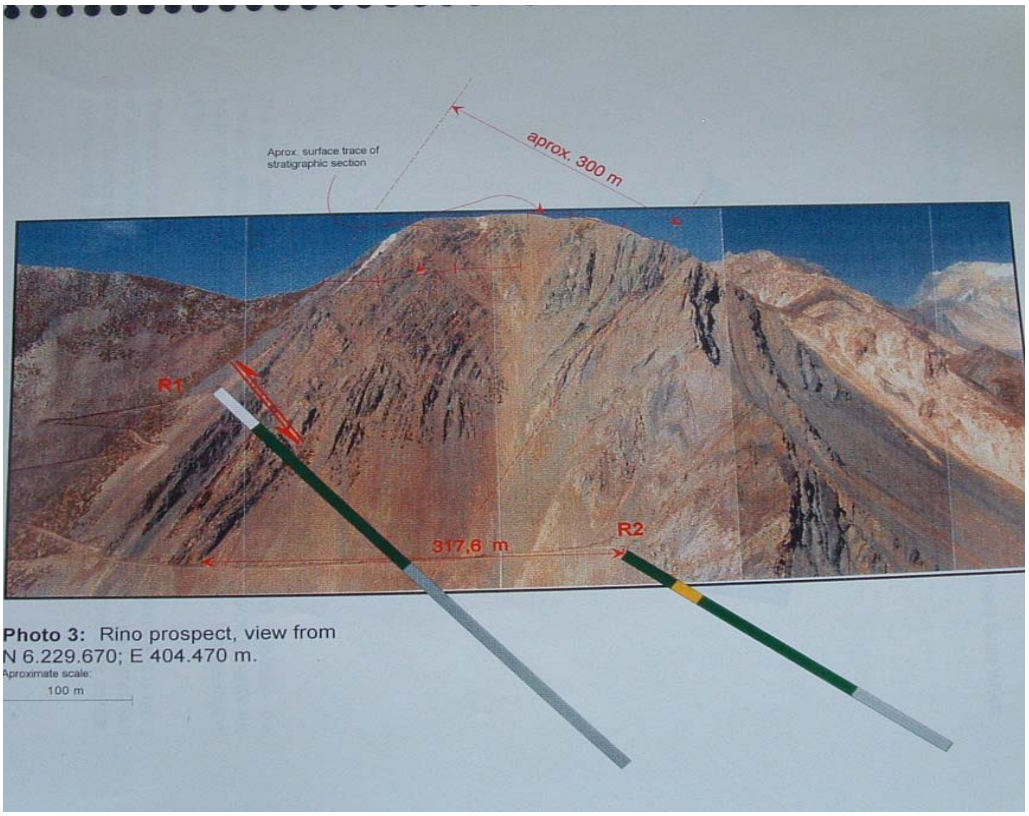
A TECHNICAL REVIEW
OF THE
CATEDRAL/RINO LIMESTONE PROJECT, CHILE
FOR
SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED



Panoramic View of Rino Prospect

prepared by

James A. McGregor, Ph.D., P.Eng.
Senior Associate Geologist

January 31, 2011
Toronto, Canada

Watts, Griffis and McOuat
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CONSULTING GEOLOGISTS AND ENGINEERS

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1. SUMMARY

This report is one of two NI 43-101 reports for South American Gold and Copper Company Limited ("**SAGC**") on their mineral properties in Chile. The reports were commissioned in a letter agreement dated July 22, 2010, between Watts, Griffis and McOuat Limited ("**WGM**") and SAGC.

SAGC Catedral Limited, a wholly owned subsidiary of SAGC, owns 50.1% of the shares of Compañia Minera Catedral ("**CMC**"). The balance is held by Messrs Hernandez and Thomson. By agreement, loans made by SAGC to enable them to maintain their interests will be repaid out of cash flow or income from sale of the property. CMC is the owner of the Catedral/Rino project which comprises 25 valid exploitation concessions that are owned free of encumbrance other than annual payments to maintain the rights.

