



21 January 2010

International Ferro Metals Limited
 (“IFL” or the “Company”)

Production report for the three months to 31 December 2009

Highlights:

- Production was 57,942 tonnes for the three months to 31 December 2009 (“Q2 FY2010”), up 85% on the three months to 31 December 2008 (“Q2 FY2009”) following the successful start-up of the second furnace in August 2009
- Ferrochrome sales volumes were up 61% for the three months under review compared with the previous year, reflecting the suspension of production which took place in November 2008
- Ferrochrome inventory was 32,504 tonnes as at 31 December 2009, reflecting management’s decision to increase inventory above normal levels
- Second furnace started up during August 2009 and both furnaces are now operating at Eskom constrained capacity
- Electricity co-generation plant is on schedule and on budget for commissioning during the second half of calendar 2010
- Net cash balance of ZAR248 million as at 31 December 2009.

	Three months to 31 Dec 2009	Three months to 31 Dec 2008	Three months to 30 Sept 2009	Six months to 31 Dec 2009	Six months to 31 Dec 2008
Ferrochrome					
Production tonnes	57,942	31,289	36,773	94,715	90,759
Sales tonnes	34,553	21,410	36,383	70,936	49,435
Stock at period end	32,504	42,523	9,752		

Commenting on the operational update, Chief Executive David Kovarsky said:

“Following the successful start up of our second furnace in August 2009, the Company has built up inventory levels in anticipation of higher ferrochrome prices in 2010. So far in 2010, stainless steel production and demand have both strengthened and the management and Board are confident that the Company is well placed to take advantage of a revival in the global stainless steel and ferrochrome markets due to its strong balance sheet, furnaces are running at high utilisation levels, and strong relationships exist with the Chinese market.”

Ferrochrome Market Conditions

The revival of the ferrochrome market in August 2009 led the Company to start up its second furnace in the expectation that this trend would continue. Benchmark prices mirrored this expectation with the Q4 2009 European benchmark price increasing to US\$1.03 per pound, from US\$0.89 in Q3 2009. However due to stainless steel overstocking and, to a lesser extent, an increase of global ferrochrome production and overstocking, this momentum slackened towards the end of Q4 2009. Ferrochrome benchmark and spot prices came under pressure, with the European benchmark price reducing by 2 cents to US\$1.01 per pound for Q1 2010.

Metal Bulletin has reported that since the beginning of the calendar year strong Chinese demand for ferrochrome and higher South African costs have resulted in increases in the ferrochrome spot price. Ferrochrome demand in Europe and the USA is also rising although stainless steel production in these markets is improving from a very low base.

In anticipation of future increases in electricity prices and to allow IFL to benefit from future price increases, the Company decided to increase inventory over the quarter under review from the low levels reported at the end of the September 2009 quarter.

IFL's strategic relationship with JISCO, and marketing campaigns to China partnered with JISCO, have historically led to improved customer relationships and a competitive advantage in the Chinese market. IFL intends to continue to focus its marketing efforts on the Chinese market in 2010 as well as supplying its other markets.

Production

Production for Q2 FY2010 (57,942 tonnes) increased by 58% compared with Q1 FY2010 (36,773 tonnes) due to the start-up of the second furnace in August 2009. Production for H1 FY2010 was 4% higher than in H1 FY2009. We are particularly pleased to note that the Company achieved record production for the month of December 2009 of 21,898 tonnes.

Sales

Sales increased from 21,410 tonnes in Q2 FY2009 to 34,553 tonnes in Q2 FY2010 and half year sales increased 43% from 49,435 tonnes in H1 FY2009 to 70,936 tonnes in H1 FY2010. The bulk of sales were made under contract at prices which were higher than those available during the quarter on the spot market.

Inventory

As detailed in the production report and IMS released to the market on 12 November 2009, IFL took steps to rebuild its inventory over the quarter under review from the low levels at the end of September 2009 of 9,752 tonnes to 32,504 tonnes at 31 December 2009 in order to take advantage of the expected increases in ferrochrome and electricity prices.

The current inventory level is higher than the approximately one month's production which the Company would normally maintain.

Capital expenditure

Capital expenditure budgeted for the remainder of the financial year is ZAR304 million which includes ZAR187 million for the electricity co-generation plant and ZAR58 million for mine development. There is no other planned significant capital expenditure and IFL remains focused on controlling costs.

Cash balance

As at 31 December 2009, the Company's net cash balance was ZAR248 million (ZAR448 million cash less ZAR200 million drawn on the ZAR500 million working capital facility), against a net cash balance of ZAR433 million on 30 September 2009. The decrease in net cash was principally due to the build up of finished stock, and to a lesser extent an increased working capital requirement, planned capital expenditure, and unrecovered overhead.

Outlook

Since the beginning of the year stainless steel production utilisation levels, particularly in China, have increased. This has had a positive impact on ferrochrome demand and spot prices. This trend is similar to those experienced by other commodities and has been driven by Chinese growth and a stabilisation of other economies. We expect this trend to continue.

The Company is well placed to take advantage of this revival with its strong balance sheet, furnaces running at high utilisation levels, and strong relationship with the Chinese market.

All major capital expenditure projects are running on time and on budget. This will further enhance the Company's production capacity and cost base, ensuring that IFL is well positioned to benefit from improving market conditions.

The Company's interim financial statements for the six months ended 31 December 2009 will be released on 23 February 2010.

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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.