

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

28 October 2010

(ASX: SAY)

Dear Sirs,

Report on Activities and Appendix 5B - September Quarter 2010

The Company is pleased to provide the following report on activities for the three month period to 30 September 2010.

Exploration Activities

The Company named its new Country Manager for Chile in July, 2010. The Country Manager, Mr David Cadwell is the geologist who originally delineated and drilled Quince during the late 1990s when Manager South America for Asarco. He has remained committed to the project and region ever since. During 1999, Asarco drilled five percussion holes each of around 300m into Quince which is a large scale anomalous magnetic zone with a coincident gravity anomaly. The central zone is approximately 5km long and 1.8km at its widest point.

Geophysical data including magnetic and gravity were interpreted to determine where to place the five Stage 1 drill holes, each approximately 500m deep. The five drill holes were placed along north-south profile lines with approximately 200m between each line and holes were drilled to the east and west depending on the intensity of the coincident geophysical anomalies along each profile (see Figure 1), hole SQ3 was abandoned. A reverse circulation (RC) hammer drill rig capable of drilling to around 300m and a diamond core rig capable of drilling to beyond 500m arrived at Quince on 1 September 2010.

The diamond drill rig drilled SQ1 from surface so that core from surface in one of the drill holes would be obtained. The RC drill rig drilled pre-collars for four holes and the diamond drill rig drilled tails to between 410m and 500m depth.

During September a total of 2,290m was drilled at Quince in five completed holes. Assay results for %Fe and other elements are at present being received and will be announced once complete datasets are available and analysed. Delays in receiving assays have occurred because the ACME laboratory sent the Quince core and drill chips to Vancouver, Canada because of an equipment malfunction in its Chile laboratory.

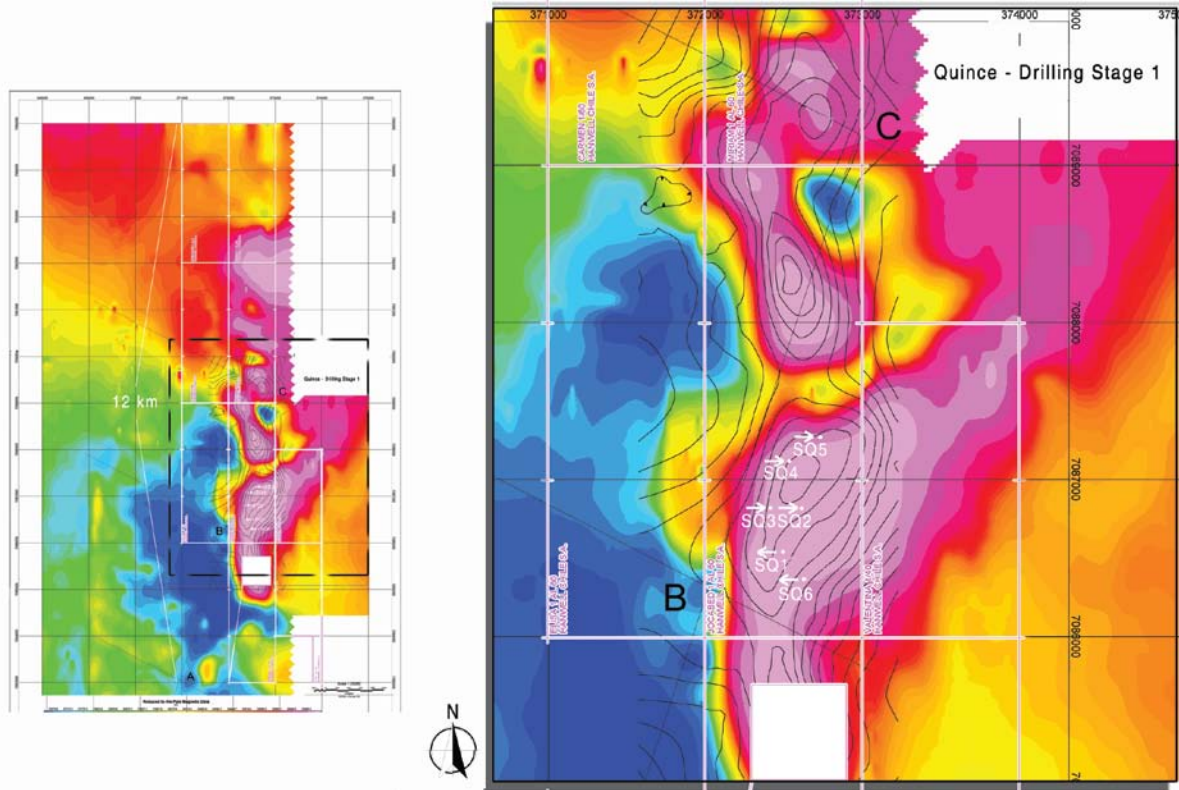


Figure 1. 2010 Drill hole collar positions at Quince

Both drill rigs de-mobilised on 1 October 2010

Corporate

As announced on 1 July 2010, SAY gave notice to Hanwell on 30 June 2010 of the exercise of its option to acquire Hanwell's 90% interest in the Quince concessions in Chile.

