INTERNATIONAL BASE METALS LIMITED

ABN: 73 100 373 635

Annual Report

2016

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Corporate Directory

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

Directors

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

General Manager Corporate Affairs

Mr Jordan Guocheng Li

Chief Financial Officer

Mr Barry Neal

Company Secretary

Mr John Stone

Registered Office and Principal Place of Business

Suite 60, Level 6, Tower Building
Chatswood Village
47-53 Neridah Street
Chatswood NSW 2067
Telephone: + 61 2 8223 3777
Fax: + 61 2 8223 3799
Internet: www.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,

On behalf of the Board of Directors of International Base Metals Limited, I submit to you the Company's Annual Report for the year ending 30 June 2016.

The last financial year has been challenging for all base metal companies where the global environment has been dominated by low growth including a marked slowdown in the Chinese domestic economy, suppressed metal prices and an investor environment adverse to capital intensive resource projects. It would also be the consensus view that there is no reason to believe the existing global economic environment will rebound strongly in the near term. Faced with this environment, however, your Board has not been idle.

When I stepped into the Chairman role last year, IBML was faced with a series of operational issues that required resolution. I am pleased to be able to report that many of the challenges and legal issues that beset the Company, particular those relating to our Namibian subsidiary Craton, have been overcome. We have been informed by the Namibian Government that all our clearance certificates for our Exclusive Prospecting Licences have been granted and the licences are in the process of being renewed. We have also been informed that our Mining Licence will be reissued once we have made a 5% equity shareholding available to previously disadvantaged persons/entity in Namibia; this requirement is now standard practice in Namibia and analogous to the more familiar Black Empowerment (BE) practices in South Africa. Your Board, in conjunction with the Craton subsidiary Board, is currently finalising to whom we should issue the 5% equity.

Whilst we are delighted to have resolved the licensing issues, we are still faced with the challenging copper market and investor and bank appetite for capital intensive copper projects. During the year the Board made the decision that it would be strategically imprudent to rely on Omitiomire as the sole asset the Company should develop. In light of this decision, we have done significant work to reduce the cost base at Craton and adjusted the development budgets accordingly. This prudence allowed the Board to allocate a portion of the Company's cash reserves for the acquisition of a second asset.

As many of you would be aware through the Company's quarterly reports and updates, we have now concluded a transaction to acquire an additional asset. Whilst not technically in the 2016 Financial Year, I am pleased to report that IBML has made a 40% equity investment in Macquarie Gold Limited (MGL) for AUD10m. MGL is developing the Challenger Mine located near the town of Adelong in southern NSW. It is planned that the mine will be producing concentrate by the end of September, and gold dore by end October 2016. The facilities at the mine have a throughput capacity of 100,000 tonnes of ore per annum with a gold production rate of approximately 15,000oz. The mine is fully funded with no immediate need for additional capital.

Your Board is proud of its record in regard to occupational health and safety and community liaison. We can report that lost time injuries and severity of injuries are both down over previous years. We also continue our involvement in the Craton Foundation in Namibia www.cratonfoundation.com which is overseen by an independent Board of Trustees chaired by Kobus van Graan. Once again I thank Kobus and the Trustees for their tireless work and selflessness in regard to the time they so willingly and kindly provide.

Your Board remains committed to the expansion and development of IBML. At the beginning of 2016 we set ourselves a series of goals, many of which we have achieved. We have resolved the legal challenges in Namibia and regained our exploration and mining licences; we have re-aligned management and implemented rigorous cost management measures; we have embarked on a broader strategy and diversified into a second asset in a second commodity, gold. Your Board is enthusiastic regarding the future: we have two significant assets, a continued strong cash position and I hope at the end of 2017 to be reporting that IBML's investments in Craton and MGL are quite literally paying dividends.

As Chairman I would also like to take the opportunity to thank both my fellow IBML Board members and those members of the Craton Board for their continued and ongoing support. Finally I thank all shareholders and employees for their continued support

Hugh Thomas

Chairman

Review of Operations

INTRODUCTION

During the reporting period, the Company has been frustrated by the ongoing delays to permitting of the Omitiomire copper project in Namibia (see below). The legal issues delaying the development of the Project are beyond the Company's control but the Company, through its wholly-owned Namibian subsidiary, Craton Mining & Exploration Pty Ltd ('Craton'), is continuing to work with its legal advisors and the relevant authorities in Namibia to overcome the obstacles.

In the absence of a clear timetable to development of the Omitiomire Project, IBML has been forced to preserve its strong cash position by continuing to cut costs through relinquishing exploration tenements, cutting exploration programmes, retrenching staff and terminating contracts. The Company regrets the necessity to implement these measures.

As a result, the Company's exploration strategy in Namibia has been to:

- Identify, prioritise and test targets within trucking distance of Omitiomire;
- As far possible, use low-cost exploration methods, with limited drilling;
- Relinquish tenements which have low potential for discovery of viable deposits;
- Maintain all remaining licences in good standing.

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

OMITIOMIRE COPPER PROJECT, NAMIBIA

Mining Licence

As previously reported, there was a legal challenge to the granting of the Omitiomire Mining Licence (ML 183) to Craton by the Ministry of Mines and Energy ('MME'). The applicants asserted that ML 183 was invalid because it was granted before the environmental clearance certificate was issued. On 16th September 2015, the matter was heard in the High Court of Namibia. Judge Parker reviewed the decision to grant ML 183 to Craton and set the decision aside, meaning that ML 183 was declared null and void. The area previously covered by ML 183, including the Omitiomire copper deposit, fell back into the underlying EPL 3589, held by Craton.

After discussions with the Minister and with officials of the MME, Craton re-lodged its application for a Mining Licence to cover the Omitiomire project area.

On 8th February 2016, the MME sent a Preparedness to Grant letter to Craton. This licence, ML 197, replaces the previous ML 183 but contains several additional terms and conditions. Craton has accepted the additional terms and conditions requested by the MME and is awaiting grant of the title.

Surface Access to the Farm Omitiomire

As previously reported, there was an appeal against the appointment of Oehl Trust as executor of the estate of the late Lida Steyn, which includes the farm Omitiomire. The appeal was successful and Oehl Trust was removed as the executor of the estate.

Craton then lodged an application with the Mineral Ancillary Rights Commission ('MARC') to secure access to the farm Omitiomire for exploration purposes. The case was heard on 30th November 2015, but the MARC postponed a decision pending the result of a court hearing on 1st March 2016, regarding the re-instatement of the executor of the Steyn estate.

On 1st March 2016, Oehl Trust was re-instated as executor to the Steyn estate and Craton opened discussions with Oehl Trust regarding access to the farm Omitiomire for exploration purposes. However, as there has been no progress in negotiating access to the farm, Craton has submitted a notice of request to the MARC for its case to be added to the hearing roll.

Project Development

As noted above, in the absence of a clear timetable to development of the Omitiomire Project, IBML has been forced to introduce cost-cutting measures, include scaling back ancillary work on the Omitiomire Project until the legal situation has been resolved.

Low-cost studies have focussed on identifying potential improvements to the project financials.

In addition, metallurgical tests carried out by Curtin University in Perth showed that the Omitiomire oxide ore is not suited to a glycine alkali leach process. However, initial tests on sulphide ore are encouraging, indicating that the process will achieve high recoveries of copper, gold, silver and palladium at low capital outlay.

EXPLORATION PROJECTS

Namibian Tenement Position

As at 30 June 2016, Craton holds three Exclusive Prospecting Licences ('EPLs'), totalling 3035 km^2.

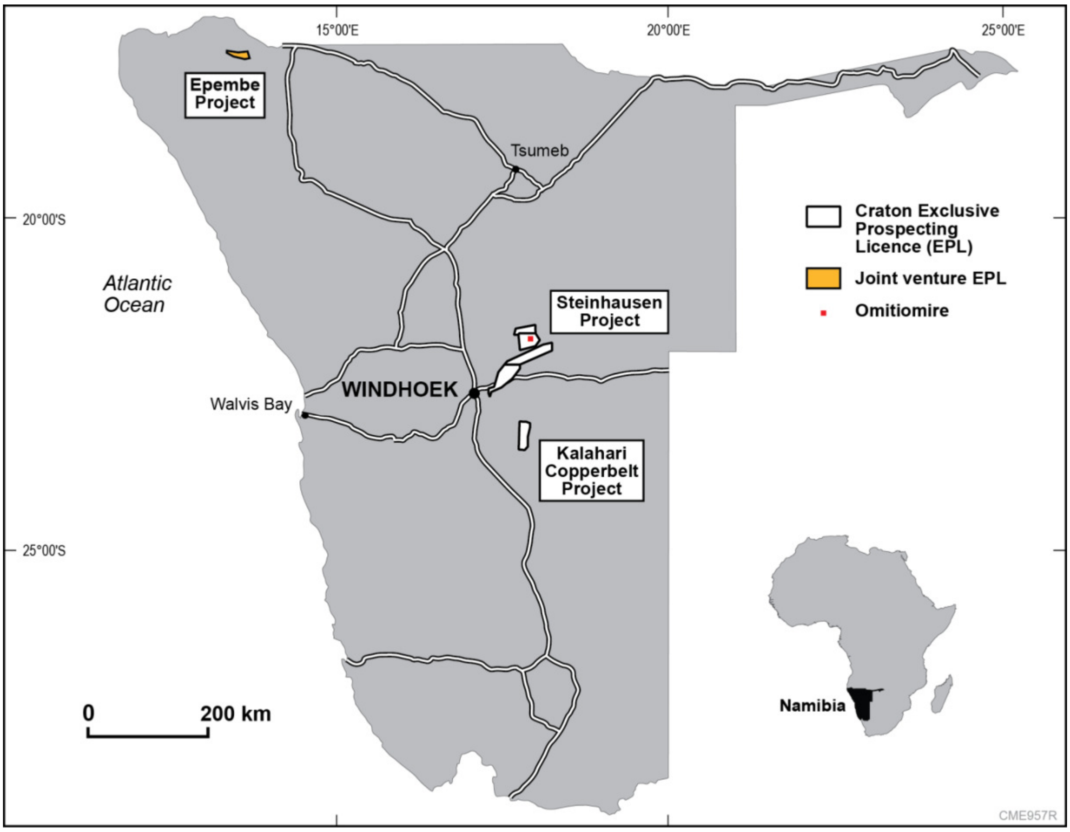

Figure 1. IBML's Namibian projects as at July 2015

In line with the Company's cost-cutting strategy of relinquish tenements which have low potential for discovery of viable deposits, the following changes were made to the tenement position during the reporting period:

