South American Ferro Metals Limited

Annual General Meeting - 25th November 2010

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Overview

SAFM has the personnel and the industry knowledge to undertake the development of a vibrant and viable iron ore enterprise in Brazil. The Company intends to further define the extent of mineralisation on the Ponto Verde property and deliver a JORC compliant resource by the end of December 2010. Management's objective is to generate sustainable cash flows from production supported by the existing plant and to then expand production to 3million tonnes per annum (tpa)

Established Mining operations

- SAFM Mineracao is surrounded by established iron ore producing companies, VALE and CSN.

Ideal Location

- Situated within the Iron Ore Quadrilateral.
- Defined well understood geology

Supportive Financial Metrics

- SAFM is able to get to a profitable production level for minimal capital expenditure.
- Existing treatment facilities and operating plant can produce up to 900,000tpa, SAFM will be able to generate early cash flows from a low cost base.

Clear development pathway

- Initially targeting a treatment rate of 1.8 million tpa to produce 900,000tpa of saleable iron ore.
- Second stage of mine production targeting a treatment rate of 6million tpa to produce 3million tpa of saleable iron ore with an additional capex requirement.

Security of tenure

- The current mining license is open ended and consequently SAFM only needs to observe their legal requirements

Existing Infrastructure

- Local steel production capacity with a number of plants within a 250km radius of the project.
- Well established iron ore area that provides ready skilled workforce

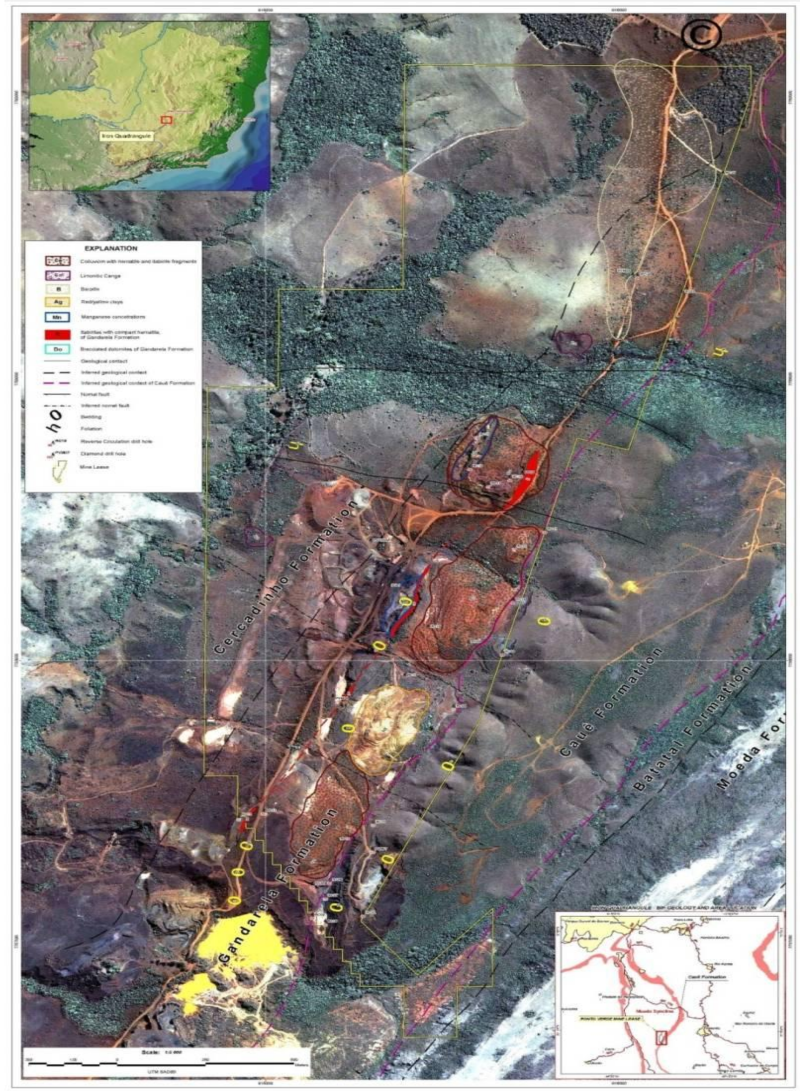
Expertise of management

- Strong management with all senior project personnel specialists in mining and geology and a track record in building projects.

The Targets

- First production H2 CY10 following minor (<A$2m) capital refurbishment at 0.9mtpa.
- 150mt resource target of hematite rich Itabirite grading 39% (upgradeable to over 64% Fe via simple gravity / magnetic processing)*.
- Existing refurbished treatment plant on-site rated at c.1mtpa of beneficiated +60% Fe product.
- Focused on expanding to +3mtpa of saleable iron ore within 3 years of commencement of production.
- Current mine life +20yrs, open at depth, room to grow.

