



*"West of Mt Isa" by John Borrack (with kind permission of the artist)*

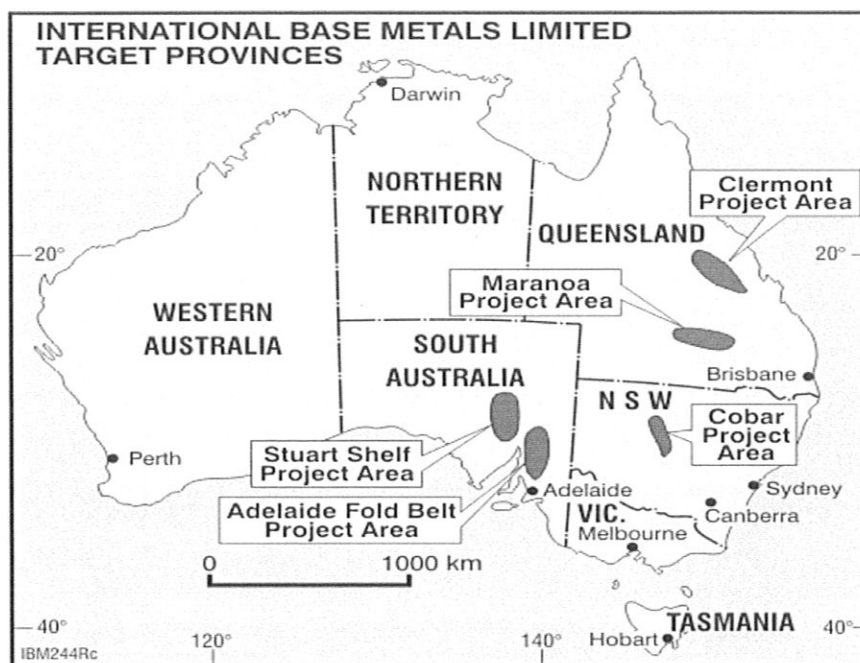
# Annual Report

## 2006

# International Base Metals Limited

ACN 100 373 635

## Annual Report 2006



### Corporate Aim

International Base Metals Limited aims to establish a sustainable base metal exploration, development and mining company.

### Company Objectives

1. To develop strategic tenement positions in geologically favourable regions.
2. To build an asset base which will deliver cash flow from operations within three years.
3. To concentrate on activities where the Company can excel and add value for shareholders.
4. To create a company structure which can evolve as the Company expands from exploration through development to mining.
5. To ensure all operations meet industry standards for occupational health and safety, and social and environmental responsibility.
6. To grow the value of shares with above-average returns to shareholders.

## CHAIRMAN'S LETTER

Dear Shareholder,

The 2005/06 financial year has again seen the Company deliver significant added value to Shareholder wealth with the second *in specie* distribution and the ASX listing of our South Australian interests as Copper Range Limited (Copper Range).

IBML congratulates CopperCo Limited, our first *in specie* distribution to Shareholders, on their exploration successes at the Lady Annie - Mount Kelly Project in Northwest Queensland, and for their speed and effectiveness in completing their Bankable Feasibility Study. It is a demonstration of just what can be achieved with experienced management, the right ground position and adequate finance.

Early in the year, delays in the granting of Exploration Permits in Queensland forced postponement of the planned aeromagnetic survey at IBML's Maranoa Project. Instead, the Company focussed on South Australia where it secured a significant tenement position in both the Stuart Shelf and the Adelaide Fold Belt.

The August 2005 discovery of Olympic Dam-type copper-gold mineralisation at Carrapateena in a tenement adjacent to one of IBML's Exploration Licence applications gave extra impetus to the Company's South Australian initiatives. Subsequently, in early 2006, the decision was made to float these South Australian interests as the separately-listed Copper Range (ASX code CRJ). Following an *in specie* distribution to Shareholders, the Copper Range 20 cents shares gained ASX listing on 7 June and are currently trading at a considerable premium to the issue price.

IBML, through its wholly-owned subsidiary Zamia Resources Pty Ltd, continued to assess its tenements in the Clermont district of Central Queensland. Following favourable results from preliminary exploration, the success of CRJ and expressions of support from a number of stockbrokers, a new to-be-listed company, Zamia Gold Mines Limited (ASX code ZGM), was registered on 26 June 2006. When listing is achieved, IBML shareholders will benefit from a third *in specie* distribution in less than three years.

IBML continues to hold a 10% interest in Copper Range Limited and will hold an 8% interest in Zamia Gold Mines Limited.

Despite the Company's best endeavours, IBML has yet to secure an advanced project. Its efforts in Malaysia, Canada and USA have all met obstacles to quick entry and a potential interest in Chile will be pursued contingent on adequate funding. Several projects have been evaluated but failed to meet IBML's entry parameters. The Company continues to identify and assess new acquisition opportunities.

Finally, I would like to emphasise that IBML is a team story. During this past year, the Company has further developed its 'team' culture, which has so successfully enhanced shareholder wealth. I also offer my sincere thanks to my fellow Directors, particularly Dr Ken Maiden who has guided IBML's exploration and evaluation initiatives and to all IBML staff members as well as to our expert consultants for their dedication and contributions to a highly successful 2006.

Thank you for your support and we look forward to another exciting year ahead.

Yours faithfully,

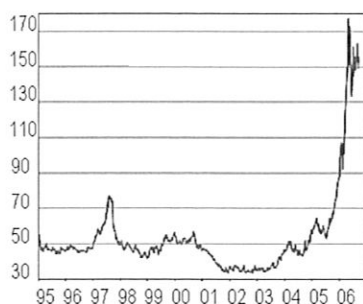


Stephen Blackman  
Interim Chairman

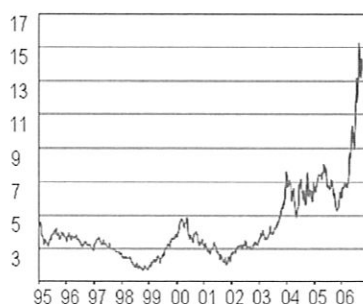
## CORPORATE REVIEW

The past year has been a memorable one for the whole mineral commodities industry as demands for these commodities, especially from China, have soared and consequent dramatic falls in warehouse inventories resulted in a huge upwards acceleration of commodity prices “across the board”.

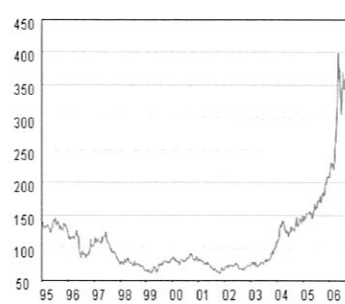
The metal price charts below graphically illustrate the extent of this “boom”.



Zinc Prices US\$/lb



Nickel Prices US\$/lb



Copper Price US\$/lb

International Base Metals Limited (“IBML”) has had an eventful year. This review of the 2005-06 year concentrates mainly on the corporate financial issues but also addresses the evolving strategy of the Company and developments both in existing exploration interests and new project generation.

