

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

11 October 2010

Dear Sir

Chinese State Owned Entity Signs Farm-in Agreement with South American Iron & Steel Corporation Limited for the Quince Magnetite Iron Ore Project in Chile

Highlights:

Henan Mining is a large experienced Chinese explorer with numerous successes

Henan Mining can farm into Quince in 3 Stages leading to 30% equity in Quince by drilling and leading to the production of a Bankable Feasibility Study

Stage 1 – Henan Mining pays US\$800,000 for the drilling report, when completed, to earn 5%

Stage 2 – Elect to drill a further 7,500m with associated costs to earn another 10%

Stage 3 – Elect to drill at least a further 50,000m with associated costs leading to the production of a Bankable Feasibility Study to earn another 15%

SAY retains management of the exploration program funded by Henan

South American Iron & Steel Corporation Limited (“SAY”) advises that it has executed a conditional Farm-in Agreement with Henan Province Yukuang Xinyuan Mining Co Limited (“Henan Mining”). Henan Mining will have the right to earn up to a 30% interest in SAY’s Quince Iron Ore Project in Chile.

The Agreement entitles Henan Mining to earn its interest by completion of a three stage drilling and reporting program as summarized below

- Stage 1: A 5% interest will be earned by the payment to SAY of USD800,000. This payment will entitle Henan Mining to the data being acquired by the Company through its current 2,500 metre drilling program at Quince
- Stage 2: Henan Mining can then elect to continue and earn a further 10% interest after funding further drilling of 7,500 meters and associated activities leading to the production of a Prefeasibility Study by the Company

- Stage 3: Henan Mining can again elect to continue and earn a further 15% interest in Quince after funding the drilling of at least a further 50,000 metres and associated activities leading to the production of a Bankable Feasibility Study (“BFS”) by the Company. This drilling may be reduced if results indicate that further drilling is not required for the BFS.

The Agreement is conditional on Henan Mining advising the Company prior to 24 October 2010, following a site inspection at Quince, that it wishes to proceed. Under the Agreement, SAY retains overall management control over the exploration program that Henan Mining will fund.

The Company is currently awaiting assay results for its current drilling program at Quince as described in Stage 1 above.

Information on Henan Mining

Henan Mining is a 100% State owned enterprise within the Henan Provincial Bureau of Geo-exploration and Minerals Development (“Bureau”).

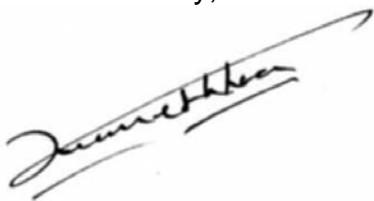
The Bureau’s activities include mineral exploration, construction survey, geology and geological survey, geophysical exploration, geochemical prospecting, rock and mineral identification and testing.

The Bureau employs more than 300 technical personnel, including professors and academic leaders, professional engineers and other technicians.

In recent years, the Bureau has discovered more than 30 coal, aluminum, iron, molybdenum, gold, lead, zinc, rutile and other important mineral deposits in China.

Recently the Bureau has participated in a number of projects outside the province, including the Three Gorges Reservoir, Beijing-Zhuhai Expressway, Zheng Wu high-speed railway, Beijing Subway Line and Beijing-Tianjin inter-city rail projects.

Yours faithfully,



Kenneth Lee
Company Secretary
South American Iron & Steel Corporation Limited

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About South American Iron & Steel Corporation Limited

SAY holds a number of mineral concessions in Chile, South America that host iron sands, in addition SAY has entered into a Chilean Mining Concessions Purchase Agreement in relation to the Quince concessions in accordance with the Chilean Mining Law.

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