

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you reside elsewhere, another appropriately authorised financial adviser. If you have sold or transferred all of your shares in International Ferro Metals Limited ("the Company"), please forward this document, together with the accompanying documents, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

**INTERNATIONAL FERRO METALS LIMITED**  
**(ACN 099 355 790)**  
**("the Company")**

### **Notice of Annual General Meeting of Shareholders**

**To be held at Level 27, AMP Centre, 50 Bridge Street, Sydney, NSW, 2000**

**On Wednesday, 23 November 2011 at 10:00am (Sydney time)**

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Notice is hereby given to International Ferro Metals Limited shareholders of the Company's annual general meeting (the "Meeting") to be held on Wednesday, 23 November 2011 at 10:00 am (Sydney time) at Level 27, AMP Centre, 50 Bridge Street, Sydney, NSW, 2000. The purpose of the Meeting is to consider, and if thought fit, to pass with or without modification the following resolutions. Resolutions 1 to 6 will be proposed as ordinary resolutions and Resolution 7 will be proposed as a special resolution.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and proxy form both form part of this Notice.

### **Recommendation**

The Directors of the Company consider that all the proposals to be considered at the Meeting are in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. Save where certain Directors have abstained from making a recommendation, as noted in the Explanatory Memorandum, as a result of their interest in particular resolutions, the Directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do in respect of their own beneficial holdings to the extent they are permitted to vote on such resolutions by the Corporations Act 2001 (Cth) and Listing Rules of the London Stock Exchange.

### **ORDINARY BUSINESS**

#### **1. REPORTS AND ACCOUNTS**

To receive the Financial Statements and the Reports of the Directors and Independent Auditor for the financial year ended 30 June 2011.

#### **2. ORDINARY RESOLUTION 1**

Remuneration Report

"That the Remuneration Report contained in the Financial Statements for the financial year ended 30 June 2011 is adopted."

Note – the vote on this resolution is advisory only and does not bind the Directors or the Company.

### **3. ORDINARY RESOLUTION 2**

Re-election of Director

"That, in accordance with clause 21.3 of the Constitution of the Company, Mr Terence Willstead retires by rotation, and being eligible, is re-elected as a Director of the Company".

### **4. ORDINARY RESOLUTION 3**

Re-election of Director

"That, in accordance with clause 21.3 of the Constitution of the Company, Ms Tian Xia retires by rotation, and being eligible, is re-elected as a Director of the Company".

### **5. ORDINARY RESOLUTION 4**

Election of Director

"That, Mr Christiaan Jordaan, having been appointed as a Director of the Company since the last annual general meeting, who retires in accordance with clause 20.5 of the Constitution of the Company and being eligible, is elected as a Director of the Company".

### **6. ORDINARY RESOLUTION 5**

Issue of Rights

"That, subject to the approval of Resolution 4, for the purposes of the Listing Rules of the London Stock Exchange and for all other purposes, the issue under the Company's Performance Rights Plan to Mr Christiaan Jordaan (a Director of the Company) or his nominee, of 4,000,000 rights to subscribe for fully paid ordinary shares in the Company on the terms (including as to the exercise price) set out in the attached Explanatory Memorandum accompanying this Notice of Annual General Meeting and the issue to Mr Christiaan Jordaan of fully paid ordinary shares in the capital of the Company upon the full or partial exercise of such rights, is hereby approved."

### **7. ORDINARY RESOLUTION 6**

Issue of Rights

"That, subject to the approval of Resolution 4, for the purposes of the Listing Rules of the London Stock Exchange and for all other purposes, the issue under the Company's Performance Rights Plan to Mr Christiann Jordaan (a Director of the Company) or his nominee, of such number of rights to receive fully paid ordinary shares in the Company as is equivalent to the value of ZAR6,000,000 calculated as set out in the attached Explanatory Memorandum and subject to the Company achieving certain performance targets and otherwise on the terms set out in the attached Explanatory Memorandum accompanying this Notice of Annual General Meeting, and the issue to Mr Christiaan Jordaan of fully paid ordinary shares in the capital of the Company upon the full or partial exercise of such rights, is hereby approved."