### Rights Issue and Placement

As the year started, IBML was still endeavouring to raise some \$2.6 million through a Rights Issue and Placement. The Rights issue closed on 22 July 2005 with an acceptance level of less than 10% and the Placement attracted very little interest. Nonetheless the Company raised \$301,486.

Both issues carried rights for a short-dated option which were previously structured to coincide with the expected strong results from the planned Maranoa airborne electromagnetic survey. However, the survey was postponed due to delays in approval of the tenement applications and it is a tribute to shareholders that some 82% exercised their options at 8 cents per share raising a further \$122,871.

### South Australian Tenement Applications

In mid 2005, the Company had begun to establish a tenement portfolio on the Stuart Shelf and in the Adelaide Fold Belt in South Australia. In September 2005, announcement of a major Olympic Dam-style copper-gold discovery at Carrapateena in a tenement adjacent one of IBML’s recent applications created a flurry of activity in the Stuart Shelf and brought the value of IBML’s Stuart Shelf tenements into sharp focus.

Considerable credit for IBML’s tenement position must go to our South Australian resident geological consultant, David Tonkin, who alerted IBML to the tenement activity and availability on the Stuart Shelf.



## Planned IBML IPO

Buoyed by the success of establishing significant tenement positions in South Australia (Copper Range Pty Ltd), Central Queensland (Zamia Resources Pty Ltd) and Southern Queensland (Maranoa Resources Pty Ltd), as well as AuriCula Mines Pty Ltd in NSW, IBML approached the Australian market for pre-IPO funding, with the intention of listing IBML on the ASX in early 2006.

However, the market professionals expressed a strong preference for several smaller IPOs rather than for larger, diversified exploration companies such as IBML.

In view of this advice and the recently gained prominence of IBML's South Australian tenements, especially on the Stuart Shelf, IBML abandoned its initial objective of an IPO in early 2006 in favour of a separate listing of the Company's South Australian assets as Copper Range Limited.

The new Carrapateena discovery resulted in heightened interest in Copper Range's exploration licences and IBML has received several corporate expressions of interest in these tenements.

## Copper Range IPO

In early 2006, IBML established a wholly-owned subsidiary, Copper Range Pty Ltd, to own and manage its assets in South Australia. After the registration of the to-be-listed Copper Range Limited (ASX code CRJ), Copper Range Pty Ltd name was changed to Copper Range (SA) Pty Ltd.

A successful IPO raised \$3 million from the public and IBML shareholders received an *in specie* distribution of shares in Copper Range. On 7 June 2006, Copper Range listed on the ASX and achieved a very successful 60% premium on the 20 cent issue price at the close of trading. The shares have continued to trade, mostly at a greater than 100% premium.

IBML continues to hold a direct 10.06% interest in Copper Range.

## Zamia Gold Mines Limited

Zamia Resources Pty Limited (Zamia) was established as a wholly-owned subsidiary of IBML in January 2005. The company's focus is the Clermont district of Central Queensland.

Since inception, Zamia has established a pre-eminent package of tenements comprising ten EPM's and applications encompassing some 2740km<sup>2</sup>. This exploration initiative has been developed by Matt Stephens and Jock Banks, both of whom have been associated with IBML since its formation.

Exploration is targeting gold and gold ± base metals deposits. The tenements contain numerous high quality exploration targets, including a number of former gold mines which have potential for early resource definition and mine development.



Following the success of the Copper Range listing and price performance plus expressions of support from brokers, IBML decided to pursue listing of its Zamia interests. Zamia Gold Mines Limited (ZGM) was registered in late June 2006 and Zamia Resources Pty Ltd became a wholly-owned subsidiary of ZGM.

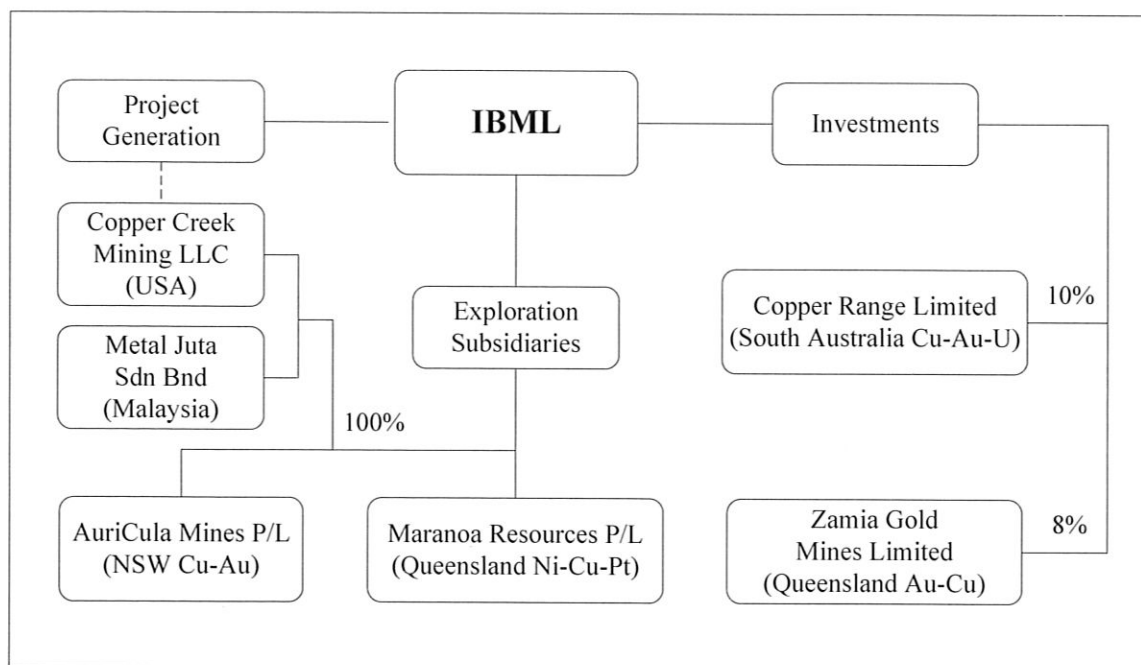
## Additional Placements

Throughout the year, IBML raised additional funds through modest placements of stock not issued under the Rights Issue Prospectus of May-June 2005. The Company raised a total of \$570,000 in the year to June 2006. These additional funds have enabled IBML to commit to the Copper Range and Zamia Gold Mines IPOs, and to maintain its exploration and project generation activities.

To further these activities, IBML has established two new wholly-owned subsidiaries, one in Malaysia and the other in the USA, which are seeking rights to identified advanced projects.

## Corporate Structure

Assuming a successful ASX listing of Zamia Gold Mines Limited, the IBML corporate structure will be as follows:



## Exploration Activities

AuriCula Mines Pty Limited: Following completion of a Joint Venture Agreement with Cobar Management Pty Ltd (CMPL) relating to the Company's Shuttleton tenement, CMPL completed two diamond drill holes on identified targets.

