



"West of Mt Isa" by John Borrack (with kind permission of the artist)

Annual Report

2005

International Base Metals Limited

ACN 100 373 635

Annual Report

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Corporate Aim

International Base Metals Limited aims to establish a sustainable base metal exploration, development and mining company.

Company Objectives

1. To develop strategic tenement positions in geologically favourable regions.
2. To build an asset base which will deliver cash flow from operations within three years.
3. To concentrate on activities where the Company can excel and add value for shareholders.
4. To create a company structure which can evolve as the Company expands from exploration through development to mining.
5. To ensure all activities meet industry standards for occupational health and safety and social and environmental responsibilities.
6. To grow the value of shares with above-average returns to shareholders.

Chairman's Statement

Dear Shareholders,

The year to 30 June 2005 has been one of delivering to shareholders on our aims and objectives. It has been a great year for IBML and we have been able to share that success with shareholders.

IBML's approach has been:

- To use its expertise to select target provinces and to identify under-explored but high quality prospects;
- To build, through joint ventures, mergers and acquisitions, a viable project in each target province;
- To provide shareholders with the opportunity to contribute to the future growth of each project area.

In northwest Queensland, we demonstrated the success of that approach. The Mount Clarke copper discovery at Mount Kelly during 2003-04 established the validity of IBML's target generation activities. By merging our northwest Queensland projects with other assets to create CopperCo Limited, we participated in building a new copper-focussed company. In doing so, we effectively leveraged our small capital base into over A\$5 million and provided IBML shareholders with direct equity in the new company.

During the past year, CopperCo has doubled the size of the Mount Kelly resource, made three new discoveries in the Mount Kelly area, and is close to finalising a feasibility study for a significant new regional copper operation which will be producing high value-add copper metal in the second half of 2006. This is a clear demonstration that the original IBML concept was not only valid but achievable within the three year timeframe for cash flow that we set back in 2003.

IBML has used the new funding to create an exciting exploration portfolio and to identify acquisition opportunities, at pre-feasibility stage, which can be secured with minimal capital. This will favourably differentiate IBML from other exploration only companies seeking listing in late 2005/early 2006.

The exploration areas chosen were carefully researched and fit the ethos of IBML to create critical mass operating units capable of being significant producers.

- In central Queensland we have a consolidated tenement holding around a newly-developed high grade gold deposit which will shortly pour its first gold;
- In southern Queensland we have again used geological interpretation to build a large consolidated tenement position for potentially world-class nickel-platinum-copper deposits;
- In South Australia we have tenements abutting the recent Carrapateena copper-gold discovery in the highly prospective Stuart Shelf and others covering multiple old copper workings in the Adelaide Fold Belt. The latter is a potential replica of the CopperCo success;
- After having reviewed numerous opportunities, we are poised to secure several copper deposits overseas with known reserves and resources.

IBML is all about leveraging its capital base to create value for shareholders. 2004/05 was a demonstration of just that but we have also ensured that IBML is now in a position to sustain this leverage in 2005/06 and beyond. In the coming months, IBML will position itself for the listing we mentioned in 2003.

IBML is a team story. Particular thanks are due to my fellow Directors, who have put in many long hours and to a very loyal band of staff and consultants who have been the backbone to our achievements. IBML has attempted to mentor young talent with experienced sages and the rewards are already starting to show.

Thank you for your support and we look forward to an exciting year ahead.

Yours faithfully,

Stephen Blackman

Chairman

Corporate Review

The CopperCo Agreement

As previously reported, during 2003-04 exploration drilling at the Company's Mount Kelly copper project in northwest Queensland outlined a potentially viable oxide copper resource at the Mount Clarke prospect. In September 2004, IBML participated in a merger of copper assets in which ASX-listed Avon Resources Limited changed its name to CopperCo Limited and acquired IBML's northwest Queensland-based subsidiary, Savannah Resources Pty Ltd, together with other copper prospects to create a new company focussed on copper in northwest Queensland.

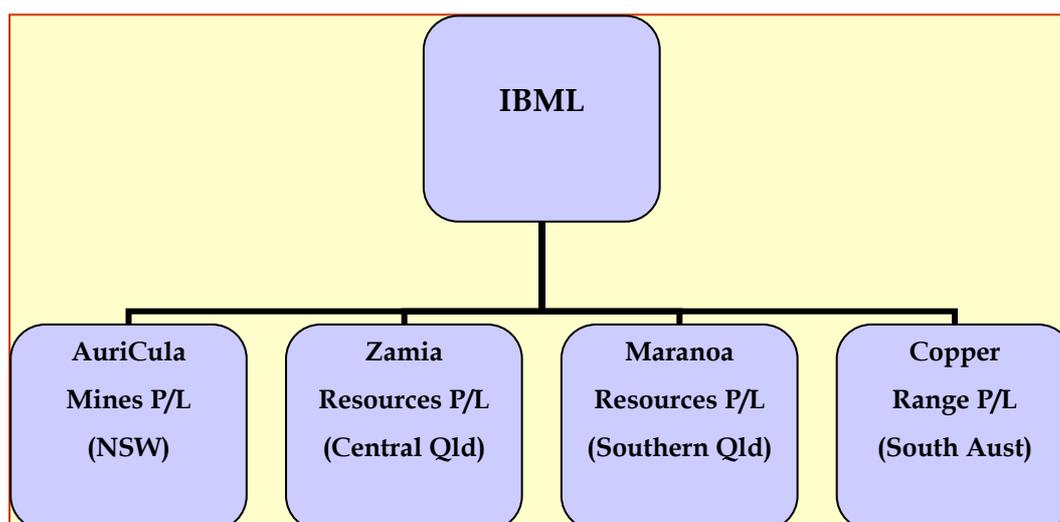
From this sale, IBML received A\$1 million cash and 163,333,333 listed CopperCo shares. This valued the deal to IBML at A\$5.08 million. IBML's shareholders benefited directly from this merger through the allocation of 2.679 listed CopperCo shares for each IBML share - and retained their IBML shares.

CopperCo is nearing completion of a feasibility study for an acid-leach solvent extraction – electrowinning (SX-EW) copper operation based on oxide copper deposits in the Lady Annie - Mount Kelly area, located 100 to 120km north of Mount Isa. CopperCo recently announced achievement of a significant milestone, having delineated a resource of +150,000 tonnes of contained copper. We are pleased to report that IBML's faith in the Mount Kelly project has been substantiated by an intensive drilling programme which has confirmed oxide copper resources at the Mount Clarke and Flying Horse prospects. Three other prospects in the Mount Kelly project area are still being tested.

CopperCo's intention is to establish an SX-EW copper plant, drawing feed from open-cut mines at Lady Annie and Mount Kelly. It is anticipated that CopperCo will commence operations in 2006 and will become a significant producer of copper metal. CopperCo will thus realise IBML's vision to create a regional copper project.

Re-building IBML's Exploration Portfolio

Following the sale of its northwest Queensland assets, IBML set about re-building its portfolio of exploration projects. These are held in a number of subsidiary companies, which will facilitate the eventual merging, joint venturing and/or selling of assets, if required.



Current Activities

AuriCula Mines Pty Limited: Through AuriCula Mines, IBML has built an asset base in the Cobar district of NSW and has acquired four Exploration Licences (“ELs”) covering historic copper mines plus other copper and gold targets. AuriCula Mines also holds an EL covering the historic Stuart Town goldfield in central NSW. IBML has joint ventured one of the Cobar ELs and is actively pursuing other corporate opportunities in NSW.

Zamia Resources Pty Limited: Central Queensland is an established gold-producing province from rich epithermal deposits. Focussing on the Clermont district, the company has lodged applications for nine Exploration Permits for Minerals (EPMs) covering known copper and gold occurrences and other targets. In particular, Zamia Resources has tenement applications covering extensions to the structures which control the Twin Hills - Lone Sister gold deposits, currently being developed by BMA Gold Limited.

Maranoa Resources Pty Limited: In southern Queensland, IBML has established a commanding tenement position in an area which may contain significant nickel deposits. Success here could lead to the identification of a completely new nickel province. In addition, the tenements contain an identified cobalt resource and additional targets for gold and uranium.

Copper Range Pty Limited: IBML is acquiring a significant tenement position in two geological provinces in South Australia. In the Stuart Shelf, one of five EL applications lies adjacent to what appears to be a new major copper-gold discovery, with similarities to the world-class Olympic Dam deposit. In the Adelaide Fold Belt, four EL applications cover clusters of historic copper workings and other prospects.

Corporate Financing

Following finalisation of the CopperCo agreement, the repayment of loans has been used in rebuilding IBML’s portfolio of exploration projects. The Company sought to supplement its funding in May 2005 via a Rights Issue and Placement to shareholders and professional investors. The response from our overseas shareholders was very heartening. However, the issue coincided with a market downturn and the response has not enabled the Company to maintain its momentum on exploration programmes nor to accelerate its listing process.

Re-positioning IBML

Cognisant of the inherent risks in mineral exploration and in preparation for a stock market listing, IBML has sought to differentiate itself from other pure exploration plays by securing projects with identified resources and near-term development potential. Without incurring significant costs the Company has identified three acquisition opportunities. One is a copper mining and production operation in Chile. The other two are identified copper resources, one in North America and the other in Southeast Asia. The Company is currently assessing the opportunities to shorten the timeframe to reach cash flow.

This re-positioning of the Company should attract a wider range of investors, as it presents a lower risk profile than straight exploration and ensures a more sustainable level of investor interest in the Company.

IBML is engaged in discussions which will hopefully lead to an announcement being made that sufficient funds will be raised to enable the Company to prepare for a listing on an appropriate stock exchange and will enable the Company to complete one or more of the proposed acquisitions. We anticipate that the listing will be applied for in early 2006.

List of Tenements – as at the date of this report

	Name	Area (sq km)	Ownership
New South Wales			
<i>AuriCula Mines Pty Ltd</i>			
EL 6185	Stuart Town	178.9	100%
EL 6222	Mt Hope	265.5	100%
EL 6223	Shuttleton	37.8	100%
EL 6361	Nombiginni	17.4	100%
ELA 2360	Formans Tank	<u>263.8</u>	100%
		763.4	
Queensland			
<i>AuriCula Mines Pty Ltd</i>			
EPM 14522	Denham Range	314.8	100%*
* Being transferred to Zamia Resources Pty Limited			
<i>Zamia Resources Pty Ltd</i>			
EPM 14686	Mt. McLaren	193.6	100%
EPMA 14790 (on offer)	Mazeppa	314.6	100%
EPM 14791	Red Rock	273.3	100%
EPMA 14792 (on offer)	Mount Rolfe	299.0	100%
EPM 14793	Frankfield	314.5	100%
EPMA 15145	Mazeppa Extended	318.2	100%**
EPMA 15195	Miclere Creek	314.2	100%
EPMA 15193	Avon Downs	<u>264.4</u>	100%
		2,606.6	
** 11 Sub-blocks (35 sq km) are in dispute with another company			
<i>Australian Asiatic Gems Pty Ltd</i>			
EPM 14260	Darkwater	310.4	100%***
EPMA 14261	Mt Tabor	466.4	0%***
***Sale Agreement signed for Maranoa Resources to acquire 100% upon grant of tenements			
<i>Maranoa Resources Pty Ltd</i>			
EPMA 14776	Mt.Hopeless	543.9	100%
EPMA 14970	Billin Creek	309.3	100%
EPMA 14971 (on offer)	Mt Eddystone	139.7	100%
EPMA 14972 (on offer)	Mt Faraday	355.0	100%
EPMA 14973 (on offer)	Mt Emily	467.2	100%
EPMA 14975 (on offer)	Murphy Tableland	171.1	100%
EPM 14976	Mt Hutton	305.8	100%
EPMA 15068	Toms Corner	<u>310.3</u>	100%
		3,379.1	
South Australia (Subsequent to year end)			
<i>Copper Range Pty Ltd</i>			
EL 2005/ 00345	Pernatty (Areas A, B & C)	376	100%
EL 2005/ 00368	West Lake Torrens	794	100%
EL 2005/ 00483	Murdie Island	<u>221</u>	100%
		2,472	
EL 2005/ 00340	Worumba (Mt Craig)	230	100%
EL 2005/ 00341	Kapunda	406	100%
EL 2005/ 00427	Burra	313	100%
EL 2005/ 00629	Wyacca	<u>131</u>	100%
		1,081	
Total Tenements under management		9,221.1	
EL	= Exploration License		
ELA	= Exploration License Application		
EPM	= Exploration Permit for Minerals		
EPMA	= Exploration Permit for Minerals (Application)		