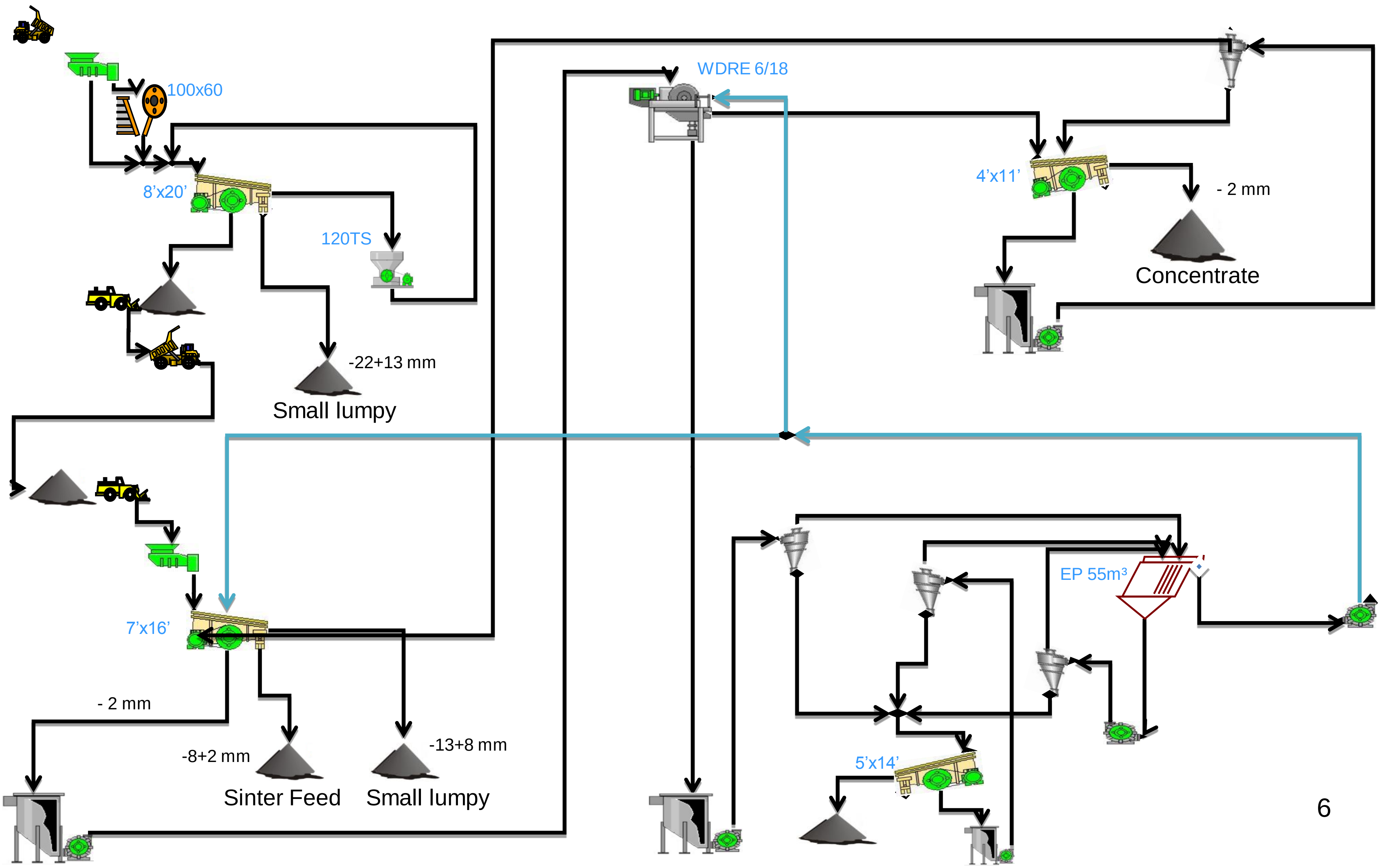
*JORC resource conversion targeted by end CY10



The Market

- SAFM plans to produce both sinter and pellet feed, grading 65.5% Fe
- Domestic market will be the initial target of the early production whilst export markets will follow with increased production
- There is a 14 million tonne per annum local steel production capacity within a 250 km radius, making the local market attractive.
- Direct sale of ore to one of the other major producers is also being investigated
- Railway and port capacity is available.

