

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED

**Report to Shareholders
For the
Second Quarter Ending
March 31, 2006**

**Listed on the Toronto Stock Exchange
Symbol: SAG**

**The financial statements for the quarter ended March 31, 2006 have not been reviewed by
the Company's auditors.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
(Expressed in United States dollars)**

Forward-looking statements

Certain information included in this report may be "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, among other things, statements regarding production levels, potential mineralization and reserves, exploration results and future plans and objectives of the Company. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the outlook, the actual results or performance of the Company to be materially different from any future results or performance implied by such statements.

General

The following discussion provides information which management believes is relevant to an assessment and understanding of the financial condition and results of operations of South American Gold and Copper Company Limited and its consolidated subsidiaries (SAGC or the Company) as of May 15, 2006, and should be read in conjunction with the Company's annual consolidated financial statements and related notes thereto for the fiscal year ended September 30, 2005 which appear in the Company's 2005 annual report. All amounts stated herein are in US dollars, unless otherwise noted.

To discharge its responsibilities for financial reporting and for the safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance, at appropriate cost, that the assets are maintained and accounted for in accordance with its policies and that transactions are recorded accurately on the Company's books and records.

As of May 15, 2006, the Company has issued one class of common shares and has a total of 452,892,863 common shares outstanding. The Company has 92,421,216 common share purchase warrants outstanding, each of which is exercisable for one common share at exercise prices of Cdn\$0.07 to Cdn\$0.25 through December, 15, 2010. Share options outstanding and exercisable as of May 15, 2006, total 59,525,000 exercisable at prices of Cdn\$0.045 to Cdn\$0.09 per common share expiring at various dates through April 2, 2013.

Acquisition costs of resource properties, together with direct exploration and development expenses incurred thereon, are deferred and capitalized in the accounts. Upon reaching commercial production, these capitalized costs are transferred from exploration properties to mining properties, plant and equipment and are amortized into operations using the units of production method over the estimated useful lives of the related ore reserves. Management regularly reviews the carrying value of each mineral property using estimated undiscounted cash flows from each project. When review suggests impairment, the carrying value of the project would be reduced to the extent it exceeded the estimated future net cash flows.

This discussion addresses matters which the Company believes are important for an understanding of its financial condition and results of operations as of and for the three and six months ended March 31, 2006 and 2005 and for its future prospects.

The Company's vision, core business and strategy

The Company is a Canadian corporation, listed on the Toronto Stock Exchange (TSX) with mining and exploration activities primarily in Chile. On July 1, 2004, the Company commenced commercial production at its Pimenton gold mine. The Company is also engaged in the exploration for and acquisition of gold and other mineral properties. The Company's principal exploration activities are being focused on a potential porphyry copper deposit located within the Pimenton area on which the Company holds mining

claims. In addition, the Company holds mining claims on Tordillo, a gold and copper prospect. The Company also holds interests in two limestone deposits.

Using its core mineral assets, SAGC believes it is positioned to grow into a profitable mining company when it resumes production at its Pimenton gold mine and develops its gold, copper and lime prospects.

Pimenton gold mine

The Pimenton gold mine remains closed due to damage caused by a major snow storm in June, 2005. The Company's insurance policy contains physical damage as well as business interruption coverage and the Company notified its insurance carrier of the physical damage and the shutdown of mining operations. The Company disagreed with the insurance company's initial findings with respect to the commencement of the business interruption coverage. Following proscribed procedures, the Company has notified the insurance carrier that it has elected its right to enter into arbitration as provided for under the Company's insurance policy. The Company's initial business interruption claim is for approximately \$3,000,000 and the insurance company has offered \$770,000 less \$120,000 previously paid. Management is continuing in arbitration.

Potential porphyry copper

A joint venture option agreement with Rio Tinto Mining and Exploration Ltd. ("Rio Tinto") is pending under which Rio Tinto must fund a \$10 million exploration program by March 2009 and complete a feasibility study on the project by March 2012 to earn a 60% interest in the project. Five diamond drill holes were drilled this past drilling season. Assay results on two drill holes were encouraging and the results on the remaining three are pending. The latter three holes, while geologically informative, are expected to be weak in mineralization giving only trace copper and gold values.

