

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

20th September 2011

Dear Sirs,

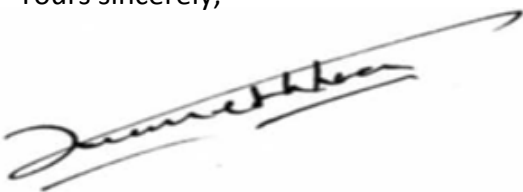
Geophysical Survey Results Mineral Concession Weishan County, Yunnan, China

The Directors of South American Iron & Steel Corporation Limited (“the Company” or “SAY”) are pleased to announce that the results of the geophysical and geological surveys at the highly prospective mineral Concession in Weishan County, Yunnan, China (“the Concession”) have been received and have been partially translated.

The attached report provides details of the data and findings for surveys over the highly prospective mineralised copper zone and the northern extensions of the Zhacun Gold Mine structure.

Drilling based on the geophysical and geological data is progressing, even though exceptionally heavy rain has created some inevitable delays, we anticipate initial assay results by the end of September 2011.

Yours sincerely,



Kenneth Lee
CEO

Attachment

About South American Iron & Steel Corporation Limited

SAY holds a number of mineral concessions in Chile, South America that host iron sands, in addition SAY has entered into a Chilean Mining Concessions Purchase Agreement in relation to the Quince concessions in accordance with the Chilean Mining Law. SAY has a 15% interest in Ample Success Investment Limited that holds a 75% interest in a mineral Concession in Weishan County, Yunnan, China. SAY currently manages the exploration on that Concession.

Geophysical Survey Results Mineral Concession Weishan County, Yunnan, China

Highlights

- SAY has acquired 15% of Ample Success (the owners of 75% of the Yunnan Mineral Concession) and been provided with a further 39% (to be purchased in the future), facilitating management of the Yunnan Mineral Concession.
- SAY has managed the exploration program and performed geological, geophysical and geochemical surveys over the most prospective regions of the Concession during June to August 2011.
- Data from these surveys is finally to hand and the results are discussed in this announcement.
- Gradient Array electrical geophysical survey data and soundings indicate that copper and gold mineralisation should be encountered in the drilling that was recently commenced.
- Drilling (based on these survey data) has commenced on the northern extensions of the Zhacun Gold Mining Zone and at the copper mineralisation area.
- Preliminary analysis of the core from the drilling along the northern extensions to Zhacun, reveal similar strata and geochemistry to that at the Zhacun Gold Mine, assays are eagerly awaited.

Directors are pleased to announce that final reports on the geophysical and geological survey work done over the last few months have been received and partially translated. A summary of the data received thus far is enclosed.

Geological surveying was performed at a scale of 1:5 000 scale over prospective areas totalling 5 sq km. Geophysical surveying involved gradient array Induced Polarisation ("IP") with readings every 20 metres along lines spaced at between 160 and 320 metres, with numerous lines surveyed over the northern and southern extensions of the Zhacun Gold Mine, lines over the copper mineralisation, lines over the lead zinc mineralisation and limited work over the antimony zone. Geochemical surveying involved the collection of stream sediment samples over an area of 40 sq kms at a scale of 1:10 000.

The Concession has a number of known mineralised regions as is evidenced in Figure 1.

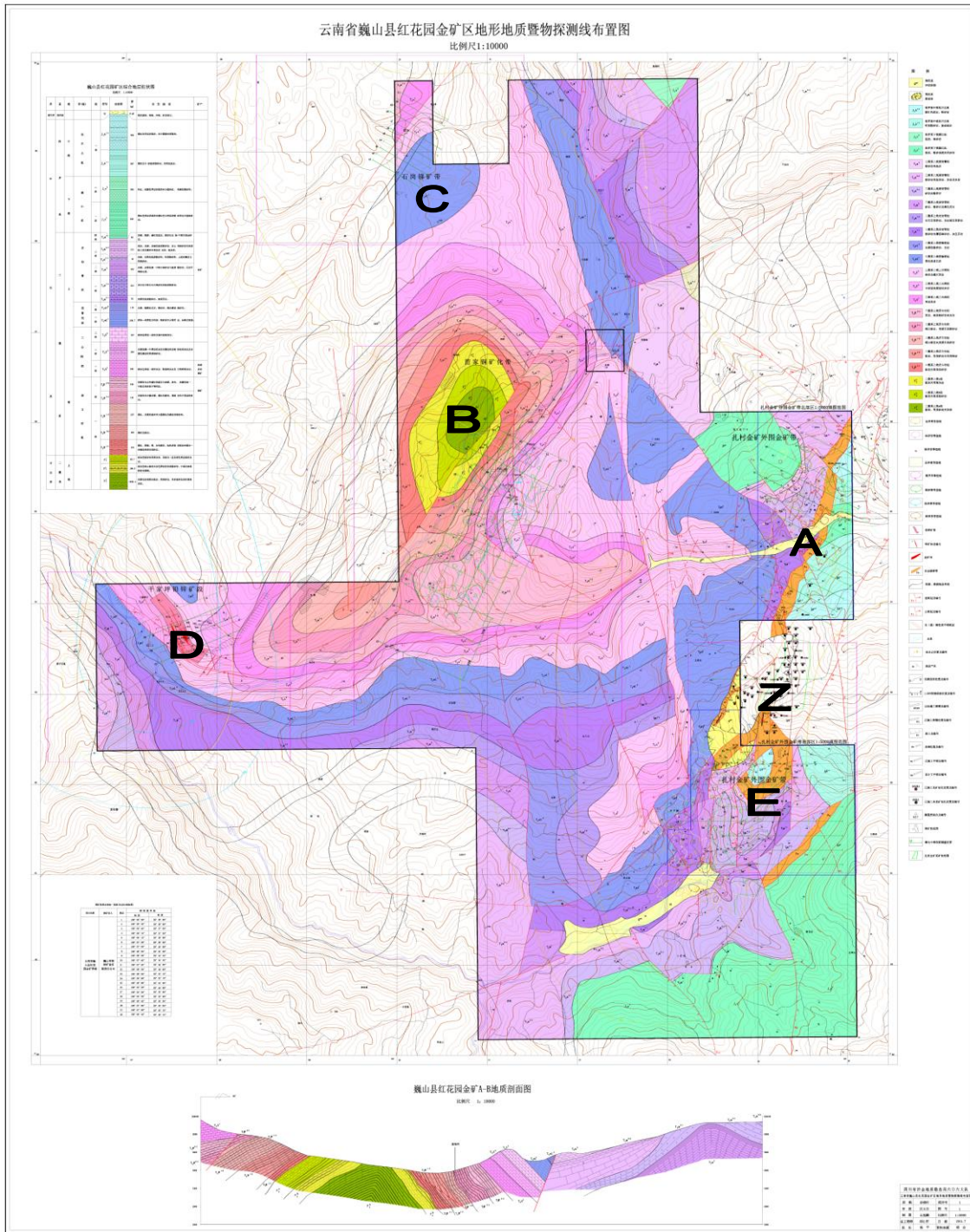
Previous Exploration Work on the Concession Area

During the period from 1965 to 1989 numerous detailed geological surveys occurred within the Concession area which concluded in a 1:50 000 scale regional geological report including a report on the mineral resources. The report provided analysis of gold, mercury, antimony and arsenic as well as other minerals. Six prospective gold belts were defined within the Concession, these were scattered around and along the axis of the Zijinshan anticline. The mineralisation seemed to be fracture controlled.

In 1991 the "Yunnan Weishan Zhacun Gold Prospecting Report" was submitted showing that the Zhacun internal reserves of gold 3,983 kg with gold ore of 767,000 tonnes, with an average grade of 5.19g/t. External reserves of gold 7,702 kg, with gold ore 4.84 million tonnes, the average grade is 1.59g/t.

In September and October 2005, Sichuan Provincial Metallurgical and Geological Exploration Bureau dispatched engineering and technical personnel to the area for investigation, primarily in the area surrounding Zhacun gold mine. Trenching works were done, plus some sampling and assaying, results of previous exploration work were verified.

Figure 1: Geological Map of the Concession and Minerals Prospects



- A – Gold Prospect (Northern Section)**
- B – Copper Prospect**
- C – Antimony Prospect**
- D – Lead-Zinc Prospect**
- E – Gold Prospect (Southern Section)**
- Z – Zhacun Gold Mine Project**

During the second half of 2007, the explorers identified the stratum, structure, and mineralisation loci in the region. The team divided the Concession into three main mineralisation areas: Maojiacun copper, Zhacun gold and Ganjiaping lead and zinc. Eleven trenches were carved in the 3 areas, an existing drive, trenching and sampling analysis results were used to define three mineralised belts in the Ganjiaping lead-zinc area.

