	122,250	-	380,911	-	-	503,161
Dr Kenneth John Maiden[1]	107,020	-	-	-	-	107,020
Mr Rui Liu	38,765	-	-	-	-	38,765
Mr Dennis Morton (appointed 23 Jan 2018)[1]	16,675	-	-	-	-	16,675
Mr Qiang Chen (Alternate to Zehong Luo)	38,765	-	-	-	-	38,765
	323,475	**-**	**380,911**	**-**	**-**	**704,386**
Other Key Management Personnel						
Mr Karl Hartmann, Non-Executive Director[2]	88,630	-	-	-	-	88,630
Mr Aidong Yang, General Manager-Technical[1]	116,000	-	-	-	-	116,000
Mr John Stone, Company Secretary	56,064	-	-	-	-	56,064
Mr Jordan Guocheng Li, Chief Executive Officer[3]	29,446	-	-	-	-	29,446
Mr Barry F Neal, Chief Financial Officer[1]	91,791	-	-	-	-	91,791
Mrs Sigrid Hartmann, Company Secretary [4]	42,232	-	-	-	-	42,232
Total Key Management Remuneration	**747,638**	**-**	**380,911**	**-**	**-**	**1,128,549**

1 Includes fees paid to related parties of key management personnel
2 Non-executive Director of controlled entity Craton Mining and Exploration (Pty) Ltd
3 Resigned 30 September 2017
4 Company Secretary of controlled entity Craton Mining and Exploration (Pty) Ltd
No cash or non-cash remuneration, including share based payments, were paid or payable to Mr Jinhua Wang, and Mr Xianwu Deng during the year ended 30 June 2018 (2017:Nil)

Service Contracts

Remuneration and other terms of employment for Key Management Personnel of the Company and its fully owned subsidiaries, are formalised in service agreements.

The major provisions of the agreements are set out below:

Name	Term of agreement	Base fees	Termination Benefit
Hugh Thomas, Executive Chairman	Remuneration Committee decision 29 September 2017 and ongoing	A consulting fee of $78,000 per annum plus GST	-
Barry F. Neal, CFO	Contract 1 September 2015 and ongoing	A consulting fee of $137 p.h. plus GST	Agreement may be terminated at any time by either party with one month's notice.
John Stone, Company Secretary	Contract 11 October 2015 and ongoing	A consulting fee of $72 p.h.	Agreement may be terminated at any time by either party with one month's notice.
Karl Hartmann, Craton Exploration Manager	Consulting contract from 1 March 2016	A consulting fee of US$1,000 per day plus applicable VAT. Consultant guaranteed a minimum of fifteen days/quarter.	Agreement may be terminated at any time by either party with one month's notice.
Ziggy Hartmann, Craton Administrative Services	Consulting contract from 7 October 2016	A consulting fee of N$35,000 per month plus applicable VAT. Consultant guaranteed a minimum of five days per month	Agreement may be terminated at any time by either party with one month's notice.

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

2019	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
Hugh Thomas	13,603,963		-	13,603,963
Kenneth Maiden, Non- executive Director	10,613,001	-	-	10,613,001
John Stone	1,828,125	-	-	1,828,125
Dennis Morton (resigned 22 March 2019)*	29,598,094	-	(29,598,094)	-
Karl Hartmann	1,862,179	-	-	1,862,179
Sigrid Hartmann	280,146	-	-	280,146
	57,785,508	**-**	**(29,598,094)**	**28,187,414**

2018	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
Hugh Thomas	-	13,603,963	-	13,603,963
Kenneth Maiden, Non- executive Director	10,613,001	-	-	10,613,001
John Stone	1,828,125	-	-	1,828,125
Dennis Morton (appointed 23 January 2018)	-	-	29,598,094	29,598,094
Jordan Li (resigned 30 September 2017)*	800,000	-	(800,000)	-
Karl Hartmann	1,862,179	-	-	1,862,179
Sigrid Hartmann	280,146	-	-	280,146
	15,383,451	**13,603,963**	**28,798,094**	**57,785,508**

* No longer a KMP holding after resignation

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 and 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.

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 2019 there were no KMP unexpired remuneration options on issue (2018: Nil).

END OF REMUNERATION REPORT (Unaudited)

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 indemnify, 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 2019 has been received and is set out on page 21 of the financial report.

Signed in accordance with a resolution of the Board of Directors

Hugh Thomas
Chairman

Sydney, 3 December 2019

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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 2019, 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

N P Smietana
Partner – Audit & Assurance

Sydney, 3 December 2019

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Independent Auditor's Report

To the Members of International Base Metals Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of International Base Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern and contingent liabilities

We draw attention to Note 1(c) in the financial report, which indicates that the Group incurred a net loss of $3,152,063 during the year ended 30 June 2019 and net cash operating outflows of $2,377,884. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c) and Note 29, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

N P Smietana
Partner – Audit & Assurance

Sydney, 3 December 2019

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 its financial position as at 30 June 2019 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

3 December 2019

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	30 June 2019 $	30 June 2018 $
Other income	**4**	123,533	91,813
Expenditure			
Administrative expenses		(850,676)	(863,977)
Exploration expenditure		(295,204)	(347,770)
Depreciation and amortisation expense	**5**	(22,047)	(64,420)
Consultants' expenses		(287,734)	(482,770)
Legal costs		(43,206)	(56,595)
Occupancy expenses		(98,357)	(58,369)
Contribution to the Craton Foundation		(29,156)	(29,983)
Employee benefits expense		(239,737)	(185,269)
Acquisition costs		-	(156,588)
Share of loss from associate		-	(130,208)
Loss on fair value of interest in associate		-	(7,972,153)
Impairment of goodwill on acquisition of subsidiary		-	(885,855)
Impairment of financial assets		-	(1,239,627)
Loss before income tax		(1,742,584)	(12,381,771)
Income tax	**6**	-	1,674
Loss for the year from continuing operations		(1,742,584)	(12,380,097)
(Loss)/Profit from discontinued operations	**7**	(1,409,479)	542,664
Loss for the year		**(3,152,063)**	**(11,837,433)**
Other Comprehensive Income			
The items listed in Other Comprehensive Income may recycle subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**18(a)**	(2,047)	51,163
Total Other Comprehensive Income		(2,047)	51,163
Total Comprehensive (loss) for the year		**(3,154,110)**	**(11,786,270)**
Basic and diluted loss per Share (cents)	**27**	(0.46)	(1.94)

