

# South American Ferro Metals Limited



***Successful First  
Year of Production***

**Philip Hopkins**  
Chief Executive Officer  
**ASX:SFZ**

***Annual General Meeting  
16 November 2011 - Sydney, Australia***

**SAFM**  
South American Ferro Metals  
[www.safml.com](http://www.safml.com)

# Presentation Outline

- **Company Snapshot**
- **Why Brazil?**
- **Review of the Year Completed**
- **Operations Performance**
- **Recent External Assessments**
- **Future Milestones**
- **Summary**

# Company Snapshot

<b>ASX Ticker</b>	SFZ
<b>Market Capitalisation (9 Nov 2011)</b>	~ \$56 million
<b>Shares Outstanding<sup>(1)</sup></b>	409 million
<b>Options Outstanding (listed and unlisted-proceeds)</b>	57 million (\$ 17M)
<b>Key Asset</b>	Ponto Verde Iron Ore Project, Brazil
<b>Achieved Licenced ROM Capacity</b>	1.5Mtpa - 1 September 2011
<b>Sales Volume (Sep 2011 Quarter)</b>	
• Sinter Feed	86,445 t
• Small Lump	40,321 t
<b>Targeted ROM Capacity</b>	6.0- 10.0 Mtpa
<b>Projected Concentrate Iron Ore Grade</b>	62-64% Fe
<b>Revenue (FY11)<sup>(2)</sup></b>	\$3.5 million
<b>Cash On Hand (30 Sep 2011)</b>	\$7.1 million
<b>Brazilian Certified Resource<sup>(3)</sup></b>	150Mt
<b>Deposit Resource Potential<sup>(4)</sup></b>	250-300Mt

(1) Upon conversion of 83,977,967 Class B performance shares anticipated in Dec-11

(2) Maiden beneficiated iron ore sales to local customers commenced in May-11

(3) Coffey Mining (2009)

(4) These estimates are based on discussions held between SAFM and Coffey Mining (8 Sep-11)

# Why Brazil? ..... it is the right address!

- BRIC country and G20 member
- Strong domestic economy driving 7.5% GDP growth in 2010 (IMF)
- Latin America's largest economy
- 2<sup>nd</sup> largest global iron ore producer
- 30% of the country remains un- or under-explored with high potential
- Well established, understood and tested mining laws
- Ability to work cooperatively with the Brazilian Government
- Ranked 8<sup>th</sup> best country for resources investment and operation (ResourceStocks 2011 World Risk Survey)

## **SAFM Investment Opportunity**

- Global iron ore leaders – Vale, CSN, Gerdau – are neighbors
- Extensive logistics and existing infrastructure – rail, ports and roads



# Senior Management Team – Core Strength

**Philip Hopkins**  
*Chief Executive Officer*

*Qualification:* Mining Engineer  
*Years Experience:* +30  
*Prior Roles:* BHP Billiton, St Barbara, Placer Dome

**Dion Cohen**  
*Chief Financial Officer*  
*(Sydney)*

*Qualification:* Chartered Accountant  
*Years Experience:* +18  
*Prior Roles:* Ernst & Young,  
International Ferro Metals

**Helvecio Pires**  
*Chief Operating Officer*  
*(Brazil)*

*Qualification:* Mining Engineer  
(MBA Business Management)  
*Years Experience:* +23  
*Prior Roles:* Vale, MMX

**Jose Marcio Paixao**  
*Chief Development Officer*  
*(Brazil)*

*Qualification:* Mining Engineer  
(PhD Metallurgy + Electrochemistry)  
*Years Experience:* +26  
*Prior Roles:* Vale, earthXM Mining  
Corp

