



**INTERNATIONAL
FERRO METALS**

2010 FULL YEAR RESULTS PRESENTATION



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www.ifml.com

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EXECUTIVE SUMMARY



- Ferrochrome price increase of 46%, softened by Rand strength (US\$0.89/lb in Q3 2009 to US\$1.30/lb in Q3 2010)
- Record stainless steel production (2010 CRU forecast)
- Rand strength a problem for all South African producers
- Increased market diversification
- Both furnaces producing from August 2009
- Resumption of underground mining in January 2010
- Supply agreement for 15,000tpm UG2 chrome concentrate from Anglo Platinum for nine years commencing July 2011
- Co-generation plant to be commissioned in October 2010
- Cost reduction measures already yielding R7 million savings per month (annualised R84m)

FINANCIAL SUMMARY



- FeCr production up 82% to 200kt
- Revenue up 83% to ZAR1.4bn
- Rand strengthened 16% against Dollar
- Production costs down 8% in Rand, but up 9% in Dollar terms
- Turned profitable from H2
- EBITDA full year loss ZAR59m (ZAR43m EBITDA in H2)
- Loss before tax of ZAR156m (FY2009: loss of ZAR455)
- Capital raising of ZAR274m in August 2009
- Strong balance sheet with ZAR47m net cash

OPERATIONAL REVIEW



Mining and ore supply

- MG2 shaft holed in October 2009
- Underground mine contractor commenced in January 2010
- Two furnaces require 50ktpm of beneficiated ore
- Underground mining to be ramped up from 24ktpm RoM currently to 45ktpm by June 2011 and 50ktpm by February 2012
- Open pit producing 30ktpm of high grade RoM and 15ktpm of low-grade (Open pit will cease operations by June 2011)
- 15,000tpm Anglo Platinum UG2 concentrate supply from July 2011

Smelting

- Both furnaces producing from August 2009
- FeCr production volumes increased by 82% to 200kt
- Lower FeCr production for H1 due to ore mix instability and furnace roof maintenance (furnace 1 roof repaired in June 2010 and furnace 2 roof repaired in August 2010)
- Since July 2010 unit costs materially reduced due to:
 - Higher furnace availabilities – resulting in higher production and lower ore and reductant consumption
 - Use of lower cost reductant to reduce coke usage
 - Underground mining costs decreasing due to higher volumes and improved efficiencies

HEALTH & SAFETY



- Mining and production procedures in line with regulatory requirements and industry best practice and are strictly enforced
- Improved record of fatality-free man-hours total 14,431,457 hours worked (since 2005)
- Frequency of total recordable injuries:
 - reduced by 6% compared to the previous year
 - year-to-date LTI frequency rate of 0.95 per million hours worked, compared to the industry average of 6.9
- Agreed with the DMR to deploy ground penetrating radar in mining to identify hanging wall conditions

FINANCIAL REVIEW



- Production and sales volumes increased by 82% and 87% respectively
- Revenue up 83% and margins turned positive in H2

CONSOLIDATED INCOME STATEMENT (R'000)	H1 2010	H2 2010	FY 2010	FY 2009
	six months 31 DEC 2009	six months 30 JUN 2010	twelve months 30 JUN 2010	twelve months 30 JUN 2009
<i>FeCr Production (tonnes)</i>	94,715	105,725	200,440	110,364
<i>FeCr Sales (tonnes)</i>	70,936	119,496	190,432	101,835
<i>Average R/\$ exchange rate</i>	R7.64	R7.50	R7.56	R9.00
Total Revenue	451,917	981,678	1,433,595	781,574
Cost of goods sold	(509,055)	(915,762)	(1,424,817)	(868,977)
Gross (loss) / profit	(57,138)	65,916	8,778	(87,403)
Operating margin	-13%	7%	1%	-11%
EBITDA	(102,258)	43,404	(58,854)	(395,968)
(Loss) / profit before tax	(144,842)	(11,890)	(156,732)	(455,778)
Taxation	39,749	31,177	70,926	117,199
Net (loss) / profit after tax	(105,093)	19,287	(85,806)	(338,579)
EPS (cents per share)	(19.08)	3.68	(15.40)	(66.13)
Weighted avg # shares ('000)	544,926	549,442	549,442	504,757
DPS (pence)	0p	0p	0p	0p

FINANCIAL REVIEW



- Low gearing
- Re-stocking in final product and raw materials

CONSOLIDATED BALANCE SHEET (R'000)	H1 2010	FY 2010	FY 2009
	31 DEC 2009	30 JUN 2010	30 JUN 2009
Cash and cash equivalents	395,344	396,926	340,089
Receivables	69,132	230,031	81,059
Inventories	434,619	446,241	195,820
Other current assets	71,000	4,792	6,263
Total current assets	970,095	1,077,990	623,231
Property, plant & equipment	1,829,698	1,962,028	1,798,151
Other non-current assets	149,604	207,206	103,499
Total non-current assets	1,979,302	2,169,234	1,901,650
Total Assets	2,949,397	3,247,224	2,524,881
Trade and other payables	138,344	273,353	105,995
Other current liabilities	26,849	25,444	12,414
Total current liabilities	165,193	298,797	118,409
Interest bearing loans and borrowings	265,308	409,707	64,053
Total other non-current liabilities	21,017	21,554	13,307
Total non-current liabilities	286,325	431,261	77,360
Total liabilities	451,518	730,058	195,769
Total shareholders' equity	2,497,879	2,517,166	2,329,112

FINANCIAL REVIEW



- Net Cash ZAR47m as at 30 June 2010
- ZAR150m five year term loan facility being negotiated for UG2 plant

CONSOLIDATED CASH FLOW STATEMENT (R'000)	H1 2010	H2 2010	FY 2010	FY 2009
	six months 31 DEC 2009	six months 30 JUN 2010	twelve months 30 JUN 2010	twelve months 30 JUN 2009
Net cash flows from operating activities	(273,954)	5,502	(268,452)	(348,174)
Net cash flows from investing activities	(112,389)	(134,540)	(246,929)	(161,095)
Net cash flows from financing activities	452,063	135,934	587,997	(111,245)
Net increase / (decrease) in cash held	65,720	6,896	72,616	(620,514)
Cash at the beginning of the period	340,089	395,344	340,089	972,190
Effects of exchange rate changes	(10,465)	(5,314)	(15,779)	(11,587)
Cash at the end of the period	395,344	396,925	396,925	340,089