- The Epembe Joint Venture, covering EPL 3299 (Epembe), was terminated;
- EPL 3590 (Oorlogsdeel) was allowed to lapse during the first half of 2016;
- The Company decided to relinquish EPL 4151 (Karamba) and a final (relinquishment) report was submitted to the MME;
- Renewal applications in respect of EPL 3589 (Ekuja) and EPL 4150 (Seeis) were submitted to the MME. Preparedness to Grant renewals have been received.

- The Company is in the process of disposing of EPL 4055 (Sib).

Steinhausen Project

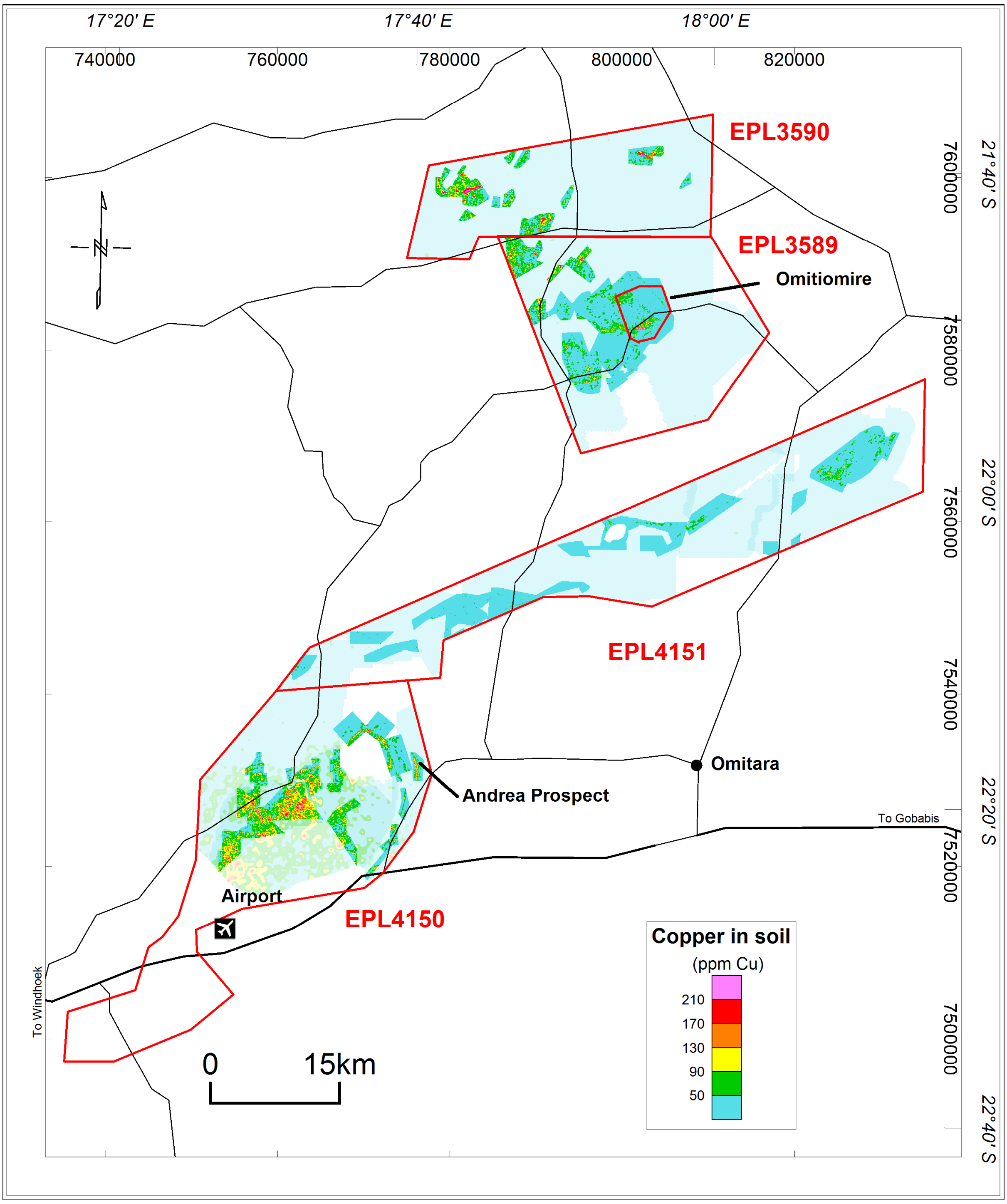

Figure 2. Steinhausen project: soil geochemistry. The faded colours represent regional-scale sampling and the darker colours follow-up detailed soil sampling. The small red area within EPL 3589 is the Omitiomire mining licence application area

In line with the cost-cutting strategy, the Company focussed on identifying and prioritising targets for testing. Mainly low-cost exploration methods were employed.

EPL 3589 (Ekuja): As outlined above, Craton has been unable to secure access to the farm Omitiomire. Ground magnetic surveys continued on other parts of the tenement.

In EPL 3590 (Oorlogsdeel): As reported previously, Craton drilling on soil geochemical anomalies intersected copper in several prospects. However, assessment of the drilling results indicated only modest potential for discovery of viable deposits. In the absence of any priority targets, Craton decided to allow the tenement to lapse.

EPL 4150 (Seeis): Geological mapping, soil geochemistry and magnetometer surveys continued over the Seeis Dome and adjacent areas.

At the newly discovered Andrea prospect, east of the Seeis Dome, soil geochemistry identified a 2 km-long anomaly. Shallow trenches have intersected up to 1.7% Cu in bedrock. The target is being followed up with a line to test the induced polarisation ('IP') and electro-magnetic ('EM') geophysical response.

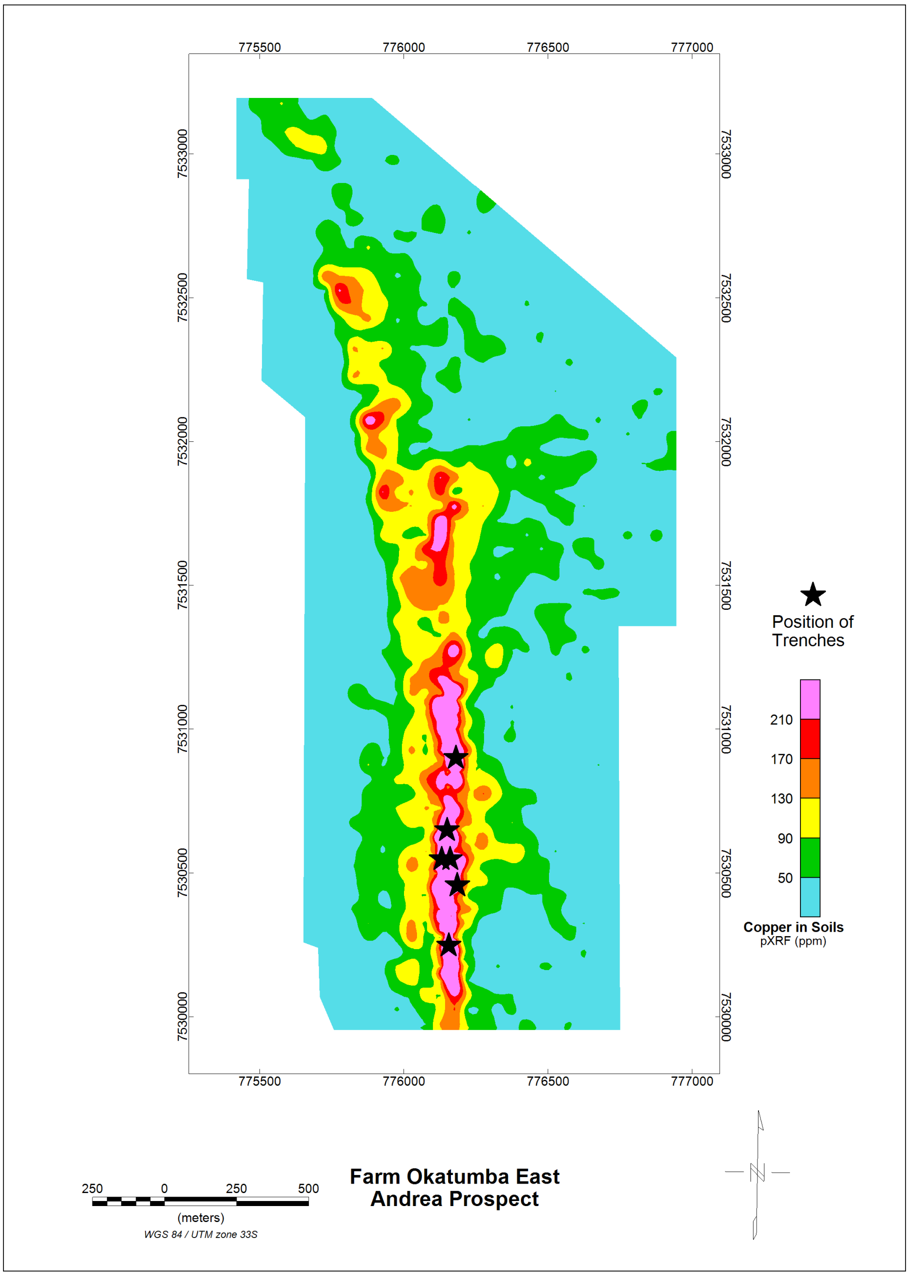

Figure 3. Andrea Prospect: soil geochemistry

EPL 4151 (Karamba): As reported previously, Craton had intersected copper at a number of targets along the Matchless Belt. Assessment of the drilling results indicated only low potential for discovery of viable deposits. Craton has now decided to relinquish the tenement.

