

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

31st October 2008

Dear Sirs,

Report for the period 1st July 2008 to 30th September 2008

Attached are the Company's Quarterly Activities Report and Quarterly Cash Flow Report for the period 1st July 2008 to 30th September 2008.

Yours faithfully,
South American Iron & Steel Corporation



Franco Belli
Managing Director

QUARTERLY ACTIVITIES REPORT

For the period 1st July to 30th September, 2008

Activities for the Quarter

Highlights

- In Ecuador, the Company has commenced presentations to the Port Authorities of Guayaquil with a view to being authorized to dredge the gulf and beneficiate for iron sands.
- A Letter of Intent signed with Novacero S. A., a large steel foundry in Ecuador, for an off take of 200,000 tonnes of molten pig iron.
- Geological fieldwork, auger drilling and channel sampling of paleodune deposits of Putú concessions, Chile, provided 167 samples from the Katy and Trinchera Prospects.

Ecuador

- The relocation of offices and staff to Guayaquil was successfully completed.
- Sample preparation of 512 samples from Manuela and La Tola 4 were completed and are now ready for HM and XRF analysis.
- Negotiations with the Port of Posorja commenced with a view to signing a Letter of Intent in relation to obtaining the right to erect a bulk handling facility at the port.
- Various presentations were held with Port Authorities from the Port of Guayaquil in respect of conducting a Feasibility Study of the port to use Jet Pumping technology for dredging the gulf.
- The Minister of Mines, Ecuador, was fully briefed on the port project in relation to dredging the gulf. The German Ambassador was in attendance.
- A Letter of Intent was signed with Novacero for an off take of 200, 000 tonnes of molten metal pig iron.
- The Company laboratory at Esmeraldas was inspected by Titanatek personnel. All procedures were reviewed and found to be satisfactory.

Chile

Putú

Geological fieldwork, auger drilling and channel sampling of paleodune exposures of Putú concessions provided 167 samples from the Katy and Trinchera Prospects. These samples have been stored in the Company's facilities in preparation for desliming, drying, splitting and XRF analysis.

Detailed field studies of surface exposures and our preliminary review of the auger samples together show three different sand types. These three types are distinguished on the basis of colour, clay content, degree of consolidation, and physical hardness. They are informally referred to here as:

- Young paleodune (“YPD”) - light coloured, with abundant dark, magnetic particles.
- Older paleodune (“OPD, Type 1”) - consolidated reddish-brown, clayey sands.
- Older paleodune (“OPD, Type 2”) - dark brown to red sands, indurated and hard.

All of these Putú sands are thought to be of Quaternary age, 1 million years or younger. The relative ages of the three types are inferred on the basis of differences in soil thickness and maturity, and degree of diagenetic weathering. The increase in clay content with geological age results from gradual breakdown of unstable silicate minerals to produce rust-coloured mixtures of hydrated iron oxides and clays.

The marked geological similarity to intensively studied coastal sands at Richards Bay, South Africa, would suggest that the YPD sands were deposited during the last glacially induced sea-level low, which ended approximately 10,000 years ago. OPD Type 1 sands possibly correspond to the penultimate sea-level lowstand, while the Type 2 sands are distinctly older.

These differences in appearance are illustrated in Figures 1, 2 and 3 below.

