

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

(ASX: SAY)

March 1, 2010

Dear Sirs

South American Iron & Steel Corporation Limited (“**SAY**”) is pleased to announce it has acquired a call option to purchase the remaining 90% of the Quince Iron Ore Project (Quince) not already held by SAY (**Quince Purchase Call Option**). The agreement with Hanwell Chile SA (**Hanwell**) to grant the option means that Quince will be 100% owned by SAY once the Quince Purchase Call Option is exercised. The acquisition will require shareholder approval under Chapter 10 of the ASX Listing Rules, because of Mr Franco Belli’s association with Hanwell.

Quince Iron Ore Project Highlights

The Quince Iron Ore Project is situated in the north of the Chilean Pacific Iron Ore Belt and is located near Cerro Salado some 40 kilometres inland from the Chilean coast and approximately 800 kilometres north of Santiago.

Quince has a defined high intensity magnetic anomaly which is 13 km long (north south) by 2 km wide.

Quince’s gravity response reveals a large scale gravity anomaly which is coincident with the magnetic anomaly and consistent with a large iron rich mineralised zone.

Results from preliminary drilling at Quince (5 RC drill holes) by Asarco, targeting a potential copper mineralised system returned significant iron credits.

Drill assays completed in 2007 provide 65% Iron content in the -1mm fraction with low silicates.

The Quince mineralisation may host significant copper and gold credits at depth as the region is in a known “Iron Oxide Copper Gold” (IOCG) province and significant alteration is evidenced.

Quince is located close to extensive infrastructure including:

- Rail adjacent to the project
- major highway adjacent to the project,
- airport in Chanaral – 40 kms from the project,
- Port facilities at Chanaral – 40 kms from the project
- power, water, and labour are accessible

Chilean Mining Law provides excellent security for Concession holders.

A planned program of infill drilling and selective metallurgical drilling should fast track the definition of a resource and is expected to commence shortly after SAY exercises the Quince Purchase Call Option.

Key features of the Quince Purchase Call Option include:

- Purchase price of the call option is \$US 200,000.
- \$US 2,400,000 cash payment to Hanwell upon exercise of the Quince Purchase Call Option and assignment of Hanwell 's interest in Quince to SAY.
- \$US 4,400,000 due to Hanwell upon exercise of the Quince Purchase Call Option to be satisfied by the issue of SAY ordinary fully paid shares with pricing and terms consistent with an equity raising to be undertaken for the purpose of exercising the Quince Purchase Call Option and providing working capital for the development of Quince and SAY's existing iron sands projects.
- SAY to grant Hanwell upon exercise of the Quince Purchase Call Option a perpetual royalty of 0.75% on the FOB value of all mineral resources sold and sourced from Quince.
- The Quince Purchase Call Option may be exercised at any time up until 30 September 2010.

Sources of Funding

Convertible Notes

South American Iron and Steel Corporation Limited ("SAY") and Sun Biomedical Limited ("SBN"), each being listed on the ASX, are pleased to announce that they have executed a Convertible Note Subscription Agreement (*Agreement*) pursuant to which SBN agreed to provide a minimum of \$200,000 in funding to SAY secured by Convertible Notes. SBN may at its sole discretion subscribe for further Convertible Notes to the value of \$300,000 in addition to the initial \$200,000.

Under the terms of the Convertible Notes, the Convertible Notes may be converted into ordinary shares in SAY (*Shares*) at the lower of:

if SAY completes a capital raising prior to 30 June 2010, the issue price for Shares (or convertible securities) so issued; or

if SAY does not undertake a capital raising prior to 30 June 2010, a 20% discount to the 30-day volume-weighted average price for the Shares calculated at the date of conversion.

The Convertible Notes bear interest at a minimum of 12% per annum which is capitalised quarterly.

In consideration for the issue of each \$100,000 convertible note, SAY shall issue 400,000 ordinary fully paid shares to SBN.

The funding provided by SBN is to assist SAY exercise an option to acquire several tenements in Chile currently owned by Hanwell S.A. (a foreign corporation) known as the “Quince Iron Ore Project” and to provide working capital for SAY while it undertakes a capital raising process for the exercise of the Quince Option.

In the event the Quince Purchase Call Option is not exercised by SAY on or before 30 June 2010 then SBN may at its election require the assignment of the Quince Purchase Call Option in consideration of the payment of AUD\$222,222 being the amount paid by SAY to purchase the Quince Purchase Call Option.

It should be noted that Chairman, Terry Cuthbertson is Chairman of the Boards of SBN and SAY. As a result, Terry Cuthbertson did not vote or take any part in relation to the decision to execute the Agreement.

New Equity Issue

The exercise of the Quince Purchase Call Option requires that SAY undertakes a new equity issue for this purpose and to provide working capital to undertake development of Quince and to further develop its existing iron sands projects in South America.

Patersons Securities Limited has been mandated to advise SAY on the structure and pricing of a new equity issue and to act as lead manager and underwriter to a new issue details of which will be announced shortly.

The purchase price of the option has been funded by SAY through existing cash resources and the issue of two \$100,000 convertible notes to Sun Biomedical Limited

Summary

Dr Richard Haren, the CEO said, “The Board are of the opinion that having a large scale conventional iron ore project within the Company would enhance shareholder value and create better opportunities to find off take partners to assist SAY in early development”. “Some time ago the strategy was discussed but it was thought that SAY should remain an iron sands play, recent developments have made the Board re-evaluate this strategy and the decision to acquire the asset 100% has been taken”.

The acquisition of the Quince Iron Project offers an opportunity for SAY to test, prove up and develop a potentially world class asset.

Yours sincerely



Dr Richard Haren
Managing Director