

INTERNATIONAL BASE METALS LIMITED

QUARTERLY ACTIVITIES REPORT – End March 2012

HIGHLIGHTS

Corporate

- IBML and Zamia have moved into smaller offices at 47 Neridah Street Chatswood, Sydney.
- A report to evaluate the potential impact of the new Omitiomire resource on mining schedules was completed. A much larger mine with the potential to double plant throughput was shown to be potentially feasible at higher copper prices.
- Sinonew assisted to secure subscriptions for a further \$650k. The placement comprised the issue of 2.95 million shares at \$0.22 per share.
- Azure Capital (“Azure”) continued to advise and assist in managing a formal competitive process to seek a new cornerstone investor for the Company.
- A further potential cornerstone investor visited Namibia and our Windhoek office.
- Negotiations towards a potential JV for the Kamanjab project progressed with the signing of a Term Sheet. We expect that the final agreement will be signed next quarter.

Exploration Projects

The Craton activities were directed at drilling on Omitiomire, Omitiomire environmental studies, drilling on regional targets and soil sampling.

Exploration Projects

- Drilling activities continued at Omitiomire with two diamond drills and one RC rig. During the quarter a total of 2320m of RC drilling and 2755m diamond drilling have been completed.
- 1760m of shallow RC drilling was completed on the Kalfrivier and Kareeboom Prospects (Kalahari Copperbelt Project). Some thin and low grade intersections have been recorded.
- Low cost surface exploration activities (soil sampling and geological mapping) continued at the Steinhausen and the Kalahari Copperbelt Projects.

Prospecting Licences

Craton currently holds ten licences covering 7,708km² and four applications covering 3,227km². Renewal reports for EPLs 3584, 3587, 3588, 3589 and 3590 were lodged in January 2012 whereas EPLs 3587, 3588 will be relinquished in April 2012.

CORPORATE ACTIVITIES

SYDNEY OFFICE AND STAFF

Zamia Metals Limited has secured a lease on a smaller office at 47 Neridah Street, Chatswood. Zamia and IBML staff have moved in. Overhead costs will be reduced and office service provision contracts have been transferred from IBML to Zamia.

CRATON MINING AND EXPLORATION (PTY) LTD ('CRATON')

A Craton Board meeting was held on 6 January in Cape Town.

Negotiations towards a potential JV for the Kamanjab project progressed with the signing of a Term Sheet. Progress is being made and we expect that the final agreement will be signed next quarter.

A number of new taxes have been introduced by the Namibian government and further changes are anticipated. The impact and management of these changes are being investigated.

The Cube report to evaluate the potential impact of the new Omitiomire resource on mining schedules was completed. A much larger mine with the potential to double plant throughput was shown to be potentially feasible at higher copper prices.

Discussions continue regarding the renewal of the current Omitiomire surface rights agreement. A renewal, until November 2012, has been agreed and the contract should be signed in April.

RISK MANAGEMENT

Risk assessment is a standing agenda item for Craton board meetings. Risks with extreme and high ratings were discussed and reviewed at the board meeting.

A risk assessment of the proposed Phase 1 oxide mining was carried out during February 2012.

OCCUPATIONAL SAFETY AND HEALTH

OHSE statistics for the period 01/07/2011 until 31/03/2012:

Quarter	Deaths	Lost time due to injury or sickness	Medical visits	Near misses reported
1 st quarter	None	2 Days	4	0
2 nd quarter	None	4 Days	0	7
3 rd quarter	None	0 Days	0	0
TOTAL	0	6 Days	4	7

First quarter lost time was due to minor health problems.

Second quarter lost time was due to sprained ankles. Team members wear safety boots and gaiters when working in the field.

FUND RAISING AND ACTIVITIES

The strategy is to raise private equity to fund resource expansion while, in parallel, seeking a new cornerstone investor.

Sinonew assisted to secure subscriptions for a further \$650k. The placement comprised the issue of 2.95 million shares at \$0.22 per share. The placement was with two new shareholders. Funds from the placement will be allocated towards financing the drilling and work programmes at Omitomire and regional exploration up to the end of May 2012.

Azure Capital (“Azure”) continued to advise and assist in managing a formal competitive process to gain a new cornerstone investor for the Company. The aim is to secure a \$20 million - \$30 million investment in IBML. A draft term sheet has been provided to one potential investor and we await a proposal from another. We also await feedback from a number of other potential investors who have had access to our data room.

During the quarter, a number of other activities were undertaken including:

- A further potential cornerstone investor visited Namibia and our Windhoek office.
- At an IBML Board meeting on 22 February, various investment options and funding requirements were discussed.
- A data room was set up and a number of confidentiality agreements were signed with potential JV partners and cornerstone investors.
- IBML and Craton manned a booth at “Indaba” in Cape Town on 6-9 February. Meetings were held with potential cornerstone investors.

AUSTRALIAN PROJECTS

Maranoa Resources Pty Ltd

The company is reviewing options for the EM survey after two aborted attempts at capturing data in the last quarter of 2011 due to the rugged terrain, survey equipment failures and flooding rains.

REVIEW OF PROJECTS

BACKGROUND

Through its wholly-owned Namibian subsidiary, Craton Mining and Exploration (Pty) Ltd ('Craton'), IBML holds ten Exclusive Prospecting Licences ('EPLs'), covering 7,700 km², and four EPL applications, covering 3,200 km².

The Company's major project is the Omitiomire Copper Project, which consists of the Omitiomire copper deposit and the surrounding area in EPL 3589. The other tenements are clustered into three project areas as shown in Figure 1.

