



International Base Metals Limited

Annual General Meeting 2008

Chairman's Address

2 October 2008

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Before I put the Resolutions, I would like to take this opportunity to address the meeting on the progress of the Company's operations during the year and more particularly since year end.

You have all received the recent Annual Report which, in terms of quality, I think you will agree, is a significant improvement from previous years; it provides a very good summary of the Company's projects and progress.

So rather than repeat the information in the report I wish to communicate to you the excitement and initial reactions that I share with my fellow new independent Director, Peter Bradford, since we joined the Board recently.

With some 3,000 odd exploration companies in Australia investors accept the well worn exploration process of ground position, exploration with the chance of a discovery, evaluation, development and operation. How often does this happen? In fact, very rarely; if you visit Rio Tinto's website, for example, it is stated that, in their experience, only one in 350 projects that they test by drilling ever becomes a mine.

Your Company has a track record of making several discoveries in recent years and has seen a mine now in operation and expanding. So for a geologist and a metallurgist the attraction of an exploration team that delivers was - and is - compelling.

I first travelled Namibia in 2001 and visited what has subsequently become IBML's flagship Omitiomire Project; back then it was little more than a geological occurrence. I look forward very much to a second visit to the project in the near future; Peter Bradford has, however, recently visited Namibia and acquainted himself with most of the Company's projects.

The move by IBML to Namibia was in fact a re-focussing of the company to identify an advanced exploration project with a high probability of providing cash-flow for the company in the near term. It was funded by a significant placement by West Minerals Pty Ltd. who was then and remains the Company's cornerstone investor represented here today by Dr Deng Jiniu and Mr Chen Qiang. West Minerals currently owns 19.98% of IBML and have indicated their preference to add further to this investment so as to retain a similar percentage ownership going forward.

This move dramatically changed the Company. Not only did it make it truly international but it also expanded the Company with a second exploration team who have achieved remarkable results within 12 months. Such a performance would be the envy of many exploration teams the globe over. How many Companies can point to a deposit and say "Drilling encountered significant copper mineralisation in every hole".

While many companies are queued up for drill rigs, IBML's Craton Mining team increased their rigs from one to five and managed to drill 32,000 m despite losing 10 weeks due to one of the worst rainy seasons for many years. I would also like to point out that your company's drilling costs on a per metre basis are significantly lower than other companies are facing elsewhere in the world.

Of course this intensive drilling, followed by considerable metallurgical test work and the pre feasibility study (or PFS) could not have occurred without further capital inflow. So the Company is to be congratulated in raising some \$8.66 million under tightening financial conditions in the October 2007 - January 2008 period. Again West Minerals ably assisted the process as a shareholder and further investor. The Company's financial advisors were successful in broadening the shareholder base with notable Australian institutions and it is a pleasure to see some represented here today.

We are within a month or so of completing the PFS. The study is 95% complete but as the Company has deliberately sought independent opinions, as a safeguard to shareholders and incoming investors, their reports need to be incorporated in the PFS results before finalisation. I will however share with you that an independent Company valuation by Snowden (who are a highly respected international mining services group) that was received recently, values the Company at \$117 million using a range of peer group and market based comparisons; this is a far cry from the \$10 million capitalisation at the time of West Minerals' initial placement in December 2006.

Results at Omitiomire are expected to be of sufficient robustness to encourage Directors to authorise commencement of a Bankable Feasibility Study of the Omitiomire Project. The Company continues to receive significant Namibian government encouragement; for example, recently the First Permanent Secretary, Mr Joseph Ita, stated that Omitiomire was a project of national significance.

The Company, in the next several weeks, expects to initiate a capital raising of \$30 million being sufficient funding for two years. Approximately half of these funds will be allocated to completion of a Bankable Feasibility Study at Omitiomire scheduled for completion by December 2009. The balance will be allocated for other exploration activities, both in Australia and Namibia, and working capital purposes.

I would expect that everyone in attendance today is aware of - and may unfortunately have experienced first-hand - the financial turmoil existing in today's share markets. Your Company is not immune.

Directors have been promising for sometime and quite openly that the next significant capital raising will see the Company undertake an Initial Public Offering (or IPO) with a listing most probably on the Australian Securities Exchange. We have stated on the company's web site that we are planning for an IPO in late 2008.

Within the current market (October 2008), Directors are receiving advice from financial advisors and institutions that an IPO in the near future may erode shareholder value. We have also been advised that - in the current market - some financial institutions and large sophisticated investors prefer to invest in mineral development projects not exposed to the vagaries and uncertainties of global stock markets. These investors have indicated that they would prefer to invest in an unlisted company that plans to seek an IPO upon the completion of a Bankable Feasibility Study, when resource risk is largely contained and at the same time as raising mine development capital.

As a result, your directors continue to take advice regarding the optimal timing for an IPO; we will communicate this advice to shareholders in due course, together with our conclusions and recommendations.

Your Directors will continue to implement policies which they believe add value to existing shareholders and will seek to obtain sufficient funding to complete a Bankable Feasibility Study whilst being mindful of the requirements of prospective investors.



It is always exciting to be involved with a winning combination of good ground positions with high prospectivity, an experienced management team and strong financial support. That is why I stand before you proud to be associated with your company and much prouder to be the Chairman driving the Company's direction to the next stage of development. And I look forward to reporting to you on the progress next year having had a hand in the creation of additional shareholder value in the interim.

Even though I have only recently been appointed, I and the other non-executive Directors wish to make special mention and show our appreciation and support for the Company's executive Directors, its management and staff – many of whom are here today.

Operating a junior exploration company, continually being short of funds, relying upon existing shareholders to continue their financial support and ever hopeful of discovering a commercial project is not an easy task. The dedication of the Company's executives and staff in achieving what can only be described as a remarkable increase in company value over the past 18 months is recognised and admired. These people have our ongoing continuing support and respect.

It is fitting to thank, once again, the immediate past interim Chairman who has so acted since the formation of the Company in April 2002. He has prepared the Company for an ultimate public listing and has been at the forefront of the need to establish an adequate number of independent Directors to ensure that all shareholders are fully represented.

Although they are unable to be here today, I would also like to take this opportunity to recognise our Namibia-based management and staff; their efforts are to be applauded.

Thank you for your attention.

Dr James Macdonald

