INTERNATIONAL BASE METALS LIMITED

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Contents

Directors' Report

The Directors present their consolidated report on International Base Metals Limited, ("the Company"), and its controlled entities for the half year ended 31 December 2019 ("the period" or "the half-year").

Directors

The names of Directors who held office during or since the end of the half year:

Mr Hugh Ian Thomas, Executive Chairman
Dr Kenneth John Maiden, Non-Executive Director
Mr Rui Liu, Non-executive Director
Mr Zhehong Luo, Non-executive Director
Mr Jinhua Wang, Non-executive Director
Mr Shilai Jiang, Non-executive Director (appointed 21 July 2020)
Mr Qiang Chen, Alternate Non-executive Director to Mr Zhehong Luo
Mr Xianwu Deng, Alternate Non-executive Director to Mr Jinhua Wang

Company Secretary

John Stone B.Ec.

Principal Activities

The principal activity of the entity during the period was the continued exploration for economic base metal in Namibia.

Operating Results

The net loss after tax of the consolidated entity for the half-year was $866,832 (2018: corresponding period a loss of $5,844,227). All exploration expenditure during the period were expensed.

Dividends

No dividends were paid during the period and no recommendation is made as to payment of dividends.

Review of Operations

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

Mining titles: IBML's wholly-owned Namibian-registered subsidiary, Craton Mining & Exploration (Pty) Ltd ('Craton'), holds the Omitiomire Copper Project within Mining Licence ML197 and also holds the surrounding Exclusive Prospecting Licence EPL3589.

On 20 December 2019 IBML signed an agreement with a UK based Private Equity fund Greenstone Venture Capital LP. All Craton issued shares previously held by IBML have been sold to a new entity Omico Copper Ltd (Mauritius) with the shares in this entity held 53.7% by Greenstone and 46.3% by IBML.

The fund has the right, subject to an agreed expenditure and timetable, to retain its shareholding in Omico 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 has the option to either sell its equity in Omico 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.

Directors' Report

Macquarie Gold Limited

On the 22 March 2019, Macquarie Gold Limited (MGL) and its subsidiary Challenger Mines Pty Ltd (CML) were placed in receivership.

Other Projects

The Company has remained a passive minority partner in exploration programmes on tenements south of Cobar in New South Wales ('NSW').

Share Issues

No capital has been raised in the current half-year.

Shares and options on issue

There were 689,312,504 ordinary shares on issue at 31 December 2019. There were no outstanding options.

Significant Changes in the State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the period not otherwise disclosed in this report or the financial report.

Events subsequent to the end of reporting period

On the 22 March 2019, Macquarie Gold Limited (MGL) and its subsidiary Challenger Mines Pty Ltd (CML) were placed in receivership. This triggered on that date the deconsolidation of these entities as IBML lost control. On 15 May 2020 Hogan Sprowles has settled the Asset and Share Sale Deed with 3D Resources Limited (DDD) of sale of Challenger Mines Pty Ltd. And Hogan Sprowles retired as Receivers and Managers appointed over the assets of Challenger Mines on the same day. Payments were made from the settlement proceeds and distributed to debt holders on 19 June 2020. Hogan Sprowles resigned as receiver of MGL on 20 July 2020.

In March 2020, the World Health Organisation declared the outbreak of novel coronavirus (COVID-19) as a pandemic, which continued to spread throughout Australia. The spread of COVID-19 has caused significant volatility in Australian, and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on Australia and international economies as, as such, the Company is unable to determine if it will have material impact to its operations.

On 17 March 2020, one of the major shareholders provided a convertible note of $600,000 to finance the Group's immediate cash needs.

On 26 October 2020, an agreement with existing debtholders was reached were the repayment date of loans amounting to $500,000 were extended from February 2021 to February 2022.

There are no other matters or circumstances which have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the entities, the results of those operations, or state of affairs of the entities in future financial periods.

Expected future developments

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

As per the agreements signed with Greenstone Venture Capital, the Group has the right, subject to an agreed expenditure and timetable, to retain its shareholding in Omico 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 has the option to either sell its equity in Omico 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.

