

Company Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

24th June 2014

Dear Sirs

Directors of South American Iron and Steel Corporation Limited (SAY) are pleased to announce that the Company has signed an agreement ("the Agreement") with Sociedad Minera GuangDa Atacama Ltda, a company incorporated in Chile, ("SMGA") with a view to acquire 30% of SMGA's equity.

SMGA has rights to beneficiate a concession of 12 million tonnes iron ore rich copper tailings in the Atacama Region of North Chile ("the Concession"). Atacama is an iron oxide copper and gold ("IOCG") region and copper is widely mined in the region. There are at least 40 other iron rich copper tailings that have been identified for beneficiation in the area. Recent sampling of the Concession showed that the Concession is expected to produce at least four million tonnes of saleable iron concentrates.

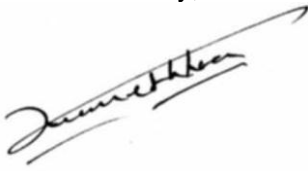
SMGA is at its final stages of obtaining the Environmental Impact Assessment ("EIA") and all relevant approvals to beneficiate the copper ore tailings.

A summary of the terms and conditions of the Agreement are as follows:

- The Company will invest US\$1.6667 million in SMGA within 10 days of SMGA obtaining the EIA and all relevant approvals to beneficiate the copper ore tailings.
- The major shareholder of SMGA will invest US\$0.8333 million (less any actual cost incurred from October 2013 to obtain the EIA and all relevant approvals to beneficiate the copper ore tailings) into SMGA.
- After the above investments into SMGA, the Company shall hold 30% of the equity of SMGA.
- The injection of funds from the above investments is to provide SMGA working capital to produce saleable iron concentrates as well as to peg more similar concessions in the Atacama region and to obtain production approvals for those concessions.
- Upon the Company investment into SMGA, the Company shall have management rights and financial control of the Concession.
- After commencement of production, the Company has a first right to acquire another 30% equity of SMGA through new issue of shares, to result in the Company holding 60% of equity in SMGA.

The above information that relates to exploration results and mineral resources are based on information compiled by Dr Richard Haren who is a corporate Member of The Australasian Institute of Mining and Metallurgy and who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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. Dr Richard Haren is a self-employed consultant who is retained by SAIS as Non-Executive Director; he has consented to the inclusion of the above based on his information in the form and context in which it appears.

Yours faithfully,



Kenneth Lee
CEO