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INTERNATIONAL BASE METALS LIMITED

2013 ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS

Good afternoon, Ladies and Gentlemen. I welcome you to the 2013 Annual General Meeting of International Base Metals Limited.

As most of you will be aware, our Chairman, Dr A James Macdonald, resigned at the end of September 2013. James has been a competent and highly professional Chairman for five years. During his chairmanship, he steered the Company through the difficult times resulting from the global financial crisis, established fruitful relationships with major investors, streamlined the Company's strategy, provided input to the exploration programmes and saw IBML moving from being an exploration company towards becoming a copper producer. The Board thanks James warmly for his contribution to the Company's development.

The search for a replacement Chairman has commenced. In the meantime, I have been appointed as Interim Chairman.

There have been other Board changes during the year. Dr Deng Jiniu resigned from the Board and was replaced by Mr Luo Zhehong, Executive Chairman and Managing Director of Qinghai West Resources Co Ltd of Beijing, China. Also joining the board in the last year is Mr Liu Rui, Executive Chairman and General Manager of Heilongjiang Heilong Resources Investment Co. Ltd ('Heilong'), based in Harbin, China. IBML's Directors warmly welcome both Mr Luo and Mr Liu to the board. Mr Chen Qiang, who was Dr Deng's alternate, remains as Mr Luo's alternate. We also welcome Mr Yang Aidong as Mr Liu's alternate and Dr John Zhao as alternate to Mr Wang Jinhua.

A highlight of the year was the capital raising from Heilong, our new cornerstone investor. Heilong provided A\$4.35 million in August 2012 at A\$0.22 per share. An additional A\$30 million at A\$0.20 per share was raised in two tranches during the current year. The new capital raising was approved by shareholders at an Extraordinary General Meeting ('EGM') in Sydney on 29 January 2013.

At that EGM, a number of shareholders expressed concern about the lack of liquidity of the Company's shares. The Board's view is that a premature share market listing of IBML would risk a loss of value for the Company. A more appropriate time for a listing would be when the share market is more robust, and when the Company's value is better established through advancing the

Omitiomire sulphide copper deposit towards development and production. Your directors will keep this matter under review.

We are fortunate that the world economic outlook has improved during the year and there is general optimism that this situation will continue. This is reflected in the continuing strength of the price of copper, our main target commodity.

A second highlight is that we have recently completed a definitive feasibility study for a modest-sized copper mining and processing operation based on a portion of the near-surface oxide and mixed oxide-sulphide copper resource at Omitiomire in Namibia. The study showed a positive financial outcome at the selected criteria.

The Company intends to mine three small pits to a maximum depth of 50 metres. Processing will consist of crushing, milling, flotation, in-tank leaching, solvent extraction and electrowinning to produce both cathode copper and copper concentrate. The next steps in project delivery will be the application for a Mining Licence and the securing of sufficient funds to develop the project. Our Managing Director, Mr Frank Bethune, will provide shareholders with a technical presentation on the Omitiomire Oxide Copper Project at the conclusion of this meeting.

It is envisaged that, at a later stage, a far bigger project will be built to mine and process the full Omitiomire copper sulphide and oxide resource.

The corporate strategy is to remain focussed primarily on Namibia. In particular, we plan to move the oxide copper project towards development and production, and to identify further copper resources within trucking distance of Omitiomire. In addition, we will continue to progress our other exploration projects.

The main vehicle for our activities in Namibia is our 100% subsidiary company, Craton Mining and Exploration Pty Ltd. As part of a process of creating a board which better reflects the composition of Namibian society, James Macdonald stepped down as Chairman of Craton in August 2013 and was replaced by Mr E N Shikongo as the new Chairman. Mr Shikongo is principal partner at Shikongo Law Chamber in Windhoek, Namibia. We are delighted to have Mr Shikongo as the Chairman of our Namibian subsidiary company.

Mr André Genis, Craton's acting Country Manager in Namibia, has also been appointed to the Craton Board. We anticipate that there will be other Board changes during the coming year.

We regard it as a privilege to be permitted to carry out exploration and development activities within Namibia and, accordingly, we acknowledge a number of responsibilities:

- To assist the government to achieve its development goals through project development and provision of employment opportunities for Namibians;
- To ensure that all our activities are carried out with respect for the natural environment;
- To participate in social and educational activities; and

- To adhere to appropriate corporate governance.

Before concluding, I wish to refer to the work of The Craton Foundation which aims to create long-lasting relationships with the communities in which the Company operates. IBML provides funding to the Foundation; at present those funds are limited but we anticipate that they will increase as we move into mining operations and cash flow generation. Three independent trustees decide where to place those funds. During the past year, the foundation built a new classroom at the Olof Palme Primary School in northwest Windhoek, Namibia's capital city, and provided spectacles for around 70 children at the school.

As one of the founders of International Base Metals, I am pleased to be able to say that our Company is now moving towards becoming a mine developer and copper producer.

A handwritten signature in black ink, appearing to read 'K. Maiden', with a large, stylized initial 'K'.

(Dr) Ken Maiden
Interim Chairman