

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

January 29, 2009

(ASX:SAY)

Dear Sirs,

Quarterly Activities Report for the period October 1st to December 31st 2009

Attached is the Company's Quarterly Activities Report and Appendix 5B for the period October 1 to December 31, 2009.

Yours faithfully,
South American Iron & Steel Corporation



Dr Richard Haren
CEO

QUARTERLY ACTIVITIES REPORT

For the period October 1 to December 31, 2009

Highlights

- Magnetic readings have been collected over the northern 15% of the Putu Project in Chile. Interpretation of the data has revealed that a flight height of 100m would not create the best data for further analysis. Hence it has been decided to use a helicopter instead of a fixed wing aircraft to acquire the data over the remaining 85% of the Putu Project area.
- The aeromagnetic and radiometric data will assist the Company in fast-tracking a JORC resource at Putu in an effective and efficient manner.
- Assaying of 555 samples from drilling at Putu was initiated and is continuing. Initial preparation of the samples occurred at the Company's laboratory at Esmeraldas in Ecuador and then sent to Australia for assaying.
- A drilling contract for Putu is in final preparation.
- Kenneth Lee the Company's Chief Financial Officer and Director visited South America with the CEO to review the accounting system used by the Company's wholly owned local subsidiaries in Chile and Ecuador and a review of management structure.
- The new management team has continued to negotiate with Ecuadorian Government officials to facilitate a positive outcome with respect to the Ecuadorian based projects.
- The Ecuadorian Government has finally provided details of the new mining regulations.
- The management team is also in communication with well respected geologists in South America assessing further opportunities to assist in growing shareholder value.

Corporate

Negotiations with a number of parties are ongoing to assist the Company to raise sufficient funds to facilitate a more aggressive exploration and development plan in Chile and Ecuador.

Negotiations with Ecuadorian Government Mining officials have continued throughout the quarter without any concrete results, other than to say, they now understand we have a real commitment to Ecuador and want them to assess our proposal as quickly as possible. New mining regulations have now been finalised by the Government thus removing one obstacle to favourable early consideration of the Company's proposals.

Chile

The geophysical data acquisition over the Putu Project area was initiated and data has been collected using ground traverses over the northern 15% of the survey area. Data has been acquired at a line spacing of 200m. Preliminary images of the data have been released to the market and shown zones of increased magnetic intensity which will be correlated with some drill assay data which is being analysed at present. We firmly believe that these data, after interpretation and correlation, will provide valuable information on the accumulation of iron rich sands at Putu. What is intended is to define the higher grade regions so that measured and indicated resources can be developed by drilling in an effective and efficient manner.

The data will enable a detailed analysis of the Plano, Katie and Trinchera projects which are a part of the broader Putu Project area where an inferred resource of 823 million tonnes of iron sands (to 12 metres depth) grading 5.79% Valuable Heavy Mineral was announced in August 2008. The development of a measured resource will enable the Company to initiate a scoping study and a pre-feasibility study which will determine mining costs, recovery and potential sales cash flow.

To define a measured and indicated resource the Company will need to drill more holes at Putu. Finally, we believe a suitable drill rig has been found in the south of the USA. The directors are committed to getting the best possible driller at the best possible price so that we can move forward in an orderly and sustainable manner.

Discussions with Shoreline Minerals Ltd regarding the option agreement over Aguas Claras have continued and it is expected that these negotiations will be concluded during the current quarter.

Ecuador

Negotiations with the Ecuadorian Government have continued and publication of the new mining regulations has added to the team's optimism. The Company remains committed to Ecuador but the inability of the Government to determine outcomes is frustrating. The management team has defined some new strategies regarding the method of moving Ecuador forward and is actively pursuing them. It is believed that news will be forthcoming during the first quarter of 2010.

The iron sands processing laboratory at Esmeraldas is processing drill samples from Chile and the Pilot Plant has been made ready so it can be used to test bulk samples from Chile (and possibly Ecuador) during the March Quarter 2010.

General

Discussions with leading geoscientists in South America have been initiated to allow the management team to assess new opportunities as they arise, with the idea of growing shareholder value.

Forthcoming Activities

- Airborne magnetic and radiometric data will be collected and interpreted over the remaining 85% of the broader Putu Project area and the images produced will be reviewed.
- The resource drilling program will be initiated at Putu.
- Ground geophysics will be acquired at the Maullin project area south of Putu.
- Drill samples and bulk samples will be processed through the Company's laboratory and Pilot Plant.
- Ecuadorian Government will continue to be asked for an outcome to assist the Company in its goal to explore for iron sand resources along the Ecuadorian coastline.

The information in this report 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 SAY as MD and CEO, 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

South American Iron & Steel Corporation Limited

ABN

67 060 319 119

Quarter ended ("current quarter")

December 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(32)	(147)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	5	8
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(600)	(1,325)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(11)	(35)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets	8	17
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (Prepaid receipt expended)		
Net investing cash flows	(3)	(18)
1.13 Total operating and investing cash flows (carried forward)	(603)	(1,343)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(603)	(1,343)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	1,600
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Shares issued on cash previously received in relation to pending share issue		
	Cost of Raising Capital	-	(113)
	Receipt of Refundable Deposit		
	Net financing cash flows	-	1,487
	Net (decrease)/increase in cash held	(603)	144
1.20	Cash at beginning of quarter/year to date	1,136	389
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	533	533

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	130
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 Includes aggregate amounts paid to directors, including salaries, directors' fees and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	10,000	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	131	95
5.2 Deposits at call	349	957
5.3 Bank overdraft		
5.4 Other – Fixed deposit held for bank guarantees	53	84
Total: cash at end of quarter (item 1.22)	533	1,136

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	167,732,027	117,832,027		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	Unquoted options		Exercise price	Expiry date
	2,000,000	-	\$0.50	30 July 2011
	1,350,000	-	\$1.25	1 November 2010
	1,300,000	-	\$1.50	1 November 2011
	1,000,000	-	\$3.00	26 November 2010
	2,573,750	-	\$0.50	12 February 2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	1,350,000 1,000,000		\$1.00 \$2.25	1 November 2009 26 November 2009

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Appendix 5B
Mining exploration entity quarterly report

7.11	Debentures <i>(totals only)</i>		
7.12	Unsecured notes <i>(totals only)</i>		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~does not~~* *(delete one)* give a true and fair view of the matters disclosed



Sign here: Date: 29th January 2010
 (Company secretary)

Print name: Kenneth Lee

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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