In the historic Stuart Town goldfield in central NSW, exploration results failed to support the conceptual exploration model and the Exploration Licence was relinquished.

Zamia Resources Pty Limited: The Company continued review and compilation of past exploration data, field reconnaissance, target generation and tenement acquisition.

Maranoa Resources Pty Limited: The Company had planned to commission an aeromagnetic survey over its tenements during the reporting year. However, delays to grant of Exploration Permits resulted in postponement of this programme. These delays resulted from a Government proposal to exclude State Forests from tenement grants. While this proposal has since been withdrawn, seven of eleven EPM applications are yet to be granted.

Copper Range Pty Limited: The Company applied for Exploration Licences and initiated exploration programmes in two target regions in South Australia; the Stuart Shelf, and the Adelaide Fold Belt.

## **Company Strategy**

The failure to list IBML on the ASX in early 2006 was disappointing. As discussed, this resulted in IBML diverting its South Australian assets into the separately-listed Copper Range Limited, and its Central Queensland assets into the to-be-listed Zamia Gold Mines Limited.

The Company's intention remains to achieve a listing on an appropriate exchange as soon as possible. This will most likely be upon a major "company-making" exploration success or on the acquisition of a "cornerstone" advanced project.

As part of its project generation strategy, the company assessed a number of opportunities in Australia, Southeast Asia and North America. None of these projects has been acquired.

## **Staffing and Consultant Services**

IBML's senior staff remained unchanged during the year to June 30, 2006

Managing Director	Stephen Blackman
Executive Director & Chief Geologist	Ken Maiden
Company Secretary	John Stone
Manager – Exploration	Garry Baglin
Manager – Central Queensland	Matt Stephens
Manager – Accounts	David Mollard
Manager – Tenements	David Clappison
Project Geologist	Charlotte (Charlie) Seabrook
Geologist	Verity Borthwick
Manager - Field Logistics	Jock Banks

IBML is fortunate to have the services of a number of specialist consultants:

Structural Geology & Remote Sensing	Martin I'Ons
Geology – South Australia	David Tonkin
Geophysics	Steve Collins
Geophysics	Chris Anderson
Geochemistry	Neil Rutherford
Accounts and Taxation	Aaron Randell

IBML has a policy of supporting and mentoring junior staff and students. During 2005, the Company provided financial support for Natalie Staib, a Geophysics Honours student at Macquarie University. Natalie's project, focussed on the Maranoa project area, was of particular benefit to the Company.

To improve services now provided to our associated (previously subsidiary) companies, IBML has augmented its administrative staff with the services of Ms Jane Morgan and Ms Juliette Mathieu (part time) and several short term contractual assistants.

## **Corporate Governance**

The Directors are committed to best practice in corporate governance. The Company is planning to adopt corporate governance policies and practice based on the recommendations of the ASX Corporate Governance Council and the Australian Institute of Company Directors as they relate to listed entities.

The Directors are responsible for protecting the rights and interest of shareholders through the implementation of strategies and action plans and the development of a framework of controls over the functions and assets of IBML.

The Directors intend to adopt operational policies for the management of IBML to ensure the internal controls and risk of its controlled entities are properly managed.

# LIST OF TENEMENTS – as at 20 October 2006

New South Wales

## AuriCula Mines Pty Ltd Cobar Region

<u>Tenement Number</u>	<u>Name</u>	<u>Area (sq km)</u>	<u>Ownership</u>
EL 6222	Mt Hope	265.5	100%
EL 6223	Shuttleton	37.8	100%
EL 6361	Nombiginni	17.4	100%
ELA 2360	Formans Tank	263.8	100%
Sub Total = 584.5			

Queensland

## Zamia Resources Pty Ltd Clermont District

<u>Tenement Number</u>	<u>Name</u>	<u>Area (sq km)</u>	<u>Ownership</u>
EPM 14552	Denham Range	251.2	100%
EPM 14686	Mt McLaren	193.6	100%
EPM 14790	Mazeppa	314.6	100%
EPM 14791	Red Rock	273.3	100%
EPM 14792	Mount Rolfe	299.0	100%
EPM 14793	Frankfield	314.5	100%
EPMA 15145	Mazeppa Extended	318.2	100%
EPM 15195	Miclere Creek	314.2	100%
EPM 15193	Avon Downs	264.4	100%
EPMA 15311	Red Rock Extended	197.0	100%
Sub Total = 2740.0			

## Maranoa Resources Pty Ltd Maranoa District

<u>Tenement Number</u>	<u>Name</u>	<u>Area (sq km)</u>	<u>Ownership</u>
EPMA 14261	Mt Tabor	466.4	0%***
***Sale Agreement signed for Maranoa Resources to acquire 100% upon grant of tenements from Australian Asiatic Gems Pty Ltd			

<u>Tenement Number</u>	<u>Name</u>	<u>Area (sq km)</u>	<u>Ownership</u>
EPM 14260	Darkwater	310.4	100%
EPMA 14776	Mt Hopeless	543.9	100%
EPMA 14970	Billin Creek	309.3	100%
EPMA14971 (on offer)	Mt Eddystone	139.7	100%
EPMA14972 (on offer)	Mt Faraday	355.0	100%
EPM 14973	Mt Emily	467.2	100%
EPM 14975	Murphy Tableland	171.1	100%
EPM 14976	Mt Hutton	305.8	100%
EPMA 15068	Toms Corner	310.3	100%
EPMA 15279	Reids Dome	310.3	100%
Total = 3690.6			



**Copper Range (SA) Pty Ltd**  
**Stuart Shelf**

South Australia (subsequent to end of year)

<u>Tenement Number</u>	<u>Name</u>	<u>Area (sq km)</u>	<u>Ownership</u>
EL 3452	Pernatty (Areas A, B & C)	376	100%
EL 3490	West Lake Torrens	794	100%
EL 3491	Murdie Island	221	100%
ELA 2006/00419	Torrens A	344	100%
ELA 2006/00420	Torrens B	355	100%
ELA 2006/00421	Torrens C	103	100%
ELA 2006/00546	Torrens D	25	100%
ELA 2006/00545	Sandy Point	29	100%
ELA 2006/00547	The Knob	32	100%
ELA 2006/00548	Red Lake	171	100%
Sub Total = 2450.0			

**Flinders Ranges**

<u>Tenement Number</u>	<u>Name</u>	<u>Area (sq km)</u>	<u>Ownership</u>
EL 3450	Worumba	230	100%
EL 3451	Kupunda	406	100%
EL 3549	Burra	314	100%
EL 3492	Wyacca	131	100%
ELA 3567	Three Creeks	253	100%
ELA 2006/00091	Holowilena South	73	100%
ELA 2006/00092	Mt Aleck	276	100%
ELA 2006/00093	Mt Josephine	304	100%
ELA 2006/00365	Barossa Valley	45	100%
Sub Total = 2032			

**Copper Range TOTAL= 4482**

Exploration License

EL = Exploration Licence

ELA = Exploration License Application

EPM = Exploration Permit for Minerals

EPMA = Exploration Permit for Minerals (Application)

