

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

31st July 2013

Dear Sirs

Report on Activities and Appendix 5B - June Quarter 2013

The Company provides the following report on activities for the three month period ended 30th June 2013.

Highlights

- Production equipment arrived on site at our Putú concessions.
- Equipment includes dredging equipment, dry ore magnetic separator, sand crusher and sand washing equipment.
- Equipment – provides 400,000 tonnes annual processing capacity.
- Equipment assembled to commence trial production.
- Trial production underway at SAIS Putú concessions, Chile.
- Iron sands concentrates will be sent to China for further testing and smelting.
- SAIS appoints key personnel in Putú.

Exploration Activities:

Putú Concessions, Chile

During the quarter, production equipment arrived on site at our Putú concessions. The equipment provides an annual processing capacity of 400,000 tonnes.

The equipment is now fully assembled and trial production of iron sands concentrates commenced during the quarter. Beneficiated iron sands concentrates were stored on site and will be shipped via container to China for further testing and smelting. Smaller quantities of such samples were sent for laboratory assaying.

The Putú concessions occupy a region some 40km long averaging 5km wide just north of the town of Constitucion in Chile. 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, %TiO₂ 11.21, %V₂O₅ 0.53 and %SiO₂ 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).

To facilitate a successful production, SAIS is pleased to announce the following key appointments at Putú:

- **Mr. Yongqiang Dong - Country Manager and Project Manager**
Mr Dong has 35 years of commercial and management experience. He used to work as a diplomat in a Chinese Embassy in a South American country.
- **Mr. Yu Gu - Operations Manager**
Mr Gu has 30 years mining operations (mining and beneficiation) experience. His previous positions include General Manager on various mining projects for Capital Steel Group of China.
- **Mr. Wenhong Zhang - Chief Geologist**
Mr. Zhang has more than 30 years geological exploration experience. He is a former Geological Director for Yunnan Geological Exploration Bureau.