### **8. SPECIAL RESOLUTION 7**

Disapplication of pre-emption rights

"That, in addition to any rights to subscribe for or receive fully paid ordinary shares in the Company authorised to be issued under Resolutions 5 and 6, the Directors be and are hereby authorised to allot equity securities for cash in accordance with clause 3 of the Constitution of the Company provided that such powers shall be limited to the allotment of up to 27,700,402 equity securities (such authority to expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 30 November 2012). The foregoing power shall allow and enable the Directors to make an offer or agreement before the expiry of that power which would or might require securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired."

## **NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING**

### **EXPLANATORY MEMORANDUM**

The Company's shareholders ("*Shareholders*") should read the Explanatory Memorandum accompanying, and forming part of, this Notice of Annual General Meeting ("*Notice*") for more details on the resolutions to be considered at the Annual General Meeting ("*Meeting*").

### **ENTITLEMENT TO ATTEND AND VOTE**

In accordance with Reg 7.11.37 of the Corporations Regulations 2001, the Board has determined that persons who are registered holders of shares of the Company as at 7.00pm (Sydney time) on 21 November 2011 will be entitled to attend and vote at the Meeting as a shareholder. This means that if you are not the registered holder of a relevant share in the Company at that time, you will not be entitled to vote in respect of that share.

### **VOTING EXCLUSIONS**

The entitlement to vote at the Meeting will be subject to any voting exclusions applicable under the Corporations Act 2001 (Cth) and the Listing Rules of London Stock Exchange.

#### **Voting Exclusion Statement on Resolutions 1, 5 and 6**

Recent changes to the Corporations Act 2001 (Cth) impose voting exclusions which require that if any Key Management Personnel or their Closely Related Parties are appointed as a proxy in respect of a resolution connected directly or indirectly with the remuneration of Key Management Personnel (such as Resolutions 1, 5 and 6), they must not vote that proxy except if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides, and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

For the purposes of such voting exclusions under the Corporations Act:

- Key Management Personnel means the Directors and any other person specified as Key Management Personnel in the Company's Remuneration Report; and
- their Closely Related Parties which include certain family members, dependents and companies they control.

### **HOW TO EXERCISE YOUR RIGHT TO VOTE**

You may vote in person, by proxy or by attorney. For example, you may vote:

- by attending the Annual General Meeting and voting in person, or if you are a corporate shareholder, by having a corporate representative attend and vote for you; or
- by appointing a proxy to vote for you, by completing the proxy form provided with this Notice of Annual General Meeting or,
- for those persons who hold Depository Interests representing ordinary shares in the capital of the Company by either: (a) appointing Computershare Clearing Pty Ltd A/C CCNL DI (*Depository*) as proxy to vote for you, by completing the Form of Instruction provided with this Notice of Annual General Meeting; or (b) through CREST, by utilising the CREST electronic proxy appointment service.

## **VOTING BY PROXY**

Each shareholder entitled to attend and vote at the annual general meeting, may appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder. A shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes.

A proxy form is attached for the convenience of any shareholder who cannot attend the annual general meeting. It should be properly completed and in order to be effective must be lodged, together with the authority (if any) under which it is signed, at the Company's registered office at Level 11, 151 Macquarie Street, Sydney, NSW, 2000 by no later than 10:00 am on Monday, 21 November 2011 (Sydney time). The proxy can also be lodged by fax on +61 2 8298 2060. A shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the general meeting should he/she subsequently decide to do so.

### **Appointment of proxies through CREST**

By completing the enclosed form of instruction, a person who holds Depository Interests representing ordinary shares in the capital of the Company will appoint Computershare Clearing Pty Ltd A/C CCNL DI, the Depository to vote on their behalf at the Meeting and the completed form of instruction should be lodged with the Depository not later than 10 am on Friday 18 November 2011 (London Time) (or in the case of an adjourned meeting, 72 hours before the time appointed for the Meeting).

