

South American Ferro Metals Limited



*The only ASX-listed
pure play iron ore
producer in Brazil*

Philip Hopkins
CEO & Executive Director

ASX:SFZ

*Viriathus / Fortbridge Resources Corporate Access Day
March 2012*

SAFM
South American Ferro Metals
www.safml.com

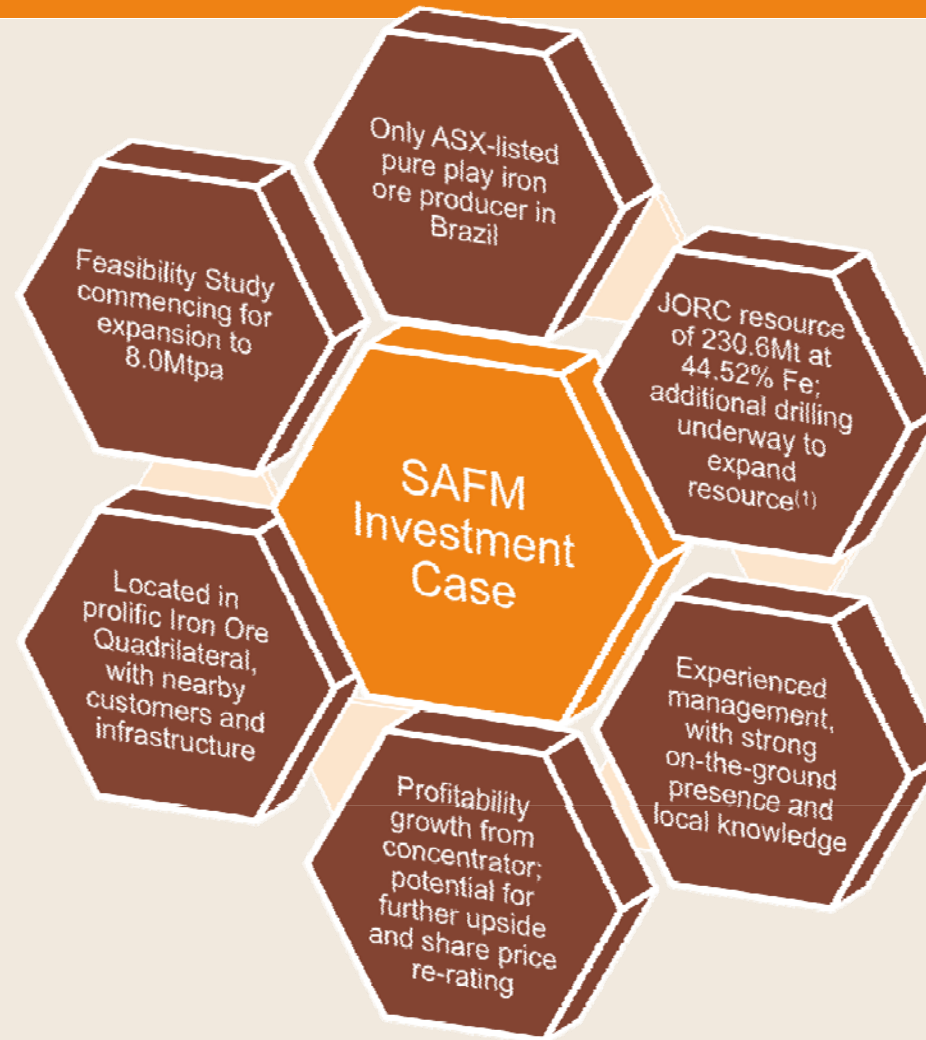
Presentation Outline

- **Company Overview**
- **Ponto Verde Iron Ore Project**
- **Outlook**
- **SAFM Investment Case**



Philip Hopkins
CEO and Executive Director

Investment Case



(1) Phase II of Resource Definition Programme approved and aimed at increasing the size of the deposit at Ponto Verde in line with the Exploration Target of around 300-350Mt at 40-44% Fe. The Exploration Target is based on the geological model associated with the defined JORC Resource as stated, and has been determined by a JORC Competent Person Mr Philip Hopkins. It is uncertain if further exploration of the Exploration Target will result in the determination of Mineral Resources.

Company Description

- South American Ferro Metals Limited (“SAFM”) is the only ASX-listed pure play iron ore producer in Brazil.
- The company listed on the ASX (ASX:SFZ) in November 2010, with production at Ponto Verde commencing November 2010.
- SAFM 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.
- The Ponto Verde mine is surrounded by established iron ore producers – Vale, CSN and Gerdau – and located close to established mining operations, iron and steel plants and existing infrastructure.
- The company has offices in Sydney, Perth and Belo Horizonte.

