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INTERNATIONAL BASE METALS LIMITED

QUARTERLY ACTIVITIES REPORT – End September 2013

HIGHLIGHTS

Corporate

- Mr E N Shikongo was appointed as Chairman of the Board of Craton Mining and Exploration Pty Ltd ('Craton').
- Dr James Macdonald gave notice that he would step down as Chairman of the IBML Board effective 1 October 2013. Dr Ken Maiden has been appointed as Interim Chairman.

Omitiomire Oxide Copper Project

- A definitive feasibility study ('DFS') on the oxide copper project was completed in September 2013. The DFS indicates that the base case project would be financially positive under the assumptions used for the study. The main sensitivities are copper price and exchange rate.
- The feasibility study team has made a number of recommendations concerning financial and commercial aspects of the project, especially with regard to potential project upsides.

Namibian Exploration Projects

- Omitiomire exploration: An induced polarisation ('IP') survey, supported by other exploration results, identified several drilling targets.
- Epembe tantalum-niobium project: Initial drilling results indicate the presence of high grade zones over 100m in length and up to 10m in width.

CORPORATE ACTIVITIES

Occupational Health and Safety

- On 3 July, one of our vehicles hit a kudu on the way to Epembe. Nobody was injured.
- All drivers attended updated defensive driver training on 5 August.

Company Strategy

The Board resolved to remain focussed on current projects and decided not to seek any further acquisitions at this time. The aim is to increase the value of IBML by:

- completing the Omitiomire oxide copper definitive feasibility study ('DFS') and, if viable, constructing a small copper mining and processing operation. This is expected to be followed by the larger Phase 2 sulphide copper development later on;
- finding satellite copper deposits within trucking distance of Omitiomire; and
- completing the Phase 1 Epembe exploration work to earn 31% and, if successful, committing to Phase 2 for a 51% interest.

Once we have increased IBML's value and favourable market conditions return, a securities exchange listing or other form of potential exit for shareholders could be considered.

Capital Raising and Investor Relations

- Craton and IBML visited the Heilong operations in China (22 - 30 July 2013).
- The MD met with a number of parties regarding potential funds for construction of the Omitiomire Oxide Copper Project.
- The IBML Annual Report for FY2013 was finalised and placed on the Company's website.

Board

- On 27 August, Dr James Macdonald gave notice that he would step down from the Board effective 1 October 2013. James informed the Board that the skills-set possessed by current directors was not optimal for the evolving circumstances in which IBML is now operating and he wants to make room for new skills. The search for a new IBML Chairman is under way. In the interim, Dr Ken Maiden has been appointed as Chairman.
- IBML Board meetings were held on 27 August and 3 September 2013.
- A Craton Board Meeting was held on 21 August 2013.

Craton Mining & Exploration Pty Ltd

Mr E N Shikongo was appointed as Chairman of the Craton Board in Namibia.

Projects

- Omitiomire Oxide Copper Project:
 - The Omitiomire Oxide Copper DFS was completed.
 - The Project Steering Committee will recommend the project to the Board during October 2013.
- Omitiomire access: Meetings were held with our lawyers as well as the beneficiaries of the Steyn estate. The farm Omitiomire is not for sale but negotiations towards a long term solution to the access issue continue. Currently, while held in an estate, only six-month extensions to our surface rights are possible.
- Further progress was made towards the JV Agreement, Management Agreement and Deed with African Mining Capital Pty Ltd ('AMC') for the Epembe Project.

