SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED

Report to Shareholders
For the
Second Quarter Ended
March 31, 2008

Listed on the Toronto Stock Exchange
Symbol: SAG

The financial statements for the three and six months ended March 31, 2008 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) Amended and Restated

The following discussion is a review of the activities, results of operations and financial condition of South American Gold and Copper Company Limited and its consolidated subsidiaries (SAGC or the Company) for quarters ended March 31, 2008 and March 31, 2007, together with certain trends and factors that are expected to impact on future operations and financial results. This information is presented as of April 30, 2008. The discussion should be read in conjunction with the audited consolidated financial statements of the Company and the notes to those statements. The Company's consolidated financial statements and financial data have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). In addition, this discussion contains certain forward-looking statements regarding the Company's businesses and operations. These statements are based on assumptions and judgments of management regarding future events and results. Actual results may differ materially from these statements as a result of a number of factors, many of which are beyond the control of SAGC. For more detail on these factors, refer to the section titled "Risks" in this document.

All dollar amounts are expressed in United States dollars, except as otherwise indicated.

Additional information relating to the Company, including the Company's most recent Annual Information Form, is available on SEDAR at www.sedar.com.

Forward-looking statements

Certain statements contained herein are forward looking, and are based on the opinions and estimates of management, or on opinions and estimates provided and accepted by management. These opinions and estimates include those that relate to geological and mining factors, commodity prices and marketing parameters used by management.

Forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ, possibly significantly. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "intent", "may", "potential", "should", and similar expressions are forward-looking statements. Although SAGC believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward looking statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. Readers are therefore cautioned not to place undue reliance on any forward-looking statements.

Outstanding share information

As of April 30, 2008, the Company has issued one class of common shares and has a total of 687,858,752 common shares outstanding. The Company has 283,735,512 common share purchase warrants outstanding, each of which is exercisable for one common share at exercise prices of CA$0.045 to CA$0.25 through December 15, 2010. Share options outstanding and exercisable as of April 30, 2008, total 110,000,000 and are exercisable at prices of CA$0.045 to CA$0.09 per common share expiring at various dates through April 2, 2013. On May 6, 2007, June 28, 2007 and January 9, 2008, the board of directors approved the issuance of a total of 25,000,000 share options to directors, one of whom is also the President (10,000,000 options) of the Company exercisable at CA.$0.045 per common share subject to shareholders approving amendments to the Company's Share Option Plan. The Board also awarded during the quarter ended March 31, 2008, to seven employees who are not officers of the Company, a total of 1,950,000 Common Stock Options having a five year life with immediate vesting at a price of Cdn $0.045 per share. The amendments to the Company's Share Option Plan were approved by shareholders on March 6, 2008. The principal on the Company's convertible secured debt is convertible into 28,108,304 common shares of the Company.

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 based upon proven and probable mineral reserves and mineral resources. 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 fair value.

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 six months ended March 31, 2008 and 2007 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. Operations ceased in June 2005 owing to unusual weather conditions. On December 17, 2007, the Company was successful in raising $3,974,997 and $397,000 through the exercise of warrants in November 2007 to restart operations at its Pimenton gold mine at 50 tons per day. On January 15, 2008 in a Progress Report on its Pimenton mine the Company reported that it expected to restart of operations in May, 2008. The Company believes it will be successful in meeting this goal. The Company plans to utilize the cash flow from the 50 tons per day to further develop the reserve base of the mine and to progressively increase production to 200 tons per day and then to 300 tons per day. 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 and Bandurrias, a copper prospect and La Bellas, a gold prospect, though an option agreement. The Company also holds interests in two limestone deposits.

Using its core mineral assets, SAGC believes it is now positioned to grow into a profitable mining company as it re-starts production at its Pimenton gold mine and develops its Tordillo and Las Bellas gold prospects and its copper prospect, Bandurrias, once the Pimenton mine has been put into production.

Pimenton gold mine

The Company holds a 100% interest in Compañia Minera Pimenton. In 2006 the Company had plans to raise up to $14,000,000 to restart operations at Pimenton. This plan included repayment of trade creditors of Compania Minera Pimenton ("CMP") in the amount of $688,850; payment to Overseas Private Investment Corporation ("OPIC") of past due amounts totaling $999,999 and the balance of the funds to : (1) convert 250,000 tons of indicated resource into proven and probable reserve which was estimated to take six months (2) repair the partially damaged roof on the plant estimated to take four months at a cost of $600,000 (3) install new and larger flotation cells to handle a plant through-put of 300 tons per day up from the current capacity of 200 tons per day (4) purchase new mining equipment and snow removal equipment (5) working capital during the six month mine development period. The Company was not successful in raising the required capital for this plan.

Therefore the Company has scaled back its original plans and prepared the mine for a 50 ton per day rate which will be gradually increased to 200 tons per day and then to 300 tons per day. The current proven and probable reserves of 35,000 tons will support this operation for nearly two years at the reduced rate of production. Using the cash flow from operations the Company plans to gradually convert the 250,000 tons of resource into proven and probable reserves and to develop additional proven and probable reserves and resources.

Initial plans to fund the restart of Pimenton's operations through the complete exercise of warrants expiring on November 1, 2007 were not successful. The Company was successful in raising sufficient funds, $3,974,997, through a private placement which closed on December 17, 2007, and the exercise of a part of the warrants in November 2007 in the amount of $397,000 to put the Pimenton mine back into production.

The Company has raised sufficient funds to restart operations in May 2008 on a reduced basis of 50 tons per day to be gradually increased to 200 tons per day and then to 300 tons per day. The Company believes that it has adequate funding to put the Pimenton mine back into operation at which time the cash flow from Pimenton will adequately support the Company's ongoing operations. As of April 15, 2008, the Company has spent or committed to spend approximately $1,500,000 on the Pimenton mine. During December 2007 and January 2008, the Company found the equipment in the Pimenton plant not as badly damaged as originally estimated. The damaged part of the plant roof has been totally repaired with a new roof at below the original budget of $400,000. At this time the Company believes it will come within its original budget of $3,200,000 to put the mine into operation by May 2008.

Potential porphyry copper

In March 2007, the Company entered into a new LOU with Empresa Minera de Mantos Blancos S.A. (Mantos) a wholly owned subsidiary of Anglo American PLC whereby Mantos agreed to fund and complete a 2000 meter diamond drill program on the potential porphyry copper deposit located within the Pimenton area. Late in the 2007 Chilean exploration season Mantos drilled one hole to approximately 1000 meters in length. This hole was drilled off structure and encountered very weak mineralization. In January 2008, Mantos commenced drilling on a second hole to 1035 meters which was completed in February, 2008 and drill hole results were announced by the Company on April 8, 2008.

Tordillo

Tordillo is located 11.5 kilometers south-southwest of Pimenton in which the Company owns a 100% interest and covers an area of 7,000 hectares. It is in the early exploration stage and to date the Company has identified several gold vein structures similar to those at Pimenton and an area of potential porphyry copper mineralization. The preliminary data suggests Tordillo contains the upper part of a deep-seated copper/gold and possibly copper molybdenum porphyry system associated with narrow high grade and copper veins which maybe widespread and represent a separate exploration target. Tordillo is located in an area of intense exploration activity.

