SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED

Report to Shareholders
For the
Third Quarter Ended
June 30, 2004

Listed on the Toronto Stock Exchange
Symbol: SAG

The financial statements for the period ended June 30, 2004, have not been reviewed by the Company's auditors.

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED

Report to Shareholders
(Expressed in United States dollars unless otherwise stated)

The Company's activities for its third fiscal quarter ended June 30, 2004 and to the date of this report are summarized below.

PIMENTON

We are pleased to report that our 100% owned Pimenton gold mine commenced commercial operations on July 1, 2004. In May, 2004, Pincock, Allen & Holt ("PAH"), an independent mining consulting engineering firm, headquartered in Denver, Colorado, made a site visit to Pimenton and subsequently issued its certification to the Overseas Private Investment Corporation ("OPIC") that the Pimenton mine, plant and related infrastructure facilities had achieved physical completion as defined under the loan agreement between OPIC and Compania Minera Pimenton ("CMP"). On receipt of this certificate, OPIC funded on May 24, 2004 the balance of $1,600,000 of the $2,800,000 term loan facility to CMP.

During June, 2004, low grade stockpiled ore was fed into the plant as additional fine tuning and adjustments were made to the crushing section and flotation circuit of the plant. The Knelson gold concentrator was also installed during the month of June, 2004.

Preliminary production results for the month of July were:

Tons of Copper/Gold/Silver Flotation Concentrates Produced: 156.7 dry metric tons

Average grade of gold per ton:	3.27 ounces
Average grade of copper per ton:	17.25%
Average grade of silver per ton:	4.87 ounces

Tons of Knelson Gravity Circuit Gold Concentrates Produced: 3.45 dry metric tons

Average grade of gold per ton:	109.39 ounces
Average grade of silver per ton:	19.09%
Average grade of copper per ton:	1.38%

We are continuing to make improvements in plant operations and in the operation of the Knelson Concentrator gravity circuit which is producing the gold concentrates. During the last ten days of July, the average grade of gold in the gold concentrates produced increased to 145 ounces of gold per ton, compared with 37.7 ounces of gold per ton averaged in the first 16 days of operation.

During the first twenty days of July, the estimated head grade of ore into the mill was approximately 0.247 ounces of gold per ton and 1.2% copper which was taken from earlier stockpiled lower grade ore and purposely used as plant feed while improvements were being made to the flotation process and operations of the Knelson Concentrator. In the last ten days of July, the head grade of ore into the mill averaged 0.546 ounces per ton and 1.5% copper as higher grade production ore was fed into the plant. This head grade is expected to improve to the originally projected head grade of 0.598 ounces per ton and 1.6% copper as further refinements are made to mining, explosive and ore extraction techniques.

Total tons of copper/gold/silver concentrate shipped to the Enami smelter at Ventana, Chile, in July were 222.9 dry metric tons, including 66.2 tons shipped in late June, but for which no sales proceeds were received until July.

Tons of ore processed through the plant in July averaged approximately 70 tons per day.

The plant is currently processing approximately 100 to 115 tons per day and we expect to hold this rate of production through the end of September, 2004.

PIMENTON – PORPHYRY COPPER MINERALIZATION

We are currently working on an exploration program for the up coming exploration season in Chile, which contemplates an additional diamond drill program and further induced polarization (IP) surveys to further define the porphyry copper mineralization at Pimenton..

LIME STONE PROJECTS

We are in preliminary discussions with a major mining company which has expressed an interest in sourcing a long term supply of Chilean produced lime. These discussions include establishing a series of laboratory testing procedures which could confirm the ability of the Catedral limestone ($CaCO3$) to produce an acceptable grade metallurgical grade lime (CaO) for use in this company's plant operations.

CONCLUSION

We are gratified by the patience and support of our shareholders and the support of OPIC, without whose confidence SAGC would not have achieved the status of being a commercial gold producing company. We would also like to thank our employees, suppliers and contractors who have worked diligently over the last seven months to place Pimenton into operation.

Sgd. "John C. Duncan"
John C. Duncan
Chairman

Sgd. "Stephen W. Houghton"
Stephen W. Houghton
President and Chief Executive Officer

Halifax, Nova Scotia
August 16, 2004

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED
(A development stage company)
MANAGEMENT 'S DISCUSSION AND ANALYSIS OF
FINANCIAL POSITION AND RESULTS OF OPERATIONS
THIRD FISCAL QUARTER ENDED JUNE 30, 2004
(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 2003 annual report to shareholders.

