

South American Ferro Metals Limited



*The only ASX-listed
pure play iron ore
producer in Brazil*

Philip Hopkins
CEO
Executive Director

ASX:SFZ

*Sydney Mining Club
3 May 2012*

SAFM
South American Ferro Metals
www.safml.com

Speaker Introduction



Philip Hopkins
CEO and Executive Director

- Mining Engineer with 30 years experience
- Executive MBA
- Has operated in 5 Continents
- Operations, Projects & Corporate
- Gold, Nickel and Iron Ore
- Worked with many majors – Cominco, Placer Dome, WMC and BHPB
- Iron Ore – Managed BHPB's Yandi Operation

Presentation Outline



Stage I Concentrator
Commissioning this month
20,000-24,000 tonnes additional product/month

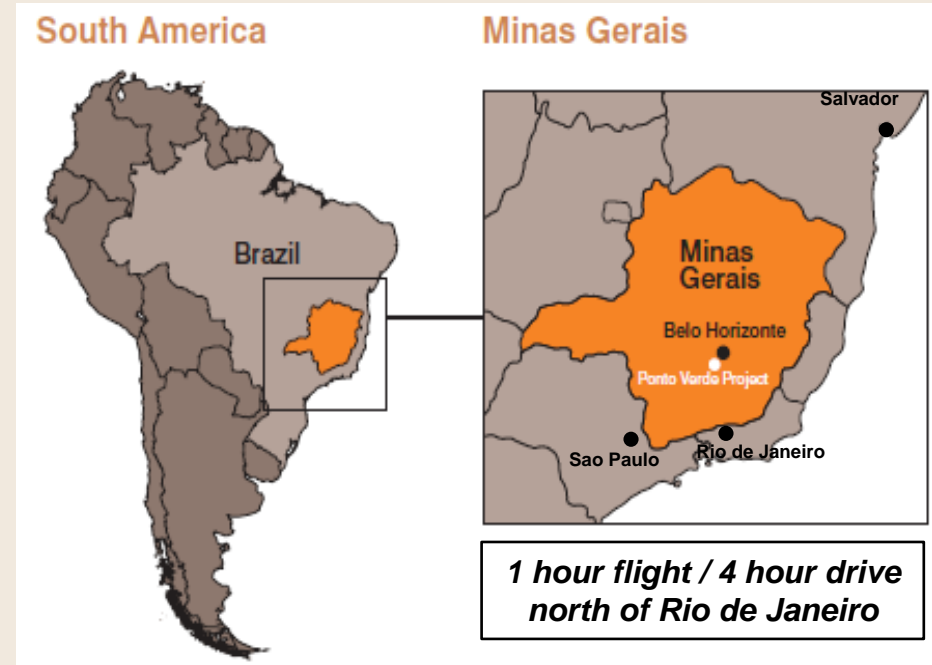
- **Why Brazil**
- **Overview of SAFM**
- **1.5 Mtpa ROM operation optimisation**
- **8.0Mtpa ROM expansion**
- **Further 8Mtpa expansion to 16Mtpa**

Investment Highlights

- #1 Only ASX-listed pure play iron ore producer in Brazil
- #2 Located in prolific Iron Ore Quadrilateral nearby customers and infrastructure
- #3 JORC resource of 230Mt at 44.5% Fe
Phase II program underway to expand resource
- #4 DFS for Stage I expansion to 8Mtpa commenced
Stage II expansion to 16Mtpa to follow immediately afterward
- #5 Profitability growth from concentrator
commissioning this month
- #6 Highly experienced and successful Brazilian management team

Why Brazil?

