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SOUTH AMERICAN IRON & STEEL CORPORATION LIMITED ANNUAL GENERAL MEETING 2012

22 October 2012

Dear Shareholder,

It is my pleasure to invite you to the 2012 Annual General Meeting of South American Iron & Steel Corporation Limited to be held at 2.30 pm on Friday 23 November 2012 at the offices of Nexia, Chartered Accountants, Level 23, 264 George Street, Australia Square, Sydney, New South Wales.

I enclose a Notice of Meeting and a proxy form. Please complete and return the proxy form if you are not able to attend the meeting.

The Company's 2012 Annual Report is now available on our website, www.saironsteel.com. We are sending a copy to those shareholders who have requested a hard copy. If you would prefer to receive a printed copy rather than access the Annual Report on our website, please let me know.

I look forward to welcoming you to the meeting.

Yours sincerely,

Terry Cuthbertson

Chairman



SOUTH AMERICAN IRON & STEEL CORPORATION LIMITED

ACN: 060 319 119

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2012 Annual General Meeting of shareholders of South American Iron & Steel Corporation Limited ("the Company") will be held at the offices of Nexia, Chartered Accountants, Level 23, 264 George Street, Australia Square, Sydney, New South Wales, on Friday, 23 November, 2012 commencing at 2:30pm.

FINANCIAL STATEMENTS

To receive and consider the Financial Report, including the Directors' Report and Auditor's Report for the Company and its controlled entities for the year ended 30 June 2012.

Pursuant to Section 317 of the Corporations Act, the financial statements of the Company for the year ended 30 June 2012, together with the reports by the Directors and the Auditor therein are required to be laid before the meeting. Shareholders will be provided with the opportunity to ask questions of the Directors and the auditor about the financial statements but there will be no formal resolution put to the meeting with regard to the financial statements.

RESOLUTION 1 REMUNERATION REPORT

To receive and consider the Remuneration Report and, if thought fit, to pass the following resolution:

"That the Remuneration Report be adopted"

Voting Exclusion: Pursuant to Section 250R of the Corporations Act 2001 a vote on this resolution must not be cast (in any capacity) by or on behalf of any member of the key management personnel details of whose remuneration are included in the remuneration report or a closely related party of such a member. However, a person aforesaid may cast a vote on the resolution if the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution and the vote is not cast on behalf of a person aforesaid.

EXPLANATION

The Remuneration Report is contained in the 2012 Annual Report (refer to Section 2.12). It is a requirement of the Corporations Act that this Report be provided to shareholders and voted upon by a vote which is advisory only and does not bind the Directors or the Company.

However, if 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGM's, shareholders will be required to vote at the second of those AGMs on a resolution that another meeting be held within 90 days at which all of the Company's Directors who are subject to a re-election requirement must go up for re-election.

RESOLUTION 2 ELECTION OF RICHARD HAREN AS DIRECTOR

To consider and, if thought fit, to pass the following resolution:

"That Dr Richard Haren be elected a Director of the Company."

In accordance with clause 3.6(a) of the Company's Constitution, Dr Haren retires as a Director and, being eligible, offers himself for re-election. Details of Dr Haren's skills and experience are set out in Section 2.1 of the 2012 Annual Report.

RESOLUTION 3 ELECTION OF WILLIAM JI AS DIRECTOR

To consider and, if thought fit, to pass the following resolution:

"That Mr William Ji be elected a Director of the Company."

In accordance with clause 3.3 of the Company's Constitution, Mr Ji, being a Director of the Company appointed on 27 September 2012 retires and being eligible offers himself for election. Mr Ji holds senior positions within the CITIC Group and includes being the Chairman of Jiangxi CITIC Mining Investment Co., Ltd. Fuller details of Mr Ji's skills and experience are set out in Section 2.1 of the 2012 Annual Report.

RESOLUTION 4 RATIFICATION OF PRIOR ISSUE OF SHARES THROUGH SHARE PLACEMENT

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, approval is given for the issue of 15,000,000 Shares on the terms and conditions set out in the Notice of this meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

EXPLANATION

General

On 26 June 2012, the Company issued 15,000,000 fully paid ordinary shares at \$0.04 per share being a placement to raise additional working capital and the Directors allotted these shares.

ASX Listing Rule 7.1 precludes the Company issuing securities representing more than 15% of its issued capital in any 12 month period unless it obtains shareholder approval. This placement was within the Company's capacity under ASX Listing Rule 7.1. ASX Listing Rule 7.4 permits the Company to now seek approval of this placement from shareholders and the effect of approval will be to restore the Company's 15% placement capacity to the extent it has been diminished by this issue.

Information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of these shares:

- (a) 15,000,000 shares were allotted;
- (b) The issue price was \$0.040 per share;
- (c) The shares issued were all fully paid ordinary shares in the capital of the Company ranking equally in all respects with the Company's existing shares;
- (d) The shares were allotted and issued to a non-related sophisticated investor identified and introduced to the Company; and
- (e) \$600,000 funds were raised from the issue of the shares. The funds raised from the issue are being used to meet the general working capital requirements of the Company.