In 1998, a Phase 1 feasibility study was prepared by Penta Engineering Corp. of St. Louis, Missouri, which demonstrated the feasibility of a 1,450,000 t/year cement manufacturing facility. It included open-pit mining at the Rino part of the project and a 100 km slurry-pipeline to a proposed off-site facility near the town of Rancagua. Aided by Citibank N.A., SAGC attempted to sell or joint venture the cement project, but was unsuccessful. The resources for the project were estimated in the Penta report to be at least 284 Mt of "good quality cement rock". These are historical resources and not NI 43-101 compliant and should not be relied upon but are considered relevant. The quoted "grade" was based on stratigraphic cross sections containing substantial widths of average chemical composition suitable for Portland cement kiln-feed. In 2010, Phoenix Process Engineering Inc. updated the capital and operating costs for the facility without detracting from the conceptual feasibility. For this report, WGM has not reviewed in detail the 1998 and updated 2010 studies, which were prepared to examine the feasibility of a cement operation based on assumptions of having available a mineral resource of sufficient quality and quantity, and ability to enter a competitive market, to raise the necessary capital, to be environmentally accepted and to be permitted. Until the basis is well established for a NI 43-101 compliant indicated and measured mineral resource, these feasibility studies remain conceptual in nature and should not be relied upon.

During 2002, CMC also completed a feasibility study for producing lime and compiled a Type II Preliminary Study authored by John Selters, P.Eng. A draft baseline environmental study was prepared independently, but not completed for permitting purposes. In addition, a

well was drilled which established the presence of underground water to supply a future mining operation.

Key parameters for the lime-producing facility included an underground or open pit mine, preferably at Mon Sur, producing 1,500 to 1,600 t/day of high grade limestone ("HGLS") to provide 1,000 t/day of feed to the kiln; crushing, screening, blending using 3,000 KVA of power via gas-fuelled electric generators; burning in a gas-fired, vertical-shaft, kiln – producing 600 t/day lime in a continuous process (350 days/year), plus 330 t/day by-product fines for potential sale to cement producers.

The Catedral/Rino project is a potential major undeveloped limestone mining project.

WGM has reviewed the existing exploration data and has determined that exploration completed on the two deposits known as Rino and Mono Sur together, are of sufficient quantity and quality to be considered as compliant with inferred resources as defined by NI 43-101 of approximately 86 Mt. The in situ grade is approximately 90% $CaCO_3$, and the $MgCO_3$ content is less than 5%.

In WGM's opinion, the key requirement, of potential adequate mineral resources for a commercial undertaking, is met by these two parts (Rino and Mono Sur) of the project. A third part, Catedral, is less promising as a potential source of limestone because drilling has revealed hydrothermal silicification.

WGM endorses continued pursuit by SAGC of the concept of a cement-making plant outside of the Santiago Metropolitan boundary, as developed in the Penta Feasibility Study, and as updated by Phoenix. However, it is clear that permitting, cement marketing and capital are the major issues that will determine the fate of the cement project and resolution of these issues is unlikely to be achieved quickly.

While there are hurdles involving the Santiago Metropolitan boundary, ecological protection, land and road-use, and recreational interests; there would also be convincing benefits to industry in Chile if locally produced lime was available at a competitive price. The target therefore may also be lime production in line with SAGC's preliminary Feasibility Study.

However, WGM is of the opinion that the alternative of producing lime, fines, clinker and Portland cement, on a small scale initially, should also be addressed. A particular constraint is that road use between San Gabriel and Santiago is closed to trucks on weekends, and weekday use is restricted. Determining the nature and cost of resolving that problem and

achieving a profitable rate of production, is a priority for the Environment Impact Study ("EIS"). In addition, by plant design and testing thereof, it must be shown convincingly in the EIS that there will be negligible adverse impact on air quality in Santiago.

In addition to completing the EIS, additional drilling is required to upgrade sufficient inferred resources to indicated and measured resources and to be converted to reserves as project feasibilities are reviewed. Ongoing cost-benefit and market related studies also need to be undertaken. This will depend on SAGC deciding how to proceed with selling or spinning off the project, but in any event should include discussions with the many interested parties in Chile to try to accommodate their needs, concerns, desires for participation, and needs for products.

