SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED

Report to Shareholders
For the
Third Quarter Ended
June 30, 2003

Listed on the Toronto Stock Exchange
Symbol: SAG

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED
(A development stage company)
FINANCIAL REVIEW
THIRD QUARTER ENDED JUNE 30, 2003
(Expressed in United States dollars)

The following discussion should be read in conjunction with the consolidated financial statements and related notes thereto which appear in the Company's 2002 annual report to shareholders.

Results of Operations

For the Three months Ended June 30, 2003

For the quarter ended June 30, 2003, The Company had a net loss of $236,000 compared to loss of $657,000 for the third quarter of fiscal 2002. Administrative expenses were down by $130,000 due to lower professional fees ($28,000), lower Toronto Stock Exchange ("TSX") fees ($75,000) and lower travel and other expenses ($27,000). There were no write downs of mining properties during the current quarter and a write-off of costs associated with the unsuccessful Meseta copper drilling program ($229,000) in the third quarter of fiscal 2002. The foreign exchange gain is the result of keeping proceeds from financings during the quarter in Canadian dollars. The decrease in interest expense of $24,000 is due to refinancings in fiscal 2002.

On April 25, 2003, the TSX approved a reduction in the exercise price for a limited period of time of outstanding warrants and broker warrants issued in connection with the March 28,2002, private placement. The warrants were revalued resulting in a transfer to retained earnings of $108,153, representing the excess of the original fair value over the revised fair value of these warrants.

On June 4, 2003, the TSX approved a reduction in the exercise price of broker warrants issued in connection with private placements on April 6,2001 and June 20,2001. The warrants were revalued resulting in a transfer to retained earnings of $7,675, representing the excess of the original fair value over the revised fair value of these warrants.

For the quarter ended June 30, 2002, the Company has a net loss of $657,000 compared to a loss of $104,000 for the third quarter of fiscal 2001. The higher loss was due to higher professional fees ($134,000) and TSX fees ($124,000); the write-off of costs associated with the unsuccessful Meseta copper drilling program ($229,000); higher foreign exchange loss ($36,000) due to the stronger Canadian dollar and higher interest expense ($30,000) due to refinancings.

For the Nine months Ended June 30, 2003

For the nine months ended June 30, 2003, the Company had a net loss of $806,000 compared to a net loss of $1,096,000 (excluding the gain on extinguishment of debt of $146,000) for the corresponding period in fiscal 2002. Administrative expenses increased by $32,000. The Board of Directors issued 2,250,000 common shares to an officer of the Company as compensation for services. The shares were assigned a value of Cdn $0.09 per share, the closing price on the TSX on February 4, 2003, resulting in a charge to income of $133,000. This charge was offset by lower professional fees, lower TSX fees and lower travel and other expenses.

There were no write downs of mining properties during the current period ended June 30, 2003 and a write-off of costs associated with the unsuccessful Meseta copper drilling program ($229,000) in the nine months ended June 30, 2002.

Interest expense was down $76,000. A promissory note due December 31, 2001, bearing no interest, was not paid and under the terms of the note the Company was liable to pay interest at 10% per annum for the period from March 13, 2000, until the note was paid or its terms renegotiated. Accrued and unpaid interest amounted to $73,912 as at February 28, 2002 and on March 1, 2002, the Company issued a new promissory note.

For the nine months ended June 30, 2002, the company had a net loss of $1,096,000 (excluding the gain on extinguishment of debt of $146,000) compared to net loss of $1,475,000 for the same period in fiscal 2001 which included a charge of $1,087,000 for common shares of the Company issued to certain officers in lieu of salaries having been paid such persons for several years. Excluding this charge, expenses were higher due to increased professional fees, TSX fees, the write-off of costs associated with the unsuccessful Meseta copper drilling program, the stronger Canadian dollar and higher interest expense.

