



**INTERNATIONAL
FERRO METALS**

BLACK ECONOMIC EMPOWERMENT (BEE) TRANSACTION



28 APRIL 2009



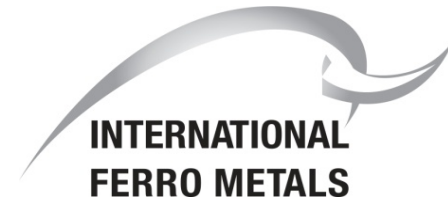
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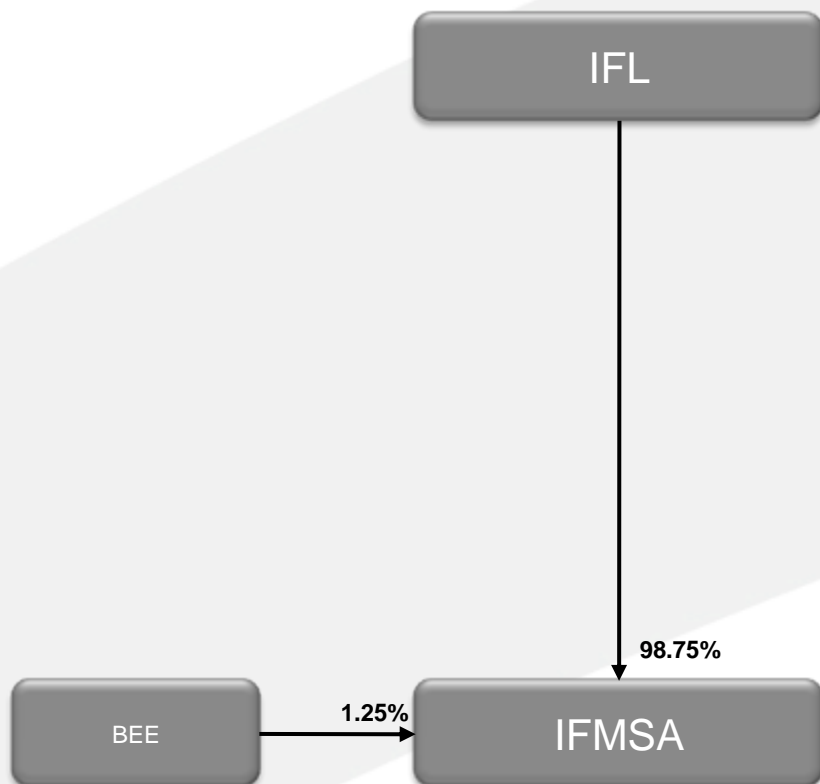
- Current structure
- BEE transaction
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 - Sale of business
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- Benefits
- Timetable

OVERVIEW



- The Mining Charter requires 15% BEE shareholding by 30 April 2009 and 26% by 30 April 2014
- The DTI's Codes (February 2007) require broad based empowerment
- IFL to implement a leveraged transaction whereby its operating assets are sold to a NewCo at fair value
- After restructuring NewCo's assets equal its liabilities and 26% holding issued to BEE shareholders
- Transaction effective 2 months after DME conversion of IFL mining rights to New Order Rights
- Transaction brings immediate 26% BEE compliance as per DME requirement

