IBML

ANNUAL REPORT **2013**

ABN 73 100 373 635








www.ibml.com.au

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Corporate Directory

International Base Metals Limited ('IBML') is an Australian unlisted public mineral exploration company.

Directors

Dr Alasdair James Macdonald	Non-executive Chairman
Mr Frank Macdonald Bethune	Managing Director
Dr Kenneth John Maiden	Executive Director – Technical and Chief Geologist
Mr Zhehong Luo	Non-executive Director
Mr Rui Liu	Non-executive Director
Mr Alan John Humphris	Non-executive Director
Mr Jinhua Wang	Non-executive Director
Mr Qiang Chen	Alternate Non-executive Director to Mr Zhehong Luo
Mr Aidong Yang	Alternate Non-executive Director to Mr Rui Liu

Company Secretary

John Stone

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Financial Advisers

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Beijing, China 100088

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Perth WA 6000

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Share Registry

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Sydney NSW 2000

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108 St Georges Terrace
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Chairman's Letter

Dear Shareholder,

On behalf of the Board of directors I am pleased to present the Company's Annual Report for the year ended 30 June 2013.

The 2013 Financial Year has seen considerable positive developments for your company and opportunities for significant increase in shareholder value. But before outlining the accomplishments of the last twelve months, I wish to comment on workplace health and safety, both in Australia and Namibia, as nothing is more important than the safety and wellbeing of our colleagues in the company and those with whom we interact. International Base Metals Limited ('IBML') and its Namibian subsidiary Craton Mining and Exploration (Pty) Ltd ('Craton'), operated accident- and incident-free until the final quarter of the year. In April 2013, a sampling team was involved in a road accident in Namibia when their vehicle rolled after attempting to avoid a warthog that crossed in front of them. Fortunately no injuries were sustained. Craton has instituted additional drivers' education courses.

IBML's flagship project, Omitiomire, in Namibia, is named after the farm on which it is located, approximately 120 km northeast of the capital city, Windhoek. Tragically, the owner of the farm, Mrs Alida Steyn died of complications after a vehicle accident in April 2013. Board and Management of both IBML and Craton have sent their condolences to the Steyn family. Craton is able to obtain six-monthly renewals of surface access rights until the estate has been settled.

Dr Jiniu Deng resigned from IBML's board in the first quarter of the financial year. He was replaced by Mr Zhehong Luo, Executive Chairman and Managing Director of Qinghai West Resources Co Ltd of Beijing, China. Also joining the board in the last year is Mr Rui Liu, Executive Chairman and General Manager of Heilongjiang Heilong Resources Investment Co Ltd ('Heilong'), based in Harbin, Heilongjiang Province, China. IBML's Directors warmly welcome both Mr Luo and Mr Liu to the board. Mr Qiang Chen, who was Dr Deng's alternate, remains as Mr Luo's alternate. We also welcome Mr Aidong Yang of Heilong as Mr Liu's alternate.

IBML secured a cornerstone investor in the second quarter of the year. Subsequent to this investment IBML commenced a definitive feasibility study ('DFS') in April 2013 evaluating the mining and processing of oxide-rich portions of the Omitiomire deposit; the study is managed by Basil Read Matomo of Johannesburg, South Africa and is scheduled for completion in the first quarter of FY14.

The mineral resources of Namibia belong to the people of Namibia and are held in trust for the people by the government of Namibia. Both IBML and Craton regard it as a privilege to be permitted to carry out exploration and development activities within Namibia. Accordingly, we acknowledge a number of responsibilities:

(a) Assisting the government to achieve its development goals through project development and provision of employment opportunities for Namibians;

(b) Ensuring that all IBML's/Craton's activities are carried out with respect for the natural environment;

(c) Participating in social and educational activities;

(d) Appropriate corporate governance.

With respect to responsibilities concerning the environment and social issues in the vicinity of the Omitiomire project, Craton and its consultants have conducted extensive Social and Environmental Impact Assessments, which will be included as a component of the DFS.

Formed in 2010 and launched by IBML/Craton in September 2011, The Craton Foundation aims to create long-lasting relationships with the communities in which Craton operates, by providing assistance for the social upliftment and educational advancement of Namibian citizens. Initiatives in the last year included "Eye See the World" whereby the Foundation – together with partners BDO Namibia and Spec-Savers Namibia – will provide spectacles to 70 children at the Olof Palme Primary School in northwest Windhoek. Previously The Craton Foundation has built a new classroom at the school, with space for between 30 and 40 pupils; for further information please see http://www.cratonfoundation.com.

Other contributions by Craton in the educational sector include:

(i) Training of Namibian staff;

(ii) Interaction with staff and students at the University of Namibia;

(iii) Craton's Exploration Manager, Karl Hartmann, has made a major contribution to the Namibian Chamber of Mines and is currently Chairperson of the Exploration Committee;

(iv) Participation in activities of the Geological Society of Namibia, including lectures presented by Executive Director Ken Maiden and by me;

(v) Contributions to the 2012 Namibian Copper Conference, including presenting lectures and leading field trips; in addition Karl Hartmann contributed significantly to the Conference planning.

Craton regularly assesses its Corporate Governance Procedures and Policies; Craton's board has spent considerable time and effort during the last financial year undertaking a detailed assessment of the risks that the company faces, the procedures in place to manage those risks and the plans to be implemented to mitigate those risks.

Since the approval of the Heilong cornerstone investment, effort has been undertaken to integrate and align the company's senior management with Craton/IBML by (a) participating together in Strategic Planning meetings in Namibia and (b) visiting Heilong's operations in Heilongjiang Province, China.

The Directors of Craton are committed to a board comprising Directors that better reflect the composition of Namibian society. To this end, I stepped down as Chairman in August 2013 and I am very happy to welcome Mr E N Shikongo as the new Chairman of Craton. Mr Shikongo is principal partner at Shikongo Law Chamber in Windhoek, Namibia.

Following a four-month review of the IBML Board led by me, it was identified that the range of skills present on the board was not optimal for the evolving requirements of the Company. As a result, I have decided to resign as a director of IBML and related companies, effective 1 October 2013, to create an opening on the Board that can be filled by a candidate with the appropriate skills.

On behalf of the Company's Directors and Management, I wish to thank you, our shareholders, for your continued support. As I indicated at this time last year, FY13 was "shaping up to be a pivotal year"; indeed it has been so. Your board is confident that, subject to a positive DFS, the upcoming year should see commencement of construction for the oxide mining operation at Omitiomire.

Yours sincerely

Dr A James Macdonald
Non-Executive Chairman
30 September 2013

Managing Director's Letter

Dear Shareholder,

Our focus on Health and Safety remains a high priority. We experienced no serious injuries during the year but had a vehicle accident. Immediate investigation, risk evaluation and corrective actions were taken. We need to further improve our Safety effort.

The highlight of the year was that we raised $34.35 million from Heilongjiang Heilong Resources Investment Co. Ltd ('Heilong'), our new cornerstone investor. A$4.35 million was raised in 28 August 2012 at A$0.22 per share from Heilong. A letter of intent was signed with Heilong regarding a potential cornerstone investment which led to a binding Subscription Agreement being signed in the second quarter for Heilong to subscribe for A$30 million at an issue price of A$0.20 per share. IBML convened an Extraordinary General Meeting ('EGM') in Sydney on 29 January 2013 to allow shareholders to consider and vote on a resolution to approve the proposed investment. The resolution was passed by shareholders. IBML was assisted by Azure Capital of Perth, Western Australia, in all aspects of the discussions leading to this transaction with Heilong. IBML's directors are very grateful to Azure for their considerable assistance. Rui King Resources Limited, Heilong and West Minerals together now hold a 53.91% interest in IBML.

In August 2012 an updated Omitiomire Resource estimate identified a resource and potential resource in excess of 1.2 million tonnes of contained copper metal. Our intention is to develop the project in two phases:

- Phase 1: Complete a feasibility study for a small mining and processing operation to recover copper from the near-surface oxide copper resource. If the study is positive, we intend to apply for a Mining Licence and raise funds to develop the project.
- Phase 2: Focus the Company's exploration effort on increasing the copper resource at, and within trucking distance of, Omitiomire. The aim is to develop the larger Omitiomire project once it can be shown to be an attractive investment.

During the year, IBML made a $300,000 investment in African Mining Capital Pty Ltd ('AMC'). This investment secured for IBML the option to earn a 51% interest in the Epembe tantalum-niobium ('Ta-Nb') project in north-western Namibia. Although at an early stage of exploration, this provides IBML with the potential for a second mining operation.

On 27 August 2013 our Chairman, James Macdonald gave notice that he would step down from the Board effective 1 October 2013.

IBML and the board wish to thank James for his contribution including steering us through the global financial crisis and bringing us to a point where we now have significant cash in the bank.

We increased our management capacity with the following two key appointments:

- Mr Jordan Li was appointed as General Manager Corporate Affairs for IBML (on a 50% basis) after his nomination by Heilong.
- Mr André Genis commenced with Craton as Acting Country Manager and Chief Operating Officer. His main task will be to assist in our transition from exploration to both mining and exploration.

I am confident that we are now well positioned to increase the value of IBML by:

- Completing the Omitiomire oxide copper feasibility study and, if viable, constructing a small copper mine; this is expected to be followed by the larger Phase 2 development later on; and
- Completing the Phase 1 Epembe exploration work to earn 31% and, if successful, commit to Phase 2 for a 51% interest.

I trust that once we have increased IBML's value and favourable market conditions return, a listing or other form of potential exit for shareholders could be considered.

Yours sincerely

Frank Bethune
Managing Director
30 September 2013

Corporate Strategy

Our Vision Mission and Values continued to guide our strategy and behaviours.

Our Vision:

To be a successful and sustainable exploration and mining company.

Our Mission is to:

- Maximise stakeholder value by safely and responsibly exploring for economically viable mineral deposits;
- Develop and operate mines, initially in southern Africa;
- Deliver above average returns for our shareholders;
- Provide secure and rewarding employment for our employees; and
- Operate to the benefit of our host countries and our local communities.

Our Values are:

1. Health and safety
2. Care and respect
3. Teamwork and accountability
4. A forward looking approach

Our Strategy

In order to achieve our mission, the Board of Directors has agreed to the following strategy and goals for IBML and Craton:

- The five-year goal is to have one operating mine and at least one advanced exploration project;
- The 10-year goal is to be a significant mining and exploration company with its focus in southern Africa;
- We will consider off-take agreements for the commodities we produce but would limit such off-take to the percentage investment held;
- Joint venture (JV) arrangements will be encouraged for both exploration and mining activities; and
- We will seek to retain at least 30% interest in any southern African JV.

Short Term Plan

The following short term objectives have been set:

1. Having identified a resource + potential resource of 1.2 million tonnes of contained copper at Omitiomire, focus on finding satellite deposits within trucking distance of Omitiomire.
2. Complete the Omitiomire oxide copper feasibility study and, if viable develop a small copper mining and processing operation.
3. Complete the Phase 1 Epembe exploration work to earn 31% of the project company and, if successful, commit to Phase 2 for a 51% holding.
4. Progress our other exploration projects.

Review of Operations

INTRODUCTION

IBML's main focus is for the exploration and development of mineral resources in Namibia. IBML also has several mineral exploration projects in Australia.

Craton has an office in the Namibian capital, Windhoek. Craton holds 11 Exclusive Prospecting Licences ('EPLs') covering 7,563 square kilometres ('km^2'). The Company's major asset is the Omitiomire Project, which consists of the Omitiomire copper deposit and the surrounding area in EPL 3589. The other Craton tenements are clustered into three project areas: Steinhausen Project, Kalahari Copperbelt Project and Kamanjab Project (see Figure 1).

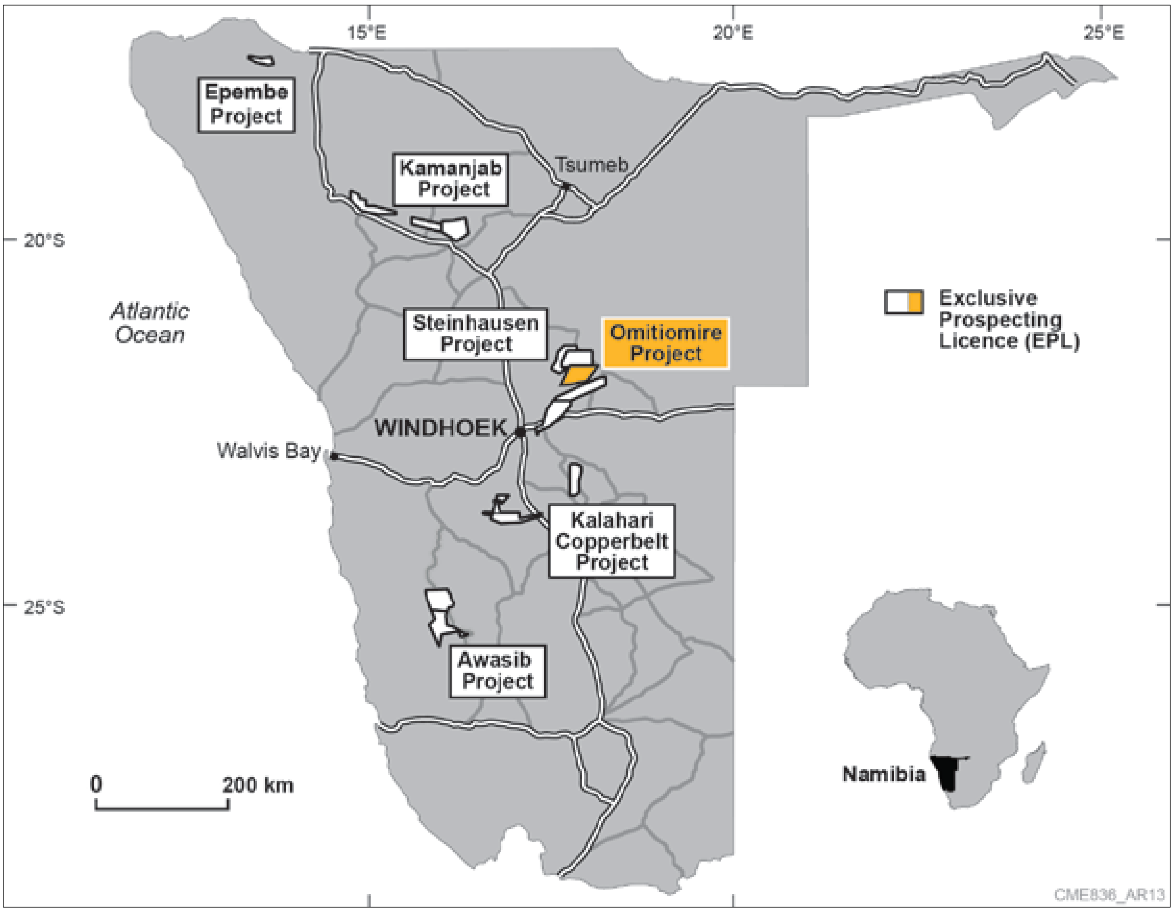

Figure 1. Map of Namibia showing the Company's project areas.

In addition, through a Joint Venture ('JV') agreement with AMC, IBML is earning an interest in three other EPLs, constituting the Epembe Project and the Awasib Project.

An EPL is a three year licence, issued by the Namibian Ministry of Mines and Energy, to cover an area of up to 1,000 km^2. It gives exclusive exploration rights to the land and may be renewed twice for two-year periods (if progress is shown). Ministerial approval is required for further extensions. The grant of an EPL carries with it the right to be granted a Mining Licence if the holder can demonstrate the environmental, financial and technical ability to develop and operate a mine.

IBML's Australian exploration projects are held in wholly owned subsidiary companies:

- AuriCula Mines Pty Ltd: Focussed on the Cobar district of New South Wales;
- Maranoa Resources Pty Ltd: Focussed on the Maranoa district of south-central Queensland;
- Endolithic Resources Pty Ltd: Focussed on the Mount Isa district of northwest Queensland.

A review of Company strategy in April 2013 agreed the following priorities for the Company during the remainder of 2013 and into 2014:

- Complete a Definitive Feasibility Study ('DFS') for the proposed Oxide Copper Project at Omitiomire;
- Identify additional copper resources within trucking distance of Omitiomire;
- Advance the Epembe Project towards resource identification and feasibility; and
- Advance the other Namibian exploration projects.

OMITIOMIRE PROJECT

Tenement

The Omitiomire deposit is within EPL 3589, held 100% by Craton. EPL 3589 was granted for a three-year period on 25 April 2007, was renewed for a two-year period in 2010, and was renewed for a further two-year period on 25 April 2012. The tenement covers an area of 988 km^2.

On 30 November 2012, the Omitiomire farm access agreement was extended by six months. A further extension was signed on 31 May 2013, valid until 30 November 2013.

Photo 1. Omitiomire project area.

Geology of the Deposit

Drilling programmes at Omitiomire, carried out by Craton over the past several years, have defined a broadly tabular copper deposit, striking north-south and dipping at a shallow angle (around 20º-30º) to the east.

The deposit forms sub-outcrop, beneath shallow sand cover, over several hundred metres; at depth, drilling has shown a strike length of 3,500m (Figure 2).

The deposit is about 10m thick near surface but thickens to the east, where some drill holes have intersected over 100m of copper mineralisation.

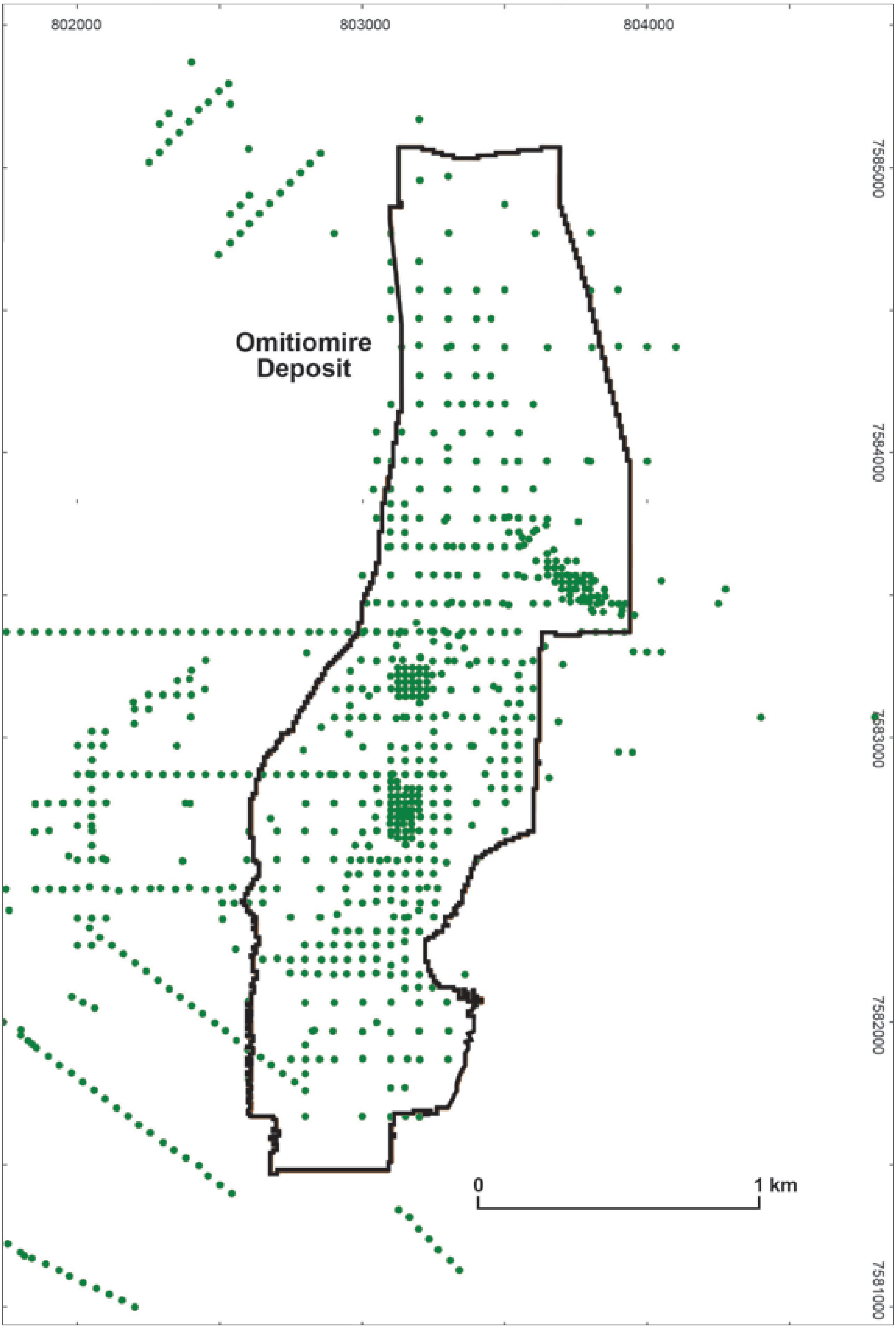

Figure 2. Plan of Omitiomire resource showing drill hole locations.
The clusters of closely-spaced drill holes show shallow oxide copper zones proposed for early mine development.

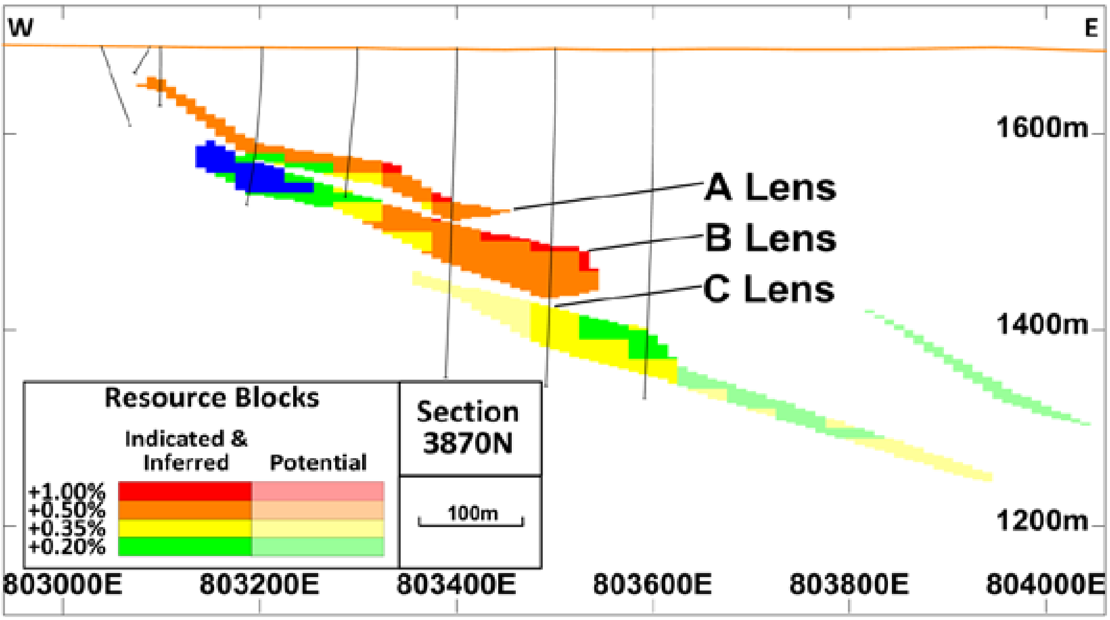

Figure 3. Drill section showing stacked ore lenses.

The northern extent of the deposit has not yet been determined. Longitudinal sections show that the ore lenses generally increase in thickness and grade to the north.

Primary copper mineralisation occurs mainly as the mineral chalcocite (Cu_2S) with minor bornite (Cu_5FeS_4) within bands of mafic (amphibole-biotite-plagioclase) schist. There are no iron sulphides. The highest copper grades are associated with bands of strongly-deformed epidote-biotite-feldspar schist. Inter-banded felsic (quartz-plagioclase±biotite) gneiss is barren. Banding is on a scale of centimetres to metres in thickness.

The deposit consists mainly of sulphide copper material but there is a near-surface zone of oxide and mixed oxide-sulphide material (mainly malachite and some chrysocolla), plus oxide copper adjacent to faults/fractures at depth, which constitutes around 13% of the resource.

Resource Estimation

In August 2012, independent consultants Bloy Resource Evaluation ('Bloy') provided a new resource estimate, based on Craton's geological model. At a 0.25% Cu cut-off grade, the resource estimation shows a JORC (2004) Indicated + Inferred resource of 136 million tonnes ('Mt') at an average grade of 0.53% Cu to provide 712,000 in-situ tonnes copper metal (Table 1).

