OMITIOMIRE OXIDE COPPER

FEASIBILITY STUDY

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INTERNATIONAL BASE METALS LIMITED

Disclaimer

This document contains certain "forward–looking statements", including, but not limited to, statements concerning current and future drilling programmes, estimation of mineral resources, the continuing development plan, the type of mineralisation present and expected results. Information inferred from the interpretation of drilling results may be deemed to be a forward looking statement, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Statements and estimates concerning mineral resources may also be deemed to be forward looking statements in that they involve estimates, based on certain assumptions, regarding the mineralisation that would be encountered if and when a mineral deposit is actually developed and mined. Forward looking statements are not historical facts, and are subject to a number of risks and uncertainties beyond management's control. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. Risks and uncertainties that could cause results or future events to differ materially from current expectations expressed or implied by the forward–looking statements include, among other things, but without limitation, those set forth in the 2013 Annual Report and the website (www.ibml.com.au) of International Base Metals Limited (IBML).

The technical information contained in this document was compiled by Dr Ken Maiden (MAIG, FAusIMM), a Director of International Base Metals Limited. Dr Maiden is a Member of the Australian Institute of Geoscientists and a Fellow of the Australasian Institute of Mining and Metallurgy. He has sufficient experience to qualify as a Competent Person as defined in the September 2004 edition of the *"Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".* Dr Maiden consents to the inclusion of the matters in the form and context in which they appear.

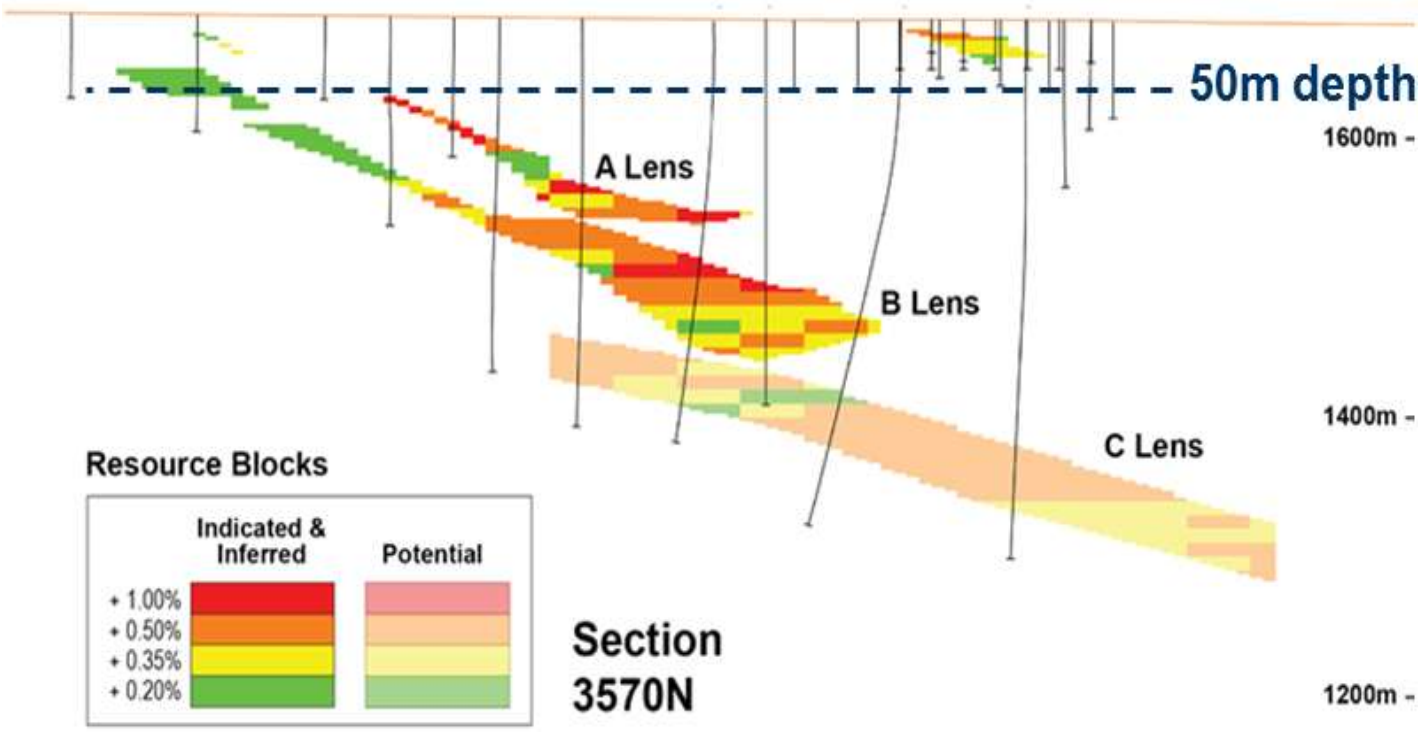
Company Strategy

Develop into a mining company

- **Omitiomire Phase 1 Oxide Copper Project**
  - Complete the Omitiomire oxide copper DFS; and
  - Construct and operate the Omitiomire Phase 1 Oxide Copper Project
- **Omitiomire Phase 2 Sulphide Copper Project**
  - Expand the resource within trucking distance of Omitiomire; and
  - Complete a DFS
- **Epembe Ta-Nb Project**
  - Complete the Phase 1 Exploration work to earn a 31% interest in the project; and if successful
  - Commit to Phase 2 to earn a 51% interest in the project**.**