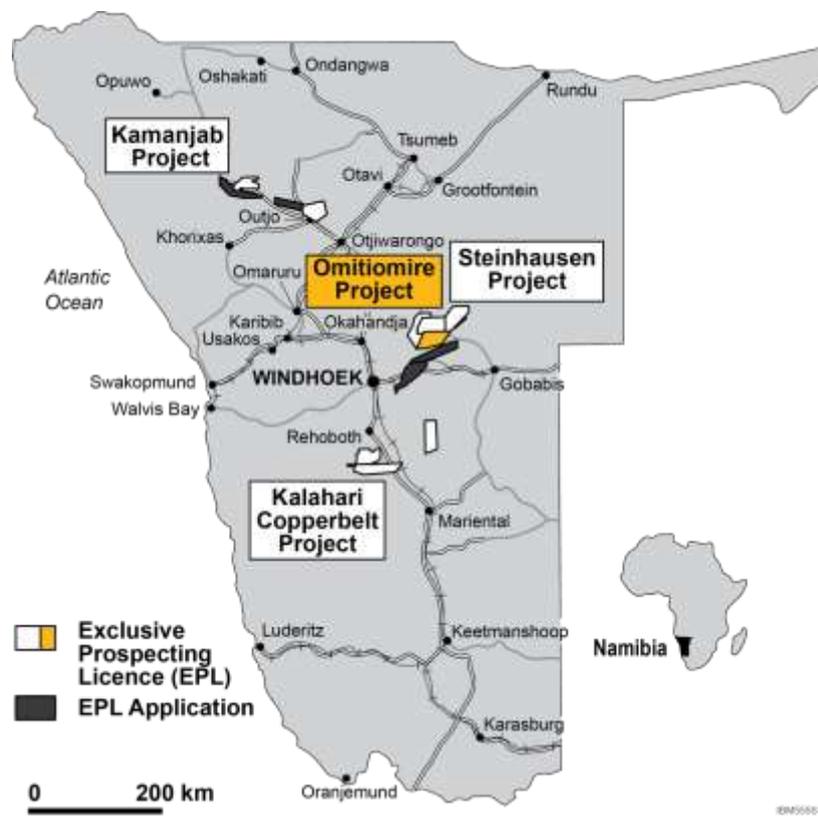


Figure 1. Craton's EPLs and applications

In addition to its Namibian projects, IBML has a number of exploration projects in Australia. These are held in separate wholly-owned subsidiary companies:

- AuriCula Mines Pty Ltd: Exploration for copper-gold in the Cobar district of New South Wales;
- Maranoa Resources Pty Ltd: Exploration for nickel and copper in the Maranoa district of south-central Queensland;
- Endolithic Resources Pty Ltd: Exploration for copper in the Mount Isa district of northwest Queensland. The single tenement application has not yet been granted.

OMITIOMIRE PROJECT

Tenement

A renewal report for the second renewal period of EPL3589, for the period 26 April 2012 to 25 April 2014, was submitted to the Ministry of Mines and Energy on 25 January 2012.

Exploration Strategy

The current drilling programme is aimed at confirming and further extending the potential resource by means of:

- Diamond tails on previous shallow reverse circulation (RC) drill holes to test for deeper copper below the identified resource in the northeastern part of the deposit;
- Additional widely-spaced (approximately 200m x 400m) RC and diamond cored holes to test the northern and northeastern extensions of the deposit;
- Shallow drilling at Omitiomire West.

Drilling Results

A total of 5,075m of drilling was completed during the quarter (Table 1) and 19,169m since the current drilling programme commenced in June 2011.

	Holes	Metres	Holes assayed
RC exploration holes	9	860	3
RC pre-collars	7	1460	4
Diamond tails	18.5	2755	14

*Table 1: Drill advances during the first quarter 2012.
The RC exploration holes include three holes at Borealis*

Hole	From	To	Cu (%)	Width (m)	Comments
ORC117	222.11	236.37	0.59	14.26	C Lens
ORC136	156.51	220.13	0.64	63.62	A+B Lens
	239	251.04	0.46	12.04	C Lens
ORC203	168	268	0.55	100.00	B+C Lens
ORC204	190	254.45	0.77	64.45	B Lens
	261.62	281	0.56	19.38	C Lens
ORC206	157	166.27	0.42	9.27	B Lens
ORC227	212	311.24	0.75	99.24	B+C Lens
ORC228	218	243	0.79	25.00	B Lens
	259.33	297.53	0.56	38.20	C Lens
ORC240	209.59	251.86	0.78	42.27	B Lens
ORC401	153	204	0.56	51.00	B Lens
	222.82	224.45	1.94	1.63	C Lens
ORC486	513.27	519.06	0.34	5.79	C Lens
ORC487	467.4	480.22	1.06	12.82	C Lens

Table 2: Significant assay results received during the quarter

Five RC holes were completed at Omitiomire West. Initial visual observations and XRF analyses indicate moderate to low grades.