	Inferred Resource			Indicated Resource			Total Resource		
Cut-off grade	Tonnage	Grade	Metal	Tonnage	Grade	Metal	Tonnage	Grade	Metal
(% Cu)	(Mt)	(% Cu)	(tonnes)	(Mt)	(% Cu)	(tonnes)	(Mt)	(% Cu)	(tonnes)
0.1	51	0.47	241,000	142	0.41	584,000	193	0.43	825,000
0.2	47	0.50	233,000	121	0.46	551,000	168	0.47	784,000
0.25	39	0.56	215,000	97	0.51	497,000	136	0.53	712,000
0.3	36	0.58	207,000	81	0.56	454,000	117	0.57	661,000

Table 1. Summary of August 2012 resource estimate.

In the northeastern portion of the deposit, the drill hole spacing is too broad (generally 200m x 100m or 200m x 200m) to assign a JORC resource status but Bloy has provided estimates that have been used to quantify an Exploration Target (Table 2). Although conceptual in nature, the geological projections have been confirmed by drilling and it is likely that a large proportion of the target would, with more closely-spaced drilling, be upgraded to JORC resource status.

	Exploration Target		
Cut-off grade	Tonnage	Grade	Metal
(% Cu)	(Mt)	(% Cu)	(tonnes)
0.1	107	0.5	542 000
0.2	101	0.5	531 000
0.25	95	0.5	516 000
0.3	86	0.6	494 000

Table 2. Summary of August 2012 exploration target.

Development Strategy

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.

Photo 2. Oxide copper mineralisation from the bulk sample pit.
The dark green mineral is malachite; the blue-green mineral is chrysocolla.

Phase 1: Oxide Copper Project

During the third quarter of 2012, Craton drilled two shallow diamond drill holes for bench-scale metallurgical test work. Based on this test work and previous metallurgical tests, a new metallurgical process flow sheet showed an improvement in recoveries and processing costs of oxide copper material. An order of magnitude feasibility study determined that Phase 1 oxide copper mining and beneficiation can be feasible as a stand-alone operation.

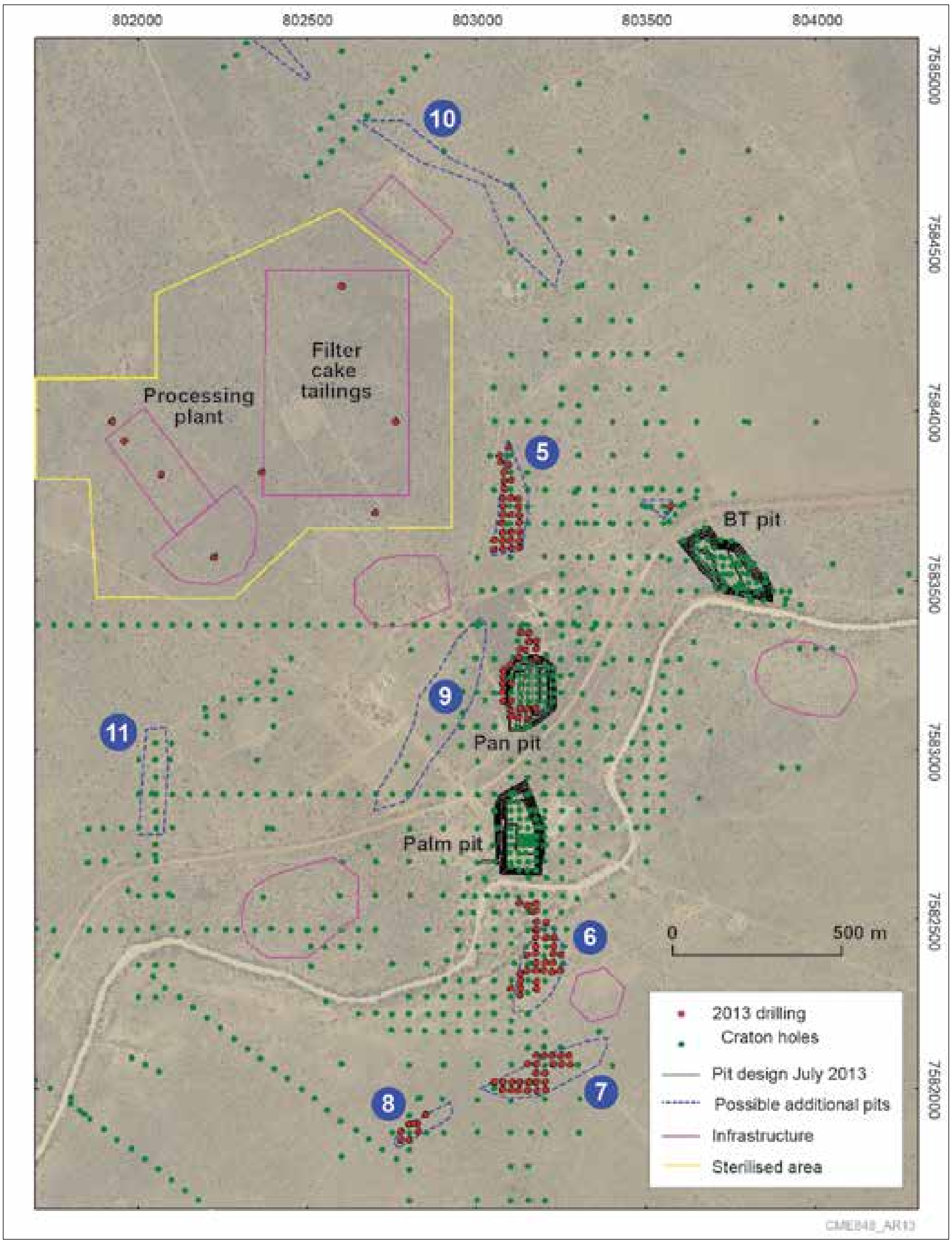

Figure 4. Proposed site layout, showing planned pits (Sites BT, Pan and Palm) and possible additional pits (Sites 5 – 11).

In early 2013, Craton completed a scoping study which defined a potentially economically and technically viable project. The concept envisages open pit mining, initially on three pits, by conventional drill-and-blast, load and haul operation. The pits will initially provide mainly oxide copper material; as mining progresses, more mixed oxide-sulphide ore will be mined.

In January 2013, Bloy estimated the resource within the three shallow pits at 2 Mt at 0.87% Cu (17,000t contained copper metal). Additional resource potential exists at shallow depth (less than 40m) in eight nearby zones (Figure 4). Reverse circulation ('RC') infill drilling, totalling 3,369m, was completed on seven oxide copper targets. A revised resource estimation is in preparation.

It is planned that ore will be processed at a rate of 480,000 tonnes per annum ('tpa') via a crushing – milling - sulphide flotation - oxide leaching - solvent extraction - electro-winning ('SX-EW') circuit. The limiting factor on the tonnage throughput is water supply.

Development of the operation will require supporting infrastructure including the construction of roads, water supply, electrical supply, communications and a tailings storage facility.

The total copper oxide component of the Omitiomire Resource is estimated to be in excess of 15 Mt.
Thus the low tonnage oxide copper plant has further potential to serve later in the life of the mine, during Phase 2 sulphide copper mining.

In parallel with the scoping study, Craton excavated a box-cut to 19m depth into the oxide copper zone. A 33 tonne oxide copper sample, collected from planned sampling points within the box-cut, was sent to Mintek Laboratories in Johannesburg for pilot plant test work.

Based on the results of the Scoping Study, the Company commenced a DFS for a 40,000 tonnes per month Oxide Copper Project, based on resources in at least three shallow pits. The DFS is planned for completion by October 2013.

Photo 3. Excavating the bulk sample pit.

Phase 2: Sulphide Copper Project

During the third quarter of 2012, potential bottlenecks within the Phase 2 schedule were addressed. Craton commenced a large diameter drilling programme, to collect a sulphide copper bulk sample, but this programme was terminated in November 2012 due to the change in priorities.

Omitiomire Exploration (EPL 3589)

The area surrounding the Omitiomire deposit contains numerous copper occurrences and other exploration targets, providing optimism that the resource base can be expanded significantly with ongoing exploration. The objectives of the Company's exploration programme are:

- To delineate additional near-surface oxide copper resources to provide feed for the leach-SX-EW plant;
- To determine the extent of the Omitiomire deposit;
- To discover new copper resources within the Omitiomire project area.

Canadian-based geochemical consultant, Dr Dave Heberlein, carried out a review of geochemical procedures and results. In addition to recommending certain changes to the Company's soil geochemical protocols, Dr Heberlein identified a number of anomalies for follow-up exploration.

A review of geophysical methods by Namibian-based consultant, Mr Greg Symonds, concluded that induced polarisation ('IP') techniques had not been adequately trialled previously and could provide a direct detection method for Omitiomire-type deposits in regional exploration. Based on his recommendations, further IP surveys within the Omitiomire project area are planned.

In EPL 3589, the Ekuja Dome hosts the Omitiomire copper deposit and other Omitiomire-type prospects (Figure 7). Between the domes are metamorphic rocks - schist, amphibolite, marble and quartzite. In early 2013 Craton tested the Waainorth soil anomaly with 15 shallow RC holes. Low grade copper, up to 0.35% Cu, was intersected within pyrrhotite- and pyrite-rich calc-silicate and schist layers. Although Craton concludes this prospect to be small and low grade, the prospects forms part of a regional target to the north, within EPL 3590 of the Steinhausen Project.

During the 2013-14 year, Craton plans to focus its exploration drilling on geochemical and IP targets close to (i.e. within trucking distance of) the Omitiomire deposit.

Photo 4. Omitiomire Drilling.

STEINHAUSEN PROJECT

Introduction

The Steinhausen Project, surrounding the Omitiomire Project, contains known copper occurrences which have not been explored since the 1970s, as well as other targets to be tested.

The project consists of four granted EPLs (Table 3 and Figure 5).

Licence number	Name	Area (km^2)	Expiry	Status
EPL 3590	Oorlogsdeel	985	25/04/2014	2nd renewal granted
EPL 4054	Hochfeld	543	26/04/2013	Licence to be relinquished
EPL 4150	Seeis	981	25/10/2015	1st 3-years granted
EPL 4151	Karamba	960	25/10/2015	1st 3-years granted
		Total = 3469		

Table 3. Omitiomire and Steinhausen Projects: Tenement summary.

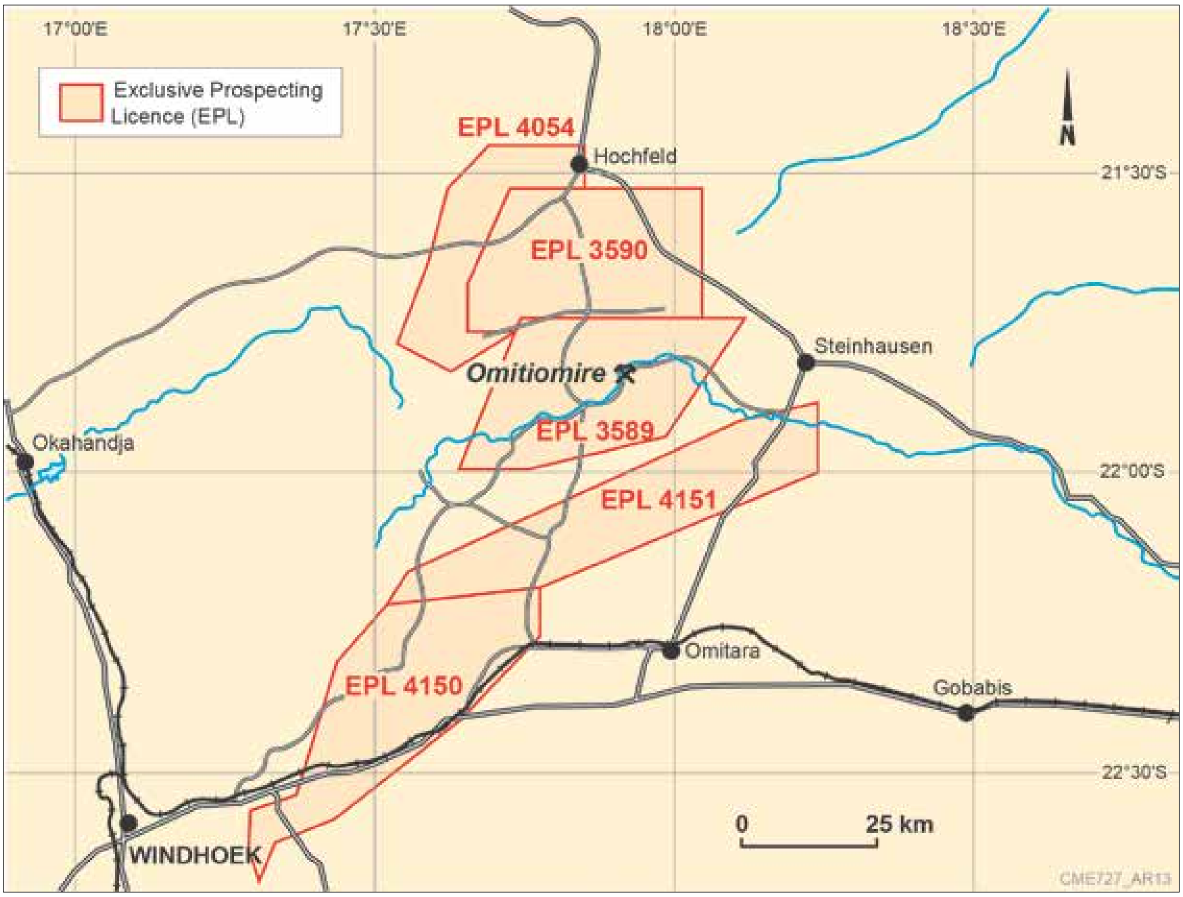

Figure 5. Steinhausen tenements. Note: EPL 3589 constitutes the Omitiomire Project

Geological Setting

The northern tenements cover several Mesoproterozoic basement inliers (domes). In EPL 3589, the Ekuja Dome hosts the Omitiomire copper deposit (Figure 6). Between the domes are Mesoproterozoic (pre-Damara) metamorphic rocks - schist, amphibolite, marble and quartzite. Strata of the Neoproterozoic Damara Sequence lie generally south and east of the Ekuja Dome.

Photo 4. Steinhausen project area.

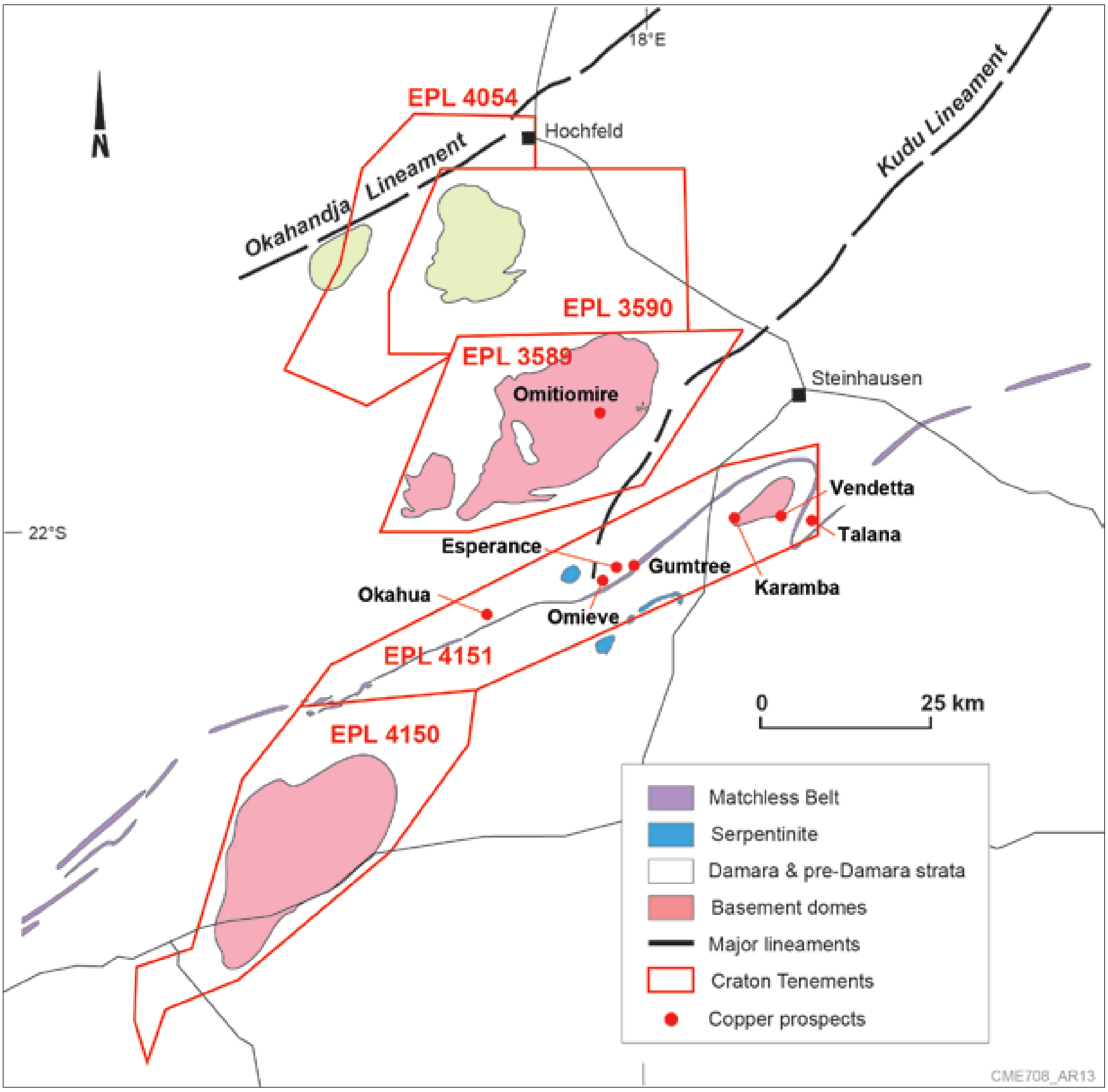

Figure 6. Steinhausen Project: Simplified geological map showing known copper occurrences.

The two southern tenements (EPLs 4150 and 4151) cover a number of basement inliers flanked by copper-bearing strata of the Damara Sequence. EPL 4151 contains about 60 km of strike of the Matchless Belt, which stretches for 400 km through central Namibia. The Matchless Belt, consisting of amphibolite with associated magnetite quartzite and schist, contains clusters of massive sulphide copper-silver-gold deposits.

Exploration Approach

The Steinhausen area, whilst containing significant potential for discovery of copper and other base metals, offers a difficult exploration environment, due to the complex geology, limited rock outcrop and numerous commercial farms where negotiation of access agreements takes time.

Regional-scale soil geochemical surveys (400m x 400m sample spacing) have identified target areas which are being assessed, initially, with geological mapping, ground magnetic surveys and detailed (50m x 50m grid) soil geochemistry.

Summary of Exploration Status

Copper in pre-Damara strata (EPL 3590): Low grade copper, hosted by amphibolite and calc-silicate schist, was intersected in previous (mainly 1970s) exploration.

Craton's regional-scale soil geochemical surveys have identified a number of anomalies (Figure 7) which are being followed up with detailed soil geochemical and geophysical surveys. Priority targets will be drilled as soon as access agreements have been reached.

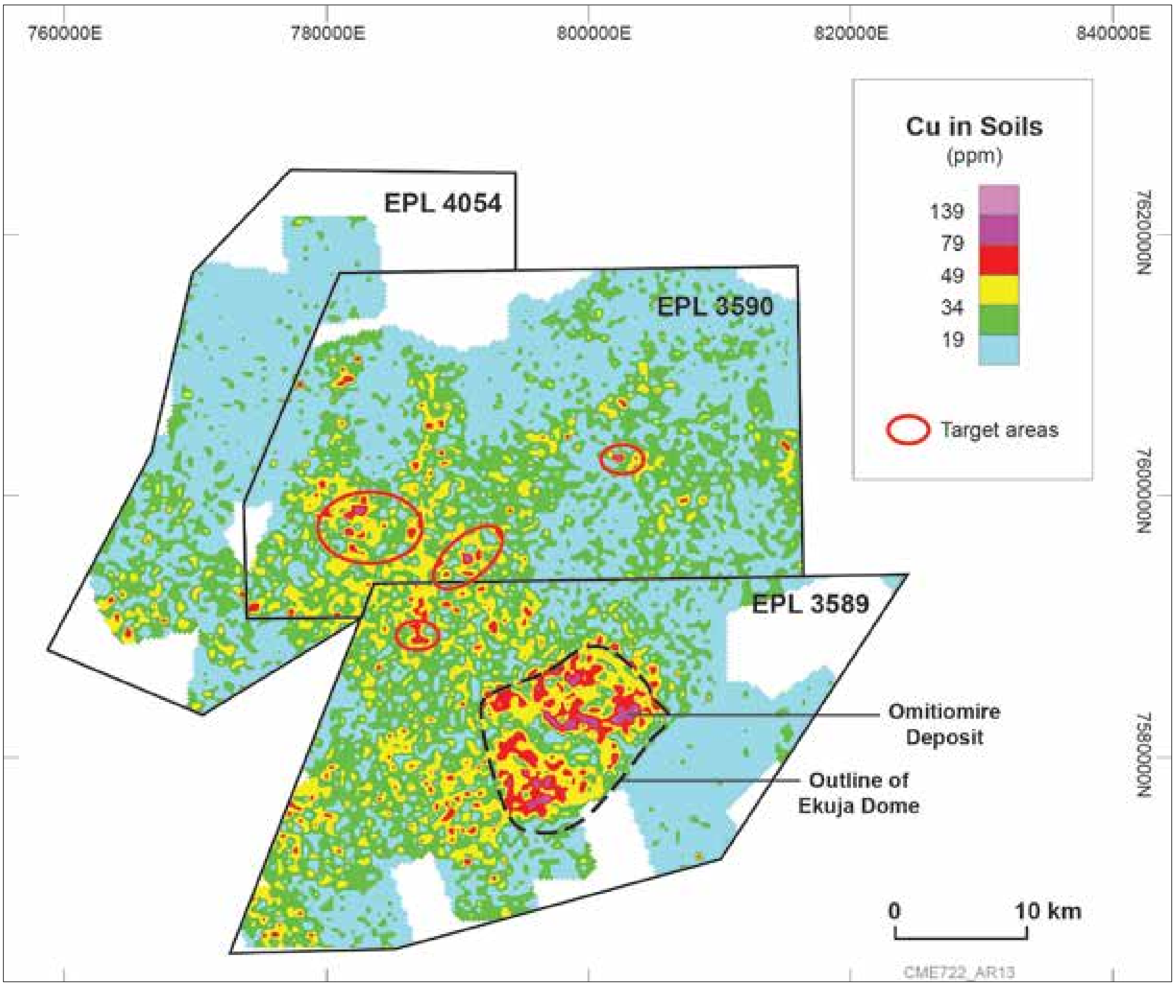

Figure 7. Steinhausen and Omitiomire copper-in-soil geochemistry.

Metals in mafic-ultramafic complexes (EPLs 3590 and 4054): Soil geochemical surveys have indicated no significant anomalies.

Copper in Damara strata (EPL 4150 and 4151): Previous (mainly 1970s) shallow drilling intersected copper at several prospects. The most promising of these is the Talana prospect (Figure 6), where previous drill intersections included 45m at 0.31% Cu and 15m at 0.55% Cu. Regional soil geochemical surveys are in progress.

Massive sulphide copper in the Matchless Belt (EPL 4151): Whilst most deposits of this style are small plunging bodies, there are some more substantial deposits, e.g. Otjihase (pre-mining) >25 Mt at ~ 2% Cu and 0.5 g/t Au. Known prospects of this style within EPL 4151 indicate very good discovery potential.

Oxide copper caps on these deposits provide good potential as possible Omitiomire satellite operations. Review of previous exploration data has been completed. Regional soil geochemical and ground magnetic surveys are in progress.

KALAHARI COPPERBELT PROJECT

Introduction

The Kalahari Copperbelt stretches discontinuously for 800 km from central Namibia to northern Botswana (Figure 8). The belt is of similar age to, and has similar styles of copper mineralisation as, the Central African Copperbelt of Zambia and the Congo (DRC).

