

INTERNATIONAL BASE METALS LIMITED ('IBML')

QUARTERLY ACTIVITIES REPORT – End-March 2019

OCCUPATIONAL HEALTH AND SAFETY

There were no lost-time or injury incidents during the Quarter.

CORPORATE ACTIVITIES

Board

The IBML Board met on 15th February. The only item discussed was the Macquarie Gold Limited ('MGL') secured loans (see below). Pending a resolution of the issue, IBML resolved to fund the day-to-day working capital requirements of MGL.

Mr Dennis Morton resigned as a Director of International Base Metals limited on 22 March 2019.

Management

The Company's Chairman, Mr Hugh Thomas, continues to act as interim CEO.

MACQUARIE GOLD LIMITED ('MGL')

MGL Corporate - Receivership

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 22nd March 2019. IBML subsequently also appointed a Receiver on 25th March 2019.

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 June at which time we will update shareholders further.

The IBML Directors are closely monitoring the situation. Two IBML directors attended the first debt holder meeting held by the Receivers and the IBML Board is exploring all available options. We are currently working with our auditors, legal and corporate advisors on a variety of actions. We expect to be in a position to provide a fuller picture to shareholders late May when we have a clearer understanding of the MGL Receivers processes and preferred course of action.

MGL Corporate - Board

- Mr Dennis Morton resigned as a Director of Macquarie Gold Limited and Challenger Mines Pty Ltd on 22nd March.
- On medical advice, Dr Ken Maiden resigned as a Director of Macquarie Gold Limited and Challenger Mines Pty Ltd on 12th April.

Challenger Gold Project: Care-and-Maintenance

The project remains on care-and-maintenance.

- The site office is manned.
- On-site plant and equipment are serviced regularly.
- Environmental monitoring is ongoing.
- Mine dewatering is continuing.
- Site and underground inspections have been carried out by officers of the Resources Regulator.

Challenger Gold Project: Project Recommissioning and Suspension of Work

Mine planning: Australian Resource Contracting Pty Ltd (ARC) was engaged to provide the following key deliverables:

1. Prepare design criteria
2. Determine economically viable mining envelopes for underground mining
3. Assess existing development and facilities for adequacy for operations
4. Prepare Stope design and Stope Optimisation
5. Design primary underground development matched to selected stoping inventory
6. Prepare a mine sequence, and schedule the base case mining rate, and/or an up-scaled mining rate
7. Construct a financial cost model.

As of the 22nd March ARC had completed Items 1, 3, 4, and 5. A report dealing with key findings, including Stage 1 of operations with an updated tonnes and grade for initial works had been prepared and was due for release in early April. This mine planning work was to be incorporated in the Mine Operation Plan (MOP), which is due for submission in late May 2019. All work on Mine Planning has been suspended.

Prohibition Notice: Principal Hazard Management Plans for Ground Control, Ventilation, and Inrush Management have been completed and have been reviewed by Rod Gray (Engineering

Manager on Site) for signing off. The Company had expected to lodge these plans with the Mines Inspector in late March. The acceptance of these plans would have enabled the Prohibition Notice on mining to be removed. All work on this component has been suspended.

Modifications to DA and Preparation of Mine Operations Plan for 2017-2019: RW Corkery and Co has been engaged to prepare the following:

1. Preparation of Annual Environmental Report
2. Modifications to the Project Development Consent
3. Preparation of Site Environmental Audit
4. Preparation of Mine Operations Plan for Mining Claims
5. Preparation of Mine Operations Plan for 2019-2021

As at 22nd March, Item 1 has been completed and Items 2 and 3 were in an advanced stage of completion. Work on Items 4 and 5 has not commenced. The modifications to the project development consent (Item 2), has involved preparation of a Statement of Environmental Effects (SOEE). The audit was intended to highlight and prioritise these conditions for action by the Company. At present there is no Environmental Officer attached to the project. The audit has identified shortcomings in compliance, reporting and overall environmental management which needs to be brought under control. Work on the MOPS needs to commence as soon as possible if the end-May deadline is to be met.

Processing Options: JT Metallurgical Services were engaged to complete a technical and commercial audit of the existing processing plant on site, and evaluate the metallurgical character of the Challenger ore for processing. The company has completed the technical audit of the Challenger Gold Mill and ore quality, and had commenced a technical evaluation of the Broula King Gold Mill on 19th March to process Challenger ore as an alternative to on site processing. Work on this component has been suspended.

Surveying: Miner Details Pty Ltd were engaged to complete the survey of the underground development and, based on this survey, to prepare a certified drawing which would be the basis or starting point for renewed operations and mine planning. The survey was completed at the end of March and details provided to the Company. Work on registering the plan, which is a requirement under the Mining Act has been suspended.

CRATON MINING & EXPLORATION (PTY) LTD ('Craton')

Craton Corporate

Pending receipt of funding for development of the Omitiomire Copper Project, Craton has been placed on a care and maintenance program. The office is manned by two administrative contractors who maintain the daily running of the Company.

The Craton Board met during April 2019.

Omitiomire Copper Project: Funding for Project Development

The Company continues to engage with potential providers of capital for project development. The Company is seeking to raise N\$60 million for development of the “Mini Mine” Project.

Craton Exploration

There were no field exploration activities during the quarter.