Results of Operations

The Company is engaged in exploration and development activities and to date has had no operating income or cash flows. 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 will be transferred from exploration properties to producing properties and will be amortized into operations using the unit-of-production method over the estimated useful lives of the related ore reserves. Management regularly reviews the carrying value of each mineral property using estimated undiscounted cash flows from each project. When review suggests impairment, the carrying value of the project would be reduced to the extent it exceeded the estimated future net cash flows.

The Company reported losses of $428,000 and $236,000 for the three months ended June 30, 2004 and 2003, respectively and losses of $1,321,000 and $806,000 for the nine months ended June 30, 2004 and 2003, respectively. The increase in loss of $353,000 for the three months ended June 30, 2004 and $515,000 for the nine months ended June 30, 2004 was primarily due to, increased management, accounting and finance, human resources, and general office expense in the Santiago office associated with the start-up of the Pimenton mine, foreign exchange losses and higher interest.

For the Three months Ended June 30, 2004

For the quarter ended June 30, 2004, the Company had a net loss of $428,000 compared to loss of $236,000 for the third quarter of fiscal 2003. Administrative expenses increased by $148,000 due to higher management, accounting and finance, human resources, and general office expenses in the Santiago office ($101,000), higher professional fees ($23,000) and higher travel expense ($24,000), all due to start-up work at Pimenton.

The increase in the foreign exchange loss of $21,000 was the result of keeping proceeds from financings in Canadian dollars.

Interest expense increased by $23,000 primarily due to amortization of debt cost and interest on the OPIC loan.

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For the Nine Months Ended June 30, 2004

For the nine months ended June 30, 2003, the Company had a net loss of $1,321,000 compared to a net loss of $806,000 for the corresponding period in fiscal 2003.

On April 1, 2004, CM Pimenton, a subsidiary of the Company, converted to a new accounting system. During the conversion process it identified certain costs that were recorded in exploration properties and should have been identified as general and administrative expenses. Such costs amounted to $67,000 and $94,000 for the quarters ended December 31, 2003 and March 31, 2004, respectively. The Company's consolidated statements of operations and deficit for the quarters ended December 31, 2003 and March 31, 2004 and for the six months ended March 31, 2004 have been restated (Note 10).

Administrative expenses increased by $344,000. The nine month period ended June 30, 2003 included a charge of $133,000 for 2,250,000 common shares issued to an office an officer of the Company as compensation for services. Excluding this charge administrative expenses have increased by $477,000 due to higher management, accounting and finance, human resources, and general office expenses in the Santiago office ($343,000), higher professional fees ($39,000) and higher travel expense ($36,000), all due to start-up work at Pimenton. In addition higher shareholder expense ($59,000) was the result of higher marketing and investor relations activity primarily an information program aimed at increasing investor and shareholder knowledge of the Company's activities.

The foreign exchange loss of $31,000 is primarily the result of first quarter foreign exchange gains of $74,000 due to the strong Canadian and Chilean currencies reversing during the second and third quarters.

The increase in interest expense of $126,000 is due to a $78,000 charge resulting from the conversion of a promissory note into common shares of the Company before interest was fully accrued on the discounted note. The balance of the increase of $48,000 is primarily due to amortization of debt expense and interest expense on the OPIC loan offset by reduced interest on the promissory note.

Liquidity and Capital Resources

The acquisition, exploration, financing and development of natural resources require the expenditure of significant funds before production commences. To date, the Company has financed these activities through the issuance of common shares, warrants, promissory notes and debentures. The Company expects to use bank or debt financing as well as the issuance of common shares, as market conditions permit, to finance future activities. At June 30, 2004 the Company possessed the capital required to develop its Pimenton project and bring it into production. The Company does not possess the capital required to develop its other projects and, without such capital, the potential for impairment of such projects exists. Funding opportunities for the Company's gold exploration and development activities are affected by gold price levels.

Unrestricted cash was $734,000 at June 30, 2004.

