



Suite 60, Level 6 Tower Building
Chatswood Village
47-53 Neridah Street
Chatswood NSW 2067
T: + 61 2 8223 3777
F: + 61 2 8223 3799
E: office@ibml.com.au
www.ibml.com.au

INTERNATIONAL BASE METALS LIMITED ('IBML')

QUARTERLY ACTIVITIES REPORT – End March 2015

KEY POINTS

Company Strategy

Legal challenges are anticipated to cause significant delays to development of the Omitiomire Copper Project in Namibia. As a result, IBML is implementing a strategy which:

- Protects the Company's major asset, the Omitiomire copper deposit;
- Cuts costs to ensure sustainability of the Company through the expected delays and to maintain the operation of the IBML Group for 2-3 years without further funding;
- Positions the Company for growth when the market sees an upturn.

Board and Management Changes

- Frank Bethune stepped down as MD and as a director of IBML and of the Company's wholly-owned Namibian subsidiary, Craton Mining & Exploration (Pty) Ltd ('Craton');
- Karl Hartmann, the Company's Exploration Manager, was appointed as Acting Chief Executive Officer (CEO) and as Country Manager – Namibia;
- Karl will be assisted by Jordan Li, General Manager – Corporate Affairs;
- André Genis' contract with Craton as Chief Operating Officer and Acting Country Manager was terminated.

Omitiomire Copper Project, Namibia

Because of pending legal action relating to the award of the Omitiomire Mining Licence and the granting of the Environmental Clearance Certificate to Craton, there is likely to be a delay to development of the Project.

Exploration Projects

Following a strategic planning meeting, IBML carried out a review of its exploration programmes, aimed at reducing costs substantially.

CORPORATE ACTIVITIES

Occupational Health and Safety

No lost-time accidents occurred during the quarter.

Company Strategy

The Company remains committed to its Vision of becoming a successful and sustainable mineral exploration and mining company. IBML's goals have been significantly advanced by the Company's success at the Omitiomire Copper Project in Namibia:

- The identification of a resource of over 740,000 tonnes of contained copper metal;
- The successful completion of a Definitive Feasibility Study for the development of an initial modest-scale mining and processing operation based on near-surface oxide and mixed oxide-sulphide copper resources;
- The grant of a 20-year Mining Licence (ML 183) by the Namibian Ministry of Mines and Energy to IBML's wholly-owned Namibian subsidiary, Craton Mining & Exploration (Pty) Ltd ('Craton').

IBML had planned to commence development of the Project, situated on the farm Omitiomire, in early 2016.

However, as announced on 26th February (see IBML's website), there are currently pending legal actions which are likely to cause a delay of not less than one year to the development of the Project. The litigation involves two neighbours of the farm Omitiomire who have lodged an appeal against the decision of the Environmental Commissioner to issue the Environmental Clearance Certificate in respect of the Project, including an application at the High Court to review the decision by the Ministry of Mines and Energy to award the Mining Licence to Craton.

In response to these challenges and likely delays to project development, IBML is implementing a strategy which:

- (a) Protects the Company's major asset, the Omitiomire copper deposit;
- (b) Cuts costs to ensure sustainability of the Company through the expected delays and to maintain the operation of the IBML Group for 2-3 years without further funding;
- (c) Positions the Company for growth when the market sees an upturn.

IBML's short-term (i.e. 2015) objectives are to:

- Cut overhead costs substantially;
- Retain core skills;
- Overcome, as far as possible, the impediments delaying the development of the Phase 1 oxide copper operation at Omitiomire;
- Relinquish exploration tenements, both in Namibia and in Australia, which have little discovery potential and cut other exploration costs;

- Investigate the possible acquisition of a small high grade gold resource which could be quickly brought into production to provide cash flow for the Company.

Board and Management Changes

IBML

- Board meetings were held in Namibia on 11th March and in Sydney on 1st April.
- Frank Bethune stepped down as MD on 23rd March and resigned as a director on 30th March.
- Karl Hartmann, the Company's Exploration Manager, was appointed as Acting Chief Executive Officer (CEO) on 23rd March.
- Karl will be assisted by Jordan Li, General Manager – Corporate Affairs.