REVIEW OF PROJECTS

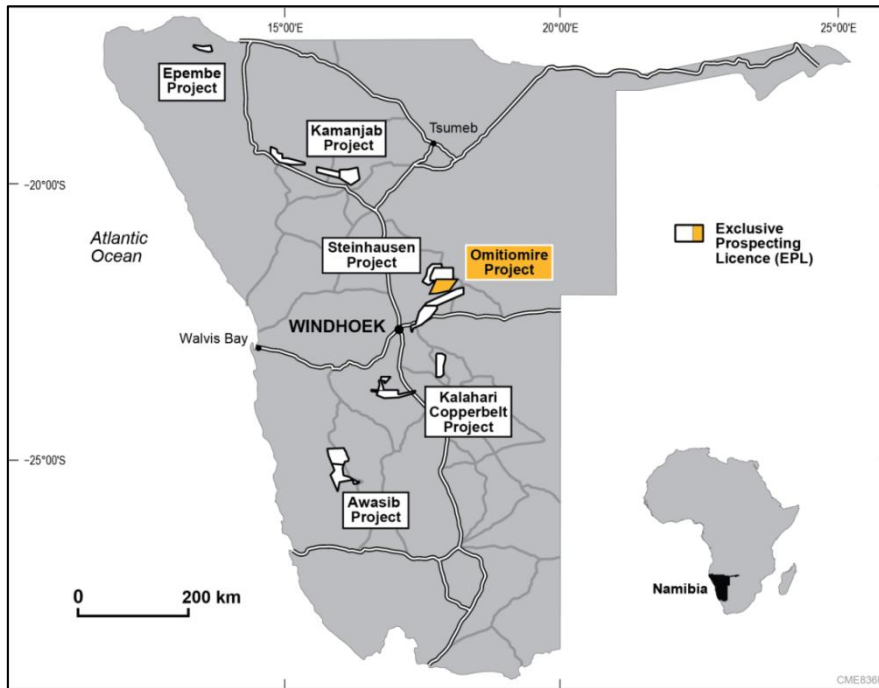


Figure 1. Projects in Namibia

OMITIOMIRE PROJECT

Background

Drilling has defined a copper resource within a number of stacked, parallel tabular bodies which dip at a shallow angle (Figure 2). The deposit forms sub-outcrop, beneath shallow sand cover, over several hundred metres. At depth, drilling has shown a strike length of almost 4,000m. At a 0.25% Cu cut-off grade, the resource estimation shows an Indicated + Inferred resource of 136 million tonnes at 0.53% Cu (712,000 tonnes copper metal) and potential for an additional 516,000 tonnes of copper metal (Bloy, 2012).

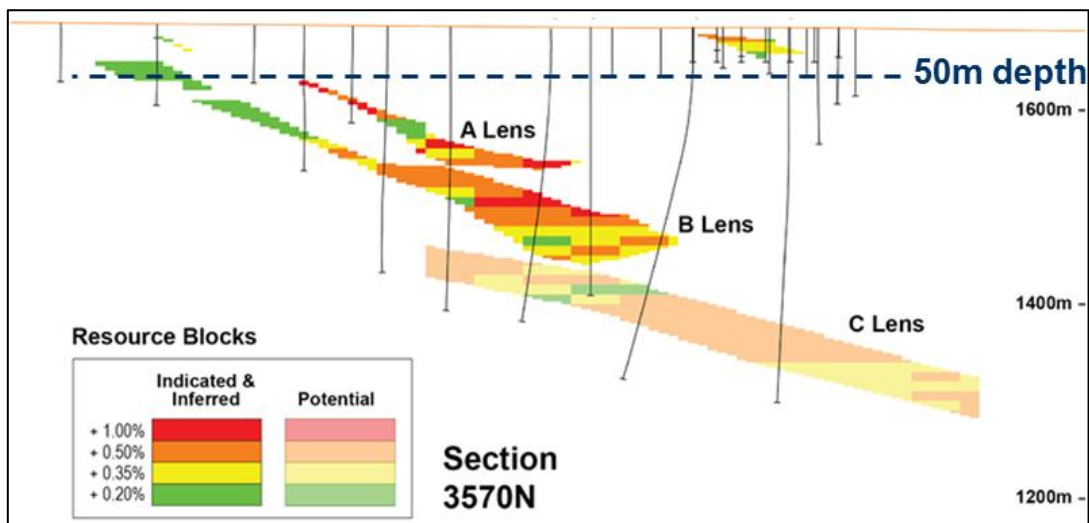


Figure 2. Drill section showing stacked ore lenses and the 50m depth limit of the Phase 1 Oxide Copper Project

Copper occurs mainly in disseminated chalcocite, hosted by dark amphibole-biotite rich (mafic) rock types. Barren white to light grey quartz-feldspar rich (felsic) gneiss is common in the hanging wall and is also inter-banded with mafic layers in the copper-bearing zone. Near surface and down to about 20m depth, the copper minerals are oxidised. A transition zone between oxidised and chalcocite-dominated copper exists from about 20m to about 40m depth.

IBML has developed a two-stage plan to bring Omitiomire into production:

- Phase 1: a project based on near-surface oxide and mixed oxide-sulphide copper;
- Phase 2: a larger project based on the deeper sulphide copper resource.

Access Agreement

The access agreement with the Farm Omitiomire is valid until end-November 2013.

Oxide Copper Feasibility Study

The Definitive Feasibility Study (DFS) for a 40,000 tonnes per month ('tpm') Oxide Copper Project has been completed. A report from the Study Team was delivered to the Board in early October 2013.

Geology: The deposit is oxidised to 20m depth and partly oxidised to 40m depth. Oxide copper is dominantly in the mineral malachite [a green copper carbonate mineral $Cu_2CO_3(OH)_2$] with subordinate chrysocolla [a blue hydrated copper silicate mineral $(Cu,Al)_2H_2Si_2O_5(OH)_4 \cdot nH_2O$] and minor tenorite [a black copper oxide mineral (CuO)]. Primary chalcocite [a copper sulphide mineral (Cu_2S)] increases downwards (Figure 3).