Kalahari Copperbelt Project

EPL 4055 (Sib): As previously reported, drilling by Craton during 2012 showed that the Sib deposit contains a shallow resource estimated at 0.97 million tonnes ('Mt') at 0.73% Cu & 23.5 g/t Ag. Craton is in the process of disposing this last remaining tenement in the Kalahari Copperbelt Project.

Epembe Tantalum-Niobium Project, Namibia (EPL 3299)

IBML's wholly-owned subsidiary, Tandem Resources Pty Ltd, formally withdrew from the Epembe exploration joint venture project in north-western Namibia (see Figure 1).

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

IBML's wholly-owned subsidiary, AuriCula Mines, holds a 10% interest in two project areas south of Cobar:

Shuttleton Project: EL 6223;

Mount Hope Project: EL 6907.

Exploration is being conducted by Cobar Management Pty Ltd ('CMPL'), a subsidiary of Glencore.

MINERAL TENEMENTS

Licence Code	Name	Area (km^2)	Expiry Date	Status
Omitiomire Project		29		
ML 197	Omitiomire	29		Offered for grant
Steinhausen Project		2676		
EPL 3589	Ekuja	735	2016-04-25	4th renewal pending
EPL 4150	Seeis	981	2015-10-25	1st renewal pending
EPL 4151	Karamba	960	2015-10-25	Relinquished
Kalahari Copperbelt Project		457		
EPL 4055	Sib	457	2015-04-26	Being disposed of
AuriCula Mines JV Projects		170		
EL 6223	Shuttleton	38	2017-04-04	JV with CMPL
EL 6907	Mt Hope	132	2016-10-11	JV with CMPL

Competent Person

Dr Ken Maiden, a Director of International Base Metals Limited, compiled the geological technical aspects of this report. Dr Maiden is a Fellow of the Australasian Institute of Mining & Metallurgy and a Member of the Australian Institute of Geoscientists. 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

GLOSSARY OF TECHNICAL TERMS

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

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

ABBREVATIONS

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

Personnel, OH&S, Environment and Community

Occupational Health and Safety (OH&S)

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

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

Initiatives undertaken to ensure the health and safety of employees:

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

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

Our People

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

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

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

The company believes in:

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

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

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

Environmental Protection

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

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

Community Relations

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

Craton is active in the Namibian mining and exploration fraternity through its links with the Namibian Chamber of Mines, with the University of Namibia and its staff members' activities in support of the Geological Society of Namibia. The Company 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, the Company makes an impact through the Craton Foundation.

The Craton Foundation

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

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

Through its "Eye See the World" initiative, supported also by Simonis Storm Securities, Lions Club, and Tobich Optics, the Foundation provides eye-sight testing for school children and spectacles for those who need them. To date, the Foundation has screened more than 7,000 school children in Windhoek.

In addition, the Foundation, with the support of Simonis Storm Securities and Dr Frans Indongo funded the building of classrooms at several primary schools in the Windhoek area.

The Foundation with the support of Uncle Spikes Bookstore has donated hundreds of books to a home that cares for the aged.

The Foundation's activities have created considerable interest within Namibia and have provided positive publicity for Craton. The Foundation has featured in the "Who's Who in Namibia 2015".


CRATON
FOUNDATION
CRATON
FOUNDATION
"Laying the foundations for progress"

IBML Investments

African Mining Capital Pty Ltd (IBML 4.66%)

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

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

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

The shareholders of AMC at a General Meeting on 21 July 2016 agreed to windup the company and distribute surplus funds to shareholders. The amount expected to be received by IBML in cash is approximately $16,000.

Zamia Metals Limited (IBML 2%)

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

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

WestStar Industrial Limited (WSI). (IBML 0.02%)

Antares Mining Limited formerly Caravel Energy Limited is an ASX-listed company which was under suspension.

On 6 July 2016 the Company announced that it has raised $3.3 million and had changed the name of the company from Antares Mining Limited to WestStar Industrial Limited (WSI). On the 12 July 2016 the company announced that it had been reinstated to official quotation on the ASX.

The company is involved in mineral exploration focusing on coper, uranium and gold targets in South Australia.

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.

The company’s securities were reinstated on the ASX on 20 May 2016.

IBML Investments

Macquarie Gold Limited (MGL)

As at 30 June 2016, IBML had invested $5 million in the form of a convertible loan note. Under a subscription agreement IBML has the rights to subscribe to 40% of the share capital of MGL by investing $10 million.

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 2016 corporate governance statement is dated as at 30 June 2016 and reflects the corporate governance practices in place during the 2016 financial year. The corporate governance statement was approved by the Board on 3 July 2015. A description of the group's current corporate governance practices is set out in the group's corporate governance statement which can be viewed at (www.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 2016.

Directors

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

Mr Hugh Ian Thomas

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

Qualifications: BA, Grad Dip Finance, MAICD

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

Interest in shares: Nil

Other 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.

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

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:	-

Mr Aidong Yang

Alternate Director to Rui Liu

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

Directors' Report

Interest in shares:	-
Other listed Directorships in last 3 years:	

Mr Xianwu Deng

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

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

Mr Alan John Humphris

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

Mr Karl Hartmann

Acting Chief Executive Officer and IBML Exploration Manager (appointment as Acting CEO terminated on 20 November 2015)

General Manager, Corporate Affairs

Mr Jordan Guocheng Li

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

Company Secretary

Mr John Stone	B Econ
Experience:	John has over 30 years' experience in the Australian and international corporate markets. He has been a director and company secretary for several private and public listed companies.
Interest in shares:	1,828,125 ordinary shares.

Chief Financial Officer

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

Directors' Report

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 9 Board meetings, two Audit Committee meetings, nil Nomination Committee and two Remuneration Committee meetings.

	Full meetings of Directors		Meetings of Committees					
			Audit		Nomination		Remuneration	
	A	B	A	B	A	B	A	B
Mr Hugh Thomas	9	9	2	2	-	-	2	2
Dr Kenneth John Maiden	9	7	-	-	-	-	-	-
Mr Rui Liu	9	9	2	2	-	-	2	2
Mr Alan John Humphris	1	1	-	-	-	-	-	-
Mr Jinhua Wang	9	2	-	-	-	-	-	-
Mr Qiang Chen as alternate for Mr Zhehong	9	9	2	2	-	-	2	2
Mr Xianwu Deng as alternate to Mr Jinhua	-	-	-	-	-	-	-	-

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

Principal Activities

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

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

Dividends

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

Review of Operations and Activities

Financial

For the financial year ended 30 June 2016, the consolidated entity's net loss after taxation was $2,779,882 (2015:$5,731,927) Exploration expenditure on Australian and Namibian tenements in the 2016 financial year was $1,380,699 (2015:$3,305,809) 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 5-12.

Capital raising activities

No capital was raised in the 2016 financial year.

Investments in Listed and Unlisted Entities

There was no change in the fair value of the Company's investments in listed entities at balance date compared with the previous reporting date.

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

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

Directors' Report

The Directors of African Mining Capital Pty Ltd have now resolved to windup this company and are seeking shareholder approval to return surplus funds to shareholders. It is expected that IBML will receive approximately $16,000 as a cash distribution.

On 30 June 2016 the Company announced that it had signed a subscription agreement with Macquarie Gold Limited (MGL) for a major investment in MGL and its gold assets. Upon the signing of the agreement IBML will pay $10 million to MGL with MGL issuing a convertible note for this value.

MGL intends to list on the ASX early in the FY2017 financial year and on listing the subscription agreement provides for MGL to convert the loan to new shares at $0.375 per share in MGL representing 40% of the total issued capital.

On 29 June 2016 $5 million was paid to MGL as a convertible loan pending conversion to equity in MGL on listing. The default interest rate on the convertible loan is 13.3%

Significant changes in state of affairs

Omitiomire

Craton has applied for access to farm Omitiomire via the Minerals Ancillary Rights Commission (MARC). The hearing for access rights to the farm is scheduled for late September 2016.

The executor, Oehl Trust, of the estate of the late Lida Steyn has communicated to Craton that farm Omitiomire is for sale. Craton was invited to make a bid for the farm. The process by which the bidding is to take place is still unclear and Craton has sought clarification from Oehl Trust.