Recommendations

WGM's recommendations are based on the conclusion that the Rino/Catedral project hosts a very large limestone resource that has the potential to provide processed materials for both large and small users, and can fulfil a variety of needs in Chile. Accordingly it is recommended that the opportunities be thoroughly investigated so that technical aspects of supply can be applied to meet the demands. It is suggested that it could take as much as a year to research and create the appropriate business plan.

WGM recommends completion of the EIS with consideration being given to the recommendations contained in both the cement and lime producing Feasibility Studies, and also for an initial small-scale on-site operation.

Fences of two or three core holes on each section (approximately 2,000 m total) should be drilled at Mono Sur to explore the geology and to define mineral resources beneath each of the three lines of surface sampling. Core should be photographed and quartered with one quarter sent for complete chemical analysis. Assuming that the analyses confirm expectations from surface sampling, the remaining core should be used for further testing of blending, crushing, milling, strength, density, etc.

Continued technical work will depend on results from the Mono Sur drilling and the perceived needs to meet demands. It is suggested that a budget of $1.2 to $1.5 million will take the project to this next stage.

2. INTRODUCTION AND TERMS OF REFERENCE

2.1 INTRODUCTION

This report is one of two NI 43-101 reports for South American Gold and Copper Company Limited ("**SAGC**") on their mineral properties in Chile. The reports were commissioned in a letter agreement dated July 22, 2010, between Watts, Griffis and McOuat Limited ("**WGM**") and SAGC.

2.2 TERMS OF REFERENCE

The purpose of the reports is to provide support for SAGC in mining, exploration and corporate decision making.

2.3 SOURCES OF INFORMATION

All information used in this report was provided by SAGC or is filed by the Company on SEDAR.

An inspection of the property was made by James McGregor on November 13, 2010, and documents relating to the project were reviewed with SAGC personnel in Chile on November 12, 14 and 18, 2010.

2.4 UNITS AND CURRENCY

Metric units are used throughout this report unless quoted for specification purposes, and recorded as microns (one micron equals one thousandth of a millimetre), millimetres ("mm") centimetres ("cm"), metres ("m"), kilometres ("km"), grams ("g") and metric tonnes ("t"); one million metric tonnes is designated as "1 Mt". Areas are reported in square kilometres ("km^{2}") or hectares ("ha") – 1 km^2 is equivalent to 100 ha.

Water flows are stated in litres per second ("l/sec" or US gallons per minute (one l/sec equals 15.85 gallons per minute).

Metal contents are reported using percent ("%"), grams per tonne, or parts per million ("ppm"). Other whole rock analysis results for samples may be expressed in weight percent ("Wt%") or simply as " %".

Currencies used in this report are quoted in US$.

3. RELIANCE ON OTHER EXPERTS

WGM is a Canadian consulting firm and is not qualified to report on legal, political and environmental matters in Chile. We have relied on information provided by employees of SAGC, information posted on government websites and published information, the integrity of which we have no reason to doubt.

WGM has relied on the technical aspects (specifically as presented in Section 16) as presented in the feasibility studies for cement production prepared by Penta Engineering Corp of St. Louis, Missouri in 1998, and the updated study by Phoenix Process Engineering Inc. in 2010. While WGM has examined these reports and believes these studies to McGregor and WGM disclaim all liability for the underlying data and do not accept responsibility for the interpretations and representation made in these report where they were a result of omitted, erroneous, false, or misrepresented data.

WGM has also relied on technical data included in the Type II Preliminary Study (specifically section 16) for the production of lime by qualified person, John Selters, P.Eng., (2002). As part of its study WGM has also reviewed the mineral resources presented therein and has substantially reduced the mineral resources and has reclassified these to more closely meet current CIM definitions and guidelines. Other technical aspects of the report though believed to be technically correct, are considered preliminary in nature and will need to be updated to reflect current market condition and economic parameters.