Ponto Verde – ore beneficiation process



LGA Production Sample – October 2010

Product	Distrib'n	%Fe	%SiO2	%Al203	%P	%Mn	%PPC
ROM	100%	51.98	19.03	1.46	.062	0.84	3.88
Small lumpy (13-22 mm)	5.8	59.44	5.94	1.43	.100	1.2	5.70
Small lumpy (8-13mm)	9.2	60.63	5.04	1. 38	.086	1.1	5.18
Sinter Feed	30.1%	60.99	4.72	1.52	.069	1.22	4.67
Concentrate	13.2%	65.62	3.94	0.64	.035	0.18	1.22
Product	58.2%						

Development Path and Timing

2010 milestones met:

- ✓ Plant refurbishment
- ✓ Transfer Mineral Rights to SAFM
- ✓ Operating license (granted September 2010)
- ✓ Commence drilling program
- ✓ First sales

Refurbished existing 1.8Mt per annum plant

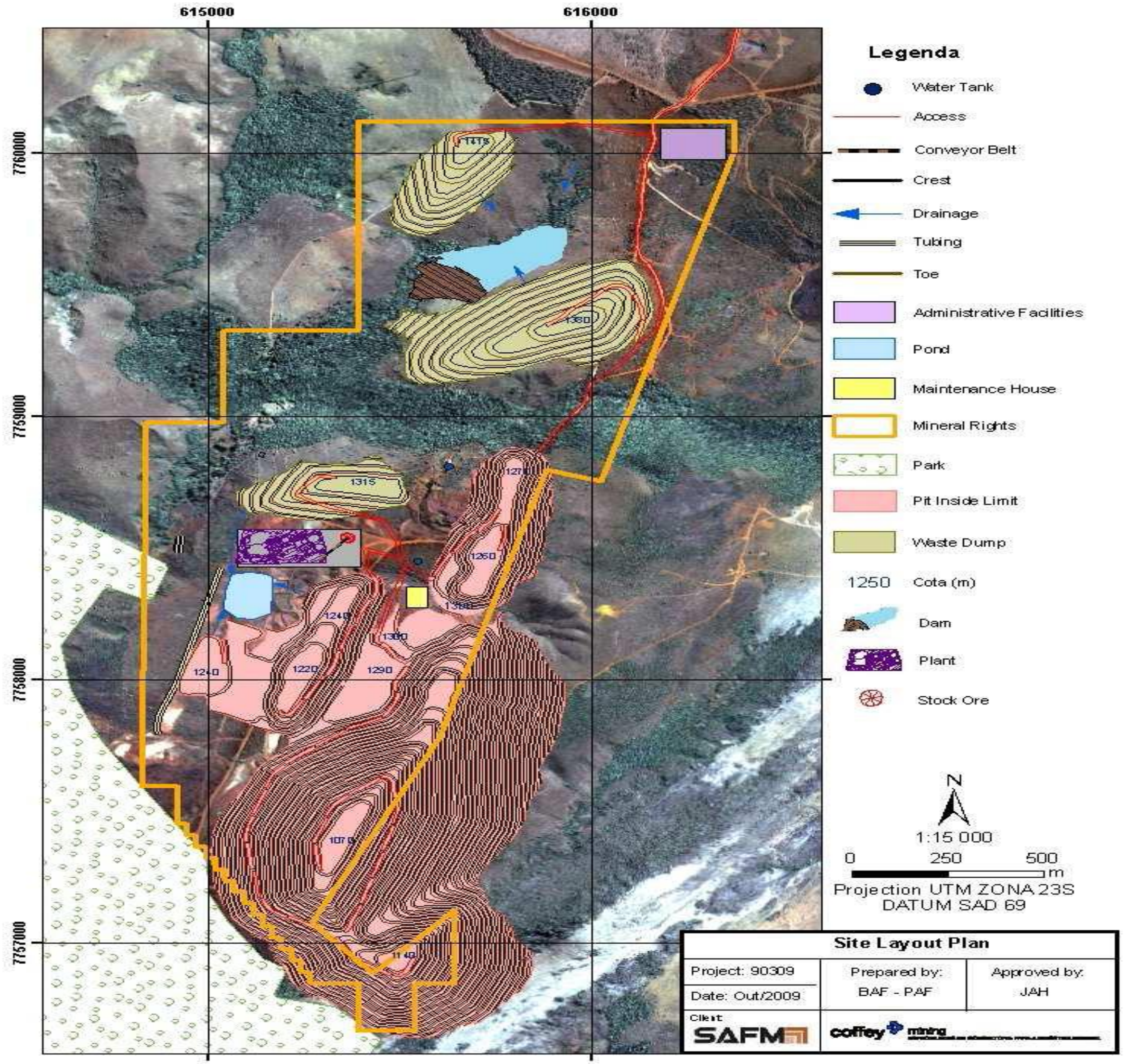
2011 milestones:

