SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED SEPTEMBER 30, 2010

DECEMBER 15, 2010

TABLE OF CONTENTS

Page

PRELIMINARY NOTES

Currency Exchange Rates

Unless otherwise indicated, all currency amounts in this Annual Information Form are expressed in United States dollars. The following table sets forth the currency exchange rates for the conversion of United States dollars into Canadian dollars for the following years ended September 30 (the Corporation's fiscal year end), as reported by the Bank of Canada. The average rates were manually calculated for the 12-month period starting October 1 of the prior year and ending September 30 each year. The average prices were calculated by taking each month's average, as reported by the Bank of Canada, summing up the averages for each 12-month period and dividing by 12.

	2010	2009	2008	2007	2006
Closing (As at September 30)	1.0290	1.0707	1.0642	0.9948	1.1177
Average (October 1 – September 30)	1.0415	1.1803	1.0096	1.1135	1.1429

Conversion Table and Technical Abbreviations

Amounts in this Annual Information Form are generally in metric units. Conversion rates from Imperial measure to metric and from metric to Imperial are provided below.

Imperial Measure	= Metric Unit	Metric Measure	= Imperial Measure
2.47 acres	1 hectare	0.4047 hectares	1 acre
3.28 feet	1 metre	0.3048 metres	1 foot
0.62 miles	1 kilometre	1.609 kilometres	1 mile
0.032 ounces (troy)	1 gram	31.1035 grams	1 ounce (troy)
1.102 tons (short)	1 tonne	0.907 tonnes	1 ton
0.029 ounces (troy/ton)	1 gram/tonne	34.28 grams/tonne	1 ounce (troy/ton)

All ounces are troy ounces; 14.58 troy ounces equal one pound (containing 16 Imperial ounces).

Abbreviations

Ha	Hectares	tpd	tonne per day
g	grams	Oz.	ounces
g/t	grams per tonne	km	kilometres
ppb	parts per billion	T	tonnes

Unless the context otherwise requires, references to the "Corporation", "South American Gold and Copper Company Limited," or "SAGC" in this Annual Information Form refer to South American Gold and Copper Company Limited and its subsidiaries.

Forward-Looking Information

This Annual Information Form contains certain "forward-looking information". All information, other than historical facts, that address activities, events or developments that the Corporation believes, expects or anticipates will or may occur in the future (including, without limitation, information regarding mineral resources, metallurgical results, plans to increase production at the Pimenton mine, the Corporation's development plans with respect to the Pimenton mine, potential mineralization and resources, expectations regarding the Corporation's competitive outlook, the Corporation's exploration and drilling plans on its properties, estimates of future revenue, the mine life of the Pimenton mine, the expected pay-back periods of its projects, expectations regarding continuation of contracts, plans to amend its approved environmental impact studies and the expected cost of such amendments, expected renewal of mineral rights, expectations regarding regulatory approvals, sufficiency and plans in connection with the tailings plan in connection with the Pimenton mine, the Corporation's plans to complete future studies on its mineral projects, future sources of revenue and expectations regarding the Corporation's dividend policy) are forward-looking information. Forward-looking information reflects the current expectations or beliefs of the Corporation based on information currently available to the Corporation. Forward-looking information is subject to significant risks and uncertainties and other factors that could cause the actual results to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Corporation. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: failure to establish estimated mineral resources, the preliminary nature of metallurgical results, changes in gold and other mineral prices, changes in equity markets, political developments in Chile, changes to regulations affecting the Corporation's activities, delays in obtaining or failures to obtain required regulatory approvals, uncertainties relating to the availability and costs of financing needed in the future, the uncertainties involved in interpreting drilling results and other geological data, the other risks involved in the gold exploration and development industry and the risks described under "Narrative Description of the Business - Risk Factors, Economic Environment and Operations" in this Annual Information Form. Forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Corporation disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Corporation believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

The mineral resource figures referred to in this Annual Information Form are estimates, and no assurances can be given that the indicated levels of gold would be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Corporation believes that the resource estimate included in this Annual Information Form is well established, by their nature, resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that mineral resources can be upgraded to mineral reserves through continued exploration.

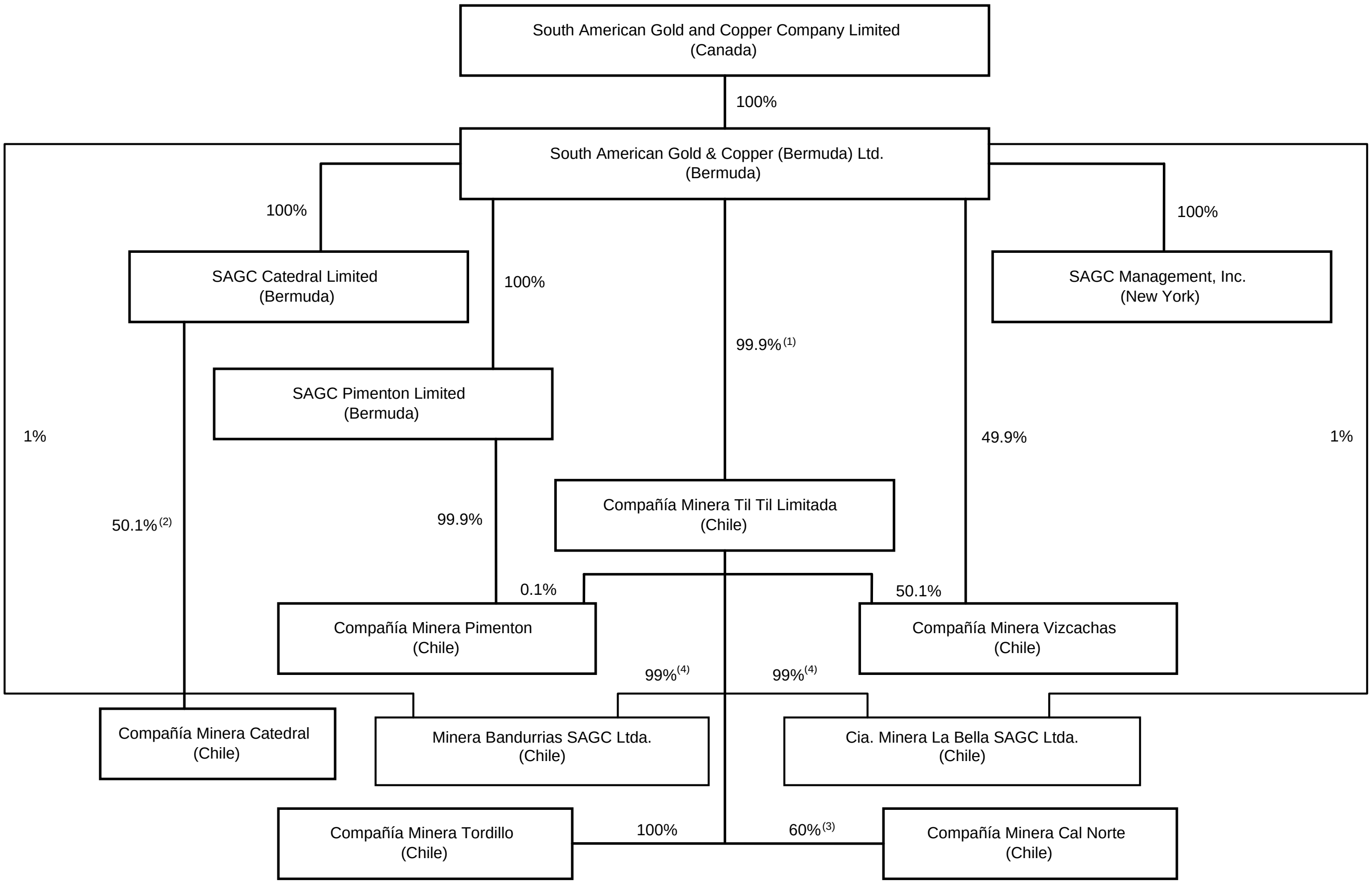
CORPORATE STRUCTURE

South American Gold and Copper Company Limited was originally incorporated on May 6, 1991, under the laws of the Cayman Islands, British West Indies, under the name of South American Gold & Copper, Ltd. On May 12, 1994, Osborne & Chappel Goldfields Limited ("**O&C**"), a company incorporated under the laws of Bermuda, acquired all of the issued shares of South American Gold & Copper Company, Ltd. ("**Old SAGC**") in exchange for new shares of O&C pursuant to a reverse takeover. Subsequent to the acquisition of old SAGC, O&C changed its name to South American Gold and Copper Company Limited and its fiscal year to September 30. At the time of the acquisition of Old SAGC by O&C, O&C's common stock was listed on the Toronto Stock Exchange ("**TSX**"), but suspended from trading due to its not meeting certain financial criteria. Following the reverse takeover, the TSX approved reinstatement of trading in the shares of SAGC on May 18, 1994. In March 1996, SAGC shareholders approved the transfer and consolidation of all SAGC's assets and liabilities from the British West Indies Corporation to and into its Bermudian subsidiary and on October 3, 1996, SAGC became subject to the "Companies Act" of the Province of Nova Scotia, Canada. On May 3, 2007, the Corporation was continued under the *Canada Business Corporations Act.*

The registered office of the Corporation is located at Suite 2300, 79 Wellington Street West, Toronto, Ontario M5K 1H1, Canada. The Corporation's business office is located at 67 Yonge Street, Suite 1201, Toronto, Ontario M5E 1J8, Canada. The Corporation's principal activities are conducted from its offices in Santiago, Chile, located at La Concepcion 266, of. 701, Providencia, Santiago, Chile.

The following diagram sets out all of South American Gold and Copper Company Limited's material subsidiaries as at September 30, 2010, their jurisdictions of incorporation and the Corporation's direct and indirect voting interests in each of these subsidiaries:

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED



Notes:

(1) Under Chilean law, a limited liability company must have at least two shareholders. The other 0.1% interest is held by Mr. Stephen W. Houghton, the Corporation's founder and Chief Executive Officer.

(2) The other 49.9% interest is held equally by Messrs. David R.S. Thomson and Mario Hernandez both of whom are Executive Vice Presidents and directors of the Corporation.

(3) The other 40% interest is held by two individuals who are not affiliated with the Corporation.

(4) Minera Bandurrias and Cia Minera la Bella SAGC Ltda. are governed under the laws of Chile. 99% of both these subsidiaries are held indirectly by the Corporation's 99.9% owned subsidiary, Compañía Minera Til Til Ltda., and 1% is held by the Corporation's 100% owned subsidiary, South American Gold and Copper (Bermuda) Ltd.

- All shareholdings represented on this chart are of common shares.

GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation is a mining company with mineral exploration and development properties. The business of the Corporation is to acquire, explore, develop and operate natural resource properties, either alone or in joint venture with other companies. SAGC has one producing gold mining property which was on temporary shut-down from June 2005 until January 2008 when work was started to put the mine back into operation.

The Corporation is currently reviewing alternative strategies for the sale, joint venture or spin-off of the Catedral and Rio limestone properties as well as Cal Norte.

In September 2006, the Corporation sold 10,000,000 common shares in the capital of the Corporation (the "**Common Shares**") in a private placement at a price of Cdn$0.05 per Common Share.

In December 2007 the Corporation signed an option agreement on La Bella to earn a 100% interest on claims covering approximately 4,000 hectares (9,880 acres) (the inner circle) and has put down additional claims covering an outer circle which encompasses an additional area of approximately 29,500 hectares (72,865 acres) of claims located 75 kilometres southwest of Santiago, Chile.

A small field crew is prospecting the 33,500 hectares (82,745 acres) of claims held by SAGC for gold veins. In addition, geochemical soil sampling is being carried out on the vein outcrops.

Under the terms of the Option Agreement (inner circle) the Corporation has paid an aggregate of $100,000 with remaining payment obligations of $232,121 in December 2009; $928,485 in December 2010, $1,044,545 in December 2011 and $1,160,606 in December 2012. The Corporation has an obligation to pay a 2½% Net Smelter Royalty to the optionee on the inner circle from production thereafter.

On the outer circle the Corporation paid $100,000 in December 2008 with remaining payment obligations of $116,060 in December 2009 since delayed to February, 2010 because of delays in gaining access to the prospect and as a result all future payments have been deferred to February 2010; 2011; 2012; 2013 and 2014, $580,303 in February 2011, $812,424 in February 2012, $1,160,606 in February 2013, and $3,017,575 in February 2014. The Corporation has an obligation to pay a 2½% net smelter royalty to the optionee on the outer circle from production thereafter. The payment amounts in the agreement in connection with the outer and inner circles are set out therein in UF. The UF is adjusted daily for inflation. For example, if one UF is valued at $21.000 pesos on a certain day, it may be valued at $21.001 pesos the next day, with the additional one peso representing the upward adjustment due to inflation. The function of the UF is to protect the value in pesos of an investment or agreement from inflation. The payments under the inner and outer circle agreement for December 2009 and in future years are base of the UF price at September 30, 2009.

On the inner and outer circle the Corporation has a combined minimum exploration obligation of $50,000 in year one, $250,000 in year two and $700,000 in year three.

The Corporation has made the decision that the exploration results to date do not justify paying the option payments which are due to be paid in December 2010 and January 2011 and is currently attempting to reach a revised agreement with the claims owner.

In December 2007, the Corporation was successful in raising $4,000,000 in a private placement of 92,375,000 units of securities of the Corporation at a purchase price of Cdn$0.0416 per unit. Each such unit consists of one Common Share and one-half of one Common Share purchase warrant with each whole purchase warrant entitling the holder thereof to purchase one Common Share at an exercise price of Cdn$0.06 per Common Share for a period of 2 years from the date of issuance of such warrant. The 46,187,485 warrants and 5,616,936 broker warrants which were due to expire on December 17, 2009 were extended to December 17, 2010 and have been further extended to June 17, 2011. The proceeds of such private placement were expected to be substantially used to restart operations at the Pimenton gold mine which is 100% owned by the Corporation. This private placement was supplemented by the financing by two directors and officers of the Corporation of lease purchase agreements to purchase mining equipment for the Pimenton mine totalling $530,162. On September 9, 2008, a further Cdn$1,913,791 was raised through a non-brokered private placement of 38,275,822 units of securities of the Corporation at a purchase price of Cdn$0.05 per unit. Each such unit consists of one Common Share and one-half of one Common Share purchase warrant with each whole purchase warrant entitling the holder thereof to purchase one Common Share at an exercise price of Cdn$0.07 per Common Share for a period of 2 years from the issuance of such warrant. Three directors, two of whom are also officers of the Corporation, purchased 22,000,000 units under such private placement. These funds and the equipment lease financing have enabled the Corporation to put its Pimenton mine into production in July 2008. Commercial production was declared effective October 1, 2008, at a rate of production of 91 tonnes per day during the 21 days the plant was in operation during October 2008. The Corporation had planned to gradually increase production to approximately 150 tonnes per day or 15,000 gold ounces in the fiscal year ended September 30, 2010 as development of reserves were converted into Canadian Securities Administrator's National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") compliant proven and probable reserves. However, due to mine equipment break downs and regulatory authorities closing a part of the mine for the first six months of the Company's year ended September 30, 2009 due to a fatal mining accident the Company produced at the rate of approximately 100 tons per day. Such equipment issues and mining accident, as well as a lack of skilled mechanics led to delays in the development of Pimenton. This in turn led to production plan delays as higher grade stopes were not prepared in time to meet production grade estimates. As a result of mining from lower grade stopes the head grade dropped to 8.9g/t Au and 0.53% Cu during the first six months of the year. For the last six months of the year the head grade was increased to 12.1 g/t and 0.59% Cu. For the fiscal year ended September 30, 2010 Pimenton sold approximately 8,598 ounces of gold, 132 tonnes of copper and 3,686 ounces of silver compared to the year ended September 30, 2009 when Pimenton sold 10,609 ounces of gold, 256 tonnes of copper and 8,677 ounces of silver.

In addition, mine operating expenses increased during the year ended September 30, 2010 primarily due to higher labor costs as wage pressure increased combined with hiring of more miners to prepare the mine for the planned production increases.

The regulatory problem mentioned above has been resolved and the mine equipment availability problems have been improved with an aggressive hiring and parts purchasing program. The total fleet of available mining equipment is being increased by 100% and should be in operation by late January 2011. The Company expects the mine to gradually increase production above current tons per day during the year ended September 30, 2011 at current reserve grades. At the present rate of production, proven and probable reserves are sufficient for two years. The Corporation is currently working to convert 321,000 tonnes of drill indicated resources into the proven and probable reserves and continue exploration for new gold veins at Pimenton.

On December 17, 2008, the Corporation raised gross proceeds of approximately US$385,000 by way of a brokered private placement of 19,408,620 units of securities of the Corporation at a purchase price of Cdn$0.025 per unit. The proceeds of this offering were used to pay the US $70,000 option payment on the La Bella project which was due in December 2008, to pay for continued exploration on such project and approximately US $80,000 was used for general corporate purposes. Each such unit consists of one Common Share and one-half of one Common Share purchase warrant with each whole purchase warrant entitling the holder thereof to purchase one Common Share and an exercise price of Cdn$0.045 per Common Share for a period of 2 years from the issuance of such warrant. A director and officer of the Corporation purchased 4,285,020 under such private placement. The Corporation issued an aggregate of 1,209,888 broker warrants in connection with such private placement, with each broker warrant entitling the holder thereof to purchase one Common Share per broker warrant for a period of 2 years following the issuance of such broker warrant.

On June 9, 2009 $504,022 of the lease purchase agreements with two officers and directors of the Corporation were converted into 12,261,795 Common Shares at a price of Cdn $0.041 per Common Share. Also on June 9, 2009 these two officers and directors of the Corporation converted US $1,600,000 secured convertible debentures due to mature on March 31, 2013 into 28,108,288 Common Shares at a conversion price per share of Cdn $0.0569.