FINANCIAL REVIEW



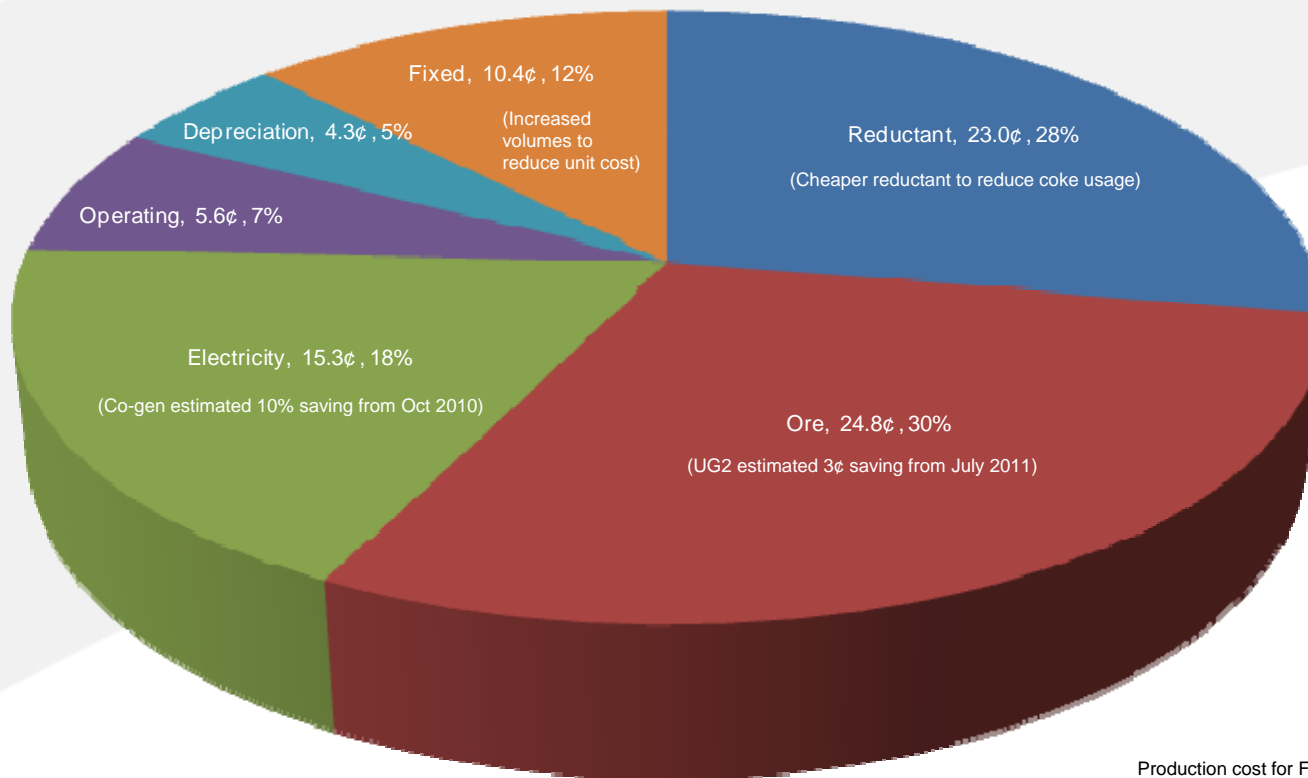
CAPITAL EXPENDITURE	H1 2010 six months actual	H2 2010 six months actual	FY2010 twelve months actual	FY2011 twelve months budget
Co-generation plant	R16,000	R85,844	R101,844	R100,518
Underground development	R27,000	R59,039	R86,039	R66,446
Metal recovery plant	-	R4,108	R4,108	R19,768
Return water project	-	R266	R266	R10,000
Other	R18,000	R19,104	R37,104	R61,787
Total	R'000	R61,000	R168,361	R229,361
			R258,519	

The UG2 CRP Plant expenditure is treated as a pre-payment and not included in capex above.

PRODUCTION COSTS – FY2010



IFM FeCr Production Cost FY2010 (83¢/lb)
(U.S. cents per pound contained Cr, average R7.54/\$)



Production cost for FY2009 was 76.3¢/lb at R8.95/\$. Production cost for FY2010 was 83.4¢/lb at R7.54/\$ which equates to 70.2¢/lb at R8.95/\$. This is an 8% reduction in Rand cost terms compared to FY2009

PRODUCTION COSTS – FY2010 (CONT.)



- Rand production costs decreased by 8%
- US Dollar production cost increased by 9% from 76.3¢/lb in FY2009 to 83.4¢/lb in FY2010 due to strengthening of Rand
- Production costs were driven by:
 - Higher production volumes; 200kt in FY2010 vs. 110kt in FY2009
 - Lower cost of ore; underground operations still ramping up
 - Coke prices decreased from prior year
 - Electricity prices increased 54%. Higher furnace availabilities have improved consumption efficiencies
 - Reduced fixed costs