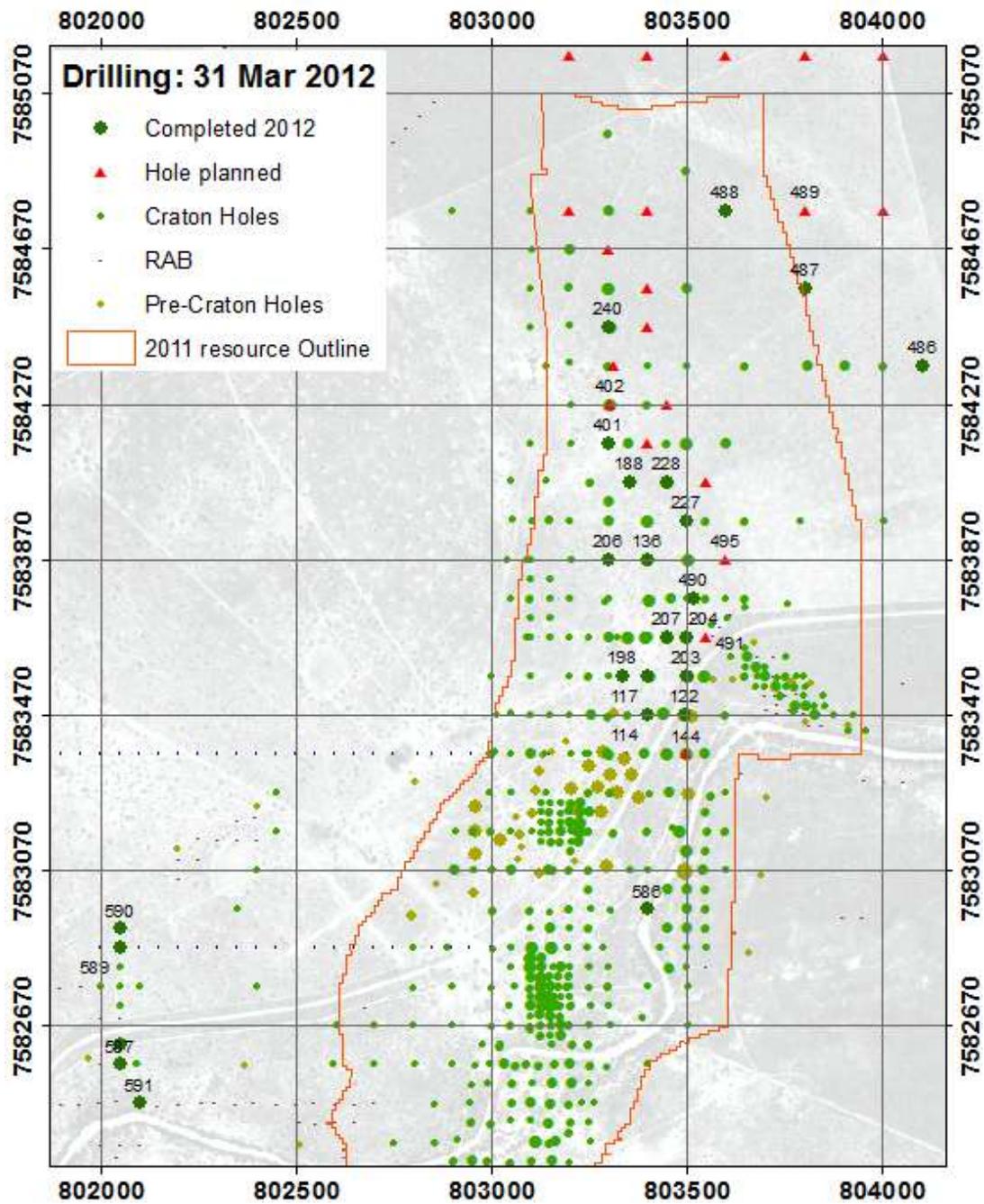


Figure 2: Omitiomire: Status of drilling to 31 March 2012. Note: The size of the drill hole symbol is proportional to the thickness x grade intersected.

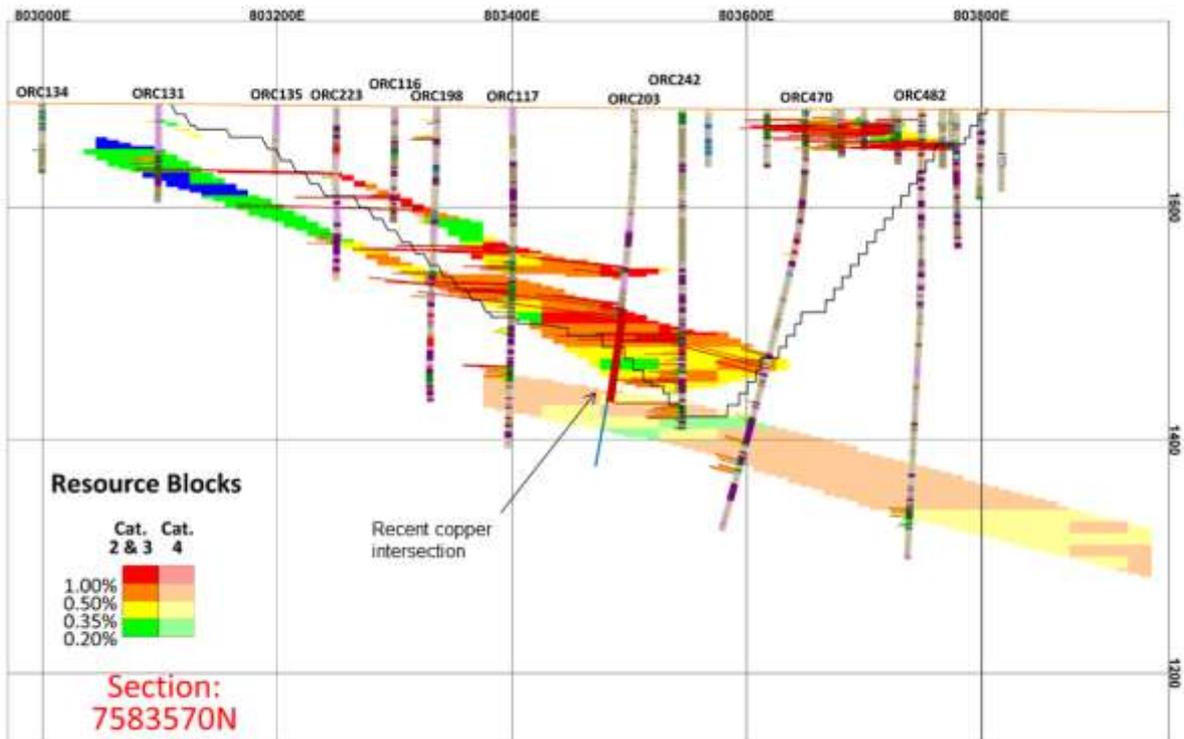


Figure 3: Section 3570. Drill hole intersections, showing the October 2011 resource in coloured blocks and resource potential in faded blocks. Category 2 = Indicated Resource, Category 3 = Inferred Resource, Category 4 = Potential Resource