RESOLUTION 5 RATIFICATION OF AN AGREEMENT TO ISSUE CONVERTIBLE NOTE

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify an agreement to issue a \$500,000 Convertible Note (convertible to a maximum of up to 12,500,000 fully paid ordinary shares at 4 cents each) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

EXPLANATION

General

The Company, on 27 September 2012, has entered into an agreement with a subscriber of a \$500,000 Convertible Note to be issued on or before 26 October 2012. The Convertible Note is non-interest bearing with an expiry date of 12 months from the date of the issue of the Note, convertible into fully paid ordinary shares at \$0.04 per share.

ASX Listing Rule 7.1 precludes the Company issuing securities representing more than 15% of its issued capital in any 12 month period unless it obtains shareholder approval. The agreement to issue the \$500,000 Convertible Note was within the Company's capacity under ASX Listing Rule 7.1. ASX Listing Rule 7.4 permits the Company to now seek approval of this Convertible Note issue from shareholders and the effect of approval will be to restore the Company's 15% placement capacity to the extent it has been diminished by this issue.

Information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of these shares:

- (f) One non-interest bearing \$500,000 Convertible Note expiring on 12 months from the date of issue;
- (g) The Convertible Note is convertible to a maximum of up to 12,500,000 shares fully paid ordinary shares at 4 cents each;
- (h) If the Convertible Note is converted into shares, the shares to be issued will be all fully paid ordinary shares in the capital of the Company ranking equally in all respects with the Company's existing shares;
- (i) The Convertible Note will be issued to a non-related sophisticated investor identified and introduced to the Company; and
- (j) \$500,000 funds will be raised from the issue of the Convertible Note. The funds raised from the issue will be used to meet the general working capital requirements of the Company.

RESOLUTION 6 ISSUE OF DIRECTOR OPTIONS – WILLIAM JI

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 6,000,000 Options to Mr William Ji on the terms and conditions set out in the Notice of this meeting."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr William Ji and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

EXPLANATION

General

The Company has agreed, subject to obtaining shareholder approval, to allot and issue a total of 6,000,000 options ("Director Options") to Mr William Ji as incentive remuneration.

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party. Mr Ji is a related party whether or not he is re-elected as a Director under Resolution 3 to be considered at this meeting.

In general, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

Section 211 provides that shareholder approval is not required to give a financial benefit to a related party where the benefit is remuneration to a related party as an officer of the company and the remuneration would be reasonable given the circumstances of the public company giving the remuneration. The Directors (other than Mr William Ji) are each of the view that the proposed incentive remuneration to be provided to Mr William Ji is reasonable in the current circumstances of SAY.

Accordingly, Shareholder approval is only being sought for the grant of the Director Options under ASX Listing Rule 10.11.

Additional Information

The following information is provided in relation to the proposed grant of Director Options:

- (a) The related parties to whom the Director Options will be issued is Mr William Ji who is a related party by virtue of being a Director of the Company;
- (b) The maximum number of Director Options (being the nature of the financial benefit being provided) to be granted is 6,000,000 Director Options;

- (c) The Director Options will be exercisable as follows and otherwise on the terms and conditions outlined in Schedule 1:
- Number of Director Options exercisable at 10 cents immediately from the date of grant and expires on 5 July 2015 – 2,000,000.
 - Number of Director Options exercisable at 15 cents immediately from the date of grant and expires on 5 July 2015 – 2,000,000.
 - Number of Director Options exercisable at 20 cents immediately from the date of grant and expires on 5 July 2015 – 2,000,000.
- (d) The Director Options will be allotted no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated all the Director Options will be issued on one date;
- (e) The Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (f) The value of the Director Options (including the valuation assumptions adopted) is set out in Schedule 2;
- (g) Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to Mr William Ji as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to Mr Ji will not affect the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.1.;
- (h) Each Director's recommendation (other than Mr Ji) in relation to this resolution is as follows:

Director	Recommendation
Kenneth Lee Richard Haren Terry Cuthbertson Simon Ning	Each Director recommends shareholders approve this resolution as it provides an incentive for Mr Ji to work to increase the SAY share price in excess of the exercise prices of the proposed options, which would thereby benefit shareholders in the Company

