

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

4th March 2009

Dear Sirs,

Ecuador's New Mining Law

The Mining Mandate issued by the government of Ecuador in April, 2008 was a government initiative to hold the status quo until a New Mining Law was passed.

The New Mining Law in Ecuador, which we referred to in the annual report of September 30, 2008, was finally passed in January 2009.

However, the Mining Mandate still continues in effect until Regulations are implemented under the New Mining Law.

Articles 1 and 6 of the Mining Mandate pursuant to that mining law state that:

Art. 1: Termination, without economic compensation, is declared for all mining concessions without any investment in project development having been made in their exploration stage by December 31, 2007 or without their environmental impact study having been submitted or without a prior reference process having been conducted, including those pending an administrative resolution.

Art. 6: A moratorium is declared on the grant of new concessions as of the approval of this mandate until the new constitutional and legal framework enters into effect. Consequently, the National Government, through the Ministry of Mines and Petroleum, is ordered to close the file on legal processes pending a resolution with respect to applications for new mining areas. The Finance Ministry is ordered to transfer the funds necessary for refunding applicants the amounts they paid as processing fees.

Therefore it appears that all mining companies in Ecuador may no longer hold most of their mining concessions in the country. This is subject however to the publication of the Mining Regulations pertaining to the New Mining Law.



The company is in the process of assessing the impact of the New Mining Law to our concessions and intends to keep the market informed of any future developments.

Yours faithfully,
South American Iron & Steel Corporation

Franco Belli
Managing Director

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