PRODUCTION COSTS - OUTLOOK FOR FY2011



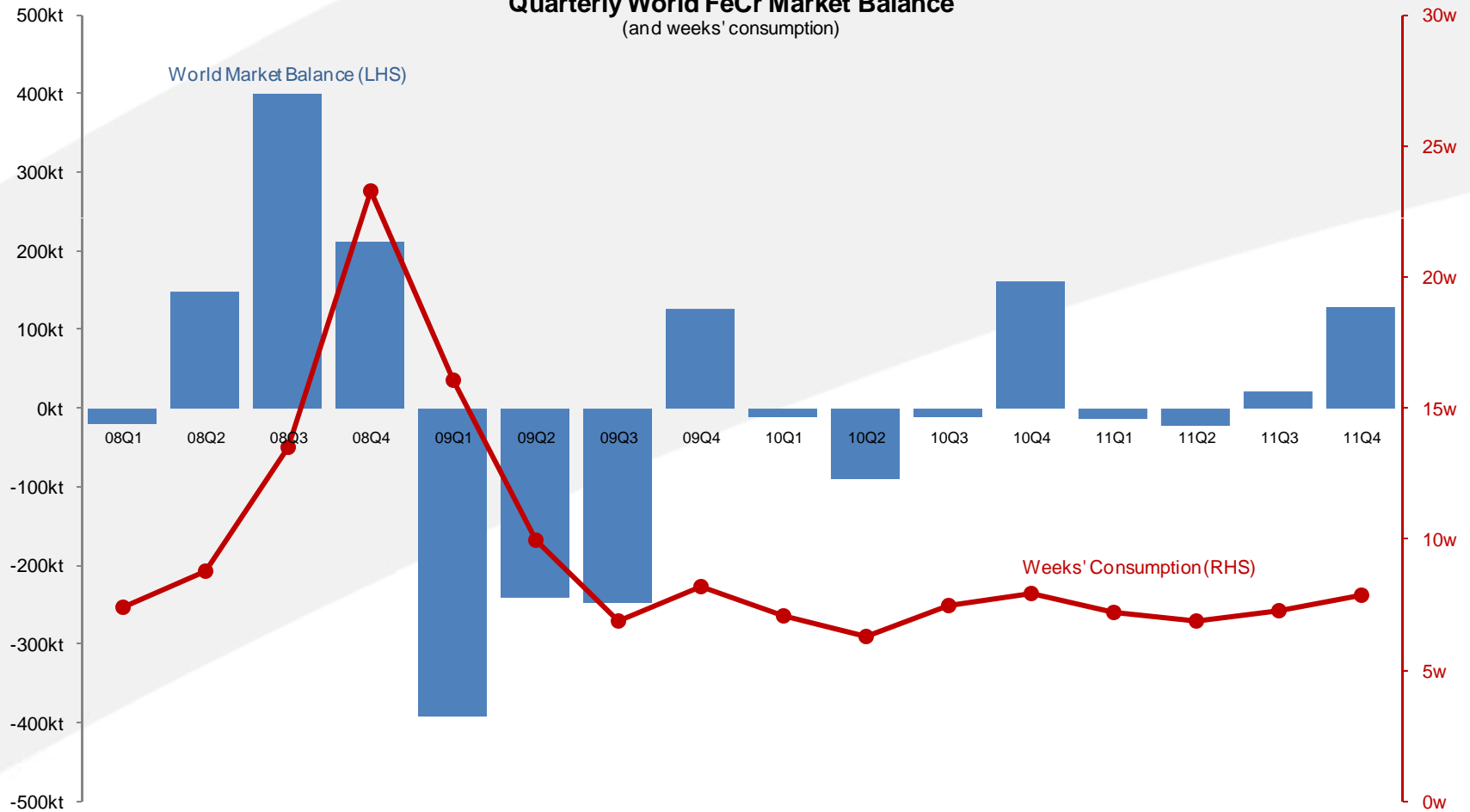
- Fixed costs:** Increased production volumes decrease per unit fixed costs (200kt in FY2010 vs. 267kt nameplate capacity)
Administrative costs continue to decline
- Ore:** Ramping up of underground operations to reduce cost of ore as efficiencies improve and benefits of scale are achieved (15,000tpm UG2 from July 2011 to significantly reduce cost of ore; representing 30% of IFM beneficiated ore requirement)
- Reductant:** Introduction of lower cost reductant to reduce coke usage. Higher furnace availabilities improving consumption
- Electricity:** Co-generation plant to generate about 11% of IFM's total requirement at lower than Eskom cost from October 2010.
- Post y/e:** July & August 2010 production costs decreased by 5.4% to 78.9¢/lb (restated at FY2010 electricity & coke prices and R/\$ exchange rate)

Decisive action to improve efficiencies and reduce costs

FERROCHROME MARKET



Quarterly World FeCr Market Balance
(and weeks' consumption)



Source: CRU (Aug 2010)

JISCO



- JISCO doubled stainless production and is now the third largest Chinese stainless steel producer
- In terms of JISCO contract, if lumpy sales to non-JISCO customers exceed 12,500 tonnes per quarter, sales to Jisco will be done at the same price
- Sales to non-JISCO customers exceeded 12,500 tonnes in 5 quarters
- Over those 5 quarters, the average price received from Jisco exceeded the price from non-JISCO customers

CORPORATE GOVERNANCE



Recent changes to the Company's non-executive director (NED) policy:

- Now three independent NEDs, previously two
- No option grants made to NEDs (two non-executives hold options granted while executives)
- Removal of change-of-control entitlements for NEDs

The Remuneration Committee is reviewing executive remuneration policies to ensure they are in line with best practice and aligned with shareholder interests and will embrace the following key principals:

- Simplicity and transparency, benchmarked to international miners of similar size
- Remuneration based on company financial, operational and individual performance
- Senior executive remuneration to be materially delivered through long-term share-based pay, on achievement of long-term financial objectives, comparable to industry peers and company performance

OUTLOOK



- Continued drive to establish new markets and further diversify customer base
- Confident in long-term demand for SS and FeCr
- Cost reduction and improvement of operational efficiencies remain top priority
- Feasibility study means IFL will be ready to expand when markets allow
- Excellent relationship with Chinese SS producers

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BLACK ECONOMIC EMPOWERMENT (BEE)



- Proposed BEE transaction submitted to the Department of Minerals and Energy (DME) in April 2009
- Transaction effective 2 months after DME conversion of old order to new order mining rights (conversion expected in first half of calendar 2011)
- Transaction brings immediate 26% BEE compliance as per DME requirement
- In line with SA Government need for Broad-Based BEE (employees, entrepreneur and communities)
- Sustainable - BEE shareholders are not financially encumbered
- Reduced dilution - business is sold at fair value
- Optimal BEE points
- Flexibility in financing structure (preference share/debenture mix)

ELECTRICITY AND CO-GENERATION



Clean Development Mechanism (CDM) compliant

- Waste gas conversion to electricity
- Expected to generate c.13.7 MW (11% of IFM's current overall electricity requirements)

Qualifies for Carbon Emissions Reductions (Carbon Credits)

- Project Identification Note registered with DME
- Expected to displace c.144,000 tonnes of CO₂ equivalent
- Possible annual carbon income of approximately EUR1.4 million at current CER pricing

