

# South American Ferro Metals

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## South American Ferro Metals advances iron ore mine expansion in Brazil

South American Ferro Metals (ASX: SFZ) has acquired a 100 hectare property to be used for tailings and waste disposal generated from its Ponto Verde iron ore mine expansion project in Minas Gerais, Brazil.

The company has made an upfront payment of \$960,000 and will pay the remaining \$4.31 million on 30 December 2013.

In addition, South American has obtained an option to acquire an additional 100 hectares contiguous with the initial 100 hectares from the seller at the same price, to be exercised by 30 January 2014 and settled by 30 June 2015.

There are no archaeological impediments discovered on the site which would limit its use.

A study of the volume capacity ratio between waste and tailings was performed by engineering consulting firm, GeoGraphos Engenharia e Consultoria, concluding that the total area covered by the two land acquisitions would be sufficient to hold 64 million cubic metres of waste and tailing material.

Progress on a bankable feasibility study has required consideration beyond the initial 8 million tonne processing plan for Ponto Verde, based on expectations that the ore body will extend beyond its current JORC definition.

Improved understanding of the ore body, including its grade and structure, has initiated enhancements to both the proposed ore beneficiation and logistics planning, which now has finalisation of the BFS extended to April 2014.

The extension is underpinned by the significant reductions in anticipated capital expenditure and processing costs.

Coffey International has completed a desk-top-study to determine the fundamental viability of expanding the Ponto Verde site, and a mining supply assessment including equipment costs.

It is anticipated the process circuit utilise crushing and screening, grinding, magnetic separation, thickening and filtration processes, and preliminary geotechnical investigations have been completed for the proposed process plant location.

CEMIG, one of the largest Brazilian power generators and distributors, has completed the feasibility study for power supply to the mine, proposing a layout of the intended transmission line with estimated capital costs.

Further discussions are underway to finalise agreements over the future power supply.

### Share Information

**Code:** SFZ

**Listing:** ASX

**Sector:** General mining & base metals

**Website:** [www.safml.com](http://www.safml.com)

### Company Synopsis:

*South American Ferro Metals (ASX:SFZ) is the only ASX-listed pure play iron ore producer operating in Brazil. The company owns 100% of the mineral rights and the property located in the heart of the Iron Ore Quadrilateral in Brazil, a prolific iron ore mining area.*

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