

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

19<sup>th</sup> October 2011

Dear Sirs,

**Clarification of statements on Putu Iron Sands Project, Chile and omission of distribution of share options in SAY 2011 Annual Report.**

**Clarification of statements on Putu Iron Sands Project, Chile**

We refer to page 7 of the Company’s Annual Report under the heading: “**Putu Project (Iron sands, Chile)**”; which requires the following clarification:

The Plano Prospect within the Putu Iron Sands Project was defined as an “Inferred” resource in an ASX announcement on August 7, 2008. The Plano region was said to host 823.7 million tonnes of iron sands grading 5.79% Fe. In the same announcement the whole of Putu was said to contain 3.338 billion tonnes grading 5.79% Fe. To bring this into perspective, these grades are actually percent yields, hence the yield was 5.79% and the %Fe grade in the concentrate was 55.03%.

On February 19, 2009 a revised estimate for the Plano project was announced with a combined total resource of 903.19 million tonnes grading 6% Fe. This estimate included “measured”, “indicated” and “inferred” resources (see Table 1) - again the 6% is actually a yield.

<b>Resource</b>	<b>Tonnage (SG 1.56)</b>	<b>%Fe</b>
Measured	473,699,037	6.03
Indicated	183,747,769	6.00
Inferred	245,751,534	6.00
Total	903,198,340	6.00

Table 1 Plano Resource estimate – announced in February 2009

After reviewing the airborne magnetic and radiometric data as announced on March 5, 2010 and subsequently, it was estimated that three zones within the Plano and Katie South project areas hosted in excess of 200 million tonnes of “Higher Grade” iron sands. This estimate was based on the higher magnetic signature over the regions and the fact that within one of these regions a bulk sample had been taken as announced on November 30, 2009. This bulk sample provided a yield of 7.6% (previously thought to be 5.79%) with a %Fe grade in the concentrate of 58.3% (previously 55.03%), hence a “Higher Grade” than reported previously.

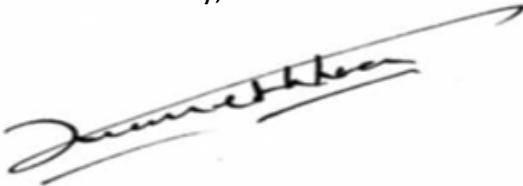
**Distribution of share options**

The following information was omitted on page 57 of SAY 2011 Annual Report:

**12.2 (iii) Distribution schedule of share option holdings**

	Number of holders	No. of options
1 – 1,000	-	
5,001 – 10,000	-	
10,001 – 100,000	-	
100,001 – and over	8	23,950,000
Total number of holders	8	23,950,000

Yours faithfully,



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.*

**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.*