

SAFM Moves to Full Production at Ponto Verde Iron Ore Project

- **Third production shift introduced on 1 September 2011; raises production levels to 125,000 ROM tonnes per month (equivalent to the mining licence level of 1.5 million ROM tonnes per year)**
- **Forward mine planning, pre-stripping and strong management performance facilitated the earlier-than-expected ramp up**
- **Achievement of full production is ahead (4 months) of prior end-of-year forecast**
- **Excellent safety performance continues with no lost-time injuries reported in the project since start up November 2010**

South American Ferro Metals Limited (ASX: SFZ) (“SAFM” or the “Company”), is pleased to announce that it has moved to full production at its flagship Ponto Verde Iron Ore Project in Brazil.

A third shift was introduced at Ponto Verde mine on 1 September 2011, moving the site from run-of-mine production capacity of 80,000 tonnes per month to 125,000 tonnes per month, equivalent to the operation’s licenced capacity of 1.5 million tonnes per year.

The ramp up in production comes four months earlier than the previously announced milestone date of end-of-year 2011. This accelerated production profile is the result of strong performance by the locally based management team, forward mine planning and advance pre-stripping during the preceding three months.

Domestic demand for iron ore remains strong and the Company continues to expand its customer base, as well as increase forward sales contracts of its product.

SAFM Chief Executive Officer, Philip Hopkins said:

“The move to a third shift and to full production capacity marks a significant milestone for SAFM and follows four consecutive months of improving performance at Ponto Verde. The Company’s other projects, the Exploration programme and Concentrator project, remain on track for completion at the end-of-year 2011 and end of March 2012 respectively.”



--Ends--

South American Ferro Metals Limited	MAGNUS Investor Relations + Corporate Communication
Philip Hopkins (CEO) T: +61 8 9243 5340 T: +55 31 8229 8301	Dudley White / Stephanie Sim T: +61 2 8999 1010

About South American Ferro Metals Limited:

South American Ferro Metals Limited owns 100% of the mineral rights and property of the Ponto Verde Iron Ore Project, located in the heart of the Iron Ore Quadrilateral in Brazil, 55 kilometres from the town of Belo Horizonte in the state of Minas Gerais. The Iron Ore Quadrilateral is a prolific iron ore mining area, and the Ponto Verde project is located proximate to established mining operations, iron and steel plants and existing infrastructure.

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.

Website: www.safml.com