Alternatively, CREST members can utilise the CREST electronic proxy appointment service in accordance with the procedure set out below. This facility is only open to Depository Interest holders who hold their ordinary shares through CREST.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (3RA50) no later than 10 am on Friday 18 November (London time) or 72 hours before the time appointed for the holding of the adjourned meeting (as applicable). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST message by the CREST Applications Host) from which the issuer's agent is able to retrieve the CREST message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that the CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a CREST message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) is/are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### ***Appointment of the Chairman and other Key Management Personnel as your proxy***

Due to the voting exclusions and requirements referred to above, if you intend to appoint the Chairman, any other Director or Key Management Personnel or their Closely Related Parties as your proxy, you are encouraged to direct your proxy on how to vote on Resolutions, and in particular Resolutions 1, 5 and 6 by marking either "For", "Against" or "Abstain" on the proxy form for the relevant item of business.

Further you should note that:

- if you execute a proxy form and do not nominate a person to act as your proxy, the Chairman will be appointed as your proxy by default;
- if you appoint the Chairman as your proxy or the Chairman is appointed as your proxy by default, and the proxy form does not specify whether to vote "For", "Against" or "Abstain", your undirected proxies held by the Chairman will be taken as a direction to the Chairman to vote in accordance with his stated voting intention, which is to vote in favour of each of the Resolutions; and
- you will be taken to authorise the Chairman to exercise the proxy even if the relevant Resolution is connected directly or indirectly with the remuneration of a Key Management Personnel or the Chairman has an interest in the outcome of the relevant Resolution.

Shareholders always have the ability to appoint the Chairman as their proxy to cast the votes contrary to the Chairman's stated voting intention or to abstain from voting on a Resolution.

If you appoint someone other than the Chairman as your proxy who is another Director or member of Key Management Personnel or their Closely Related Parties and do not direct them how to vote on a Resolutions 1, 5 and 6 which are subject to a voting exclusion on voting undirected proxies, then your proxy will not be voted on those Resolutions.

### **CORPORATE REPRESENTATIVES**

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the Meeting a properly executed letter or other document confirming its authority to act as the company's representative.

**By order of the Board**

**Wayne Kernaghan  
Company Secretary  
International Ferro Metals Limited  
Level 11, 151 Macquarie Street  
Sydney, NSW 2000 Australia  
21 October 2011**

**INTERNATIONAL FERRO METALS LIMITED**  
**(ACN 099 355 790)**  
**("the Company")**

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**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum is to be read together with, and forms part of, the Notice of Annual General Meeting (*AGM or Meeting*).

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**BUSINESS OF THE MEETING**

**ITEM 1: FINANCIAL STATEMENTS AND REPORTS**

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The Financial Statements, Director's Report and the Independent Auditor's Report for the financial year ended 30 June 2011 will be laid before the Meeting.

Following the consideration of the Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the management of the Company.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Auditor's Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the Independent Audit Report or the conduct of the audit. A list of written questions, if any, submitted by shareholders will be made available at the start of the AGM and any written answer tabled by the Auditor at the AGM will be made available as soon as practicable after the AGM.

**ITEM 2: REMUNERATION REPORT**

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**ORDINARY RESOLUTION 1**

Although a resolution for adoption of the Company's Remuneration Report is not required to be considered and voted on under the Corporations Act, the Board considers it appropriate that shareholders be given an opportunity to do so.

The Remuneration Report details the Company's policy on the remuneration of the CEO and senior executives and non-executive directors and is set out in the Company's Annual Report, which is available on the Company's website at [www.ifml.com](http://www.ifml.com). The vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Shareholders will be given the opportunity to ask questions and to make comments on the Remuneration Report.

## **ITEMS 3 AND 4 RE-ELECTION OF DIRECTORS**

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### **ORDINARY RESOLUTIONS 2 and 3**

#### Re-Election of Directors

In accordance with the Company's Constitution, Mr Terry Willsted and Ms Tian Xia retire by rotation and, being eligible, offer themselves for re-election as Directors of the Company.

Information about the background and experience of each of the Directors to be elected is set out in Annexure A attached to this Explanatory Memorandum

Mr Grey as Chairman confirms in respect of Mr Willsted and Ms Xia, which based on evaluations their performance in their roles as Directors, each of them continues to be effective and demonstrates commitment to their roles.