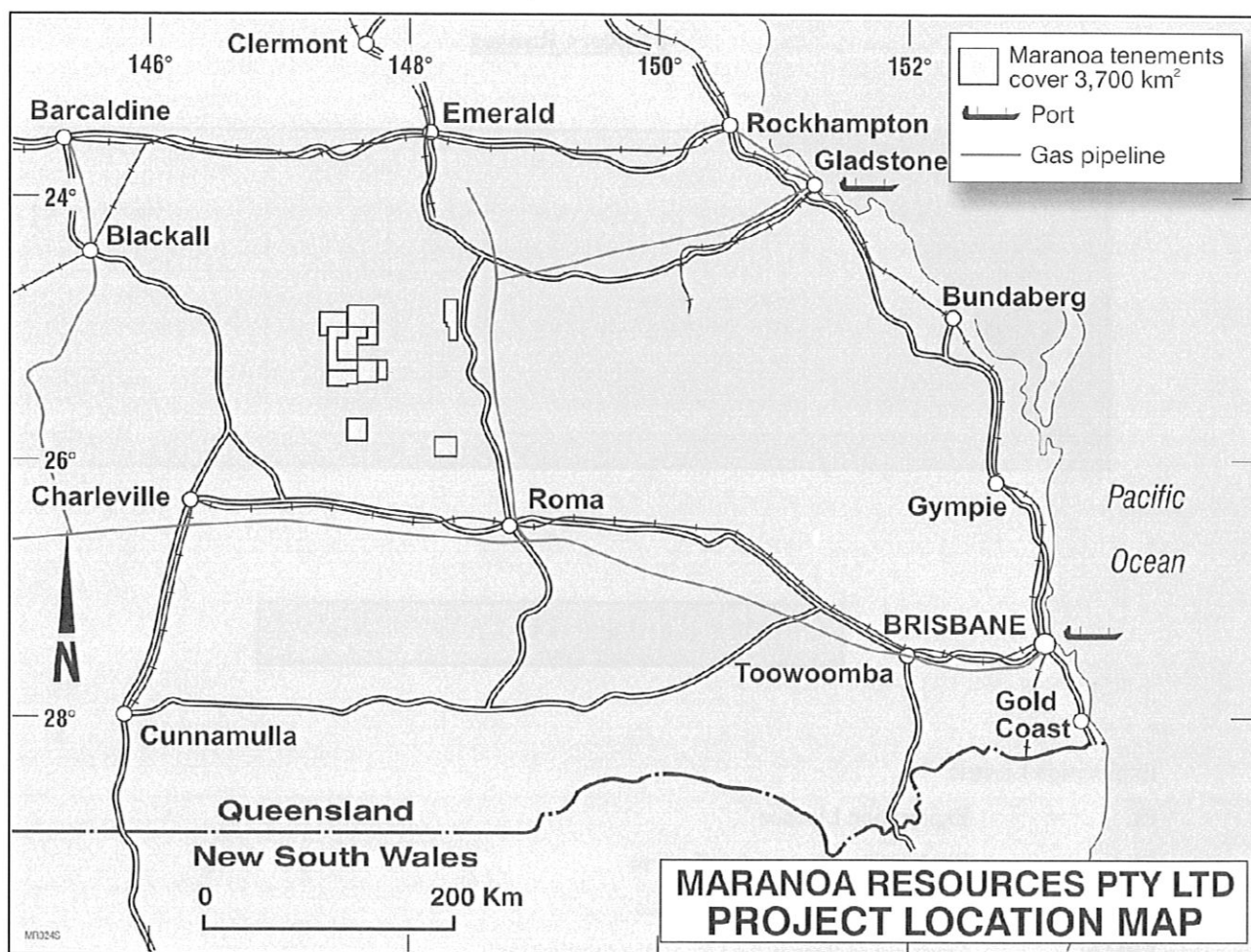
## EXPLORATION PROJECTS

### MARANOA RESOURCES PTY LTD

#### Background

IBML is targeting nickel-copper-platinum-group element (PGE) deposits in southern Queensland. Geologically, the region has many similarities to the world-class Noril'sk nickel-copper-PGE system in Arctic Russia. If the concept proves to be valid, it could lead to the recognition of an entirely new nickel province in the Maranoa district.

Through its wholly-owned subsidiary company, Maranoa Resources Pty Ltd (Maranoa), IBML has established a commanding tenement position in the region, holding 11 Exploration Permits for Minerals (EPM's) and applications covering some 3,700 km<sup>2</sup> of prospective ground.

