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**INTERNATIONAL BASE METALS LIMITED  
ACN 100 373 635**

**Extraordinary General Meeting of Shareholders  
to be held 29 January 2013 at 2.00pm (AEST)**

**Welcome**

Good afternoon, my name is James Macdonald, the Non-executive Chairman of International Base Metals Limited and I welcome you to this Extraordinary General Meeting of the Company. It is past the appointed time of 2pm, a quorum is present and I declare the meeting open.

I would like to introduce to you the other members of the Board in attendance today. To my right Frank Bethune the Company's Managing Director and Mr Alan Humphris a Non-executive Director and on my left Dr Ken Maiden the Company's Executive Director – Technical.

Also on my left is Mr Qiang Chen the Alternate Director for Mr Zehlong Luo, who is unable to be in Australia at this time, and Mr John Stone our Company Secretary is on the right.

We are also pleased to have present, Mr Rui Liu, Mr Allan Lao and Mr Richard Ji all from Heilongjiang and in Australia for this meeting.

Also present for this meeting is Anita Choi, our lawyer from Norton Rose Australia and Iain Kemp, Partner at Grant Thornton, our auditor.

Mr Jinhua Wang, a Non-executive Director has sent his apologies for his inability to be present in Australia for this meeting.

As I am advised that a quorum of members is present I now call the meeting to order.

### **Apologies**

Are there any other apologies?

### **Order of business**

The order of business for today's meeting will be:

Firstly I will present the Chairman's address, on behalf of the board.

I shall then deal with the formal items of business for the meeting, as set out in the Notice of Meeting. Please keep questions on a particular item of business until I specifically request questions on that item. When asking a question, please identify yourself and direct all questions through me as Chair.

Please note that all voting will be by a show of hands, unless a poll is called.

### **Proxies**

I report that valid proxy forms were received from 100 shareholders representing 202,218,015 shares.

In summary, 62 Proxies were received For the Resolution, comprising 151,325,616 shares; 36 Proxies were received Against the Resolution, comprising 44,635,699 shares; 2 Proxies Abstained, comprising 6,256,700 shares. In summary 74.8% of the shares voted are For the Resolution, 22.1% Against and 3.1% Abstained.

In accordance with section 251AA of the Corporations Act, the minutes of this meeting will record, in respect of each resolution in the Notice of Meeting, the total number of proxy votes exercisable by all proxies validly appointed, and if a resolution is decided on a poll, the total votes in favour, total votes against and the total number of abstentions.

### **Notice of meeting**

The Notice of Meeting dated 4 January 2013 has been sent to all shareholders and IBML's auditors. Additional copies were also available in the reception area to the meeting.

As the Notice of Meeting has been sent to all the shareholders, I will take the Notice of Meeting convening this meeting as read.

### **Chairman's Address**

Before I put the Resolution, I would like to address the meeting on this very significant proposed transaction particularly in regards to the questions and implied doubts raised by some shareholders.

### **Background**

IBML's strategy is to become a successful and sustainable exploration and mining company. The Company requires significant funding to implement this strategy and the long term aim and aspiration of the Board is to deliver significant benefits to shareholders. It is the view of the Board that to be successful, IBML needs to be supported by a strong shareholder base with strategic partners.

Following the withdrawal of the IPO in January 2011, Azure Capital was engaged by IBML in December 2011 to assist in finding a new cornerstone investor that was prepared to provide the required \$30,000,000 to enable IBML to advance to the next stage of operations. A large number of potential

investors were approached and a number of potential investors visited the projects in Namibia. IBML and Azure ran a thorough process, casting a wide net and diligently running down every lead we turned up.

Heilong emerged as the frontrunner during this process. I want to be quite clear: in the current climate for capital, the Board considers this a highly favourable offer and the Independent Expert Report considers it fair and reasonable. In addition, we believe Heilong will be a good partner and the Board has complete confidence that Heilong has the necessary expertise and experience in constructing and operating mines to assist IBML with its transition to producer.