Exploration Projects

SOUTH AUSTRALIA – Copper Range Pty Limited

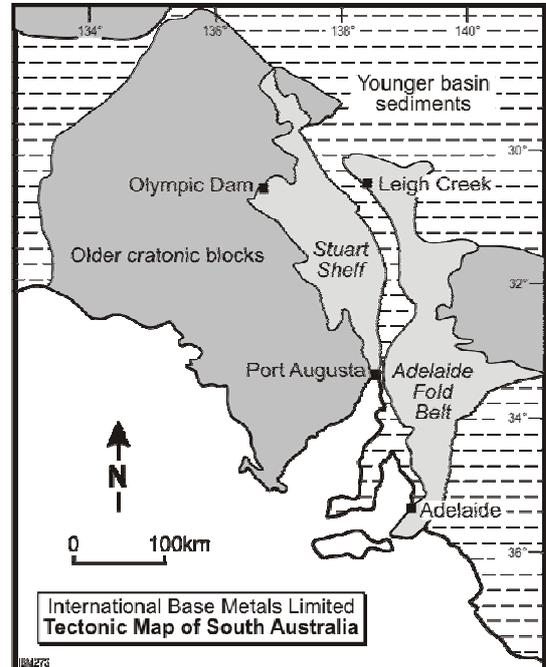
Introduction

With its well-endowed but under-explored geological terrains, South Australia offers excellent potential for mineral discovery. Furthermore, the South Australian Department of Primary Industries and Resources (PIRSA) has long been at the forefront of Australian states in providing support for mineral exploration, particularly through provision of quality geological and geophysical data.

This support has recently been enhanced through the government's PACE (Plan for Accelerating Exploration) initiative, through which South Australia provides direct support for exploration, including some funding for drilling programmes.

IBML has, for some time, been assessing South Australia's geological terrains and has identified a number of opportunities. The Company's targets are:

- Olympic Dam-type copper-gold-uranium deposits in the Stuart Shelf
- Copper deposits in the Adelaide Fold Belt.

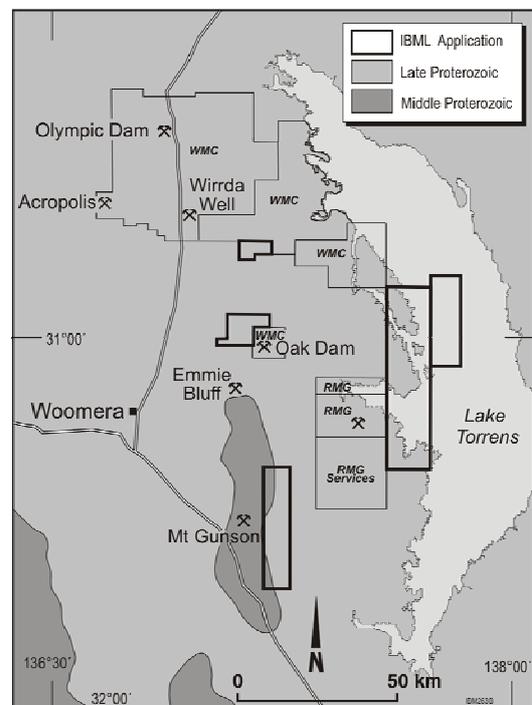


Stuart Shelf

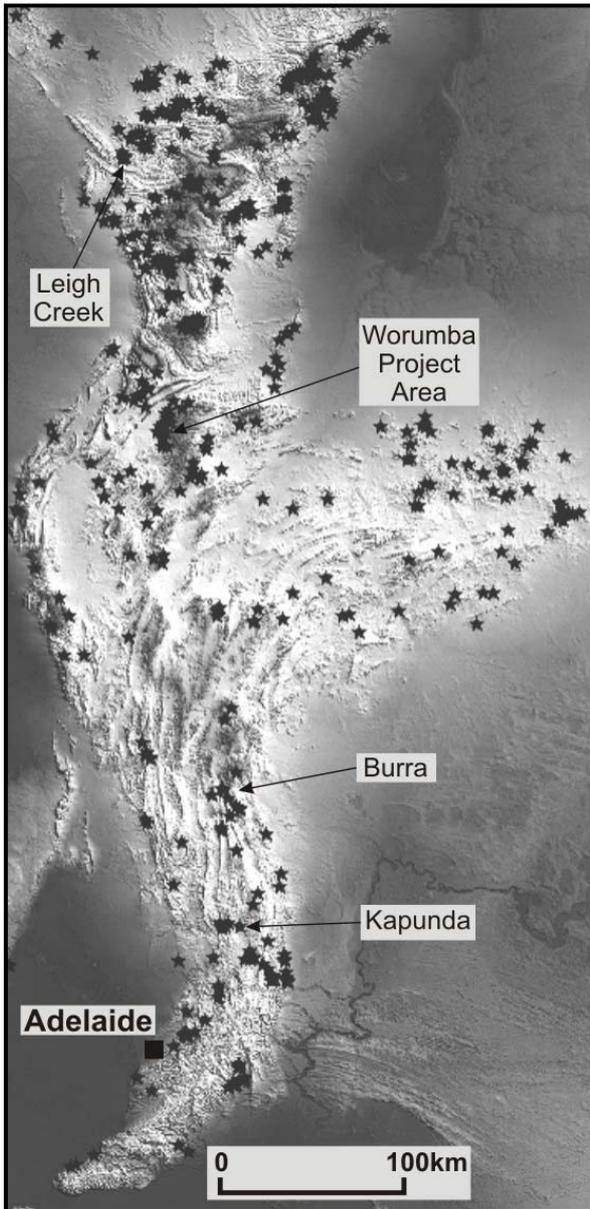
The Stuart Shelf hosts the world-class Olympic Dam copper-uranium-gold deposit. With a resource of almost 4 billion tonnes at a grade of 1.1% Cu, 0.5g/t Au and 0.4% U₃O₈ (uranium oxide), Olympic Dam is a colossus - the world's largest single resource of both copper and uranium. The province also hosts the more recently discovered (2002) Prominent Hill copper-gold deposit that is still being assessed, plus a number of other prospects.

In late July 2005, a new discovery was announced by the unlisted RMG Services, at the Carrapateena prospect. The discovery drillhole intersected a very impressive 178m at 1.83% Cu and 0.64g/t Au, including a high grade zone of 73m at 2.89% Cu and 0.4g/t Au. The hole stopped in copper mineralisation. The new discovery confirms the Stuart Shelf as the world's pre-eminent iron oxide-copper-gold (IOCG) province.

Copper-gold-uranium deposits of this type are typically hosted by extensively brecciated rocks, rich in iron oxide (hematite or magnetite). The presence of major crustal structures is an important factor. In the Stuart Shelf, a series of major "lineaments" represent deep crustal breaks and are associated with the Olympic Dam and Prominent Hill deposits as well as the new Carrapateena discovery.



Previous exploration targeted significant gravity and magnetic anomalies. The Carrapateena discovery shows that the geophysical expression of Stuart Shelf IOCG systems can be very subtle - opening up many new targets for exploration.



The image shows known copper workings in the Adelaide Fold Belt, superimposed on a digital terrain model of the region.

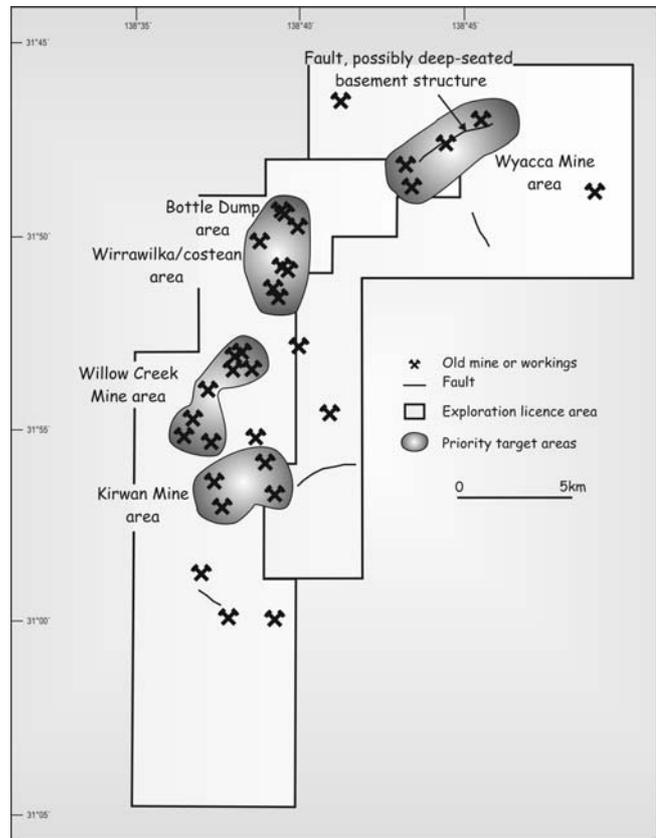
There has been little systematic exploration since the 1970s. IBML's rationale for an exploration campaign is that the region has not been subjected to comprehensive exploration using modern concepts and exploration techniques. In particular, Copper Range Pty Ltd will adopt a new approach to identify and test the structures which control the copper deposits.

IBML has applied for five tenements in the central Stuart Shelf. Critically, one of these areas is adjacent to the RMG Services tenement on which the Carrapateena discovery has been made.

Adelaide Fold Belt

The Adelaide Fold Belt is a significant historic producer of copper. Located to the north of the Adelaide region winelands, the area was home to Australia's first metal mines, which pre-dated the gold rush discoveries of the 1850s. Mining commenced at Kapunda in 1844 and at Burra shortly afterwards. Miners, experienced in the shaft-sinking and underground mining techniques of the Cornish tin mines, were attracted to the area. The mines flourished and by 1851 Burra was Australia's largest inland town.

Prospectors, spreading out from Burra and Kapunda, made copper discoveries throughout the Flinders Ranges and surrounding areas. Soon mine workings dotted the hillsides and gullies over a large area stretching from south of Adelaide to 500km north. Over 800 copper mines and prospects were discovered.



The map shows the distribution of known copper occurrences in the two Exploration Licences comprising the Company's Worumba Project area.

In addition to the potential for primary copper deposits, the region has known oxide copper concentrations, formed when the primary copper deposits were subjected to processes of rock weathering over a long geological period.

This is a similar setting and opportunity to that which IBML previously recognised in northwest Queensland and which has now become CopperCo Limited. That project has taken just over two years from first drilling to completion of a feasibility study, and should be in production in late 2006 - a remarkably short time-frame.

IBML has initiated its exploration of the region by applying for four Exploration Licences, covering numerous historic copper workings and other prospects.