Bandurrias

The Company did not renew its option agreement on Bandurrias on claims covering approximately 1,982 hectares (4,897 acres) in the Fifth Region of Chile but has acquired approximately 17,800 hectares (43,979 acres) in which the Company owns a 100% interest surrounding the Bandurrias Prospect area.

The claims surround approximately 1,982 hectares of claims from which a small miner has produced, with minimum hand sorting, mineralization grading an average of 2.09 per cent copper. The grade is based on average mill returns reviewed by the Company. This mineralization has come from within the small miners claims. Infrastructure is good with easy terrain at altitudes below 2200 meters.

Las Bellas

The Company has signed an option agreement to earn a 100% interest on claims covering approximately 4,000 hectares (9,840 acres) of claims located 75 kilometers southwest of Santiago, Chile, and 12 kilometers southwest of the Florida gold mine which is producing at the rate of approximately 70,000 ounces of gold per year and is owned by Yamana Gold following its takeover of Meridian Gold.

A small field crew is prospecting the 4000 hectares (9,840 acres) of claims held by SAGC for gold veins. In addition, geochemical soil sampling will be carried out on the 3500 meters of known vein outcrops. Subsequent drilling will be based on geochemical results and after the Company's Pimenton mine has been put back into operation which, as previously announced, is expected to be in May 2008.

Under the terms of the Option Agreement, the Company has paid US $10,000; US $20,000 is due in six months; US $70,000 at the end of the first year; US $400,000 at the end of the second year; US $1,000,000 at the end of the third year and US $1,500,000 at the end of the fourth year. The Company will pay a 3% Net Smelter Royalty from production thereafter. The Company also has a minimum investment obligation of US $50,000 in year one; US $250,000 in year two and US $700,000 in year three.

Limestone deposits

The Company holds a 50.10% interest in the Catedral/Rino Project and a 60% interest in the Cal Norte Project.

Lime is used by the Chilean mining industry in processing sulfide copper ores and in heap leaching of gold ores.

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 four years. This situation and financial constraints on the Company have limited the ability of the Company to capitalize on its lime position. With the recovery of the Argentinean economy in the past two 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.

As part of a feasibility study, a marketing study indicated that the consumption of metallurgical grade lime is expected to increase substantially in the Central Regions of Chile, and without new lime kiln capacity they will have to rely on imports. The study also indicated the apparent lack of well located high grade limestone deposits in the Central Regions. Management believes it is well positioned to take advantage of these opportunities and develop a base for production of its Catedral and Cal Norte limestone deposits. The Company believes that the Cal Norte lime project will shortly be able to compete against Argentinean lime imports and will continue to seek long term lime contracts which are required to finance the Cal Norte project.

While the changing economic situation, as noted above, will enable the Company to continue its efforts to become a supplier to the Chilean copper industry, it also strengthens the Company's position as it reviews alternative strategies for the sale, joint venture or spin-off of the Catedral, Rino and Cal Norte limestone properties.

Potential porphyry copper

In January 2008, Mantos commenced drilling on a second hole to 1035 meters. This drill hole was completed in February, 2008 and the drill hole results were announced by the Company on April 8, 2008. Mantos has the right to earn a 60% interest in the Porphyry Copper deposit if it completes approximately 50,000 meters of drilling and completes a bankable facility on the property.

Tordillo

The presence of strong extensive explosive breccias is reminiscent of the porphyry copper systems at large existing copper mines in Chile. Subsequent exploration should bring into perspective the vein potential and establish if the porphyry system is large enough to host possible economic copper mineralization. The Company is deferring exploration activities while it is bringing Pimenton on line.

Bandurrias

The Company will conduct a diamond drill program to determine ore continuity from an adjacent copper producing property. The Company is deferring exploration activities while it is bringing Pimenton on line.

La Bellas

The Company has initiated a geochemical soil sampling program on La Bellas estimated to cost approximately $20,000.

Limestone deposits

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 four years. With the recovery of the Argentinean economy in the past two 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 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. The Company believes that the Cal Norte lime project will shortly be able to compete against Argentinean lime imports and will continue to seek long term lime contracts which are required to finance the Cal Norte project.

Financial constraints have limited the Company's ability to develop its lime prospects. The Company is currently reviewing alternative strategies for the sale, joint venture or spin-off of the Catedral, Rino and Cal Norte limestone properties.

Future Accounting Changes

In July 2006, the Accounting Standards Board issued a replacement of The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

In December 2006, Section 3862, Financial Instruments -Disclosures; Section 3863, Financial Instruments - Presentation; and Section 1535, Capital Disclosures were issued. All three Sections will be applicable for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The Company is evaluating the impact of adopting the above accounting standards. Section 3862 on financial instrument disclosures, places an increased emphasis on disclosures about risks associated with both recognized and unrecognized financial instruments and how these risks are managed and is consistent with Section 3861. The new Section removes duplicative disclosures and simplifies the disclosures relating to concentrations of risk, credit risk, liquidity risk and price risk currently found in Section 3861. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about an entity's objectives, policies and processes for managing capital.

In June 2007, a replacement section for inventories, Section 3031 "Inventories" was issued and provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories and eliminates the use of the "last-in, first-out" method of accounting and is effective for the fiscal years beginning on or after January 1, 2008.

Results of operations for the three months ended March 31, 2008 compared to the three months ended March 31, 2007.

The Company incurred losses of $1,316,000 and $1,188,000 for the three months ended March 31, 2008 and 2007.

There were no revenues in the three months ended March 31, 2008 and 2007.

Write off of exploration properties totaled $1,016,000 in the three months ended March 31, 2008 compared to nil in the three months ended March 31, 2007. $723,957 of the total is broken down as follows : Bandurrias $239,583; Chachas Peru $99,061; Breccia $349,402 and various others for $35,911. The Company has taken the decision to expense its exploration cost until it deems the project to have definitive resource potential as defined by National Instrument 43-101. The write down of $349,402 on the Breccia at Pimenton was work performed by the Company outside of the area of interest of drilling performed by Rio Tinto and Anglo American Norte S.A. The balance represents recoverable taxes which had been capitalized.

Amortization expense was $153,000 for the three months ended March 31, 2008 compared to $179,000 in 2007. The $26,000 decrease was due to certain mining equipment becoming fully amortized.

Temporary mine shut down costs was a negative $3,000 in the three months ended March 31, 2008 compared to $47,000 in the same period of 2007. This reduction was due to the mine start up activities which were recommenced during the quarter.

General and Administrative costs in the three months ended March 31, 2008 were $251,000 compared to $441,000 in the same period of 2007. This $190,000 reduction was mainly due to a reduction in professional fees, of which $118,000 related to a financial advisory fee paid during the six months ended March 31, 2007.

Warrant revaluation expenses represent the fair value of the extended warrants in excess of the fair value of the warrants being extended at the extension dates and is charged to expense. In the six months ended March 31, 2008, 16,635,628 warrants expiring on January 31, 2008, were extended to March 31, 2008 and then they expired. 20,000,000 warrants expiring on October 21, 2006 were extended two times; first to October 22, 2007 and then to April 22, 2008 when they expired. These warrant revaluations resulted in an expense of $5,010. The fair value of the warrants were assigned using the Black-Scholes valuation model assuming risk free interest rates of 1.75% to 4.21%, no dividend and a volatility factor of 50%.