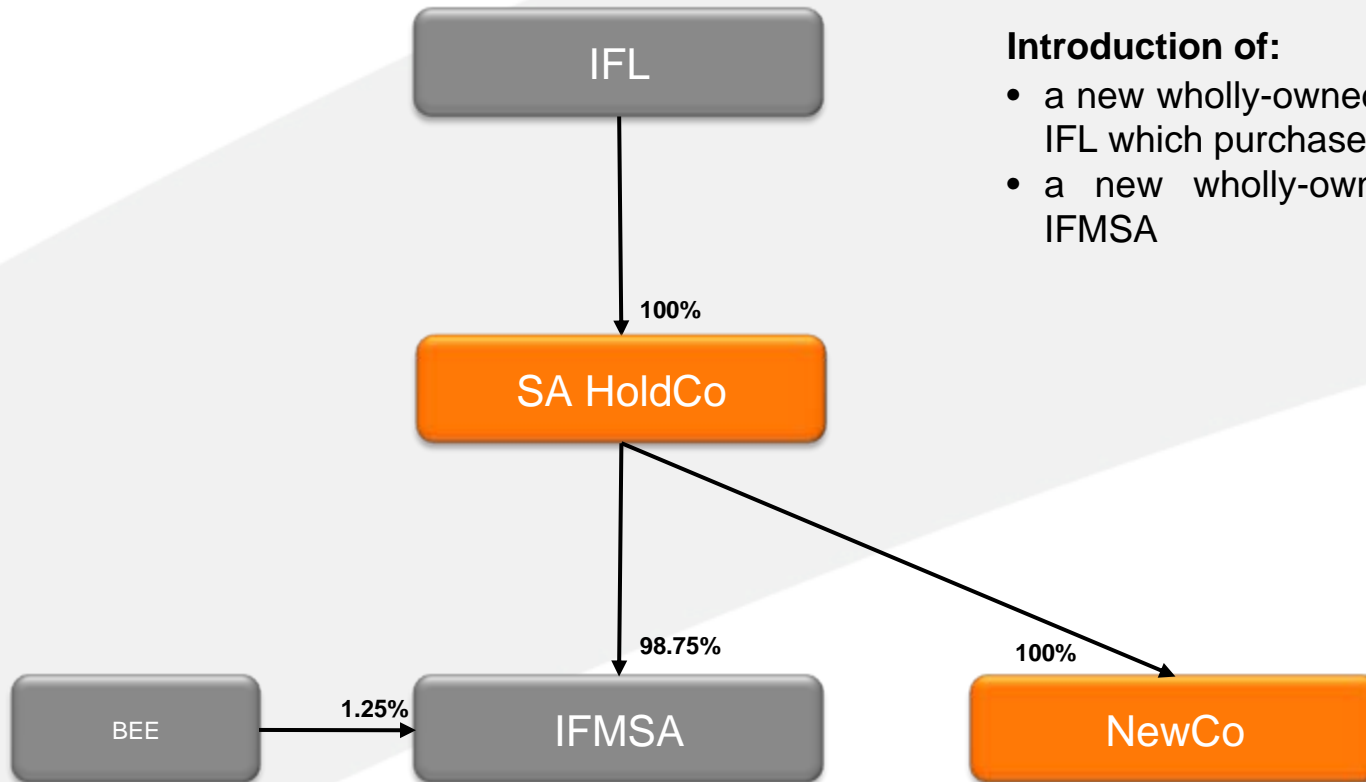
CURRENT STRUCTURE



Current BEE shareholding:

- 1.25% held by Global Eagle (GE)