Results

Results of operations

During fiscal 2005, the Pimenton mine operated from October 1, 2004 through June 19, 2005 when it was closed as a result of a major snow storm. The mine has been shutdown since that time.

Three months ended March 31, 2006 and 2005.

The Company incurred losses of \$568,000 and \$1,794,000 for the quarters ended March 31, 2006 and 2005, respectively.

There were no revenues, operating or amortization expenses because of the mine shutdown.

Temporary mine shutdown expenses of \$275,000, consisting of salaries, lease obligations, payments to suppliers, were incurred at the mine site and access road to the mine site caused by the shutdown of the mine.

General and administrative expenses decreased by \$534,000 due to lower overhead in Santiago of \$372,000 due to the start up of operations in fiscal 2005, lower professional fees of \$114,000 and lower other expenses of \$48,000.

Foreign exchange expense decreased. \$178,000 due to less volatility in the currencies coupled with less spending in fiscal 2006.

Interest income is down \$13,000 due to the reduction of escrow funds.

Six months ended March 31, 2006 and 2005

The Company incurred losses of \$1,452,000 and \$2,862,000 for the six months ended March 31, 2006 and 2005, respectively.

Revenue from gold was \$2,000 and from silver and copper was \$2,000 in 2006 from the finalization of some sales to Enami. There were no operating or amortization expenses because of the mine shutdown.

Temporary mine shutdown expenses of \$730,000, consisting of salaries, lease obligations, payments to suppliers, were incurred at the mine site and access road to the mine site caused by the shutdown of the mine.

Under Chilean labor law and under Pimenton's labor contract, employees are entitled to severance and accrued vacation pay upon termination. The demand for such payments was not made when the mine shutdown in June 2005 under the assumption that the mine would resume operations. The mine had been shutdown for over six months and in February 2006 the union demanded such payments. Accordingly, the Company accrued \$428,000 for accrued severance and vacation pay and such amount is included in temporary mine shutdown expenses of \$730,000.

General and administrative expenses decreased by \$574,000 due to lower overhead in Santiago of \$458,000 due to the start up of operations in fiscal 2005, lower professional fees of \$30,000, insurance of \$40,000, communications of \$23,000 and lower other expenses of \$23,000.

Warrant revaluation expense of \$79,000 represents the fair value of the November, 2003 warrants that were modified on October 31, 2005. The fair values of the warrants were assigned using the Black-Scholes valuation model assuming a risk free interest rate of 2.55%, no dividend and a volatility factor of 50%

Stock based compensation of \$7,000 represents the fair value of 249,990 share options vesting during the period. Share options were assigned fair values using the Black-Scholes valuation model assuming a risk free interest rate of 3.67%, no dividend and a volatility factor of 50%.

Foreign exchange expense was down \$31,000 due to less volatility of the peso against the US dollar during the period ended March 31, 2006 and less spending in fiscal 2006.

Liquidity and capital resources

The acquisition, exploration, financing, and development of natural resources require the expenditure of significant funds before production commences. Historically, the Company has financed these activities through the issuance of common shares, the exercise of options and common share purchase warrants, promissory notes and debentures, bank debt and extended terms from creditors.

During 2004, the Company raised \$4,479,000 through private placements, \$861,000 through the exercise of warrants and \$393,000 through the exercise of share options for a total of \$5,733,000. In addition, the Company borrowed \$2,800,000 from OPIC. These funds were used primarily to bring the Pimenton gold mine into commercial production on July 1, 2004. On June 9, 2005, a major snow storm moved through the region causing a temporary shutdown of the mine. From the commencement of commercial operations through to the shutdown, the mine has operated at a cash operating loss.

Due to events at the mine, Pimenton advised OPIC that it believes it will not be in compliance with financial and operating covenants of its loan agreement for the calendar quarters through and until October 1, 2006. As of September 30, 2005, OPIC has granted Pimenton waivers with respect to the financial and operating events of default discussed above until October 1, 2006.

Pimenton declared "force majeure" with respect to salary payments and other benefits payable with respect to its labor contracts with the workers and certain staff personnel at its mine. Pimenton has also notified its

creditors in writing that it has ceased payment of all trade payables and amounts due under lease purchase or other contracted services. Two officers and directors have advanced funds to satisfy some of these obligations and such advances were converted into long term convertible debentures on April 13, 2006.