On 8 February 2016, the Ministry of Mines and Energy sent a Preparedness to Grant letter to Craton. This licence, ML 197, replaces the previous ML 183 but contains several additional terms and conditions. Craton has accepted the additional terms and conditions requested by the MME and is awaiting grant of the title."

Investment in Macquarie Gold Limited (MGL)

As detailed in 'Investments in Listed and Unlisted Entities' above, IBML has executed a subscription agreement with Macquarie Gold Limited (MGL) to invest $10 million in this company for new shares representing 40% of MGL's issued capital. The subscription agreement also provides for the issue of 20 million options over ordinary shares exercisable at $0.375 per share on or before 15 July 2019.

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

Likely developments and expected results of operations

Additional comments on likely and expected results of operations of the Group are included in this annual report under the 'Review of Operations' on pages 5-9.

After balance date events

African Mining Capital Pty Ltd

The Directors of African Mining Capital Pty Ltd at a general meeting held on 22 July 2016 received shareholder approval to windup the company and to return surplus funds to shareholders. As a result of this decision IBML received $16,884.85 on 3 August 2016 as its share of surplus funds.

Investment in Macquarie Gold Limited

As per the subscription agreement signed with Macquarie Gold Limited (MGL) on 29 June 2016 for a major investment in MGL and its gold assets, a further $5 million was paid to MGL as a convertible note over the period 1-6 July 2016. The total of MGL convertible notes held by IBML loan at this date pending conversion to equity in MGL on listing was $10 million

On 22 July 2016 IBML, at the request of Macquarie Gold Limited (MGL), gave an early conversion notice as per the 'Subscription and Prelisting Agreement' signed with MGL for the conversion of convertible notes of $10 million held by IBML to shares in MGL.

Directors' Report

On 22 July 2016 Macquarie Gold Limited (MGL) converted the convertible notes held by IBML to equity in MGL and issued to IBML 40 million fully paid ordinary shares in MGL and 20 million options over ordinary shares exercisable at $0.375 per shares on or before 15 July 2019. IBML's shareholding in MGL represents 40% of the number of MGL shares on issue pre listing of MGL on the ASX.

MGL issued a prospectus for and IPO on 25 July 2016 to raise $3.6 million with a closing date of 9 August 2016. IBML have opted not to take up shares in the float to maintain their 40% holding in MGL.

Craton ML197

On 11 August 2016, Craton received a notice from the Minister of Mines and Energy clarifying their additional terms to the Preparedness to Grant:

- Requiring imminent dates and timelines upon which Craton will achieve a 5% Namibian participation;
- To clarify in an additional schedule, the company's intention as to the benefits to be received by disadvantaged groups and the poorest of the poor in Namibia and;

As soon as those details are received and are satisfactory, the Minister shall proceed to issue the licence. Craton is currently preparing the additional information and expect this will be submitted in the near future.

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 Namibia. The Consolidated Entity is at all times in full environmental compliance with these laws and the conditions of its exploration licences.

Remuneration Report

Names and positions held by consolidated and parent entity key management personnel in office during the whole of since the end of the financial year and up to the date of this report were:-		
Mr Hugh Ian Thomas	Non-executive Chairman	Appointed Non-executive Director 11 May 2015 and Non-executive Chairman 26 June 2015)
Dr Kenneth John Maiden	Executive Director – Technical and Chief Geologist	
Mr Rui Liu	Non-executive Director	
Mr Alan John Humphris	Non-executive Director	Resigned 10 July 2015
Mr Jinhua Wang	Non-executive Director	
Mr Zhehong Luo	Non-executive Director	
Mr Qiang Chen	Alternate to Zhehong Luo	
Mr Aidong Yang	Alternate to Rui Liu and General Manager Technical	
Mr Xianwu Deng	Alternate to Mr Jinhua Wang	
Mr Karl Hartmann	Acting Chief Executive Officer IBML Exploration Manager	Appointment as Acting CEO terminated 20 November 2015
Mr Jordan Guocheng Li,	General Manager Corporate Affairs	
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 2016

	Short-term benefits	Post-employment benefits	Share-based payments			
	Cash, salary and fees $	Super-annuation $	Equity $	Options $	Termination benefit $	Total $
***Executive* Directors**						
Mr Frank Bethune, Managing Director[1]	-	-	-	-	135,702	135,702
Non-executive Directors						
Mr Hugh Thomas[2]	60,000	-	-	-	-	60,000
Dr Kenneth John Maiden[3]	205,918	15,101	-	-	55,480	276,499
Mr Rui Liu	35,000	-	-	-	-	35,000
Mr Zehong Luo	35,000	-	-	-	-	35,000
Mr Alan John Humphris	3,750	-	-	-	-	3,750
	339,668	**15,101**	**-**	**-**	**191,182**	**545,951**
Other Key Management Personnel						
Mr Karl Hartmann, Acting CEO and Exploration Manager IBML (appointment terminated 20 November 2015)[4]	251,235	-	-	-	-	251,235
Mr Aidong Yang, General Manager-Technical[2]	184,220	-	-	-	-	184,220
Mr John Stone, Company Secretary	45,560	-	-	-	-	45,560
Mr Jordan Guocheng Li, General Manager Corporate Affairs[2]	163,467	-	-	-	-	163,467
Mr Barry F Neal, Chief Financial Officer[2]	42,965	-	-	-	-	42,965
Mrs Sigrid Hartmann, Company Secretary [5]	88,103	-	-	-	-	88,103
	775,550	**-**	**-**	**-**	**-**	**775,550**
Total Key Management Remuneration	**1,115,218**	**15,101**	**-**	**-**	**191,182**	**1,321,501**

1 Resigned as a Director 30 March 2015
2 Includes fees paid to related parties of key management personnel
3 Made redundant 20 February 2016 as an Executive Director but remains as a Non-executive director
4 Appointment as Acting CEO and Exploration Manager IBML terminated 20 November 2015) with new contract executed
5 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, during the year ended 30 June 2016 (2015:Nil)

Remuneration – key management personnel of the Group 2015

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

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

Service Contracts

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

Name	Term of agreement	Base fees	Termination Benefit
Dr Kenneth John Maiden, Non-Executive Director	From 1 February 2014, made redundant 20 February 2016	Effective from 1 July 2014 $248,062.50 p.a. plus statutory superannuation up until redundancy date 20 February 2016. Subsequently paid director's fees of $30,000 p.a.	Three month's salary and superannuation plus leave entitlements.
Barry F. Neal, CFO	Contract 1 September 2015 and ongoing	A consulting fee of $130 p.h. plus GST	-
John Stone, Company Secretary	Contract 11 October 2015 and ongoing	A consulting fee of $68 p.h. plus GST	-
Jordan (Guocheng) Li, General Manager Commercial	Contract as from 1 October 2015 expiring on 30 September 2016.	$180,000 p.a. plus GST.	Agreement may be terminated by three months' notice by either party.
Mr Karl Hartmann, Acting CEO and IBML Exploration Manager	Consulting contract from 1 February 2015 expiring on 31 January 2016	A consulting fee of US$228,808 per annum plus applicable VAT. Subject to rates review at the same time as Craton employee salaries are reviewed. On expiry the contact was replaced with a revised contract with fees US$60,000 per annum for 60 days work.	Agreement may be terminated by one months' notice by either party. No termination payments apply.

Other executives (standard contracts)

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

Shareholdings of key management personnel

2016	Balance at start of the year	Received during the year as share based payments	Other changes during the year	Balance at the end of the year
Dr Kenneth Maiden, Executive Director	10,613,001	-	-	10,613,001
Alan Humphris	275,000	-	-	275,000
John Stone	1,828,125	-	-	1,828,125
Jordan Guocheng Li	800,000	-	800,000	-
Karl Hartmann	1,862,179	-	-	1,862,179
Sigrid Hartmann	280,146	-	-	280,146
	15,658,451	-	800,000	**14,858,451**

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

Option holdings of key management personnel

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

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

Shares issued on exercise of remuneration options

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

Lapse of remuneration options

At the 30 June 2016 there were no KMP unexpired remuneration options on issue (2015:Nil).

END OF REMUNERATION REPORT

Indemnifying and insurance of Directors and officers

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

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

Proceedings on behalf of the Company

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

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

Non-audit services

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

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

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and is set out on page 29 of the financial report.