The characteristics of the three mineralised belts defined are as follows:

The Maojiacun copper belt: located in the middle of the left flank of Honghuayuan short axis anticline, the belt is 2.5km long and 1km wide. In total eight copper mineralisation loci are found present in the local metamorphosed quartz sandstone.

Zhacun gold belt: located on the east of the concession area near the ESW tectonic fault belt, with a length of 3600m and width of 150m. Right in the middle of this belt is the Zhacun Gold mine owned by Yongping Group Co. Ltd. The ore body is situated within a fractured Jurassic tectonic belt.

Ganjiaping lead-zinc belt: located within the southwest plunging Honghuayuan anticline, covers an area of about 2 sq km. It can be divided into upper and lower parts according to the nature of the lead-zinc mineralisation. The upper mineralisation is mainly present on the contact surface of limestone and shale, the lower mineralisation is present in the fragmented belt between the Triassic limestone layers and within secondary joint fissures.

All of the mineralised zones have been formed because of the interaction of a very shallow alkaline porphyry magma intrusion which was formed during the Himalayan tectonic movement, this provided the gold, copper and lead mineralisation in the area. This, combined with secondary emplacement initiated by hot mineralised meteoric water pumping added to the size and grade of the mineralisation within the Concession.

Work Performed during June to August 2011

a) In the Maojiacun copper zone, a plunging anticline has developed and the copper mineralisation occurs in the core and both flanks of the anticline. An excavated tunnel was used as a base point to carry out the IP gradient array survey in the core hinge direction (205 degree) with 160 m line spacing and data recorded at 20 m spacings. Six lines × 2 km each for 12 km were recorded.

An IP gradient survey was recorded in the direction of 295 degree, with 320 m line spacing and 20 m recording spacing. Seven lines × 1 km each for 7 km. Another survey line across the LD6 tunnel was recorded at 205 degree, it was 1 km long.

b) The Honghuayuan gold concession is located in the same mineralised system as the Zhacun gold mine, which is already explored to a measured resource stage. The equivalent Zhacun mineralisation belt extends into the Honghuayuan concession in both the north and south directions. Feista Mining Co. Ltd. has previously carried out geological mapping and 1:10 000 geochemical surveying, which delineated a mineralised fragmented structurally controlled belt which contained strong Au, Cu, Hg and Sb anomalies. It was believed that the zone showed good prospects of finding extensions to the Zhacun gold ore body. The decision was to perform 1:5 000 scale geological mapping along the zone over area of 5 sq km.

As well in the northern extension of Zhacun IP gradient array surveys were undertaken along the northern extensions with 160 meter line spacing and 20m data spacing, survey lines at 117 degree in the north zone. Five lines × 1.2 km for 6.0 km and eight lines × 0.9 km for 7.2 km were recorded.

In the southern extension of the Zhacun Gold mine IP survey lines were recorded along 270 degree lines. Five lines × 1.3 km for 6.5 km. Three lines × 1.8 km for 5.4 km. A test line of gradient array IP was recorded across the Zhacun Gold mining area for comparison.

c) In the Ganjiaping lead-zinc zone, a previous excavated tunnel PD1 was used as a base point to carry out the IP gradient array survey, with 160 m line spacing and 20 m data spacings. Four lines × 1 km for 4 km.

d) In the Shigangpo antimony zone, local farmers have been mining for more than 10 years in more than 300 tunnels. Currently small scale mining operations are carried out in around 20 tunnels by local farmers. The Shigangpo antimony region is close to the boundary of the Concession. It was decided to perform an IP gradient array survey, with 80 m line spacing and 20 m data spacings in the direction of 300 degree. Seven lines × 0.6 km for 4.2 km.

Geophysical Survey Results for the Copper Zone and the northern extensions to the Zhacun Gold Mining Zone

Copper Zone

In total 18 IP gradient survey lines were completed in the current Exploration phase over the copper zone. The results are shown in the figures below: Figure 2 Miaojiacun zone IP survey polarisation plan; Figure 3 Miaojiacun IP survey resistivity plan.

As shown in Figure 2, the three high polarisation anomaly areas are marked as anomaly Cu-1, Cu-2, and Cu-3.

Anomaly Cu-1: This is a high polarisation anomaly which is not closed due to the fact that the boundary is on a cliff. The anomaly area is ear-shaped, sloping toward the east and southeast, with its axis across 325-1050~0650 (this means survey line 325, between survey point 1050~0650. The same pattern applies hereafter). Wider anomalies are also seen on the plan. A number of faults converge in this location and thus this is a favourable location for mineralisation. However, mineralisation is not observed on the surface, just soil is exposed in this location. In Figure 3, this location shows low resistivity. It is yet to be confirmed whether this anomaly is caused by mineralisation, drilling will reveal that situation.

Anomaly Cu-2: This anomaly is located at the intersection of the end of survey line 28 and the middle of survey line 30, around 28-1000~1180 and 30-1630~1910. The anomaly covers a small area. The location is alongside the river and includes a cliff, sporadic carbonaceous slate and broken rock scree are exposed. Although the figure obtained is very high, the data are not stable. Thus the anomaly could be caused by the IP response of carbonaceous slate, and the river may have caused the instability in the data.

Anomaly Cu-3: Located at the end of survey line 36, around 36-1070~1170, covers a small area and the polarisation is low. The resistivity plan shows high resistivity in this area. Grey purple slate and limestone are exposed, heavily weathered, located on the ridge, near the peak, with a very dry surface. Copper mineralisation is not discovered on the surface. Further works need to be done to confirm the nature of this anomaly.

Figure 2: Miaojiacun zone IP survey polarisation plan Cu-1 Cu-2 Cu-3

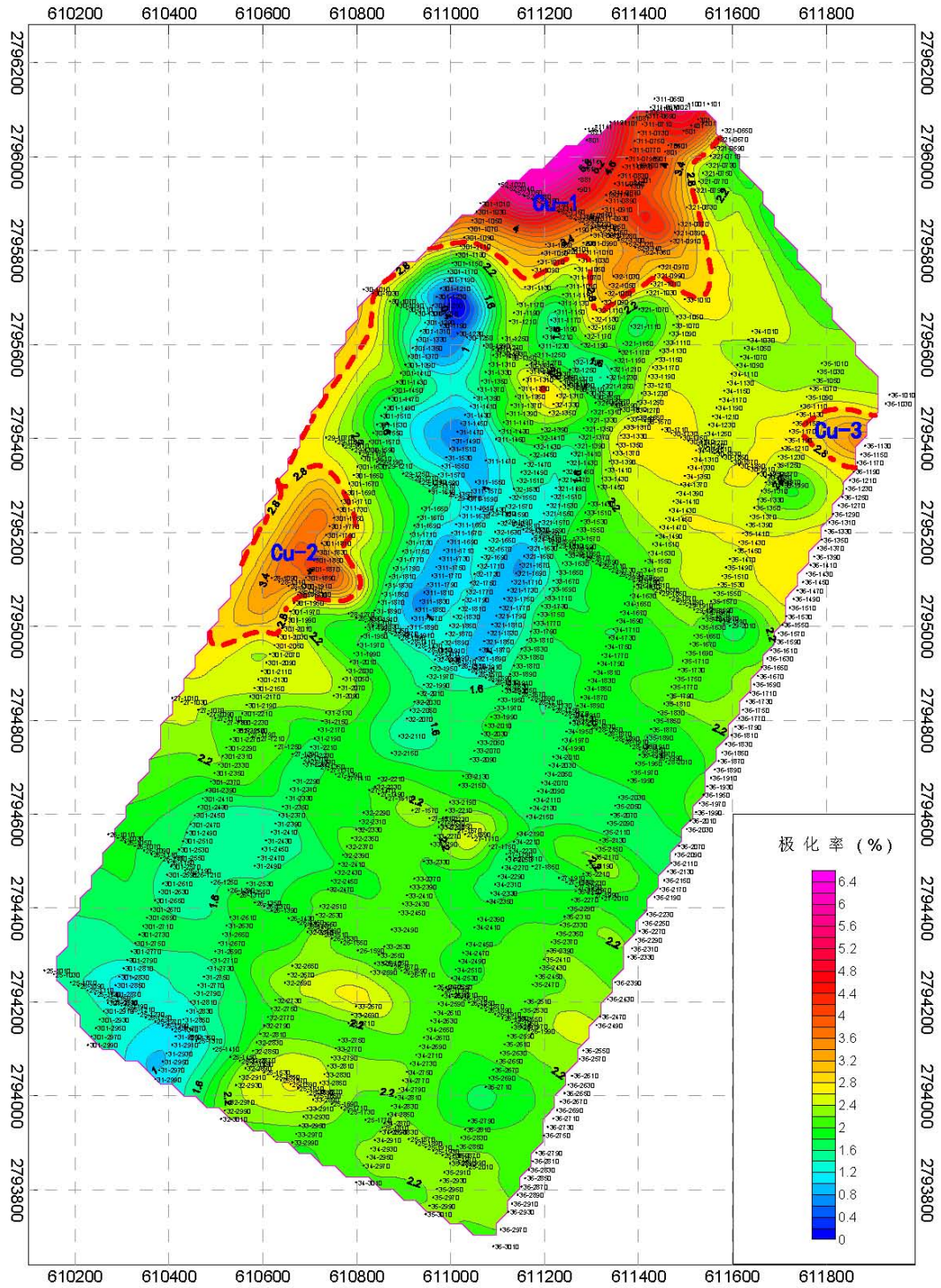


Figure 3: Miaojiacun IP survey resistivity plan.

