

30 April 2012

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

Dear Sirs

## **Update on Yunnan Drilling**

### **Highlights**

- Drilling is continuing north of the Zhacun Gold Mine in Yunnan Province, China.
- Assays have been received for eight drill holes.
- Negotiations with the Ecuadorian Government are ongoing.

Directors are pleased to announce that drilling at the Weishan Concession in the Yunnan Province PR China has been completed. Assay data have been received for eight drill holes drilled on number of traverses where Electrical Survey data were collected. A total of 2,474 metres of drilling was completed. SAY regrets the long lead time to get these results to market and will endeavour to do better in future.

The drilling was completed to the northeast of the Zhacun Gold mine within the Weishan Concession, plans of the drill locations are shown on the diagrams. Two sections showing drill traces on Section 40 and Section 5 are also provided.

### **Section 40 (see diagram)**

Two holes were drilled into Section 40 for a total of 599.2 metres, one vertical for 301.5 metres and one angled hole to the west for 297.7 metres.

The best intersections were encountered on a vertical drill hole on Section 40 they included;

0.47m grading 1.60g/t Au

0.47m grading 1.07g/t Au and

0.33m grading 1.76g/t Au

These intersections were included in a mineralised zone 5.81 metres wide associated with a geological boundary and local faulting. An angled hole on the same section produced an assay of 0.86g/t Au.

### **Section 5 (see diagram)**

Four holes were drilled into Section 5 for a total of 1044.7 metres, there were three vertical holes for 593.95 metres and one angled hole to the west for 450.82 metres.

The best intersection on Section 5 was encountered on a vertical drill hole and included;  
0.38m grading 1.35g/t Au

This intersection was included in a 2.87 metre mineralised zone grading 0.50g/t Au. There were numerous intersections grading between 0.1 and 0.5g/t Au within Section 36. Another intersection was encountered in the angled hole, it was;

2.47m grading 0.32g/t Au

Further drilling was initiated on Section 11 with two holes for 761.5 metres, and Section 13 with one vertical hole for 114.23 metres. Individual assays in these holes were at best 0.1g/t gold.

Large quantities of pyrite were encountered along the fault line where drilling was undertaken.

Further investigation suggests that the large scale geophysical anomalies encountered are associated with the pyrite, while the gold mineralisation is associated with a crush zone along a specific geological boundary. Work to adequately define the position of that boundary is ongoing.

Additional information gleaned from a gold deposit to the north of the Weishan Concession has led the geological team to re-assess our data. Effectively the team are looking to map the boundaries of the sedimentary sequences with more rigour along the major north northeast trending gold bearing fault line.

The Company is continuing to negotiate with Chinese and Japanese steel makers to facilitate mineral off takes for its mineral sands in Chile.

Negotiations with the Ecuadorian Government regarding the re-instatement of concessions via a Joint Venture agreement are continuing, it is not known when a result will be achieved.