Stock based Compensation was $177,000 during the three month period ended March 31, 2008 compared to nil in the same period of 2007. This increase was caused by 25,000,000 Common Stock Options which were issued to the President of the Company (10,000,000 options) and three new Directors and two Serving Directors who are not officers of the Company (15,000,000 options). In addition, 1,950,000 options were granted to seven employees who are not officers of the Company.

Foreign exchange gain was $482,000 in the first three months ended March 31, 2008 compared to a loss of $8,000 in the same period of 2007. Recoverable taxes are denominated in Chilean pesos. During the three months ended March 31, 2008 the decline in the value of the US dollar versus the Chilean peso resulted in a gain of $387,858 related to the recoverable taxes. Other exchange gains amounted to approximately $94,142.

Results of operations for the six months ended March 31, 2008, compared to the six months ended March 31, 2007.

The Company incurred losses of $1,707,000 and $2,162,000 for the six months ended March 31, 2008 and 2007.

There were no revenues in the six months ended March 31, 2008 and 2007.

Amortization expense decreased by $56,000. In the six months ended March 31, 2007, the Company recorded amortization expenses of $357,000 to reflect roof damage at the Pimenton plant. Also, certain mining equipment becoming fully amortized leading to lower amortization expense in the six months ended March 31, 2008.

Temporary closure expenses decreased by $1,000 to $51,000 in the six months ended March 31, 2008 from $52,000 in 2007.

General and administrative costs decreased by $80,000 for the six months ended March 31, 2008 as compared to the same period in 2007. CEO compensation was $64,000 in 2008 compared to nil in 2007. In addition to this, other costs changed as follows: professional and consultants fees were reduced by $133,000 due mainly to a $118,000 financial advisory fee paid in the six months ended March 31, 2007, bank charges increased by $3,000, rent expense increased by $1,000 and miscellaneous other expenses, including overhead, decreased by $15,000.

The foreign exchange gain was $827,000 for the six months ended March 31, 2008. Recoverable taxes are denominated in Chilean pesos. During the six months the decline in the value of the US dollar verses the Chilean peso resulted in a gain of $541,000 related to these recoverable taxes. Participants in the December 17, 2007 private placement locked in a US dollar to Canadian dollar exchange rate with the Company prior to the actual private placement. When the shares were issued it resulted in a foreign exchange gain of $233,000. Other exchange gains amounted to $53,000.

Warrant revaluation expenses represent the fair value of the extended warrants in excess of the fair value of the warrants being extended at the extension dates and is charged to expense. In the six months ended March 31, 2008, 16,635,628 warrants expiring on January 31, 2008, were extended to March 31, 2008 and then they expired. 20,000,000 warrants expiring on October 21, 2006, were extended two times; first to October 22, 2007 and then to April 22, 2008 when they expired. These warrant revaluations resulted in an expense of $16,000. The fair value of the warrants were assigned using the Black-Scholes valuation model assuming risk free interest rates of 1.75% to 4.21%, no dividend and a volatility factor of 50%.

Exploration and Mining properties were written-off during the quarter totaling $1,016,000. $723,957 of this total is broken down as follows: Bandurrias $239,583; Chachas Peru $99,061; Breccia $349,402 and various others for $35,911. The Company has taken the decision to expense its exploration costs until it deems the project to have definitive resource potential as defined by National Instrument 43-101. The write down of $349,402 on the Breccia at Pimenton was work performed by the Company outside the area of interest of the drilling performed by Rio Tinto and Anglo American Norte S.A. The balance represents recoverable taxes that had been capitalized.

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 2006, the Company finalized a plan to restart operations at its Pimenton gold mine which would have required the Company to raise $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. The mine would commence production at 150 ton per day moving up to 300 ton per day in five months. The plan included upgrading mining and snow removal equipment as well as making improvements to the plant. The Company was not successful in raising the required funds.

The Company has scaled back its original plans and will now prepare the mine for a starting rate 50 tons per day to be gradually increased to 200 tons per day and then to 300 tons per day. The current proven and probable reserves of 35,000 tons will support this operation for nearly two years at the reduced rate of production. Using the cash flow from operations the Company plans to gradually convert the 250,000 of resource into proven and probable reserves. The Company will use its existing equipment, which is adequate to mine 50 tons per day.

During December 2007, the Company raised sufficient funds, $3,974,997 and in November 2007 $397,000 through the partial exercise of warrants, to restart the Pimenton mine at 50 tons per day and meet its current working capital needs up until the Pimenton mine is put into production, at which time the Company expects the Pimenton mine to generate sufficient funding to support the Company's ongoing cash needs.

At March 31, 2008, cash was $1,957,000 and $22,000 in current restricted cash.

In the quarter ended December 31, 2007, the Company raised US $3,974,997 through the private placement of 92,375,000 Units at $0.04308 per Unit and US $397,000 through the exercise of 9,936,090 warrants at $0.04. These funds were used to pay interest to OPIC ($181,323), fund operating losses ($381,000), exploration activities ($50,000) and the balance is being used to fund restart operations at the Company's Pimenton gold mine which are estimated to cost $3,200,000.

On April 16, 2007, the shareholders authorized the Company to apply for a certificate of continuance under the Canada Business Corporations Act (the "CBCA") continuing the Company as if it had been incorporated under the CBCA. The continuance was applied for and completed. As a result of the continuance the Company`s authorized capital consists of an unlimited number of common shares with no par value.

The Corporation has not declared or paid any dividends and does not foresee the declaration or payment of dividends in the near future. Any decision to pay dividends on its shares will be made by the board of directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at such future time.

To preserve its cash position the Company plans to concentrate its efforts on Pimenton and substantially defer expenditures on other projects until Pimenton comes on line. The Company believes it has adequate cash to put the Pimenton mine back into production in May 2008 at which time Pimenton will provide sufficient cash flow to support the Company's ongoing operations.

On March 13, 2007, the Company entered into a Letter of Understanding ("LOU") with a subsidiary of Anglo American ("Anglo") which gives Anglo the option to enter into a joint venture agreement for the exploration and development of the porphry copper system at Pimenton and will serve as a basis for such a joint venture agreement. The LOU states that "In this LOU, Hernandez and Thomson (The Executive Vice President- Director, Claims and Land Management and the Executive Vice President-Director of Exploration, both directors of the Company) are collectively referred to as the Owners. Under the terms of this ownership royalty, the owners are entitled to receive a sliding scale of 5% to 6% Net Smelter Return Royalty on any future production from the Property. SAGC has renegotiated in good faith the Net Smelter Return Royalty paid to the owners who have agreed to be compensated by SAGC for a reduction from a sliding scale of 5% to 6% Net Smelter Return Royalty, down to a 3% Net Smelter Return Royalty." The Owners are directors and officers of the Company. The Company will engage a qualified independent third party to determine the fair value of the royalty reduction and the two officers and directors have agreed to accept 40% of the fair value to be paid by the Company to reduce the net smelter royalty to 3% and if required to receive their compensation in common shares of the Company at the then existing market value.

Related party transactions

A company owned by chief executive officer, who is also a director, billed the Company $39,590 in the period ended March 31, 2008 for the provision of office space and services by the Company.

The note receivable of $286,233 as at March 31, 2007 and March 31, 2008 is from the chief executive officer who is also a director of the Company. It is a non-interest-bearing note due on or before an extended due date of June 30, 2009, collateralized by 6,532,000 common shares of the Company owned by this officer and director. As at March 31, 2008, non-interest-bearing advances to this officer and director amounted to $47,694 (March 31, 2007 - $43,025) and are included in long-term receivables.