The Directors, with Mr Willsted abstaining with respect to Resolution 2 and Ms Xia abstaining with respect to Resolution 3, unanimously recommend that you vote in favour of Resolutions 2 and 3, which they believe are in the best interests of shareholders as a whole.

## **ITEM 5 ELECTION OF DIRECTOR**

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### **ORDINARY RESOLUTION 4**

#### Election of Director

Mr Christiaan Jordaan was appointed as a Director of the Company since the last annual general meeting of the Company. In accordance with the Company's Constitution, Mr Jordaan must retire and offers himself for re-election. Accordingly, Mr Jordaan being eligible, offers himself for re-election as a Director of the Company.

Mr Jordaan was appointed as Chief Executive Officer and Director of the Company on 1 August 2011. He brings with him considerable experience in the ferrochrome industry as set out in Annexure A attached to this Explanatory Memorandum and is considered a valuable addition to the Board.

The Directors, with Mr Jordaan abstaining, unanimously recommend that you vote in favour of Resolution 4, which they believe is in the best interests of shareholders as a whole.

## **ITEM 6: ISSUE OF RIGHTS**

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### **ORDINARY RESOLUTION 5**

#### Issue of Rights

It is proposed that the Company issue under its Performance Rights Plan ("**Plan**") to Mr Jordaan, a Director of the Company, a total of 4,000,000 rights to subscribe for fully paid ordinary shares in the capital of the Company ("**Rights**") in three tranches at various exercise prices, vesting dates and expiry dates as outlined below:

- **Tranche 1:** 1,333,334 Rights vesting on 31 July 2012, subject to Mr Jordaan being employed as at 31 July 2012, with an exercise price of £0.17 and having an expiry date of 31 July 2015.
- **Tranche 2:** 1,333,333 Rights vesting on 31 July 2013, subject to Mr Jordaan being employed as at 31 July 2013, with an exercise price being the volume weighted average price of the Company's shares traded on the main market of London Stock Exchange plc ("**LSE**") over the last 30 days prior to 30 June 2012 and having an expiry date of 31 July 2016.

- **Tranche 3:** 1,333,333 Rights and vesting on 31 July 2014, subject to Mr Jordaan being employed as at 31 July 2014, with an exercise price being the volume weighted average price of the Company's shares traded on LSE over the last 30 days prior to 30 June 2013 and having an expiry date of 31 July 2017.

The Rights to be issued in accordance with Resolution 5 are similar in nature to an option to subscribe for fully paid ordinary shares in the capital of the Company.

The Listing Rules of the LSE ("**LSE Listing Rules**") restrict a company from issuing equity securities, including any right to take up shares, to a director of the company (or a proposed director) at a discount without the prior approval of holders of ordinary shares by resolution at a general meeting. Therefore, Resolution 5 seeks the approval of shareholders to satisfy the requirements for shareholder approval under the LSE Listing Rules and for all other purposes.

To assist shareholders, the following information and valuation of the Rights has been provided:

The Rights have been valued by reference to the Black Scholes pricing model, based on the following assumptions:

<b>Rights Valuation</b>	<b>Tranche1</b>	<b>Tranche 2</b>	<b>Tranche 3</b>
Share price at 10 October 2011	£0.17	£0.17	£0.17
Exercise Price (based on 30 day the VWAP to 30 June 2011)	\$0.17	\$0.17	\$0.17
Risk Free Rate	1.0%	1.0%	1.0%
Volatility (Annualised)	73%	73%	73%
Time (years) to expiry	3.6years	4.6years	5.6years
Value per Right	£0.088	£0.098	£0.106
Number of Rights	1,333,334	1,333,333	1,333,333
<b>Total value</b>	<b>£117,333</b>	<b>£130,666</b>	<b>£141,333</b>

Based on the above assumptions, it is considered that the total value of the 4,000,000 Rights is £389,332.

If shareholder approval is obtained, the Rights will be issued to Mr Jordaan (or his nominee) within one month of the date of this Meeting.

No consideration will be payable by Mr Jordaan or his nominee for the issue of the Rights but the Rights, if exercised, will entitle the holder to subscribe for fully paid ordinary shares in the capital of the Company at an exercise price. The funds raised on the exercise of the Rights will be used for working capital.

