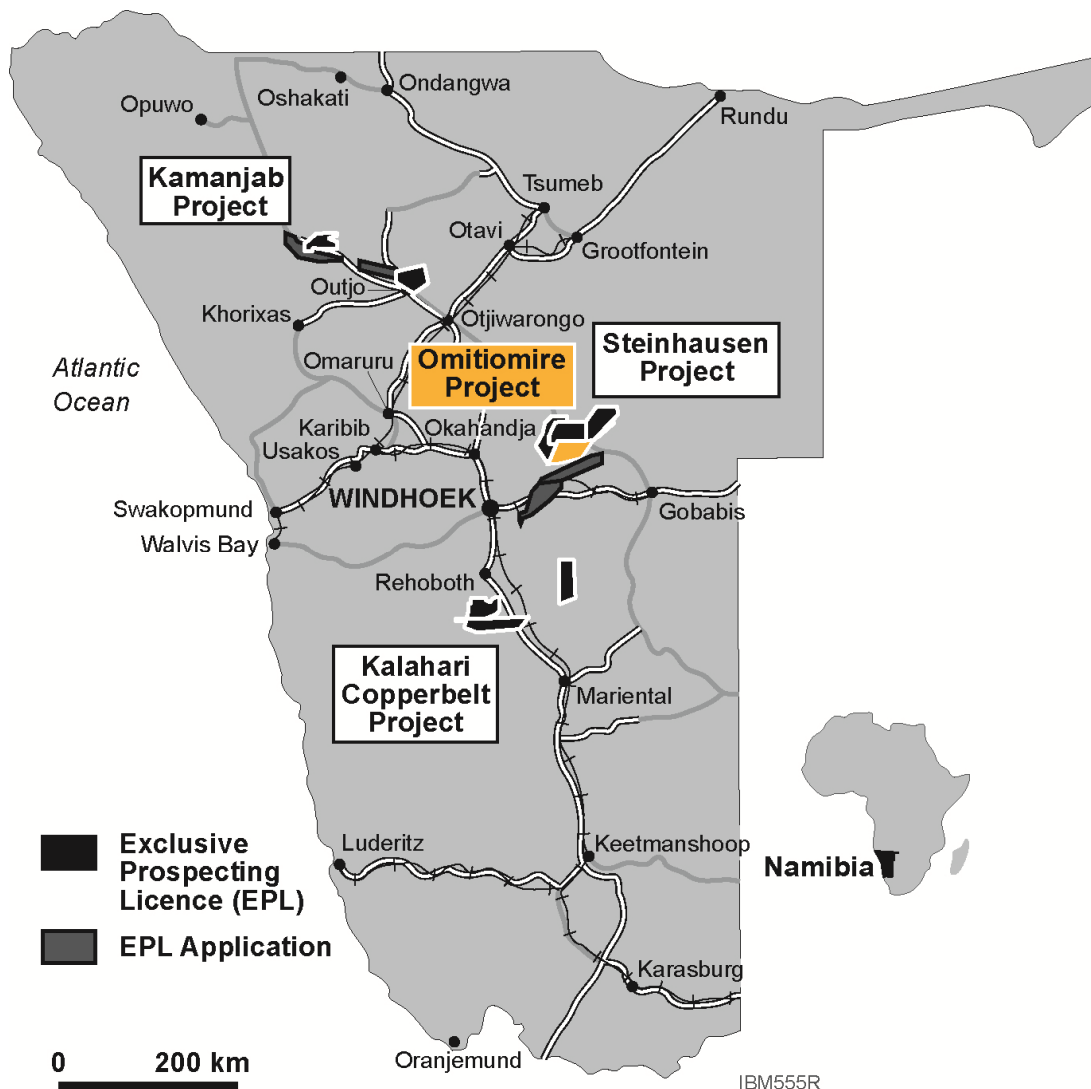


## QUARTERLY REPORT TO END-DECEMBER 2010

### OVERVIEW

- IBML successfully raised A\$2 million via a private placement in October 2010.
- A Prospectus was lodged on 15 November 2010 with the objective of listing on the ASX. The A\$25 million minimum subscription level of the initial public offering was not reached and the prospectus and application to list was withdrawn on 20 January 2011
- The Company is reviewing and re-focussing its exploration strategy. New resource drilling at Omitiomire is planned.
- A close-spaced pilot drilling programme at Omitiomire was carried out to determine optimum drilling density and excavation of a bulk sample pit was initiated.