The Chief Financial Officer of the Company retired on February 6, 2008 at which time he was owed $207,260 plus out of pocket expenses of $125.52. The Company entered into a retirement agreement with the former Chief Financial Officer under which he received 2,000,000 Bonus Shares and was paid $17,648 for the difference between the net sales price of the 2,000,000 Bonus Shares and $100,000. In addition he has been paid $5,000 per month beginning February, 2008 and will continue to be paid at the rate of $5,000 per month until Pimenton is placed into commercial production at with time he will receive $7,500 per month until the balance of $87,260 is paid in full. Mr. O'Donnell continues to provide consulting services to the Company for which he was paid $4,504 to April 30, 2008.

A company controlled by the Interim Chief Financial Officer billed the Company $8,555 for accounting services rendered in the period ended March 31, 2008. Amounts due to related parties include payables to this officer of $1,912 for such services at March 31, 2008

During the quarter ended March 31, 2008 seven employees who are not officers of the Company were awarded a total of 1,950,000 Common Stock Options having a five year life with immediate vesting at a price of Cdn $0.045 per share. In addition three new Directors of the Company were each granted 3,000,000 Stock Options and two serving Directors who are not officers of the Company were each granted 3,000,000 Common Stock Options. The President of the Company was granted 10,000,000 Common Stock Options and 1,000,000 Bonus Shares. The Bonus Shares were issued on April 29, 2008 pursuant to an employment agreement and any expense assigned to this, if any, will be expensed as compensation in the quarter ended June 30, 2008. Additionally, 2,000,000 Bonus Shares were awarded to the former Chief Financial Officer pursuant to a retirement agreement as discussed above. All these Common Stock Options, except the 1,950,000 options granted to the 7 employees, vest over four years at an exercise price of Cdn $0.045. The Bonus Shares were issued at a price of Cdn $0.045. The Company has expensed the fair value of the Common Stock Options during the six months ended March 31, 2008 as Compensation expense of $177,000. The fair value of the Common Stock Options were assigned using the Black-Scholes model, assuming a risk free interest rate of 3.6%, no dividend, and a volatility factor of 50%.

During fiscal 2007, the executive-vice-president-director, claims and land management, who is also a director of the Company, purchased from a non-related party its interest in the Pimenton notes and royalty. The fair value of this note was $760,000 at March 31, 2008 and interest expense was $60,901 in 2008. Amounts due to related parties include $170,799 for interest and $91,802 for royalties as March 31, 2008.

On June 20, 2007, the Company sold through a private placement 26,431,515 units at CA$0.05 per unit, consisting of one common share and one common share purchase warrant to purchase a further common share at CA$0.07 per share at any time within 36 months of the date of issue. Net proceeds of the placement were $1,174,978. The subscriber, the executive-vice-president-director, claims and land management, who is also a director of the Company, subscribed and paid for 31,360,000 units. On

January 15, 2008 the remaining 4,928,485 units were issued on the same terms as above. Net proceeds of the placement were $220,022, of which $74,420 was assigned to the warrants. The fair value of the warrants was assigned using the Black-Scholes valuation model assuming a risk-free interest rate of 2.80%, no dividend and a volatility factor of 50%.

Amounts due to related parties include $169,644 as at March 31, 2008 for interest due to executive-vice president-director of exploration who is also a director of the Company who holds one of the Pimenton notes in the fair value amounts of $754,000 at March 31, 2008. In addition, amounts due to related parties include $91,802 at March 31, 2008, for royalties due to this officer and director who is the owner of a Net Smelter Royalty on the Pimenton gold mine.

The Executive Vice President and Director of Exploration and the Executive Vice President of Administration, both of whom are Directors of the Company in April, 2008 have agreed to enter into an agreement to lease/purchase to the Company's wholly owned subsidiary, Compania Minera Pimenton, two new Komatsu front end loaders on terms not currently available to the Company. The purchase price of the two Komatsu front end loaders total US $440,038 inclusive of VAT tax at 19%, or US $220,019 each. The Company has made a 25% payment against the purchase price of the equipment and the balance was funded by these two Officers and Directors under the 37 months lease/purchase agreement.

Additionally, the Executive Vice President and Director of Exploration and a Director of the Company has guaranteed payment of a 37 months lease/purchase agreement entered into by the Company in April, 2008 with a locale Chilean bank for the purchase of a 4x4 Land Rover truck and a 4x4 Mahindra truck whose total purchase price was $71,624 plus VAT at 19% or a total of $85,232.

Two officers and directors of the Company hold the non-controlling interest in Catedral. Under an agreement dated November 27, 1996, the Company 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 totaling $500,000, which was paid during 1997.

The Executive-Vice-President-Director, Vice President of Administration and the Executive-Vice President-Director of Exploration, both Directors of the Company, hold the convertible secured debentures. Interest expense was $91,613 and $91,579 for periods ended March 31, 2008 and 2007, respectively. Amounts due related parties include payables to these officers of $116,999 and $112,859 as at March 31, 2008 and 2007, respectively, for interest on this debt.

The Chief Executive Officer, the Executive Vice President, Director of Exploration and the Executive Vice President, Director of Administration who are also Directors of the Corporation hold a total of 3.2% Net Smelter Royalty interest in Tordillo, a 3.2% Net Smelter Royalty interest in Bandurrias and a up to 2.5% Net Smelter Royalty interest in Las Bellas. These Net Smelter Royalty interests were approved by the Board of Directors and Compensation Committee of the Company in 2001. These individuals have not received compensation comparable to mining industry standards since 2001.

Mineral Resource and Mineral Reserve Estimates

Unaudited Reserves June 2005

	Tonnes	Gold g/t	Copper %
Proven Mineral Reserves	13,034	14.44	1.26
Probable Mineral Reserves	35,038	14.44	1.27
Total Mineral Reserve	48,072	14.44	1.3

Due to current conditions at the mine, the June 2005 reserve estimates could not be audited.

Mineral Reserves at March 31, 2008

There have been no changes in the Mineral Reserves at Pimenton since the unaudited Reserves at June 2005 as the mine has not yet been placed back into operation since June 9, 2005, when mine operations were shut down due to severe weather conditions.

Unaudited Reserves June 2007	Tonnes	Gold gpt	Copper %
Proven Mineral Reserves	13,034	14.44	1.26
Probable Mineral Reserves	35,038	14.44	1.27
Total Mineral Reserve	48,072	14.44	1.3

Inferred Mineral Resource at December 31, 2005
The inferred mineral resources are reported separately and are summarized as follows:

Mineral Resources (additional)	Tonnes	Gold gpt	Copper %
Inferred Class A	28,700	15.31	1.33
Inferred Class B	171,020	19.37	1.61
	199,721	18.8	1.6

These Inferred Mineral Resources are distinct from the Reserve categories reported above. The Class A Inferred Resources are projections from 20 to 40 meters vertically above or below the established reserve blocks as defined by channel sampling on existing level(s). This material was previously classified as “possible” ore reserves under the previous mining disclosure NP-2A guidelines. This resource (Inferred Class A) is assigned a fairly high probability of being converted to reserves during the first months of mine development.