OMITIOMIRE PROJECT

Omitiomire - West to East Section



Drill section showing resource blocks and potential resource

- **Three main lenses & several smaller ones**
- **50m line shows planned maximum depth of Phase 1 oxide copper mining**

Omitiomire Resource

	Indicated + Inferred Resource				Resource + Potential		
Cut-off grade	Resource	Grade	Metal		Resource + Potential	Grade	Metal
(% Cu)	(Mt)	(% Cu)	(tonnes)		(Mt)	(% Cu)	(tonnes)
0.1	193	0.43	825,000		301	0.45	1,367,000
0.2	168	0.47	784,000		269	0.49	1,315,000
0.25	136	0.53	712,000		230	0.53	1,228,000
0.3	117	0.57	661,000		203	0.57	1,155,000
	Approx 70% JORC Indicated Status						

Resource estimate by Bloy Resource Evaluation, August 2012

Development Proposal

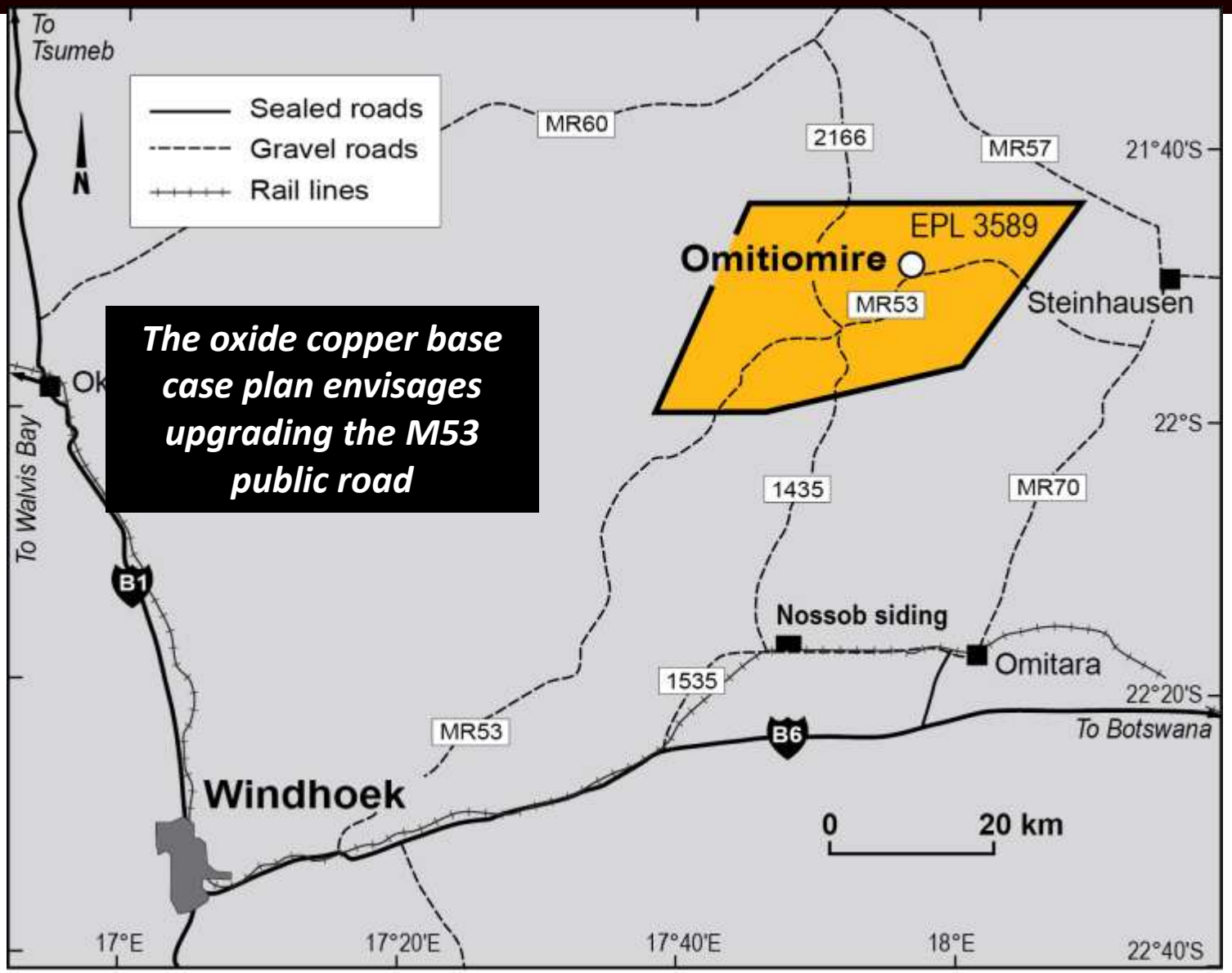
IBML proposes a two-stage approach to bring Omitiomire into production:

- **Phase 1 - a small project based on near-surface oxide copper resource**
- **Phase 2 - a larger project based on deeper sulphide copper resource**