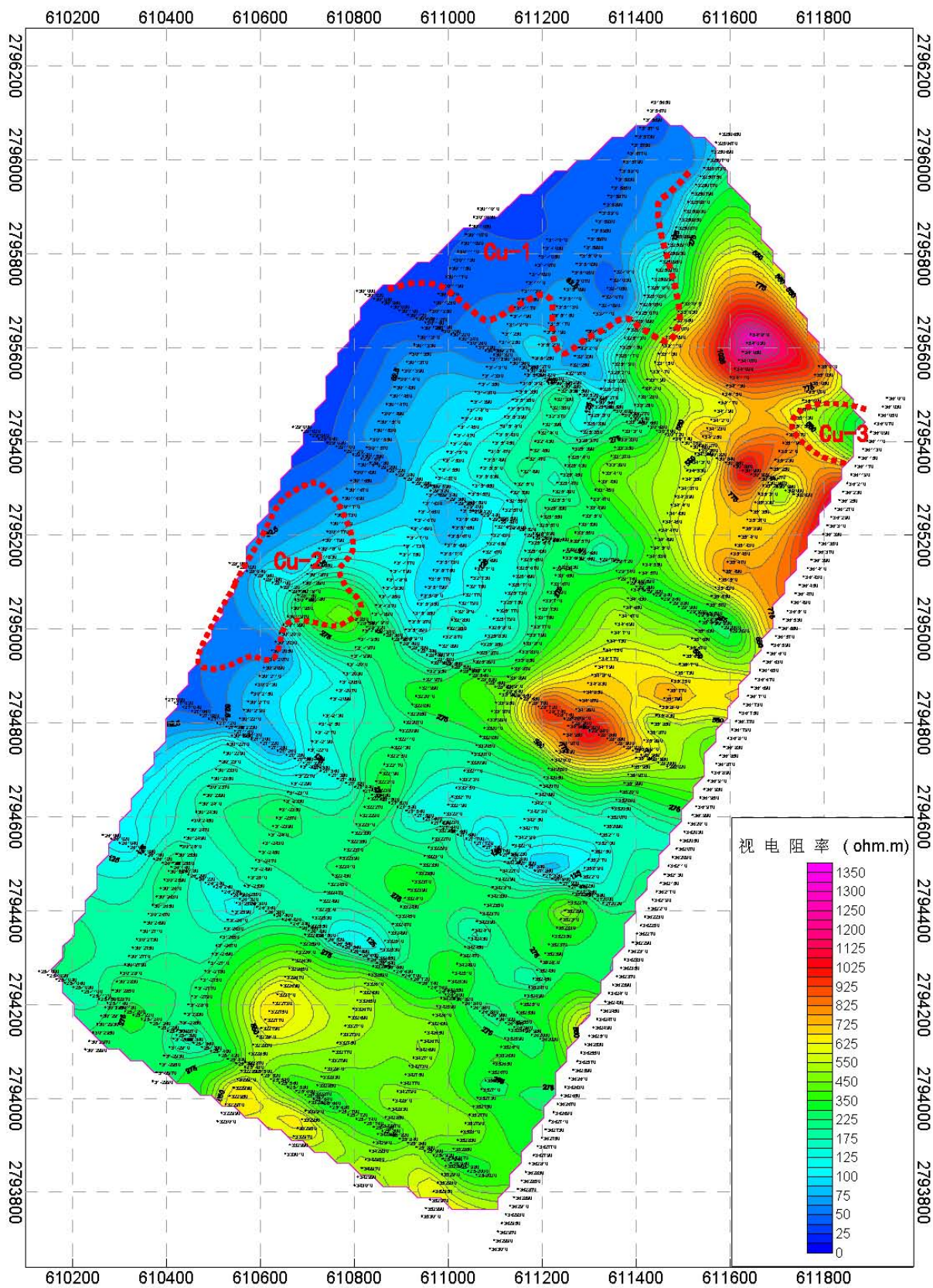


Figure 4: Miaojiacun Lines 53 and 54 polarization plan.

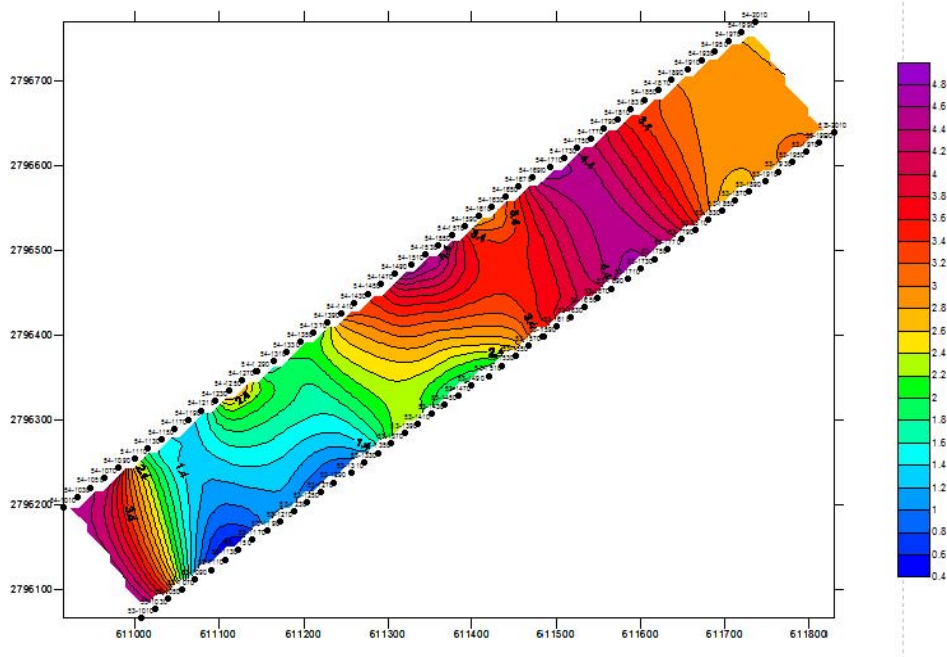
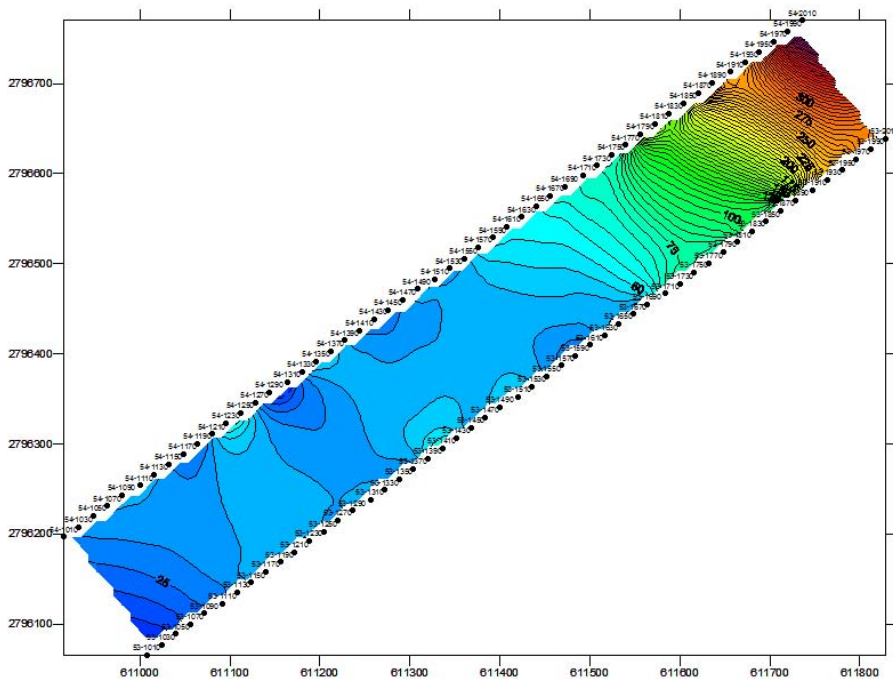


Figure 5: Miaojiacun Lines 53 and 54 resistivity plan



As shown on Figure 4, the area of 611250~611700 has a high polarisation. The plane anomaly feature has some correlation with the anticline at this location. Further work is to be done to confirm the nature of this anomaly.