John J. Selters, Professional Engineer, and Qualified Person, at that time visited the Pimenton Mine on February 12, 2005 and reviewed the Resource and Reserve estimation methodology in his final report dated March 2005. His report concluded that the Pimenton Mineral Reserve and Resources estimates use the appropriate methods and data for projecting tonnes and grades from sampling of mining stopes, sublevels and raises.

Mineral Resources at March 31, 2008

The inferred mineral resources are reported separately and are summarized as follows:

Mineral Resources (additional)	**Tonnes**	**Gold gpt**	**Copper %**
Inferred Class A	28,700	18.31	1.33
Inferred Class B	224,438	14.88	1.24
	253,138	14.98	1.26

The independently audited Resource Report calculates drill indicated resources using a minimum width of 55 centimeters. The current mine plan and audited Resource have been recalculated using a minimum width of 80 centimeters. Assuming the added 25 centimeters of minimum additional mining width run 0.5 gold g/t and 1.0% copper, the diluted drill indicated Resources come to 253,138 tonnes of 14.44 gold/g/t and 1.24% of copper. The resources were calculated using a gold price of $425.

These figures are estimates and no assurance can be given that the indicated amounts of quantities of gold will be produced. Gold price fluctuations and short term operating factors could affect the economics of the project.

The Company is preparing the mine for a starting rate 50 tons per day to be gradually increased to 200 tons per day and then to 300 tons per day. The following is a sensitivity analysis at 50 tons per day:

PRODUCTION VARIABLES AND SENSITIVITIES FOR 50 TPD AND 200 TPD.

VARIABLES

Actual Reserve 43-101 grades. March 2005

Head grade gold	14.44	g/t
Head grade copper	1.26	%
Tons per day year 1	**50**	Tpd
Tons per day year 2	**200**	Tpd
Tons per day year 3	**300**	Tpd
Plant combined recovery	92%	
Price per Ounce Gold	**$ 700**	
Price per pound Copper	**$ 3.00**	
Exchange rate US$	**475**	CH$
Loan Interest rate	8.50%	
Price per liter Diesel	550	CH$
Price per liter Gasoline	680	CH$

ALL IRR% ARE FOR ENTIRE INVESTMENT

50 TPD USING PRICES OF $700 gold and $3.00 Copper

Grade Sensitivity. Projects from a low of 10g/t to 18 g/t Au head grade through plant.

Au g/t	Cu%	Op.Cost/Oz
8	0.6	$602
9	0.8	$507

10	1.0	$435
12	1.2	$389
13	1.3	$318
14	1.4	$265

Cost/Oz is cash cost per ounce at the mine

50 TPD

Recovery Sensibility. Projects from 5% to 10% less plant Recovery for gold.

% diff. Recovery	Op.Cost/Oz	IRR%
-10%	$ 399	51%
-5%	$ 372	65%
2%	**$ 339**	79%

Cost/Oz is cash cost per ounce at the mine

Tonnage Sensitivity. Projects from a low of 35 tpd to a high of 70 tpd.

Tons per day	Op.Cost/Oz	IRR%
35	517	0%
40	446	9%
45	392	36%
50	347	65%
55	312	84%
60	282	115%
70	234	195%

Note: First year max at 75 tpd

50 TPD

Price of Gold Sensitivity

Price per Ounce	IRR %
400	41%
450	50%
500	70%
550	86%
600	120 %
650	125 %
700	136 %

Note: The current reserve grades are 14.4 g/t Au and 1.26% Cu. Below the 3430 level grades are significantly higher.

Outlook

Results of the Rio Tinto exploration program have added significant value to the Pimenton porphyry copper deposit. Empresa Minera de Mantos Blancos S.A. (Mantos) a wholly owned subsidiary of Anglo American PLC, has completed drilling on a second hole to 1035 meters at Pimenton.
The Company expects to have the Pimenton mine into production in May, 2008 at a initial rate of 50 tons per day.

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. Improved economic conditions in Argentina have increased the cost Argentine lime imported by the Chilean mining industry making Chilean lime deposits more competitive,

Management believes that the values of the Pimenton gold mine, the potential porphyry copper deposit, the Catedral, Rino and Cal Norte limestone deposits, and the Tordillo and Bandurrias prospects 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 factors

The Company is a minerals producing, exploration and development company with properties currently focused in Chile. Its mining activities involve numerous inherent risks. The Company is subject to various financial, operational and political risks that that could significantly affect its profitability and operating cash flow. The Company minimizes these risks by careful management and planning. These risks include changes in local laws affecting the mining industry, a decline in the price of gold or copper, uncertainties inherent in estimating mineral reserves and mineral resources and fluctuations in the Chilean peso against the US dollar. The Company does not use financial instruments to mitigate the risks of changes in the price of gold or currency fluctuations.

The Company operates in an international environment, and as such, is subject to currency risk. A significant portion of the Company's expenditures is denominated in Chilean pesos and Canadian dollars. A strengthening of these currencies could adversely affect the Company's costs denominated in US dollars. Recently the US dollar has weakened significantly against both of these currencies.

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's Pimenton mine is highly dependent on generating its own electrical needs at the mine, plant and camp sites. Fuel costs have risen substantially and are expected to go higher. Higher fuel costs will have an adverse impact on profitably of the mine.

Mine labor costs in Chile are increasing which could adversely impact operating profits at the Pimenton mine.

The Company operates primarily in Chile and is exposed to the laws governing the mining industry in Chile. The Chilean government is currently supportive of the mining industry but changes in government regulations including taxation, repatriation of profits, restrictions on production, export controls, environmental compliance, expropriation of property and shifts in political stability of the country and labor unrest could adversely affect the Company's exploration efforts and production plans.

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. Mineral reserves and resources are estimates which may differ significantly from actual mining results.

Due to financial constraints the Company manages its operations with a limited number of key personnel. The need to replace any of these individuals could adversely affect the Company's operations until a qualified replacement is found.

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.

Readers should read the risk factors which are described in more detail in the Company's Annual Information Form for the year ended September 30, 2007. Such factors could materially affect future operating results of the Company and cause actual results to differ materially from those described in forward –looking statements relating to the Company.

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.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. The Company's system of disclosure controls and procedures includes, but is not limited to, the effective functioning of our Audit Committee and procedures in place to systematically identify matters warranting consideration of disclosure by the Audit Committee. As at the end of the period covered by this management's discussion and analysis, management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by applicable Canadian securities laws. The evaluation included documentation review, enquiries and other procedures considered by management to be appropriate in the circumstances. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52- 109 – *Certification of Disclosure in Issuers' Annual and Interim Filings)* and other reports filed or submitted under applicable Canadian securities laws, is recorded, processed, summarized and reported within time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the President and Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

During the most recent year end there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Item 4(c) of Form 52-109F1 *Certification of Annual Filings* requires the Company's CEO and CFO to certify that they have designed the Company's internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP. While the Company's certifying officers have concluded that they are able to make those certifications as required by applicable Canadian securities laws, management of the Company wishes to provide additional disclosure in this management's discussion and analysis regarding the condition of the design of the Company's internal control over financial reporting in view of certain weaknesses that were identified by management when management, with the participation of the Company's CEO and CFO and the Audit Committee, evaluated the condition of the Company's design of internal control over financial reporting as at the end of the period covered by this management's discussion and analysis, as contemplated by CSA Staff Notice 52-316 *Certification of Design of Internal Control over Financial Reporting*. Due to limited financial resources and the current level of operations, the Company does not employ a financial staff. The Company's accounting and reporting is handled by an accounting service firm in Chile and by an officer of the Company, on a consulting basis, for corporate matters. Management is aware that internal control over financial reporting on an ongoing basis is not at the desired level.

