



## SOUTH AMERICAN IRON & STEEL CORPORATION LIMITED

Quince Iron Ore Project:  
Magnetite with Infrastructure and Markets

**Investor Presentation**  
**March 2010**

ASX Code: SAY

# Important Information



This document has been prepared by South American Iron & Steel Corporation Limited (SAIS) for the purpose of providing a comprehensive company and technical overview to interested analysts and investors.

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## South American Iron & Steel Corporation (SAY)

<b>Company Focus</b>	<ul style="list-style-type: none"> <li>South American Iron &amp; Steel Corporation Limited (SAY) has existing iron sands projects in coastal Chile. SAY is now seeking funding to acquire and develop a potentially significant iron ore (magnetite) project.</li> </ul>
<b>Current Activities</b>	<ul style="list-style-type: none"> <li>Recent aeromagnetic work on the Putu Iron sands project has identified targets for drilling.</li> </ul>
<b>New Opportunity</b>	<ul style="list-style-type: none"> <li>In February 2010 SAY announced it had acquired an option to purchase 90% of the Quince Iron Ore Project (Quince) a potentially significant iron ore (magnetite) project located in Chile. The project has easy access to production and transport infrastructure. Directors are of the view that the acquisition will be highly value accretive for SAY shareholders.</li> </ul>
<b>Action Plan</b>	<ul style="list-style-type: none"> <li>SAY intends to delineate a significant inferred mineral resource at Quince with the combined targets of between 350 and 600 million tons at a grade of between 35% and 45% magnetite* approximated from magnetic and gravity modeling and limited assays. Additional gravity survey work and a 10,000 metre drilling program are set to commence at Quince upon completion of raising required capital.</li> </ul>
<b>Funding for development</b>	<ul style="list-style-type: none"> <li>SAY proposes to fund the acquisition of Quince and the proposed work program at Quince and Putu with the assistance of Patersons Securities Limited.</li> </ul>
<b>Restructure to create value</b>	<ul style="list-style-type: none"> <li>Recent executive and board changes reflect a fresh approach to create shareholder value.</li> </ul>

\* the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource

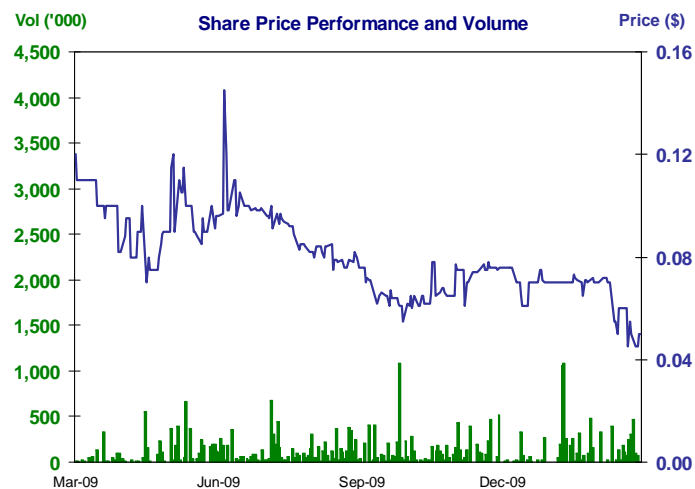
# Capital Structure, Ownership and Leadership



Capital Structure	
• Ordinary Shares (m)	168.5
• Price (cents)	0.05
• Market Capitalisation (\$m)	\$8.4
• Unquoted options	10,753,750

## Ownership - SAIS has circa 1900 Shareholders including:

Investors	Description	Shares (m)	(%)
Franco Belli	Founder	48.0	28.0
Gladden Trade SA	Founder	8.9	5.3
UBS Wealth Mgt	Investor Group	6.4	3.8
Twynam Ag	Investor Group	5.6	3.3
Astron Limited	ASX Listed Coy	3.9	2.3