The Rights will be issued under the Plan on the following terms:

- the 4,000,000 Rights will vest in three tranches on each of 31 July 2012, 31 July 2013 and 31 July 2014 subject to Mr Jordaan being employed on each of these dates;
- the Rights that have vested will expire on the earlier of the date which is three months after Mr Jordaan ceases to be an executive of the Company (or such longer period as determined by the Board) or at the expiry date for each tranche as outlined above;
- the Rights that have not vested will lapse when Mr Jordaan ceases to be an executive of the Company;
- the Rights that have vested shall be exercisable wholly or in part, by notice in writing to the Company, at any time up until the relevant expiry date;
- the holder of Rights cannot participate in new issues of capital which may be offered to shareholders during the currency of the Rights without first exercising the Rights;
- shares issued on the exercise of Rights will rank *pari passu* with the then existing issued ordinary shares of the Company, including for dividends declared and paid after such shares are issued;

- (g) in a reorganisation of capital of the Company, the exercise price of the Rights or the number of shares over which the Rights can be exercised will be reorganised as follows:
- (i) Subdivision or consolidation  
If the Company subdivides or consolidates its shares, the Rights will be subdivided or consolidated (as the case may be) in the same ratio as the shares and the exercise price will be amended in inverse proportion to that ratio.
  - (ii) Return of capital  
If the Company returns capital on its shares, the number Rights will remain the same, and the exercise price of each Right will be reduced by the same amount as the amount returned in relation to each Share.
  - (iii) Cancellation of capital that is lost  
If the Company returns capital on its shares by a cancellation of capital that is lost or not represented by available assets, the number of Rights and the exercise price is unaltered.
  - (iv) Pro rata cancellation of capital  
If the Company reduces its issued shares on a pro rata basis, the number of Rights will be reduced in the same ratio as the shares and the exercise price will be amended in inverse proportion to that ratio.
  - (v) General reorganisation  
If the Company reorganises its issued shares in any way not otherwise contemplated by the preceding paragraphs, the number of Rights or the exercise price, or both will be reorganised so that the Right holder will not receive a benefit that the holders of shares do not receive.
  - (vi) Notice of Adjustment  
The Company shall give notice to the Right holder of any adjustments to the number of Rights. Before a Right is exercised, all adjustment calculations are to be carried out including all fractions in relation to each of the number of Rights.
- (h) subject to paragraph (g), neither the exercise price of the Rights nor the number of shares over which the Rights can be exercised will be changed to take account of pro rata issues (other than bonus issues);
- (i) in respect of a bonus issue of shares, the Right holder is only entitled to participate if the Rights are exercised before the record date for the bonus issue. In the event of a bonus issue, the number of shares over which a Right is exercisable will be increased by the number of securities which the holder of the Right would have received if the Right had been exercised before the record date for the bonus issue;
- (j) if a takeover bid is made to acquire the whole or part of the issued shares in the Company, or a scheme of arrangement, selective capital reduction or other transaction is initiated which has an effect similar to a full takeover bid for the issued shares (a "**Bid**"), and the Bid is accepted by the holders of at least 50% of the issued shares, then to the extent permitted by law, the Rights holder shall be able to exercise all or any part of the Rights, notwithstanding the applicable exercise period has not commenced or that any of the vesting conditions or exercise conditions in respect of the Rights have not been satisfied. For any tranche for which the exercise price at the time of the Bid has not been established, the exercise price shall be equal to the exercise price of the previous tranche;
- (k) on the exercise of a Right, any fractional entitlement to a share of less than 0.5 will be rounded down to the nearest whole number of shares and any fractional entitlement to a share of 0.5 or more will be round up to the nearest whole number of shares; and

- (l) the Rights will be issued in an certificated form and will not be quoted on the LSE. However, application will be made for quotation of shares issued upon exercise of the Rights.

The Rights to be issued under the Plan will not be pensionable.

The terms of the Plan can not be altered to the advantage of participants in the Plan without the prior approval of shareholders in general meeting (except for minor amendments to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the Plan or for the Company or for members of its group).