The funds provided by Heilong (through its nominee company) will provide the funding required to enable IBML to start the implementation of its long term strategy, particularly working towards establishing an Omitiomire copper mining and processing operation.

The Board assures all shareholders that the negotiations with Heilong have been conducted at all times on an arm's length basis, with IBML receiving both financial and legal advice throughout the process.

## **Transaction**

On December 13, 2012 IBML announced the signing of the Subscription Agreement with Heilong, under which, subject to satisfaction of certain conditions (including IBML shareholder approval), Heilong will invest \$30,000,000 into IBML. This represents an investment of 20 cents per share. As outlined in the Independent Expert Report, this is a significant premium of the net asset valuation of 14 cents per share.

We understand that shareholders want an exit opportunity from IBML in order to realise their investment. It is, however, the Board's priority to grow the value of IBML to add value for all shareholders. The board will continue to seek responsible ways of providing liquidity to shareholders if and when the opportunity arises.

## **Shareholder concerns**

We are aware that a number of existing shareholders have expressed concerns over the proposed transaction and have taken steps to raise these concerns with other shareholders. I would like to take this opportunity to address some of the concerns that have been raised.

### Provision of information

Claims have been made that some shareholders have received additional information. No additional material information has been provided to shareholders; all material information is contained within the Notice of Meeting and the supporting documents, or is publicly available on IBML's website.

### Minority protections

Some shareholders have expressed concern that Heilong and its Associates will be acquiring outright control without paying a premium. The Independent Expert Report clearly shows that a premium is being paid. It is true that Heilong and its associates will hold over 50% and that they would be able to decide on many things including the ability to replace the Board. Shareholders do, however have a number of protections under legislation including certain decisions, such as a significant further increased holding by Heilong, which would require non-associated shareholder votes. We have had a supportive and excellent relationship with West Minerals and Qinghai West Resources over a number of years now and this should provide some comfort to shareholders regarding the future of IBML if this transaction is approved.

## **Closing**

There are a number of advantages and disadvantages of the proposed transaction, and a number of risks to IBML should shareholder approval not be obtained. Details are set out in the Notice of Meeting.

As an exploration company, IBML requires significant funds to progress to the next stage of operations – Heilong has agreed to provide this funding, at an attractive premium to the current net asset valuation of IBML shares. Shareholders need to be realistic about the company’s prospects if it does not secure this funding. If this transaction does not proceed, there can be no guarantees that Heilong will provide terms that are more acceptable to those shareholders who are opposed to this transaction, or that IBML will secure alternative funding, on better terms.

As set out in the Notice of Meeting, those directors who do not have an interest in the proposed transaction recommend that shareholders vote in favour of the resolution that will be put to this meeting.

### **Items of business**

#### **RESOLUTION – APPROVAL TO ALLOT AND ISSUE SHARES TO RUI KING RESOURCES LIMITED**

The resolution concerns the proposed investment in IBML by Heilongjiang Heilong Resources Investment Co., Ltd, through its nominated subsidiary, Rui King Resources Limited.

The resolution reads:

“That, in accordance with the provisions of Chapter 2E and item 7 of 611 of the Corporations Act and for all other purposes, the Company and the directors are authorised to:

- (a) allot and issue the Subscription Shares at an issue price of \$0.20 per Subscription Share to Rui King Resources Limited (the wholly owned nominee of Heilongjiang Heilong Resources Investment Co., Ltd) on the terms and conditions of the Subscription Agreement, as described in the Explanatory Memorandum; and
- (b) perform all of the Company’s obligations under the Subscription Agreement

I propose the resolution be passed.

Will someone second the motion? Thank you

Are there any questions or discussion concerning the resolution?

**The directors, other than Mr. Chen (Mr. Luo's alternate) and Mr. Humphries because of their interest in the resolution, unanimously recommend that shareholders vote in favour of the resolution.**

I now put the motion.

All those in favour please raise your hand.

All those against, please raise your hand.

I declare the motion carried.

## **Closure**

This concludes the formal part of the meeting.

May I thank you for your attendance and formally close this Extraordinary General Meeting but you are invited to join your Directors for light refreshments.