Cost Reductions

- Expected to reduce electricity cost by c. 10%
- Cash operating costs significantly below Eskom prices

Increased Production Capacity

- To restore FeCr production capacity back to 267ktpa once Eskom-constraints are legislated
- Eskom-constraints expected to be legislated before December 2010

Proven Technology

- Manufactured by General Electric Jenbacher
- Expected commissioning in October 2010

UG2 SUPPLY AGREEMENT



- UG2 Supply Agreement with Rustenburg Platinum Mines Limited (“RPM”) a subsidiary of Anglo Platinum Limited
- IFM to pay R161m on a fixed cost contract basis for chrome re-treatment plant (“CRP”) to extract chrome concentrate from RPM’s UG2 concentrator tailings
- 10 Year contract from construction start date with entitlement to 15,000tpm concentrate from commissioning date (c. 30% of beneficiated ore needs)
- No cost other than the cost of transportation (50km) and regulatory charges (current transportation cost approximately R1.00/t/km = R50.00/t)
- Effective cost per tonne significantly below in-house mining cost (expected accounting cost of R99/t at CRP (R161m/(9y x 15,000tpm)), expected ore cost reduction of 3¢/lb Cr)
- Construction by independent engineering contractor and plant owned & operated by RPM
- Construction expected to start September 2010, commissioning in July 2011
- Project expected to be funded by 5-year term loan facility

IFM RESOURCES & RESERVES



MINERAL RESERVES *	Lesedi	Sky Cr	Total
	<i>kt</i>	<i>kt</i>	<i>kt</i>
PROVED			
MG0	-	146	146
MG1	6,205	461	6,666
MG2	7,773	738	8,511
MG3	-	272	272
MG4	-	1,072	1,072
PROBABLE			
MG0	-	771	771
MG1	2,048	22,973	25,021
MG2	2,177	22,725	24,902
MG3	-	1,499	1,499
MG4	-	5,631	5,631
PROVED & PROBABLE RESERVES	18,203	56,288	74,491

* stated on a gross basis (100% basis)

MINERAL RESOURCES *	Lesedi	Sky Cr	Total
	<i>kt</i>	<i>kt</i>	<i>kt</i>
MEASURED			
MG0	-	124	124
MG1	6,095	1,331	7,426
MG2	7,627	1,652	9,279
MG3	-	216	216
MG4	-	951	951
INDICATED			
MG0	-	656	656
MG1	1,950	33,411	35,361
MG2	2,073	43,576	45,649
MG3	-	1,191	1,191
MG4	-	4,991	4,991
MEASURED & INDICATED RESOURCES	17,745	87,975	105,844
INFERRED			
MG1	2,747	7,296	10,043
MG2	2,866	9,482	12,348
INFERRED RESOURCES	5,613	16,778	22,391
TOTAL RESOURCES	23,358	104,753	128,235

