

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

August 31, 2009

(ASX: SAY)

Dear Sirs

## **Ecuador – Update on Mining Tenure**

Directors of South American Iron & Steel Corporation Ltd (SAIS) are pleased to announce that after providing details of a proposal (for exploration and exploitation) to the Minister of Mines and Petroleum in Ecuador the Company's subsidiary (Fierroinca Del Ecuador S.A. [FISA]) has received two vital communications on Friday August 28. The proposal that SAIS put forward to the Government of Ecuador included the formation of a "Convenio" or Cooperation Agreement with the Government facilitating the Company's wish to explore in the first instance up to 730,000Ha in three zones along the Ecuadorian coast. Also that any economic resources discovered during that process would be made available to the Company for mining and exploitation.

The first communication was a very positive letter from Eng. Germanico Pinto – Minister of Mines and Petroleum, in the letter Eng. Pinto thanks FISA for its interest in boosting exploration, research and mining exploitation activities in Ecuador. He further says that these objectives are also shared by the Ministry and the State. Eng. Pinto also asks the Company to make a firm offer which will be considered within the technical, economic and legal framework of the Mining Laws. New Mining Laws are now in place in Ecuador and New Mining Regulations are about to be released.

The second communication was an enthusiastic email to FISA's chief geologist Byron Hidalgo from Eng. Elias Ibadango, the Head of the National Geological Services Directorship (NGSD) in the Ministry of Mines and Petroleum. Eng. Ibadango has reviewed the initial FISA presentation provided to the Minister along with the initial letter outlining the "Convenio" proposal. He says that it is very interesting and that the Directorship is predisposed to work together on the Terms of Reference for the project. This means that the NGSD people will work with the FISA people to analyse the technical aspects of the

FISA proposal, after which they will consult with their legal department to provide the feasibility and the final report to the Minister of Mines and Petroleum. Hence these are the initial steps that will facilitate a Cooperation Agreement with the Ecuadorian Government.

Both of these communications are very positive, cementing the path to the provision of the “Convenio”, Cooperation Agreement with the Government of Ecuador, something that your Board has been actively working towards for a long period of time and the outcome most sought after by SAIS in Ecuador.

Yours faithfully,



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