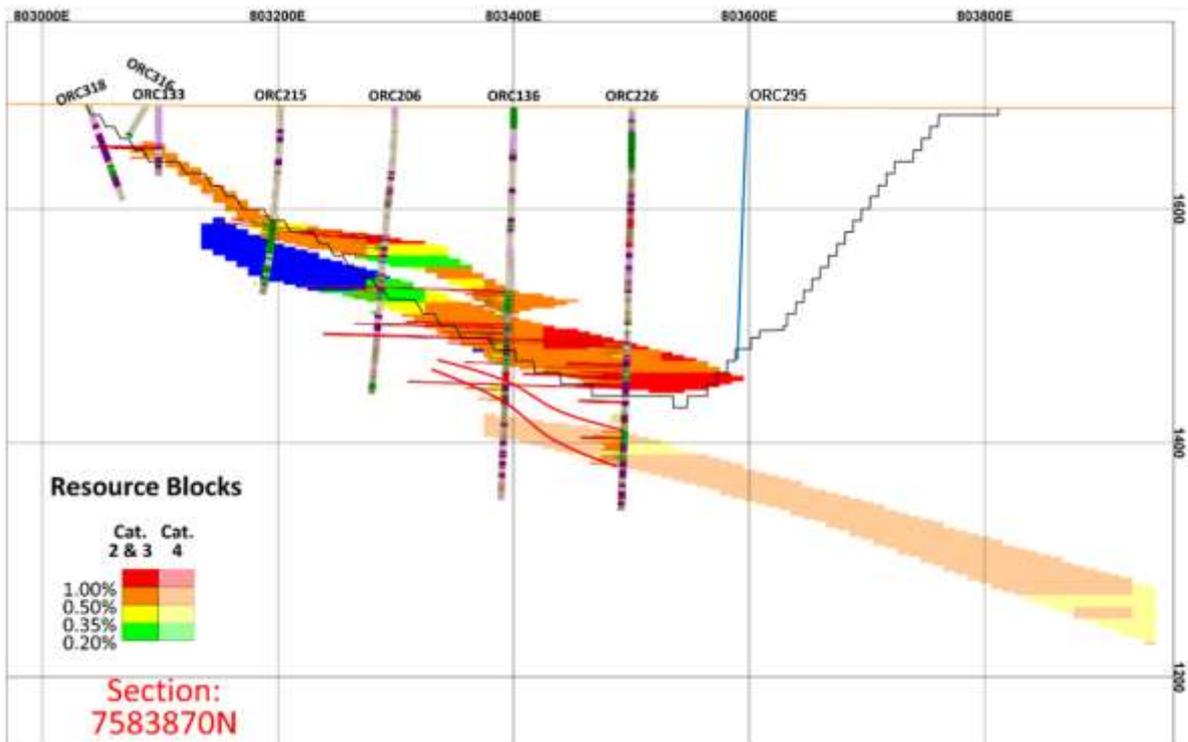


Figure 4: Section 3870. Drill hole intersections, showing the October 2011 resource in coloured blocks and resource potential in faded blocks

Oxide Mining

Close-spaced drilling (25m x 25m) within the proposed Bruce Terrace and Palm pits has simulated a “grade control” process of reserve estimation. Together with the Bloy resource model, this shows a significant increase in the proposed oxide pit resource.

Bruce Terrace Pit:

Cut-off	2010 resource			2011 resource			2012 GC resource		
	Tonnes	Cu%	t Cu	Tonnes	Cu %	Cu t	Tonnes	Cu %	Cu t
0.20	576278	0.58	3349	536019	0.62	3323	512537	0.87	4459
0.40	346331	0.78	2687	446977	0.68	3039	450969	0.94	4239
0.75							286178	1.15	3291

Palm Pit:

Cut-off	2010 resource			2011 resource			2012 GC resource		
	Tonnes	Cu%	t Cu	Tonnes	Cu %	Cu t	Tonnes	Cu %	Cu t
0.20	928641	0.62	5777	808015	0.94	7595	827569	0.92	7614
0.40	721079	0.71	5135	767387	0.97	7444	725221	1.01	7325
0.75							447824	1.27	5687

Pan Pit (no grade control drilling):

Cut-off	2010 resource			2011 resource			2012 GC resource		
	Tonnes	Cu%	t Cu	Tonnes	Cu %	Cu t	Tonnes	Cu %	Cu t
0.20	727656	0.51	3731	531650	0.80	4253	523033	0.78	4080
0.40	485639	0.62	2994	520422	0.81	4215	485762	0.81	3935
0.75							256876	1.04	2672

Table 3: Comparison of 2010 resource, 2011 resource and 2012 grade control ('GC') resource within the proposed oxide pits

The grade control ('GC') resource within the three pits totals 16,000 tonnes contained copper. This comprises 0.99 Mt at 1.18% Cu (0.75% cut-off) plus 0.87 Mt of lower grade material at 0.52% Cu (0.2% cut-off).

Social and Environmental Impact Assessment (SEIA)

Grade Control resource results for the proposed oxide mining are not conclusive and the finalisation of environmental studies has been delayed until it is shown conclusively whether a Phase 1 oxide mining operation is viable as a stand-alone operation.