4. PROPERTY DESCRIPTION AND LOCATION

SAGC Catedral Limited, a wholly owned subsidiary of SAGC, owns 50.1% of the shares of Compañia Minera Catedral ("**CMC**"). The balance is held by Messrs Hernandez and Thomson. Loans by SAGC to the minority share-holders to enable them to maintain their interests are repayable from future cash flow or sale of the property. CMC is the owner of the Catedral/Rino project which comprises valid exploitation concessions that are owned free of encumbrance other than payments to maintain the rights, plus one exploration concession in the name of M. Hernandez prior to being transferred to CMC.

A servidumbre (surface right-of way) to the property was agreed in 1996 between CMC and GASCO, (the regional gas distributor and owner of the surface rights). It provides for improved access and haulage roads, mining, plant site, waste and tailings dumps.

The Catedral/Rino Project is located approximately 120 km by road southeast of Santiago, near the border with Argentina. At approximate longitude 70° west, latitude 34° south, it comprises 25 exploitation concessions in an area of 5,025 ha having been reduced in 2009 from the previous 19,895 ha (86 concessions). The property includes an additional exploration concession of 100 ha.

In Chile mining rights may be acquired through two forms of concessions: exploration and exploitation (or mining). Exploration concessions are favoured at an early stage because they require payment of only $1.10/ha/yr. An exploration concession is valid for two years by the end of which it must either be "measured" (or surveyed) for conversion to an exploitation concession, or be reduced by 50%. The retained portion is then valid for a further two years while the renounced portion is either relinquished, or submitted to the process of conversion to an exploitation concession. An exploitation concession may be obtained without first being an exploration concession. It is obtained through a process of survey, notarization, court recognition, and publication, and is retained indefinitely by payment to government of $5.80/ha/yr.

It is not unusual for exploration concessions to overlap. Sometimes this is done by the owners to protect their rights in the event that errors occurred previously, resulting, for example, in fractions or lapse of rights. It is done by competitors in the hope or belief that errors were made by the original titleholder. If there are no errors, the title is granted to the original titleholder (i.e. the earliest dated exploitation concession).

Watts, Griffis and McOuat

Figure 1.

SOUTH AMERICAN GOLD AND COPPER LTD.

Catedral Project

Region Metropolitana (Santiago), Chile

Location Map

Graphics by Watts, Griffis and McOuat Limited After UN Map No. 3395 Rev.0 *(March 2010)*