Operation Site Overview



Loading sand onto conveyor belt



Excavation of Old Dunes



Magnetic Separation

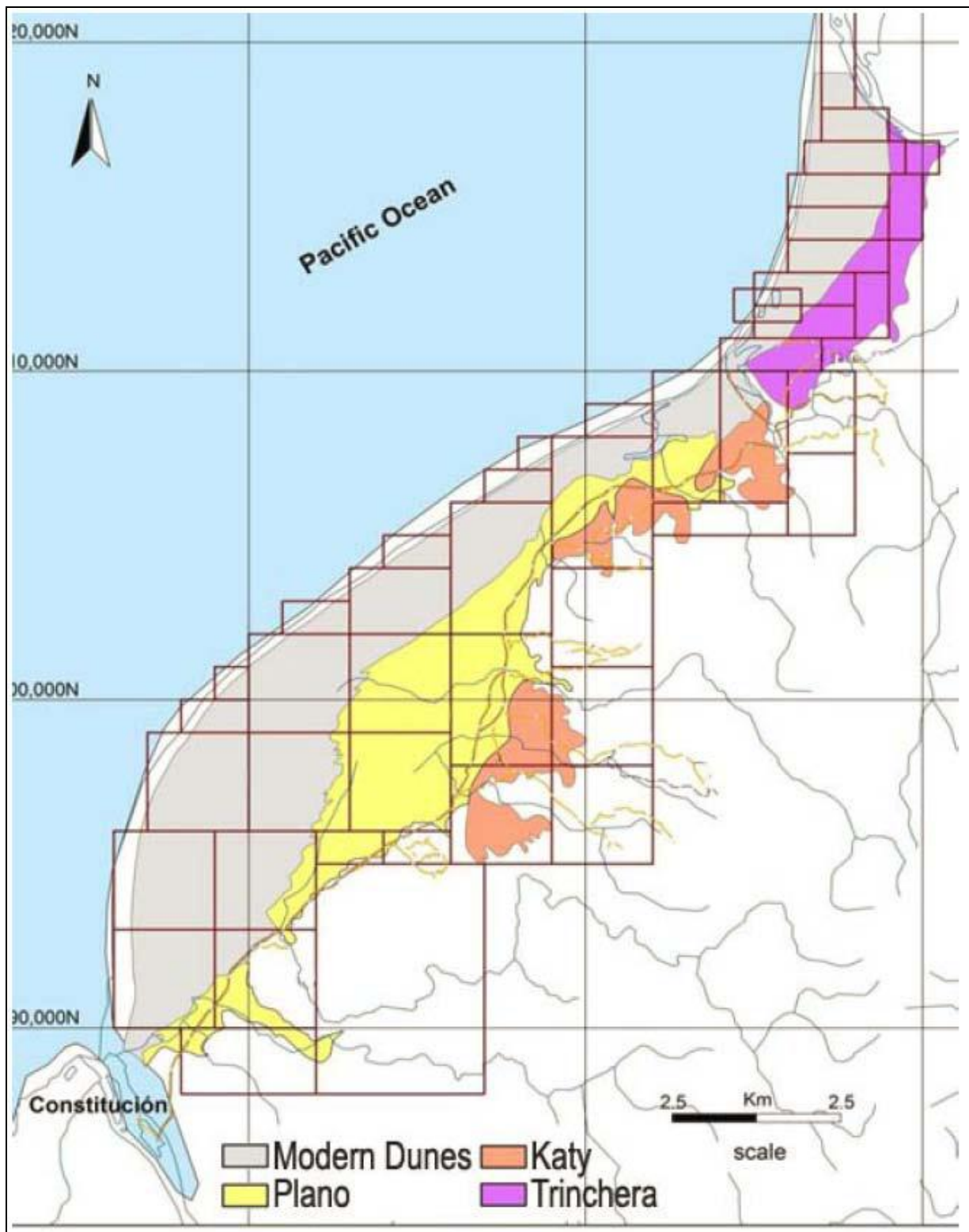


Figure 3: Location of Trinchera within our Putú Concessions

Corporate:

On 13th June 2013, the Company raised a further \$250,000 in a share placement, at 5 cents each, to sophisticated investors.

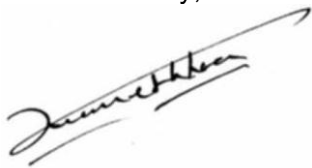
The funds raised will be applied to working capital and further development of our Putú concessions.

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

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")

June 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	33	100
1.2	Payments for (a) exploration and evaluation	(213)	(585)
	(b) development		
	(c) trial production	(50)	(50)
	(d) administration	(216)	(1,130)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	2	14
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
Net Operating Cash Flows		(444)	(1,651)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	(106)	(136)
	(b)equity investments		
	(c) other fixed assets		
1.9	Proceeds from sale of:		
	(a)prospects	154	154
	(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)		
Net investing cash flows		48	18
1.13	Total operating and investing cash flows (carried forward)	(396)	(1,633)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(396)	(1,633)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	250	1,842
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)		
	Net financing cash flows	250	1,842
	Net (decrease)/increase in cash held	(146)	209
1.20	Cash at beginning of quarter/year to date	731	376
1.21	Exchange rate adjustments to item 1.20	3	3
1.22	Cash at end of quarter	588	588

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	49
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

- 1.9(a) Option fee received from prospective buyer of Quince concessions of which the Company has a 10% interest.
- 1.23 Includes aggregate amounts paid to directors, including salaries, directors' fees, accrued directors' fees and superannuation.

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	55
4.2 Development	
4.3 Production (Trial)	50
4.4 Administration	150
Total	255

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	153	113
5.2 Deposits at call	382	565
5.3 Bank overdraft		
5.4 Other – Fixed deposit held for bank guarantees	53	53
Total: cash at end of quarter (item 1.22)	588	731

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	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	318,597,886	318,597,886		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	5,000,000	5,000,000		
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-		-	-
7.7	Options (description and conversion factor)	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
		650,000	-	\$0.15	23 September 2013
		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

+ See chapter 19 for defined terms.

7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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: 31st July 2013
(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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