

TORDILLO PROSPECT

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The Tordillo prospect lies 12 km south of the Pimenton camp and is 13 km east-northeast of the Noranda/Anglo American West Wall porphyry copper deposit as well as 3 km southeast of Anglo American's Novicio porphyry copper prospect. (See web site location and claim maps). The three projects and Pimenton all lie in the central porphyry copper belt of Chile. The upper part of Tordillo with an elevation of 4,600 meters can be seen from the camp at Pimenton.

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

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

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



Panorama of the Tordillo amphitheatre looking from due east to southwest. The lower ground corresponds to altered intrusive and breccias, while the higher ground to silicified and hematized volcanics.



Three meter boulder of leached silicified and sericitized breccia carrying remnant poly directional 2 to 3 millimeter thick veinlets of chalcopyrite.

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

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

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

The volcanics that form the high rim of the amphitheatre to the west, east, and south show the same reddish colour as the volcanics carrying the known veins to the north. It remains to be verified if they also carry gold copper veins.

The terrain is extremely rugged with elevations varying between 3,800 and 4,670 meters. Only a quarter of the terrain corresponding to the northern contact zone surrounding the

central depression has been examined in a cursory manner. The widespread leached and mineralized explosive breccias as well as the altered hornblende diorite porphyry with relic chalcopyrite needs to be mapped.

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 gold and copper veins which maybe widespread and represent a separate exploration target.

The presence of strong extensive explosive breccias is markedly different from Pimenton and reminiscent of the porphyry copper systems at Andina, Disputada de Las Condes, and El Teniente. Exploration next season should bring into perspective the vein potential and establish if the porphyry system is large enough to host possible economic copper mineralization.

SCOPE

During the last fifteen days of March, a three man crew comprising an experienced engineer prospector and two helpers, one of who is well versed in finding veins, examined roughly four square kilometers. They were guided by alteration and float. They worked out of Pimenton, as it is close by, and used mules to cover more ground. David and Matthew Thomson visited the prospect in early April and spent eight hours examining the geology of the altered zone.

EXPLORATION

Exploration next season will consist of three separate objectives.

As soon as the snow cover is off the amphitheatre of Tordillo, the entire amphitheatre will be geologically mapped and be covered with an 80 meter by 40 meter geochemical talus sample grid. Samples will be run for copper, molybdenum, lead, zinc, gold and silver. The geochemical anomalies will be tested with MMI geochemical talus sampling to pin point drill targets. All the geochemical work, including results from the MMI work should take six weeks.

Geochemical sampling of fines in the high Andes of Chile, Peru, and Argentina has proven to be very effective with little displacement of the anomalies. Our experience with MMI sampling at Pimenton has been good, closely confirming drill targets localized by geological mapping.

The second objective will be to evaluate the gold copper vein potential at Tordillo. In addition it should be feasible to develop a small ore reserve on a vein or veins at Tordillo that can be used to justify a small mining operation shipping the ore 25 kilometers to the Pimenton plant. This could make the exploration and development of the gold copper veins self-financing

The third objective is looking for large polymetallic veins.

The Tordillo geology and mineralization briefly described in this report occurs within an area of 400 hectares included within the northeast corner of the 6,880 hectares of claims held by South American Gold and Copper. These claims were filed to cover an area adjacent to another area long known to contain persistent polymetallic veins extending for over three kilometers as indicated by strong geochemical talus samples at around 3,800 to 4,000 meters in elevation as well as a vein showing strong massive chalcopyrite, galena and sphalerite with good gold and silver values over a width of 1.80 meters at an elevation of 2400 meters. The 1,400 meter elevation difference for the polymetallic mineralization in a district sense is extremely impressive. Anglo American has just completed two deep diamond drill holes looking for possible porphyry copper mineralization in their Novicio Prospect lying to the immediate north west of the known Tordillo gold copper veins. Anglo American's Chief Geologist has informed us these holes cut several polymetallic veins, no details are available. The polymetallic vein mineralization is known to be spread out over a very large area maybe exceeding 10,000 hectares. At present there are no known polymetallic veins within SAGC's claims, but it will be no surprise if they are found during next season's work.