The accompanying notes form part of the financial statements

Consolidated Statement of Financial Position

As at 30 June 2019

	Note	30 June 2019 $	30 June 2018 $
Current Assets			
Cash and cash equivalents	**8**	297,742	2,980,500
Trade and other receivables	**9**	84,659	102,951
Total Current Assets		**382,401**	**3,083,451**
Non-current Assets			
Security deposits	**10**	15,056	461,785
Plant and equipment	**12**	17,238	1,420,853
Mines under development	**13**	-	2,930,618
Total Non-current Assets		**32,294**	**4,813,256**
Total Assets		**414,695**	**7,896,707**
Current Liabilities			
Trade and other payables	**14**	236,903	428,058
Short-term provisions	**15**	74,876	81,411
Borrowings	**16**	-	3,735,212
Total current liabilities		**311,779**	**4,244,681**
Non-Current Liabilities			
Long-term provisions	**15**	-	395,000
Total Non-Current Liabilities		**-**	**395,000**
Total Liabilities		**311,779**	**4,639,681**
Net Assets		**102,916**	**3,257,026**
Equity			
Issued capital	**17**	69,096,820	69,096,820
Reserves	**18(a)**	(1,715,568)	(1,713,521)
Accumulated losses	**18(b)**	(67,278,336)	(64,126,273)
Total Equity		**102,916**	**3,257,026**

The accompanying notes form part of the financial statements

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2019

Consolidated Group

	Share Capital $	Accumulated Losses $	Foreign Exchange Transaction Reserve $	Total Equity $
Balance at 1 July 2018	**67,707,532**	**(52,288,840)**	**(1,764,684)**	**13,654,008**
Loss for the year	-	(11,837,433)	-	(11,837,433)
Other comprehensive income	-	-	51,163	51,163
Total comprehensive (loss)/income for the year	**-**	**(11,837,433)**	**51,163**	**(11,786,270)**
Transactions with owners, in their capacity as owners, and other transfers				
Share based payment to a related party made during the period net of share issue costs	373,411	-	-	373,411
Fair value of shares issued for the acquisition of subsidiary	1,015,877	-	-	1,015,877
Total transactions with owners	1,389,288	-	-	1,389,288
Balance at 30 June 2018	69,096,820	(64,126,273)	(1,713,521)	3,257,026
Balance at 1 July 2019	**69,096,820**	**(64,126,273)**	**(1,713,521)**	**3,257,026**
Loss for the year	-	(3,152,063)	-	(3,152,063)
Other comprehensive income	-	-	(2,047)	(2,047)
Total comprehensive (loss) for the year	**-**	**(3,152,063)**	**(2,047)**	**(3,154,110)**
Transactions with owners, in their capacity as owners, and other transfers				
Total transactions with owners	-	-	-	-
Balance at 30 June 2019	**69,096,820**	**(67,278,336)**	**(1,715,568)**	**102,916**

The accompanying notes form part of the financial statements

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2019

	Note	30 June 2019 $	30 June 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts – Other		109,834	-
Receipts – Research and Development Grant		-	1,062,457
Payments to suppliers and employees		(1,806,814)	(2,113,195)
Payments for exploration expenditure		(652,276)	(294,731)
Income tax paid		-	(1,674)
Interest received		21,372	100,984
Interest paid		(50,000)	(107,665)
Net cash (outflow) from operating activities	**26**	**(2,377,884)**	**(1,353,824)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(49,478)	(42,480)
Expenditure			
Proceeds from the sale of plant and equipment		8,286	-
Deposits paid		-	(23,112)
Cash lost from loss of control of a subsidiary		(263,682)	-
Cash received on acquisition of a subsidiary		-	28,336
Net cash (outflow) from investing activities		**(304,874)**	**(37,256)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital raising costs		-	(7,500)
Net cash (outflow) from financing activities		**-**	**(7,500)**
Net (decrease) in cash held		(2,682,758)	(1,398,580)
Cash at the beginning of the financial year		2,980,500	4,379,080
Cash at the end of the financial year	**8**	**297,742**	**2,980,500**

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. Accounting Policies

The same accounting policies and methods of computation have generally been followed in the financial year statements as those employed in the Group's annual financial statements for the year ended 30 June 2018 with the exception of the application of AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers.

AASB 15 Revenue from Contracts with Customers

The Group adopted AASB 15 from 1 July 2018 but does not derive any revenue from its exploration activities at this stage, as such has not recognised any operating revenue to date. Eventually when the Group starts generating revenue, revenue will be recognised in accordance with AASB 15. Therefore, there is no impact from the transition from AASB 118 to AASB 15.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets. When adopting AASB 9, the Group has applied transitional relief and elected not to restate prior periods. Rather, if any, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

Management has assessed the classification and measurement of the Group's financial assets as well as impairment under the new three-stage expected credit loss model.

Trade and other receivables do not meet the definition of a financial asset as they include GST receivable and prepayments. Security deposits continue to be recognised at amortised cost.

Management is satisfied that impairment under the new three-stage expected credit loss model did not have any impact as at 1 July 2018. In the parent entity's financial statements, all the loans granted to subsidiaries are fully impaired as the company recognised lifetime expected losses.

Management assessed the classification of its financial liabilities as at 1 July 2018 and is satisfied that they continue to be recorded at amortised cost.

As a result, management is satisfied that there is no impact from the transition from AASB 139 to AASB 9.

b. 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 24.

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.

When a change in the Company's ownership in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss.