WORLD CHROMITE ORE RESERVES

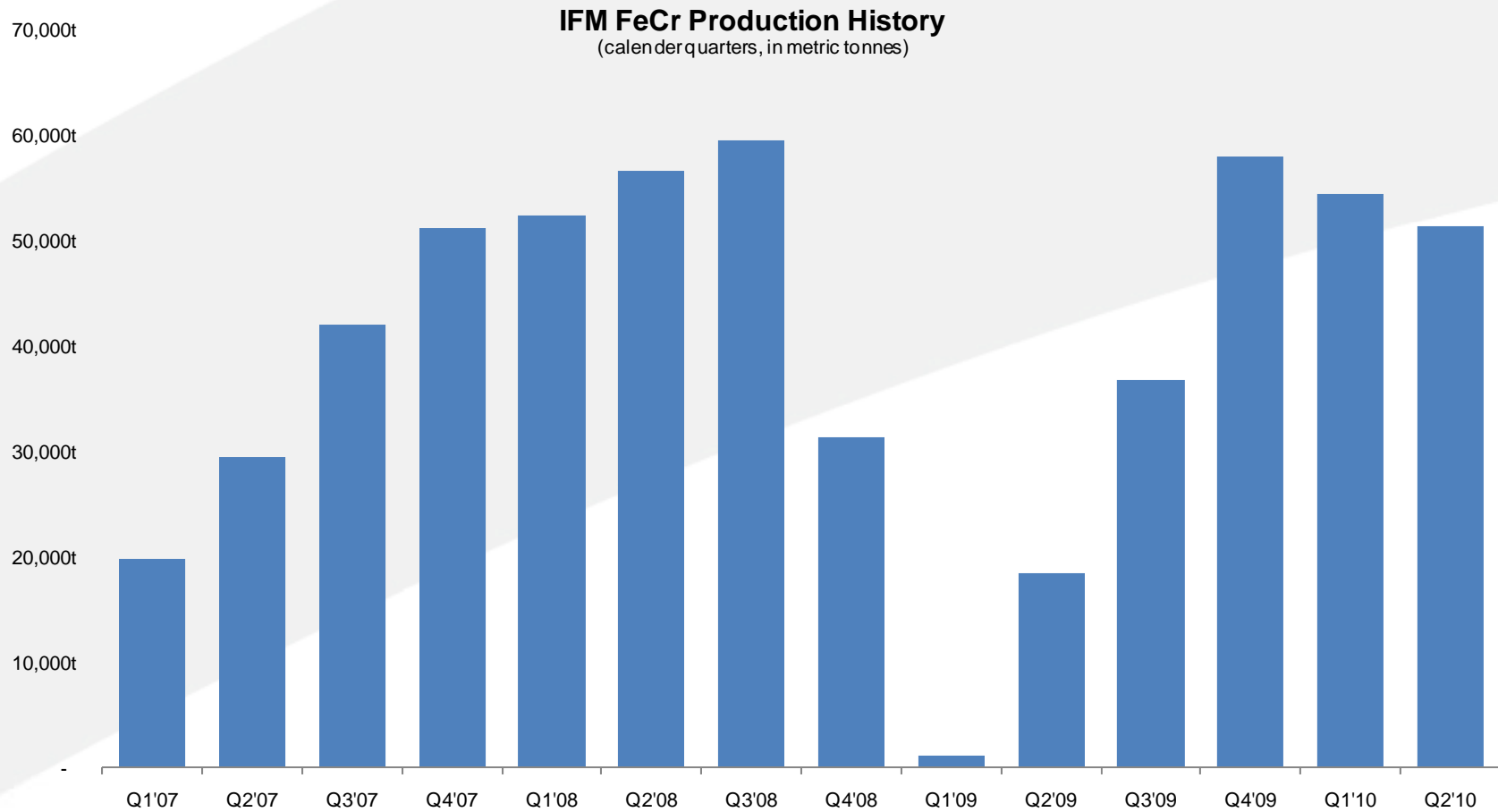


Country	Chromite Ore Reserve			Chromite Ore Output 2009		
	Mt	%	Rank	Mt	%	Rank
South Africa	5,500	71.7%	1	11.4 *	50.2%	1
Zimbabwe	930	12.1%	2	0.3	1.2%	7
Kazakhstan	387	5.0%	4	3.6	15.9%	2
Finland	120	1.6%	5	0.2	1.1%	8
Turkey	70	0.9%	7	1.6	7.3%	5
India	67	0.9%	6	2.4	10.7%	4
Brazil	17	0.2%	8	0.4	2.0%	6
Others	576	7.5%	3	2.6	11.6%	3
Total	7,667	100.0%		22.6	100.0%	