Analysis of survey results:

(1)The anomalies (polarisation $>1.7\%$) are all in 650-1650 area.

(2)The anomalies occur in three areas (650-750, 820-1020 and 1200-1450).

(3)The three anomalies are modelled to be 250 meters underground.

(4)The polarisation values in the shallow zone ($<250\text{m}$ underground) are between $1.7\%-2.2\%$, which possibly shows low grade mineralisation, which is consistent with the sampling result from previous trenching and tunnelling (PD3).

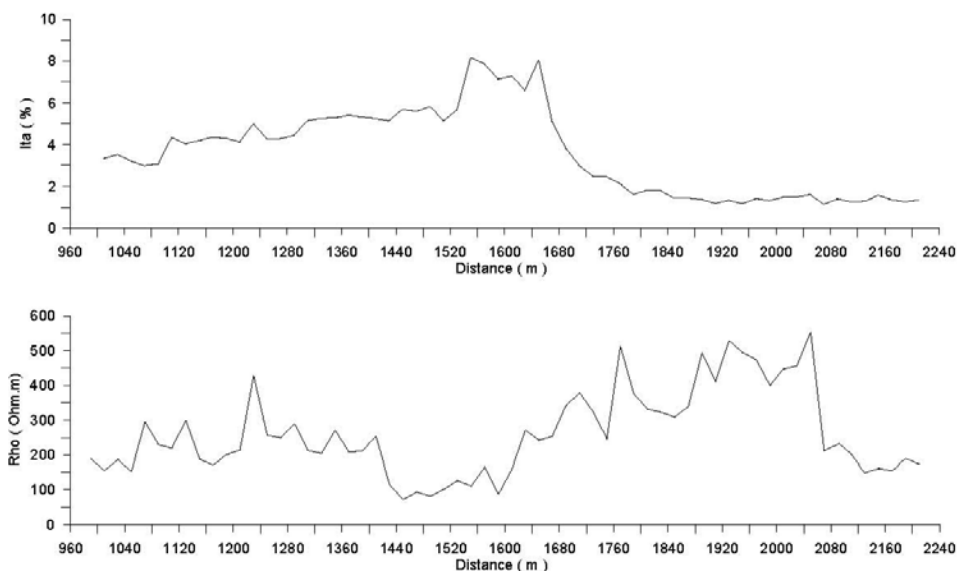
Conclusion and suggestion:

Comprehensive analysis is difficult due to the low level of exploration in the area, the development of Quaternary soils on the surface and heavy vegetation coverage. However from a geological perspective, if the interference of carbon can be excluded, the polarisation and resistivity characteristics shows that the anomaly should be caused by copper mineralisation.

Zhacun gold mining zone test survey

As a test and benchmark, a survey Line 14 was set up across the Zhacun gold mine which was already explored to a resource status and in its mining development stage. The survey Line 14 was 1.2 km long, and was used as a benchmark to compare the polarisation of the buried gold resource which is already proven. The survey results of survey Line 14 is shown below in Figure 6.

Figure 6: Line 14 polarisation and resistivity sectional plan



As shown in the figure, the left end of the survey line is stable with medium-high polarisation and low resistivity ($<300\text{ ohm m}$). The curve with polarisation between $1540 - 1680$ shows high polarisation and relatively low resistivity between $1500 - 1600$. This part is right on the proven Zhacun gold-bearing fragmented mineralisation belt. Between $1000 - 1500$ there are carbonaceous slates exposed, part of the area is covered with thick soil, this section of high polarisation low resistivity anomalies are mainly caused

by carbonaceous slate. Between 1720-2240 the section is high polarisation high resistivity, which appears to be non-ore-bearing rocks. In the middle section where high polarisation low resistivity anomalies are, there are exposed carbonaceous slate, the anomalies could be caused by both carbonaceous slate and fragmented gold mineralisation.

Zhacun gold north extension IP survey results

In the region of the Concession north of the Zhacun Gold Mine, thirteen survey lines were set up and recorded with gradient array geophysical electrical IP. Figures 7 and 8 show the survey results.

Figure 7: Zhacun gold north zone polarisation plan;

