SOUTH AMERICAN IRON & STEEL CORPORATION LIMITED
ABN 67 060 319 119

HALF-YEAR FINANCIAL REPORT– 31 DECEMBER 2015

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by South American Iron & Steel Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

The directors submit the financial report of South American Iron & Steel Corporation Limited ('the company') and its subsidiaries for the half year ended 31 December 2015.

1 Directors

The directors of the company at any time during or since the end of the period are:

	Period as Director
T. Cuthbertson	18th May 2009 to present
K. Lee	24th March 2009 to present
S. Ning	4th April 2011 to present
D. Yu	25th June 2015 to present
P. Chen	8th October 2015 to present
R. Haren	13th May 2009 to 8th October 2015

2 Review and Results of Operations

The principal activity of the company during the course of the financial period was mineral exploration in South America.

The net loss for the period was $112,351 (2014 half year: loss $429,448), which included impairment loss of $nil (2014 - $6,900).

Given the current market difficulties the junior mining sector is experiencing, the Company, like many other junior exploration companies, has recently experienced difficulty in maintaining investor support and raising further funds to advance its operations, notwithstanding positive operational and technical results in South America.

The Board believes that it needs to assess a range of new opportunities, which may well include opportunities beyond the Company's traditional resource sector.

During the period, the Company:

- Ceased exploration activities and rehabilitation in Chile was carried out, while operational and administrative overheads have been reviewed and reduced.

- Has been actively identifying a range of new opportunities, which may well include opportunities beyond the Company's traditional resource sector and reviewing and assessing those opportunities.

- Has been approached by a number of parties seeking investments from the Company.

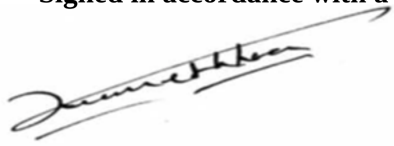
- Has implemented a number of cost cutting measures aimed at minimising cash outflows through this transitional phase including agreement with the Directors to suspend key terms of their existing service contracts during this period, and will not receive remuneration until additional funding has been raised on the back of new opportunities or improved market conditions.

- Has raised $200,000 through the issue of shares and the Company is in the process of raising further equity capital.

3 Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 3 and forms part of the Directors' Report for the half-year ended 31 December 2015.

Signed in accordance with a resolution of the directors:



Kenneth Lee
Managing Director

Sydney
Dated: *16 February 2016*

the next solution

16 February 2016

The Board of Directors
South American Iron & Steel Corporation Limited
Suite 4, Level 10
8-10 Loftus Street
SYDNEY NSW 2000

Dear Board Members,

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead audit partner for the review of the financial statements of South American Iron & Steel Corporation Limited and Controlled entities for the half year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) any applicable code of professional conduct in relation to the review.

Yours sincerely

Robert Mayberry
Partner

Nexia Court & Co

Nexia Court & Co
Chartered Accountants

Sydney

Sydney Office
Level 16, 1 Market Street, Sydney NSW 2000
PO Box H195, Australia Square NSW 1215
p +61 2 9251 4600, f +61 2 9251 7138
info@nexiacourt.com.au, www.nexia.com.au

nexia australia

the next solution

Independent Auditor's Review Report
To the members of South American Iron & Steel Corporation Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of South American Iron & Steel Corporation Limited (the 'Company') and Consolidated Entities (the 'Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the Company and the entities it controlled at the half year's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of South American Iron & Steel Corporation Limited and Consolidated Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Sydney Office
Level 16, 1 Market Street, Sydney NSW 2000
PO Box H195, Australia Square NSW 1215
p +61 2 9251 4600, f +61 2 9251 7138
info@nexiacourt.com.au, www.nexia.com.au

Independent Review Report
To the Members of
South American Iron & Steel Corporation Limited
(Continued)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matters that makes us believe that the half-year financial report of South American Iron & Steel Corporation Limited and Consolidated Entities is not in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Significant uncertainty regarding continuation as a going concern
Without qualification to our conclusion, attention is drawn to the following matter:
The consolidated entity has incurred net losses after tax of $112,351 for the half year ended 31 December 2015 (31 December 2014: $429,448) and experienced net cash outflows from operating activities of $538,411 for the half year ended 31 December 2015 (31 December 2014: $ 132,238). The consolidated entity also has a net deficiency in assets of $269,423 as at 31 December 2015 (30 June 2015: $357,072).