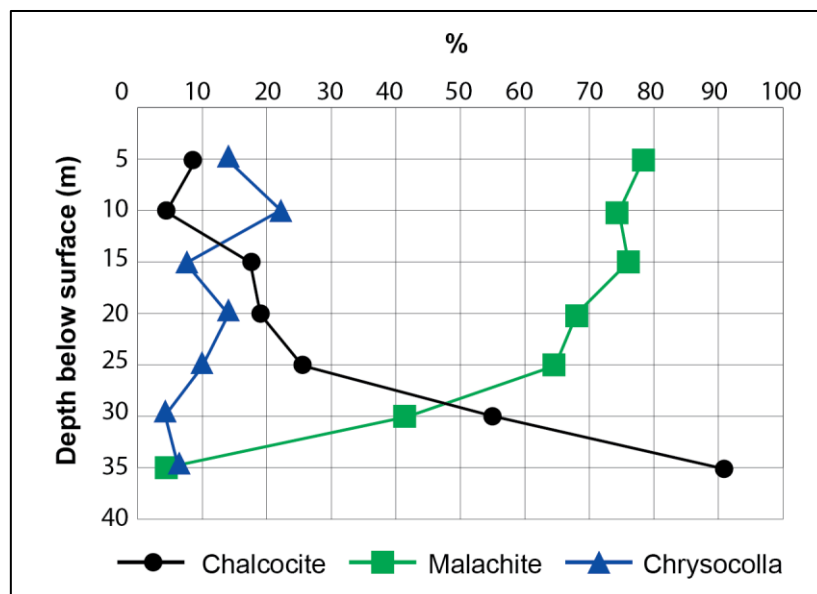


Figure 3. Change in copper mineralogy with depth, proposed Pan Pit

Oxide copper constitutes about 15% of the total Omitiomire resource but only a portion of this will be accessed in the proposed Phase 1 operation.

Resource: The base case for the study considered an initial three pits (Table 1).

Pit	Ore			Contained Copper Tonnes	Waste Tonnes	Total Tonnes	Strip ratio
	Tonnes	Oxide Copper (%)	Sulphide Copper (%)				
Bruce Terrace	604,000	0.73	0.12	5.3	1,314,000	1,200,000	2.2
Pan	1,068,000	0.68	0.32	12.2	3,328,000	4,400,000	3.1
Palm	1,467,000	0.50	0.42	14.4	3,000,000	4,477,000	2.1
Total Pits	3,139,000	0.60	0.33	31.9	7,742,000	10,077,000	2.4

Table 1: Base case in-pit resources (Note: tonnage numbers have been rounded)

In addition, there is upside potential for a further 3.17 million tonnes (Mt) at 0.82% Cu (i.e. 25.9 tonnes copper metal) at shallow depth.

Mine planning: The base case mine plan is shown in Figure 4.