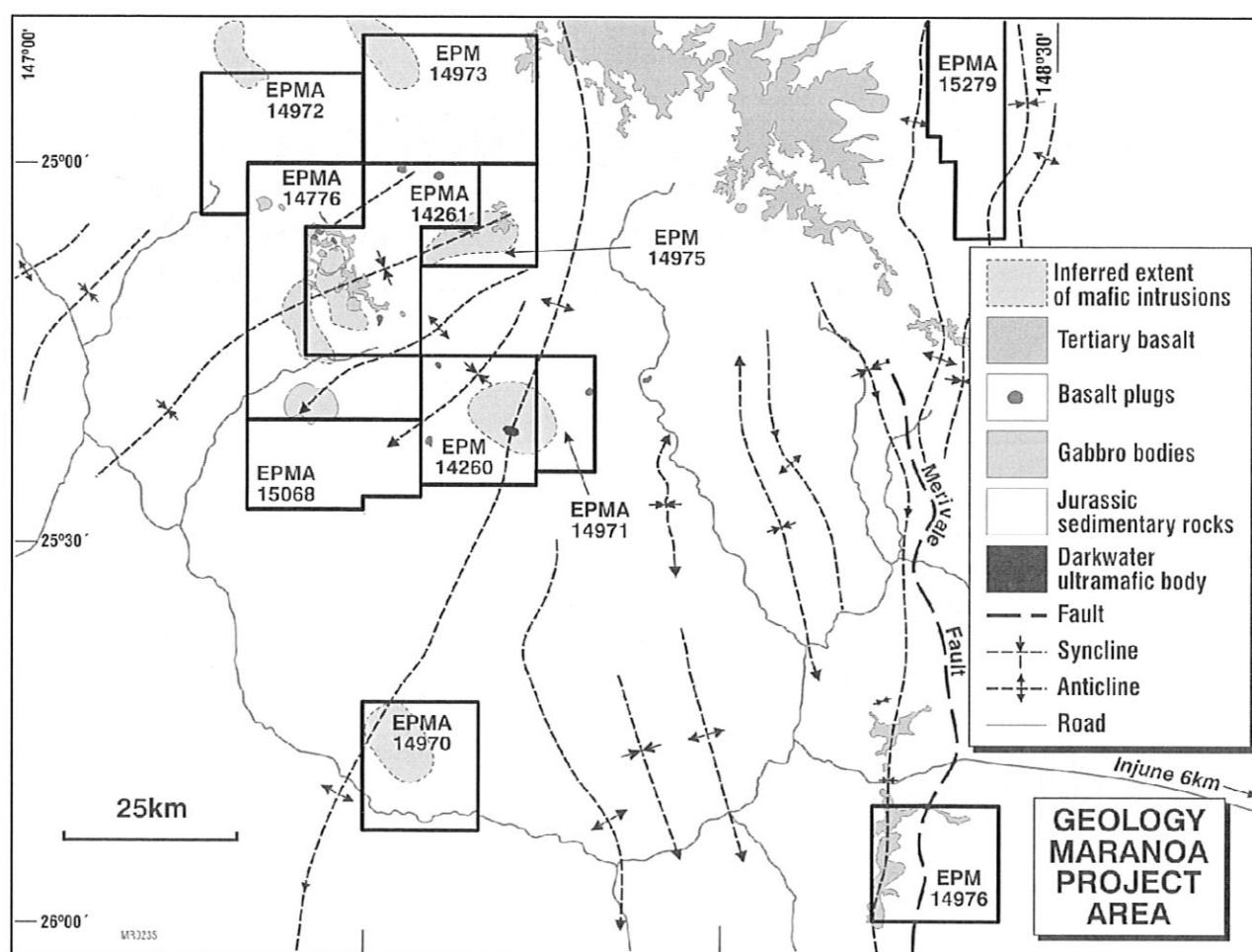


#### Geology of the Maranoa District

The target district contains a sequence of Jurassic sandstone, part of the Eromanga Basin sequence, intruded by a number of mafic-ultramafic igneous bodies. The known mafic-ultramafic bodies are up to 8 x 6 km in aerial extent but regional magnetic imagery shows that the bodies are much more extensive than the outcrop, and point to a number of other buried mafic intrusive bodies.

Maranoa is encouraged by the many similarities to the Noril'sk district:

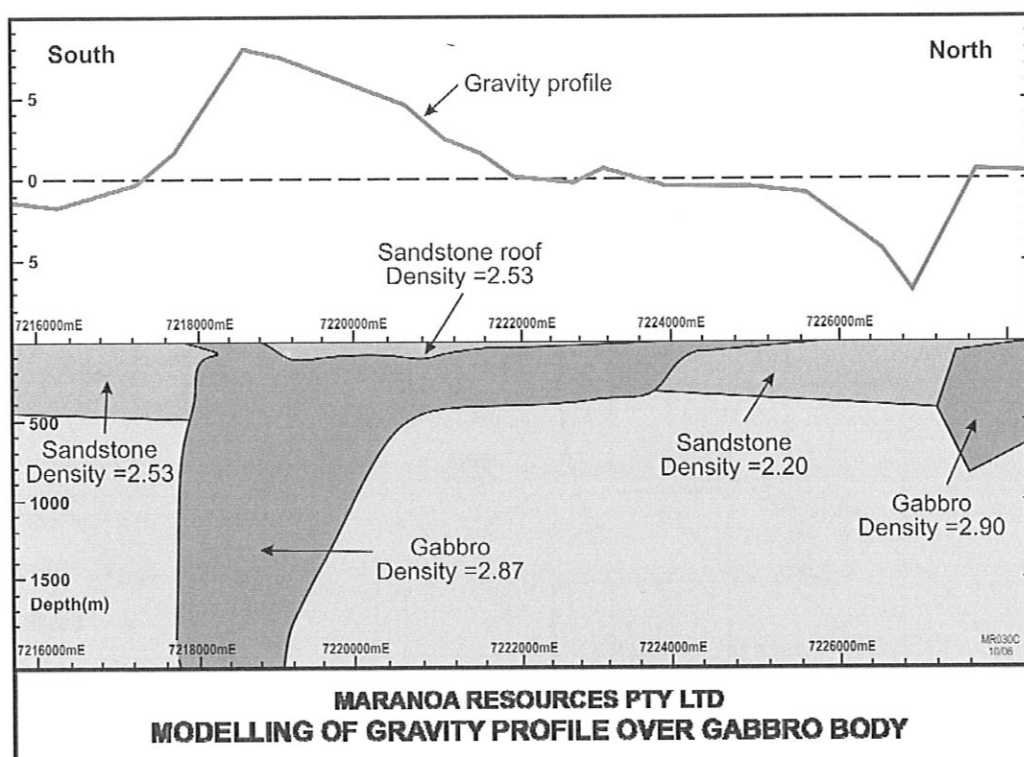
- In the Maranoa region, multiple mantle-derived mafic-ultramafic magmas were emplaced into a sediment-filled trough as part of the feeder system to Tertiary flood basalts.
- Previous exploration for nickel-copper has been limited but minor nickel (up to 0.25% Ni) and copper (up to 0.2% Cu) have been reported.
- Limited previous drilling (two shallow drill holes) intersected minor nickel (up to 0.2% Ni) but no follow up is recorded.
- Reconnaissance sampling by Maranoa has returned high nickel values (up to 1% Ni) in weathered gabbroic rocks, possibly indicating nickel sulphides at depth.
- The host Jurassic basin sediments show evidence of sulphur-rich material, including coal measures, potentially providing a sulphur source which allowed the formation of iron, nickel and copper sulphides in a molten magma chamber.



## Companies Activities

The Company had planned to fly a new aeromagnetic survey over its tenements during the reporting year. However, the Queensland Government put forward a proposal to assess forestry areas for their conservation sensitivity prior to granting Exploration Permits. Although this proposal has now been withdrawn, the effect has been to delay the granting of Exploration Permits. At the present time, only four of the 11 tenement applications have been granted

As a result, Maranoa has been only able to continue with low-key exploration such as assessment of data and reconnaissance visits to the region.



During the year, Maranoa supported research by geophysics student, Natalie Staib, who investigated the magnetic and gravity response of the laccolith-shaped intrusion at Mount Yanalah within the project area. This study determined that the outcrop is a sub-horizontal sill-like intrusion, about 300m thick, with a 3km deep feeder under the southern part of the body.

This work provided additional confidence that the target gabbro bodies would have sufficient size to support significant nickel-copper-PGE deposits.

## Company Strategy in South Queensland

Maranoa has secured a commanding tenement position in the region. Preliminary investigations have enhanced the attractiveness of the concept. This project has the potential to be a company-maker.

Maranoa plans to further advance the project by conducting a high-resolution aeromagnetic and radiometric survey over the entire tenement area. Existing magnetic data were collected along flight lines up to 2km apart, providing very inadequate data. Maranoa plans 200m flight line spacing. This work will provide targets for more detailed testing.

Any exploration success in the region would almost certainly attract the support of major resource companies. A number of companies of substance have already expressed interest in reviewing available data.



