



DIRECTORS

Mark Foster
Chairman

Philip Re
Managing Director
Company Secretary

Paul Lloyd
Non-Executive Director

Nick Revell
Non-Executive Director

SHARE INFORMATION

ASX Code: SFZ

CAPITAL STRUCTURE

Issued capital:

31.5 m Fully Paid Ordinary Shares (SFZ)
22.4 m Options (SFZO)

CONTACT INFORMATION

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ASX ANNOUNCEMENT

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010

**The Board is pleased to provide the following commentary
to be read in conjunction with the Appendix 5B.**

HIGHLIGHTS:

- Transaction between Riviera and SAFM approved by shareholders to acquire 100% of the Ponto Verde Iron Ore Project in Brazil;
- Change of company name to South American Ferro Metals Limited ("SAFM")
- SAFM receives Brazilian State Environmental Committee Approval for 'Installation and Operational' licensing
- SAFM consolidates share capital on 1 for 2 basis
- SAFM issues Prospectus to raise up to \$15m at \$0.36 per share
- Consideration to be paid in shares based on performance milestones.
- Exploration target of 140 – 150 million tonnes¹ of Haematite rich Itabirite at a range of 33.3% to 41.1% Fe in situ, upgradeable to +60% Fe
- Existing and refurbished operating plant in place with capacity to produce 1 million tonnes per annum
- Production expected to commence late 2010
- Project shares common boundary to ground held and to be developed by Brazilian mining giant Vale and located within a framework of established infrastructure
- An established and experienced management team in Brazil already in place
- SAFM will be one of the few ASX listed companies offering Australian exposure to the growing Iron Ore industry in Brazil

Corporate Activity

During the quarter SAFM announced that it had received overwhelming shareholder approval for the purchase of South American Ferro Metals Limited. SAFM owns 100% of the mineral rights and property located in Ponte Verde, in the heart of the Iron Ore Quadrilateral, some 55 kilometres from the town of Belo Horizonte in Minas Gerais State, Southern Brazil.

Shareholders also approved the consolidation of the share capital on a one for two basis. The Company now has approximately 31.5m shares and 22.4m options on issue. Shares to the vendor under the share sale agreement will be issued shortly.

On the 7th September 2010 SAFM achieved a key milestone towards becoming an iron ore producer in Brazil after receiving Brazilian State Environmental Committee approval for 'Installation and Operational' licensing at its Ponte Verde Iron Ore Project.

Recently SAFM issued a Prospectus to raise \$15m at a price of \$0.36 per share. The Company is expected to be relisted on the ASX by 29th October 2010.

Ponte Verde - Brazil Iron Ore Project

SAFM has the potential to create significant shareholder value given the well established Brazilian iron ore industry.

SAFM confirmed that the project has an initial exploration target of 140 – 150 million tonnes¹ of Haematite rich Itabirite. The Itabirite is not a magnetite and therefore is easily and economically upgraded to 60+ Fe content.

The initial production is expected to be sold to domestic steel mills or large producers such as Vale.

The transaction includes the existing plant which is capable of producing 1 million tonnes per annum. Therefore no significant capital expenditure is required. SAFM intends to commence production in late 2010.

The project will be managed by the existing local, experienced and proven management team in Brazil.

A further drilling programme is anticipated in order to define a resource. This drilling programme is expected to commence upon settlement of the transaction.

The project is close to existing infrastructure, and is located in the heart of a prolific iron ore mining area, neighbouring established mining operations.



Haematite rich Itabirite



Existing on Site Plant capable of producing 1 million tonnes per annum



Aerial View of Project Area – adjacent to Brazilian Iron Ore Giant Vale

Three Sisters Project

Further exploration of the Three Sisters Project in Queensland has been put on hold pending the settlement of the Brazilian Iron Ore Project.

For further information in respect to South American Ferro Metals Limited, please contact:

Philip Re
Director
Tel: (08) 9388 9744
Email: phil@rivieraresources.com.au

Competent Persons: The information within this report relating to exploration activities on the Company's projects is based on information compiled by Nicholas Revell who is a member of the Australasian Institute of Mining and Metallurgy. Mr Revell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Revell has consented to the inclusion in the report of the information on the Three Sisters Project and Ponte Verde Project in the form and context represented above.

1- The potential quality and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

South American Ferro Metals Limited

ABN

27 128 806 977

Quarter ended ("current quarter")

30 September 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
I.1 Receipts from product sales and related debtors		
I.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(240)	(240)
I.3 Dividends received		
I.4 Interest and other items of a similar nature received	26	26
I.5 Interest and other costs of finance paid		
I.6 Income taxes paid		
I.7 Other (provide details if material)		
	(419)	(419)
Net Operating Cash Flows		
Cash flows related to investing activities		
I.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
I.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
I.10 Loans to other entities	(536)	(536)
I.11 Loans repaid by other entities	-	-
I.12 Other (provide details if material)	-	-
	(536)	(536)
Net investing cash flows		
I.13 Total operating and investing cash flows (carried forward)	(955)	(955)

Appendix 5B
Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

1.13	Total operating and investing cash flows (brought forward)	(955)	(955)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	112	112
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)		
	Net financing cash flows	112	112
	Net increase (decrease) in cash held	(843)	(843)
1.20	Cash at beginning of quarter/year to date	2,996	2,996
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,153	2,153

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	271
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment to related parties for Director Fees, corporate, office & reception facilities, accounting, compliance, secretarial, legal services, travel and due diligence services.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

Appendix 5B
Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	150
4.2	Development	50
4.3	Production	150
4.4	Administration	100
Total		450

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	2,153	2,996
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		2,153	2,996

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed		
6.2	Interests in mining tenements acquired or increased		

Appendix 5B
Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	31,569,124	31,569,124		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through consolidation	569,124 (31,000,000)	569,124 (31,000,000)	\$0.20	\$0.20
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	22,430,875	22,430,875	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 31 Dec 2014
7.8 Issued during quarter	5,000,000	5,000,000	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 31 Dec 2014
7.9 Exercised during quarter	(569,125)	(569,125)	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 31 Dec 2014
7.10 Decrease through consolidation	(18,000,000)	(18,000,000)		
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date:26/10/2010
Company secretary

Print name: Philip Re

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** the issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.