Oxide copper (blue-green) exposed in the bulk sample pit

Phase 1: Development - Oxide Copper

Phase 1: Infrastructure



Phase 1: DFS Objectives (1)

To deliver a business proposition to a level of detail and accuracy appropriate for implementation funding, demonstrating benchmark performance and achievable success criteria after review of opportunities and risks

Phase 1: DFS Objectives (2)

Include an acceptable risk profile and a workable plan for taking the project through the implementation and operational readiness stages

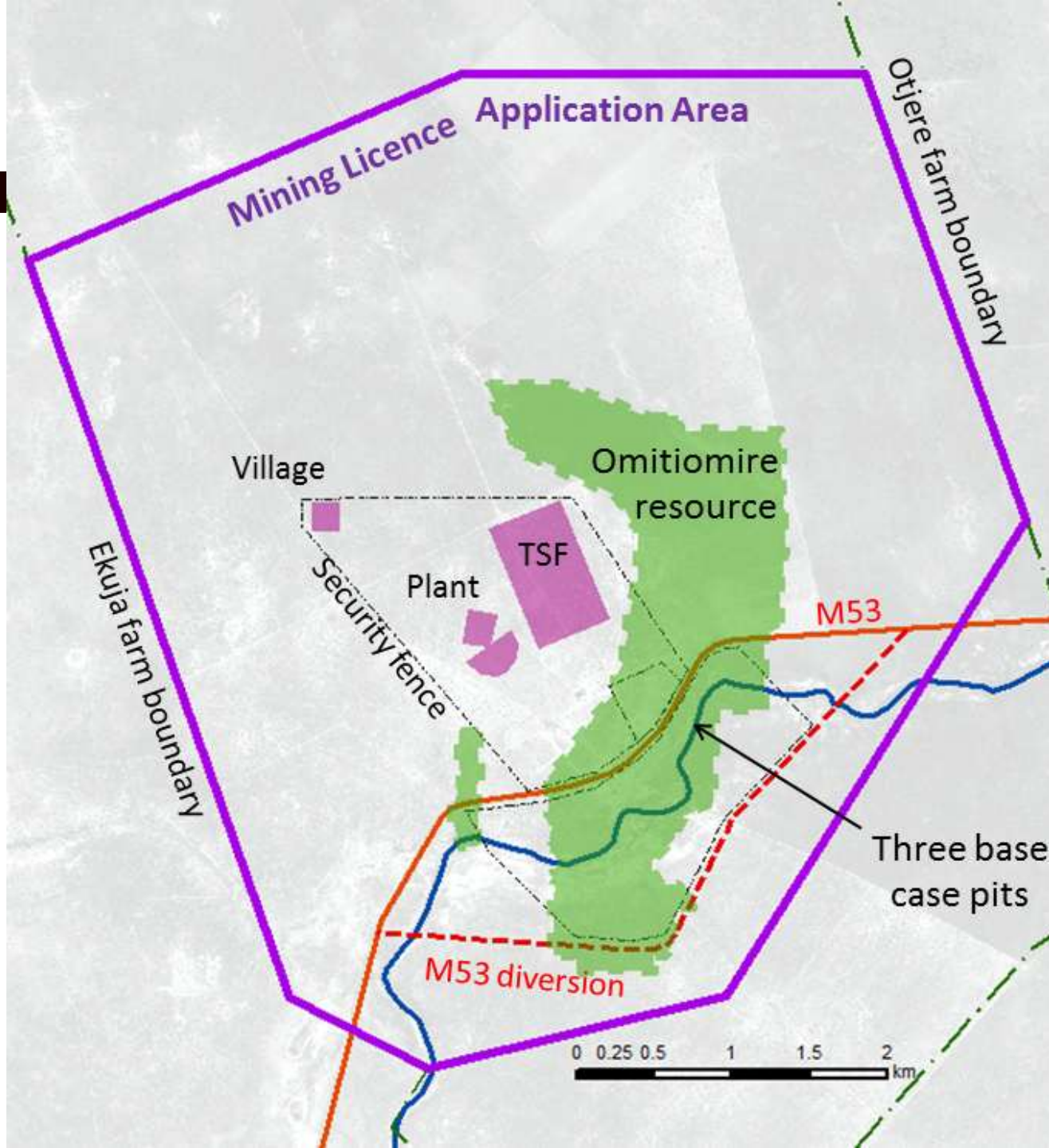
Phase 1: DFS Objectives (3)

To provide a business proposition based on the Capex and Opex with accuracy of -5% + 10%, on the recommendations of the scoping study as well as the additional studies including pilot plant metallurgical test work, mining schedule and mine planning

Proposed ML Application

Mining Licence area covers:

- The larger Resource area;
- Proposed road diversion; and
- Stays within the farm Omitiomire.