Watts, Griffis and McOuat

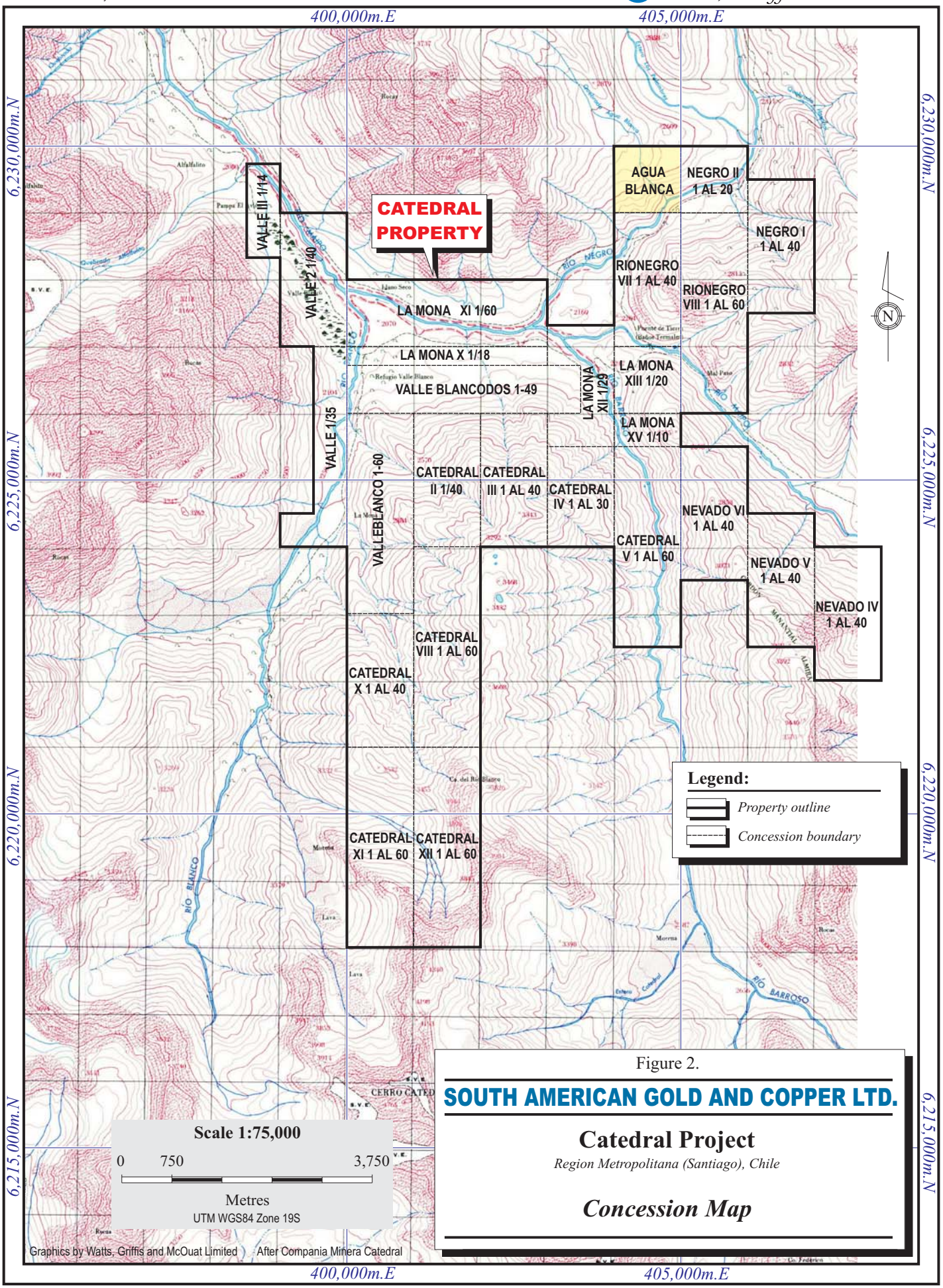

Figure 2.

SOUTH AMERICAN GOLD AND COPPER LTD.

Catedral Project

Region Metropolitana (Santiago), Chile

Concession Map

The measured (surveyed) exploitation concessions comprising the Catedral/Rino project are all in good order and are listed in Table 1 together with one exploration concession in the name of M. Hernandez.

TABLE 1.
CATEDRAL/RINO PROPERTIES

Exploitation Concession	Year of Approval	Area (ha)
Catedral II, 1 to 40	1954	200
Catedral III, 1 to 40	1954	200
Catedral IV, 1 to 30	1954	150
Catedral V, 1 to 60	1954	300
Catedral VIII, 1 to 60	1954	300
Catedral X, 1 to 40	1956	200
Catedral XI, 1 to 60	1956	300
Catedral XII, 1 to 60	1956	300
Valle Blanco, 1 to 60	1956	300
Valle Blanco Dos, 1 to 49	1956	245
Valle I, 1 to 35	1956	175
Valle II, 1 to 40	1956	200
Valle III, 1 to 14	1956	70
La Mona X, 1 to 18	1956	90
La Mona XI, 1 to 60	1956	300
La Mona XII, 1 to 29	1956	145
La Mona XIII, 1 to 20	1956	100
La Mona XV, 1 to 10	1956	50
Nevado IV, 1 to 40	1956	200
Nevado V, 1 to 40	1956	200
Nevado VI, 1 to 40	1956	200
Rio Negro VII, 1 to 40	1955	200
Rio Negro VIII, 1 to 60	1955	300
Negro I, 1 to 40	1955	200
Negro II, 1 to 20	1955	100
Total		**5,025**
Exploration concession (approval pending)		
Agua Blanca	2010	100

Exploration has occurred at three separate but adjacent limestone deposits – Catedral, Rino and Mono Sur, all of which lie at elevations between 2,200 and 2,900 m in the Andean Cordillera. There are no mine workings or encumbrances other than fees to government and GASCO amounting to $52,000 per year.