Craton Mining & Exploration Pty Ltd

The Craton Board met in Namibia on 6th March and 31st March. At the meeting on 31st March, the Board -

- Accepted the resignation of Frank Bethune as MD;
- Ratified the termination of André Genis' contract as Chief Operating Officer and Acting Country Manager.
- Ratified the appointment of Karl Hartmann as Acting CEO and Country Manager.

An announcement regarding changes to the company strategy and management was sent to all shareholders and placed on the IBML website on 23rd March.

Capital Raising

Financial advisors PCF Capital provided a report on capital raising options. The report noted the 25% drop in the price of copper since February 2014.

The main recommendations from the report are:

- Delay the financing of the Omitiomire Phase 1 project;
- Delay the development of the Omitiomire project;
- Do not provide an exit for shareholders at the present time;
- Consider using IBML's cash to purchase an alternative project.

OMITIOMIRE COPPER PROJECT

Surface Access

As previously reported, there has been an appeal against the appointment of Oehl Trust as executor of the family estate which holds the farm Omitiomire. As a result, the surface rights agreement between the estate and Craton has been suspended. Re-establishment of surface rights is awaiting the outcome of the appeal. At present, Craton has no access agreement with the farm Omitiomire.

Project Work

Work on the Project during the quarter included:

- Metallurgical studies aimed at optimising the costs and recoveries of the Phase 1 project;
- An assessment of access roads to the project site;
- An updated study on the likely infrastructure cost for Phase 2 water supply;
- Initiation of a review of the 2010 pre-feasibility study on the larger (Phase 2) project.

Delay to Project Development

As outlined above, there is pending legal action relating to the award of the Mining Licence and the granting of the Environmental Clearance Certificate to Craton. This is likely to cause a delay to the development of the project. Whilst project development remains a primary goal, the Company is considering ways in which to cut costs in the short term. This will most likely include postponing ancillary work on the project until the legal situation has been resolved.

EXPLORATION PROJECTS

NAMIBIAN EXPLORATION PROJECTS

Licence	Informal name	Area (km ²)	Expiry Date	Status
ML 183	Omitiomire	29	2034-09-21	Granted for 20 years
EPL 3589	Ekujja	735	2016-04-25	3rd renewal granted
EPL 3590	Oorlogsdeel	395	2016-04-25	3rd renewal granted
EPL 4150	Seeis	981	2015-10-25	1st 3 years granted
EPL 4151	Karamba	960	2015-10-25	1st 3 years granted
Steinhausen/Omitiomire Projects		3071		
EPL 4297	Vaalberg	787	2015-08-19	Relinquished end March
Kamanjab Project		787		
EPL 4039	Nomeib	295	2015-07-01	2nd 2-year renewal granted
EPL 4055	Sib	638	2015-04-26	1st 2-year renewal granted
Kalahari Copperbelt Project		933		
CRATON TOTAL (km ²)		4791		
AMC licence under JV where IBML holds 31%:				
EPL 3299	Epembe	291	2016-08-15	3 rd 2-year renewal granted Retention Licence applied for