Company Strategy in South Australia

In the Stuart Shelf, IBML plans to identify drilling targets through detailed interpretation of existing geological and geophysical data sets. IBML may then seek a joint venture partner to assist in funding the deep drilling (+ 500m per drill hole) that will be required.

In the Adelaide Fold Belt, IBML plans to manage and internally fund exploration through to drilling and resource identification.

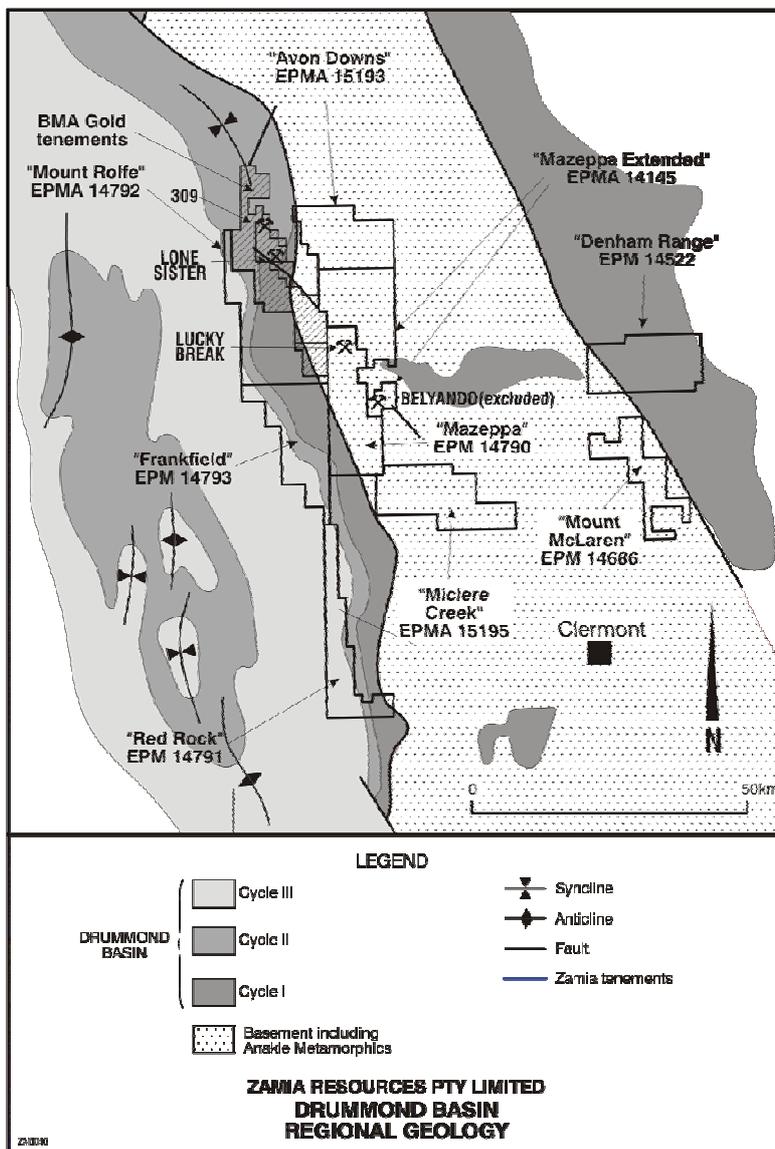
CENTRAL QUEENSLAND – Zamia Resources Pty Limited

Introduction

The Central Queensland Goldfield is one of Australia's established gold-producing regions, based on rich epithermal-style deposits in the Drummond Basin. Known deposits include Pajingo / Vera Nancy, with a resource of 3 million ounces at a grade of 15g/t Au.

BMA Gold Ltd is currently developing the Twin Hills / Lone Sister gold deposits. Within the identified resource of almost 1 million ounces at a grade of 13.9g/t Au, there is a high grade Ore Reserve of 285,000 tonnes at a grade of 25.5g/t Au. BMA Gold expects to be in production in late 2005, producing 70,000 oz pa gold.

The region has also been an historic copper producer, with considerable potential for further discovery. Recognising the wide spectrum of discovery opportunities, Zamia Resources has established a large and highly prospective tenement package in the Clermont district.



This package comprises nine EPMs and applications, covering a total area of 2607 km². The Company now has a tenement block covering the gold trend along strike from the BMA Gold development at Twin Hills, and has lodged an application for tenement adjacent to the old Belyando gold mine.

Company Activities

During the year, Zamia Resources carried out extensive research into past exploration activity and geological appraisal of the region, supported by reconnaissance field visits. This work revealed the presence of numerous previously identified gold and copper prospects and additional geochemical and geophysical anomalies. However, few of these have been subjected to rigorous examination. In particular, the overwhelming majority of previous drill holes were sunk to less than 100m depth, often bottoming in transported cover or oxidised and leached caps to prospective bedrock.

A number of targets are at near drill-ready status, requiring little detailed ground-based exploration to define drilling targets. At the Lucky Break mine, there has been little deep drilling beneath the old open-cut.

There is a clear opportunity for discovery of new gold and gold-copper deposits through re-examination of targets through deeper drill testing and utilisation of new exploration techniques on both a local scale and regionally.

The continuing upgrade of our data base, supported by field reconnaissance, has led to recognition of unclaimed prospective areas. Zamia Resources has now lodged new EPM applications over these areas, further adding to our already valuable portfolio.

Company Strategy for Central Queensland

Whilst Zamia Resources has established a very exciting tenement position, covering numerous priority targets, the Company recognises that many of its targets are at an early stage of exploration and will consume funds and staff time for several years. Consequently, Zamia Resources is seeking to establish a balanced portfolio of projects, including near-term resource developments, through merger or joint venture.

A number of opportunities have been identified but to date no formal associations have been established. In particular, a letter Agreement for the sale of Zamia Resources to Mt Stewart Gold Ltd was signed in April 2005, subject to certain conditions precedent. With the failure of Mt Stewart Gold to meet those conditions, the agreement lapsed.

Investor interest in gold exploration has waned during the year, despite the firm gold price. We expect the gold price to increase substantially during 2006, bringing renewed investor interest to the sector. This may provide an opportunity for Zamia Resources to become a self-funded entity.

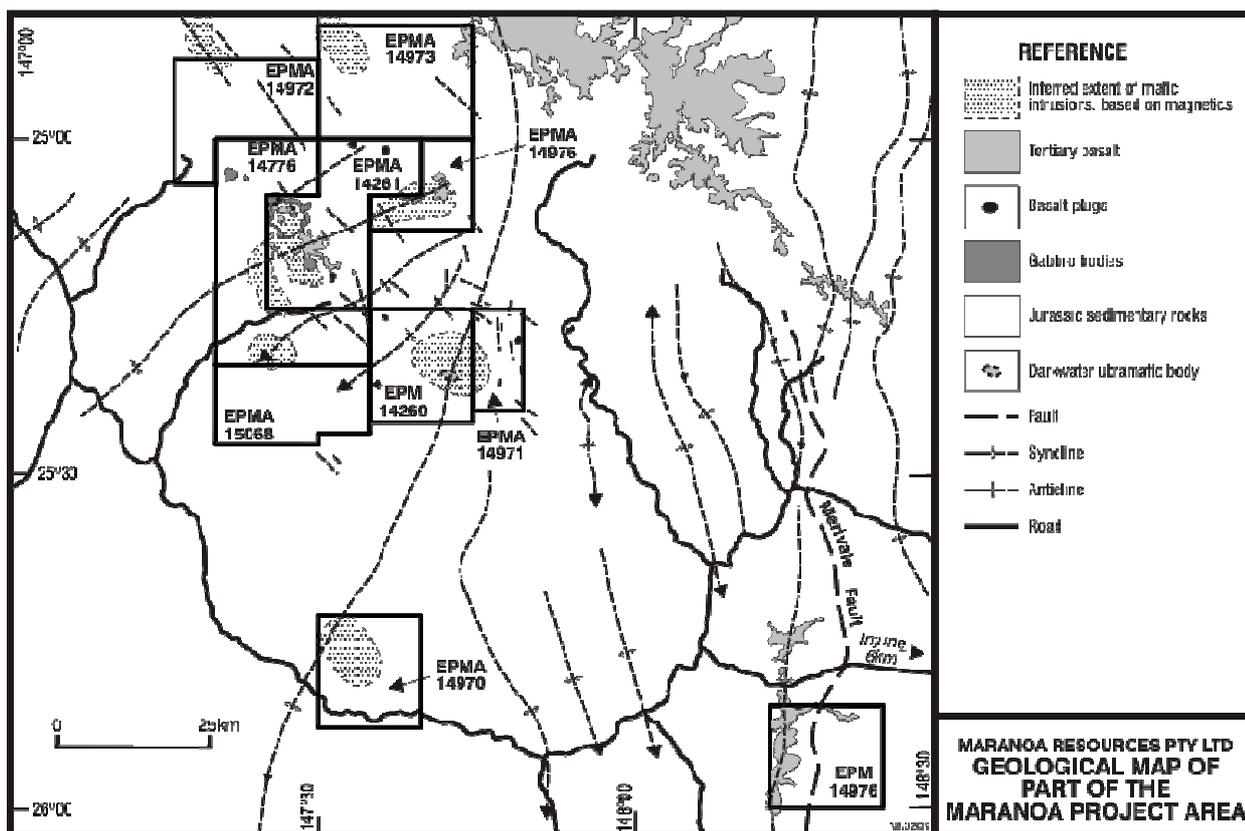
In the coming year, we plan to pursue a two-track strategy:

- Prioritise identified targets and conduct limited field-based exploration, either at our own risk or in partnership with others;
- Continue to seek corporate opportunities to make Zamia Resources a self-sustaining company.

SOUTHERN QUEENSLAND - Maranoa Resources Pty Limited

Introduction

In southern Queensland, IBML, through Maranoa Resources, is targeting world-class nickel-platinum group element (PGE) deposits. A new exploration model has been developed, based upon analogies with the world-class Noril'sk nickel-copper-PGE system in Arctic Russia, where large and high grade deposits are associated with mafic igneous intrusive rocks. If the concept proves to be valid, it could lead to the recognition of an entirely new nickel province in the Maranoa district.



Company Activities

During the year, Maranoa Resources carried out the following work:

Tenement acquisition: The Company secured an agreement to acquire two Exploration Permits for Minerals (EPMs) from Australian Asiatic Gems Pty Ltd and applied for an additional eight EPMs in the Maranoa district. Maranoa Resources has now established a commanding tenement position in the target region - eight Exploration Permits for Minerals (EPMs) and applications cover an area of 3,380 km².

Geological interpretation: The Company reviewed available geological, geochemical and geophysical data; interpreted aerial photographs, satellite imagery and magnetic imagery; and conducted reconnaissance visits to the project area. In addition, IBML sponsored a Geophysics Honours student to study the magnetic characteristics of mafic intrusions, providing background information to assist in interpretation of magnetic data. The known mafic intrusive bodies are up to 8 x 6 km in aerial extent but magnetic imagery shows that the bodies are much more extensive than the outcrop and points to a number of other buried intrusive bodies.

The Company is encouraged by the many similarities of the Maranoa district to the Noril'sk district:

- Mantle-derived mafic magmas were emplaced into a sedimentary rock sequence as part of the feeder system to overlying basalt lava flows.

- Limited previous drilling (two shallow drill holes) intersected minor nickel (up to 0.2% Ni) but no follow up is recorded.
- Reconnaissance sampling by Maranoa Resources has returned high nickel and copper values (up to 1% Ni and +2% Cu) in weathered gabbro, possibly indicating nickel and copper sulphide minerals at depth.
- The host sedimentary rocks show evidence of sulphur-rich material, including coal measures, potentially providing a sulphur source which allowed the formation of nickel and copper sulphides in a molten magma chamber.