During the fiscal quarter ended September 30, 2002, the fair values initially assigned to the new note and new debenture issued in the quarter ended March 31, 2002, to refinance an existing note and debenture were increased by $169,00 resulting in increases in note payable of $47,000, debenture payable of $31,000 and contributed capital of $91,000 with a corresponding reduction of $169,000 in reacquired debt. Loss per share for the period ended March 31, 2002, remained unchanged at $0.00.

Liquidity and Capital Resources

The acquisition, exploration, financing and development of natural resources requires the expenditure of significant funds before production commences. To date, the Company has financed these activities through the issuance of its common shares and debentures, bank debt and extended terms from creditors. The Company expects to use bank or debt financing, joint venture and/or sales of its interest in some of its mineral prospects as well as the issuance of common shares, as market conditions permit, to finance future activities. The Company does not currently possess the capital required to develop its projects and without such capital the potential for impairment of its projects exists. Subsidiaries controlled by the Company are permitted to enter into project financing arrangements on a non-recourse basis to the Company. Under the terms of its new promissory note, the Company's ability to borrow is limited to its current debt of $1,725,000, obligations under leases or as specifically permitted under the agreement. Funding opportunities for the Company’s exploration and development activities relating to its Pimenton gold project are being affected by gold price levels.

Cash was $376,000 at June 30, 2003. In connection with a private placement on April 6, 2001, the Company issued 728,471 broker warrants, exercisable at Cdn. $ 0.0956 per common share and expiring on April 5, 2005. The warrants were assigned a value of $9,217. On June 4, 2003, the TSX approved a reduction of the exercise price from Cdn. $0.0956 to Cdn. $0.065 per common share for these broker warrants, effective for the period from June 19, 2003, to June 29, 2003, following which date the exercise price would return to Cdn. $0.0956 per common share. The warrants were revalued at $800. The excess of the original fair value over the revised fair value of $8,417 was transferred to retained earnings. The warrants were exercised for a net proceeds of $31,562.

In connection with a private placement on June 20, 2001, the Company issued 480,000 broker warrants, exercisable at Cdn. $ 0.0956 per common share and expiring on June 20, 2006. The warrants were assigned a value of $590. On June 4, 2003, the TSX approved a reduction of the exercise price from Cdn. $0.0956 to Cdn. $0.065 per common share for these broker warrants, effective for the period from June 19, 2003, to June 29, 2003, following which date the exercise price would return to Cdn. $0.0956 per common share. The warrants were revalued at $1,332. The deficit of the original fair value under the revised fair value of $742 was transferred to retained earnings. The warrants were exercised for a net proceeds of $20,797.

In connection with a private placement on March 28, 2002, the Company issued 2,050,000 broker warrants, exercisable at Cdn. $ 0.080 per common share and expiring on March 28, 2004. The warrants were assigned a value of $20,955. On April 25, 2003 the TSX approved a reduction of the exercise price from Cdn. $0.080 to Cdn. $0.060 per common share for these broker warrants, effective for the period from May 30, 2003, to June 10, 2003, following which date the exercise price would return to Cdn. $0.080 per common share. The warrants were revalued at $4,783. The excess of the original fair value over the revised fair value of $16,172 was transferred to retained earnings. The warrants were exercised for a net proceeds of $89,813.

In connection with a private placement on March 28, 2002, the Company issued 12,000,000 warrants, exercisable at Cdn. $ 0.080 per common share and expiring on March 28, 2004. The warrants were assigned a value of $122,661. On April 25, 2003, the TSX approved a reduction of the exercise price from Cdn. $0.080 to Cdn. $0.060 per common share for these warrants, effective for the period from May 30, 2003, to June 10, 2003, following which date the exercise price would return to Cdn. $0.080 per common share. The warrants were revalued at $27,304. The excess of the remaining original fair value ($119,185) over the revised fair value of $91,981 was transferred to retained earnings. From June 3 to June 10, 2003, 7,501,669 warrants were exercised for a net proceeds of $287,931.