- (i) If the Director Options proposed to be granted are exercised, the effect will be to increase the Company's cash reserves and dilute the shareholding of existing shareholders.
- (j) The relevant interest of Mr Ji in the securities of the Company as of the date of this Notice NIL;
- (k) As of the date of this Notice, the issued capital of the Company is 272,785,604 ordinary fully paid shares and 38,650,000 unexercised options. If the Director Options are issued as proposed, these director Options will represent some 1.89% of the Company's issued capital on a fully diluted basis.
- (l) The market price of the Company's shares during the term of the Director Options will normally determine whether or not the option holder exercises the Director Options. At the time any Director Options are exercised and shares issued pursuant to the exercise of the Director Options, the Company's ordinary shares may be trading on the ASX at a price which is higher than the exercise price of the Director Options.
- (m) The Director Options will not be quoted on ASX. The highest price of fully paid ordinary shares in the Company trading on ASX in the last 12 months was 6.7 cents which occurred on 24 October 2011 and the lowest price of shares in the Company trading on ASX was 1.1 cents which occurred on 9 January 2012.
- (n) It is not considered that from an economic and commercial point of view there are any costs or detriment's, including opportunity costs or taxation consequences, for the Company or benefits forgone by the Company resulting from the issue of the Director Options other than that the relevant accounting standard (AASB2) requires that share based payments be reflected in the Company's profit or loss in the year in which the transaction occurs. It is estimated that the costs to be reflected in the Company's profit and loss as a consequence of issue of all these Options will be \$55,382 for the financial year 2012/2013.
- (o) Apart from the information set out in this Explanatory Memorandum, there is no other information that is known to the Company or any of its Directors that is reasonably required by shareholders to decide whether or not it is in the Company's interests to pass Resolutions 6.

Issued by direction of the Directors of South American Iron & Steel Corporation Limited



Kenneth Lee
Chief Executive Officer
Dated: 22 October 2012

SCHEDULE 1 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS

- (a) Each Option gives the Optionholder the right to subscribe for one Share in accordance with the terms and conditions of the Options.
- (b) The Options will expire at 5:00 pm (EST) on 5 July 2015 (Expiry Date). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The Exercise Price of the Options are as follows
 - 10 cents in respect of 2,000,000 Options.
 - 15 cents in respect of 2,000,000 Options.
 - 20 cents in respect of 2,000,000 Options.
- (d) The Options held by the Optionholder which are exercisable may be exercised in whole or in part, and if exercised in part, multiples of 10,000 must be exercised on each occasion.
- (e) The Optionholder may exercise Options which have become exercisable in accordance with (c) above by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,

(Exercise Notice)

- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are not transferable.
- (i) All Shares allotted upon the exercise of the Options will upon allotment rank pari passu in all respects with the then issued shares of the Company.
- (j) The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of the Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Optionholder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised in consequence of any bonus or entitlement issue by the Company.

SCHEDULE 2 – VALUATION OF DIRECTOR OPTIONS

The Director Options to be issued to Mr Ji have been valued by the Company's management.

Using the Black & Scholes option model and based on the assumptions set out below, the Director Options were ascribed a value range, as follows:

Assumptions:	
Valuation date	8 October 2012
Market price of Shares	\$0.045
Exercise price	Various Prices
Expiry date	5 July 2015
Risk free interest rate	2.99%
Volatility	75%
Indicative value per Director Option	10 Cent Director Option \$0.01264
	15 cent Director Option \$0.00868
	20 cent Director Option \$0.00637
Total Value of Director Options	\$55,382.87

Note: The valuation ranges noted above are not necessarily the market prices that the Director Options could be traded at and they are not necessarily the market prices for taxation purposes.

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SOUTH AMERICAN IRON & STEEL CORPORATION LIMITED

ACN: 060 319 119

PROXY FORM

APPOINTMENT OF PROXY

GENERAL MEETING

I/We.....

of.....

being a member of South American Iron and Steel Corporation Limited entitled to attend and vote at the General Meeting, hereby

Appoint (Name of proxy).....

OR the Chair of the General Meeting as your proxy.

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at the offices of Nexia, Chartered Accountants, Level 23, 264 George Street, Australia Square, Sydney, New South Wales, on Friday, 23 November, 2012 commencing at 2:30pm, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions except for Resolution 1 where the Chair will abstain from voting, unless you mark the box below.

If the Chair of the General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolution 1** please mark this box. The Chairman of the Meeting intends to vote all available proxies in favour of all Resolutions including Resolution 1.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolution 1. By marking this box, you direct the Chair of the Meeting to vote in accordance with the Chair's voting intentions on Resolution 1 (except where you have indicated a different voting intention below) and acknowledge that the Chair of the Meeting may exercise your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolution 1 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 1.

OR

Voting on Business of the General Meeting

	For	Against	Abstain
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Election of Dr Richard Haren as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Election of Mr William Ji as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Ratification of Prior Issue of Shares through Share Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Ratification of an Agreement to Issue Convertible Note	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Issue of Director Options – Mr William Ji	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Signature of Member(s): Date:

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Contact Name:..... Contact Ph (daytime):

INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY FORM

1. **(Appointing a Proxy):** A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) **post to PO BOX R1438 Royal Exchange NSW 1225; or**
 - (b) **facsimile to the Company on facsimile number (+61 2) 9252 5638,**so that it is received not later than 2.30 pm (EDT) on 21 November 2012.

Proxy forms received later than this time will be invalid.