Directors' Report

Environment Regulation

The consolidated entity's operations are presently subject to environmental regulation under the laws of the Commonwealth of Australia and Namibia. The consolidated entity seeks to ensure full environmental compliance with the conditions of its licences.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Auditor's Independence

A copy of the independence declaration by the lead auditor under Section 307C of the Corporations Act is included on page 18 of this financial report.
Signed on 6 November 2020 in accordance with a resolution of the Board of Directors

Hugh Ian Thomas
Chairman

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year ended 31 December 2019

	Note	Half Year ended	
		31 Dec 2019	31 Dec 2018
		$	$
Revenue	2	8	23,352
Expenditure			
Administrative expenses		(313,455)	(449,982)
Exploration expenses		(8,350)	(122,014)
Mine development		-	(250,361)
Depreciation and amortisation expense		(31,515)	(8,441)
Consultants' expense		(157,620)	(90,949)
Financial and legal advice		(65,753)	(177,453)
Interest paid		(22,786)	-
Occupancy expenses		(5,526)	(44,130)
Employee benefits expense		(90,017)	(127,686)
Impairment of land, buildings, property, plant and equipment		-	(1,424,318)
Impairment of development assets		-	(2,933,414)
(Loss) before income tax		(695,014)	(5,605,396)
Income tax (expense)		-	-
(Loss) for the half year from continuing operations		**(695,014)**	**(5,605,396)**
Loss from discontinued operations-Craton	5	(171,818)	(238,831)
(Loss) for the half year		**(866,832)**	**(5,844,227)**
Other Comprehensive income			
Exchange differences on translation of foreign operations		(432)	(4,587)
Total Other Comprehensive income		(432)	**(4,587)**
Total Comprehensive (Loss) for the half-year attributable to owners of International Base Metals Limited		**(867,263)**	**(5,848,814)**
Basic loss per share (cents)		(0.13)	(0.85)
Diluted loss per share (cents)		(0.13)	(0.85)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 31 December 2019

	Note	31 Dec 2019 $	30 Jun 2019
Current Assets			
Cash and cash equivalents		44,121	297,742
Trade and other receivables		3,390	84,659
Total Current Assets		**47,511**	**382,401**
Non-current Assets			
Security deposits		15,056	15,056
Property, plant and equipment		4,133	17,238
Investment in associate	6	671	-
Right of use asset	7	50,200	-
Total Non-current Assets		**70,060**	**32,294**
Total Assets		**117,571**	**414,695**
Current Liabilities			
Trade and other payables		309,121	236,903
Lease liabilities	7	51,020	-
Short-term provisions		1,491	74,876
Total Current Liabilities		**361,632**	**311,779**
Non Current Liabilities			
Borrowings	4	520,287	-
Total Current Liabilities		**520,287**	**-**
Total liabilities		**881,919**	**311,779**
Net (Liabilities) / Assets		**(764,348)**	**102,916**
Equity			
Issued capital	8	69,096,820	69,096,820
Reserves		-	(1,715,568)
Accumulated losses		(69,861,168)	(67,278,336)
Total (Deficiency) / Equity		**(764,348)**	**102,916**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the Half-Year ended 31 December 2019

	Contributed Equity $	Reserves $	Accumulated losses $	Total Equity $
Balance at 1 July 2018	**69,096,820**	**(1,713,521)**	**(64,126,273)**	**3,257,026**
Loss for the half year	-	-	(5,844,227)	(5,844,227)
Other comprehensive income	-	(4,587)	-	(4,587)
Total Comprehensive loss for the half-year	**-**	**(4,587)**	**(5,844,227)**	**(5,848,814)**
Transactions with owners, in their capacity as owners, and other transfers				
Total transactions with owners	**-**	-	-	-
Balance at 31 December 2018	**69,096,820**	**(1,718,108)**	**(69,970,500)**	**(2,591,788)**
Balance at 1 July 2019	**69,096,820**	**(1,715,568)**	**(67,278,336)**	**102,916**
Loss for the half year	-	-	(866,832)	(866,832)
Other comprehensive income	-	(432)	-	(432)
Total Comprehensive loss for the half-year	**-**	(432)	(866,832)	(867,264)
Transactions with owners, in their capacity as owners, and other transfers				
Transfer of foreign exchange translation reserve to accumulates losses following loss of control of a foreign subsidiary	-	1,716,000	(1,716,000)	-
Total transactions with owners	-	**1,716,000**	**(1,716,000)**	-
Balance at 31 December 2019	**69,096,820**	**-**	**(69,861,168)**	**(764,348)**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the Half-Year ended 31 December 2019