- BRIC country and G20 member
- 7.5% GDP growth in 2010 (IMF)
- IMF owes Brazil \$14 billion
- Poverty dropping
- 2nd largest global iron ore producer
- 30% remains un-explored with high potential
- Well established, understood and tested mining laws (currently being streamlined)
- Ability to work cooperatively with the Brazilian Government



- Ranked 8th best country for resources investment and operation – Australia 7th and Canada 9th (Resource Stocks 2011 World Risk Survey)
- Vale – World's largest iron ore producer - SAFM's neighbour
- Extensive logistics and existing infrastructure in area – plants, mills, rail, ports and roads

Company Overview



May 2011



Jan 2012

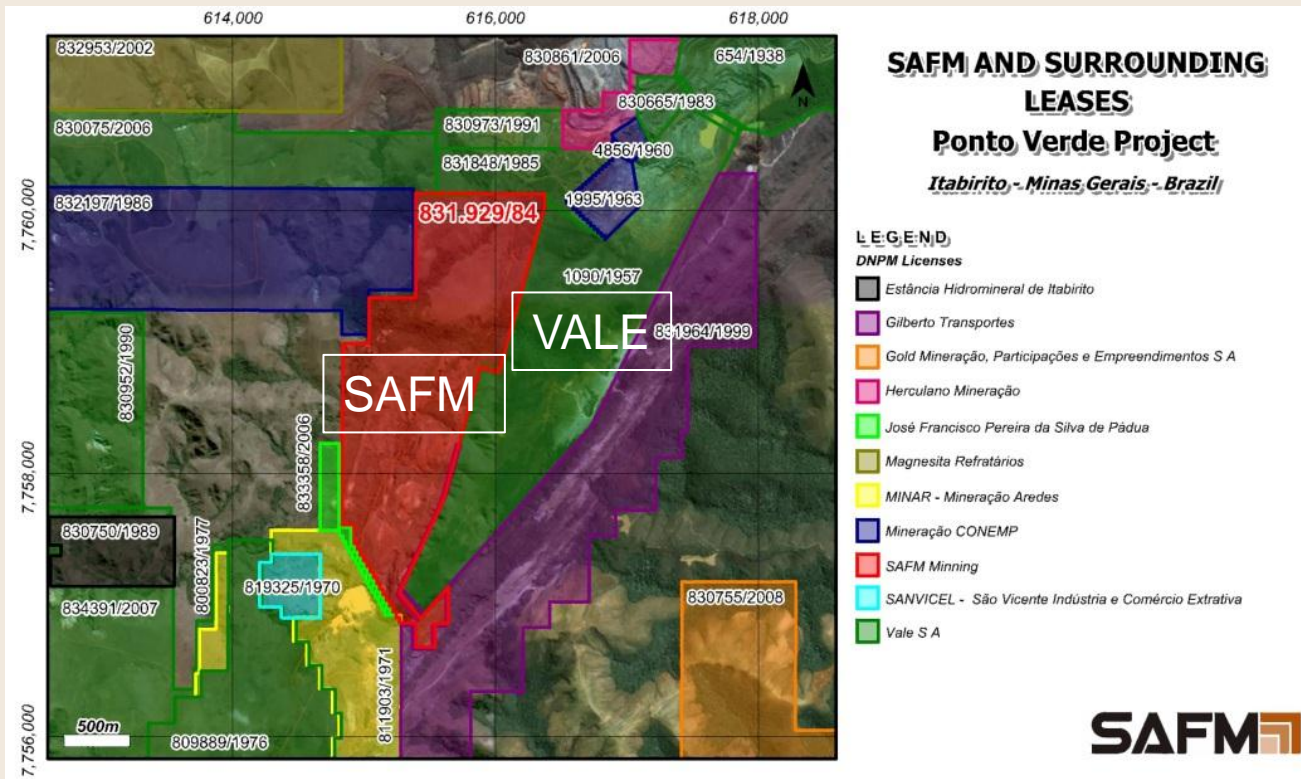
Commercial Overview

- ASX listed since Nov 2010 - 18 months
- 409 million shares (~A\$0.21/share) - +A\$80m market cap
- 43% of the Company held by three founding Directors

