

12th August 2009

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

Dear Sirs,

Share Purchase Plan (SPP): Mail Out

Further to South American Iron & Steel Corporation Limited's announcement of 30th July 2009 in relation to the Company's SPP, please find attached the following documents that were despatched to shareholders yesterday:

1. SPP letter to shareholders;
2. Terms of the Company's SPP; and
3. SPP application form.

Any enquiries regarding the SPP or Offer should be directed to the Company's Share Registry, Link Market Services Limited, Investor Inquiries on 1800 009 918 between 8.30am and 5.30pm (Brisbane time), Monday to Friday.

Yours faithfully,



Kenneth Lee
Company Secretary

7th August 2009

Dear Shareholder,

Offer to participate in the Share Purchase Plan

The Directors are pleased to offer you an opportunity to subscribe for new shares in South American Iron & Steel Corporation Limited (“**Company**”) under its Share Purchase Plan (“**Plan**”), as announced on 30 July 2009 (“**Offer**”).

Participation in the Offer is optional and is open to shareholders who, at 7:00pm (Brisbane Time) on 7 August 2009 (“**Record Date**”), are holders of fully paid ordinary shares in the Company and whose registered address is in Australia or New Zealand (“**Eligible Members**”). .

The Offer entitles Eligible Members to purchase up to \$15,000 of fully paid ordinary shares each at 7.8 cents, in the Company (“**Shares**”), and you are not required to pay brokerage or commissions. This will allow many investors to conveniently increase their holdings to a marketable parcel. The Company is limited to issuing up to 44.2 million shares (\$3.4 million) under the Plan and, if subscriptions are received in excess of this number, all subscribers will be scaled back pro-rata.

The Company has signed an underwriting agreement with Patersons Securities Limited who will underwrite the Plan to an amount of \$1.6 million. There will a shareholder meeting on 7 September 2009 to approve the issue of shares for the Plan’s underwriting, to ratify prior share and option issues, and to give authority to issue up to 15% of the Company’s issued capital following the Plan within 3 months after the meeting to sophisticated and professional investors priced at not less than 7.8 cents per share.

Full details of the Plan are set out in the attached terms of the Plan.

Purpose of the Offer

The Plan will allow investors to increase their shareholdings in the Company and provide the capital necessary to advance the exploration and development of the Company’s South American assets, which were reviewed by the new management team over the past months verifying the robustness and quality of the Iron Sands Projects.

The bulk of the raised funds will be used to implement a program of geophysical data acquisition, followed by a targeted drilling campaign to provide JORC Resources. Airborne geophysical work is programmed to begin in October 2009 with drilling commencing in December 2009. The Company has released an update on its activities dated 30 July 2009 to the ASX and may be viewed on the Company's website: www.saironsteel.com.

Details of Offer

- The subscription price per share is 7.8 cents, representing a discount of approximately 19.24% on the volume weighted average trading price of 9.658 cents (\$0.09658) per share for the Company's shares on the ASX, over the five (5) day period 23rd July 2009 to 29th July 2009.
- No brokerage or participation costs payable by participants.
- A minimum subscription of \$2,500 is required.
- The maximum subscription is AUD\$15,000. Necessary relief has been granted by the Australian Securities and Investments Commission and ASX for the Offer.
- The Offer is available to Eligible Members only and is non-renounceable which means the right to apply for Shares cannot be sold or otherwise disposed of.
- The respective subscription alternatives available are

| Subscription Amount | Number of New Shares |
|---------------------|----------------------|
| \$2,500 | 32,051 |
| \$5,000 | 64,102 |
| \$7,500 | 96,153 |
| \$10,000 | 128,205 |
| \$12,500 | 160,256 |
| \$15,000 | 192,307 |

Shareholders should be aware that the price at which the Company shares are trading on ASX may rise or fall during the period of the Offer. This means that the subscription price that Eligible Members may pay for Shares may exceed the market price of the Shares at the date of allotment of Shares under this Offer. In addition, the Offer does not take into account the individual investment objectives, financial situation or particular needs of each Eligible Member. The Company recommends that Eligible Members consider obtaining independent financial and taxation advice and consider price movements in the Company's shares before making a decision about whether to invest through the Plan.