The following work is in progress:

- Routine monitoring of groundwater, dust and the weather station; and
- Specialist field study reports on biodiversity/ecology; soils and land capability; air quality; surface water run-off and water balance; hydrogeological modelling; visual impact; noise; traffic; socio-economics; closure costing and public participation.

Regional Exploration on the Omitiomire Project

- Waainorth anomaly: The planned 600m drill programme has been postponed due to wet ground conditions.
- Borealis anomaly: Three RC drill holes were sited on a geochemical anomaly previously tested by shallow percussion drilling. The drilling intersected up to 23m at 0.19% Cu, within Omitiomire-type geology.
- Other anomalies: The ground magnetic grid at Barreshagen has been extended.

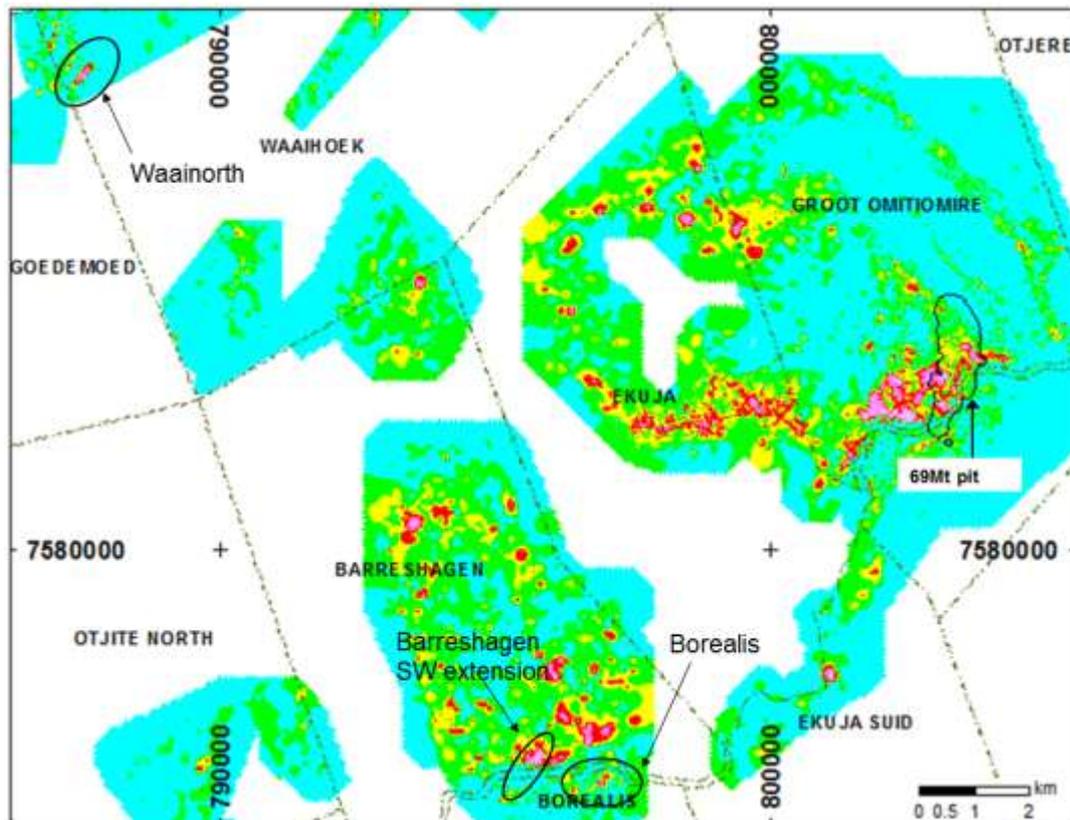


Figure 5: Soil geochemistry

Planned Future Work

- Negotiate a new access agreement for the farm Omitiomire;
- Continue resource extension drilling on the Omitiomire deposit;
- Provide a new resource estimate. This is expected to upgrade a significant portion of the “potential resource” into JORC resource categories and contain some “measured resource”;
- Carry out high level metallurgical studies to test possible improved methods in order to lower CAPEX and OPEX costs; and
- Carry out shallow drilling at Waainorth, Borealis and possibly Barreshagen to test soil geochemical and magnetic anomalies.

STEINHAUSEN PROJECT (excludes EPL3589)

The Project area currently consists of four licences and two applications:

- EPL3590: The second renewal application was submitted during January;
- EPL4054: The first three-year licence period is valid until April 2013;
- EPL3587 and 3588: Final reports for relinquishment will be submitted during April;
- EPLA4150 and 4151: Awaiting grant.