Company Snapshot

ASX Ticker	SFZ
Market Capitalisation (27 Feb 2012)	\$94.1 million
Shares Outstanding	409.2 million
Options Outstanding (listed and unlisted)	56.9 million
Key Asset	Ponto Verde Iron Ore Project, Brazil
Achieved Licenced ROM Capacity	1.5Mtpa
Sales Volume (1H FY12)⁽¹⁾	
• Sinter Feed	175,713 t
• Small Lump	77,746t
Targeted Expansion ROM Throughput	8.0 Mtpa
Projected Concentrate Iron Ore Grade	62-65% Fe
Revenue (1H FY12)	\$8.1 million
Cash On Hand (31 Dec 2011)	\$7.5 million
JORC Resource⁽²⁾ - (60Mt Indicated & 170Mt Inferred)	230Mt @ 44.5% Fe
JORC Exploration Target⁽³⁾	300 - 350Mt @ 40 – 44% Fe

(1) Forward looking annual sales volume based on achieved 1.5Mtpa licenced ROM throughput

(2) Coffey Mining, as per ASX announcement on 23 December 2011

(3) The Exploration Target is based on the geological model associated with the defined JORC Resource as stated, and has been determined by a JORC Competent Person Mr Philip Hopkins. It is uncertain if further exploration of the Exploration Target will result in the determination of Mineral Resources

Shareholder Summary⁽¹⁾

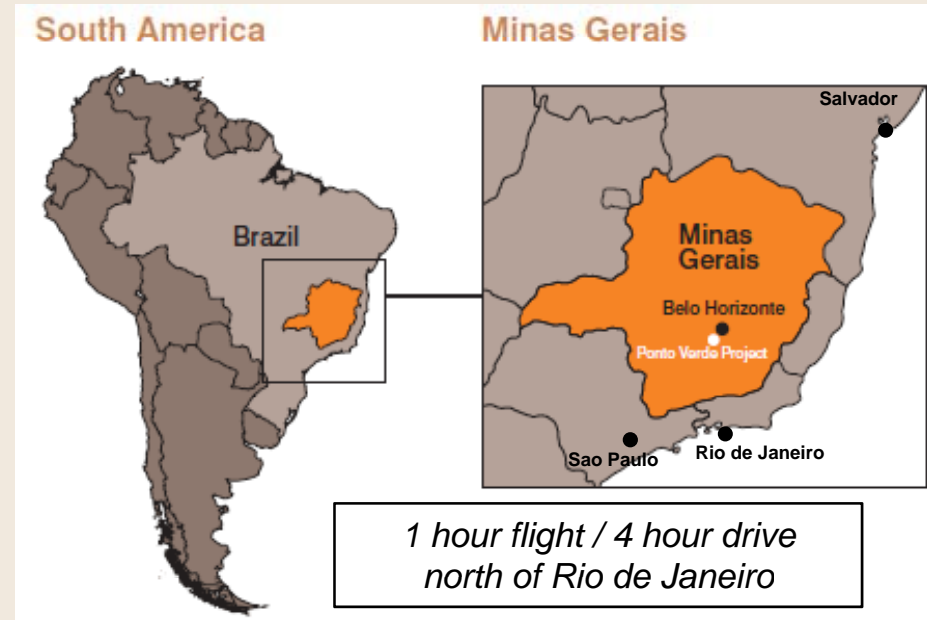
	Ownership (17-Feb-12)
Grafton Resource Investments	11.0%
Massif Limited ⁽²⁾	10.9%
Topix Management Ltd ⁽²⁾	10.7%
Tin Zone Holdings Ltd ⁽²⁾	9.9%
Sun Wing Group Ltd	9.9%
Top Five Shareholders	52.4%
Top 20 Shareholders	78.2%
Management and Board	43.5%

(1) Source: Company registry

(2) Represents interests of SAFM management and Board

Why Brazil?