Environmental constraints exist with respect to the location and are expected by WGM to involve limitations on construction, water use and emissions in particular. An EIS will be required and will have to be submitted and approved prior to embarking on development. No permits are being sought for the project at present.

5. ACCESS, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 ACCESS

The 120 km road access from Santiago comprises 78 km paved, and 42 km gravel on the Maipo Canyon Road. Driving time is approximately two hours. The road passes through towns of San Jose de Maipo and San Gabriel and, approximately 40 km from the property, close by the Los Queltehues power station. On-site tracks inside of the "GASCO Gate" provide 4-wheel-drive access to some of the outcrops at higher elevations. At the time of WGM's visit, the Rino and Mono Sur parts of the project could only be reached on foot or on horseback.

The project is located within the Santiago Metropolitan Region and for that reason difficulty is expected in obtaining approval to operate manufacturing facilities at the deposit's location. It is also within a legally designated "Ecological Reserve". While Mining Law takes precedence over that designation, maintaining the ecology and overcoming objections will be hurdles to be addressed in any development scenario. In addition, the Rio Maipo is used for recreation and farming and owners of vested interests may resist industrial development.

While the above considerations are important, it is also important to recognize that the Catedral/Rino project has size, quality and year-round access making it perhaps the most attractive undeveloped limestone project in Chile.

Military (carabineros) have a base where the road bridges Rio Blanco, a tributary of the Rio Maipo. Their purpose is to monitor the border and live-stock farming in the Cordillera. Their presence is not considered to be development concern.

5.2 CLIMATE

Climate in the general area varies from Mediterranean in the lower valleys to Mountain-climate in the Cordillera. There are snowstorms from the end of April to October and frequent strong winds from the prevailing south and southwest directions. Light snow-falls may also occur in the summer months at higher elevations.

5.3 LOCAL RESOURCES AND INFRASTRUCTURE

The project is located on the upper part of the Rio Maipo. While there is ample year-round water flow from this river and its head-water-tributaries, use is subject to rights of the city of Santiago, the Queltehues power plant, and irrigation-canal owners that include major wineries down-stream from the project. Since diverting surface water for use on the project is problematic, CMC has drilled one exploratory well and has found water at a depth of 90 m in the fractured zone of the northeast-trending fault bounding the Rino deposit to the northwest. WGM understands that under the Mining Code this water resource can be exploited. Inspection by WGM of the well, which is located near the junction of the Rio Blanco and Rio Maipo, showed a strong artesian flow of approximately 20 l/sec and high content of unknown constituents making the water unpalatable. In WGM's opinion, the underground water source could be accessed by additional wells, and unless there is unexpected incompatibility with some part of a development scenario, it should be adequate for any future operations.

There are ample sites for plant, waste disposal and camp construction. The conceptual facility near the confluence of the Rio Blanco with the Rio Maipo, for production of lime, is 2.6 km from the Gas Andes Pipeline. Provision has been made for CMC to obtain fuel for a kiln and gas-fired electrical generators. The project lacks easy access to electrical power since the nearest major power line is approximately 40 km distant.

Contractors for further exploration, construction and mining are available in the region. Obtaining labour and staff are not expected by WGM to be a problem should production be undertaken. Year-round operations are feasible though interruptions from storms are anticipated.

5.4 PHYSIOGRAPHY

The limestone deposits where resources have been identified lie between 2,200 ad 2,900 m elevation. While surrounding mountains are considerably higher and represent a boundary for transport consideration, a conceptual plan for piping limestone as slurry involves loading the pipeline at elevation 2,200 m, and pumping up the Rio Blanco valley to a 5.5 km long tunnel to be constructed at elevation 2,850 m. The potential route is shown on the location map (see Figure 1).

