

ANNUAL GENERAL MEETING: 27 NOVEMBER 2013



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OPERATIONAL REVIEW

- July 2012: Successful ramp up of the first concentrator at Ponto Verde.
- March 2013: On-site laboratory completed providing quick assay results for production as well as assisting in design of the enlarged pit.
- June 2013: Successful commissioning of the second Concentrator targeting additional concentrate production of 24,000 tonnes per month at a grade of approximately 65% Fe.
- June 2013: Decrease in quarterly beneficiated product sales and production volumes due to water reticulation problems and poor water quality.
- Sept 2013: Refurbishment programme successfully completed after year end.
- Sept 2013 & Oct 2013: Record monthly production.

FINANCIAL REVIEW

CONSOLIDATED INCOME STATEMENT (A\$'000)	FY2013	FY2012
	twelve months 30 June 2013	twelve months 30 June 2012
<i>Beneficiated Production (tonnes)</i>	626,134	506,632
<i>Beneficiated Sales volumes * (tonnes)</i>	598,202	523,378
<i>Weighted average R\$/A\$ exchange rate</i>	0.48	0.54
Sales revenue	19,591	17,693
Cost of goods sold	(12,274)	(9,329)
Gross profit	7,317	8,364
<i>Operating margin</i>	37%	47%
<i>EBITDA</i>	3,091	3,371
Net Profit before tax	2,484	3,788
Income tax expense	(802)	(1,479)
Net Profit after tax	1,682	2,309
Weighted average number of shares ('000)	409,148	340,585
EPS (A\$ cents per share)	0.41	0.68

FINANCIAL REVIEW

CONSOLIDATED BALANCE SHEET (A\$'000)	FY2013	FY2012
	as at 30 June 2013	as at 30 June 2012
Cash and cash equivalents	411	5,403
Trade and other receivables	1,254	1,863
Prepayments	217	16
Inventories	3,941	831
Total current assets	5,823	8,113
Exploration and evaluation assets	4,300	2,617
Mining properties	7,628	9,765
Property, plant & equipment	13,384	4,946
Deferred tax asset	261	253
Other non-current assets	834	372
Total non-current assets	26,407	17,953
Total assets	32,230	26,066
Trade and other payables	2,969	1,110
Taxation owing	657	460
Interest-bearing loans and borrowings	271	8
Provisions	995	458
Total current liabilities	4,892	2,036
Provisions	4,943	4,198
Total non-current liabilities	4,943	4,198
Total liabilities	9,835	6,234
Total shareholders' equity	22,395	19,832

GROWTH PLAN: STAGE I OPERATIONS EXPANSION

...From 1.5Mtpa to 8Mtpa ROM

Bankable Feasibility Study (BFS) Underway

- Will include “Footprint” and “Tie-ins” for Stage II Expansion to 16Mtpa
- Accessing export markets
- Construction is expected to start in 2014
- Funded from operations and debt.



PROGRESS ON BFS

- Mine expansion feasibility study progressing with design criteria and flow chart completed.
- Plant layout and equipment selection currently being addressed.
- Memorandum of Understanding executed with rail corporation, MRS Logistics SA, to develop a rail based logistics solution for port delivery, to allow for export of SAFM's production.
- Update of mineralised resources within the extended pit outline completed.
- Applications for the environmental and installation licences submitted.
- Feasibility for the power supply completed.
- Acquisition agreement for waste and tailing properties executed.
- Discussions currently being held with port operators for all port services including the provision of warehouses and stockyards.

GROWTH PLAN: STAGE II OPERATIONS EXPANSION

...From 8Mtpa to 16Mtpa ROM

Stage II BFS to begin upon Stage I Study Completion

- Mirror image of Stage I Plant
- Foot print and tie in established during 8Mtpa expansion design



SAFM & BRAZIL - ENVIRONMENTAL

- SAFM works closely with the State Public Ministry and municipal authorities to ensure sustainable mining:
 - Every environmental commitment has been completed ahead of time.
 - SAFM has invited the public ministry to establish their regional rural environment office and facility on its mine site.
 - Public Minister has given high praises to SAFM's environmental efforts on all his visits to the mine-site.
 - SAFM has received a number of environmental awards, including the "Empresa Verde Green Award".



FEASIBILITY STUDY: COMPANIES INVOLVED

- Study Management, Plant & Infrastructure and BFS Level Report



- Owner's Team Support and Slurry Pipeline Study



- Drilling Campaign



- Resource Assessment & Geotechnical Studies



- Metallurgical Testworks



FEASIBILITY STUDY: COMPANIES INVOLVED

■ Railway Loading Station Design



■ Mine Planning & Waste/Tailing



■ Environmental Permits and Water Supply



■ Financial Model



FEASIBILITY STUDY: COMPANIES INVOLVED

■ Market Research



■ HV Switchyard



■ Power Transmission Line



■ Capex/Opex



INVESTMENT HIGHLIGHTS

Expanding to 8Mtpa then to 16Mtpa

▶ Only non-Brazilian ASX Listed pure iron ore producer in South America

▶ Located in prolific Iron Ore Quadrilateral (neighbouring Vale)

➤ Near to infrastructure and sell to local domestic customers

▶ JORC resource of 301.6Mt at 40.7% Fe of which 174.7 Mt is Measured and Indicated (5th richest Fe grade in Brazil, Phase III drilling program underway)

▶ BFS for Stage I expansion from 1.5 to 8Mtpa ROM underway

➤ Stage II expansion to 16Mtpa ROM targeted for 1 year after the first one

▶ Growing Profitability - Stage II Concentrator completed and commissioned July 2013

▶ Highly experienced & successful Brazilian leadership team

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