Signed in accordance with a resolution of the Board of Directors

Hugh Thomas
Chairman

Sydney, 29 September 2016

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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 2016, 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

Iain Kemp

I S Kemp
Partner - Audit & Assurance

Adelaide, 29 September 2016

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

Report on the financial report

We have audited the accompanying financial report of International Base Metals Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

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

Auditor's opinion
In our opinion:

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

i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Iain Kemp

I S Kemp
Partner – Audit & Assurance

Adelaide, 29 September 2016

Directors' Declaration

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

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

   (a) Giving a true and fair view of it financial positon as at 30 June 2016 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

29 September 2016

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

	Note	30 June 2016 $	30 June 2015 $
Revenue	**4**	608,240	819,384
Other income	**5**	18,549	7,164
Expenditure			
Administrative expenses		(859,121)	(972,256)
Exploration expenditure		(1,380,699)	(3,305,809)
Depreciation and amortisation expense	**6**	(64,385)	(87,716)
Consultants' expense		(194,967)	(127,979)
Financial and legal costs		(42,059)	(99,195)
Occupancy expenses		(75,089)	(81,729)
Contribution to the Craton Foundation		(26,816)	(31,159)
Employee benefits expense		(700,868)	(1,798,242)
Impairment of investments		-	(27,187)
Loss before income tax	**6**	**(2,717,215)**	**(5,704,724)**
Income tax	**7**	(62,667)	(27,203)
Loss for the year		**(2,779,882)**	**(5,731,927)**
Other Comprehensive Income			
The items listed in Other Comprehensive Income may recycle subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**16**	(635,246)	102,862
Total Other Comprehensive Income		(635,246)	102,862
Total Comprehensive (loss) for the year		**(3,415,128)**	**(5,629,065)**
Basic and diluted loss per Share (cents)	**27**	(0.51)	(1.05)

The accompanying notes form part of the financial statements

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	30 June 2016 $	30 June 2015 $
Current Assets			
Cash and cash equivalents	**8**	10,637,213	19,130,643
Trade and other receivables	**9**	90,434	221,110
Total Current Assets		**10,727,647**	**19,351,753**
Non-current Assets			
Investment in associate entity – Loan receivable	**10**	5,000,000	-
Available-for-sale financial assets	**11**	40,782	40,782
Plant and equipment	**12**	123,423	230,236
Total Non-current Assets		**5,164,205**	**271,018**
Total Assets		**15,891,852**	**19,622,771**
Current Liabilities			
Trade and other payables	**13**	343,405	588,239
Short-term provisions	**14**	100,090	171,046
Total current liabilities		**443,495**	**759,285**
Total Liabilities		**443,495**	**759,285**
Net Assets		**15,448,357**	**18,863,486**
Equity			
Issued capital	**15**	67,707,532	67,707,532
Reserves	**16(a)**	(1,858,567)	(1,223,320)
Accumulated losses	**16(b)**	(50,400,608)	(47,620,726)
Total Equity		**15,448,357**	**18,863,486**

The accompanying notes form part of the financial statements

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2016

Consolidated Group

	Share Capital $	Accumulated Losses $	Foreign Exchange Transaction Reserve $	Total Equity $
Balance at 1 July 2014	**67,707,532**	**(41,888,799)**	**(1,326,182)**	**24,492,551**
Loss for the year	-	(5,731,927)	-	(5,731,927)
Other comprehensive income	-	-	102,862	102,862
Total comprehensive (loss)/income for the year	-	(5,731,927)	102,862	(5,629,065)
Balance at 30 June 2015	**67,707,532**	**(47,620,726)**	**(1,223,320)**	**18,863,486**
Balance at 1 July 2015	**67,707,532**	**(47,620,726)**	**(1,223,320)**	**18,863,486**
Loss for the year	-	(2,779,882)	-	(2,779,882)
Other comprehensive income	-	-	(635,247)	(635,247)
Total comprehensive (loss)/income for the year	-	(2,779,882)	(635,247)	(3,415,129)
Balance at 30 June 2016	**67,707,532**	**(50,400,608)**	**(1,858,567)**	**15,448,357**

The accompanying notes form part of the financial statements

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2016

	Note	30 June 2016 $	30 June 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers inclusive of GST collected on sales		5,311	14,427
JV funds received (paid)/received		-	(4,800)
Payments to suppliers and employees		(2,782,976)	(2656,260)
Payments for exploration expenditure		(1,369,182)	(3,305,809)
Interest received		622,176	822,736
Net cash (outflow) from operating activities	**25**	**(3,524,671)**	**(5,129,706)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(2,185)	(14,041)
Proceeds from the sale of plant and equipment		28,987	9,570
Loan repayment by joint venture		4,439	-
Investment in associate entity		(5,000,000)	
Net cash (outflow)/ inflow from investing activities		**(4,968,759)**	**(4,471)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net inflow from financing activities		**-**	-
Net (decrease) in cash held		(8,493,430)	(5,134,177)
Cash at the beginning of the financial year		19,130,643	24,264,820
Cash at the end of the financial year	**8**	**10,637,213**	**19,130,643**

The accompanying notes form part of the financial statements

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Principles of consolidation

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

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

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

(b) Financial report prepared on a going concern basis

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

The net loss after income tax for the consolidated entity for the year ended 30 June 2016 was $2,779,882 (2015:$5,731,927).

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

- **(i)** the Group had $10,637,213 (2015: $19,130,643) cash on hand at 30 June 2016 and positive net assets of $15,457,237 (2015:$18,863,486).
- **(ii)** the Company has executed a subscription agreement to invest $10 million in Macquarie Gold Limited (MGA) with $5 million paid to MGA at balance date as a convertible loan;
- **(iii)** the Company expects to receive dividend income from the investment in MGL;
- **(iv)** the Company is expected to require additional funds for the development of an oxide copper mining operation at the Omitiomire project and for working capital purposes including resource drilling and additional drilling on other targets. To fund this expenditure the Board is planning capital raising and other fund raising as required.

(c) Investments in Associates

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

(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 (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

Equity method

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

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Changes in ownership interests

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

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

(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.

(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.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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) Revenue Recognition

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

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

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

Interest income

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

(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 and development expenditure

All exploration, evaluation and development expenditure on all the Company's exploration tenements is expensed as incurred. Directors believe this treatment where expenditure is expensed rather than capitalised is more relevant with understanding the Company's financial position, complies fully with AASB 6 and is cash flow neutral.

(j) Impairment of assets

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

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

(k) 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.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(l) Trade receivables

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

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

(m) Investments and other financial assets

Loans and receivables

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

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.

(n) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.
The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.
At each reporting date, the group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value is use is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

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

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

(o) 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.

(p) 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.

(q) Operating Leases

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

(r) Borrowing

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

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

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

(s) Employee benefits

Short-term obligations

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

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

(t) 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.

(u) 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.

(v) 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.

(w) Critical accounting estimates and judgements

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

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

Key estimates – Impairment

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

Impairment of other receivables

The Directors have reviewed outstanding debtors as at 30 June 2016 and have formed the opinion that not all debtors outstanding are collectible and have therefore decided that a provision for impairment of other receivables should be made in the accounts of the parent of $3,727,101 being debts owing by subsidiaries to the parent entity. Refer to Note 17(b).

Impairment of available-for-sale financial assets

The Directors have reviewed the fair value of the group's available-for-sale financial assets at balance date. This fair value of this asset has not changed at 30 June 2016 compared with the previous closing price of the securities on the ASX.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In view of the above the Directors have also reviewed the loan owing by Tandem Resources Pty Ltd tother parent and have decided to forgive this loan totalling $1,700,792.

Key judgements – Income tax

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

Key judgements – MGL Convertible Note

The MGL convertible note has been accounted for as Investment in an Associate. Due to the conversion rights attached to the loan note and entitlement to Board representation, the loan note with MGL has been deemed to be an Investment in an Associate. Furthermore since the event occurred on 30 June 2016, the carrying value has been assessed to be the same as the face value.

Finally, management consider the embedded derivative (conversion rights) to have a negligible value in light of the market rate of interest on the debt instrument and the conversion price being at a reasonable discount to the IPO spot price.

Key judgements – exploration expenses

The Directors have elected to expense rather than capitalise all expenditure on exploration, evaluation and development on all the Company's exploration as it is incurred. Directors believe this treatment when expenditure is expensed rather than capitalised is more relevant with understanding the Company's financial position, complies fully with AASB 6 and is cash flow neutral. Refer Note 1(j).

(x) Parent entity financial information

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

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.

(y) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. The group's assessment of the impact of these new standards when adopted in future periods are discussed below:

(i) AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments and simplified requirements for hedge accounting.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

When effective, this Standard will replace the current accounting requirements under AASB 117, with the new standard requiring all lees with two exceptions to be included on the statement of financial position.

The directors anticipate that the adoption of AASB 16 will have minimum impact on the Group's financial statements as current leases have an expiry of less than twelve months.

(iv) AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (applicable to annual reporting periods beginning on or after 1 January 2016)

This Standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

The application of AASB 2014-3 will result in a change in accounting policies for the above described transactions, which were previously accounted for as acquisitions of assets rather than applying the acquisition method per AASB 3.

The transitional provisions require that the Standard should be applied prospectively to acquisitions of interests in joint operations occurring on or after 1 January 2016. As at 30 June 2016, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of AASB 2014-3.

The directors anticipate that the adoption of AASB 11 will not affect the Group's financial statements.

(v) AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128).

This Standard amends AASB 10: Consolidated Financial Statements with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3 to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

The Directors anticipate that the adoption of AASB 11 will not affect the Group's financial statements.

NOTE 2: FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

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

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

Notes to the Financial Statements

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

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

	Consolidated Group	
	2016	**2015**
	$	**$**
Financial Assets		
Cash and cash equivalents	10,637,213	19,130,643
Trade and other receivables	90,434	221,110
Convertible notes receivable	5,000,000	-
Available-for-sale financial assets	40,782	40,782
	15,768,429	19,392,535
Financial liabilities		
Trade and other payables	343,405	588,239

(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 16	**30 June 15**
	N$	**N$**
Cash at bank	32,058,377	41,785,965
Other receivables	233,580	800,243
Payables	(328,810)	(527,413)
	31,963,147	**42,058,795**

Group sensitivity

Based on the financial instruments held at 30 June 2016, 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 $323,066 higher/$264,326 lower (2015: $497,208 higher/$406,814 lower than the previous year.

(ii) Price risk-security prices

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

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

Price risk sensitivity

The analysis of the available for sale assets (investments in equity securities) is based upon the change in the S&P/ASX Metals and Mining Index which has decreased by 22.69%

	Impact on other components of equity	
	2016	**2015**
S&P/ASX Metals and Mining Index – decrease 22.69% (2015: decrease 3.67%)	(9,254)	24,694

(iii) Interest rate risk

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

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

The Group's interest rate risk arises from cash equivalents with variable interest rates. The average interest rate applicable during the reporting period 1.48% (2015:1.85%).