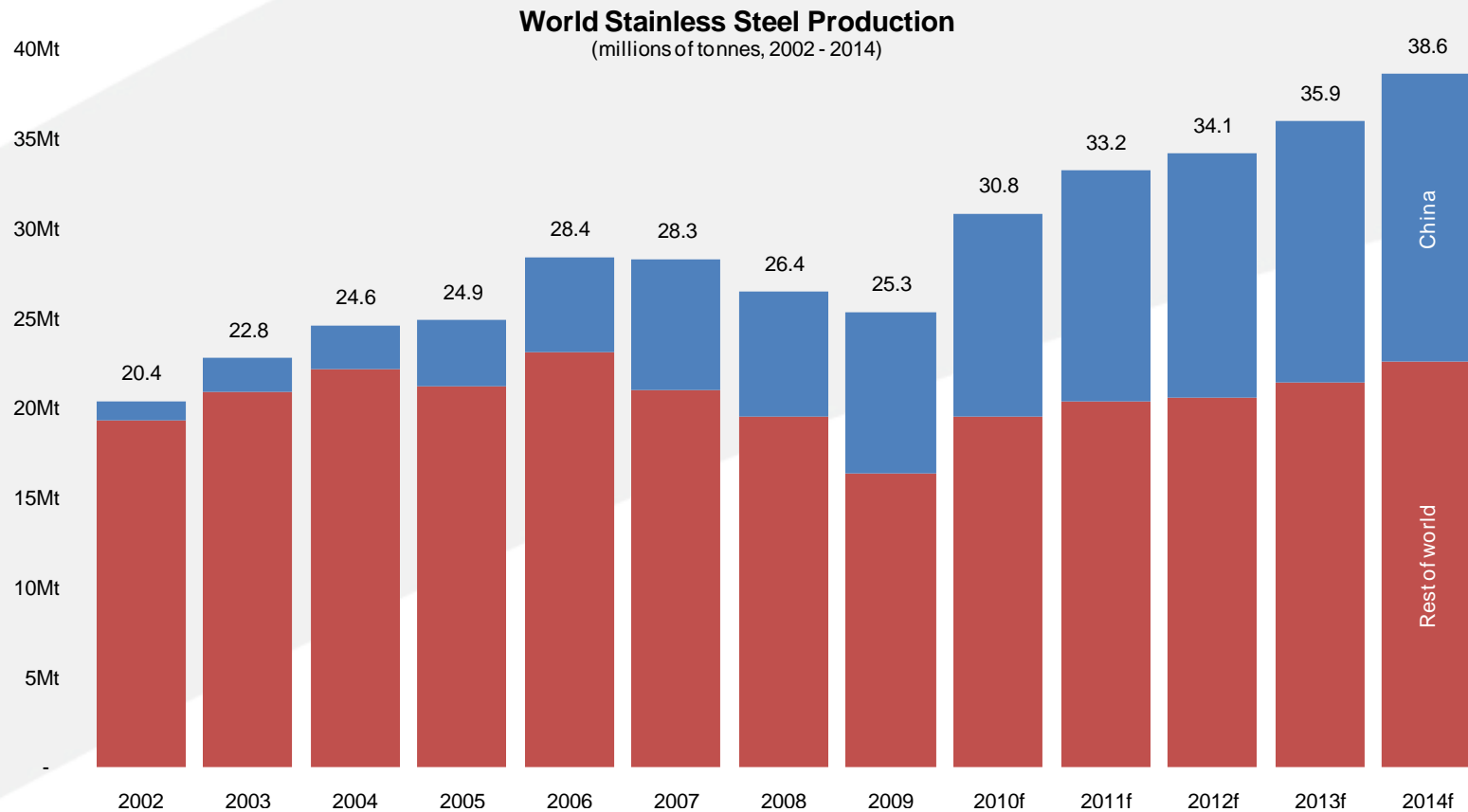
* includes UG2

Source: Heinz Pariser

IFM FECR PRODUCTION HISTORY



WORLD VS. CHINESE SS PRODUCTION

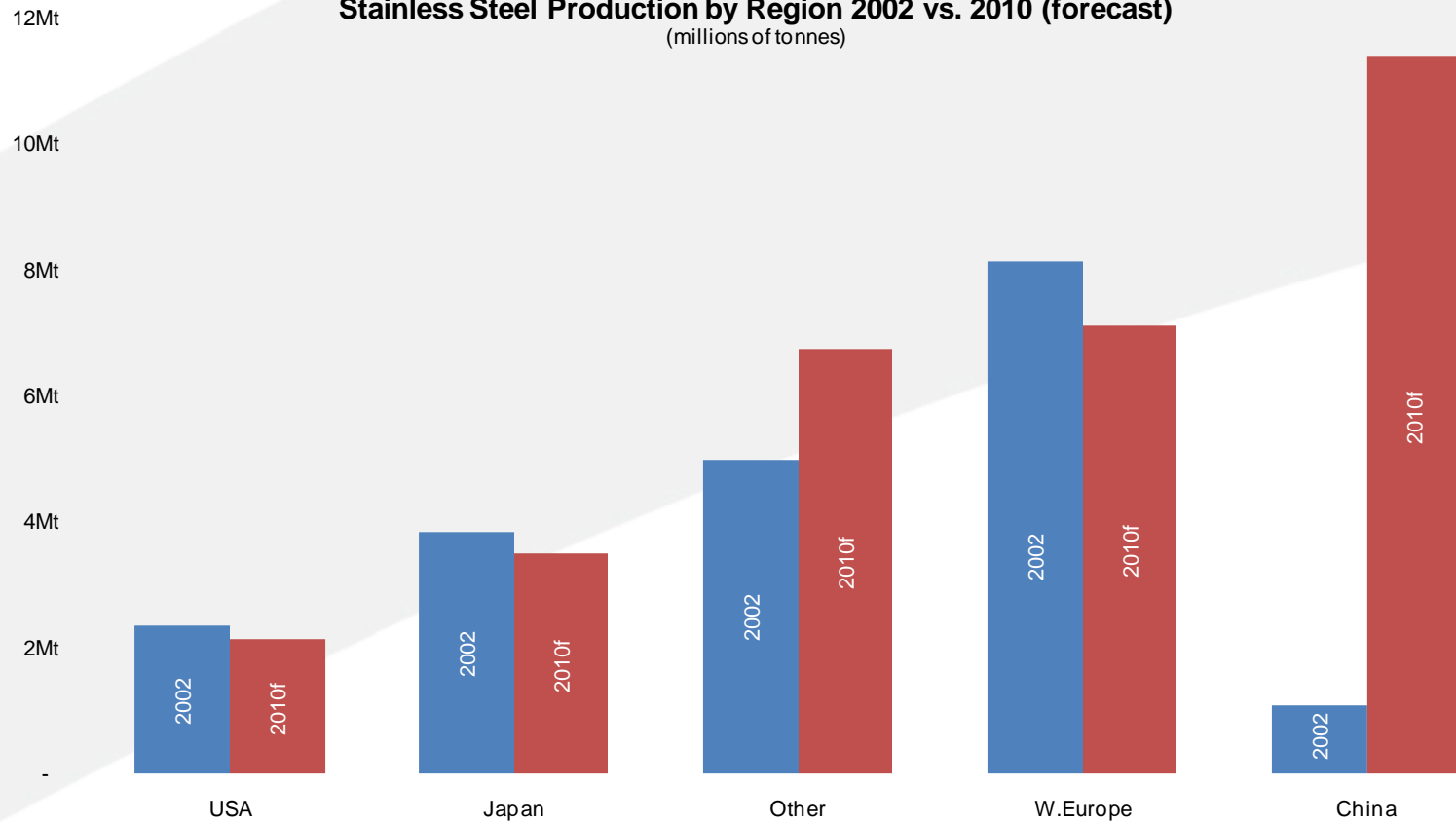


Source: CRU (Aug 2010)

SS PRODUCTION BY REGION



Stainless Steel Production by Region 2002 vs. 2010 (forecast)
(millions of tonnes)



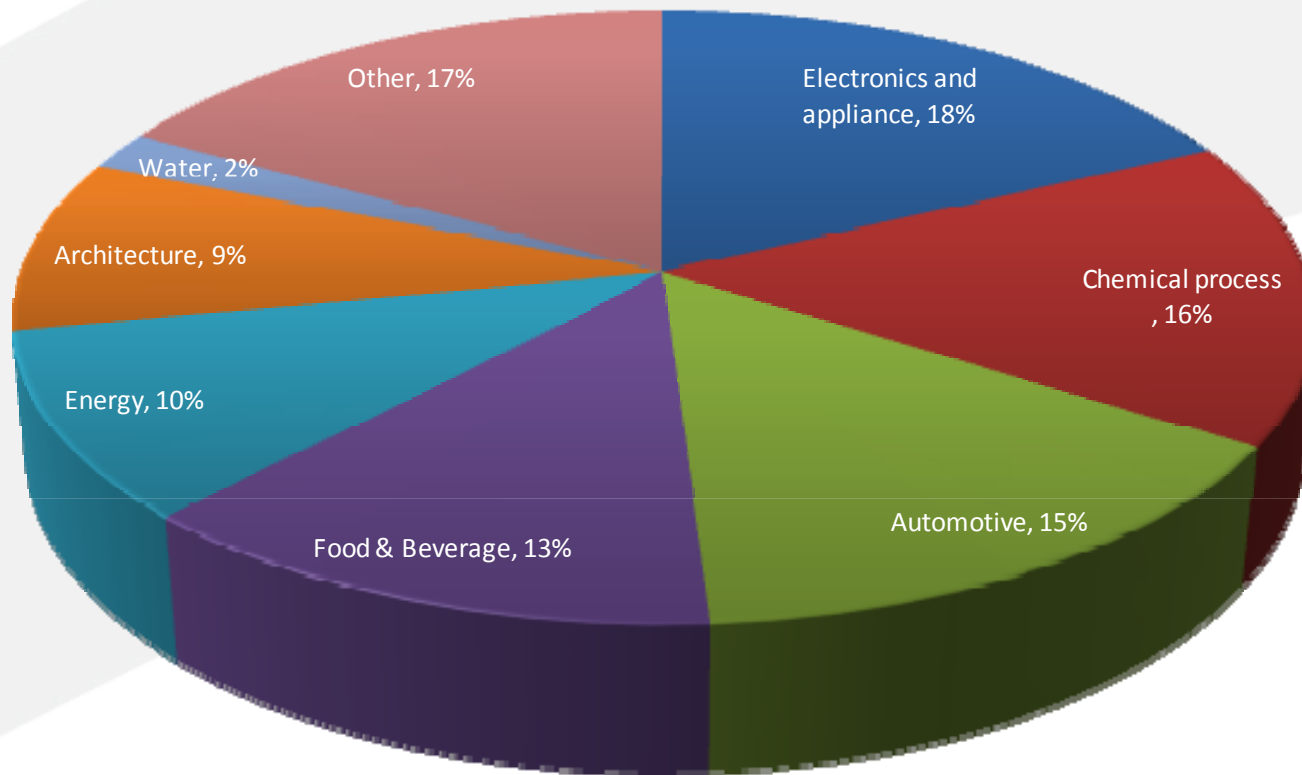
Source: CRU (Aug 2010)

