



International Base Metals Limited

ACN 100 373 636

Notice of Annual General Meeting and Explanatory Memorandum

Date: 19 December 2012

Time: 2.00pm (AEST)

Place: Australian Institute of Company Directors,
Room 5, Level 1, 20 Bond Street,
Sydney NSW 2000

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of shareholders of International Base Metals Limited (**Company** or **IBML**) will be held at 2.00pm (**AEST**) on 19 December 2012 at Australian Institute of Company Directors, Room 5, Level 1, 20 Bond Street Sydney NSW 2000.

The accompanying Explanatory Memorandum and Proxy Form provide additional information relating to matters to be considered at the meeting, and form part of this notice of general meeting.

Agenda

A. Annual Financial Statements and Reports

To present the annual financial report of the Company for the financial year ended 30 June 2012 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report (**Annual Report**).

Shareholders are asked to consider the Annual Report and raise any matters of interest with the Directors when this item is being considered. Shareholders will be provided with a reasonable opportunity at the Annual General Meeting to ask questions about or make comments on the Annual Report.

The Company is not proposing to provide a hard copy of the Annual Report to Shareholders, unless a Shareholder has elected to receive a hard copy.

Note: No formal resolution to approve the Annual Report will be put to the meeting.

B. Ordinary Resolutions

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as ordinary resolutions:

1. Resolution 1 - Re-election of Dr James Macdonald as a Director

"That, for the purpose of clause 8.3 of the Constitution and for all other purposes, Dr James Macdonald, a Director who retires by rotation, and being eligible, is re-elected as a Director."

2. Resolution 2 - Re-election of Dr Kenneth John Maiden as a Director

"That, for the purpose of clause 8.3 of the Constitution and for all other purposes, Dr Kenneth John Maiden, a Director who retires by rotation, and being eligible, is re-elected as a Director."

3. Resolution 3 - Re-election of Mr Zhehong Luo as a Director

"That, for the purpose of clause 8.1 of the Constitution and for all other purposes, Mr Zhehong Luo, a Director who was appointed to fill a casual vacancy effective from 24 July 2012, retires, and being eligible, is re-elected as a Director."

5. Resolution 4 - Appointment of Grant Thornton Audit Pty Ltd as auditor

“That, for the purposes of section 327B of the Corporations Act and for all other purposes, Grant Thornton Audit Pty Ltd (having filled a casual vacancy as auditor of the Company, having been nominated as auditor and having consented in writing to act in the capacity of auditor), be appointed as auditor of the Company effective from the close of the Annual General Meeting”.

Dated 22 November 2012

By order of the Board

A handwritten signature in black ink, appearing to read 'John Stone', with a large, stylized flourish at the end.

John Stone
Company Secretary

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at Australian Institute of Company Directors, Room 5, Level 1, 20 Bond Street Sydney NSW 2000, 2.00pm AEST on 19 December 2012.

The purpose of this Explanatory Memorandum is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

Annual Report

In accordance with the Constitution, the business of the Annual General Meeting will include presentation and consideration of the Annual Report, incorporating the annual financial report of the Company for the financial year ended 30 June 2012 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company is not required to provide a hard copy of the Company's Annual Report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. However, Shareholders may view the Annual Report on the Company's website www.ibml.com.au.

No resolution is required to be moved in respect of this item.

1. Resolution 1 – Re-election of Dr James Macdonald as a Director

Clause 8.3 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors or, if their number is not a multiple of 3, then the number nearest to but not exceeding one-third, shall retire from office.

A Director who retires by rotation under clause 8.3 of the Constitution is eligible for re - election.

Dr James Macdonald retires by rotation and seeks re-election.

Dr James Macdonald is an internationally renowned geologist with 36 years of experience including a distinguished academic career in the UK and Canada. He has spent the last 26 years acquiring a wide range of exploration project management experience – including evaluation and project feasibility studies, management of combined industry, government and university regional exploration programmes and as Exploration Manager for the Homestake Mining Company with responsibility for the Andes.

Following three years as Chief Geoscientist for Billiton International Metals in The Hague, Netherlands, he moved to Brisbane, Australia, as the Global Geoscience Leader for BHP Billiton for a further four years. He was responsible for global technical support to the exploration search teams for diamonds, base metals, iron ore, coal and bauxite. His emphasis was on due diligence, risk evaluation and knowledge management.

In recent years as a consultant and company director, he has been heavily involved in Australasia and Sub-Saharan Africa, utilising his management experience.

The Board, with the exception of Dr James Macdonald because of his interest in this resolution, recommends that Shareholders vote in favour of Resolution 1.

2. Resolution 2 – Re-election of Dr Kenneth John Maiden as a Director

Clause 8.3 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors or, if their number is not a multiple of 3, then the number nearest to but not exceeding one-third, shall retire from office.

A Director who retires by rotation under clause 8.3 of the Constitution is eligible for re - election.

Dr Kenneth Maiden retires by rotation and seeks re-election.

Dr Kenneth Maiden is a geologist with 40 years' professional experience. After completing a PhD on the Broken Hill silver-lead-zinc deposit, he worked as an exploration geologist with CSR Limited, mainly in South Australia and Indonesia. Then followed ten years as an academic, mainly at the University of the Witwatersrand in Johannesburg, where he and his students carried out research on copper and gold deposits throughout southern Africa, with particular emphasis on copper in Namibia.

Returning to Australia, Ken had ten years of mineral exploration experience in northwest Queensland including six years as Principal Geologist with MIM Exploration and four years as a geological consultant. He then focussed again on southern Africa, establishing a tenement portfolio and exploration programmes for copper in Namibia and Botswana.

