



**INTERNATIONAL BASE METALS LIMITED**

**INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

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## Directors' Report

The Directors present their consolidated report on International Base Metals Limited ("the Company"), and its controlled entities ("consolidated entity" or "group") for the half year ended 31 December 2020 ("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  
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.

### Financial Officer

Sophie Wang

### 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 \$286,089 (2019: corresponding period loss of \$867,264). All exploration expenditure during the period was 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')

in December 2019 IBML has finalised the documentation that would provide the Company with exploration funding through Greenstone Venture Capital, a UK based Private Equity fund that specialises in Mining. On 20 December 2019 IBML signed the agreement with Greenstone Venture Capital LP ("Greenstone"). 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.

Greenstone has the right, subject to an agreed expenditure and timetable, to retain its shareholding in Omico return for completing a Bankable Feasibility Study (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 Greenstone for USD7.5m plus a 1.5% smelting royalty or invest in the future project to the extent of its equity holding.

### **Macquarie Gold Limited**

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

On 20 July 2020 Hogan Sprowles retired as Receivers and Managers of Macquarie Gold Limited (MGL). MGL remains a wholly owned subsidiary of IBML and is dormant.

### **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.

### **Share Issues**

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

18,630,068 ordinary shares were issued to Rui King Resources on 18 September 2020 as payment of interest of \$25,890 due on the convertible note.

### **Shares and options on issue**

There were 707,942,572 ordinary shares on issue at 31 December 2020. 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**

The non-renounceable rights issue announced on 29 December 2020 was approved by ASIC and opened on 13 January 2021. The underwriting amount A\$600,000 was received by IBML on 4 February 2021 with Rui King contributing \$350,000 and West Minerals contributing \$250,000. Other than the two underwriters, there are another two shareholders who contributed based on their shareholdings for a total of \$3,068. 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 it has the right, subject to an agreed expenditure and timetable, to retain its shareholding in Omico 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 has the option to either sell its equity in Omico to Greenstone for USD7.5m plus a 1.5% smelting royalty or invest in the future project to the extent of its equity holding.

### **Environment Regulation**

The consolidated entity's operations are presently subject to environmental regulation under the laws of the Commonwealth of Australia. 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 16 of this financial report.

Signed on 16 March 2021 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 2020

	Note	Half Year ended	
		31 Dec 2020	31 Dec 2019
		\$	\$
<b>Revenue</b>	2	13,040	8
<b>Expenditure</b>			
Administrative expenses		(163,913)	(313,455)
Exploration expenses		-	(8,350)
Depreciation and amortisation expense		(21,729)	(31,515)
Consultants' expense		-	(157,620)
Financial and legal advice		(2,791)	(65,753)
Interest paid		(59,513)	(22,786)
Occupancy expenses		(10,265)	(5,526)
Employee benefits expense		(40,918)	(90,017)
(Loss) before income tax		(286,089)	(695,014)
Income tax (expense)		-	-
<b>(Loss) for the half year from continuing operations</b>		(286,089)	(695,014)
<b>(Loss) from discontinued operations</b>		-	(171,818)
<b>(Loss) for the half year</b>		<b>(286,089)</b>	<b>(866,832)</b>
<b>Other Comprehensive income</b>			
Exchange differences on translation of foreign operations		-	(432)
<b>Total Other Comprehensive income</b>		-	(432)
<b>Total Comprehensive (Loss) for the half-year attributable to owners of International Base Metals Limited</b>		<b>(286,089)</b>	<b>(867,264)</b>
Basic loss per share (cents)		(0.04)	(0.13)
Diluted loss per share (cents)		(0.04)	(0.13)

*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 2020**

	Note	31 Dec 2020 \$	30 Jun 2020 \$
<b>Current Assets</b>			
Cash and cash equivalents		169,522	409,788
<b>Total Current Assets</b>		<b>169,522</b>	<b>409,788</b>
<b>Non-current Assets</b>			
Security deposits		15,056	15,056
Office Lease-Right of Use Asset		-	22,818
<b>Total Non-current Assets</b>		<b>15,056</b>	<b>37,874</b>
<b>Total Assets</b>		<b>184,578</b>	<b>447,662</b>
<b>Current Liabilities</b>			
Trade and other payables		220,918	235,109
Lease liabilities		-	23,460
Short-term provisions		5,467	4,142
Borrowings	4	625,397	553,852
<b>Total Current Liabilities</b>		<b>851,782</b>	<b>816,563</b>
<b>Non-Current Liabilities</b>			
Borrowings	4	587,787	625,891
Total Non-Current Liabilities		<b>587,787</b>	<b>625,891</b>
<b>Total liabilities</b>		<b>1,439,569</b>	<b>1,442,454</b>
<b>Net (Liabilities) / Assets</b>		<b>(1,254,991)</b>	<b>(994,792)</b>
<b>Equity</b>			
Issued capital	6	69,122,710	69,096,820
Accumulated losses		(70,377,701)	(70,091,612)
<b>Total Equity</b>		<b>(1,254,991)</b>	<b>(994,792)</b>