Notes to the Financial Statements

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

Group sensitivity

At 30 June 2016 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 $2,984 higher/lower (2015: $4,034 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+, excluding available-for-sale financial assets. With respect to investments, it limits its exposure by investing in liquid investments that are principally exchange traded.

The MGL loan note has been equity accounted on the substance of the transaction in that it reflects an investment in an associate.

Trade and other receivables

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

Financial assets past due but not impaired

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

Financial assets neither past due nor impaired

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

	Carrying amount Consolidated	
	2016	**2015**
	$	**$**
Cash and cash equivalents		
AA- Standard & Poor's, Moody's Aa2	2,861,409	7,782,838
A+ Standard & Poor's, Moody's A+	4,148,808	5,674,449
Moody's Baa3	2,916,254	4,445,066
BBB+ Fitch rating	-	944
Aa2 Standard & Poor's, Moody's AA-	710,662	1,227,346
	10,637,133	19,130,643
Trade receivables		
Counterparts without external credit rating		
Group 1*	-	88,546
	-	88,546

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

(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.

Notes to the Financial Statements

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

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

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

As at 30 June 2016	Less than 1 Year $	1 to 5 Years $	More than 5 Years $	Total contractual cash flows $	Carrying Value $
Trade and other payables	343,405	-	-	343,405	343,405
Total financial liabilities	343,405	-	-	343,405	343,405

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

(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.

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

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

		2016		2015	
	Footnote	Carrying Value $	Net Fair Value $	Carrying Value $	Net Fair Value $
Financial assets					
Cash and cash equivalents	(i)	10,637,213	10,637,213	19,130,643	19,130,643
Trade and other receivables	(i)	90,434	90,434	221,110	221,110
Financial assets held to maturity	(ii)	5,000,000	5,000,000	--	-
Available-for-sale financial assets at fair value:					
- listed investments	(iii)	40,782	40,782	40,782	40,782
Total Financial assets		15,768,429	15,768,429	19,392,535	19,392,535
Financial liabilities					
Trade and other payables	(i)	343,405	343,405	588,239	588,239
Total Financial liabilities		343,405	343,405	588,239	588,239

(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) Convertible notes held for conversion into shares in the issuer whose carrying value is equivalent to fair value.

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

Notes to the Financial Statements

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

Financial Instruments Measured at Fair Value

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

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

Consolidated 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Available-for-sale financial assets:				
- Listed investments	40,782	-	-	40,782
- Unlisted investments	-	-	-	-
	40,782	-	-	40,782

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

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

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

NOTE 3: SEGMENT INFORMATION

(a) Description of segments

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

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

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

(b) Segment performance

	2016 Australia $	2016 Namibia $	2016 Total $	2015 Australia $	2015 Namibia $	2015 Total $
REVENUE						
External services	-	-	-	6,179	6,223	12,402
Other revenue (including finance revenue)	3,528,384	254,212	3,782,596	2,018,993	212,483	2,231,476
Total segment revenue	3,528,384	254,212	3,782,596	2,025,172	218,706	2,243,878
Reconciliation of segment revenue to group revenue						
Inter-segment elimination**	(3,155,807)	-	(3,155,807)	(1,417,330)	-	(1,417,330)
Total group revenue and income	372,577	254,212	626,789	607,842	218,706	826,548

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

** Represents interest charged by Australia to Namibia.

Notes to the Financial Statements

NOTE 3: SEGMENT INFORMATION (continued)

MAJOR CUSTOMERS

Australian revenue from external sales of $Nil (2015: $6,179) was for service fees from a single customer and other Australian revenue was interest earned and other revenue. Namibian revenue $254,212 (2016: $218,705) in the reporting period other revenue was profit on sale of plant and equipment, tenement deposit refund and interest earned.

NET (LOSS) BEFORE TAX

	2016 Australia $	2016 Namibia $	2016 Total $	2015 Australia $	2015 Namibia $	2015 Total $
Net (loss) Before Tax *	(1,513,223)	(2,531,319)	(4,044,542)	(8,816,687)	(5,246,069)	(14,362,756)
Reconciliation of segment net loss before tax to group net loss before tax						
Inter-segment eliminations	(194,795)	1,459,455	1,264,660	6,913,499	1,417,330	8,630,829
Operating Net Loss before tax	**(1,708,018)**	**(1,071,864)**	**(2,779,882)**	**(1,903,188)**	**(3,828,7390)**	**(5,731,927)**

* Australian net loss includes $725,291 on Australian exploration expenditure $3,728,183, impairment charges on loans to subsidiaries, an exchange loss by Australia on a loan to Craton in Namibia; and interest expense by Namibia on loan from Australia.

(c) Segment assets

	2016 Australia $	2016 Namibia $	2016 Total $	2015 Australia $	2015 Namibia $	2015 Total $
Segment assets current*	12,788,696	2,938,950	15,727,646	14,819,402	4,534,505	19,353,907
Segment assets non-current**	10,044,937	119,298	10,164,235	11,554,436	217,056	12,971,492
Inter-segment eliminations***	(10,000,019)	(10)	(10,000,019)	(11,500,463)	(2,165)	(12,702,628)
Total group assets	12,833,614	3,058,238	15,891,852	14,873,375	4,749,396	19,622,771

* Australian current assets are cash, receivables and a convertible note received; Namibian current assets are cash, receivables and prepayments.

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

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

Eliminations in segment assets include loans from the Parent to the controlled entities of $23,943,874 (2015:$27,676,741) which has been matched against the impairment of these loans and impairment of investment in subsidiaries of $2,705,129 (2015:1,200,000).

(d) Segment liabilities

	2016 Australia $	2016 Namibia $	2016 Total $	2015 Australia $	2015 Namibia $	2015 Total $
Segment liabilities*	2,692,430	21,694,211	24,386,641	4,719,412	23,711,200	28,430,612
Reconciliation of segment liabilities to group liabilities						
Inter-segment eliminations**	(2,332,532)	(21,610,614)	(23,943,145)	(4,035,634)	(23,635,693)	(27,671,327)
Total group liabilities	**359,898**	**83,597**	**443,495**	**683,778**	**75,507**	**759,285**

* Australian liabilities include payables and loans extended to subsidiaries

** Eliminations in segment liabilities include loans from the Parent to the controlled entities of $23,943,874 (2015:$27,676,741).

Notes to the Financial Statements

NOTE 4: REVENUE

	Consolidated Group 2016 $	2015 $
From continuing operations		
Service revenue		
Technical service fee	-	6,179
Project management fee	-	6,223
Rental income - equipment	-	
	-	12,402
Other revenue		
Interest received	596,705	806,959
Other revenue	11,535	23
	608,240	806,982
TOTAL REVENUE	**608,240**	**819,384**

NOTE 5: OTHER INCOME

	Consolidated Group 2016 $	2015 $
Net gain on disposal of plant and equipment	14,110	7,164
Other income	4,439	-
	18,549	7,164

NOTE 6: EXPENSES

	Consolidated Group 2016 $	2015 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Office equipment	385	2,458
Furniture & fitting	1,792	2,045
Plant and Equipment	17,037	24,329
Computer software and equipment	18,525	30,259
Motor vehicles	26,646	38,624
Total Deprecation	64,385	87,716
Total rental expense relating to operating leases	75,089	81,729

NOTE 7: INCOME TAX

		Consolidated Group 2016 $	2015 $
(a)	**Income tax expense**		
	Current tax	271,256	(158,153)
	Deferred tax		-
	Deferred tax assets not recognised	(208,859)	185,356
		62,667	27,203
(b)	**Numerical reconciliation of income tax expense to prima facie tax payable**		
	The prima facie tax on (loss) before income tax is reconciled to the income tax as follows		
	Prima facie tax payable on profit/(loss) before income tax at 28.5% (2015:30%):	(774,406)	(1,711,417)
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
	- Exploration expenditure incurred – Namibia (Note 7c below)	998,072	1,990,005
	- Other allowable items	(49,880)	(54,905)
	- Non allowable items	30	-
	- Provisions and accruals	330,123	17,300
	- Non-mining fixed assets disposal in Namibia	-	(3,587)
	Difference in overseas tax rates	(232,683)	(395,549)
	Tax losses not recognised	(208,589)	185,356
	Income tax expense	62,667	27,203

Notes to the Financial Statements

NOTE 7: INCOME TAX (continued)

		Consolidated Group 2016 $	2015 $
(c)	**Unrecognised temporary differences**		
	Deferred tax assets (at 30%) – Australian entities		
	Carry forward tax losses	3,562,064	3,769,268
	Temporary differences	963,034	743,756
		4,525,098	4,513,024

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

With respect to Craton, a Namibian incorporated entity, which is subject to Namibian tax legislation exploration, expenditure is not deductible until the entity reaches the production stage, as such no tax losses are currently available. When Craton enters the production stage, it should have approx $30,894,584 (2015:$30,241,184) of accumulated exploration expenditure to utilise.

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated Group 2016 $	2015 $
Cash at bank and in hand	10,637,213	19,130,643
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	10,637,213	19,130,643

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

	Consolidated Group 2016 $	2015 $
Trade receivable	57,782	88,546
Other receivables	25	25
Deposits paid	321	376
VAT/GST refund due	32,066	13,218
Prepayments	240	118,945
Total Trade and other receivables	**90,434**	**221,110**

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: INVESTMENT IN ASSOCIATES

Current assets		
Loan Receivable financial asset – convertible notes *	5,000,000	-

MGA Convertible Note terms

* MGA issued an unsecured convertible note to IBML on 30 June 2016 for $5 million with a maturity date of 30 June 2017 with an interestr rate of 13.3%. The note is conertible to 20 million ordianry shares in MGL and 10 million options over ordinary shares .