Figure 8. Location of the Kalahari Copperbelt in Namibia and Botswana.

Copper occurrences have been known in the Namibian sector of the belt, particularly around Klein Aub and Witvlei (Figure 9), for many years. The Klein Aub underground mine operated between 1966 and 1987, producing around 6 Mt at 2% Cu and 50 g/t Ag.

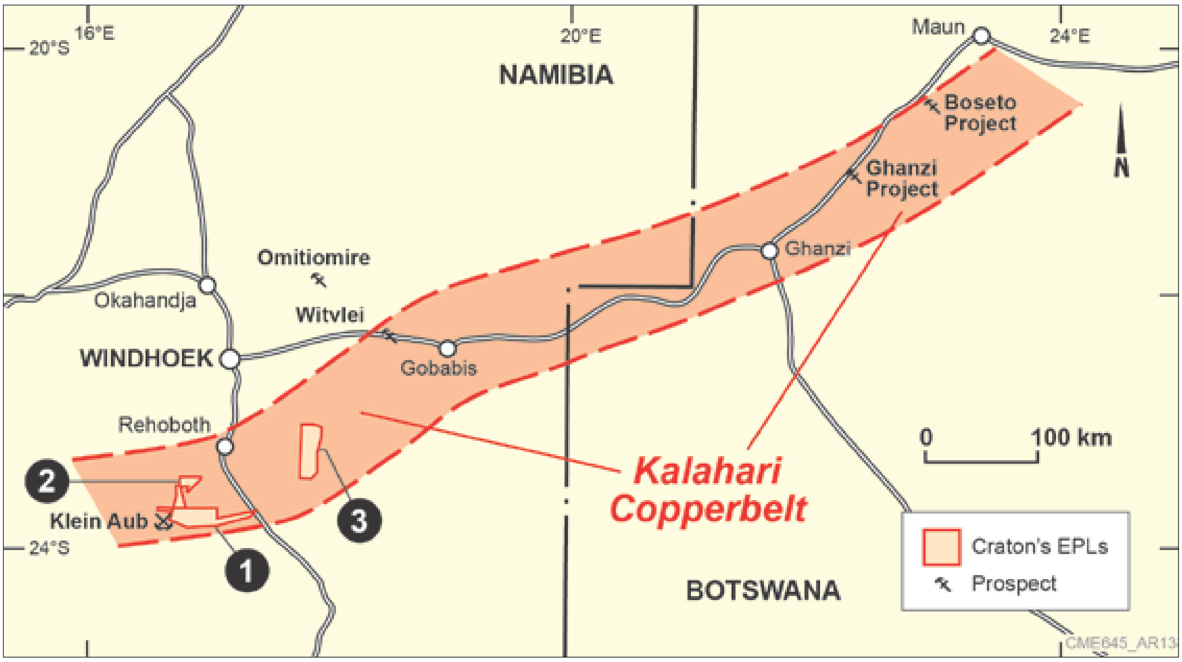

Figure 9. Location of Craton's tenements within the Kalahari Copperbelt
1 = EPL 3584; 2 = EPL 4039; 3 = EPL 4055.

Tenements

Craton holds three EPLs, totalling almost 1,700 km^2 in area (Table 4).

Licence number	Name	Area (km^2)	Expiry	Status
EPL 3584	Rehoboth South	733	25/04/2014	2nd two-year renewal
EPL 4039	Nomeib	295	01/07/2015	2nd two-year renewal
EPL 4055	Sib	638	26/04/2015	1st two-year renewal
		Total = 1666		

Table 4. Kalahari Copperbelt Project: Tenement summary.

Geological Setting

The Kalahari Copperbelt is developed along the margin of the Kalahari Craton, a continental block which collided with the Congo Craton during the Pan African orogenic event late in the Neoproterozoic Era and through the Cambrian Period.

Craton's Kalahari Copperbelt Project covers three distinct geological domains, all of which contain historic copper mines or prospects (Figure 10).

Rehoboth Inlier: This is a complex geological entity, consisting of metamorphosed volcano-sedimentary sequences intruded by granitic and basic igneous rocks of several ages. The inlier forms the basement rocks of the Kalahari Craton on which the Neoproterozoic Damara Sequence was deposited.

<u>Tsumis Group</u>: This is the basal portion of the Damara Sequence. In the project area, it consists of a thick "red bed" clastic unit, the Doornpoort Formation, overlain by a mixed clastic-carbonate unit, the Klein Aub Formation. The Kagas Member of the Klein Aub Formation contains regionally-extensive copper mineralisation.

<u>Nosib Group</u>: This unit, consisting mainly of sandstone and pebbly sandstone, hosts copper mineralisation at the Sib prospect.

Photo 6. Outcrop of Nosib oup sandstone in the Sib area.

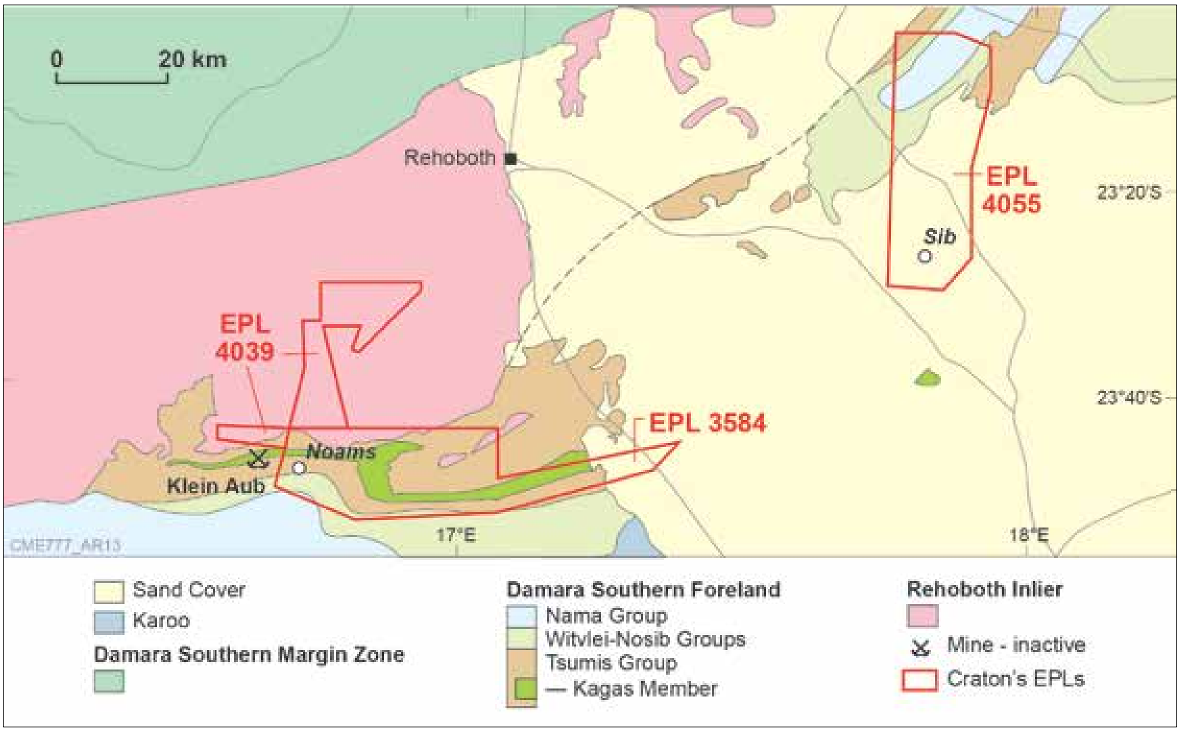

Figure 10. Geological setting of Craton's Kalahari Copperbelt Tenements.

EPL 4039 (Nomeib)

This tenement covers a portion of the Rehoboth Inlier. Numerous small historic copper and gold mine workings, with mineralisation in veins and shear zones, indicate the potential for discovery of more substantial deposits. Grab samples have assayed up to 10.4 g/t Au, 109 ppm Ag and 1.4% Cu.

The tenement is considered to have potential for two styles of gold mineralisation:

(a) Small high-grade vein- and shear-hosted gold;
(b) Large-tonnage low-grade intrusion-related gold.

Targets have been defined from historic small-scale mine workings and anomalies from Craton's regional-scale soil geochemical surveys. These targets are being progressively followed up with detailed geological mapping, soil geochemical surveys and magnetic surveys, to define drill targets.

During the 2013-14 year, Craton plans a drainage geochemical survey and RC drilling on identified targets.

EPL 3584 (Rehoboth South)

The Kagas Member of the Klein Aub Formation contains copper geochemical anomalies covering a strike length of over 60 km and has been a major focus of Craton's exploration. As a result of its work, the Company identified 20 prospects for detailed follow-up exploration. However, shallow RC holes (mostly < 40m depth), drilled across the target areas, intersected only narrow zones of low grade copper, with a best intersection of 3m at 0.79% Cu. A re-assessment of all data has down-graded the potential for discovery of a substantial copper deposit in the Kagas Trend.

At the Noams prospect, outcrops of copper-bearing sandstone, up to 15m in width, extend intermittently over several kilometres in length. During 2012-13, the Company carried out ground magnetics, geological mapping, soil geochemistry and a small (eight holes) RC drilling programme. The drilling intersected minor oxide copper near surface but failed to provide any indication of a substantial copper deposit.

Photo 7. Craton's exploration manager,
Karl Hartmann at Noams copper prospect, September 2012.

In summary, intensive exploration by Craton over several years has failed to indicate potential for a significant deposit. The company is currently considering its options for this tenement.

EPL 4055 (Sib)

At the Sib prospect, oxide copper is exposed as two zones in a number of shallow prospecting trenches along several hundred metres of strike within sandstone of the Nosib Group. The project area presents a difficult exploration environment, where sand, gravel and calcrete obscure weathered bedrock. Previous drilling at the Sib prospect identified a small deposit of oxide copper in sandstone.

During 2012, Craton tested the Sib prospect with 33 shallow RC holes (Figure 11). Most of the holes intersected shallow oxide copper-silver mineralisation, with best intersections of 8m at 1.35% Cu and 28 g/t Ag, and 15m at 0.82% Cu and 15 g/t Ag. The drilling showed a northeast-trending sub-horizontal deposit, up to 15m thick, largely at shallow depth (< 35m depth). The resource potential is estimated at around 1.1 Mt at approximately 0.8% Cu and 20 g/t Ag (at a cut-off grade of 0.25% Cu).

From the drilling to date, there is no indication of a more substantial shallow copper deposit.

Indications from bench-scale metallurgical tests are that around 80% of the copper could be recovered in a leach operation, but initial indications are that the silver is refractory. Additional metallurgical testwork is planned ahead of completion of a financial assessment of the deposit.

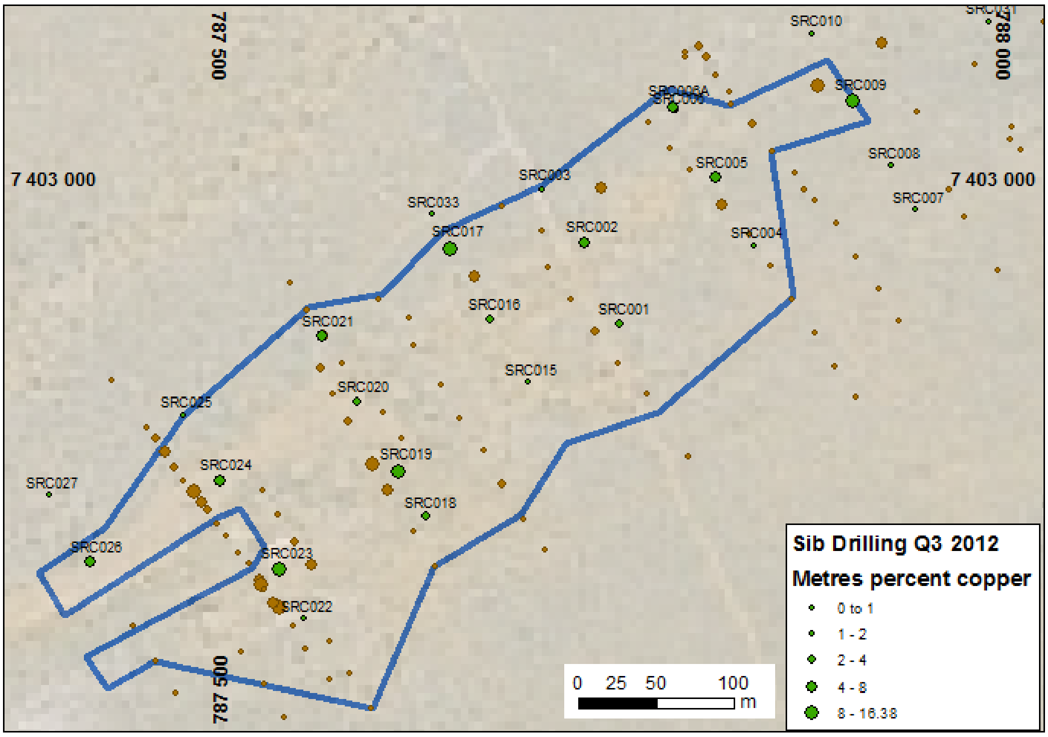

Figure 11. Outline of the Sib deposit at depths shallower than 35m.
Craton's drill holes are shown in green and previous holes in brown.

Regional-scale exploration has, to date, failed to identify other zones of copper mineralisation.

Photo 8. Part of the Sib project area.

KAMANJAB PROJECT

Background

During the past several years, Craton's Kamanjab Project has been targeting copper in the Kaoko Copperbelt, a poorly-explored belt of copper occurrences of the same age and same style as the deposits of the Zambian Copperbelt in central Africa. Craton's previous exploration had identified copper mineralisation along strike to the west of the former Kopermyn open-cut mine. Based on known copper at Kopermyn, Craton applied for tenements covering a large strike length of the target stratigraphy as well as base metal targets in the basement.

In 2008 and 2010, shallow drilling down-dip from the surface copper occurrences on the Kopermyn tenement, EPL3372, intersected only low grade copper. In early 2012, IBML reached a joint venture agreement with High Power Exploration ('HPX') to carry out an exploration programme to target deeper copper potential, consisting of geophysical surveys using HPX's Typhoon system, followed by drilling on targets.

Tenements

During the year:

- EPL 4296 (Tzaus) and EPL 4297 (Vaalberg) were granted to Craton on 11 October 2012;
- An application was lodged for a two-year renewal of EPL 4431 (Tzamin) with a reduction in area;
- Craton relinquished EPL 3372 (Kopermyn).

Within its Kamanjab Project, Craton now has three EPLs with a total area of almost 2,000 km^2.

Licence number	Name	Area (km^2)	Expiry	Status
EPL 4296	Tzaus	499	11/10/2015	1st three years granted
EPL 4297	Vaalberg	787	11/10/2015	1st three years granted
EPL 4431	Tzamin	697	24/06/2015	1st two year renewal
		Total = 1983		

Table 5. Kamanjab Project: Tenement summary.

Geological Setting

The Kamanjab Inlier is a "basement" block containing Paleoproterozoic metamorphic rocks of the Huab Complex, invaded by granite of the Fransfontein Suite. These are overlain unconformably by the Khoabendus Group, a younger Paleoproterozoic volcano-sedimentary sequence. The Neoproterozoic Damara Sequence onlaps onto the basement block (Figure 12).

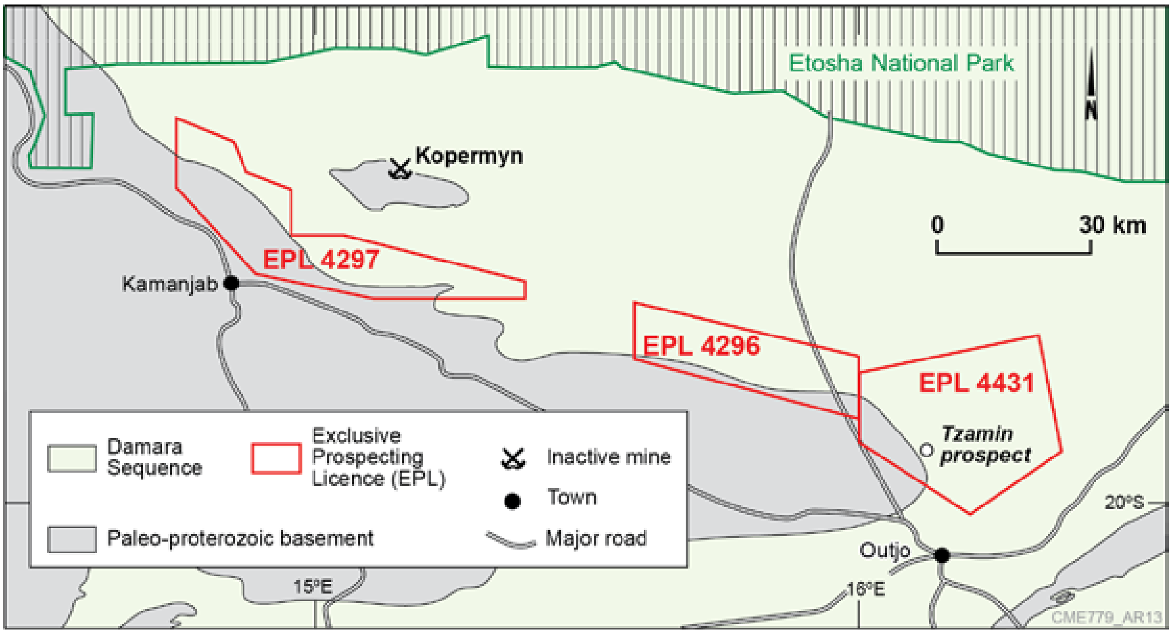

Figure 12. Kamanjab project area: Simplified map showing geological setting of Craton's EPLs.

EPL 3372 (Kopermyn)

The Kopermyn deposit is hosted by sandstone and conglomerate of the Nosib Group. Previous exploration by Craton had identified extensively developed but low grade copper concentrations along strike from the Kopermyn deposit in both the Nosib Group and in the overlying mixed carbonate-clastic strata of the Ombombo Subgroup of the Otavi Group.

After signing the Kopermyn Farm-in and Joint Venture Term Sheet in July 2012, HPX re-interpreted the regional magnetic data then, using the recently-commissioned 'Typhoon' system, carried out a deep IP survey designed to identify possible sulphide concentrations at depth below barren cover strata. The conceptual target was sulphide-bearing strata of the Ombombo Subgroup and Nosib Group below younger units of the Otavi Group.

The survey identified a target ranging in depth from 120m to as much as 600m. This target was tested with a deep drill hole (Hole KOP154) to 729m. The hole intersected several pyrite- and pyrrhotite-bearing zones, which provide an explanation for the IP anomaly. Very minor disseminated copper was intersected.

A second drill hole (KOP155), sited about 600m southwest of KOP154, targeted a lower order, but shallower, IP anomaly. That hole also intersected pyritic strata but no significant base metal concentrations. Based on the results of the two drill holes, HPX opted not to continue with exploration of the tenement.

After extending KOP154 to 882m and reviewing data, Craton decided to relinquish the tenement.

EPL 4431 (Tzamin)

Earlier explorers identified a small copper deposit at the Tzamin prospect. Previous exploration by Craton indicated potential extensions of the known deposit.

During the year, Craton drilled 20 shallow RC holes, totalling 1453m, which showed the presence of minor copper. The best intersections were:

Hole TZR001: 4m at 0.59% Cu from 24m depth;
Hole TZR003: 2m at 1.25% Cu and 110 g/t Ag from 41m depth;
Hole TZR018: 5m at 0.66% Cu and 7 g/t Ag from 54m depth;
Hole TZR019: 2m at 1.41% Cu and 103 g/t Ag from 28m depth.

The drilling indicated no significant extension to the known deposit.

To date, regional exploration, involving soil and termite mound geochemistry and geological mapping, has not indicated other priority targets and Craton is reviewing its options on this tenement.

EPL 4296 (Tzaus) and EPL 4297 (Vaalberg)

These tenements were applied for to explore for copper in Nosib Group strata beneath Otavi Group cover. The lack of exploration success in EPL 3372 has down-graded the discovery potential for copper in the lower Damara Sequence.

Craton has identified potential for zinc in the basement rocks of the Khoabendus Group (see below) in EPL 4297. A field camp has been established and an exploration programme, consisting initially of soil geochemical surveys and geological mapping, has commenced.

Strategy

<u>Copper in the Lower Damara Sequence:</u> For the past several years, Craton has been focussing its exploration on the potential for copper in the lower part of the Damara Sequence, in a geological situation considered to be analogous to the Zambian Copperbelt.

Craton's exploration programme identified a small copper deposit at Tzamin in EPL 4431. The comprehensive exploration in EPL 3372 Kopermyn identified widespread low-grade copper but gave no indication of the likely presence of a significant copper deposit.

US-based geological consultant, Dr Jon Thorson, reviewed data from the Company's Kamanjab Project and agreed that the potential for discovery within the lower Damara Sequence has been down-graded substantially.

Base Metals in the Kamanjab Inlier: The "basement" Khoabendus Group contains a number of known occurrences of copper, lead-zinc and gold, which have been subjected to limited previous exploration. In particular, this work identified laterally extensive but low-grade concentrations of zinc hosted by a quartzite unit. Recent assessment by Craton, including examination of previous (1990s) drill core, has highlighted the potential for siltstone-hosted zinc analogous to the Century deposit in the Mount Isa region of Australia.

Craton is now pursuing this concept. The Company's exploration programme - currently geological mapping and geochemical surveys - is focussed on the zinc potential in EPL 4297 Vaalberg.

Photo 9. Examining KOP154 drill core, September 2012.

EPEMBE PROJECT

Introduction

Under the terms of the agreement with AMC, IBML has the option to earn a 51% stake in the Epembe tantalum-niobium project.

The project is within EPL 3299, held by AMC through a Namibian-registered subsidiary. It is located in northwestern Namibia, about 600 km northwest of Windhoek and 45 km south of the Kunene River, which forms the border with Angola. The tenement, covering an area of 290 km^2, was first granted on 15 August 2007 and was renewed for a two-year period on 15 August 2012.

The project area is well located with respect to infrastructure (Figure 13):

- 3 km from a major road to Opuwo, capital of the Kunene Region;
- 45 km from permanent water supply at the Kunene River;
- Close to a new 33 kV power line;
- 85 km from a 240 MW hydro power station on the Kunene River at Ruacana;
- Access to regional airports at Opuwo and Ruacana.

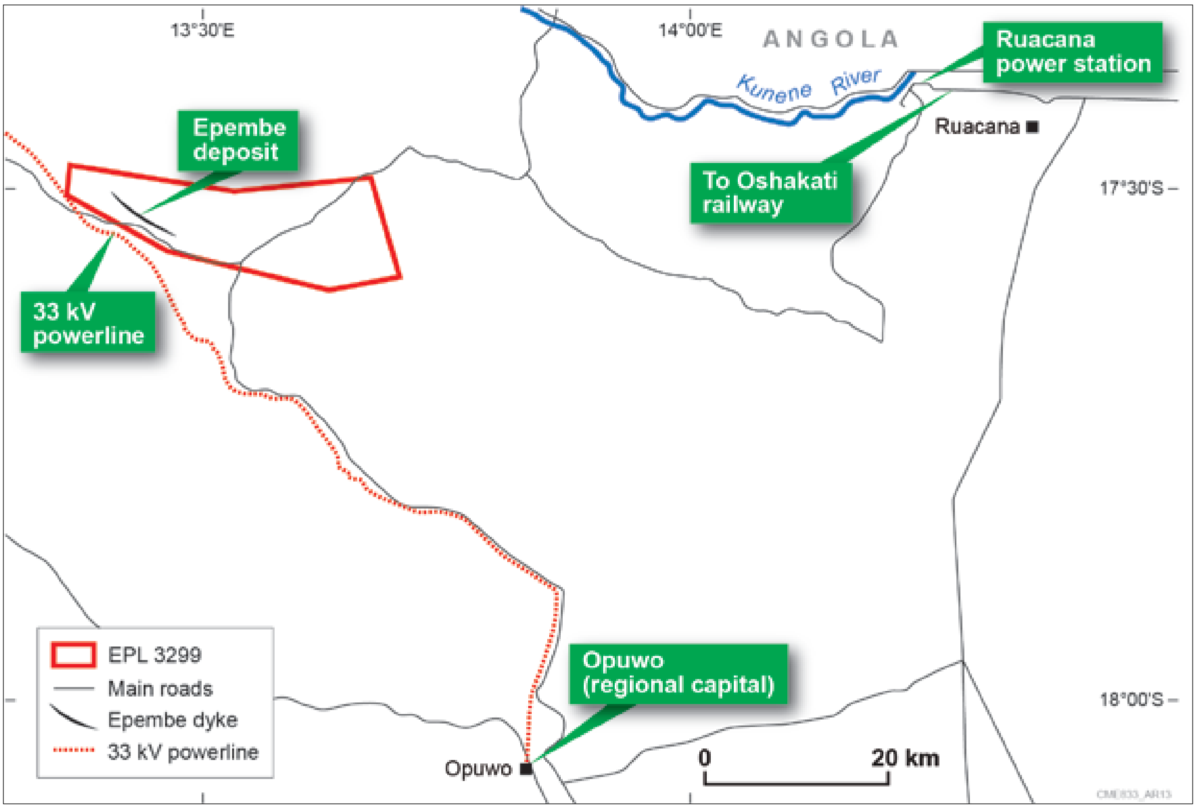

Figure 13. Location of EPL 3299 in northwestern Namibia (after AMC).