During April and May 2003 participants in the February 12, 2002, private placement exercised 8,436,368 warrants at a price of Cdn. $0.055 per share for a net proceeds of $296,792. In addition 2,400,000 brokers warrants issued in connection with this private placement were exercised at a price of Cdn. $0.055 per share for a net proceeds of $83,897.

During January 2003, participants in the February 2002 private placement exercised 2,206,061 warrants at a price of Cdn. $0.055 per share for a net proceeds of $73,128. Also during January 2003, a participant in the March 28, 2002 private placement exercised 340,000 warrants at a price of Cdn. $0.08 per share, for a net proceeds of $17,835.

Cash was $587,000 at June 30, 2002. In February 2002, the Company sold 24,000,000 units at a price of Cdn $0.04125 per unit, each unit comprised of one common share and one half on one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of Cdn $0.055 per common share for 24 months from the date of issuance. Net proceeds were $527,098 of which $80,009 was assigned to the warrants and $16,002 was assigned to the brokers warrant. In addition, certain officers and directors purchased 11,661,368 common shares without warrants at Cdn $0.04125 per share. The issuance of these shares was subject to the approval by the shareholders of the Company of a proposal to increase the Company's authorized share capital at its annual and special meeting be held on March 27, 2002. The shareholders approved such increase. Proceeds, net of issuance cost, were $278,000.

On March 28, 2002, the Company sold through a private placement 24,000,000 units at Cdn $0.06 per unit, each unit comprised of one common share and one half on one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of Cdn $0.08 per common share for 24 months from the date of issuance. In addition the Company sold 2,200,000 common shares without warrants at Cdn $0.06 per common share. Net proceeds were $858,730 of which $122,661 was assigned to the warrants and $20,955 was assigned to a brokers warrant.

Also during the period ended June 30, 2002, participants in the April 6, 2001, and June 20, 2001, private placements exercised 1,625,833 warrants at a price of Cdn $0.085 per share for a net proceeds of $87,214.

In addition the Company was successful in renegotiating the terms of one of its notes and its debenture. The maturity date of the note was extended from December 31, 2001, to December

31, 2004, and the interest rate reduced from 10% to 5% in consideration of the issuance of a note convertible at Cdn $0.115 per common share and a warrant to purchase 5,217,391 common shares of the Company at Cdn $0.115 per common share, expiring December 31, 2004. At December 31, 2002, the lenders granted the Company a waiver with respect to certain financial covenants and the Company agreed, among other things, to renegotiate the conversion price of Cdn $0.115 per share subject to TSX approval. The maturity date of the debenture was extended from September 30, 2005, to October 31, 2005, and interest payable at 5% per annum commencing January 1, 2003, instead of January 1, 2002, in consideration of the issuance of a debentures convertible at Cdn $0.115 per common share and a warrant to purchase 4,347,826 common shares of the Company at Cdn $0.115 per common share, expiring two years from the date of issuance.

During May 2002, the No. 5 Debenture of a principal amount of Cdn $500,000 ($315,000) was converted at a price of Cdn $0.115 per common share and 4,347,826 common shares were issued. The fair value of the No. 5 Debenture ($161,444) was credited to Capital Stock.

Outlook

The Company's future profitability is dependent upon its success in identifying economically recoverable resources and its ability to sell, joint venture or finance the construction and operations to extract such resources.

- SAGC has announced that detailed operating plans for restarting operations at its Pimenton gold mine have been completed and financing discussions are in progress.

- SAGC has appointed a Manager of Operations for its Pimenton gold mine.

- SAGC's recently completed exploration program had identified additional gold-bearing veins at its Pimenton gold mine which extend the potential of the existing high-grade gold reserves and inferred gold mineral resources at Pimenton.

- SAGC has also discovered a large and geologically significant tourmaline breccia pipe at its Pimenton property.