The original reason for SAGC placing the 6,880 hectares of claims was to look for big polymetallic veins with good gold and silver values. The recently found gold copper veins and possible copper porphyry at Tordillo are a welcome addition.

To explore Tordillo and evaluate SAGC's claims will require two geologists, an engineer prospector, four helpers, two mule skinnners and up to ten mules at various times. Ideally work should start in early December and continue for four months until early April.

Estimated cost of exploring the possible Tordillo porphyry copper system, the gold copper, and inferred polymetallic veins within SAGC's 6680 hectares of claims next summer over four months is as follows:

Two Geologists	US\$	48,000
Engineer Prospector		8,000
Four Helpers		8,000
Mules and Mule skinner		6,000
Topographic 1:5000 map from air photographs		8,000
Assays. Geochemical 1000		12,000
MMI Samples 100		4,000
Rock Samples 500		7,500
Food and lodging tents and camping gear		10,000
Vehicles costs Rented		9,520
Subtotal		135,020
Contingencies 15 percent		20,280
TOTAL		<u>155,300</u>

DIAMOND DRILL PROGRAM

If results from the geological mapping and geochemical sampling are positive, a drill road will have to be made to selected drill targets. This will start beyond that needed to develop a small high grade ore reserve discussed below. The road will rise from 3,800 meters up to 4,250 meters over roughly six kilometers with an 8% grade and will involve some rockwork to gain access to the amphitheatre. Access roads needed within the amphitheatre for drill sites, is taken at two kilometers. The cost to drive the eight kilometers of road is presently taken at US\$60,000. This figure should be checked in early spring next season.

Road construction into the amphitheatre could start mid January 2006 and should be finished by March 1st leaving two months for drilling. The intention would be to drill 2,000 to 3,000 meters. Length of holes would be predicated on results. Costs for a drill program would be as follows.

8 Kilometers of road construction including drill pads.	US\$	60,000
3,000 Kilometers of diamond drilling including all related costs		390,000
Contingencies		<u>67,500</u>
TOTAL	US\$	517,500

DEVELOPMENT OF HIGH GRADE ORE RESERVES AND MINING AT TORDILLO

The development target for the gold copper veins at Tordillo is an initial 5,000 tons of accessible reserves above the mine workings averaging 15 to 20 g/t gold equivalent. It is possible 50 to 100 tons per day could be mined at Tordillo after three to four months of phased preparation work. A suggested phased program with costs is given below:

Phase 1.

Road construction of five kilometers. The new road will reach a 40 meter cliff at the northern edge of the known gold vein bearing area within volcanics. The road trace has been surveyed off Anglo American's road to their Novicio prospect. The proposed road climbs to 3800 meters over 5 km. Nearly all road work will be in talus. Time is estimated at 20 days and cost at US\$15,000 dollars.

To date exploration results Tordillo justify the new road.

Phase 2.

Detailed surface sampling and mapping of five or more veins, which occur across roughly 120 meters of strike. This work would be confined to some 200 meters of strike length across the valley that leads up to the Tordillo breccias. As much as possible of the veins surface expression would be exposed by hand. This phase could be completed in 15 days and would cost less than US\$10,000 dollars.

Phase 3.

If the surface sampling is a success, the veins can be explored and subsequently developed by a crosscut from the base of the 40 meter cliff already mentioned. The crosscut would cut the first vein at approximately 40 meters giving near 40 meters of back. On present information it appears less than 200 meters of crosscut would intercept all five veins. The surface work will determine which vein should be developed and the amount of crosscutting needed to intercept it. Cost for a guess estimated 100 meters of crosscut would be US\$40,000 dollars while time would be 30 days.

Phase 4.

With a probable stoping width of 80 centimeters and assuming a level interval of 50 meters, there is a good possibility the development target can be realized with 200 meters of drifting on structure and a 50 meter raise. This work could be done in 60 days.