Leadership	Experience
<b>Terry Cuthbertson</b> Non-Executive Chairman	<ul style="list-style-type: none"> <li>• Former Partner Audit &amp; Corporate Finance KPMG</li> <li>• Bachelor of Business Degree</li> <li>• Former Group Finance Director of Tech Pacific Holdings P/L (\$Au2 b)</li> <li>• Extensive experience in M &amp; A and Company Reconstruction</li> </ul>
<b>Kenneth Lee</b> Executive Director Acting CEO, CFO & Co. Sec.	<ul style="list-style-type: none"> <li>• 25 years of experience including management and advising</li> <li>• MBA and Chartered Accountant</li> <li>• M &amp; A and DD Specialist – corporate adviser</li> <li>• Former Director Corporate Finance KPMG</li> </ul>
<b>Dr Richard Haren</b> Non-Executive Director	<ul style="list-style-type: none"> <li>• 25 years management of exploration and mining companies</li> <li>• BSc in Physics (1<sup>st</sup> Class Hons.) &amp; PhD in Geophysics (Univ. of NSW)</li> <li>• Former Technical Director of numerous exploration companies</li> </ul>
<b>TBA</b> Non-Executive Director	<ul style="list-style-type: none"> <li>• Highly experienced in South America</li> <li>• Former CEO of Significant ASX listed mining companies</li> </ul>
<b>David Cadwell</b> Quince Project Manager	<ul style="list-style-type: none"> <li>• Ex Asarco Senior Geologist and highly knowledgeable about the Quince magnetite project</li> <li>• Initially researched and drilled Quince</li> </ul>
<b>Peter Hinner</b> Iron Sands Project Manager	<ul style="list-style-type: none"> <li>• Mineral Sands operational expert</li> <li>• Numerous International positions operating mineral sands and other mining ventures</li> </ul>

# Quince – Iron Ore Project



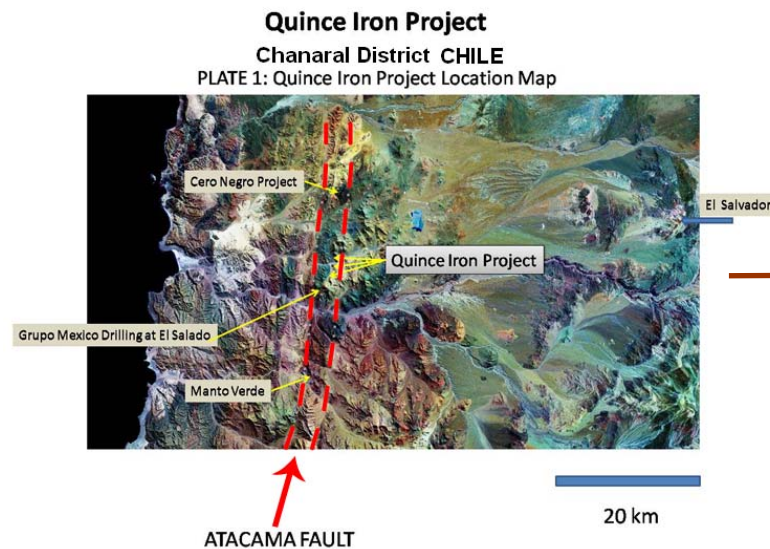
## The Opportunity

- SAY currently owns 10% of the Quince Iron Ore Project in Chile.
- On March 1, 2010 SAY announced a call option to purchase the remaining 90% for a total consideration of AUD \$7.55 million (USD 6.8 million).
- AUD \$7.55 million purchase consideration to be settled as AUD \$2.67m cash and AUD \$4.89m as SAY equity.
- The Quince project and existing assets of SAY will be valued by independent experts and the acquisition of Quince will require shareholder approval due to involvement of a related party in the transaction.
- Directors of SAY believe the purchase price significantly understates what they believe to be fair value of the Quince project.
- Accordingly, the directors believe that the exercise of the Quince Option would be value accretive for shareholders.