Notes to the Financial Statements

NOTE 11: CURRENT AND NON-CURRENT ASSETS FINANCIAL ASSETS

Non-Current assets		
Shares in listed entities at fair value – Available for sale	40,782	40,782
Shares in unlisted entities at cost and fair value*	-	300,000
Less provison for impairment	-	(300,000)
	40,782	40,782

* The Directors resolved at 30 June 2015 that a provision for impairment should be made for this investment in Africa Mining Company Pty Ltd (AMC). Post reporting date the shareholders of AMC voted in general meeting to wind up the company and distribute surplus funds to shareholders.

Fair value

Shares in listed entities have been valued at market value based on closing bid price on 30 June 2016 resulting in no change in the Available-for-sale investments fair value. (2015: $27,187 decrease).

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

Classification

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

NOTE 12: NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	Office Equipment	Furniture & Fittings	Plant & Equipment	Motor Vehicles	Computer Equipment	Total
	$	$	$	$	$	$
Year ended 30 June 2015						
Opening Net book value	3,135	7,187	81,355	136,127	62,826	290,630
Additions	-	-	9,260	-	4,781	14,041
Disposal	-	-	-	(2,406)	-	(2,406)
Foreign exchange loss on conversion	63	401	4,525	7,603	3,094	15,686
Depreciation charge	(2,458)	(2,045)	(24,329)	(38,624)	(20,259)	(87,715)
Closing Net book value	**740**	**5,543**	**70,811**	**102,700**	**50,442**	**230,236**
At 30 June 2015						
Cost or fair value	6,289	9,229	146,413	157,188	94,444	413,563
Accumulated depreciation	(5,549)	(3,686)	(75,602)	(54,488)	(44,002)	(183,327)
Net book value	**740**	**5,543**	**70,811**	**102,700**	**50,442**	**230,236**
Year ended 30 June 2016						
Opening Net book value	**740**	**5,543**	**70,811**	**102,700**	**50,442**	**230,236**
Additions	-	-	2,185	-	0	2,185
Disposal	(263)	(54)	(1,762)	(12,798)	-	(14,877)
Foreign exchange loss on conversion	(92)	(732)	(9,583)	(13,819)	(5,510)	(29,736)
Depreciation charge	(385)	(1,792)	(17,037)	(26,646)	(18,525)	(64,385)
Closing Net book value	**-**	**2,965**	**44,614**	**49,437**	**26,407**	**123,423**
At 30 June 2016						
Cost or fair value	4,630	7,543	125,090	115,834	83,235	336,331
Accumulated depreciation	(4,630)	(4,578)	(80,476)	(66,397)	(56,828)	(212.909)
Net book value	**-**	**2,965**	**44,614**	**49,437**	**26,407**	**123,423**

NOTE 13: CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated Group	
	2016	**2015**
	$	**$**
Trade payables	139,931	93.628
Sundry payable and accrued expenses	203,474	494,611
	343,405	588,239

NOTE 14: CURRENT LIABILITIES – SHORT TERM PROVISIONS

	Consolidated Group 2016 $	2015 $
Employee benefits	100,090	171,046

NOTE 15: ISSUED CAPITAL

	2016 No of Shares	2015 No of Shares	2016 $	2015 $
Fully paid ordinary shares 544,158,541 (FY2015:544,158,541)	544,158,541	544,158,541	67,707,532	67,707,532

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

(a) Movements in ordinary share capital

Date	Details	No of shares	Issue price	$
30 June 2015 and 2016	Balance	544,158,541		67,707,532

(b) Options

No options were issued during the financial year. There are no unexpired options on issue (2015:nil).

(c) Ordinary shares

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

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

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

All ordinary shares issued are fully paid up.

(d) Capital risk management

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

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

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

NOTE 16: RESERVES AND ACCUMULATED LOSSES

(a) Foreign Exchange Translation Reserves

	Consolidated 2016 $	2015 $
Balance at beginning of financial year	(1,223,320)	(1,326,182)
Currency translation differences arising during the year	(635,247)	102,862
Balance at end of financial year	(1,858,567)	(1,223,320)

(b) Accumulated losses

	Consolidated 2016 $	2015 $
Movements in retained losses were as follows:		
Balance 1 July	(47,620,726)	(41,888,799)
Net (loss) attributable to members of the Company	(2,779,882)	(5,731,927)
Balance 30 June	(50,400,608)	(47,620,726)

(b) 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.

Notes to the Financial Statements

NOTE 17: PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

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

	Parent Entity 2016 $	2015 $
Current assets	12,771,549	14,801,278
Total assets	22,816,486	26,355,714
Current liabilities	359,898	532,123
Total liabilities	359,898	683,778
Shareholders' equity		
Contributed equity	67,707,532	67,707,532
Retained losses	(45,250,944)	(42,035,596)
Total equity	**23,456,588**	**25,671,936**
Loss for the year	(3,215,347)	(7,539,259)
Total Comprehensive Income	**(3,215,347**	**(7,539,259)**
Loans by parent to controlled entities		
Amounts owing by controlled entities	23,948,918	27,676,741
Provision for impairment of receivables	(23,948,918)	(27,676,741)
	-	-

(a) Impaired receivables and receivables past due

At 30 June 2016 $23,948,918 (2015: $27,676,741) owing by controlled entities was impaired with $3,727,101 provided for in 2016 (2015: $8,299,198). The impairment has resulted from the Parent 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.

The Company has issued Letters of Support to its Controlled Entities agreeing not to call up the above mentioned loans totalling $23,948,918 (2015: $27,676,741) until each of the Controlled Entities is able to pay its debts as and when they fall due; and to provide further funding as is necessary to enable each of the Controlled Entities to pay its debts as and when they become due and payable.

(b) Impaired investment in subsidiaries

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

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

At 30 June 2016 the parent company's investment in Craton Mining and Exploration (Pty) Ltd was $11.5M (2015: $11.5M). The Directors have considered whether all or part of this investment is impaired and have resolved that a provision for Impairment of this investment of $1,505,129 million should be provided due to the uncertain timing of the future income streams. The fair value of the investment in Craton at 30 June 2016 after impairment of $1,505,129 (2015:$1.3M) is estimated at $10 million.

(c) Fair values

After provisioning for impairment for the amount owing by a controlled entities in the current and past years of $23,943,874, the carrying amount is assumed to approximate the fair value of the loans to controlled entities. $3,727,101 was provisioned in the current financing reporting period and the balance in previous financial years. Information about the Group's exposure to credit and interest risk is provided in Note 2.

Additionally after provisioning for impairment of investment in Craton Mining and Exploration (Pty) Ltd of $2,705,129 (2015:$1.2M) the carrying amount is assumed to approximate the fair value of investments in subsidiaries.

Notes to the Financial Statements

NOTE 18: KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	Consolidated 2016 $	2015 $
Short-term employee benefits	1,149,035	1,591,349
Post-employment benefits	18,018	64,858
Termination benefits	154,448	284,362
	1,321,501	**1,940,569**

Details of key management personnel remuneration are included in the remuneration report on page 24-25.

(b) Shareholdings of key management personnel

Details of shareholdings of key management personnel are disclosed in the remuneration report on Page 25

(c) Option holdings of key management personnel

No options are held by KMP's (2015:Nil).

NOTE 19: REMUNERATION OF AUDITORS

	2016 $	2015 $
Auditor to the parent company		
Audit and review of financial statements		
Grant Thornton Audit Pty Ltd	54,561	53,416
Auditors of subsidiaries		
Grant Thornton Neuhaus	22,008	35,011
Other services to the subsidiaries		
Taxation services – Grant Thornton Neuhaus	-	12,770
	76,559	101,197

NOTE 20: CONTINGENT LIABILITIES

There were no contingent liabilities at balance date.

NOTE 21: COMMITMENTS

(a) Non-cancellable operating leases

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

(b) Service agreement

During the reporting period the Company agreed on a variation of the service administrative services agreement with Zamia Metals Limited ("ZGM") whereby Zamia Metals Limited provides equipment, premises and office services. IBML has agreed on a month by month basis to pay $3,500 plus GST as their share of rent and additional to pay one half of the cost of Zamai providing office facilities.

(c) Exploration and Development

Exploration tenements granted in Australia, Namibia are issued with a minimum annual expenditure commitment. The total minimum expenditure on existing exploration tenements in the next financial year is $0.2 million although there is some flexibility in expenditure patterns over the life of the tenements where shortfalls in any single year can be made good in aggregate terms. This excludes commitments for the ML197 licence application which has not been issued. (Minimum annual expenditure for tenements in Namibia is translated at the rate of 1A$=10.99N$)

	2016 $	2015 $
- Namibia Tenement Payable not later than one year	260,916	345,833
- Australia Tenement Payable not later than one year	-	-
	260,916	345,833

(d) Investment in Macquarie Gold Ltd

As per the subscription agreement signed with Macquarie Gold Limited (MGL) on 30 June 2016. IBML is to pay $10 million to MGL with MGL issuing a convertible note for this value. As at 30 Juned 2016 IBML had paid $5 million to MGL who have issued a convertible note for this amount. IBML has a remaining commitment to MGL of $5 million.