Indicative timetable

| | |
|--|------------------|
| Record Date of the Plan: | 7 August 2009 |
| Dispatch of Offer and application documents to shareholders eligible to participate in Plan: | 11 August 2009 |
| Opening Date of the Offer: | 12 August 2009 |
| Closing Date of the Offer (subject to Directors' discretion): | 26 August 2009 |
| New shares allotted: | 8 September 2009 |

These dates are indicative only and, subject to compliance with ASX Listing Rules, the dates and times of the Offer may change without prior notice. Eligible Members are encouraged to submit Application Forms as early as possible. The Company will announce any changes to the timetable.

When and how to apply

The Offer will open at 9:00am (Brisbane Time) on 12 August 2009 and will remain open until 5:00pm (Brisbane Time) on 26 August 2009. As soon as practicable after the close of the Offer, the Company will make an ASX announcement as to the outcome of the Offer and the number of shares to be issued.

To participate in the Offer, you may simply make your selected payment by Bpay or return your Application Form and cheque to Link Market Services Ltd by no later than 5:00pm (Brisbane Time) on 26 August 2009. Payment methods are set out in the Application Form. Cheques or bank drafts are to be made payable to South American Iron & Steel Corporation Limited and crossed "not negotiable". No late applications will be accepted.

You should carefully read the attached Terms. Should you require further assistance, please do not hesitate to contact the Company's Share Registry, Link Market Services Ltd, Investor Inquiries on 1800 009 918 between 8.30am and 5.30pm (Brisbane time), Monday to Friday.

The Board of Directors wish to thank shareholders for their continued support and interest in the Company's activities.

Yours sincerely,



Dr. Richard Haren
Chief Executive Officer
South American Iron & Steel Corporation Ltd



Terry Cuthbertson
Chairman
South American Iron & Steel Corporation Ltd

Enc. Terms of Share Purchase Plan
Acceptance Form

TERMS OF THE SOUTH AMERICAN IRON & STEEL CORPORATION LIMITED SHARE PURCHASE PLAN

1. Definitions

In this Plan, unless the context otherwise indicates:

Application Form means the application form for Shares under the Plan included with these Terms;

ASIC means the Australian Securities & Investments Commission;

ASX means the ASX Ltd ABN 98 008 624 691;

Board means the board of directors of the Company;

Closing Date means the date determined by the Board to be the closing date of the Offer;

Company means South American Iron & Steel Corporation Limited ABN 67 060 319 119;

Custodian has the meaning set out in ASIC Class Order 09/425 as amended from time to time;

Custodian Offer has the meaning set out in ASIC Class Order 09/425 as amended from time to time;

Eligible Members means members of the Company eligible to participate in an Offer as determined under clause 2;

Maximum Parcel means such number of Shares that will result in the Total Purchase Price for the Offer when aggregated with the Total Purchase Price paid in response to all other Offers in the 12 month period prior to the date of that Offer not exceeding \$15,000 or such other maximum amount as required for the Plan to satisfy class order or other relief granted by ASIC;

Offer means a non-renounceable offer of Shares to Eligible Members made under the Plan from time to time;

Plan means the Company's Share Purchase Plan approved by the Board from time to time;

Purchase Price means the subscription price for each Share determined in accordance with clause 3 and specified in each Offer;

Record Date means the date specified as such in an Offer;

Shares means fully paid ordinary shares in the Company;

Terms means these terms of the Plan; and

Total Purchase Price means the total amount payable by the Eligible Member for Shares in acceptance of an Offer (based on the Purchase Price per Share for the relevant Offer).

2. Eligibility to Participate

2.1. The members of the Company who will be eligible to apply for Shares under an Offer (Eligible Members) are those who:

- 2.1.1. are recorded in the Company's register of members at 7pm on the relevant Record Date for that Offer; and
- 2.1.2. have an address (as recorded in the Company's register of members) in Australia or New Zealand

An Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

2.2. Eligible Members who have multiple single holdings of Shares may only apply for one Maximum Parcel in any 12 month period regardless of how many Offers the Eligible Member may receive.

2.3. Eligible Members who are joint shareholders may only apply for one Maximum Parcel between them in any 12 month period regardless of how many Offers they may receive.