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED

Consolidated Statements of Operations, Deficit and Other Comprehensive Income (Unaudited)

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

	Three Months Ended March 31,		Six Months Ended March 31,	
	2008	2007	2008	2007
	$	$	$	$
Income				
Gold	-	-	-	-
Copper and silver	-	-	-	-
	-	-	-	-
Expenses				

Write off of exploration properties	1.016	-	1.016	-
Amortization	153	179	301	357
Temporary mine shutdown	(3)	47	51	52
General and administrative	251	441	578	658
Warrant revaluation	5	307	16	733
Stock based compensation	177	-	177	-
Foreign exchange	(482)	8	(827)	13
Interest	202	206	409	400
	1.319	1.188	1.721	2.213
Other income	3	-	14	51
Loss for the period	1.316	1.188	1.707	2.162
Deficit-beginning of period	55.646	52.501 #	55.255	51.527
Other comprehensive income	-	-	-	-
Deficit - end of period	56.962	53.689	56.962	53.689
Basic and diluted loss per share	-	-	-	-

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

South American Gold and Copper Company Limited

Consolidated Balance Sheets

(expressed in thousands of U.S. dollars)

	March 31, 2008 (Unaudited)	September 30, 2007
	$	$
Assets		
Current assets		
Cash and cash equivalents	1.957	344
Restricted cash	22	22
Receivables		
Sundry	200	73
Material and supplies, at cost	91	78

	2.270	517
Note receivable from an officer and director	334	329
Mining properties, plant and equipment	12.691	11.874
Exploration properties	5.195	5.814
Recoverable taxes	3.140	2.456
Total assets	23.630	20.990

Liabilities

Current liabilities		
Short term borrowings	48	10
Current portion of long-term debt	1.556	1.244
Accounts payable and accrued liabilities	940	1.027
Taxes payable (IVA)	574	466
Amounts due to related parties	643	951
	3.761	3.698
Long-term debt	2.292	2.574
Reclamation and remediation	884	884
Non-controlling interest in consolidated subsidiary	139	139
Total liabilities	7.076	7.295
Shareholders' equity		
Share capital	67.534	63.628
Contributed surplus	2.489	708
Convertible subordinated debentures	907	907
Options	1.196	1.019
Warrants	1.390	2.688
Deficit	(56.962)	(55.255)
Total shareholders' equity	16.554	13.695

Total liabilities and shareholders' equity	23.630	20.990

Going concern and nature of operations (note 1)

Commitments

Approved by the Board of Directors

"Paul J. DesLauriers"	**"Stephen W. Houghton"**
Paul J. DesLauriers	**Stephen W. Houghton**
Chairman	Director

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 March 31,		Six months ended March 31,	
	2008	2007	2008	2007
Operating Activities	$	$	$	$
Net loss	(1.316)	(1.172)	(1.707)	(2.129)
Non-cash items				
Amortization	153	179	301	357
Accretion of interest on long-term debt	90	99	180	199
Write off of exploration properties	1.016	-	1.016	-
Foreign exchange	(482)	8	(827)	13
Non-cash non-employee share compensation	-	148	-	148
Stock based compensation	177	-	177	-
Warrant revaluation	5	307	16	733
	(357)	(431)	(844)	(679)
Change in non-cash working capital relating to operations	602	(64)	564	148
	245	(495)	(280)	(531)
Investing Activities				
Exploration properties	(252)	(150)	(397)	(185)
Mineral properties, plant and equipment	(992)	(57)	(1.118)	(57)
Recoverable taxes	(551)	10	(684)	(25)
	(1.795)	(197)	(2.199)	(267)
Financing activities				
Shares issued	29	1.139	3.459	1.227
Advances from directors and officers	-	373	-	373
Warrants excercised	44	-	434	-
	73	1.512	3.893	1.600
Effect of foreign exchange on cash held in foreign currency	(33)	(10) #	199	(12)
Increase (Decrease) in cash and cash equivalents during the period	(1.510)	810	1.613	790

Net cash and cash equivalents-beginning of period	3.467	52	344	72
Net cash and cash equivalents-end of period	1.957	862	1.957	862

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

(all tabular amounts are expressed in thousands of U.S. dollars, except number of shares and per share data)

1 Going concern and nature of operations

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 amounts 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 snowstorm caused damage to the electrical and air compressor equipment at the Pimenton mine's main portal entrance, resulting in 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 labour 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 early 2008.

As at March 31, 2008, the Company reported a deficit and comprehensive loss of approximately $56.8 million and a working capital deficiency of approximately $1.5 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 on obtaining adequate funding, 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 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, as described under exploration and development costs.

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

(all tabular amounts are expressed in thousands of U.S. dollars, except number of shares and per share data)

Future Accounting Changes

In July 2006, the Accounting Standards Board issued a replacement of The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

In December 2006, Section 3862, Financial Instruments -Disclosures; Section 3863, Financial Instruments - Presentation; and Section 1535, Capital Disclosures were issued. All three Sections will be applicable for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The Company is evaluating the impact of adopting the above accounting standards. Section 3862 on financial instrument disclosures, places an increased emphasis on disclosures about risks associated with both recognized and unrecognized financial instruments and how these risks are managed and is consistent with Section 3861. The new Section removes duplicative disclosures and simplifies the disclosures relating to concentrations of risk, credit risk, liquidity risk and price risk currently found in Section 3861. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about an entity’s objectives, policies and processes for managing capital.

In June 2007, a replacement section for inventories, Section 3031 “Inventories” was issued and provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories and eliminates the use of the “last-in, first-out” method of accounting and is effective for the fiscal years beginning on or after January 1, 2008.

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, 2007. 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, 2007.

3. Recoverable Taxes

Recoverable taxes in the amount of $372,000 as at March 31,2008 (September 30, 2007 - $372,000) represent IVA taxes paid on the fixed assets, which can be recovered upon request to the Chilean tax authorities. The Company filed such request, which has been denied by the Chilean tax authorities on technical grounds. The Company is appealing this decision and has reclassified IVA taxes on the fixed assets as a long-term asset. IVA relating to other expenditures is recoverable either by means of a credit against tax due upon domestic sales of the Company or by requesting reimbursement of IVA borne when exporting or

(all tabular amounts are expressed in thousands of U.S. dollars, except number of shares and per share data)

export commitments are proven. Therefore, the recoverability of these amounts is dependent upon the ability of the Company to develop and derive future production from its Pimenton gold mine.