- ❑ Commission to steady-state +1.8mtpa mining rate
- ❑ Report maiden JORC-compliant resource of c.150mt
- ❑ Complete feasibility study for Stage 2 expansion

Looking Forward:

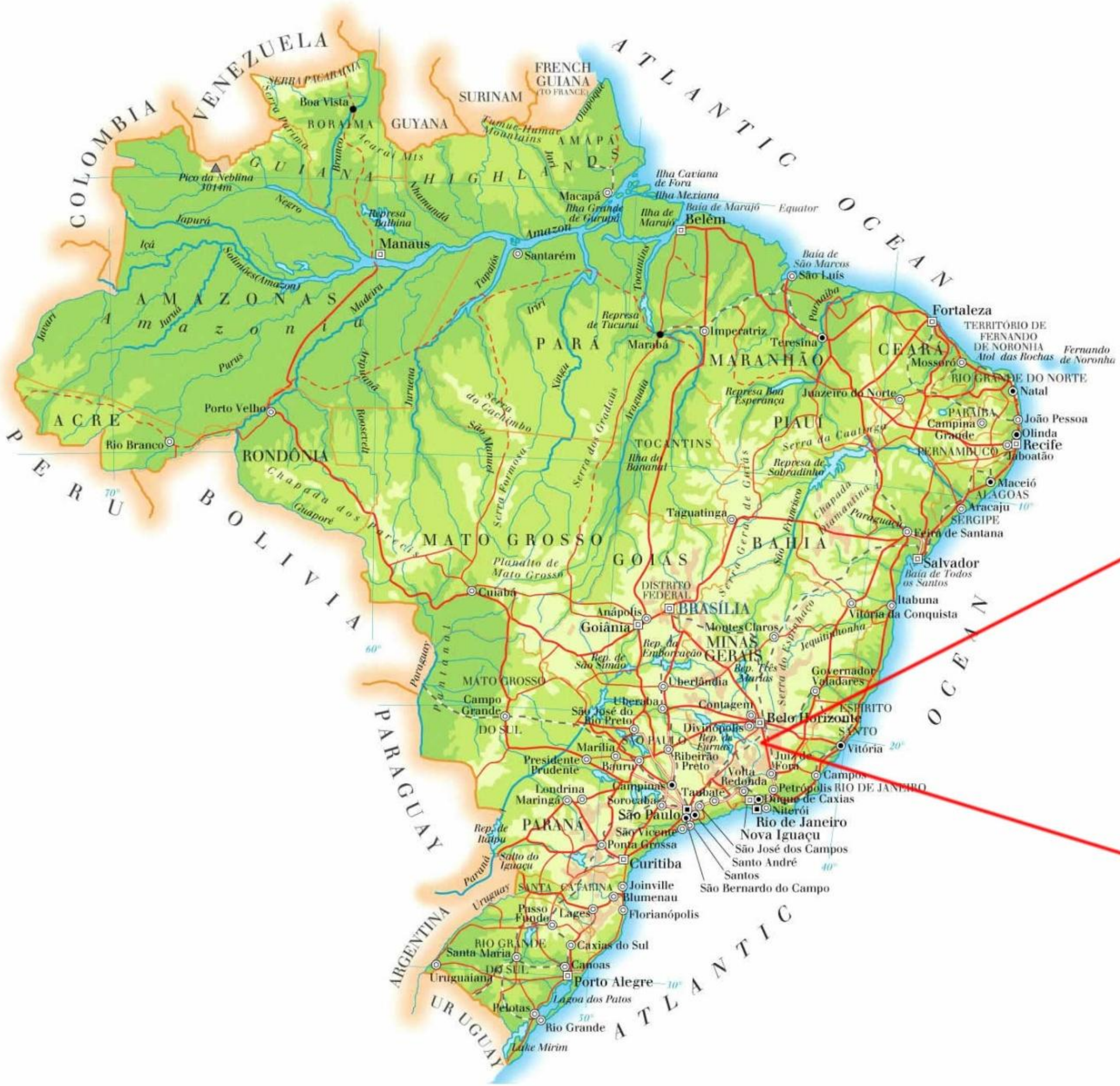
- ❑ Positive decision on Stage 2 expansion
- ❑ Financing and Construction (12 months)
- ❑ Develop and expand production to 3.0mtpa of +64% Fe sinter and pellet product

Site Layout Plan



Questions

Project Location



The Iron Ore Quadrilateral

Ponto Verde Project