

## **INTERNATIONAL BASE METALS LIMITED ('IBML')**

### **QUARTERLY ACTIVITIES REPORT – End-March 2016**

#### **OCCUPATIONAL HEALTH AND SAFETY**

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

#### **CORPORATE ACTIVITIES**

##### **Board Meeting**

At a Board meeting on 2<sup>nd</sup> March, the directors -

- Accepted the Interim Finance and Directors' Report for the six months to end-December 2015;
- Affirmed the Company's commitment to development of the Omitiomire copper project in Namibia but noted that delays to development of the project are outside the Company's control;
- Confirmed the continued need for cost control and noted, with regret, the unfortunate necessity to implement staff reductions at Craton.
- Confirmed IBML's intention to acquire a near-term cash flow gold or copper project;
- Confirmed IBML's intention for a listing of the Company's shares on a securities exchange.

##### **Towards New Project Acquisition**

On 21<sup>st</sup> January, the Company announced a proposed scheme of arrangement to merge IBML with ASX-listed Mantle Mining Corporation Limited. However, after an in-depth due diligence review of the Mantle Mining assets and extended discussions, the Board took the decision not to proceed with the proposed merger. Shareholders were advised of the decision through an announcement on the company website on 4<sup>th</sup> March.

##### **Management Changes**

Ken Maiden's position as Executive Director and Chief Geologist was made redundant. Dr Maiden remains a non-executive director of the Company but has relinquished his role as a director of IBML's Namibian subsidiary company, Craton Mining & Exploration (Pty) Ltd ('Craton').

Karl Hartmann's position as Exploration Manager and Acting CEO was made redundant. Mr Hartmann was appointed as a director of Craton and retains a part-time consulting role with the Company.

Mr Aidong Yang has been appointed as General Manager – Technical on a part-time basis. Mr Yang is a mining engineer with more than 30 years of professional and management experience in gold and base metals projects in China and Australia. Mr Yang has been an Alternate Director of IBML.

Jordan Li, General Manager Commercial maintains the responsibilities of new projects acquisition and the daily management of IBML.

## **CRATON MINING & EXPLORATION (PTY) LTD ('CRATON')**

### **Craton Board**

Craton's directors held a Board meeting in Windhoek on 3<sup>rd</sup> February and in Sydney on 1<sup>st</sup> March. The Sydney meeting was attended also by IBML's directors.

The Board approved the Interim Financial Statement of 31<sup>st</sup> December 2015.

Ken maiden resigned from the Craton Board in late 2015. Karl Hartmann was appointed to the Board in February 2016.

### **Cost-Cutting and Restructuring**

As part of the cost-cutting process, 15 Craton staff members have been retrenched, leaving five permanent employees.

Consultants have also had their contracts terminated. They may be engaged on a part-time basis when required.

Craton is closing its main office and consolidating all its administration in what was formerly the Company's exploration office.

## **OMITIOMIRE COPPER PROJECT, NAMIBIA**

### **Mining Licence (ML197)**

Craton received a Preparedness to Grant letter, dated 8<sup>th</sup> February, from the Namibian Ministry for Mines and Energy (MME). This licence replaces the previous ML183 which was the subject of a successful legal challenge to its validity. Craton has accepted the grant of ML197, subject to additional terms and conditions being met.

Craton is in a transition phase from an exploration company to a mining company. As part of the requirements of the Preparedness to Grant, environmental monitoring and camp start-up will commence shortly, subject to access to the farm Omitiomire.

## **Surface Access**

On 1<sup>st</sup> March, Oehl Trust was re-instated as executor to the estate of the late Lida Steyn, which includes the farm Omitiomire. Craton is engaged in discussions with Oehl Trust regarding securing access to the farm.

## **Project Work**

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, results for the Phase 2 (sulphide) project are encouraging. These initial tests indicate that the process will achieve high recoveries of copper, gold, silver and palladium at low capital outlay. Unwanted elements are not leached in the process.

## **EXPLORATION PROJECTS**

### **Namibian Tenement Position**

At end-March 2015, Craton held five Exclusive Prospecting Licences, totalling 3035 km<sup>2</sup> (see Figure 1). It is anticipated that at least two of these tenements will be relinquished in the near future.

### **Namibian Exploration Activities**

Craton is continuing to conduct low-cost exploration, mainly soil geochemical and ground magnetic surveys, on its tenements. Shallow trenches have intersected up to 1.7% copper and 26g/t silver on the newly discovered Andrea prospect. A programme for further work is under consideration.

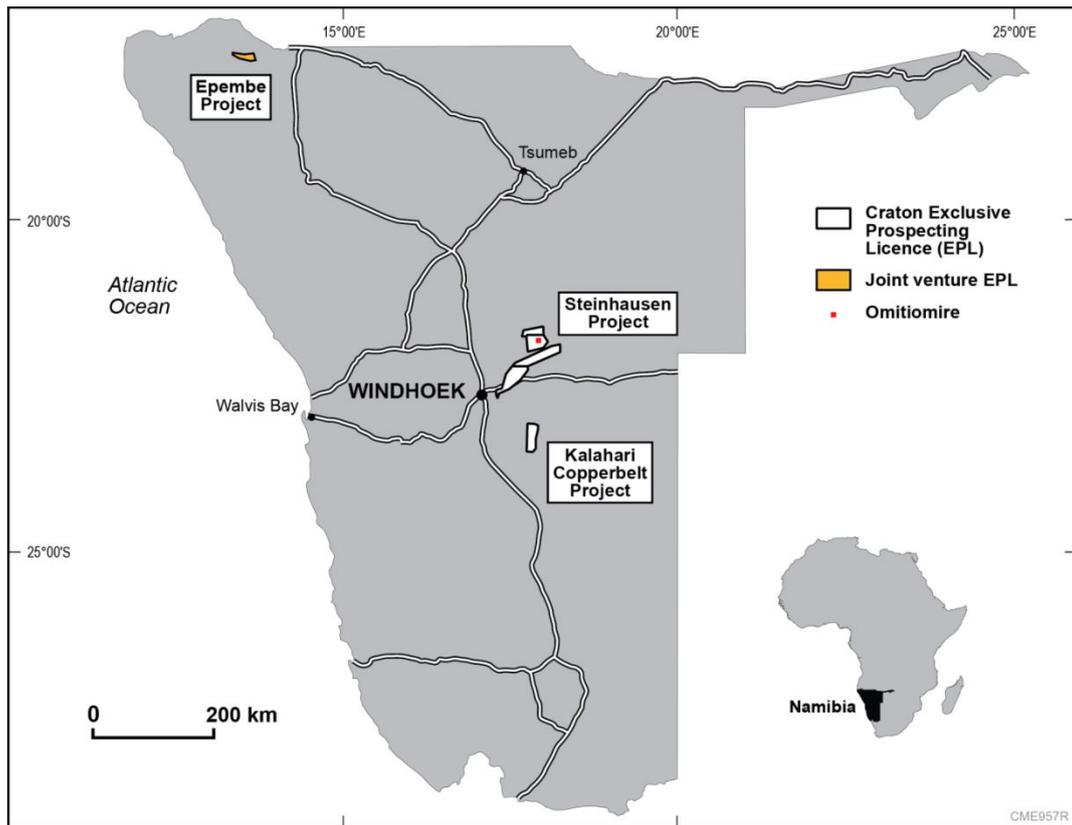


Figure 1. IBML's Namibian projects

### CRATON FOUNDATION

Two classrooms and a storeroom were erected at the Dr Frans Aupa Lindongo School in Katutura (Windhoek). All students at the school underwent an eye screening test and reading glasses were supplied free of charge to those students most in need.