Assessment of cobalt resource: Previous drilling outlined a small but high grade cobalt resource. Maranoa Resources has reviewed the drillhole data and concluded that a significant exploration programme over the numerous cobalt prospects will need to be successful for a commercially viable cobalt-recovery operation.

Other targets: The Company has identified additional potential for gold and uranium in the project area.

Company Strategy in Southern Queensland

Our investigations, including site visits, remote sensing and geophysical interpretation, and assay results, have enhanced the attractiveness of the Noril'sk concept as applied to the Maranoa district. This project has the potential to be a company-maker.

Maranoa Resources plans to further advance the project by conducting a high-resolution airborne magnetic and radiometric survey over the entire tenement area. Existing magnetic data were collected along flight lines up to 3 km apart, providing very inadequate data. Maranoa plans 200m flight line spacing, which will provide targets for more detailed testing.

Any exploration success in the region would attract the support of major resource companies. Two Canadian-based nickel companies have already expressed interest in reviewing the data.

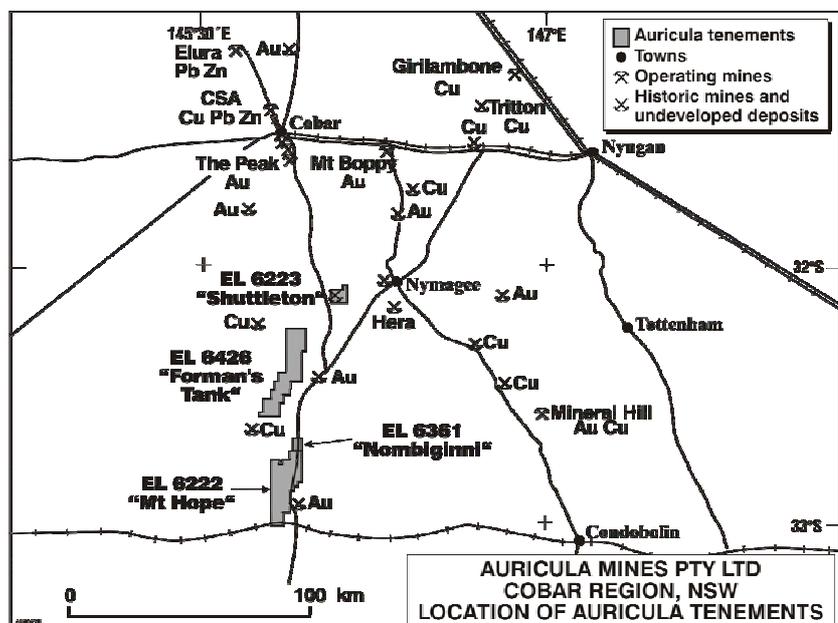
NEW SOUTH WALES – AuriCula Mines Limited

Introduction

AuriCula Mines has established a firm tenement position in the highly-mineralised Cobar district of western New South Wales (NSW) and in addition has a single Exploration Licence covering the historic Stuart Town gold-field in central NSW. IBML acquired the Mount Hope and Shuttleton Exploration Licences (ELs) in the southern Cobar district in 2002, then expanded the Cobar tenement position to four ELs in 2004. The Company acquired the Stuart Town EL in the central NSW goldfields in 2004.

Cobar District

The Cobar district continues to provide new mineral discoveries. Triako Resources Limited recently announced a resource upgrade at their Hera gold-base metals prospect - 1.94 million tonnes at 6.7g/t Au, 0.2% Cu, 2.8% Zn, 2.5% Pb and 14g/t Ag. Such successes provide encouragement for ongoing exploration of the region.



Critical to the success of exploration drilling at Hera and earlier, at The Peak, has been detailed compilation and assessment of results of previous exploration, leading to identification and prioritisation of new drilling targets. This approach has been adopted by AuriCula Mines.

At the **Mount Hope** project, the company completed compilation of results of previous exploration data, using Mapinfo software, to identify and prioritise targets. This was followed by an independent geological review which reinforced the discovery potential of the company's targets:

- At the historic Mount Hope copper mine, worked during the late 19th century, there is potential for continuation of high-grade copper-gold along strike from, and below, the historic workings, and additional potential for an oxide copper "blanket" around the historic workings.
- At the historic Great Central workings, there is excellent potential to define an oxide copper resource and good potential for continuation of historic copper-gold workings below the level of previous mining.
- There are two identified near-surface gold deposits, Nombinnie and Anomaly 3, which are small but have potential to grow with further drilling.
- A number of other encouraging copper-gold drill intersections remain to be followed up.

At the **Shuttleton** project, the obvious scope for further discovery has attracted Cobar Mines Pty Ltd, the operators of the CSA mine some 80 km to the north, and a joint venture agreement was recently negotiated with that company.

Regionally, the Company has developed a digital database of previous exploration data and acquired new geophysical data sets. Integration of data, and assessment of geochemical and geophysical data using specialist consultants, has resulted in new geological interpretations, leading to application for additional tenements covering prospective structural trends (Forman's Tank, Nombiginni). In the **Nombiginni EL**, previous exploration has identified a number of targets. At **Forman's Tank**, there has been no previous detailed exploration despite its favourable structural setting.

Central New South Wales

EL 6185 covers the historic Stuart Town gold field in central NSW which, at its peak in the mid-1870s, comprised 43 reef and alluvial mines. IBML considered that the area had potential for large-tonnage intrusion-related gold deposits.

IBML has compiled and reviewed old mine records, past exploration information and government-generated airborne geophysical data sets, and carried out reconnaissance geological traverses during which soil and rock samples were collected for geochemical analysis and petrographic study. Expert geological and geophysical consultants independently reviewed the data.

All known hard rock gold in the Stuart Town field has been in narrow veins and stockwork zones with limited tonnage potential. From the geological studies, it is concluded that the gold mineralisation is more likely to be a slate belt style similar to Hill End and Bendigo rather than an intrusion-related style.

Company Strategy in NSW

Encouraged by the potential for high grade copper-gold deposits within its Cobar tenements, IBML is pursuing a two-fold strategy:

- Advancing the exploration of its existing tenement package;
- Seeking opportunities for corporate growth through regional consolidation.

The Company recently announced finalisation of an exploration joint venture agreement with CSA Mines on the Shuttleton EL. CSA Mines is mining copper and zinc north of Cobar. The CSA agreement provides secure funding for the project.

At the Stuart Town project, AuriCula Mines is seeking expressions of JV interest from other companies operating in the region.

List of Abbreviations

Ag	Silver
ASX	Australian Stock Exchange
Au	Gold
A\$	Australian dollars
Co	Cobalt
Cu	Copper
EL	Exploration Licence (NSW and South Australia)
EPM	Exploration Permit for Minerals (Queensland)
g/t	Grams per tonne
IBML	International Base Metals Limited
IOCG	Iron oxide-copper-gold deposit
m, km, km ²	Metres, kilometres, square kilometres
Mt	Million tonnes
Ni	Nickel
Oz	Ounces
PGE	Platinum group elements (platinum, palladium, etc)
NSW	New South Wales
Pb	Lead
SX-EW	Solvent extraction-electrowinning
t, tpa	Tonnes, tonnes per annum
U ₃ O ₈	Uranium oxide
Zn	Zinc

Glossary of Technical Terms

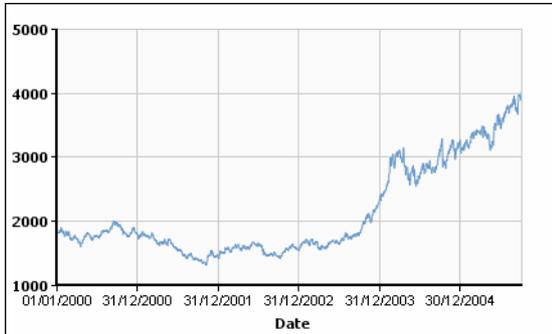
Alteration	Changes in the chemical and mineralogical composition of a rock commonly brought about by reactions with hydrothermal solutions
Anomaly	A value (e.g. of geochemical parameters) significantly higher than the norm
Anticline	A fold in strata that is convex upward with a core of older rocks
Assay	Determination of the proportion of metals in a mineral sample
Basalt	A common volcanic rock
Base metals	The common metals such as copper, lead, nickel and zinc
Basin	A broad sub-continental depression in which sediments are deposited. The Gulf of Carpentaria and the Coral Sea are present-day examples
Block	A large (map scale) region with distinct geological characteristics
Breccia	A rock consisting of large angular fragments. Brecciation can be caused by processes such as faulting, igneous intrusion and hydrothermal activity
Craton	A large, usually old, geologically stable block of the Earth's crust
Dilatant	Referring to the creation of open spaces or low strain zones in rocks
Epithermal	A low temperature hydrothermal mineral deposit
Exploration Licence Permit	A mineral exploration tenement conferred by a State government
Fault	A break in a rock sequence, along which there has been movement
Fold belt	A large block of the Earth's crust dominated by deformed (folded) rocks
Fracture	A break in a rock sequence, along which there has been no movement
Gabbro	Mafic intrusive igneous rock
Geochemical	Prospecting techniques which measure the concentration of certain metals in soil and rocks, and define anomalies for further testing
Geophysical	Prospecting techniques which measure physical properties of rocks (e.g. Magnetic susceptibility) and define anomalies for further testing
Grade	The relative quantity or percentage of metal contained in mineral deposits
Granite	A common intrusive igneous rock

Gravity survey	A geophysical survey which measures variations in rock density
Hematite	Non-magnetic iron oxide
Hydrothermal	Literally, hot water. Hydrothermal fluids, typically carrying metals in solution, develop in the Earth's crust through a number of processes
Igneous rocks	Rocks formed by crystallisation of molten rock (magma)
Intersection	A width of rock cut by a section of a drill hole
Intrusion / intrusive	A mass of igneous rock which, while molten, was forced into other rocks
IOCG deposits	Deposits of copper, gold (and uranium) hosted by iron oxide-rich rock
Leaching	The processes by which metals are dissolved out of a rock
Lode	Another name for an orebody or ore shoot
Mafic rocks	Igneous rocks with a high proportion of dark-coloured minerals - e.g. gabbro
Magma	Molten rock
Magnetic survey	A geophysical survey which measures natural variations of the Earth's Magnetic field
Magnetite	Magnetic iron oxide
Mantle	The semi-molten layer of the Earth below the crust
Metamorphism	The processes by which rocks become mineralogically and texturally altered under the influence of heat and pressure
Mineralisation	(a) The processes by which ore minerals are emplaced into rocks. (b) A concentration of metals, not necessarily to ore grade
Ore, orebody	The economically-extractable portion of a mineral deposit
Outcrop	The part of a rock unit which appears at the Earth's surface
Oxide zone	The near-surface zone of a mineral deposit affected by weathering processes. Primary metal sulphide minerals are replaced by a range of new minerals
Oxide copper deposit	A concentration of secondary copper minerals, such as malachite, formed in the oxide zone
Petrology	The study of the nature and composition of rocks
Plug	A vertical feeder channel of a volcano, filled by solidified lava
Primary ore deposit	An ore deposit as originally formed, prior to superimposed weathering Processes (cf. secondary ore deposit)
Radiometric survey	A geophysical survey which measures natural radio-activity
Reef	An old-fashioned mining term for an orebody, usually a vein
Resource	An estimate of the tonnage and grade of a mineral deposit. The categories Measured, Indicated and Inferred reflect the degree of uncertainty
Sedimentary rocks	Rocks formed through earth surface processes such as mechanical (transport of solid particles), chemical and biological activity
Shelf	A large (map scale) block of relatively undeformed rock (cf fold belt)
Stockwork	A zone of intersecting multiple veins
Strata	Layers of sedimentary and volcanic rock
Strike	The course or bearing of a rock layer or rock structure
Sulphide	A mineral composed of sulphur combined with metals
SX-EW	Solvent extraction – electrowinning. A hydrometallurgical metal recovery process, producing cathode copper metal
Syncline	A fold in rock strata that resembles a trough, i.e. concave upwards
Tenement	A mining or exploration title, such as a Mining Lease or Exploration Licence, conferred on the holder by a State government
Tertiary	The period of time from 65 million years ago to the present
Ultramafic rocks	Igneous rocks consisting almost entirely of dark-coloured minerals
Vein	A tabular mineral deposit, usually relatively narrow and confined between well-defined walls. Commonly contains quartz as the main mineral
Volcanic	Pertaining to the activities, structures or rock types of a volcano
Weathering	Processes, such as oxidation and hydration, which act on rocks in the near surface and eventually convert them to soil