Map of Namibia showing project areas

## **CORPORATE**

### **Capital Raising**

The Company raised A\$2 million through a private placement on 29 October 2010.

### **Initial Public Offering ('IPO')**

IBML lodged a prospectus with the Australian Securities and Investment Commission (ASIC) on 15 November 2010 with the objective of listing on the Australian Securities Exchange (ASX). A large number of investor presentations were made to potential investors in Sydney, Melbourne and Perth, and an investor road show to London and Singapore was undertaken (22 – 25 November).

The minimum subscription level of A\$25 million was not reached and the offer period was extended to 31 January 2011. On 20 January, IBML withdrew the prospectus and application to list.

### **Further Capital Raising**

IBML is in discussions with several potential investors to provide ongoing funding for the Company's activities. The Company will reconsider an ASX listing after completion of planned new resource drilling at Omitiomire.

Given the uncertainty following the IPO extension period, it was decided to stop all drilling activities and to focus on low cost exploration until further funds are raised. Overhead costs are being reviewed during January.

### **Company Strategy**

In the wake of the withdrawn IPO, IBML is reviewing its strategy. An early decision has been to focus, in the short term, on its Namibian exploration projects and to seek to dispose of its Australian assets.

In setting longer-term goals, the Board agreed on the following:

- The five-year goal is to have one operating mine and at least one advanced exploration project.
- The ten-year goal is to be a significant mining and exploration company with its focus in Southern Africa.
- IBML would consider off-take agreements for the commodities we produce but would limit such off-takes to the percentage investment held.
- Joint Venture (JV) arrangements are to be encouraged for both mining and exploration activities.
- IBML will seek to retain at least 30% interest in any Southern African JV.

## OMITOMIRE COPPER PROJECT, NAMIBIA

### Strategy

IBML's intention had been to undertake a definitive feasibility study (DFS) for a copper mining and processing operation based on the Omitiomire resource. Following the receipt of pre-IPO funds, critical aspects of the DFS were initiated in November 2010.

Following the withdrawal of the IPO, the infill drilling programme was realigned to target potential increases in resource. Other aspects of the DFS have been delayed until the availability of further funding is confirmed.



*Craton team December 2010*

### Tenement

During the quarter, a new access agreement was signed with the owner of the Farm Omitiomire on which the Omitiomire copper deposit is located.

At an appropriate time, the Company will apply for a Mining Licence covering the Omitiomire deposit and adjacent areas which may be required for the development of a copper mining and processing operation.

### Close-Spaced Drilling

Two "grade control" grids, each covering 100m x 100m in area, were drilled on 25m x 25m drill spacing. Resource consultants Hellman & Schofield Pty Ltd have determined that the drill spacing required for Measured resources is 50m x 25m, although a 25m x 25m drill

spacing is required in geologically complex areas. The drill spacing for Inferred resources and Indicated resources remains at 100m x 100m and 50m x 50m respectively.

The expected outputs are two-fold:

- Comparison of the existing resource model with a model based on detailed drilling;
- Determination of optimal drill densities for Measured and Indicated resources and for grade control.

### **Infill Drilling**

Infill drilling targeted the deposit south of the Nossob River, an area which could become inaccessible in early 2011 due to rain. To date 27 reverse circulation ('RC') holes have been completed. The results of the infill drill holes correlate well with previous drill results.

### **Bulk Sampling**

The selection criteria for a box-cut site to collect an oxide copper bulk sample were:

- shallow ore;
- an average of about 32% chalcocite and 78% oxide copper minerals;
- an average of about 0.55% total copper;
- >100m distance from a public road or infrastructure; and
- suitability to provide 3D geological information.

Excavation and blasting commenced in November 2010. It is expected that the box-cut will require four blasts for a total of over 16,000 m<sup>3</sup> of rock.



