

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

26th November 2008

Dear Sirs

South American Iron & Steel Ltd announces a Major Company Milestone

South American Iron and Steel Ltd ("SAY") is pleased to announce that the company has received substantive smelting results from materials obtained from its Fierroinca Project in Ecuador, South America. The results were achieved employing the use of Outotec Circosmelt[®] Technology. The process comprises pre-reduction of iron-containing concentrate in a fluidized bed and smelting of pre-reduced concentrate in an electric furnace to produce pig iron and slag rich in titanium oxide.

The pre-reduction test work was performed at Outotec ("OT") Metals Processing in Germany. The smelting tests were performed at OT Research Center ("ORC") in Pori, Finland.

The target of this test work was achieved and a high-grade pig iron and a TiO₂ rich titanium slag were produced.

Key results

The iron content of the pig iron was in the range of 94.9 — 99.6 %, which is an excellent result.

The TiO₂ content of the slag was at 77-86 %. This slag is ideal as a feed stock for the pigment industry.

The recovery of iron into the pig iron was high, over 95.7 % based on the product calculations (titanium slag + pig iron). The maximum recovery of iron into pig iron was over 99%.

The tests returned a very low iron content in the titanium slag, which is viewed as an excellent result.

These test results provide a basis for the pilot-scale smelting tests in the 2 MVA electric furnace located at ORC, which will provide the preliminary engineering data for the design of a commercial plant.

The company is highly encouraged by these results and remains committed to using Outotec GmbH as the preferred contractor in conducting ongoing test work.

Yours faithfully,

South American Iron & Steel Corporation Limited



Franco Belli
Managing Director