SS CONSUMPTION BY SECTOR



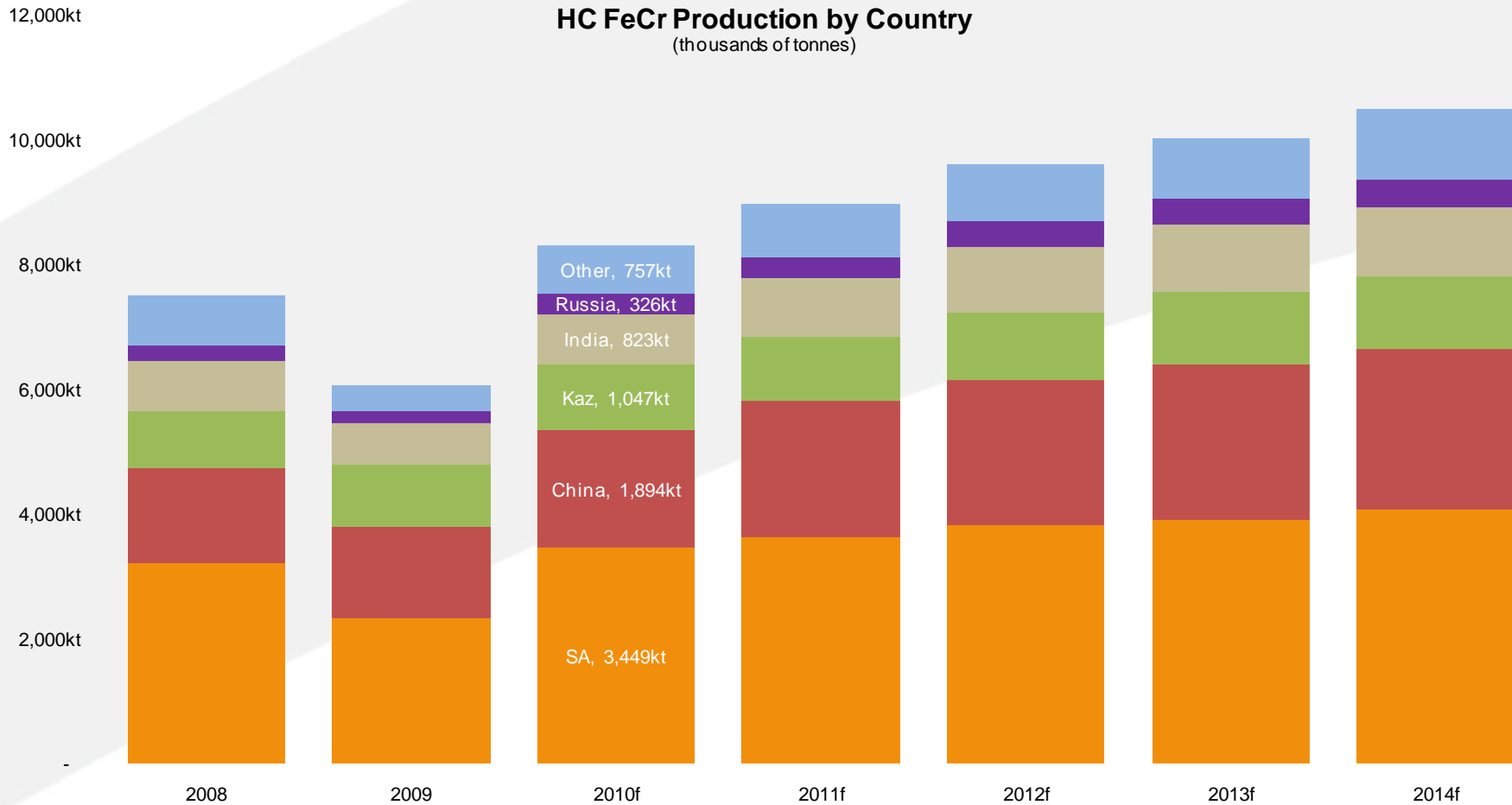
Stainless Steel Consumption by Sector (2007)

(91% of Chrome Ore consumed in Stainless Steel)



Source: Metal Bulletin Research

FE CR PRODUCTION BY COUNTRY (2008 – 2014)