- The Company has completed a favorable feasibility study on its Cal Norte Lime Project and in October 2000 received all the requisite environmental permits. SAGC is pursuing project financing for this project with an estimated capital cost of $7,370,000.

- SAGC is in discussions for obtaining production financing for the Cal Norte lime project.

Government and regulatory authorities in the countries in which the Company operates will also affect future profitability. The Company is not aware of any current or pending regulations in these countries that would have a material impact on its operations.

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED
(A development stage company)

Consolidated Balance Sheets
(Expressed in thousands of United States dollars)

	June 30, 2003 (Unaudited)	September 30 2002
Assets		
Current Assets		
Cash and cash equivalents	$ 376	$ 445
Other current assets	182	98
	558	543
Equipment	34	39
Exploration properties	15,635	15,265
Other assets	47	11
Total Assets	$ 16,274	$ 15,858
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 275	$ 324
Other liabilities	43	3
	318	327
Notes payable	1,725	1,515
Non-controlling subsidiary shareholders' interest	195	143
Total Liabilities	2,238	1,985
Shareholders' Equity		
Share Capital	51,250	50,073
Contributed surplus	316	300
Warrants	235	485
Deficit	(37,765)	(36,985)
	14,036	13,873
Total liabilities and shareholders' equity	$ 16,274	$ 15,858

Nature of operations and going concern (Note 1)

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

Signed on behalf of the Board of Directors

John C. Duncan
Chairman

Stephen W. Houghton
Director

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED
(A development stage company)

Consolidated Statements of Operations and Deficit (Unaudited)
(Expressed in thousands of United States dollars except per share amounts)

	Three Months ended June 30, 2003	Three Months ended June 30, 2002	Nine Months ended June 30, 2003	Nine Months ended June 30, 2002	Cumulative from inception on May 6, 1991
Income					
Revenues from mining operations	$ -	$ -	$ -	$ -	$ -
Expenses					
Administrative	155	285	539	507	10,446
Write-down of mining properties	-	229	-	229	28,808
Foreign exchange	(15)	23	(14)	3	(244)
Interest	96	120	281	357	3,010
	236	657	806	1,096	42,020
Less:					
Gain on extinguishment of debt	-	-	-	146	3,683
Interest income	-	-	-	-	546
Net income (Loss)	$ (236)	$ (657)	$ (806)	$ (950)	$ (37,791)
Net income (Loss) per share					
Basic	$ -	$ (0.01)	$ -	$ (0.01)	
Diluted	$ -	$ (0.01)	$ -	$ (0.01)	
Deficit, beginning of period	$ 37,555	$ 32,220	$ 36,985	$ 31,927	$ -
Net income (Loss) for the period	(236)	(657)	(806)	(950)	(37,791)
Warrant revaluations gain	116	-	116	-	116
	$ 37,675	$ 32,877	$ 36,675	$ 37,877	$ 37,675

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

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED
(A development stage company)

Consolidated Statements of Cash Flows
(Expressed in thousands of US dollars)