The project is located on communal land. AMC has developed a good relationship with the local communities.

Geology

The Kunene Anorthosite Complex is a large igneous intrusion of Mesoproterozoic age (~ 1360 million years), covering an area of over 4,000 km^2 in northern Namibia and extending across the border into southern Angola. Marginal to the main igneous body are satellite intrusions of variable composition, some slightly younger in age. EPL 3299 covers several of these satellite bodies (Figure 14).

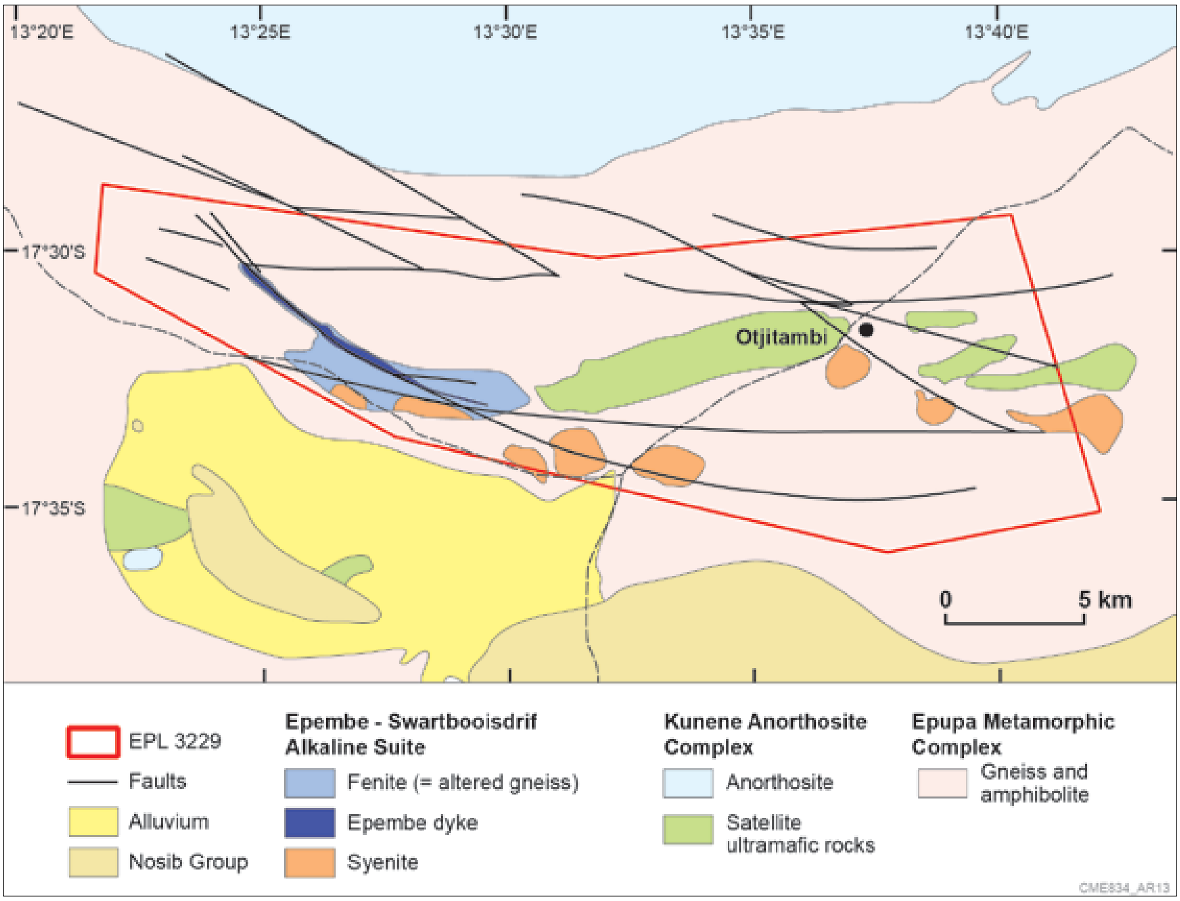

Figure 14. Geological map of the project area (after Ellmies, 2013).

The Epembe deposit is hosted in a northwest-trending dyke, 10 km long and 200m - 400m wide, which outcrops as a line of low but rugged hills. The dyke is a composite body, composed of syenite and carbonatite (Figure 15).

Photo 10. Epembe project: Low hills formed by the carbonatite dyke.

Carbonatite is an unusual intrusive igneous rock consisting mainly of the mineral calcite (calcium carbonate - $CaCO_3$), with subordinate amounts of aegirine, apatite and a number of minor minerals, including pyrochlore which contains concentrations of the rare metals tantalum (Ta) and niobium (Nb).

Photo 11. Outcrop of carbonatite with aegirine (large black crystals) albite (3 – 8 mm crystals) and apatite (small yellowish crystals).

Within the dyke are zones, up to several metres wide, of high grade tantalum-niobium within a wider barren to low grade mineralised body. High grade zones are typically 250 parts per million ('ppm') Ta_2O_5, 900 ppm Nb_2O_5 and minor phosphate (P_2O_5).

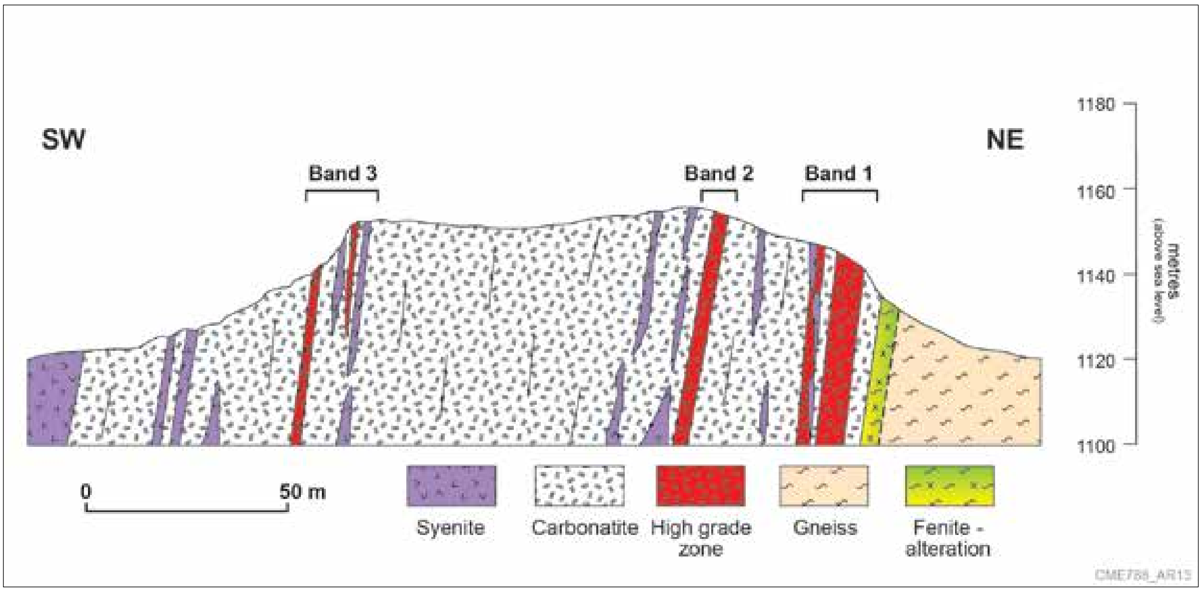

Figure 15. Geological cross section through the northern part of the Epembe dyke (after AMC, 2011)

Exploration Activities

Exploration of the prospect is at an early stage and no resource estimations have been carried out. For exploration purposes, AMC has divided the Epembe dyke into a number of sectors (Figure 16).

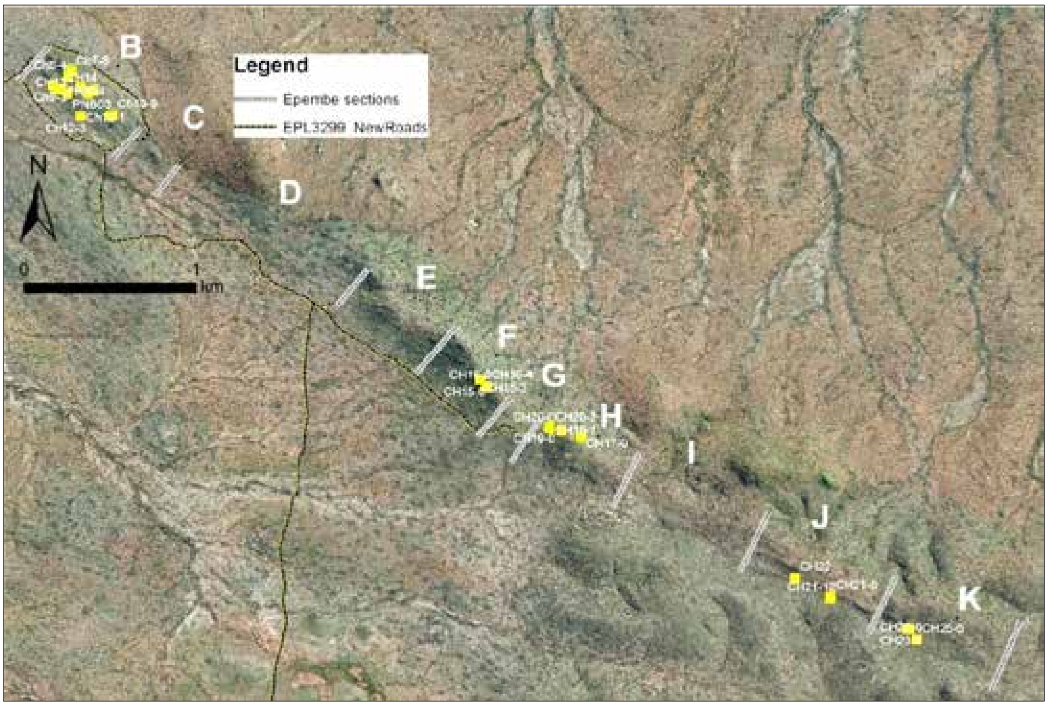

Figure 16. Sub-division of the dyke into sectors, showing location of AMC's channel samples (in yellow) as at September 2012.

Because of the presence of an access track, most of the previous work by AMC has been directed at Sector B, in the northwestern portion of the dyke. However, limited outcrop sampling indicates that the central sectors (Sectors F and H) and the southern sectors (Sectors J and K) could have further resource potential. In Sector K, a high grade mineralised zone, with ~ 1000 ppm Ta_2O_5 and 4000 ppm Nb_2O_5, and averaging ~ 3m in width, can be traced intermittently for over 1000m along strike.

On behalf of the AMC-IBML joint venture, Craton is now managing an exploration programme which consists of detailed geological mapping, geochemical and geophysical surveys, and RC and diamond drilling. An exploration camp has been set up and RC holes completed on target zones in Sectors F and J.

Photo 12. Diamond drilling at Epembe.

Mineralogical and Metallurgical Study

Pyrochlore is a complex oxide mineral - composition $(Na,Ca,Sr,Pb,U)_2(Nb,Ta,Ti)_2O_6(OH,F)$.

US-based consultants Tony Mariano Senior and Junior have carried out a preliminary mineralogical and metallurgical study. The Epembe samples studied by Mariano and Mariano contained high concentrations of tantalum and niobium.

Preliminary bench-scale metallurgical tests performed on five samples gave the following results:

- Pyrochlore occurs as individual crystals and as clusters of crystals. The crystals mainly range in size from 1-4 mm. Parts of the carbonatite are rich in apatite, with grains averaging about 3 mm in size. Because of the coarse grain sizes, it is likely that both pyrochlore and apatite can be readily liberated with crushing and coarse grinding.
- Pyrochlore has a specific gravity ('SG') of 4.5 – 5.0, so can be separated by gravity. Heavy liquid separation produced concentrates containing iron oxide, pyrochlore and zircon.
- Magnetic separation then removed the iron oxide, leaving pyrochlore-zircon concentrate.
- Electrostatic separation tests, to separate pyrochlore from zircon, were not conducted but the consultants report that separation should be readily accomplished because pyrochlore is a conductor and zircon is non-conductive.

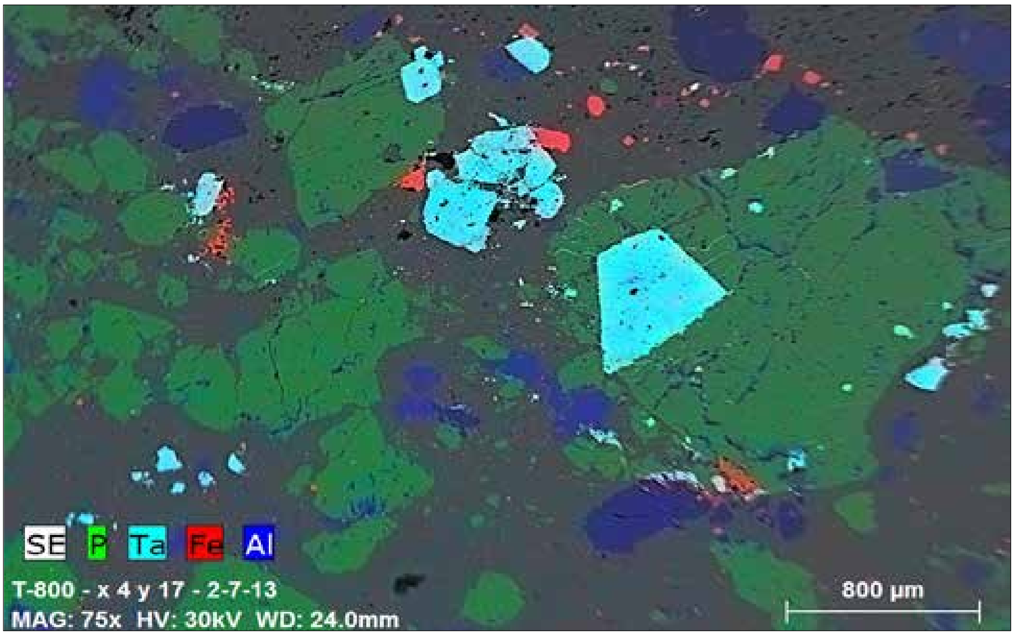

Figure 17. Scanning electron microscope (SEM) image showing pyrochlore crystals (pale blue), apatite (green), feldspars (dark blue) and iron oxide after pyrite (red) (from Mariano & Mariano, 2013).

A number of tantalum projects employ flotation to recover pyrochlore. To date, no flotation tests have been performed on Epembe material.

Development Potential

There are potentially ore grade concentrations of tantalum and niobium, with possible by-product phosphate. Exploration is still at a very early stage, so it is not possible to provide an estimate of resource potential. The results of work to date indicate the potential for development of one or more open-cut mines.

The project is close to roads, power and water, and is on communal land with no apparent farm access issues or environmental issues. The mine product could be exported through Namibia's Walvis Bay port.

Planned Exploration Programme

The following programme has been agreed for Phase 1 of the JV exploration programme:

- Geological mapping;
- Re-logging and re-assaying all previous drill holes;
- Drilling 8500m (RC 7000m, DD 1500m);
- Metallurgy study;
- Preliminary resource assessment;
- Order of magnitude estimate; and
- Environmental overview.

AWASIB PROJECT

This project encompasses two granted tenements (EPL 4759 and EPL 4760) covering an area of just under 2,000 km^2. The tenements are part of the joint venture agreement between IBML and AMC.

The tenements are considered to have potential for the discovery of deposits of rare earth elements (REE), rare metals and precious metals associated with alkaline intrusive bodies. There has been no previous mineral exploration in the area.

Low cost regional-scale exploration has not yet commenced.

AUSTRALIAN PROJECTS

**Tenement held by Actway Pty Ltd*

Tenement Number	Tenement Name	Application Date	Grant Date	Expiry Date	Area km^2 @ 30.06.13
Cobar Project NSW - AuriCula Mines P/L					
EL 6223	Shuttleton	21.11.2003	05.04.2004	04.04.2014	38
EL 6868*	Mt Hope South	21.03.2003	06.09.2007	06.09.2013	51
EL 6907*	Mt Hope	21.03.2003	11.10.2007	11.10.2013	135
Maranoa Project Southern Queensland – Maranoa Resources Pty Ltd					
EPM 14260	Darkwater	24.09.2003	13.04.2005	12.04.2015	76
Northern Queensland – Endolithic Resources Pty Ltd					
EPM 18306	Gereta	1.10.2009	25.05.2012	24.05.2017	202

Table 6. Australian projects: tenement summary.

Maranoa Resources Pty Ltd

IBML, through its wholly owned subsidiary Maranoa Resources Pty Ltd, holds Exploration Permit for Minerals (‘EPM’) 14260 (Darkwater) in the Maranoa district of southern Queensland. The Darkwater Complex is an under-explored mafic-ultramafic igneous complex considered to have potential for nickel and copper sulphide deposits.

During the year, Maranoa conducted an electro-magnetic (’EM’) survey over the Darkwater body. This work failed to identify a significant conductor which could indicate the presence of a massive sulphide nickel-copper deposit. The company elected to divest the holding of EPM 14260.

AuriCula Mines Pty Ltd

Two project areas, Shuttleton and Mount Hope, have historic mine workings and potential for economic copper-gold resources. The joint venture projects are being managed by Cobar Management Pty Ltd (‘CMPL’), a subsidiary of Glencore Xstrata plc. Exploration on the three exploration licences is continuing.

Endolithic Resources Pty Ltd

In the Mount Isa district of northwest Queensland, IBML acquired EPM 18306 (Gereta) because of its potential to host significant copper deposits. During the year, reconnaissance geological mapping and sampling were carried out. The work highlighted two areas for follow-up detailed geochemical surveys.

Dr Kenneth Maiden (MAIG, FAusIMM), compiled the technical aspects of this report. Dr Maiden is a Director of International Base Metals Limited. He is a Member of the Australian Institute of Geoscientists and a Fellow of the Australasian Institute of Mining and Metallurgy. He has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activities that are being reported on to qualify as a Competent Person as defined in the September 2004 edition of the “Australasian Code of Reporting of Mineral Resources and Ore Reserves”. Dr Maiden consents to the inclusion of the matters in the form and context in which they appear.

GLOSSARY OF TECHNICAL TERMS and TECHNICAL ABBREVIATIONS

Aegerine	A sodium-rich pyroxene mineral
Albite	A sodium feldspar mineral
Alteration	A change in the chemical and mineralogical composition of a rock commonly brought about by reaction with hydrothermal solutions
Apatite	A hydrous calcium phosphate mineral
Amphibole	A common calcium-iron-magnesium silicate mineral
Amphibolite	Metamorphic rocks formed usually by metamorphism of basalt and composed largely of amphibole
Anomaly	A value (e.g. of geochemical and geophysical parameters) significantly higher than the norm
Anorthosite	An igneous rock composed dominantly of calcium feldspar
Basalt	A common mafic volcanic rock
Basement	Older, usually metamorphic, rocks beneath younger strata
Basin	A broad sub-continental depression in which sediments are deposited. The Gulf of Carpentaria and the Coral Sea are present-day examples
Bed	Layering in sedimentary rocks
Belt	A large linear body of rocks
Biotite	A common black mica mineral
Bornite	A copper-iron sulphide mineral [Cu_5FeS_4]
Breccia	A rock consisting of large angular fragments cemented together. Fragmentation ("brecciation") can be caused by processes such as faulting, igneous intrusion and hydrothermal activity
Calcite	Calcium carbonate [$CaCO_3$]
Cambrian period	The geological time from 541 to 485 Ma
Carbonatite	An unusual igneous rock composed largely of the mineral calcite
Chalcocite	Copper sulphide [Cu_2S]
Chalcopyrite	The most common ore mineral of copper [$CuFeS_2$]
Chrysocolla	A hydrated copper silicate mineral, formed in the oxide (weathered) zone of copper deposits
Clastic	In sedimentary rocks, referring to transported (as opposed to chemically precipitated) grains
Conglomerate	A coarse grained sedimentary rock consisting of cemented pebbles and cobbles
Craton	A large, geologically-stable block of continental crust
Cut-off grade	The lowest grade to which a mineral deposit can be economically mined
Dense medium separation	A mineral separation process whereby denser material is separated from less dense material
Diamond drilling	Recovery of drill core using a hollow drilling bit studded with industrial diamonds
Dip	The angle below the horizontal of a tilted unit of strata
Dome	A body of old rocks surrounded by younger rocks (See also 'Inlier')
Dyke	A narrow steeply-dipping intrusive igneous body
Electro-magnetic survey	A geophysical exploration method designed to detect conductive bodies in the sub-surface
Epidote	A calcium-aluminium-iron silicate mineral
Exploration Licence	A mineral exploration tenement conferred by the New South Wales government
Exploration Permit for Minerals	A mineral exploration tenement conferred by the Queensland government
Exclusive Prospecting Licence	A mineral exploration tenement conferred by the Namibian government
Fault	A break in a rock sequence, along which there has been movement
Feldspar	Common rock-forming minerals composed of silicates of potassium, sodium and calcium with aluminium
Felsic	Pale in colour, rich in "felsic" minerals such as quartz and feldspar
Fenite	An altered rock commonly associated with carbonatite intrusions

Fold	A bend in rock strata
Flotation	A commonly-used mineral separation process whereby crushed and ground metal sulphide minerals are liberated from barren minerals
Formation	A geologically mappable unit of rock strata
Geochemical survey	Prospecting techniques which measure the concentrations of certain metals in soil and rocks, and define anomalies for further testing
Geophysical survey	Prospecting techniques which measure physical properties of rocks (e.g. magnetic susceptibility, electrical conductivity) and define anomalies for further testing
Gneiss	Metamorphic rocks formed under intense heat and pressure
Grade	The concentration of a metal in a mineral deposit
Group	A stratigraphic term referring to a package of several rock formations
Hydrothermal	Literally "hot water". Hydrothermal fluids, typically carrying metals in solution, develop in the Earth's crust through a number of processes
Igneous rocks	Rocks formed by crystallisation of molten rock (magma)
Induced polarisation	A geophysical exploration method which measures changes in electrical fields induced in the earth by applying an electrical current to the ground
Inlier	A large body of older "basement" rocks surrounded by younger strata
Intersection	A width of rock cut by a section of a drill hole
Intrusion	A mass of igneous rock which, while molten, was forced into or between other rocks
Layered complex	A composite body of mafic and ultramafic igneous rocks
Lineament	A large linear structure of uncertain origin
Mafic	Dark in colour. "Ultramafic" refers to very dark igneous rocks
Magnetic survey	A geophysical survey which measures variations in the Earth's magnetic field, caused by variations in the magnetic susceptibility of the rocks
Malachite	A basic copper carbonate mineral, formed in the oxide (weathered) zone of copper deposits
Marble	Metamorphosed and recrystallised limestone, consisting mainly of calcite
Member	In stratigraphy, a sub-set of a formation
Metamorphism	The processes by which rocks become mineralogically and texturally altered under the influence of heat and pressure
Mica	A group of soft and sheet-like minerals
Mineralisation	The processes by which ore minerals are emplaced into rocks
Mineralisation	Referring to bodies of metal-bearing rock, without connotation as to their economic potential
Mining Licence	A tenement, conferred by the Namibian government, which permits the holder to carry out mining operations
Orogeny	A major deformational and metamorphic event
Oxide zone	The upper, weathered portion of a mineral deposit, wherein metal sulphide minerals have been converted ("oxidised") to metal oxide, sulphate, carbonate, etc minerals
Plagioclase	A common sodium-calcium feldspar mineral
Pre-feasibility study	A preliminary study of the commercial feasibility of a mining and processing operation
Proterozoic eon	The geological time from 2,500 Ma to 542 Ma, divided into three eras: Paleoproterozoic (oldest), Mesoproterozoic and Neoproterozoic
Pyrite	A common iron sulphide mineral [FeS_2]
Pyrochlore	A complex oxide mineral
Pyroxenes	A group of common rock-forming silicate minerals, usually high in iron and magnesium, and commonly found in mafic and ultramafic igneous rocks
Pyrrhotite	A magnetic iron sulphide mineral [Fe_{1}-$_{x}S$]
Quartz	A very common mineral composed of silicon and oxygen [SiO_2]
Radiometric surveys	A geophysical survey which measures variations in the Earth's natural radioactivity
Recumbent	A style of folding in which a body of rock strata is bent back over itself
Reserve	An estimate of tonnage and grade of an ore body, based on detailed sampling and measurement. The categories Proven and Probable reflect the degree of uncertainty
Resource	An estimate of the tonnage and grade of a mineral deposit, but not implying that it can all be profitably mined. The categories Measured, Indicated and Inferred reflect the degree of uncertainty