# Quince – Iron Ore Project



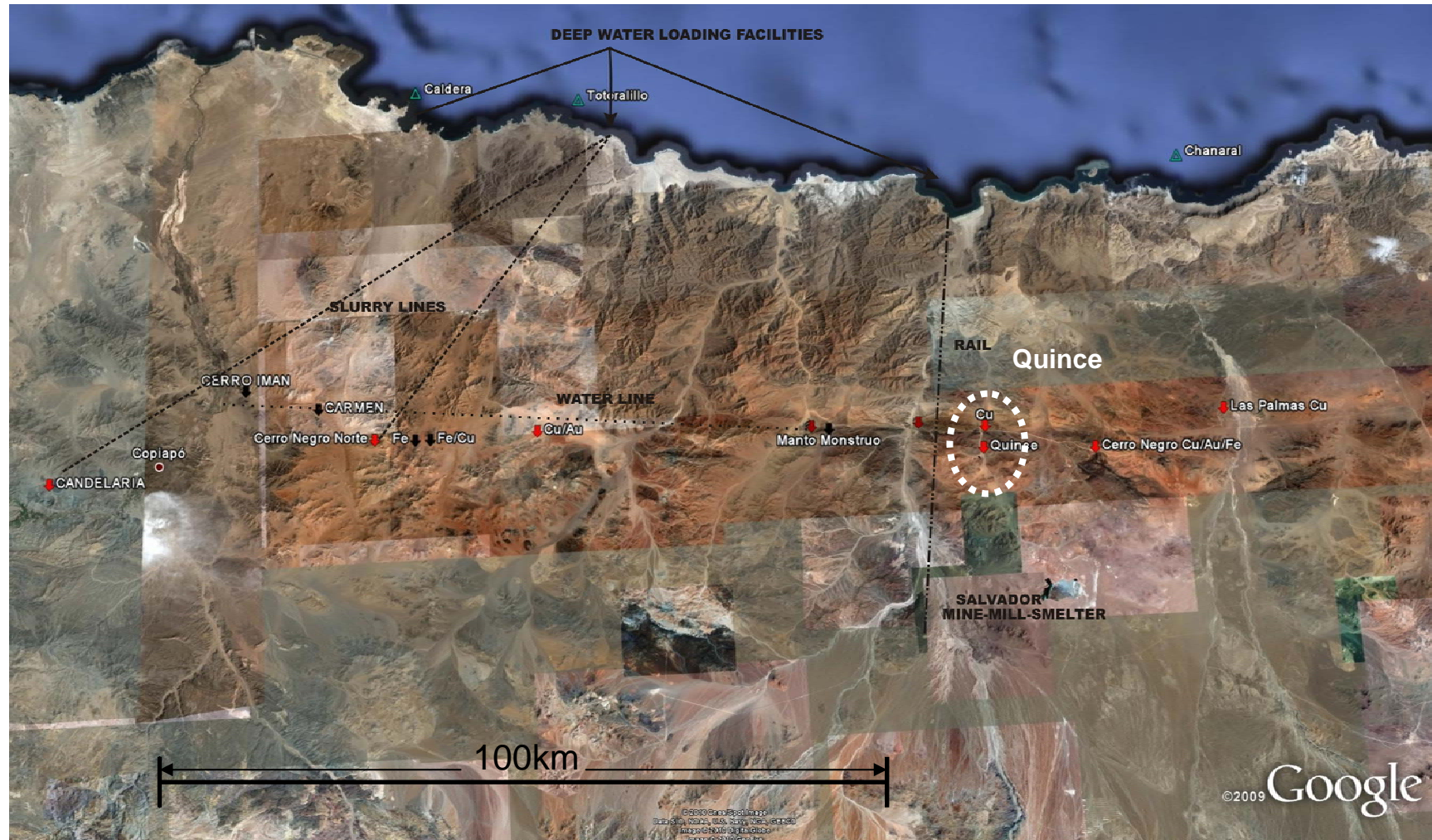
- Quince is in the north of the Chilean Iron Ore Belt about 800km north of Santiago and 40km from Chanaral a coastal city and port facility, major airport 100km south
- Quince has a high intensity magnetic signature 13km long and 2km wide with a coincident gravity anomaly consistent with a large iron rich mineralised zone
- Asarco (David Cadwell) drilled 5 Reverse Circulation drillholes into Quince searching for copper/gold but intersected significant iron credits
- Assays completed in 2007 reveal an iron content of 65.38% for the -1mm fraction with low silicates from Hole 1
- Quince is thought to be an IOCG deposit (significant alteration is evidenced) with potential for both copper and gold credits at depth



