



12 November 2009

**International Ferro Metals Limited**

**("IFL" or the "Company")**

**Annual General Meeting ("AGM") Statement**

Tony Grey, Chairman of International Ferro Metals Limited, has delivered the following speech at the Company's AGM in Sydney, Australia, today, 12 November 2009:

"To afford comfort in a time of great stress Macbeth said, "Come what come may, time and the hour run through the roughest day."

For the Company, the year that has just passed was a period that called for such an observation. After several months of ferro chrome stock building by stainless steel customers, unsettled by interruptions in South African electricity supply caused by cutbacks, the Global Financial Crisis hit. The twin blows knocked the ferro chrome producers off balance. To their credit, they promptly reduced production, led by IFM, in a reaction that was as timely as it was disciplined.

IFM shut both its furnaces, one after the other, in November/08 and temporarily withdrew from the market. The action, which in retrospect was well advised, however resulted in a halving of sales for the year and a consequential deterioration in economies of scale. The previous year's profit before tax of ZAR 630 million slumped into a loss of ZAR 456 million.

The turbulent conditions prevailing until early 2009 gave way to a gradual settling down that began to restore confidence in the international financial system and the world's ability to weather the inevitable recession. This set the scene for some stability in the stainless steel industry and its requirement for ferro chrome. Sensing improvement, the Company restarted one furnace in April/09 and the second in August. The restarts occurred smoothly and both furnaces are currently performing well.

Fortunately, IFM had the financial strength to run through the rough day. To make assurance doubly sure and principally to provide capital to build a co-generation plant, IFM raised GBP 22 million through an equity issue in August.

The plant, which will utilize furnace off gasses to produce about 11% of the Company's electricity requirements and qualify for carbon credits, is presently under construction and due to commence operations within 12 months. This capability will allow IFM to increase production, replacing what was lost through the power cutbacks by Eskom, South Africa's electricity provider. It will also afford some protection against inevitable price increases in electricity.

In the near term, the Company is concentrating on keeping its costs down, a vital goal at all times, but particularly now, for the strength of the South African Rand and the rising electricity costs are putting pressure on all South African producers, not sparing IFM. The ferro chrome price, however, is showing an upward attitude, as would be expected because South Africa is the dominant ferro chrome supplier in the world.

The Company is mindful of the recently constructed corporate governance regime and in response has taken and is continuing to take measures to comply. Two directors, Terry Wilsteed and Steven Oke have voluntarily agreed to cancel a provision in their service contracts that would

allow them to receive a payment in the event of a takeover of IFM. With the removal of this right they are now indisputably independent directors. In addition, the Company is in the process of bringing onto the board a third independent director.

On behalf of the Board, I would like to express appreciation to Ian Watson who has recently retired as a director. Ian has served the Company loyally as an executive and a director for a number of years, indeed since the lead up to the IPO.

It appears that global economic activity generally is recovering from its paralysis, indicating that 2010 will be a better year, particularly for stainless steel and its vital component, ferro chrome.

Nowhere is more important to the Company than China, which has by far the largest steel industry in the world. The Chinese resurgence has emerged in a relatively short time to act as a principal vehicle for pulling the world's hard commodity industry, particularly ferro chrome.

The Company's strategic ally, Jisco, which is listed on the Shanghai Stock Exchange with a market capitalization of \$US 4.5 billion, is a principal player in the Chinese steel drama. Currently producing 600,000 tonnes of stainless steel per annum, it will double its capacity by April next year to 1.2 million tonnes, becoming the third largest producer in China. Further plans would bring capacity up to 2 million tonnes eventually.

As China is expected to require 50% more ferro chrome over the next decade, IFM's connection with Jisco puts it in the front ranks to participate in that part of the ferro chrome market which will probably turn out to have the greatest growth rate in the world.

It is possible to conclude with confidence that the rough day is over and we can look forward to a recovery in the demand and price for our product throughout 2010. With its strong financial position, unencumbered by debt, and impeccable marketing connections, the Company is well placed to participate in the change in fortune for the ferro chrome industry."

**For further information please visit [www.ifml.com](http://www.ifml.com) or contact:**

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#### **About International Ferro Metals:**

International Ferro Metals produces ferrochrome, the essential ingredient in stainless steel, from its integrated chromite mine and ferrochrome processing operations in South Africa. International Ferro Metals is listed on the London Stock Exchange under the symbol IFL.

#### **Forward Looking Statements**

This announcement contains certain forward looking statements which by nature, contain risk and uncertainty because they relate to future events and depend on circumstances that occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements.