

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

July 30, 2009

Dear Sirs,

**Quarterly Report for the period April 1<sup>st</sup> to June 30<sup>th</sup> 2009**

Attached are the Company's Quarterly Activities Report and Quarterly Cash Flow Report for the period April 1 to June 30, 2009.

Yours faithfully,  
**South American Iron & Steel Corporation**



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**Dr Richard Haren**  
**CEO**

## **QUARTERLY ACTIVITIES REPORT**

### **For the period April 1 to June 30, 2009**

#### **Highlights**

- Management of the Company was restructured reflecting the need to inject geoscientific and development expertise and tight fiscal control.
- The new independent Chairman is Mr Terry Cuthbertson and the new CEO is Dr Richard Haren, both have a wealth of experience running public companies.
- The Company raised \$960,000 from a placement in May at a very delicate time.
- The new SAIS CEO visited Ecuador with Mr Franco Belli (non-exec director) and a consultant metallurgist to seek further information relating to tenure under the recently enacted New Mining Law.
- New airborne geophysical data acquisition has been scheduled for the Chile Projects.
- Two concessions were reinstated in Ecuador and a further two are under review.
- The Company has asked the Government of Ecuador to facilitate a “Contract” which would provide the Company’s wholly owned subsidiary the ability to explore up to 720,000 Ha of the coast (onshore and offshore).
- Outotec has completed preliminary testing of a bulk sample of Ecuadorian concentrates and concluded that the heavy mineral concentrate can be reduced to produce a commercial product (Pig Iron & Titanium Slag).

#### **Corporate**

In May the Company was restructured, Mr. Franco Belli stood down as Chairman, CEO and MD to remain in a role as non executive director. Mr. Terry Cuthbertson took over as non executive Chairman and Dr Richard Haren became the CEO and Managing Director. Both Mr. Cuthbertson and Dr Haren have extensive experience running mining and exploration companies. At the same time the Company was able to raise approximately \$960,000 via a Placement to clients of Patersons in Perth and Sydney to retire debt and for working capital. Rigorous cost cutting was implemented in the Sydney office and in Ecuador to assist in the preservation of funds. During the quarter Astron (ATR) decided to extract itself from further involvement with SAIS due to the fact that the Company’s Ecuadorian Concessions were in doubt. Discussions with Shoreline regarding the Option to acquire Aguas Claras continued.

#### **Chile**

The Company has determined that an aeromagnetic and radiometric survey over the Putú and Maullín project areas would assist in the determination of zones that will host increased concentrations of iron sands. To this end, it has been decided to acquire airborne geophysical data over the two largest project areas in Chile. During the Quarter the exploration effort in Chile was basically put on hold, as the Company’s geological team assessed the data from the latest round of field work. The Paleodunes associated with the Trinchera prospect area (a zone within the larger Putú Project) have been shown to be relatively uniform and high grade, so this area will now be assessed at depth. A visit to the Putú project area revealed the scale of the project and showed that the resource base has massive potential.

## Ecuador

The new CEO and a consultant metallurgist accompanied by Mr. Franco Belli spent three weeks in Ecuador during June; the object of the excursion was to determine how to reduce costs in Ecuador and to assess the Company's future in Ecuador. The excursion revealed that the Government of Ecuador is actively involved in developing a mining industry even though there are some issues to be resolved in the coming months. Thus far SAIS has had two concessions re-instated, with another two under review.

The SAIS group held numerous discussions with key Government officials revealing to them that the Company was committed to Ecuador and had formed the opinion that a new method of obtaining tenure was worth pursuing.

It was decided that the Company should approach the Government with regard to entering a "Convenio" or contract that would allow SAIS to explore more than 720,000Ha of coastal property including both on-shore and off-shore. This type of contract would mean that the Government would deal with landowner situations as the Company moved toward active mining.