# Quince – Iron Ore Project



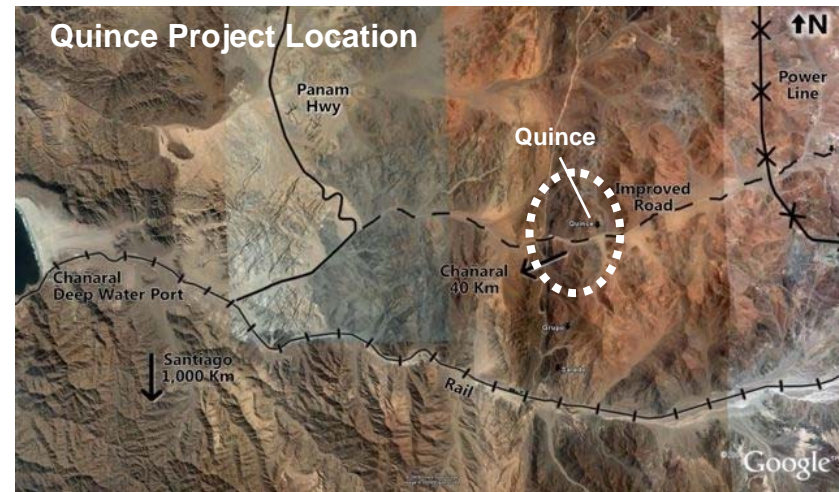
## Mines and Infrastructure surround the Quince project



# Quince – Iron Ore Project

## Location

- Quince has extensive infrastructure available;
  - Railroad & highway adjacent to project;
  - Power, large labour force and water available;
  - Port and town at Chanaral 40km from project;
  - Commercial airfield 100 km south – small airstrip at Chanaral





# Quince – Iron Ore Project

Concessions looking north



Looking east to Quince from Chanaral





# Quince – Iron Ore Project



## Aeromagnetic Geophysical Data – Overview

- The Primary South Target zone is over 5km long and thought to host more than 650 million tonnes

