

Manager of Company Announcements
ASX Limited
Level 5, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

19th February 2009

Dear Sirs,

Initial Resource Estimate for Plano Prospect, Chile

Attached are the Company's initial resource estimates for the Plano prospect in Chile.

Yours faithfully,
South American Iron & Steel Corporation



Franco Belli
Managing Director

Initial Resource Estimate for Plano Prospect, Putú Concession Area, Chile

- **Measured resource from surface to 11 metres depth amounting to 473 million tonnes at 6.03% iron and 0.84% titanium.**
- **Indicated and inferred resources to 11 metres of 183 and 245 million tonnes respectively at 6% iron and 0.8% titanium.**
- **Additional potential, yet to be drilled, in sands between 11 - 140 metres, based on the results of an electrical resistivity survey.**

Further to the details provided in its recently released Quarterly Report, South American Iron & Steel Corporation (SAY) is pleased to announce an initial resource for the Company's 100% owned Plano Project of the Putú concession area, Chile.

Drilling was conducted over an area of 2,502 hectares, as indicated on the map below. A measured resource was calculated over the area indicated. The remaining areas of Plano were either off limits for environmental reasons, or because access had not yet been granted by major landholders.

Auger drilling of 41 holes on Plano Prospect to an average depth of 11m was completed in mid-December 2008. The 433 samples were prepared and analysed in the Company's fully equipped laboratory near Curicó, Chile. A hand-held XRF instrument was used to measure metal content directly.

Analytical results, obtained using the *Innov-X Alpha 6000 Portable XRF Analyser*, were previously checked against laboratory analyses by Titanatek Pty Ltd. and Sistemas Analíticos S.A. The data obtained from these three sources show close correspondence, but the XRF readings are consistently 1-2% lower than the laboratory results. The iron content presented here may therefore understate the true grades by up to 2%.

All of the Putú concessions, including Plano, are in the process of conversion from exploration to exploitation status. Once finalized, hopefully by mid-2009, this will entitle SAY to gain access to the remaining lands covered by the concessions over the Plano Prospect.



Figure 1. Plano Prospect, outlined in green, showing the locations of 41 auger drill sites, and the area where a measured resource has been calculated. Indicated and inferred resources have been estimated for the remaining areas of Plano Prospect, as shown in Figure 2. Modern dunes cover the concession area west of Plano, and Katy Prospect is located to the east.