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.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Material uncertainty related to going concern

The financial report has 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 result after income tax for the consolidated entity for the year ended 30 June 2019 was a loss of $3,152,063 (2018: $11,837,433) and the Group had net cash outflows from operating activities of $2,377,884 (2018: $1,353,824). The Group's subsidiaries, Macquarie Gold Limited (MGL) and Challenger Mines Pty Ltd (CML), with which a deed of cross guarantee was in place before being revoked on the 10 May 2019, were placed in receivership on the 22 March 2019 and the Group is waiting for the outcome of this process which is unknown at the date of this report

The Directors have considered the following in their assessment of going concern:

(i) The Group had $297,742 cash on hand at 30 June 2019;

(ii) On the 14 August 2019, major shareholders provided a loan of $0.5 million to finance the Group's immediate cash needs. The Group expects further financial support to be provided if required;

(iii) The Group is currently negotiating a deal in relation to its Namibian asset, Craton, that should result in a capital raising of $1 million;

(iv) The Group expects to receive some proceeds from the sale process of the MGL/CML assets conducted by the Receivers and the debt of $3,862,254 being extinguished as part of this process;

(v) Costs cutting measures can be taken reducing operating cash outflows.

In the event that the consolidated entity is unable to obtain sufficient funds (specifically the raising of capital) to meet anticipated expenditure or liabilities arising from the receivership process MGL/CML are currently going through (refer to contingent liabilities note for further details), there is a material uncertainty that may cast significant doubt upon the Company and the consolidated entity's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

At the date of approval of this financial report, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements at 30 June 2019. Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classifications of liabilities that might be necessary.

d. 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, after initially being recognised at cost in the consolidated balance sheet.

e. Segment reporting

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

f. 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.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

g. Other 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.

Research and Development Grants

Mine development costs may be eligible for a Government Research and Development Grant with such grants being taken up as income in the statement of income and expenditure.

h. 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.

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.

i. Exploration expenditure

In accordance with AASB 6 – Exploration for and the Evaluation of Mineral Resources, the Group has elected to expense in the profit or loss all its exploration expenditure.

j. Mineral Development expenditure

Capitalised expenditure is transferred from ‘Exploration and evaluation expenditure’ to ‘Mines under development’ once the work completed to date supports the future development of the property. After transfer of the exploration and evaluation assets, all subsequent expenditure on the development is capitalised in ‘Mines under development’. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalised, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognised in the statement of profit or loss and other comprehensive income. After production starts, all assets included in ‘Mines under development’ are then transferred to ‘Producing mines’. Mine development costs may be eligible for a Government Research and Development Grant with such grants being taken up as income in the statement of income and expenditure.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Restoration, rehabilitation and environmental protection expenditure

Where applicable, a provision for material restoration obligations is recognised for exploration licences. The amount recognised includes costs of reclamation and site rehabilitation after taking into account restoration works which are carried out during exploration. The provision for restoration costs are determined from an estimate of future costs and are capitalised as exploration expenditure.

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Management has reassessed and provided for restoration as required for any disturbance during the field exploration and development work, which has been recognised as part of mines under development.

l. Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through profit or loss (FVPL)
- debt instruments at fair value through other comprehensive income (FVOCI)
- equity instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instrument.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at FVOCI. Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend income is taken to profit or loss unless the dividend clearly represents return of capital.

Impairment of financial assets

AASB 9's new impairment model use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

All financial assets, except for those at fair value through profit or loss (FVPL) and equity investments at fair value through other comprehensive income (equity FVOCI), are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets at fair value through other comprehensive income

The Group recognises 12 months expected credit losses for financial assets at FVOCI. As most of these instruments have a high credit rating, the likelihood of default is deemed small. However, at each reporting date the Group assesses whether there has been a significant increase in the credit risk of the instrument.

In assessing these risks, the Group relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Group only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the Group would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk.

In addition, the Group considers other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrowers operating results.

Should any of these indicators imply a significant increase in the instrument's credit risk, the Group recognises for this instrument or class of instruments the lifetime expected credit losses.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. 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.

n. Trade receivables (accounting policy applicable to comparative accounting period)

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.

o. Investments and other financial assets (accounting policy applicable to comparative accounting period)
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.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

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.

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.

p. 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
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 in 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.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

Depreciation of non-mining assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. Leasehold improvements are depreciated over the shorter of either the unexpired period or the lease or the estimated useful lives of the improvements.

The depreciation rate used for each class of depreciable assets are:

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

Depreciation on mining assets commences when the asset is put into use and is based on the units of production method which results in a decreasing charge over the useful life of the asset.

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.

q. 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.

r. 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.

s. 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.

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. Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, and accumulating annual 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.

u. 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.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

w. 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.

x. 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 using the fair value less disposal costs or value in use approach, whichever is more appropriate for the underlying asset.

Key judgements – Exploration expenses

The Directors have elected to expense rather than capitalise expenditure on exploration, evaluation and development on all the Group’s exploration as it is incurred. 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(i).

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y. Parent entity financial information

The financial information for the parent entity, International Base Metals Limited, disclosed in Note 19 has been prepared on the same basis as the consolidated financial statements, except as set out below,

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 expense is recognised in profit or loss for the year.

z. New accounting standards and interpretations not yet effective

Certain new accounting standards and interpretations have been published and are mandatory for 30 June 2019 reporting periods. The group's assessment of the impact of these new standards are discussed below:

AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 July 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The directors anticipate that the adoption of AASB 16 will impact the Group's financial statements in relation to operating leases. The impact has not yet been quantified at the date the financial report has been issued.

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, loans received and trade and other payables.

The total for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated Group	
	2019 $	2018 $
Financial Assets		
Cash and cash equivalents	297,742	2,980,500
Trade and other receivables	84,659	102,951
Security deposits	15,056	461,785
	397,457	3,545,236
Financial liabilities		
Borrowings	-	3,735,212
Trade and other payables	236,903	428,058
	236,903	4,163,270

Notes to the Financial Statements

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

(i) Foreign exchange risk

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 19	**30 June 18**
	N$	**N$**
Cash at bank	2,040,977	2,929,661
Other receivables	706,057	359,959
Payables	(142,934)	(214,240)
	2,604,100	**3,075,380**

Group sensitivity

Based on the financial instruments held at 30 June 2019, 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 $29,254 higher / $23,934 lower (2018: $33,588 higher / $27,481 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 financial assets at fair value through profit or loss representing shares held in listed companies.