Reverse circulation	A percussion drilling technique in which rock cuttings are recovered through the centre of hollow drill rods, thus minimising sample contamination
Rotary air blast	A shallow percussion drilling technique
Sandstone	A common sedimentary rock made of cemented sand grains
Schist	A common metamorphic rock with parallel orientation of mica minerals
Sedimentary	Rocks formed at the Earth's surface by deposition of sediment
Sequence	A major package of rock strata
Shear zone	A zone of strongly-deformed rock
Strike	The trend of a unit of strata
Strata	Superimposed layers of sedimentary rocks. Hence "stratigraphic"
Stratabound	Hosted by strata and usually broadly parallel to bedding
Syenite	An intrusive igneous rock composed largely of potassium feldspar
Tenements	A mining or mineral exploration title, conferred on the holder by government
Vein	A tabular or sheet-like mineral-filled fracture
Zircon	A zirconium silicate mineral [$ZrSiO_4$]

ABBREVATIONS

Ag	Silver
AMC	African Mining Capital Pty Ltd
Au	Gold
CMPL	Cobar Management Pty Ltd
Cu	Copper
DFS	Definitive feasibility study
DMS	Dense medium separation
EL	Exploration Licence (NSW)
EM	Electro-magnetic (geophysical exploration technique)
EPL	Exclusive Prospecting Licence (Namibia)
EPM	Exploration Permit for Minerals (Queensland)
g/t	Grams per tonne (= ppm)
HPX	High Power Exploration
ICP	Inductively coupled plasma mass spectrometry (analytical technique)
IP	Induced polarisation (geophysical exploration technique)
IRR	Internal rate of return
JORC	Joint Ore Reserves Committee
JV	Joint venture
km, km^2	Kilometres, square kilometres
Kv	Kilovolts (1000 volts)
M	Metres
Ma	Million years
MW	Megawatt (million watts)
Nb	Niobium
NSW	New South Wales
P	Phosphorus
PFS	Pre-feasibility study
ppm	Parts per million
RAB	Rotary air blast (drilling technique)
RC	Reverse circulation (drilling technique)
REE	Rare earth elements
SEM	Scanning electron microscope
SG	Specific gravity
SX-EW	Solvent extraction – electro-winning (ore processing method)
t, Mt	Tonnes, million tonnes
Ta	Tantalum
tpa, tpm	Tonnes per annum, tonnes per month
XRF	X-ray fluorescence (analytical technique)
μm	Micrometres (= 'microns')

Personnel, OH&S, Environment and Community

Occupational Health and Safety (OH&S)

IBML is committed to achieving the highest standards of safety and health for all its employees operating in the workplace. The IBML Health Safety and Management Program has benchmarks in place to achieve these goals.

The main elements of this Program are:

- Senior management are involved and committed;
- Management and supervisors are assigned responsibilities and authority for ensuring the safety, health and welfare of employees under the their supervision;
- Effective methods of employee involvement are adopted;
- Arrangements are in place for the identification of hazards and the assessment and control of risks;
- The provision of a safe system of work;
- Training is provided to enable all employees to carry out their responsibilities;and
- Adequate records are kept of action taken to manage health and safety in the workplace.

Our People

IBML ensures that training and assessment is provided for the tasks each employee is required to perform on an on-going basis. Training in field and office equipment, programs and procedures, as well as health and safety practices are available to all employees.

Craton's workforce has been made up of over 90% Namibian nationals, reflecting the strong commitment to local employment and training. Craton provides development opportunities for its staff at all levels - geologists, technicians, field assistants and office staff.

Environment

Environmental policies for protecting native flora and fauna are in place. All field activities are conducted so as to ensure minimal impact; drill sites and camp areas are rehabilitated.

All statutory requirements set down by the Namibian Ministry of Mines and Energy and the various Australian state government departments are met within the required time frames.

Community

IBML takes seriously its relationships with the communities in which it operates. The landholders over whose ground operations are conducted are accorded respect and consideration by all its personnel. A Code of Conduct is adhered to in regard to field work to ensure the highest standard of compliance is achieved.

Craton has held a series of meetings with local communities to explain its plans regarding the Omitiomire project. These meetings have been well received.

IBML supports the initiatives of the Namibian Chamber of Mines and the Ministry of Mines and Energy in their commitment to the International Council on Mining and Metals' Sustainable Development Principles and the Voluntary Principles on Security and Human Rights (Voluntary Principles) in relation to security, risk assessment and the maintenance of human rights.

Craton has established links with the University of Namibia. Craton's consultants deliver lectures at the University and practical work experience is provided by Craton for students studying geology. Two geology honours scholarship programmes have been provided to date.

The Craton Foundation has been established through a Trust Deed as a vehicle through which to channel funds to support community-related projects in Namibia. Three independent trustees, all Namibian residents, have been appointed to decide on the projects to be supported and to administer the funds. The Foundation's constitution sets a focus on educational activities.

IBML Investments

AFRICAN MINING CAPITAL PTY LTD/ KUNENE RESOURCES MAURITIUS (IBML 4.75%)

As disclosed in the previous year's annual report IBML made a $300,000 investment in African Mining Capital Pty Ltd., an unlisted entity. This investment secured IBML the option to earn a 51% stake in the Epembe tantalum-niobium project in north-western Namibia. In March 2013 IBML exercised its option to proceed with the first earn-in phase of the Epembe Joint Venture and invest $1.7 million in to earn a 31% stake in the project.

ZAMIA METALS LIMITED (IBML 2.87%)

Zamia Metals Limited (ASX:ZGM), through its wholly-owned subsidiary Zamia Resources Pty Limited (Zamia), holds a substantial portfolio of Exploration Permits for Minerals (EPMs) in the Clermont District of central Queensland. This district is part of an established gold province prospective for gold, copper and other metals including molybdenum.

The Anthony deposit is Zamia's flagship project – a large porphyry-style molybdenum deposit and the first significant porphyry-style deposit in the province, discovered by the company in 2008. A maiden JORC resource was announced in April 2010. Ongoing drilling has expanded the resource substantially to 318 MT ore at 390 ppm (0.039%) molybdenum in March 2012. The deposit remains open at depth and laterally. Further Information of Zamia and its projects can be found at www.zamia.com.au.

Zamia has re-focussed its exploration activities on the search for gold and copper. In July 2012, Zamia signed an Option and Joint Venture Agreement with Gold Fields Australasia Pty Limited ('Gold Fields') covering nine of Zamia's EPMs. Under the Agreement, Gold Fields can earn rights to up to 70% joint venture interest in up to three EPMs by funding $10 million in exploration expenditure over two option periods of six (6) years in total starting from July 2012. By August 2013 Gold Fields had selected three EPMs for detailed exploration within the first option period. Zamia's own activities have been focussed on epithermal-style gold and porphyry-style copper-gold targets within non-JV EPMs.

CARAVEL ENERGY LIMITED (FORMERLAY COPPER RANGE LIMITED (IBML 0.24%)

Caravel Energy Limited is an ASX-listed company (ASX: CRJ) focussing on exploration for oil and gas in the Morondava basin in Southern Madagascar, Africa.

Further information on Caravel Energy Limited is available at www.caravelenergy.com.au

Corporate Governance Statement

International Base Metals Limited is committed to good corporate governance and disclosure. Although the Company is not listed, it has decided in its disclosure policy to adopt the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations' (Second edition August 2007 with 2010 Amendments) for the entire 2013 financial year. Where the ASX Corporate Governance Council's recommendations have not been adopted by the Company, this has been identified and explained below. The Company's 'Corporate Governance Plan' including Policies and Committee Charters are disclosed on its website: www.ibml.com.au

		Complied	Note
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes	1
1.2	Disclose the process of evaluating the performance of senior executives.	Yes	2
1.3	Provide the information indicated in the Guide to reporting on Principle 1.	Yes	1-2
2.1	A majority of the Board should be independent Directors.	No	3
2.2	The chairperson should be an independent Director.	Yes	3
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	Yes	3
2.4	The Board should establish a nomination committee.	Yes	4
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual Directors.	Yes	5
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	Yes	2-5
3.1	Establish a code of conduct and disclose the code or a summary of the code as to:	Yes	6
	v The practice necessary to maintain confidence in the company's integrity;	Yes	
	v the practices necessary to take into account the company's legal obligations and the reasonable expectations of their stakeholders;	Yes	
	v the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	No	7
3.3	Disclose in each annual report the measurable objective for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	No	7
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	No	7
3.5	Provide the information indicated in Guide to Reporting on Principle 3.	Yes	7
4.1	The Board should establish an Audit Committee.	Yes	8
4.2	The Audit Committee should be structured so that it:		
	v consists only of Non-executive Directors;	Yes	8
	v consists of a majority of independent Directors;	No	8
	v is chaired by an independent chair who is not chair of the Board;	No	8
	v has at least three members.	Yes	8
4.3	The Audit Committee should have a formal charter.	Yes	8
4.4	Provide the information indicated in the Guide to reporting on Principle 4.	Yes	8
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	9

		Complied	Note
5.2	Provide the information indicated in Guide to reporting on Principle 5.	Yes	9
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	10
6.2	Provide the information in the Guide to reporting on Principle 6.	Yes	10
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	11
7.2	Require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	11
7.3	The Board should disclose whether it has received assurance from the Managing Director and the Chief Financial Officer that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks.	Yes	12
7.4	Provide the information indicated in Guide to reporting on Principle 7.	Yes	11-12
8.1	Establish a Remuneration Committee.	Yes	13
8.3	Clearly distinguish the structure of Non-executive Directors' remuneration from that of executive Directors and senior executives.	Yes	14
8.4	Provide the information indicated in Guide to reporting on Principle 8.	Yes	13-14

Notes

1. The relationship between the Board and senior management is critical to the Group's long-term success. The Directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

   The Company has a Board Charter approved by Directors which sets out the specific responsibilities of the Board which are:-

   - appointment of the Chief Executive Officer/Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination;
   - driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
   - reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
   - approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
   - approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
   - approving the annual, half yearly and quarterly accounts;
   - approving significant changes to the organisational structure;
   - approving the issue of any shares, options, equity instruments or other securities in the Company;
   - ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision-making;
   - monitoring progress in relation to the Company's diversity objectives and compliance with its diversity policy;
   - recommending to shareholders the appointment of the external Auditor as and when their appointment or re-appointment is required to be approved by them; and
   - meeting with the external Auditor, at their request, without management being present.

   The Board has delegated responsibility for the day-to-day operations and administration of the Company to the Managing Director.

2. The Board reviews and approves proposed remuneration (including incentive awards, equity awards and service contracts). As part of this review the Board oversees an annual performance evaluation of the executive team. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel. This duty is undertaken by the Remuneration Committee.

3. Dr James Macdonald is an independent Director and Non-executive Chairman. Mr Frank Bethune is the Managing Director, Dr Ken Maiden is an Executive Director while Non-executive Directors, Mr Zhehong Luo (and his alternate, Mr Qiang Chen), Mr Rui Liu (and his alternate, Mr Aidong Yang), Mr Jinhua Wang and Mr Alan Humphris are associated with the Company's major shareholders and therefore are not categorised as independent Directors. The Board believes however that the people on the Board can and do make independent judgements in the best interests of the Company at all times.

4. The Company has a Nomination Committee and has adopted a Nomination Committee Charter. The Committee is chaired by Mr Qiang Chen with Dr James Macdonald and Mr Alan Humphris as members,

5. During the reporting period, the Nomination Committee conducted a review of the role of the Board, assessed the performance of the Board over the previous 12 months and examined ways of enabling the Board to perform its duties more effectively.

6. The consolidated entity recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics. All Directors and employees are required to act in accordance with the law and with the highest standard of propriety.

   The Company has adopted a 'Code of Conduct' as part of its 'Corporate Governance Plan'. This code provides guidance to Directors and management on practices necessary to maintain confidence in the integrity of the Company.

   Directors are required to adhere to best industry standards in conduct and dealings and the Company has built a culture of honesty, fairness and ethical behaviour into its internal compliance policy and procedures.

   The Board also requires employees and consultants working for the Company to display high standards of ethical behaviour and integrity.

   The Company has adopted 'Guidelines for buying and selling securities'. Directors and employees are permitted to trade in the Company's securities during a four week period commencing from the date of the Company's Annual General Meeting, release of Quarterly Reports, Half Yearly and Annual Financial reports or release of a disclosure document offering securities in the Company. However, if a Director or employee of the Company at any time is in possession of price-sensitive information which is not generally available to the market, then he or she must not deal in the Company's securities.

   Prior to undertaking any trading in the Company's securities each Director is required to obtain the prior approval of the Chairman or the Board. Senior Managers must obtain approval from the Managing Director.

7. While the company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals, no decision has been made by the Board at this time to formulate a diversity policy.

8. The Company has adopted an 'Audit and Risk Committee Charter' with the Committee chaired by Mr Alan Humphris, a Non-executive but not an Independent Director with other members being Dr James Macdonald Non-executive Chairman and Mr Qiang Chen, Non-executive Director who is also not an independent Director.

9. The Company has adopted a disclosure policy so that, although the Company is not a listed disclosing entity, its announcements are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

10. The Company has a communications strategy and an established policy on stakeholder communications and continuous disclosure to promote effective communication with shareholders, subject to privacy laws and the need to act in the best interests of the Company by protecting commercial information. The Company's policy on communication with shareholders is set out in the Company's Corporate Governance Plan 'Shareholder Communications Strategy'.

11. The Board has established policies on 'Disclosure-Risk Management' as part of the 'Corporate Governance Plan' setting out procedure, internal compliance and control. To carry out this function the Board:

    - v oversees the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements;
    - v assists management to determine the key risks to the businesses and prioritise work to manage those risks; and
    - v reviews reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

    The Company's process of risk management and internal compliance and control includes:

    - v identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
    - v formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
    - v monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

12. The Board has received from management an assurance that internal risk management and the internal control system is effective; and assurance from the Non-executive Chairman that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control which is operating effectively in respect to financial reporting risks.

13. The Company has established a Remuneration Committee and has adopted a 'Remuneration Committee Charter'. The committee is chaired by Dr James Macdonald, Non-executive Chairman and with Mr Alan Humphris and Mr Qiang Chen, as members.

14. The remuneration policy, which sets the terms and conditions for the Chairman and other senior executives has been approved by the Board.

    All executives receive salaries or fees and also may receive incentives in the form of shares. The Board reviews executive packages annually by reference to Company performance, executive performance, comparable information from industry sectors and other exploration companies.

    Executives may be entitled to participate in shares issued under an employee share plan.

    The criteria used in determining the issue of shares to management include achievement of commercial and technical objectives.

    The amounts of remuneration paid to Directors and executives, including all monetary and non-monetary components, is detailed in the Directors' Report. All remuneration paid and shares or options issued to executives are valued at a cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

    The Board expects that the remuneration structure implemented will enable the Company to attract and retain high quality executives to run the economic entity. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the 'Group') consisting of International Base Metals Limited ('IBML') and the entities it controlled at the end of or during the year ended 30 June 2013.

Directors

The names of the Directors in office at any time during, or since the end of, the year and continue in office at the date of this report unless otherwise stated:

Dr Alasdair James Macdonald (MAICD)

Non-executive Chairman

Qualifications:	BA (Hons Geology and Mineralogy), Oxford; MSc and PhD (Economic Geology), Toronto; APEGBC (British Columbia).
Experience:	A geologist by training, James Macdonald had extensive mine and exploration geological experience in Mexico, Canada and the USA before completing a PhD in economic geology at the University of Toronto. Subsequently, he worked for the Ontario Geological Survey and the Mineral Deposit Research Unit at the University of British Columbia. From 1994, he developed a corporate career, initially with Homestake Mining Company in Chile, then with Billiton International Metals and BHP Billiton, with broad experience in exploration management, project assessment and strategic planning. James brings a wealth of international geological and exploration experience to the Board.
Special responsibilities:	Chairman of the Remuneration Committee and a Member of the Audit and Risk Committee and the Nomination Committee
Interest in shares and options:	795,409 ordinary shares and 1,500,000 options
Other current directorships:	Non-executive Director of Clancy Exploration Limited.

Mr Frank Macdonald Bethune (GAICD)

Managing Director

Qualifications:	BSc (Engineering - Mining) and, MSc (Engineering - Mineral Economics); University of the Witwatersrand, Johannesburg.
Experience:	From 1982, Frank had a career in the mining industry in southern Africa: with Anglo American Corporation at the Western Deep Levels gold mine in South Africa; with Rössing Uranium Limited (part of the Rio Tinto Group) in Namibia; with Anglovaal Limited, as Senior Mining Engineer in the head office (Johannesburg), at the Lavino chrome mine and Beeshoek iron ore mine in South Africa;and finally as General Manager at AngloGold's Navachab mine in Namibia (1997-2004) and a Director of AngloGold Namibia (Pty) Ltd. Moving to Western Australia in 2004, Frank was Mine Manager at Sunrise Dam gold mine then, until joining IBML in 2010, Surface Mining Manager for AngloGold Ashanti Australia, based in Perth. Frank brings essential skills sets to IBML, particularly in the fields of Mining Engineering and Management. In addition his several years of experience in Namibia, including his knowledge of and familiarity with key stakeholders in that country is of considerable benefit to the company.
Interest in shares and options:	375,000 shares
Other current Directorships:	Nil

Dr Kenneth John Maiden

Executive Director- Technical and Chief Geologist

Qualifications: BSc (Hons Geology), PhD (Economic Geology) UNSW Sydney, FAusIMM, MAIG

Experience: Since completing a doctoral thesis on the Broken Hill orebody, Ken has had 37 years professional experience - as an exploration geologist with major resource companies (CSR and MIM), as an academic (University of the Witwatersrand, Johannesburg) and as a mineral exploration consultant. Ken has participated in successful base metal exploration programmes in South Australia, Queensland, southern Africa and Indonesia. Ken brings particular strengths in project generation to the Board. He has established mineral exploration companies in Southern Africa, South Australia and Queensland, and is a founding Director of International Base Metals Limited.

Ken is a Fellow of the Australasian Institute of Mining and Metallurgy, and a Member of the Australian Institute of Geoscientists.

Interest in shares and options: 11,168,557 ordinary shares and 3,750,000 options.

Other current Directorships: Non-executive Director of Zamia Metals Limited.

Mr Rui Liu

Non-Executive Director (appointed 17 April 2013)

Qualifications:

Experience: Rui Liu has worked in geology and the mineral industry since his graduation from university in 1985. He became the Deputy Director of Heilongjiang Geology Mineral Testing Application Research Institute in 1988 and later went to Botswana as Deputy General Manager of CGC Botswana Co., Ltd. Mr Rui Liu has been General Manager and Chairman of Heilong Group since 2005. He was formerly a director of Heilongjiang Longxing International Resource Development Group Co. Ltd. He holds the position of Executive Deputy Chairman of the Heilongjiang Mining Industry Association. Heilong was established in 1997 and is based in Harbin which is the capital city of Heilongjiang Province in the People's Republic of China.

Interest in shares and options: Nil

Other current Directorships: Nil

Mr Alan John Humphris

Non-executive Director

Qualifications: BSc, BEc, LLM, FCPA

Experience:

Alan Humphris is an independent investment banker with more than 30 years' experience in Australia as a corporate advisor. He was formerly Managing Director of Hambros Corporate Finance Limited and, earlier, he was an Executive Director of JP Morgan Australia Limited responsible for mergers and acquisitions and other corporate advisory services. He has gained wide investment banking experience in Australia and internationally, including in relation to China.

Special responsibilities: Chairman of the Audit Committee and a Member of the Remuneration Committee and the Nomination Committee.

Interest in shares and options: 275,000 ordinary shares

Other current Directorships: Non-executive Chairman of Zamia Metals Limited, Non-executive Director of ASF Group Limited.

Mr Jinhua Wang

Non-executive Director (appointed 9 August 2011)

Qualifications:	B Min Eng University of Science and Technology, Beijing, China; Master of Industrial Engineering, China University of Mining and Technology
Experience:	Mr Wang is a Senior Engineer and Deputy Director, Mining Association of Zhejiang Province, China. Mr Wang has extensive experience in mining project development and marketing. In 2002, he established Hangzhou Kings Industry Co. Ltd, a company engaged in the investment and management of fluorspar mines and the fluoride chemical industry. The company possesses the largest fluorspar reserves in China and is an industrial leader.
Interest in shares and options:	Nil
Other current directorships:	Nil

Dr Jiniu Deng

Non-executive Director (resigned 27 July 2012)

Qualifications:	PhD (Geology), Chinese University of Geosciences
Experience:	Dr Jiniu Deng is a well-known professorial senior engineer with a doctorate degree from the Chinese University of Geosciences and post-doctoral from the Central South University of China. Dr Deng is Chairman of Qinghai West Resources Co. Ltd and Director of Qinghai West Rare & Precious Metals Co. Ltd. His exploration successes have included the discovery of lead-zinc in the Xitieshan deposit, nickel in the Hami Tulaergen deposit of Xinjiang province, and copper and lead-zinc in the Huogeqi deposit of Inner Mongolia. Dr Deng has been honoured with numerous scientific and business awards in China.
Interest in shares and options:	375,000 ordinary shares and 2,000,000 options
Other current Directorships:	Nil

Mr Zhehong Luo

Non-executive Director (appointed 24 July 2012)

Qualifications:	BSc, University of Warwick, UK
Experience:	Executive Director of Hangzhou Hongcheng Real Estate Co Ltd from 2005. During this period the company built a high-grade office building, reaching a height of 150m. Since 2009 he has been Chairman and Managing Director of Qinghai West Resources Co Ltd and Chairman of Qinghai West Rare & Precious Metals Co Ltd. Under his leadership, these companies have achieved a good reputation with excellent growth prospects.
Interest in shares and options:	Nil
Other current Directorships:	Nil

Mr Qiang Chen

Alternate Director to Dr Jiniu Deng (to 21 June 2012), Alternate Director to Zhehong Luo (from 24 July 2012)

Qualifications:	BSc, MSc (Mining Engineering)
Experience:	Mr Chen is Managing Director of West Minerals Pty Ltd, one of the Company's largest shareholders. Mr Chen, a resident of Perth, has extensive experience in international commodities trading and private equity investment. In the 1990's he was the Marketing Manager of China Metallurgical Import and Export Corporation.
Special responsibilities:	Chairman of the Nomination Committee and a Member of the Remuneration Committee and the Audit Committee.
Interest in shares and options:	Nil
Other current Directorships:	Non-executive Director of Zamia Metals Limited

Mr Aidong Yang

Alternate Director to Mr Rui Liu (appointed 7 May 2013)

Qualifications:	BSc (Mining Engineering)
Experience	Since graduation, Mr Yang has had extensive experience in mining operations and mine development. He is currently the Deputy General Manager of Heilong Mining Group, General Manager of Baoshan Mining Ltd (Heilong's subsidiary), and General Manager of Tongshan Mining Ltd (Heilong's subsidiary).
Interest in shares and options:	Nil
Other current Directorships:	Nil

Company Secretary

Mr John Stone	B Econ
Experience:	John has over 30 years' experience in the Australian and international corporate markets. He has been a Director and Company Secretary for private and public listed companies.
Interest in shares:	828,125 ordinary shares and 300,000 options

Chief Financial Officer

Mr Barry F Neal	B Econ, Univ Queensland
Experience:	Barry completed his degree at Queensland University in 1962 and started his career as a lecturer in accounting at the Queensland Institute of Technology. Barry has had extensive experience in accounting and company secretarial work with listed public companies in a range of industries.

