

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

13th February 2009

Dear Sirs,

Share Placement and Astron to Become a Major Shareholder of SAIS

The Directors of South American Iron & Steel Corporation Limited (ASX: SAY) announce the following:

Share Placement

SAY announces a placement raising \$1,029,500.00, before capital raising costs, which consist of \$774,500.00 from Astron Limited (Code: ATR) and \$255,000.00 from other sophisticated investors. The placement was 5,147,500 shares at \$0.20 per share and 2,573,750 attaching options at an exercise price of \$0.50 and expiring on 12th February 2011.

Conditional Funding Agreement

The Directors of South American Iron & Steel Corporation Limited ("SAIS") are delighted to announce a conditional funding agreement with Astron Limited ("Astron") under the terms outlined below.

This association with Astron marks a major milestone in our Company's road toward integrated production, processing and marketing of iron concentrate, pig iron, steel, titanium and vanadium products.

Astron is an established processor of zircon and titanium minerals in China. Given the SAIS objectives of producing iron-rich concentrate from its iron sand deposits in Chile and Ecuador, Astron's experience in smelting, enriching and marketing titanium, vanadium, and related products will be of great value to the Company.

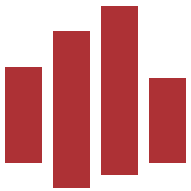
Apart from the provision of secure funding to enable SAIS to develop its sand extraction and beneficiation projects, Astron's downstream experience is expected to speed up

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commercial development, and to add significantly to the value of the Company's South American iron sand projects.

The terms of the conditional agreement are:

1. Initial Placement: Astron will subscribe for a placement of 3,872,500 SAIS shares at 20 cents each (i.e. \$774,500) (with 1,936,250 share options exercisable for 24 months at 50 cents), as part of the placement referred to above.
2. Due Diligence: SAIS will then enter a confidentiality agreement with Astron to enable Astron to carry at such due diligence as Astron thinks fit on SAIS and its properties, and assist Astron to carry out that due diligence.
3. Additional Placement: As soon as Astron is satisfied with its due diligence, it will subscribe for a placement by SAIS of the number of shares which at the time of subscription SAIS is able to issue under Listing Rule 7.1, at 20 cents per share. If this right is not exercised within 90 days of the date of the issue of shares under 1. above, all Astron's rights will expire. The parties will sign a subscription agreement substantially in the form attached.
4. Directors: If Astron subscribes for the additional Placement, SAIS directors will then appoint such nominees of Astron as directors as will give Astron a majority of the directors of SAIS.
5. Shareholder Approval to 51 %: SAIS will, as soon as agreed documentation is signed, convene a shareholder meeting to approve a placement of SAIS shares to Astron, after the Rights Issue referred to in 6 below is completed, if the same is necessary to enable Astron to hold 51 % of the shares on issue in SAIS.
6. Rights Issue: If Astron subscribes for the additional Placement SAIS will then make a one for one share rights offer at a price agreed by Astron to SAIS shareholders.
7. Underwriting: Astron will totally sub-underwrite a Rights Issue by SAIS, and for the purpose of so doing execute an underwriting agreement containing all of the usual terms and conditions in agreements of this type, and in respect of which may charge an underwriting fee of 5% of the amount underwritten.
8. If, after the Rights Issue, Astron has not obtained 51% of the issued shares in SAIS, SAIS will, if required by Astron, make a placement of SAIS shares to Astron of the number of shares required by Astron to reach that 51% level, at the same share price as the Rights Issue, and in accordance with the shareholder approval referred to in paragraph 6 above.



SAIS

SOUTH AMERICAN IRON & STEEL
A.B.N.: 67 060 319 119

By order of the Board
Date: 13th February 2009

Kenneth Lee
Company Secretary
South American Iron & Steel Corporation Limited

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