The Directors have resolved to fully impair these investments with the result that the carrying value is nil.

The Group is not exposed to commodity price risk.

(iii) Interest rate risk

As the Group borrowings were at fixed rates of interest there is no rate risk from these loans.

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 and from other assets (prepayments and security deposits). The average interest rate applicable during the reporting period 0.52% (2018:1%).

Group sensitivity

At 30 June 2019 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 $1,142 lower/higher (2018: $391 higher/ lower as a result of higher/lower interest income from cash and cash equivalents.

(iv) 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. With respect to investments, it limits its exposure by investing in liquid investments that are principally exchange traded.

Trade and other receivables

As the Group currently has no mines in production, the group and the parent generally do not have trade receivables. The Group however does receive 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 currently only involved in mineral exploration and development 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.

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

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	
	2019 $	2018 $
Cash and cash equivalents		
AA- Standard & Poor's, Moody's Aa2	-	1,058,600
A+ Standard & Poor's, Moody's A+	343	337
AA Standard & Poors	102,224	-
Moody's Baa3	104,117	287,972
Moody's Aa2	-	4,821
Aa2 Standard & Poor's, Moody's AA-	91,058	1,628,770
	297,742	2,980,500

(iv) 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's preference is to use capital raising rather than borrowings to balance cash flow requirements. However, with the acquisition of Macquarie Gold Limited the Group has acquired short term financial liabilities.

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 2019	Less than 1 Year $	1 to 5 Years $	More than 5 Years $	Total contractual cash flows $	Carrying Value $
Trade and other payables	236,903	-	-	236,903	236,903
Total financial liabilities	236,903	-	-	236,903	236,903

As at 30 June 2018	Less than 1 Year $	1 to 5 Years $	More than 5 Years $	Total contractual cash flows $	Carrying Value $
Trade and other payables	428,058	-	-	428,058	428,058
Borrowings	3,987,408	-	-	3,987,408	3,987,408
Total financial liabilities	4,415,466	-	-	4,415,466	4,415,466

(v) 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.

Notes to the Financial Statements

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

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 are carried at amortised cost.

		2019		2018	
		Carrying Value	Net Fair Value	Carrying Value	Net Fair Value
		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	297,742	297,742	2,980,500	2,980,500
Trade and other receivables	(i)	84,659	84,659	102,951	102,951
Other assets	(ii)	15,056	15,056	461,785	461,785
Total Financial assets		397,457	397,457	3,545,236	3,545,236
Financial liabilities					
Trade and other payables	(i)	236,903	236,903	428,058	428,058
Borrowings	(iii)	-	-	3,735,212	3,735,212
Total Financial liabilities		236,903	236,903	4,163,270	4,163,270

(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) Security deposits and prepayments whose carrying value is equivalent to fair value.

(iii) Borrowings are a fixed interest rates and due to their short-medium term nature have not been discounted as the carrying value approximates fair value.

Financial Instruments Measured at Fair Value

There were no financial instruments recognised at fair value in the statement of financial position in financial years 2019 and 2018.

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 three reportable segments.

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

The three reportable segments are Australia Mining, Namibia Mining and Australia Corporate which also equate to the geographic locations.

(b) Segment performance

2019	Australia Corporate	Namibia Mining	Australia Mining (discontinued operation)	Total
	$	$	$	$
REVENUE				
Other revenue (including finance revenue)	2,587,694	10,340	7,663	2,605,697
Total segment revenue	2,587,694	10,340	7,663	2,605,697
Reconciliation of segment revenue to group revenue				
Discontinued operations	-	-	(7,663)	(7,663)
Inter-segment elimination*	(2,474,501)	-	-	(2,474,501)
Total group revenue and income	113,193	10,340	-	123,533

Notes to the Financial Statements

NOTE 3: SEGMENT INFORMATION (continued)

2018	Australia Corporate $	Namibia Mining $	Australia Mining (discontinued operation) $	Total $
REVENUE				
Other revenue (including finance revenue)	1,660,348	34,990	1,067,121	2,762,459
Total segment revenue	1,660,348	34,990	1,067,121	2,762,459
Reconciliation of segment revenue to group revenue				
Discontinued operation	-	-	(1,067,121)	(1,067,121)
Inter-segment elimination*	(1,601,998)	(2,527)	-	(1,603,525)
Total group revenue and income	59,350	32,463	-	91,813

* Represents interest charged by Australia to Namibia and Macquarie Gold Mining Limited.

NET PROFIT (LOSS) BEFORE TAX

2019	Australian Corporate $	Namibia Mining $	Australia Mining (discontinued operation) $	Total $
Net profit (loss) Before Tax	(2,765,723)	(2,069,507)	(1,409,479)	(6,244,709)
Reconciliation of segment net loss before tax to group net loss before tax				
Inter-segment eliminations	1,401,190	1,691,456	-	3,092,646
Operating Net Loss before tax	**(1,364,533)**	**(378,051)**	**(1,409,479)**	**(3,152,063)**

2018	Australian Corporate $	Namibia Mining $	Australia Mining (discontinued operation) $	Total $
Net profit (loss) Before Tax	(21,706,512)	(1,989,277)	516,951	(23,178,838)
Reconciliation of segment net loss before tax to group net loss before tax				
Inter-segment eliminations	9,736,204	1,577,968	25,559	11,339,731
Operating Net Loss before tax	**(11,970,308)**	**(411,309)**	**542,510**	**(11,839,107)**

(c) Segment assets

2019	Australian Corporate $	Namibia Mining $	Australia Mining (discontinued operation) $	Total $
Segment assets current*	104,653	277,748	-	382,401
Segment assets non-current**	23,321	8,973	-	32,294
Total group assets	**127,974**	**286,721**	**-**	**414,695**

* 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 associate and in other listed entities, and office plant and equipment. These are stated net of impairment provisions against investment in subsidiaries and loans of $28,141,001 and $12,705,129 respectively

Notes to the Financial Statements

NOTE 3: SEGMENT INFORMATION (continued)

2018	Australian Corporate $	Namibia Mining $	Australia Mining (discontinued operation) $	Total $
Segment assets current*	1,746,283	323,256	1,013,915	3,083,454
Segment assets non-current**	1,134,148	18,272	20,581,777	21,734,197
Inter-segment eliminations***	(1,102,560)	-	(15,818,384)	(16,920,944)
Total group assets	1,777,871	341,528	5,777,308	7,896,707

* 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 associate and in other listed entities, and office plant and equipment.