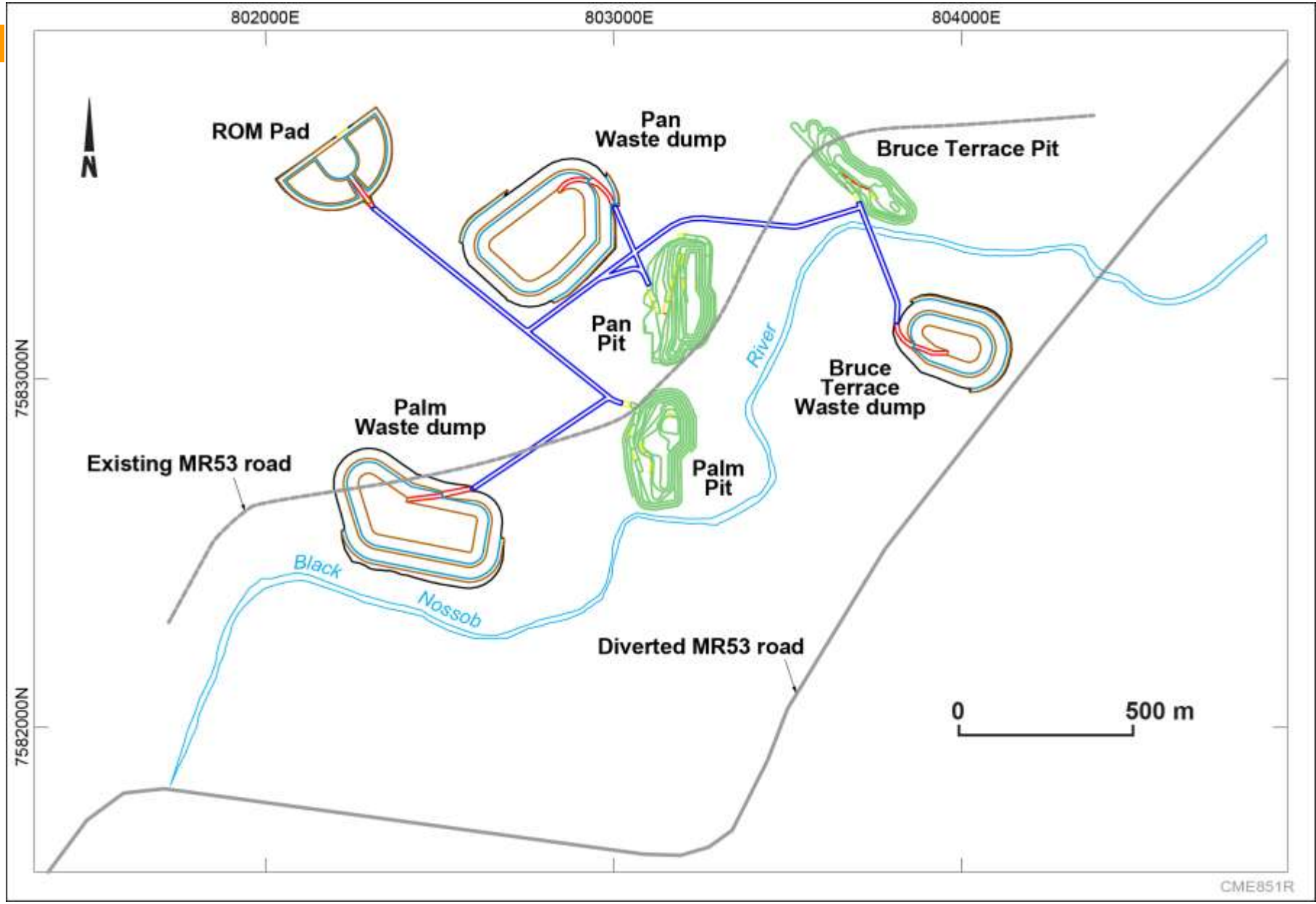
Assumptions Used in the Financial Model

- **Equity funding**
- **Exchange rate: US$ 1.00 = N$ 9.889**
- **N$ inflation: 5% pa**
- **US$ inflation: 1.5% pa**
- **Discount Rate: Real 10% pa**
- **N$ Nominal: 15.5% pa**
- **US$ Nominal: 11.65% pa**
- **Copper price: US$ 3.30 /lb (Real)**

Phase 1: Key Project Outcomes

- **Copper produced: 25,570 tonnes**
- **NPV_0 (after tax): US$ 30.0 M**
- **NPV_{10} (after tax): US$ 12.0 M**
- **IRR (after tax): Real: 21.6%**
- **Capital and pre strip funds: US$ 38.5 million**
- **Pay-back period: 3.6 years**
- **Break-even copper price (incl. capital & 50% hedge assumption)**
  - **NPV_0: US$ 1.61 /lb**
  - **NPV_{10}: US$ 2.29 /lb**

