

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

June 30, 2009

Dear Sirs,

Ecuador Update Highlights

- **Four out of eight concessions cancelled by the Government are in the process of being reinstated, two are now granted and current and the appeal process for the other two has been accepted by the Government.**
- **The new Mining Law has been published.**
- **Negotiations with senior members of the Government Ministry of Mining and Petroleum are continuing which should provide SAIS through its wholly owned subsidiary based in Ecuador a binding contract to facilitate exploration over the areas cancelled previously.**
- **Additional areas are also being sought, these (if successful) would provide exploration rights over more than 730,000Ha along the coast of Ecuador.**

The Directors of South American Iron & Steel Corporation Limited (“the Company”) are pleased to announce that negotiations with senior members within the Ministry of Mining & Petroleum are at an advanced stage. Thus far, two of the eight concessions cancelled by the Government of Ecuador have been reinstated, and the appeal process for another two has been accepted by the Court of Appeal.

The new Mining Law has been published and it is expected that the new Mining Regulations will be posted in the next few weeks. It should be understood that the cancellation of Mining Concessions in Ecuador was not associated with any form of nationalisation, but was done to wipe the slate clean due to the underperformance of many groups within the country. All Concessions were cancelled so that no group was singled out, instead everyone was affected and the new Mining Law established.

Two members of the Board have been in Ecuador for the past couple of weeks negotiating with senior Government officials for the provision of a binding contract to enable the Company to continue its advanced exploration and development strategy in Ecuador. The contract under consideration would facilitate the re-establishment of an exploration

programme as well as guaranteeing the Company exploitation rights when economic zones are defined.

The Company originally (through its wholly owned subsidiary FierroInca Compania de Minerales del Ecuador) had Granted Concessions and Applications for Concessions totalling approximately 43,000Ha on-shore and 56,000Ha off-shore, at this time the Company is negotiating a contract that will provide over 730,000Ha of on-shore and off-shore coastal land for exploration and possible exploitation. Your Directors view these developments as most encouraging and have the utmost faith in our Ecuadorian team to facilitate a positive outcome with the Government.

Developments will be communicated to the market as they unfold.

Yours faithfully,



Dr. Richard Haren
Managing Director
0418 943 874