On April 21, 2010, Mr. David R.S. Thomson and Mr. Mario Hernandez, both Executive Vice Presidents and directors of the Corporation through their companies, Compania Minera Auromin Ltda, and Compania Minera Chanar Blanco S.A., respectively, each acquired a debenture convertible into Common Shares (each, an "A Debenture"). Mr. Hernandez acquired an A Debenture in the aggregate principal amount of $716,105 which was convertible into up to 16,312,866 Common Shares. Mr. Thomson acquired an A Debenture in the aggregate principal amount of $714,400 which was convertible into up to 16,274,022 Common Shares. The A Debentures were issued in payment of past due interest and royalties payable to Messrs. Hernandez and Thomson through to December 31, 2009 by Compania Minera Pimenton. The conversion price of the 5 year A Debentures was Cdn $0.045 per share convertible into an aggregate of up to 32,586,888 Common Shares. The interest rate on the A

Debentures was 6% payable annually. No warrants were attached to the A Debentures. The Corporation had the right to call the A Debentures at any time one year after the date of issue on 30 days notice to the holders. On June 29, 2010, Messrs. Thomson and Hernandez elected to convert the A Debentures which were due to mature on April 21, 2015 into an aggregate of 32,586,888 Common Shares.

On April 21, 2010 convertible unsecured debentures (the "B Debentures") in the aggregate principal amount of $571,667 were issued to Messrs. Thomson and Hernandez in payment of cash advances made by them in the aggregate amount of $571,667 which cash advances were used for working capital and for capital expenditures on Pimenton. The conversion price on the five year B Debentures was Cdn $0.04 per share convertible into an aggregate of up to 14,650,575 Common Shares. Interest rate on the B Debentures was 6% payable annually. In addition, the B Debenture holders were issued 14,650,575 warrants exercisable at Cdn $0.05 per Common Share. On September 29, 2010, Messrs. Thomson and Hernández converted the B Debentures into an aggregate of 14,650,575 Common Shares.

In March 2010 to May 2010, additional working capital and capital expenditures at Pimenton in the aggregate amount of $630,000 was provided through two non-brokered private placements. On April 21, 2010 $300,000 of convertible unsecured debentures (the "C Debentures") were issued to five non-insiders of the Corporation. The conversion price of the C Debentures is Cdn $0.04 per share convertible into up to 7,821,000 Common Shares. Interest rate on the C Debentures is 6% payable annually. In addition the C Debenture holders were issued an aggregate of 7,821,000 common share purchase warrants exercisable for 60 months from the date of issuance at Cdn $0.05 per Common Share. On May 11, 2010 $330,000 of convertible unsecured debentures (the "D Debentures") were issued to four non-insiders of the Corporation. The conversion price of the D Debentures is Cdn $0.04 per share convertible into up to 8,261,550 Common Shares. Interest rate on the D Debentures is 6% payable annually. In addition the D Debenture holders were issued an aggregate of 8,261,550 common share purchase warrants exercisable for 60 months from the date of issuance at Cdn $0.05 per share. On August 20, 2010, one of the non-insiders converted $230,000 of the D Debenture into 5,758,050 Common Shares.

In September 2010, additional working capital of $831,664 was advanced by Messrs. Thomson and Hernandez.

NARRATIVE DESCRIPTION OF THE BUSINESS

The Corporation is a junior mining, exploration, development and producing company which requires it to have mining claims knowledge, geological knowledge, production experience, personnel management, finance and administrative knowledge. The Corporation believes that it employs people with such aforementioned knowledge and experience fulfilling each of these areas of expertise.

The Corporation was successful in putting its Pimenton Mine in operation by mid-2008 and declared commercial production effective October 1, 2008. The mining method used at the Pimenton Mine is open stope mining. The mineral ore is transported from the mine to the plant, a distance of two kilometres, where the ore is crushed, processed through a ball mill and through a Knelson concentrator, then passed through flotation cells, then through a thickener and then through a dryer. The end product consists of a Knelson gold concentrate and a copper/gold concentrate which is transported and sold to the Chilean state owned smelter located at Ventanas, Chile, approximately 160 kilometres from the Pimenton Mine site and to Argor-Heraeus, a major gold refinery in Mendrisio, Switzerland.

For the fiscal year ended September 30, 2009 the Pimenton mine processed 26,861 tonnes of ore per day and produced and sold 10,607 ounces of gold at an average price of $904.00 per ounce and $1,139,555 of copper and silver before $416,003 discounted by Enami, the state owned smelter located approximately 164 kilometers from the Pimenton mine. The cash costs per ounce of gold net of by product credits of copper and silver after discounts to Enami was $542.

For the fiscal year ended September 30, 2010 the Pimenton mine processed 31,075 tonnes of ore per day and produced and sold 8,598 ounces of gold at an average price of $1,162.00 per ounce and $951,000 of copper and silver before $332,730 discounted by Enami, the state owned smelter located approximately 164 kilometers from the Pimenton mine. The cash costs per ounce of gold net of by product credits of copper and silver after discounts to Enami was $542.

The Corporation estimated revenues from gold ounces (at a gold price of $750) in the first full year of commercial operation would be to be approximately $13,000,000. However, such estimate was adversely impacted during the fourth quarter ended September 30, 2009 and the first quarter ended December 31, 2009 due to a mine accident which caused a partial shut down of a part of mining operations during that time, as discussed above, and the occurrence of a cave in at the portal entrance of the Esperanza 2 level. This caused a two month delay in mine development while a new portal entrance 40 meters to the northeast of the original Esperanza 2 was developed.

Gold and copper concentrate will be sold to the state owned smelter at Ventanas, under one year renewable contracts. The Corporation has obtained all permits necessary to carry on operations at the Pimenton Mine. The basic tax rate for mining companies is 17% in Chile. The pay back period on invested capital in the mine is expected to be three and one-half years. The mine life is expected to be in excess of ten years.

General

The Corporation sells Knelson gold concentrate and copper/gold concentrate to Enami, the Chilean state owned copper smelter which is located at Ventanas, Chile approximately 160 kilometres from the Pimenton mine and gold doré to Argor-Heraeus, a major gold refinery in Mendrisio, Switzerland. The Corporation is currently dependent on the one year renewable contract which it has with Enami. The Corporation is dependent on the Enami contract for approximately 33% of its revenue stream from the sale of its gold/copper concentrate to Enami.

For the fiscal year ended September 30, 2009 the Corporation had gold sales of $9,604,668 and copper and silver sales of $1,238,028 before discounts by Enami of $416,003. For the fiscal year ended September 30, 2010, the Corporation had gold sales of $10,258,809 and copper and silver sales of $945,303 before discounts by Enami of $252,473.

The Corporation commenced commercial production at its Pimenton gold mine in July 2004, and subsequently shut down operations in June 2005 due to extreme weather conditions which damaged the mine's main portal entrance. Operations at the Pimenton Mine recommenced in mid-July 2008 and the Corporation declared commercial operations in October 2008. The Corporation is also engaged in the exploration of other mineral properties and in the development of its limestone deposits. Its exploration and development interests are concentrated in Chile.

The Corporation currently has interests, through its subsidiary companies, in five principal properties, Pimenton (100%), Tordillo (100%), Bandurrias (100%), Catedral/Rino (50.10%) and Cal Norte (60%), all of which are located in Chile. In addition the Corporation holds an option agreement on the La Bella property through one of its subsidiaries.

The Corporation has four officers. The Corporation and its subsidiaries employed approximately 260 people as of December 2010. Mr. Patrick Esnouf, resigned as the Corporation's President and a Director, on November 4, 2009 due to personal and other business commitments. The Corporation has no immediate plans to replace Mr. Esnouf. The Corporation's accounting in Chile is handled by a Manager of Accounting who is employed by the Corporation and by an accounting service, which maintains six full-time persons in SAGC's Chilean office.

The Corporation does not reasonably expect to be materially affected in the current financial year by renegotiation or termination of its contracts or sub-contracts.

No material reorganization is proposed for the current financial year ending September 30, 2011.

Risk Factors, Economic Environment and Operations

The Corporation's operations will be subject to all of the hazards and risks normally incidental to exploring, developing and exploiting natural resources. Some of these risks include:

- environmental hazards;
- industrial accidents;
- labour disputes;
- unusual or unexpected geologic formations or other geological or grade problems;
- unanticipated changes in metallurgical characteristics and gold recovery;
- unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts;
- periodic interruptions due to bad or hazardous weather conditions and other acts of God; and
- unfavourable operating conditions.

Any of these risks and hazards could adversely affect the Corporation's exploration activities or mining activities resulting in:

- an increase in the cost of exploration, development or production to a point where it is no longer economically feasible to continue;
- the Corporation writing down the carrying value of one or more properties or mines;
- delays or a stoppage in the exploration, development or production of the projects;
- damage to or destruction of mineral properties or processing facilities; and/or
- personal injury, death and/or legal liability.

Any of these results would have a material adverse effect on the Corporation's financial condition, results of operation and future cash flows.

The exploration for and development of mineral deposits involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Substantial expenses may be required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration programs planned by the Corporation will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are inherently cyclical and cannot be predicted with certainty; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. As a result, it is possible that actual costs and economic returns will differ significantly from those currently estimated for the Corporation's projects.

In addition, it is also not unusual in mining operations to experience unexpected problems both during the start-up and during ongoing operations. To the extent that unexpected problems occur affecting the production in the future, the Corporation's revenues may be reduced, costs may increase and the Corporation's profitability and ability to continue its mining operation may be adversely affected.

The mining industry is intensely competitive in all of its phases. The Corporation competes with many companies possessing greater technical facilities and financial resources than are available to it.

The principal area on which the Corporation is focusing its exploration efforts is Chile. The competition for good exploration prospects can be intense. Many mining companies operating in Chile have far greater resources than the Corporation. Therefore, the Corporation may not always be successful in acquiring exploration prospects that it has identified.

The mining business is subject to accidents or fatal deaths due to a variety of causes. Most accidents are caused by miners not following strict guidelines which have been established by the mining industry. Accidents or fatal deaths in a mine can cause regulatory authorities to shut down a mine or parts of a mining operation while regulators are investigating the causes of the accident. Partial or full mine shut downs could cause very damaging financial hardships for a mining company.

All phases of the Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Corporation's business, financial condition and results of operations. Environmental hazards may exist on the properties on which the Corporation holds interests which are unknown to the Corporation at present and which have been caused by previous or existing owners or operators of the properties. Government approvals and permits are currently, or may in the future be, required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Companies engaged in mining operations, including the Corporation, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

The mineral exploration activities of the Corporation are subject to various laws governing prospecting, development, production, taxes, labour standards, employment and occupational health, mine safety, use of water, toxic substances and waste disposal, environmental and other matters. Mining and exploration activities are also subject to various laws and regulations relating to protection of the environment. Although the Corporation believes that its exploration and production activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Corporation or more stringent implementation thereof could have a material adverse effect on the business, financial condition and results of operations of the Corporation.

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Corporation believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims underlying portions of the Corporation's interests.

The operations of the Corporation may require licenses and permits from various governmental authorities. Obtaining necessary permits and licenses can be a complex, time consuming process and the Corporation cannot be certain that it will be able to obtain necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop, delay or restrict the Corporation from proceeding with the development of an exploration project or the development and operation of a mine. Any failure to comply with applicable laws and regulations or permits could result in interruption or closure of exploration, development or mining operations, or fines, penalties or other liabilities. The Corporation could also lose its mining concessions under the terms of its existing agreements.

If the Corporation seeks to bring a property to production, the profitability of its operations will be dependent in part upon the market price of mineral commodities and precious metals. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Corporation. The level of interest rates, the rate of inflation, the world supply of and demand for mineral commodities and exchange rate stability can all cause significant price fluctuations. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Corporation's business, financial condition and results of operations.

Fluctuations in market price of mineral commodities subsequent to the date of any estimate of mineral reserve or mineral resource may require revision of such estimate. An adverse fluctuation in the market price of mineral commodities may cause a re-evaluation of the economic feasibility of any project. If the economic feasibility in subsequently questioned, the Corporation may be adversely affected and may have to write-off costs previously incurred.

Development and exploration activities depend on adequate infrastructure, including reliable roads, power sources and water supply. The Corporation's inability to secure adequate water and power resources, as well as other events outside its control, such as unusual weather, sabotage, government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Corporation's operations and financial condition.

The Corporation is subject to exchange variations against its functional currency, the United States dollar, as it purchases certain goods and services in Chilean pesos and Canadian dollars. The Chilean peso fluctuates in line with a basket of currencies currently consisting of the US dollar, the Euro and the Japanese yen. The Central Bank of Chile from time to time re-weights the percentage of emphasis placed on a given currency in the basket and may from time to time replace one world currency in the basket with another world currency. The Corporation's revenues, if any, in the future, will be primarily derived from the mining and sale of gold, copper, limestone and lime and the disposition of interests in mineral properties or interests related thereto. The price of these commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Corporation's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumptive patterns.

There is a significant degree of uncertainty attributable to the calculation of mineral deposit estimates and corresponding mineralization grades. Until the mineralized material is actually mined and processed, mineral deposit estimates, mineralization grades and recovery rates must be considered as estimates only. Consequently, there can be no assurance that any mineral deposit estimates or ore-grade information contained herein (including in the documents incorporated herein by reference) will prove accurate. In addition, the value of mineral deposits may vary depending on mineral prices and other factors. Any material change in ore grades, stripping ratios or other raining and processing factors may affect the economic viability of the Corporation's projects. Furthermore, mineral deposit estimate information should not be interpreted as any assurance of mine life or of the potential profitability of existing or future projects.

The exploration and development of the Corporation's properties, including continuing exploration and development projects, and the construction of mining facilities and the commencement of mining operations, may require substantial additional financing. Additional financing may not be available when needed or, even, if available, the terms of such financing might not be favourable to the Corporation and might involve substantial dilution to existing shareholders or sale or other dispositions of an interest in any of the Corporation's assets or properties. Failure to obtain sufficient financing when needed may result in a delay or indefinite postponement of exploration, development or production on any or all of the Corporation's properties or even a loss of a property interest and may have a material adverse effect on the Corporation's business, financial condition and results of operations. Sources of funds now available to the Corporation are limited.

The principal area in Chile where the Corporation's proposed Cal Norte and Catedral lime projects are located is in the Central Regions of Chile (Regions IV, V, VI and the Metropolitan Region). These regions are currently supplied by one independently-owned lime processing company. The Argentinean lime suppliers may offer strong price competition to the Cal Norte and Catedral projects.

The parts and equipment currently being used or which may be used by the Corporation in its exploration, mine property development and plant operations are readily available in Chile. If imports of specialized equipment or parts are required, Chile's import duty and customs procedures are clearly defined and well managed by the Chilean authorities.

The lime business is generally conducted through medium (two to five years) term sales contracts with price escalation clauses and not impacted by day to day price changes.

While the mining businesses in which the Corporation operates are not seasonal, the location of specific mining operations in Chile can be adversely impacted by seasonal weather conditions. Pimenton, Tordillo and Catedral are subject to harsh winter weather conditions including potential avalanche conditions, high winds and sub-zero temperatures. La Bella, Bandurrias and Cal Norte have not historically been subject to harsh winter weather conditions.

The mining interests of the Corporation may be affected in varying degrees by political or economic stability. Associated risks include, but are not limited to: terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Any change in regulations or shifts in political attitudes are beyond the control of the Corporation and may materially adversely affect its business, financial condition and results of operations. Operations may also be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to the restrictions on production, export controls, income taxes, expropriation of property, repatriation of profits, land use, environmental legislation, water use, land claims of local people, and mine safety. The effect of these factors cannot be accurately predicted.

The Corporation's material properties are currently located in Chile and, as such, a substantial portion of the Corporation's business is exposed to various degrees of political, economic and other risks and uncertainties. Although Chile has a mature and stable political system and enjoys one of the best country risk ratings of the region, there is always the potential for changes in mining policies or shifts in political attitude towards foreign investment in natural resources. Changes, even if minor in nature, may adversely affect the Corporation's operations.

There is no assurance that Chile or any other foreign country in which the Corporation may operate in the future will not impose restrictions on the repatriation of earnings to foreign entities.

The Corporation will be dependent upon the continued support and involvement of a number of key management personnel. The loss of the services of one or more of such personnel could have a material adverse effect on the Corporation. The Corporation's ability to manage its exploration and development activities and, hence, its success, will depend in large part on the efforts of these individuals. The Corporation faces intense competition for qualified personnel and there can be no assurance that the Corporation will be able to attract and retain such personnel.

The TSX has, from time to time, experienced significant price and volume fluctuations unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of the Common Shares. In addition, the market price of the Common Shares is likely to be highly volatile. Factors such as the price of gold and other minerals, the average volume of shares traded, announcements by competitors, changes in stock market analyst recommendations regarding the Corporation, market perception with respect to investments in the mineral exploration and development sector and general market conditions and attitudes affecting other exploration and mining companies may have a significant effect on the market price of the Common Shares. Moreover, it is likely that during future quarterly periods, the Corporation's results and exploration activities may fluctuate significantly or may fail to meet the expectations of stock market analysts and investors and, in such event, the market price of the Common Shares could be materially adversely affected. In the past, securities class action litigation has often been initiated following periods of volatility in the market price of a company's securities. Such litigation, if brought against the Corporation, could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Certain of the directors and officers of the Corporation also serve as directors, officers and/or advisors of and to other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Corporation expects that any decision made by any of such directors and officers involving the Corporation will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest or which are governed by the procedures set forth in the *Canada Business Corporations Act* and any other applicable law.