Phase 1: Pit Layouts

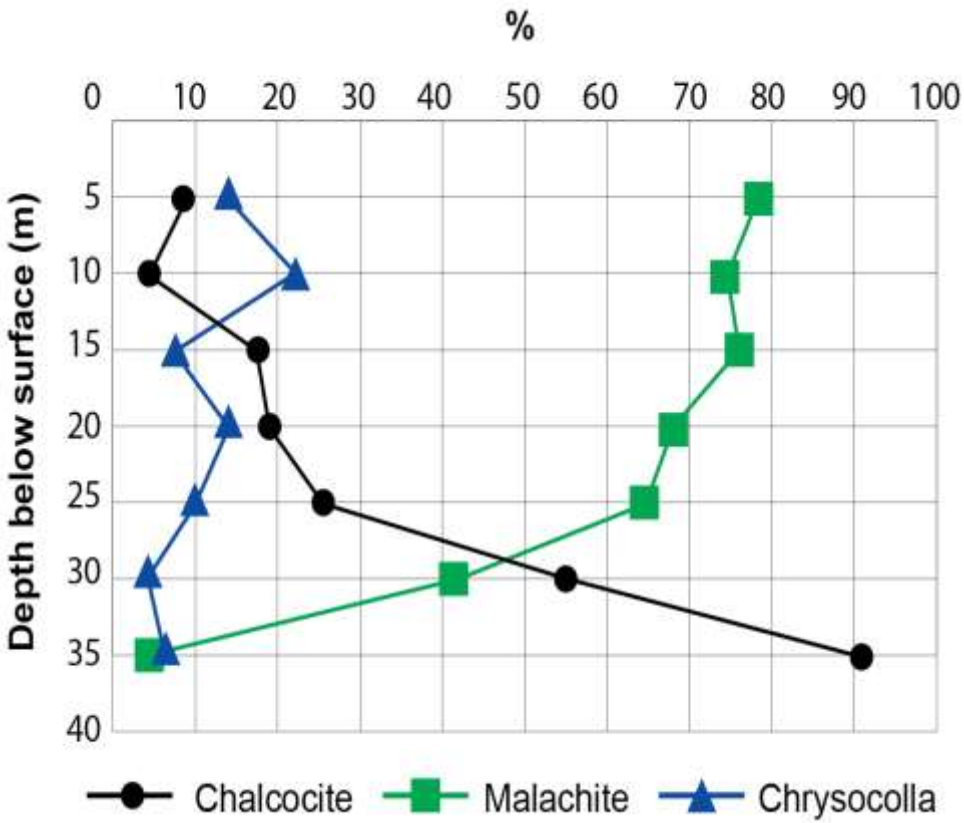


Phase 1: Reserve Summary

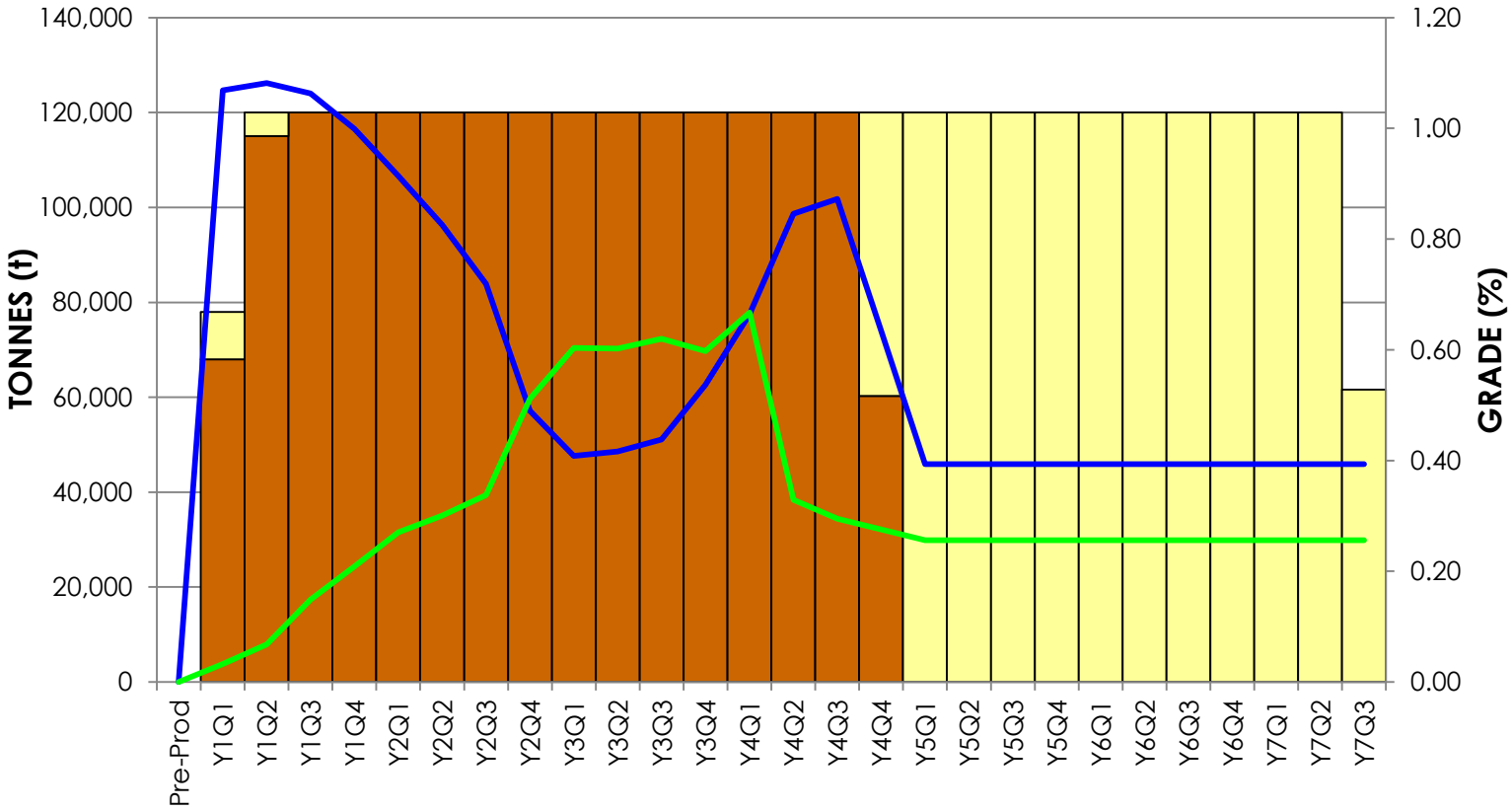
Pit	Ore			Waste tonnes	Total tonnes	Strip Ratio
	Tonnes	Oxide %Cu	Sulphide %Cu			
Bruce Terrace	603,830	0.73	0.12	1,314,354	1,918,184	2.2
Pan	1,068,370	0.68	0.32	3,328,084	4,396,454	3.1
Palm	1,467,427	0.50	0.42	3,009,912	4,477,339	2.1
Total Pits	3,139,627	0.60	0.33	7,652,350	10,477,339	2.4