# **COPPER RANGE PTY LTD**

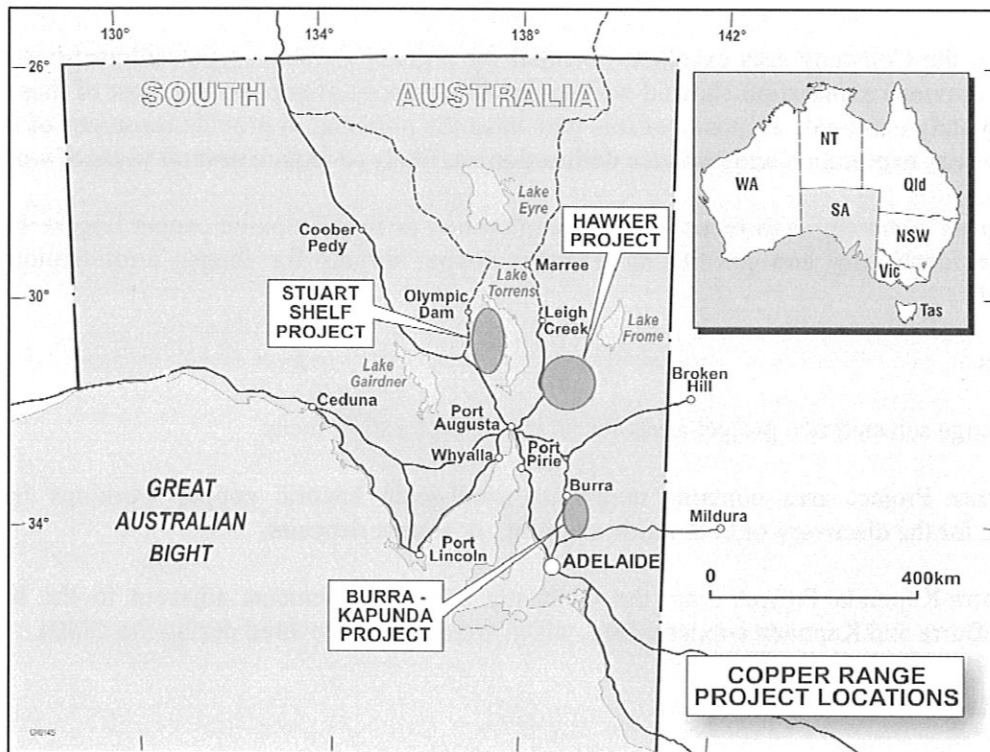
## **Background**

Copper Range Pty Ltd (Copper Range) was established by IBML as its wholly-owned subsidiary mineral exploration company focussed on South Australia. The factors which favour this South Australian focus are:

- Highly prospective geological terrains
- Strong government support for mining and mineral exploration
- Good infrastructure
- Rated world #6 for mining investment - ahead of other Australian states and territories.

Copper Range has concentrated its exploration effort on two highly prospective provinces namely the Stuart Shelf and Adelaide Fold Belt.

Prior to the end of the reporting year, Copper Range Pty Ltd changed its name to, Copper Range (SA) Pty Ltd. Since June 2006, the Company has been a wholly-owned subsidiary of ASX – listed Copper Range Limited.



## **Stuart Shelf**

### **Introduction**

The Stuart Shelf hosts numerous iron oxide-copper-gold (IOCG) deposits. It contains the Olympic Dam deposit, the world's largest uranium resource and fifth largest copper resource. Other deposits include Moonta, Prominent Hill and the recently-discovered Carrapateena prospects.

### **Tenements**

Copper Range has three granted Exploration Licences (EL's) in the highly-prospective central Stuart Shelf.

Subsequent to the sale of Copper Range (SA) Pty Ltd to Copper Range Limited, applications have been lodged for an additional seven Exploration Licences.

### Exploration Approach

The IOCG deposits of the Stuart Shelf are overlain by several hundred metres of barren strata. The detection of these deposits below deep cover presents a major exploration challenge.

To identify targets for drilling, the Company commenced exploration over its tenements during July 2006, subsequent to the sale of Copper Range (SA) Pty Ltd.

### **Adelaide Fold Belt**

#### Strategy

Copper Range's initial targets are shallow oxide copper concentrations. These are typically modest-sized deposits but have the potential for rapid resource delineation and development as leach – solvent extraction – electrowinning (SX-EW) operations. A cluster of deposits could provide feed to a central SX-EW plant, producing copper metal on site at competitive costs. The Company has defined multiple targets, mainly around historic mine workings.

In addition, the Company sees excellent potential for primary Zambian-type sediment-hosted copper deposits. Previous exploration showed widespread occurrences of copper, but most of these have not been adequately explored. Deposits of this type have the potential to provide resources of significant size. However, exploration and resource delineation are likely to require several years of work.

The Company's strategy is to focus its initial exploration drilling on oxide copper targets while at the same time identifying and prioritising primary copper targets for longer term exploration and assessment.

#### Tenements

Copper Range selected two project areas for its initial exploration focus.

The Hawker Project area contains numerous small-scale historic copper workings in an area favourable for the discovery of both oxide and primary copper deposits.

In the Burra-Kapunda Project area, the Company selected tenements adjacent to the historically important Burra and Kapunda copper mines, which were both discovered during the 1840s.

#### PACE Funding

Copper Range successfully lodged application for drilling support from the South Australian government under its PACE initiative. As a result, the PACE programme will pay 50% of the Company's direct drilling costs during the 2006 calendar year.

#### Exploration Activities

During the reporting year, Copper Range carried out the following work:

- Reconnaissance field visits confirmed the potential for both primary and oxide copper deposits.
- Interpretation of remote sensing data generated numerous new targets based on alteration features that might suggest the presence of primary copper sulphides at depth.
- Detailed geological mapping and geochemical surveys resulted in definition of drill targets at a number of prospects.

Shareholders are referred to the Prospectus of Copper Range Limited (April 2006) and subsequent Annual Report for further details. See website at: [www.copperrange.com.au](http://www.copperrange.com.au)