The Corporation has never paid a dividend on its Common Shares, and does not expect to do so in the foreseeable future. Any future determination to pay dividends will be at the discretion of the board of directors and will depend upon the capital requirements of the Corporation, results of operations and such other factors as the board of directors considers relevant. Accordingly, it is likely that investors will not receive any return on their investment in the Common Shares other than possible capital gains.

Under applicable Canadian law, shareholder approval is not required for the Corporation to issue Common Shares in a number of circumstances. Moreover, the Corporation has commitments that could require the issuance of a substantial number of additional Common Shares, in particular warrants exercisable into Common Shares and options to acquire Common Shares under the Corporation's stock option plan. The future business of the Corporation will require substantial additional financing which will likely involve the sale of equity capital. The Corporation can also be expected to issue additional options, warrants and other financial instruments, which may include debt. Future issuances of equity capital may have a substantial dilutive effect on existing shareholders. The Corporation is not able at this time to predict the future amount of such issuances or dilution.

Mine Concessions in Chile

The acquisition and maintenance of mining concessions is of critical importance to the Corporation.

Chile's mining policy has been to develop a strong body of laws that promotes both local and foreign investment. Many of the legal provisions concerning mining activities were enacted in 1980.

A Chilean mining concession is a property right, distinct and independent of the ownership of land on which it is located, even though both may belong to the same person or entity. The rights guaranteed by mining concessions are defensible against third parties, transferable, chargeable and, in general, may be the subject of any transaction or contract. A mining concession is not susceptible to physical division and can only be divided by percentage parts or shares. Buildings and other structures in a mining operation are real property accessories to the concession on which they are located.

If claims are filed on land owned by landowners, the claims holder must negotiate a "servidumbre" (right of way) with the landowner. If a reasonable compensation amount cannot be negotiated with the landowner for the servidumbre, the concession holder may seek remedies from the local Court having jurisdiction in the area in which the claims are located. There is a strong body of law in Chile that gives concession owners the right of access and the right to explore and develop mining concessions.

The Chilean Mining Law, Constitutional Organic Law No. 18097 of 1982, provides the legal framework for the exploration and exploitation of mining concessions. The law provides that mining concessions are granted by the courts and can be mortgaged or transferred. A concession owner has full ownership rights. The concession holder also has the right to defend his ownership interests against the state and third parties.

The Corporation maintains a database of all of its claims. Under the Chilean claims system, a claimant may file on top of ("**top filed**") an existing claims holder. Once claims are filed under the claims procedure, they are published in the Mining Bulletin (which is printed weekly and subscribed to by the Corporation). In the event that a claims holder is top filed, the top filer has no rights to the claim unless the original claim holder lets its claim lapse for lack of payments. Alternatively, the top filer may announce his intention in the Mining Bulletin to measure the claims if the claims are held in the "Pedimento" (a well-defined initial exploration claim with a duration of two-years) stage by the original claims holder. On receipt of the Mining Bulletin, the Corporation's land department reviews all newly published claims by inputting the newly published claims' registration number into the computer program which then runs a cross-check of published claims against the claims that the Corporation holds. If a top filing situation exists, the Corporation must take appropriate action to defend its claims position.

A royalty on minerals produced from Chilean mining properties has been imposed. Currently, the minimum tax rate on non-distributed income is 17% for non-registered DL-600 companies and a maximum tax on distributable income of 35%. The Congress and Senate have increased the maximum tax from 35% to 38%. DL-600 registered companies currently are subject to a 17% tax on non-distributed income and a tax of 45% on distributed income. DL-600 registered companies have been given the right to elect to become non DL-600 registered companies. Companies electing to remain DL-600 registered will not be affected by the proposed tax increase.

The Corporation's wholly-owned Chilean subsidiary, Compañia Minera Til Til Ltda is a DL-600 registered company. All incoming funds provided by the Corporation to its operating activities in Chile are registered under

DL-600. For the foreseeable future the Corporation will retain DL-600 registered status of Compañía Minera Til Til Ltda.

Under DL-600, all inflows of funds are registered with the Central Bank of Chile. All registered incoming funds are guaranteed to have the right of repatriation at the Central Bank's published convertibility rate on the day of repatriation.

Regulatory Matters

If the Corporation is successful in its efforts to initiate construction on its Cal Norte lime project, it will file an amendment to its currently approved environmental impact studies.

Compañía Minera Cal Norte has retained Jaime Illanes y Asociados (Consultores S.A.) ("**Jaime Illanes y Asociados**") to submit an environmental addendum for the installation of a coal-fired, rotary design kiln in place of the oil-fired vertical kiln considered previously. Jaime Illanes y Asociados in a letter to Minera Cal Norte dated November 5, 2001, anticipates no problems in obtaining regulatory approval for this change and estimated no more than 90 days will be required for approval. The cost for filing this amendment is estimated to be less than $20,000.

The Corporation received confirmation from SERNAGEOMIN, the Chilean state mining and permitting authority, that Compañía Minera Pimenton ("**CM Pimenton**") did not require new permits in order to reactivate operations at Pimenton. The Corporation submitted an application for expansion of the Pimenton Mine's tailings deposits, which was approved by SERNAGEOMIN on December 17, 2004, as discussed under "Narrative Description of the Business – Pimenton Property, Chile" below.

In December 2010, the Corporation's subsidiary, CM Pimenton, filed a technical report dated December 2010 entitled "Audit of Resources and Reserves, Pimenton Mine, V Region, Chile" prepared for Compania Minera Pimenton, a subsidiary of the Corporation (the "**Pimenton Technical Report**") in respect of its Pimenton gold property in accordance with NI 43-101. The Pimenton Technical Report was prepared by Marco Antonio Alfaro Sironvalle, Santiago, Chile who is an independent qualified person under the requirements of NI 43-101.

The Corporation restarted development of its Pimenton gold mine in January 2008. It continued the development of its Esperanza adit. The Esperanza crosscut was driven 330 meters in 2005 and was extended an additional 360 metres in 2009 plus approximately 350 meters drifting on structure. Drilling will also be conducted from this level to convert resource reserves into NI 43-101 proven and probable reserves. In addition the Esperanza Nº 2 level was started at an elevation of 3,315 metres below the Esperanza level which lies at an elevation of 3,375 meters. The Esperanza Nº 2 level has been driven approximately 1,145 meters to date and the Esperanza Nº 3 level which was started in August 2010 has been driven 190 meters. The Pimenton mine was declared to be in commercial production effective October 1, 2008 at 91 tonnes per day during its 21 days of operation during October 2008. The plant operated at 75 tonnes per day for the full fiscal year ended September 30, 2009 and at an average of 102.8 tons per day based on 335 days of operation during the year ended September 30, 2010.

On January 9, 2009 the Corporations' wholly own subsidiary, Compania Minera Pimenton, filed and application with Corporacion Nacional del Medio Ambiente ("**Conama**") to increase production from 166.7 tons per day to 500 tons per day. Under Conama's regulations production of less than 166.7 tons per day by a mine is classified a small miner. In order to obtain the 500 tons per day permits, Compania Minera Pimenton must file a plan of the mine and plants' proposal expansion and a topographical map of showing the areas impacted by the expansion of the mine and plant and related facilities. Compania Minera Pimenton must also file a final technical report on its tailings pond expansion and renegotiate its servidumbre with the local community which owns the land on which the Pimenton mine is located. The Corporation believed that Compania Minera Pimenton would receive permission from Conama to increase production to 500 tons per day on or about February 2010. This date has now been delayed until about August 2011 due to delays in obtaining all of the necessary permits.

DESCRIPTION OF MINERAL PROJECTS

Pimenton Property, Chile

The following summary is based primarily on the Pimenton Technical Report, which is available on SEDAR at www.sedar.com and is incorporated by reference herein. The Pimenton Technical Report is supported by a preliminary feasibility study for recommencing operations at Pimenton completed in September 2002, by Selters and Company Ltda. under the direction of Mr. Selters.

Property Description and Location

Pimenton is located within the San Esteban Comuna in the Los Andes Province of Chile's fifth region, approximately 175 km by road north of Santiago, and approximately 195 km by road from the Enami (the state-owned National Mining Company) smelter at Ventanas. Enami processes gold/copper concentrate for many of the mines located in central Chile.

Pimenton's mineral rights are secured by a block of continuous and protective mining claims covering an area of approximately 2,800 hectares within a rectangular figure of 6 km north-south by 5 km east-west. The Corporation's claims are the equivalent of patented claims in North America and are valid mineral property rights so long as the annual fees of approximately $4.00 per hectare are paid. The patent fees have been paid to March 15, 2010, and will be renewed when due.

The surface rights in the area are the property of a group called Comunidad Los Campos de Cerro Gallegos (the "**Comunidad**"). The Corporation's subsidiary, CM Pimenton, has been granted a "servidumbre" to carry out all exploration and mining activity at Pimenton. The area subject to the agreement with the Comunidad covers all of the claims area plus sectors in valleys south of the claims, the right to construct improved access roads in the main valley, and a possible power line.

On November 29, 1996, CM Pimenton purchased from Mr. Thomson, who is now a director of the Corporation, and Bernstein an additional 44% interest in Pimenton's principal gold prospect, increasing its interest to 100%. On the purchase, $2 million was paid and notes (the "**Pimenton Notes**") representing the balance of the purchase price of a further $1,943,561 were issued to Messrs. Thomson and Bernstein. The Pimenton Notes are payable one year following the repayment of the OPIC loan if the price of gold trades above $300 per ounce during the 90-day consecutive period preceding such repayment date. Otherwise, the balance is payable at the end of the first 90-day consecutive period following such repayment date in which the price of gold trades above $300 per ounce. Interest on the Pimenton Notes is 5% per annum commencing January 1, 2000, and payable only at the end of any 90-day consecutive period in which the price of gold trades above $300 per ounce.

In January 2007, Mr. Hernandez, Executive Vice President and a director of the Corporation purchased from Mr. Bernstein the Pimenton Notes held by him along with the net smelter royalty interest on Pimenton held by Mr. Bernstein.

The Pimenton property is also subject to a 5% net smelter royalty, which may increase to 6% based on an escalating scale in future gold prices.

The environmental liabilities to which the Pimenton mining operation is subjected are primarily tailings disposal and mine run-off waters. In addition, small amounts of mercury may be used under strictly controlled laboratory procedures in processing gold doré.

The Corporation received confirmation on June 30, 2003 from SERNAGEOMIN, that CM Pimenton did not require new permits in order to reactivate operations at Pimenton. The Corporation formally notified SERNAGEOMIN of its intention to reactivate operations at Pimenton. SERNAGEOMIN raised no objections, and no objections are expected to arise.

The known mineralized veins at the Pimenton mine are clustered within an area of one and a half kilometres by one and a half kilometres at altitudes of approximately 3725 metres above sea level down to an elevation of approximately 3175 above sea level. The mineral reserves are at 3725 metres down to 3325 and resources are from 3325 down to 3175 level. The mine working consists of six levels are at approximately fifty metres apart from 3800 metres down to 3475 and at the 3375 the Corporation has driven a cross cut level, the fifth level, below and into the known mineralized veins. The tailings pond is located directly below the Pimenton plant into an area known as the Pimenton valley. The plant is located on one side of the Pimenton valley and the mine workings are located on the other side of the valley which is approximately one and one-half kilometres in width and approximately three kilometres long. Potable water is brought to the mine in the form of bottled water. Mine workings produce water at a rate of approximately 20 litres per second which is being processed for use in the plant which consumes approximately 5 litres per second. The mine is located in the high mountains of Chile above vegetation and eighty kilometres from the nearest community.

In April 1997, the expansion of the tailings deposits to a total of about 50,000 tonnes was approved by SERNAGEOMIN. This was achieved by raising the existing dikes. The long-range tailings disposal plan proposed by Geotecnia Ltda., a Santiago based environmental engineering firm, is to construct a rock fill dam across the Quebrada at a point 100 metres downstream from the current tailings ponds. The dam would be approximately 200 metres long at the final crest (elevation 3,388) and would be approximately 24 metres high in the center. This embankment can be constructed in stages over a three to four year period and will hold an estimated 1,300,000 tons of tailings.

Design and permitting of this new tailings deposit was approved by SERNAGEOMIN on December 17, 2004. Construction of the first phase of the tailings dam began in February 2009 and was completed in December 2009.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Pimenton is accessed via the main international highway between Santiago and Mendoza, Argentina, to the Maintenes hydroelectric plant, which is located 12 km east of the nearest town, Los Andes. From this point, Pimenton is reached via 84 km of gravel road. The total road distance to Santiago is 175 km.

Pimenton is located approximately 195 km from Ventanas, a custom copper smelter owned by Enami.

The climate in central Chile is classified as temperate Mediterranean, with rainfall in the 350 mm to 1,500 mm range in the winter months (April to September). Winter snow conditions at Pimenton can vary from mild to substantial on a year-to-year basis, which requires careful planning and snow removal equipment. The 1997 El Niño phenomenon in Chile created nearly 14 metres of snow around the Corporation's Pimenton Mine, which resulted in damage to the camp and mill facilities. The Pimenton mine operates year round.

Temperatures in the project area typically range from 0◦C to 18◦C in summer and from minus 10◦C to 0◦C in winter.

Chile's water code grants any mine owner the right to consumptive use of any water made in his or her mine workings. Underground adits at Pimenton have each encountered water flows of fourteen litres per second, which can be expected to increase as the workings extend in length and depth below surface. Process water and potable water are obtained on site from a year-round spring above the mine site, with rights up to 60 litres per second. The Pimenton Technical Report concludes that Pimenton has adequate water rights for mining and milling operations in order to restart operations as currently planned.

Mining personnel are generally available in the Los Andes area and are transported to the mine by bus or van. Additional personnel can be contracted from as far away as La Serena and Santiago.

Space for processing plants, mine facilities and tailings is limited to a small area in the upper Pimenton Quebrada. Electric power is generated on site by multiple diesel-powered generators.

Pimenton's camp and plant site are at 3,400 metres of elevation where vegetation is sparse, as is typical of that region of Chile.

History

Between 1980 and 1984, regional exploration of Pimenton was conducted by Compañía Minera Bernstein Y Thomson Ltda. ("**BTX**"), in partnership with subsidiaries of two international mining companies, which relinquished their interests to BTX in 1984. At the time, Dr. David Thomson, currently the Executive Vice President of Exploration and a director of the Corporation, was a partner of BTX. At that time, BTX optioned the claims now forming part of the Pimenton project to Newmont Mining Chile Ltda. ("**Newmont**"), which initiated geological mapping, geochemical sampling and scout drilling to detect epithermal gold targets. Adits were driven to evaluate narrow but high-grade quartz sulphide veins in the south of the property, but Newmont was primarily interested in bulk mining opportunities and ceded its interest to BTX in 1988. BTX then started a small labor-intensive, semi-mechanized operation producing 1,182 ounces of gold (5.58 ounces of gold per tonne). Mount Isa Mines ("**MIM**") was then granted an option and it conducted a one-season program to investigate the porphyry copper potential of the area. The Corporation began developing the high-grade vein systems at Pimenton in February 1994, following the signing of a joint venture agreement with BTX, which entitled the Corporation to earn a 56% interest in the Pimenton Mine. The Corporation subsequently earned its 56% interest in Pimenton and entered into an agreement in November 1996 to acquire the remaining 44% interest from BTX.

Geology

The mine site is located on Chile's famous copper porphyry belt along with Codelco's El Teniente and Andina mines and Anglo American's newly acquired Minera Disputada de Las Condes mine to the south, and Antofagasta PLC's Minera Los Pelambres to the north.

The Pimenton alteration zone can be geologically shown to correspond to the upper part of a typical porphyry copper system. A widespread system of late stage persistent steep, narrow northeasterly trending gold veins has been superimposed on the upper part of the porphyry system at Pimenton.

The property is characterized by a northwest trending quartz sericite ridge, peaking at an elevation of about 4,000 metres, that separates the Pimenton valley and the upper Rio Colorado River.

There is strong northwest trending faulting, including the Condor and Quanaco fault zones to the west of the Pimenton valley, that define an area of highly altered monzonite with extensive stockwork near the faults.

Near the center of the alteration zone, primarily on the eastern side of the Pimenton valley, as referred to above, there are surface gold anomalies which could represent additional north-northeast trending veins. These anomalies are typically about 150 metres apart. The current mineral reserves are blocked on two veins in the Lucho/Leyton area which are northeast trending, steeply dipping quartz-sulfide veins which fit in a pattern of some 17 such vein systems inferred by surface geophysics and geochemical surveys.

The veins are typically near vertical, with ore-shoots up to 200 metres in length and about 0.5 metres wide on average. Mineral systems such as these typically have good vertical continuity.

In addition to these high-grade gold veins, there are moderate grade north-northwest trending veins typically flanked by clay or sericite alteration, as well as lower-grade pyrite magnetite veins in the margins of siliceous masses. It appears that there were multiple mineralizing events within a structurally complex setting, indicating significant resource potential.

Exploration

Within the resource estimate contained in the Pimenton Technical Report, the primary work was the advance of a new adit to provide access to vein extensions below the Lucho/Leyton/Michelle area. The adit is oriented as a cross-cut to the vein systems and was started from a portal constructed at the 3375 elevation. An additional portal entrance at the 3315 level was started in September 2009 below the 3375 level and has been advanced 1,145 meters through the end of November 2010. A new level at 3,260 has been started and has advanced 190 meters to date.

Mineralization

The high-grade gold/copper veins at Pimenton are the only economic mineralization discovered to date. In its early studies of the property, BTX recognized three vein types:

(a) Pyrite/Chalcopyrite barite quartz veins. These range from narrow veinlets to massive sulphide veins individually of 50 centimetres. These veins carry very high gold values, trending N30ºE.