During November 2003, the Company sold through a private placement 49,880,214 units at Cdn. $0.07 per unit, each unit comprised of one common share and one half of one common share purchase warrant to purchase a further common share at Cdn. $0.09 per share at any time within 24 months of the date of issue. The private placement closed in three tranches on November 10, 25 and 27, 2003. In connection with this private placement, the Company also issued 4,974,271 brokers warrants, each exercisable at Cdn. $0.09 per share, expiring 24 months from the date of issue. Net proceeds of the placement were $2,342,079 of which $167,663 was assigned to warrants and $33,439 assigned to the broker warrants, using the Black-Scholes valuation model. (Note 7)

On December 10, 2003, the Company sold through a private placement 40,000,000 units at Cdn. $0.07875 per unit, each unit comprised of one common share and one common share purchase warrant to purchase a further common share at Cdn. $0.105 per share at any time within 36 months of the date of issue. In connection with this private placement, the Company also issued 3,585,588 brokers warrants, each exercisable at Cdn. $0.105 per share, expiring 36 months from the date of issue. Net proceeds of the placement were $2,137,052, of which $391,286 was assigned to warrants and $35,075 assigned to the broker warrants, using the Black-Scholes valuation model. (Note 7)

On March 20, 2003, Compania Minera Pimenton ("CM Pimenton") a subsidiary of the Company, filed a loan application with the Overseas Private Investment Corporation ("OPIC"), headquartered in Washington, DC, to finance part of the estimated $4,000,000 required to restart operations at Pimenton. Following receipt of a report from Pincock, Allen & Holt, a mining engineering consulting firm, and further due diligence by OPIC, CM Pimenton entered into a loan commitment agreement dated October 29, 2003 and on December 29, 2003, signed a loan agreement for $2,800,000 project financing. On January 30, 2004, CM Pimenton drew down $1,200,000 of the OPIC commitment. During May, 2004, CM Pimenton reached physical completion and on May 25, 2004 drew down the second tranche of $1,600,000 of the OPIC commitment (Note 6).

During December 2003 and January 2004, a promissory note holder converted $454,904 of the note into 5,148,035 common shares of the Company and $43,750, the value assigned to the convertible feature of this promissory note, was transferred from contributed surplus to share capital (Note 7).

During January, February and March 2004, warrant holders converted 11,910,538 warrants into common shares of the Company for net proceeds of $862,929 and $42,909, the value originally assigned to these warrants, was transferred to share capital from warrants (Note 7).

During January 2004, an officer and director of the Company exercised 8,000,000 options into common shares of the Company for net proceeds of $331,152 (Note 7).

On June 16, 2004 an employee exercised 250,000 options at a price of Cdn. $0.045 per share and 400,000 options at a price of Cdn. $0.09 per share for a net proceeds of $34,509 (Note 7).

IVA taxes receivable-$1,605,000 at June 30, 2004

Historically the Company has capitalized IVA taxes paid as part of its exploration properties. The Pimenton project reached physical completion in May, 2004 and will commence production in July, 2004. The sale of Pimenton production during its first year of operation will enable it to recover all of the IVA taxes paid by CM Pimenton. Accordingly $1,605,000 has been reclassified from exploration properties to IVA taxes receivable in current assets (Note 9).

Restricted cash was $1,177,000 at June 30, 2004.

Under the terms of the loan agreement with OPIC, the Company is required, among other things, to establish an equity reserve account in lieu of a construction and completion bond and a debt service reserve account. Accordingly, cash in the amount of $1,177,000 has been designated as restricted on the accompanying balance sheet

Outstanding share information at June 30, 2004

The Company's authorized capital is 850,000,000 common shares without nominal or par value of which 381,142,949 common shares are outstanding. There are 78,469,782 warrants outstanding expiring at various dates through December 2006 and exercisable at prices of Cdn. $0.085 to $0.115 per common share. There are 35,585,000 options outstanding of which 32,335,000 are exercisable at Cdn. $0.045 to $0.090 per common share.

Outlook

The Company's primary focus in 2004 was to place the Pimenton mine into production and this was accomplished with physical completion of in May and testing in June, 2004. Production commenced in July, 2004. Estimated cash cost per ounce of gold over the seven year projected project life is $166.

Funding for restarting the Pimenton mine came from the $2,800,000 OPIC loan and $4,479,000 of private placements completed in the first quarter of fiscal 2004.

Mining operations are in full progress and ore is being shipped.

The Company will also continue its efforts to bring the Catedral and Cal Norte projects to the production stage.

Risks and Uncertainties

The Company's future profitability will be affected by metal prices, production levels, operating costs, currency fluctuations, interest rates and taxes. The Company updates mineral reserve estimates on which future production plans are based and these estimates are based on the interpretation of geological data which may affect production costs. The Company operates in an international environment, which introduces political risks.