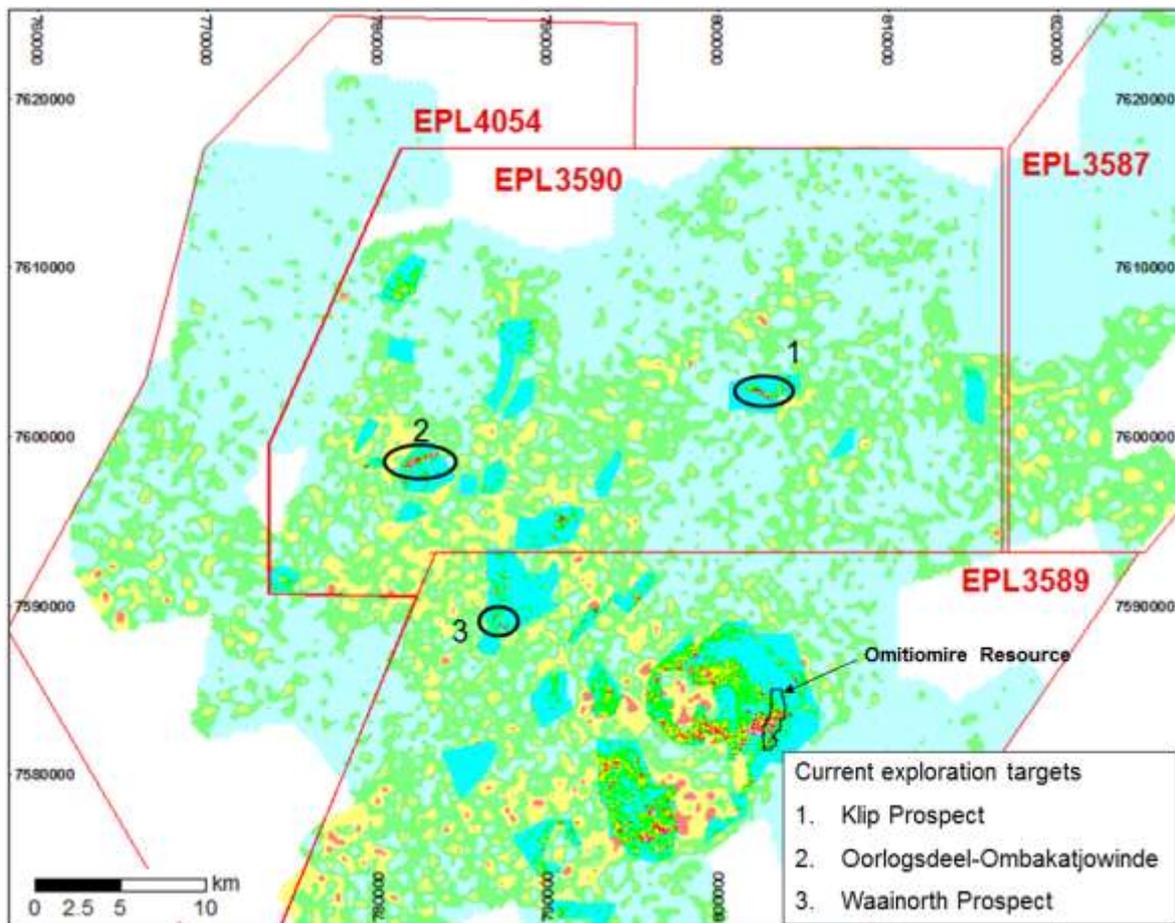


Figure 6: Copper-in-soils in the Omitiomire and Steinhausen project areas, showing current exploration targets

Planned work:

- Continue 400m x 400m spaced soil sampling and outcrop mapping;
- Follow-up detailed soil sampling and mapping of selected geochemical anomalies;
- Ground magnetic surveys of selected targets;
- Negotiate access agreements for drilling of targets.

KALAHARI COPPERBELT PROJECT

Tenements

The Kalahari Copperbelt Project comprises three granted EPLs with the following targets:

- EPL3584: Copper-silver over 60 km strike length of the Kagas Member of the Klein Aub Formation;
- EPL4039: Copper-gold in the Rehoboth Group;
- EPL4055: Copper-silver within Nosib Group strata at the Sib prospect.

A renewal report for the second renewal period for EPL3584 was submitted during January.