Table 1. IBML's Namibian tenements as at end-March 2015

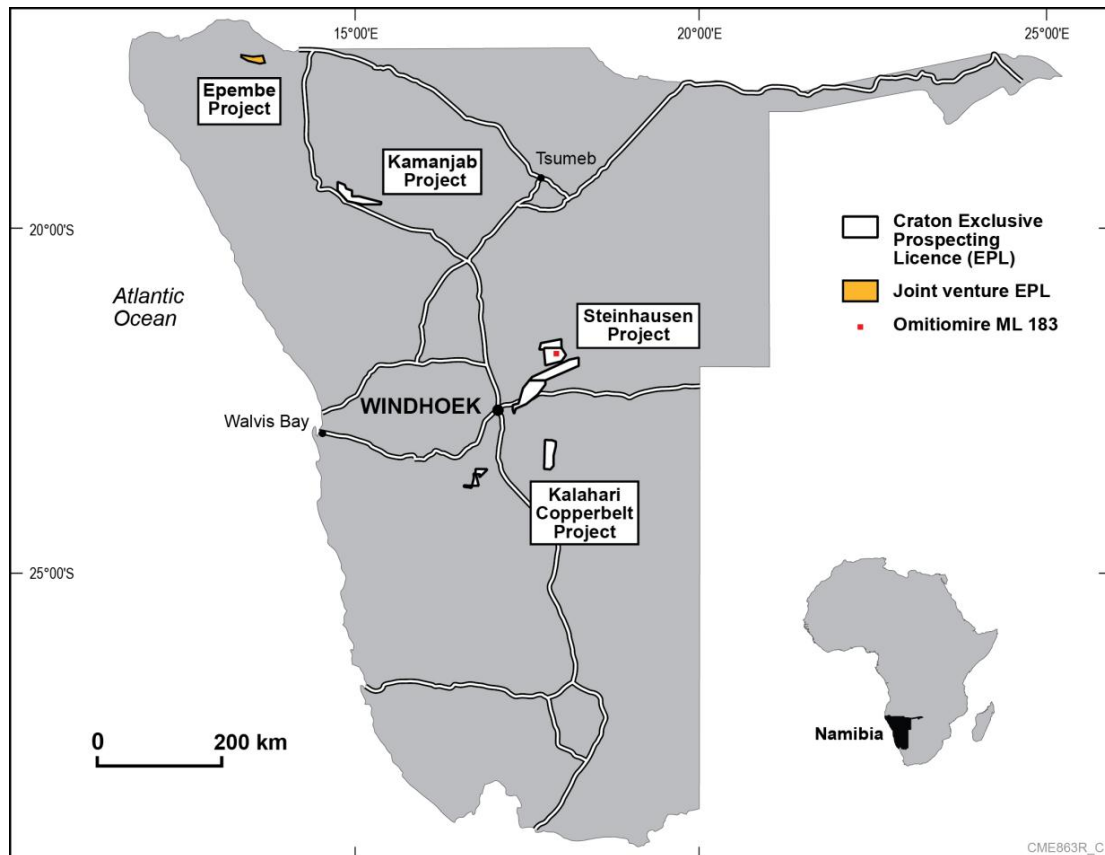


Figure 1. IBML's projects in Namibia as at end-March 2015

Omitiomire Project (ML183)

- Routine environmental monitoring has been erratic due to access issues.
- Exploration of ML183 and the rest of the farm Omitiomire awaits an access agreement.

Steinhausen Project

The Steinhausen Project consists of four licences: EPLs 3589, 3590, 4150 and 4151.

Exploration of the tenements has involved extensive soil geochemical surveys, accompanied by reconnaissance-scale geological mapping. Geochemical targets have been / are being followed up by ground magnetic and, in some case, electro-magnetic ('EM') surveys, and by reverse circulation ('RC') drilling.