4. Share capital

	Number of shares	**Amount $**
September 30, 2007	570,842,909	63,628
Warrants exercised (i)	9,936,090	680
Private placement (ii)	92,375,000	2,713
Private placement (iii)	4,928,485	146
Share issuance (iv)	5,340,773	236
Share issuance (v)	2,000,000	90
Warrants exercised (vi)	735,500	41
March 31,2008	686,158,757	67,534

(all tabular amounts are expressed in thousands of U.S. dollars, except number of shares and per share data)

i. On October 31, 2007 participants in the December 10, 2003 private placement exercised 9,936,090 warrants at a price of CA$0.04 per share for net proceeds of $390,446. The fair value of $288,703 assigned to these warrants was transferred to share capital.

ii. On December 17, 2007, the Company sold through a private placement 92,375,000 units at CA$0.0416 per unit, each unit consisting of one common share and one half of one common share purchase warrant to purchase a further common share at CA$0.06 per share at any time within two years of the date of issue. In connection with this private placement, the Company also issued 5,616,937 broker warrants, each exercisable at CA$0.06 per share, expiring within two years of the date of issue. Net proceeds of the placement were $3,430,209, of which $634,578 was assigned to the warrants and $58,982 was assigned to the broker warrants using the Black-Scholes valuation model, assuming a risk-free interest rate of 4.75%, no dividend and a volatility factor of 50%.

iii. On June 20, 2007, the Company sold through a private placement 26,431,515 units at CA$0.05 per unit, consisting of one common share and one common share purchase warrant to purchase a further common share at CA$0.07 per share at any time within 36 months of the date of issue. Net proceeds of the placement were $1,174,978, of which $184,076 was assigned to the warrants. The fair value of the warrants was assigned using the Black-Scholes valuation model assuming a risk-free interest rate of 3.23%, no dividend and a volatility factor of 50%. The subscriber, an officer and director of the Company, subscribed and paid for 31,360,000 units. On January 15, 2008, the remaining 4,928,485 units were issued on the same terms as above. Net proceeds of the placement were $220,022, of which $74,420 was assigned to the warrants. The fair value of the warrants was assigned using the Black-Scholes valuation method assuming a risk-free interest rate of 2.8%, no dividend and a volatility factor of 50%.

iv. On January 15, 2008, the Company issued 5,340,773 common shares in settlement of two employee wage liabilities of $267,039. The shares were valued at $267,039, using the TSX closing price on January 15, 2008 resulting in no gain or loss.

v. On February 1, 2008, the Company entered into a retirement agreement with the former Chief Financial Officer under which he received 2,000,000 Bonus Shares. The shares were valued at $90,270, using the TSX closing price on January 31, 2008.

vi. In March 2008, broker participants in the February 22, 2007 private placement exercised 735,500 broker warrants at a price of CA$0.04 per share for net proceeds of $29,420. The fair value of $12,087 assigned to these warrants was transferred to share capital.

5. Long-term debt

Due to events at the mine Pimenton advised OPIC that it believes Pimenton will not be in compliance with the financial and operating covenants for the calendar quarters through and until June 30, 2009.

(all tabular amounts are expressed in thousands of U.S. dollars, except number of shares and per share data)

As of September 30, 2007, OPIC has granted Pimenton waivers with respect to the financial and operating events of default discussed above until June 30, 2009.

(all tabular amounts are expressed in thousands of U.S. dollars, except number of shares and per share data)

6. Warrants

	Number of warrants	**$**
September 30, 2007	175,583,372	2,688
Exercised (note 4(i))	(9,936,090)	(289)
Issued (note 4(ii))	51,804,437	693
Issued (note 4(iii))	4,928,485	74
Exercised (note 4(vi))	(735,500)	(12)
Issued (note 4(vi))	735,500	3
Modified (a)	-	6
Modified (b)	-	5
Expired warrants (c)	(48,095,087)	(1,778)
March 31, 2008	174,285,117	1,390

a) On October 21, 2004, the Company sold through a private placement 40,000,000 units at CA$0.07 per unit, each unit consisting of one common share and one half of one common share purchase warrant to purchase a further common share at CA$0.09 per share at any time within 24 months of the date of issue. These warrants were assigned a value of $276,806. On October 16, 2006, the TSX agreed to extend the expiration date on the 20,000,000 warrants from October 21, 2006 to October 22, 2007. The fair value of these modified warrants of $14,037, in excess of the fair value of the original warrants immediately prior to the modification date of $nil, will be charged to expense. The fair values of the warrants were assigned using the Black-Scholes valuation model, assuming a risk-free interest rate of 4.07%, no dividend and a volatility factor of 50%.

On October 3, 2007, the TSX agreed to further extend the expiration date on the 20,000,000 warrants from October 22, 2007 to April 22, 2008. The fair value of these modified warrants of $6,028, in excess of the fair value of the original warrants immediately prior to the modification date of $nil, will be charged to expense. The fair values of the warrants were assigned using the Black-Scholes valuation model, assuming a risk-free interest rate of 4.21%, no dividend and a volatility factor of 50%.

b) On November 8, November 16 and November 30, 2005, 16,635,628 warrants were exercised at a price of CA$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 CA$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 fair value

(all tabular amounts are expressed in thousands of U.S. dollars, except number of shares and per share data)

originally assigned to these warrants and $40,050 of the fair value assigned to modified warrants was transferred to share capital.

On October 25, 2007, the TSX agreed to extend the expiration date on the 16,635,628 warrants from November 8, November 16 and November 30, 2007 to January 31, 2008. The fair value of these modified warrants of $5,155, in excess of the fair value of the original warrants immediately prior to the modification date of $nil, will be charged to expense. The fair values of the warrants were assigned

volatility factor of 50%. These warrants were further extended to March 31, 2008, at which time they expired.

c) Warrants expiring during 2008 were valued at $1,778.

7. Commitments

On March 13, 2007, the Company entered into a LOU with a subsidiary of Anglo American (Anglo), which gives Anglo the option to enter into a joint venture agreement for the exploration and development of the porphyry copper system at Pimenton and will serve as a basis for such joint venture agreement. The LOU states, "In this LOU, Hernandez and Thomson are collectively referred to as the Owners. Under the terms of this ownership royalty, the owners are entitled to receive a sliding scale of 5% to 6% Net Smelter Return Royalty on any future production from the Property. SAGC Pimenton Limited has renegotiated in good faith the Net Smelter Return Royalty paid to the owners who have agreed to be compensated by SAGC Pimenton Limited for a reduction from a sliding scale of 5% to 6% Net Smelter Return Royalty, down to a 3% Net Smelter Return Royalty." The Owners are directors and officers of the Company. The Company will engage a qualified independent third party to determine the fair value of the royalty reduction and the two officers and directors have agreed to accept 40% of the fair value to be paid by the Company to reduce the Net Smelter Royalty to 3% and if required to receive their compensation in common shares of the Company at the then existing market value.

8. Related party transactions

A company owned by chief executive officer, who is also a director, billed the Company $39,590 in the period ended March 31,2008 for the provision of office space and services by the Company.

The note receivable of $286,233 as at March 31, 2008 and September 30, 2007 is from chief executive officer who is also a director of the Company. It is a non-interest-bearing note due on or before an extended

(all tabular amounts are expressed in thousands of U.S. dollars, except number of shares and per share data)

due date of June 30, 2009, collateralized by 6,532,000 common shares of the Company owned by this officer and director. As at March 31,2008, non-interest-bearing advances to this officer and director amounted to $47,694 (September 30, 2007 - $43,025) and are included in long-term receivables.

A company controlled by the Interim Chief Financial Officer billed the Company $8,555 for accounting services rendered in the period ended March 31, 2008. Amounts due to related parties include payables to this officer of $1,912 for such services at March 31, 2008.