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

Eliminations in segment assets include loans from the Parent to the controlled entities.

(d) Segment liabilities

2019	Australian Corporate $	Namibia Mining $	Australia Mining (discontinued Operation) $	Total $
Segment liabilities*	297,307	26,988,725	-	27,286,032
Reconciliation of segment liabilities to group liabilities				
Inter-segment eliminations**	-	(26,974,253)	-	(26,974,253)
Total group liabilities	**297,307**	**14,472**	**-**	**311,779**

*Australian liabilities include payables and loans extended to subsidiaries

2018	Australian Corporate $	Namibia Mining $	Australia Mining (discontinued operation) $	Total $
Segment liabilities*	284,038	24,238,386	19,354,657	43,877,081
Reconciliation of segment liabilities to group liabilities				
Inter-segment eliminations**	-	(24,217,327)	(15,020,073)	(39,237,400)
Total group liabilities	**284,038**	**21,059**	**4,334,584**	**4,639,681**

NOTE 4: OTHER INCOME

	Consolidated Group 2019 $	2018 $
Interest received	21,372	91,813
Net gain on disposal of plant and equipment	1,783	-
Currency gain	288	-
Miscellaneous income	100,090	-
TOTAL OTHER INCOME	**123,533**	**91,813**

NOTE 5: EXPENSES

Loss before income tax includes the following specific expenses:

	Note	2019	2018
Depreciation			
Office equipment		126	4,257
Furniture & fitting		8,266	20,953
Plant and equipment		9,472	14,629
Computer software and equipment		4,183	12,613
Motor vehicles		-	11,968
Total Depreciation	12	22,047	64,420

Notes to the Financial Statements

NOTE 5: EXPENSES (CONTINUED)

	2019 $	2018 $
Share of loss from associate	-	130,208
Interest cost	-	174,737
Acquisition costs	-	156,588
Loss on fair value of interests in associates	-	7,972,153
Impairment of financial assets	-	1,239,627
Impairment of goodwill on acquisition of subsidiary	-	885,855
Total rental expense relating to operating leases	86,575	57,076

NOTE 6: INCOME TAX

	2019 $	2018 $
(a) **Income tax expense**		
Current tax	(376,519)	107,140
Deferred tax	-	-
Deferred tax assets not recognised	376,519	(108,814)
	-	(1,674)
(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 (loss) before income tax at 27.5% (2018:27.5%):	(866,817)	(3,255,755)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
- Exploration expenditure incurred – Namibia	776,065	744,017
- Other allowable items	(413)	(413)
- Non allowable items	-	600
- Goodwill arising from acquisition	-	243,610
- Loss resulted from business discontinuity	387,607	-
- Provisions and accruals	(466,010)	2,573,721
Difference in overseas tax rates	(206,951)	(198,640)
Timing differences not recognised	-	-
Tax losses not recognised	376,519	(108,814)
Income tax expense	-	(1,674)
(c) Unrecognised temporary differences		
Deferred tax assets (at 27.5% - Australian entities)		
Carry forward tax losses	5,432,849	4,831,399
Temporary differences	32,218	2,767,031
	5,465,067	**7,598,430**

NOTE 7: DISCONTINUED OPERATIONS – LOSS OF CONTROL

		Consolidated Group 2019 $	2018 $
(a)	**Description**		
	On 22 March 2019 subsidiaries Macquarie Gold Limited (MGL) and Challenger Mines Pty Ltd were placed in receivership by lenders to MGL as a result of the borrower not being successful in negotiating an extension of the repayment terms with the lenders.	**22 Mar 2019**	**30 June 2018**
(b)	**Assets of Discontinued operation**		
	Cash	263,682	982,166
	Other assets	14,680	30,233
	Deposits	447,090	446,631
	Exploration assets and Property, plant and equipment	-	4,316,766
	Total assets of Discontinued Operation	**725,452**	**5,775,796**

Notes to the Financial Statements

NOTE 7: DISCONTINUED OPERATIONS – LOSS OF CONTROL

		Consolidated Group 2019 $	2018 $
(c)	**Liabilities of Discontinued operation**		
	Trade and other payables	150,153	200,944
	Loans	3,918,180	3,735,212
	Provisions	400,491	400,491
	Total liabilities of Discontinued Operation	**4,468,824**	**4,336,647**
(d)	**Financial performance and cash flow information**		
	Revenue	7,663	1,067,121
	Expenses	(802,785)	(524,457)
	Impairment of assets	(4,357,731)	-
	Gain on de-consolidation	3,743,374	-
	(Loss)/Profit before income tax on discontinued operations	**(1,409,479)**	**542,664**
	Income tax expense	-	-
	(Loss)/Profit after income tax on discontinued operations	**(1,409,479)**	**542,664**

	Consolidated Group 2019 $	2018 $
Net (outflow)/inflow from operating activities	(627,519)	323,164
Net cash (outflow) from investing activities	(40,965)	(25,208)
Net cash (outflow)/inflow from financing activities	(50,000)	655,875
Net (decrease)/increase in cash used by the discontinued entities	**(718,484)**	**953,831**

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank and in hand	297,742	2,980,500

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	297,742	2,980,500

Interest rate exposure

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

NOTE 9: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Other receivables	3,509	-
VAT/GST refund due	76,640	52,309
Prepayments	4,510	50,642
Total Trade and other receivables	84,659	102,951

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. No receivable are past due at year end.