	Three Months Ended June 30, 2003	Three Months Ended June 30, 2002	Nine Months Ended June 30, 2003	Nine Months Ended June 30, 2002	Cumulative from Inception on May 6, 1991
Operating Activities					
Net loss	$ (236)	$ (657)	$ (806)	$ (950)	$ (37,791)
Non-cash items					
Gain on extinguishment of debt	-	-	-	(146)	(3,683)
Write-downs of exploration properties	-	229	-	229	28,808
Accretion of interest in debentures and notes payable and amortization of deferred debt expense	96	88	281	333	2,033
Foreign exchange	(25)	20	(24)	3	(420)
Non-controlling subsidiary shareholder interest in consolidated loss	-	-	-	-	107
Amortization fo capital assets	-	1	5	5	82
Non-cash employee share compensation	-	-	133	-	1,220
Non-cash non-employee share compensation	-	-	-	-	142
	(165)	(319)	(411)	(526)	(9,502)
Change in non-cash working capital relating to operations	(199)	117	(213)	(18)	1,344
	(364)	(202)	(624)	(544)	(8,158)
Investing activities					
Exploration properties	(86)	(451)	(318)	(702)	(32,038)
Fixed asset acquisitions	-	-	-	-	(128)
Other assets	-	-	(38)	-	(1,475)
	(86)	(451)	(356)	(702)	(33,641)
Financing activities					
Shares issued	812	-	901	1,424	36,977
Warrants	-	-	-	87	705
Options exercised	-	-	-	-	16
Notes payable	-	-	-	-	2,012
Notes repaid	-	-	-	-	(56)
Debentures	-	-	-	-	2,733
Deferred debt expense	-	-	-	-	(34)
Non-controlling subsidiary shareholders' interest	-	-	-	-	(181)
	812	-	901	1,511	42,172
Effect of foreign exchange on cash used in foreign currency	10	-	10	-	3
Increase in cash and cash equivalents during the period	$ 372	(653)	(69)	265	376
Net cash and cash equivalents-beginning of period	4	1,240	445	8	-
Net cash and cash equivalents-end of period	$ 376	$ 587	$ 376	$ 273	$ 376

Supplemental cash flow information (Note 7)

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

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED
(A development stage company)

Notes to Unaudited Consolidated Financial Statements
(Expressed in United States dollars. All tabular amounts are expressed in thousands except number of shares.)

The accompanying unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company’s 2002 annual report.

1. Nature of operations; going concern

(a) Nature of Operations

The Company is a Canadian corporation, listed on the Toronto Stock Exchange (TSX), engaged in the acquisition, exploration and development of properties principally in Chile for the production of gold, copper and limestone. The Company is in the process of determining whether these properties contain ore reserves that are economically recoverable. All costs relating to the exploration and development of these properties are deferred. The recoverability of the amounts shown for exploration properties 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.

(b) 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 and they come due. No adjustments have been made to assets or liabilities in these consolidated financial statements should the Company not be able to continue normal business operations.

As of June 30, 2003, the Company reported a deficit of approximately $37.7 million. This condition casts significant doubt as to the ability of the Company to continue in business and meet its obligations as they come due. Management is considering various alternatives, including a private placement, to raise capital in 2003. Nevertheless, it is not possible to determine with certainty the success or adequacy of these initiatives.

The Company's continuance as a going concern is dependent on obtaining adequate resources through external funding or profitable operations. In the event that such resources are not secured, the assets may not be realized or liabilities discharged at their carrying amount and these differences could be material.

2. Share Capital

	Shares Issued	Amount
September 30, 2002	237,238,373	$50,073
Warrants exercised(a)	2,206,061	88
Warrants exercised(b)	340,000	21
Note Converted(c)	314,500	28
Compensation(d)	2,250,000	133
Warrants exercised(e)	728,471	32
Warrants exercised(f)	480,000	22
Warrants exercised(g)	2,050,000	95
Warrants exercised(g)	7,501,669	305
Warrants exercised(h)	2,400,000	100
Warrants exercised(h)	8,436,368	353
June 30, 2003	263,945,442	$51,250

(a) On January 20, 21 and 28, 2003, participants in the February 2002 private placement exercised 2,206,061 warrants at a price of Cdn $0.055 per share for a net proceeds of $73,128. A value of $14,709 was transferred from the initial value assigned to these warrants to share capital.

(b) On January 28, 2003, a participant in the March 2002 private placement exercised 340,000 warrants at a price of Cdn $0.08 per share, for a net proceeds of $17,835. A value of $3,475 was transferred from the initial value assigned to these warrants to share capital.

(c) On January 22, 2003, the promissory note holder converted Cdn $36,168 of such note into 314,500 common shares at a price of Cdn $0.115 per share, resulting in a reduction of $24,904 in the principal amount of the promissory note. In addition, $2,806 of the value initially assigned to the convertible feature of the note was transferred from contributed surplus to share capital upon conversion.