(b) Pyrite with saccharoidal quartz veins. These are normally flanked by strong clay or sericite zones, and carry moderate gold values. These veins trend N30°W.

(c) Pyrite magnetite veins. These occur in the margins of siliceous masses, are accompanied by gypsum in their margins, and generally carry gold values in the order of 0.3 to 1g/t gold.

Vein Descriptions

LEYTON VEIN: The Leyton vein is a Type A vein, with a known strike length of some 300 metres. It is predominantly a Pyrite/Chalcopyrite vein. To the south, Leyton lies in a Classic tuff forming ribbon veins with alteration extending as much as a metre from the vein. An example is the Leyton south on the 3,470 level. In the tuffs the alteration is predominantly argillic with some silicification and disseminated pyrite. To the north as Leyton enters the Porphiritc andesite or fine-grained tuffs, the vein becomes tighter with a pervasive propylitic alteration with little or no alteration of the wall rocks. Here the veins are predominantly massive sulphides with almost exclusively Pyrite/Chalcopyrite. The trend of these veins ranges from 0 to 35 degrees North East with N30E as the preferred direction. Some 45 metres north of the Angelica Fault, Leyton and Lucho join together. To the north of this joint, the vein has produced some of the highest consistent assays for gold and copper recorded in the mine. The combination of Lucho/Leyton is still in the face in the 3,430 level but not in any of the upper levels. The trend of Leyton varies from 0 to N30E dipping to the east at 75 degrees.

LUCHO VEIN: The Lucho vein is a Type A vein, which has a strike length of some 250 metres. It is a predominantly Pyrite/Chalcopyrite vein. Lucho behaves in much the same way as the Leyton vein. The only real difference is the lower copper values of Lucho compared to Leyton, when it lies in the Classic tuffs. On the 3,430 level Lucho has only minor displacement to the east at the Angelica Fault. However, on the upper levels Lucho either fails to cross Angelica or dies out after 30 metres. The trend of Lucho is N30E dipping to the east at 75 degrees.

MICHELLE VEIN: Michelle has a strike length of over 300 metres. The Angelica fault marks the divider between the classic tuffs to the south and the intrusive to the north. To the south of Angelica the vein is up to 1.2 metres wide with either intense stockworks or strong ribbon veining. Michelle South differs from Lucho South in that copper values often exceed 3% copper. To the north, the vein is a tight 10 to 40 cm wide massive sulphide vein with little or no alteration apart from the pervasive propylitic alteration. The trend of Michelle is N30E dipping from 65 to 75 degrees to the south.

KATHY VEIN: Kathy is an eastern split of the Lucho/Leyton vein. It has all the characteristics of the Lucho vein and the vein is currently exposed in the northeast face. It has a strike length of 50 metres. The trend of Kathy is N35E, the dip ranges from 75 to 85 degrees east.

YASILLA VEIN: The Yasilla vein was discovered by drilling in 2005 and intersected by the cross cut adit on the 3375 level. No further work has been done on Yasilla at this time.

MANTEROLA VEIN: Manterola lies in classic tuff breccias and tourmaline breccias. It has a strike length of 40 metres before turning west where the grades become more erratic. There are two parallel high-grade Pyrite/Chalcopyrite veins that seldom exceed a 10-cm width. These veins are roughly one metre apart. Parallel and in between these veins run 1 mm fractures that carry good gold values.

Sampling and Analysis

In the stopes observed, the sample channels are being cut with impact hammers (electric and/or pneumatic). The channels cross the vein structures at approximately 90 degrees to the dip. Approximately 5 kilos are taken from each sample. In the stopes, the channels are cut at 2.0 metre intervals (horizontal) along the stope face, and this sampling pattern is repeated after every fifth cut, which translates into a vertical spacing of approximately 6 metres. The channel locations are surveyed by instrument to locate all samples in 3-D UTM coordinates. This information is included in the computer database on Excel spreadsheets, for eventual three dimensional analysis in the Datamine software.

In the raises and drifts, the channels are cut across the vein and wall rock at intervals of 2.0 metres along the vein structure.

Each channel is normally segmented with three samples; one over the mineralized vein itself, and one sample from the lower grade wall-rock on either side (dilution material).

The cut sample material is collected on a canvas sheet and transferred to plastic bags which are tagged with a unique sample number and stapled. The sampling crew is led by a geologist and/or a experienced sample boss, who deliver the sample bags directly to the preparation laboratory at site.

As a control of "as-mined" grade during the extraction, each truckload or loader bucket of broken mineral coming from a given stope or workplace is sampled by taking one shovel full at random from the exposed content each load coming out of the mine portal. These samples are placed in individual barrels marked for the active workplaces.

Sampling Procedure

Vein sampling during stope development and drill advance is conducted routinely by specialized samplers under supervision of the geology department. Channel samples are taken every 2.0 metres along a vein structure with samples to either side of the zone of interest as well as the vein. These are coded A,B,C, with the higher-grade portion of the vein in the center of the "B" channel sample. Samples are bagged, identified and sealed in the mine. They are then sent directly to the on site company owned laboratory for preparation and analysis by fire assay. Check assays are sent to Act Labs S.A. an ISO 9001-2000 laboratory located in La Serena, Chile, which conducts analysis by fire assay. Assay results are normally available by the following day from the Corporation's own laboratory and ten days from Act Labs S.A.

Drilling

Early drilling programs by Newmont and MIM focused on evaluating the potential for large, bulk mineable ore bodies. Most of those drill holes are not relevant to the current narrow vein (resource) evaluation.

Following the drilling on veins in the Lucho area on four levels down to the 3,430 level, CM Pimenton executed an underground drilling program, which indicated the presence of high-grade gold ore on several vein projections down to elevation 3,180, as shown in the following table.

The assaying of the drill hole intercepts shown below was conducted by Acme Laboratories in Santiago following the procedures described above.

Drill Hole	Vein	Width m.	Gold g/t	Copper %	Elevation
TDDH – 2	Lucho Manterola	0.21 0.35	21.3 10.4	7.05 1.6	3,180 3,250
TDDH – 3	Michelle	0.36	145.5		3,270
TDDH – 4	Lucho	0.46	50.6	2.3	3,300
TDDH – 4	Leyton	0.15	22.4		3,360
TDDH – 4	Nicole	0.90	17.3	2.3	3,405
TDDH – 7	Lucho (including)	2.82 (0.5)	15.5 (76.6)	1.2 (5.81)	3,317
DDHI – 17	Lucho	0.41	15.0	1.1	3,376
DDHI – 18	Lucho	0.16	12.0	4.4	3,325

Figures 18 and 19 found at section 26 of the technical report entitled “Technical Report on the Reserves and Proposed Operating Plan for the Pimenton Mine” dated September 30, 2002 and prepared by John J. Selters (the “**2002 Pimenton Technical Report**”) show the position of some of these intercepts on sections giving possible projections of veins in the Lucho area. Figure 12 shows the position of some of the drill intersections on the Lucho vein, down to elevation 3,180, in relation to the levels and prior work on the Lucho (Leyton) vein from 3,430 to 3,560.

Security of Samples

Sample preparation and analysis is performed on site. The assay lab has been moved to a new site providing good opportunity to improve procedures and protocols. Mr. Sironvalle observed the sampling method and reviewed the assays laboratory and results of the check assays sent to Act Labs S.A., La Serena, Chile, against the Corporation’s own assay laboratory and found the Act Labs S.A. assay results to be slightly higher on balance than the Corporation’s own assay laboratory results.

Mineral Resources and Mineral Reserves Estimates at December 2010

Reserves

Compañía Minera Pimentón requested to Marco Antonio Alfaro Sironvalle, Ph. D. in Geostatistics to revise and update the estimation of resources and reserves of the Pimenton mine, prepared by the team of the mine, which is summarized in the following chart:

Reserves	Proven	Probable	Average width
Tons	26000	113000	0.84 meters

Total Proven + Probable : 139,000 tons

Grades	Proven	Probable	Average
Au g / t	12.8	13.7	13.5
Cu %	1.4	1.5	1.5
Au Eq g / t	15.2	16.2	16.0

The present estimation uses the same blocks, procedures and methodology which was applied in 2002 to arrive at the inventory of resources and reserves.

As in the original estimation, the proven blocks are derived from the measured resources, which are estimated with an extension of 5 meters upward and downward from a level, on which channel samples have been taken, every two meters along the vein. The probable blocks are derived from the indicated resources using 20 additional meters upward or downward of a measured block compared to the previous 15 meter projection used in 2002.

The measured grade is estimated from the sampled grades in the channel sample multiplied by the width of the vein.

The volumes are estimated by the traditional formula (width) * (length) * (height of the block), which are converted to metric tons by multiplying by a density of 3.0 tons/cubic meter.

The conversion of Resources (measured and indicated) to Mineral Reserves (proven and probable) is made by using a coefficient of recovery and a mining dilution of the resources.

The vein width is diluted to a minimum mining width of 80 centimeters.

Resources

	Tonnes	Au g/t	Cu%
Inferred Class A	27,000	13.5	1.4
Inferred Class B	162,000	12.8	1.4

Class A Inferred refers to a 25 meter extension of the existing probable ore in the vertical sense, conditions allowing. It is given a fairly high probability of being converted to Probable classification in the future. This is applied only below the 3315 level.

The Class B Inferred is the projection of the known veins down 150m below the Inferred Class A using the reserve grades as a guide. The Class B uses the same parameters as the previous 2002 resource estimates but is modified by adding dilution to a minimum mining width of 80 cm from 55cm and using a SG of 3.0.

In order to fulfill the objectives of the Pimenton Technical Report, Mr. Sironvalle carried out a visit to the Pimenton mine, on December 12, 2010. The mine, sample preparation and assay laboratory were reviewed as well as geological plans and sections of the principal veins.

The principal conclusion is that the Pimenton mine uses standard methodologies for the estimation of the narrow vein/high grade type gold deposits, conducive to reliable resources, which can be used in the mid to long-term mine planning.

Mineral Resource and Mineral Reserve Estimates at December 2009

Reserves

An estimation of resources and reserves of the Pimenton mine, which is summarized in the following chart:

Resources	Proven	Probable	Average width
Tons	23831.7	68297.4	0.86 metres

Total Proven + Probable: 84718 tons

Grades	Proven	Probable	Average
Au g / t	14.10	14.56	14.44
Cu %	1.39	1.37	1.37
Au Eq g / t	16.75	17.17	17.06

The present estimation uses the same blocks, procedures and methodology which was applied in 2002 to arrive at the inventory of resources and reserves, except the following: specific gravity is changed from 2.75 to 3.0 ton / m^3 and the Probable category is extended from 15 metres to 20 metres due to more information.

As in the original estimation, the proven blocks are derived from the measured resources, which are estimated with an extension of 5 metres upward and downward from a level, on which channel samples have been taken, every two metres along the vein. The probable blocks are derived from the indicated resources using 20 additional metres upward or downward of a measured block compared to the previous 15 metre projection used in 2002.

The measured grade is estimated from the sampled grades in the channel sample multiplied by the width of the vein.

The volumes are estimated by the traditional formula (width) * (length) * (height of the block), which are converted to metric tons by multiplying by a density of 3.0 tons/cubic metre.

The conversion of Resources (measured and indicated) to Mineral Reserves (proven and probable) is made by using a coefficient of recovery and a mining dilution of the resources.

The vein width is diluted to a minimum mining width of 80 centimetres.

Resources

	Tonnes	Au g/t	Cu%
Inferred Class A	37,121	18.57	1.43
Inferred Class B	283,982	14.44	1.24

Class A Inferred refers to a 20 metre extension of the existing probable ore in the vertical sense, conditions allowing. It is given a fairly high probability of being converted to Probable classification in the future.

The Class B Inferred is the projection of the known veins down to below the 3185 level using a combination of existing drill holes and the reserve grades as a guide. The Class B uses the same parameters as the previous 2002 resource estimates but is modified by adding dilution to a minimum mining width of 80 cm from 55 cm and using a SG of 3.0. Assuming the added 25cm of minimum width runs 0.5 g/t Au and 0.1% Cu.

A major supposition of the past estimate was the vertical continuity of the vein thickness and grades between the levels, which needed to be proved by driving raises.

Raises driven from the levels were reported to have generally confirmed the vertical continuity of the veins between 3375 level and 3540 level, improving the confidence level of the estimate. However, some of the sample data on those raises was not available, and has not been incorporated in the estimate as of December 15, 2008.

In some cases, probable reserve blocks might have been upgraded to proven status by the completion of raises. In that sense, continuing with the prior block classification is prudent though somewhat conservative. Other raises encountered vein splits, vein thinning and lean zones which had to be left as pillars.

Sampling data being taken as the stopes move upwards has been incorporated in the Datamine model with 3-D coordinates established by instrument survey. However, this data is not yet being fully incorporated in the modeling and projection of mineral reserves.

The mill-head sample is now being tested for specific gravity every shift; results shown in Attachment H give an average of 2.95 tonnes per cubic metre.

For the 2008 Mineral Reserve estimate 3.0 tonnes per cubic metre was used since average S.G of 2.95 included low grade development muck.

<u>Cutoff Grade</u>

The Cutoff Grade assumed for Blocks included the Mineral Reserve estimate is 6.81 grams of Gold (Au Eq) per tonne. This is based on the estimate that a unit cost of $ 152 per ton of ore mined can be achieved at an operating rate of 4500 tons milled per month.

Au Eq is calculated using 1300 US$/ ounce of gold, and a copper price of US$ 3.50 per pound. Using these prices, corrected for mill and smelter recovery factors, the Gold equivalent grade is calculated as follows: 1 % Cu = 1.76 grams gold

AuEq (grams)= Au grade (gpt) + 1.76 * Cu grade (% Cu T).

The concept of Cutoff grade is complex at the moment because of number of variables which are not yet well established:

• The cost per tonne of ore is distorted by uncapitalized expenses related to plant modifications incurred during the startup period and substantial repair costs to mine equipment.

• The cost per tonne is extremely sensitive to the rate of milling. This is because a high portion of the current costs are effectively fixed costs (month to month). In terms of mining/milling costs, going from 2500 tpm to 4500 tpm can be done with a few more drillers and additional consumables.

Furthermore, while the matter of mine dilution is of concern, the fact that excess mill capacity is available makes taking the additional dilution rock through the mill possible with little increase in the overall monthly cost. The key point is to assure getting the planned amount gold from the “reserve tonnage” processed.

Operations

Mining at Pimenton is done by the open stope method of mining. This method of mining allows stopes to be as narrow as seventy centimetres and is well suited for the narrow high grade veins at Pimenton. The ore is blasted down into ore passes and stored until a mine haul truck moves directly below the previously installed ore chute. The ore chute is then opened by the mine haul truck operator. Once the mine haul truck is loaded, the operator drives the mine haul truck to the entrance to the adit and dumps the ore directly into a waiting 40 ton truck which takes the ore directly to the plant where it is dumped into a coarse ore bin. From the coarse ore bin the ore is passed through a series of crushes and then passes by conveyor into a fine ore bin. From the fine ore bin the ore is conveyed to a ball mill and from the ball mill through a Knelson concentrator and then through a series of flotation cells. From the flotation cells, the ore is fed into a thickener and then into drying cells.

In February 1997, the Corporation completed installation of a 120 tpd plant operation at Pimenton, which with modest modification could be increased to 140 tpd. This plant replaced an earlier installed 30 tpd pilot plant operation used to test the metallurgy and processing of the Pimenton ore. Due to the unusually heavy snow conditions during the Chilean winter season of 1997 (June to November), the plant and operations at Pimenton were shut down. Sales of gold doré and copper/gold concentrate processed from development ore exceeded $1,000,000 during the two-year period prior to termination of plant operations. By early 1998, gold prices had fallen substantially and the operations at Pimenton were placed on “care and maintenance.”

In July 1997, the Corporation initiated a detailed scoping study on the Lucho system of the Pimenton Mine which demonstrated the potential for a 400 tpd plant operation which would produce in excess of 50,000 oz of gold per year at an estimated cash cost per ounce of $211.00. The scoping study was completed in December 1997 just as gold prices began to decline.

The scoping study was prepared by the Corporation under the direction of Behre Dolbear & Company Ltd., Toronto, Canada (“**BDC**”). The geological description, assaying and sampling procedures and reserve and resource estimates contained in the report were prepared by Mr. Lyall, a consultant of BDC and formerly head of exploration, Latin America, for Anglo American. While the Corporation believes the scoping study and recommendation contained therein were technically sound, the study envisioned a significantly higher capital cost compared to the technical report because the study envisioned a different and less-selective type mining method. The scoping study reserve estimates were prepared by BDC in accordance with then industry standards that do not qualify under NI 43-101.

In 1998, new detailed geochemical soil sampling and magnetometer traverses showed that the possibilities are excellent for additional gold bearing veins outside the Lucho area at Pimenton.

In May 1999, SAGC engaged Mr. Selters to evaluate the possibility of placing the Corporation's Pimenton gold mine into production utilizing the existing mill and mining equipment.

In 2002, a limited exploration program at Pimenton, identified the Carmela vein, which averages 50 centimetres in width, assaying 21.3 grams of gold per tonne, 82.3 grams of silver per tonne and 4.82% copper per tonne over a distance of 13.5 metres with cut assays taken every 1.5 metres. These results are preliminary in nature and not conclusive of the likelihood of the occurrence of a mineral deposit. The sampling was conducted by taking cut samples every 1.5 metres over a distance of 13.5 metres. Each 1.5 metre cut sample was split, bagged separately and tagged and placed in polyurethane sample bags for transport by pickup truck directly to Acme Laboratories, Santiago, Chile. Fire assays on the samples were conducted by Acme Laboratories, Santiago, which is in the process of obtaining ISO 9000 certification and is controlled by Acme Laboratories, Vancouver, BC. The Carmela vein is located 800 metres to the southeast of the Lucho/Leyton veins. Due to time constraints no further exploration was conducted on the Carmela vein during 2004.