**Eduardo Freitas**  
*Chief Commercial Officer*  
*(Brazil)*

*Qualification:* Economics  
*Years Experience:* +8  
*Prior Roles:* CSN/NAMISA

***Strong, experienced, proven Brazilian management team***

# Ponto Verde Iron Ore Project – Annual Overview

- |  |                             |
|--|-----------------------------|
| ■ Full permitting                      | October 2010                |
| ■ ASX listed                           | November 2010               |
| ■ ROM production                       | November 2010               |
| ■ Plant commissioned                   | February 2011               |
| ■ Maiden product sales                 | May 2011                    |
| ■ <b>Concentrator approved</b>         | <b>July 2011</b>            |
| ■ 1.5 Mtpa production capacity         | September 2011              |
| ■ Stable Production costs (A\$18-22/t) | September 2011              |
| ■ <b>Resource Definition Program</b>   | <b>December 2011</b>        |
| ■ <b>Site Improvements:</b>            |                             |
| • 3 <sup>rd</sup> GenSet power station | • Bridge Replacement        |
| • Weight Bridge                        | • Road Upgrades             |
| • Upgrades wash water system           | • Pit Bench system          |
| • Core Farm                            | • Mining Fleet              |
| • Fuel Farm                            | • Tools storage area        |
| • Signage and external postings        | • Housekeeping (10kt scrap) |



*Located in the heart of Brazil's prolific  
and historic Iron Ore Quadrilateral*

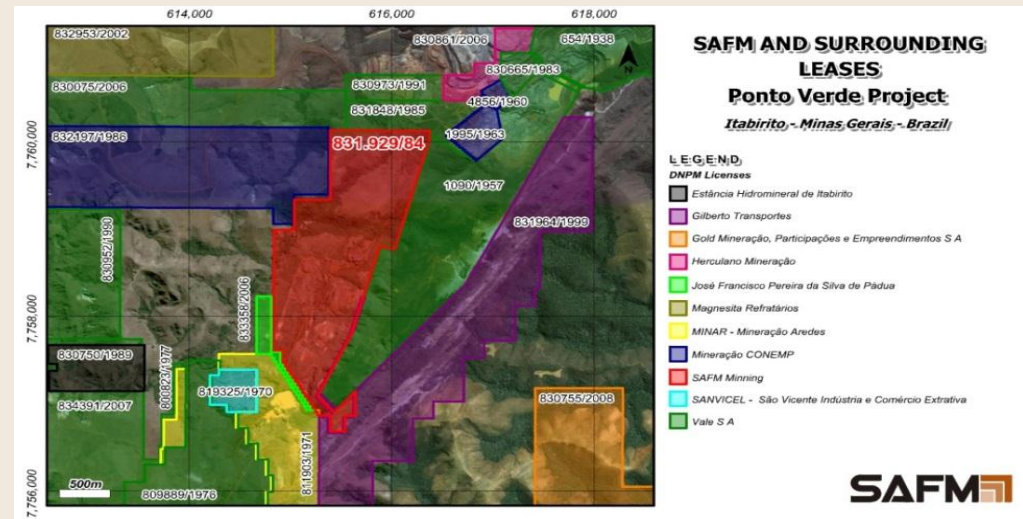
***Brazilian certified resource of  
150Mt of hematite-rich  
itabirite***

*Coffey to confirm to JORC standard by  
December 2012*

# Resource Base Very Strong – +150 Mt

## Geology & Deposit

- Main iron ore deposit is derived from hematite-rich itabirite layers
- Deposit has significant upside growth +250 – 300 Mt potential



## Brazilian Resource Summary

	Volume (Mm <sup>3</sup> )	Tonnes (Mt)	Grade Fe (%)	Grade SiO <sub>2</sub> (%)	Grade Al <sub>2</sub> O <sub>3</sub> (%)	Grade Mn (%)	Grade P (%)
<b>Measured</b>	9.81	28.15	40.04	36.05	1.64	1.194	0.062
<b>Indicated</b>	21.29	59.57	41.16	33.94	2.18	1.258	0.054
<b>Measured + Indicated</b>	31.10	87.72	40.80	34.62	2.01	1.24	0.06
<b>Inferred</b>	21.15	61.41	36.87	38.35	1.77	0.826	0.052
<b>TOTAL</b>	52.26	149.13	39.18	36.15	1.91	1.068	0.055

# Product Overview

- The Plant currently produces Small Lump and Sinter Feed products
- The remainder Fines material has been stockpiled for further processing upon commissioning of the Concentrator

	Small Lump	Sinter Feed	Fines
Size (mm)	10 - 24mm	2 – 10 mm	< 2 mm
Grade (% Fe)	59.5 – 60.0 %	60.0 – 60.5 %	62.0-64.0 %