(d) On February 4, 2003, the Board of Directors authorized issuance of 2,250,000 common shares to an officer of the Company as compensation for services. The shares were assigned a value of Cdn $0.09 per share, the Toronto Stock Exchange ("TSX") closing price on February 4, 2003, and $133,487 was charged to salary expense.

(e) In connection with a private placement on April 6, 2001, the Company issued 728,471 broker warrants, exercisable at Cdn $0.0956 per common share and expiring on April 5, 2005. The warrants were assigned a value of $9,217. On June 4, 2003, the TSX approved a reduction of the exercise price from Cdn $0.0956 to Cdn $0.065 per common share for these broker warrants, effective for the period from June 19, 2003, to June 29, 2003, following which date the exercise price would return to Cdn $0.0956 per common share. The warrants were revalued at $800. The excess of the original fair value over the revised fair value of $8,417 was transferred to retained earnings. The warrants were exercised for a net proceeds of $31,562. The $800 value assigned to the warrants was transferred to share capital.

(f) In connection with a private placement on June 20, 2001, the Company issued 480,000 broker warrants, exercisable at Cdn $0.0956 per common share and expiring on June 20, 2006. The warrants were assigned a value of $590. On

June 4, 2003, the TSX approved a reduction of the exercise price from Cdn $0.0956 to Cdn $0.065 per common share for these broker warrants, effective for the period from June 19, 2003, to June 29, 2003, following which date the exercise price would return to Cdn $0.0956 per common share. The warrants were revalued at $1,332. The deficit of the original fair value under the revised fair value of $742 was transferred to retained earnings. The warrants were exercised for a net proceeds of $20,797, The $1,332 value assigned to the warrants was transferred to share capital.

(g) In connection with a private placement on March 28, 2002, the Company issued 12,000,000 warrants, exercisable at Cdn $0.080 per common share and expiring on March 28, 2004. The warrants were assigned a value of $122,661. On April 23, 2003, the TSX approved a reduction of the exercise price from Cdn $0.080 to Cdn $0.060 per common share for these warrants, effective for the period from May 30, 2003, to June 10, 2003, following which date the exercise price would return to Cdn. $0.080 per common share. The warrants were revalued at $27,304. The excess of the remaining original fair value ($119,183) over the revalue fair value of $91,981 was transferred to retained earnings. From June 3 to June 10, 2003, 7,501,669 warrants were exercised for a net proceeds of $287,931. The $17,502 value assigned to these warrants was transferred to share capital.

In addition, the exercise price for 2,050,000 broker warrants issued in connection with this private placement was also reduced from Cdn $0.08 to Cdn $0.06 for the same period. The broker warrants were revalued at $4,783. The excess of the original fair value ($20,956) over the revised fair value of $16,172 was transferred to retained earning. 2,050,000 warrants were exercised for a net proceeds of $89,813. The $4,783 value assigned to these warrants was transferred to share capital.

(h) During April and May 2003 participants in the February 12, 2002, private placement exercised 8,436,368 warrants at a price of Cdn $0.055 per share for a net proceeds of $296,792. A value of $56,249 assigned to these warrants was transferred to share capital.

In addition, 2,400,000 broker warrants issued in connection with this private placement were exercised at a price of Cdn $0.055 per share for a net proceeds of $83,897. A value of $16,002 assigned to these warrants was transferred to share capital.