*Inspection of the Omitiomire box cut after the first blast*

## Infrastructure

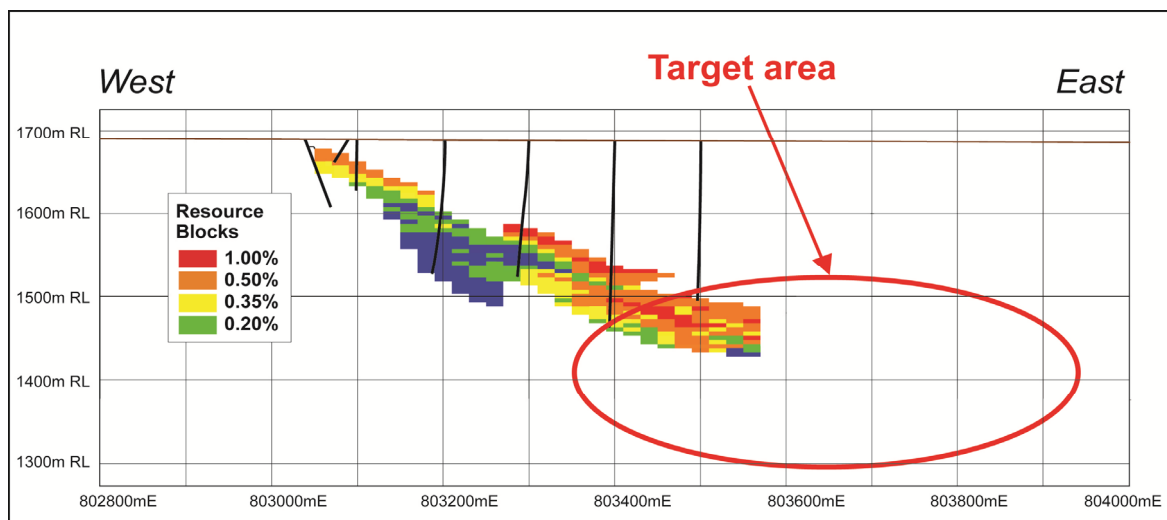
Progress was made in communicating with affected parties, such as Namwater and the local farmers, to extract water from the dormant and flooded Kombat copper mine in northern Namibia for conveyance to Omitiomire. Consultation also progressed with the Ministry of Water Affairs, which is the body that issues licences for water extraction.

## Social and Environmental Impact Assessment (SEIA)

Craton selected Synergistics to manage the Omitiomire SEIA. Studies of groundwater and dust issues, and weather station monitoring, continued during the quarter.

## Future Programme

Craton is planning a new drilling programme designed to deliver an increase in the resource inventory. In particular, the planned drilling will target the north-eastern extension of the deposit, where previous drilling stopped in good grade copper mineralisation as indicated in the following figure.



*Section 3870N showing drill holes and resource blocks*

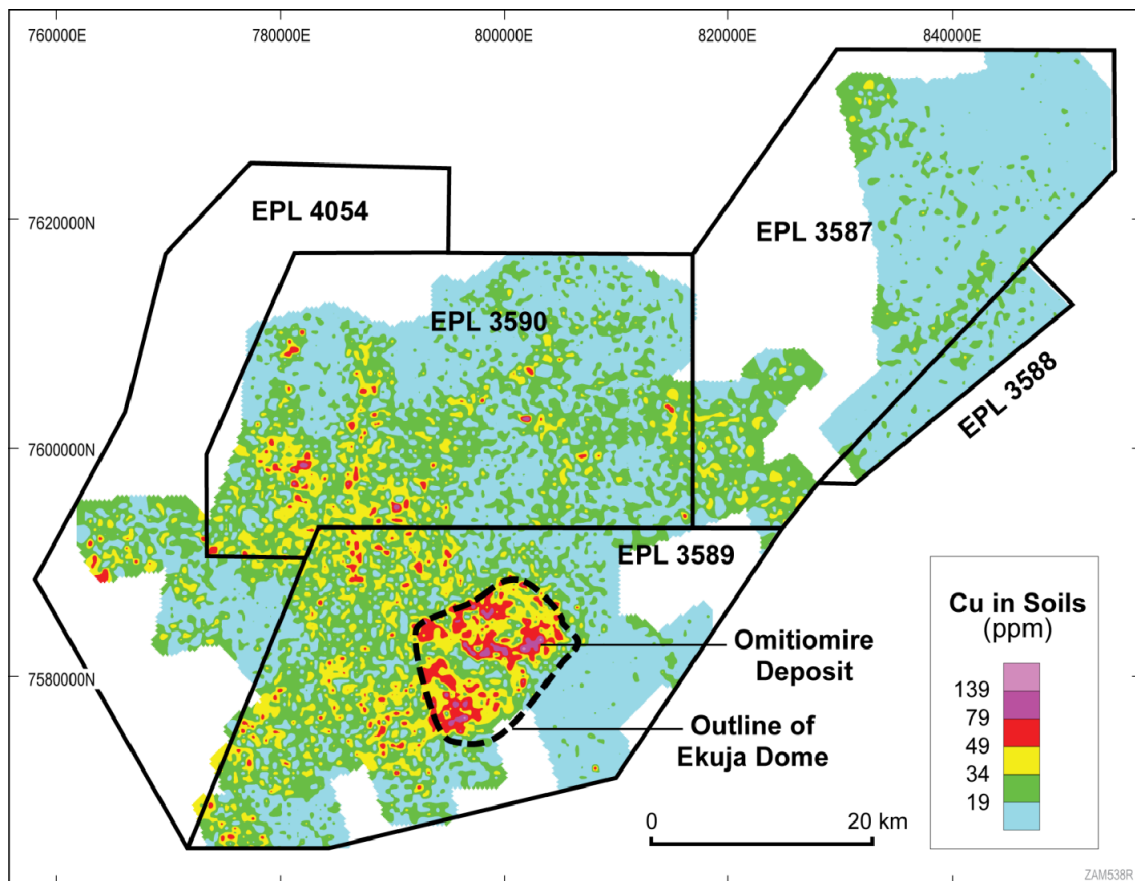
In addition, there are areas of under-explored copper mineralisation close to Omitiomire and numerous untested and under-tested geochemical anomalies.