### Primary South Target enlarged

#### Project Aeromagnetic Data

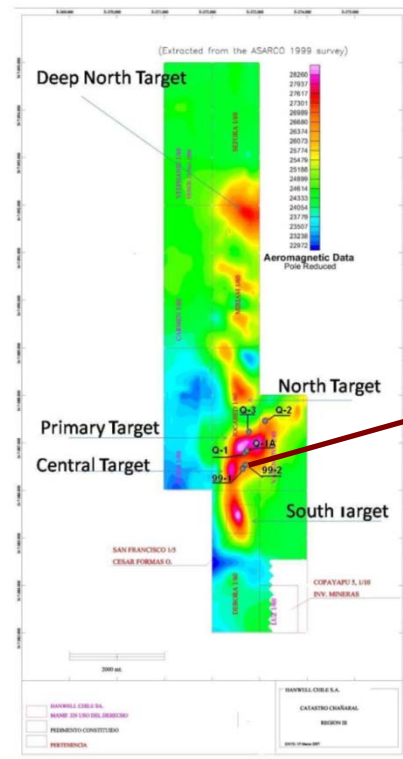
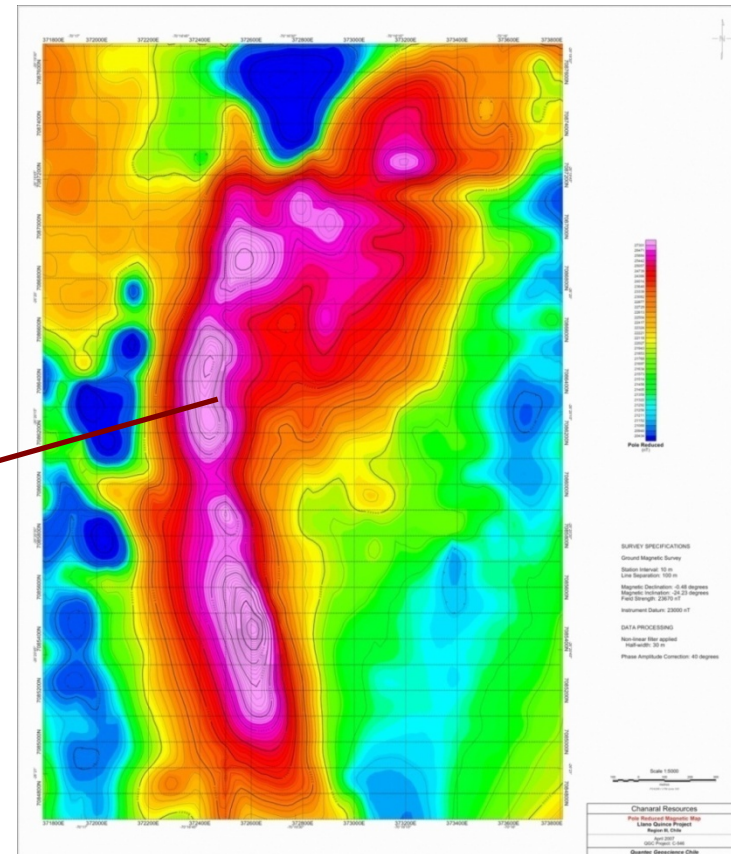


