

INTERNATIONAL BASE METALS LIMITED ('IBML')
QUARTERLY ACTIVITIES REPORT – End-December 2018

OCCUPATIONAL HEALTH AND SAFETY

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

CORPORATE ACTIVITIES

Management

Mr Hugh Thomas, continues to act as Executive Chairman

CRATON MINING & EXPLORATION (PTY) LTD ('Craton')

Craton Corporate

Craton Board: The Board met on 7th November. The main items of discussion were:

- Budget including Omitiomite "Mini Mine" updates;
- Contractor v owner operated mining.

Omitiomire Copper Project: Funding for Project Development

The Company continues to engage with potential providers of capital for project development. The Company is seeking to raise N\$60 million for development of the "Mini Mine" Project.

Omitiomire Copper Project: Mini Mine

The "Mini Mine" Project targets oxide copper within the top 21m of the Pan area of the Omitiomire deposit. To enable final process design, additional test work is required from a near-surface bulk sample. The tests from this sample will complement the tests from the sample taken previously at 19m depth. For this purpose, Craton excavated, sampled, mapped and rehabilitated a trench on 18th October.

Craton Exploration

There were no field exploration activities during the quarter.

MACQUARIE GOLD LIMITED ('MGL')

Challenger Gold Project: Care-and-Maintenance

The project remains on care-and-maintenance. The site office is manned; on-site plant and equipment are serviced regularly; and environmental monitoring is ongoing.

The mine dewatering pump and generator have been installed and mine dewatering has commenced.

Challenger Gold Project: Environmental Management

Several areas of concern had been raised by NSW Environment Protection Agency (EPA) officers. These concerns have now been addressed.

The Annual Environmental Management Report has been compiled and will be lodged in early February.

Challenger Gold Project: Project Recommissioning

Following completion of the Challenger Gold Project review, a proposal to resume operations at the mine site has been prepared. This proposal does not involve further work on the Challenger gold mill at this stage. Rather, the Company has identified an opportunity to toll process ore from the Challenger mine off-site at an approved CIL Mill known as Broula King. The proposed recommissioning steps will involve processing stocks of low grade "mullock" ore, which will transition to higher grade primary ore recovered from renewed underground operations. It is estimated that preparation for recommencement of operations will take six months.

Cash flow from operations will then be used to upgrade the existing processing plant. A revised ore processing route has been developed, involving a crushing & grinding circuit, a gravity circuit (to produce free gold) and a flotation circuit (to produce gold-bearing sulphide concentrate. This will require the removal of some plant items that are excess to requirements; relocation and re-configuration of other items; and purchase of some new equipment. For safety reasons, it has been decided NOT to carry out any cyanide treatment of sulphide concentrate on site.

Challenger Gold Project: Community Relations

On 20th November, Macquarie Gold's Chairman, Dennis Morton, met with the Adelong Community Consultative Committee and presented an update on the status of the project. The feedback from the Committee was as follows:

- The 2017 mine closure had been disappointing but well received as no debts had been left unpaid.
- The community is very keen for the project to restart.
- The community is very pleased that there is not going to be any onsite cyanide ore processing.
- The Committee raised the question of open-cut mine development, for which they are not in favour. The Company has no plans for open-cut mining.
- The community is keen to be provided with regular updates by meeting.
- Snowy Valleys Council is pleased by the Company's communication and would like a briefing for relevant alderman and senior employees.

Another meeting with the Committee is to be scheduled when the project is nearing recommissioning.

Exploration Licence EL572

Land access: An access agreement was negotiated for the land covering the priority target area immediately north of the Challenger Mining Lease.

Drone photography: Low level drone photography has provided detailed coverage to guide ground-based exploration and to identify areas of historic mining activity.

Magnetic survey: Further detailed ground magnetic surveying was carried out. The magnetic imagery is enhancing the geological interpretation of the EL area.

Mapping and sampling: Two target areas (Luffs Gully and Jones) were selected for detailed geological mapping and sampling. One sample from Jones contained elevated gold (6.0 g/t Au); this area will be followed up in future exploration.