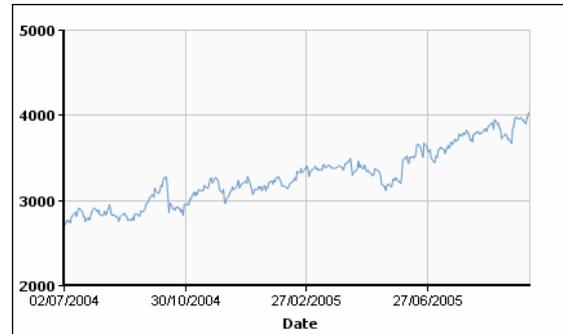
Metals Review

Base metal prices have accelerated strongly since July 2003. The graphs below show copper, nickel and gold metal price movements for the financial year 2004-2005 in a historical perspective. Note that despite the market hype for nickel and gold, copper has outperformed them in 2004-2005.

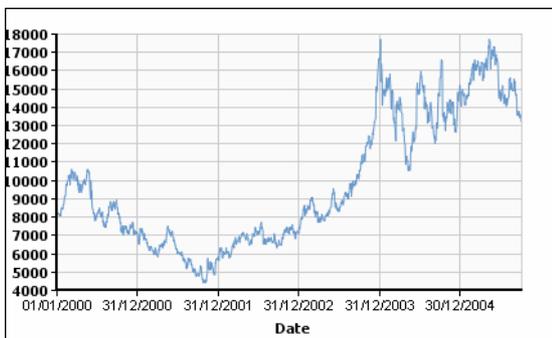
Copper US\$/t, from January 2000



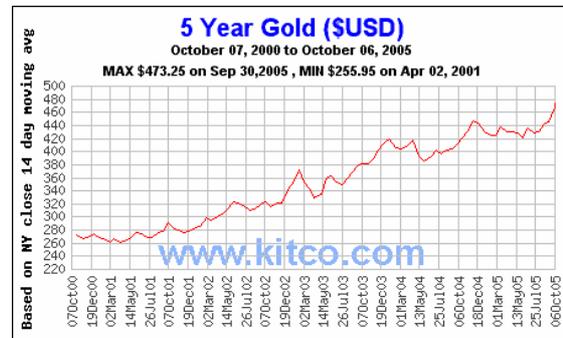
Copper US\$/t, July 2004 to early October 2005



Nickel US\$/t from January 2000



Gold US\$/oz



The percentage moves in selected metals are shown in the following table:-

Metal	Units	Price 1.7.04	Price 30.06.05	Current Price 07.10.05	% Change in 2004/2005	% Change this year to date
Gold	US\$/oz	394.80	437.10	466.30	10.7	6.7
Silver	US\$/oz	5.875	7.10	7.58	20.9	6.8
Platinum	US\$/oz	781.00	884.00	924.00	13.2	4.5
Copper	US\$/t	2,664.50	3,507.00	4,038.00	31.6	15.1
Nickel	US\$/t	14,990.00	14,700.00	13,235.00	(1.9)	(10.0)

Note that the historical trend still applies in A\$ price terms but the acceleration is less steep given the recent comparative strength in the A\$:US\$ exchange rate and has gone in reverse for nickel, albeit from high levels.

Metal	Units	Price 1.7.04	Price 30.06.05	Current Price 07.10.05	% Change in 2004/2005	% Change this year to date
FX Rate	US\$/A\$	0.6890	0.7637	0.7589	10.8	(0.6)
Gold	A\$/oz	573	572	614.40	-	7.4
Silver	A\$/oz	8.53	9.30	9.99	9.0	7.3
Platinum	A\$/oz	1,133	1,158	1,217.5	2.2	5.1
Copper	A\$/t	3,867	4,710	5,320.9	21.8	13.0
Nickel	A\$/t	21,756	19,248	17,440	(11.5)	(9.4)

Directors' Report

Your Directors present their report on the consolidated entity, consisting of International Base Metals Limited ("IBML" or the "Company"), AuriCula Mines Pty Limited, Zamia Resources Pty Limited and Maranoa Resources Pty Limited which the Company controlled at the end of the year to 30 June 2005.

Information on Directors

The names and details of the Directors of the Company in office during the financial year and on the date of this report are set out below. All were directors for the whole of the financial year.

Directors	Experience
<p>Stephen Edward Blackman Chairman & Managing Director</p>	<p>Mr Blackman has over 35 years of experience in a wide range of functions in base and precious metal mining operations, projects, consultancy, marketing and finance. He has worked with a number of large mining companies including three years with Consolidated GoldFields Limited, principally in London and ten years (1974-1984) for the Rio Tinto group in project development, exploration and finance roles. Stephen represented the Canadian Imperial Bank of Commerce in the resources sector in Australasia covering corporate banking, project finance and treasury before becoming a corporate advisor to major groups – Newmont Gold (US) and Gencor (RSA). Stephen is a founding Executive Director of the Company and became its inaugural Chairman. He is an Executive Director of CopperCo Limited.</p>
<p>Dr Kenneth John Maiden Executive Director & Chief Geologist</p>	<p>Dr Maiden is a geologist with 35 years of professional experience – with major resource companies (CSR, MIM), as an academic (University of the Witwatersrand, Johannesburg) and as a mineral exploration consultant. Ken has extensive base metal experience in Australia, Africa and southeast Asia. His project generation expertise has been utilized by numerous resource companies including majors such as Phelps Dodge, Mount Isa Mines and BHP Billiton. He has been involved in successful mineral exploration programs for copper and zinc in South Australia, tin in Indonesia, and copper in Namibia and Botswana. He drove the target generation and exploration programme which resulted in IBML's discovery of the Mount Clarke copper deposit in northwest Queensland, now a significant part of CopperCo's resource inventory, and planned our South Australian initiative</p> <p>Ken is a founding Executive Director of the Company and is responsible for project generation and the implementation of technical strategies. He is also the Chief Geologist of CopperCo Limited</p>
<p>Ian Cunynghame Daymond Non-executive Director</p>	<p>Mr Daymond has extensive Australasian and international experience in commercial and legal aspects of mineral exploration, development and operations. After working in leading law firms in Sydney and London and in the corporate sector with Western Mining Corporation Limited, Hunter Resources Limited and, in particular, 11 years with Delta Gold Limited, Ian returned to private practice in both a legal and corporate advisory capacity. Ian has been a Director since June 2002. He is the immediate past National Chairman of the Australia-Southern Africa Business Council and was responsible for its broadening to become the Australia Africa Business Council. He is also the non-executive Chairman of Eldore Mining Corporation Ltd, with its Nalesbitan gold/copper project in the Philippines and which floated on the ASX in October 2005</p>

Directors' Report (continued)

Brian James Rear Non-executive Director

Mr Rear is a metallurgist with some 35 years experience in Australia, London and South Africa. Brian has been extremely successful in project management and creating mining companies, having stepped down after a decade as CEO of Straits Resources Limited, which he founded and built into a major Australian copper producer and also a highly profitable coal producer. Brian's experience of the past 12 years bears directly on the projects and properties the Company is targeting. Brian is the Managing Director of CopperCo Limited and Chairman or a non-executive Director of a number of other ASX and AIM listed mining exploration companies. Brian has been a Director since November 2002.

Meetings of Directors

The names and details of the Directors of the Company in office during the financial year and on the date of this report are set out below. All were directors for the whole of the financial year.

Director	Meetings of Directors	Meetings Attended
SE Blackman	7	7
KJ Maiden	7	7
IC Daymond	7	7
BJ Rear	7	7

Principal Activities

The principal activity of the consolidated entity during the financial year was the continued exploration for economic base metal and gold resources. During the year the Company concentrated on building its business base within the financial constraints imposed by the capital markets.

No other significant changes in the nature of these activities occurred during the year.

Operating Results

The net profit of the consolidated entity after providing for income tax amounted to \$3,187,628 (2004: loss \$628,820).

Dividends

No dividends were paid during the year and no recommendation is made as to payment of dividends. The Company made a reduction of capital and in specie distribution to its shareholders following the sale of Savannah Resources Pty Limited to CopperCo Limited. The capital reduction and in specie distribution resulted in each IBML shareholder receiving 2.679 CopperCo shares for each IBML share held.

Review of Operations

The consolidated entities reported profit for the year includes a net gain of \$3,893,211 following the sale of Savannah Resources Pty Limited. The consolidated entity made a \$705,583 loss after eliminating the effect of the sale, which is a similar result to the prior year.

The consolidated entity derived management fee revenue of \$151,748, and wrote off \$123,567 in tenement costs incurred up to the time of sale.

Director's Report (continued)

The consolidated entity incurred costs of \$328,866 during the year for tenements in each of its areas of interest as outlined in this report. These costs are still expected to be recovered and are carried as an asset of the consolidated entity at reporting date.

Likely Developments and Expected Results of Operations

IBML and its subsidiaries are concentrating on mineral exploration and development activities in five regions of Australia.

In August 2004 the Company formed Maranoa Resources Pty Limited to own and develop nickel, platinum and gold prospects in southern Queensland's Mt Tabor region. Zamia Resources Pty Limited was also incorporated to own and explore gold/copper prospects in the Clermont district of central Queensland.

The Directors emphasise that mineral exploration is a high risk activity and while confident that these projects can be developed or consolidated into successful commercial operations, there is no certainty at this stage of the Company's work programme.

Significant Changes in the State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year not otherwise disclosed in this report or the financial report.

Matters Subsequent to the End of the Financial Year

In July 2005, following the rights issue and share placement, the shares on issue increased by 1,943,976 shares and the paid up capital by \$136,078. In September 2005, Option Holders exercised their rights for 1,048,708 shares and \$104,870 was added to paid up capital. There are no further options outstanding.

Negotiations are taking place with other mining interests, corporate advisers and investors regarding the future planning/structure and capital requirements for the group's ongoing activities/strategy. The ultimate aim behind the group strategy is still the listing of the Company shares in the form of an IPO, a merger-acquisition or a back door listing in early 2006.

In the Rights Issue Prospectus dated 27 May 2005, it was advised that, subject to conditions precedent, it had been agreed to sell Zamia Resources Pty Limited to Mt Stewart Gold Ltd. The conditions precedent were not fulfilled so this agreement has lapsed.

In August 2005, Copper Creek Mining LLC was incorporated in the USA for the exploration and development of copper/gold prospects it has identified.

Copper Range Pty Limited was incorporated in August 2005, to undertake, tenement acquisitions and exploration for copper/gold/uranium in the Stuart Shelf and the Adelaide Fold Belt in South Australia. IBML is also considering copper/gold exploration and development opportunities in Chile, USA and Malaysia.

No other matters or circumstances have arisen since 30 June 2005 that have significantly affected or may significantly affect the consolidated entities operation or state of affairs in future financial years.

