

Company Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
Sydney NSW 2000

30<sup>th</sup> January 2014

Dear Sirs

## **Report on Activities and Appendix 5B - December Quarter 2013**

The Company provides the following report on activities for the three month period ended 31<sup>st</sup> December 2013.

### **Highlights**

- Dialogue continuing regarding mining opportunities with the Ecuadorean Government.
- Farm-In under negotiation with Chilean company for reprocessing of copper tailings.
- No work was carried out in Weishan County, Yunnan China this quarter.

### **Exploration and Related Activities:**

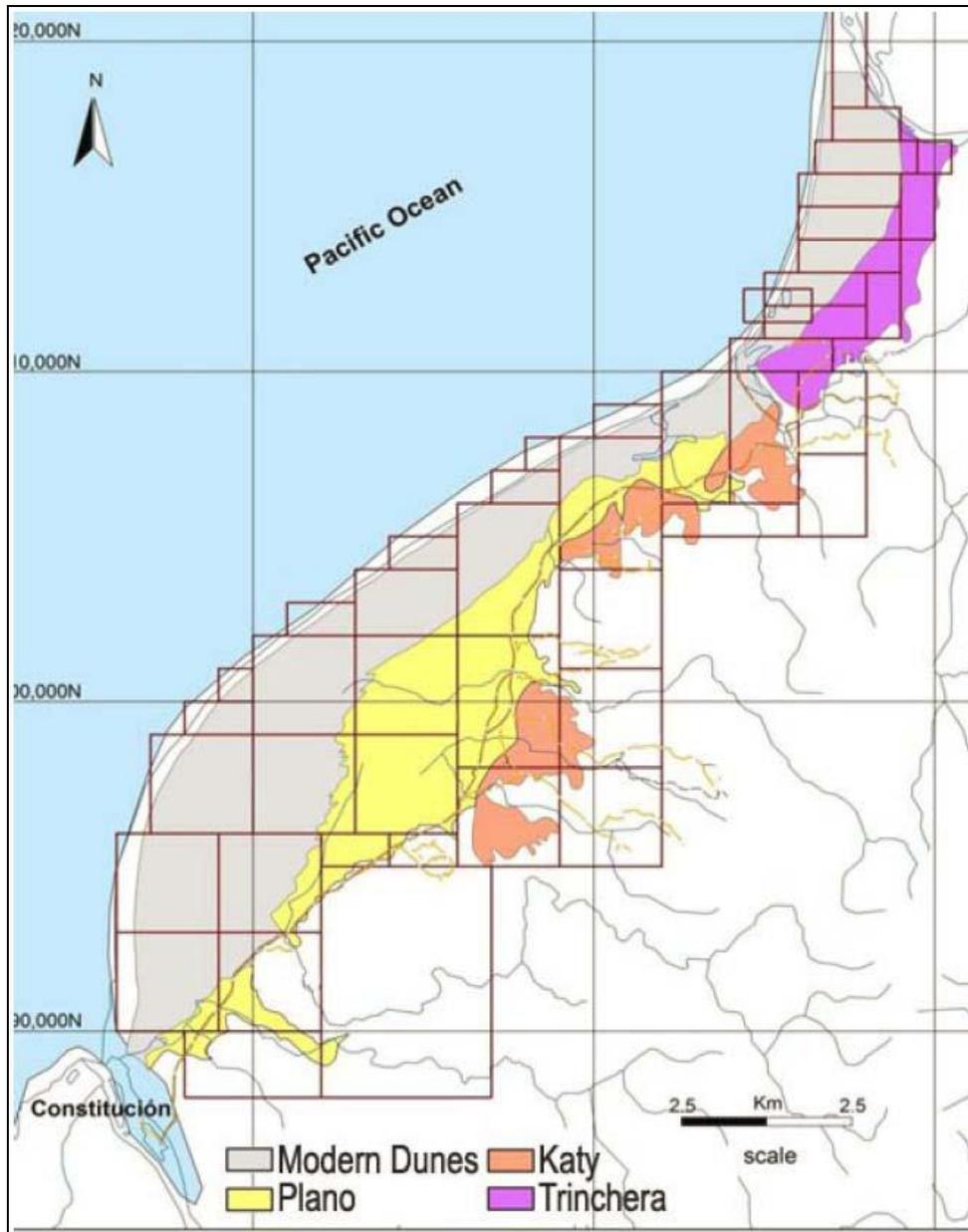
#### ***Putú Concessions, Chile***

The equipment has been in trial production providing iron sands concentrates which are then stored on site and finally shipped to China for further processing and testing including smelting. Smaller quantities of these samples are also sent for laboratory assaying.

Production paused due to Route 5 road maintenance. Our plan was to transport our products using Route 5 but would now have to use alternative countryside route; which makes transportation cost very high and at present not economically viable. Production also paused to avoid products storage costs. Production will recommence once route maintenance completed.

The Putú concessions occupy a region some 40km long averaging 5km wide just north of the town of Constitucion in Chile (see Figure 1). These are conventional iron sands which host a large “Inferred” resource. Analysis of the airborne magnetic data collected in early 2010 has revealed three zones that contain an “inferred” resource of 200 million tonnes of higher grade sands (%Fe 58.3, %TiO<sub>2</sub> 11.21, %V<sub>2</sub>O<sub>5</sub> 0.53 and %SiO<sub>2</sub> 2.46) - see announcement of 19th October 2011.