- BRIC country and G20 member
- Strong domestic economy driving 7.5% GDP growth in 2010 (IMF)
- South America's largest economy
- 2nd largest global iron ore producer
- 30% of the country remains un-explored with high potential
- Well established, understood and tested mining laws (currently being streamlined)
- Ability to work cooperatively with the Brazilian Government
- Ranked 8th best country for resources investment and operation (ResourceStocks 2011 World Risk Survey) – Australia 7th and Canada 9th
- Vale – World's largest iron ore producer and SAFM's neighbour
- Extensive logistics and existing infrastructure in area – rail, ports and roads



Ponto Verde Mine and Plant



South American Ferro Metals Ponto Verde Mine Site

- East of the town of Itabarito
- 150 Ha site
- 52 staff & 96 contract miners
- At full licenced production – 1.5Mtpa

Successful 2011 Resource Expansion



2011 Drill Program

- 3,300 metres drilled
- 5 rigs employed at peak drilling
- 6 month program
- Coffey Mining produced JORC Resource Report
- 230 Mt (60Mt Ind & 170Mt Inf) @ 44.5% Fe
- World class deposit
- Phase II Resource Definition Programme underway – 3 drill rigs on site

Upgraded 2 Mtpa Process Plant



Upgraded Processing Plant

- Two stage crushing and screening plant
- Primary and secondary jaw crushers
- Installing cone crusher (secondary)
- Wet plant – high quality Lump
- Excess capacity at 2 Mtpa rating
- +85% availability

High Quality Products



Excellent Physical Properties

- Wet plant with washing capability
- High porosity Lump – high quality
- Consistent Lump and sinter Feed quality
- Single handling of product

Mining Capability and Upgrade



Before – May 2011

South Pit

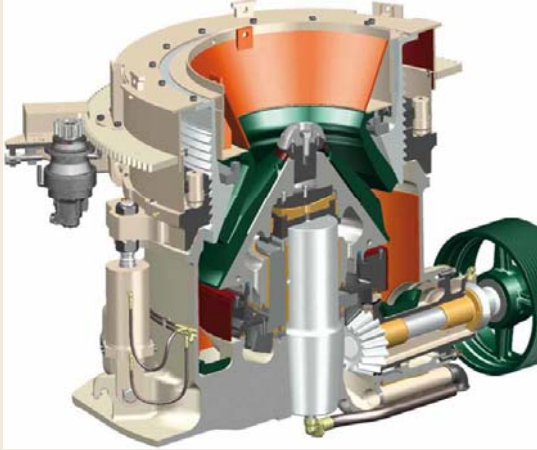


Current – Jan 2012

Mine Upgrades

- Mined late 1970/early 1980's
- Mine planning implemented
- Blending from 8 pits
- Core and fuel farm established
- Weighbridge installed
- Secondary jaw crusher replaced with cone crusher
- Water and power upgrades
- Best practices pursued