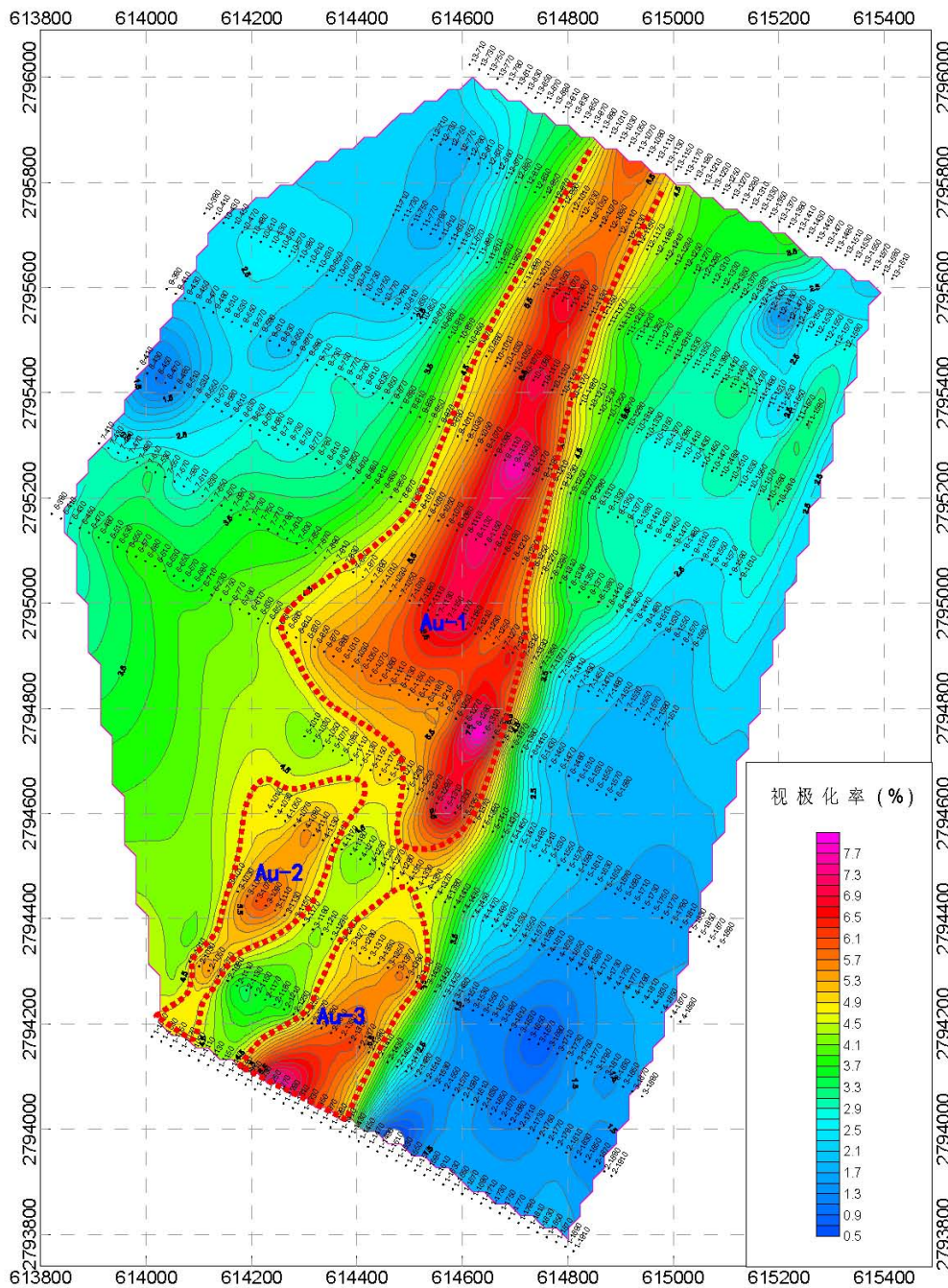
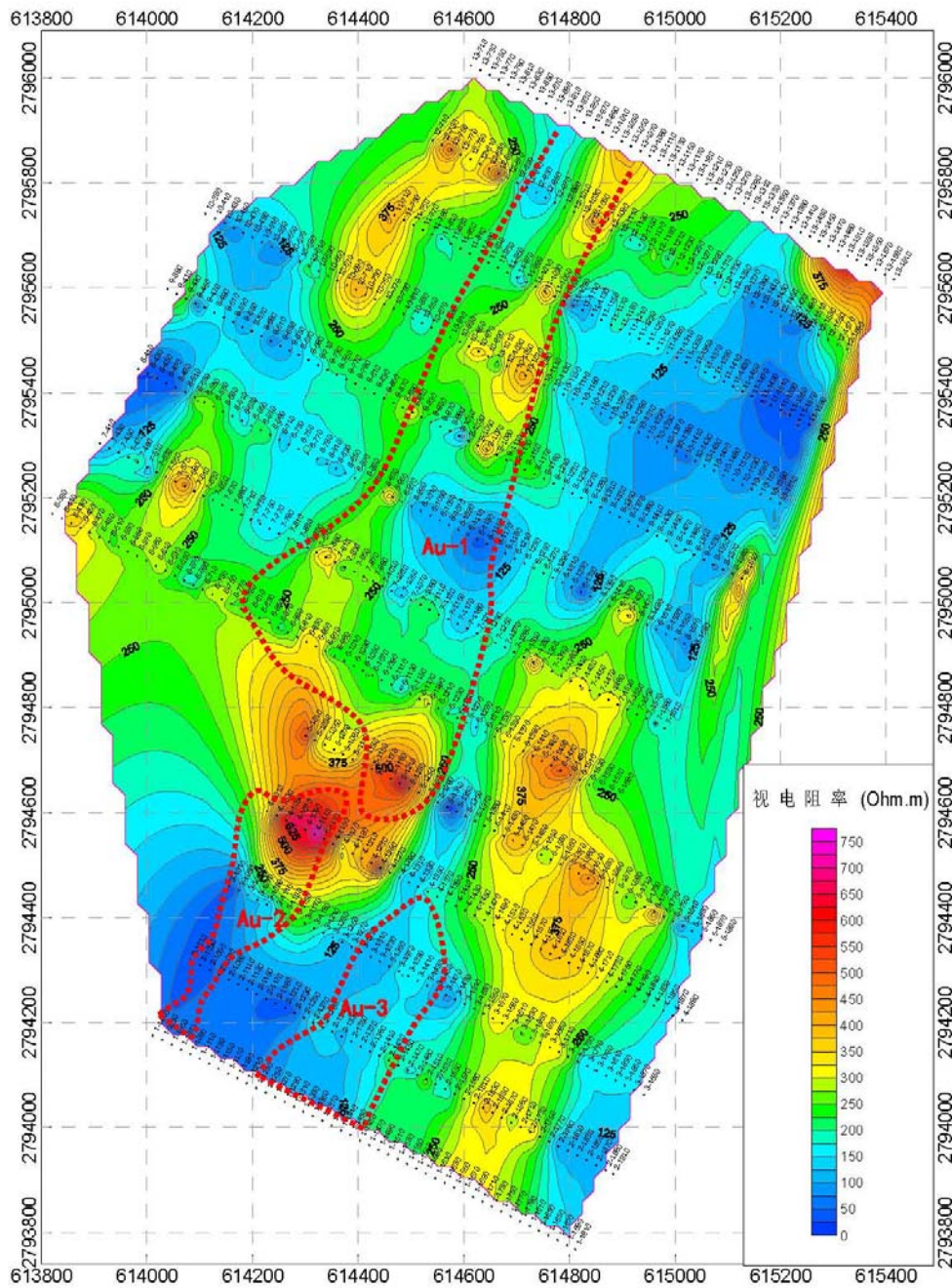


Figure 8: Zhacun gold north zone resistivity plan.



Three anomalies can be delineated according to the polarisation data obtained, they are numbered as anomaly Au-1, Au-2 and Au-3.

Anomaly Au-1: This anomaly is belt-shaped with high polarisation, right across the middle of survey lines 6, 7, 8, 9, 10, 11, 12 and 13. The anomaly trends in the same direction and is symmetric, indicating that the corresponding anomalies are upright not dipping. There is a bifurcation in the middle of lines 6 & 7. The data did not reflect this bifurcation underground. The anomaly is consistent with the distribution and extension of the Zhacun gold strata as shown on the geological map. Carbonaceous slate is not exposed in this section on the surface. Pyrite and limonite are present on the surface which consists of crushed weathered rock. Generally the section has medium-low resistivity, with the exception of a small area with high resistivity in the north. There is a large area with low resistivity across survey line #8, which is likely to be caused by the river. The whole length of this anomaly is viewed as an interesting area for further exploration.

Anomaly Au-2: This anomaly is narrow, across survey line # 1, 2, 3, and 4. The resistivity changes significantly. High resistivity in the north and low resistivity in the south. The surface is covered with scree, devoid of mineralisation on the surface. This anomaly is consistent with a secondary fault on the geological map, hence it is a favourable location for mineralisation. Further exploration is needed to confirm the prosperity of this anomaly.

Anomaly Au-3: is parallel with anomaly Au-2. It is possibly one of the branches as the extension of anomaly Au-1. It appears to be high polarisation and low resistivity. Scattered pyrite is visible on the ground surface. This anomaly correlates with a fault on the geological map and is an area for further exploration.

In addition, the relationship among the three anomalies shows that, the thumb-shaped section at the south end of the Au-1 is likely a separate underground anomaly with Au-1. More likely it is linked with Au-3 underground due to the constant low resistivity between the 2 sections. Au-1 bifurcated at the south end and extends into 2 branches, Au-2 and Au-3. This branching is correlated with the intersection of a number of faults at this location.

It can be inferred that the anomaly (near station 950~1120) is a fragmented structural fault which is most probably caused by mineralisation (pyrite or gold-bearing pyrite) reflected in the resistivity and high polarisation.

Zhacun Gold north extension IP soundings

A total of 81 sounding data points were collected on four survey lines (2, 5, 7 and 11) were completed, the results and analysis are shown below:

1. The IP sounding survey along Line 2 consisted of 12 survey points at 40 metre spacing. The coordinate of 1st survey point was 2794317, 33614080. The coordinate of last survey point was 2794118, 33614480.