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

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

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

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

	June 30, 2004 (Unaudited)	September 30 2003
	$	$
Assets		
Current Assets		
Cash and cash equivalents	734	112
IVA taxes and other receivables	2,054	213
Inventories	268	-
	3,056	325
Equipment	-	29
Exploration properties	19,803	15,855
Restricted cash	1,177	-
Other assets	329	80
Total Assets	24,365	16,289
Liabilities		
Current liabilities		
Current portion of notes payable	622	-
Accounts payable and accrued liabilities	698	355
Other liabilities	601	323
	1,921	678
Notes payable, less current portion	3,818	1,842
Non-controlling subsidiary shareholders' interest	136	136
Total Liabilities	5,875	2,656
Shareholders' Equity		
Share Capital	56,930	51,292
Contributed surplus	293	315
Warrants	798	236
Deficit	(39,531)	(38,210)
	18,490	13,633
Total liabilities and shareholders' equity	24,365	16,289

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

Sgd. "John C. Duncan"
John C. Duncan
Chairman

Sgd. "Stephen W. Houghton"
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,		Nine Months ended June 30,		Cumulative from inception on
	2004	2003	2004	2003	May 6, 1991
	$	$	$	$	$
Income					
Revenues from mining operations	-	-	-	-	-
Expenses					
Administrative	303	155	883	539	11,617
Write-down of mining properties	-	-	-	-	28,944
Foreign exchange	6	(15)	31	(14)	(222)
Interest	119	96	407	281	3,544
	428	236	1,321	806	43,883
Less:					
Gain on extinguishment of debt	-	-	-	-	3,683
Interest income	-	-	-	-	546
Loss before non-controlling shareholder's interest in consolidated subsidiary's Loss	(428)	(236)	(1,321)	(806)	(39,654)
Non- controlling shareholder's interest in consolidated subsidiary's Loss	-	-	-	-	7
Net loss for the period	(428)	(236)	(1,321)	(806)	(39,647)
Deficit, beginning of period	(39,103)	(37,555)	(38,210)	(36,985)	-
Warrant revaluations gain	-	116	-	116	116
Deficit - end of period	(39,531)	(37,675)	(39,531)	(36,675)	(39,531)
Basic and diluted loss per share	-	-	-	-	

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,		Nine Months Ended June 30,		Cumulative from Inception on
	2004	2003	2004	2003	May 6, 1991
Operating Activities	$	$	$	$	$
Net loss	(428)	(236)	(1,321)	(806)	(39,647)
Non-cash items					
Gain on extinguishment of debt		-	-	-	(3,683)
Write-downs of exploration properties		-	-	-	28,944
Accretion of interest in debentures and notes payable and amortization of deferred debt expense	93	96	335	281	2,495
Foreign exchange	21	(25)	46	(24)	(373)
Non-controlling subsidiary shareholder interest in consolidated loss	-	-	-	-	100
Amortization fo capital assets	-	-	29	5	116
Non-cash employee share compensation	-	-	-	133	1,260
Non-cash non-employee share compensation	16	-	16	-	142
	(298)	(165)	(895)	(411)	(10,646)
Change in non-cash working capital relating to operations	438	(199)	97	(213)	1,805
	140	(364)	(798)	(624)	(8,841)
Investing activities					
Exploration properties	(2,805)	(86)	(5,553)	(318)	(37,999)
Fixed asset acquisitions	-	-	-	-	(128)
Restricted cash	-	-	(1,177)	-	(1,177)
Other assets	-	-	-	(38)	(1,437)
	(2,805)	(86)	(6,730)	(356)	(40,741)
Financing activities					
Shares issued	-	812	5,342	901	42,319
Warrants	-	-	-	-	705
Options exercised	35	-	366	-	385
Notes payable	1,600	-	2,800	-	4,812
Notes repaid	-	-	-	-	(56)
Debentures	-	-	-	-	2,733
Deferred debt expense	(54)	-	(281)	-	(315)
Non-controlling subsidiary shareholders' interest	-	-	-	-	(181)
	1,581	812	8,227	901	50,402
Effect of foreign exchange on cash used in foreign currency	(68)	10	(77)	10	(86)
Increase in cash and cash equivalents during the period	(1,152)	372	622	(69)	734
Net cash and cash equivalents-beginning of period	1,886	4	112	445	-
Net cash and cash equivalents-end of period	734	376	734	376	734

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 the Consolidated Financial Statements
June 30, 2004 and 2003
(Expressed in United States dollars)
(All tabular amounts are expressed in thousands except number of shares.)

