

Manager of Company Announcements
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000

17th October 2012

Putu Update - Major Advance in the Development of Iron Sand Project in Putu

Highlights

- **Encouraging results from site surveys.**
- **Identified ideal area for pilot-run commercial production.**

Following the signing of the Memorandum of Cooperation between South American Iron & Steel Corporation Limited (“SAIS” or “the Company”) and Sinotech Minerals Exploration Co., Limited (“Sinotech”), which was announced on 22nd June 2012, SAIS and Sinotech personnel visited our Chilean Putu concessions in late August.

The team includes SAIS Director Dr Simon Ning and SAIS Putu Project Director together with Sinotech Chilean Country General Manager Mr Xiaoming Peng. The visit included site surveys, particularly in the Trinchera area (part of Putu concessions), which accounts for less than 20% in land size of our Putu concessions – see Figure 1.

During the site surveys, samples were taken and sent for laboratory assaying. Consequent to the site surveys, the team earmarked Trinchera as the area ideal for production of iron sands concentrates.

SAIS has now received a site survey report from Sinotech, in which Sinotech opined the significant amount of iron sands available and the enormous commercial potential of Putu. Thus Sinotech has now informed us that Sinotech will continue to work with SAIS to develop Putu.

In addition, Sinotech has also submitted a detailed exploration plan for Putu to SAIS. This plan detailed a scheduled drilling plan to the depth of up to 150 meters. The exploration plan, if executed, aims to increase the amount of resource in Putu by several folds. The data to be obtained from the drilling would also help to provide guidance to commence production in Putu.

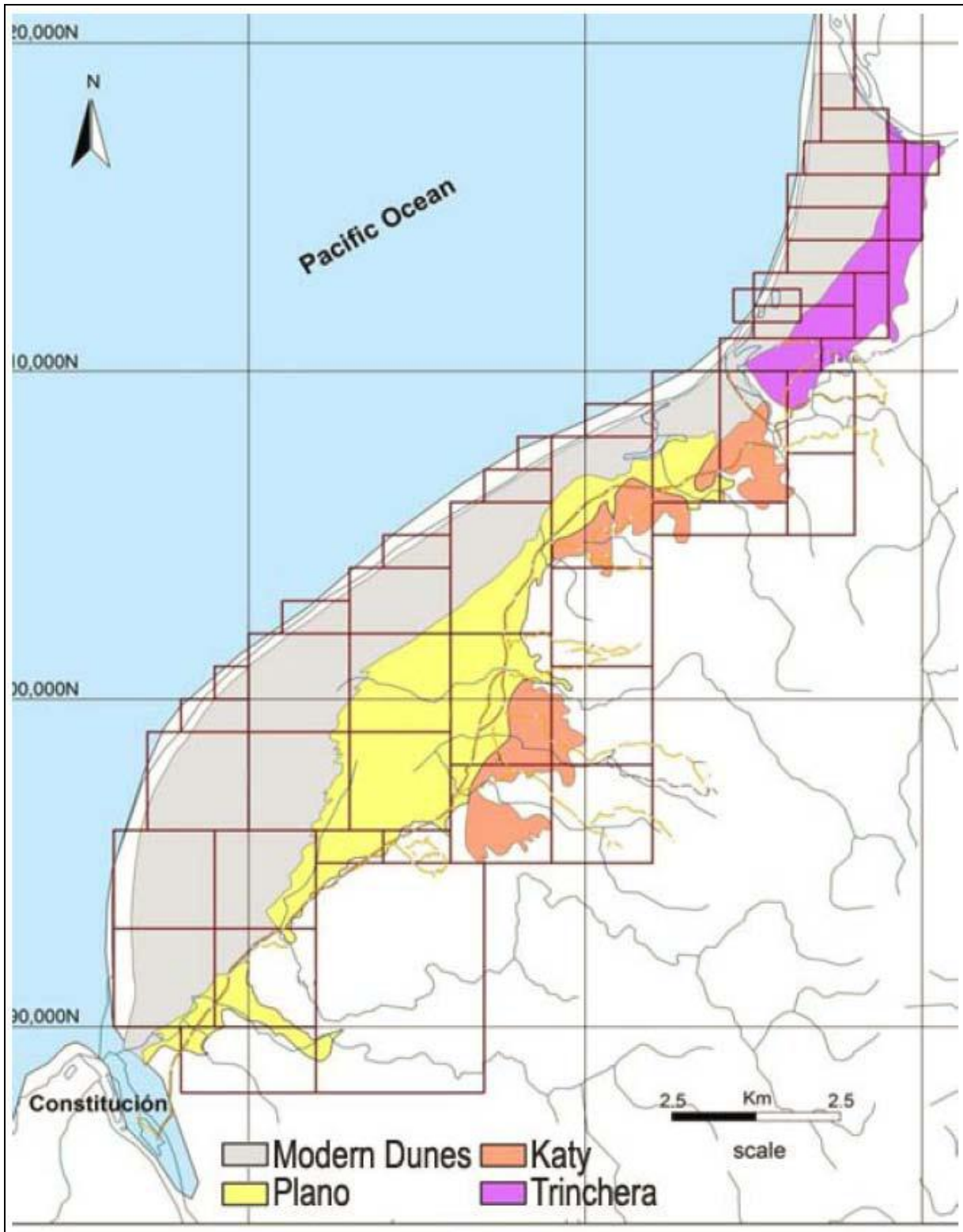


Figure 1: Location of Trincheria within our Putu Concessions

The Company has commenced discussions with other parties in relation to the development of Putu. These parties includes potential off-takers of iron sands, designers of and manufacturers of equipment (beneficiation of iron sands), and logistics specialists.

SAIS management immediate main focus is to commence production of iron sands concentrates as early as possible.

Yours faithfully,



Kenneth Lee
Company Secretary and CEO

About South American Iron & Steel Corporation Limited

SAY holds a number of mineral concessions in Chile, South America that host iron sands and a 10% interest in the Quince concessions. SAY also 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.