

# Appendix 3Y

## Change of Director's Interest Notice

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 30/09/01 Amended 01/01/11

|                                     |
|-------------------------------------|
| SOUTH AMERICAN FERRO METALS LIMITED |
| 27 128 806 977                      |

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

|                     |                 |
|---------------------|-----------------|
| Name of Director    | Wayne Kernaghan |
| Date of last notice | 29 June 2012    |

### Part 1 - Change of director's relevant interests in securities

*In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust*

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

|   |  |
|---|--|
| Direct or indirect interest   | Indirect   |
| Nature of indirect interest<br>(including registered holder)<br><small>Note: Provide details of the circumstances giving rise to the relevant interest.</small> | W J K Investments Pty Ltd.   |
| Date of change  | 20 December 2012   |
| No. of securities held prior to change  | Direct: Nil<br><br>Indirect:<br><br>902,796 Ordinary shares (listed) - held by W J K Investments Pty Ltd.  |
| Class   | As above   |
| Number acquired   | 2,500,000 Options (unlisted) exercisable at \$0.12 per share on or before 15 November 2017, subject to vesting and exercise conditions (as per notice of Annual General Meeting dated 24 October 2012.) – held by Mining Investors Australia Pty Ltd.<br><br>. |
| Number disposed   | Nil  |

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+ See chapter 19 for defined terms.

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|   |   |
|---|---|
| <b>Value/Consideration</b><br>Note: If consideration is non-cash, provide details and estimated valuation   | Nil   |
| <b>No. of securities held after change</b>  | Direct: Nil<br><br>Indirect: <ul style="list-style-type: none"> <li>• 902,796 Ordinary shares (listed) - held by W J K Investments Pty Ltd.</li> <li>• 2,500,000 Options (unlisted) exercisable at \$0.12 per share on or before 15 November 2017, subject to vesting and exercise conditions (as per notice of Annual General Meeting dated 24 October 2012.) – held by Mining Investors Australia Pty Ltd.</li> </ul> |
| <b>Nature of change</b><br>Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back | Issue of Share Options as approved by shareholders.   |

### Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

|  |     |
|--|-----|
| <b>Detail of contract</b>  | N/A |
| <b>Nature of interest</b>  | N/A |
| <b>Name of registered holder (if issued securities)</b>  | N/A |
| <b>Date of change</b>  | N/A |
| <b>No. and class of securities to which interest related prior to change</b><br>Note: Details are only required for a contract in relation to which the interest has changed | N/A |
| <b>Interest acquired</b>   | N/A |
| <b>Interest disposed</b>   | N/A |
| <b>Value/Consideration</b><br>Note: If consideration is non-cash, provide details and an estimated valuation   | N/A |
| <b>Interest after change</b>   | N/A |

+ See chapter 19 for defined terms.

Part 3 – <sup>+</sup>Closed period

|   |     |
|---|-----|
| Were the interests in the securities or contracts detailed above traded during a <sup>+</sup> closed period where prior written clearance was required? | No  |
| If so, was prior written clearance provided to allow the trade to proceed during this period?   | N/A |
| If prior written clearance was provided, on what date was this provided?  | N/A |

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<sup>+</sup> See chapter 19 for defined terms.