

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

5<sup>th</sup> November 2008

Dear Sirs,

### **Feasibility Study of Channel Access to the Seaport of Guayaquil**

South American Iron & Steel Corporation Limited ("the Company") is pleased to announce that the Port Authorities of Guayaquil, Ecuador, have approved Dredging Servic (an Ecuadorian subsidiary of the Company) application to conduct a feasibility study of channel access to the Seaport of Guayaquil ("the feasibility study").

The Seaport of Guayaquil is located in Southern Ecuador and it is the largest and the most populous city in Ecuador, as well as Ecuador's main port. Guayaquil is on the west margin of the Guayas River, which flows into the Pacific Ocean at the Gulf of Guayaquil.

The Company has also engaged Cardno (Qld) Pty Limited, a subsidiary of ASX listed Cardno Limited (ASX: CDD) to use its expertise, in particular, its experience and knowledge in jet pump technology for the feasibility study. As part of the feasibility study, the jet pumps would be employed to dredge the sand deposits to keep open sea lanes to the Port of Guayaquil on a continuous basis and at the same time beneficiate the iron sands deposits.

Cardno Limited ("Cardno") is a leading service provider on planning, designing, managing and delivering sustainable physical, social and economic infrastructure for international and local communities. Cardno's recent projects included providing services to the Port of Melbourne Corporation for the Channel Deepening Project and has been using the jet pumps proven technology over the last 22 years at Nerang River, Surfers Paradise, and the Tweed River in Queensland.

Mr. Franco Belli, Chairman and Managing Director, states: "The Directors are delighted with this opportunity. It is the first step to our medium term plan to be able to extract and beneficiate the iron sand deposits regenerated from the Andes into the Guayas delta. Advanced discussions are continuing between the Company and the relevant Ecuadorian Authorities for the Company to be granted the right to beneficiate the iron sands within the Port of Guayaquil.

Yours faithfully,  
**South American Iron & Steel Corporation**



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Kenneth Lee  
Company Secretary