NOTE 10: NON-CURRENT ASSETS – DEPOSITS

	Consolidated Group 2019 $	2018 $
Deposits paid re office leases	15,056	32,665
Deposits paid re mining leases*	-	429,120
Total Deposits paid	15,056	461,785

* Fixed deposits with banks as collateral security guarantees for security deposits required re exploration/mining leases

Fair value and credit risk

The carrying amount is assumed to approximate their fair value.

Notes to the Financial Statements

NOTE 11: JOINT ARRANGEMENTS

Cobar/Actway Joint Venture

AuriCula Mines Pty Ltd, 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 tenement, EL 6907 (Mt Hope Project), is held by Actway. CMPL manages the projects.

NOTE 12: NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	Office Equipment	Furniture & Fittings	Land & Buildings	Plant & Equipment	Motor Vehicles	Computer Equipment	Total
	$	$	$	$	$	$	$
Year ended 30 June 2018							
Opening Net book value	**-**	**1,614**	**-**	**29,014**	**15,256**	**12,854**	**58,738**
Acquisition of subsidiary	-	-	330,000	1,036,050	18,000	-	1,384,050
Additions	4,257	35,903	-	-	-	2,320	42,480
Foreign exchange loss on conversion	-	10	-	(109)	34	70	5
Depreciation charge	(4,257)	(20,953)	-	(14,629)	(11,969)	(12,612)	(64,420)
Closing Net book value	**-**	**16,574**	**330,000**	**1,050,326**	**21,321**	**2,632**	**1,420,853**
At 30 June 2018							
Cost or fair value at acquisition date	8,961	44,052	330,000	1,159,644	104,285	90,879	1,737,821
Accumulated depreciation	(8,961)	(27,478)	-	(109,318)	(82,964)	(88,247)	(316,968)
Net book value	**-**	**16,574**	**330,000**	**1,050,326**	**21,321**	**2,632**	**1,420,853**
Year ended 30 June 2019							
Opening Net book value	-	16,574	330,000	1,050,326	21,321	2,632	1,420,853
Impairment	-	-	(359,950)	(1,051,270)	(11,000)	(2,098)	(1,424,318)
Additions	126	-	29,950	15,220	-	4,182	49,478
Disposal	-	-	-	-	(7,000)	-	(7,000)
Foreign exchange loss on conversion	-	1	-	160	95	16	272
Depreciation charge	(126)	(8,266)	-	(9,472)	-	(4,183)	(22,047)
Closing Net book value	**-**	**8,309**	**-**	**4,964**	**3,416**	**549**	**17,238**
At 30 June 2019							
Cost or fair value at acquisition date	9,125	44,285	-	127,120	88,747	95,000	364,277
Accumulated depreciation	(9,125)	(35,976)	-	(122,156)	(85,331)	(94,451)	(347,039)
Net book value	**-**	**8,309**	**-**	**4,964**	**3,416**	**549**	**17,238**

NOTE 13: MINES UNDER DEVELOPMENT

Movement in the carrying amounts of the Adelong Mine under development are:-

	2019	2018
	$	$
Opening book value	2,930,618	-
On acquisition of a subsidiary*	-	2,930,618
Impairment	(2,930,618)	-
Balance at end of year 30 June 2019	-	2,930,618

* Macquarie Gold Limited and its subsidiary Challenger Mines Pty Lid was acquired by IBML on 15 January 2018. Liabilities included loans from previous shareholders due for repayment in February and March 2019. Failure to reach agreement with lenders to extend the term of these loans resulted in one of the borrowers putting these companies into receivership on 22 March 2019.

NOTE 14: CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Trade payables	98,023	194,351
Sundry payable and accrued expenses	138,880	233,707
	236,903	**428,058**

Notes to the Financial Statements

NOTE 15: PROVISIONS

	Consolidated Group 2019 $	2018 $
Current		
Employee benefits	**74,876**	**81,411**
Opening balance	**81,411**	51,810
Balance at acquisition date of subsidiary	-	2,445
Balance at loss of control of subsidiary	(5,491)	-
(Decrease)/Additions in the year	(1,044)	27,156
Balance at end of year	**74,876**	**81,411**
Non-current		
Restoration and rehabilitation costs		
Balance at acquisition date of subsidiary	395,000	372,000
Additions in the year	-	23,000
Balance at loss of control of subsidiary	(395,000)	-
Balance at end of year	-	**395,000**

NOTE 16: BORROWINGS -CURRENT

Loans from Directors	-	604,976
Accrued interest on loans from Directors and Directors' related entities	-	198,017
Loans from shareholders	-	2,289,860
Accrued interest on loans from shareholders	-	642,359
	-	**3,735,212**

These borrowings were incurred by Macquarie Gold Limited, prior to the company becoming a subsidiary of IBML in January 2018.

Failure to reach agreement with the lenders to extend the term of these loans resulted in one of the borrowers putting these MGL and its subsidiary Challenger Mines Pty Ltd into receivership.

Security on all loans is a first ranking general security granting security over the borrower's assets.

NOTE 17: ISSUED CAPITAL

	2019 No of Shares	2018 No of Shares	2019 $	2018 $
Fully paid ordinary shares	689,312,504	689,312,504	69,096,820	69,096,820

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

(a) Options

No options were issued during the financial year. There are no unexpired options on issue (2018: nil).

(b) 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.

(c) 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.

Notes to the Financial Statements

NOTE 18: RESERVES AND ACCUMULATED LOSSES

(a) Foreign Exchange Translation Reserves

	Consolidated Group 2019 $	2018 $
Balance at beginning of financial year	**(1,713,521)**	(1,764,684)
Currency translation differences arising during the year	(2,047)	51,163
Balance at end of financial year	**(1,715,568)**	**(1,713,521)**

(b) Accumulated losses

Movements in retained losses were as follows:		
Balance 1 July	**(64,126,273)**	(52,288,840)
Net (loss) attributable to members of the Company	(3,152,063)	(11,837,433)
Balance 30 June	**(67,278,336)**	**(64,126,273)**

(c) Nature and purpose of reserves

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.