This estimate has been derived from the areal extent of the magnetic anomalies and the anticipated depth extent based on previous exploration work within the region of interest. Adding to this is the analysis of bulk samples which show increased % yields with higher Fe grades when compared to the average across the Putú project area (see announcement 30th November 2009 and 19th October 2011).



**Figure 1: Location of Trinchera within the Company’s Putú Concessions**

***Ecuador Opportunities, Ecuador***

During the quarter discussions with the Ecuadorian Government and two large Chinese mining houses are continuing. These discussions are focussed on specific advanced exploration and mining projects in Ecuador.

If successful the results of negotiation will involve the incorporation of a Joint Venture which will include the Ecuadorian Government, one or two major mining companies and the Company. The exploration and mining projects under discussion are large scale and advanced, so the Company is working diligently to evolve a positive outcome to add value to shareholders.

The Company is in advanced negotiations with the Ecuadorian Government to regain interests in iron sands projects, previously owned by the Company. Meetings with the General Manager of ENAMI (State-owned national mining company) is continuing.

The Company has also signed a letter of intention with Beijing Shenwu Environment & Energy Technology Co., Ltd (“Shenwu”) with a view to jointly develop iron sands projects in Ecuador and in Chile. Shenwu has the technical know-how to process iron sands especially those with high titanium content into saleable products.

The Company is also reviewing a gold project proposed by ENAMI - Pacto with 40g/t gold.

### ***Other Opportunities, Chile***

During the quarter the Company has been actively assessing and negotiation a mining project that will involve the reprocessing of tailings in the northern Atacama Region of Chile.

Atacama is an iron oxide copper and gold (“IOCG”) region and copper is widely mined in the region. There are at least 40 other iron rich copper tailings that have been identified for beneficiation in the area.

The reprocessing is capable of producing a saleable magnetite product that can be used as iron ore feedstock or as a coal washing agent. As well numerous other mines in the region produce a similar style of tailings, these assets are being assessed at present with a view to lock them up in a similar transaction.

### **Corporate**

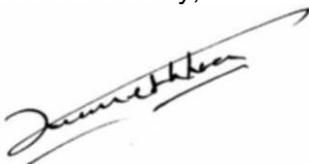
The Company is in the process of raising further equity capital for the development of our Chilean concessions.

In addition, the Company is considering an offer for its land located in the Agua Claras region, Chile.

### **Appendix 5B**

The Company’s Appendix 5B cash report is attached.

Yours faithfully,



Kenneth Lee  
CEO

***The above information that relates to exploration results and mineral resources are 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 of the above based on his information in the form and context in which it appears***

### **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.***

Rule 5.3

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

South American Iron & Steel Corporation Limited

ABN

67 060 319 119

Quarter ended ("current quarter")

December 2013

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	26	51
1.2 Payments for (a) exploration and evaluation (b) development (c) trial production (d) administration	(20) (5) (171)	(83) (42) (375)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	-	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(170)</b>	<b>(447)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	-	(3)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (Purchase of Option)		
<b>Net investing cash flows</b>	<b>-</b>	<b>(3)</b>
1.13 Total operating and investing cash flows (carried forward)	(170)	(450)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(170)	(450)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	15	15
	<b>Net financing cash flows</b>	15	15
	<b>Net (decrease)/increase in cash held</b>	(155)	(435)
1.20	Cash at beginning of quarter/year to date	308	588
1.21	Exchange rate adjustments to item 1.20	5	5
1.22	<b>Cash at end of quarter</b>	157	157

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	16
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23	Includes aggregate amounts paid to directors, including salaries, directors' fees, accrued directors' fees and superannuation.
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**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	10
4.2 Development	
4.3 Production (Trial)	
4.4 Administration	100
<b>Total</b>	110

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	85	116
5.2 Deposits at call	20	139
5.3 Bank overdraft		
5.4 Other – Fixed deposit held for bank guarantees	53	53
<b>Total: cash at end of quarter</b> (item 1.22)	158	308

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	318,597,886	318,597,886		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-		-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>	Unquoted options		Exercise price	Expiry date
	6,000,000	-	\$0.12	19 October 2014
	6,000,000	-	\$0.18	19 October 2014
	6,666,666	-	\$0.10	5 July 2015
	6,666,667	-	\$0.15	5 July 2015
	6,666,667	-	\$0.20	5 July 2015
	2,000,000	-	\$0.20	14 December 2016
	2,000,000	-	\$0.25	14 December 2016
	2,000,000	-	\$0.30	14 December 2016
	2,000,000	-	\$0.10	5 July 2015
	2,000,000	-	\$0.15	5 July 2015
	2,000,000	-	\$0.20	5 July 2015
	700,000	-	\$0.15	5 July 2015
7.8 Issued during quarter				

+ See chapter 19 for defined terms.

7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 4).
- 2 This statement does ~~/does not\*~~ *(delete one)* give a true and fair view of the matters disclosed



Sign here: ..... Date: 30<sup>th</sup> January 2014  
(Company secretary)

Print name: Kenneth Lee

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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