A copy of the Plan will be available to shareholders for inspection:

- at the offices of the Company at Level 11, 151 Macquarie Street, Sydney NSW 2000 up to the close of the Meeting; and
- at the place of the Meeting namely, the offices of Baker & McKenzie, Level 27, AMP Centre, 50 Bridge Street, Sydney NSW 2000 immediately prior to and during the Meeting.

Relevantly, the issue of Rights and shares in accordance with Resolution 5 will fall within the prior approval granted by shareholders at the Company's last annual general meeting for the disapplication of the pre-emption rights.

These Rights are intended to provide an incentive to Mr Jordaan, the Chief Executive Officer, to work towards improving the performance of the Company and its share price, which will benefit all of the shareholders.

The Directors (with Mr Jordaan abstaining) unanimously recommend that you vote in favour of Resolution 5, on the basis that the Rights will provide an incentive to Mr Jordaan to continue to work towards increasing the value of the Company, are consistent with market remuneration in companies of a similar size and nature, and are in the best interests of the Company and shareholders as a whole, taking into account all of the effects and the opportunity cost to the Company.

## **ITEM 7: ISSUE OF RIGHTS**

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### **ORDINARY RESOLUTION 6**

#### Issue of Rights

It is proposed that the Company also issue under the Plan to Mr Jordaan, a Director of the Company, Rights to receive the equivalent of up to ZAR6,000,000 worth of fully paid ordinary shares, calculated on the basis of the volume weighted average sale price of the shares of the Company on the LSE on the five trading days immediately prior to the relevant performance condition being satisfied. At current exchange rates, ZAR 6,000,000 would be equal to approximately GBP£472,993.

No consideration will be payable by Mr Jordaan or his nominee for the issue of the Rights, nor the issue of the shares upon the exercise of the Rights.

As outlined above, the LSE Listing Rules restrict a company from issuing equity securities, including any right to take up shares, to a director of the company (or a proposed director) at a discount without the prior approval of holders of ordinary shares by resolution at a general meeting. Therefore, Resolution 6 seeks the approval of shareholders to satisfy the requirements for shareholder approval under the LSE Listing Rules and for all other purposes.

The issue of the Rights to Mr Jordaan is subject to the following performance conditions:

<b>Target</b>	<b>Benefit</b>
Achieving nameplate ferrochrome production of 66,250 tonnes for one calendar quarter	ZAR 2,000,000 equivalent of shares, up to a maximum of 1,100,000 shares, dependent upon continuing employment.
Total shareholder return (TSR) exceeding 20% for the 2012 financial year. TSR will be calculated as change in share price and applicable dividend payments over the year.	ZAR 2,000,000 equivalent of shares, up to a maximum of 1,100,000 shares, dependent upon continuing employment.
TSR exceeding 20% for the 2013 financial year	ZAR 2,000,000 equivalent of shares, up to a maximum of 1,100,000 shares, dependent upon continuing employment.

If the relevant performance condition is satisfied, then Rights to receive the relevant number of shares will vest and those shares will then be issued upon such Rights being exercised. However, under the terms of the Plan, if Mr Jordaan's employment ceases for an "Uncontrollable Event", such as serious injury, disability or his being retrenched or made redundant, then whether the above performance conditions are satisfied will be assessed at the next applicable review date. If the relevant performance condition is not satisfied at that time, then the relevant number of Rights will lapse.

Other than as noted above, the Rights to be issued under the Plan in accordance with Resolution 6 will be issued on substantially the same terms as the Rights to be issued under Resolution 5 (as outlined above). The issue of Rights and shares in accordance with Resolution 6 will fall within the prior approval granted by shareholders at the Company's last annual general meeting for the disapplication of the pre-emption rights.

Application will be made for quotation on the LSE of any shares when issued on the satisfaction of the relevant performance condition outlined above and such shares will rank pari passu with the existing issued ordinary shares of the Company (including, for dividends declared or paid after the shares are issued).

The Directors (with Mr Jordaan abstaining) unanimously recommend that you vote in favour of Resolution 6, on the basis that the Rights will provide an incentive to Mr Jordaan to continue to work towards increasing the value of the Company, are consistent with market remuneration in companies of a similar size and nature, and are in the best interests of the Company and shareholders as a whole, taking into account all of the effects and the opportunity cost to the Company.