Environmental Regulation

The consolidated entity's operations are presently subject to environmental regulation under the laws of the Commonwealth of Australia and the States of New South Wales, Queensland and South Australia. The consolidated entity is at all times in full environmental compliance with the conditions of its licences.

Directors' Report (continued)

Share Options

At 30 June 2005 there are currently no options on ordinary shares on issue.

The Company pursuant to the Rights Issue Prospectus of 27 May 2005, offered to shareholders and professional investors short dated 17 September 2005 10 cent Options. This offer closed on 28 July 2005 with 1,943,976 10 cent Options being issued.

Directors' Interests

The relevant interest of each Director (including their associates) in the share capital of the Company as at 30 June 2005 is set out in Note 22 to the financial statements.

Directors' and Executives' Emoluments

Executive remuneration and other terms of employment are to be reviewed annually. In 2005, the Company's Executive Directors received no salaries but were paid consulting fees as shown in the Notes 5 to 21 to the financial statements. It is intended that, if and when the Company is listed, Executive Directors will receive a remuneration package of a base salary and superannuation. Non-Executive Directors received director's fees of \$15,000, of their \$20,000 entitlement, during the financial year. Each director received shares in lieu of cash consideration. This is disclosed in notes 17 and 22 of the financial report.

Insurance of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer of the economic entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Auditors Independence

A statement by the auditors required by section 307C of the Corporations Act appears on page 40 of the Annual Report.

Signed on 11th November 2005 in accordance with a resolution of the Board of Directors.

Stephen E Blackman
Chairman / Managing Director

Statement of Financial Performance
For the year ended 30 June 2005

	Note	Consolidated		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
Revenue from ordinary activities	3	4,089,640	1,764	3,553,076	1,736
Expenditures					
Administration expense		(305,736)	(227,509)	(129,363)	(142,589)
Depreciation	4	(6,741)	(8,503)	(6,533)	(700)
Exploration tenements expensed	4	(258,453)	(43,540)	(5,196)	(20,000)
Consultants' expenses		(74,684)	(145,847)	(73,859)	(27,368)
Financial and legal advice		(152,135)	(200,260)	(151,490)	(169,276)
Occupancy expense		(50,388)	(4,925)	(50,388)	(595)
Employment expense		(53,786)	-	(53,786)	-
Borrowing expense		(89)	-	(87)	-
Profit/(loss) from ordinary activities before income tax expense		3,187,628	(628,820)	3,082,375	(358,792)
Income tax expense relating to ordinary activities	5	-	-	-	-
Net Profit/(loss) attributable to members after income tax expense		3,187,628	(628,820)	3,082,375	(358,792)
Total Changes in equity other than those resulting from transactions with owners as owners.		3,187,628	(628,820)	3,082,375	(358,792)

The above statement of financial performance should be read in conjunction with the accompanying notes.

Statement of Financial Position
As at 30 June 2005

	Note	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
Current Assets					
Cash assets	8	322,693	35,253	302,257	5,081
Receivables	9	58,317	64,796	877,967	1,304,014
Total Current Assets		381,010	100,049	1,180,224	1,309,095
Non-current Assets					
Property, plant and equipment	12	48,929	21,998	43,647	3,325
Other	10	527,139	1,038,784	18,192	-
Other financial assets	11	-	-	6	4
Total Non-current Assets		576,068	1,060,782	61,845	3,329
Total Assets		957,078	1,160,831	1,242,069	1,312,424
Current Liabilities					
Payables	13	38,408	343,415	22,277	106,629
Accrued expenses	14	25,000	31,823	25,000	13,826
Provisions	15	1,035	-	1,035	-
Other	16	120,651	-	120,651	-
Total Current Liabilities		185,094	375,238	168,963	120,455
Total Liabilities		185,094	375,238	168,963	120,455
Net Assets		771,985	785,593	1,073,107	1,191,969
Equity					
Contributed equity	17	65,431	1,664,802	65,431	1,664,802
Accumulated Losses/ Retained Earnings	18	706,554	(879,209)	1,007,076	(472,833)
Total Equity		771,985	785,593	1,073,107	1,191,969

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the year ended 30 June 2005

	Note	Consolidated		Parent Entity	
		2005	2004	2005	2004
		\$	\$	\$	\$
Cash flows from operating activities					
Receipt from customers		226,112	-	203,123	-
Payments to suppliers and employees		(932,939)	(487,279)	(561,585)	(283,898)
Interest received		19,878	-	19,525	-
Net cash outflow from operating activities	23	(686,949)	(487,279)	(338,937)	(283,898)
Cash flows from investing activities					
Purchase / transfer of property, plant and equipment		(64,129)	(27,089)	(51,753)	(4,025)
Loans to controlled entities		-	-	(434,387)	(1,037,645)
Payments for exploration JV Options		-	-	(4)	-
Payments for exploration expenditure		(328,866)	(882,332)	(8,505)	-
Loss of cash from loss of control of subsidiary		(20,213)	-	-	-
Net cash outflow from investing activities		(413,208)		(494,648)	
Cash flows from financing activities					
Proceeds from share issues		28,861	1,333,400	28,861	1,333,400
Proceeds from Application of Shares		120,651		120,651	
Borrowings/loan funds received		1,279,499	90,000	981,249	-
Repayment of borrowings		(41,413)	(20,000)	-	(15,000)
Net cash inflow from financing activities		1,387,598	1,403,400	1,130,761	1,318,400
Net increase in cash held		287,442	6,700	297,176	(7,168)
Cash at the beginning of the financial year		35,251	28,551	5,081	12,249
Cash at the end of the financial year	23	322,693	35,251	302,257	5,081

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements
For the year ended 30 June 2005**1. Statement of significant accounting policies****Financial reporting framework**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the consolidated entity of International Base Metals Limited (the "Company" or "parent entity") and its controlled entities, AuriCula Mines Pty Limited, Zamia Resources Pty Limited and Maranoa Resources Pty Limited. International Base Metals Limited is an unlisted public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and, except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

The consolidated entity has adopted relevant new and revised accounting standards and pronouncements with no material impact.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Going concern basis of accounting

The directors have prepared the accounts on a going concern basis notwithstanding the loss reported for the year. The directors believe the consolidated entity has sufficient funds and potential projects to continue to operate as a going concern. The parent entity has issued Letters of support to its wholly owned subsidiaries AuriCula Mines Pty Ltd, Zamia Resources Pty Ltd and Maranoa Resources Pty Ltd, having regard to the financial position of those companies at 30 June 2005, whereby the parent entity undertakes not to call up outstanding loans of \$843,443, and to continue to provide further funding to enable the companies to pay their debts as and when they become due and payable.

(b) Accounts payable

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are normally repayable within 30 days of recognition.

(c) Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the fair value of assets given up, shares issued or liabilities undertaken, determined as at the date of acquisition plus costs incidental to the acquisition.

1. Statement of significant accounting policies (continued)

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(d) Cash

For the purpose of the statement of cash flows, cash includes:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- investments in money market instruments with less than 60 days to maturity

(e) Depreciation

Depreciation provided on plant and equipment is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life. The following estimated useful lives are used in the calculation of depreciation:

Computer Software & Equipment	2-5 years
Office furniture and equipment	3-10 years
Plant and equipment	4-7 years

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) For receivables and payables which are recognised inclusive of GST.

The gross amounts of GST recoverable from, or payable to, the taxation authority are included as part of receivables or payables.

(g) Income tax

The liability method of tax effect accounting is used, whereby the income tax expense for the year is matched with the accounting profit after allowing for permanent differences. The income tax effect of significant permanent differences on the income tax expense are set out in Note 5. Income tax set aside on cumulative timing differences is brought to account as either a provision for deferred income tax or an asset described as a deferred tax asset at the rate of income tax applicable to the period in which the liability will become payable, or the benefit will be received.

The deferred tax asset relating to tax losses is not carried forward as an asset unless it is virtually certain that the benefit from the unused tax losses will be received. The deferred tax asset relating to timing differences is not carried forward as an asset unless its realisation is assured beyond a reasonable doubt.

(h) Intangible assets and expenditure carried forward

- (i) Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight line basis.

1. Statement of significant accounting policies (continued)

(ii) Exploration and Development Expenditure

Exploration and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in or in relation to the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(i) Investments

Non-current investments in the subsidiary are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

(j) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being International Base Metals Limited (the parent entity) and the entities it controls. All material controlled entities in the consolidated group are companies. In preparing the consolidated financial statements, the effects of transactions between entities within the group were eliminated in full.

When control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year that control existed.

Accounting policies adopted by subsidiaries are consistent with the parent entity.

(k) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts as they are due for settlement no more than 30 days from recognition.

(l) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

The carrying amount of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

1. Statement of significant accounting policies (continued)

(m) Revenue recognition

(i) Sale of Goods and Disposal of Assets

Revenue from the sale of goods and disposal of other assets is recognised when the consolidated entity has passed control of the goods or other assets to the buyer.

(ii) Interest Income

Interest income is recognised on an accrual basis, taking into account the interest rates applicable to financial assets.

(iii) Management Fees

Management fees are charged to controlled entities on a cost basis for services provided.

(iv) General

All revenue is stated net of goods and services tax (GST).

(n) Employee Benefits

(i) Salaries and Annual Leave

Liabilities for salaries and annual leave are recognised in current provisions (i.e. expected to be settled in 12 months) and are measured as the amount unpaid at reporting date at expected pay rates in respect of the employees' service up to that date, including related on-costs.

(ii) Long Service Leave

No liability for long service leave has been determined at reporting date as it is not expected that any of the current employees' will have 10 years of continuous service with the parent entity.

(o) International financial reporting standards

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB is issuing Australian equivalents to IFRS, and Urgent Issues Group Abstracts corresponding to International Financial Reporting Interpretations adopted by the International Financial Standards Board (IASB). These Australian pronouncements will be known as Australian Equivalents to International Financial Reporting Standards ("AIFRSs"). The adoption of the AIFRSs will be first reflected in the Company's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

The Board of Directors will manage the transition to AIFRSs, including training of staff and system and internal control changes necessary to gather all the required financial information. A Project Team will report via the Audit Committee. Priority will be given to consideration of the preparation of an opening balance sheet in accordance with AIFRSs as at 1 July 2004. A number of accounting policy changes may be required. In some cases, choices of accounting policies are available. Some of these choices are still to be analysed to determine the most appropriate accounting policy.

Changes identified to date that may be required to be applied to the economic entity's existing Generally Accepted Accounting Principles ("GAAP") include the following:

1. Statement of significant accounting policies (continued)

(i) Income Tax

The Company currently recognises deferred taxes by accounting for the differences between accounting profits and taxable income, which gives rise to 'permanent' and 'timing' differences. Pursuant to the AIFRSs, deferred taxes are measured by reference to the temporary differences determined as the difference between the carrying amount and the tax base of assets and liabilities recognised in the Statement of Financial Position.

The Company has carried forward tax losses which have not been recognised as deferred tax assets as they do not satisfy the 'virtually certain' criteria of current Australian Generally Accepted Accounting Principles (GAAP). Pursuant to the AIFRSs the criterion for the recognition of tax losses recognised as deferred tax assets will be a 'probable' rather than a 'virtually certain' test. The Board of Directors reliably estimates that there would be no material impact on the Company's financial report at 30 June 2005 had it been prepared using the Australian Equivalent to IFRS.

(ii) Exploration Expenditures

A new standard, "AASB 6: Exploration for and Evaluation of Mineral Resources" has been issued as part of Australia's move to international financial reporting standards. It replaces the existing Australian accounting standard "ASRB 1022 Accounting for Extractive Industries".

