

Manager of Company Announcements
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
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24th October 2012

Putu Update – Planning Commences for Production of Iron Sands Concentrates

Highlights

- **Sinotech opined the significant amount of iron sands available and commercial potential of Putu.**
- **SAIS proceeds with main focus to commence production of iron sands concentrates as early as possible.**
- **Personnel from SAIS and leading Chinese placer mine plant manufacturer and contractor left Beijing for Putu.**
- **Purpose of the trip is to further evaluate suitable plant and machinery required for pilot-run commercial production in identified area.**

South American Iron & Steel Corporation Limited (“SAIS” or “the Company”) is pleased to announce that key personnel from SAIS and Qingzhou Yongsheng Sand-digging Machinery Co., Ltd (“Qingzhou Yongsheng”) have departed for Putu, Chile.

The purpose of the trip is to assess and determine the type of plant and machinery appropriate and suitable for the production of iron sands concentrates in the Trinchera area of our Putu concessions.

The Trinchera area was earmarked as the ideal area to commence production of iron sands concentrates. This area accounts for less than 20% in land size of our Putu concessions – **see Figure 1.**

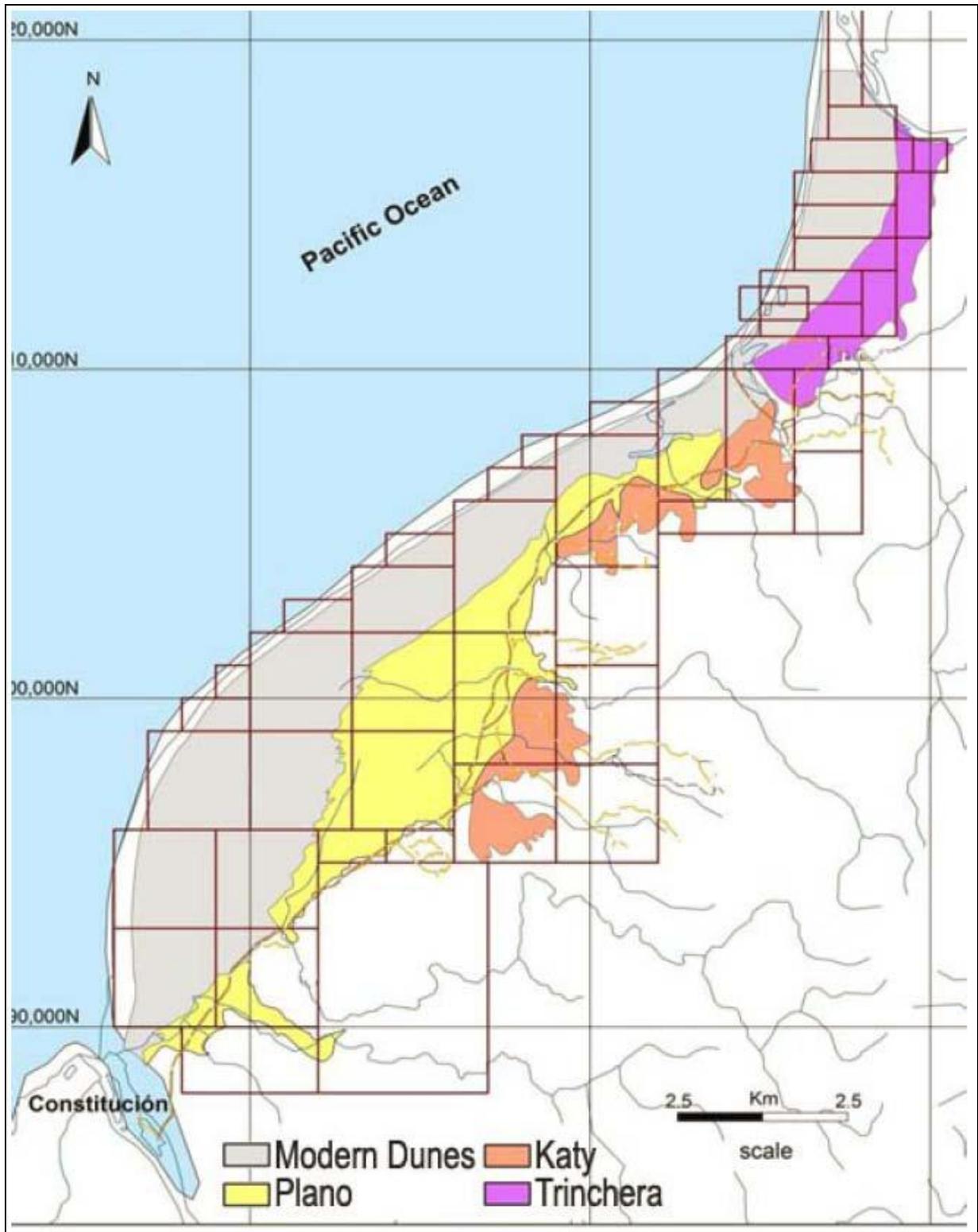


Figure 1: Location of Trincherá within our Putu Concessions

Qingzhou Yongsheng has now confirmed its interest to work with SAIS to develop its iron sands project in the Trinchera area within our Putu concessions, Chile, following:

- a site survey report from Sinotech Minerals Exploration Co., Limited (see announcement of 17th October 2012), in which Sinotech opined the significant amount of iron sands available and the commercial potential of Putu; and
- Qingzhou Yongsheng recent beneficiation tests results from Putu sand samples showed a yield greater than 17% and more than 60% Fe concentrate can be extracted from the yield.

Since mid-2011, SAIS and Qingzhou Yongsheng have been in discussions in relation to commercial production of iron sands concentrates in Putu.

Qingzhou Yongsheng is the largest and leading mineral sands mining equipment manufacturers and mining contractors in China. Its customers are from countries including Germany, Russia, India, Saudi Arabia, Indonesia, the Philippines, Korea and Argentina.

Discussions with Qingzhou Yongsheng in relation to the basis and terms of involvement with SAIS in the development of the Trinchera area are continuing and may include the following:

- As designer, manufacturer and supplier of required plant and machinery to beneficiate iron sands concentrates.
- As mining contractors to SAIS where Qingzhou Yongsheng is contracted to produce iron sands concentrates for SAIS.
- As a farm-in operator where SAIS will not incur any expenses for the production of iron sands concentrates but will earn a fixed amount per tonne of iron sands concentrates produced by the farm-in operator or a percentage of profit from each tonne of iron sands concentrates the farm-in operator produces.

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 SAIS 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.

Yours faithfully,



Kenneth Lee
Company Secretary and CEO

About Sinotech Minerals Exploration Co., Limited (www.sinotech-zsdk.com/en/about/182@1.html)

Sinotech was established in 2004 in Beijing, China and was officially designated as the nation's high technology enterprise. Sinotech major shareholder is the Beijing Institute of Geology for Mineral Resources. Sinotech has more than 20 subsidiaries, owns in excess of 100 mineral concessions worldwide. Its main business divisions are: geological service, geological exploration and mining development. Sinotech has technical personnel already present in Chile working on their other projects

About Qingzhou Yongsheng Sand-digging Machinery Company Limited

(<http://www.yongsheng988.com/index.htm>)

Qingzhou Yongsheng Sand-digging Machinery Co., Ltd. (former Qingzhou Yongsheng Dredging Machinery Co., Ltd) was established in 1990. It is the first professional manufacturer in Qingzhou that develops and produces sand-digging machinery, sand making machinery, dredging machinery, mineral processing machinery.

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. SAY currently manages the exploration on that Concession.