



6 December 2011

ASX Compliance Pty Limited
Level 8 Exchange Plaza
2 The Esplanade
PERTH QA
6000

Fax: 08-9221-2020

Dear Wade

TIMING OF RELEASE OF APPENDIX 3X

Please find below the responses to your letter dated 5 December 2011:

1. South American Ferro Metals Limited ("SAFM") drafted the Appendix 3X and arranged for the director to provide all the information required for complete and accurate information within the required time frame. Unfortunately, the director had to embark on unplanned and urgent travel due to a bereavement in the family which resulted in him being non-contactable. This, combined with an administrative error, resulted in Appendix 3X being lodged 8 days after the required disclosure date.
2. The company performs a review of the secretarial compliance checklist after a change in notifiable interest of directors.
3. The Company has resolved to prepare draft announcements ahead of Director and Shareholder meetings to prevent the reoccurrence of this breach.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Dion Cohen", with a long horizontal flourish extending to the right.

Dion Cohen
Company Secretary



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5 December 2011

Mr Dion Cohen
Company Secretary
South American Ferro Metals Limited
Level 11, 151 Macquarie Street
SYDNEY NSW 2000

By email

Dear Dion

**South American Ferro Metals Limited (the "Company")
Appendix 3X –Initial Director's Interest Notice**

We refer to the following;

1. The Appendix 3X lodged by the Company with ASX Limited ("ASX") on 5 December 2011 for Philip Hopkins;
2. Listing rule 3.19A which requires an entity to tell ASX the following:

3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.

- On the date that the entity is admitted to the official list.
- On the date that a director is appointed.

The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.

3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.

3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.

3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendix 3X indicates that Mr Hopkins commenced as a director of the Company on 16 November 2011. As the Appendix 3X was lodged on 5 December 2011 it appears that the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Appendix 3X was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by email at wade.baggott@asx.com.au or by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the commencement of trade **(6:30am WST) on Thursday 8 December 2011**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Wade Baggott
Senior Adviser, Listings (Perth)