Weathering & Oxidation

- Primary sulphide copper (mainly chalcocite Cu_2S) is oxidised to 20m depth and partly oxidised to 40m depth
- Oxide copper is mainly malachite (green hydrated copper carbonate) with subordinate chrysocolla (blue hydrated copper silicate) and minor tenorite (black copper oxide)
- These oxide minerals are soluble in acid
- Primary chalcocite increases downwards



Phase 1: Mill Feed Schedule



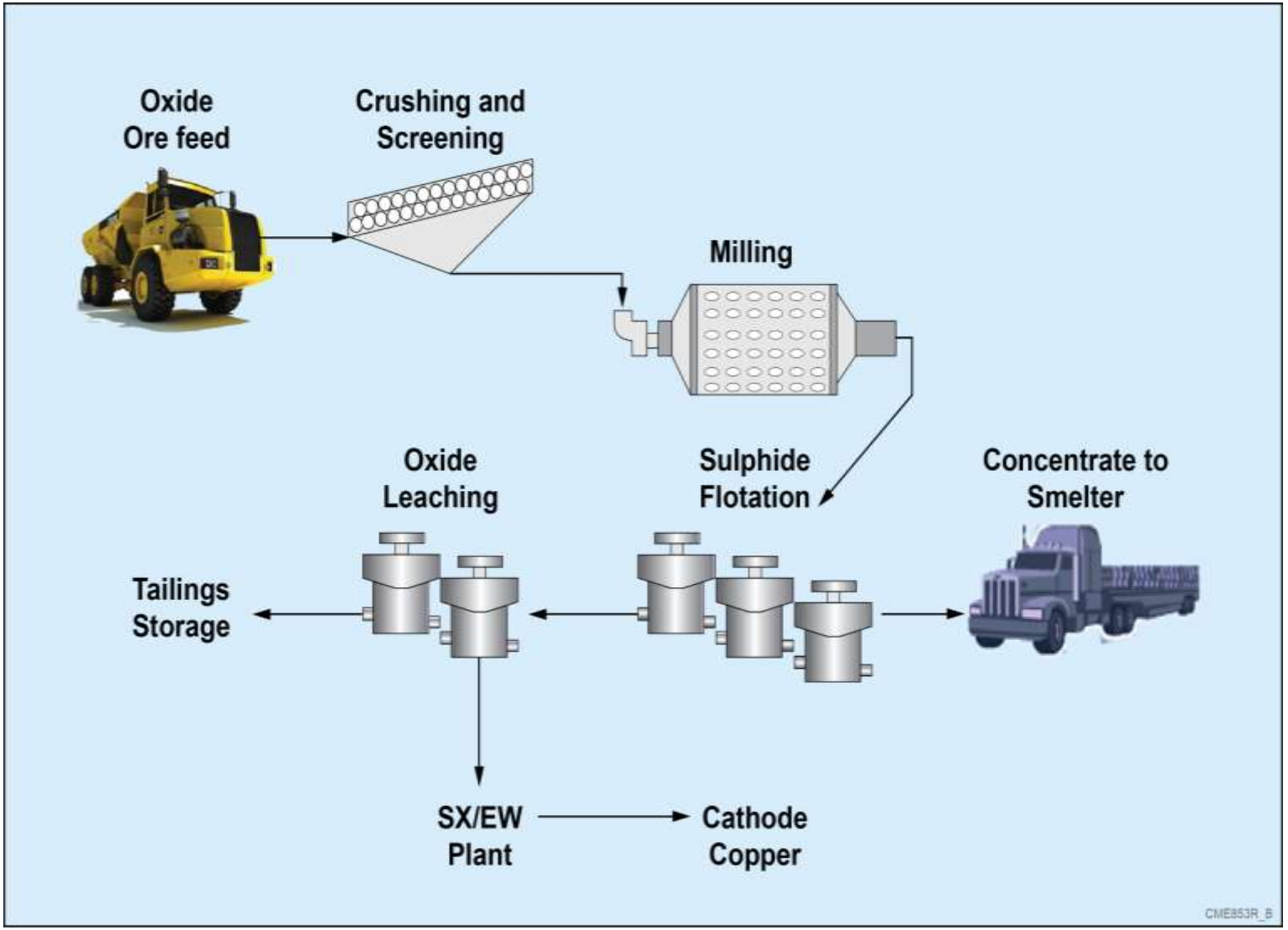
Orange = High grade **Yellow = Low grade**