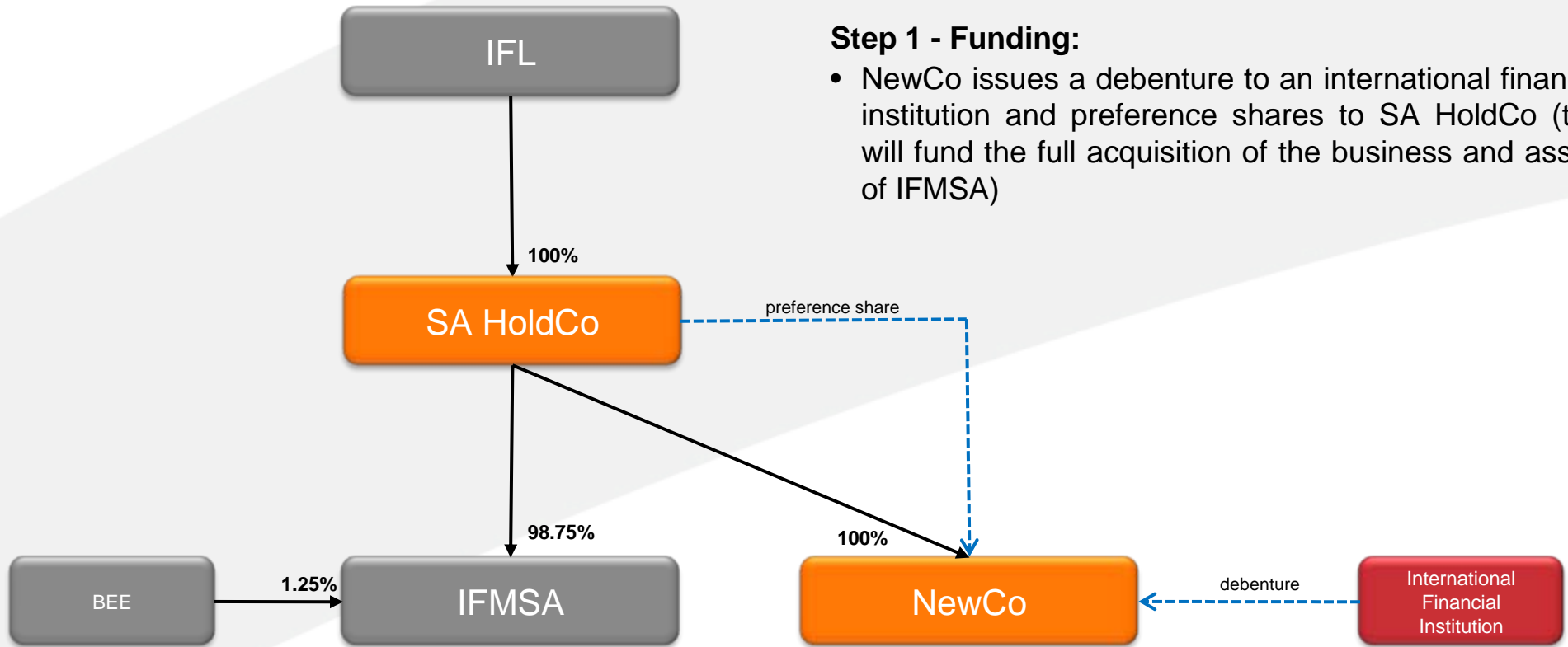
INTERNAL RESTRUCTURING



Introduction of:

- a new wholly-owned South African holding company of IFL which purchases the shares of IFMSA from IFL
- a new wholly-owned sister company (NewCo) of IFMSA