## **ITEM 8: DISAPPLICATION OF PRE-EMPTION RIGHTS**

### **SPECIAL RESOLUTION 7**

Disapplication of pre-emption rights

Clause 3 of the Company's Constitution adopted at the Company's 2010 AGM provides that new shares must first be offered to existing shareholders in proportion to their existing holdings. There are exceptions to this requirement for issues of bonus shares, issues of equity securities for non-cash consideration, issues under employee share schemes and rights and issues or other pro-rata issues. The Constitution also allows for the disapplication of such pre-emption rights by special resolution.

The pre-emption rights provisions adopted by the Company were equivalent to those applicable to UK incorporated companies under the Companies Act 1985. This will facilitate companies being able to raise capital more quickly.

Shareholders previously have approved the disapplication of the pre-emption rights. Relevantly, the issue of Rights and shares in accordance with Resolutions 5 and 6 will fall within the prior approval granted by shareholders at the Company's last annual general meeting for the disapplication of the pre-emption rights.

In certain circumstances, it may be in the interests of the Company to allot new shares (or grant rights over shares) for cash without first offering them to existing shareholders. For example, the Directors may need to modify the pre-emption rights in its Constitution to the extent necessary to deal with any legal, regulatory or practical problems arising from a rights issue.

Accordingly, Resolution 7 grants the Directors authority to allot shares for cash without first offering them to shareholders on a pro-rata basis, until the conclusion of the Company's annual general meeting in 2012 or 30 November 2012, whichever is the earlier. The authority sought is limited to the issue of up to 27,700,402 equity securities, representing five per cent of the issued ordinary share capital as at 30 September 2011 (the latest practicable date prior to the date of this Notice). This authorisation would allow for the issue of up to that number of equity securities which would be in addition to the number of Rights and shares which would be authorised to be issued by Resolutions 5 and 6.

The Directors do not have any present intention of exercising the authorities in Resolution 7 other than in relation to issuing shares to satisfy exercises of the Rights, but will keep this matter under review.

The Directors unanimously recommend that you vote in favour of Resolution 7, which they believe is in the best interests of shareholders as a whole.

## **Explanatory Memorandum – Annexure A – Information on Directors to be Elected.**

### **Resolution 2**

#### **Mr Terence Willsteed – Non-executive Director**

Terence Willsteed holds a Bachelor of Engineering (Mining) with Honours and a Bachelor of Arts and is a Fellow of the Australasian Institute of Mining and Metallurgy. Since 1973 he has been the principal of consulting mining engineers Terence Willsteed & Associates.

His 50 year career in the mining industry has included senior operational and engineering management positions with Zinc Corporation, Mt Isa Mines Limited and Consolidated Goldfields Limited. His recent public directorships include European Gas Limited, Austral Gold Limited, Citigold Corporation Limited, Vantage Goldfields Limited, Goldsearch Limited, Timpetra Resources Limited and South American Ferro Metals Limited. In his consulting experience, he has been involved in the assessment and development of a wide range of mineral, coal and oil shale projects, and has participated in the management of developing and operating mineral projects both in Australia and international

### **Resolution 3**

#### **Ms Tian Xia – Non-executive Director**

Tian Xia received a Bachelor of Industrial Accounting degree in 1992 from the East China University of Metallurgy. In the same year she joined JISCO as an accountant. Tian became a Certified Public Accountant of China in 1996 and received an EMBA Degree in 2000 from Xi'an University of Science and Technology. She was appointed the Director of Financial Department of JISCO Group and was promoted to the position of Associate General Accountant in 2005. She was appointed Chief Financial Officer of the JISCO Group in 2008.