Restarting operations is dependent upon management's success in raising sufficient capital to fund required capital improvements to restart operations, existing financial commitments and working capital requirements.

The ability to raise the necessary capital and the outcome of the arbitration procedures are not presently determinable.

At March 31, 2006, cash and cash equivalents were \$18,000 and \$22,000 in current restricted cash.

During the period ended March 31, 2006, the Company raised \$700,000 through the exercise of 16,635,628 common share purchase warrants and \$105,000 through the exercise of 1,714,286 share options. In addition, \$418,000 was released from the debt service escrow account by OPIC. These funds were used to pay interest and principal payments to OPIC and fund operating losses.

Proposed transactions

Three major copper mining companies have individually requested permission to visit the Company's Tordillo gold/copper prospect with the expressed interest of conducting preliminary geological examinations of the potential porphyry copper deposit at Tordillo to determine their interest of entering into joint venture discussions.

Related party transactions

On April 13, 2006 the Company completed a private placement of \$1,600,000 convertible secured debentures with a seven year maturity and an interest rate of LIBOR plus 2% with two officers and directors. The principal and interest payable thereon in the first year are convertible for up to 30,535,384 common shares of the Company.

The note receivable from an officer and director is a non-interest bearing note due on or before December 31, 2006, collateralized by 6,532,000 common shares of the Company from the officer and director of the Company in the amount of \$286,233.

Prospective

Management is currently exploring various alternatives to raise the capital needed for the Pimenton mine to fund capital expenditures and perform the necessary exploration and development work needed to restart operations. Among other things, management has had discussions with lending institutions regarding a possible gold loan.

Management is considering joint venture alternatives for the exploration of the Tordillo prospect.

The Company's limestone deposits at Catedral and Cal Norte contain high grade limestone which when calcined can produce lime that the Company's management believes will qualify for use by the Chilean mining industry.

Management believes that the values of the Pimenton gold mine, the potential porphyry copper deposit, the Catedral and Cal Norte limestone deposits and the Tordillo prospect are not currently reflected in the Company's market capitalization and will continue its efforts to demonstrate the underlying values of the Company's assets.

Risks

The Company operates in an international environment, and as such, is subject to political and currency risk. The Company's business is very dependent on the price of gold which is subject to fluctuation by factors the Company cannot control. A drop in the price of gold could adversely affect the Company's financial condition, results of operations and cash flows. Lower gold prices may result in: a) asset impairment and a writedown of the asset carrying value, b) production cutbacks and c) cessation of operations.

The Company does not use financial instruments to mitigate the risks of changes in the price of gold or currency fluctuations.

Gold reserves are reduced by production and therefore must be replaced by expanding existing gold deposits or finding new ones. There can be no assurance that the Company's development and exploration programs will result in new gold reserves.

The Company's mine is located in an area that can experience severe winter weather conditions which could adversely affect mining operations. Such conditions occurred during 2005, resulting in the shutdown of the mine. In addition, the Company is subject to environmental laws and regulations that are constantly changing and may require expenditures that are significantly different from our current estimates.

South American Gold and Copper Company Limited
Consolidated Balance Sheets

(expressed in thousands of U.S. dollars)

	March 31, 2006 (Unaudited) \$	September 30, 2005 \$
Assets		
Current assets		
Cash and cash equivalents	18	50
Restricted cash	22	440
Note receivable from an officer and director	286	-
Receivables-		
Trade	-	3
Sundry	347	219
Recoverable taxes	361	357
Inventory	102	103
	<u>1,136</u>	<u>1,172</u>
Note receivable from an officer and director	-	286
Equipment	5	12
Mineral properties, plant and equipment	13,550	13,486
Exploration properties	5,225	5,199
Recoverable taxes	1,788	1,826
Deferred debt expense	288	335
	<u>21,992</u>	<u>22,316</u>
Liabilities		
Current liabilities		
Short term borrowings	92	232
Current portion of long term debt	1,946	724
Accounts payable and accrued liabilities	2,540	2,879
Taxes payable (IVA)	382	368
Amounts due related parties	1,766	884
	<u>6,726</u>	<u>5,087</u>
Long term debt	1,462	2,868
Reclamation and remediation provision	778	778
Non-controlling shareholders' interest in consolidated subsidiary	141	141
	<u>9,107</u>	<u>8,874</u>
Shareholders' Equity		
Share capital	59,588	58,688
Contributed surplus	729	451
Options	645	680
Warrants	1,464	1,712
Deficit	(49,541)	(48,089)
	<u>12,885</u>	<u>13,442</u>
Total shareholders' equity	<u>12,885</u>	<u>13,442</u>
Total liabilities and shareholders' equity	<u>21,992</u>	<u>22,316</u>

Going concern and nature of operations (note 1)

Commitments and contingencies

The accompanying notes form an integral part of these consolidated financial statements.