## ZAMIA RESOURCES PTY LTD

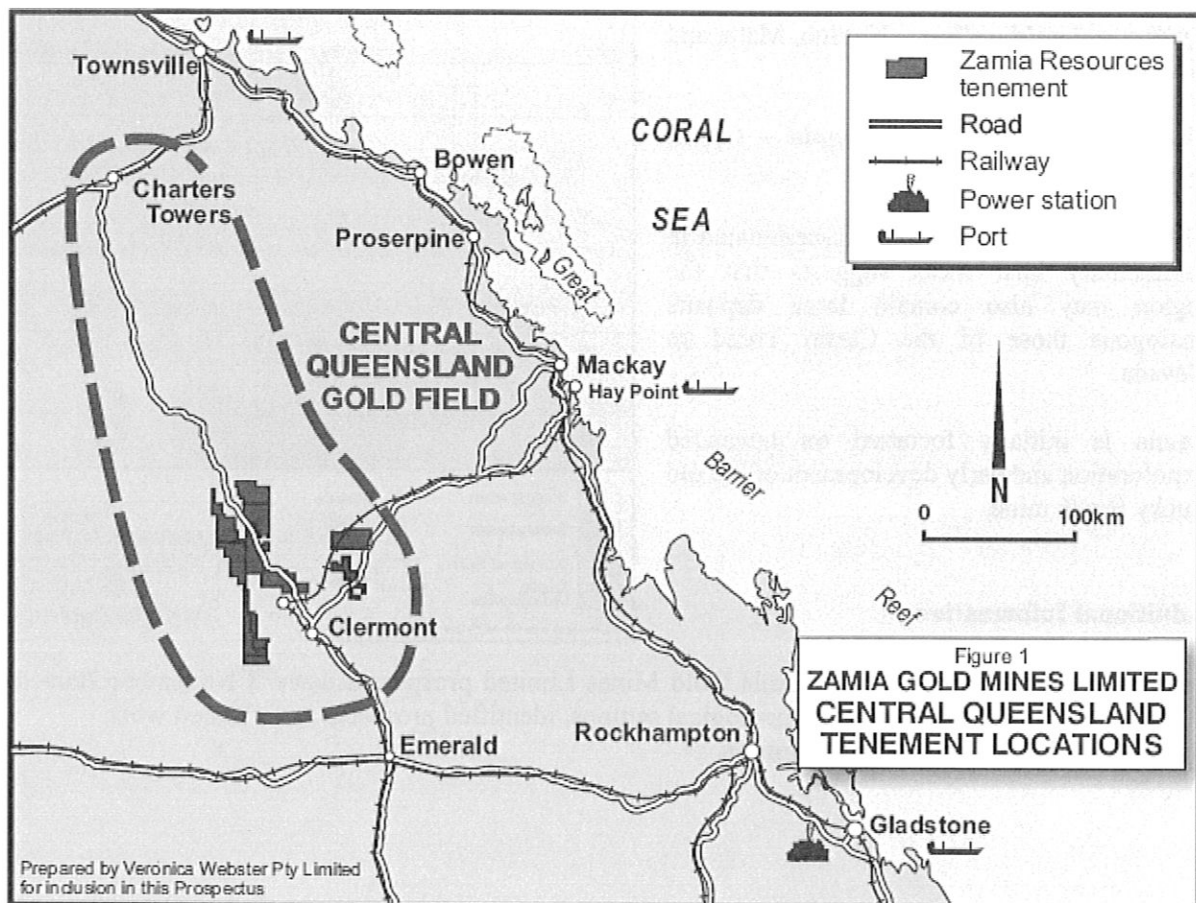
### Background

IBML, through its wholly-owned subsidiary Zamia Resources Pty Ltd (Zamia), established a prominent portfolio of exploration tenements in the Clermont district of Central Queensland, comprising 10 EPM's and applications covering approximately 2750 km<sup>2</sup>.

On 23 June 2006, IBML registered a new company, Zamia Gold Mines Limited (ZGM) which is planned to be the ASX listed company to progress exploration of this tenement package. Preparation of an IPO prospectus to raise A\$4 million has begun. ZGM will acquire Zamia from IBML and Zamia will become the operating subsidiary, retaining the tenements and managing the exploration activities.

### Exploration Potential

Increased mineral exploration activity in the district, initiated in the 1980s, was based on the application of new exploration models for epithermal gold deposits. This activity resulted in development of a number of significant gold mines, including: Pajingo / Vera Nancy, Wirralie, Yandan, Mount Coolon, Twin Hills / Lone Sister. The total amount of gold discovered during this period exceeds 5 million ounces.



The Zamia tenements partly surround the recently-developed Twin Hills epithermal gold mine and contain a previously mined gold deposit, Lucky Break. Little exploration for both the lateral and depth extensions of this deposit has been undertaken. The potential for such extensions is considerable and the outlook for Zamia to achieve early gold production is very favourable.

Elsewhere some 40 targets have been identified for follow-up investigation. At a number of these gold and/or copper mineralisation is present either in drill hole samples or outcrop. The application of modern exploration techniques over the possible extensions to these mineralised targets adds further considerable potential to Zamia's focussed tenement holding.

### Styles of Mineralisation

The Central Queensland region contains a wide range of mineral deposit styles, reflecting the complex geological history of the region.

**Mesothermal gold veins** - Lucky Break and Belyando.

**Porphyry-related vein and stockwork** - Dead Horse Bore prospect.

**Epithermal gold – silver** – Nardoo, Matta and Nivram prospects.

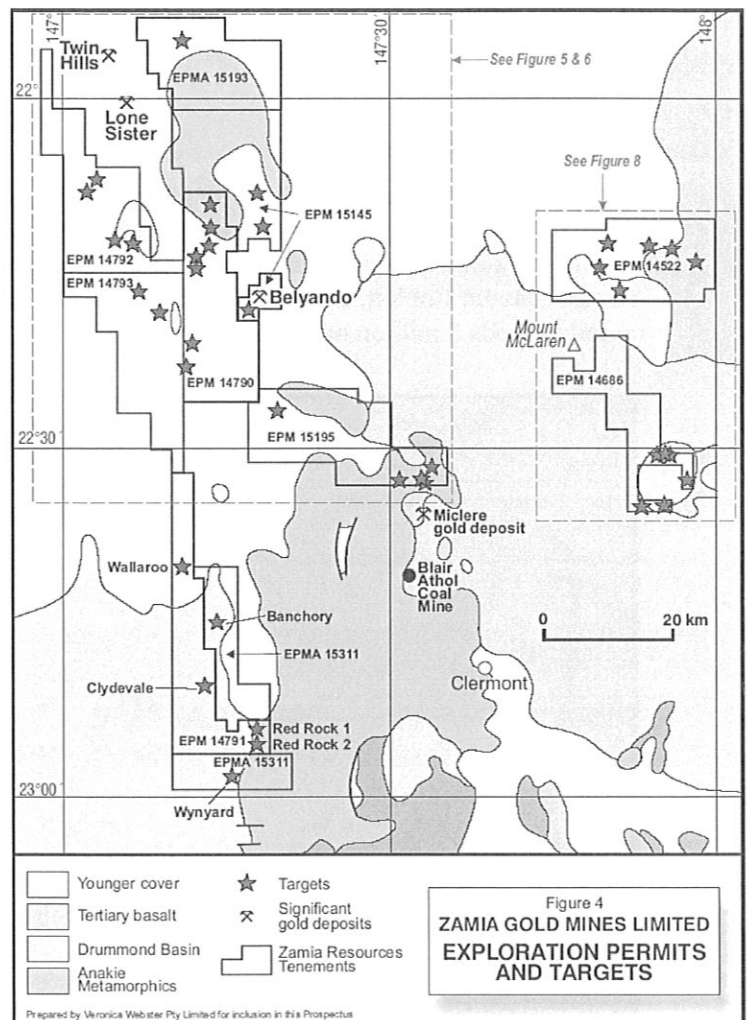
**Volcanogenic base metals - gold** – Covah prospects.

The recent discovery of gold disseminated in sedimentary host rocks suggests that the region may also contain large deposits analogous those of the Carlin Trend in Nevada.