### **Resolution 4**

#### **Mr Christiaan Jordaan – Chief Executive Officer from 1 August 2011**

Christiaan Jordaan joined the Board on 1 August 2011. Christiaan is a mechanical engineer who joined the Company from BHP Billiton, where he was General Manager of its Metalloys division, one of the largest producers of manganese alloys in the world since 2008. Based in South Africa, Metalloys operates an eight submerged arc furnace ferromanganese and silicomanganese plant including a pelletising plant, metal recovery plant, briquetting plant and electrical power Co-generation plant. His role encompassed all operations, human resources, finance and administration, safety, health, environment and community, capital investment and projects. Prior to managing Metalloys, Christiaan was General Manager of Kermas'Tubatse Chrome plant (previously BHP Billiton's Samancor Chrome) until 2007. His role included the management of a six submerged arc furnaces ferrochrome plant including pelletising, sintering and chrome recovery producing 400,000 tonnes per annum of ferrochrome. He worked at Samancor Chrome for eight years. Christiaan holds a Masters degree in Mechanical Engineering as well as a Masters Degree in Business Administration.

# International Ferro Metals Limited

(ACN 099 355 790)

## Appointment of Proxy

I/We .....

Of .....

being a member/members of International Ferro Metals Limited ("Company") hereby appoint

<input type="checkbox"/>	The Chairman of The meeting (mark with an 'X')	OR	<input type="checkbox"/>
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Write the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.

or failing the person named attending the Meeting, or if no person is named, the Chairman of the Meeting as my/our proxy to act generally at the Meeting for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 23 November 2011 at 10:00am (Sydney time) and at any adjournment of that meeting and to vote in accordance with the following directions or, if no directions have been given, as the proxy decides.

### IMPORTANT NOTICE:

If you appoint a proxy, we encourage you to direct your proxy how to vote on each item of business.

If you appoint the someone other than the Chairman of the Meeting as your proxy and that person is a Director or other member of the Company's Key Management Personnel or their Closely Related Parties (see Notice of Meeting and overleaf), those persons will not cast any votes in respect of Resolutions 1, 5 and 6 that arise from any undirected proxy that they hold.

<input type="checkbox"/>	If you appoint the Chairman of the Meeting as your proxy you can direct him how to vote by either marking the boxes on any of the items below (for example if you wish to vote "for", "against" or "abstain" from voting) or by marking this box. By marking this box, you are directing the Chairman of the Meeting to vote in accordance with his voting intentions, which is to vote in favour of all Resolutions, including Resolutions 1, 5 and 6.
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I/we direct the Chairman of the Meeting to vote in accordance with his voting intentions on all Resolutions, including voting in favour of Resolutions 1, 5 and 6 as set out in the Notice of Meeting (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Resolutions 1, 5 and 6 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel and even if the Chairman of the Meeting has an interest in the outcome of the relevant Resolution and that votes cast by him, other than as proxy holder, would be disregarded because of that interest.

### Voting directions to your proxy – please mark an 'X' to indicate your directions.

Resolution	For	Against	Abstain
1.. Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Mr T Willsted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Ms T Xia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Election of Mr C Jordaan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval for issue of Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval for issue of Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Disapplication of pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ..... 2011.

Individual Shareholder 1	Shareholder 2	Shareholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Individual/Sole Director	Director	Director/Company Secretary

This form must be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the shareholder's constitution and the Corporations Act 2001 (Cth).



## Instructions for Completion of Proxy Form

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights.
3. Appointment of a proxy by a member who is a corporation must be given in accordance with the Corporations Act 2001 (Cth) or signed on its behalf by an authorised attorney.
4. If this proxy is executed under a Power of Attorney, the instrument appointing the attorney must accompany the form of proxy.
5. Any instrument of proxy in which the name of the appointee is not filled in shall be deemed to be given in favour of the Chairman of the Meeting.
6. A proxy need not be a member of the Company.
7. **Voting Exclusion Statement on Resolutions 1, 5 and 6:**

If any Key Management Personnel or their Closely Related Parties are appointed as a proxy in respect of a resolution connected directly or indirectly with the remuneration of Key Management Personnel (such as Resolutions 1, 5 and 6), they must not vote that proxy except if:

  - it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
  - it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides, and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
8. To be effective, the proxy form must be received by the Company at its registered office, Level 11, 151 Macquarie Street, Sydney NSW 2000, or received by facsimile on (02) 8298 2060 not less than forty-eight (48) hours before the time for holding the Meeting.
9. For the purposes of section 1109N of the Corporations Act 2001 (Cth), the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the Meeting. The snapshot date and time has been set at 7.00pm (Sydney time) on 21 November 2011.