

REPORT PRESENTED BY THE BOARD OF DIRECTORS OF "INTERNATIONAL BRIQUETTES HOLDING  
"IBH" TO THE CONSIDERATION OF THE SPECIAL SHAREHOLDERS MEETING TO BE HELD ON JULY  
SIX (6) 2011 IN REGARD TO THE PROPOSAL OF WITHDRAWAL FROM PUBLIC OFFER OF THE  
SHARES OF THE COMPANY

To the Shareholders:

INTERNATIONAL BRIQUETTES HOLDING ("IBH" or the "Company") was incorporated on October 14, 1997, under the laws of the Cayman Islands, with a capital stock of TWO HUNDRED ONE THOUSAND ONE HUNDRED AND FIFTY DOLLARS OF THE UNITED STATES OF AMERICA (US\$ 201.150), divided into TWENTY MILLION ONE HUNDRED FIFTEEN THOUSAND (20.115.000) ordinary shares with a nominal value of One Cent of a Dollar of the United States of America (US\$0,01) each (the "Shares"). Such capital stock and number of shares have not been modified up to the present. Subsequently, by Resolution N° 443-97 issued on November 21, 1997, the then called "Comisión Nacional de Valores" (today the "Superintendencia Nacional de Valores") (Securities Exchange Superintendence) decided to authorize the Company to make public offer of the Shares, as well as the registration of same with the "Registro Nacional de Valores" (National Registration of Securities). Immediately thereafter, the Shares were registered in the "Bolsa de Valores de Caracas" (Caracas Stock Exchange), for the purposes of listings and transactions in dollars in the Venezuelan secondary market of securities.

Over the past years, the frequency and volume of transactions of the Shares have been adversely impacted up to the point that during years 2009 and 2010 only five (5) transactions were carried out for a total volume of One Hundred Thirty Seven Thousand Five Hundred and Forty One (137.541) shares; this, mainly due to (i) the nationalization carried out on July 2009 of its affiliated operators Venezolana de Prerreducidos Caroní "Venprecar", C.A. and Orinoco Iron, S.C.S., Sociedad en Comandita Simple, and the subsequent assumption in February 2010, of the administrative and operational control of such companies by the Venezuelan State; and (ii) the interruption of the quotation of the shares of the Company in the Caracas Stock Exchange, to which we shall be referring below.

On May 2010, the quotation of the IBH share was interrupted by the Caracas Stock Exchange without notice to the Company. Subsequently on November 8, 2010, the

Caracas Stock Exchange sent a communication to the Securities Exchange Superintendence, addressed to the Economist Tomás Sánchez, Securities Exchange Superintendent, by which it requested the “guidelines from such Entity in order to determine the status to be observed on the registration of the IBH company in the Stock Exchange”, once published in the Official Gazette of the Bolivarian Republic of Venezuela N° 5.975 (Extraordinary) on May 17, 2010, the Modification of the “Ley de Ilícitos Cambiarios” (the “Law Against Illegal Exchange”). In this sense, it is important to note that the interruption of the quotation, strictly speaking, is not a suspension of the quotation even though in the practice both have the same effect. The “suspension of the quotation” is provided for in Article 20 of the Regulations on the Registration, Negotiation and Liquidation of Securities in the Caracas Stock Exchange issued on March 13, 2008 which was approved by the already terminated “Bolsa de Valores de Caracas, C.A.” (Caracas Stock Exchange) by Resolution N° 062-2008, dated April 25, 2008 (the “BVC”). Such Article provides that the Board of Directors of the Caracas Stock Exchange may order the suspension of the securities of the entities not complying with the obligations imposed by the already mentioned Regulations under Title III, and when, in its opinion, there are serious circumstances deserving such action. In any of such assumptions a new preliminary investigation shall be brought up and the decision on the suspension of the quotation shall be notified to the Securities Exchange Superintendence.

