

27 October 2011

Company Announcements Office
Australian Securities Exchange
Level 5, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

Dear Sirs

Report on Activities and Appendix 5B - September Quarter 2011

The Company provides the following report on activities for the three month period ended 30 September 2011.

Highlights

- SAY advised the market that it had been in discussions with Ample Success Investment Limited ("Ample") a Hong Kong company whose sole asset is 75% ownership of a 48.15 sq km Concession in Yunnan China ("the Yunnan Concession"). The Company advised it had acquired 15% of Ample for the issue of 11,939,111 Shares at 9.5 cents, and subject to shareholders' approval, it would acquire a further 39% of Ample.
- Upon completion of the acquisition of the 15% of Ample, Ample Directors transferred management rights of Ample to SAY where SAY has the rights and obligations to manage Ample in the capacity of the major shareholder (effectively 54%) in Ample. With this right came the right for SAY to manage the exploration program in Yunnan.
- Drilling on the Yunnan Concession commenced on August 12, 2011.
- The Technical Director visited the Yunnan Concession and assisted the Chinese exploration team to determine drilling targets for the Concession.
- Electrical survey results over the gold, the copper, the lead-zinc and the antimony mineralized zones were received and reviewed.
- The Putu and Quince Projects in Chile, South America have been the subject of numerous discussions with interested Parties wishing to assist SAY initiate development.

Exploration Activities

During the quarter ended 30 September 2011, the Technical Director visited Yunnan, China to assess the exploration results on the Yunnan Concession where gold, and base metals mineralization were being tested using electrical geophysical methods. Dr Richard Haren assisted the local Chinese exploration team to determine the methodology to further explore the mineralized regions within the Concession. Electrical surveys were concluded over five highly prospective regions of mineralization within the Concession and several drilling locations were determined in the gold mineralized region to the north of the Zacun gold mine. Results from the electrical geophysical surveys over the prospective areas of the Yunnan Concession were announced during the period. Drilling commenced on August 12, 2011, with delays encountered due to unseasonal heavy rain storms. Initial assay results are expected in the coming weeks.

Drill samples from the magnetite iron ore project at Quince, Chile were sent to a number of parties in China and Japan interested in independently assessing the material with the view of an off-take or farm-in, these discussions are continuing.

SAY is in discussions with a Chinese steel producer who wishes to assist SAY in the development of the Putu iron sands project in Chile. The development of Putu will depend on the outcome of an environmental impact assessment which at present is in the planning stage.

Corporate

During the quarter, the Company issued a \$300,000 non-interest bearing convertible note to a sophisticated investor to be converted at 8.1 cents per share. This note matures on 28 July 2012.

The Company issued 11,939,111 shares at 9.5 cents per share to acquire 15% of Ample Success Investment Limited.

The Board has been in active discussions with numerous parties to assist the Company advance the Quince and Putu Projects in Chile, South America.

Annual General Meeting

The 2011 Annual General Meeting of shareholders will be held at the offices of Nexia Court & Co., Chartered Accountants, Level 23, 264 George Street, Australia Square, Sydney, New South Wales, at 2.30pm on Friday, 25 November 2011.

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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. SAY has a 15% interest in Ample Success Investment Limited that holds a 75% interest in a mineral Concession in Weishan County, Yunnan, China. SAY currently manages the exploration on that Concession.

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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 2011

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	(85)	(85)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	2
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	(322)	(322)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(17)	(17)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (Purchase of Option)		
Net investing cash flows	(17)	(17)
1.13 Total operating and investing cash flows (carried forward)	(339)	(339)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(339)	(339)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	300	300
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	300	300
Net (decrease)/increase in cash held			
		(39)	(39)
1.20	Cash at beginning of quarter/year to date	317	317
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	278	278

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	57
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.
1.16	Non-interest bearing convertible note to be converted at 8.1 cents per share, matures on 28 July 2012.

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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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	30
4.2 Development	
4.3 Production	
4.4 Administration	220
Total	250

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	29	21
5.2 Deposits at call	196	243
5.3 Bank overdraft		
5.4 Other – Fixed deposit held for bank guarantees	53	53
Total: cash at end of quarter (item 1.22)	278	317

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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			

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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	257,785,604	257,785,604		
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>	1		\$300,000 non-interest bearing note convertible at 8.1 cents per share; matures 28 July 2012	\$300,000
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	1		\$300,000 non-interest bearing note convertible at 8.1 cents per share; matures 28 July 2012	\$300,000
7.7 Options <i>(description and conversion factor)</i>	Unquoted options		Exercise price	Expiry date
	1,300,000	-	\$1.50	1 November 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
	650,000	-	\$0.15	23 September 2013
7.8 Issued during quarter				
7.9 Exercised during quarter				

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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: 27th October 2011
 (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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