NOTE 19: PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

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

	Parent Entity 2019 $	2018 $
Current assets	104,653	1,752,402
Non-Current assets	23,324	1,119,092
Total assets	**127,977**	**2,871,494**
Current liabilities	297,307	275,102
Total liabilities	***297,307***	**275,102**
Shareholders' equity		
Contributed equity	69,096,820	69,096,820
Retained losses	(69,266,150)	(66,500,428)
Total equity	**(169,330)**	**2,596,392**
(Loss)/Profit for the year	(2,765,723)	(21,706,512)
Total Comprehensive Income	(2,765,723)	**(21,706,512)**
Loans by parent to controlled entities		
Amounts owing by controlled entities	(28,141,001)	25,367,868
Provision for impairment of receivables	(28,141,001)	(25,367,868)
	-	-

(i) Impaired receivables and receivables past due

At 30 June 2019 $28,141,001 (2018:$25,367,868) owing by controlled entities was impaired. The impairment has resulted from the Parent Entity and a controlled entity advancing working capital to Controlled Entities which have no income and therefore are not in a position at this exploration stage to meet their liability to the Parent Entity or controlled entity.

The Company has issued a Letter of Support to its Controlled Entity Craton Mining and Exploration (Pty) Ltd agreeing not to call up the above-mentioned loans totalling $26,974,251 (2018: $24,217,327) until this Controlled Entities is able to pay its debts as and when they fall due; and to provide further funding as is necessary to enable the Controlled Entities to pay its debts as and when they become due and payable.

Notes to the Financial Statements

NOTE 19: PARENT ENTITY FINANCIAL INFORMATION (continued)

(ii) 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 AASB 9.

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 2019 the parent company's investment in Craton Mining and Exploration (Pty) Ltd was $12,705,129. The Directors have considered whether all or part of this investments is impaired and fully impair this investment in the previous financial year.

At 30 June 2019 the parent company's investment in Macquarie Gold Limited (MGL) $1,102,558 was considered for impairment and fully provisioned for impairment as a result of this entity being put into receivership.

(iii) Fair values

After provisioning for impairment for the amount owing by controlled entities in the current and past years of $27,837,899 the carrying amount is assumed to approximate the fair value of the loans to controlled entities of $Nil. Information about the Group's exposure to credit and interest risk is provided in Note 2.

NOTE 20: KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	Consolidated Group	
	2019	**2018**
	$	**$**
Short-term employee benefits	910,871	747,638
Share based payments	-	380,911
	910,871	**1,128,549**

Details of key management personnel remuneration are included in the remuneration report.

(b) Shareholdings of key management personnel

Details of shareholdings of key management personnel are disclosed in the remuneration report.

(c) Option holdings of key management personnel

No options are held by KMP's (2018: Nil).

There have been no other transactions involving equity instruments other than those described in the table above. For details of other transactions with KMP's (including loans) refer to Note 23 Related Party Transactions.

NOTE 21: REMUNERATION OF AUDITORS

Auditor to the parent company		
Audit and review of financial statements		
Grant Thornton Audit Pty Ltd	94,878	106,753
Auditors of subsidiaries		
Grant Thornton Neuhaus	11,233	9,260
Other services to the subsidiaries		
Taxation services – Ernst Young	4,692	11,037
Taxation services - Willtax	4,250	4,750
	115,053	**131,800**

NOTE 22: COMMITMENTS

(a) Non-cancellable operating leases

A lease was signed on premises for a Sydney Head Office of the Group on 1 December 2017 for a lease term of three years and with an option to renew for a further two years with commitments as set out below:

Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable – minimum lease payments		
- Not later than twelve months	56,831	55,708
- Not later than three years	23,971	81,581
	80,802	**137,289**

The Namibian subsidiary office lease has expired. Rent is now payable monthly in advance.

Notes to the Financial Statements

NOTE 22: COMMITMENTS (continued)

(b) Exploration and Development

Exploration tenements granted in Australia and Namibia are issued with a minimum annual expenditure commitment. 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.

The expenditure commitments to maintain and renew rights to tenure in the exploration licence, mining lease and mining claim leases as at 30 June 2019 have not been provided for in the financial statements and are due:

	Consolidated Group	
	2019 $	**2018 $**
- Namibia Tenement Payable not later than one year	30,069	1,081
- Namibia Tenement Payable one year or longer and no later than three years	69,998	1,572
- Namibia Tenement Payable later than three years	7,244	8,347
- Australia Tenement Payable not later than one year	-	500,593
- Australia Tenement Payable one year or longer and no later than three years	-	49,111
	107,311	**560,704**

NOTE 23: 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 24

(c) Key management personnel

Disclosures in relation to key management personnel are set out in Note 20

Other transactions with related parties of Parent

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

	2019 $	**2018 $**
Amounts outstanding from related parties		
Loans from related party - Director	-	604,976
Loans from related party - Shareholders	-	2,289,860
Accrued interest on shareholder loans	-	642,359
Directors' fees and service fees payable to KMP's and their related parties	53,555	141,363
Accrued interest on loans from Directors and Directors' related entities	-	198,017
Amounts payable to Hunter Bay Partners Pty Ltd	20,075	7,380
Amounts recognised as expense from related parties		
Amounts recognised as expense - rent and service fees	-	25,025

Expenses claimed by Tamerlane Advisory Group Pty Ltd (a company related to Hugh Thomas) and Budside Pty Ltd (a company related to Dennis Morton) have been included in directors' fees.

Notes to the Financial Statements

NOTE 24: CONTROLLED ENTITIES

(a) Subsidiaries

The group's principal subsidiaries at 30 June 2019 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	
			2019	2018
Parent entity				
International Base Metals Limited	Holding Company	Australia	100%	100%
Controlled entities				
AuriCula Mines Pty Ltd	Exploration	Australia	100%	100%
Craton Mining and Exploration (Pty) Ltd	Exploration	Namibia	100%	100%
Omitiomire Mining Company (Pty) Ltd	Exploration	Namibia	100%	100%
Macquarie Gold Limited	Exploration	Australia	100%	100%
Challenger Mines Pty Ltd	Exploration	Australia	100%	100%

NOTE 25: SUBSEQUENT EVENTS

On 14 August 2019 agreements were signed with a related party of Director Mr Qiang Chen (Far Union Ltd) and Director Mr Rui Liu to advance loans totalling $0.5 million being $0.1 million from Far Union Ltd and $0.4 million from Mr Liu. This amount to be drawn down as required by the company giving notice to the lenders. The maturity date of the loans is 18 months from the date the agreements were signed with interest at 13.5% pa is payable with the principal at maturity date.