Approved by the Board of Directors

Paul J. DesLauriers (Signed)
Chairman

Stephen W. Houghton (Signed)
Director

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED

Consolidated Statements of Operations and Deficit (Unaudited)

(Expressed in thousands of US dollars ,except per share amounts)

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2006	2005	2006	2005
	\$	\$	\$	\$
Income				
Gold	-	669	2	1,270
Copper and silver	-	178	2	281
	<u>-</u>	<u>847</u>	<u>4</u>	<u>1,551</u>
Expenses				
Operating costs	-	937	-	1,874
Amortization	-	738	-	1,252
Temporary mine shutdown	275	-	730	-
General and administrative	135	669	353	927
Warrant revaluation	-	-	79	-
Stock based compensation	-	-	7	50
Foreign exchange	(6)	172	(9)	22
Interest	164	150	300	301
	<u>568</u>	<u>2,666</u>	<u>1,460</u>	<u>4,426</u>
Interest income	<u>-</u>	<u>(13)</u>	<u>(4)</u>	<u>(13)</u>
Loss before non-controlling shareholder's interest in consolidated subsidiary's Loss	568	1,806	1,452	2,862
Non- controlling shareholder's interest in consolidated subsidiary's Loss	<u>-</u>	<u>(12)</u>	<u>-</u>	<u>-</u>
Loss for the period	568	1,794	1,452	2,862
Deficit-beginning of period	48,973	43,962	48,089	42,894
Deficit - end of period	<u><u>49,541</u></u>	<u><u>45,756</u></u>	<u><u>49,541</u></u>	<u><u>45,756</u></u>
Basic and diluted loss per share	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes form an integral part of these consolidated financial statements.

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED
Consolidated Statements of Cash Flows (Unaudited)

(Expressed in thousands of United States dollars)

	Three months ended		Six months ended	
	March 31,		March 31,	
	2006	2005	2006	2005
Operating Activities	\$	\$	\$	\$
Net loss	(568)	(1,794)	(1,452)	(2,862)
Non-cash items				
Amortization	-	738	-	1,252
Accretion of interest on notes payable and amortization of deferred debt expense	183	75	249	130
Foreign exchange	(6)	172	(9)	22
Non-controlling shareholder's interest in consolidated subsidiary's loss	-	(12)	-	(12)
Non-cash employee share compensation	-	-	7	50
Warrant revaluation	-	-	79	-
	<u>(391)</u>	<u>(821)</u>	<u>(1,126)</u>	<u>(1,420)</u>
Change in non-cash working capital relating to operations	<u>(769)</u>	<u>448</u>	<u>(570)</u>	<u>36</u>
	<u>(1,160)</u>	<u>(373)</u>	<u>(1,696)</u>	<u>(1,384)</u>
Investing Activities				
Exploration properties	-	(39)	(64)	(88)
Mineral properties, plant and equipment	-	(163)	(26)	(530)
Recoverable taxes	119	-	-	-
Restricted cash	15	-	418	-
Other assets	(48)	-	(38)	-
	<u>86</u>	<u>(202)</u>	<u>290</u>	<u>(618)</u>
Financing activities				
Shares issued	-	-	700	2,159
Options exercised	105	-	105	-
Notes payable	-	214	-	275
Capital leases	20	-	-	-
Deferred debt expense	-	(45)	(4)	(45)
Advances from directors and officers	882	-	882	-
Repayment of debt	-	-	(311)	(311)
	<u>1,007</u>	<u>169</u>	<u>1,372</u>	<u>2,078</u>
Effect of foreign exchange on cash held in foreign currency	<u>(4)</u>	<u>11</u>	<u>2</u>	<u>(23)</u>
Increase (Decrease) in cash and cash equivalents during the period	<u>(71)</u>	<u>(395)</u>	<u>(32)</u>	<u>53</u>
Net cash and cash equivalents-beginning of period	<u>89</u>	<u>674</u>	<u>50</u>	<u>226</u>
Net cash and cash equivalents-end of period	<u>18</u>	<u>279</u>	<u>18</u>	<u>279</u>

The accompanying notes form an integral part of these consolidated financial statements

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED

Notes to the Consolidated Financial Statements March 31, 2006 and 2005 (Expressed in United States dollars) (All tabular amounts are expressed in thousands except number of shares.)