	Note	Half Year ended	
		31 Dec 2019	31 Dec 2018
		$	$
Cash flow from operating activities			
Receipts from customers		-	90
Payments to suppliers and employees		(653,953)	(962,388)
Payments for mine development and exploration expenditure		(44,841)	(483,344)
Interest paid		(2,499)	(50,410)
Interest received		4,307	49,707
Net cash (outflow) from operating activities		**(696,986)**	**(1,446,345)**
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(49,479)
Cash derecognised as a result of the loss of control of subsidiary		(76,353)	-
Proceeds from sale of property, plant and equipment		46,281	6,500
Net cash (outflow) from investing		**(30,072)**	**(42,979)**
Cash flows from financing activities			
Loans received from shareholders		500,000	-
Repayment of lease liabilities		(26,563)	-
Net cash inflow from financing activities		**473,437**	**-**
Net (decrease) in cash held		**(253,621)**	**(1,489,324)**
Cash at beginning of the period		297,742	2,980,500
Cash at end of the period		**44,121**	**1,491,176**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of International Base Metals Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2019, together with any public announcements made during the following half-year.

b. Accounting Policies

The same accounting policies and methods of computation have generally been followed in these half year financial statements as those employed in the Group's annual financial statements for the year ended 30 June 2019 with the exception of the application of AASB 16: Leases and Interpretation 23 Uncertainty over income tax treatments.

AASB 16 Leases

The Company has elected to adopt AASB 16 Leases using the modified retrospective method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations. The impact of adopting AASB 16 is described below.

Under AASB 117, the consolidated entity assessed whether leases were operating, or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the lessee or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except where an exemption election is used). The leases identified by the consolidated entity have been recognised as a right of use asset with a corresponding lease liability on the balance sheet.

AASB 16 includes several practical expedients which can be used on transition, the consolidated entity has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 and associated Accounting Interpretations were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 July 2019;
- right of use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by any prepaid or accrued lease payments;
- leases with an expiry date prior to 30 June 2020 were excluded from the statement of financial position and the lease expenses for these leases have been recorded on a straight-line basis over the remaining term; and
- hindsight was used when determining the lease term where the contract contains options to extend or terminate the lease.

Financial report impact of adoption of AASB 16
The Company has recognised right of use assets of $77,582 and lease liabilities of $77,582 at 1 July 2019 for leases previously classified as operating leases. The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 4.64%.

Interpretation 23 – Uncertainty over income tax treatments

Interpretation 23 clarifies how to apply the recognition and measurement requirements of AASB 112 'Income Taxes' in circumstances where uncertain tax treatment exists. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Group applies significant judgement in identifying uncertainties over income tax treatments.

The Group has adopted Interpretation 23 from 1 July 2019. Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Group has determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The adoption of Interpretation 23 did not have an impact on the consolidated financial statements of the Group.

The Group will continue to review the “Same Business Test” and the “Continuity of ownership test” to assess whether it has an impact on the accessibility of tax losses.

c. Critical Accounting Estimates and Significant Judgments Used in Applying Accounting Policies

The critical estimates and judgments are consistent with those applied and disclosed in the Group’s 2019 Annual Financial Report, except for the following:

Key estimates – Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

d. 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 half year ended 31 December 2019 was a loss of $866,832 (2018: $5,844,227) and the Group had net cash outflows from operating activities of $696,986 (2018: $1,446,345), is in a net current liability position of $314,121 and has negative equity of $764,348.

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

(i) The Group had $44,121 cash on hand at 31 December 2019;

(ii) On the 17 March 2020, one of the major shareholders provided a convertible note of $600,000 to finance the Group’s immediate cash needs. The Group expects further financial support to be provided if required;

(iii) Further costs cutting measures can be taken reducing operating cash outflows.

(iv) On the 26 October 2020, the debt providers extended the repayment date of the loans amounting to $500,000 from February 2021 to February 2022.

In the event that the consolidated entity is unable to obtain sufficient funds (specifically the raising of capital or additional debt) to meet anticipated expenditure, 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 half year financial statements at 31 December 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.

NOTE 2: REVENUE

	31 Dec 2019	31 Dec 2018
From continuing operations	$	$
Other revenue		
Interest received	8	18,067
Other	-	5,285
	8	**23,352**

NOTE 3: SEGMENT REPORTING

(a) Notes to and forming part of the segment information

Accounting policies

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 an exploration and a geographic perspective and has identified two reportable segments as disclosed below.

International Base Metals Limited and its controlled entities are involved in mineral exploration without an income stream at this stage. Cash flow management including the raising of capital from time to time to fund investment and working capital needs, therefore is an important function. The two reportable segments are Australia and Namibia which also equate to the geographic location.