In the main the standard allows Australian companies to continue to adopt an "area of interest" approach in deciding whether to defer exploration and evaluation expenditure and to capitalise it in the Statement of Financial Position, rather than to write it off as an expense in the Statement of Financial Performance as incurred.

However AASB 6 only relates to exploration and evaluation activities, and does not include matters covered by the existing Australian standard such as restoration costs, development and construction costs, and valuation of inventory.

Reference may therefore need to be made to other Australian equivalents to International Accounting Standards, including: "AASB 116 Property, Plant and Equipment"; "AASB 136 Impairment of Assets"; "AASB 137 Provisions, Contingent Liabilities and Contingent Assets", and AASB 138 Intangible Assets; all being either new or amended standards.

At present the Company recognises exploration and evaluation costs as an asset on an "area of interest" basis in respect of which it has tenure, until such time that the area of interest associated with the costs is abandoned or proceeds to development. When the area of interest is abandoned the costs are expensed. As areas of interest reach the development stage, which permits a reasonable assessment of the economically recoverable reserves, these costs are to be amortised over the life of the associated reserves on a unit of production basis. The Board of Directors reliably estimates that there would be no material impact on the Company's financial report at 30 June 2005 had it been prepared using the Australian Equivalent to IFRS.

(iii) Share Based Payments

Under AIFRS the Company must determine the fair value of equity instruments and options issued to employees as remuneration and recognize a corresponding expense through profit and loss. This will involve using a valuation technique as the shares and options are not quoted on a listed stock exchange. The Company has decided to employ the Black-Scholes option pricing model.

1. Statement of significant accounting policies (continued)

A transitional adjustment will be made against accumulated loss at 1 July 2004 to recognize the fair value of all share-based payment granted after 7 November 2002, which have not vested as at 1 July 2004 on a pro-rata basis; and the comparative figures in the Company's statement of financial performance relating to the year ended 30 June 2005 will be restated to recognise on a pro-rata basis the fair value of all share-based payments made during that year so as to comply with AIFRSs.

The Company has in the past recognised the issue of shares in lieu for consideration for goods and services received as an expense in the accounts, thereby complying with the requirements of AASB 2. As such, no adjustment will be required on adoption of AIFRSs.

2. Segment information

The consolidated entity materially operates in one business segment and one geographical segment only, being mineral exploration in Australia.

3. Revenue	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Revenue from non-operating activities				
Proceeds from Sale of controlled entity	3,893,213	-	3,266,667	-
Other Revenue from non-operating activities				
Management Fee	151,749	-	242,084	-
Interest Income	19,878	-	19,525	-
Other	24,800	1,764	24,800	1,736
Total other revenue from non-operating activities	196,427	1,764	286,409	1,736

4. Loss from ordinary activities

Loss from ordinary activities before income tax has been determined after charging/(crediting) the following net gains or expenses:

Expenses

Depreciation of non-current assets - plant & equipment	6,741	8,503	6,533	700
Exploration expenditure written off	258,453	43,540	(5,196)	20,000
Auditors remuneration	11,381	30,863	11,381	23,863
Borrowing costs - unrelated corporations	89	-	87	-
Net Gain on disposal of controlled entity	3,893,211	-	3,266,665	-

5. Income tax

(a) The prima facie income tax on pre-tax operating loss reconciles to the income tax expense/benefit in the financial statements as follows:

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Profit/(loss) from ordinary activities before income tax	3,187,628	(628,820)	3,082,375	(358,990)
Prima facie income tax revenue calculated at 30% (2004: 30%) of operating loss	956,288	(188,646)	924,712	(107,697)
Tax effect of permanent differences:				
Sale of controlled entity (i)	(1,166,399)	-	(980,000)	-
Tax losses on sale of controlled entity	88,237	-	-	-
Timing Differences and Tax losses not brought to account as deferred tax assets	121,874	188,646	55,288	107,697
Income Tax benefit attributable to operating loss	-	-	-	-

(i) The sale of Savannah Resources has no income tax consequences to the entity as a result of applying Division 125 of the Income Tax Assessment Act (1997).

(b) Future income tax benefit not recognised

The potential future income tax benefit calculated at 30% (2004 - 30%) arising from tax losses and timing differences has not been recognised as an asset because recoverability is not virtually certain.

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Net Future Income Tax Benefit	122,852	251,442	56,265	138,406
Total	1,236,928	251,442	428,093	138,406

The taxation benefits of tax losses and timing differences not brought to account will only be obtained if:

- i) the Company and the consolidated entity derive further assessable income of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
- ii) the Company and the consolidated entity continue to comply with the conditions for deductibility imposed by the law; and
- iii) no changes in tax legislation adversely affect the Company's and the consolidated entity's ability in realising the benefit from the deductions.

Tax consolidation legislation

The entity has not elected to be consolidated for taxation purposes and has not generated any taxable income since incorporation.

6. Remuneration of Directors and executive officers	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
The aggregate of income paid or payable, or otherwise made available, in respect of the financial year, to all Directors, of each entity in the consolidated entity, directly or indirectly, by the entities in which they are directors or by any related party in connection with the management of affairs of the parent entity or its controlled entities is as follows:				
	73,760	69,010	73,760	69,010

The number of Directors of the Company whose total income falls within each successive \$10,000 band of income (commencing at \$0):

			Number	Number
			2005	2004
\$0 - \$9,999			0	2
10,000 - 19,999			2	0
\$20,000 - \$29,999			2	1
\$30,000 - \$39,999			0	1

7. Auditors remuneration

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for audit or review of the financial reports	10,000	-	10,000	-
Remuneration of prior auditor	1,381	30,863	1,381	23,863
Other services	-	-	-	-
	11,381	30,863	11,381	23,863

8. Cash assets

Cash at bank and on hand	202,042	35,253	181,606	5,081
Cash held on trust	120,651	-	120,651	-
	322,693	35,253	302,257	5,081

9. Current receivables

Trade Debtors	27,565	-	27,565	-
Sundry debtors	30,752	64,796	6,959	37,930
Amount due from wholly owned controlled entities	-	-	843,443	1,265,886
	58,317	64,796	877,967	1,303,816

10. Non-current assets – other

Capitalised exploration expenses	516,679	1,038,784	7,732	-
Other	10,460	-	10,460	-
	527,139	1,038,784	18,192	-

11. Non-current assets – other financial assets

(a) Shares in Subsidiary	-	-	6	2
	Country of incorporation	Class of shares	Ownership interest (%)	Ownership interest (%)
(b) Name of controlled entity				
AuriCula Mines Pty Ltd (Incorporated 15/03/04)	Australia	Ordinary	100	100
Zamia Resources Pty Ltd (Incorporated 31/08/2004)	Australia	Ordinary	100	0
Maranoa Resources Pty Ltd (Incorporated 31/08/2004)	Australia	Ordinary	100	0

(c) Sale of controlled entity

The groups 100% holding in the equity of Savannah Resources Pty Ltd was wholly disposed of on 28 September 2004 at a profit to the group of \$3,893,211.

12. Property, plant and equipment

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Plant & equipment				
Cost	55,670	30,501	50,180	4,025
Less accumulated depreciation	(6,741)	(8,503)	(6,533)	(700)
	48,929	21,998	43,647	3,325

Gross carrying amount (Plant & equipment)

Opening Balance	30,501	3,412	4,025	-
Additions	52,345	27,089	46,855	4,025
Disposals	(27,176)	-	(700)	-
Balance at year end	55,670	30,501	50,180	4,025

Accumulated depreciation (Plant & equipment)

Opening Balance	8,503	-	700	-
Disposals	(8,503)	-	(700)	-
Depreciation expense	6,741	8,503	6,533	700
Balance at year end	6,741	8,503	6,533	700

13. Current Payables

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
Unsecured:				
Trade payables	35,959	147,728	19,828	104,181
Amounts due to director related entities	2,448	104,904	2,448	2,448
Other creditors	-	783	-	-
Loans – CopperCo Limited (Avon Resources)	-	90,000	-	-
	38,408	343,415	22,277	106,629

14. Current Accruals

Accrued expenses for audit and accounting fees	25,000	31,823	25,000	13,826
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15. Current Provisions

Employee Benefits	1,035	-	1,035	-
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Number of full time employees at year-end			2	-
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16. Other

Application Monies Received for rights and placement issue	120,651	-	120,651	-
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17. Contributed Equity

62,917,290 fully paid ordinary shares (2004 - 60,969,594)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

	Parent Entity		Parent Entity	
	2005 Numbers	2004 Numbers	2005 \$	2004 \$
Movement in ordinary share capital				
Balance at beginning of year	60,969,593	35,986,700	1,664,802	331,403
Shares issued during year				
Issued to directors on cancellation of options	-	335,091	-	16,754
Issued to trustees of IBML employee Share	-	1,500,000	-	75,000
Issued for tenements and information acquired	835,000	2,200,000	25,050	110,000
Issued for Legal Services (Non-director)	134,523	-	4,036	-
Issued to entities related to the following				
B Rear	-	1,447,200	-	72,360
S E Blackman	-	-	-	-
K J Maiden	-	-	-	-
B Rear at 3 cents per share	333,333	-	10,000	-
B Rear at 5 cents per share	100,000	-	5,000	-
I C Daymond at 3 cents per share	378,174	-	11,345	-
I C Daymond at 5 cents per share	100,000	525,712	5,000	26,286
S E Blackman at 7.5 cents per share	-	400,000	-	30,000
I C Daymond at 7.5 cents per share	66,667	229,857	5,000	17,239
Issued in placements to institutional and other investors	-	-	-	-
Issued in placements to institutional and other investors at 5 cents per share	-	15,604,740	-	780,237
Issued in placements to institutional and other investors at 7.5 cents per share	-	2,740,293	-	205,523
Return of capital on 60,969,593 shares following sale of Savannah Resources (i)	-	-	(1,664,802)	-
Balance at end of year	62,917,290	60,969,593	65,431	1,664,802

(i) On 28 September 2004 CopperCo Limited acquired 100% of the issued capital of Savannah Resources Pty Limited. Consideration for the sale was 163,333,333 shares @ 2c per share. These shares were issued directly to the shareholders of International Base Metal Limited (IBM) at 2.6789 CopperCo shares for every IBM share. The transaction resulted in IBM returning 100% of the capital raised to date with the balance being paid from retained profits.

18. Retained Profits/Accumulated Losses

Balance at beginning of financial year	(879,209)	(250,389)	(472,833)	(114,041)
Net profit(loss) attributable to members of the parent entity	3,187,628	(628,820)	3,082,375	(358,792)
In specie distribution on disposal of Savannah	(1,601,866)	-	(1,601,866)	-
Accumulated losses at end of financial year	706,554	(879,209)	1,007,676	(472,833)

19. Commitments and contingent liabilities

Exploration tenements granted are based on a minimum annual expenditure commitment. The total commitments to date are A\$483,000, although there is some flexibility in expenditure patterns over the life of tenements where shortfalls in any single year can be made good in aggregate terms.

20. Events Subsequent to Reporting Date

In July 2005 \$136,078 was raised through the issue of 1,943,976 shares, following the rights and placement issue. A similar number of 10 cents 17 September 2005 Options were also issued and subsequently 1,048,700 were exercised on the due date.

In August 2005, Copper Creek Mining LLC was incorporated in the United States of America for the exploration and development of copper/gold prospects it has identified. Copper Range Pty Ltd was also incorporated in August 2005 to undertake tenement acquisitions and exploration for copper/gold/uranium in the Stuart Shelf and the Adelaide Fold Belt in South Australia.

No other matters have arisen since 30 June 2005 that require disclosure in the financial report.

