

ASX Markets Supervision Pty Ltd
Level 5, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

31 October 2011

Dear Ms. Finucan,

Response to ASX

Thank you for your letter of 28th October 2011.

In reply to your questions:

1. The directors expect the Company will have sufficient cash to fund its activities as the Company is in the process of raising further equity capital.
2. The Company will continue to incur negative operating cash flow as the Company is at its exploration phase. The Company has taken steps to reduce its costs. Such actions will gradually flow through to cost reduction. In addition, the Company will continue to raise capital when required.
3. The Company continues to review and implement plans to reduce costs and the Company will continue to raise capital, when required, to enable it to continue to meet its business objectives.
4. The Company confirms that it is in compliance with the Listing Rules and in particular Listing Rule 3.1.
5. The Company is in compliance with Listing Rule 12.2 and maintains a solvent balance sheet and a continuing access to capital as a going concern.

Yours sincerely,



Kenneth Lee
CEO & Company Secretary



28 October 2011

Mr Kenneth Lee
CEO and Company Secretary
South American Iron & Steel Corporation Ltd
Level 10, 8-10 Loftus Street
SYDNEY NSW 2000

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Brisbane QLD 4000

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Dear Mr Lee

South American Iron & Steel Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 30 September 2011, released to ASX Limited ("ASX") on 27 October 2011 ("Appendix 5B").

ASX notes that the Company has reported the following.

1. Nil receipts from product sales and related debtors.
2. Net negative operating cash flows for the quarter of \$(322,000).
3. Cash at end of quarter of \$278,000.

In light of the information contained in the Appendix 5B please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled, "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by email at frances.finucan@asx.com.au or on facsimile number (07) 3832 4114. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **9.30am (EDST) (8.30am Brisbane time) on Wednesday, 2 November 2011**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

Should you have any queries, please do not hesitate to contact me.

Yours sincerely,

[sent electronically without signature]

Frances Finucan
Senior Adviser, Listings (Brisbane)