

INTERNATIONAL FERRO METALS LTD
CHAIRMAN'S ADDRESS TO 2008 AGM

To paraphrase the novelist, for International Ferro Metals, this was the best of years and the worst of years.

In the year, IFM was able to deliver on its promise as an emerging ferro chrome producer of note. It reported an EBITDA for the 12 month period ended June 30/08 of R727 million on the back of 205,607 tonnes of ferro chrome produced, and generated a cash position of R972 million, with no debt.

The Board declared a maiden dividend of 1 P per share, providing an attractive yield on the share price at the time. The furnaces, among the newest in the industry, have been operating well, after some teething problems. They achieved a record production in September and October.

IFM has come on as a low cost producer in a low cost jurisdiction, South Africa, which supplies about 60% of the world's ferro chrome. The Company's marketing alliances are strong, its operational management experienced and competent, and its production capacity capable of expansion when the ferro chrome market permits.

During the course of this best of years, the South African electricity provider, Eskom, ran into production difficulties and the industry had to cut back output by 10%. Notwithstanding, IFM was able to respond with a co-generation project and other measures that would save more than this.

Then the financial tornado, spawned in the heated air of irresponsible lending practices in the USA, struck the world economy and flattened the global steel industry's growth prospects, at least for a while.

The South African ferro chrome industry has reacted to the slowdown in stainless steel requirements with a strong supply side response, cutting production sharply. IFM too, will reduce its output. It will do so by up to 40%, remaining in a flexible position, as both furnaces will remain operating, to respond to demand increases when they come.

In order to preserve its strong financial position and in response to the downturn in the steel industry, the Company intends to delay its expansion plans until the outlook becomes less uncertain. The plans are well developed and will allow the Company to respond quickly to expectations of pickup in ferro chrome demand.

IFM is fortunately placed in this difficult ferro chrome market, in having two offtake agreements, one with Jisco, a leading Chinese steel company in Gansu province, and the other with Co-Metals, a major US metals trading company listed on the New York Stock Exchange. Both have recently confirmed that they will honour the terms of their agreements. Indeed, Jisco has gone further; it has agreed to waive its sales commission temporarily.

Together, these offtake agreements guarantee the Company a market of 170,000 tonnes of ferro chrome per annum, allowing it, at its reduced production level, to draw down inventory.

IFM is grateful to Jisco for its ongoing support and looks forward to working with them through this arduous period, which, we think though troublesome, is finite. We agree with industry observers who say the world is still in a primary uptrend for hard commodities; the ugly trend we are experiencing is secondary.

As has been presaged, it is the intention that Stephen Turner, the founder and CEO of IFM, and I will relinquish our executive roles at the end of this calendar year and become Non – Executive Deputy Chairman and Non –Executive Chairman respectively. David Kovarsky, who is the current Managing Director, will assume the post of CEO.

I would like to take this opportunity to express my and the entire Board’s appreciation to Stephen Turner for his tireless and highly competent work in not only founding the Company, but taking it from just an entrepreneurial dream to a fully fledged, well capitalised and profitable force in a major global industry. It is encouraging that he will continue to be involved and active in the Company through his new role.

I would like also to wish David Kovarsky well in his promotion. He has demonstrated great experience and skills in the ferro chrome industry and is suitably qualified to take on the role in these challenging times.

IFM is confident that with its new and efficient production facilities, capable of expansion, its offtake partners, and its strong financial position of cash and no debt, it will weather the storm buffeting the global economy. In the meantime, the Company is looking at acquisition targets that could allow it to expand its business on favourable conditions.