IBML is currently in the process of finalising documents with a UK based Private Equity Company for this company to earn 51% of Craton in return for completing a BFS with a minimum expenditure of USD5.0m. At the conclusion of the BFS, and assuming it meets the required future investment hurdles, IBML will have the option to either sell its equity in Craton to the Fund for USD7.5m plus a 1.5% smelting royalty or invest in the future project to the extent of its equity holding.

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

	2019 $	2018 $
Operating (loss) after income tax	(3,152,063)	(11,837,433)
Non-cash items included in profit and loss:		
- depreciation and amortization	22,047	64,420
- Share based payment	-	380,911
- Impairment of property, plant and equipment	1,424,318	-
- Impairment of development assets	2,933,413	-
- Impairment/(reversal) of financial assets	-	1,239,627
- Gain on deconsolidation of subsidiaries	(3,743,374)	
- Loss on fair value of interest in associate	-	7,972,153
- Share of loss from associate	-	130,208
- Gain on disposal of property, plant and equipment	(1,555)	-
- Impairment of goodwill	-	885,855
- Accrual for mine rehabilitation	-	23,000
- Net foreign exchange difference	(2,047)	(1,881)
Change in assets and liabilities		
Decrease/(Increase) in receivables	3,611	(21,433)
Increase/(Decrease) in payables	144,301	(216,410)
(Decrease)/Increase in provisions	(6,535)	27,159
Net cash (outflow) from operating activities	**(2,377,884)**	**(1,353,824)**

Notes to the Financial Statements

NOTE 27: LOSS PER SHARE

	Consolidated Group 2019 Cent per Share	2018 Cents per Share
Basic loss per share	(0.46)	(1.94)
Diluted loss per share	(0.46)	(1,94)

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:

	2019 $	2018 $
Loss (i)	(3,152,063)	(11,837,433)
Weighted average number of ordinary shares (ii)	689,312,504	611,180,089

(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 2019 (2018: 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.

NOTE 28: DEED OF CROSS GUARANTEE

An application to cancel the deed of cross guarantee between International Base Metals Ltd and Macquarie Gold Limited was lodged with ASIC on 13 May 2019 and became effective from 13 November 2019.

NOTE 29: CONTINGENT LIABILITIES

Under the deed of appointment between IBML and Michael Hogan and Christian Sprowles, IBML has indemnified the Receivers appointed to Macquarie Gold Limited and Challenger Mines Pty Ltd for any liability for debts or costs incurred by the receivers including their professional fees.

Before being entitled to claim against IBML under the indemnity the receivers must first have recourse to and exhaust the receiver's claims in respect of security property and any applicable insurance cover or other indemnity available to the receivers.

The Group's subsidiaries, Macquarie Gold Limited and Challenger Mines Pty Ltd with which a deed of cross guarantee was in place before being revoked on 10 May 2019, were placed in receivership on the 22 March 2019 and the Group is waiting for the outcome of this process which is unknown at the date of this report. The Company has not received any claims from debt holders or other creditors at the date of this report.

Shareholder Information

Statement of issued securities as at 10 October 2019.

There are 341 shareholders holding a total of 689,312,504 ordinary fully paid shares on issue by the Company eligible 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 28 October 2019.

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	129	7,414,669
	100,001 -	and over	210	681,838,680
Total holders			348	689,312,504

Substantial shareholdings as at 15 October 2019 of Fully Paid Ordinary Shares

Ordinary shareholder	Total relevant interest notified	% of total voting rights
Rui King Resources Limited	150,000,000	21.76
West Minerals Pty Limited	118,326,492	17.17
Ferromin Pty Ltd (The Ambler Unit A/c)	56,909,078	8.26
Heilongjiang Heilong Resources Investment Co Ltd	25,022,723	3.63

The three entities which are substantial Shareholders are associates with 50.81% voting control of the Company.

Top Twenty Shareholders 15 October 2019

Holder Name	Shares held	%
RUI KING RESOURCES LIMITED	150,000,000	21.76%
WEST MINERALS PTY LIMITED	118,326,492	17.17%
FERROMIN PTY LTD <THE AMBLER UNIT A/C>	56,909,078	8.26%
HEILONGJIANG HEILONG RESOURCES INVESTMENT CO LTD	25,022,723	3.63%
CHINA KINGS RESOURCES GROUP CO LTD	22,500,000	3.26%
BUDSIDE PTY LTD <EMPLOYEES SUPER FUND A/C>	21,815,375	3.16%
CHINA SUN INDUSTRY PTY LTD	20,000,000	2.90%
MANICA MINERALS LTD	15,000,000	2.18%
TAMERLANE GROUP LIMITED	13,603,963	1.97%
PEARL GLOBAL INVESTMENT LIMITED	13,333,333	1.93%
BLACKMANS & ASSOCIATES PTY LTD <SUPER FUND A/C>	13,000,000	1.89%
JIAN XU	10,718,379	1.55%
MR KENNETH JOHN MAIDEN & MRS MARGARET FRANCES MAIDEN <MAIDEN FAMILY S/F A/C>	10,521,751	1.53%
GREAT SEA WAVE INVESTMENT PTY LTD	9,167,333	1.33%
MACQUARIE BANK LTD	8,333,333	1.21%
THETA ASSET MANAGEMENT LIMITED <AUCTUS RESOURCES FUND A/C>	8,333,333	1.21%
MR DENNIS JAMES MORTON	7,782,719	1.13%
TECTOMET EXPLORATION PTY LTD	7,220,277	1.05%
OCTAN ENERGY PTY LTD	6,681,096	0.97%
PEAK SUCCEED INVESTMENTS LIMITED	6,666,667	0.97%
Total Securities of Top 20 Holdings	**544,935,852**	**79.05%**
Total of Securities	**689,312,504**	