## OTHER EXPLORATION PROJECTS

### Steinhausen Project

Craton's exploration approach is to blanket the project area with soil geochemical surveys. These have defined numerous targets for follow-up exploration.

To date, 13,448 samples have been collected in the Steinhausen project area on a 400m x 400m grid and 742 samples on a 100m x 100m grid.



*Copper distribution in soils in the Steinhausen project area.*

Several target areas have been selected for follow-up with hand-auger drilling, ground magnetic surveys, 50m x 50m soil geochemistry sampling and geological mapping.

### Kalahari Copperbelt Project

The Kalahari Copperbelt is a major zone of copper occurrences extending over 800 km from northern Botswana to central Namibia.

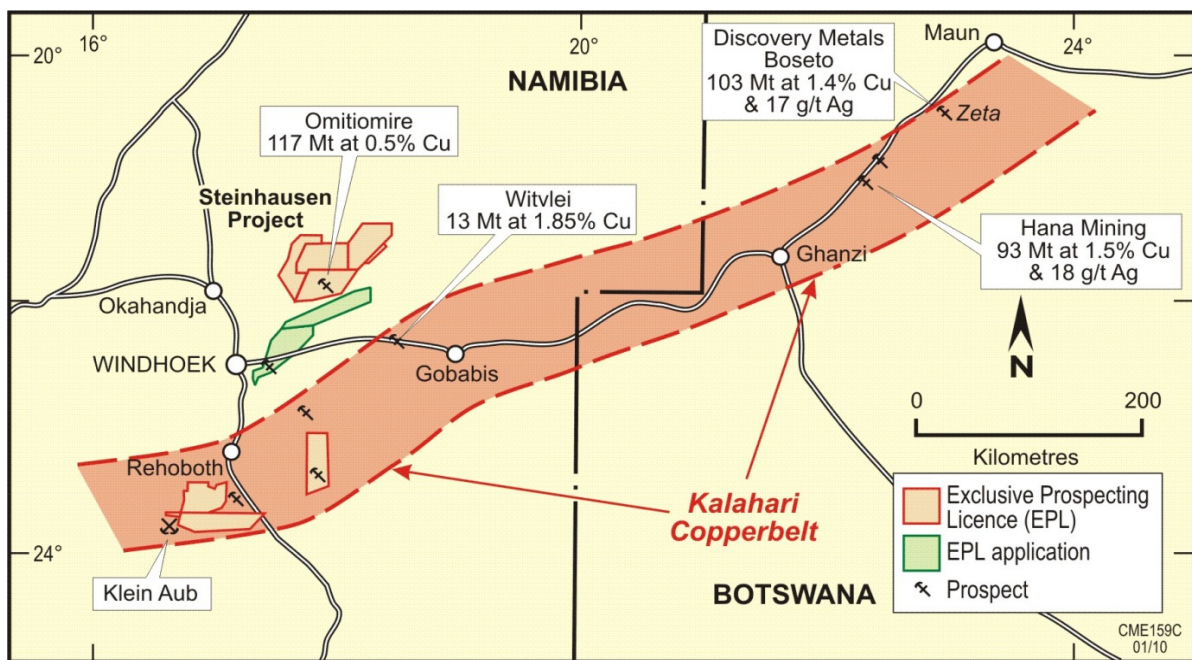
EPL 3584 Rehoboth South: Craton has been carrying out detailed geological mapping along the target copper-bearing zone, east of the dormant Klein Aub mine, to identify structural and bedding controls on copper mineralisation. The target Kagas Member has three prospective beds which form excellent magnetic markers and can each be traced for some 60 km along strike. Zones of thickening and higher grade are being prioritised for follow-up exploration.