Growth and Enhancement



Site Upgrades

- Concentrator
- Cone crusher
- Lab and offices
- Bridge



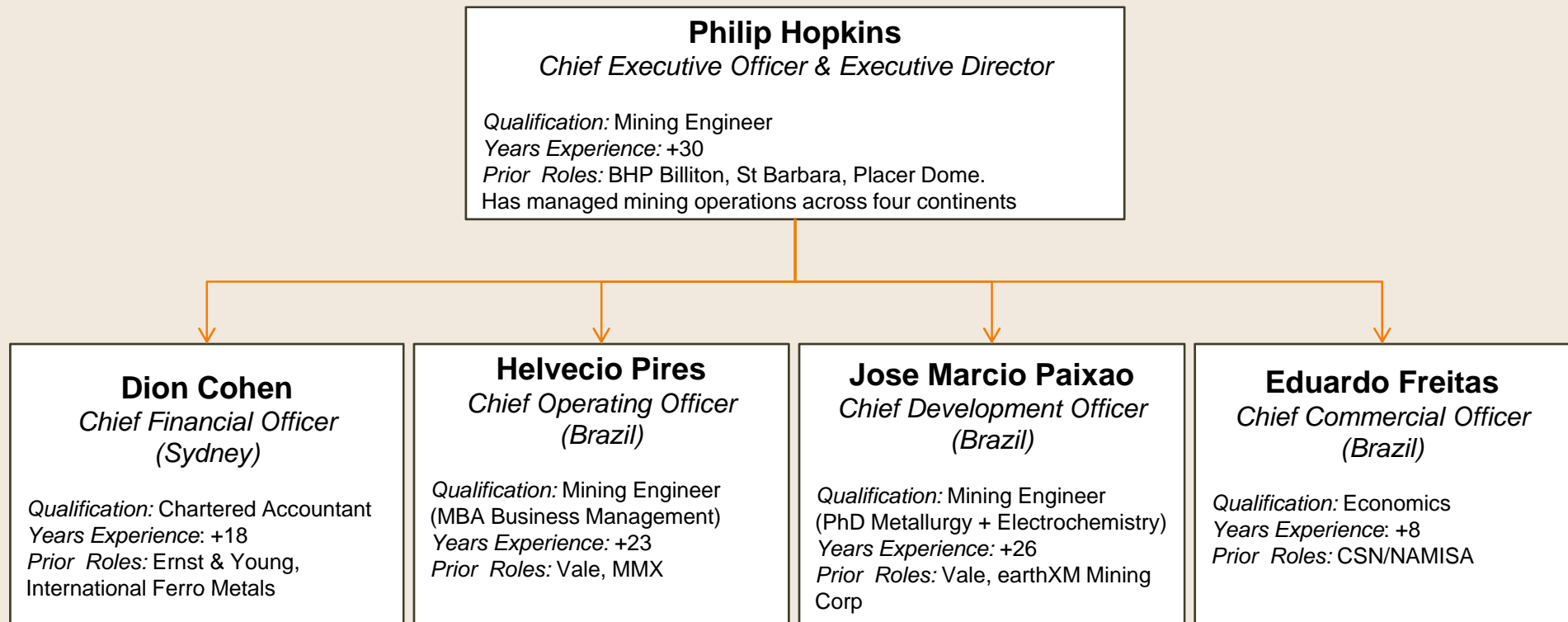
Site Performance



Operational Excellence

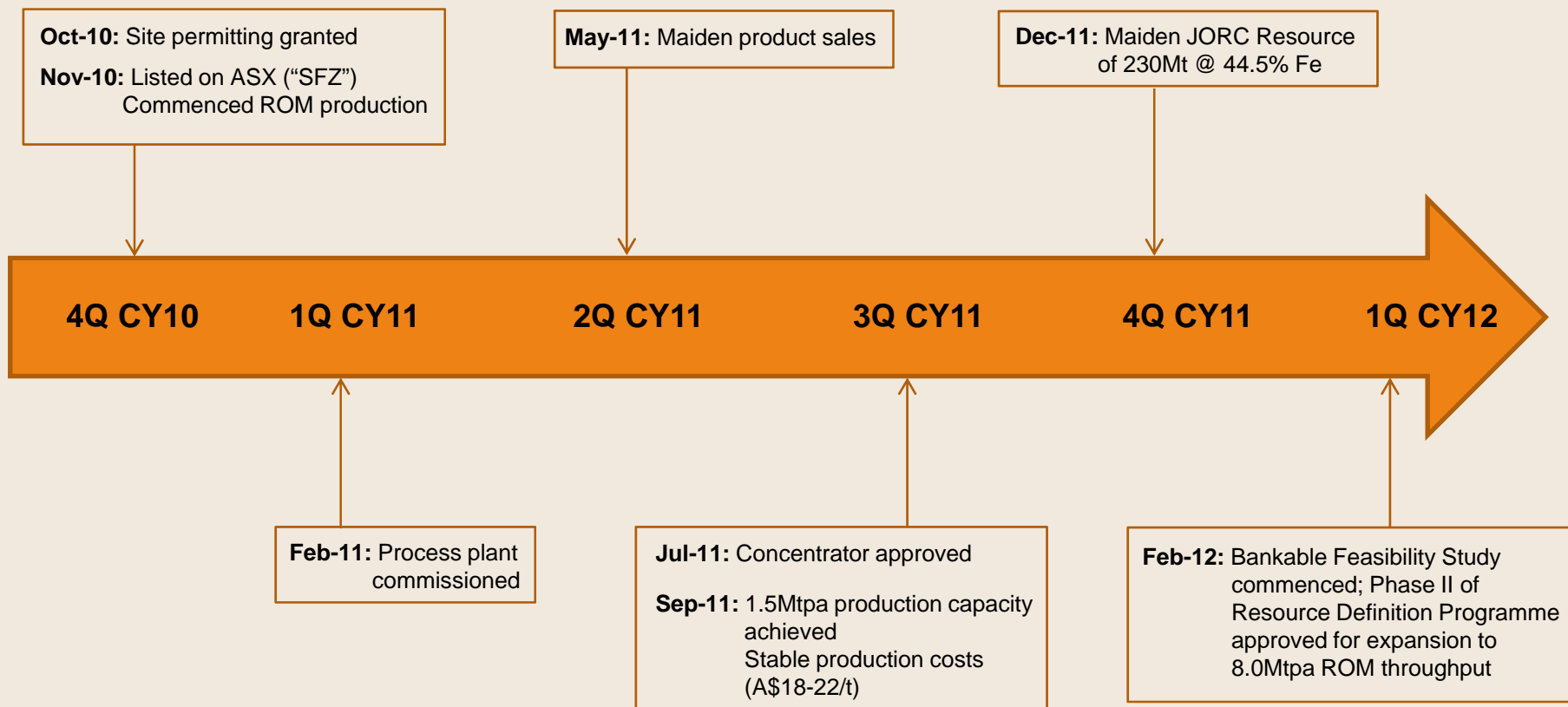
- No accidents or incidents to date
- TRIFR = 0
- Public Minister praise for environmental work
- Local municipality acknowledgement for support and citizenship
- Strong union support