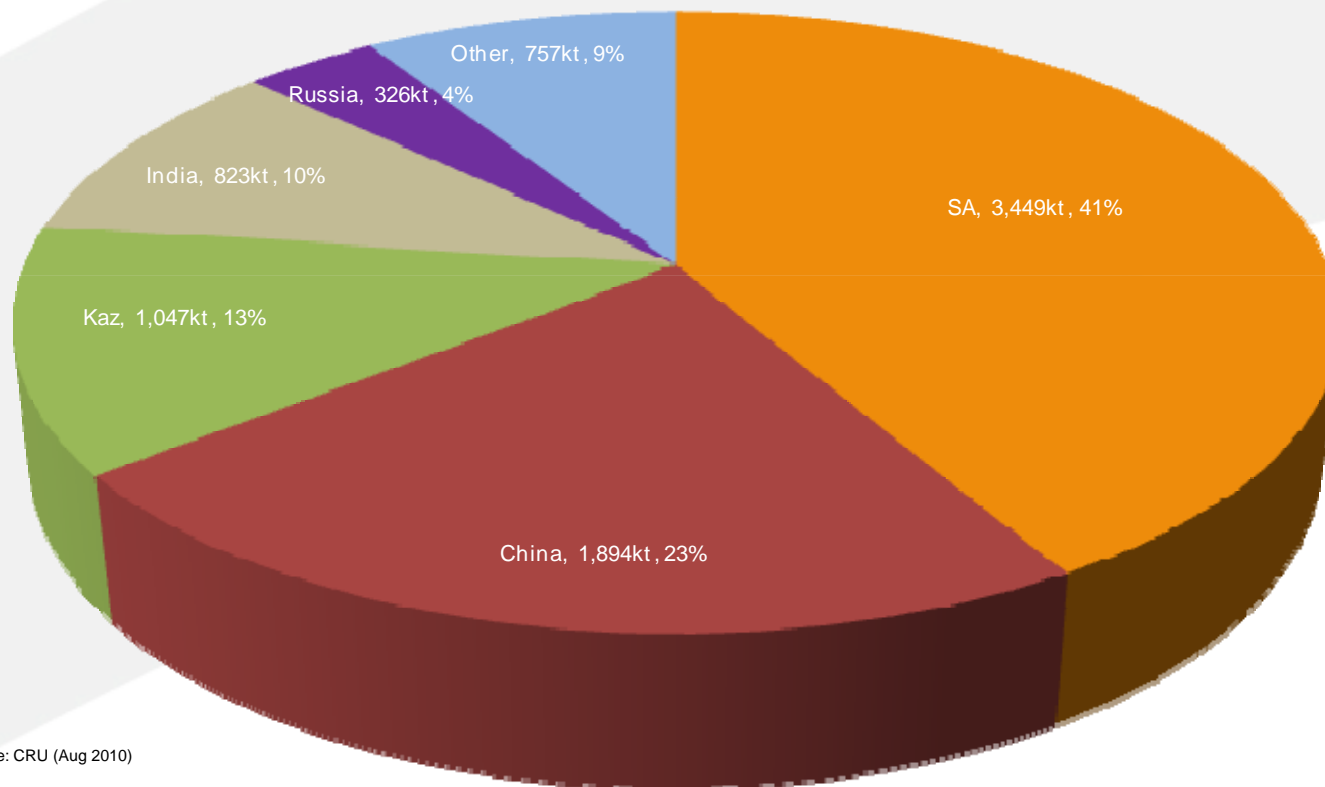
Source: CRU (Aug 2010)

No South African capacity increases expected to 2014

FECR PRODUCTION BY COUNTRY (2010)



HC FeCr Production by Country 2010 (forecast)



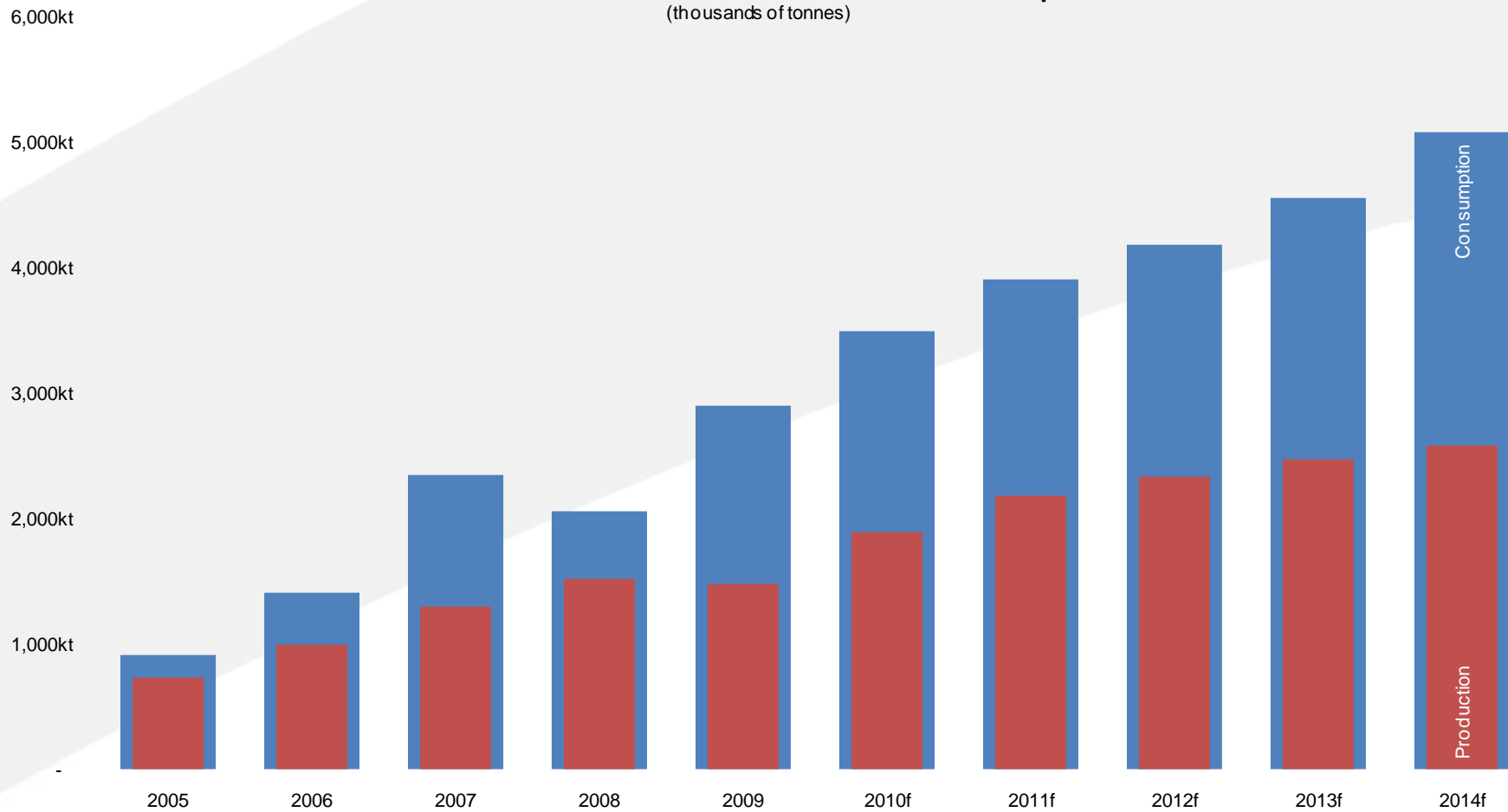
Source: CRU (Aug 2010)

Kazakhstan produces 13% of world production and is the lowest cost producer
South Africa produces 41% of world production and is the 2nd lowest cost producer

CHINESE FECR PRODUCTION VS. CONS.



Chinese FeCr Production vs. Chinese FeCr Consumption
(thousands of tonnes)



Source: CRU (Aug 2010)