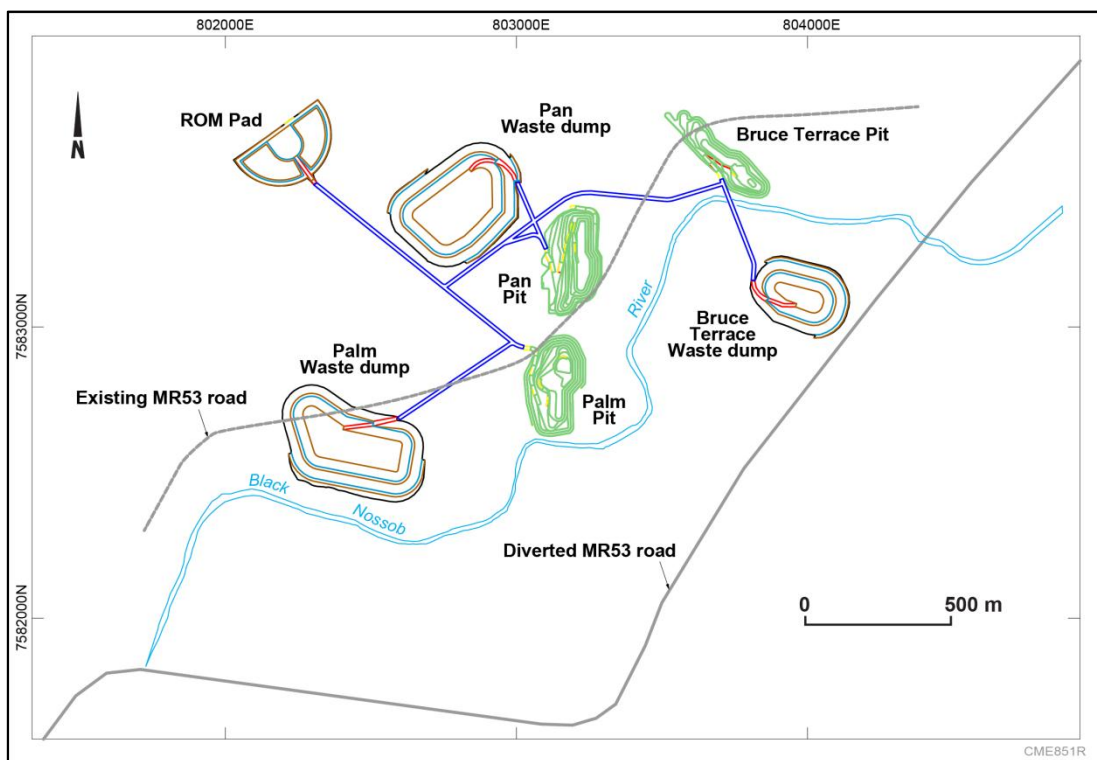


Figure 4: Base case mine plan

The plan requires diversion of the M53 public road.

With the upside potential included after the base case mining, the mine plan is as shown in Figure 5.

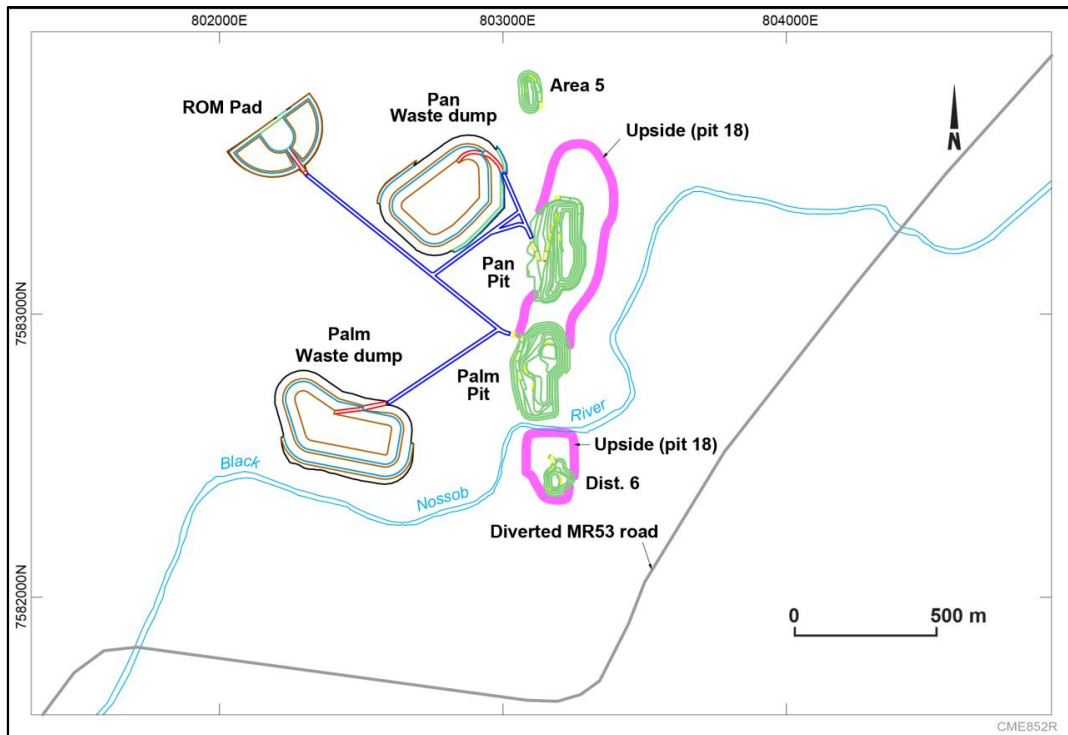


Figure 5: Upside potential scenario: additional pits added onto the end of base case mining

The base case resource will be mined out within 4.8 years. The plan is to process 40,000 tonnes per month ('tpm') of, initially, high grade ore. Lower grade material will be stockpiled for processing later in the life of the project. The processing throughput of 40,000 tpm is limited by the availability of groundwater.

[Note: The upside potential scenario was not the subject of the DFS and has not been presented as a financial case.]

Ore processing: The oxide copper will be processed via acid leach – solvent extraction – electrowinning to produce cathode copper (at least 99.9% Cu). The initial ore feed will be entirely oxide copper material but increasing amounts of chalcocite will be mined as mining progresses to greater depth. This will be processed via flotation to produce copper concentrate (Figure 6).