Figure 9: Line 2 IP sounding location plan

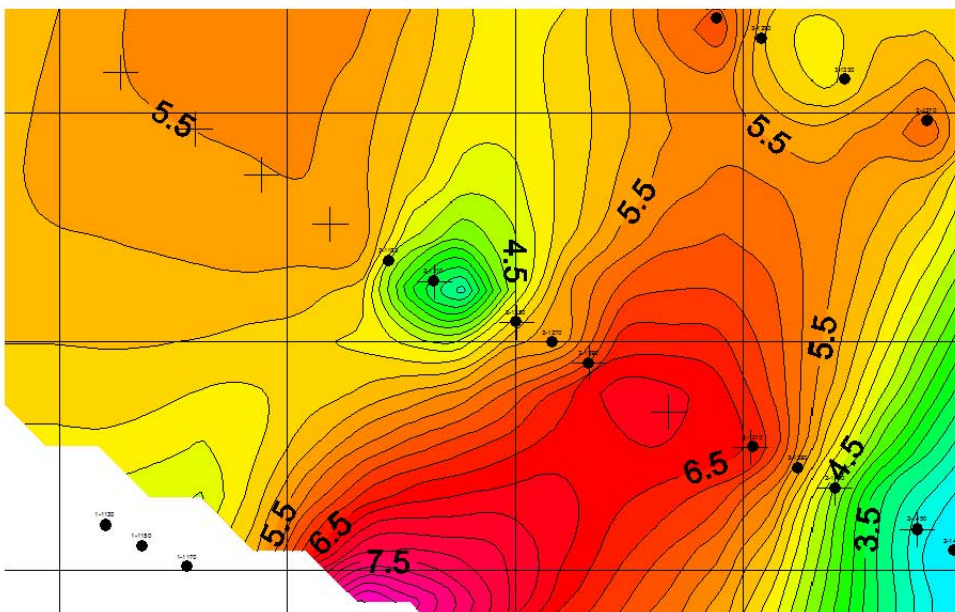


Figure 10: Line 2 IP sounding polarisation sectional plan

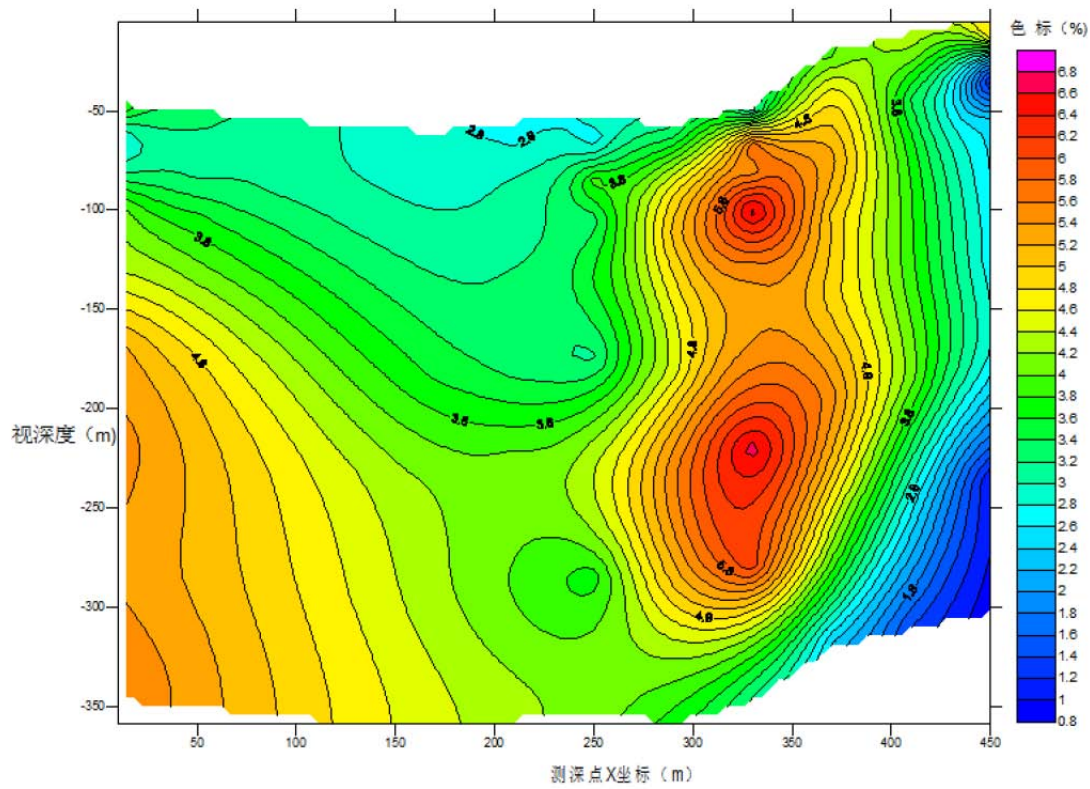
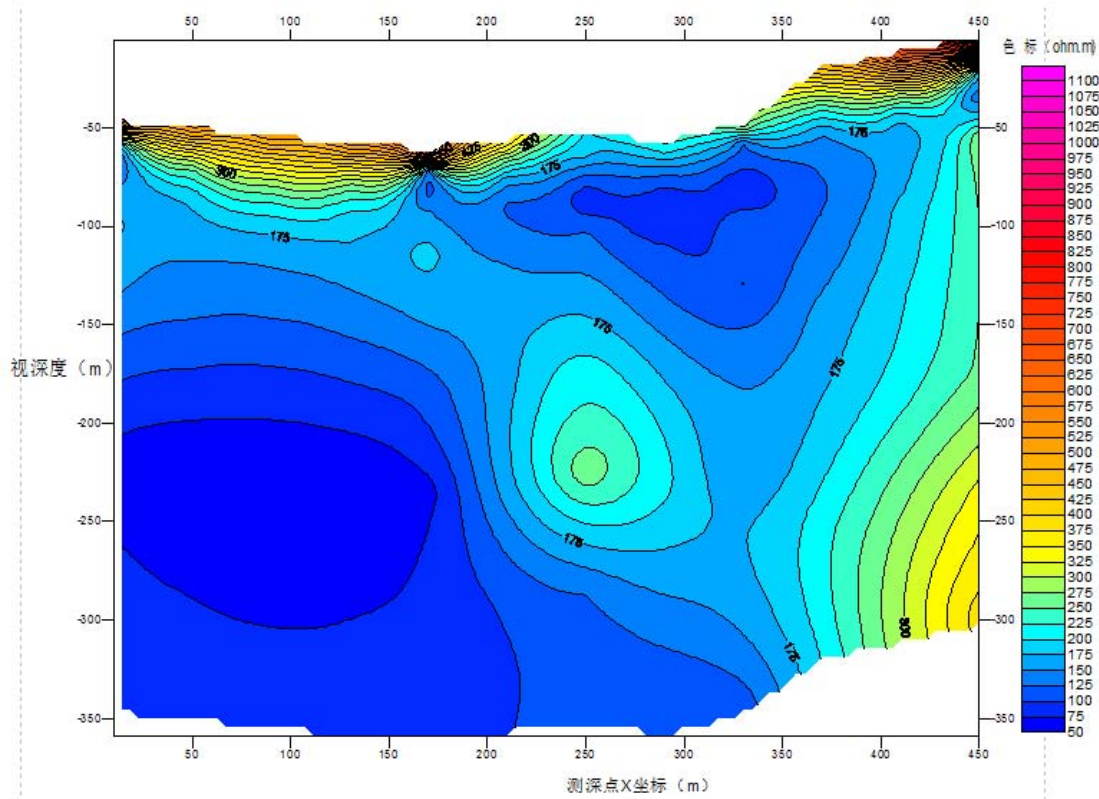


Figure 11: Line 2 IP sounding resistivity sectional plan



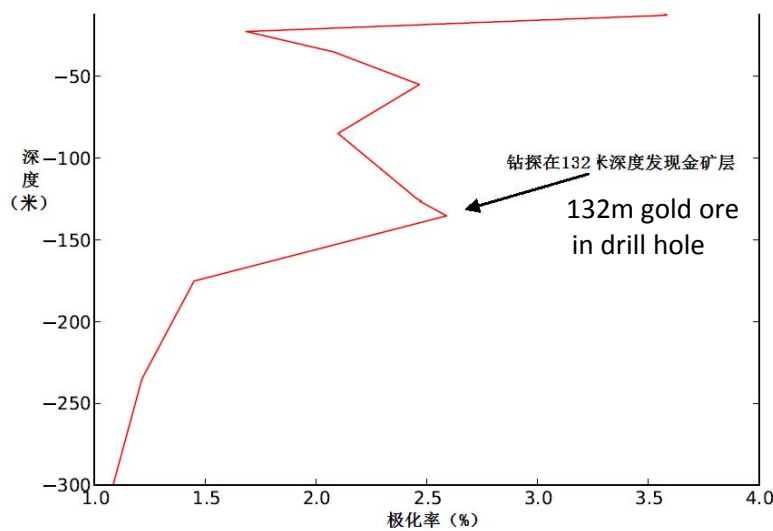
Results and analysis:

The anomaly is located between 10-450 metres along the line. It has high polarisation (>4.8%) around 280-380 metres along the line. The anomaly is intense on the eastern edge it is very likely the edge of the fragmented fault, with a steep mode of occurrence dipping slightly westwards.

Although carbonaceous material is not visible on the surface, it is unsure whether carbonaceous rocks exist underneath. Further study must be done. If the impact of carbon can be excluded, this section will be anomaly caused by mineralisation (pyrite or gold-bearing pyrite).

2. Zhacun gold north zone IP sounding at a location on survey Line 5 where an existing drill hole (175ZK2) with a mineralised intersection exists.

Figure 12: Line 5 500m sounding polarisation curve



Analysis shows that the high polarisation near the surface is likely caused by the saturated carbon formed by accumulation of decaying leaves and near surface weathered mineralised rock. The high polarisation value around 50 metres deep needs further data analysis. The high polarisation value at 132 metres is consistent with the 1 metre thick gold ore revealed in the drill hole. This demonstrates that the results of IP sounding reliably predict mineralisation.

3. On survey Line 5 a total of 13 sounding points were recorded at 40 metre intervals. The coordinate of 1st survey point was 2794741, 33614310. The coordinate of last survey point was 2794523, 33614740.