Blue line = Oxide copper % **Green line = Sulphide copper %**

Phase 1: Ore Processing

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

Phase 1: Proposed Flow Sheet



Phase 1: Expected Product

- Two basic products over 6.75 years
  - Copper plate Grade A and B (16.2kt Cu); and
  - Copper concentrate (9.37kt Cu)
- Copper Cathode
  - 90% Grade A (99.99%)
  - 10% Grade B (99.9%)
  - 2-3t Cathode bundles
- Copper Concentrate
  - 30% Cu by weight
  - 10% Moisture
  - Low sulphur / high silicon
  - No deleterious elements
  - Au, Ag, Pt, Pd present

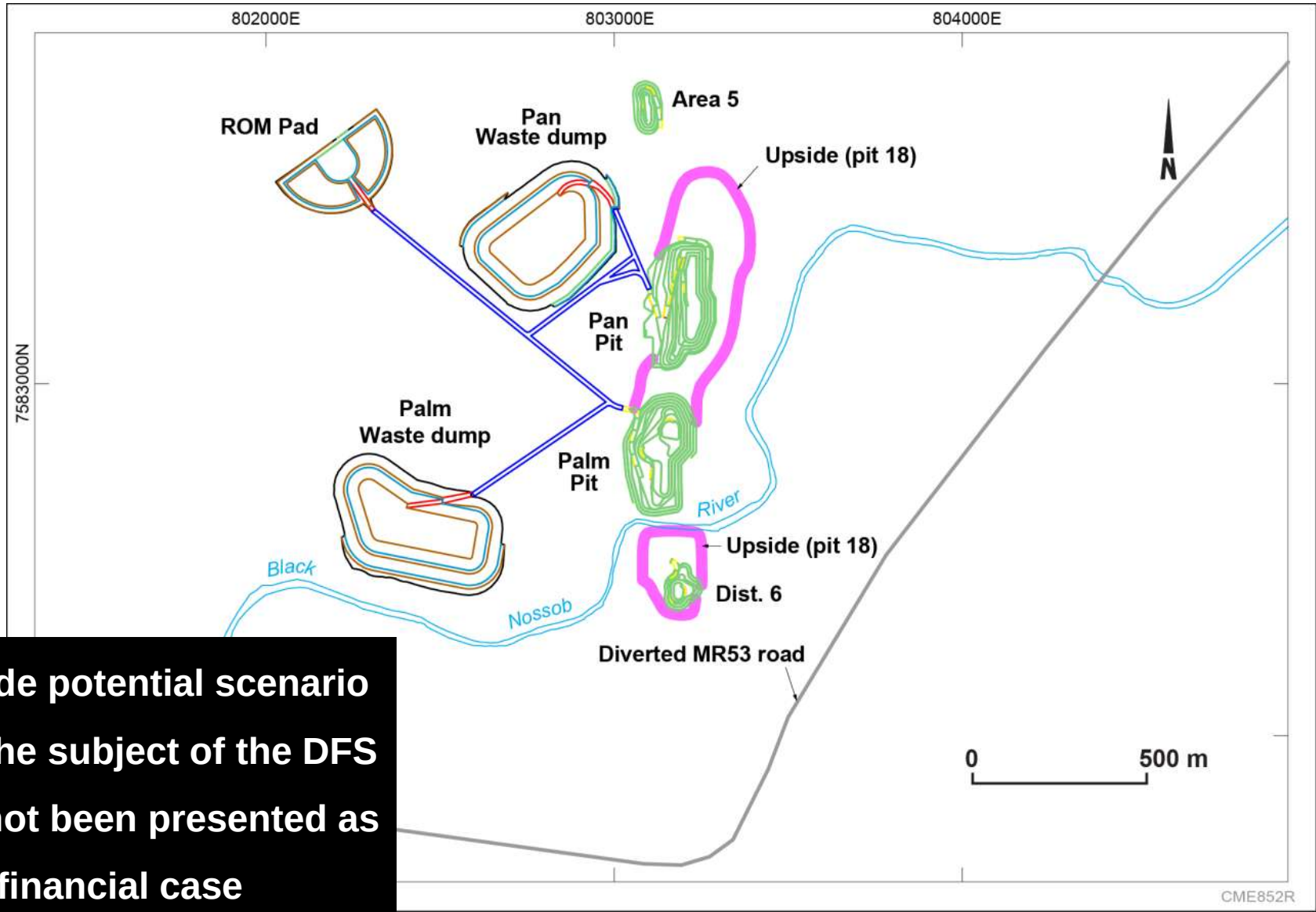
Social & Environmental Impact Assessment (SEIA)

Specialist studies have considered a range of impacts:

- Soils
- Traffic
- Biodiversity
- Air quality
- Surface and ground water
- Archaeology
- Social and economic
- Noise
- Visual

The SEIA report excludes the rerouting of the road as this will be part of the rerouting application and approval. The Environmental Management Plan will include the road rerouting requirements.

