

November 12, 2008

President's Letter to Shareholders

Déjà Vu All Over Again

To some of you younger ones this economic crisis and resulting low metal prices may be a new experience, but in my 25 years of working in mining exploration I have been through two previous major economic down turns along with a couple of smaller ones. Now having said that it doesn't make this one any easier other than being able to say from experience "the markets will return". The big question of course is WHEN? There are as many answers to this question as there are analysts and pundits.

Metal Prices

I see at least two important factors that are different with the current downturn. First we have the China-India factor. Even though their growths have declined somewhat, China's GDP has decreased from double digits to approximately 8% which is still a number that any other country would be envious to have, they are still planning huge amounts of investment in infrastructure and transportation. China recently announced plans to pump almost \$600-billion into their economy to support growth. It is because of these facts that I believe that once the initial "shock and fear factor" subsides metal prices will return based on a somewhat smaller but still fundamental demand for commodities from the emerging nations. Even with molybdenum's recent price drop to well below \$20/lb, that price is still multiples higher from where moly languished for years at \$3-\$4/lb. This sudden moly price drop by the way is in large part due to a number of steelmakers having announced plans to cut production and having stopped buying new material.

Some experts argue that the sell-off is way overdone already. That is because that vast majority of the production cuts in the steel industry are for general steel. Moly goes into "specialized" steels that are mainly used in the energy industry, and there are indications that demand for those steels is holding up better than others. "If you read 99.9% of the reports, they paint moly with the general stainless [steel] brush," said one industry insider, who asked not to be named. "So that perception becomes reality, and it has just crashed the moly price." On the positive side, analysts believe the moly market could turn around quite quickly as production is curtailed and new mines are delayed.¹

Markets and the mining industry will adjust to these new moderate metal price levels and although some projects will no longer be economically viable many will still be able to continue. Due diligence will be required to see who these may be.

Return of Capital

Another factor is that never before in living memory has so much money from governments around the world been directed at any previous economic crisis. In the making of the "new global economy" someone forgot about providing global management. There never appeared to be a need to do so since everything was running smoothly until now. The G20 group of advanced and emerging economies representing 90 percent of the world's economy will be meeting in Washington this November 15th to reshape world economic governance. What we are seeing for the first time is a concerted effort by governments around the world to manage and solve global economic problems together. This is not an easy task and they will stumble in the beginning but they will eventually get it right and the trillions of dollars which they continue to throw at the problem will in time work its way through the system easing credit and allowing capital to flow once again.

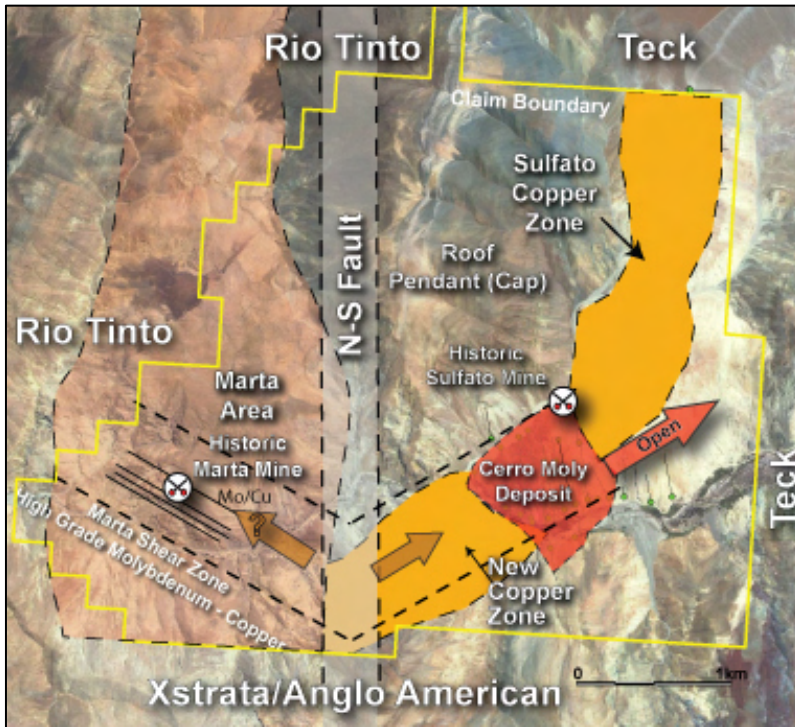
¹ Peter Koven, National Post Published: Tuesday, November 11, 2008

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In light of the current market situations we are reducing expenditures to conserve cash at the same time continuing to look for opportunities to effectively move our projects forward. Our company is debt free and has over \$2 million in the treasury, sufficient to remain operational for several years. The company remains strong and will be well positioned to aggressively move forward with a market turn.

The Copaquire – A Unique Project

The Copaquire project is very unique because of its enormous potential for being both a molybdenum and copper project in one property.