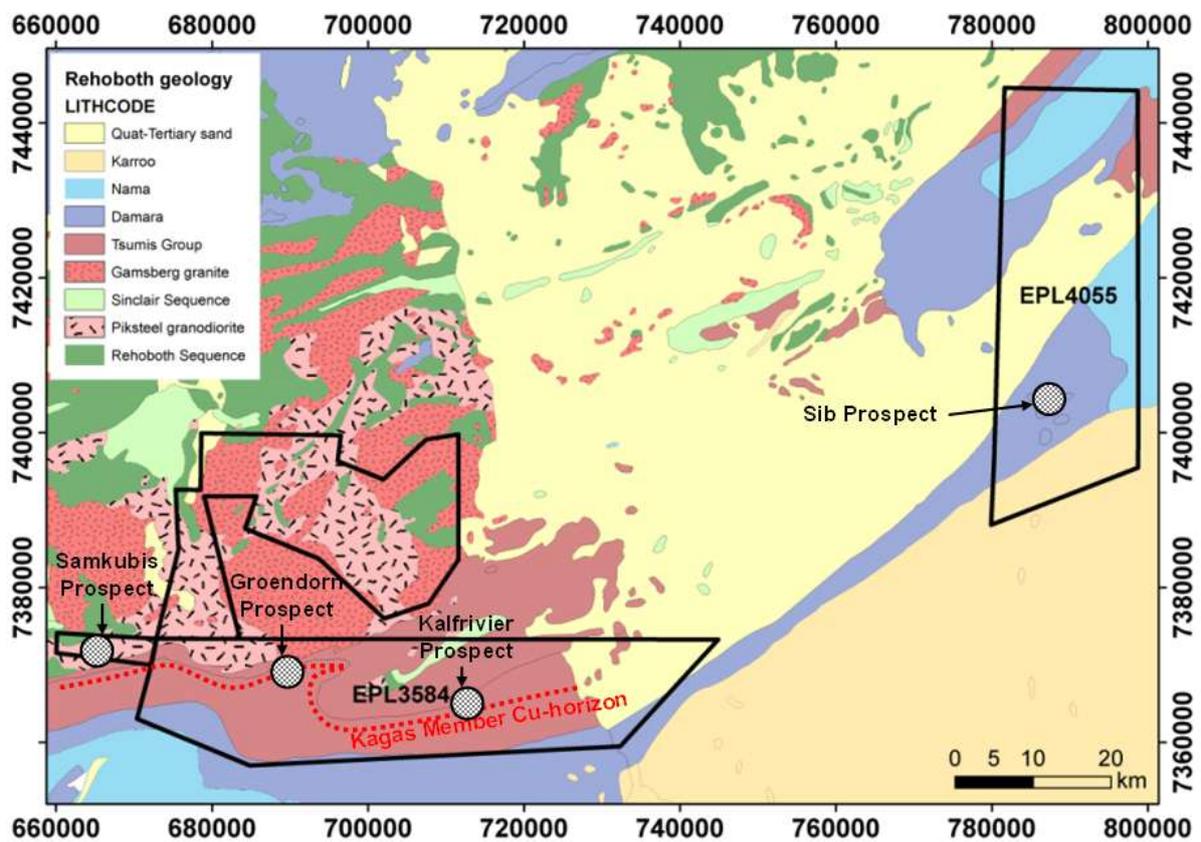


Figure 7: Craton's Kalahari Copperbelt tenements

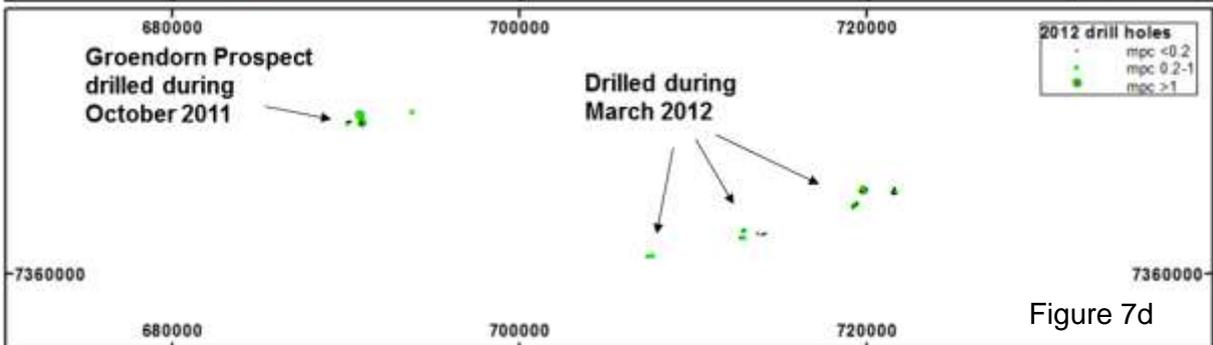
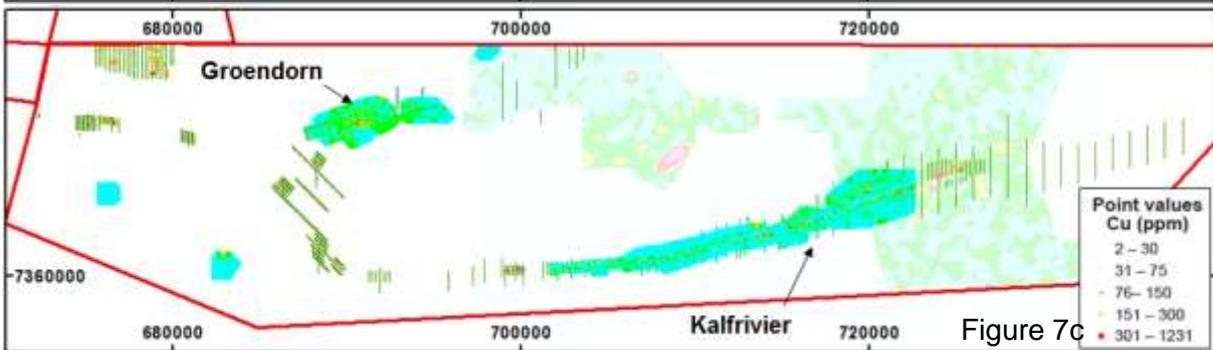
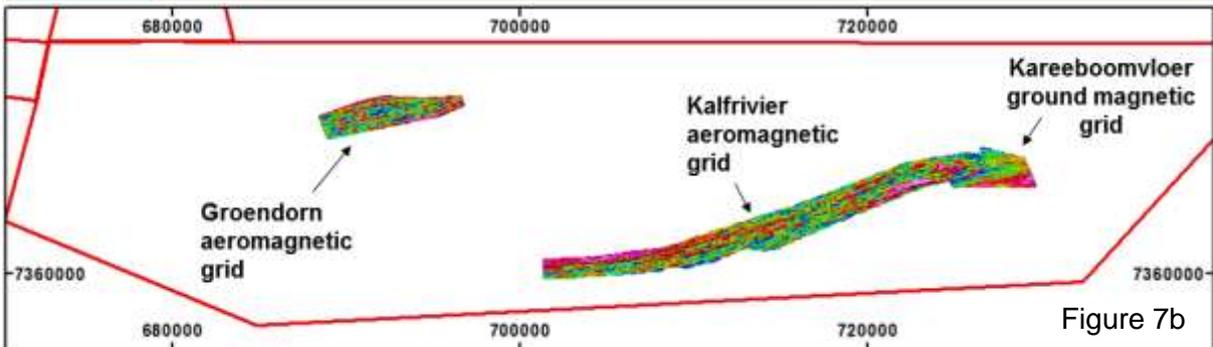
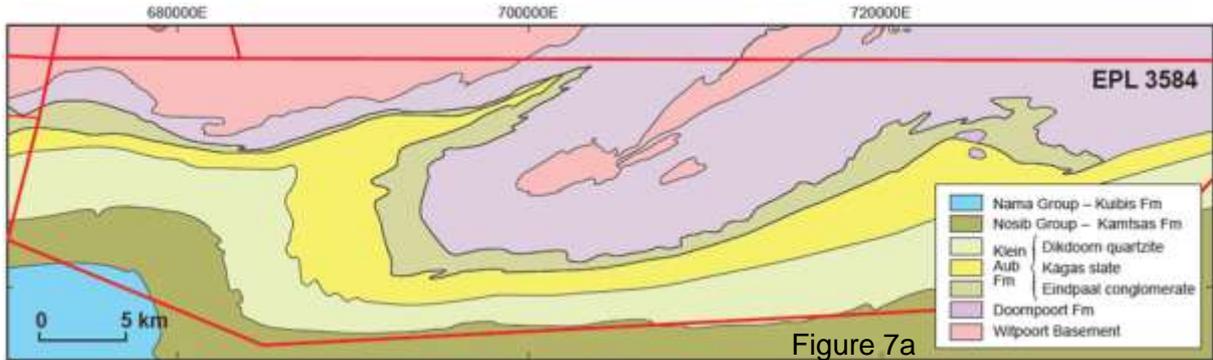
EPL3584 (Rehoboth South)