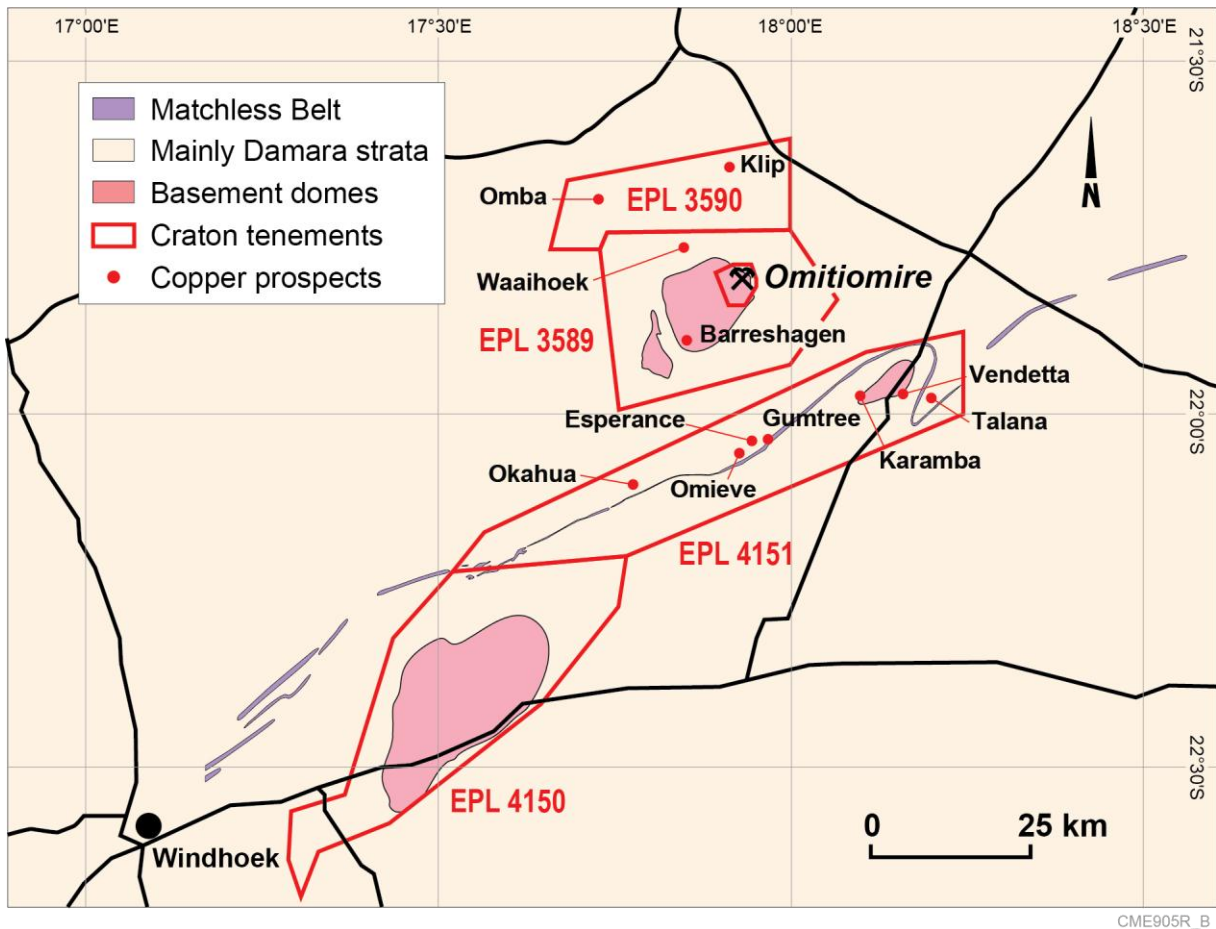


Figure 2. Steinhausen Project: Simplified geology

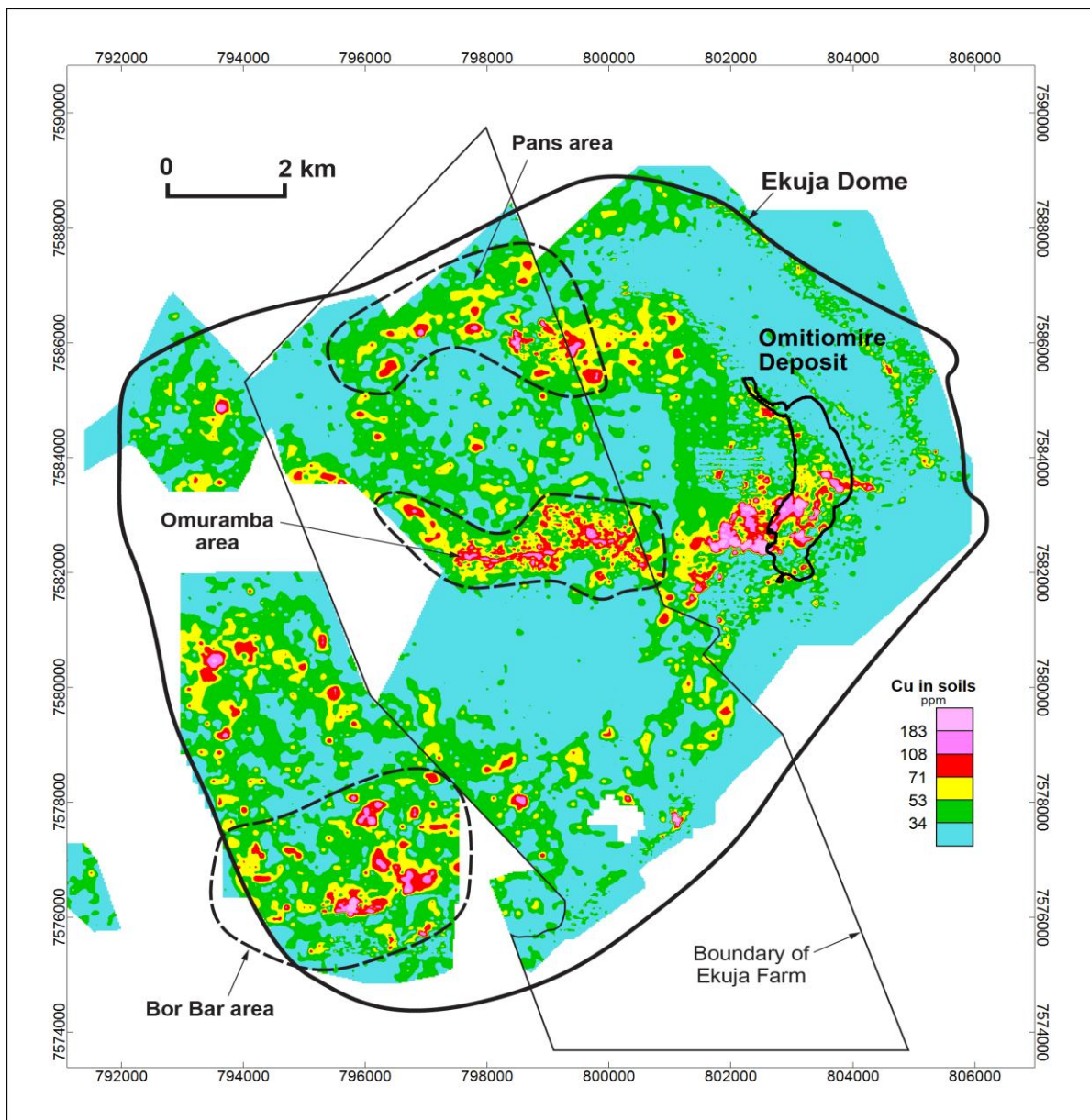
Ekuja Dome (EPL 3589 Ekuja)