# Ponto Verde Mine and Plant



# Ponto Verde Mine and Plant



# Performance - Safety

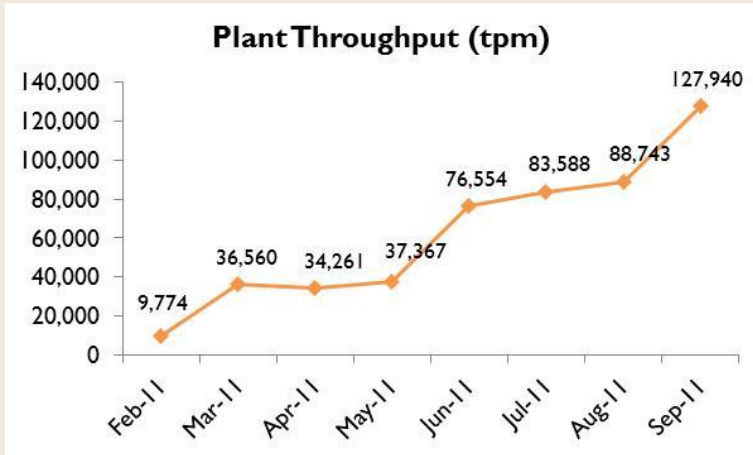
November 2011 – completed first year of production without an accident or environmental incident

World Class Performance

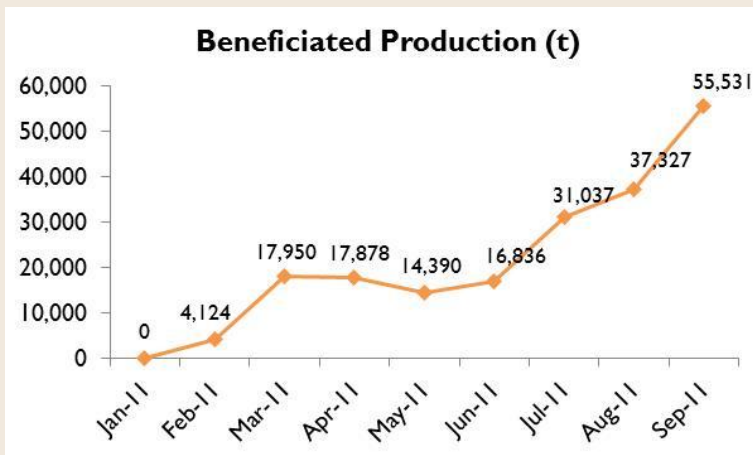
**TRIFR = 0**

Total Recordable Incident Frequency Rate (per 1M man hours)

# Performance - Production



- Seven consecutive months of improved production
- Second shift introduced from May-11
- Third shift introduced from Sep-11
- Throughput rate increased to 267 tph from Sep-11
- Current Plant throughput +270 tph



- Beneficiation plant commissioned in Feb-11
- Two stage crushing and sorting plant
- Debottlenecking of processing plant
- High quality Lump product

# Recent Assessments

■ Pattersons (October 2011)	Target price	\$0.57
■ Veritas Securities Limited (November 2011)	Target price	\$0.64
■ Alto Capital (November 2011)	Target price	\$0.45

- Recent Headlines:
  - “Turning a Corner”
  - “Ramp up complete – resource drilling underway”
  - “New Management makes all the difference”
  - “SAFM Delivers Straight Up”

# Future Key Milestones

- |  |                   |
|--|-------------------|
| ■ JORC Resource Report                 | End December 2011 |
| ■ Site infrastructure upgrade design   | December 2011     |
| ■ Concentrator fully operational       | April 2012        |
| ■ Decision expansion feasibility study | Q1 2012           |
| ■ Decision Phase II resource expansion | Q1 2012           |
| ■ Future project evaluations           | Ongoing           |

# Summary

- **Company permitted, listed, start up and at full production**
- **New Leadership Team in place**
- **JORC Resource Definition Program approved, on schedule and cost**
- **Concentrator Project approved, on schedule and cost**
- **Discussions with Vale (neighbor mining lease) positive and supportive**
- **Material site upgrades and improvements completed**
- **Safety & preventative maintenance program established**
- **1 Year accident and incident free**
- **Poised to grow organically and externally**

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## **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.



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