

# South American Ferro Metals Limited



*FY2012 Annual  
General Meeting*

*The year in  
Review*

Philip Hopkins  
CEO

*SAFM Annual General Meeting  
16 November 2012  
Sydney, NSW, Australia*

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



[www.safml.com](http://www.safml.com)

**SAFM**  
South American Ferro Metals



# SAFM FY2012 Year in Review - Agenda



- Production & Financial Overview
- Some of the Challenges
- Ponto Verde Mine Upgrades
- Unlocking Value from 1.5Mtpa licence
- Resource Update
- Licence to Operate
- Milestones & Future Growth Plans

# 2 Year Anniversary

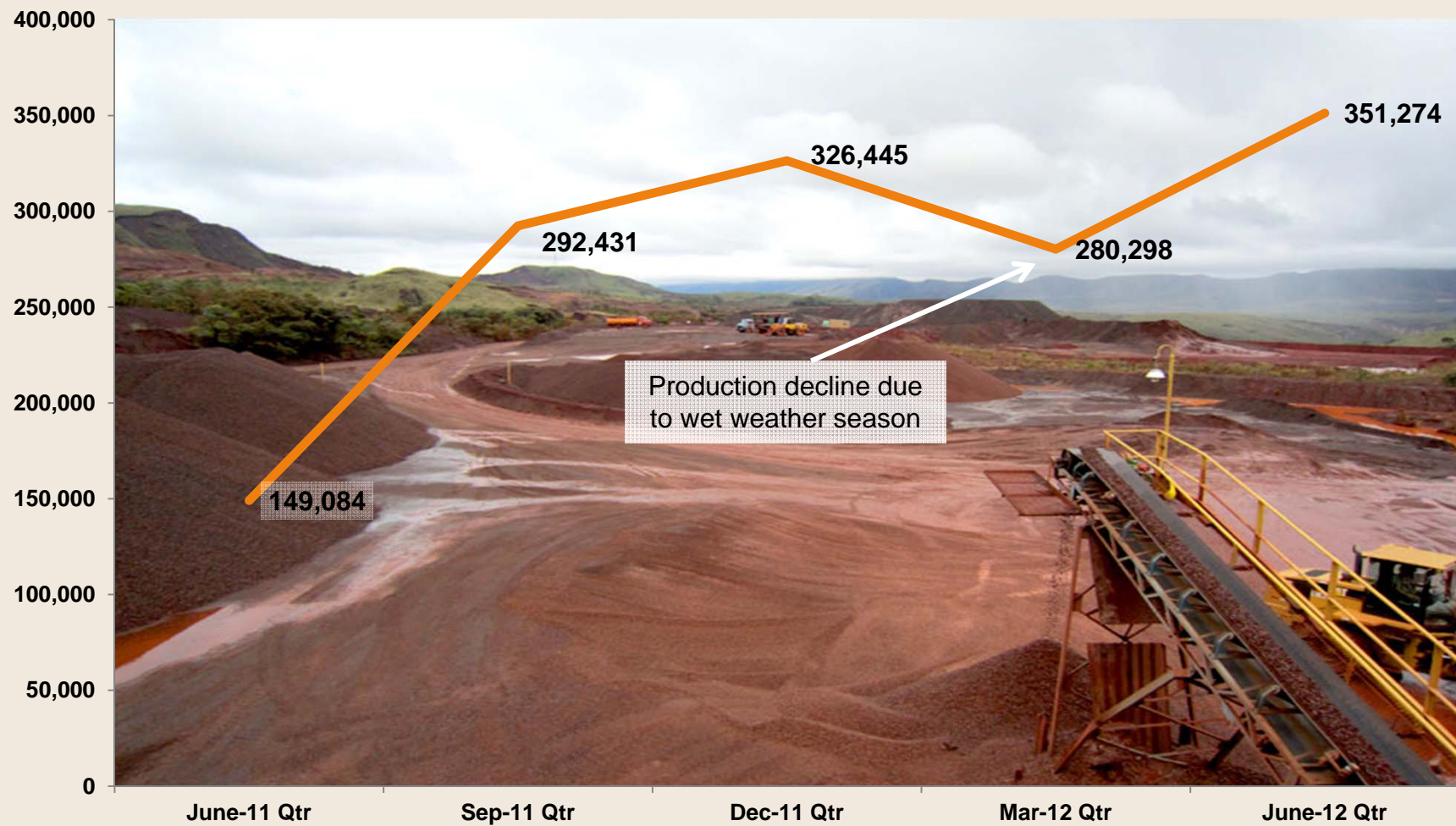




# Production & Finance Overview



# ROM Production (t)





# Beneficiated Production (t)



# Finance Overview FY2012



## Summary Figures for FY2012:

- 1.25 M tonnes ROM
- \$17.6M total revenue
- \$5.1M total capital
  - Infrastructure upgrades
  - Resource drilling
  - Stage I Concentrator
- \$4.1M net cash flow