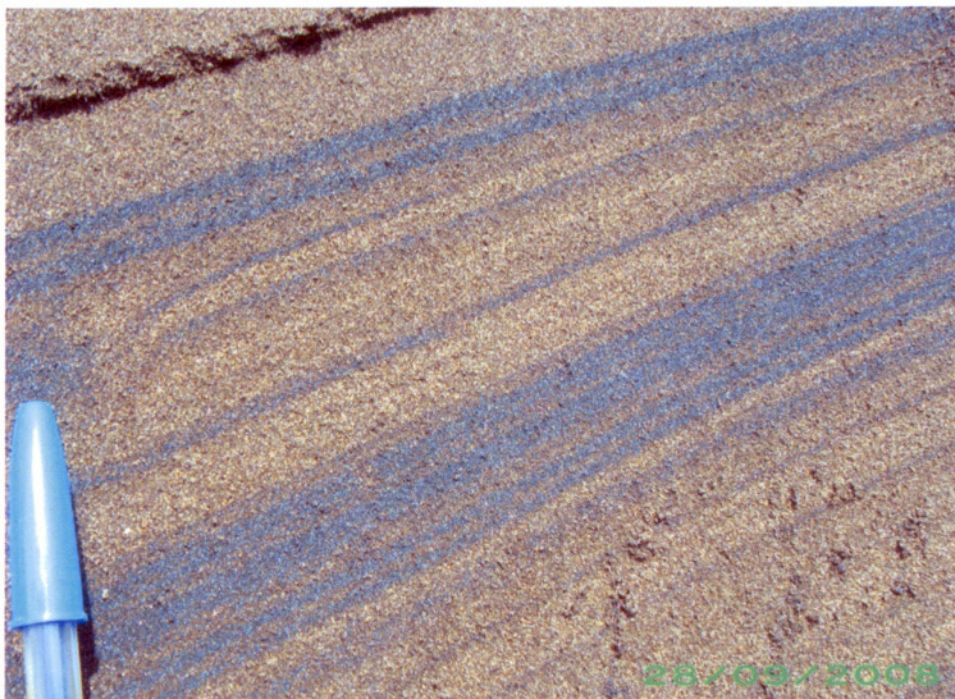


Fig. 1. Rich iron sand bands characteristic of young paleodune (YPD) deposits.

Locations Sampled

Samples totaling 136 were taken from Katy Prospect (Sites PU01-09), with a further 31 samples (sites PU10-13) from the Trinchera Prospect. Pending completion of the landowner approval process, this geological mapping and sampling was restricted to public property.

In the case of Katy Prospect, most of the land is under timber plantations and is very hilly, reaching elevations of 250m; Trinchera Prospect has steep seaward margins and a relatively flat top, with a mix of smallholdings on the slopes and larger farms on the plateau. Both areas are traversed by publicly accessible dirt roads and tracks.



Fig. 2. Young paleodune (YPD) blowout sands (grey deposits on the right) banked against older paleodune sands (OPD) to the left (brownish with light-coloured volcanic ash bands).

a. Carrizal Section: (20 auger samples, 40 channel samples).

Good exposures of Younger Paleodune (YPD) deposits along the lower section of Carrizal Road comprise friable sands of consistently good quality, which include pronounced dark iron sand bands (Figure 1). Auger drilling at the base of the hill, coupled with outcrop studies, show that these sands extend from an elevation of 7m to over 60m above sea level, where they abut against consolidated paleodune sands (OPD Type 1).

The contact between these two contrasting sand types is shown in Figure 2. Drilling at this location shows that the consolidated OPD sands also underlie the YPD sands at a depth of 4m. The older sands apparently formed a raised sea cliff against which younger sands were concentrated by onshore winds as “blowouts” – as seen happening today with modern dune sands banked up along the base of Trinchera cliffs.

These OPD Type 1 sands extend to an elevation of approximately 98m, where they were drilled and sampled to 4m. Extensive channel sampling was conducted along a timber track extending northward, where the track connects to Coyanco Road. The track has been eroded by heavy runoff following heavy rains, providing a relatively fresh surface ideal for sampling.

Indurated, hard OPD Type 2 sands dominate above 100m, and reach an elevation of 236m (Figure 3), and very likely as high as 250m where they are in contact with metamorphics to the west. This implies a large volume of OPD Type 2 sands, with a maximum potential thickness of 100-150m. The true thickness is probably less, however, and will depend on the depth of metamorphic basement. More accurate estimates await deeper drilling, and possibly a seismic survey, commencing in November 2008 or early 2009.



Fig. 3. Older paleodune sands (OPD Type 2) at an elevation of 236m, Carrizal.

b. Coyanco Track Section (26 channel samples)

This section connects up with the Carrizal Road sampling, but is exclusively YPD blowout sand of apparently fairly uniform grade and magnetic content. Figure 4 shows the unconsolidated YPD sands on the older OPD surface. The younger sands here extend from 28m at the base to a maximum recorded height of 80m, giving a potential thickness of 52m. This appears to be another good, high-quality target that may connect with Carrizal Road. The intervening area is on private land and will be mapped when landowner consent is obtained. Extensive channel sampling of the YPD sands reveals consistent grain size and sorting, and an apparently high magnetic content.



Fig. 4. Mound of young paleodune (YPD) blowout sand behind figure, heaped on older paleodune (OPD Type 1) shown in the foreground.

c. Dollimo Section (14 channel samples)

Here, good YPD sands up to 26m thick rest on metamorphic basement. Above 63m are OPD Type 1 and 2 sands which were channel sampled to an elevation of 76m, where the exposure deteriorates. This section is probably underlain largely by metamorphics.

Reconnaissance of timber tracks in the wooded interior reveal scattered patches of YPD sand at elevations of >100m.

d. Valdivia Section (22 channel samples)

As at previous locations, YPD sands are exposed towards the base, extending from 25 to 30m. Above this are poor-quality exposures of OPD deposits to 168m. These await NQ drilling to determine true thickness and quality.