On January 30, 2004, the Corporation completed the loan documentation in respect of a $2,800,000 loan commitment from OPIC and received initial funding of $1,200,000 in January 2004 and the second funding in the amount of $1,600,000 in May 2004.

Reconstruction of the main camp and infrastructure facilities at Pimenton was substantially completed in April, 2004. The plant building was completely replaced and installation of new and/or refurbished mill equipment was completed in May 2004. Mine development operations were initiated in January, 2004 and the mine began production of ore in April 2004.

Effective July 1, 2004 the Pimenton gold mine was declared to be in "commercial production" at an initial plant production rate of 60 metric tonnes of ore per day. Since initial plant production was initiated the plant has suffered a number of plant start up problems including the necessity to install a secondary jaw crusher in order to sustain a more even feed of minus 3/8" material to the cone crusher in the plant's crushing circuit. It also became evident that the cone crusher foundation was not built to original (proper) specifications and needed to be substantially reinforced. Certain conveyor belts also needed realignment. Additional items of plant improvements have also been ongoing. These repairs resulted in 45 days of lost plant operation during October, November and December 2004. The plant improvements that have been made, however, have resulted in an increase in daily production capacity to 200 metric tonnes. Only modifications to the fine ore bin and flotation cells are required to reach 300 tpd.

In September 2004, the decision was made to change the mining method at Pimenton from "cut and fill with resuing" to the "stull mining" method of mining. This change in mining method was approved by SERNAGEOMIN in October 2004. This change in mining method was made due to the fact that the gold ore veins at Pimenton are very friable which resulted in overbreaking and loss of gold fines during blasting of the ore. This resulted in reducing the average head grade of gold into the mill to 10.13 grams per metric ton compared to the originally projected 17.92 grams. The stull mining method of mining has increased mining width to 0.80 metre compared to the originally planned 0.55 metre using the cut and fill with resuing method of mining and will reduce average projected head grade of ore to 15.3 grams of gold per metric ton. This reduction is not expected to reduce gold ounces produced due to the recently increased daily plant production capacity.

The decision was also taken not to restart the development of the 3,390 level adit, which was initially started in 1997. Subsequent analysis of restarting this adit level below the 3,430 level adit which is now the active level at the Lucho/Leyton gold vein systems determined that future tailing ponds expansion would be restricted. The decision was taken to drive a 550 metre exploration/development cross-cut to intercept the Lucho/Leyton level. This new level called Esperanza starts at the 3,375 level and will come in under Michelle, Leyton and Lucho at the 3,370 level. This level has been driven to its originally planned 690 meters and is currently being extended for an addition 760 meters.

In addition, the Esperanza Noº two level at 3,315 level has been started and as at December 2010 has been driven 1,145 meters. The Esperanza Nº three level at 3260 was started in August, 2010 and has been driven 190 meters to date.

On June 9, 2005 a major snowstorm system moved through the Central Andes causing extensive avalanche activity throughout the region resulting in the closure or significant reduction in operations of several other mines in the area, the closure for nearly two weeks of the Pass de Liberatores, the principal highway from Chile to Argentina and a one week delay in the opening of a major ski resort in the area.

During the period of June 9 to June 19, 2005, the Pimenton Mine experienced avalanche damage to electric equipment at the portal entrance which resulted in the paralyzation of mine operations. While several attempts were made to regain access to the portal entrance to repair the damaged equipment during the first seven days of the ten day storm period, the extremely high moisture content of snow which fell on June 17th, 18th and 19th caused further extreme avalanche conditions at which time the avalanche expert at the mine ordered a stoppage of work at the mine portal entrance due to continued avalanche activity in the area.

On June 19, 2005, CM Pimenton notified its insurance agent, Willis Insurance Services S.A. ("**Willis**") and Cia de Seguros Generales Cruz del Sur ("**Cruz del Sur**"), the company with whom CM Pimenton's insurance is placed, that electrical equipment at the mine portal entrance had been damaged thereby causing a paralyzation of operations at the Pimenton Mine. CM Pimenton notified Willis and Cruz del Sur that the mine had been shut down and all personnel evacuated.

After extensive unsatisfactory discussions with Cruz del Sur the Corporation elected to utilize its arbitration clause under its insurance policy. In April, 2007 the Corporation was awarded $405,000.

During 2006, the Corporation finalized a plan to restart operations at its Pimenton gold mine if it was successful in raising $14,000,000. This plan included a four month mine development program to convert 253,000 tonnes of Resources into Proven and Probable mineral Reserves at which time the mine would be put into operation at 150 tonnes per day moving up to 300 tonnes per day within five months. This plan envisioned upgrading the fleet of mining equipment and making improvements to the existing plant at Pimenton. It also included a substantial upgrading of snow removal equipment. The Corporation was not successful in raising these fund and in September 2007 revised the plans to start the mines at 50 TPD and utilize the cash flow to grow the mine from this small base to 200 tpd.

The Corporation was successful in raising $3,974,997 in a private placement, which closed on December 17, 2007, to restart operations at its Pimenton gold mine at a reduced rate of operations due to its inability to raise $14,000,000 in 2006. Additionally, the $3,974,997 private placement was supplemented by the financing by two directors and officers of the Corporation of lease purchase agreements to purchase mining equipment for the Pimenton mine totalling $530,162. On September 9, 2008 a further $1,913,791 was raised through a non-broker private placement in which three directors, two of whom are also officers of the Corporation, participated to the extent of $1,000,000. These funds and the equipment lease financing have enabled the Corporation to put its Pimenton mine into production in July, 2008. Commercial production was declared effective October 1, 2008, at a rate of production of 91 tons per day during the 21 days the plant was in operation during the month. The Corporation has plans to gradually increase production to 150 tons per day in mid 2011 with further increases to 200 tons per day. At the present rate of production, proven and probable reserves are sufficient for two years. The Corporation is currently working to convert 321,000 of drill indicated resources into the proven and probable reserves and continue exploration for new gold veins at Pimenton.

Exploration and Development

The Corporation will continue its development of the Lucho, Leyton, Michelle and Yamilla veins on the 3185 level during the next twelve months and has begun to work on driving a new adit at the 3315 level directly below the 3185 level to further develop the above mentioned veins following drill programs to better locate these veins at depth. The Corporation also expects to conduct further geochemical surveys on Pimenton as well as on the porphyry system during the exploration season early in 2011.

Pimenton, Porphyry Copper

Late in the Chilean summer season of May 2003, CM Pimenton geologists identified a tourmaline breccia pipe outcrop directly located approximately three km northwest of the Pimenton Mine and plant location. The discovery of the tourmaline breccia pipe opens up the possibility of bulk tonnage copper with molybdenum credits at Pimenton. Due to the oncoming winter weather conditions, limited exploration was conducted and work on a partially constructed road into the prospect area was placed on hold.

In January 2004, the road into the project area was completed and work on a drill platform on the northwest side of the breccia pipe outcrop was initiated. Contract negotiations with Quantec Geofisica Limitada, a wholly owned subsidiary of Quantec Geoscience, Toronto, Canada, were also finalized. Quantec Geofisica was engaged to conduct Induced Polarization, Resistivity, Self Potential and Magnetic surveys covering the accessible part of the valleys in the Pimenton and Guebrada Hondo valleys within the overall Pimenton alteration zone. This survey was initiated on February 5, 2004.

Quantec Geosciences ran six induced polarization lines totaling 15.9 kilometres. Four were in the Hondo Valley and two in the Pimenton Valley. Quantec's inverse chargeability sections derived from the field data showed anomalies with pronounced horizontal components due to the beddings of the volcanics and sediments influencing the distribution of sulphides. The sections showed good chargeability anomalies extending below the limit of the estimated 300 metre depth penetration of the induced polarization method used. These deeper extending anomalies may correlate with possible centers of bulk tonnage mineralization. There are five of these anomalies with minimum lengths varying from 600 to 1,200 metres. Four showed a correlation between the induced polarization lines that are 200 metres apart indicating that their minimum width is 200 metres.

The extensive magnetometer survey identified two previously unknown strong north south breaks with possible extensions of several kilometres.

In addition, the Quantec magnetic survey, clearly brought out north westerly and north easterly faulting as well as areas of marked lows and highs which could become meaningful in the future as the Corporation's data base expands during next years exploration season.

In late February 2004 Connors S.A. was contracted to conduct a diamond drill program. This drill program was initiated in March 2004.

A total of 884 metres of diamond drilling in two holes drilled at 45º (Holes Nº1 and Nº3) sited to check below the surface showing at the base of the breccia pipe outcrop, encountered favorably altered rocks carrying tourmaline with trace chalcopyrite and chalcocite. The drill intercepts of the weakly mineralized sections were 300 to 500 metres below the surface copper showings.

Two other diamond drill holes amounting to 883 metres were also drilled. Hole Nº 2, drilled 391 metres at 45º 500 metres west northwest of Holes Nº 1 and Nº 3, tested a tourmaline breccia with remnant oxidized pyrite and some trace chalcopyrite selectively concentrated in tuff interbedded with unaffected shales. Hole Nº 4, located 900 metres south west of Hole Nº 2 was a vertical 492 metre hole put down to test induced polarization data and confirmed closely the predicted sulphide intercepts consisting of disseminated pyrite with patches of trace chalcopyrite. The alteration in this hole was stronger than Hole Nº 2, and was 350 metres lower in elevation. In general, the four holes amounting to 1,767 metres proved the wide extent of the altered tourmaline breccias with disseminated pyrite and trace copper minerals.

Results of the geological, geochemical and geophysical information obtained during 2003-2004 exploration season at Pimenton are compatible with the presence of buried porphyry copper mineralizations. This assessment has also been confirmed by a major internationally recognized mining company which made two field trips to the Hondo Valley, extensively reviewed some 11,000 metres of drill core from previously conducted drill programs primarily oriented to gold exploration at Pimenton and was given access to certain results of the geological, geochemical and geophysical information obtained from the exploration program.

During the 2004 to 2005 exploration season work consisted of re-mapping by the corporation of a part of the diamond drill holes put down by Newmont Mining Corporation between 1987 and 1990 and further reexamination of geological information obtained during the 2003-2004 field season, which identified within the overall greater Pimenton Alteration Zone two large areas which appear to indicate the upper expression of deeper seated porphyry copper molybdenum mineralization. These areas are identified as Pimenton Central and Cerro Pimenton. In addition a mobile metal ion ("**MMI**") geochemical sampling program was conducted on a part of the prospect and is discussed below.

At the beginning of the 2004 exploration season two MMI geochemical sample lines, with samples taken every 50 metres, were run across the area. Samples were sent to the SGS/Lakefield Laboratories in Toronto, Ontario, Canada, for analysis. The two lines gave a strong response for copper, molybdenum and arsenic coinciding almost exactly with the 400 metre width mentioned above. Lead, zinc, and silver response ratios are not as strong, but have a distinctly peripheral relationship to the three other elements lending credence to the results.

In March 2005, Rio Tinto and the Corporation signed the Rio Tinto LOU which served as the basis for entering into a formal joint venture option agreement for the exploration of development of the porphyry copper deposit at Pimenton. Under the terms of the Rio Tinto LOU, Rio Tinto agreed to fund and complete a 2,600 to 3,000 metre diamond drill program at Pimenton within one year of the signing of the Rio Tinto LOU.

In June 2006, following the completion of a 3,000 metre drill program by Rio Tinto, the Corporation received notification that Rio Tinto had terminated the joint venture option agreement with the Corporation. In an exploration report provided to the Corporation by Rio Tinto, the summary concluded:

- Exploration was carried out under the Rio Tinto LOU between SAGC and Rio Tinto, signed in March 2005.
- Eight holes were drilled totaling 3,891 m of diamond drilling.
- A very well mineralized copper-gold porphyry system was discovered.
- Best results included 279 m 0.40% Cu – 0.43 g/t Au and 70 m 0.46 Cu – 0.49 g/t Au.

The Conclusions and Recommendation summary stated:

- A large Cu-Au porphyry deposit was identified in the Pimenton valley under relatively shallow moraine.
- This new Cu-Au deposit is one of the most significant discoveries in the Farellones belt in the last years.
- Although the Cu and Au grades can be considered subeconomic at this stage, there is the potential for a high grade core in depth.
- It is recommended to drill a few holes in the main valley to evaluate the vertical extensions of mineralization.
- Potential resources of several hundred million tonnes is thought to be a realistic scenario.

- Results of the exploration program done by Rio Tinto have added a significant value of the Pimenton project and subsequently to the stakeholders.

In March 2007, the Corporation entered into the Mantos LOU. Mantos, now Anglo American Norte S.A. (Anglo) drilled 2000 metres of diamond drill holes and informed the Corporation of its desire to enter into a joint venture agreement with the Corporation under the terms of the LOU. Work was progressing on the joint venture agreement when in October 30, 2008 the Corporation was informed by Anglo that it was withdrawing for further work on the joint venture agreement and terminated the LOU.

Bandurrias

Bandurrias, as described under "General Development of the Business", has had only a small amount of exploration work performed to date by the Corporation and further work has been deferred.

Tordillo

The Tordillo prospect covers 6,632 hectares and lies 11.5 km south southwest of Pimenton and is 13 km east-northeast of the Noranda/Anglo American West Wall porphyry copper deposit as well as 3 km southeast of Anglo American's Novicio porphyry copper prospect. The three projects and Pimenton all lie in the central porphyry copper belt of Chile. The upper part of Tordillo with an elevation of 4,600 metres can be seen from the camp at Pimenton.

Salient features of Tordillo based on preliminary fieldwork include a strongly leached silicified and sericitized hornblende diorite porphyry intrusive within a marked depression or amphitheatre roughly 1.5 km across with very steep sides formed of volcanics on three sides. The fourth and northern side is a valley trending to the north. The western section of the depression includes sub-rounded explosive breccias extending over hundreds of metres. These are strongly leached with plentiful minute voids and carry disseminated limonites and specularite together with phyllic and silicic alteration, and locally some remnant copper oxides and finely disseminated chalcopyrite.

Three east-west reconnaissance geochemical parallel profiles of talus fines 300 metres apart, comprising 42 samples taken every 50 metres, or 2,100 line metres, were assayed for copper, molybdenum, and gold. The northern most profile with a length of 650 metres within fractured and leached altered intrusive with relic finely disseminated chalcopyrite, gave over its length an average of 249-ppm copper, 66-ppb gold and 2.75-ppm molybdenum. The next profile to the south with a length of 650 metres gave at its western end 214-ppm copper over 250 metres coinciding with leached breccias showing voids and limonites, while the eastern end over 400 metres averaged 65-ppm copper. Gold and molybdenum over the 650 metres gave 65-ppb and 3.3-ppm respectively. The third line to the south, over its 700 metre length averaged 94-ppm copper, 20-ppb gold and 3.4-ppm molybdenum. Breccias occur over 250 metres at its eastern end. A fourth line to the south had only two samples taken as weather conditions brought exploration to a halt. These were near the edge of the depression and were strongly anomalous, averaging 500-ppm copper and 285-ppb gold.

In addition, thirteen samples of rock float spread out over 650 metres of strongly leached sericitized hornblende diorite in the southeast part of the depression were assayed for copper and gold. The copper averaged 160-ppm with a low of 20-ppm and a high of 790-ppm. Gold was low averaging 0.013 g/t. Mineralization noted included fine relic chalcopyrite sparse erratic copper oxides and a great deal of disseminated and veinlet specular hematite within the breccias and the intrusive.

The contact of the dioritic intrusive to the north is against silicified volcanics that are reddish in color due to specular hematite concentrated within strong northwest shearing. These altered volcanics extend over a distance exceeding a kilometre in length with a width of 600 metres. This zone hosts narrow, surface leached 0.10 to 0.60 metre wide siliceous veins of coarse to massive specularite and chalcopyrite in ribbons up to ten or more centimetres in thickness assaying up to 31.49 g/t gold and 17.63 % copper. Strike directions vary from northwest, which is predominant, to east-west or north-south. The trace of one northwest vein can be followed by eye over a distance of 400 metres. In all eighteen separate surface-leached vein outcrops were located and sampled. These could correspond to as many as eleven individual veins, but more work is needed to verify this possibility.

The eighteen leached surface samples are given below. It should be noted these are surface samples partially to near completely leached of values. Furthermore the two metre wide samples are taken from systematic sample lines where individual structures were not sampled. The inference is that detailed sampling within the two metre wide samples will give higher grades over narrower widths. The two metre spacing was used in order to check for possible bulk tonnage potential.

Sample Number	Width-Centimeters	Grams/ton gold	Percent Copper
13618	200	4.45	3.94
13620	200	1.43	0.35
13622	110	0.72	6.96
13623	50	0.99	0.54
13602	10	19.51	18.28
13711	35	7.75	11.27
13710	25	1.61	1.62
13619	200	3.51	1.58
13756	200	1.09	0.71
13755	200	1.85	0.19
13754	200	4.45	0.89
13789	200	8.06	2.11
13774	200	1.01	0.47
13776	200	3.62	1.68
13643	60	5.45	1.46
13713	10	7.39	2.40
13714	40	31.49	17.63
13715	30	0.15	0.79

The above assays were conducted by Acme Laboratories S.A. whose parent company, Acme Laboratories Ltd., is located in Vancouver, BC. The assay method used was by fire assay.