The group visited the main regions of interest including La Tola, Esmeraldas and Cojimies, seeing the potential of the iron sands first hand. The zones that have been requested for the contract with the Government are shown in Figure 1. These zones actually cover the original concession areas which occupied approximately 100,000Ha of mainly on-shore regions, so the new request substantially increases the potential size of the region that SAIS would be exploring in Ecuador. We await communication from the Government regarding the request.

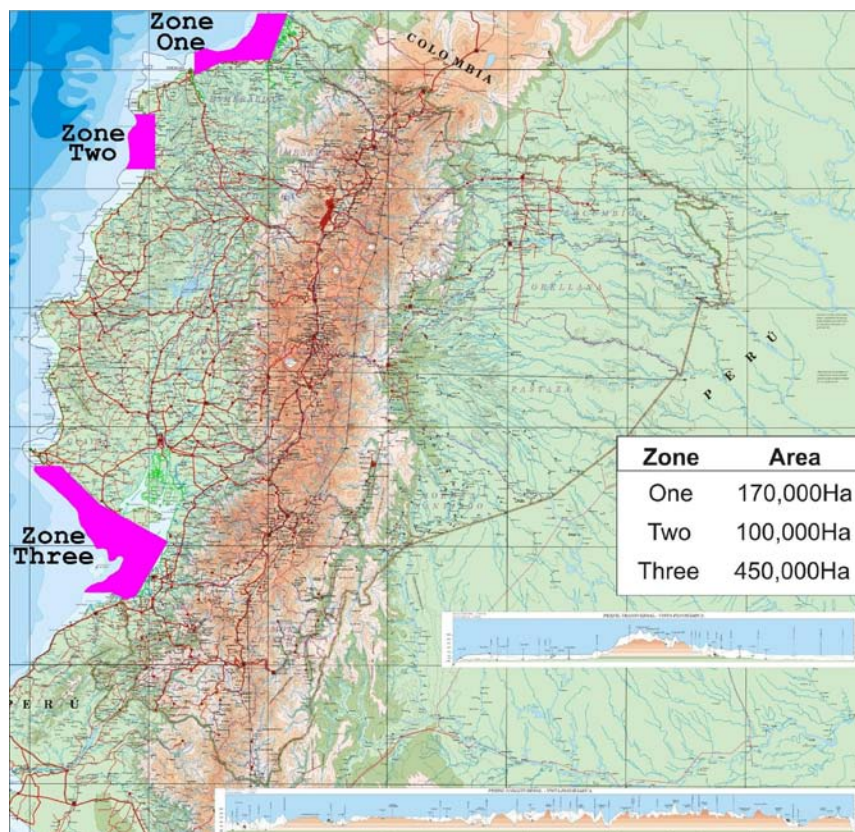


Figure 1 - Zones defined as prospective for VHM on the Ecuadorian Coast

## **Forthcoming Activities**

- The Company announced a Share Purchase Plan (SPP) on 30 July, 2009 for eligible shareholders at a price of 7.8 cents per share (representing a 19.24% discount to the previous 5 day VWAP). Patersons Securities Limited is working with the Company to underwrite the issue. The funds raised under the SPP will assist the Company in moving forward with its strategic plan in South America. The Board looks forward to the support of its shareholders in subscribing to the SPP.
- Upon completion of the fund raising the Company will embark upon a detailed program of geophysical data acquisition commencing October 2009, followed by targeted drilling expected to commence December 2009.
- The Company will focus its efforts on achieving a positive outcome in Ecuador which will be to have concessions re-instated or to conclude a contract with the Government to facilitate exploration and mining on-shore and off-shore.
- Discussions with Ecuadorian government entities relating to dredging and processing iron sands from estuaries are continuing.
- The metallurgical test facility set up at Esmeraldas to process existing stockpiles of sand will begin test work.
- The Pilot Plant in Esmeraldas will be brought into test production.
- Aeromagnetic/radiometric data acquisition will be initiated in Chile and the data will facilitate a focus on zones that contain increased concentrations of iron. These zones will be assessed by a deep drilling program with the object to lock in a high grade large scale iron/titanium resource in the short term.

## **Appendix 5B**

The Company's Appendix 5B cash report is attached.