

## Chairman's Letter to Shareholders regarding Extraordinary General Meeting (EGM)

Dear Shareholders,

The EGM, to be held on 14 August 2015, follows receipt, by the Board, of a requisition for an EGM by a small number of shareholders. This letter addresses the resolutions to be considered at the meeting.

The first two resolutions can be addressed together, they being: Resolution 1: The resolution is to wind up the Company by way of a Members Voluntary Liquidation. Resolution 2: If Resolution 1 is passed, this resolution is to appoint a liquidator.

The Directors would like shareholders to be aware that IBML is in a strong financial position. There is a Corporations Law requirement under the circumstances created by Resolution 1 such that a majority of Directors must sign a Declaration, in the form of ASIC Form 520, which attests to the Company's financial strength. Your Directors signed unanimously and lodged Form 520 with ASIC.

Recent cost-cutting measures and refocussing of the management team are aimed at conserving cash so that the company can re-commence development of its Omitiomire copper project when the legal issues surrounding the project have been resolved. IBML remains committed to its vision of becoming a successful and sustainable mineral exploration and mining company.

The matter of an exit for shareholders has been the subject of ongoing discussion by directors. However your Board's unanimous view is that now is not the time. The Board's preference is to link any future exit of shareholders to an appropriate commercial transaction. Through such a transaction, plus development of the Omitiomire project, within a few years we should expect a much more attractive share price than could be realised by winding up the company now. Directors wish to retain as much cash as possible in the company in order to achieve these goals.

**For the reasons I have set out, directors advise that they intend to vote AGAINST both Resolutions 1 and 2, and recommend that shareholders also vote AGAINST both Resolutions 1 and 2.**

Resolution 3 is to approve termination benefits to Mr Frank Bethune, the Company's former Managing Director. On 23 March 2015, Mr Bethune was given 12 months' notice of termination of employment in accordance with his employment contract. The Board has subsequently decided that it is in the best interests of the Company to make a payment to Mr Bethune in lieu of his remaining notice period. The amount payable to Mr Bethune, subject to shareholder approval, will be A\$284,392.00. This amount represents Mr Bethune's remuneration entitlement under his employment contract.

**The directors intend to vote FOR Resolution 3 and recommend that shareholders also vote FOR Resolution 3.**



Hugh Thomas  
Chairman  
International Base Metals Limited