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## INTERNATIONAL BASE METALS LIMITED

### 2014 ANNUAL GENERAL MEETING

#### CHAIRMAN'S ADDRESS

Good afternoon, Ladies and Gentlemen. I welcome you to the 2014 Annual General Meeting of International Base Metals Limited.

The only change to the composition of the Company's Board during the year has been the resignation of Dr John Zhao as alternate to Mr Wang Jinhua. He has been replaced by Mr Deng Xianwu, whom we welcome here today.

As outlined in our Annual Report, there have been changes to the Board of our Namibian subsidiary company, Craton Mining and Exploration (Pty) Ltd. We have continued the process of creating a Craton Board comprising more independent directors. During 2013, Mr Elia Shikongo, a highly-regarded lawyer, accepted the position of Chairman of Craton. More recently, Mr Purvance Heuer, an experienced chartered accountant, also joined the Craton board as a non-executive Director. We welcome them both.

As part of the re-structuring, three Executive Directors of Craton, Mr André Genis, Mr Karl Hartmann and Mrs Sigrid Hartmann, resigned from the Craton board but continue their senior executive roles. Mrs Hartmann also continues as Company Secretary of Craton. We thank them all for their significant contributions to the Craton board.

Several shareholders have contacted Directors, expressing concern about the absence of a market or other exit mechanism for IBML shares. Some have claimed also that long-standing shareholders have seen no reward for their investments in IBML made in the early days of the Company. Your Directors believe that value has been added to the Company over the years. Also, early shareholders received an *in specie* distribution of CopperCo shares in 2004 and of shares in Zamia Gold Mines Limited (now Zamia Metals Limited) in 2007.

The Board continues to act in the interests of the Company and the shareholders as a whole, mindful that mineral exploration is a risky and cyclical business and that individual shareholders have differing investment objectives from one another.

Nevertheless your Directors understand the desire by many shareholders for liquidity in their shares. IBML has previously made two unsuccessful attempts to complete an IPO and list its shares on the

ASX. The 2008 attempt coincided with the Global Financial Crisis. Subsequently, in 2011, the Omitiomire copper project was viewed as being not sufficiently advanced or attractive by institutional and sophisticated investors to successfully complete an IPO.

A further approach to undertake an IPO and seek listing is unlikely in the short term. Whilst this may not satisfy all shareholders, we have been considering other options, including a possible partial buy-back of the Company's shares. However, any such buy-back could not be implemented until after the capital raising for the Phase 1 Omitiomire development is completed.

In the meantime, the Company will continue to maintain a register of potential buyers and sellers of the Company's shares with the objective of putting such parties in contact with each other while not being involved in such negotiations or transactions.

Turning to our strategy, the Board is adopting a two-stage approach to bring the Omitiomire project into production:

- Phase 1 - a small project based on near-surface oxide and mixed oxide-sulphide copper resource; and
- Phase 2 - a larger project based on the larger sulphide copper resource.

That strategy has started to bear fruit. In 2012, a positive Scoping Study for the Phase 1 project was followed, in 2013, by a positive Definitive Feasibility Study. In parallel with the technical effort, ongoing attempts to raise capital succeeded in attracting substantial financial support from Heilong, which became the Company's major shareholder in 2013.

The most welcome financial participation in the Company by Heilong has enabled IBML to continue to operate and to advance the Omitiomire project while many other small resource companies, in the current period of weak commodity prices and market down-turn, have been forced to sell assets at "fire sale" prices.

However, shareholders should not expect that the recent granting of a Mining Licence for the Omitiomire Project will suddenly unlock great wealth for the Company. Whilst the Mining Licence is a big step forward, there is still much to be achieved before project construction can be given the go-ahead, including:

- environmental approval for the project;
- securing of long-term access to the project area;
- approval for the relocation of a public road through the project area;
- approval for a power line to provide power for the project; and
- capital raising for project development.

We anticipate that the Phase 1 project will not be producing copper before 2017.

In the meantime, we have commenced a review of the 2010 Pre-Feasibility Study of the larger (i.e. Phase 2) project, using more recent cost information. We expect that this can be followed by a Definitive Feasibility Study on the Phase 2 project. Our hope is that the Phase 1 project can roll

seamlessly into the Phase 2 development - but that, of course, will depend upon the results of the feasibility study, on metal prices and on market conditions prevailing at that time.

In summary, the Company's strategy is to focus on advancing the Omitiomire copper project towards development and on identifying additional copper resources within trucking distance of Omitiomire.

In conclusion, I thank the IBML Directors and their alternates for their support for me as Interim Chairman and for their unstinting contribution of their time to advance the interests of all IBML shareholders. And I thank you all for your attendance at this AGM.