Experienced and Proven Senior Management Team



Strong, experienced, proven Brazilian & Australian Management Team

Ponto Verde Iron Ore Project – Milestones Achieved



Geology & Resource Base is Strong

Setting

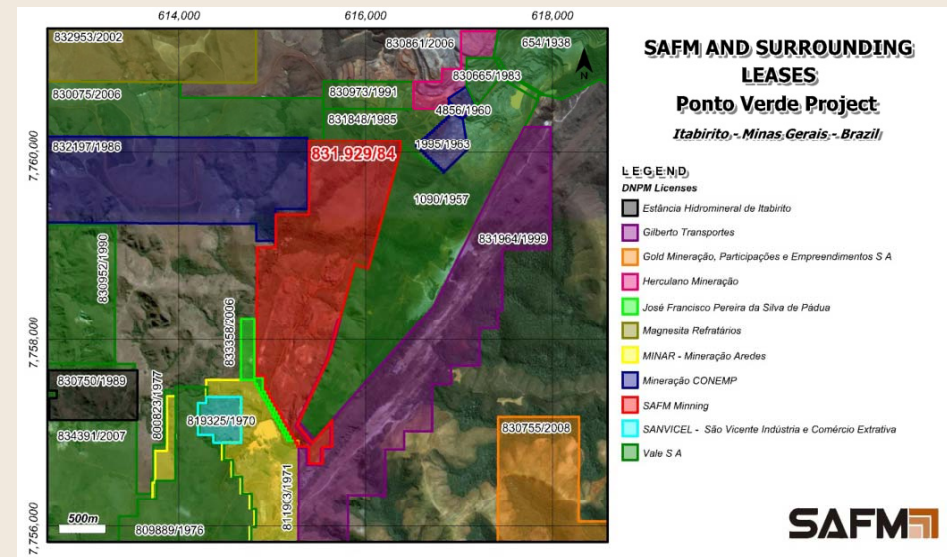
- Iron ore unit runs North East to South West
- Deposit divided by Vale to the east
- Herculano Operations north east of site
- Ore continues to the south



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

Geology

- Deposit is hematite-rich itabirite ore
- Exploration Target 300 – 350 Mt @ 40-44% Fe⁽¹⁾



(1) The Exploration Target is based on the geological model associated with the defined JORC Resource as stated, and has been determined by a JORC Competent Person Mr Philip Hopkins. It is uncertain if further exploration of the Exploration Target will result in the determination of Mineral Resources

JORC resource underpins strategy

- Resource estimate of **230.6Mt @ 44.52% Fe** confirmed to JORC standards by Coffey Mining (combined Indicated and Inferred).
- Underpins strategy to **process up to 8Mtpa for more than 10 years.**
- Includes Indicated component of 60.6Mt at 41.61% Fe – approximately 26% has been categorised as Indicated.
- Overall grade improved to 44.52% from 39.18%.
- Additional deep drilling, along with exploration of areas not accessed in Phase 1, to be explored subsequently.

Ponto Verde Iron Ore Project – December 2011 Resource Estimate

Grade Tonnage Table – 19th Dec 2011								
Mineral Resources - SAFM – Ponto Verde Iron Ore Mine – Global JORC Resource								
Block Model: 50m X 25m X 10m (25m X 12.5m X 10m) – Grade cut off applied: 30%Fe								
Lithology	Resource Class	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	Mn (%)	P (%)	LOI (%)
			Total - Global JORC Resource					
	Indicated	60.6	41.61	32.88	2.02	1.449	0.076	3.26
Total	Inferred	170.0	45.55	24.33	3.27	1.499	0.075	4.06
	Total / Average	230.6	44.52	26.58	2.94	1.484	0.075	3.86

