

INTERNATIONAL BASE METALS LIMITED ('IBML')

QUARTERLY ACTIVITIES REPORT – End-September 2018

OCCUPATIONAL HEALTH AND SAFETY

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

CORPORATE ACTIVITIES

Management

The Company's Chairman, Mr Hugh Thomas, continues to act as interim CEO.

CRATON MINING & EXPLORATION (PTY) LTD ('Craton')

Craton Corporate

Craton Board: The Craton Board met on 31st August. It is anticipated that the current capital-raising activities (see below) will result in Craton no longer being a wholly-owned subsidiary of IBML. In preparation for this eventuality, the Board is taking a greater role in management of the company. The Board now has three sub-committees:

- Finance, audit, legal, corporate governance;
- HR & remuneration;
- Technical.

Omitiomire Copper Project

Funding for project development: As previously reported, Windhoek-based Simonis Storm Securities ('SSS') has been engaged as an advisor to raise N\$60 million for the funding of the Omitiomire "Mini Mine" Project. During September, SSS organised capital-raising meetings with potential investors in Windhoek, Johannesburg and Cape Town.

Mini Mine: Craton is not progressing with the "Mini Mine" project until funding for development has been raised.

Craton Exploration

There were no field exploration activities during the quarter.

MACQUARIE GOLD LIMITED ('MGL')

Challenger Gold Project

Care-and-maintenance

- The project remains on care-and-maintenance. The site office is manned; on-site plant and equipment are serviced regularly; and environmental monitoring is ongoing.
- Hazardous chemicals have been removed from the site.
- Security fences have been constructed around the mine site and around exposed excavations.
- The mine Safety Management System has been reviewed.
- NSW Environment Protection Agency (EPA) officers carried out a site inspection. Several areas of concern have been / are being addressed.

Project review: The review, managed by Hunter Bay Partners, has been completed.

A revised ore processing route has been developed, involving a crushing & grinding circuit, a gravity circuit (to produce free gold) and a flotation circuit (to produce gold-bearing sulphide concentrate). This will require the removal of some plant items that are excess to requirements; relocation & re-configuration of other items; and purchase of some new equipment. For safety reasons, it has been decided NOT to carry out any cyanide treatment of sulphide concentrate on site.

Exploration Licence EL5728

The Company's consultants have provided a comprehensive exploration program proposal.