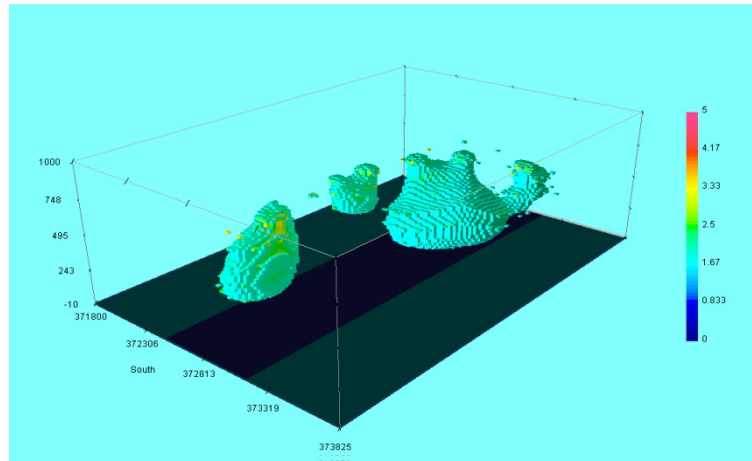
Plate 2: ASARCO Aeromagnetic Data



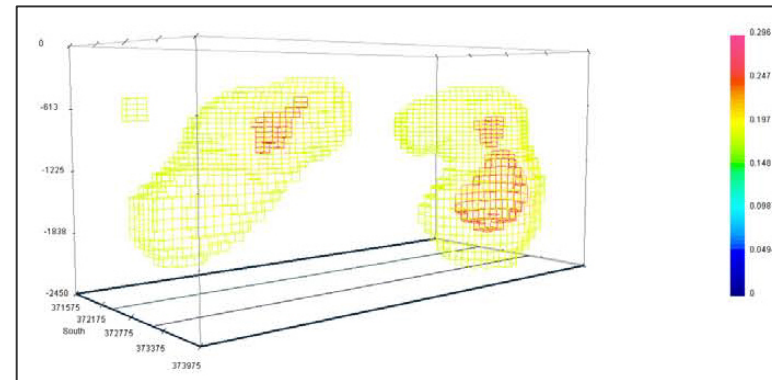
# Quince – Iron Ore Project



**Aeromagnetic data block model**



**Gravity data mesh model**



**Quince looking north from RC Hole 4**



**Quince looking south from RC Hole 4**



# Quince – Iron Ore Project

## Magnetite

- Magnetite now represents approximately 50% of traded iron ore
- Magnetite ore is a high quality feed stock with minimal contaminants, it produces a premium quality steel.
- Chilean magnetite is exported Asian markets. CAP – Chile's largest iron ore company has capacity of 11.5 million tonnes of magnetite ore and pellets p.a. – 25% consumed in Chile and 70%+ exported to Asia.
- Magnetite ore is usually milled to around 100 micron in Chile and that size fraction grades 69% Fe
- Magnetite ore can be pelletised or agglomerated



**CAP – Has Magnetite Production  
And Port Facilities Near Quince**

# Quince – Iron Ore Project



## Quince Development Program

- Quince can be fast tracked by targeted drilling of existing combined magnetic and gravity data especially in the Primary South Target Zone.
- Additional geophysical data acquisition will target the limits of mineralisation & extra tonnes of magnetite.
- Quince will be drilled as a priority after acquisition.
- It is proposed initially to drill 10,000m of combined RC and diamond core drilling at Quince.
- Cost of initial drilling program has been costed at \$A2.7m.
- Initial assay results should become available by December 2011.
- Initial resource estimate for Quince are expected by the June Quarter 2011.

# Acquisition Dynamics



## Quince Acquisition Value

- Cost of Quince acquisition = A\$7.55 million
- Inexpensive relative to peers
- Established magnetite production in the region
- Excellent access to mining and transport infrastructure.
- Chilean mining law is conducive to development
- Directors' view is that the cost of acquisition of Quince significantly understates what they believe to be fair value.

## Funding Requirements for

- Quince Acquisition \$2.67 million cash, \$4.89 million scrip
- 10,000 metres of drilling Quince \$2.7 million
- 5,000 metres of drilling Putu \$1.0 million
- Working capital

## Potential Impact of Quince Acquisition

Quince Net Value \$million	\$20.0	\$30.0	\$40.0	\$50.0
Net <u>additional</u> Value / share (cents) <small>(168.5 million shares on issue)</small>	11.8¢	17.8¢	23.7¢	30.0¢

## Key Dates

- Exercise Quince acquisition option June 2010
- Quince RC & diamond drilling commencing July 2010
- Initial resource estimate at Quince June Quarter 2011

## Goals

- Define JORC resources on first +250Mt resource at Quince (Iron Ore) & Putu (Iron Sands) by June Quarter, 2011
- Production - establish mining and export (iron ore, iron concentrates)
- Technology - employ best technology available
- Environmental - be socially responsible
- Communities - improve quality of life



# Consent of a Competent Person



The information in this presentation that relates to exploration results or estimates of mineral resources in Chile and Ecuador is based on information compiled by the Company under the supervision of Dr. Richard Haren who is a 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 works for South American Iron & Steel Corporation Limited and has consented to the inclusion in this report (presentation) of the Matters based on his information (including pages 6, 15, 20 and 24) in the form and context in which it appears.

Dr Richard Haren is a non-executive director of South American Iron & Steel Corporation Limited.

A handwritten signature in black ink that reads "Richard Haren". The signature is written in a cursive style and is underlined with a single horizontal line.

Richard Haren PhD, MAusIMM