A series of 45 shallow angled RC holes (total 1760m) tested three targets at Kalfrivier and three targets at Kareeboom to depths of 20 – 40m below surface. The shallowly-dipping (10° - 40°) copper-bearing argillite and limestone beds were intersected in nearly every hole. However, the holes intersected only narrow zones of low grade copper.

Hole	From	To	m	Cu%_XRF	Cu%_ICP
GDR002	1	5	4	0.46	0.81
GDR007	7	15	8	0.31	0.38
GDR008	9	11	2	0.47	0.53

GDR009	1	7	6	0.51	0.59
KLR002	13	14	1	0.58	
KLR003	13	15	2	0.41	
KLR006	15	18	3	0.24	
KRB001	15	16	1	0.62	
KRB003	13	16	3	0.65	

Table 4. Selected results of RC drilling at Groendorn (GDR holes drilled during the previous quarter), Kalfrivier (KLR holes) and Kareeboom (KRB holes)



Figures 8a to 8d: EPL3584 geology (top); detailed magnetic coverage (second); soil-in-soil geochemistry (third); and recent drill holes (bottom)

EPL4031 (Nomeib)

A ground magnetic survey and infill soil sampling were conducted on the Vodkasdraai prospect. XRF soil sample results included analyses up to 2000 ppm Cu.

Planned Work

- EPL3584: After ICP analysis of selected drill hole samples, re-assess the prospectivity of the Kagas Member.
- EPL4031: Further ground magnetic surveys over copper-gold targets.
- EPL4055: A ground magnetic survey and RC drilling at the Sib prospect.

KAMANJAB PROJECT

Tenements

Craton holds two EPLs (3372 and 4431) and two EPL applications (4296 and 4297).

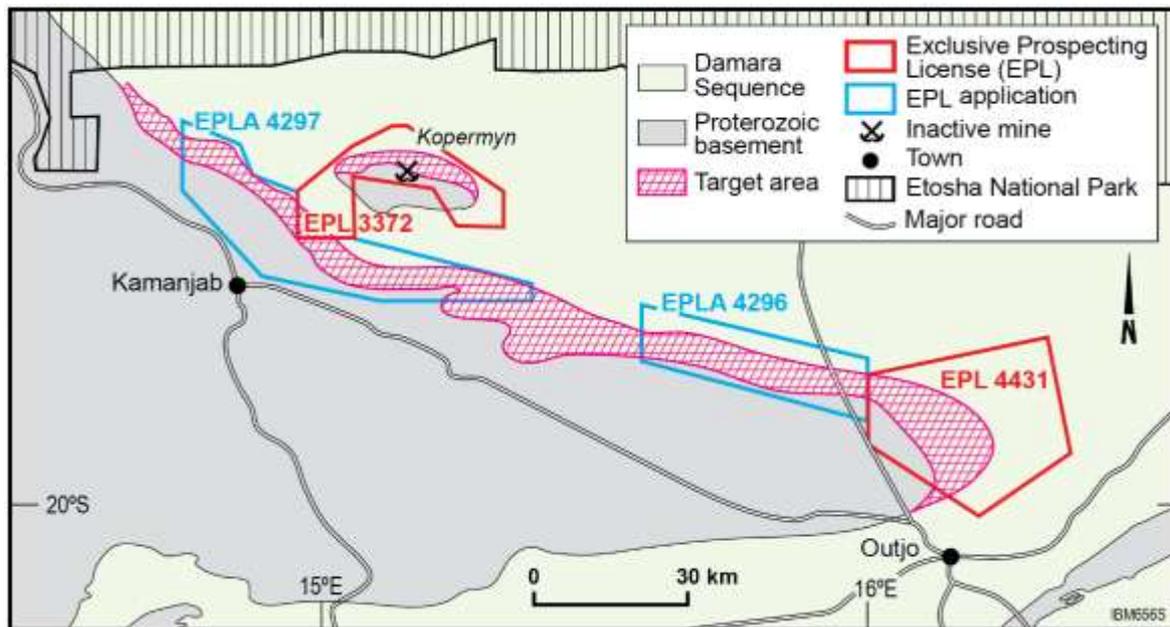


Figure 9: Kamanjab Project: Geological setting and tenement position

EPL3372 (Kopermyn)

The Company is finalising a joint venture agreement with High Power Exploration (formerly iPulse) to conduct an IP/EM survey, using HPX's unique and powerful Typhoon system, followed by drilling on targets.

EPL4431 (Tzamin)

Exploration during the late 1960's identified a small copper resource at Tzamin. The previously-reported geochemical sampling by Craton suggests potential extensions of the deposit. Planned further work includes:

- Regional geochemical sampling along the basal contact of the Damara Sequence;
- A ground magnetic survey over the Tzamin geochemical anomaly;
- Verification of the existing resource and potential extensions by means of a short RC drill programme in mid-2012.