1. 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, 2003. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's 2003 annual report.

2. 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.

3. Going concern

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

As at June 30, 2004, the Company reported a deficit of approximately $39.5 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 continues to use various alternatives, including private placements and debt issuance to raise capital to finance operations.

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 amounts, and these differences could be material.

4. Related party transactions

A company owned by an officer, director and shareholder of the Company was paid approximately $61,000 and $67,000 for the periods ending June 30, 2004 and 2003, respectively, for the provision of office space and services to the Company.

A law firm, of which an officer is a member, was paid approximately $80,000 and $47,000 during the periods ending June, 2004 and 2003, respectively, for the provision of legal services. These services were provided at rates similar to those charged to non-related parties.

Other current assets include advances to an officer and director of the Company of $265,000 and $171,871, as at June 30, 2004 and September 30, 2003, respectively.

An officer of the Company was paid $64,880 and $38,055 for the periods ending June 30 2004 and 2003, respectively, for accounting services rendered to the Company.

Accounts payable and accrued liabilities include $12,147 and $70,591 at June 30, 2004 and September 30, 2003, respectively, for interest due to an officer and director of the Company who holds one of the Pimenton notes in the amount of $817,500. Interest paid on this note was $82,733 and nil for the periods ending June 30,2004 and 2003, respectively.

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

5. Promissory Note

During fiscal 2003, Company did not meet all the covenants of its promissory note and the lender 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, became part of this note's principal and the conversion price of Cdn $0.115 per common share was to be renegotiated subject to Toronto Stock Exchange approval. Discussions to renegotiate the conversion price of the promissory were not successful and on October 21, 2003, the note was amended to add the interest due through February 28, 2003 to the principal and expressly confirmed that all other provisions of the note shall continue in full force and effect.

During December 2003 and January 2004, the promissory note holder converted $454,904 (Cdn. $592,024) of the note into 5,148,035 common shares resulting in a loss on conversion of $78,068 which was charged to interest expense during the period ended June 30, 2004. The value of $43,750 assigned to the convertibility feature of the note was transferred from contributed surplus to share capital.

6. New Financing

On March 20, 2003, Compañía Minera Pimenton ("CM Pimenton"), a subsidiary of the Company, filed a loan application with the Overseas Private Investment Corporation ("OPIC"), headquartered in Washington, DC, to finance part of the estimated $4,000,000 required to restart operations at Pimenton. Following receipt of the report Pincock, Allen & Holt, a mining engineering consulting firm, and further due diligence by OPIC, CM Pimenton entered into a loan commitment agreement dated October 29, 2003 and on December 29, 2003, signed a loan agreement for $2,800,000 project financing.

Under the terms of the loan agreement, the Company is required, among other things, to establish an equity reserve account in lieu of a construction and completion bond and a debt service reserve account. Accordingly, cash in the amount of $1,177,000 has been designated as restricted on the accompanying balance sheet.

In connection with the OPIC financing the Pimenton note holders have agreed to defer the repayment of their note until one year subsequent to the final repayment of the OPIC note.

On January 30, 2004, CM Pimento drew down $1,200,000 of the OPIC commitment at an annual interest rate of 8.27%. Interest payments are due semi-annually on June 15 and December 15, commencing June 15, 2004. Semi-annual principal payments of $133,333 are also due on June 15 and December 15, commencing December 15, 2004.

During May, 2004 , CM Pimenton reached physical completion and on May 25, 2004, CM Pimento drew down the second tranche of $1,600,000 of the OPIC commitment at an annual interest rate of 8.39%. Interest payments are due semi-annually on June 15 and December 15, commencing June 15, 2004. Semi-annual principal payments of $177,777 are also due on June 15 and December 15, commencing December 15, 2004.

The loan contains covenants, including a financial covenant requiring CM Pimenton to maintain a working capital ratio of not less than 1.25. In addition, CM Pimenton's indebtedness is limited to the (a) the loan, (b) indebtedness fully subordinated to the loan under the loan agreement, (c) trade credit incurred in the ordinary course of business not to exceed $600,000 requiring payment within 90 days, (d) unsecured short term credit facilities not to exceed $600,000 from commercial banks requiring repayment within 180 days, (e) intercompany debt and (f) unsecured indebtedness which will not cause CM Pimenton to fail the working capital ratio requirement.