2.4. An Eligible Member who is a Custodian holding Shares on behalf of one or more other persons on the Record Date (each a **Participating Beneficiary**) may apply for one Maximum Parcel for each Participating Beneficiary, subject to the Custodian certifying to the Company:

- 2.4.1. that the Custodian holds Shares on behalf of each Participating Beneficiary on the Record Date;
- 2.4.2. that each Participating Beneficiary has subsequently instructed the Custodian to apply for Shares on their behalf under the Plan;
- 2.4.3. the number of Participating Beneficiaries;
- 2.4.4. the name and address of each Participating Beneficiary;
- 2.4.5. in respect of each Participating Beneficiary, the number of Shares the Custodian holds on their behalf;

- 2.4.6. in respect of each Participating Beneficiary, the number or the dollar amount of Shares they instructed the Custodian to apply for on their behalf;
- 2.4.7. there are no Participating Beneficiaries in respect of which the total of the application price for the following exceeds \$15,000 or such other amount as is prescribed by ASIC class order relief:
 - 2.4.7.1. the Shares applied for by the Custodian on their behalf under the Plan; and
 - 2.4.7.2. any other Shares issued to the Custodian in the 12 months before the application as a result of an instruction given by them to the Custodian to apply for Shares on their behalf under an arrangement similar to the Plan.
- 2.4 If the Custodian holds Shares jointly on behalf of 2 or more persons:
 - 2.5.1. the \$15,000 limit applies jointly in relation to those persons as if the Custodian held the Shares on behalf of a single person; and
 - 2.5.2. the Custodian is taken to have been instructed to apply for Shares on behalf of those persons if:
 - 2.5.2.1. the Custodian has received such an instruction in accordance with the terms on which the Shares are held; or
 - 2.5.2.2. where the terms on which the Shares are held do not cover the giving of instructions of this kind – the Custodian has received such an instruction from any of those persons.
- 2.6. If the Custodian does not provide the certification set out in clause 2.4, the rule for multiple single holdings in clause 2.2 applies.
- 2.7. Where any Eligible Member holds Shares on behalf of another person, it is the Eligible Member's responsibility to ensure that the beneficial owner has an address in an Acceptable Jurisdiction.
- 2.8. Acceptance of an Offer is optional, however if an Eligible Member wishes to accept an Offer, the Eligible Member:
 - 2.8.1. must apply for a minimum of \$2,500 worth of Shares;
 - 2.8.2. subject to clauses 2.2 to 2.5, may only apply for such number of Shares as to not exceed one Maximum Parcel.

- 2.9. All Offers made under the Plan are non-renounceable. This means the right to purchase Shares under the Offer cannot be transferred to anyone else.
- 2.10. Participation in the Plan by Eligible Members is optional and is subject to these Terms.

3. Calculation of purchase price

- 3.1. The Purchase Price of Shares under an Offer is 7.8 cents per share, representing a discount of approximately 19.24% on the volume weighted average trading price of 9.658 cents (\$0.09658) per share for the Company's shares on the ASX, over the five (5) day period 23rd July 2009 to 29th July 2009.
- 3.2. By accepting an Offer and applying for Shares under the Plan, each Eligible Member acknowledges that although the Purchase Price is a discount to the average market price of Shares on ASX during the period described in clause 3.1, Shares are a speculative investment and the price of Shares on ASX may change between the date of the Company announcing its intention to make an Offer and the date of issue of Shares under that Offer and that the price and/or value of the Shares received under the Plan may rise or fall accordingly. As a result, the Company recommends that Eligible Members seek professional advice in relation to each Offer.

4. Terms of issue of shares

- 4.1. The Board reserves the right to refuse an application (in whole or in part) if it considers that:
 - 4.1.1. the applicant is not an Eligible Member;
 - 4.1.2. the issue of those Shares would contravene any law or the ASX Listing Rules;
or
 - 4.1.3. the applicant has not otherwise complied with the terms of the Plan.If an application is refused in whole or in part, the application monies or the surplus application monies (as the case may be) will be refunded in full without interest.
- 4.2. From their date of issue, Shares allotted under the Plan will rank equally in all respects with the then existing fully paid ordinary shares in the Company.

- 4.3. No brokerage, commissions, stamp duty or other transaction costs will be payable by Eligible Members in respect of an application for, and an issue of, Shares under the Plan.
- 4.4. By completing the Application Form, the applicant warrants and certifies that:
 - 4.4.1. the applicant is an Eligible Member;
 - 4.4.2. the total application price for the following will not exceed \$15,000 in relation to the applicant as a result of issuing the Shares:
 - 4.4.2.1. the Shares issued to the applicant under the Plan; and
 - 4.4.2.2. any other Shares issued to the applicant under an arrangement similar to the Plan in the 12 months before the date of issue under the Plan; and
 - 4.4.2.3. any other Shares in the class issued to a Custodian as a result of an instruction given by the applicant to the Custodian to apply for Shares on their behalf under the Plan; and
 - 4.4.2.4. any other Shares issued to a Custodian in the 12 months before the date of issue under the Plan as a result of an instruction given by the applicant to the Custodian to apply for Shares on their behalf under an arrangement similar to the Plan, except to the extent that the applicant is issued with Shares as a Custodian under a Custodian Offer.
- 4.5. Where an Eligible Member is a joint shareholder, the certification set out in clause 4.4 above made by one of the joint shareholders is taken to be a certification by all joint shareholders.
- 4.6. Where the Eligible Member is a Custodian, the relevant Eligible Member:
 - 4.6.1. makes the certification set out in clause 2.4;
 - 4.6.2. warrants the accuracy of the certification it provides; and
 - 4.6.3. acknowledges that the Company will rely on the certification in satisfying itself of its compliance with the Corporations Act 2001 (Cth).