21. Financial Instruments**(a) Statement of Significant Accounting Policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statement

(b) Interest rate risk**(i) Interest Rate Exposure**

The consolidated entity has not entered into interest rate hedging transactions. The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Note	Weighted average interest rates	Floating interest	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total
2005								
Financial assets								
Cash		6.16%	322,693	-	-	-	-	322,693
Receivables		-	-	-	-	-	58,317	58,317
Deposits paid		-	-	-	-	-	10,460	10,460
Total assets		-	322,693	-	-	-	68,777	391,470
Financial liabilities								
Payables		-	-	-	-	-	35,959	35,959
Related Party		-	-	-	-	-	2,448	2,448
Total liabilities		-	-	-	-	-	38,408	38,408
Net financial			322,693	-	-	-	30,369	353,062

21. Financial Instruments (continued)

	Note	Weighted average interest rates	Floating interest	1 year or less	Over 1 to 5 years	More than 5 years	Non- interest bearing	Total
2004								
Financial assets								
Cash		-	35,253	-	-	-	-	32,523
Receivables		-	-	-	-	-	64,796	64,769
Total assets		-	35,253	-	-	-	64,796	100,049
Financial liabilities								
Payables		-	-	-	-	-	148,511	148,511
Related party Loans		-	-	-	-	-	104,904	104,904
Other loans		-	-	-	-	-	90,000	90,000
Total liabilities			-	-	-	-	343,415	343,415
Net financial assets/(liabilities)			35,253	-	-	-	(278,619)	(243,366)

(ii) Carrying amounts and estimated values of the company's financial statements, referred to in Note 21

(b)(i) above were as follows:

Recognised in the statement of financial position	Consolidated		Consolidated	
	Carrying amount 2005 \$	Fair value 2005 \$	Carrying amount 2004 \$	Fair value 2004 \$
Financial Assets				
Cash assets	322,693	322,693	35,253	35,253
Current receivables	58,317	58,317	64,796	64,796
Non-current other	10,460	10,460	-	-
Financial Liabilities				
Current payables	38,408	38,408	31,253	31,253

The following methods and assumptions were used to estimate the fair value of each class of financial instrument.

Cash assets

The carrying amount approximates the fair value due to the short maturity of these instruments.

Debtors and Creditors

Current debtors and creditors represent financial obligations in exchange for goods and services provided and received by the group in the normal course of operations, net of provisions for doubtful debts. Due to the short term nature of these obligations, their carrying amounts are estimated to be their fair values.

Other assets

These transactions represent bonds paid for services. Given the return will approximate the nominal cost, the carrying amount is estimated to be their fair values.

(c) Foreign exchange risk

Given the minimal exposure to foreign currencies, it is the current policy of the consolidated entity not to hedge foreign exchange risk.

21. Financial Instruments (Continued)**(d) Credit risk**

There is negligible credit risk on financial assets, excluding investments, of the consolidated entity since there is no exposure to individual customers or countries and the economic entity's exposure is limited to the amount of cash, short term deposits and receivables which have been recognised in the balance sheet and is minimised by using recognised financial intermediaries as counterparties.

22. Related party disclosures**(a) Directors**

The Directors of International Base Metals Limited during the year were Stephen E Blackman, Dr Kenneth J Maiden, Ian C Daymond and Brian J Rear.

(b) Directors' remuneration

Details of Directors' remuneration are disclosed in Note 6 to the financial statements.

(c) Directors' interests in shares and share options

The relevant interests of Directors and their Director-related entities in shares and share options of the Company as at 30 June 2005 were:

	Ordinary Shares		Options	
Stephen E Blackman	11,301,935		-	
Kenneth J Maiden	10,314,635		-	
Ian C Daymond	2,077,501		-	
Brian J Rear	5,880,533		-	
	SE Blackman	K.J Maiden	IC Daymond	BJ Rear
Fully paid ordinary shares				
At 30 June 2004	11,301,935	10,314,635	1,532,660	5,447,200
Acquired during the year	-	-	544,841	433,333
At 30 June 2005	11,301,935	10,314,635	2,077,501	5,880,533

(d) Other transactions with Directors and Director-related entities	Consolidated	
	2005	2004
	\$	\$
Consulting fees paid to entities related to the directors:		
SE Blackman	20,000	75,000
KJ Maiden	20,000	68,864
IC Daymond	3,760	-
BJ Rear	-	7,500
Amounts paid to BJ Rear were on normal commercial terms and conditions. These amounts have been excluded from remuneration of Directors.		
IC Daymond provided legal services on normal commercial terms as a partner or consultant at Horton Rhodes.	60,493	80,000

(e) Equity interests in controlled entities

Details of the percentage ordinary shares held in controlled entities are disclosed in Note 11 to the financial statement.

23. Notes to statement of cash flows (Continued)**(c) Reconciliation of operating loss after income tax to net cash outflow from operating activities**

Operating profit/(loss) after income tax	3,187,628	(628,820)	3,082,375	(358,990)
Non cash items included in profit and loss				
Proceeds from disposal of controlled entity	(3,893,211)	-	(3,266,665)	-
Depreciation and amortisation	6,741	8,503	6,533	700
Exploration Investments written off	-	43,540	-	20,000
Shares issued in lieu of directors fees	30,000	-	30,000	-
Shares issued to extinguish expenses	1,520	-	1,520	-
Management Fees to controlled entities	-	-	(90,336)	-
	-	-	-	-
	(667,322)	(576,777)	(236,573)	(338,290)

Change in assets and liabilities adjusted for effects of purchase and disposal of controlled entities during the financial year.

(Increase)/Decrease in:

- receivables	(13,033)	2,603	(19,924)	(28,037)
- bonds paid	(10,295)	(51,844)	(10,295)	(20,638)

(Decrease)/Increase in:

- payables	(8,508)	-	(84,354)	-
- accruals	11,174	138,739	11,174	103,067
- provisions	1,035	-	1,035	-

Net cash (outflow) from operating activities	(686,949)	(487,279)	(338,937)	(283,898)
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(d) Non-cash financing and investing activities

On 27 September 2004 International Base Metals Limited (IBM) sold 100% of the issued capital of Savannah Resources Pty Limited to CopperCo Limited. Total consideration for the sale was \$3,266,667 which comprised of 163,333,333 shares at 2 cents per share. The shares were issued directly to the individual shareholders of IBM with each shareholder receiving 2.679 CopperCo Limited shares for each IBM share held.

24. Significant Items

Profit from ordinary activities after income tax, includes the following revenue and expenses whose disclosure is relevant in explaining the financial performance of the entity due to their size and nature.

Proceeds from sale of controlled entity	3,893,213	-	3,266,667	-
Cost of controlled entity sold	(2)	-	(2)	-
Income tax expense	-	-	-	-
	3,893,211	-	3,266,665	-

25. Dividends

The consolidated entity did not declare or pay a dividend during the year. The sale of Savannah Resources resulted in shareholders receiving by way of return of capital and in specie distribution shares in CopperCo Limited. The impact on the consolidated entity is as follows.

Return of Capital	1,664,801	-	1,664,801	-
Balance of Distribution from retained profits	1,601,866	-	1,601,866	-
	3,266,667	-	3,266,667	-

163,333,333 shares were issued to International Base Metals Limited shareholders at 2c per share.

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 21 to 38, are in accordance with the Corporations Regulations 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2005 and the performance for the financial year ended on that date of the Company and the economic entity.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Stephen E Blackman
Chairman & Managing Director

Ken J Maiden
Executive Director

Signed this day of 11th November 2005

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INTERNATIONAL BASE METALS IMITED

ACN 100 373 635

INDEPENDENT AUDIT REPORT TO THE MEMBERS

Scope

We have audited the financial report of International Base Metals Limited (the Company) for the financial year ended 30 June 2005 as set out on pages 21 to 39. The Company's Directors are responsible for the financial report and for the systems of procedures and controls on which it is based including the prevention and detection of irregularities, fraud and error. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Audit Approach

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- o Examining on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- o Assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors

Whilst we considered the internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit we followed applicable independence requirements of Australian professional and ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of the Company is in accordance with:

- (a) The Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Company's financial position as at 30 June 2005 and of its performance for the financial year ended on that date; and
 - (ii) Complying with Accounting Standards and the Corporation Regulations 2001; and
- (b) Other mandatory professional reporting requirements.

.....
Graeme K Day
A Member of the Firm

.....
Brentnalls Assurance
21 October 2005

6th floor 222 Clarence St Sydney. PO Box Q1023, QVB Post Office NSW 1230. Tel (02) 9264 9688.
Fax (02) 9267 9592. Web: www.brentnallsassurance.com.au Email: graeme@brentnallsassurance.com.au
Member of the Affilica International Affiliation of Accountancy Practices.
Where applicable, liability is limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

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21 October 2005.

The Board of Directors
International Base Metals Limited
Level 4, 72 Pitt Street
Sydney, NSW 2000.

Dear Board of Directors

International Base Metals Pty Limited.

We declare that to the best of our knowledge and belief, during the year ended 30 June 2005 there has been:

- i. No contraventions of auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully

S. K. Day,

GK Day
Partner.

Brennalls Assurance

Brennalls Assurance.

6th floor 222 Clarence St Sydney. PO box Q337, QVB post shop NSW 1230. tel (02) 9264 9688. fax (02) 9267 9592. email: graeme@brennallsassurance.com.au

Member of the Affilica International Affiliation of Accountancy Practices.

Where applicable, liability is limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

Corporate Details

Corporate Governance

The Board of Directors, employees and consultants are expected to act with the utmost integrity and to enhance the reputation and performance of the Company.

The Board is responsible for the overall Corporate Governance of the Company and its main focus includes;

- the strategic direction of the Company for management and the ongoing oversight of the performance against this strategy.
- the approval of the annual and half-yearly financial statements.
- the review and adoption of budgets for the financial performance of the Company and monitoring the results throughout the year; and
- ensuring the Company has adequate systems to monitor compliance activities, risk management, environment standards and health and safety requirements.

Given the Company is not listed and the number of Directors on the Board, it has been determined that the full Board will take responsibility for adhering as practicably as possible to the principles of Good Corporate Governance and Best Practice recommendations for listed companies set by the ASX Corporate Governance Council

The Board aims to keep shareholders informed of significant developments and to achieve the highest standards in the business and affairs of the company on behalf of shareholders.

Top Twenty Shareholders

As at 30 June 2005

	Name	Shares	% Shares Issued
1	Kraton Geosciences Pty Limited	9,813,635	15.60
2	Blackmans & Associates Pty Limited	8,030,937	12.76
3	Goldvance Pty Limited	5,047,200	8.02
4	Blackmans & Associates Pty Limited	3,270,000	5.20
5	Luksam Consultants	2,859,702	4.55
6	Australian Geoscientists Pty Limited	2,200,000	3.50
7	Jock Banks	1,993,727	3.17
8	Lewer Corporation Pty Limited	1,600,000	2.54
9	KJ Maiden, IC Daymond, and SE Blackman atf IBML Employee Share Trust	1,500,000	2.38
10	Daymond & Associates Pty Limited	1,320,358	2.10
11	Port Bell Pty Limited	1,044,481	1.66
12	Mineral Securities Limited	1,000,000	1.59
13	Anthony Torresan	1,000,000	1.59
14	Inglewood Lodge Pty Limited	1,000,000	1.59
15	Graham Woolford	1,000,000	1.59
16	SOS Initiatives Pty Limited	870,000	1.38
17	Australian Asiatic Gems Pty Ltd	835,000	1.33
18	SRH Resources Pty Ltd	833,333	1.32
19	First National Securities	733,567	1.17
20	Ian Cunynghame Daymond	690,476	1.10
	Total	46,642,416	74.13