*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 2020

	Contributed Equity \$	Reserves \$	Accumulated losses \$	Total Equity \$
<b>Balance at 1 July 2019</b>	<b>69,096,820</b>	<b>(1,715,568)</b>	<b>(67,278,336)</b>	<b>102,916</b>
Loss for the half year	-	-	(866,832)	(866,832)
Other comprehensive income	-	(432)	-	(432)
<b>Total Comprehensive loss for the half-year</b>	<b>-</b>	<b>(432)</b>	<b>(866,832)</b>	<b>(867,264)</b>
<b>Transactions with owners, in their capacity as owners, and other transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer of foreign exchange translation reserve to accumulates losses following loss of control of a foreign subsidiary	-	1,716,000	(1,716,000)	-
<b>Balance at 31 December 2019</b>	<b>69,096,820</b>	<b>-</b>	<b>(69,861,168)</b>	<b>(764,348)</b>
<b>Balance at 1 July 2020</b>	<b>69,096,820</b>	<b>-</b>	<b>(70,091,612)</b>	<b>(994,792)</b>
Loss for the half year	-	-	(286,089)	(286,089)
Other comprehensive income	-	-	-	-
<b>Total Comprehensive loss for the half-year</b>	<b>-</b>	<b>-</b>	<b>(286,089)</b>	<b>(286,089)</b>
<b>Transactions with owners, in their capacity as owners, and other transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share based payment made during the period net of share issue costs	25,890	-	-	25,890
<b>Balance at 31 December 2020</b>	<b>69,122,710</b>	<b>-</b>	<b>(70,377,701)</b>	<b>(1,254,991)</b>

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 2020

	Note	Half Year ended	
		31 Dec 2020	31 Dec 2019
		\$	\$
<b>Cash flow from operating activities</b>			
Receipts from customers		-	-
Payments to suppliers and employees		(225,864)	(653,953)
Payments for mine development and exploration expenditure		-	(44,841)
Receipts from government grants		13,000	-
Interest paid		-	(2,499)
Interest received		40	4,307
<b>Net cash (outflows) from operating activities</b>		<b>(212,824)</b>	<b>(696,986)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		-	-
Proceeds from sale of property, plant and equipment		-	46,281
Loans received from related parties		-	-
Cash lost re loss of control of subsidiary		-	(76,353)
<b>Net cash (outflows) from investing</b>		<b>-</b>	<b>(30,072)</b>
<b>Cash flows from financing activities</b>			
Proceeds from Issue of Shares		-	500,000
Repayment of Lease liabilities		(27,442)	(26,563)
Cost of share issue		-	-
<b>Net cash (outflows)/inflows from financing activities</b>		<b>(27,442)</b>	<b>473,437</b>
<b>Net (decrease) in cash held</b>		<b>(240,266)</b>	<b>(253,621)</b>
Cash at beginning of the period		409,788	297,742
<b>Cash at end of the period</b>		<b>169,522</b>	<b>44,121</b>

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 2020 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 entity” 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 2020, together with any public announcements made during the following half-year.

**b. Accounting Policies**

The principal accounting policies and methods of computation have been consistently applied in these half year financial statements as those in the Group’s annual financial statements for the year ended 30 June 2020, unless otherwise stated.

**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 2020 Annual Financial Report.

**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 2020 was a loss of \$286,089 (31 Dec 2019: \$867,264). The Group had net cash outflows from operating activities of \$212,824 (31 Dec 2019: \$696,986), is in a net current liability position of \$682,260 (Jun 20: net current liability of \$406,775) and has negative equity of \$1,254,991 (Jun 2020: negative equity of \$994,792).