5. General

- 5.1. The Plan will be administered by the Board or a committee of the Board and the Board will have an absolute discretion to:
 - 5.1.1. determine appropriate procedures for administration of the Plan consistent with these Terms;
 - 5.1.2. resolve conclusively all questions of fact or interpretation arising in connection with the Plan or these Terms; and
 - 5.1.3. delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of their powers or discretions under the Plan or these Terms.
- 5.2. The Plan and these Terms may be suspended, terminated or amended at any time by the Board.
- 5.3. These Terms are governed by and construed in accordance with the laws for the time being in force in the State of New South Wales.
- 5.4. Subject to clause 5.5, the Board may determine in its discretion the amount raised through the Plan or any particular Offer.
- 5.5. The total number of Shares issued under the Plan must not exceed 30% of the number of Shares on issue as at 5pm (Brisbane Time) on the Record Date Accordingly, if applications are received under the Offer for more than 30% of the number of Shares on issue as at the Record Date, the Company will scale back applications on a pro-rata basis.



South American Iron & Steel Corporation Limited
 ABN 67 060 319 119

All Registry communications to:
 Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235 Australia
 Telephone: 1300 554 474
 From outside Australia: +61 2 8280 7454
 Facsimile: (02) 9287 0303
 ASX Code: SAY
 Website: www.linkmarketservices.com.au

SRN/HIN:

Entitlement Number:

Record Date: 7 August 2009

Offer Opens: 13 August 2009

Issue Price per Share: A\$0.078

| | |
|-------------------------------------|-----------------------|
| Offer Closes 5:00pm AEST: | 26 August 2009 |
|-------------------------------------|-----------------------|

SHARE PURCHASE PLAN ("SPP") APPLICATION FORM

How do I apply for Shares under this offer?

- Carefully read the SPP Terms and Conditions accompanying this form.
- Decide on the amount you wish to apply for.
- Pay for the Shares in accordance with the instructions outlined in the Terms and Conditions Booklet and further important instructions on the reverse of this form.

Option 1: Paying by BPAY®

Option 2: Paying by Cheque, Bank Draft or Money Order.

- Payments must be in Australian dollars.

PAYMENT OPTIONS

Option 1: Paying by BPAY®

If paying by BPAY®, you do **NOT** need to complete or return the Acceptance Slip attached to this Application Form below. Payment must be received by the Registry by BPAY® by 5:00pm AEST on 26 August 2009. By paying by BPAY®, you will be deemed to have completed an Application Form for the number of Shares the subject of your application payment.

If you make a payment by BPAY® and South American Iron & Steel Corporation Limited receives an amount which is not equal to either A\$2,500, A\$5,000, A\$7,500, A\$10,000, A\$12,500 or A\$15,000, South American Iron & Steel Corporation Limited will round down the number of Shares that you are applying for to the next lowest parcel. Your payment must be for a minimum of A\$2,500.



Billers Code: 114751

Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account.

More info: www.bpay.com.au

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Option 2: Paying by Cheque, Bank Draft or Money Order

If paying by cheque, bank draft or money order, complete and return the Acceptance Slip attached to this Application Form with your application payment.

- Tick the box beside the amount you wish to apply for, either A\$2,500, A\$5,000, A\$7,500, A\$10,000, A\$12,500 or A\$15,000.
- Enter your cheque, bank draft or money order details. The amount of your application payment should be equal to the amount applied for in section A of the Acceptance Slip. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "South American Iron & Steel Corporation Ltd" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque, bank draft or money order for an amount that is not equal to either A\$2,500, A\$5,000, A\$7,500, A\$10,000, A\$12,500 or A\$15,000, South American Iron & Steel Corporation Limited will round down the number of Shares that you are applying for to the next lowest parcel. Your payment must be for a minimum of A\$2,500.
- Enter your contact telephone number at which we may contact you regarding your application for Shares, if necessary.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.