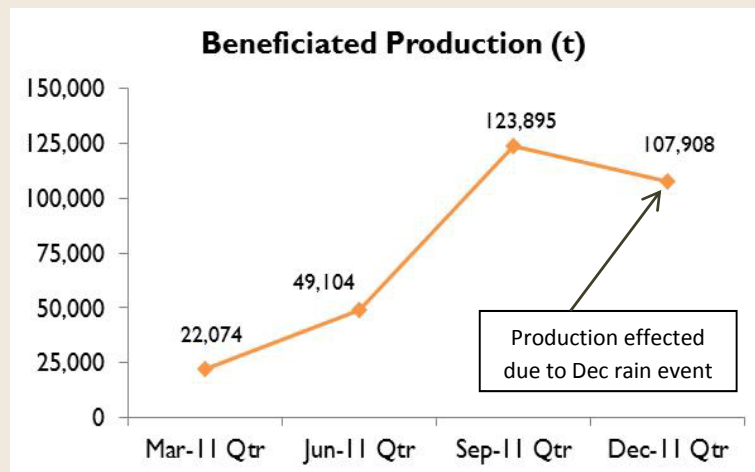
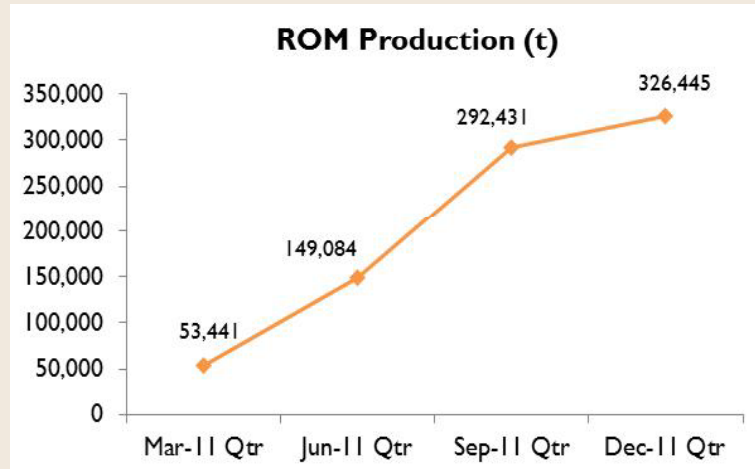
BFS Commenced; Phase II Resource Definition Programme Approved

- LogiCamms appointed to conduct Bankable Feasibility Study (BFS) on expansion of Ponto Verde Iron Ore mine to a capacity of **8Mtpa ROM throughput**, from current 1.5Mtpa licenced capacity.
- Phase II of the Resource Definition Programme approved, aimed at increasing indicated resources at Ponto Verde, and to increase the overall deposit in line with the Exploration Target of 300-350Mt at 40-44% Fe⁽¹⁾.
- Increased Indicated Resource to support production level of 8Mtpa with **more than 10 years of mineable ore**.

South American Ferro Metals – Bankable Feasibility Study - Phase I Expansion to 8.0 Mtpa														
Feasibility Study														
Permits														
Detailed Engineering														
Long Lead Items														
Construction														
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	2012				2013				2014				2015	

(1) The Exploration Target is based on the geological model associated with the defined JORC Resource as stated, and has been determined by a JORC Competent Person Mr Philip Hopkins. It is uncertain if further exploration of the Exploration Target will result in the determination of Mineral Resources.

Production



- Four consecutive quarters of improved ROM production
 - Second shift introduced from May-11
 - Third shift introduced from Sep-11
 - Throughput rate increased to 220 tph in Feb-12
 - Cone crusher being installed – increase rate to 270 tph Apr-12
-
- Beneficiation plant commissioned in Feb-11
 - Two stage crushing and screening plant
 - 1-in-100 year rain event in Dec-11 impacted production
 - High quality Lump product – clean and porous
 - Concentrator to be commissioned Apr-12
 - Current 45% Mass recovery – moving to 60% in May-12

