



22 April 2014

ASX Announcement

ASX Code: SFZ

SAFM BANKABLE FEASIBILITY UPDATE

South American Ferro Metals Limited (ASX: SFZ) (“SAFM” or the “Company”) is pleased to announce that the Bankable Feasibility Study (“BFS”) of its Ponto Verde Mine (“PVM”) expansion project reached a milestone at the end of last week with the collation of the all the final studies from the various principal consultants and contractors. The reaching of this milestone in the analysis phase of the project triggers the beginning of the project’s financing phase.

Final changes and updates were completed in the Data Room and access was provided to financial institutions and banks in order that the requisite due diligence would proceed concurrently with the finalisation of the BFS. This should substantially reduce the time between the completion of the BFS and finalisation of funding for the Project.

Licence applications have been submitted to the various government authorities and construction approvals are expected to be issued prior to the BFS completion in the third quarter of 2014.

The main Agreements associated with the project are at advanced stages, with the following being the most prominent and integral of these agreements:

1. Rail and Port logistics;
2. Construction of the plant;
3. Power facility and usage;
4. Waste storage.

The following are the major items of the BFS due for completion within the upcoming 60 days:

1. First Stage Mine Design;
2. Engineering and Design of Plant;
3. Finalisation of Plant layout;
4. Rail Layout and Design of the Rail Terminal;
5. Finalisation of Capital Expenditure and Operating cost forecasts;
6. Selection of preferred financing and banking syndicate.

For more information:

South American Ferro Metals Limited

Stephen Turner (CEO)

Australia: +61 2 8298 2000

Brazil: +55 31 8229 8301

**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 licenced capacity. The BFS is expected to be completed by the third quarter of 2014.

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.

Website: www.safml.com