3. Notes Payable

On March 1, 2002, the Company issued a new promissory note of a principal amount of Cdn $600,000 ($378,000) with a maturity date of December 31, 2004, interest payable at 5% per annum commencing on March 1, 2002, and 5,217,391 warrants in payment of the original promissory note. The new promissory note is convertible into shares of the Company at a conversion price of Cdn $0.115 per common share. The note contains covenants including a financial covenant requiring the maintenance of minimum working capital of $100,000, restrictions on the payment of interest and the borrowing capacity is limited to its current debt, obligations under leases or as specifically permitted under the agreement. At December 31, 2002, the Company did not meet all of the financial covenants of this promissory note and the lender has granted the Company a waiver with respect to such covenants including the maintenance of a minimum working capital requirement and the payment of interest on the Pimenton notes until April 30, 2004. In addition, any interest due under this promissory note through February 28, 2003, will become part of the note's principal and the conversion price of Cdn $0.115 per common share will be renegotiated subject to TSX approval.

4. Related Party Transactions

A company owned by an officer and shareholder of the Company was paid approximately $67,000 and $27,000 for the periods ending June 30, 2003 and 2002 for the provision of office space and services to the Company.

Other current assets include advances to an officer of the Company of $152,989 and $68,928 at June 30, 2003, September 30, 2002, respectively.

A law firm, of which an office is a member, was paid approximately $47,000 and $114,000 for the periods ending June 30, 2003 and 2002. These services were provided at rates similar to those charged non-related parties.

Accounts payable and accrued liabilities as at June 30, 2003, and September 30, 2002, include $58,251 and $22,027 for interest due to an officer and director of the Company who holds one of the Pimenton notes in the amount of $696,600.

Two officers and directors of the Company hold the minority interest in CM Catedral.

5. Quarterly Report

During the quarter ended September 30, 2002, the fair values initially assigned to the new note and new debenture issued in the second quarter to refinance an existing note and debenture were increased by $169,000 resulting in increases in notes payable of $47,000, debenture payable of $31,000 and contributed capital of $91,000, with a corresponding reduction of $169,000 in reacquired debt.

Loss per share for the period ended June 30, 2003, remained unchanged at $0.01.

6. Contributed Surplus and Warrants

On October 25, 2002, and December 15, 2002, warrants in the amounts of $18,438 and $391, respectively, expired and were transferred to contributed surplus. On January 22, 2003, a promissory note holder converted a portion of the note to common shares and $2,806 of the value initially assigned to the convertible feature of the note was transferred from contributed surplus to share capital.

7. Supplemental cash flow information

	Three months ended June 30, 2003	Three months ended June 30, 2002	Nine months ended June 30, 2003	Nine months ended June 30, 2002
(a) Significant non-cash financing and investing activities				
Promissory note converted to share capital	$ -	$ -	$ 25	$ -
Warrants issued in settlement of debentures	-	-	-	-
Warrants	116	-	250	-
Share capital	-	-	(143)	-
Shares issued in payment of exploration properties	-	-	-	-
Warrants converted to share capital	-	-	-	-
Contributed surplus	-	-	(16)	-
Retained earnings	(116)	-	(116)	-
Exploration properties	52	-	52	-
Non-controlling subsidiary shareholders' interest	(52)	-	(25)	-
(b) Other information				
Taxes paid	-	-	-	-
Interest paid	7	-	43	-

Directors* and Officers

Paul J. DesLauriers*(1), (2)
Toronto, Canada
Executive Vice President and Director
Corporate Finance
Loewen, Ondaatje, McCutcheon & Company
Limited, Toronto, Canada

John C. Duncan*(1),(2)
New York, New York
Chairman of the Board
Former Chairman, Cyprus Minerals Company;
Former Chairman, President and CEO,
St. Joe Minerals Company

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

Stephen W. Houghton*
New York, New York
President and Chief Executive Officer
Founder of South American Gold and Copper
Company Limited

Jay C. Kellerman
Toronto, Ontario, Canada
Secretary
Stikeman Elliott

William C. O'Donnell
New York, New York
Executive Vice President and Chief Financial Officer
Former Vice President and CFO,
St. Joe Minerals Company

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

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

Corporate Information

Toronto Stock Exchange
Stock Symbol: SAG

Solicitors:
Stewart McKelvey Stirling Scales
Halifax, Nova Scotia, Canada
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