Phase 1 - Upside Potential

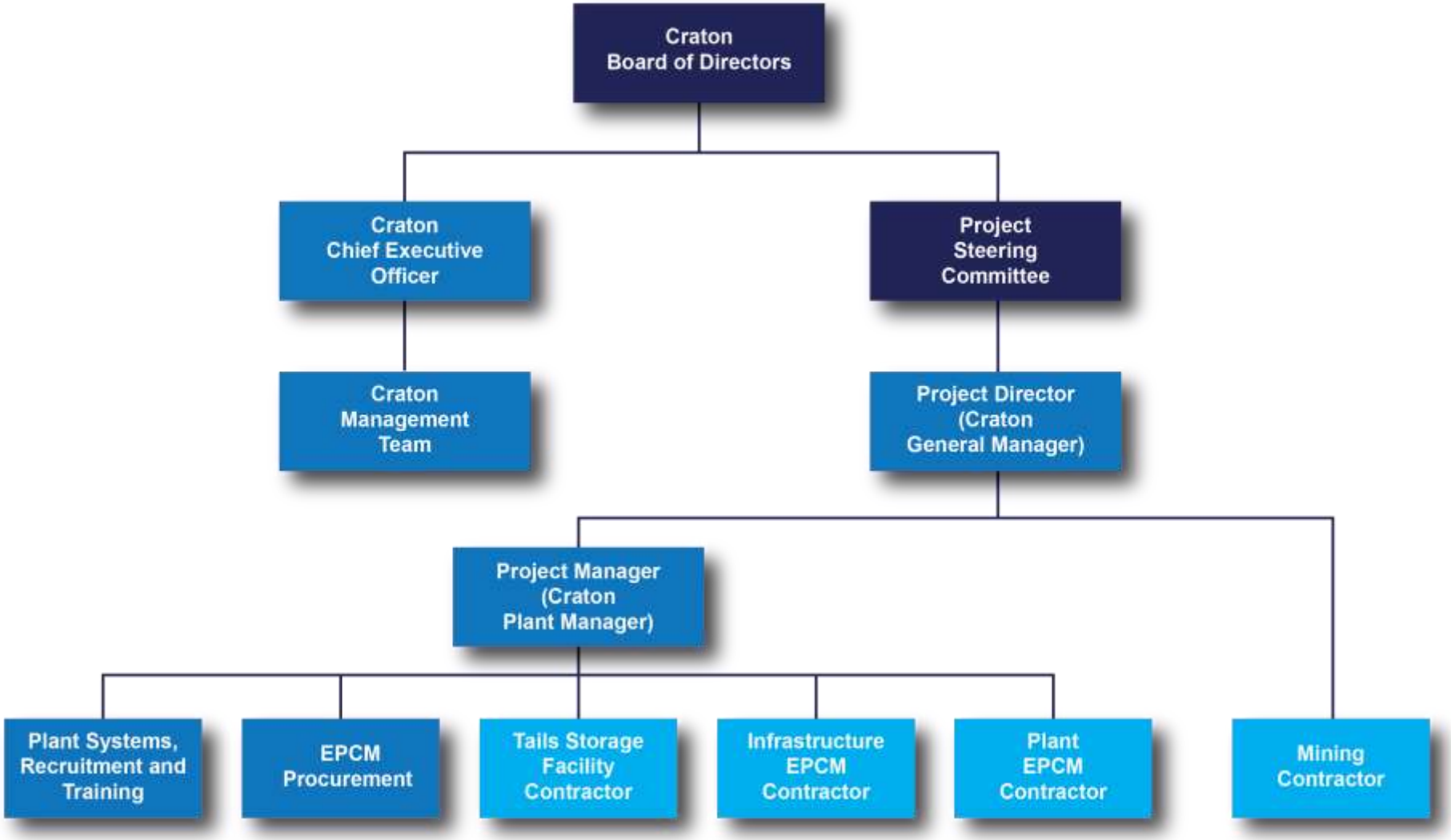


The upside potential scenario was not the subject of the DFS and has not been presented as a financial case

Phase 1: Upside Estimation

Item	Mine Plan 3	Mine Plan 4
Description	Scenario 2 (Base Case)	Scenario 3 (Upside Potential)
Pit size (Mt)	10.8	25.7
Ore tonnes (Mt)	3.1	6.3
Strip Ratio	2.4	3.0
Cu Oxide (Cu%)	0.60	0.42
Cu Sulphide (Cu%)	0.33	0.44
Cu Comb (Cu%)	0.93	0.86
Pit life (years)	4.8	9.2
Plant life (years)	7.8	13.1

Project EPCM Implementation Structure



Phase 1 : Potential Oxide Copper Funds

- **Require $40 million for construction and stripping**
- **Possibly mix of Equity and Debt**
- **Possibly use up to $10 million of existing funds**
- **May need to provide:**
  - Off take
  - Parent company guarantee
  - Streaming
  - Hedging
- **Possible Debt providers**
  - Banks and/or Commodity Traders
  - Relationship banks
  - Development banks
  - Resource funds

Conclusions

- The DFS indicates that the oxide copper project would be financially viable under the study assumptions.
- The main sensitivities are copper price and exchange rate. Hedging will be considered to reduce risks.
- A Mining Licence application and Environmental Management Plan are being prepared.
- An EPCM Implementation Team is being appointed.
- The project requires about US$ 40 million for development.

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