Representatives of Chilean copper company, Antofagasta Minerals SA, visited the project areas during the quarter.

EPL 4039 Nomeib: Known copper-gold-silver prospects have been sampled. Craton plans a follow-up programme of detailed mapping, soil geochemistry and ground magnetic surveys. Regional soil geochemistry is continuing.

EPL 4055 Sib: A regional geological mapping programme is in progress. Because of the lack of rock outcrop, this programme includes digging shallow pits to bedrock. Regional soil sampling at 400m x 400m spacing has been initiated.

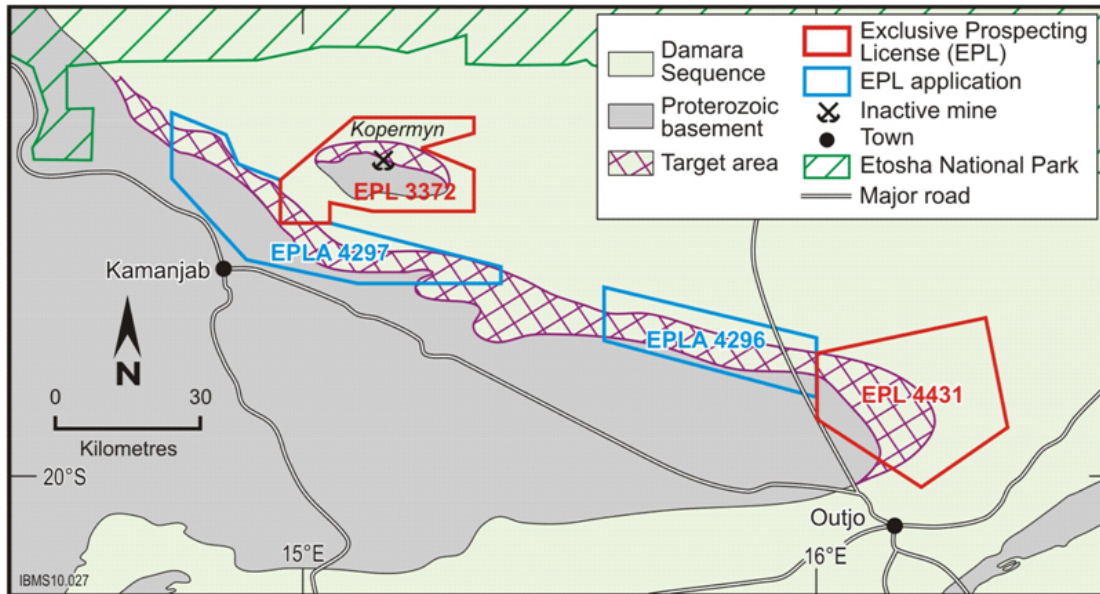
Geophysical consultant Branko Corner has completed a preliminary regional magnetic interpretation.



*Kalahari Copperbelt showing Craton's exploration tenements south of Windhoek*

### **Kamanjab Project**

The exploration target is stratabound copper in sedimentary rocks of the Nosib Group at the base of the Late Proterozoic Damara Sequence, where these strata onlap onto older "basement" rocks. The geological setting is believed to be analogous to that of the Zambian Copperbelt and known copper occurrences support the exploration concept.



*Kamanjab Project: Geological setting and tenement position*

EPL 3372 Kopermyn: The Ministry has issued a Preparedness to Grant the Renewal of this tenement for a further 2 years (to December 2012) and Craton has agreed to the terms and conditions.

EPL 4431 Tzamin: On a brief visit to the area, the landholders have provided access for reconnaissance work.

**Frank Bethune**  
**Managing Director**