On June 30, 2004, CM Pimenton was in compliance with all covenants except the working capital ratio requirement. OPIC has granted CM Pimenton a waiver with respect to the June 30, 2004, working capital requirement reducing it to 1.1.

7. Share Capital

	Shares Issued	Amount
September 30, 2003	265,304,162	$51,292
Share issuance(a)	49,880,214	2,141
Share issuance (b)	40,000,000	1,711
Note Converted(c)	5,148,035	499
Warrants exercised(d)	1,357,577	58
Warrants exercised(e)	2,408,335	151
Warrants exercised(f)	4,347,826	406
Warrants exercised(g)	3,100,000	237
Warrants exercised(h)	696,800	53
Options exercised(i)	8,000,000	331
Options exercised(j)	650,000	35
Share issuance(k)	250.000	16
June 30, 2004	381,142,949	$56,930

(a) During November 2003, the Company sold through a private placement 49,880,214 units at Cdn. $0.07 per unit, each unit comprised of one common share and one half of one common share purchase warrant to purchase a further common share at Cdn. $0.09 per share at any time within 24 months of the date of issue. The private placement closed in three tranches on November 10, 25 and 27, 2003. In connection with this private placement, the Company also issued 4,974,271 brokers warrants, each exercisable at Cdn. $0.09 per share, expiring 24 months from the date of issue. Net proceeds of the placement were $2,342,079 of which $167,663 was assigned to warrants and $33,439 assigned to the broker warrants, using the Black-Scholes valuation model.

(b) On December 10, 2003, the Company sold through a private placement 40,000,000 units at Cdn. $0.07875 per unit, each unit comprised of one common share and one common share purchase warrant to purchase a further common share at Cdn. $0.105 per share at any time within 36 months of the date of issue. In connection with this private placement, the Company also issued 3,585,588 brokers warrants, each exercisable at Cdn. $0.105 per share, expiring 36 months from the date of issue. Net proceeds of the placement were $2,137,052, of which $391,286 was assigned to warrants and $35,075 assigned to the broker warrants, using the Black-Scholes valuation model.

(c) During December 2003 and January 2004, the promissory note holder converted $454,904 of the note into 5,148,035 common shares. The value of $43,750 assigned to the convertible feature of the note was transferred from contributed surplus to share capital.

(d) During February 2004, participants in the February 12, 2002, private placement exercised 1,357,777 warrants at a price of Cdn. $0.055 per common share for a net proceeds of $55,794. The $2,955 value assigned to these warrants was transferred to share capital.

(e) During January, February and March 2004, participants in the March 28, 2002, private placement exercised 2,408,335 warrants at a price of Cdn. $0.08 per share for a net proceeds of $145,522. The value of $5,619 assigned to these warrants was transferred to share capital.

(f) During January and February 2004 the holder of a warrant issued on March 1,2002, in consideration for a debenture holder waiving all interest payments earned by it exercised 4,347,826 warrants at a price of Cdn. $0.115 for a net proceeds of $374,706. The value of $30,930 assigned to these warrants was transferred to share capital.

(g) During February and March 2004 the holder of a warrant issued on September 30, 2001, for consulting services exercised 3,100,000 warrants at a price of Cdn. $0.10 per share for a net proceeds of $234,907. The value of $2,703 assigned to these warrants was transferred to share capital.

(h) During March 2004, the holder of a warrant issued for drilling services on September 30, 2001, exercised 696,800 warrants at a price of Cdn. $0.10 per share for a net proceeds of $52,000. The value of $702 assigned to the warrant was transferred to share capital.

(i) During January 2004, an office and director of the Company exercised 3,000,000 options at a price of Cdn. $0.07 per share and 5,000,000 options at a price of Cdn. $0.045 per share for a net proceeds of $331,152.

(j) On June 16,2004, an employee exercised 250,000 options at a price of Cdn. $0.045 per share and 400,000 options at a price of Cdn. $0.09 per share for a net proceeds of $34,509.

(k) On June 16,2004, a consultant was issued 250,000 shares in part settlement for terminating his consulting agreement. The shares were valued at Cdn. $0.09 per share, the closing price on the TSX, for a value of $16,433.