Zamia is initially focussed on advanced exploration and early development of the old Lucky Break mine.

### Additional Information

Shareholders are referred to the Zamia Gold Mines Limited prospectus dated 3 November 2006 for additional technical details relating geological settings, identified prospects and planned work  
See website at: [www.zamiagold.com.au](http://www.zamiagold.com.au)





## AURICULA MINES PTY LTD

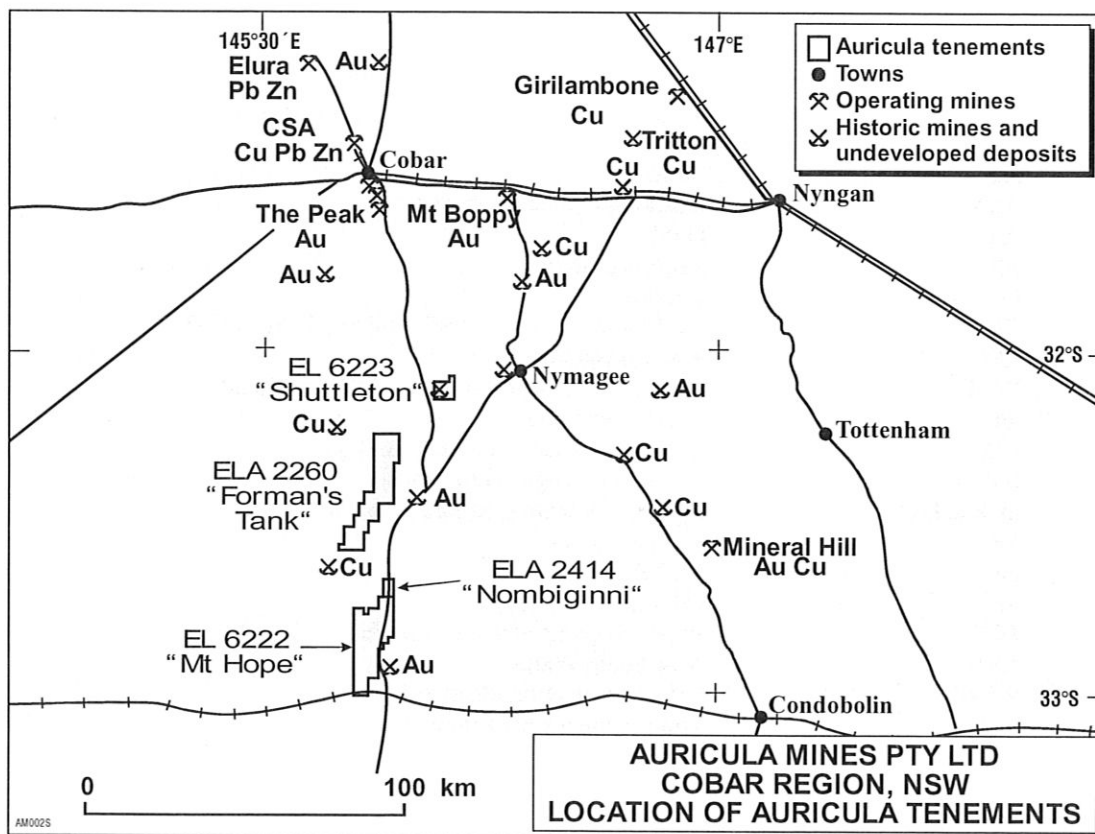
### Background

Cobar is one of Australia's long-established mining districts. Located in semi-arid bush land in western New South Wales, the town of Cobar was built around rich deposits of copper and gold.

IBML, through its wholly-owned subsidiary AuriCula Mines Pty Ltd (AuriCula), developed a strategic tenement position comprising four Exploration Licences (ELs) in the southern Cobar district.

The identified targets are:

- High grade structurally-controlled primary copper-gold orebodies.
- Oxide copper resources, from which copper metal can be relatively inexpensively recovered using SX-EW technology.
- Near- surface gold deposits that can be aggregated for a central processing facility.



The Company has developed a digital database of previous exploration data and acquired new geophysical data sets. Integration of data using MapInfo, and assessment of geochemical and geophysical data using specialist consultants, has resulted in new geological interpretations and the identification of drill targets.

Since early 2005, AuriCula had been discussing possible Joint Venture co-operation with the management company of the “famous” underground CSA copper mine, Cobar Management Pty Ltd, (CMPL) and the owners of the mine, Actway Pty. Ltd (Actway), which in turn is a subsidiary of Glencore Commodities, the Swiss based mineral commodity traders and founding company of Xstrata Limited.

In May 2005, AuriCula finalised a Joint Venture agreement with CMPL. Under the terms of this Agreement, CMPL has undertaken to fund exploration to progressively earn up to 90% equity in the Shuttleton Exploration Licence (EL 6223) by expending \$850,000 over three years. AuriCula will retain a 10% free carried interest until a decision to mine any resources discovered. After this, AuriCula may contribute pro rata to development expenditure or receive \$1,000,000 less a proportional share of feasibility costs for its 10% equity.

### List of Abbreviations

Ag	Silver
ASX	Australian Stock Exchange
Au	Gold
A\$	Australian dollars
Cu	Copper
EL	Exploration Licence (NSW and South Australia)
EM	Electromagnetic
EPM	Exploration Permit for Minerals (Queensland)
g/t	Grams per tonne
IBML	International Base Metals Limited
IOCG	Iron oxide-copper-gold deposit
m, km, km <sup>2</sup>	Metres, kilometres, square kilometres
Mt	Million tonnes
Ni	Nickel
oz	Ounces
PGE	Platinum group elements (platinum, palladium, etc)
NSW	New South Wales
SX-EW	Solvent extraction-electrowinning
t, tpa	Tonnes, tonnes per annum

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## Corporate Details

International Base Metals Limited (ACN 100 373 635) is an Australian un-listed public company.

### Board of Directors

Stephen Blackman – Chairman & Managing Director  
Dr Kenneth Maiden – Executive Director & Chief Geologist  
Ian Daymond – Non-executive Director  
Brian Rear – Non-executive Director

### Registered Address & Principal Office

Level 4, 72 Pitt St  
Sydney, NSW 2000  
Australia  
Tel: 61 (0) 2 8223 3777  
Fax: 61 (0) 2 8223 3799  
Email: [office@interbasemetals.com](mailto:office@interbasemetals.com)  
Webpage Address: [www.interbasemetals.com](http://www.interbasemetals.com)

### Company Secretary

John Stone  
Tel: 61 (0) 2 8223 3777  
Email: [jstone@interbasemetals.com](mailto:jstone@interbasemetals.com)

### Auditors

Bretnalls Assurance  
Chartered Accounts  
6 floor 222 Clarence St  
Sydney, NSW 2000

### Accounting & Taxation Consultants

Emerson Randell Young  
Suite 1 Level 4, 117 York St  
Sydney NSW 2000

### Lawyers

Gadens Lawyers  
Skygarden Building  
77 Castlereagh Street  
Sydney NSW 2000