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Address by James Macdonald, Chairman, at the 2012 Annual General Meeting of International Base Metals Limited

Before I put the Resolutions, I would like to take this opportunity to address the meeting on significant events that have occurred in the last year, the progress of the Company's operations but more particularly since year end.

We were very saddened by the death of our colleague in Namibia, Ken Hart. Ken was a geologist, originally from Yorkshire in the UK, but lived in Namibia for nearly 40 years. He has consulted to the company since 2007. Ken died in his sleep while on a consulting job at the Skorpion Mine in Rosh Pina, Namibia. Ken is sorely missed.

On a more positive note, I hope you have seen the Company Press release on Thursday 13 December, which announced the signing of an agreement for a \$30 million cornerstone investment with Heilong Resources Investment Co Ltd. This agreement is to subscribe for \$30 million in the share capital of IBML at an issue price of 20 cents per share, and this will be in two tranches of \$15 million on or before 15 March 2013 and \$15 million on or before 14 June 2013.

You will have noticed several "Number 13s" in the previous couple of sentences. In some countries, the number 13 is considered unlucky. I believe however that next year, 2013, will prove to be IBML's "Lucky Year".

Heilong, already holds 25,122,723 shares or 6.3% of the company having subscribed for shares in March 2012 and more recently in September 2012. It is a privately owned Chinese mining company with existing copper and gold operations in the Heilongjiang Province in China.

Frank Bethune will give a short presentation after the meeting to provide you with more detail on Heilong but also in regard to the company's development of the Omitiomire resource and future strategy. You are also welcome to address any questions to your directors after this meeting.

We regard this development as a giant step forward for the company and shareholders as it is an opportunity to build and establish IBML as a significant mining and exploration enterprise.

The agreement is still subject to shareholder approval at an EGM which we plan for late January 2013 and there are also the mandatory governmental approvals required in China and Australia, so we trust all of these approvals will be forthcoming in the best interests of shareholders.

While the announcement last week may have come as a pleasant surprise for many of you, it is the culmination of more than a year's worth of negotiations between the two parties, involving thousands of man-hours of work. I would like to invite you to join me in thanking Frank Bethune, your company's Managing Director, for all the effort he has put in to making this transaction happen.

I also wish to acknowledge the time and effort contributed by my fellow directors. Two external companies have advised and assisted IBML: Azure Capital (Perth) and Norton Rose, also of Perth.

The Company's Annual Report for 2012 was on the company website on 5 October 2012 and sent to shareholders who requested copies. This provides an extensive review of IBML's operations, financial position and its corporate strategy.

You will note that Dr Jiniu Deng retired from the Board in July 2012 and we extend our thanks and appreciation for his support and contribution to the company, since 2006.

However we are very pleased to have Mr Zhelong Luo join the Board in July 2012 and he is also a director of Heilong Resources and West Minerals, both major shareholders of our company.

We are also pleased to have Mr Qiang Chen who was the alternate director for Dr Deng maintain his Board role as the alternate director for Mr Luo.

We have seen significant growth in the company which - I believe - is now fully beginning to realise its potential. I wish to thank our shareholders for their support, my fellow directors and especially our staff and consultants, in Namibia and Australia - who have been ably led by Frank Bethune - for their valuable contributions.