The financial report had been prepared on a going concern basis as discussed in note 4 which assumes continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary course of business. In note 4, the directors state why they consider the going concern basis used in the preparation of the financial report is appropriate. As discussed in that note, if the capital raisings or the shareholder support does not occur, there are significant uncertainties as to whether the company and the consolidated entity will be able to continue as a going concern.

If the going concern basis of accounting is found to be no longer appropriate, the recoverable amounts of the assets shown in the statement of financial position are likely to be less than the amounts disclosed and the extent of the liabilities may differ significantly from those reflected in the Statement of Financial Position.

Nexia Court & Co

Robert Mayberry
Partner

Nexia Court & Co
Chartered Accountants

16 February 2016
Sydney

Directors' Declaration

In the opinion of the directors of South American Iron & Steel Corporation Limited (“the Company”):

1. The financial statements and notes set out on pages 7 to 15, are in accordance with the Corporations Act 2001 and:

    a. comply with Australian Accounting Standard AASB 134 ‘Interim Financial Reporting’, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    b. give a true and fair view of the Group’s financial position as at 31 December 2015 and of its performance for the half year ended on that date;

2. In the directors’ opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, with the continued support of its major shareholders;

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Kenneth Lee
Managing Director

Sydney
Dated: *16 February 2016*

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Six Months Ended 31 December 2015

	Notes	Consolidated 31 Dec 2015 $	Consolidated 31 Dec 2014 $
Continuing Operations			
Other income	8	182,241	82,056
Mining licences, exploration and trial production costs		-	149,669
Impairment loss on employee share loans		-	6,900
Legal fees – Chile		4,027	79,159
Interest expense		2,122	4,472
Rent expenses		86,008	83,693
Salaries and wages		42,061	42,061
Directors fees		80,550	79,163
Other expenses		79,824	66,387
Loss before income tax		(112,351)	(429,448)
Income tax expense		-	-
Loss for the period		(112,351)	(429,448)
Other Comprehensive Income		-	-
Total Comprehensive Income for the Period		**(112,351)**	**(429,448)**
Earnings per Share			
Loss per share			
- Basic and Diluted (cents per share)		(0.03)	(0.13)

All potential ordinary shares, being options to acquire ordinary shares are not considered dilutive, as the exercise of the options would decrease the basic loss per share.

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position
as at 31 December 2015

	Notes	Consolidated 31 Dec 2015 $	Consolidated 30 Jun 2015 $
CURRENT ASSETS			
Cash and cash equivalents		218,705	96,006
Trade and other receivables	9	374,922	1,082,196
Other financial assets		53,240	53,240
TOTAL CURRENT ASSETS		646,867	1,231,442
NON-CURRENT ASSETS			
Other financial assets	10	100	100
TOTAL NON-CURRENT ASSETS		100	100
TOTAL ASSETS		646,967	1,231,542
CURRENT LIABILITIES			
Payables		447,436	1,031,639
Other liabilities		400,000	484,320
Employee entitlements		44,005	47,031
TOTAL CURRENT LIABILITIES		891,441	1,562,990
NON-CURRENT LIABILITIES			
Employee entitlements		24,949	25,624
TOTAL NON-CURRENT LIABILITIES		24,949	25,624
TOTAL LIABILITIES		916,390	1,588,614
NET DEFICIENCY IN ASSETS		(269,423)	(357,072)
EQUITY			
Contributed equity	11	41,474,447	41,274,447
Reserves		1,167,727	1,167,727
Accumulated losses		(42,911,597)	(42,799,246)
TOTAL DEFICIENCY IN EQUITY		(269,423)	(357,072)

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity for the Six Months Ended 31 December 2015