Directors' Meetings

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director while they were a Director. During the financial year, the Company held 10 Board meetings, three Audit Committee meetings and four Remuneration Committee meetings.

	Full meetings of Directors		Meetings of Committees					
			Audit		Nomination		Remuneration	
	A	B	A	B	A	B	A	B
Dr Alasdair James Macdonald	10	10	3	3	-	-	4	4
Mr Frank Macdonald Bethune	10	10	-	-	-	-	-	-
Dr Kenneth John Maiden	10	10	-	-	-	-	-	-
Mr Alan John Humphris	9	9	3	3	-	-	4	4
Mr Rui Liu	2	2	-	-	-	-	-	-
Mr Jinhua Wang	10	1	-	-	-	-	-	-
Mr Qiang Chen as alternate for Dr Jiniu Deng	1	1	-	-	-	-	-	-
Mr Qiang Chen as alternate for Mr Zhehong Luo	9	8	3	3	-	-	4	4

A. No. of meetings held during the time the Director held office or was a member of the committee during the year
B. No. of meetings attended

Principal Activities

The principal activity of the entity during the financial year was the continued exploration for economic base metal and gold resources both within Australia and internationally with a specific focus on copper exploration in Namibia.

There were no changes in the Group's principal activities during the course of the financial year.

Dividends

No dividends have been declared in the 2013 financial year (2012: no dividend declared).

Review of Operations and Activities

Financial

For the financial year ended 30 June 2013, the consolidated entity's net loss after taxation was $5,228,792 (2012:$ 5,326,325). Exploration expenditure on Australian and Namibian tenements in the 2013 financial year was $3,212,968 (2012:$3,270,622) and was fully expensed, rather than capitalised, with the exception being joint venture exploration expenditure. The Directors believe that expensing, rather than capitalising exploration expenditure is more relevant to understanding the Company's financial position and complies fully with AASB 6 and is cash flow neutral.

Exploration activities

A review of the Group's exploration activities in Namibia and Australia is set out on pages 8-35.

Capital raising activities

During the year the Company has continued to use Sinonew Capital Advisory as a financial adviser to assist with the raising of equity funds via placements.

Azure Capital was appointed on 29 November 2012 to approach potential strategic investors, with a view to one of these parties becoming a significant shareholder ("Cornerstone Investor") in IBML.

The following capital raising subscriptions were undertaken during the financial year:

a) On 28 September 2012 subscription monies of $4.35 million were received from an existing shareholder, Heilongjiang Heilong Resources Investment Co Ltd (Heilong) pursuant to a subscription agreement signed on 21 June 2012 and 19.77 million ordinary shares were issued at $0.22 per share.

b) On 15 November 2012 a share based payment of 375,000 ordinary shares was made to Mr Frank Bethune the Managing Director in accordance with his employment contract with the Company.

c) On 12 December 2012 Heilong signed a binding subscription agreement to subscribe for A$30 million in the share capital of IBML with the shares to be issued in two tranches at an issue price of $0.20 per share. The Transaction is subject to a figure of conditions including:

- Approval under the Foreign Acquisitions and Takeovers Act;
- Approval by various government agencies in the People's Republic of China; and
- Approval in general meeting by the shareholders of IBML not associated with Heilong or West Minerals.

At an Extraordinary General Meeting (EGM) held on 29 January 2013 shareholders approved the transaction.

d) On 16 April 2013, following all regulatory approvals having been obtained, the first tranche of subscription monies of $15 million was received from Heilong pursuant to the subscription agreement signed on 12 December 2012 and 75 million ordinary shares were issued at $0.20 per share following shareholder approval at the EGM held on 29 January 2013.

e) On 16 June 2013, following all regulatory approvals having been obtained, the second tranche of subscription monies of $15 million was received from Heilong and 75 million ordinary shares were issued at $0.20 per share.

f) Net cash raised during the year was $33,587,420.

Investments in Listed and Unlisted Entities

The Company's investments in listed entities decreased in value by $345,065 during the financial year as a result of a decrease in the share prices of investments.

As disclosed in the previous year's annual report IBML made a $300,000 investment in African Mining Capital Pty Ltd, an unlisted entity. This investment secured IBML the option to earn a 51% stake in the Epembe tantalum-niobium project in northern Namibia.

On 7 March 2013 IBML exercised its option to proceed with the first-earn-phase of the Epembe Joint Venture and invest $1.7 million to earn the 31% stake in the project.

Significant changes in state of affairs

As disclosed under capital raising activities' above the funds provided by Heilong of $34.35 million over the past year has provided the funding required to enable IBML to start the implementation of its long term strategy, particularly working towards establishing an Omitiomire copper mining and processing operation.

On 13 May 2013, Tandem Resources Pty Ltd, a fully owned subsidiary of IBML was formed. This entity will be the joint venture partner for the Epembe project in Namibia.

In the opinion of the Directors, apart from the above, there were no other significant changes in the state of affairs of the consolidated entity that occurred during the period not otherwise disclosed.

Likely developments and expected results of operations

Additional comments on likely and expected results of operations of the Group are included in this annual report under the 'Review of Operations' on pages 8-35.

After balance date events

On 28 September 2013, the Chairman of IBML, Dr A James Macdonald gave notice that he would step down from the Board effective 1 October 2013. The Board has appointed Dr Ken Maiden as Acting Chairman until such time as a suitably qualified candidate can be found to fill the position.

Environmental regulations

The Consolidated Entity's operations are presently subject to environmental regulation under the laws of Australian state governments, the Commonwealth of Australia and Namibia. The Consolidated Entity is at all times in full environmental compliance with these laws and the conditions of its exploration licences.

Remuneration Report – Audited

Names and positions held by consolidated and parent entity key management personnel in office during the whole of the and up to the date of this report were:-

Dr Alasdair James Macdonald	Non-executive Chairman	
Mr Frank Macdonald Bethune	Managing Director	
Dr Kenneth John Maiden	Executive Director – Technical and Chief Geologist	
Mr Rui Liu	Non-executive Director	Appointed 17 April 2013
Mr Alan John Humphris	Non-executive Director	
Mr Jinhua Wang	Non-executive Director	
Mr Zhehong Luo	Non-executive Director	Appointed 24 July 2012
Mr Qiang Chen	Alternate to Zhehong Luo	
Mr Aidong Yang	Alternate to Rui Liu	Appointed 7 May 2013
Mr John Stone	Company Secretary	
Mr Barry F Neal	Chief Financial Officer	
Mr Avert André Genis	Chief Operating Officer, Craton Mining and Exploration (Pty) Ltd	Appointed 3 June 2013
Mr Karl Hartmann	Director and Exploration Manager, Craton Mining and Exploration (Pty) Ltd	
Mrs Sigrid Hartmann	Director, Craton Mining and Exploration (Pty) Ltd	

Remuneration Policy

The Board determines the remuneration policy applicable to each executive as and when required based on market rates and funding available. Currently, other key management personnel as disclosed in the table, below, are contractors to the Company and all were appointed under arm's length agreements acceptable to both parties.

Key management personnel are entitled to participate in the employee share and option arrangements and to benefits at the discretion of the Board.

Details of remuneration

Details of the remuneration of the Directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified executives of IBML are set out in the following tables:-

Remuneration – Key management personnel of the Group 2013

	Short-term benefits *	Post-employment benefits	Share-based payments			
	Cash, salary and fees $	Super-annuation $	Equity $	Options $	Termination benefit $	Total $
***Executive* Directors**						
Mr Frank Bethune, Managing Director	546,474	25,000	10,988	-	-	582,462
Dr Kenneth John Maiden	229,688	20,672	-	-	-	250,360
	776,,162	**45,672**	**10,988**	**-**	**-**	**832,822**
Non-executive Directors						
Dr Alasdair James Macdonald, Chairman	40,000	-	-	-	-	40,000
Mr Zehong Luo	30,000	-	-	-	-	30,000
Mr Alan John Humphris	35,000	3,150	-	-	-	38,150
	105,000	**3,150**	**-**	**-**	**-**	**108,150**
Other Key Management Personnel						
Mr John Stone, Company Secretary	58,730	-	-	-	-	58,730
Mr Barry F Neal, Chief Financial Officer*	35,183	-	-	-	-	35,183
Mr Jordan Guocheng Li, General Manager Corporate Affairs	12,053	1,085				13,138
Mr Karl Hartmann, Director and Exploration Manager +	205,320	-	-	-	-	205,320
Mrs Sigrid Hartmann, Director/Company Secretary +	82,874	-	-	-	-	82,874
Mr Avert Andre Genis, COO+	15,013	-	-	-	-	15,013
	409,173	1,085	-	-	-	410,258
Total Key Management Remuneration	**1,290,335**	**49,907**	**10,988**	**-**	**-**	**1,351,230**

* *Includes fees paid to related parties of key management personnel*

\+ *Directors of controlled entity Craton Mining and Exploration (Pty) Ltd. Dr A James Macdonald, Mr Frank Bethune and Dr Kenneth John Maiden are also Directors of this subsidiary.*

No cash or non-cash remuneration, including share based payments, was paid to Mr Jinhua Wang, Mr Qiang Chen and Mr Zhehong Luo during the year ended 30 June 2013 (2012:Nil).

Remuneration – Key management personnel of the Group 2012

	Short-term benefits *	Post-employment benefits	Share-based payments			
	Cash, salary and fees $	Super-annuation $	Equity $	Options $	Termination benefit $	Total $
***Executive* Directors**						
Mr Frank Bethune, Managing Director	393,295	30,574	71,512	-	-	495,381
Dr Kenneth John Maiden*	168,023	8,438	-	-	-	176,461
	561,318	39,012	71,512	-	-	671,842
Non-executive Directors						
Dr Alasdair James Macdonald, Chairman	40,000	-	-	-	-	40,000
Dr Jiniu Deng	30,000	-	-	-	-	30,000
Mr Alan John Humphris	35,000	3,150	-	-	-	38,150
	105,000	3,150	-	-	-	108,150
Other Key Management Personnel						
Mr John Stone, Company Secretary	39,580	-	-	-	-	39,580
Mr Barry F Neal, Chief Financial Officer*	29,860	-	-	-	-	29,860
Mr Karl Hartmann, Director and Exploration Manager +	196,841	-	-	-	-	196,841
Mrs Sigrid Hartmann, Director/Company Secretary +	84,739	-	-	-	-	84,739
	351,020	-	-	-	-	351,020
Total Key Management Remuneration	**1,017,338**	**42,162**	71,512	**-**	**-**	**1,131,012**

* *Includes fees paid to related parties of key management personnel*

\+ *Directors of controlled entity Craton Mining and Exploration (Pty) Ltd. Dr A James Macdonald, Mr Frank Bethune, Dr Kenneth John Maiden and Dr Jiniu Deng are also Directors of this subsidiary.*

No cash or non-cash remuneration, including share based payments, was paid to Mr Jinhua Wang, Mr Qiang Chen and Mr Zhehong Luo during the year ended 30 June 2013 (2012:Nil).

Service Contracts

Remuneration and other terms of employment for the Managing Director Mr Frank Bethune, Executive Director Dr Ken Maiden and Mr Karl Hartmann, Exploration Manager of the Company's fully owned subsidiary Craton Mining and Exploration (Pty) Ltd, are formalised in service agreements. The major provisions of the agreements are set out below:-

Name	Term of agreement	Base fees	Termination Benefit
Mr Frank Macdonald Bethune, Managing Director	From 3 December 2012	From 3 December 2012 $390,561 p.a. including superannuation; and As he remained in employment on 3 August 2012 to receive 375,000 rights to ordinary shares in the company to be issued for no consideration plus a cash bonus of $56,000 and on listing of the Company on the ASX an increase in base fees of $25,000, a $30,000 cash bonus, and the issue of 100,000 ordinary shares at no consideration. In the event that the Company secures a cornerstone investor who provides no less than $10 million capital before 19 June 2016, payment of an incentive bonus of $50,000 plus a further $5,000 for each $1 million above $10million. If the cornerstone investor provides $20 million or more the incentive bonus is $126,262.50 linked to a formulae to increase this if such investment is above 20 cents per share.	12 months salary and superannuation plus leave entitlements

Dr Kenneth John Maiden, Executive Director and Chief Geologist	From 1 February 2012	On appointment $225,000 p.a plus superannuation with a review by the Board subsequent to listing on the ASX. At each annual review salary to be increased by a minimum of 5%. Reviewed 6 February 2013 and salary increased to $236,250 p.a. and superannuation $21,262.50 p.a.	Three month's salary and superannuation plus leave entitlements. Termination benefit to be reviewed upon the company securing equity from a cornerstone investor of not less than $20m or upon listing on the ASX.
Mr Avert Andre Genis, COO, Craton Mining and Exploration (Pty) Ltd	From 3 June 2013 and terminating 31 May 2014	N$160,000 per month and with an entitlement of 20 days leave, 14 sick leave and five days compassionate leave per annum	Agreement may be terminated by three month's notice by either party. No termination payments apply.
Mr Karl Hartmann, Exploration Manager Craton Mining and Exploration (Pty) Ltd	From 1 April 2011 with extension on 16 August 2012 to 31 August 2013 but may be extended beyond this date on terms agreeable to both parties	US$16,625 per month as from 31 August 2012. Subject to rates review at the same time as Craton employee salaries are reviewed.	No termination payments apply.

Other executives (standard contracts)

The Company may terminate the executive's employment agreement by providing four weeks written notice or providing payment in lieu of the notice period (based on the fixed component of the executive's remuneration). The Company may terminate the contract at any time without notice if serious misconduct has occurred.

Options Granted as Remuneration

Options may be issued to Directors and Company Executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to all Directors and executives of the Company to increase goal congruence among Directors, executives and shareholders. Options are granted for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. No options were issued as remuneration during the reporting period.

Shares Issued on Exercise of Remuneration options

No shares were issued to key management personnel during the year or since the end of the year up to the date of this report, as a result of the exercise of remuneration options.

END OF AUDITED REMUNERATION REPORT

Shares under option

Unissued ordinary shares of International Base Metals Limited under option, issued in the current and previous years, at the date of this report are as follows:

Grant date	Expiry date	Exercise Price	Number of options
02 Oct 08	03 Oct 13	$0.30	2,500,000
21 Nov 11	30 Nov 13	$0.25	1,125,000
03 Feb 12	30 Nov 13	$0.25	2,500,000
08 Mar 12	30 Nov 13	$0.25	2,625,000
17 Apr 12	30 Nov 13	$0.25	1,250,000
			10,000,000

22,000,000 options expired during the reporting period.

Shares issued on exercise of options

No shares were issued during the year as a result of the exercise of options.

Indemnifying and insurance of Directors and officers

During or since the end of the previous financial year, the Company has given an indemnity or entered into an agreement to indemnity, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure all of the Directors of the Company as named above, the Company Secretary Mr John Stone, and all executive officers of the Company against any liability incurred as such by Directors, the Secretary or Executive Officers to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings of behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

The company may decide to employ the Auditor on assignments additional to their statutory audit duties where the Auditor's expertise and experience with the company and/or the group are important.

No such services were provided to the Company during the reporting period.

Auditor’s independence declaration

The lead auditor’s independence declaration for the year ended 30 June 2013 has been received and is set out on page 54 of the financial report.

Signed in accordance with a resolution of the Board of Directors
Dr A James Macdonald
Non-executive Chairman

Sydney, 30 September 2013

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Auditor's Independence Declaration
To the Directors of International Base Metals Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of International Base Metals Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

I S Kemp
Partner - Audit & Assurance

Sydney, 30 September 2013

Grant Thornton

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Independent Auditor's Report
To the Members of International Base Metals Limited

We have audited the accompanying financial report of International Base Metals Limited (the "Company"), which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company the consolidated entity comprising the Company and the entities it controlled at the years end or from time to time during the financial year.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

a the financial report of International Base Metals Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 50 to 52 of the directors' report for the year ended 30 June 2013. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of International Base Metals for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Ian Kemp

I S Kemp
Partner - Audit & Assurance

Sydney, 30 September 2013

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date.

2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

4. The remuneration disclosures included in pages 50 to 52 of the Directors' report (as part of audited Remuneration Report), for the year ended 30 June 2013, comply with section 300A of the *Corporations Act 2001.*

5. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Dr A James Macdonald
Non-executive Chairman

30 September 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2013

	Note	30 June 2013 $	30 June 2012 $
Revenue	**4**	257,694	255,513
Other income	**5**	937	92,376
Expenditure			
Administrative expenses		(826,869)	(753,664)
Exploration expenditure		(3,212,968)	(3,270,622)
Depreciation and amortisation expense	**6**	(34,445)	(39,589)
Consultants' expense		(10,410)	(194,625)
Financial and legal costs		(234,051)	(139,693)
Occupancy expenses		(35,500)	(305,974)
Contribution to the Craton Foundation		-	(30,143)
Employee benefits expense		(1,122,192)	(868,392)
Share based payment		(10,988)	(71,512)
Loss before income tax		(5,228,792)	(5,326,325)
Income tax	**7**	-	-
Loss for the year		**(5,228,792)**	**(5,326,325)**
Other Comprehensive Income			
Changes in the fair value of available-for-sale financial assets		(345,065)	(722,813)
Exchange differences on translation of foreign currency	**16**	(51,596)	(27,358)
Total Other Comprehensive Income(loss)		**(396,661)**	**(750,171)**
Total Comprehensive (loss) for the year		**(5,625,453)**	**(6,076,496)**
Basic and diluted loss per Share (cents)	**27**	(1.29)	(1.48)

The accompanying notes form part of the financial statements

Consolidated Statement of Financial Position

As at 30 June 2013

	Note	30 June 2013 $	30 June 2012 $
Current Assets			
Cash and cash equivalents	**8**	30,697,824	2,231,369
Trade and other receivables	**9**	197,137	192,318
Other current assets	**10**	108,041	200,804
Total Current Assets		**31,003,002**	**2,624,491**
Non-current Assets			
Available-for-sale financial assets	**11**	395,157	440,222
Plant and equipment	**12**	127,908	107,249
Total Non-current Assets		**523,065**	**547,471**
Total Assets		**31,526,067**	**3,171,962**
Current Liabilities			
Trade and other payables	**13**	941,163	572,291
Short-term provisions	**14**	93,245	80,967
Total current liabilities		**1,034,408**	**653,258**
Total Liabilities		**1,034,408**	**653,258**
Net Assets		**30,491,659**	**2,518,704**
Equity			
Issued capital	**15**	67,707,532	34,037,612
Reserves	**16**	(956,810)	(488,637)
Accumulated losses		(36,259,063)	(31,030,271)
Total Equity		**30,491,659**	**2,518,704**

The accompanying notes form part of the financial statements

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2013

Consolidated Group

	Share Capital $	Accumulated Losses $	Other Reserves $	Total Equity $
Balance at 1 July 2011	**28,492,105**	**(25,703,946)**	**190,022**	**2,978,181**
Total comprehensive (loss)/income for the year	-	(5,326,325)	(750,171)	(6,076,496)
Transactions with owners in their capacity as owners				
Shares issued during the year	5,658,007	-	-	5,658,007
Share issue costs	(112,500)	-	-	(112,500)
Share based payments	-	-	71,512	71,512
	5,545,507	(5,326,325)	(678,659)	(459,477)
Balance at 30 June 2012	**34,037,612**	**(31,030,271)**	**(488,637)**	**2,518,704**
Balance at 1 July 2012	**34,037,612**	**(31,030,271)**	**(488,637)**	**2,518,704**
Total comprehensive (loss)/income for the year	-	(5,228,792)	(396,661)	(5,625,453)
Transactions with owners in their capacity as owners				
Contributions of equity	34,350,001	-	-	34,350,001
Share based payments at fair value	82,500	-	(71,512)	10,988
Share issue costs	(762,581)	-	-	(762,581)
	33,669,920	-	(71,512)	33,598,408
Balance at 30 June 2013	**67,707,532**	**(36,259,063)**	**(956,810)**	**30,491,659**

The accompanying notes form part of the financial statements

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2013

	Note	30 June 2013 $	30 June 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers inclusive of GST collected on sales		57,107	201,800
JV funds received		-	213,674
Payments to suppliers and employees		(1,902,289)	(2,736,463)
Payments for exploration expenditure		(3,120,205)	(3,471,425)
Interest received		198,157	118,509
Net cash (outflow) from operating activities	**27**	**(4,767,230)**	**(5,673,905)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(75,925)	(28,475)
Proceeds from the sale of office equipment		22,190	32,380
Payment for the purchase of available-for-sale financial assets		(300,000)	-
Proceeds from the sale of available-for-sale financial assets		-	68,335
Security deposit recouped		-	160,325
Net cash (outflow)/ inflow from investing activities		**(353,735)**	**232,565**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		34,350,001	5,658,007
Cost of capital raising		(762,581)	(112,500)
Net inflow from financing activities		**33,587,420**	**5,545,507**
Net increase in cash held		28,466,455	104,167
Cash at the beginning of the financial year		**2,231,369**	2,127,202
Cash at the end of the financial year	**8**	**30,697,824**	**2,231,369**

The accompanying notes form part of the financial statements

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of International Base Metals Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. IBML is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the International Base Metals Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(i) New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 'Presentation of Financial Statements' effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

(iii) Historical cost convention

These financial statements have been prepared under the accrual basis and are based on the historical cost convention, modified where applicable by the measurement at fair value of selected financial assets and financial liabilities.

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1 (w).

(b) Financial report prepared on a going concern basis

The financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and at the amounts stated in the financial report.

The net loss after income tax for the consolidated entity for the year ended 30 June 2013 was $5,228,792 (2012:$5,326,325).

The Directors nevertheless believe that it is appropriate to prepare the financial report on a going concern basis because:-

(i) in the financial year the Company raised funds from share placements resulting in a net cash injection of $33,587,420;

(ii) the Group had $30,697,824 cash on hand at 30 June 2013;

(iii) the Company is expected to require additional funds for resource drilling and for the possible development of an oxide copper mining operation at the Omitiomire project and for additional drilling on other targets. Budgeted expenditure for the twenty-four month period from 1 July 2013 to 30 June 2015 is $52.7 million. To fund this expenditure the Board is planning capital raising and other fund raising as required.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of International Base Metals Limited ("company" or "parent entity") as at 30 June 2013 and the results of all subsidiaries for the year then ended. International Base Metals Limited and its subsidiary together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition for business combinations by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic steering committee.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Group.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is International Base Metals Limited's functional and presentation currency.

(ii) Transactions and balance

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Revenue Recognition

Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.

Revenue from the rendering of a service is recognised upon delivery of services to customers.

All Australian revenue is stated net of the amount of goods and services tax (GST) and Namibian revenue net of VAT.

(g) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted at the end of the reporting period based on the applicable income tax rates for each jurisdiction where the Company and its subsidiaries operate and generate income.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

International Base Metals Limited and its wholly owned Australian controlled entities have not implemented the tax consolidation legislation.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary difference can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

(h) Exploration and development expenditure

All exploration, evaluation and development expenditure on all the Company's exploration tenements is expensed as incurred. Directors believe this treatment where expenditure is expensed rather than capitalised is more relevant with understanding the Company's financial position, complies fully with AASB 6 and is cash flow neutral.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of twelve months or less, and bank overdrafts. Bank overdrafts are shown with short-term borrowings in current liabilities.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Investments and other financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loan to subsidiaries are classified as non-current receivables.

Available-for-sale financial assets

The Group classifies its investments as available-for-sale assets, which comprise of marketable securities. They are included in non-current assets unless management intends to dispose of the investments within twelve months of the end of the reporting period. Such investments are stated at fair value, with any resultant gain or loss recognised directly in equity. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

The fair value of financial instruments classified as available-for-sale is the quoted bid price at the balance date.