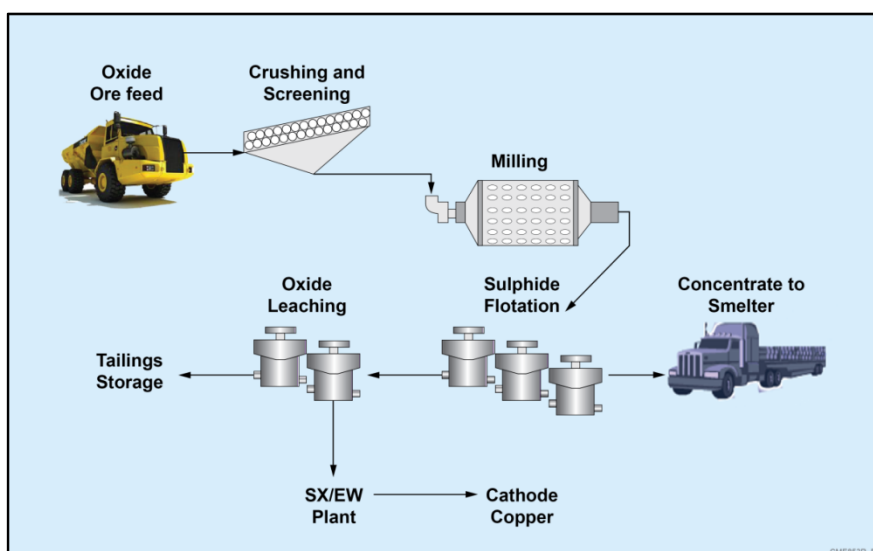


Figure 6: Proposed processing route

Site layout: The site plan incorporates the following features (Figure 7):

- Three small open-cut mines plus upside potential;
- Waste dumps;
- Haul roads;
- Run-of-mine ('ROM') pad and crusher system;
- Processing plant;
- Tailings disposal;
- Water bores;
- Office and workshop facilities;
- Communications;
- Village - accommodation and amenities;
- M53 road diversion;
- Security fence around the site.

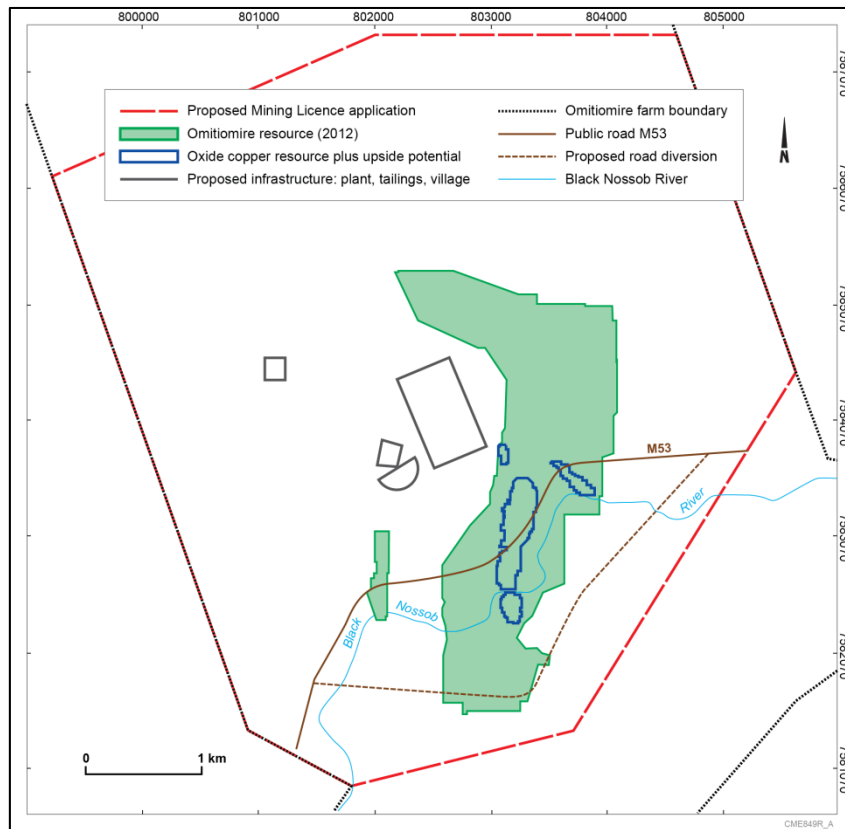


Figure 7: Proposed site layout

Road upgrade: In addition to the minor diversion of the M53 road around the mine workings, the base case plan envisages upgrading of the M53 public road from Windhoek (Figure 8).