8. Cancellation of Warrants

On December 9, 2003, David Thomson, and officer and director of the Company, and Merwin Bernstein cancelled 6,000,000 common share purchase warrants without any monetary compensation which were issued in 2000 at an exercise price of Cdn $0.51 per common share. Subject to TSX approval, the Company will issue replacement common share purchase warrants having an exercise price of Cdn. $0.25 per common share and an expiry date of 24 months following the date on which the loan from OPIC is repaid in full by Pimenton. The fair value of $7,500 assigned to these warrants was transferred to contributed surplus.

9. IVA Taxes Receivable

Historically the Company has capitalized IVA taxes paid as part of its exploration properties. The Pimenton project reached physical completion in May, 2004 and will commence production in July, 2004. The sale of Pimenton production during its first year of operation will enable it to recover all of the IVA taxes paid by CM Pimenton. Accordingly $1,605,000 of IVA taxes paid has been reclassified from exploration properties to IVA taxes and receivables in current assets.

10. Administrative Expenses

On April 1, 2004, CM Pimenton, a subsidiary of the Company, converted to a new accounting system. During the conversion process it identified certain costs that were previously recorded in exploration properties and should have been identified as general and administrative expenses. Such costs amounted to $67,000 and $94,000 for the quarters ended December 31,2003 and March 31,2004, respectively. The Company's consolidated statements of operations and deficit for the quarters ended December 31, 2003 and March 31, 2004 and for the six months ended March 31, 2004 are restated below. On the consolidated balance sheet exploration properties decreased from $16,584,000 to $16,517,00 and from $18,764,000 to $18,603,000 at December 31,2003 and March 31,2004, respectively. On the consolidated statement of cash flows, investments in exploration properties decreased from $679,000 to $612,000 and from $2,230,000 to $2,748,000 for the quarters ending December 31,2003 and March 31,2004, respectively, and from $2,909,000 to $2,748,000 for the six months ended March 31,2004.

Restated Consolidated Statements of Operations and Deficit (Unaudited)
(Expressed in thousands of US dollars, except per share amounts)

	Three Months Ended December 31,2003	Three Months Ended March 31,2004	Six Months Ended March 31,2004
Income	$	$	$
Revenue from Mining operations	-	-	-
Expenses			
Administrative	189	391	580
Foreign exchange	(74)	99	25
Interest	163	125	288
Net loss for the period	(278)	(615)	(893)
Deficit-beginning of period	(38,210)	(38,488)	(38,210)
Deficit- end of period	(38,488)	(39,103)	(39,103)
Basic and diluted loss per share	-	-	-

11. Supplemental cash flow information

	Three months ended June 30, 2004	Three months ended June 30, 2003	Nine months ended June 30, 2004	Nine months ended June 30, 2003
	$	$	$	$
(a) Significant non-cash financing and investing activities				
Promissory note converted to share capital	-	-	455	25
Warrants	-	116	23	250
Share capital	-	-	(542)	(143)
Warrants converted to share capital	-	-	43	-
Contributed surplus	-	-	21	(16)
Retained earnings	-	(116)	-	(116)
Exploration properties	(1,605)	52	(1,605)	52
Non-controlling subsidiary shareholders interest	-	(52)	-	(25)
(b) Other information				
Taxes paid	2	-	5	3
Interest paid	70	7	174	43

Form 52-309FT2 – Certification of Interim Filings during Transition Period

I, Stephen W. Houghton, President and Chief Executive Officer of South American Gold and Copper Company Limited, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure of Issuers' Annual and Interim Filings*) of South American Gold and Copper Company Limited (the issuer) for the interim period ending June 30, 2004;

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; and

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 flow of the issuer, as of the date and for the periods presented in the interim filings.

Date: August 16, 2004

Sgd. "Stephen W. Houghton"
Stephen W. Houghton
President and Chief Executive Officer

Form 52-309FT2 – Certification of Interim Filings during Transition Period

I, William C. O'Donnell, Vice President and Chief Financial Officer of South American Gold and Copper Company Limited, certify that:

4. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure of Issuers' Annual and Interim Filings*) of South American Gold and Copper Company Limited (the issuer) for the interim period ending June 30, 2004;

5. 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; and

6. 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 flow of the issuer, as of the date and for the periods presented in the interim filings.

Date: August 16, 2004

Sgd. "William C. O'Donnell"
William C. O'Donnell
Executive Vice President and
Chief Financial Officer

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

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Stock Registrar and Transfer Agent

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