Financial instruments classified as available-for-sale investments are recognised/derecognised by the entity on the date it commits to purchase/sell the investments.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired, in the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

(m) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

At each reporting date, the group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value is use is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

Depreciation

Depreciation is provided on plant and equipment and leasehold improvements. Depreciation is calculated on a straight line basis over the useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the expired period of the lease or the estimated useful lives of the improvements. The following estimated useful lives are used in the calculation of depreciation:

Office equipment	4 years
Furniture & fitting	5 years
Plant and Equipment	5 years
Motor vehicles	4 years
Computer software and equipment	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These gains and losses are recognised in profit or loss. When re-valued assets are sold, amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade and other payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(o) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the reporting date.

(p) Operating Leases

Lease payments for operating leases, where substantially all the risks remain with the lessor, are charged as expenses in the periods in which they are incurred.

(q) Borrowing

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed as a liability when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(s) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Share-based payments

Share-based compensation benefits are provided to Directors, employees and company consultants via the International Base Metals Ltd Employee Share Option Plan. Information relating to this Plan is disclosed in Note 28.

Options are also issued to investors as an incentive with options tied to share placements.

The fair value of options or shares granted under the Plan is recognised as an expense with a corresponding increase in equity.

The fair value of options at grant date is independently determined using a Black-Scholes option pricing model that take into account the exercise price, the term of the options, the impact of dilution, the share price at grant date, expected price volatility of the underlying share, and the risk free interest rate for the term of the options. The total amount is expensed by reference to the fair value of those options at the date the shares or options are granted over the vesting period.

Shares issued under the Plan for no cash consideration vest immediately on grant date. On this date, the deemed market value of the shares issued is recognised as an expense with a corresponding increase in equity.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) or value added tax (VAT), except, where the amount of GST incurred is not recoverable from the Australian Tax Office or VAT is not recoverable from the Namibian Tax Office. In these circumstances the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are shown inclusive of GST/VAT. The net amount of GST/VAT recoverable from, or payable to, the taxation authorities is included with other receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis except for the GST/VAT component of cash flows arising from investing and financing activities which are disclosed as operating cash flows.

(w) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates – Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key estimates – Share-based payments

The fair value of bonus shares issued to a Director as per his contract of employment has been determined on the basis of the share price of the most recent share placement in relation to the date of his contract and have been expensed over the vesting period.

Impairment of other receivables

The Directors have reviewed outstanding debtors as at 30 June 2013 and have formed the opinion that not all debtors outstanding are collectible and have therefore decided that a provision for impairment of other receivables should be made in the accounts of the parent of $2,084,891 being debts owing by subsidiaries to the parent entity. Refer to Note 17(b).

Key judgements – Income tax

The Group principal activity at this stage of its development is mineral exploration without an income stream. The Group has therefore decided not to recognise deferred tax assets relating to carried forward tax loses to the extent that there are insufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. Refer Note 7(c).

Key judgements – exploration expenses

The Directors have decided to expense rather than capitalise all expenditure on exploration, evaluation and development on all the Company's exploration as it is incurred. Directors believe this treatment when expenditure is expensed rather than capitalised is more relevant with understanding the Company's financial position, complies fully with AASB 6 and is cash flow neutral. Refer Note 1(h).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

AASB 9*: Financial Instruments* (December 2010) and AASB 2010–7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).*

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost; requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of the change to the mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 31 December 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010–7 may not have a significant impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact

AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011) and AASB 128: Investments in Associates and Joint Ventures (August 2011) (as amended by AASB 2012–10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments), and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: *Consolidated and Separate Financial Statements* (March 2008, as amended) and Interpretation 112: *Consolidation – Special Purpose Entities*. AASB 10 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the Group's financial statements.

AASB 11 replaces AASB 131: *Interests in Joint Ventures* (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement).

(x) New Accounting Standards for Application in Future Periods (continued)

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Group's financial statements.

AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

AASB 2011–4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: *Related Party Disclosures* to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent *Corporations Act 2001* disclosure requirements.

This Standard is not expected to significantly impact the Group's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Group; and
- AASB 2011–4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011–4.

AASB 2012–2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012–2 principally amends AASB 7: *Financial Instruments: Disclosures* to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Group's financial statements

AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to AASB 132: *Financial Instruments: Presentation* to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement

This Standard is not expected to significantly impact the Group's financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) New Accounting Standards for Application in Future Periods (continued)

AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of *Annual Improvements to IFRSs 2009–2011 Cycle* by the International Accounting Standards Board, including

- AASB 1: *First-time Adoption of Australian Accounting Standards* to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and

AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Group's financial statements.

(xi) Parent entity financial information

The financial information for the parent entity, International Base Metals Limited, disclosed in Note 17 has been prepared on the same basis as the consolidated financial statements, except as set out below,

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of International Base Metals Limited.

NOTE 2: FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

Risk management is carried out by management under policies approved by the Board of Directors. The Group's overall risk management strategy is to ensure that financial targets are met, while minimising potential adverse effects on financial performance relating to current and future cash flow requirements.

The Group's financial instruments consist mainly of deposit with banks, accounts receivable, investments, and trade and other payables.

The total for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated Group	
	2013 $	2012 $
Financial Assets		
Cash and cash equivalents	30,697,824	2,231,369
Trade and other receivables	197,137	192,318
Available-for-sale financial assets	395,157	440,222
	31,290,118	2,863,909
Financial liabilities		
Trade and other payables	941,164	572,291

(a) Market Risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposure with respect to the Namibia dollar (N$).

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Namibian dollars, was as follows:-

	30 June 13 N$	30 June 12 N$
Cash at bank	2,785,046	2,495,356
Other receivables	1,268,838	1,601,833
Payables	(4,854,207)	(1,125,075)
	(800,323)	2,972,114

Group sensitivity

Based on the financial instruments held at 30 June 2013, had the Australian dollar weakened/strengthened by 10% against the Namibian dollar (N$) with all other variables held constant, the Group's net profit before tax would have been $9,868 lower/$8,073 higher (2012: $39,307 lower/$32,160 higher) than the previous year.

(ii) Price risk

The Group is exposed to equity security price risk. This arises from investments held by the Group and classified as available-for-sale financial assets representing shares held in three listed companies. The Group is not exposed to commodity price risk.

The Group's investments in equity securities are in listed mining companies which were floated by International Base Metals Ltd.

Price risk sensitivity

The analysis of the available for sale assets (investments in equity securities) is based upon the change in the S&P/ASX Metals and Mining Index which has decreased by 16.95% (2012: increase 32.49%) over the financial year

	Impact on other components of equity 2013	 2012
S&P/ASX Metals and Mining Index – decrease 16.95% (2012: decrease 32.49%)	270,462	344,964

(iii) Interest rate risk

As the Group does not at the end of the reporting period have any external debt and all its liabilities are non-interest bearing, the effect on profit and equity as a result of change in the interest rate, with all other variables remaining constant is not material.

Receivables are carried at amortised cost and are therefore not subject to interest rate risk as defined in AASB 7.

The Group's interest rate risk arises from cash equivalents with variable interest rates. The average interest rate applicable during the reporting period 2.08% (2012:3.32%).

Group sensitivity

At 30 June 2013 if interest rates had increased/decreased by 50 basis points from the year end rates with all other variables held constant, the Group's net profit before tax would have been $991 higher/lower (2012: $593 higher/ lower as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from other third parties, investments, banks and financial institutions.

Investments, banks and financial institutions

The Group limits its exposure to credit risk by only limiting transactions with high credit quality financial institutions that have an external credit rating, set down by Standard and Poors (S&P), of at least AA and BBB+ category for long term investing and at least a short term rating of A-1 and A-1+, excluding available-for-sale financial assets. With respect to investments, it limits its exposure by investing in liquid investments that are principally exchange traded.

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

Trade and other receivables

As the Group operates in the mining exploration sector, the group and parent generally does not have trade receivables but does receive service fees charged for supply of services and facilities to a related entity. The Group also receives refunds for fuel tax, VAT and GST (all of which are not subject to AASB 7 disclosures). The Group is therefore not generally exposed to credit risk in relation to trade receivables. The Group however provides security deposits as part of its exploration activities which does expose the Group to credit risk in this area but which is not material.

Financial assets past due but not impaired

As the Group and Parent Entity are only involved in mineral exploration and are not trading, there are no financial assets past due and there is no management of credit risk through performing an aging analysis as required by AASB 7. For this reason an ageing analysis has not been disclosed in relation to this class of financial instrument.

Financial assets neither past due nor impaired

The Group and Company credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or past history:

	Carrying amount Consolidated	
	2013 $	**2012 $**
Cash and cash equivalents		
AA Standard & Poor's	30,388,779	1,934,344
BBB+ Standard & Poor's	1,238	1,471
BBB+ Fitch Rating	307,807	295,554
	30,697,824	2,231,369
Trade receivables		
Counterparts without external credit rating		
Group 1*	7,577	1,658
Group 2**	45,514	-
	53,091	1,658

* Service clients (more than 6 months) with no defaults in the past

* *Service client (less than 6 months) with no defaults in the past

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational and financing activities;
- ensuring that adequate capital raising activities are undertaken;
- maintaining a reputable credit profile; and
- investing surplus cash only with major financial institutions.

The Group has no long term financial liabilities and prefers to use capital raising rather than borrowings to balance cash flow requirements.

The following tables reflect undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

As at 30 June 2013	Less than 1 Year $	1 to 5 Years $	More than 5 Years $	Total contractual cash flows $	Carrying Value $
Trade and other payables	941,163	-	-	-	941,163
Total financial liabilities	941,163	-	-	-	941,163

As at 30 June 2012	Less than 1 Year $	1 to 5 Years $	More than 5 Years $	Total contractual cash flows $	Carrying Value $
Trade and other payables	572,291	-	-	572,291	572,291
Total financial liabilities	572,291	-	-	572,291	572,291

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

(d) Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. term receivables, held-to-maturity assets and loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group

		2013		2012	
	Footnote	Carrying Value	Net Fair Value	Carrying Value	Net Fair Value
		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	30,697,824	30,697,824	2,231,369	2,231,369
Trade and other receivables	(i)	197,137	197,137	192,318	192,318
Available-for-sale financial assets at fair value:					
- listed investments	(ii)	95,157	95,157	440,222	440,222
- Unlisted investments	(iii)	300,000	300,000	-	-
Total Financial assets		31,290,118	31,290,118	2,863,909	2,863,909
Financial liabilities					
Trade and other payables	(i)	941,163	941,163	572,291	572,291
Total Financial liabilities		941,163	941,163	572,291	572,291

(i) Cash and cash equivalents, trade and other receivables, other current assets, security deposits and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

(ii) For listed available-for-sale assets, closing quoted bid prices at the end of the reporting period are used.

(iii) For unlisted investment valued at cost which equates to fair value

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Consolidated	Level 1	Level 2	Level 3	Total
2013	$	$	$	$
Financial assets				
Available-for-sale financial assets:				
- Listed investments	95,157	-	-	95,157
- Unlisted investments	-	-	300,000	300,000
	95,157	-	300,000	395,157

NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

Consolidated 2012	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Available-for-sale financial assets:				
- Listed investments	440,222	-	-	440,222

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

Included in Level 3 of the hierarchy is an unlisted investment. The fair value of this financial asset has been based on cost being the fair value of this investment at reporting date.

NOTE 3: SEGMENT INFORMATION

1 Description of segments

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The Board considers the business from both exploration and a geographic perspective and has identified two reportable segments.

International Base Metals Limited and its controlled entity are involved in mineral exploration without an income stream at this stage. Cash flow including the raising of capital to fund exploration is presently therefore the main focus rather than profit.

The two reportable segments are Australia and Namibia which also equate to the geographic location.

(b) Segment performance

	2013 Australia $	2013 Namibia $	2013 Total $	2012 Australia $	2012 Namibia $	2012 Total $
REVENUE						
External services	17,068	358	17,426	100,079	-	100,079
Other revenue (including finance revenue)	1,614,231	13,633	1,627,864	1,003,186	7,925	1,011,111
Total segment revenue	1,631,299	13,991	1,645,290	1,103,265	7,925	1,111,190
Reconciliation of segment revenue to group revenue						
Inter-segment elimination**	(1,386,659)	-	(1,386,659)	(855,677)	-	(855,677)
Total group revenue	244,640	13,991	258,631	247,588	7,925	255,513

* No revenue by product disclosed as the Group is involved solely in mineral exploration and does not sell a product.

** Represents interest charged by Australia to Namibia.

MAJOR CUSTOMERS

Australian revenue from external sales of $17,068 (2012: $100,079) was for service fees from a single customer and other Australian revenue was interest earned, JV management fee and other revenue. Namibian revenue $13,991 (2012: $7,925) in the reporting was for technical service fee, interest earned and other revenue and prior years was interest earned.

NET (LOSS) BEFORE TAX

	2013 Australia $	2013 Namibia $	2013 Total $	2012 Australia $	2012 Namibia $	2012 Total $
Net (loss) Before Tax *	(3,778,886)	(4,345,996)	(8,124,882)	(6,127,212)	(4,324,892)	(10,452,104)
Reconciliation of segment net loss before tax to group net loss before tax						
Inter-segment eliminations* *	1,903,715	992,375	2,896,090	4,270,103	855,676	5,125,779
Operating Net Loss before tax	(1,875,171)	(3,353,621)	(5,228,792)	(1,857,109)	(3,469,216)	(5,326,325)

* Australian net loss includes $486,371 on exploration expenditure in Australia and exploration costs paid in Australia for Namibian tenements (2012: $266,536).

** Represents doubtful debts, interest revenue and an exchange loss by Australia on a loan to Namibia; and interest expense by Namibia on loan from Australia.

NOTE 3: SEGMENT INFORMATION (continued)

(c) Segment assets

	2013 Australia $	2013 Namibia $	2013 Total $	2012 Australia $	2012 Namibia $	2012 Total $
Segment assets current*	30,445,108	557,895	31,003,003	1,936,001	688,489	2,624,490
Segment assets non-current**	7,214,244	123,564	7,337,808	5,949,779	106,320	6,056,099
Inter-segment eliminations***	(6,814,733)	(11)	(6,814,744)	(5,508,615)	(12)	(5,508,627)
Total group assets	30,844,619	681,448	31,526,067	2,377,165	794,797	3,171,962

* Australian current assets are cash and receivables; Namibian current assets are cash, receivables and prepayments.

** Australian non-current assets include investment in subsidiaries, investments in other listed entities, and office plant and equipment.

*** Represents investment in Namibia by Australia, and investment by Namibia in a subsidiary.

Eliminations in segment assets include loans from the Parent to the controlled entities of $18,414,255 (2012:$16,516,568) which has been contrared against the impairment of these loans.

(d) Segment liabilities

	Australia $	Namibia $	Total $	Australia $	Namibia $	Total $
Segment liabilities*	2,690,186	16,758,478	19,448,664	2,391,092	14,778,734	17,169,826
Reconciliation of segment liabilities to group liabilities						
Inter-segment eliminations**	(2,188,260)	(16,225,996)	(18,414,256)	(1,948,519)	(14,568,049)	(16,516,568)
Total group liabilities	501,926	532,482	1,034,408	422,573	210,685	653,258

* Australian liabilities include payables, loans extended to subsidiaries and a joint venture liability

** Eliminations in segment liabilities include loans from the Parent to the controlled entities of $18,414,255 (2012:$16,516,568).

NOTE 4: REVENUE

	Consolidated Group 2013 $	Consolidated Group 2012 $
From continuing operations		
Service revenue		
Administration service fees	-	88,534
Technical service fee	17,426	11,545
JV management fee	35,486	-
	52,912	100,079
Other revenue		
Interest received – other entities	198,157	118,508
Rent Income – related party	-	31,240
Other revenue	6,625	5,686
	204,782	155,434
TOTAL REVENUE	257,694	255,513

NOTE 5: OTHER INCOME

Net gain on disposal of plant and equipment	937	24,041
Profit on sale of available-for-sale financial assets	-	68,335
Foreign currency gain	-	-
	937	92,376

NOTE 6: EXPENSES

	Consolidated Group 2013 $	2012 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Office equipment	955	469
Furniture & fitting	416	8,937
Plant and Equipment	10,861	9,562
Computer software and equipment	5,635	5,337
Motor vehicles	16,578	15,284
Total Deprecation	34,445	39,589
Superannuation	56,817	49,410
Total rental expense relating to operating leases	35,500	305,974
Share based payment	10,988	71,512

NOTE 7: INCOME TAX

The following income tax information is for the entities subject to Australian income tax.

	2013	2012
(a) Income tax expense		
Current tax	-	-
Deferred tax	(327,555)	(331,773)
Deferred tax assets not recognised	327,555	331,773
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
The prima facie tax on profit/(loss) before income tax is reconciled to the income tax as follows		
Prima facie tax payable on profit/(loss) before income tax at applicable rates:		
- consolidated	(1,568,638)	(1,597,898)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
- Share based payments expensed	3,296	21,454
- Exploration expenditure incurred – Namibia (Note 7c below)	1,629,750	1,621,835
- Other allowable items	(68,404)	(60,701)
- Provisions and accruals	2,391	7,905
Difference in overseas tax rates	(325,950)	(324,368)
Investment revaluation relating to other comprehensive income	-	-
Tax losses not recognised	327,555	331,773
Income tax benefit attributable to operating loss	-	-
(c) Unrecognised temporary differences		
Deferred tax assets (at 30%) – Australian entities		
Carry forward tax losses	3,559,177	3,231,623
Temporary differences	532,596	228,090
	4,091,773	3,459,713

There is no tax impact of the revaluation of available-for-sale financial assets because no deferred tax has been recognised for this taxable temporary difference (refer Note (c) above)

With respect to Craton, a Namibian incorporated entity, which is subject to Namibian tax legislation exploration, expenditure is not deductible until the entity reaches the production stage, as such no tax losses are currently available. Should Craton enter the production stage, it should have approx. $24,666,493 (2012: $20,324,804) of accumulated exploration expenditure to utilise.

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated Group 2013 $	2012 $
Cash at bank and in hand	30,697,824	2,231,369

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to cash at the end of the financial year as follows:

Cash at bank and in hand	30,697,824	2,231,369

Interest rate exposure

The Group and the parent entity's exposure to interest rate risk is disclosed in Note 2.

NOTE 9: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Trade receivable	53,091	1,658
Other receivables	144,046	190,660
Total Trade and other receivables	**197,137**	**192,318**

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

NOTE 10: CURRENT ASSETS – OTHER CURRENT ASSETS

Joint Venture exploration expenditure by subsidiary under JV agreement (Note 24(b))	108,041	200,804

NOTE 11: NON-CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSETS

Shares in listed entities at fair value	95,157	440,222
Shares in unlisted entities at cost and fair value*	300,000	-
	395,157	440,222

*On 12 September 2012 an Investment and Farm-in Agreement was signed with African Mining Capital Pty Limited to investment in the company and IBML has made a $300,000 investment in African Mining Capital Pty Ltd., an unlisted entity. This investment secured IBML the option to earn a 51% stake in the Epembe tantalum-niobium (Ta-Nb) project in northern Namibia. In March 2013 IBML exercised its option to proceed with the first earn-in phase of the Epembe Joint Venture and invest $1.7 million to earn a 31% stake in the project.

Fair value

Shares in listed entities have been valued at market value based on closing bid price on 30 June 2013 resulting in an decrease in the Available-for-sale investments revaluation reserve of $345,065 (2012: $722,813 decrease). Shares in an unlisted entity are at cost which equals the approximate fair value.

Classification

Shares in listed entities have been classified as 'Non-Current Available-for-sale Financial Assets' as they do not have fixed maturities and fixed or determinable payments and management intends to hold them fo the medium to long term.

NOTE 12: NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	Office Equipment $	Furniture & Fittings $	Plant & Equipment $	Motor Vehicles $	Computer & Software $	Total $
At 30 June 2011						
Cost or fair value	19,384	80,019	56,506	75,366	218,452	449,727
Accumulated depreciation	(18,589)	(65,735)	(16,662)	(18,105)	(210,298)	(329,389)
Net book value	**795**	**14,284**	**39,844**	**57,261**	**8,154**	**120,338**
Year ended 30 June 2012						
Opening Net book value	795	14,284	39,844	57,261	8,154	120,338
Additions	771	1,208	6,105	22,209	16,673	46,966
Disposal	-	(5,477)	-	(689)	(2,407)	(8,573)
Foreign exchange loss on conversion	(100)	8	(5,058)	(6,501)	(242)	(11,893)
Depreciation charge	(469)	(8,937)	(9,562)	(15,284)	(5,337)	(39,589)
Closing Net book value	**997**	**1,086**	**31,329**	**56,996**	**16,841**	**107,249**

NOTE 12: NON-CURRENT ASSETS – PLANT AND EQUIPMENT (continued)

	Office Equipment	Furniture & Fittings	Plant & Equipment	Motor Vehicles	Computer & Software	Total
	$	$	$	$	$	$
At 30 June 2011						
Cost or fair value	1,393	1,208	54,772	87,125	22,565	167,063
Accumulated depreciation	(396)	(122)	(23,443)	(30,129)	(5,724)	(59,814)
Net book value	**997**	**1,086**	**31,329**	**56,996**	**16,841**	**107,249**
Year ended 30 June 2013						
Opening Net book value	997	1,086	31,329	56,996	16,841	107,249
Additions	4,377	731	25,373	42,105	3,771	76,357
Disposal	-	-	-	(13,884)	-	(13,884)
Foreign exchange loss on conversion	(70)	(75)	(2,179)	(3,947)	(1,098)	(7,369)
Depreciation charge	(955)	(416)	(10,861)	(16,578)	(5,635)	(34,445)
Closing Net book value	**4,349**	**1,326**	**43,662**	**64,692**	**13,879**	**127,908**
At 30 June 2013						
Cost or fair value	5,675	1,858	76,436	101,269	24,988	210,226
Accumulated depreciation	(1,326)	(532)	(32,774)	(36,577)	(11,109)	(82,318)
Net book value	**4,349**	**1,326**	**43,662**	**64692**	**13,879**	**127,908**

NOTE 13: CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated 2013	2012
Trade payables	317,445	132,363
Sundry payable and accrued expenses	623,718	226,554
Joint venture liability	-	213,374
	941,163	572,291

NOTE 14: CURRENT LIABILITIES – SHORT TERM PROVISIONS

Employee benefits	93,245	80,967

NOTE 15: ISSUED CAPITAL

	2013 No of Shares	2012 No of Shares
Fully paid ordinary shares 544,158,540 (FY2012:374,010,818)	544,158,540	374,010,817
1 (FY2012: 1) fully paid "A" class preference share	1	1
	544,158,541	374,010,818

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(a) Movements in ordinary share capital

Date	Details	No of shares	Issue price	$
30 June 2010	Balance	309,290,812	-	24,300,293
02 July 2010	Share placement	6,666,667	0.15	1,000,000
02 August 2010	Share based payment	500,000	0.15	75,000
29 October 2010	Share placement	13,333,333	0.15	2,000,000
09 November 2010	Share based payment	378,747	0.15	56,812
30 June 2011	Share placement	9,166,667	0.12	1,100,000
	Less transaction costs arising on shares issued	-	-	(40,000)
		339,336,226		28,492,105

NOTE 15: ISSUED CAPITAL (continued)

Date	Details	No of shares	Issue price	$
10 August 2011	Share placement	16,666,667	0.12	2,000,000
08 September 2011	Share placement	53,380	0.15	8,007
21 November 2010	Share placement	2,250,000	0.20	450,000
03 February 2012	Share placement	5,000,000	0.20	1,000,000
08 February 2012	Share placement	2,954,544	0.22	650,000
08 March 2012	Share placement	5,250,000	0.20	1,050,000
17 April 2012	Share placement	2,500,000	0.20	500,000
	Less transaction costs arising on shares issued	-	-	(112,500)
		374,010,817	-	34,037,612
28 September 2012	Share placement	19,772,723	0.22	4,350,000
15 November 2012	Share based payment to a related party	375,000	0.22	82,500
15 April 2013	Share placement	75,000,000	0.20	15,000,000
	Share placement	75,000,000	0.20	15,000,000
	Less transaction costs arising on shares issued	-	-	(762,580)
		544,158,540		67,707,532

(b) Options

No options were issued during the financial year.

(c) Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

At 30 June 2013 there were 544,158,540 ordinary shares issued and fully paid up shares and 1 fully paid “A” class preference share.