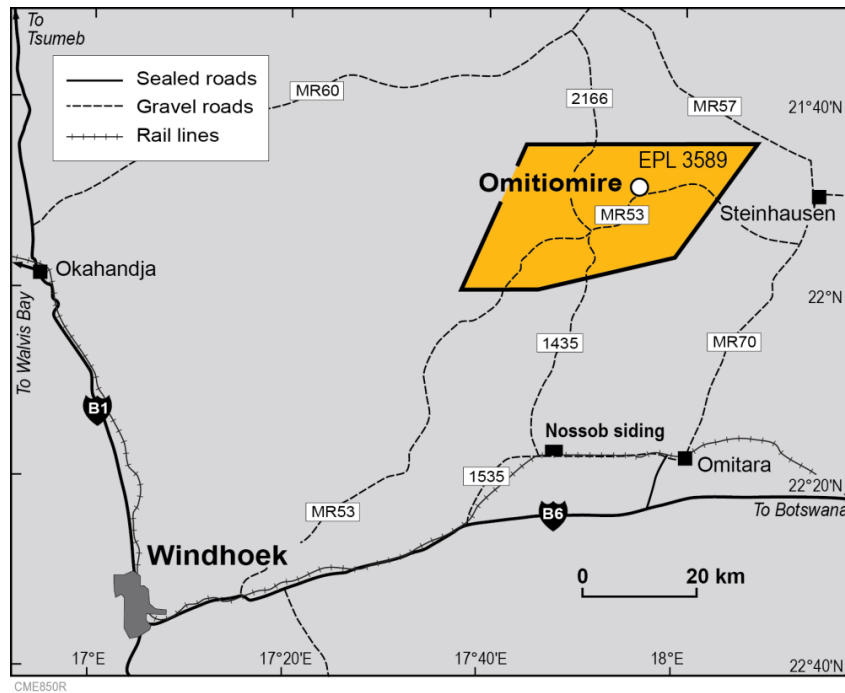


Figure 8: Road system

Social and environmental impact assessment ('SEIA'): Specialist studies have considered a range of impacts, including soils, biodiversity, air quality, surface and ground water, archaeology, noise, visual, traffic, social and economic. These have been incorporated into a draft SEIA report and a draft Environmental Management Plan.

Financial assessment: The DFS base case financial model used the following assumptions:

- Exchange rate: US\$1.00 = Namibian\$ 9.000;
- Namibian\$ inflation 5%, US\$ inflation 1.5%;
- Discount Rate: Real 10%, Namibian\$ Nominal: 15.5%, US\$ Nominal 11.65%;
- Copper price US\$3.30 /lb (Real);
- VAT 15%, royalty 3%, export levy 2%, tax rate 37.5%.

The DFS indicates that the base case project would be financially positive under the assumptions used for the study. The main sensitivities are copper price and exchange rate. The study team has made a number of recommendations concerning financial and commercial aspects of the project, especially with regard to potential project upsides.

Current status: The DFS report and its recommendations are being considered by the IBML Board.

Omitiomire Exploration

During the quarter, Craton completed an IP survey over areas to the south, southwest and north of the Omitiomire deposit. The survey identified several geophysical anomalies. Assessment of the geophysical data in conjunction with soil geochemical anomalies, termite mound anomalies, magnetic trends and geological models resulted in three of the IP anomalies being selected for drill testing.

A report on geomorphology will assist interpretation of soil geochemical results.

OTHER CRATON EXPLORATION PROJECTS

Steinhausen Project

EPL4054 (Hochfeld): The licence has been relinquished.

EPL 4151 (Karamba): Soil sampling 25km southeast of Omitiomire has identified further geochemical anomalies near a previously drilled copper prospect. The anomalies have been followed up with 1782 detailed soil samples and a further 308 samples were taken on a regional grid along strike.

Kamanjab Project

EPL 4297 (Vaalberg): Geochemical surveys (6108 soil samples) and preliminary geological mapping have been completed on the Gelbingen zinc target. Results are being reviewed.

Kalahari Copperbelt Project

EPL 4039 (Nomeib): Follow-up soil geochemical surveys and geological mapping are in progress on a number of gold targets.

EPEMBE PROJECT

This project consists of one granted tenement (EPL 3299) covering an area of 291 km². The tenement is part of the joint venture agreement between IBML and AMC. IBML's interests are held through a wholly-owned Australian-registered company, Tandem Resources Pty Ltd. Craton manages exploration on behalf of the joint venture.

Exploration has focussed on drilling on the Epembe Carbonatite Dyke which contains tantalum-niobium ('Ta-Nb') targets (Figures 9, 10, 11). Since June, four core drill holes (627m) and 42 RC holes (4835m) have been completed. Initial results (Table 2) indicate the presence of high grade zones over 100m in length and up to 10m in width. Current indications are that subtle structural features may control higher Ta-Nb concentrations.