It should be noted that the Company has always been complying of its obligations according to the regulations of the securities market, as well as of those imposed by the BVC Regulations (which are largely the same established in the rules of the securities market). It has never happened any serious circumstance deserving the suspension in terms indicated in Article 20 of the above mentioned regulation. Despite the above, the Company could have known, through conversations held with representatives of the Caracas Stock Exchange and, subsequently, by means of a communication issued by such Institution addressed to the Company on May 27, 2011, that the “interruption” of the quotation of the IBH share, represented in Dollars of the United States of America was agreed as a result of the modification of the Law Against Illegal Exchange. In this respect, it has been argued that in such modification the term “Foreign Currency” laid down in Article 2 of the above mentioned Law was changed to include the “Securities denominated in foreign currency or which may be settled in foreign currency”, which is the case of the shares of the Company. As a result, the buying and selling transactions of such shares

could be an illegal exchange according to the contents of Article 9 which provides that “it is the exclusive competence of the Venezuelan Central Bank the sale and purchase of foreign currency in any amount”.

Taking into account the above exposition, the Board of Directors of the Company has considered that such interpretation might be valid from the legal point of view for which there would be a legal impediment for carrying out of the quotation and transactions involving the shares of the Company in the Venezuelan territory while there is an exchange control regime in the present terms.

As a result of the above legal restriction, together with the severe lack of liquidity of the share of the Company during recent years (prior to the interruption of its quotation) the Board of Directors of the Company has considered relevant to propose to the Special Shareholders Meeting to be held on July 6, 2011, the following:

1°) To approve the withdrawal from the public offer and the cancellation of the registration in the National Registration of Securities carried out by the Securities Exchange Superintendence of the Bolivarian Republic of Venezuela, all the ordinary shares making up the capital stock of the Company listed in the above mentioned Registry.

2°) That in case the above matter is approved, to authorize the President of the Board of Directors to carry out all the procedures and formalities legally necessary or appropriate to perform the withdrawal from the public offer and the cancellation of the registration in the National Registration of Securities of the shares of the Company, including the cancellation of its registration in the Caracas Stock Exchange.

Caracas, May 31, 2011.

THE BOARD OF DIRECTORS

**NOTE:**

See Annex (Relevant regulation)

**ANNEX TO THE REPORT PRESENTED BY THE BOARD OF DIRECTORS OF  
INTERNATIONAL BRIQUETTES HOLDING “IBH” TO THE CONSIDERATION OF THE  
SPECIAL SHAREHOLDERS MEETING TO BE HELD ON JULY 6, 2011 IN REGARD TO  
THE PROPOSAL OF WITHDRAWAL FROM PUBLIC OFFER OF THE SHARES OF THE  
COMPANY**

**RELEVANT REGULATION**

**Rules Related to the Public Offering and Securities Placement and to the  
Publication of Issues** (issued by the Securities Exchange Superintendence through  
Resolution N° 037, dated November 25, 2010 and published in the Official Gazette N°  
39.585 on January 3, 2011)

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**Article 45.-** The individuals or corporations who wish to withdraw their shares, obligations or other securities from public offer, must send to the Securities Exchange Superintendence a formal request signed by the legal representative of the issuer expressing the desire of not continue with the public offer, indicating the reasons why they took such decision.

**Article 46.-** The decision to withdraw from the public offer the securities of an issuer must be agreed during a shareholders meeting, with the representation of at least Eighty Five Percent (85%) of the capital stock of such company and in special situations a percentage equivalent to Seventy Five Percent (75%) in the opinion of the Securities Exchange Superintendence, as long as the rights of the investors are not impaired.

**Article 47.-** The individuals or corporations who request the withdrawal of the securities listed in the National Registration of Securities and are registered on any Securities Stock Exchange, must apply for a detailed account of the volume of transactions carried out during the last three (3) years, as well as the certification of cancellation of the registration in such Securities Stock Exchange of the corresponding securities, unless otherwise informed.

**Article 49. -** The Securities Exchange Superintendence reserves the right to request any other document which in its opinion is necessary for the proper protection of the investors, for the purposes to proceed with the withdrawal from public offer.

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