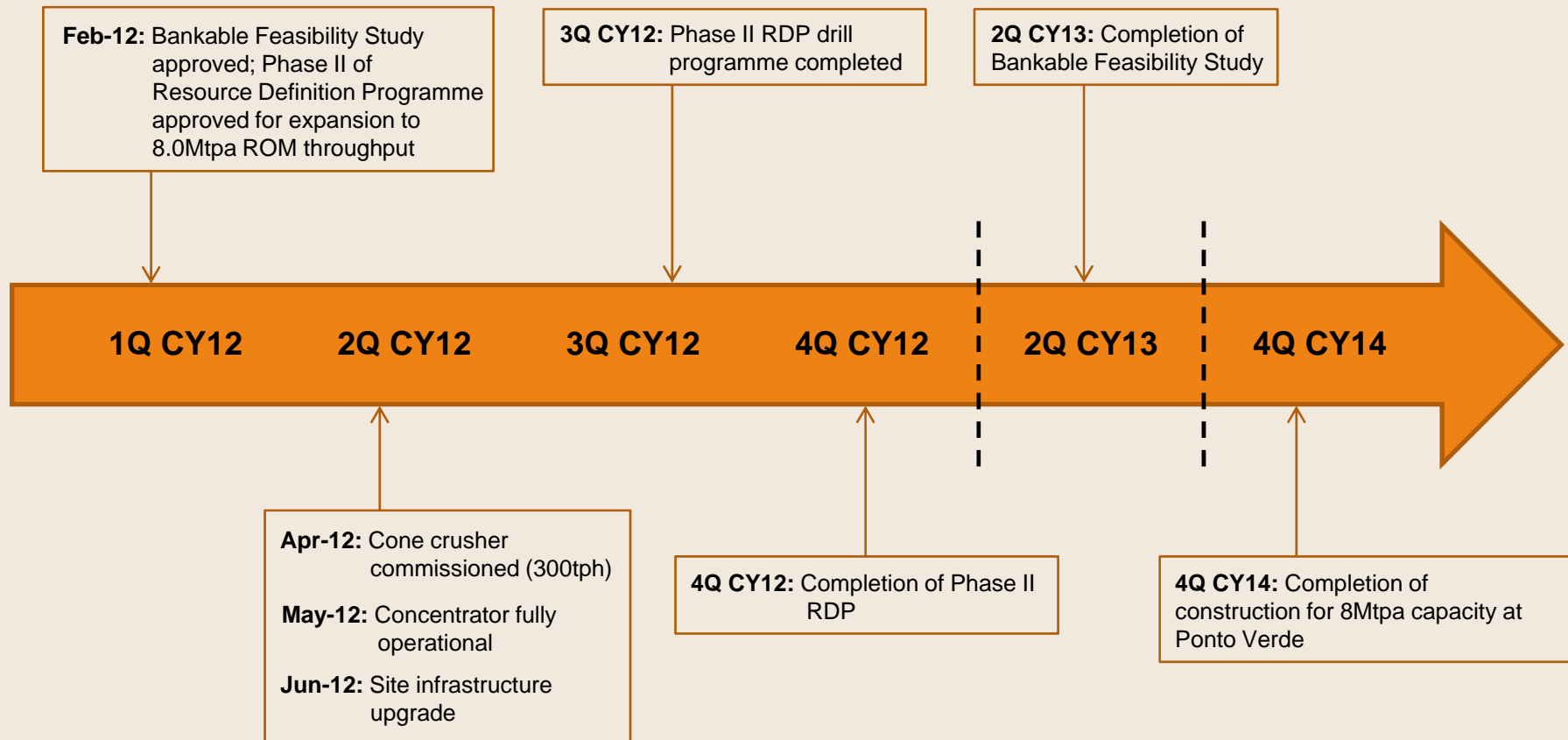
Product and Site Enhancements

- Currently producing Lump and Sinter Feed
- Underflow Fines stockpiled for processing through Concentrator – scheduled for April 2012

	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%
% of Feed	18%	25%	27%

- Ongoing site upgrades with concentrator approval in July 2011 and cone crusher approval in January 2012
- Completed site upgrades include:
 - 3rd GenSet power station
 - Weight Bridge
 - Upgrades wash water system
 - Core Farm
 - Fuel Farm
 - Signage and external postings
 - Bridge Replacement & Road Upgrade
 - Pit Bench system
 - Mining Fleet
 - Tools storage area
 - Housekeeping (10kt scrap)
 - Increased settling capacity