During the quarter ended March 31, 2008 seven employees who are not officers of the Company were awarded a total of 1,950,000 Common Stock Options having a five year life with immediate vesting at a price of Cdn $0.045 per share. In addition three new Directors of the Company were each granted 3,000,000 Stock Options and two serving Directors who are not officers of the Company were each granted 3,000,000 Common Stock Options. The President of the Company was granted 10,000,000 Common Stock Options and 1,000,000 Bonus Shares. The Bonus Shares were issued on April 29, 2008 pursuant to an employment agreement and any expense assigned to this, if any, will be expensed as compensation in the quarter ended June 30, 2008. Additionally, 2,000,000 Bonus Shares were awarded to the former Chief Financial Officer pursuant to a retirement agreement. All these Common Stock Options, except the 1,950,000 options granted to the 7 employees, vest over four years at an exercise price of Cdn $0.045. The Bonus Shares were issued at a price of Cdn $0.045. The Company has expensed the fair value of the Common Stock Options during the six months ended March 31, 2008 as Compensation expense of $177,000. The fair value of the Common

Stock Options were assigned using the Black-Scholes model, assuming a risk free interest rate of 3.6%, no dividend, and a volatility factor of 50%.

During fiscal 2007, the executive-vice-president-director, claims and land management, who is also a director of the Company, purchased from a non-related party its interest in the Pimenton notes and royalty. The fair value of this note was $760,000 at March 31,2008 and interest expense was $60,901 in the period ended March 31, 2008. Amounts due to related parties include $170,799 for interest and $91,802 for royalties as March 31, 2008.

On June 20, 2007, the Company sold through a private placement 26,431,515 units at CA$0.05 per unit, consisting of one common share and one common share purchase warrant to purchase a further common share at CA$0.07 per share at any time within 36 months of the date of issue. Net proceeds of the placement were $1,174,978. The subscriber, the executive-vice-president-director, claims and land management, who is also a director of the Company, subscribed and paid for 31,360,000 units. On January 15, 2008 the remaining 4,928,485 units were issued on the same terms as above. Net proceeds of the placement were $220,022, of which $74,420 was assigned to the warrants. The fair value of the warrants was assigned using the Black-Scholes valuation model assuming a risk-free interest rate of 2.80%, no dividend and a volatility factor of 50%.

(all tabular amounts are expressed in thousands of U.S. dollars, except number of shares and per share data)

Amounts due to related parties include $169,644 as at March 31, 2008 for interest due to executive-vice president-director of exploration who is also a director of the Company who holds one of the Pimenton notes in the fair value amounts of $754,000 at March 31, 2008. In addition, amounts due to related parties include $91,802 at March 31, 2008, for royalties due to this officer and director who is the owner of a Net Smelter Royalty on the Pimenton gold mine.

The Executive Vice President and Director of Exploration and the Executive Vice President of Administration, both of whom are Directors of the Company in April, 2008 have agreed to enter into an agreement to lease/purchase to the Company's wholly owned subsidiary, Compania Minera Pimenton, two new Komatsu front end loaders on terms not currently available to the Company. The purchase price of the two Komatsu front end loaders total US $440,038 inclusive of VAT tax at 19%, or US $220,019 each. The Company has made a 25% payment against the purchase price of the equipment and the balance was funded by these two Officers and Directors under the 37 months lease/purchase agreement.

Additionally, the Executive Vice President and Director of Exploration and a Director of the Company has guaranteed payment of a 37 months lease/purchase agreement entered into by the Company in April, 2008 with a locale Chilean bank for the purchase of a 4x4 Land Rover truck and a 4x4 Mahindra truck whose total purchase price was $71,624 plus VAT at 19% or a total of $85,232.

Two officers and directors of the Company hold the non-controlling interest in Catedral. Under an agreement dated November 27, 1996, the Company 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

(all tabular amounts are expressed in thousands of U.S. dollars, except number of shares and per share data)

properties can be placed into commercial production, and to fund their combined 50% share of an option payment totaling $500,000, which was paid during 1997.

The executive-vice-president-director, claims and land management and the executive-vice president-director of exploration, both directors of the Company, hold the convertible secured debentures. Interest expense was $91,613 and $91,579 for periods ended March 31, 2008 and 2007, respectively. Amounts due related parties include payables to these officers of $116,999 and $112,859 as at March 31, 2008 and 2007, respectively, for interest on this debt.

9. Short-term borrowings

Short-term borrowings consist of non-interest-bearing notes to a supplier.

10. Comparative amounts

Certain of the prior year's amounts have been reclassified to conform to the current year's consolidated financial statement presentation.

11. Subsequent events

In April 2008, broker participants in the February 22, 2007 private placement exercised 700,000 broker warrants at a price of CA$0.04 per share for net proceeds of $28,000. The fair value of $11,504 assigned to these warrants was transferred to share capital.

On April 29, 2008, 1,000,000 bonus shares were issued to the President of the Company at a price of CA$0.045 pursuant to an employment agreement.

FORM 52-109F2-

Certification of Interim Filings

I, Stephen W. Houghton, Chief Executive Officer**,** certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of South American Gold and Copper Company Limited, (the issuer) for the interim period ending March 31, 2008;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;

4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:

   (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared; and

   (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and

5. I have caused the issuer to disclose in the interim MD&A any changes in the issuer's internal control over financial reporting that occurred during the issuers most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

May 27, 2008

"*Stephen W Houghton*"

Stephen W. Houghton
Chief Executive Officer

FORM 52-109F2-

Certification of Interim Filings

I, Peter W. Hogg, Interim Chief Financial Officer**,** certify that:

5. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of South American Gold and Copper Company Limited, (the issuer) for the interim period ending March 31, 2008;

6. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;

7. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;

8. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:

   (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared; and

   (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and

5. I have caused the issuer to disclose in the interim MD&A any changes in the issuer's internal control over financial reporting that occurred during the issuers most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

May 27, 2008

"*Peter W. Hogg*"

Peter W. Hogg
Interim Chief Financial Officer

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
Chief Executive Officer
Founder of South American Gold and Copper
Company Limited

Patrick Esnouf*
Santiago, Chile
President

Mario Hernandez A.*
Santiago, Chile
Executive Vice President and Director, Claims and Land Management

William Hill*(1)
Rock wood, ON, Canada
Principal, William Hill Mining Consultants, Ltd.

Juan A Proaño*
Potomac, Maryland

Frederick D. Seeley*(1),(2)
New York, New York
Chairman, Givens Hall Bank and Trust Limited,

David R. S. Thomson*
Santiago, Chile
Executive Vice President and Director of Exploration

John J. Selters*
Santiago, Chile

Richard J. Lachcik*
Toronto, ON, Canada

(1) Member, Audit Committee
(2) Member, Compensation Committee

Corporate Information

Website: www.sagc.com

Toronto Stock Exchange
Stock Symbol: SAG

Registered Office:
Toronto Dominion Centre
Canadian Pacific Tower
100 Wellington Street West
P O Box 128, Suite 500
Toronto, ON M5K 1H1

Business Office
1201-67 Yonge Street
Toronto, Ontario M5E 1J8, Canada

New York Representative Office:
420 Madison Avenue, Suite 905
New York, NY 10017-1193
Telephone: (212) 751-0083

Exploration and Development Office:
La Concepcion 266, Of. 704
Providencia, Santiago, Chile
Telephone: 56-2-264-2295

Solicitors:
McLeod Dixon LLP
Toronto, Ontario, Canada

Auditors:
PricewaterhouseCoopers LLP
Toronto, Ontario, Canada

Stock Registrar and Transfer Agent
Computershare Investor Services
Toronto, Ontario, Canada