# Challenges



## Some challenges .....

- Limited power initially
- Insufficient water initially
- 1 in 100 year rain fall (Dec)
- High rains in Jan-Mar
- Failed water tank wall (above)
- Screen deck failures (age)
- Excess fines in the ore
- High labour demand in area

# Ponte Verde Mine Upgrades





# Power & Water Upgrade



## Power

- Common brown-outs
- Added 3<sup>rd</sup> genset

## Water

- Obtained licence for creek water
- Added 40 m<sup>3</sup> to site supply

# Weighbridge & Environmental Office



## Installed Weighbridge

- Removed manual tallies
- Reduced/eliminated “lost” trucks



## Provided Regional Environmental Building

- Governmental support
- Site environmental support
- Reputation
- Staff growth



# Fuel Farm & Core Farm



## Built Fuel Farm

- Eliminated “trucking” fuel
- Reduced traffic and costs



## Built New Core Farm

- Established a “core library”
- Ability to check assay results

# Bridge



## Bridge Replacement

- Old wooden structure
- Unsafe
- Max 24 t trucks
- Build and installed steel bridge
- Now takes 48 t trucks
- Safer & reduces trucking costs



# Secondary Crusher Replacement



## New Cone Crusher

- Old jaw crusher bottleneck
- Difficulty to operate in rain
- Installed refurbished crusher
- Bottleneck removed

# Belo Horizonte Office Upgrade



## Office Upgrade

- Moved to single use office
- Opened wall for meeting room
- Low cost upgrade
- Capacity for visitors etc.



# Critical Spares



## Reliability Focus

- Critical spares
- Reduce unplanned down time
- Reduce time to repair
- Reduce repair times
- Reduce/eliminate “rush” spares
- Reduce maintenance costs



# Equipment Fleet Upgrade(s)



## Productivity/Safety/Cost

- Contract mining
- “Old” gear for start up
- Reliability issues
- Safety issues
- Defined needs to contractor
- Monitor all new equipment

# Mine Layout and Planning



## Mine Management/Planning

- Top photo May 2011
- Bottom photo now
- BOTH are Cava Sud (South Pit)
- 6m benches
- Consistent berms and design
- Monthly mine plan
- Mining sequence

# At year end .....Assay Lab & Screen Decks



## Currently ongoing ...

### Assay Lab

- On-site assay lab
- 3 day turnaround – to be 3 hours
- Quality control
- Cost savings

### Screen Decks

- Nov replace #1 & #2 screens
- Reliability
- Productivity
- Decrease downtime



# Unlocking Value from the 1.5Mt Licence



# Planned Fe Metallurgical Recovery = 85%

## Current 1.5 Mtpa ROM Feed



15% or 225 ktpa Lump



27% or 405 ktpa Sinter Feed



16% or 240 ktpa  
Stage I Concentrate



21% or 315 ktpa  
Stage II Concentrate  
Start up April 2013

**79% Mass Recovery or 1,185 ktpa**





# Stage I & II Concentration



## Stage I

- Started up June 2012
- +20,000 tpm concentrate
- 65% Fe product
- High demand for product



## Stage II

- Under construction
- Start up planned for April 2013
- Full production end FY2013



# Resource Update



# JORC Resource Established



## Phase I

- 3,200 m drilled
- Completed November 2011
- Maiden JORC Resource (below)

## Phase II

- 3,400 m drilled
- Completed September 2012

<b>Maiden JORC Resource</b>	60.6 mt	41.6% Fe	Indicated
	<u>170.0 mt</u>	<u>44.6% Fe</u>	<u>Inferred</u>
	230.6 mt	44.5% Fe	(Dec 11)

<b>Current JORC Resource</b>	66.9 mt	41.9% Fe	Measured
	<u>100.6 mt</u>	<u>41.3% Fe</u>	<u>Indicated</u>
	167.5 mt	41.5% Fe	M & I
	94.9 mt	41.9% Fe	Inferred



# Licence to Operate





# Licence to Operate



## Safety

- No accidents to date

## Environment/Government

- No reportable incidents
- Public Minister praise
- Sustainable Development Award

## Unions

- Ongoing strong support
- New agreement signed easily

## Community

- Support/praise from mayor

# Future Growth Plans



# Future Growth Plans

## Future Milestones

- From 1.5 to 8 Mtpa ROM by end 2015
- From 8 to 16 Mtpa ROM by early 2017

## Looking for Advanced Projects

- Exploring opportunities with new projects in Brazil  
...and throughout South America





# FY2013 Milestones

## Key Milestones



- Phase II JORC Resource announced (November 2012)
- Screen decks to be replaced – throughput increased to 270 tph (22 November 2012)
- Toll treatment study to be completed (Q3 FY2013)
- DFS to be completed (31 March 2013 – possible extended scope TBA)
- Stage II Concentrator to be commissioned (1 April 2013)

# 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 Hurta de C Viana (Phase I) and Porfirio Cabaleiro (Phase II) both of Coffey Mining (Brazil). Both are Members of the Australasian Institute of Mining and Metallurgy. Mr Viana and Mr Cabaleiro have 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 and Mr Cabaleiro consent 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 presentation 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.

Thank you ....