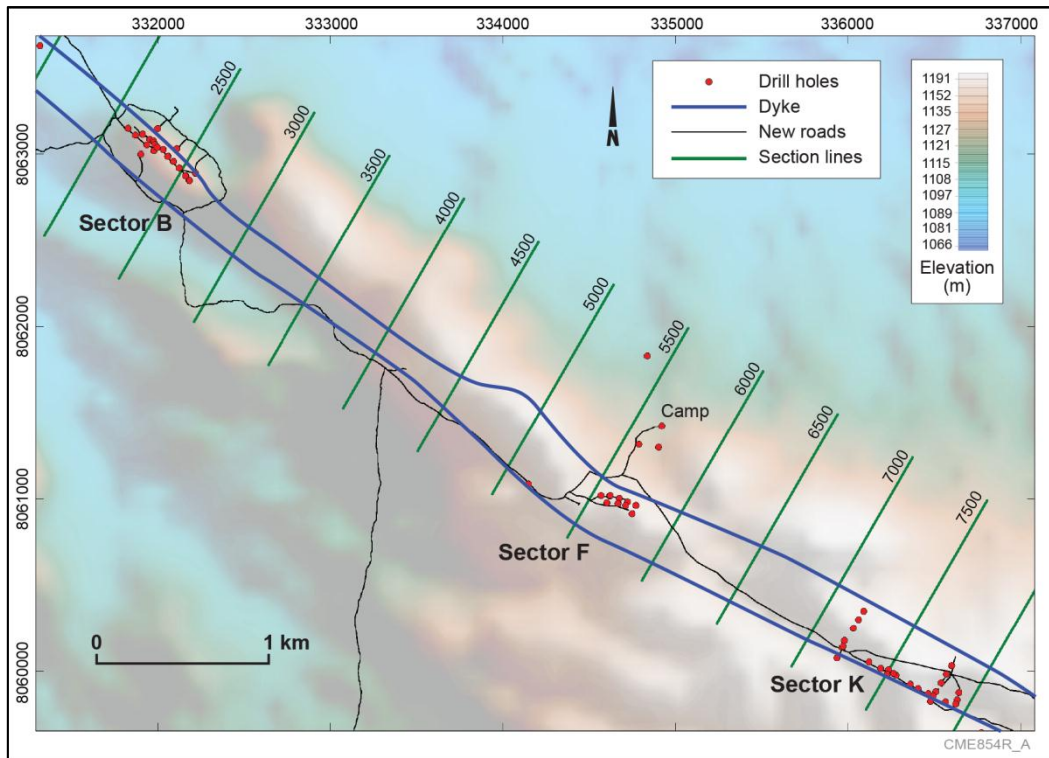


Figure 9. Epembe prospect: Location of drill holes

BHID	FROM	TO	LENGTH	TA	NB	U	P	Sector
EPD003	57.6	72.96	15.36	190	633	162	10383	B
EPD004	55.9	63.7	7.8	135	549	140	10517	B
EPD008	14	24	10	151	654	126	21290	B
EPD014	2.1	4.7	2.6	584	2398	550	16190	B
EPD018	7	21.5	14.5	108	475	80	14145	B
EPD020	23	32.6	9.6	159	570	193	13611	B
EPD023	50	52	2	550	2340	769	1275	B
EPD030	0	8	8	175	743	141	11342	B
EPR005	24	34	10	119	390	151	15200	F
EPD033	21	25.8	4.8	252	867	259	5175	K
EPR017	76	83	7	147	624	140	11786	K
EPR020	49	53	4	324	949	345	1325	K
EPR023	36	47	11	323	1035	467	17673	K
EPR024	72	78	6	246	718	359	13483	K
EPR026	23	30	7	305	839	130	27486	K