Consolidated	Share Capital $	Reserves $	Accumulated Losses $	Total Equity $
At 1 July 2015	41,274,447	1,167,727	(42,799,246)	(357,072)
Loss for the period	-	-	(112,351)	(112,351)
Total Comprehensive Income for the period	**41,274,447**	**1,167,727**	**(42,911,597)**	**(469,423)**
Transactions with Owners				
Share issue (net)	200,000	-	-	200,000
At 31 December 2015	**41,474,447**	**1,167,727**	**(42,911,597)**	**(269,423)**
At 1 July 2014	41,054,447	1,167,727	(43,082,847)	(860,673)
Loss for the period	-	-	(429,448)	(429,448)
At 31 December 2014	**41,054,447**	**1,167,727**	**(43,512,295)**	**(1,290,121)**

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows for the Six Months Ended 31 December 2015

	Consolidated 31 Dec 2015 $	31 Dec 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	28,581	81,771
Cash payments in the course of operations	(568,395)	(215,066)
Interest received	1,403	1,057
Net Cash Flow from Operating Activities	(538,411)	(132,238)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for mining rehabilitation/exploration	(230,487)	(23,192)
Proceeds from sale of prospects	463,086	-
Proceeds from sale of land	314,953	-
Net Cash Flow from Investing Activities	547,552	(23,192)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(84,320)	-
Proceeds from borrowings	-	85,000
Interest paid	(2,122)	-
Net proceeds from issue of share capital	200,000	-
Net Cash Flow from Financing Activities	113,558	85,000
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD	122,699	(70,430)
Cash and Cash Equivalents at the Beginning of the Financial Period	96,006	149,491
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	218,705	79,061

The accompanying notes form part of these financial statements.

1 REPORTING ENTITY

South American Iron & Steel Corporation Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the company as at, and for the six months ended 31 December 2015 comprises the company and its subsidiaries (together referred to as the "Group").

The Annual Report of the Group, as at, and for the year ended 30 June 2015 is available upon request from the company's registered office at Suite 4 Level 10, 8-10 Loftus Street, Sydney NSW 2000.

2 STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 - *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual report of the Group, as at, and for the year ended 30 June 2015, and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The consolidated interim financial report was approved by the Board of Directors on 16 February 2016.

3 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The basis of preparation and accounting policies applied by the group in this consolidated half-year financial report are the same as those applied by the Group in its annual report, as at, and for the year ended 30 June 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to their operations and effective for the current reporting period.

4 GOING CONCERN

The financial report of the Group has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group recorded a loss of $112,351 for the six months ended 31 December 2015.

The Group recorded net cash outflows from operating activities of $538,411 for the six months ended 31 December 2015.

The Group had a net deficiency in assets of $269,423 as at 31 December 2015.

The Group had cash of $218,075 and term deposits of $53,240 as at 31 December 2015.

The Group plans to increase its capital base through further share placements and/or a rights issue and/or a shareholder purchase plan and the Directors have no reason to believe that the proposed fund raising will not be successful.

Directors have initiated certain actions to ensure that the Company's viability as a going concern. Such actions include:

- The Company has appointed a corporate adviser to assist in the identification of new business opportunities and the sourcing of additional funding for working capital.

- The Company sold its 10% interest in the Quince concessions and withholding tax has been deducted from those sale proceeds. According to our Chilean tax advisors, those deductions may be claimed from the tax authorities as our Chilean subsidiaries have incurred losses well in excess of the profit from the sale of the Quince concessions. The claim is now in progress. Those deductions, including from future net proceeds, amount to approximately US $205,000; and subject to approval of the Chilean tax authorities, the Company will benefit from the tax refund of US $205,000 (Note 13). This is in addition to the remaining instalments to be received from the sale of the Quince investment, which amounts to approximately US $218,000.

- The Company has instigated a number of cost cutting measures aimed at minimising cash outflows through this transitional phase.

- The holder (also a significant shareholder of the Company) of a $400,000 non-interest bearing loan, which is not repayable until after 15 December 2016 on demand by the Note holder, has indicated that he will continue to support the Company.

- The Company is being supported, on a needs basis, by directors and shareholders.

