

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

27th July 2011

Dear Sirs,

Company to Gain Control of an Exploration Concession in Weishan County, Yunnan, China

As announced on 12th May 2011, South American Iron and Steel Corporation Limited ("SAY" or "the Company") proposed to acquire an 11.25% interest in an exploration Concession in Weishan County, Yunnan, China ("the Concession"). The transaction involves the purchase of 15% of the shares in a Hong Kong company, Ample Success Investment Limited ("Ample") whose sole asset is a 75% interest in the Concession.

The Company is pleased to advise that it has entered into an agreement ("the Amended Agreement") with the vendors of Ample shares ("the Vendor") which replaces the agreement announced on 12th May 2011 ("the Previous Agreement").

SAY's directors believe that the Amended Agreement would be more beneficial to the Company and its shareholders.

Under the Amended Agreement, the Vendor will be issued shares at a premium of 16.1% to SAY's recent market price as part of its consideration to settle with the Vendor. The weighted average traded price from 27th June 2011 to 25th July 2011 inclusive was \$0.0818. The Vendor has agreed the share issue price of \$0.0950 as consideration for settlement.

In addition, SAY directors have negotiated for a deferred cash payment of \$1,806,275, interest free, until such time as SAY has sufficient funds.

Under the Amended Agreement, SAY shall have right to manage Ample when it acquires 15% of Ample, which in turn, the Company has the right to manage the Concession as Ample has a 75% interest in the Concession.

A brief summary of the Amended Agreement is:

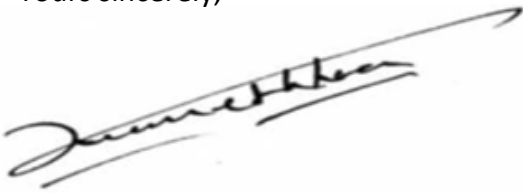
- SAY acquires, subject to receipt of all necessary approvals, 15% of Ample for \$1,134,215. The consideration will be settled by issue of 11,939,111 SAY's shares at 9.5 cents each.
- Upon acquiring 15% of Ample, the Company has the right, subject to all necessary shareholder approvals, within five months after the acquisition of 15% of Ample; to acquire a further 39% shares in Ample for \$6,505,059. The consideration will be settled by issue of 49,460,889 SAY's shares at 9.5 cents each plus a cash payment of \$1,806,275. The cash component will be deferred until such time as SAY has sufficient funds.
- Upon acquiring 15% of Ample:
 - a) the vendors of Ample shares ("the Vendor") will transfer 39% of Ample shares, in addition to the 15% acquired by SAY, to SAY to be held in trust for the Vendor where SAY is not to sell those shares, use those shares as collateral, or to mortgage those shares; and
 - b) the Vendor and Ample's directors shall transfer management right of Ample to SAY where SAY has the rights and obligations to manage Ample's operations in the capacity of the major shareholder of Ample. This would also mean that SAY has the right to manage the Concession as Ample has a 75% interest in the Concession.
- Before completion of the 39% purchase of Ample shares, the Vendor has the right to sell or transfer its shares to 3rd party. The Vendor has the obligation to inform SAY of the party it intends to sell to or transfer to; and to ensure that such 3rd party is obliged by the guarantee made by the Vendor to SAY in the agreement. SAY agrees not to unreasonably withhold such a sale or a transfer.
- In the event that SAY is not able to complete the 39% purchase of Ample shares within five months after the acquisition of 15% interest in Ample, SAY will transfer those 39% shares back to the Vendor and will relinquish the right to manage Ample and the Concession.

An independent valuation will be undertaken to determine the value of the SAY's additional 39% acquisition of Ample before your directors consider putting the acquisition to the shareholders.

The Concession was granted to Weishan Feiste Mining Co. Ltd. ("Feiste") in 2009, it has an Exploration Certificate No. T53120080502009089. The Concession area is 48.15km², and hosts gold, copper, lead-zinc, iron and antimony mineralisation. The copper, gold and antimony mineralisation areas have been exploited historically by local artisan miners. The Concession is

accessible via a combination of paved and dirt roads and tracks. The Concession area is 103km west of Dali City (a major tourist City) where connections to other major cities are available via railway and airplane.

Yours sincerely,



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.