Farm Borealis (southern portion of the BorBar area in Figure 3): Reverse circulation ('RC') drilling followed up previous copper intersections. Minor copper was intersected. No further work is recommended on this prospect.

Farm Barreshagen (northern portion of the BorBar area in Figure 3): RC drilling intersected minor Omitiomire-type copper. Assays included 61m at 0.28% Cu from 109m depth. Follow up drilling is planned.

Farm Ekuja: Exploration continued until late January when the access agreement with the farm expired. The final drill metres recorded on Ekuja was 3073m. Assay results are not encouraging, with very few potentially ore grade (i.e. +0.5% Cu) drill intersections. However, down dip and along strike potential still exists in the Pans area (see Figure 3) and some induced polarisation ('IP') anomalies in the Omuramba area are still untested.

It is unlikely that Craton will have further access to the farm until late 2015.



CME947R_A

Figure 3. Soil geochemical map of the Ekuja Dome, showing main target areas

Omba Terrain (north of the Ekuja Dome): The 2014 airborne electro-magnetic (VTEM) survey identified three targets on farm Waaihoek. Ground magnetic and ground EM surveys were followed by RC drilling on targets. Although a number of holes intersected grades of over 1% Cu, the intersections near surface are too narrow for open pit mining and the deeper intersections are not sufficiently continuous to represent a significant underground target. No further work is planned on farm Waaihoek.

However, sporadic high copper grades provide optimism that other targets, identified by the VTEM survey, contain a thickening of the copper-bearing horizon.

The VTEM survey identified two large targets, as yet un-named, on the farm Oorlogsdeel (see Figure 4) and a smaller target south of Omba. These targets do not have associated geochemical anomalies, but might represent “blind” (i.e. non-outcropping) metal sulphide concentrations. The targets are large and, if mineralised, could be significant. Follow-up exploration is planned as soon as a farm access agreement has been reached.