By Order of the Board



Kenneth Lee

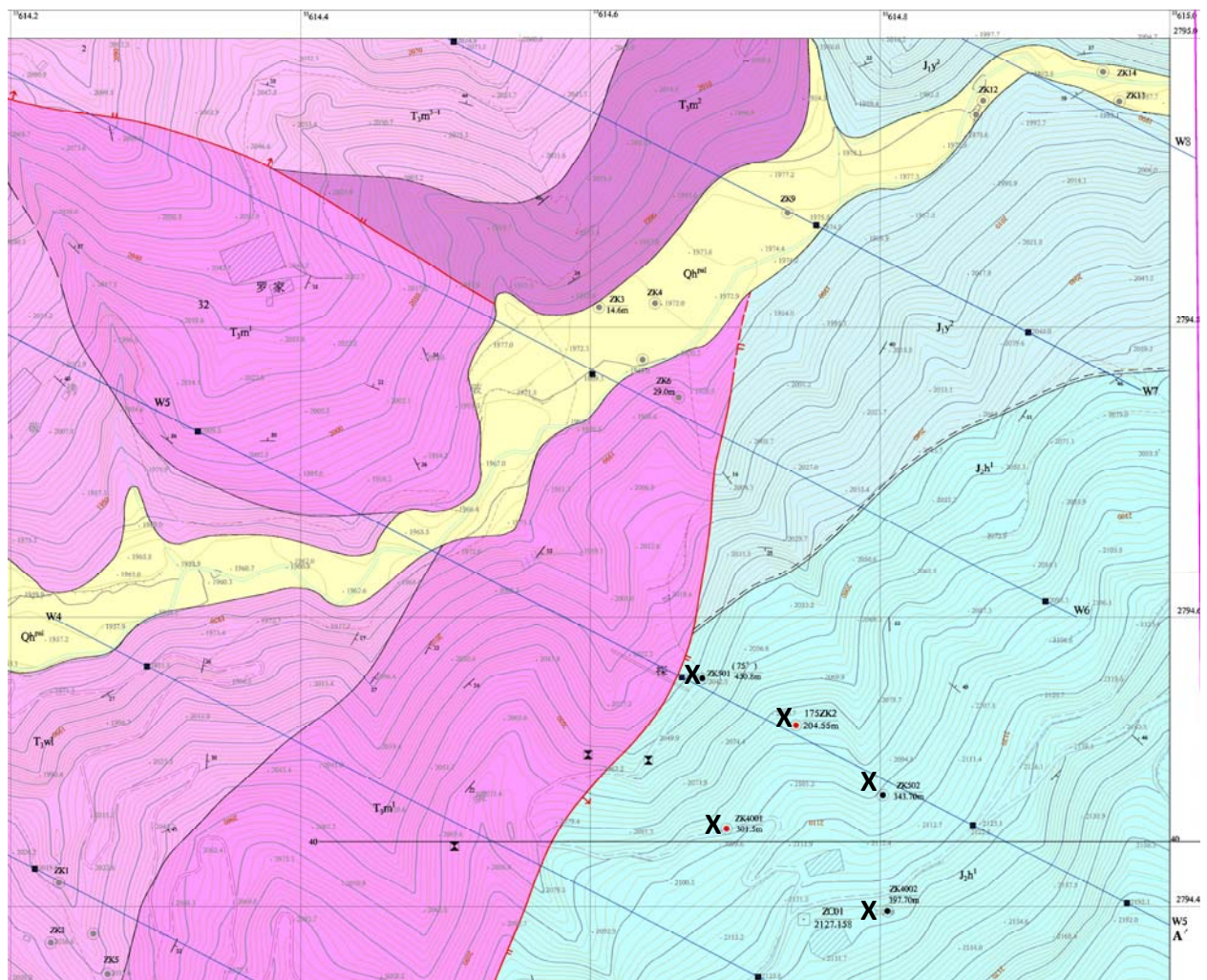
CEO

*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.*

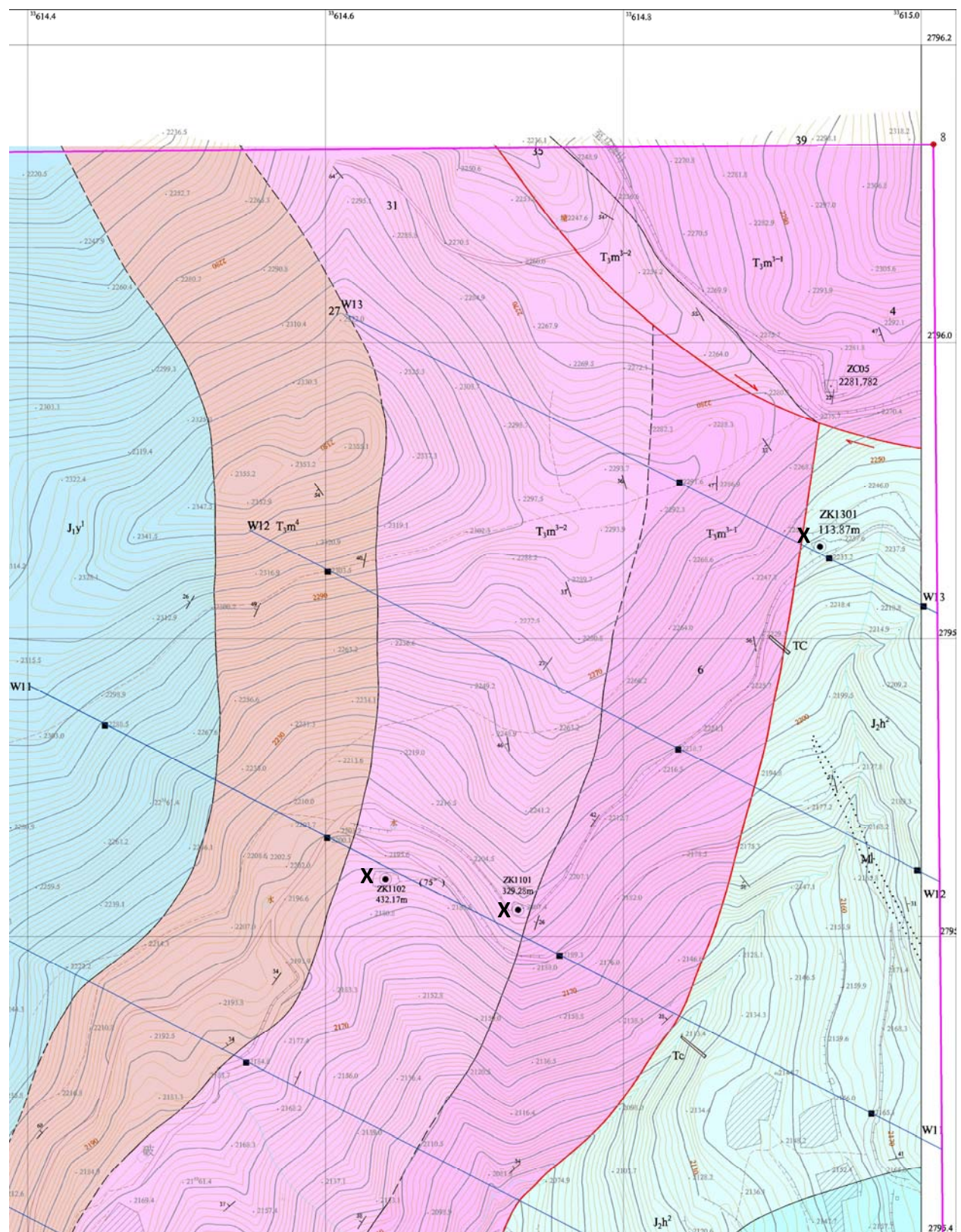
#### **About South American Iron & Steel Corporation Limited**