Technical Overview

- First mined in late 70's
- SAFM permits granted Oct 2010 – mining started Nov 2010
- 2Mtpa plant refurbished and upgraded
- 1.5Mtpa license - mining level achieved Sep 2011
- 150 Ha site
- Shared deposit with Vale - SAFM Resource currently 230Mt with Vale's estimated portion at +800Mt (non-JORC)
- 152 people total – inclusive of contract mining
- +100 facilities/infrastructure within 150km of site

Geology & Resource Base is Strong



Setting

- Ore body runs North East to South West
- Deposit split with Vale
- Herculano north of site
- Ore continues to the south

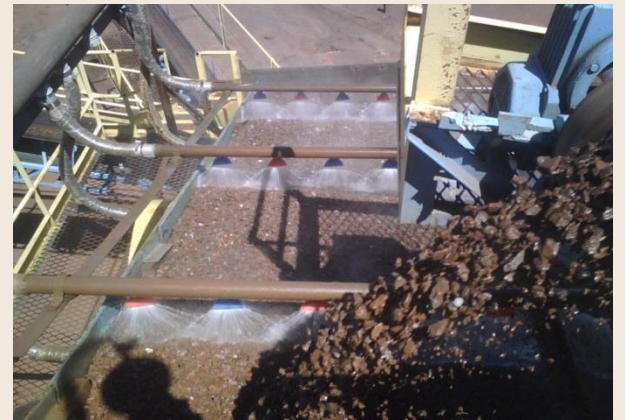
Geology

- Hematite-rich itabirite ore
- Resource 230 Mt @ 44.5% Fe⁽¹⁾
- Exploration Target 300 – 350 Mt @ 40-44% Fe⁽²⁾

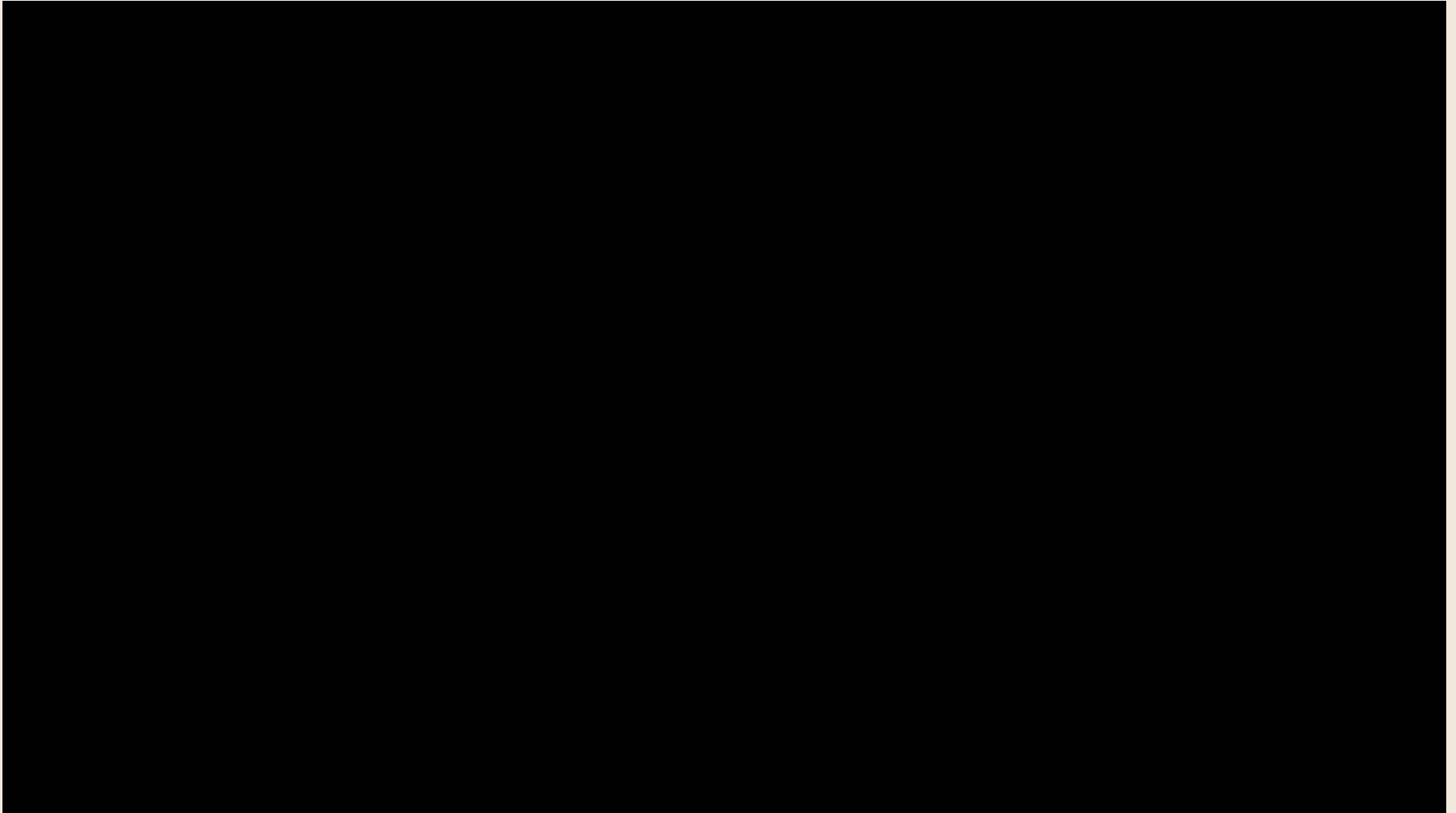
Located in the heart of Brazil's prolific and historic Iron Ore Quadrilateral