1. Going concern

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and discharge of obligations in the normal course of business as they come due. No adjustments have been made to the carrying value of the assets or liabilities, the reported revenues and expenses or the balance sheet classifications used in these consolidated financial statements should the Company not be able to continue normal business operations.

On June 9, 2005, a major storm system moved through the Central Andes causing extensive avalanche activity throughout the region. During a period of 10 days, the storm dropped almost four meters of snow, causing extreme avalanche danger at the Company's Pimenton mine (Pimenton) and along the road leading to it. Avalanche experts at the mine site were successful in controlling most avalanches protecting the camp and plant buildings at the mine. However, electrical and air compressor equipment at the mine main portal entrance was damaged causing a shutdown of the mine and it has remained closed since that time. Pimenton declared "force majeure" under Chilean law with respect to salary payments and other benefits payable under its labor contracts with the workers and certain staff personnel at its mine. Pimenton has also notified its creditors in writing that it has ceased payment of all trade payables and amounts due under lease purchase or other contracted services. The mine is expected to resume operations in late 2006.

As at March 31, 2006, the Company reported a deficit of approximately \$49.5 million and a working capital deficiency of \$5.6 million, and continues to incur significant cash outflows. These conditions, together with the mine shutdown, cast significant doubt as to the ability of the Company to continue as a going concern.

The Company's continuance as a going concern is dependent upon obtaining adequate funding, including insurance remediation to recommence operations at the Pimenton gold mine, reaching profitable operations at the mine, pursuing joint venture partners, sale or other disposition of all or part of its assets, or additional external funding. There is no assurance that the steps management is taking will be successful and, in the event that such resources are not available, the Company's assets may not be realized or its liabilities discharged at their carrying amounts, and these differences could be material.

Nature of operations

The Company is a Canadian corporation listed on the Toronto Stock Exchange (TSX). On July 1, 2004, the Company commenced commercial production at its Pimenton gold mine in Chile. The Company's principal exploration activities are being focused on a potential porphyry copper deposit located within the Pimenton area in which the Company holds mining claims. The Company also holds interests in two limestone deposits.

Prior to placing Pimenton into commercial production, all exploration and development costs relating to Pimenton had been capitalized. Upon commencing commercial production, those capitalized costs were transferred to producing properties.

The recoverability of the amounts shown for exploration and development costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the projects and upon future profitable production or proceeds from the disposition thereof.

2 Basis of Presentation

The interim consolidated financial statements of South American Gold and Copper Company Limited (the “Company” or “SAGC”) have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP) following the same accounting policies and methods as the consolidated financial statements for the fiscal year ended September 30, 2005. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company’s annual financial statements for the fiscal year ended September 30, 2005 which appear in the Company’s 2005 annual report..

3. Related party transactions

The note receivable from an officer and director is a non-interest bearing note due on or before December 31, 2006, collateralized by 6,532,000 common shares of the Company from the officer and a director of the Company in the amount of \$286,233 at March 31, 2006 and September 30, 2005.

4. Share Capital

	<u>Shares Issued</u>	<u>Amount</u>
September 30, 2005	433,042,949	\$58,688
Share issuance(a)	16,635,628	774
Share issuance(b)	1,714,286	126
March 31,2006	451,392,863	\$59,588

(a) In connection with a private placement that closed in three tranches on November 10, 25, and 27, 2003, the Company issued 24,940,107 common share purchase warrants exercisable at Cdn \$0.09 per common share and expiring on November 10, 25, and 27, 2005. The warrants were assigned a value of \$334,505. In addition, the Company issued 4,974,271 brokers warrants exercisable at Cdn \$0.09 per common share and expiring on November 10, 25 and 27, 2005. The brokers warrants were assigned a value of \$66,716.