La Bella

The Corporation has signed an option agreement (the "**La Bella Option Agreement**") to earn a 100% interest on claims covering approximately 4,000 hectares (9,880 acres) (the inner circle) and has put down additional claims covering an outer circle which encompasses an additional area of approximately 29,500 hectares (72,865 acres) of claims located 75 kilometres southwest of Santiago, Chile.

A small field crew is prospecting the 33,500 hectares (82,745acres) of total claims held by the Corporation for gold veins. In addition, geochemical soil sampling is being carried out on the vein outcrops. Subsequent drilling will be based on geochemical results after the Corporation's Pimenton mine is in production at commercial production rates for at least six months.

Under the terms of the La Bella Option Agreement (inner circle) the Corporation has paid an aggregate of $100,000 with remaining payment obligations of $232,121 in December 2009; $928,485 in December 2010, $1,044,545 in December 2011 and $1,160,606 in December 2012. The Corporation has an obligation to pay a 2½% Net Smelter Royalty to the optionee on the inner circle from production thereafter.

On the outer circle the Corporation paid $100,000 in December 2008 with remaining payment obligations of $116,060 in December 2009 since delayed to February 2010 due to delays in gaining access to the prospect and, as a result, all future payments have been deferred as follows: $580,303 in February 2011; $812,424 in February 2012; $1,160,606 in February 2013; and $3,017,575 in February 2014. The Corporation has an obligation to pay a 2½% net smelter royalty to the optionee on the outer circle from production thereafter.

In addition, on the inner and outer circles the Corporation has a combined minimum exploration obligation of $50,000 in year one, $250,000 in year two and $700,000 in year three.

The Corporation has made the decision that the exploration results to date do not justify paying the option payments which are due to be paid in December 2010 and January 2011 and is currently attempting to reach a revised agreement with the claims owner.

Catedral/Rino Property (Chile)

Location and Size

The Catedral/Rino project covers an area of 5,025 hectares reduced from 19,895 hectares held in 2008 and consists of 25 concessions. The Corporation's interest in this project is held through its 50.1% interest in Compania Minera Catedral, which is the holder of the Catedral concession. Catedral/Rino consists of two separate but adjacent limestone deposits, the Catedral deposit and the Rino deposit. Both deposits lie at an elevation of less than 2,100 up to 2,900 metres and are located 120 km southeast of Santiago, Chile, of which 78 km are paved and the last 42 km are gravel. Total driving time from Santiago to the deposits is approximately two and one half hours.

The valleys show the sculpting effects of past glaciation as well as lateral and successive terminal moraines, etc. Flowing water is present all year round showing a peak with the spring thaw of winter snows. The first snow arrives toward the end of April and lasts until October. In the rest of the year there can be light snowfalls in the higher elevations which melt off rapidly. The winter storms are intermittent but can last two to four days, with snow falling above 2,000 metres. Much of the future mining area faces north, which will help reduce snow cover on these slopes due to the sun.

All claims payments have been validly paid to date and Compania Minera Catedral holds a servidumbre to the property.

The Chilean lime market was adversely affected by the devaluation of the Argentinean peso in 2003, resulting in a flow of cheap lime from Argentina into the Chilean lime market for the last five years. With the recovery of the Argentinean economy in the past three years the domestic demand for lime is improving thereby allowing for increased pricing by the Argentinean lime producers. Trucking costs of Argentinean lime imported into Chile have also increased the costs of Argentinean lime to the Chilean mining industry which is a large consumer of lime. The Corporation believes that the Catedral and Cal Norte lime projects will shortly be able to compete against Argentinean lime producers.

The Corporation is currently reviewing alternative strategies for the sale, joint venture or spin-off of the Catedral and Rio limestone properties as well as Cal Norte.

Geology of the Catedral/Rino Area

The limestone deposit, which has been identified for the project encompasses two well-identified limestone deposits, Rino and Catedral, located approximately 120 km by road southeast of Santiago, just west of the frontier with Argentina. The deposits are located in the Los Valdes Formation, which stretches along a significant distance of the high Cordillera near the Argentinean border. The Rino and Catedral sites are located in one of the few readily accessible areas in this locale and have an altitude of 2,200 metres and 2,100 metres, respectively, at their lowest points.

The limestone at Rino/Catedral is correlated with the upper part of the Los Valdes Formation, which is of Jurassic Crustaceous age. There are close to six hundred metres in thickness of limestone, with the best in the younger upper half of the sequences.

In the project area, the Los Valdes Formation occurs on either side of a broad anticline four kilometres across striking N10W. The Catedral limestone deposit is located on the western limb of the anticline and dips steeply west at near eighty degrees and runs south for five kilometres from an elevation of 2,000 metres up to 3,500 metres. A one kilometre section on the northern end of this belt was affected by a very strong regional fault trending N70E, which has distorted the adjacent limestone by folding and faulting. The folding, in part, has increased the overall thickness of the limestone on the surface, making the limestone at Rino more accessible for large-scale open pit mining. To the south, the remaining four kilometres of limestone at Catedral is unaffected by folding and faulting.

Catedral Property

In 1999 Compania Minera Catedral started to investigate high-grade limestone potential at Catedral to support a proposed 420 to 600 tpd capacity lime kiln producing facility to supply the Central Zone of Chile, on which the Corporation has prepared a pre-feasibility study. Additional work on the property indicates the high-grade limestone resource and associated gypsum at Catedral could host a larger project beyond that of a lime kiln.

Geology

Limestone at Catedral occurs in the upper part of the Los Valdes Formation, which is of Upper Jurassic, lower Cretaceous age. In the project area, micritic to fossiliferous limestone is included within limestone sediments over 350 metres thick with well defined beds showing a calcium carbonate content varying from some 50% to well over 90%, at least one 30 metre thick bed of massive gypsum is included. The formation in the project area strikes just west of north, with steep dips predominating towards the west as it corresponds to the western limb of a broad anticline whose crest lies to the east. The limestone is underlain by sandstones, sedimentary breccias, conglomerates and gypsum of the Middle Los Valdes Formation and overlain by red sandstone, shales, breccias and lenses of gypsum together with andesitic tuffs and flows of the Colimapu Formation.

The detailed sampling shows the various limestone beds can be correlated between traverse lines with some confidence. In some places, owing to excessive depth of surface cover, there are some gaps in the sample information. Due to local changes in dip and strike, correlation between the traverse lines for three beds is not entirely clear. Drilling is needed to improve the correlation.

Catedral Channel Sampling Program

Over a four-week period during May 2001, a four-man crew ran three sample traverses approximately 90 metres apart at right angles across the 350 metre wide limestone formation at Mona South. The limestone outcrops were sampled and trenches were dug to a depth of a metre where there was surface cover between outcrops. As far as possible, sampling was continuous. In the first and topographically lowest traverse, samples were taken every 2 metres, while at the other two traverses, they were taken every metre. Samples weighing between 3 to 5 kilos of rock were taken for every metre sampled. The samples were transported 2 km by mule to the end of the road leading to the main road up the Maipo valley. In all, 361 samples were sent to ACME Labs in Santiago for analysis. Initially, all the samples were analyzed for total carbonate by titration in Santiago to identify for more detailed analysis those with over 86% total carbonate. The over 86% total carbonate samples were processed by ACME Laboratories in Vancouver, Canada using lithium methaborate fusion, nitric acid digest, with determination by ICP. Half of the pulp of every twentieth sample was sent to Construction Technology Laboratories, Skokie, Illinois, USA for check assaying.

The channel sampling program successfully identified seven beds of limestone with widths of 6 to 14 metres or a combined thickness of 72 metres. Based on an average of the grade of limestone ($CaCO_3$) of the samples taken from each limestone bed, the average grade of limestone contained in the seven beds is calculated to average 90.54% $CaCO_3$.

All the samples taken between the high-grade beds were sent in for detailed assaying. This was done in order to assess the potential for using this lower grade limestone for cement production at some future date. These results, while favourable, are not included in this report.

Catedral Preliminary Feasibility Study

During 2002, the Corporation continued to advance work on a preliminary feasibility study under the direction of Mr. John J. Selters for the development of the Catedral lime project. A baseline environmental study was completed on the project and the Corporation successfully drilled and completed a water well capable of supplying the water requirements of the proposed mine and lime plant operations.

Rino

In February 1998, a Phase I feasibility study prepared by Penta Engineering Corp., St. Louis, Missouri ("**Penta Engineering**"), was completed for a planned 1,450,000 metric tonne per year cement manufacturing facility utilizing a new generation design of flash dryer and a limestone slurry pipeline to transport limestone from the quarry to the plant site, a distance of 100 km, which would result in a highly efficient operation with manufacturing costs per tonne of cement close to $35.00. The feasibility study utilizes a limestone slurry pipeline which greatly reduces raw materials transportation costs compared to substantially more expensive truck, rail and water modes of transportation currently being used by existing cement producers in Chile. The Rino cement manufacturing facility was planned to be located near Rancagua, Chile, less than 100 km to the south of Santiago.

Following completion of the feasibility study on Rino, the Corporation engaged Citibank N.A. as its financial advisor in an attempt to joint venture or sell the proposed Rino Cement Project. While discussions with several potential joint venture partners were in progress, the Chilean economy began to feel the effect of the "Asian Economic Crisis" and the adverse economic events in Brazil. The combination of these events caused a serious economic downturn in construction activity and on the Chilean cement industry. As a result of the uncertainty and timing of a recovery of the Chilean cement market, discussions with potential joint venture partners were terminated.

Rino Geology

The Rino deposit, where the project limestone reserves are concentrated, lies on the eastern side of the anticline. Immediately to the north of Rino runs the steep, very strong N70E fault mentioned above, which has thrown down younger continental sediments and volcanics of the Colimapu formation against the older sediments, abruptly terminating the continuity of the limestone to the north. The fault has also distorted the limestone at Rino, so that the limestone was locally folded into an anticline structure plunging steeply to the north. In a general way, the bulk of the limestone coincides with a conical mountain 2,900 metres high. The northern slope, over a 700 metre interval, is made up of limestone outcrops which extend over a distance exceeding one km. In the eastern part of this area, the strike of the limestone N5W with dip of 70 to 75 degrees toward the east. In the west, the strike swings from N10W with a 70 degree dip to the east, to N50W dipping 40 degrees north, reflecting the plunging anticline structure already mentioned. The whole of the area can be mined by open pit.

Compañía Minera Cal Norte Property, Chile

Location and Size

Compañía Minera Cal Norte ("**Cal Norte**") is a 60% owned subsidiary of the Corporation and holds three mining claims totaling approximately 600 hectares on the Hornito and Ceci Tres limestone deposits. The properties are located in Quebrada, Quelon, Community of Canela, IV Region, approximately 325 km north of Santiago, at an elevation of 1,000 metres and is not impacted by snow during the Chilean winter season. Access is by paved road for approximately 310 km and 15 km of gravel road to the mine site. All claims payments are current and paid to date.

Current Status

In June 2001, Cal Norte engaged Phoenix Process Engineering, Inc., to revise an internal preliminary study dated August 1999 which was prepared, based on utilizing a 150 tpd capacity oil fired vertical shaft lime kiln. Due to the substantial increase in world oil prices in mid-2001, the Corporation determined that utilizing oil to fire the kiln could adversely impact the economics of the Cal Norte project. While oil prices were escalating, coal prices remained unaffected and relatively stable.

The revised preliminary study dated November 2001 incorporates the use of a rotary shaft lime kiln with a pre-heater which can be fired with either coal or petroleum products. The study incorporates an updated independent reserve report on the Hornito limestone deposit based on the results of a diamond drill program, which was completed in September 2001. The study also incorporates a new mining plan for the Hornito limestone deposit based on the results of the diamond drill program and on the results of crushing tests on limestone mined from Hornito, which were conducted in early 2001. The study is marked as "Preliminary/Subject to Final Revision" and will be finalized by the Corporation at such time as the final bid proposals are requested from companies which specialize in the design and supply of rotary shaft pre-heater kilns.

In August 2002, Metso Minerals Industries, Danville, Pennsylvania, completed extensive testing and issued its Final Test Report entitled "Rotary Batch Kiln Test on Cal Norte's Hornito Limestone Deposit". Based on the favourable results of the tests by Metso Minerals Industries, the Corporation re-initiated discussions with potential customers in late 2002.

In 2002, discussions were initiated with the Overseas Private Investment Corporation ("**OPIC**"), an agency of the U.S. government headquartered in Washington D.C. and a formal application for financing the Cal Norte lime project was submitted to OPIC in early 2003. Shortly thereafter gold prices started to increase substantially and the Corporation determined that it should refocus its attention on its Pimenton gold mine, which could be placed into operation in a shorter period of time than the 18 month construction period required to place a new lime kiln into operation at Cal Norte. The Corporation discussed this alternative with OPIC and the Cal Norte loan application was placed on hold. A new loan application was subsequently filed with OPIC on behalf of CM Pimenton by the Corporation for the financing of restarting operations of the Pimenton gold mine. In December 2003, CM Pimenton entered into a loan agreement with OPIC.

In 2003, Cal Norte engaged Constructora BDS S.A., a Chilean construction firm, to review the revised preliminary study and to provide a ±20% cost estimate on the project based on increasing the lime kiln plant capacity from 150 tonnes of lime production per day up to 180 tonnes per day of lime production. This analysis included (1) a summary cost estimate, (2) details of cost estimating, (3) a construction program, and (4) total project programs. While the estimated capital costs, excluding mine development and mine equipment costs, were estimated to be $9,833,000 compared to an estimated $7,404,544 for the 150 tonnes per day capacity plant, the projected internal rate of return ("**IRR**") at a price of $120 per tonne (100% basis free lime) on the larger capacity kiln was calculated at 46.2% compared to 27.7% net equity IRR on the smaller unit.

Reserves

The following is the summary section of the independent reserve report prepared in accordance with NI 43-101 under the direction of Mr. Selters, of Selters and Company Ltda. on the Hornito and Ceci Tres limestone deposits held by Cal Norte.

Hornito Mine

Summary

This represents a revised estimate of the Mine Recoverable Limestone Reserve for the Hornito mine, located in the Quelon valley approximately 100 km northeast of Los Vilos, Region IV. The UTM coordinates of the mine are 291,400 East; 6,527,000 North. The Hornito and Ceci Tres mineral claims are held by Cal Norte, which in turn is 60% owned by the Corporation.

The revised estimate has been prepared following completion of a five-hole 905.6-metre core drilling program conducted in May and June 2001.

The revised estimate is summarized as follows:

Hornito Limestone Resources and Mine Recoverable Reserves (tonnes)

Resource Category (1)		**Reserve Category (2)**	
Measured:	1,046,000	Proven:	918,000
Indicated	320,000	Probable:	263,000
Subtotal:	**1,366,000**		**1,181,000 @ 90.4% CaCO3**

and additionally, in the Hornito Mine:

Inferred Resources: 808,000

(1) The resource estimate was prepared from the geologic perspective by a qualified consulting geologist, Carlos Theune, who applied volumetric estimates and reasonable extensions to the grade and thickness data obtained from trench sampling and the limestone intersections from the recent drilling program. His estimate of the average thickness for Manto Principal is 6.8 metres. He applied that average thickness to a strike length of 330 metres times a vertical height of 183 metres for the measured category and an additional 53 metres depth for the indicated category. The density factor is 2.7 tonnes per cubic metre.

(2) The measured and indicated portion of these resources are converted to a Mine Recoverable Limestone Reserve according to a mining plan developed by a "qualified person", which includes the following factors:

(i) A cutoff of 86% CaCo3 applied to all intersections to determine mine design limits (manto thickness). This cutoff corresponds to the minimum saleable product grade.

(ii) Adding a mining dilution factor of 30 centimetres to allow for over-break beyond the design mine limits. Where the adjacent wall rock was below 82% CaCO3, the dilution is taken from within the high-grade section by reducing the mine design limit by the corresponding thickness. Mining procedures are designed to minimize the over-break and control delivered limestone grades to average 90% CaCO3 or better in order to optimize the final lime product at 75% available calcium oxide or higher.

(iii) With these considerations, the average design limit manto thickness on Manto Principal before dilution is 6.34 metres. After 0.3 metres of dilution on each wall, the thickness is 6.9 metres.

(iv) The average density of the limestone is 2.7 tonnes per cubic metre.

(v) A total of 15% of the resource tonnage (with the added dilution) is deducted as mining loss as an allowance for permanent pillars. This relatively high mine recovery of 85% will be achieved by methods commonly used in underground gold mining on veins including provisions for systematic and safe recovery of most of the pillars.

(vi) Modification of the Mining Plan according to the new resource and geotechnical data from the drilling program. Plan will establish an inclined ramp with successively deeper crosscut to the limestone beds down to lowest elevation of the reserve (474 metres above sea level).

(vii) Definition of a project with satisfactory economics for production and delivery of burnt lime to specific clients. (For the fundamental approach to and economic context for producing and marketing these limestone reserves, reference is made to the July 1999 feasibility study).

(viii) Environmental Impact Study has been completed, presented and approved.

Additional Resources

Of the 808,000 tonnes of potential additional resources in the Inferred Resource category, 510,000 tonnes are estimated on the adjacent Mantos "B" and "D" based on excellent "single" intercepts in the southern sector of each of these Mantos (7.0 metres at 89.5% and 13.7 metres at 90.5% $CaCO_3$, respectively). Although there can be no certainty as to the extension of these zones along strike or dip, they can be easily reached by probe drilling from Manto Principal workings during the early stages of mine development, and should be readily converted to additional proven reserves, accessible for mining after the first year of operation.

Ceci Tres Summary

The Ceci Tres area is unchanged in terms of resource estimates since 1999. However, because no mine plan has been developed for the Ceci Tres mantos, the previously estimated proven and probable reserves are now re-classified as measured and indicated resources, totaling 2,465,000 tonnes distributed in three sectors. This change of classification is in response to the new Canadian reporting standards, which require a specific mining plan be developed for any reserves classified as Proven or Probable.