Figure 13: Line 5 sounding location plan

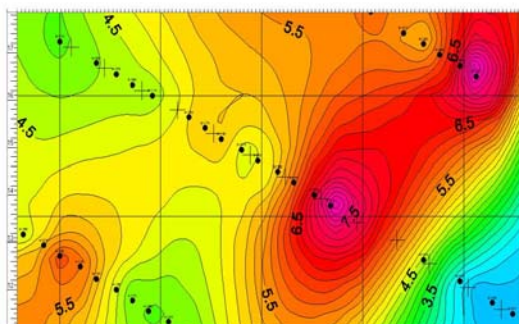


Figure 14: Line 5 polarisation sectional plan

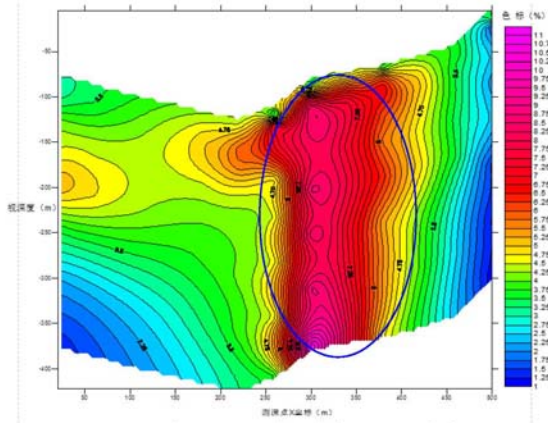
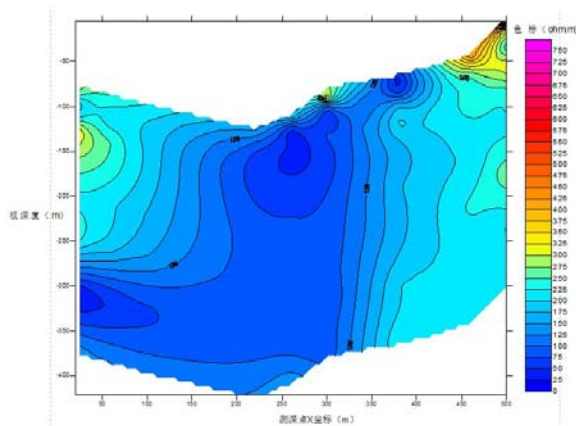


Figure 15: Line 5 sounding resistivity sectional plan



Results and analysis:

Between station 260~420, high polarisation (>4.5%) was observed. The resistivity is 200 ohm m. The anomaly is not closed, with a steep mode of occurrence dipping slightly towards the west.

Although carbonaceous strata was not observed in the existing 130m deep drill hole(ZK175), yet the existing drill hole is not in a high polarisation area, hence it is unsure whether carbonaceous rocks exist underneath. Further study must be done. If the impact of carbon can be excluded, the anomaly in this section will be caused by mineralisation (pyrite or gold-bearing pyrite).

4. Zhacun gold north zone IP sounding survey Line 7 results analysis.

A total of 21 sounding points at 40 meters interval on IP survey Line 7 were completed. The coordinate of 1st survey point was 2795167, 33614180. The coordinate of last survey point was 2794804, 33614890.

Figure 16: Line 7 sounding location plan

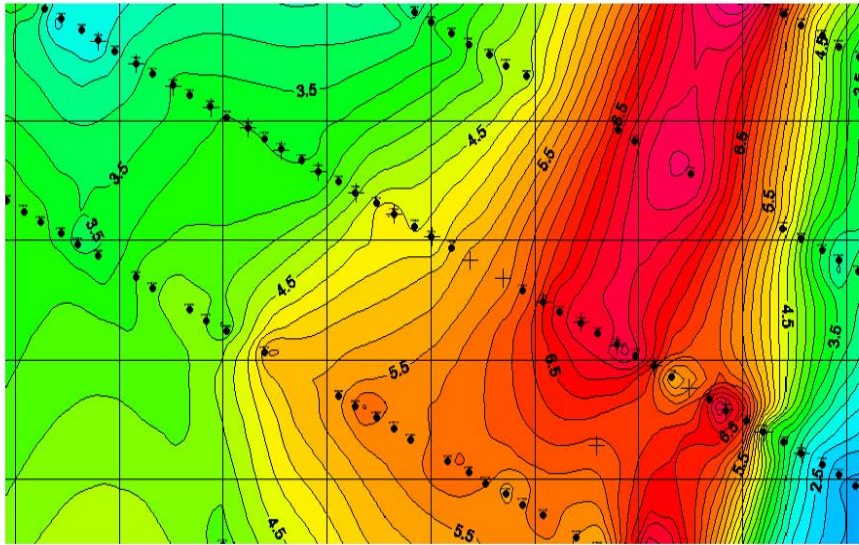


Figure 17: Line 7 sounding polarisation sectional plan

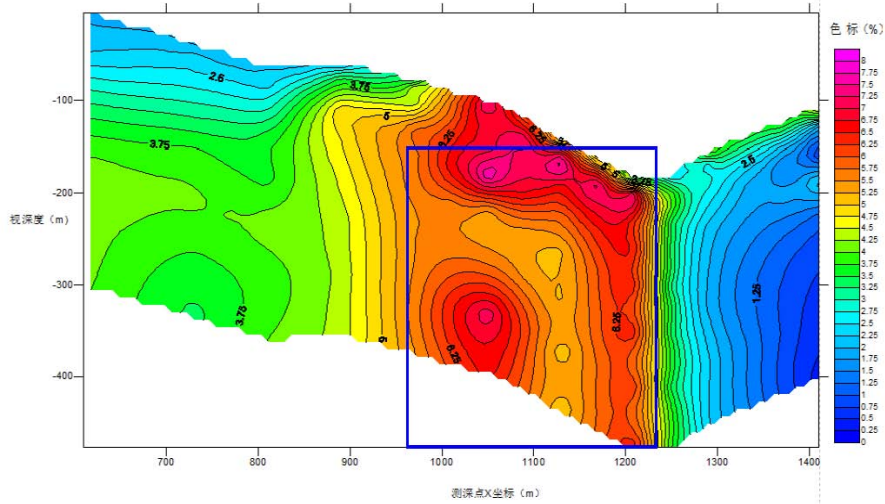
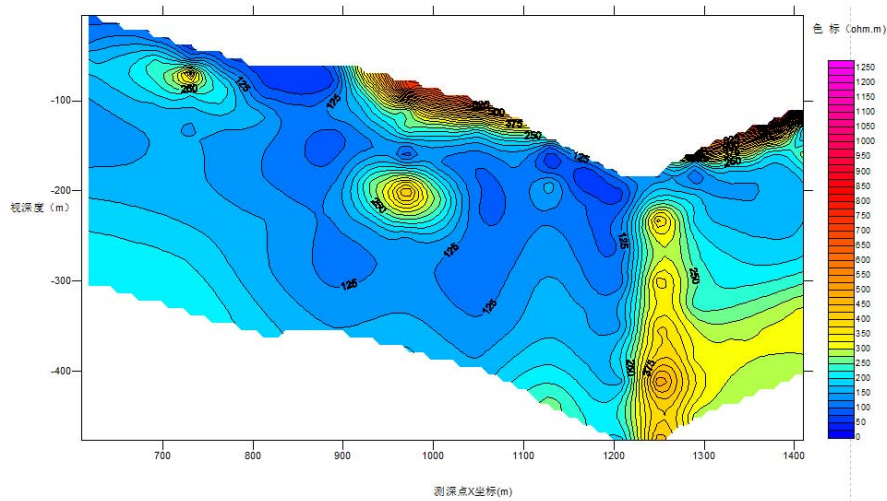


Figure 18: Line 7 sounding resistivity sectional plan



Results and analysis:

Between station 900~1250, high polarisation (>4.5%) was observed. In the section between 1220~1300, the resistivity was 400 ohm m. The anomaly is not closed, with a steep mode of occurrence dipping slightly eastwards.

It can be inferred that this anomaly (near station 1200) which coincides with a fractured fault is caused by mineralisation (pyrite or gold-bearing pyrite).

5. Zhacun gold north zone IP sounding survey Line 11 results analysis

A total of 15 soundings at 40 meters interval on IP survey Line 11 were recorded. One more survey point between point 3 and 4, and another survey point between point 4 and 5 were added to control the anomaly. The coordinate of 1st survey point was 2795656, 33614630. The coordinate of last survey point was 2795438, 33615060.

