

# INTERNATIONAL BASE METALS LIMITED ('IBML')

## QUARTERLY ACTIVITIES REPORT – End-September 2016

### OCCUPATIONAL HEALTH AND SAFETY

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

### CORPORATE ACTIVITIES

#### **Investment in Macquarie Gold Limited**

As announced on the IBML website on 30<sup>th</sup> June 2016, IBML invested \$10 million for new shares in Macquarie Gold Limited ('MGL'), representing 40% of the total issued capital. The agreement also includes:

- Non-dilution rights for the IBML shareholding at IBML's discretion;
- An Option parity agreement in place with existing shareholders;
- The MGL board to have two directors appointed by IBML;
- IBML to liaise with MGL in appointing a CEO.

Subsequent to the announcement of the subscription agreement, IBML nominated Hugh Thomas and Yang Aidong to the Board of MGL and has approved Jordan Li's appointment as CEO of the company. Mr Thomas is the Chairman of IBML; Mr Yang is IBML's mining consultant; and Mr Li is IBML's General Manager – Commercial.

The MGL site team continued to work towards commissioning the mill at the Adelong Gold Project in southern New South Wales, with an expected start-up date in October 2016.

#### **Annual Report**

The Annual Report for the financial year to end-June 2016 has been finalised. In his Letter to Shareholders, the Company's Chairman, Mr Hugh Thomas, reported *inter alia* "Your Board remains committed to the expansion and development of IBML. At the beginning of 2016 we set ourselves a series of goals, many of which we have achieved. We have resolved the legal challenges in Namibia and regained our exploration and mining licences; we have re-aligned management and implemented rigorous cost management measures; we have embarked on a broader strategy and diversified into a second asset in a second commodity, gold. Your Board is enthusiastic regarding the future: we have two significant assets, a continued strong cash position and I hope at the end of 2017 to be reporting that IBML's investments in Craton and MGL are quite literally paying dividends."

## **CRATON MINING & EXPLORATION (PTY) LTD ('CRATON')**

### **Craton Corporate Activities**

Annual Audit: The annual audit was finalised and the Craton board approved the Annual Financial Statements to June 2016 at its meeting on 31<sup>st</sup> August.

Budget: In the absence of significant progress at the Omitiomire Copper Project in Namibia, Craton is continuing to cut costs. The company has retrenched its permanent staff members. Two of those former staff members are being engaged on a contract basis to service administrative and statutory requirements.

### **Omitiomire Copper Project**

Mining Licence (ML197): As previously reported, Craton received a Preparedness to Grant letter, dated 8<sup>th</sup> February 2016, from the Namibian Ministry for Mines and Energy (MME). After seeking clarification on the terms and conditions of grant, Craton was informed that the Mining Licence will be issued once Craton has made a 5% equity shareholding available to “previously disadvantaged” persons/entity in Namibia. The Board is currently finalising to whom, and under what conditions, it should issue the 5% equity.

Surface access: The Minerals Ancillary Rights Commission (MARC) has informed Craton that it will resume the hearing of the access rights issue to the farm Omitiomire in late October 2016.

Mining and processing options: The MME requires expeditious mine development once the Mining Licence has been awarded. In order to comply with this requirement, Craton is assessing the option of a small oxide-only operation.

### **Namibian Exploration**

Strategy: As previously outlined, Craton’s exploration strategy is to:

- Identify, prioritise and test targets within trucking distance of Omitiomire;
- As far possible, use low-cost exploration methods, with limited drilling;
- Relinquish tenements which have low potential for discovery of viable deposits;
- Maintain all remaining licences in good standing.

EPL 3589: A ground magnetic survey on the farm Borealis was completed.

EPL4150: Results of induced polarisation ('IP') and electro-magnetic ('EM') surveys on the Andrea prospect indicate continuation of copper mineralisation down a shallow dip. Modest potential for up to 1 million tonnes at 1 - 2% Cu is indicated.

### **Craton Foundation**

The Craton Foundation continued its community activities, in particular facilitating the eye screening of mentally and physically challenged children at the Moreson School in Khomasdal (a suburb of Windhoek).