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

- (i) The Group had \$169,522 cash on hand at 31 December 2020;
- (ii) The non-renounceable rights issue announced on 29 December 2020 was approved by ASIC and opened on 13 January 2021. The underwriting amount A\$600,000 was received by IBML on 4 February 2021 with Rui King contributing \$350,000 and West Minerals contributing \$250,000. Other than the two underwriters, there are another two shareholders who contributed based on their shareholdings for a total of \$3,068. This represents a total cash injection of \$603,068 received in February 2021.
- (iii) Further costs cutting measures can be taken reducing operating cash outflows.
- (iv) On 26 October 2020, the debt providers extended the repayment date of the loans amounting to \$500,000 from February 2021 to February 2022 (refer to Note 4).
- (v) As at 31 December 2020, and at the date of issue of these financial statements, the Group has current borrowings in relation to convertible notes totalling \$625,397. The Directors are evaluating the settlement options under the terms of the notes and anticipate these notes will be either converted to equity, subject to shareholder approval, or settled from additional funding to be sourced from capital raising or additional debt funding.

Based on the cash flow forecasts and having carefully assessed the likelihood and timing of achieving funding through the above factors and means, the directors are confident that the consolidated entity will be able to fund its activities and meet its requirements as mentioned above, and hence being able to continue as a going concern.

In the event that the consolidated entity is unable to obtain sufficient funds from the above means to meet anticipated expenditure and financing- outflows, 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for an amount less than the amount at which it is recorded in the half year financial statements at 31 December 2020. 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.

### e. Impact of COVID-19

The Group has implemented a number of processes in response to the COVID-19 pandemic to ensure the health and safety of employees and contractors and to aid in reducing the risk of transmission while still supporting an effective and productive workforce. These include measures which support social distancing, restrict non-essential travel, support staff wellbeing and include improved hygiene and cleaning protocols. The Group will continue to adopt best practice protocols as the situation evolves to ensure the ongoing safety and wellbeing of employees and contractors. The impact on the activity of the Group is mainly related to the restriction of international travel which slowed drilling and other exploration work planned for the Craton project

## NOTE 2: REVENUE

	31 Dec 2020	31 Dec 2019
	\$	\$
<b>From continuing operations</b>		
<b>Other revenue</b>		
Interest received	40	8
Other income from government grants	13,000	-
	<b>13,040</b>	<b>8</b>

## NOTE 3: SEGMENT REPORTING

### (a) 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 2020	Namibia Mining (discontinued operation) \$	Australia Corporate \$	Total \$
<b>REVENUE</b>			
Other revenue (including finance revenue)	-	13,040	13,040
Total segment revenue	-	13,040	13,040
Reconciliation of segment revenue to group revenue			
Discontinued operation	-	-	-
Inter-segment elimination*	-	-	-
<b>Total group revenue and income</b>	<b>-</b>	<b>13,040</b>	<b>13,040</b>

**International Base Metals Limited – ACN 100 373 635  
and its Controlled Entities**

Half Year Dec 2019	Namibia Mining (discontinued operation) \$	Australia Mining \$	Total \$
<b>REVENUE</b>			
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	(45,573)	-	(45,573)
Inter-segment elimination*	-	(1,110,751)	(1,110,751)
<b>Total group revenue and income</b>	<b>-</b>	<b>8</b>	<b>8</b>

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

**NET PROFIT (LOSS) BEFORE TAX**

Half Year Dec 2020	Namibia Mining (discontinued operation) \$	Australian Corporate \$	Total \$
Net profit (loss) Before Tax	-	(286,089)	(286,089)
Inter-segment eliminations	-	-	-
<b>Operating Net Loss before tax</b>	<b>-</b>	<b>(286,089)</b>	<b>(286,089)</b>
Half Year Dec 2019	Namibia Mining (discontinued operation) \$	Australia Corporate \$	Total \$
Net profit (loss) Before Tax	(1,085,634)	(595,013)	(1,680,647)
Inter-segment eliminations	913,816	(100,001)	813,815
<b>Operating Net Loss before tax</b>	<b>(171,818)</b>	<b>(695,014)</b>	<b>(866,832)</b>

(c) **Segment assets**

Half Year Dec 2020	Namibia Mining (discontinued operation) \$	Australian Corporate \$	Total \$
Segment assets current	-	169,522	169,522
Segment assets non-current	-	15,056	15,056
<b>Total group assets</b>	<b>-</b>	<b>184,578</b>	<b>184,578</b>
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
<b>Total group assets</b>	<b>-</b>	<b>117,571</b>	<b>117,571</b>

