



25 July 2013

ASX Announcement

ASX Code: SFZ

SAFM SECURES LOAN FACILITY

Further to its announcement of 23 May 2013, South American Ferro Metals Limited (ASX: SFZ) (the "Company") is pleased to announce that it has satisfied all conditions precedent with Deutsche Bank for the USD15 million two year loan facility. It is intended that the loan will be drawn down today. The facility strengthens SAFM's working capital through the period to completion of its Bankable Feasibility Study for its Ponto Verde Project ("Project").

As part of this facility, SAFM has agreed to issue to Deutsche Bank 20.4 million, 5 year options, representing 5% of its issued share capital at an exercise price of 7.3 cents. per share, being at a 50% premium to the 30 days weighted average share price prior to the drawdown date. Any funds raised from the exercise of the options will be used in connection with advancing the Project. These options will be issued within SAFM's existing placement capacity therefore shareholder approval will not be required.

SAFM Chief Executive Officer, Stephen Turner commented:

"This loan evidences the support that Deutsche Bank has for SAFM as we expand our iron ore production. SAFM's bankable feasibility study is progressing to plan and we remain confident in continuing our strong operating and financial performance."

For more information:

South American Ferro Metals Limited

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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 in Brazil. Ponto Verde is located in the heart of the Iron Ore Quadrilateral, 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 Project is located proximate to established mining operations, iron and steel plants and existing infrastructure.

SAFM currently sells three iron ore products from its Ponto Verde mine to local steel producers in Brazil. The Company is currently completing its Bankable Feasibility Study (BFS) to expand Ponto Verde to a capacity of 8 Mtpa ROM throughput, from its current 1.5 Mtpa licensed capacity.

Website: www.safml.com