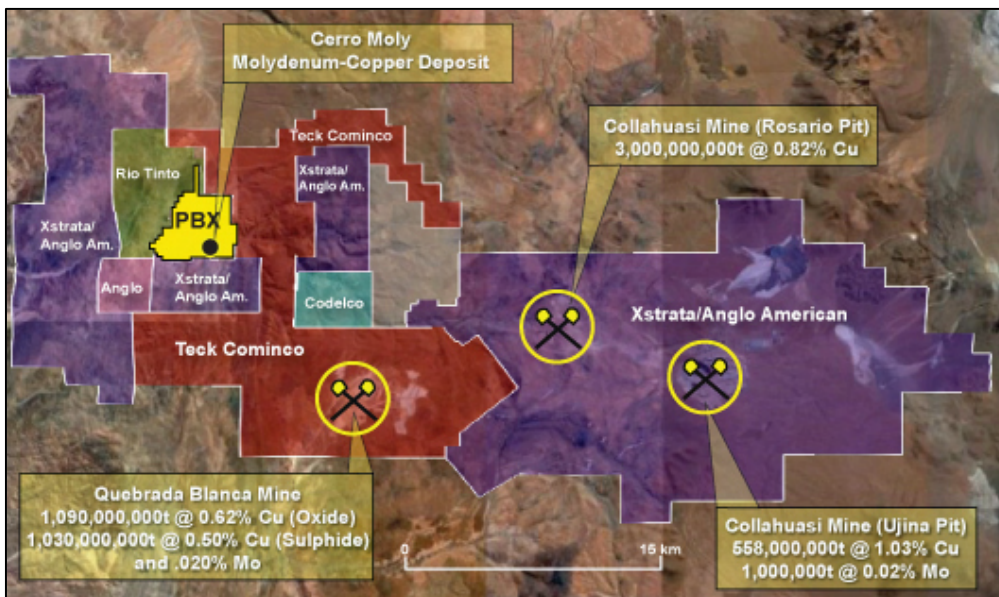


We originally acquired the Copaquire property for its enormous copper potential but further exploration revealed that it had the potential of hosting a separate molybdenum deposit as well. It was certainly an unexpected bonus at the time as moly prices dramatically increased from \$4/lb to over \$40/lb in 2004. We took advantage of the diversity of the Copaquire and successfully developed a significant molybdenum resource.

And now the copper

Having delineated Chile’s only significant stand-alone moly deposit, we are now focused on developing the potentially huge encompassing copper porphyry. Because of the diverse nature of the project we can now leverage our moly asset to develop the Copaquire’s copper potential.

We are identifying companies who may be interested in becoming a strategic partner to assist it in



developing our Sulfato copper and “New copper” zones in exchange for an interest in the project with its moly resource.

The potential partner may be a company that already has production facilities in the immediate area and sees potential in our moly and copper for enhancing value to their own current mining operations, or perhaps a company with land holdings in the immediate area that sees potential

synergies in developing a much larger project. These are only some of the opportunities we will be pursuing to move our project forward.

Resource Estimate Upgrade

In order to provide a greater degree of flexibility in our future strategies it was necessary to change the terms of reference for the upcoming “Copaquire resource estimate upgrade report”. As the report will be a critical document in possible future negotiations it is necessary for it to provide a far more detailed analysis and understanding of the geology and mineralization of the Copaquire deposit than had originally been planned.

In this regard the company has acquired the services of Gino Zandonai and Associates, a leading consulting mining engineering firm based in Santiago Chile. Mr. Zandonai is a mining engineer with more than twenty years experience in international mining consulting in more than 45 countries. He has a thorough understanding of mining economics coupled with advance geological modeling and strategic mine planning. Mr. Zandonai will be working with Mr. Pablo Uribe Campos an international geological consultant on project appraisal, alteration modeling, target definition and geo-metallurgy characterization and has consulted for major mining and exploration companies in Chile, Argentina, Peru, Brazil, Mexico and Arab Republic of Yemen.

In the end they will produce the most exhaustive and comprehensive report ever completed on the Copaquire project. This report and the accompanying project database will be available for review and analysis to all future potential partners.

The report is scheduled to be completed and delivered to management by year end. The delivery date of the report was extended to give more time for the consultants to go back and review the data. Subsequently 15,000 meters of drill core were relogged and the new data was entered into the company’s extensive drill database. Even though this process required more time and resulted in delays in the initial projected delivery date, the extra time and effort taken now will significantly advance project development.

The Copaquire project with Chile’s only stand-alone moly deposit, still to be developed copper potential, and a very advantageous location in Chile offers enormous opportunities with which we intend to take full advantage. Because of the current economic uncertainties we may not see immediate results of our efforts but we will be well positioned and ready, not if but when the markets return.

George Sookochoff, President & CEO
International PBX Ventures Ltd.