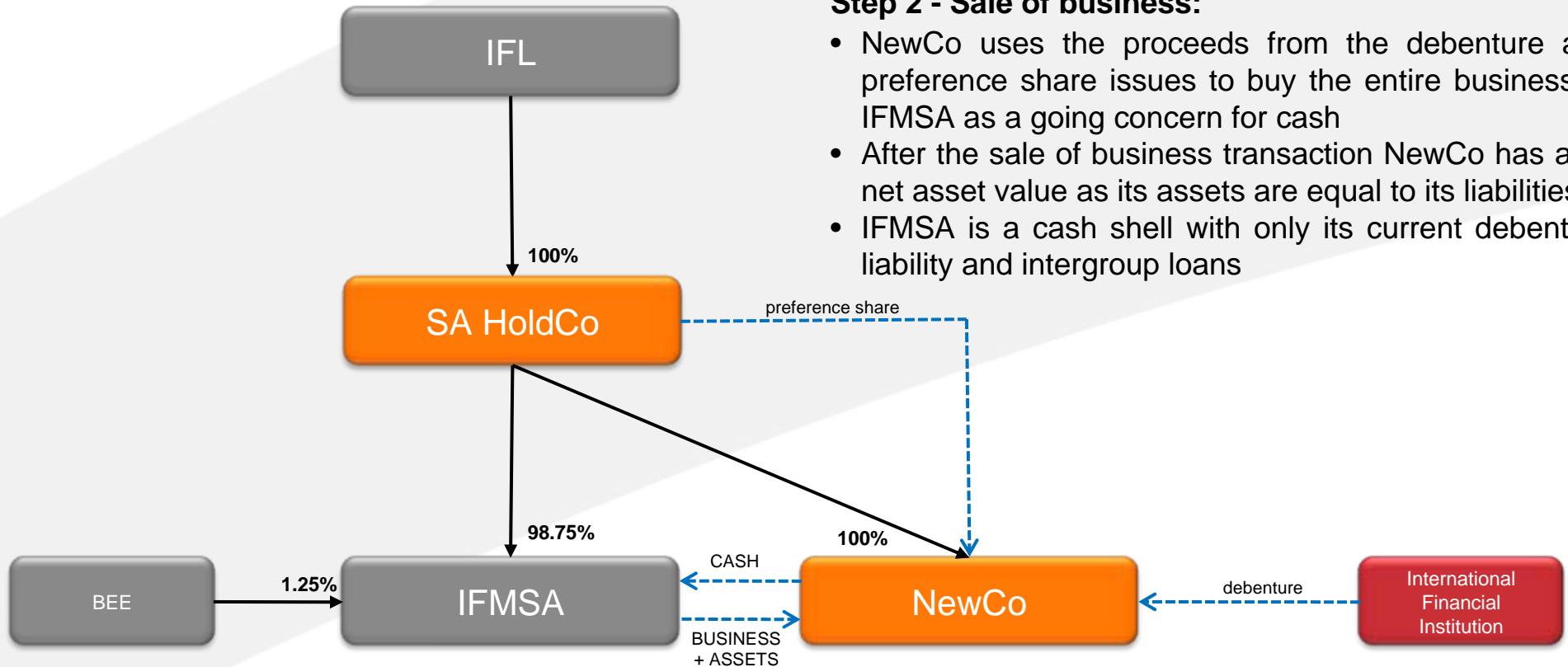
BEE TRANSACTION - FUNDING



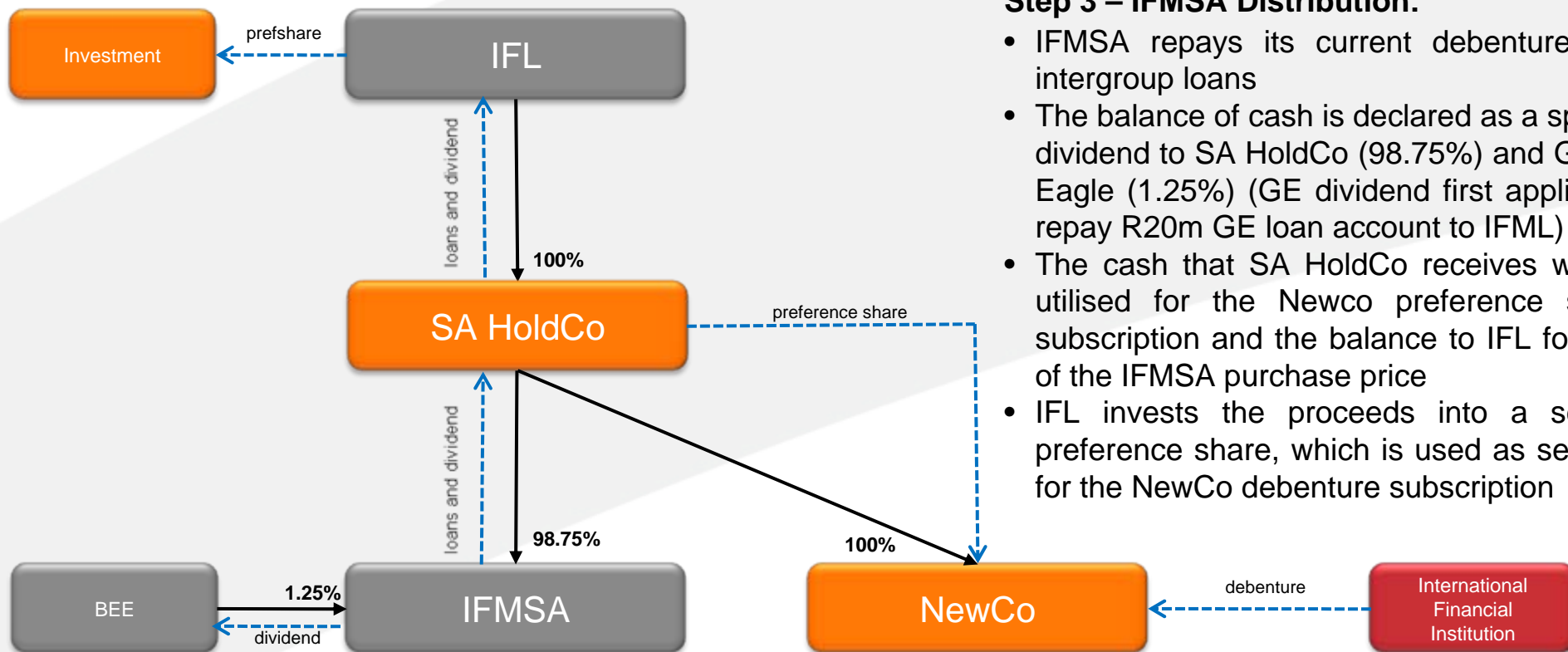
Step 1 - Funding:

- NewCo issues a debenture to an international financial institution and preference shares to SA HoldCo (that will fund the full acquisition of the business and assets of IFMSA)