(b) Segment performance

Half Year Dec 2019	Namibia Mining (discontinued operation) $	Australia Corporate $	Total $
REVENUE			
Other revenue (including finance revenue)	45,573	1,110,759	1,156,332
Total segment revenue	45,573	1,110,759	1,156,332
Reconciliation of segment revenue to group revenue			
Discontinued operation	(45,573)	-	(45,573)
Inter-segment elimination*	-	(1,110,751)	(1,110,751)
Total group revenue and income	-	8	8

Half Year Dec 2018	Namibia Mining $	Australia Mining $	Australia Corporate $	Total $
REVENUE				
Other revenue (including finance revenue)	4,111	6,829	1,388,463	1,399,403
Total segment revenue	4,111	6,829	1,388,463	1,399,403
Reconciliation of segment revenue to group revenue				
Inter-segment elimination*	-	-	(1,371,940)	(1,371,940)
Total group revenue and income	4,111	6,829	16,523	27,463

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOTE 3: SEGMENT REPORTING

NET (LOSS) BEFORE TAX

Half Year Dec 2019	Namibia Mining (discontinued operation) $	Australian Corporate $	Total $
Net (loss) Before Tax	(1,085,634)	(595,013)	(1,680,647)
Reconciliation of segment net loss before tax to group net loss before tax			
Inter-segment eliminations	913,816	(100,001)	813,815
Operating Net Loss before tax	**(171,818)**	**(695,014)**	**(866,832)**

Half Year Dec 2018	Namibia Mining $	Australia Mining $	Australian Corporate $	Total $
Net (loss) Before Tax	(1,301,428)	(5,141,541)	(223,855)	(6,666,824)
Reconciliation of segment net loss before tax to group net loss before tax				
Inter-segment eliminations	1,062,597	273,243	(513,243)	822,597
Operating Net Loss before tax	**(238,831)**	**(4,868,298)**	**(737,098)**	**(5,844,227)**

(c) Segment assets

Half Year Dec 2019	Namibia Mining (discontinued operation) $	Australian Corporate $	Total $
Segment assets current	-	47,511	47,511
Segment assets non-current	-	70,060	70,060
Total group assets		**117,571**	**117,571**

Half Year Dec 2018	Namibia Mining	Australia Mining $	Australia Corporate $	Total $
Segment assets current*	80,645	531,998	1,484,281	2,096,924
Segment assets non-current**	11,968	16,665,072	1,130,015	17,807,055
Inter-segment eliminations***	-	(17,320,891)	(504,004)	(17,824,895)
Total group assets	92,613	(123,821)	2,110,292	2,079,084

* 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, plant and equipment and mines under development.

*** 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 which has been matched against the impairment of these loans and impairment of investment in subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: SEGMENT REPORTING (continued)

(d) Segment liabilities

Half Year Dec 2019	Namibia Mining (discontinued operation) $	Australia Corpoate $	Total $
Segment liabilities	-	881,919	881,919
Total group liabilities	**-**	**881,919**	**881,919**

Australian liabilities include payables and loans extended to subsidiaries

Half Year Dec 2018	Namibia Mining $	Australia Mining $	Australian Corporate $	Total $
Segment liabilities	25,331,583	20,097,577	241,759	45,670,919
Reconciliation of segment liabilities to group liabilities				
Inter-segment eliminations	(25,316,024)	(15,684,023)	-	(41,000,047)
Total group liabilities	**15,559**	**4,413,554**	**241,759**	**4,670,872**

Australian liabilities include payables and loans.

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

NOTE 4: BORROWINGS – NON-CURRENT

	31 Dec 2019	30 Jun 2019
	$	$
Loans drawn down	500,000	-
Accrued interest	20,287	-
	520,287	**-**

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. At the date of this report the loans have been fully drawn down and interest accrued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: DISCONTINUED OPERATIONS – LOSS OF CONTROL

5.1 Discontinued Operations-Craton Mining and Exploration Pty Ltd

(a) Description

On 20 December 2019 IBML signed an agreement with a UK based Private Equity fund Greenstone Venture Capital LP. All Craton issued shares previously held by IBML have been sold to a new entity Omico Copper Ltd (Mauritius) with the shares in this entity held 53.7% by Greenstone and 46.3% by IBML.

The fund has the right, subject to an agreed expenditure and timetable, to retain its shareholding in Omico 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 has the option to either sell its equity in Omico 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.

IBML has effectively lost control of Craton and as from 20 December 2019 has de-consolidated Craton and instead recognised IBML's investment in Omico Copper Ltd as an investment in an associate (refer to note 8).