History

In July 1999, SAGC entered into a formal agreement with Compañía Minera Quelon for the formation of Compañía Cal Norte. Under the agreement, the Corporation acquired a 60% interest in Cal Norte, consisting principally of exploration properties valued at $332,000. This acquisition was funded by the non-controlling interest. Other assets and liabilities of Cal Norte were not material. Compañía Minera Quelon contributed its mining equipment, related mine facilities and limestone deposits. SAGC has agreed to fund up to $1,800,000 to Cal Norte as its contribution toward a project to develop a 150 tonne per day lime manufacturing operation.

As of September 30, 2007, SAGC had contributed $1,255,000 to the project to finance a bankable feasibility study on the project and for environmental permitting and further mine development on the project.

In August 1999, a feasibility study for the development of a 150 tonne per day lime manufacturing facility to be located at the Cal Norte mine site was completed. On completion of the feasibility study the Corporation initiated discussions with several potential customers for the purchase of lime from the proposed Cal Norte facility. The Corporation obtained one contract for 30 tonnes per day of lime from a copper mining company and a letter of intent from a gold mining company. While continuing its efforts to obtain additional lime purchase contracts for the lime plant's output the Corporation engaged a Chilean-based financial advisor to assist it in obtaining bank financing for the Cal Norte project. While discussions with banks were in progress, the Corporation was notified by the gold mining company from whom it had received a letter of intent that due to continued low gold prices, the mining company had made the decision to terminate operations at its gold mine. The loss of this potential contract substantially reduced the Corporation's ability to reach satisfactory financing terms.

In October 1999, the Corporation received all requisite environmental permits on the Cal Norte project, following which it initiated further discussions with the Chilean copper company from whom it had received a contract commitment for 30 tonnes of lime per day. The results of these discussions are described above under "Current Status."

All claims payments have been validly paid to date and Cal Norte holds a servidumbre to the property.

<u>Competition, Environment and Foreign Operations</u>

The Pimenton gold/copper mine is located in a remote area of the high mountains of Chile and is eighty kilometres from the nearest community. Pimenton is at present a small high grade underground mine. Pimenton maintains two safety engineers on a full time basis to monitor safety standards of the mine and plant. The mine has a small tailings pond which is closely monitored by the mine personnel and has been built in accordance with the standards of Sernagomin, the government of Chile's mining agency. The Corporation engages a government approved firm to measure the water quality coming out of the mine's adits and the quality of the water in the stream below the mine site in each quarter. The Pimenton mine uses no arsenic in the plant and the gold/copper ore mined at the mine site has no arsenic. The Corporation has completed the first phase of the Pimenton tailings, which plan has been approved by Sernagomin, and will be built in stages over three to six years. The estimated cost of the first stage was approximately $500,000 but reduced to $370,000 due to the use of own equipment and personnel. The total cost is estimated to be $1,700,000 which will have a negative impact on the Corporation's cash flow after capital expenditures are accounted for.

The Corporation follows the Chilean mining code of ethics in implementing its human right policies and practices. The Corporation also strives to have good relations with the small community located eighty kilometres from the mine site as well as with the town of Los Andes, Chile, which is located one hundred kilometres from the mine site.

The Pimenton mine employs personnel who live in each of the communities as well as personnel from cities located much further in distance from the mine site. The personnel at the mine work seven days a week, ten hours each day and then have a seven day paid holiday. The mine has four shifts, two of which are at the mine site at any one time. The men are transported to and from the mine site with each shift change from Los Andes where the Corporation has a small office and shop. While at the mine the personnel are housed, fed and provided with all miners' standard safety equipment required by Sernagomin.

The Corporation provides for the fair value of liabilities and capitalized costs for asset retirement obligations in the period in which they are incurred. Over time, the liability is accreted to its present value and the capitalized cost is amortized over the useful life of the related asset. Asset retirement obligations are obligations of the Corporation that arise as a result of an existing law, regulation or contract related to asset retirements. Estimates of the liability associated with the retirement of an asset are based on current laws and regulations and the expected resulting costs, all of which are subject to change. If actual costs of reclamation exceed the recorded amount the Corporation will record a loss. Alternatively, if reclamation costs incurred are less than those recorded, the Corporation will record a gain. The total undiscounted amount of the estimated cash flows of $3,825,000 is expected to be incurred over a period extending to ten years. These estimated cash flows are discounted using a credit-adjusted risk-free rate of 7.5%.

The Corporation is subject to exchange variations against its functional currency, the United States dollar, as it purchases certain goods and services in Chilean pesos and Canadian dollars. The Chilean peso fluctuates in line with a basket of currencies currently consisting of the US dollar, the Euro and the Japanese yen. The Central Bank of Chile from time to time re-weights the percentage of emphasis placed on a given currency in the basket and may from time to time replace one world currency in the basket with another world currency. The Corporation's revenues, if any, in the future, will be primarily derived from the mining and sale of gold, copper, limestone and lime and the disposition of interests in mineral properties or interests related thereto. The price of these commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Corporation's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumptive patterns.

DIVIDENDS

The Corporation has not paid any cash dividends during the three most recently completed financial years nor prior to that time. The Corporation does not contemplate paying any dividends at this time, but will review its dividend policy in the future.

CAPITAL STRUCTURE

The Corporation has one class of authorized security, the Common Shares. Holders of Common Shares are entitled to: (i) upon dissolution of the Corporation, share in the remaining property thereof; (ii) receive any dividends validly authorized by the board of directors of the Corporation and declared by the Corporation on the Common Shares; and (iii) vote at all meetings of shareholders except meetings at which only holders of a specified class of shares are entitled to vote.

MARKET FOR SECURITIES

Trading Volume

The Common Shares are traded on the Toronto Stock Exchange under the symbol "SAG".

SAGC Stock Closing Prices and Volume

Month	High (Cdn$)	Low (Cdn$)	Volume
October 2009	0.050	0.040	7,723,162
November 2009	0.050	0.040	6,634,077
December 2009	0.040	0.030	3,784,899
January 20010	0.040	0.030	1,863,138
February 2010	0.035	0.030	2,986,158
March 2010	0.040	0.030	4,352,845
April 2010	0.040	0.035	2,877,436
May 2010	0.035	0.030	3,450,412
June 2010	0.035	0.025	2,826,944
July 2010	0.035	0.025	2,592,411
August 2010	0.035	0.025	4,811,301
September 2010	0.030	0.025	4,255,145

Prior Sales

Details of securities of the Corporation outstanding but not listed on the TSX issued during the financial year ended September 30, 2010, are set out in the following table:

Date Issued	Type of Security	Number Issued	Exercise/Conversion Price	Expiry/Maturity Date
April 19, 2010	Stock Options	28,555,714	Cdn$0.035	April 19, 2015
April 21, 2010	Class A Unsecured Convertible Debentures	Principal amount of $1,430,505 (Cdn$1,466,410)	Cdn$0.045	April 21, 2015
April 21, 2010	Class B Unsecured Convertible Debentures	Principal amount of $571,667 (Cdn$586,023)	Cdn$0.04	April 21, 2015
April 21, 2010	Warrants	14,650,575	Cdn$0.05	April 21, 2015
April 21, 2010	Class C Unsecured Convertible Debentures	Principal amount of $300,000 (Cdn$312,840)	Cdn$0.04	April 21, 2015
April 21, 2010	Warrants	7,821,000	Cdn$0.05	April 21, 2015

Date Issued	Type of Security	Number Issued	Exercise/Conversion Price	Expiry/Maturity Date
May 11, 2010	Class D Unsecured Convertible Debentures	Principal amount of $330,000 (Cdn$330,462)	Cdn$0.04	May 11, 2015
May 11, 2010	Warrants	8,261,550	Cdn$0.05	May 11, 2015
June 29, 2010	Stock Options	1,000,000	Cdn$0.03	June 29, 2015

ESCROWED SECURITIES

The Corporation had no escrowed securities during the year ended September 30, 2010.

DIRECTORS AND OFFICERS

Directors are elected at each annual meeting of shareholders to hold office until the subsequent annual meeting. The names and municipality of residence of the directors and officers of the Corporation, the positions and offices held by them within the Corporation, their respective direct and indirect shareholdings in the Corporation, and their principal occupations for the past five years are set forth in the table below.

Name and Province/State and Country of Residence	Position held in Corporation	Principal Occupation(1)	Director Since	Number of Common Shares Beneficially Owned or Controlled as at December 15, 2010(2)
Paul J. DesLauriers Ontario, Canada (3) (4)	Chairman and Director	Executive Vice President, Loewen, Ondaatje, McCutcheon Limited (brokerage firm)	February 5, 2002	2,356,061(5)
Mario Hernandez Santiago, Chile	Executive Vice President, Claims and Land Management and Director	Executive Vice President, Claims and Land Management and a director of the Corporation	March 13, 1997	119,341,559(6)
William Hill Ontario, Canada(3)	Director	President of Wm. Hill Associates (a mining consulting firm)	May 15, 2007	nil
Stephen W. Houghton New York, U.S.A.	Chief Executive Officer and Director	Chief Executive Officer and a director of the Corporation	May 12, 1994	28,749,631
Richard Lachcik Ontario, Canada	Director and Secretary	Partner of the law firm of Macleod Dixon LLP, Toronto, Canada.	March 11, 2008	nil
Juan Proaño Washington, DC, U.S.A.	Director	A director of Minera Poderosa S.A., a gold company located in Peru	May 31, 2007	nil
Frederick D. Seeley Massachusetts, U.S.A. (3) (4)	Director	Chairman Givens Hall Bank and Trust Ltd. (Cayman Islands, BVI)	May 12, 1994	377,500
John J. Selters, Santiago, Chile	Director	General Manager, Magma Energy Chile Ltda., Santiago, Chile	January 10, 2008	4,309,468

Name and Province/State and Country of Residence	Position held in Corporation	Principal Occupation[1]	Director Since	Number of Common Shares Beneficially Owned or Controlled as at December 15, 2010[2]
David R. S. Thomson Santiago, Chile	Executive Vice-President, Exploration and Director	Executive Vice-President, Exploration and a director of the Corporation	March 13, 1997	122,536,600 [7]
Fernando Saenz Poch Concepcion, Chile	Director	General Manager, Inversiones FERSA S.A., Concepcion, Chile	April 19, 2010	63,344,288[8]
Peter W. Hogg Ontario, Canada	Chief Financial Officer	President, Palmer Services, Toronto, Canada.	N/A	nil

Notes:

1. Information respecting the principal occupation of each director has been provided by such director.
2. Information respecting holdings of Common Shares has been provided by individual directors.
3. Member of Audit Committee.
4. Member of Compensation Committee.
5. Held by a company which is wholly-owned by Mr. DesLauriers.
6. Of said Common Shares, 118,368,226 are held by companies, which are wholly-owned by Mr. Hernandez. The remaining 973,333 are held in the name of Mr. Hernandez personally.
7. Of said Common Shares, 28,226,841 are held by a company which is controlled by another company of which Mr. Thomson owns 66% of the issued and outstanding shares, 86,583,599 are held by a company controlled by Mr. Thomson and 2,439,840 and 5,286,320 are registered in the names of Ian Thomson and Matthew Thomson, respectively.
8. Of said Common Shares, 23,094,688 are held by Inversiones FERSA S.A., a company which is wholly-owned by Mr. Poch's father, 38,655,600 are held by Lyss Investments C.V., a company which is wholly-owned by Mr. Poch's father and 1,594,000 registered in the name of Maria Soledad Poch, Mr. Poch's mother.

As at the date hereof, the directors and executive officers of the Corporation, as a group, beneficially owned, or controlled or directed, directly or indirectly, or exercised control or direction over, an aggregate of 341,015,107 Common Shares representing approximately 38.29% of the issued and outstanding Common Shares.

Cease trade orders, Bankruptcies, Penalties and Sanctions

Except as described below, no director or executive officer of the Corporation is, as at the date hereof, or has been, within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Corporation) that,

(a) was the subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as a director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

As a result of not filing its audited financial statements for the year ended December 31, 2004 by the filing deadline, Eurasia Gold Inc. (which was then named Eurasia Gold Corp.) ("**Eurasia**") was made subject to an issuer cease trade order issued by the British Columbia, Alberta and Ontario Securities Commissions which was revoked on June 29, 2005 (following the filing of the required records). Mr. Richard J. Lachcik, a director of the Corporation, was a director of Eurasia during the time said cease trade order was in effect.

No director or executive officer of the Corporation, or shareholder holding a sufficient number of Common Shares to affect materially the control of the Corporation is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No director or executive officer of the Corporation, shareholder holding a sufficient number of Common Shares to affect materially the control of the Corporation or any personal holding company of such persons has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer, shareholder or personal holding company.

No director or executive officer of the Corporation, shareholder holding a sufficient number of Common Shares to affect materially the control of the Corporation or any personal holding company of such persons has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The directors of the Corporation are required by law to act honestly and in good faith with a view to the best interest of the Corporation and to disclose any interests that they may have in any project or opportunity of the Corporation. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict is required to disclose his interest and abstain from voting on such matter.

To the best of the Corporation's knowledge, there are no known existing or potential conflicts of interest among the Corporation, its directors, officers or other members of management of the Corporation as a result of their outside business interests at the date hereof. However, certain of the directors, and officers and other members of management are engaged and will continue to be engaged in certain business interests on their own behalf and on behalf of other companies, and situations may arise in the futures where the directors, and officers and other members of management may be in direct competition with the Corporation.

The directors and officers of the Corporation have been advised of their obligations to act at all times in good faith in the interest of the Corporation and to disclose any conflicts to the Corporation if and when they arise.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the directors and officers of the Corporation, there are no legal proceedings material to the Corporation to which the Corporation is a party or of which any of its property is the subject matter of, during the Corporation's most recently completed financial year, nor are any such proceedings currently contemplated or threatened.

To the knowledge of the directors and officers of the Corporation, no penalties or sanctions have been imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority during the Corporation's most recently completed financial year, no penalties or sanctions have been imposed against the

Corporation by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision in respect of the Corporation, and no settlement agreements have been entered into by the Corporation before a court relating to securities legislation or with a securities regulatory authority during the Corporation's most recently completed financial year.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

A company owned by the CEO (who is also a director) billed the Corporation $26,041 in 2010 (2009 - $64,220) for the provision of office space and services used by the Corporation. Receivable from such officer and director of the Corporation of $236,577 in 2010 (2009 - $240,574) of which $190,289 is the net amount of non-interest-bearing note receivable compensation and $46,117 are cash advances. The note has been extended to September 30, 2011 and is collateralized by 6,532,000 common shares owned by this officer and director.

During 2007, the Executive Vice President and Director of Land and Administration who is also a director of the Corporation, purchased an interest in the Pimenton notes and royalty from a non-related party. The present value of this note was $974,918 at September 30, 2010 (2009 - $957,793) and interest expense was $48,746 in 2010 (2009 - $48,432). Accounts payable and accrued liabilities include $36,459 (2009- $242,358) for interest and $254,979 for royalties as at September 30, 2010 (2009 - $398,136).

Accounts payable and accrued liabilities include $36,224 and $243,984 as at September 30, 2010 and 2009, respectively, for interest due to Executive Vice President - Director of Exploration who is also a director of the Corporation who holds one of the Pimenton notes. Such Pimenton note has the present value amounts of $968,645 and $951,683 as at September 30, 2010 and 2009, respectively, and interest expense was $48,432 in 2010 (2009 – $48,432). In addition accounts payable and accrued liabilities include $254,979 and $398,136 as at September 30, 2010 and 2009, respectively, for royalties due to this officer and director who is the owner of a net smelter royalty on the Pimenton gold mine.

In September 2010, additional working capital of $831,664, in the form of an advance was provided by Mr. Mario Hernandez, the Executive Vice-President of Claims, and Mr. David Thomson, Land Management and the Executive-Vice-President of Exploration, both directors of the Corporation.

On September 9, 2010, the board of directors approved to pay $375,000 to Compania Minera Auromín Ltda. a company controlled by David Thomson as compensation for services from January 1, 2009 to March 31, 2010. The board of directors approved to pay 92% of this compensation with the issuance of 12,199,200, bonus shares valued at $345,000 using the TSX closing price of Cdn$0.03 per share, leaving a balance of $30,000 due as of September 30, 2010.

On April 1, 2010, a Corporation owned by David Thomson, Minera Auromin Ltda, entered into a services contract with the Corporation for a period of two years, which will be renewed for an additional two year period at the end of each year. Under the term of the contract, Minera Auromin Ltda. is to be paid, $300,000 per year. The services to be provided by Compañía Minera Auromin Ltda. Include; seeking new mining projects; performing geological studies and design drill programs for the Corporation on exploration projects; conducting preliminary design of the mining plan for designated project and providing other services related to the explorations and development of mining projects. As of September 30, 2010 accounts payable and accrued liabilities included $150,000.

On September 9, 2010, the board of directors approved to pay $137,500 to Minera Chañar Blanco S.A., a company controlled by Mario Hernández as a compensation for services from January 1, 2009 to March 31, 2010. The board of directors approved to pay 92% of this compensation with the issuance of 4,473,040, bonus shares valued at $126,500 using the TSX closing price of Cdn$0.03 per share, leaving a balance of $11,000 due as of September 30, 2010.

On April 1, 2010 a company owned by Mario Hernández, Compañía Minera Chañar Blanco S.A., entered into a services contract with the Corporation for a period of two years, which will be renewed for an additional two year period at the end of each year. The services to be provided by Minera Chañar Blanco S.A. include: maintaining title and ownership of mining properties acquired by the Corporation; acquiring water rights or request concessions of water rights on the properties acquired by the Corporation; and negotiations the acquisition of new mining properties for the Corporation. As of September 30, 2010 accounts payable and accrued liabilities included $55,000.