Additional YPD sand is exposed at higher elevations, for example at 168m and 197m. Unlike Dollimo, however, these high-level YPD sands warrant further investigation as they may be a small but viable development target.

e. Coipue Section (9 channel samples)

Commencing at the base at 18m are OPD sands of alternating Type 1 & 2, with thin gravel bands in the lower parts. Thick metamorphics are exposed at 66m, beyond which road conditions were impassable after heavy rains. The higher section will be checked when access is once more possible.

f. Capellania Section (22 channel samples)

This extensive roadside exposure on both sides of the hill bounding Huenchullami River permitted detailed channel sampling. The OPD sands vary from Type 1 to Type 2, but include very friable and workable intervals, apparently rich in iron concentrations based on magnetic response.

Previous analyses of randomly selected samples from this location dating back to 2005 have indicated encouraging iron and titanium values. The current program will give a more comprehensive measure of the entire section.

Channel samples that were taken at the northern end of the road cut were selected to fill in sampling gaps on the southern side of the hill.

g. Las Tizas/La Palma (5 channel samples)

Sampling along this back road was designed to fill in regional gaps in Trinchera data. Exposures of OPD sands are generally poor but provided samples at elevations from 70 to 126.

Near the Huenchullami River the contact of OPD sands on metamorphic is at 67m, with the sand exposed from 81-90m. Type 1 and 2 sands alternate, with a good section of friable Type 1 sand at the top.

h. Chanquiuque Road (1 channel sample)

PU12. Poor exposures with gravel locally, but good sands appear to be present on private land higher on the side of Riconanda hill to the south.

i. Chanquiuque quarry (3 channel samples)

Located near the village of Chanquiuque, a quarry exposes good YPD deposits. The private road south to Los Parques is currently off limits, but once access is granted this will provide access to a large unexplored tract that may hold sand deposits of interest.

Forthcoming Activities

Ecuador

- i. Carry out a Feasibility Study with a view to assisting in dredging the Gulf of Guayaquil using Jet Pumps.
- ii. Execute a Heads of agreement with Alinport (Posorja) for a Bulk Handling Facility at the Port.
- iii. Complete HM and XRF analysis of Manuela and La Tola 4.
- iv. Pending the signing of the New Mining Law, recommence drilling in Manuela and La Tola 4 to bring the concession up to measured status.

Chile

Most of the public sites have been accessed, with the exception of the large Los Rabanos section in Trinchera, which will be channel sampled in late 2008.

Once land access is finalized, the following activities are planned:

- i. Auger drill the less densely occupied portions of Plano on a grid.
- ii. Trace out the YPD sands near the base of slope between road access points; auger and NQ (diamond) drill selectively, or use seismic geophysics, to provide accurate resource estimates and to define potential early-development targets.
- iii. Grid NQ drilling of the most accessible western slopes of Trinchera, also a potential development target.
- iv. NQ drilling, or geophysics, to test the thicker OPD Type1/2 sands in the interior of Katy Prospect.
- v. NQ drilling and geophysical survey of Trinchera plateau.
- vi. Further investigate the merits of geophysical surveys (seismic reflection) for better definition of basement and to enable more accurate resource calculations during 2009.

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

Aconcagua Resources Limited

ABN

67 060 319 119

Quarter ended ("current quarter")

September 2008

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	(761)	(761)
	(b) development		
	(c) production		
	(d) administration	(444)	(444)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	68	68
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)	31	31
Net Operating Cash Flows		(1,106)	(1,106)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	(115)	(115)
	(b)equity investments		
	(c) other fixed assets	(25)	(25)
1.9	Proceeds from sale of:		
	(a)prospects		
	(b)equity investments		
	(c)other fixed assets		
1.10	Loans to other entities	(417)	(417)
1.11	Loans repaid by other entities		
1.12	Other (Prepaid receipt expended)	(88)	(88)
Net investing cash flows		(645)	(645)
1.13	Total operating and investing cash flows (carried forward)	(1,751)	(1,751)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,751)	(1,751)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	417	417
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		
	Receipt of Refundable Deposit		
	Net financing cash flows	417	417
	Net (decrease)/increase in cash held	(1,334)	(1,334)
1.20	Cash at beginning of quarter/year to date	2,978	2,978
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,644	1,644

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	150
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, interest on loan in relation to employee share plan 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

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

+ 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	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	600
4.2 Development	
Total	600

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	470	470
5.2 Deposits at call	1,087	1,087
5.3 Bank overdraft		
5.4 Other – Fixed deposit held for bank guarantees	87	87
Total: cash at end of quarter (item 1.22)	1,644	1,644

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 (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	129,254,963	60,199,963		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	500,000	500,000	\$0.834	\$0.834
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	Unquoted options		Exercise price	Expiry date
	2,000,000	-	\$0.50	30 July 2011
	1,350,000	-	\$1.00	1 November 2009
	1,350,000	-	\$1.25	1 November 2010
	1,300,000	-	\$1.50	1 November 2011
	1,000,000	-	\$2.25	26 November 2009
	1,000,000	-	\$3.00	26 November 2010
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
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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: October 2008
(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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+ See chapter 19 for defined terms.