***SAY holds a number of mineral concessions in Chile, South America that host iron sands. SAY has a 15% interest in Ample Success Investment Limited that holds a 75% interest in a mineral Concession in Weishan County, Yunnan, China. .***

## Plan of drill holes Section 5 and Section 40 (Drill holes marked with X)



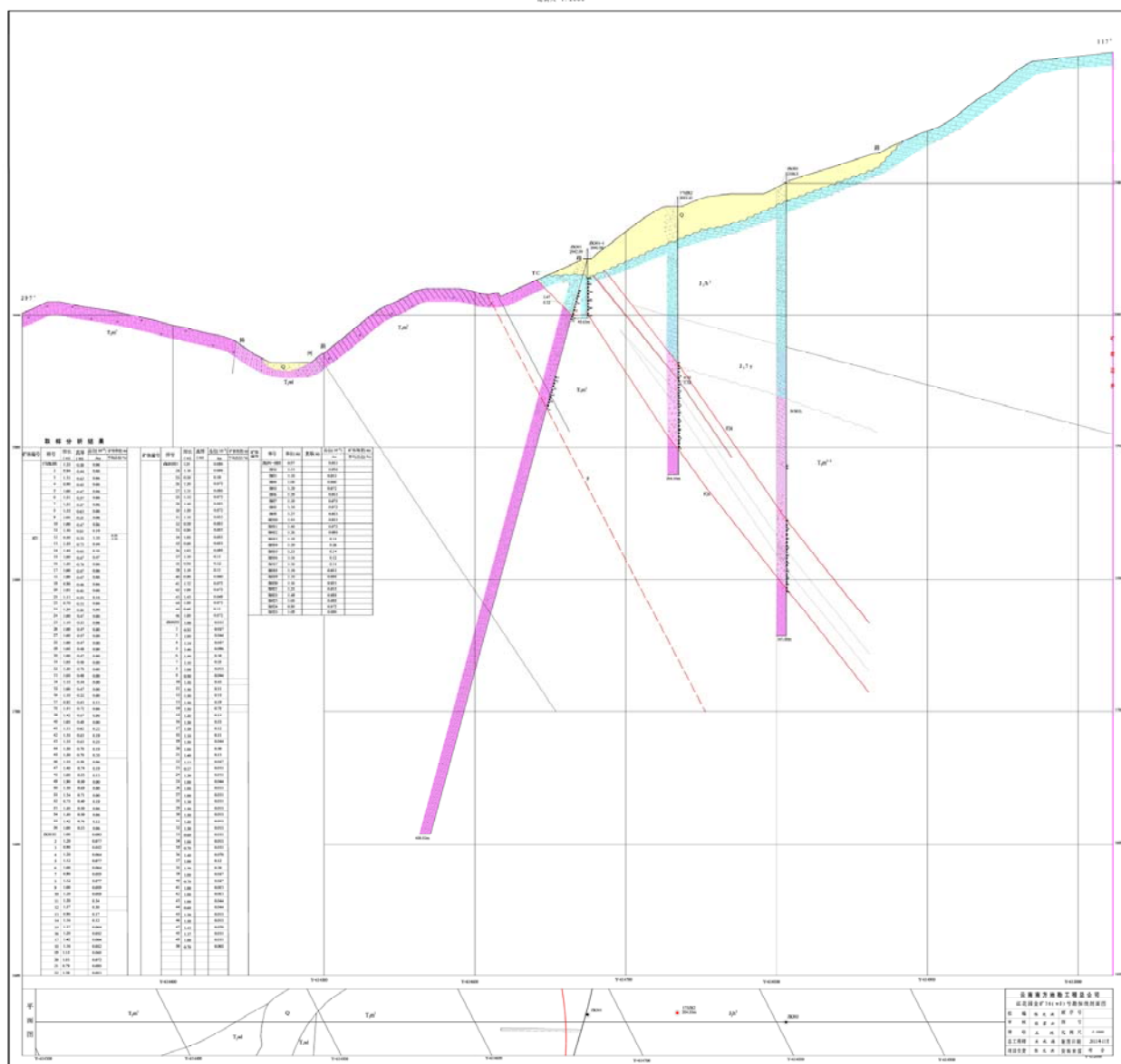
# Plan of drill holes Section 11 and Section 13 (Drill holes marked with X)



## Section 5

红花园金矿36(w5)号勘探线剖面图

比例尺 1:2000



## Section 40

### 红花园金矿40号勘探线剖面图