BEE TRANSACTION - SALE OF BUSINESS



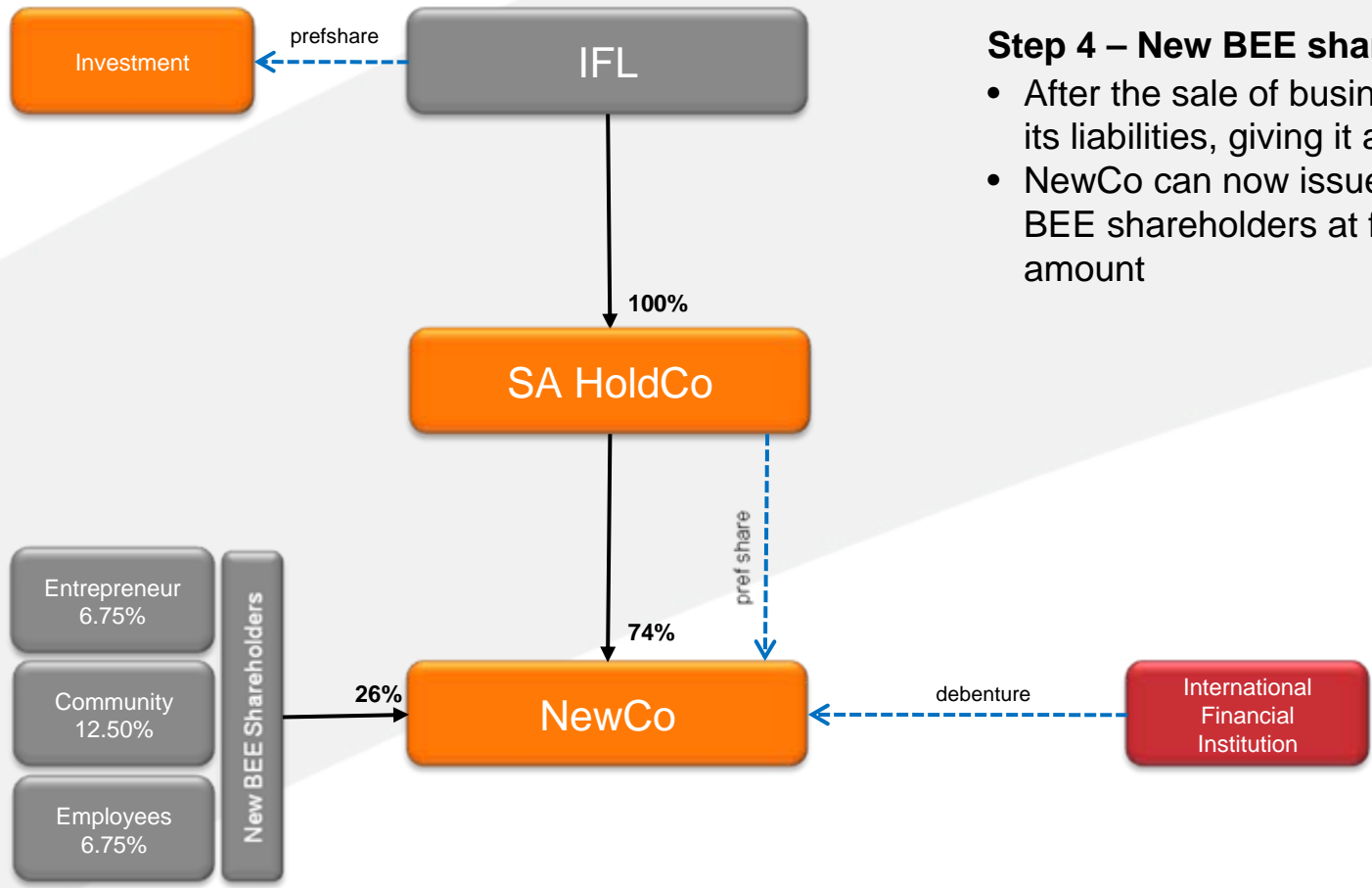
BEE TRANSACTION - IFMSA DISTRIBUTION



Step 3 – IFMSA Distribution:

- IFMSA repays its current debenture and intergroup loans
- The balance of cash is declared as a special dividend to SA HoldCo (98.75%) and Global Eagle (1.25%) (GE dividend first applied to repay R20m GE loan account to IFML)
- The cash that SA HoldCo receives will be utilised for the Newco preference share subscription and the balance to IFL for part of the IFMSA purchase price
- IFL invests the proceeds into a secure preference share, which is used as security for the NewCo debenture subscription

BEE TRANSACTION – NEW BEE SHAREHOLDER STRUCTURE



Step 4 – New BEE shareholding:

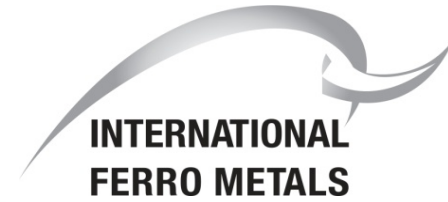
- After the sale of business NewCo’s assets are equal to its liabilities, giving it a net asset value of nil
- NewCo can now issue 26% of its shares to the new BEE shareholders at fair value, which will be a nominal amount

BENEFITS



- Broad-Based BEE (employees, entrepreneur and communities)
- Sustainable - BEE shareholders are not financially encumbered
- Reduced dilutionary effects as business is sold at fair value
- Optimal BEE points
- Flexibility in financing structure (preference share/debenture mix)

TIMETABLE



- Application lodged 24 April 2009
- Expected to be processed within one year from 30 April 2009
- BEE transaction would become effective about 2 months later