On October 31, 2005, the TSX approved a reduction in the exercise price from Cdn. \$0.09 to Cdn. \$0.055 per common share for the common share purchase warrants and the brokers warrants and the issuance of an additional common share purchase warrant to purchase a further common share at Cdn \$0.07 per share at any time within 24 months of the date of issue for the period through November 30, 2005. The fair value of these modified warrants of \$78,829 in excess of the fair value of the original warrants at the modification date of \$nil, was charged to expense. The fair values of the warrants were assigned using the Black-Scholes valuation model assuming risk free interest rates of 2.55%, no dividend and a volatility factor of 50%.

On November 8, 16 and 30, 2005, 16,635,628 warrants were exercised at a price of Cdn.\$0.055 per common share resulting in the issuance of 16,635,628 common shares and 16,635,628 common share purchase warrants to purchase a further common share at Cdn \$0.07 per share at any time within 24 months of the date of issue. Net proceeds of the exercise of warrants were \$699,830 of which \$152,622 was assigned to the warrants using the Black-Scholes valuation model assuming risk free

interest rates of 3.68% to 3.73%, no dividend and a volatility factor of 50%. The \$226,910 value assigned to these warrants was transferred to share capital.

(b) On February 28, 2006, a director of the Company exercised 1,714,286 options at an exercise price of Cdn. \$0.07 per common for a net proceeds of \$104,611 and the fair value assigned to these options of \$21,000 was transferred to share capital.

5. Long –term debt

Due to shutdown of the Pimenton gold mine, Compania Minera Pimenton (“Pimenton”) advised OPIC that it believes it will not be in compliance with financial and operating covenants of its loan agreement for the calendar quarters through and until October 1, 2006. As of September 30, 2005, OPIC granted Pimenton waivers with respect its financial and operating events of default until October 1, 2006.

Due to the shutdown it is unlikely that the Pimenton will be in compliance with the financial and operational covenants by October 1, 2006. Accordingly, the balance due on the OPIC loan has been classified as a current liability.

6. Recoverable taxes

Recoverable taxes represent value-added tax (VAT) levied on the purchase of goods and services used in used in exploration and development of the Pimenton mine. The amount of VAT borne on property, plant and equipment can be recovered on request to the tax authorities. The Company is in the process of requesting this VAT tax refund.

VAT relating to other expenditures is recoverable either by means of a credit against tax due on domestic sales of the Company or by requesting reimbursement of VAT borne when exporting or export commitments are proven. Due to the mine shutdown it is unlikely that there will be sufficient production to recover these taxes within one year. Accordingly, the balance has been classified as a long term receivable.

7. Subsequent events

- (a) On March 1, 2006 the Board of Directors approved the issuance of options to purchase 5,714,286 common shares of the Company at Cdn. \$0.065 per common share and the issuance of 1,500,000 common shares under the Company’s Share Bonus Plan subject to the shareholders approving amendments to the Company’s Share Option Plan. Such amendments were approved by the shareholders on April 18, 2006.
- (b) On April 13, 2006 the Company completed a private placement of \$1,600,000 convertible secured debentures with a seven year maturity and bearing interest at LIBOR plus 2% to two officers and directors of the Company. The principal and interest payable during the first year are convertible for up to 30,535,384 common shares of the Company.

Directors* and Officers

Paul J. DesLauriers*(1),(2)

Toronto, Canada

Chairman

Executive Vice President and Director
Loewen, Ondaatje, McCutcheon & Company
Limited, Toronto, Canada

Stephen W. Houghton*

New York, New York

President and Chief Executive Officer

Founder of South American Gold and Copper
Company Limited

Mario Hernandez A.*

Santiago, Chile

*Executive Vice President and Director, Claims and
Land Management*

Frederick D. Seeley*(1),(2)

New York, New York

Chairman, Givens Hall Bank and Trust Limited,
Cayman Islands, BWI

David R. S. Thomson*

Santiago, Chile

Executive Vice President and Director of Exploration

William C. O'Donnell

New York, New York

Executive Vice President and Chief Financial Officer

(1) Member, Audit Committee

(2) Member, Compensation Committee

Corporate Information

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Toronto Stock Exchange

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Solicitors:

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Auditors:

PricewaterhouseCoopers LLP

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Stock Registrar and Transfer Agent

Computershare Investor Services