200 meters of drifting at 350 dollars per meter with all in costs	US\$	70,000
50 meter raise to daylight at 250 dollars per meter all in costs		<u>12,500</u>
TOTAL		82,500

Total time to this point is 135 days and is considered reasonable. It is possible the crosscut may only be 40 meters and the drifting only 100 meters cutting the required time by 45 days to 90 days.

Summary of the above costs and capital equipment needed is as follows:

1.	Five kilometers of access road	US\$	15,000
2.	Mapping and sampling of high grade veins		10,000
3.	100 meter crosscut		35,000
4.	200 meters of drifting and 50 meter raise		82,500
5.	New 11/2 yard LHD Lease purchase down payment		72,600
7.	New 400 CFM electric compressor. Lease purchase		12,000
8.	Camp and maintenance facility		12,000
	Subtotal		264,100
	Contingencies 15 per cent		<u>39,615</u>
	TOTAL		303,715

Phase 5.

Mining would be by open stopes working off stulls with draw points for LHD on the level below as now done at Pimenton. This could start between three to four and a half months after the start of the program. Costs to do this mining are based on Pimenton and are given below. Costs include lease purchase costs of 6.04 dollars per ton for mining and a toll charge of US\$ 15.00 per ton for passing ore through the Pimenton plant.

OPERATING COSTS TO MINE:			
1.	Mining cost	US\$	81.40 Per ton
2.	Milling		43.00
3.	Assaying		6.47
4.	Trucking 25 kms to Pimenton plant		3.75
5.	Indirect		11.68
	Subtotal		145.94
	Unforeseen		<u>14.59</u>
	TOTAL		160.53

Ore value at 20 g/t gold equivalent with gold at US\$430 dollars an ounce and 90 per cent recovery is US\$248.94 dollars per ton. Ore value at 15 g/t gold equivalent with same price and recovery is US\$186.70 dollars per ton

Operating profit for 50 tons per day or 1,500 tons per month amounts to US\$132,615 dollars for 20g/t gold equivalent. For 15 g/t equivalent operating profit at the same production rate would be US\$39,225 per month.

This report shows that a phased program, conditional on results, could after the initial two phases lead to self financing exploration of the Tordillo vein project, an old and classic

way to open up a new mining district. Operations should be possible during the first years between early October and late April, or seven months per year

SUMMARY

Total estimated cost, excluding drilling for exploring the porphyry copper system as well as the gold copper veins and the inferred polymetallic veins within the 6,680 hectares of claims at Tordillo is US\$ 155,300 for next summer season. Development of potential high grade ore reserves on veins is an estimated US\$ 309,465 bringing the total for next season at US\$ 410,765. Pay back on this investment for a 50 ton per day mining operation producing 20 g/t gold equivalent would be less than four months and at 15 g/t gold equivalent less than twelve months. These short payback periods are aided by the 25 kilometers of easy access to the Pimenton plant site.

Based on positive and early exploration results on the Tordillo porphyry copper prospect it should be possible to initiate and complete a 3000 meter diamond drill program, costing US\$ 517,500, during next summer's exploration season.

In short for less than US\$ 464,765, SAGC's 6,880 hectares of claims can be explored, the well defined area carrying indications of a porphyry copper system can be brought into perspective with a high probability of being able to locate drill targets, and a small high grade ore reserve can probably be developed on the known gold copper veins leading to a small mining operation which has the potential to recover the initial investment.

If the diamond drill program is justified and the results of the porphyry exploration are available prior to February 1st 2006 a 3000 meter drill program can be completed prior to the onset of winter for a cost of US\$ 517,500. Total planned expenditure for next summer's exploration at Tordillo and assuming drilling is justified and completed would be some US\$ 982,265

The Tordillo claim area because of its early exploration results is a prospect showing a high potential for high grade gold copper veins, as well as the probable presence of polymetallic veins. It also carries strong indications of a porphyry copper system.