(d) **Segment liabilities**

	Namibia Mining (discontinued operation) \$	Australia Corpoate \$	Total \$
<b>Half Year Dec 2020</b>			
Segment liabilities	-	1,439,569	1,439,569
<b>Total group liabilities</b>	<b>-</b>	<b>1,439,569</b>	<b>1,439,569</b>

	Namibia Mining (discontinued operation) \$	Australia Corpoate \$	Total \$
<b>Half Year Dec 2019</b>			
Segment liabilities	-	881,919	881,919
<b>Total group liabilities</b>	<b>-</b>	<b>881,919</b>	<b>881,919</b>

**NOTE 4: BORROWINGS**

<b>CURRENT</b>	31 Dec 2020	30 Jun 2020
	\$	\$
Convertible Note	600,000	-
Accrued interest on convertible notes	25,397	-
Loans drawn down	-	500,000
Accrued interest on loans	-	53,852
	<b>625,397</b>	<b>553,852</b>

<b>NON-CURRENT</b>	31 Dec 2020	30 Jun 2020
	\$	\$
Convertible Note	-	600,000
Accrued interest on convertible notes	-	25,821
Loans drawn down	500,000	-
Accrued interest on loans	87,787	-
	<b>587,787</b>	<b>625,821</b>

**CONVERTIBLE NOTE**

On 17 March 2020, a convertible note which amount is \$0.6 million was issued to a related party, Rui King Resources from IBML. Interest is calculated at a rate of 15% pa and payable on the last day of each 6 month anniversary either in cash or in shares. The notes have a maturity of 2 years. Rui King Resources may issue a conversion notice at any time after 18 months to convert the notes into 68,931,250 ordinary shares.

18,630,068 ordinary shares were issued to Rui King Resources on 18 September 2020 as payment of the first interest of \$25,890 due on the convertible note.

**SECURED LOANS**

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. On 26 October 2020, an agreement with existing shareholders was reached were the repayment date of loans amounting to \$500,000 were extended from February 2021 to February 2022. At the date of this report the loans have been fully drawn down and interest accrued.

**NOTE 5: 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 initial investment in Omico was US\$463 (A\$671). IBML's share of future profits in Omico will be taken up as an increase in investment in associate		
	<b>Dec 2020</b>	<b>June 2020</b>
	<b>\$</b>	<b>\$</b>
Investment in associate Omico Copper Ltd	671	671
Share of loss in associate	(671)	(671)
Investment in associate Omico Copper Ltd-31 December	<u>-</u>	<u>-</u>

**NOTE 6: ISSUED CAPITAL**

Fully paid ordinary shares 707,942,572 (30 June 2020: 689,312,504)

**(a) Movements in ordinary share capital**

18,630,068 ordinary shares were issued to Rui King Resources on 18 September 2020 as payment of the interest due on the convertible note of \$25,890.

**NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE**

The non-renounceable rights issue announced on 29 December 2020 was approved by ASIC and opened on 13 January 2021. The underwriting amount A\$600,000 was received by IBML on 4 February 2021 with Rui King contributing \$350,000 and West Minerals contributing \$250,000. Other than the two underwriters, there are another two shareholders who contributed based on their shareholdings for a total of \$3,068.

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 4-12
  - 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 2020 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 16 March 2021

# Independent Auditor's Review Report To the Members of International Base Metals Limited

## Report on the Half-year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of International Base Metals Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*.

Our responsibilities are further described in the *Auditor's Responsibility for the Review of the Half-year Financial Report* section of our report.

We are independent of the Group in accordance with 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 our 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 Group for the half year ended 31 December 2020 was a loss of \$286,089. The Group had net cash outflows from operating activities of \$212,824, is in a net current liability position of \$682,260 and has negative equity of \$1,254,991.

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.



## Responsibility of the Directors 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 is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility for the Review of the Half-year Financial Report

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 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.



**S&W Audit and Assurance Pty Limited**



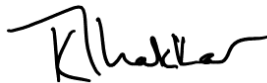
**Kamal Thakkar**  
Director  
**Sydney**  
**16 March 2021**

## Auditor's Independence Declaration

As lead auditor for the review of International Base Metals Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of International Base Metals Limited and the entities it controlled during the period.



**Kamal Thakkar**

Director

**S&W Audit and Assurance Pty Limited**

**Sydney**

**16 March 2021**



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