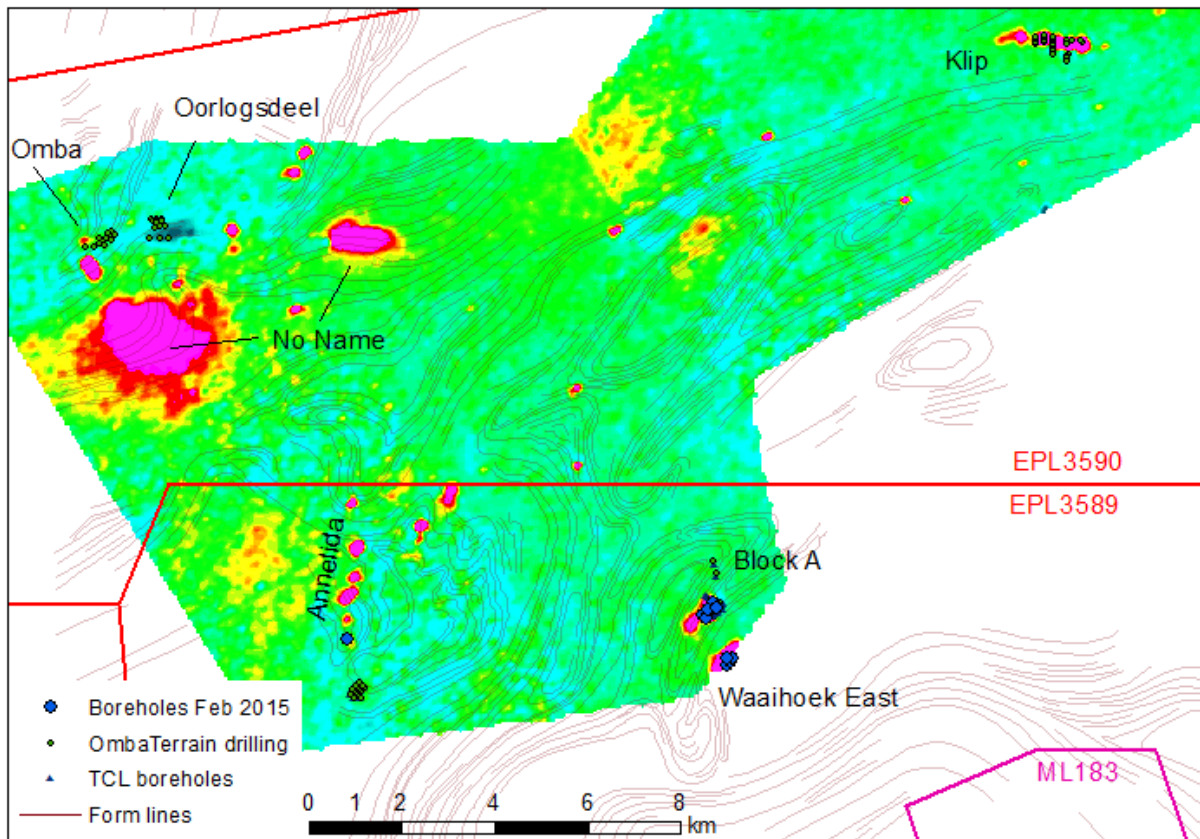


Figure 4. VTEM map showing anomalies selected for follow-up

EPLs 4151 (Karamba) and 4150 (Seeis)

Soil geochemical and ground magnetic surveys continued on these licences.

Kalahari Copperbelt Project

EPL 4055 (Sib)

The final Scoping Study report on the Sib oxide copper deposit indicates the likely feasibility of a small mining and processing operation to produce a solvent extraction ('SX') copper concentrate which could be trucked to the planned Omitiomire electro-winning ('EW') plant.

EPL4039 (Nomeib)

A desk-top study to assess the potential for significant gold deposits produced a negative result.

Epembe Project (EPL 3299)

There was no significant work during the quarter.

AUSTRALIAN PROJECTS

AuriCula Mines Pty Ltd

Mount Hope – EL6907: Assessment of soil geochemical results from the 2014 programme defined broad zones of interest associated with transported cover in the northern portion of the tenement. Additional sampling north of the 2014 test area is proposed for mid-2015.

Shuttleton – EL6223: A three-hole diamond drilling programme is scheduled to commence in May 2015.

Endolithic Resources Pty Ltd

A review of exploration results indicated little potential for discovery of substantial copper or gold deposits.

REVIEW OF EXPLORATION PRIORITIES

IBML carried out a review of its exploration programmes, aimed at reducing costs substantially by -

- Relinquishing tenements considered to have limited discovery potential;
- Identifying priority tenements and budgeting sufficient funds to keep those tenements in good standing;
- Testing, effectively but at limited cost, other targets considered to have potential for copper within trucking-distance of Omitiomire;
- Reducing personnel numbers while retaining core skills.

A revised programme and budget are being prepared.