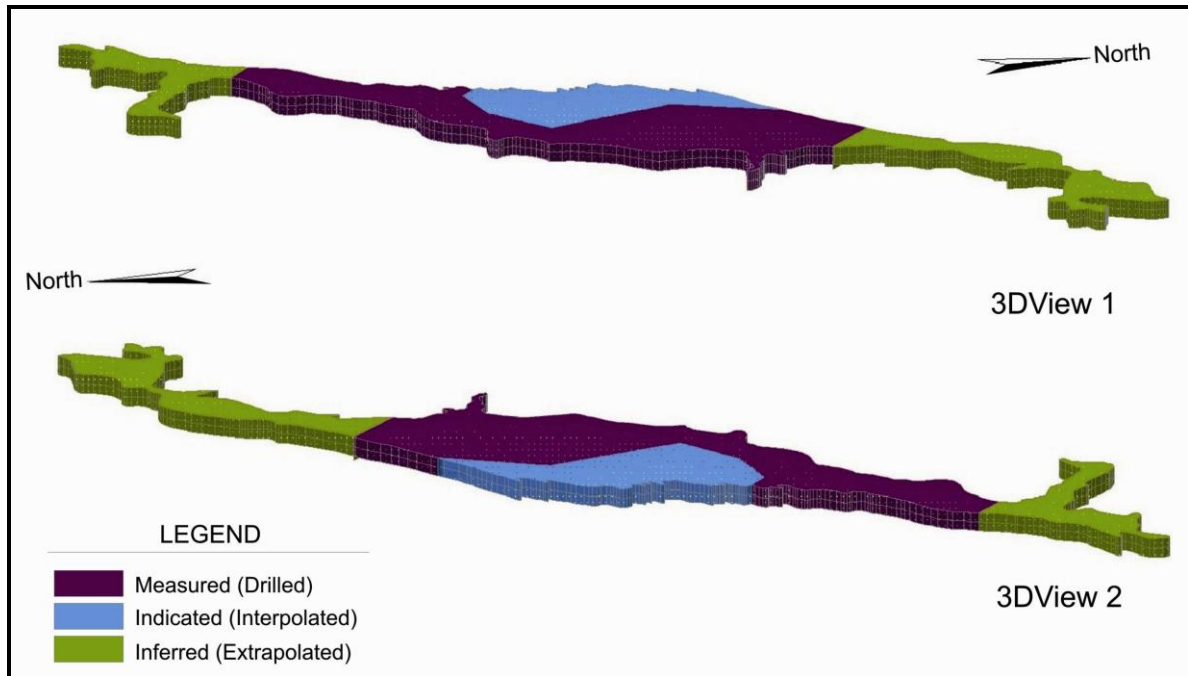


Figure 2. 3D representation viewed from the west (top) and east (bottom) of Plano Prospect showing measured, indicated and inferred resource areas.

RESOURCE	VOLUME (m ³)	DENSITY	TONNAGE	Fe (%)	Ti (%)
Measured	303,653,229	1.56	473,699,037	6.03	0.84
Indicated	117,787,032	1.56	183,747,769	6.00	0.8
Inferred	157,533,035	1.56	245,751,534	6.00	0.8
Total	578,973,296		903,198,340		

Table 1. Measured, indicated and inferred resource estimates for Plano.

Note that the above estimates of Fe and Ti are for the pure metal, not as oxides Fe₂O₃, Fe₃O₄ or TiO₂ as commonly expressed in the industry. If the Fe grades were to be recorded as iron oxides, then the grade jumps from 6% to approximately 9% Fe₂O₃, an amount that is readily increased by low-cost concentration of the heavier, magnetically susceptible iron-rich grains from the loose sands.

The Fe metal content of the above measured resource equates to 28.5 million tonnes, with a further 11 and 14.7 million tonnes respectively for the indicated and inferred resources. Corresponding numbers for Ti metal are approximately 4 million tonnes in the measured category and 1.5 and 2 million tonnes for the indicated and inferred. Future analyses will

also focus on vanadium, which has been identified in potentially significant amounts (0.4 to 0.5%) in nearby deposits.

These results were achieved on schedule, and represent the first stage in the appraisal of the entire Putú concession area. Apart from the deeper Plano section, future work planned encompasses the very much larger Trinchera and Katy prospects, as well as the modern dunes.

The next stage will involve RC or NQ drilling to depths of up to 150m at Plano and Trinchera. Quotes have already been obtained for drilling, and a modest amount of additional geophysics is also being considered. Work will commence once funding is in place and the granting of exploitation concession rights for Trinchera.

The Company believes that Plano is ideally suited to jet-pump extraction of the sands, and low-cost production of concentrate. Various options presently under consideration for export of concentrate include a finger jetty or slurry line.

The grade of Fe at 6% is low compared with typical iron ore deposits in Western Australia. However, as SAY's resources are contained within unconsolidated iron-sand deposits there is no requirement for the high capital and operating costs associated with hard rock mining (drilling, blasting, crushing and heavy haulage vehicles). The iron sands are amenable to low cost beneficiation using gravitational spirals and magnetic drums, which will take the Fe content above 50%.

Infrastructure development of Plano will be conducted in parallel with the planned offtake of concentrate from Aguas Claras, to which SAY will retain the rights after full transfer to Shoreline Minerals, as well as concentrate output from Trinchera and Katy.

The recently announced arrangement with Astron (dated 13th February, 2009) adds significantly to the potential downstream value of concentrate from Chile and Ecuador and its conversion products.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. William F Kluckow who is a Fellow of The South African Institute of Mining & Metallurgy.

Mr. Kluckow is a full time employee of South American Iron & Steel Corporation Ltd. and provided geological interpretations for Mineral Resource estimations and compiled the exploration results. Mr. Kluckow 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 of Exploration Results, Mineral Resources and Ore Reserves". Mr. Kluckow consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.