1 June 2015

**Update on Cost Reductions and Management changes**

The Company has completed a round of cost reductions initiated in March 2015.

These measures include restructuring by means of a significant reduction in exploration expenditures; in Omitiomire Project expenses; in field staff numbers; and in Sydney and Windhoek office support staff

The associated management changes previously reported included the termination of Andre Genis’ contract with Craton Mining and Exploration (Pty) Ltd where he was Chief Operating Officer and Country Manager in Namibia.

Frank Bethune has been given 12 months’ notice of termination of employment as Managing Director of IBML in accordance with his employment contract. As a consequence of this notice, Mr Bethune stepped down as Managing Director and resigned as a Director of IBML and of other group companies and associates. He continues to be an employee of the Company on ‘gardening leave’. No termination benefits requiring shareholder approval are to be paid to Mr Bethune under these arrangements.

The Company’s employment contract with Mr Bethune was primarily negotiated at the time of his appointment in 2010 and the terms are reflective of the employment market prevailing in the resources sector at that time.

The cost savings arising from Mr Bethune’s departure under these arrangements are deferred until March 2016.

As previously advised, the Company’s Windhoek-based Exploration Manager, Karl Hartmann, has been appointed as Acting Chief Executive Officer.

Ken Maiden

Interim Chairman

International Base Metals Limited