Table 2. Epembe project: selected drill hole intersections

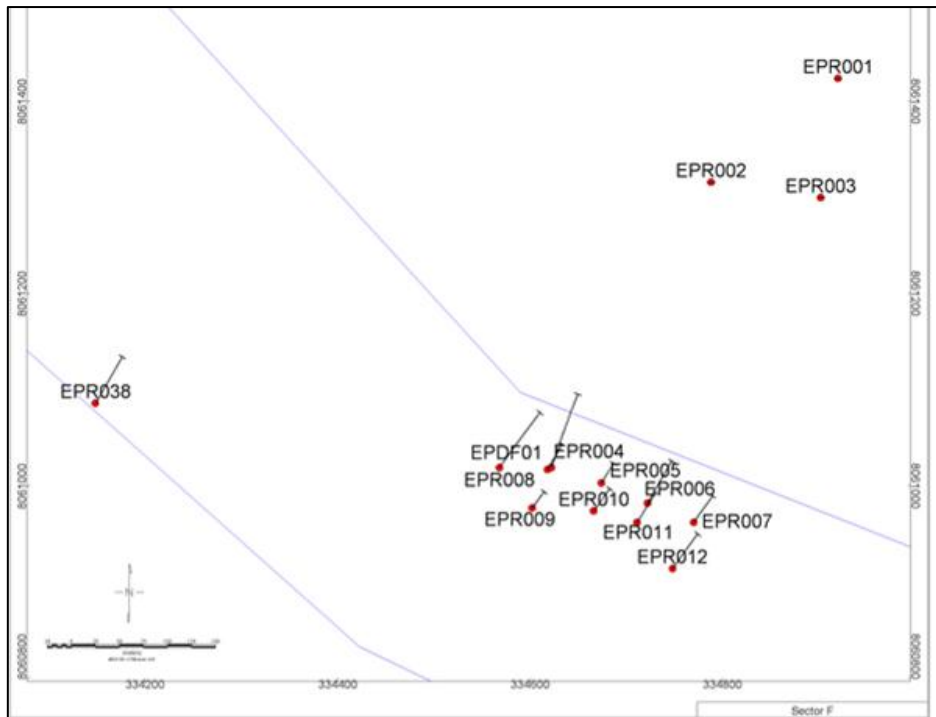


Figure 10. Epembe prospect: Location of drill holes in Sector F

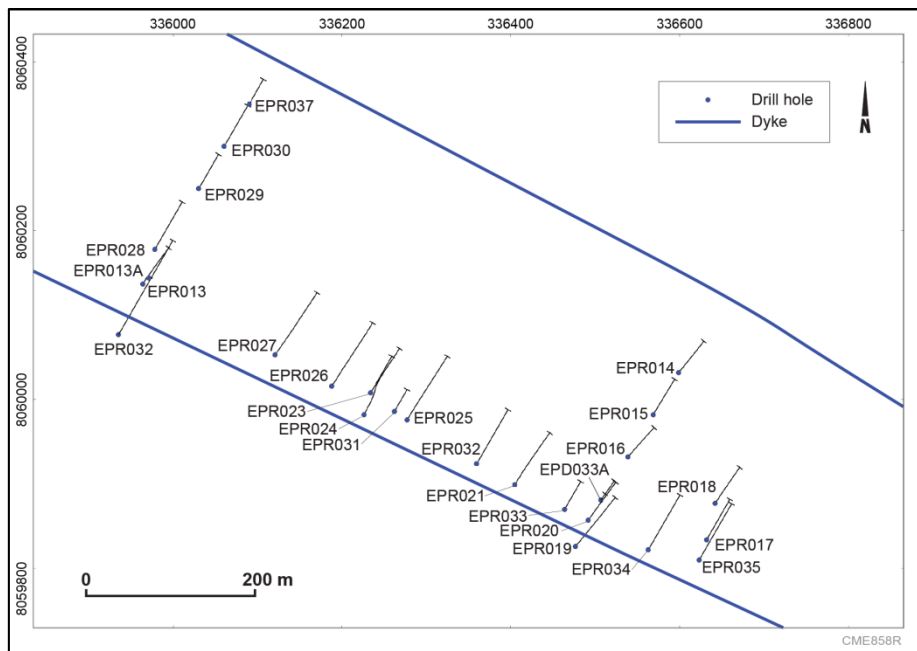


Figure 11. Epembe prospect: Location of drill holes in Sector K

AUSTRALIAN PROJECTS

AuriCula Mines Pty Ltd

Mount Hope Project (EL 6907, EL 6868): Cobar Management Pty Ltd ('CMPL') completed and submitted a Review of Environmental Factors ('REF') in support of an application for the Minister's Consent to explore in the Nombinnie State Conservation Area. Approximately 40% of EL 6868 falls within the conservation area.

Shuttleton Project (EL 6223): Further interpretation of the audio-magnetotelluric ('AMT') survey data has been carried out to aid in the assessment of the tenement. CMPL is planning RC drilling to target extensions of mineralisation intercepted previously between Crowl Creek and South Shuttleton prospects and to drill test a soil geochemical anomaly at the Wild Cat prospect, to the south of these two prospect areas.

Endolithic Resources Pty Ltd

EPM 18306 Gereta: During the quarter, the Company completed a detailed report on the results of the field reconnaissance carried out in mid-2013. Three target areas were identified:

- Three Strikes Central: Elevated copper from three outcrop samples;
- Quartzite Hill: Malachite staining and fresh sulphides;
- Black Valley: Outcrops of gossanous ironstone.

Maranoa Resources Pty Ltd

An application for the assignment of EPM 14260 (Darkwater) to Australian Asiatic Gems was lodged with the Queensland Department of Natural Resources and Mines.