



28 February 2011

ASX Announcement

ASX Code: SFZ

Conversion of Class A Performance Shares

South American Ferro Metals Limited (ASX: SFZ) ("SAFM" or "the Company") announces that the production milestone for the conversion of Class A Performance Shares under the Share Sale agreement has been met by production over a continuous three month period at a rate equal to or greater than 800,000 tonnes per annum.

Based on the achievement of this milestone, 83,977,967 Class A Performance Shares will convert to 83,977,967 fully paid ordinary shares in SAFM ("Ordinary Shares") effective from today's date, being 28 February 2011 (Conversion Date).

Each holder of Class A Performance Shares will receive the equivalent number of Ordinary Shares and will rank pari passu in all respects with existing ordinary shares in issue from the Conversion date.

The Company has applied for quotation on the Australian Securities Exchange ("ASX") of the new Ordinary Shares and a holding statement will be despatched to holder of the Performance Shares on or around 3 March 2011.

It should be noted that the new ordinary shares to be issued under the conversion will be subject to the terms and conditions of the escrow provisions as set out in the Restriction agreement entered into between the holder of the Class A Performance shares and the Company.

For more information:

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About South American Ferro Metals:

South American Ferro Metals Limited owns 100% of the mineral rights and the property 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, Southern Brazil. The Iron Ore Quadrilateral is a prolific iron ore mining area, and the Project is located proximate to established mining operations, iron and steel plants and existing infrastructure.