(d) **A Class Preference Share**

The 1 (one) A Class Preference Share of $1 fully paid up to a substantial holder of Ordinary Shares in the Company. West Minerals Pty Ltd as a condition of an agreement signed with this major shareholder on 8 November 2006 by agreement this Preference shares is in the process of being converted to 1 (one) ordinary share of $1 fully paid up.

The rights and powers attached to the A Class Preference share are as follows:-

Every "A" Class Share shall have the following rights and powers for as long as the investor holds at least 15% of the voting shares in the Company:

1. It shall have all of the rights and powers of and rank ‘pari passu’ with the Ordinary Shares in the Company.
2. The Investor may, by notice in writing to the Company, at any time and from time to time, appoint one (1) Director to the Board of Directors of the Company and the Investor may by notice in writing to the Company remove and replace any Director so appointed by the Investor.
3. The right to appoint and remove one (1) Director includes the right to appoint and remove an alternate Director by notice in writing to the Company.
4. The rights, powers and privileges that this "A" Class share has are fundamental to the Investor and the rights may not be varied, altered or extinguished in any way without the prior written consent of the Investor.
5. The Investor's percentage interest may not be diluted by the Company in any way, including by way of any share issue, buyback, reconstruction, issue of options or other rights, or any other action by the Company ("share issue") without first giving the Investor at least 21 clear days' notice within which to acquire that number of Shares as is required to maintain the Investor's percentage interest in the Company, at the same price and on the same terms and conditions as the proposed share issue that would otherwise dilute the Investor's shareholding in the Company.
6. For as long as the "A" Class shareholder has a nominated Director on the Board, the Director (and in his absence, his alternate) must be given reasonable notice of every Board meeting and provision for attendance at the meeting by the Director (or his alternate) must be made, including by way of a teleconference.
7. The Company will not issue "A" Class shares to anyone else besides the Investor.
8. The special rights and powers attaching to the "A" Class share shall terminate automatically and it will become an ordinary share upon the listing of the Company's shares on any stock exchange, or upon the Investor ceasing to hold at least 15% of the voting shares in the Company, save where that reduction below 15% occurred as a consequence of a breach by the Company of its obligations under these terms and conditions attaching to the "A" Class share.

NOTE 15: ISSUED CAPITAL (continued)

(e) Capital risk management

The Group and the parent entity's objective when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group and the parent entity continually monitor capital on the basis of budgeted expenditure.

The Group had no long-term debt at balance date and depends on capital raising to fund capital and operating expenditure.

NOTE 16: RESERVES AND ACCUMULATED LOSSES

(a) Reserves

	Consolidated	
	2013 $	**2012 $**
Available-for-sale investments revaluation reserve	(339,318)	5,747
Share-based payments reserve	646,024	717,536
Foreign currency translation reserve	(1,263,516)	(1,211,920)
	(956,810)	(488,637)
Movements		
Available-for-sale investments revaluation reserve		
Balance at beginning of financial year	5,747	728,560
Revaluation	(345,065)	(722,813)
Balance at end of financial year	(339,318)	5,747
Share-based payments Reserve		
Balance at beginning of financial year	717,536	646,024
Share based payments	(71,512)	71,512
Balance at end of financial year	646,024	717,536
Foreign Exchange Translation Reserve		
Balance at beginning of financial year	(1,211,920)	(1,184,562)
Currency translation differences arising during the year	(51,596)	(27,358)
Balance at end of financial year	(1,263,516)	(1,211,920)

(b) Accumulated losses

Movements in retained losses were as follows:		
Balance 1 July	(31,030,271)	(25,703,946)
Net (loss) attributable to members of the Company	(5,228,792)	(5,326,325)
Balance 30 June	(36,259,063)	(31,030,271)

(c) Nature and purpose of reserves

(i) Foreign Exchange Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

(ii) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised.

(iii) Share-based payment reserve

The share base payment reserve represents the value of options and shares issued to employees and shareholders. This reserve will be reversed against share capital when the options are converted into shares by the employee.

NOTE 17: PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:-

	Parent Entity 2013 $	2012 $
Current assets	30,420,344	1,924,104
Total assets	37,634,588	7,873,883
Current liabilities	501,927	442,548
Total liabilities	501,927	442,548
Shareholders' equity		
Contributed equity	67,707,531	34,037,612
Share-based payments reserve	646,024	717,536
Available-for-sale investments revaluation	(339,319)	5,747
Retained losses	(30,881,575)	(27,329,560)
Total equity	37,132,661	**(7,431,335)**
Loss for the year	(3,552,016)	(6,088,968)
Total Comprehensive Income	**(3,948,677)**	**(6,839,140)**
Loans by parent to controlled entities		
Amounts owing by controlled entities	18,414,255	16,516,568
Provision for impairment of receivables	(18,414,255)	(16,516,568)
	-	-

(a) Impaired receivables and receivables past due

At 30 June 2013 $18,414,255 (2012: $16,516,568) owing by controlled entities was impaired with $1,897,687 provided for in 2013 (2012: $3,296,512). The impairment has resulted from the Parent Entity advancing working capital to Controlled Entities which entities have no income and therefore are not in a position at this exploration stage to meet their liability to the Parent Entity.

The Company has issued Letters of Support to its Controlled Entities agreeing not to call up the above mentioned loans totalling $18,414,255 (2012: $16,516,568) until each of the Controlled Entities is able to pay its debts as and when they fall due; and to provide further funding as is necessary to enable each of the Controlled Entities to pay its debts as and when they become due and payable.

(b) Fair values

After provisioning for impairment for the amount owing by a controlled entities in the current and past years of $18,414,255, the carrying amount is assumed to approximate the fair value of the loans to controlled entities. $2,084,891 was provisioned in the current financing reporting period and the balance in previous financial years. Information about the Group's exposure to credit and interest risk is provided in Note 2.

NOTE 18: KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	Consolidated 2013 $	2012 $
Short-term employee benefits	1,290,335	1,017,338
Post-employment benefits	49,907	42,162
Share-based payments – shares	10,988	71,512
	1,351,230	1,131,012

Details of key management personnel remuneration are included in the remuneration report on page 50-52.

NOTE 18: KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Shareholdings of key management personnel

2013	Balance at start of the year	Received during the year as share based payments	Other changes during the year	Balance at the end of the year
Dr James Macdonald, Chairman	795,409	-	-	795,409
Frank Bethune	-	375,000		375,000
Dr Kenneth Maiden, Executive Director	11,168,557	-	(555,556)	10,613,001
Dr Jiniu Deng	375,000	-	(375,000)	-
Alan Humphris	275,000	-	-	275,000
John Stone	828,125	-	-	828,125
Karl Hartmann	1,862,179	-	-	1,862,179
Sigrid Hartmann	280,146	-	-	280,146
	15,584,686	375,000	(930,556)	15,028,860

2012	Balance at start of the year	Received during the year as share based payments	Other changes during the year	Balance at the end of the year
Dr James Macdonald, Chairman	795,409	-	-	795,409
Dr Kenneth Maiden, Executive Director	11,168,557	-	-	11,168,557
Dr Jiniu Deng	375,000	-	-	375,000
Alan Humphris	275,000	-	-	275,000
John Stone	828,125	-	-	828,125
Karl Hartmann	1,862,179	-	-	1,862,179
Sigrid Hartmann	280,146	-	-	280,146
	15,584,686	-	-	15,584,686

(c) Option holdings of key management personnel

The number of share options in the Company held at the end of the financial year by each Director of International Base Metals Limited and other key management personnel of the Group, including their personally related parties are set out below.

2013 Key management option holding

	Balance at start of the year	Received during the year as share based payments	Other changes**	Balance at the end of the year	Vested and exercisable
Dr James Macdonald	1,500,000	-	-	1,500,000	1,500,000
Kenneth Maiden	3,750,000	-	(3,750,000)	-	-
Deng Jiniu	2,000,000	-	(2,000,000)	-	-
John Stone	300,000	-	(300,000)	-	-
	7,550,000	-	(6,050,000	1,500,000	1,550,000

2012 Key management option holding

	Balance at start of the year	Received during the year as share based payments	Other changes**	Balance at the end of the year	Vested and exercisable
Dr James Macdonald	1,500,000	-	-	1,500,000	1,500,000
Kenneth Maiden	3,750,000	-	-	3,750,000	3,750,000
Deng Jiniu	2,000,000	-	-	2,000,000	2,000,000
John Stone	300,000	-	-	300,000	300,000
	7,550,000	-	-	7,550,000	7,550,000

NOTE 19: REMUNERATION OF AUDITORS

	2013 $	2012 $
Auditor to the parent company		
Audit and review of financial statements		
Grant Thornton auditors	50,690	32,000
Other auditors	-	16,341
Other services:		
- Investigating accountants report – Other auditors	29,580	-
Other auditors of subsidiaries		
Auditing or reviewing the financial report of subsidiaries	3,085	11,290
Other services	3,701	1,391
	57,476	61,022

NOTE 20: CONTINGENT LIABILITIES

There were no contingent liabilities at balance date.

NOTE 21: COMMITMENTS

(a) Non-cancellable operating leases

The Sydney Head Office shares premises with Zamia Metals Limited and has entered into a service agreement with this company for the use of premises and facilities. (refer to (b) below).
The Namibian subsidiary leases various offices and storage facilities under non-cancellable operating leases expiring within one year. On renewal the terms of the leases are re-negotiated.

Non-cancellable operating leases contracted but not capitalised in the financial statements:-

	2013 $	2012 $
- Payable not later than one year	81,492	46,500
- Longer than 1 year and not longer than five years	-	-
Minimum lease payments	81,492	46,500

(b) Service agreement

The Company has entered into an administrative service agreement with Zamia Metals Limited whereby Zamia Metals Limited provides equipment, premises, office services plus the services of its personnel to International Base Metals Limited for a fixed term of thirty-six months commencing on 1 March 2012. The agreement was extended for a further twelve months from 1 March 2013. As from this date the monthly management fee payable by the Company under the agreement is $6,791 per month plus personnel services provided by Zamia Metals Limited to less technical services provided by International Base Metals Limited to Zamia Metals Limited.

(c) Exploration and Development

Exploration tenements granted in Australia, Namibia are issued with a minimum annual expenditure commitment. The total minimum expenditure on existing exploration tenements in the next financial year is $3.95 million although there is some flexibility in expenditure patterns over the life of the tenements where shortfalls in any single year can be made good in aggregate terms. (Minimum annual expenditure for tenements in Namibia is translated at the rate of 1A$=9N$)

- Namibia Tenement Payable not later than one year	3,900,000	4,900,000
- Australia Tenement Payable not later than one year	50,000	300,000
	3,950,000	5,200,000

(d) Loans to Controlled entities

The Company has issued Letters of Support to its Controlled Entities agreeing not to call up loans totalling $18,601,460 (2012: $16,516,568) until each of the Controlled Entities is able to pay its debts as and when they fall due; and to provide further funding as is necessary to enable each of the Controlled Entities to pay its debts as and when they become due and payable.

NOTE 22: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entity

The parent entity within the Group is International Base Metals Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 23.

(c) Key management personnel

Disclosures in relation to key management personnel are set out in Note 18 and on pages 50-52 of the Directors' Report.

(d) Related party transactions Craton Mining and Exploration (Pty) Ltd

Parent Entity

International Base Metals Limited, incorporated in Australia Holding company

Directors of Craton Mining and Exploration (Pty) Ltd

Dr Kenneth John Maiden, Director

Dr Alasdair James Macdonald, Director

Sigrid Hartmann, Director

Karl Gerald Hartmann, Director

Frank Macdonald Bethune, Director

Evert Andre Genis, Director

Otto Shikongo, Non-executive Director

	2013 $	2012 $
Related party transactions		
Interest payable to the shareholder International Base Metals Limited	992,375	855,676
Loan from International Base Metals Limited	16,225,996	14,568,049
Compensation to Directors		
Sigrid Hartmann Executive Director	82,874	84,739
Otto Shikongo Non-executive Director	1,821	2,096
Exploration expenses incurred		
Hartmann Geoservices CC *	205,320	109,034
Genis Business Consulting CC**	15,013	-

** Hartmann Geoservices CC a Company owned by a Director, Karl Gerald Hartmann*

*** Genis Business Consulting CC, a Company owned by COO, Andre Genis*

(e) Other transactions with related parties of Parent

The Company has an administrative services agreement with Zamia Metals Limited ("ZGM") whereby Zamia Metals Limited provides equipment, premises, office services plus the services of its personnel to International Base Metals Limited for a fixed terms of thirty-six months commencing on 1 March 2012. The agreement was extended for a frther twelve months from 1 March 2013. As from this date the monthly management fee payable by the Company under the agreement is $6,791 per month plus personnel services provided by Zamia Metals Ltd to less technical services provided by International Base Metals Limited to Zamia Metals Ltd. (Refer Note 22(b)).

Under the service agreement Zamia Metals Limited billed the Company $65,924 (exc GST) for service fees during the financial year.

Additionally the Company charged technical service fees performed by employee Ken Maiden to a subsidiary of Zamia Gold Limited.

Dr Ken Maiden, Alan Humphris and Qiang Chen are also Directors of Zamia Metals Limited.

Aggregate amounts of each of the above types of transaction with related parties of the Group not including key management personnel:

	2013 $	2012 $
Amounts recognised as revenue – service fees	-	88,534
Amounts recognised as revenue – technical service fees	17,068	11,545
Amounts recognised as expense - service fees	126,635	33,268
Amounts recognised as a non-current asset – sale of equipment	-	30,335
Outstanding balances arising from sale of services		
Current receivables – service fees and expenses recouped	7,577	1,656

NOTE 23: SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1.

Name of entity	Country of Incorporation	Class of Shares	Ownership Interest	
			2013	2012
Parent entity				
International Base Metals Limited	Australia	Ordinary	100%	100%
Controlled entities				
AuriCula Mines Pty Ltd (incorporated 15 March 2004)	Australia	Ordinary	100%	100%
Maranoa Resources Pty Ltd (incorporated 31 August 2004)	Australia	Ordinary	100%	100%
Endolithic Resources Pty Ltd (incorporated 8 November 2007)	Australia	Ordinary	100%	100%
Tandem Resources Pty Ltd (incorporated 13 May 2013)	Australia	Ordinary	100%	-
Craton Mining and Exploration (Pty) Ltd (acquired 12 February 2007)	Namibia	Ordinary	100%	100%
Omitiomire Mining Company (Pty) Ltd (incorporated 4 March 2009)	Namibia	Ordinary	100%	100%
Kopermyn Explorations (Pty) Ltd (incorporated 6 April 2010)	Namibia	Ordinary	100%	100%

NOTE 24: JOINT VENTURES

(a) Cobar/Actway Joint Venture

AuriCula Mines, a wholly owned subsidiary of IBML, has an exploration Joint Venture with Cobar Management Pty Ltd ('CMPL') and Actway Pty Ltd ('Actway') in the Cobar district, of central New South Wales. AuriCula holds Exploration Licence ('EL') 6223 (Shuttleton Project); another two tenements EL 6907 & EL 6868 (Mt Hope Project) are held by Actway. CMPL manages the projects.

(b) Joint Venture

As disclosed in the 2012 Annual Report in January 2012 the Company signed a term sheet with HPX TechCo Inc (HPX) for a farm-in and joint venture on exploration licence 3372 (Kopermyn) which licence is held by the Company's Namibian subsidiary Craton Mining and Exploration (Pty) Ltd (Craton).

The term sheet required HPX to spend money on exploration on this tenement in order to earn an interest in a joint venture to be established when certain expenditure targets are reached by HPX. In Phase 1, HPX were to carry out a Typhoon IP/EM survey and contribute $650,000 towards a drilling program at Kopermyn.

HPX has met the expenditure requirements to earn a 51% interest in the JV assets. However, due to the poor drilling results HPX has decided not to proceed with further exploration work in order to earn a further interest in the JV.

As a result of HPX's decision, the JV liability of $213,374 (Note 13) and JV exploration assets of $200,804 (Note 10) recorded as at 30 June 2012 were written off to Profit and loss. The company recognised $35,486 of management fees revenue in the current period.

On 12 September 2012 an Investment and Farm-in Heads-of-Agreement was signed with African Mining Capital Pty Limited to investment in the company and IBML has made a $300,000 investment in African Mining Capital Pty Ltd., an unlisted entity. This investment secured IBML the option to earn a 51% stake in the Epembe tantalum-**niobium** (Ta-Nb) project in northern Namibia. In March 2013 IBML exercised its option to proceed with the first earn-in phase of the Epembe Joint Venture and invest $1.7 million to earn a 31% stake in the project and at balance date $108,041 has been expended towards this investment.

NOTE 25: SUBSEQUENT EVENTS

On 27 August 2013, the Chairman of IBML, Dr A James A. Macdonald gave notice that he would step down from the Board effective 1 October 2013. The Board has appointed Dr Ken Maiden as Acting Chairman until such time as a suitably qualified candidate can be found to fill the position.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

NOTE 26: RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated Group 2013 $	2012 $
Operating profit/(loss) after income tax	(5,233,961)	(5,326,325)
Non-cash items included in profit and loss:		
- depreciation and amortization	34,445	39,588
- share- based payment expense	10,988	71,512
Net (gain) on sale of property, plant and equipment	(937)	(24,041)
Net (gain) on sale of available-for-sale financial assets	-	(68,335)
Net foreign exchange difference	(53,028)	(33,723)
Change in assets and liabilities		
(Increase)/ decrease in:		
- receivables	(4,819)	51,664
- prepayments	92,763	(200,804)
Increase/(decrease) in:		
- payables	375,041	(197,867)
- provisions	12,278	14,426
Net cash (outflow) from operating activities	**(4,767,230)**	**(5,673,905)**

NOTE 27: LOSS PER SHARE

	Consolidated Group 2013 Cent per Share	2012 Cents per Share
Basic loss per share	(1.29)	(1.48)
Diluted loss per share	(1.29)	(1.48)

Basic and diluted loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:-

	2013 $	2012 $
Loss (i)	(5,228,792)	(5,326,325)
	No.	**No**
Weighted average number of ordinary shares (ii)	406,607,048	360,860,726

(i) Losses used in the calculation of basic and diluted loss per share are net loss after tax attributable to owners as per statement of comprehensive income.

(ii) While there are 32,000,000 options outstanding at 30 June 2013 (2012:32,000,000) none of these potential shares are dilutive and have therefore been excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted loss per share.

NOTE 28: SHARE BASED PAYMENTS

(a) Employee Share Option Plan

The Company has a shareholder approved Employee Share Option Plan. The Plan is designed to provide long-term incentives for senior managers, Directors and contractors, and to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the Plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. Shares granted under the Plan are also issued for no consideration and carry dividend and voting rights.

(b) Share-based Payments

Options are issued to Directors and Key Management Personnel as part of their remuneration with options granted for no consideration. Options are also issued attached to share placements as an incentive to investors.

No options were exercised during the year. Options granted are not listed and carry no dividend or voting rights. When exercisable each option is convertible into one ordinary share.

NOTE 28: SHARE BASED PAYMENTS Continued

The fair value of 375,000 bonus shares to be issued to the Managing Director and payable on 3 August 2012 following shareholder approval has been expensed over the period from the start of his employment contract to the vesting date of the share bonus. The fair value of $82,500 has been calculated based on the most recent share placement price.

No options were issued to Directors and Key Management Personnel during the reporting year.

Set out below are all vested and unexpired options:

2013			Number				
Grant date	**Expiry date**	**Exercise Price**	**Balance at start of Year**	**Granted during the year**	**Expired during the year**	**Balance at end of Year**	**Date vested and exercisable at end of year**
20 Dec 07	20 Dec 12	$0.20	22,000,000	-	(22,000,000)	-	22,000,000
02 Oct 08	03 Oct 13	$0.30	2,500,000	-	-	2,500,000	2,500,000
08 Mar 12	30 Nov 13	$0.25	2,625,000	-	-	2,625,000	2,625,000
17 Apr 11	30 Nov 13	$0.25	1,250,000	-	-	1,250,000	1,250,000
21 Nov 11	30 Nov 13	$0.25	1,125,000	-	-	1,125,000	1,125,000
03 Feb 12	30 Nov 13	$0.25	2,500,000	-	-	2,500,000	2,500,000
			32,000,000	-	(22,000,000)	10,000,000	10,000,000
Weighted average exercise price			$0.22	-	$0.20	$0.26	$0.26

The weighted average remaining contractual life of share options outstanding at 30 June 2013 was 0.38 years (2012:0.76 years)

2012			Number				
Grant date	**Expiry date**	**Exercise Price**	**Balance at start of Year**	**Granted during the year**	**Exercised during the year**	**Balance at end of Year**	**Date vested and exercisable at end of year**
20 Dec 07	20 Dec 12	$0.20	22,000,000	-	-	22,000,000	22,000,000
02 Oct 08	03 Oct 13	$0.30	2,500,000	-	-	2,500,000	2,500,000
08 Mar 12	30 Nov 13	$0.25	-	2,625,000	-	2,625,000	2,625,000
17 Apr 11	30 Nov 13	$0.25	-	1,250,000	-	1,250,000	1,250,000
21 Nov 11	30 Nov 13	$0.25	-	1,125,000	-	1,125,000	1,125,000
03 Feb 12	30 Nov 13	$0.25	-	2,500,000	-	2,500,000	2,500,000
			24,500,000	7,500,000	-	32,000,000	32,000,000
Weighted average exercise price			$0.21	$0.25	-	$0.22	$0.22

The weighted average remaining contractual life of share options outstanding at 30 June 2012 was 0.76 years (2011:1.56 years)

Shareholder Information

Statement of issued securities as at 20 August 2012

There are 322 shareholders holding a total of 544,158,540 ordinary fully paid shares on issue by the Company.

· The twenty largest shareholders between them hold 83.11% of the total issued shares on issue.

The voting rights attaching to the ordinary shares are that a member shall be entitled either personally or by proxy or by attorney or by representative to be present at any general meeting of the Company and to vote on any question on a show of hands and upon a poll and to be reckoned in a quorum.

Distribution of issued securities as at 20 August 2012

Ordinary fully paid shares

Range of holding			Number of holders
1	-	1,000	-
1,001	-	5,000	3
5,001	-	10,000	6
10,001	-	100,000	126
100,001	-	and over	187
Total holders			322

Substantial shareholdings as at 20 August 2012 of Fully Paid Ordinary Shares

Ordinary shareholder	Total relevant interest notified	% of total voting rights
Rui King Resources Limited	150,000,000	27.57
West Minerals Pty Limited	118,326,491	21.75
Heilongjiang Heilong Resources Investment Co Ltd	25,022,723	4.59

Top Twenty Shareholders 20 August 2013

Holder Name	Shares held	%
RUI KING RESOURCES LIMITED	150,000,000	27.565
WEST MINERALS PTY LIMITED	118,326,491	21.745
HEILONGJIANG HEILONG RESOURCES INVESTMENT CO LTD	25,022,723	4.598
CHINA KINGS RESOURCES GROUP CO LTD	22,500,000	4.135
CHINA SUN INDUSTRY PTY LTD	20,000,000	3.675
MANICA MINERALS LTD	15,000,000	2.757
PEARL GLOBAL INVESTMENT LIMITED	13,333,333	2.450
BLACKMANS & ASSOCIATES PTY LTD <SUPER FUND A/C>	13,000,000	2.389
MR KENNETH JOHN MAIDEN & MRS MARGARET FRANCES MAIDEN <MAIDEN FAMILY S/F A/C>	10,521,751	1.934
GREAT SEA WAVE INVESTMENT PTY LTD	9,167,333	1.685
MACQUARIE BANK LTD	8,333,333	1.531
PERPETUAL CORPORATE TRUST LIMITED <AEF LINQ RESOURCES FUND A/C>	8,333,333	1.531
MRS CORAL ESTELLE HARRIS & MR KERRY WILLIAM JOHN HARRIS <THE CE HARRIS S/F A/C>	7,346,362	1.350
PEAK SUCCEED INVESTMENTS LIMITED	6,666,667	1.225
HUNAN CENTRAL SOUTH BIOHYDROMETALLURGY COMPANY LTD	6,250,000	1.149
GOLDVANCE PTY LTD <BMR A/C>	5,047,200	0.928
MONSLIT PTY LTD <ANTHONY TORRESAN A/C>	4,889,104	0.898
AUSTRALIAN GEOSCIENTISTS PTY LTD	2,932,500	0.539
FITEL NOMINEES LIMITED	2,856,667	0.525
SUN JIA DEVELOPMENT LIMITED	2,727,272	0.501
	452,254,069	83.111








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