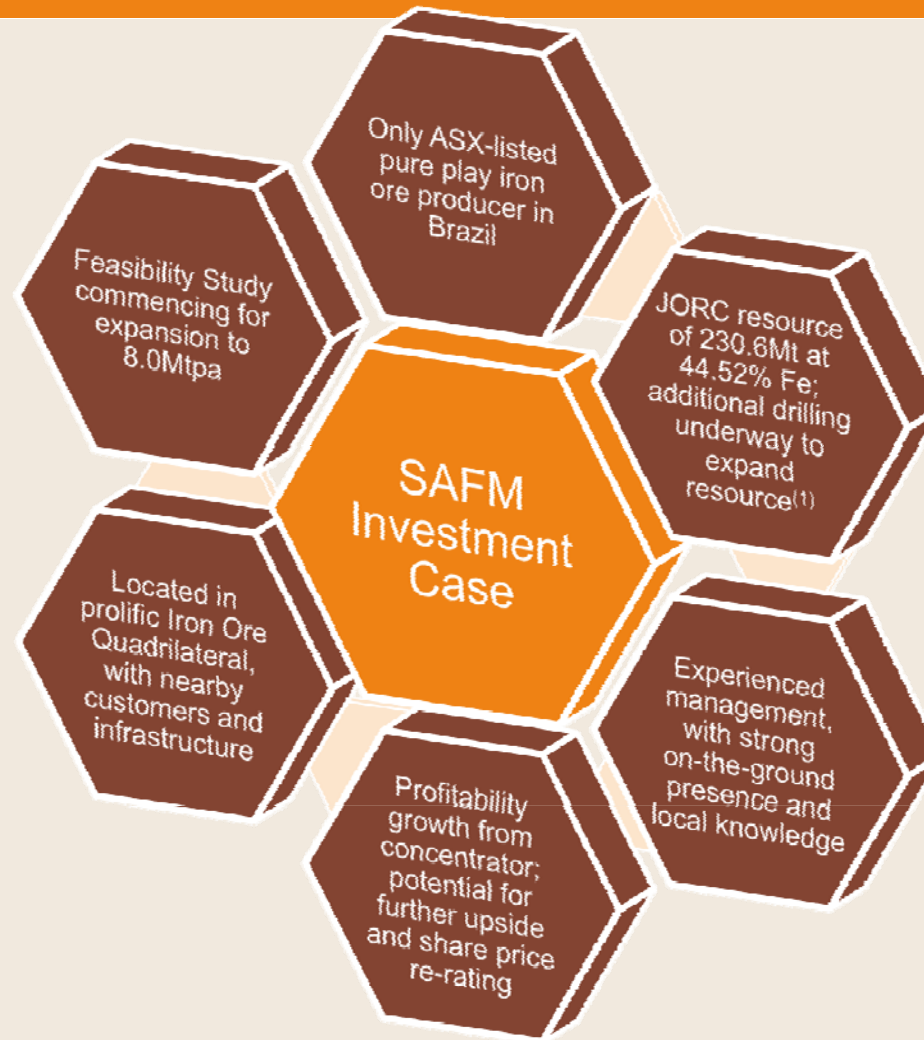
Outlook



Company Focus

- Cone crusher and concentrator to come online in 2Q CY2012 delivering higher profitability and cash flow lift
- BFS and Phase II of Resource Definition Programme to underpin organic growth in future years
- Site infrastructure upgrade to maintain excellent operational efficiency and safety standards
- Further value extracted from flagship Ponto Verde Iron Ore mine
- Inorganic growth and expansion from potential new project in Brazil or Columbia

Investment Case



(1) Phase II of Resource Definition Programme approved and aimed at increasing the size of the deposit at Ponto Verde in line with the Exploration Target of around 300-350Mt at 40-44% Fe. The Exploration Target is based on the geological model associated with the defined JORC Resource as stated, and has been determined by a JORC Competent Person Mr Philip Hopkins. It is uncertain if further exploration of the Exploration Target will result in the determination of Mineral Resources.

Disclaimer

South American Ferro Metals Limited and each of its respective directors, officers and agents believe that the information contained in this presentation is correct and that any estimates, opinions or conclusions contained in this presentation are reasonably held or made as at the time of compilation. However, no warranty is made as to the accuracy or reliability of any estimates, opinions, conclusions or other information contained in this document.

South American Ferro Metals and its directors, officers and agents disclaims all liability and responsibility for any direct or indirect loss or damage which may be suffered by any recipient through relying on anything contained in or omitted from this presentation.

This presentation is for the intended recipient. No part of this document may be reproduced without the permission of South American Ferro Metals Limited.

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.

Competent Person's Statement

Information in this statement that relates to the JORC resource at Ponto Verde is based on information compiled by Bernardo Horta Cerqueira Viana of Coffey Mining (Brazil) who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Viana has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken 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 (the JORC Code). Mr Viana consents to the inclusion in this announcement of the statements based on his information in the form and context in which they appear.

Information in this announcement that relates to exploration targets is based on information provided by Mr Philip Hopkins, Chief Executive Officer of South American Ferro Metals Limited, who is a fellow of the Australasian Institute of Mining and Metallurgy. Mr Hopkins 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 Exploration Results, Mineral Resources and Ore Reserves'. Mr Hopkins consents to the inclusion in the report of the statements based on his information in the form and context in which it appears.

South American Ferro Metals Limited



For more information:

Philip Hopkins,
CEO & Executive Director
Tel: +61 4 5902 5255

Level 11, 151 Macquarie Street
Sydney, NSW 2000
Tel: +61 2 8298 2000
Fax: +61 2 8298 2020

ASX:SFZ

SAFM
South American Ferro Metals

www.safml.com