Figure 19: Line 11 sounding location plan

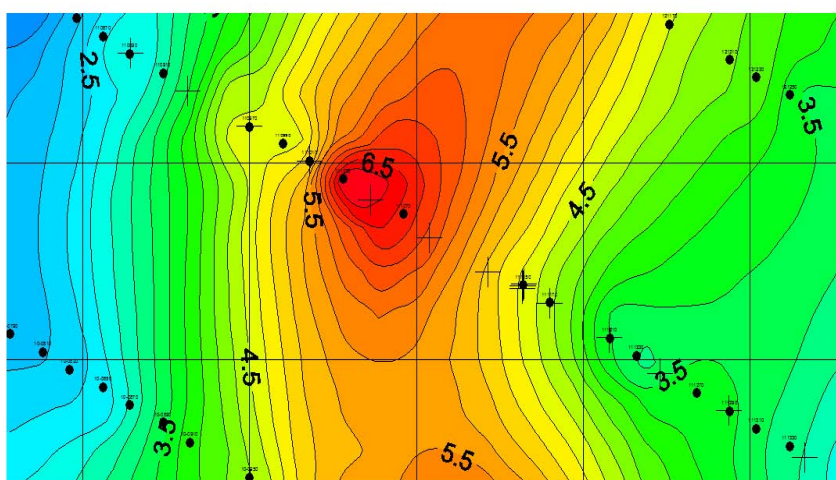


Figure 20: Line 11 sounding polarisation sectional plan

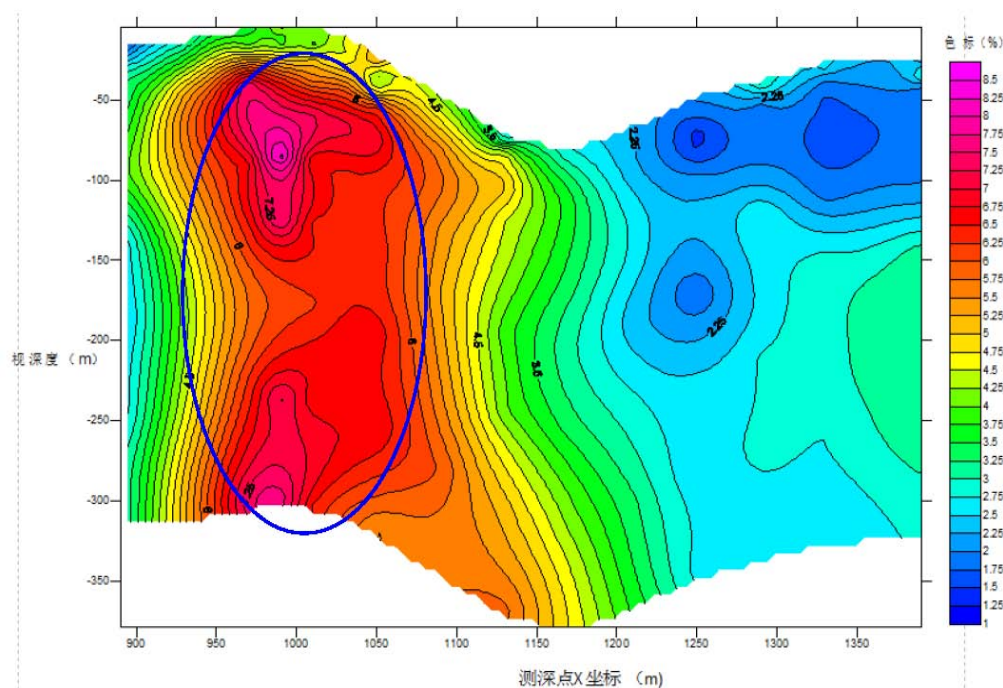
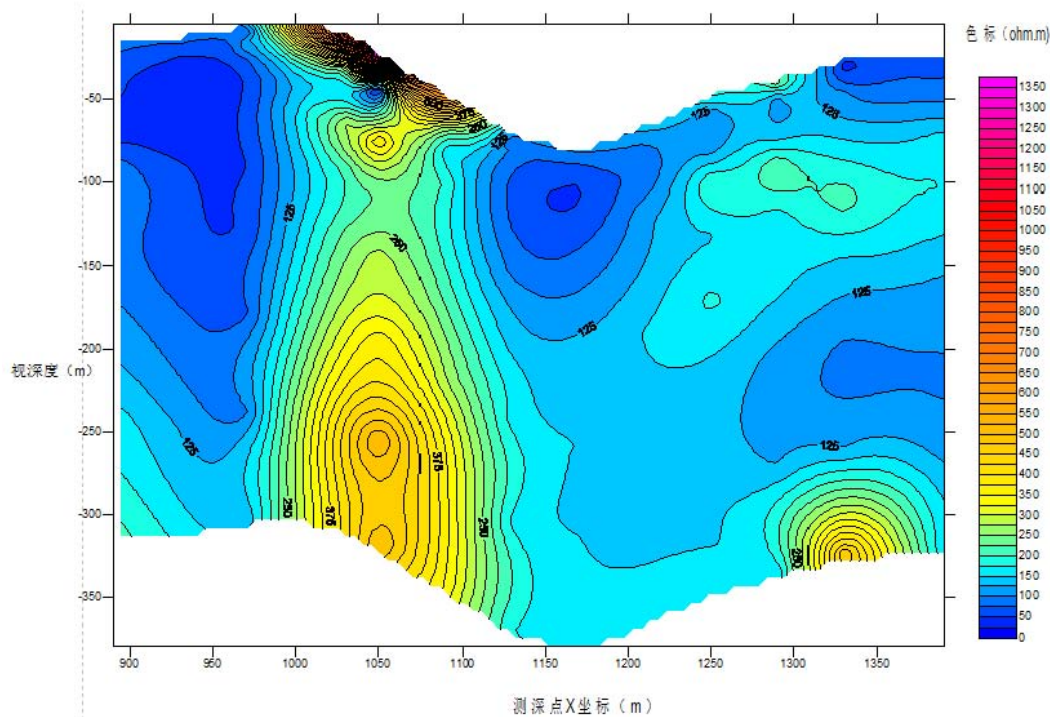


Figure 21: Line 11 sounding resistivity sectional plan



Results and analysis:

Between station 950~1120, high polarisation (>4.5%) was observed. In the section between 1220~1300, the resistivity was 450 ohm m. The anomaly is not closed, with a steep mode of occurrence dipping slightly eastwards.

It can be inferred that this anomaly (near station 950~1120) is a fragmented structural fault caused by mineralisation (pyrite or gold-bearing pyrite).

Conclusions

The following understanding was obtained through the current geophysical exploration work:

1. In the northern section of the copper zone an intense anomaly was delineated. An IP sounding was carried out in the area and the results show a good anomaly at depth. As a benchmark, on the survey line PD3 (5 m thick 1.25 g/t Cu mineralisation belt controlled by tunnelling) the existing mineralisation, shows polarisation of 1.7%—2.4%. In comparison, the polarisation anomaly in the northern section reached 3—4.5%. The intense IP anomaly is located at the intersection of the Waigucun short-axis hinge fault and another north-south secondary fault, which is very favourable for mineralisation. Based on the results of complex analysis of IP polarisation, resistivity characteristics, and 1:10000 geochemical and geological mapping, it is concluded that the anomalies are caused by mineralisation. Further exploration is needed to confirm the mineralisation. In general there is a good prospect of finding copper mineralisation in the area.

2. In the Zhacun gold zone, a gold-bearing fragmented structure zone was delineated. It is 5km long and 80-250 m in width. This fragmented structural zone is the on the same structure as the adjacent Zhacun gold mine which is already in its development stage. Areas consisting of large scale anomalous resistivity and high polarisation were defined. The Chaleicun-Wulixiang area in the north of the concession, is the extension of the Zhacun gold fractured zone, with similar rock type and ore-bearing faults. Known gold mineralisation and the geophysical anomalies suggest that this area is the most favourable target for gold.

In the recent survey a benchmarking survey line (#14) was recorded over the best mineralisation area (thick and high grade) of the Zhacun Gold Mine, the IP gradient survey result was then compared with the other survey lines to the north of the Honghuayuan concession gold zone. IP sounding was also done in the survey area, the results show interesting anomalies in the deeper sections of the fragmented zone.

In the northern extension of the Zhacun gold zone, a 2km long by 100-280 m wide steep west dipping polarized body was delineated. Based on the results of the analysis of IP polarisation, resistivity characteristics, and 1:10000 geochemical and geological mapping, it is initially concluded that the anomalies are caused by subsurface mineralisation. In general there is a good prospect of finding strong gold mineralisation in the anomalous region and further exploration should reveal that fact.

Drilling is now underway in both the copper zone and the northern extension of the Zhacun Gold zone, initial results should be available around the end of September.

By order of the Board.

Kenneth Lee
CEO

The information in this report that relates to exploration results and mineral resources is based on information compiled by Dr. Richard Haren who is a corporate 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 is retained by SAY as Non-Executive Director. He has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.