Ken is a founding Executive Director of IBML and is responsible for the Company's project generation activities and implementation of technical strategies of the consolidated entity.

Dr Maiden is also a Non-executive Director of Zamia Metals Limited.

The Board, with the exception of Dr Kenneth Maiden because of his interest in this resolution, recommends that Shareholders vote in favour of Resolution 2.

3. Resolution 3 – Re-election of Mr Zhehong Luo as a Director

Mr Luo was appointed as a Director on 24 July 2012 to fill a casual vacancy on the Board. Clause 8.1 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors. Any Director so appointed holds office only until the next annual general meeting and is then eligible for re-election.

Mr Luo retires at the end of the Annual General Meeting and seeks re-election. Mr Qiang Chen (also a director of the Company) has been appointed by Mr Luo as his alternate.

Mr Luo graduated with a Bachelor of Science from the University of Warwick in England and on return from England in 2005 he started a real estate business and held the position of President - Executive Director of Hangzhou Hongcheng Real Estate Co. Ltd. In 2009 Mr Luo was appointed Chairman and Managing Director of Qinghai West Resources Co. Ltd and Chairman of Qinghai West Rare and Precious Metals Co. Ltd. Under his leadership, these companies have discovered and have developed a number of significant base metal deposits in China. Mr Luo is also a director of Heilongjiang Heilong Resources Investment Co. Ltd and West Minerals Pty Ltd.

The Board, with the exception of Mr Luo because of his interest in this resolution, recommends that Shareholders vote in favour of Resolution 3.

4. Resolution 4 – Appointment of Grant Thornton Audit Pty Ltd as auditor

During the 2012 financial year, BDO Audit (NSW-VIC) Pty Ltd resigned as auditor of the Company. In order to fill this casual vacancy and in accordance with the Corporations Act, the Board resolved to appoint Grant Thornton Audit Pty Ltd as the auditor of the Company to audit the Company's financial statements for the year ended 30 June 2012.

Any auditor appointed to fill a casual vacancy holds office until the next annual general meeting of the Company. The Directors propose that Grant Thornton Audit Pty Ltd remain as auditor of the Company and seek approval of Shareholders for this purpose.

In accordance with the Corporations Act, Monslit Pty Ltd a Shareholder of the Company, has nominated Grant Thornton Audit Pty Ltd as auditor of the Company. Grant Thornton Audit Pty Ltd has consented to this appointment and subject to the approval of Shareholders, will be appointed as auditor of the Company from the close of the Annual General Meeting.

The Board recommends that Shareholders vote in favour of the appointment of Grant Thornton Audit Pty Ltd as auditor of the Company.

The Board recommends that Shareholders vote in favour of Resolution 4.

Voting and Proxies

Voting

The Company has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that the holders of Shares recorded in the Company's register at 7.00pm (Sydney Time) on Monday 17 December 2012, will be taken, for the purposes of the annual general meeting, to be held by the persons who held them at that time.

Voting Exclusion Statement

Although not specifically required by the Constitution and the Corporations Act, and in the interests of transparency and good governance, each Shareholder listed below has agreed with the Company, that the Company will disregard:

- (1) any votes cast on Resolution 1 by Dr James Macdonald and by any Associate of Dr James Macdonald.
- (2) any votes cast on Resolution 2 by Dr Kenneth Maiden and by any Associate of Dr Kenneth Maiden.
- (3) any votes cast on Resolution 3 by Mr Zhehong Luo and by any Associate of Mr Zhehong Luo.

However, the Company need not disregard a vote on any of the Resolutions if:

- (1) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with a voting specification on the proxy appointment in relation to the resolution; or
- (2) it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, if their appointment as proxy did not specify the way they are to vote on the resolution.

Proxies

A Shareholder who is entitled to attend and vote at the meeting may appoint up to two proxies to attend and vote on behalf of that Shareholder.

If a Shareholder appoints two proxies, the appointment of the proxies must specify the proportion or the number of that Shareholder's votes that each proxy may exercise. If the appointment does not so specify, each proxy may exercise half of the votes.

Where a Shareholder appoints more than one proxy, only the first named proxy is entitled to vote on a show of hands.

A proxy need not be a Shareholder of the Company. Shareholders may appoint the Chairman as their proxy.

To be effective, the Company must receive the completed proxy form and, if the form is signed by the Shareholder's attorney, the authority under which the proxy form is signed (or a certified copy of the authority) by no later than 2.00pm (Sydney Time) on Monday 17 December 2012.

Proxies may be only lodged with the Company's share registry:-

- (a) by mail or delivery to:
Boardroom Pty Limited
Level 7, 207 Kent Street
SYDNEY NSW 2000
- (b) by facsimile: +61 2 9290 9655
- (c) www.boardroomlimited.com.au/vote/ibmlagm2012

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by two (2) directors, a director and the company secretary, a duly authorised officer or attorney.

A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.

If Shareholders appoint the Chairman as their proxy and do not direct the Chairman as to how to vote, the Chairman will vote in favour of all resolutions.

Enquiries

Shareholders are requested to contact the Company Secretary John Stone on + 61 2 8223 3777 if they have any queries in respect of the matters set out in these documents.

Glossary

Annual General Meeting or Meeting means the meeting convened by the notice.

Associate has the meaning set out in section 12 the Corporations Act.

Board means the board of directors of the Company.

Business Day means Monday to Friday inclusive, except public holidays.

Company means International Base Metals Limited ABN 73 100 373 635.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Memorandum means the explanatory statement accompanying the Notice.

Notice of Meeting or Notice of Annual General Meeting means this notice of annual general meeting including the Explanatory Memorandum.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means an ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.