(e) Loans to Controlled entities

The Company has issued Letters of Support to its Controlled Entities agreeing not to call up loans totalling $23,943,874 (2015: $27,676,741) until each of the Controlled Entities is able to pay its debts as and when they fall due; and to provide further funding as is necessary to enable each of the Controlled Entities to pay its debts as and when they become due and payable.

NOTE 22: RELATED PARTY TRANSACTIONS

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

(a) Parent entity

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

(b) Subsidiaries

Interests in subsidiaries are set out in Note 23.

(c) Key management personnel

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

Other transactions with related parties of Parent

As disclosed in Note 21(b), during the reporting period the Company agreed on a variation of the service administrative services agreement with Zamia Metals Limited ("ZGM") whereby Zamia Metals Limited provides equipment, premises and office services. IBML has agreed on a month by month basis to pay $3,500 plus GST as their share of rent and additional to pay one half of the cost of Zamia providing office facilities.

Under the service agreement Zamia Metals Limited billed the Company $90,612 (excluding GST) for rent and service fees during the financial year.

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

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

	2016 $	2015 $
Amounts recognised as revenue – technical service fees	-	18,072
Amounts recognised as expense - rent and service fees	90,612	127,359
Outstanding balances arising from sale of services		
Current receivables – service fees and expenses recouped	4,401	4,418

Notes to the Financial Statements

NOTE 23: INTEREST IN OTHER ENTITIES

(a) Subsidiaries

The group's principal subsidiaries at 30 June 2016 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	
			2016	2015
Parent entity				
International Base Metals Limited	Holding Company	Australia	100%	100%
Controlled entities				
AuriCula Mines Pty Ltd	Exploration	Australia	100%	100%
Maranoa Resources Pty Ltd	Exploration	Australia	100%	100%
Endolithic Resources Pty Ltd 2007)	Exploration	Australia	100%	100%
Tandem Resources Pty Ltd	Intermediate Holding Company	Australia	100%	100%
Craton Property Holdings Pty Ltd	Property	Australia	100%	100%
Craton Mining and Exploration (Pty) Ltd	Exploration	Namibia	100%	100%
Omitiomire Mining Company (Pty) Ltd	Exploration	Namibia	100%	100%
Kopermyn Explorations (Pty) Ltd	Exploration	Namibia	100%	100%

(b) Interests in Associates and Joint Ventures

	2016 $	2015 $
MGL convertible note	5,000,000	-
Investment in JV Company Pty Ltd	-	1,700,000
Investment in in African Mining Capital Pty Ltd.	300,000	300,000
Less Provision for Impairment of investment	(300,000)	(2,000,000)
	5,000,000	-

As previously advised IBML has terminated this JV but retains a 31% stake in Tandem JV Company Pty Ltd and shares in African Mining Company Pty Ltd (AMC). The value of these investments was considered by the IBML Directors in the previous reporting period and it was resolved that these investments should be fully provisioned for impairment. In the current reporting period the investment in Tandem JV Company Pty Ltd was written off and the debt to IBML forgiven.

The Directors of African Mining Capital Pty Ltd have now resolved to windup this company and are seeking shareholder approval to return surplus funds to shareholders. It is expected that IBML will receive cash of approximately $16,000.

Cobar/Actway Joint Venture

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

Notes to the Financial Statements

NOTE 23: INTEREST IN OTHER ENTITIES (continued)

(c) Interest in associates and joint ventures

Set out below are the associates and joint ventures of the group as at 30 June 2016 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of Business/ country of incorporation	% of ownership interest		Nature of relation-ship	Measure-ment method	Quoted fair value		Carrying amount	
		2016	2015			2016	2015	2016 $	2015 $
Tandem JV Pty Ltd [2]	Australia	31%	31%	Associate	Equity method	[1]	[1]	[1]	1
Macquarie Gold Limited[1]	Australia	-	-	Associate	Amortised cost	[1]	-	5,000,000	-

[1] *Private or Unlisted public company – no quoted price available*

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

MGL's profit before tax and comprehensive income for the year was a loss of $754,000 (2015:$286,000)

NOTE 24: SUBSEQUENT EVENTS

Investment in Macquarie Gold Limited

As per the subscription agreement signed with Macquarie Gold Limited (MGL) on 29 June 2016 for a major investment in MGL and its gold assets, a further $5 million was paid to MGL as a convertible note over the period 1-6 July 2016. The total of MGL convertible notes held by IBML loan at this date pending conversion to equity in MGL on listing was $10 million

On 22 July 2016 IBML, at the request of Macquarie Gold Limited (MGL), gave an early conversion notice as per the 'Subscription and Prelisting Agreement' signed with MGL for the conversion of convertible notes of $10 million held by IBML to shares in MGL.

On 22 July 2016 Macquarie Gold Limited (MGL) converted the convertible notes held by IBML to equity in MGL and issued to IBML 40 million fully paid ordinary shares in MGL and 20 million options exercisable at $0.375 per shares on or before 15 July 2019. IBML's shareholding in MGL represents 40% of the number of MGL shares on issue pre listing of MGL on the ASX.

African Mining Capital Pty Ltd

The Directors of African Mining Capital Pty Ltd at a general meeting held on 22 July 2016 received shareholder approval to windup the company and to return surplus funds to shareholders. As a result of this decision IBML received $16,884.85 on 3 August 2016 as an in specie distribution of surplus funds.

Craton ML197

On 11 August 2016, Craton received a notice from the Minister of Mines and Energy clarifying their additional terms to the Preparedness to Grant:

- Requiring imminent dates and timelines upon which Craton will achieve a 5% Namibian participation;
- To clarify in an additional schedule, the company's intention as to the benefits to be received by disadvantaged groups and the poorest of the poor in Namibia and;

As soon as those details are received and are satisfactory, the Minister shall proceed to issue the licence.

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.

Notes to the Financial Statements

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

	2016 $	2015 $
Operating profit/(loss) after income tax	(2,779,882)	(5,731,927)
Non-cash items included in profit and loss:		
- depreciation and amortization	64,385	87,716
Net (gain) on sale of property, plant and equipment	(14,110)	(9,570)
Impairment of available-for-sale financial assets		27,188
Loan forgiveness	(4,439)	
Net foreign exchange difference	(605,510)	89,581
Impairment of investments		-
Change in assets and liabilities		
(Increase)/ decrease in:		
- receivables	130,676	191,647
Increase/(decrease) in:		
- payables	(244,835)	182,074
- provisions	(70,956)	24,180
Net cash (outflow) from operating activities	**(3,524,671)**	**(5,129,706)**

NOTE 26: LOSS PER SHARE

	Consolidated Group 2016 Cent per Share	Consolidated Group 2015 Cents per Share
Basic loss per share	(0.51)	(1.05)
Diluted loss per share	(0.51)	(1.05)

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:-

	2016	2015 $
Loss (i)	(2,779,882)	(5,731,927)
Weighted average number of ordinary shares (ii)	544,158,541	544,158,541

(i) Losses used in the calculation of basic and diluted loss per share are net loss after tax attributable to owners as per statement of comprehensive income.

(ii) There were no options outstanding at 30 June 2016 (2015:Nil) and therefore no dilutive effect on the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted loss per share.

Shareholder Information

Statement of issued securities as at 15 September 2016

There are 321 shareholders holding a total of 544,158,541 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 15 September 2016

Ordinary fully paid shares

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

Substantial shareholdings as at 15 September 2016 of Fully Paid Ordinary Shares

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

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

Top Twenty Shareholders 15 September 2016

Holder Name	Shares held	%
RUI KING RESOURCES LIMITED	150,000,000	27.57%
WEST MINERALS PTY LIMITED	118,326,492	21.74%
HEILONGJIANG HEILONG RESOURCES INVESTMENT CO LTD	25,022,723	4.60%
CHINA KINGS RESOURCES GROUP CO LTD	22,500,000	4.13%
CHINA SUN INDUSTRY PTY LTD	20,000,000	3.68%
MANICA MINERALS LTD	15,000,000	2.76%
PEARL GLOBAL INVESTMENT LIMITED	13,333,333	2.45%
BLACKMANS & ASSOCIATES PTY LTD <SUPER FUND A/C>	13,000,000	2.39%
MR KENNETH JOHN MAIDEN & MRS MARGARET FRANCES MAIDEN <MAIDEN FAMILY S/F A/C>	10,521,751	1.93%
GREAT SEA WAVE INVESTMENT PTY LTD	9,167,333	1.68%
PERPETUAL CORPORATE TRUST LIMITED <AEF LINQ RESOURCES FUND A/C>	8,333,333	1.53%
MACQUARIE BANK LTD	8,333,333	1.53%
PEAK SUCCEED INVESTMENTS LIMITED	6,666,667	1.23%
HUNAN CENTRAL SOUTH BIOHYDROMETALLURGY COMPANY LTD	6,250,000	1.15%
GOLDVANCE PTY LTD <BMR A/C>	5,047,200	0.93%
MRS CORAL ESTELLE HARRIS & MR KERRY WILLIAM JOHN HARRIS <THE CE HARRIS S/F A/C>	5,046,362	0.93%
MONSLIT PTY LTD <ANTHONY TORRESAN A/C>	4,889,104	0.90%
AUSTRALIAN GEOSCIENTISTS PTY LTD	2,932,500	0.54%
HSBC CUSTODY NOMINEES	2,856,667	0.52%
SUN JIA DEVELOPMENT LIMITED	2,727,272	0.50%
	449,954,070	82.69%
Total of Securities	**544,158,541**	