(b) Assets and liabilities of discontinued operation

Assets of Discontinued operation	**20 December 2019**
	$
Cash	76,353
Other assets	45,557
Deposits	-
Exploration assets and Property, plant and equipment	3,438
Total assets of Discontinued Operation	**125,348**
Liabilities of Discontinued operation	
Trade and other payables	3,290
Total liabilities of Discontinued Operation	**3,290**
Net assets of Discontinued Operation	**122,058**

(c) Financial performance and cash flow information

	20 December 2019	**31 December 2018**
	$	$
Revenue	45,573	4,111
Expenses	(95,334)	(242,942)
Loss on de-consolidation	(122,057)	-
Loss before income tax on discontinued operations	**(171,818)**	**(238,831)**
Income tax expense	**-**	**-**
Loss before after income tax on discontinued operations	**(171,818)**	**(238,831)**
Net (outflow) from operating activities	(171,264)	(268,171)
Net cash inflow from investing activities	41,275	-
Net cash (outflow)/inflow from financing activities	-	-
Net (decrease) in cash used by the discontinued entities	**(129,989)**	**(268,171)**

(d) Details of the sale of shares in Craton

Consideration received or receivable	
Cash	1
Total disposal consideration	**1**
Carrying amount of net assets sold	(122,058)
Loss on sale before income tax	**(122,057)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: DISCONTINUED OPERATIONS – LOSS OF CONTROL

5.2 Discontinued Operations - Macquarie Gold Limited

On 22 March 2019, the 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.

As the loss of control occurred post the comparative period-end (31 December 2018), prior year profit or loss information pertinent to Macquarie Gold Limited have not been reclassified.

NOTE 6: INVESTMENT IN AN ASSOCIATE

IBML's investment in Omico Copper Ltd has been recorded as an investment in an associate as IBML does not have control of this entity with a shareholding of 46.3%. IBML's subscription paid to Omico was US$463 (A$671).

NOTE 7: RIGHT OF USE ASSETS AND LEASES

The Company has recognised right of use assets of $77,582 and lease liabilities of $77,582 as at 1 July 2019 for leases previously classified as operating leases. During the half-year, right of use assets were depreciated by $27,382 decreasing the balance as at 31 December 2019 to $50,200.

Lease liabilities during the half-year reduced by $26,562 on account of lease payments net of finance costs recognised.

NOTE 8: ISSUED CAPITAL

Fully paid ordinary shares 689,312,504 (30 June 2019: 689,312,504)

(a) Movements in ordinary share capital

There have been no capital raisings or movement in capital in the reporting period.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

On the 22 March 2019, Macquarie Gold Limited (MGL) and its subsidiary Challenger Mines Pty Ltd (CML) were placed in receivership. This triggered on that date the deconsolidation of these entities as IBML lost control. On 15 May 2020 Hogan Sprowles has settled the Asset and Share Sale Deed with 3D Resources Limited (DDD) of sale of Challenger Mines Pty Ltd. And Hogan Sprowles retired as Receivers and Managers appointed over the assets of Challenger Mines on the same day. Payments were made from the settlement proceeds and distributed to debt holders on 19 June 2020. Hogan Sprowles resigned as receiver of MGL on 20 July 2020.

In March 2020, the World Health Organisation declared the outbreak of novel coronavirus (COVID-19) as a pandemic, which continued to spread throughout Australia. The spread of COVID-19 has caused significant volatility in Australian, and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on Australia and international economies as, as such, the Company is unable to determine if it will have material impact to its operations.

On 17 March 2020, one of the major shareholders provided a convertible note of $600,000 to finance the Group's immediate cash needs.

On 26 October 2020, an agreement with existing debtholders was reached were the repayment date of loans amounting to $500,000 were extended from February 2021 to February 2022.

There are no other matters or circumstances which have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the entities, the results of those operations, or state of affairs of the entities in future financial periods.

DIRECTORS' DECLARATION

In the Directors' opinion:

1. the financial statements and notes set out on pages 4-14

    a. comply with Accounting Standard AASB 134 'Interim Financial Reporting', and

    b. give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date, 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.

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

Hugh Ian Thomas
Executive Chairman

Dated this 6 November 2020

Grant Thornton

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Independent Auditor's Report

To the Members of International Base Metals Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of International Base Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of International Base Metals Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performance by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 (including Independence Standards) (the Code) that are relevant to audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty related to going concern

We draw attention to Note 1(d) in the financial report, which indicates that the net result after income tax for the consolidated entity for the half year ended 31 December 2019 was a loss of $866,832. The Group had net cash outflows from operating activities of $696,986, is in a net current liability position of $314,121 and has negative equity of $764,348.

As stated in Note 1 (d), these events or conditions, along with other matters as set forth in Note 1(d), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of International Base Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

N P Smietana
Partner – Audit & Assurance

Sydney, 6 November 2020

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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 review of International Base Metals Limited for the half-year ended 31 December 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 review; and

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

N P Smietana
Partner – Audit & Assurance

Sydney, 6 November 2020