Consequently, the Directors are of the opinion that the use of the going concern basis of accounting is appropriate.

Should the Company not achieve the planned capital raising detailed above as well as failing to obtain continuing support from its directors and shareholders (including a significant shareholder who holds a $400,000 loan note) there is significant uncertainty as to whether the Company will continue to trade as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business as stated in the financial report. The financial report does not include any adjustments that may be necessary if the Company is unable to continue as a going concern.

5 USE OF ESTIMATES AND SIGNIFICANT JUDGEMENTS

The preparation of the consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

6 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual report, as at, and for the year ended 30 June 2015.

7 SUBSEQUENT EVENTS

Since the reporting date, there have been no transactions or events of a material and unusual nature likely, in the opinion of the Directors of the Company, to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

8 REVENUE AND EXPENSES

	Consolidated	
	31 Dec 2015	**31 Dec 2014**
	$	**$**
Other Income		
Interest received	1,403	1,056
Forgiveness of past director's fees[1]	84,090	-
Exchange gains	16,948	-
Rental income	79,800	81,000
	182,241	82,056

[1]During the half year ended 31 December 2015, the Company settled the outstanding director's fees to Dr Richard Haren. The settlement resulted in a net benefit to the Company of $84,090.

9 TRADE & OTHER RECEIVABLES

During the half year ended 31 December 2015, the Company continued to receive the instalments under the terms of the sale agreement for the investment in Quince. The Company also received the funds from the sale of the land at Aguas Claras.

10 OTHER FINANCIAL ASSETS

	Consolidated	
	31 Dec 2015	**30 June 2015**
	$	**$**
Investments at cost – Ample Success	1,134,215	1,134,215
Less: Accumulated Impairment – Ample Success	(1,134,115)	(1,134,115)
	100	100

11 SHARE CAPITAL

	Consolidated		Consolidated	
	Dec 2015 $	June 2015 $	Dec 2015 Shares	June 2015 Shares
Ordinary shares				
Issued	41,474,447	41,274,447	458,246,886	398,246,886
Movements during the period				
Balance at beginning of the period	41,274,447	41,054,447	398,246,886	318,597,886
Share issues during the period	200,000	220,000	60,000,000	79,649,000
Cost of capital raising	-	-	-	-
Balance at the end of the period	41,474,447	41,274,447	458,246,886	398,246,886

12 OPERATING SEGMENTS

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Managing Director for the purpose of resource allocation and assessment of performance is more specifically focused on Australia and Chile. These are the reportable segments under AASB 8.

Information regarding these segments is presented below.

For the six months ended 31 December

	Australia		Chile		Total	
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
External revenues	182,241	82,056	-	-	182,241	82,056
Impairment	-	-			-	-
Reportable segment loss before income tax	(327,656)	(177,289)	215,305	(252,159)	(112,351)	(429,448)
Consolidated loss before income tax					(112,351)	(429,448)
Reportable segment assets	458,486	135,307	188,481	179,796	646,967	315,103

Reconciliation of reportable segment profit or loss	**2015**	**2014**
Total loss for reportable segments	(112,351)	(429,448)
Other loss	-	-
	(112,351)	(429,448)
Elimination of inter-segment profits	-	-
Consolidated loss before income tax	(112,351)	(429,448)

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30 June 2015.

13 CONTINGENT ASSETS

The Company sold its 10% interest in the Quince concessions during the year ended 30 June 2015.

Proceeds in relation to the sale included an option payment from the buyer, an initial payment, and 12 equal monthly instalments. The 12 monthly instalments commenced on 30th April 2015.

Twenty two and a half percent from those proceeds were deducted for taxation to be submitted to the Chilean tax authorities. According to our Chilean tax advisors, those deductions may be claimed from the tax authorities as our Chilean subsidiaries have incurred losses well in excess of the profit from the sale of the Quince concessions.

Those deductions, including from future net proceeds, amount to around US $205,000; and subject to approval of the Chilean tax authorities, the Company will benefit from the tax refund of US $205,000.

A receivable has not been recognised for the expected tax refund from the Chilean tax authorities as the Company is currently unsure of the approval being given.