On September 9, 2010, the board of directors approved to pay $98,918 to the CEO as compensation for services from January 1, 2009 to March 31, 2010. The board directors approved to pay 92% of this compensation with the issuance of 3,497,766, bonus shares valued at $91,005 using the TSX closing price of CA $0.03 per share.

On April 1, 2010, CEO entered into a salary contract for a period of two years, which will be renewed for an additional two year period at the end of each year. Under the terms of the contract, the CEO is to be paid $110,000 per year.

Two officers and directors of the Corporation hold the non-controlling interest in Catedral. Under an agreement dated November 27, 1996, the Corporation agreed to provide or cause to provide these officers and directors a loan of up to $1,250,000 each or $2,500,000 in total. Such loans are to pay their proportionate share of development costs if a bankable feasibility study demonstrates that the properties can be placed into commercial production, and to fund their combined 50% share of an option payment totalling $500,000, which was paid during 1997.

On February 9, 1999, the board of directors agreed to amend its November 27, 1996, agreement with Messrs. Hernandez and Thomson regarding the recovery of advances made to explore and develop the Catedral prospect. The board of directors agreed that all funds advanced will be recovered from 80% of the cash flow of the properties or from the sale thereof until the Corporation has recovered 125% of such advances. On September 11, 2000, the board of directors agreed to an additional amendment to this agreement limiting recovery of advances made through September 30, 2000, to $3,125,000 (and not the 125% of such advances). Such recovery will be from 60% (reduced from 80% previously agreed upon) of the cash flow from the property or the sale of the property. Future advances will also be recovered from 60% of the cash flow. Accordingly, such advances have been reflected in "Exploration and development costs."

In 2001, the board of directors and compensation committee of the board approved the granting of a 3.2% net smelter royalty interest on Tordillo, to the CEO, the Executive Vice President and Director of Exploration and the Executive Vice President and Director of Administration who are also directors of the Corporation.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Common Shares is Computershare Trust Company of Canada at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

The Corporation did not enter into any material contract during the most recently completed financial year, and has not entered into any material contract since January 1, 2002 and before the most recently completed financial year that is still in effect, other than material contracts entered into in the ordinary course of business that are not required to be filed under National Instrument 51-102 - *Continuous Disclosure Obligations*.

INTEREST OF EXPERTS

Marco Antonio Alfaro Sironvalle prepared the Pimenton Technical Report. Mr. Sironvalle did not hold any registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation or subsidiaries or affiliates of the Corporation at the time of preparing such report and has not since acquired any such interest.

Mr. Selters prepared the 2002 Pimenton Technical Report and the preliminary feasibility study for the Catedral/Rino limestone project during 2002.

Mr. Selters also prepared the Reserves and Resources reports in accordance with NI 43-101 on Cal Norte's Hornito limestone deposit.

When Mr. Selters prepared the aforementioned reports and study, he did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation or subsidiaries or affiliates of the Corporation. Mr. Selters' holdings of Common Shares as at December 14, 2008 is set out under "Directors and Officers". Mr. Selters has been a director of the Corporation since January 9, 2008.

AUDIT COMMITTEE INFORMATION

The Audit Committee's Charter

The complete text of the Charter for the Audit Committee (the "**Charter**"), is attached hereto as Schedule "A".

Composition of the Audit Committee

The Audit Committee has three members all of whom are independent. All of the members of the Audit Committee are financially literate.

Name of Member	Independent[1]	Financially Literate[2]	Relevant Education and Experience
Paul J. DesLauriers	Yes	Yes	Concordia University, BA, BC[3]
Frederick D. Seeley	Yes	Yes	Princeton University, BA[4]
William Hill	Yes	Yes	University of Toronto, PE[5]

Notes:

1. To be considered independent, a member of the Audit Committee must not have any direct or indirect "material relationship" with the Corporation. A "material relationship" is a relationship which could, in the view of the board of directors of the Corporation, be reasonably expected to interfere with the exercise of a member's independent judgment.
2. To be considered financially literate, a member of the Audit Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.
3. Mr. DesLauriers has more than 30 years experience in the stock brokerage business and is Executive Vice President of Loewen Ondaatje McCutcheon Ltd.
4. Mr. Seeley has more than 30 years experience as a banker with the Schroder Group and is currently a Director of Givens Hall Bank and Trust Ltd.
5. Mr. Hill has more than 30 years experience as a professional engineer and has been a director of more than 10 mining companies several of which he was a member of the audit committee.

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Corporation's board of directors.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in Section III of the Charter entitled "Responsibilities and Duties - External Auditors".

External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Corporation and its subsidiaries for professional services rendered by its external auditors, PricewaterhouseCoopers LLP, (exclusive of GST) during the financial years ended September 30, 2009 and September 30, 2010. The figures in the following table are stated in Canadian dollars.

Financial Period Ending	Audit Fees[(1)]	Audit-Related Fees[(2)]	Tax Fees[(3)]	All Other Fees[(4)]
September 30, 2010	$208,585	$40,393	Nil	$2,200
September 30, 2009	$228,366[(5)]	$24,975	Nil	$19,500

Notes:

1. The aggregate fees billed for audit services.
2. The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the "Audit Fees" column consisting of reimbursement of out-of-pocket expenses incurred by the auditors.
3. The aggregate fees billed for tax compliance, tax advice, and tax planning services.
4. The aggregate fees billed for professional services other than those listed in the other columns consisting of initial fees relating to International Financing Reporting Standards (IFRS) and reimbursement of Canadian Public Accounting Board Fees.
5. The audit fees for the year ended September 30, 2010 include Cdn$160,093 and US$88,450 (or approximately Cdn$91,085 based on the closing exchange rate for US dollars to Canadian dollar for the year ended September 30, 2010 as set out under "Preliminary Notes - Currency Exchange Rates") for audit services performed by the external auditors in Canada and Chile, respectively.

ADDITIONAL INFORMATION

Additional information concerning the Corporation may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Corporation's information circular for its most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is contained in the Corporation's audited consolidated financial statements and management discussion and analysis for the year ended September 30, 2010.

SCHEDULE "A"

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED
CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS

I. PURPOSE

The audit committee (the "**Audit Committee**") is a committee of the board of directors (the "**Board of Directors**") of South American Gold and Copper Limited (the "**Corporation**"). The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities relating to the financial accounting and reporting process and internal controls for the Corporation by:

- reviewing the financial reports and other financial information before such reports and other financial information is provided by the Corporation to any governmental body or the public;
- recommending the appointment and reviewing and appraising the audit efforts of the Corporation's external auditors and providing an open avenue of communication among the external auditors, financial and senior management and the Board of Directors;
- serving as an independent and objective party to monitor the Corporation's financial reporting process and internal controls, the Corporation's processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements; and
- encouraging continuous improvement of, and fostering adherence to, the Corporation's policies, procedures and practices at all levels.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Part III of this Charter. The Audit Committee's primary function is to assist the Board of Directors in fulfilling its responsibilities. It is, however, the Corporation's management which is responsible for preparing the Corporation's financial statements and it is the Corporation's external auditors which are responsible for auditing those financial statements.

II. COMPOSITION AND MEETINGS

The Audit Committee is to be comprised of such number of directors as determined by the Board of Directors, all of whom must be "independent" directors (as such term is defined in Appendix I). All members of the Audit Committee must, to the satisfaction of the Board of Directors, be "financially literate" (as such term is defined in Appendix I).

The members of the Audit Committee must be elected by the Board of Directors at the annual organizational meeting of the Board of Directors and serve until their successors are duly elected. Unless a Chairman is elected by the full Board of Directors, the members of the Audit Committee may designate a Chairman by majority vote of the full Audit Committee membership.

The Audit Committee is to meet at least four times annually (and more frequently if circumstances require). The Audit Committee is to meet prior to the filing of quarterly financial statements to review and discuss the unaudited financial results for the preceding quarter and the related management's discussion & analysis ("**MD&A**") and is to meet prior to filing the annual audited financial statements and MD&A in order to review and discuss the audited financial results for the year and related MD&A.

As part of its role in fostering open communication, the Audit Committee should meet at least annually with management and the external auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their oversight related duties, members of the Audit Committee are to be provided with full access to all corporate information and are to be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and external auditors of the Corporation.

A quorum for the transaction of business at any meeting of the Audit Committee is (the presence in person or by telephone or other communication equipment of) a simple majority of the total number of members of the Audit Committee or such greater number as the Audit Committee may by resolution determine. If within one hour of the time appointed for a meeting of the Audit Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present.

Should a vacancy arise among the members of the Audit Committee, the remaining members of the Audit Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

Meetings of the Audit Committee are to be held from time to time at such place as the Audit Committee or the Chairman of the Audit Committee may determine, within or outside Nova Scotia, upon not less than three days' prior notice to each of the members. Meetings of the Audit Committee may be held without three days' prior notice if all of the members entitled to vote at such meeting who do not attend, waive notice of the meeting and, for the purpose of such meeting, the presence of a member at such meeting shall constitute waiver on his or her part. The Chairman of the Audit Committee, any member of the Audit Committee, the Chairman of the Board of Directors, the Corporation's external auditors, or the Chief Executive Officer, Chief Financial Officer or Secretary of the Corporation is entitled to request that the Chairman of the Audit Committee call a meeting. A notice of the Audit Committee may be given verbally, in writing or by telephone, fax or other means of communication, and need not specify the purpose of the meeting.

The Audit Committee shall keep minutes of its meetings which shall be submitted to the Board of Directors. The Audit Committee may, from time to time, appoint any person who need not be a member, to act as secretary at any meeting.

All decisions of the Audit Committee will require the vote of a majority of its members present at a meeting at which quorum is present. Action of the Audit Committee may be taken by an instrument or instruments in writing signed by all of the members of the Audit Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Audit Committee called for such purpose. Such instruments in writing may be signed in counterparts each of which shall be deemed to be an original and all originals together shall be deemed to be one and the same instrument.

III. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Audit Committee shall:

Generally

1. Create an agenda for the ensuing year.

2. Review and update this Charter at least annually, prepare revisions to its provisions where conditions so dictate and submit such proposed revisions to the Board of Directors for approval.

3. Describe fully in the Corporation's management information circular or its annual information form ("**AIF**") the Audit Committee's composition and responsibilities and how they were discharged, and otherwise assist management in providing the information required by applicable securities legislation (including the form requirements under Multilateral Instrument 52-110) in the Corporation's AIF.

4. Report periodically to the Board of Directors.

5. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities. The Audit Committee shall be empowered to retain and compensate independent counsel, accountants and other professionals to assist it in the performance of its duties as it deems necessary.

6. Perform any other activities consistent with this Charter, the Corporation's By-laws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

Documents/Reports Review

7. Review the Corporation's interim and annual financial statements, results of audits as well as all interim and annual MD&A and interim and annual earnings press releases prior to their publication and/or filing with any governmental body, or the public.

8. Review policies and procedures with respect to directors' and senior officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditors, based on terms of reference agreed upon by the external auditors and the Audit Committee.

9. Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure addressed in paragraph 7 of this part, and periodically assess the adequacy of such procedures.

10. Review the audited annual financial statements to satisfy itself that they are presented in accordance with general accepted accounting principles.

11. Provide insight to related party transactions entered into by the Corporation.

External Auditors

12. Recommend to the Board of Directors the selection of the external auditors, considering independence and effectiveness, and approve the fees and other compensation to be paid to the external auditors. Instruct the external auditors that the Board of Directors, as the shareholders' representative, is the external auditors' client.

13. Monitor the relationship between management and the external auditors, including reviewing any management letters or other reports of the external auditors and discussing and resolving any material differences of opinion between management and the external auditors.

14. Review and discuss, on an annual basis, with the external auditors all significant relationships they have with the Corporation to determine their independence.

15. Pre-approve all audit and non-audit services to be provided to the Corporation or its subsidiaries by the external auditors.

16. Oversee the work and review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant. Consider with management and the external auditors the rationale for employing accounting/auditing firms other than the principal external auditors.

17. Periodically consult with the external auditors out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the completeness and accuracy of the Corporation's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

18. Ensure that the external auditors report directly to the Audit Committee, ensure that significant findings and recommendations made by the external auditors are received and discussed with the Audit Committee on a

timely basis and arrange for the external auditors to be available to the Audit Committee and the full Board of Directors as needed.

19. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's external auditors.

Financial Reporting Processes

20. In consultation with the external auditors, review the integrity of the Corporation's financial reporting processes, both internal and external.

21. Consider the external auditors' judgments about the quality and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices.

22. Consider and approve, if appropriate, major changes to the Corporation's accounting principles and practices as suggested by management with the concurrence of the external auditors and ensure that management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

Process Improvement

23. Establish regular and separate systems of reporting to the Audit Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

24. Review the scope and plans of the external auditors' audit and reviews prior to the audit and reviews being conducted. The Audit Committee may authorize the external auditors to perform supplemental reviews or audits as the Audit Committee may deem desirable.

25. Following completion of the annual audit, review separately with management and the external auditors any significant changes to planned procedures, any difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information and the cooperation that the external auditors received during the course of the audit.

26. Review and resolve any significant disagreements between management and the external auditors in connection with the preparation of the financial statements.

27. Where there are significant unsettled issues, the Audit Committee is to assist in arriving at an agreed course of action for the resolution of such matters.

28. Review with the external auditors and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.

29. Review activities, organizational structure, and qualifications of the Corporation's Chief Financial Officer and staff in the financial reporting area and see to it that matters related to succession planning within the Corporation are raised for consideration to the full Board of Directors.

Ethical and Legal Compliance

30. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

31. Review management's monitoring of the Corporation's systems in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.

32. Review, with the Corporation's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the Corporation's financial statements.

Risk Management

33. Review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage, and obtain the external auditors' opinion of management's assessment of significant financial risks facing the Corporation and how effectively such risks are being managed or controlled.

The foregoing list is not exhaustive. The Audit Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities and duties.

March 1, 2006

Appendix I
SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED
CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS

Independence and Financial Literacy

Independence Requirement of Multilateral Instrument 52-110

Multilateral Instrument 52-110 - Audit Committees ("**MI 52-110**") provides, in effect, that a member of the Audit Committee is "**independent**" if that member has no direct or indirect material relationship with the Corporation which could, in the view of the Board of Directors, reasonably interfere with the exercise of the member's independent judgment. MI 52-110 provides that the following individuals are considered to have a "**material relationship**" with the Corporation and, as such, would not be considered independent:

(a) an individual who is, or has been, an employee or executive officer of the Corporation, unless the prescribed period has elapsed since the end of the service or employment;

(b) an individual whose immediate family member is, or has been, an executive officer of the Corporation, unless the prescribed period has elapsed since the end of the service or employment;

(c) an individual who is, or has been, an affiliated entity of, a partner of, or employed by, a current or former internal or external auditor of the Corporation, unless the prescribed period has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;

(d) an individual whose immediate family member is, or has been, an affiliated entity of, a partner of, or employed in a professional capacity by, a current or former internal or external auditor of the Corporation, unless the prescribed period has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;

(e) an individual who is, or has been, or whose immediate family member is or has been, an executive officer of an entity if any of the Corporation's current executive officers serve on the entity's compensation committee, unless the prescribed period has elapsed since the end of the service or employment;

(f) an individual who

(i) has a relationship with the Corporation pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board of Directors or any committee of the Board of Directors, or as a part-time chair or vice-chair of the Board of Directors or any committee of the Board of Directors; or

(ii) receives, or whose immediate family member receives, more than Cdn$75,000 per year in direct compensation from the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board of Directors or any committee of the Board of Directors, or as a part-time chair or vice-chair of the Board of Directors or any committee of the Board of Directors, unless the prescribed period since he or she ceased to receive more than Cdn$75,000 per year in such compensation; and

(g) an individual who is an affiliated entity of the Corporation or any of its subsidiary entities.

For purpose of the definition of "material relationship", the terms set out below shall have the following meanings:

"affiliated entity" - a person or company is considered to be an affiliated entity of another person or company if (a) one of them controls or is controlled by the other or if both persons or companies are controlled by the same person or company, or (b) the person or company is (i) both a director and an employee of an affiliated entity, or (ii) an executive officer, general partner or managing member of an affiliated entity. A person will not be considered to be an affiliated entity of the Corporation if the person (a) owns, directly or indirectly, 10% or less of any class of voting securities of the Corporation; and (b) is not an executive officer of the Corporation;

"company" - any corporation, incorporated association, incorporated syndicate or other incorporated organization;

"control" - the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise;

"executive officer" of an entity – means an individual who is (a) a chair of the entity; (b) a vice-chair of the entity; (c) the president of the entity; (d) a vice-president of the entity in charge of a principal business unit, division or function including sales, finance or production; (e) an officer of the entity or any of its subsidiary entities who performs a policy-making function in respect of the entity; or (f) any other individual who performs a policy-making function in respect of the entity;

"person" - an individual partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative;

"prescribed period" - means the shorter of: (a) the period commencing on March 30, 2004 and ending prior to the date the determination as to the independence of the individual by the Board of Directors is made; and (b) the three year period ending immediately prior to the date the determination as to the independence of the individual by the Board of Directors is made; and

"subsidiary entity" - a person or company is considered to be a subsidiary entity of another person or company if (a) it is controlled by (i) that other, or (ii) that other and one or more persons or companies each of which is controlled by that other, or (iii) two or more persons or companies, each of which is controlled by that other; or (b) it is a subsidiary entity of a person or company that is the other's subsidiary entity.

Financial Literacy

MI 52-110 provides that a director will be considered "**financially literate**" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.