- (1) The JORC Resource of 230Mt is comprised of 60Mt Indicated (41.6% Fe) and 170Mt of Inferred (45.6% Fe)
- (2) The Exploration Target is based on the geological model associated with the defined JORC Resource as stated, and has been determined by a JORC Competent Person Mr Philip Hopkins. It is uncertain if further exploration of the Exploration Target will result in the determination of Mineral Resources

Ponto Verde Operation



Ponto Verde Mine – Flythrough



Site Performance



Operational Excellence

- No reportable accidents (TRIFR = 0)
- No environmental incidents
- Public Minister praise for environmental work
- Local municipality acknowledgement for support and citizenship
- Strong union support

Product Range – Commercial Optimisation

Current Operation
Operations are Cash
Flow Positive



Commissioning
Increases Operating
Cash Flow



Under Study
Further Increases
Operating Cash Flow

1.5 Mtpa ROM Feed



18% or 270 ktpa Lump



25% or 380 ktpa Sinter Feed



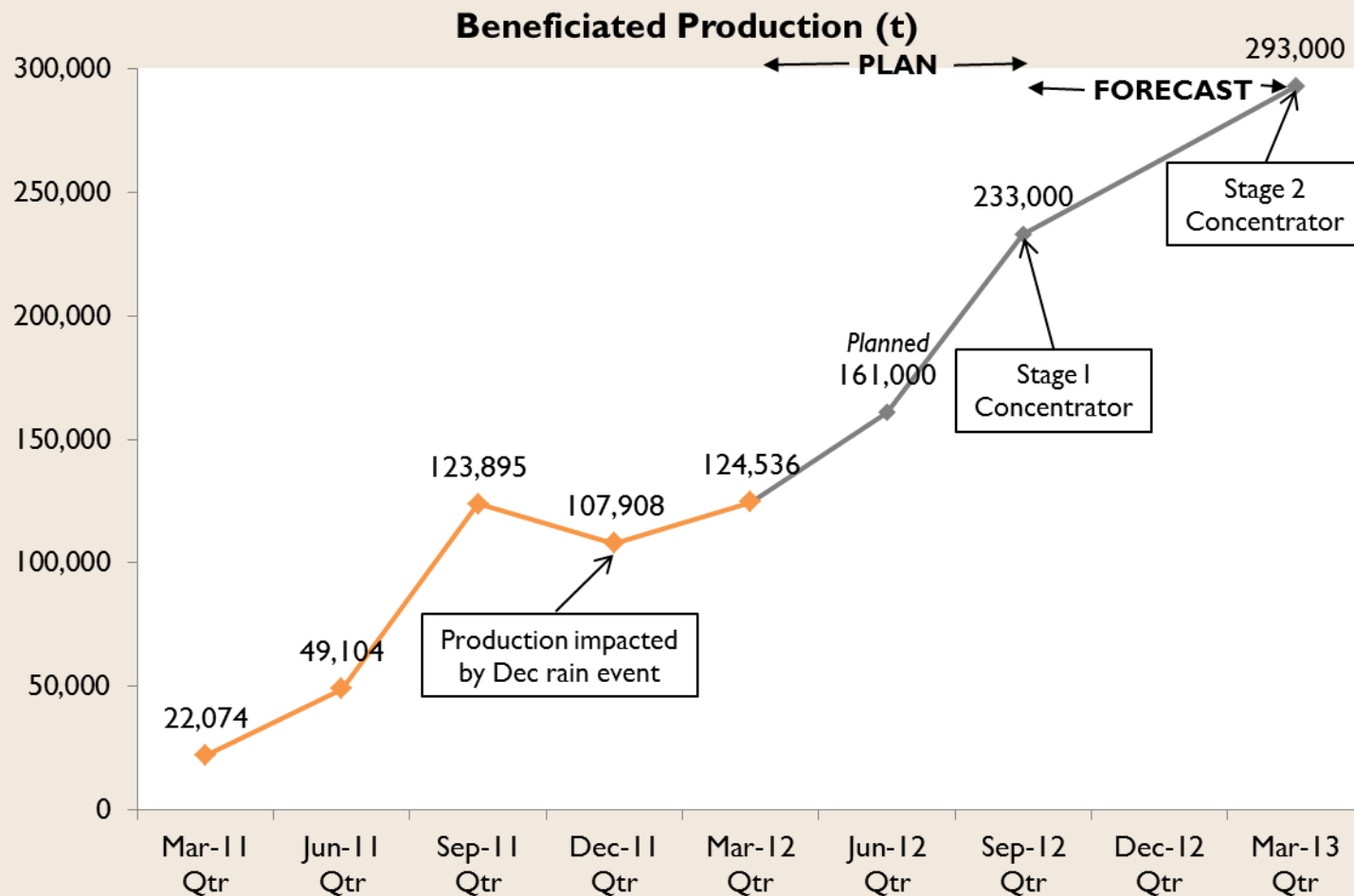
19% or 280 ktpa Stage I Concentrate



16% or 240 ktpa Stage II Concentrate

78% or 1,170 ktpa total product

Production Summary



Site Optimisation

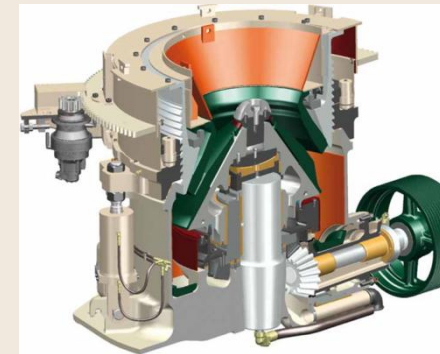
Concentrator Construction

- Stage 1 Concentrator commissioning (May 2012)



Cone Crusher

- Replaced secondary jaw crusher with a cone crusher (May 2012) - throughput and quality control



Bridge

- Replaced old wooden structure (December 2011) - safety and haulage cost reduction