Please detach and enclose with payment



South American Iron & Steel Corporation Limited
 ABN 67 060 319 119

SRN/HIN:

Entitlement Number:

A I/we wish to purchase a parcel of Shares to the dollar amount of (tick one box only):

| | | | | | | | | | | | |
|--------------------------|------------------------------------|--------------------------|------------------------------------|--------------------------|------------------------------------|--------------------------|--------------------------------------|--------------------------|--------------------------------------|--------------------------|--------------------------------|
| <input type="checkbox"/> | 32,051 Shares A\$2,500.00 OR | <input type="checkbox"/> | 64,102 Shares A\$5,000.00 OR | <input type="checkbox"/> | 96,153 Shares A\$7,500.00 OR | <input type="checkbox"/> | 128,205 Shares A\$10,000.00 OR | <input type="checkbox"/> | 160,256 Shares A\$12,500.00 OR | <input type="checkbox"/> | 192,307 Shares A\$15,000.00 |
|--------------------------|------------------------------------|--------------------------|------------------------------------|--------------------------|------------------------------------|--------------------------|--------------------------------------|--------------------------|--------------------------------------|--------------------------|--------------------------------|

B Make your cheque, bank draft or money order payable to "South American Iron & Steel Corporation Ltd" and crossed "Not Negotiable"

| Drawer | Cheque Number | BSB Number | Account Number | Amount of Cheque |
|----------------------|----------------------|----------------------|----------------------|------------------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | A\$ <input type="text"/> .00 |

C Telephone Number – Business Hours Telephone Number – After Hours Contact Name

| | | |
|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
|----------------------|----------------------|----------------------|

IMPORTANT INFORMATION

1. This is an important document which requires your immediate attention. If you are in any doubt as to how to deal with this Application Form, please consult a professional adviser.
2. If you do not wish to purchase additional Shares under this SPP, there is no need to take action.
3. Please ensure you have read and understood the SPP Terms and Conditions and this Important Information, before you make the application payment by BPAY® or you submit your Acceptance Slip with your application payment.
4. This SPP is non-renounceable. Applications can only be accepted in the name printed on the Application Form.
5. If you are a custodian, trustee or nominee within the definition of "custodian" in ASIC Class Order [CO 09/425] you must complete and submit an additional Schedule that contains additional certifications and details that must be provided ("the Schedule") before your Application will be received. The Schedule can be obtained by contacting South American Iron & Steel Corporation Limited. Applications received by custodians that are not accompanied by the Schedule will be rejected.
6. For applicants that are not required to complete the Schedule, by submitting the Acceptance Slip (with a cheque, bank draft or money order) or making payment by BPAY®, you certify that the aggregate of the application payment paid by you for:
 - the parcel of New Shares indicated on this Application Form or BPAY® payment; and
 - any other Shares applied for by you, or which you have instructed a Custodian to acquire on your behalf under the SPP or any other similar arrangement in the 12 months prior to the date of submission of the Acceptance Slip or payment by BPAY® does not exceed A\$15,000.
7. South American Iron & Steel Corporation Limited reserves the right to make amendments to this Application Form where appropriate
8. Applicants are not assured of receiving the Securities for which they have applied as South American Iron & Steel Corporation Limited may scaleback applications in its discretion.
9. If your daily BPAY® limit does not allow you to make a single payment for your subscription amount, you may reuse the same BPAY® details to make any second or subsequent payment.

How to Lodge your Acceptance Slip and application payment

A reply paid envelope is enclosed for you to return your Acceptance Slip and application payment. No postage stamp is required if it is posted in Australia.

Acceptance Slip and the payment for New Shares must be received by the Registry no later than the closing date shown overleaf. If paying by BPAY® you do not need to complete or return the Application Form. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

South American Iron & Steel Corporation Limited
C/- Link Market Services Limited
Locked Bag 3415
Brisbane QLD 4001

or

Hand Delivery

South American Iron & Steel Corporation Limited
C/- Link Market Services Limited
Level 12, 300 Queen Street
Brisbane QLD 4000 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm AEST on 26 August 2009. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. South American Iron & Steel Corporation Limited reserves the right not to process any Acceptance Slips and application payments received after the Closing Date.

If you require information on how to complete this Acceptance Slip please contact South American Iron & Steel Corporation Limited Offer Information Line on 1800 009 918 if calling within Australia or +61 2 8280 7165 if calling from outside of Australia.