The Company advised the ASX on 30 September 2010, that to implement this exercise, it has entered into a Chilean Mining Concessions Purchase Agreement in relation to the Quince concessions in accordance with the Chilean Mining Law. The Agreement has the following features:

- a) The Company now has a mortgage over the Quince concessions registered in the Mines Department in Chile, which means no party can deal in this concession except SAY or its nominee during the period of this Agreement which ends 1 December 2011.
- b) SAY or its nominee can carry out activities in relation to the concessions as if it owned them.
- c) Hanwell keeps SAY indemnified against legal actions or past claims in relation to the concessions up until the date SAY becomes the legal owner of the concessions.
- d) No debt is owed by SAY until SAY elects to effect formal completion under the Chilean Mining Concessions Purchase Agreement.

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e) In consequence of (d) above, no interest will be payable or owed by SAY under this Agreement even though the original completion process contemplated interest to be payable by SAY at 12% pa. on the purchase price of AUD 8,292,683.

f) The purchase price of the Quince concessions remains unchanged at AUD 8,292,683

g) SAY can at any time before 1 December 2011 effect final completion by payment of the purchase price in f) above.

The substantive provisions of the purchase arrangement with Hanwell are otherwise unchanged.

The Company used a Convertible Note facility and a Placement to provide working capital during the period.

Items from the October Quarter

On 11 October, the Company signed a Farm-in Agreement relating to Quince with Henan Mining, providing Henan with the opportunity to refund drilling and assay costs from the recently completed Stage 1 drilling. Henan can fund further Stage 2 drilling up to 7,500m to earn a total of 15% equity in Quince. Henan can elect to fund further Stage 3 drilling up to 50,000m and fund a bankable feasibility study to earn a further 15% equity in Quince.

Appendix 5B

The Company's Appendix 5B cash report is attached.

Yours faithfully



Kenneth Lee

CEO

The information in this report that relates to exploration results and mineral resources is 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 Non-Executive Director. 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.



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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Rule 5.3

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")

September 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(291)	(291)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	12	12
1.5 Interest and other costs of finance paid	(4)	(4)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(751)	(751)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(126)	(126)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	186	186
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (Purchase of Option)		
Net investing cash flows	(60)	(60)
1.13 Total operating and investing cash flows (carried forward)	(691)	(691)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(691)	(691)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	875	875
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(200)	(200)
1.18	Dividends paid		
1.19	Other (provide details if material)		
Net financing cash flows		675	675
Net (decrease)/increase in cash held		(16)	(16)
1.20	Cash at beginning of quarter/year to date	1,114	1,114
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,098	1,098

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	43
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.9 (c)	This amount received relates to progressive payments of land sold in Ecuador.
1.14	Following shareholders' approval at a meeting on 30 June 2010, the loan instruments issued in the last quarter were repaid through the issue of shares.
1.17	Two Convertible Notes were repaid during the quarter.
1.23	Includes aggregate amounts paid to directors, including salaries, directors' fees and superannuation owing in the previous quarter.

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

Refer to Quarterly Activities Report in relation to a Chilean Mining Concessions Purchase Agreement of Quince concessions in accordance with the Chilean Mining Law – in the Corporate Section.

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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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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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	
4.3 Production	
4.4 Administration	300
Total	800

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	130	71
5.2 Deposits at call	915	990
5.3 Bank overdraft		
5.4 Other – Fixed deposit held for bank guarantees	53	53
Total: cash at end of quarter (item 1.22)	1,098	1,114

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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	Quince Refer to Corporate Section of the Quarterly Activities Report		

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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	231,832,027	231,832,027		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	38,940,196	38,940,196	\$0.04	\$0.04
7.5 +Convertible debt securities <i>(description)</i>	1 Convertible Note		\$100,000	\$100,000
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	2 Convertible Notes			
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
	6,666,666		\$0.10	5 July 2015
	6,666,667		\$0.15	5 July 2015
	6,666,667		\$0.20	5 July 2015
7.8 Issued during quarter				
7.9 Exercised during quarter				

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Mining exploration entity quarterly report

7.10	Expired during quarter				
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 ~~not~~* *(delete one)* give a true and fair view of the matters disclosed



Sign here: Date: 28th October 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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