Lab and Offices

- Site infrastructure upgrade – lab in place June 2012 with full building by December 2012



Stage I Operations Expansion – 8 Mtpa

Definitive Feasibility Study (DFS) Commenced

- Stage I Expansion to 8Mtpa ROM throughput - DFS Announced in February 2012 (1 year study)
- “Off-the-Shelf” approach - Has been done previously in the region
- Approach helps de-risk both the Study and construction - Time & Cost
- Will include “Footprint” and “Tie-ins” for the stage II Expansion to 16Mtpa
- ~6Mt pellet plant feed product annually – sold 50/50 to domestic and export market respectively
- +30 year mine life

Plan to commission in mid- late 2015

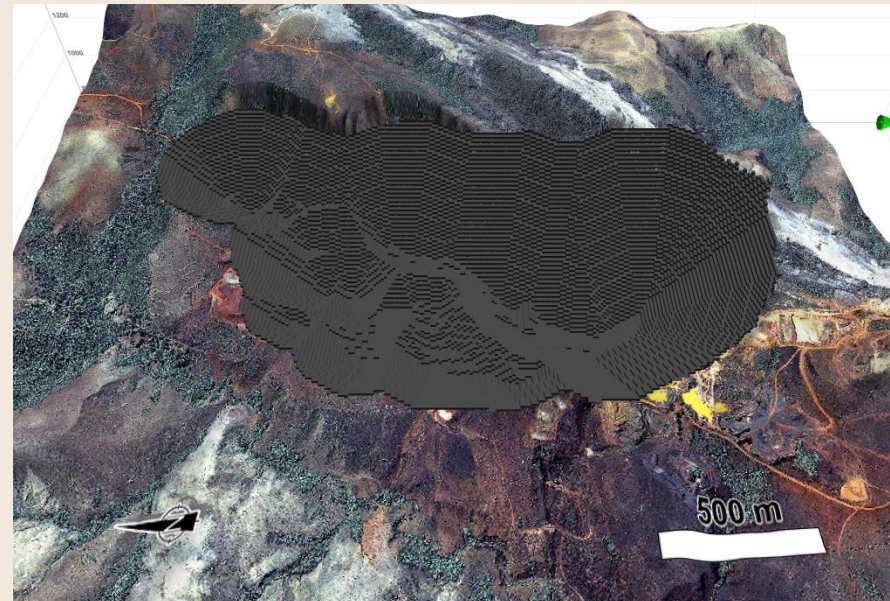


Stage II Operations Expansion – 16 Mtpa

DFS for Stage II to commence post the Stage I Study Completion

- Mirror image of Stage I Plant
- Foot print and tie in established in 8Mtpa Expansion design
- De-risked due to Stage I work and experienced
- +20 year mine life

Expected commissioning - late 2016



Future Milestones

- May 2012 Commissioning of the cone crusher
- May 2012 Commissioning Stage I Concentrator
- Aug 2012 Completion of Phase II Resource Definition Program
- Aug 2012 Completion of the Stage II Concentrator Study
- Mar 2013 Completion of the Stage I Expansion (8Mtpa) DFS

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Disclaimer

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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.

Competent Person's Statement

Information in this statement that relates to the JORC resource at Ponto Verde is based on information compiled by Bernardo Horta Cerqueira Viana of Coffey Mining (Brazil) who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Viana has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a "Competent Person" as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore reserves (the JORC Code). Mr Viana consents to the inclusion in this announcement of the statements based on his information in the form and context in which they appear.

Information in this announcement that relates to exploration targets is based on information provided by Mr Philip Hopkins, Chief Executive Officer of South American Ferro Metals Limited, who is a fellow of the Australasian Institute of Mining and Metallurgy. Mr Hopkins has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the '2004 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Mr Hopkins consents to the inclusion in the report of the statements based on his information in the form and context in which it appears.



Thank You

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