The area is moderately eroded with rounded mountains and sculpted valleys as a result of past glaciation. The valleys contain lateral and successive terminal moraines, scrub and grass vegetation and permanent water flows. Mountain slopes are rocky and largely barren of vegetation. The wider parts of valleys support small live-stock farms. Wildlife includes numerous hares and is reported to also include foxes, vicuna, guanaco, ground squirrels, small lizards, hawks, condors and various small birds

6. HISTORY

SAGC became interested in the deposits at Catedral in the early 1990s and the operating company, CMC, was formed in July, 1996. CMC and Chilean mining consulting company EPROM Ltda. ("**EPROM**") explored the project by mapping, drilling, surface trench, outcrop and drill-core sampling in the following two summers. Supervision was by Behre Dolbear and Company Inc. and in 1995 a report was completed together with contributions by CTL Structural/Architectural Engineering Consulting and Materials Technology.

In 1997, a study was made by Willbros Engineers Inc. for construction of a pipeline to convey limestone slurry from Catedral/Rino to an off-site facility. A route was selected and costs estimated. This was followed in 1998 by a Phase 1 feasibility study prepared by Penta Engineering Corp of St. Louis, Missouri, which demonstrated the feasibility of a 1,450,000 t/year cement manufacturing facility. It included open-pit mining and the 100 km slurry-pipeline (selected by Willbros) to proposed facilities with a potential railhead north of the town of Rancagua. Aided by Citibank N.A., the Company attempted to sell or joint venture the limestone project, but was unsuccessful. (WGM understands that one reason for this lack of success was an economic down-turn in construction, and another was their need to focus all their economic resources on their Pimenton operation. However, in a longer term expanding market, one would have expected Chile's major cement producers to be at least interested in this undeveloped resource.)

The historical mineral resources for the project were estimated in the Penta report to be at least 284 Mt of "good quality cement rock" these resources are not NI 43-101 compliant because they have not been explored sufficiently, but are considered important to an understanding of the project. The quoted "grade" was based on stratigraphic cross sections containing substantial widths of average chemical composition suitable for Portland cement kiln feed.

During 2002, the Company compiled a Type II preliminary Feasibility Study for the production of lime. Concepts for this study include underground bulk-mining and approximately 7 or 9 km of trucking run-of-mine limestone to a 210,000 t/year lime producing facility (crushing, blending, screening, kiln, and storage). Limestone fines (115,000 t/year) would be a by-product intended to be sold to cement manufacturers. A draft baseline environmental study was prepared but not completed for permitting purposes. In addition, a well was drilled which established the presence of underground water to supply the operation.

In 2003, development plans were placed on hold because a devaluation of the Argentinian currency allowed Argentinian lime exports considerable advantage over the Company's proposed pricing of lime product in their feasibility study.

In 2004, the Company was invited by CODELCO, the Chilean state-owned copper-mining company, to enter a "solicitation" process whereby one or more companies might become long-term suppliers of lime to CODELCO and other customers in Chile. The process continued through 2005 with encouragement from CODELCO, but terminated abruptly in December of that year when CODELCO's management decided to defer any action on their part until after senior personnel appointments were made by the Chilean President who took office on March 11, 2006.

While negotiating with CODELCO, the Company initialized a joint venture with a major European company active in lime production, but deferred formalization until a supply agreement with CODELCO was actually in place. When this did not materialize, the proposed joint venture terminated.

Since 2006, the company has unsuccessfully sought joint joint-venture partners for the lime producing project and to reactivate negotiations with CODELCO. In its annual filings since 2007 the Company has reported that it was reviewing alternative strategies for the sale, joint venture or spin-off of the asset, but no progress has been disclosed to the public.

In 2009 the size of the project area was reduced from 86 to 25 concessions. As of June 30, 2010, the sum of $3.7 million of exploration expenses has been written off by SAGC.

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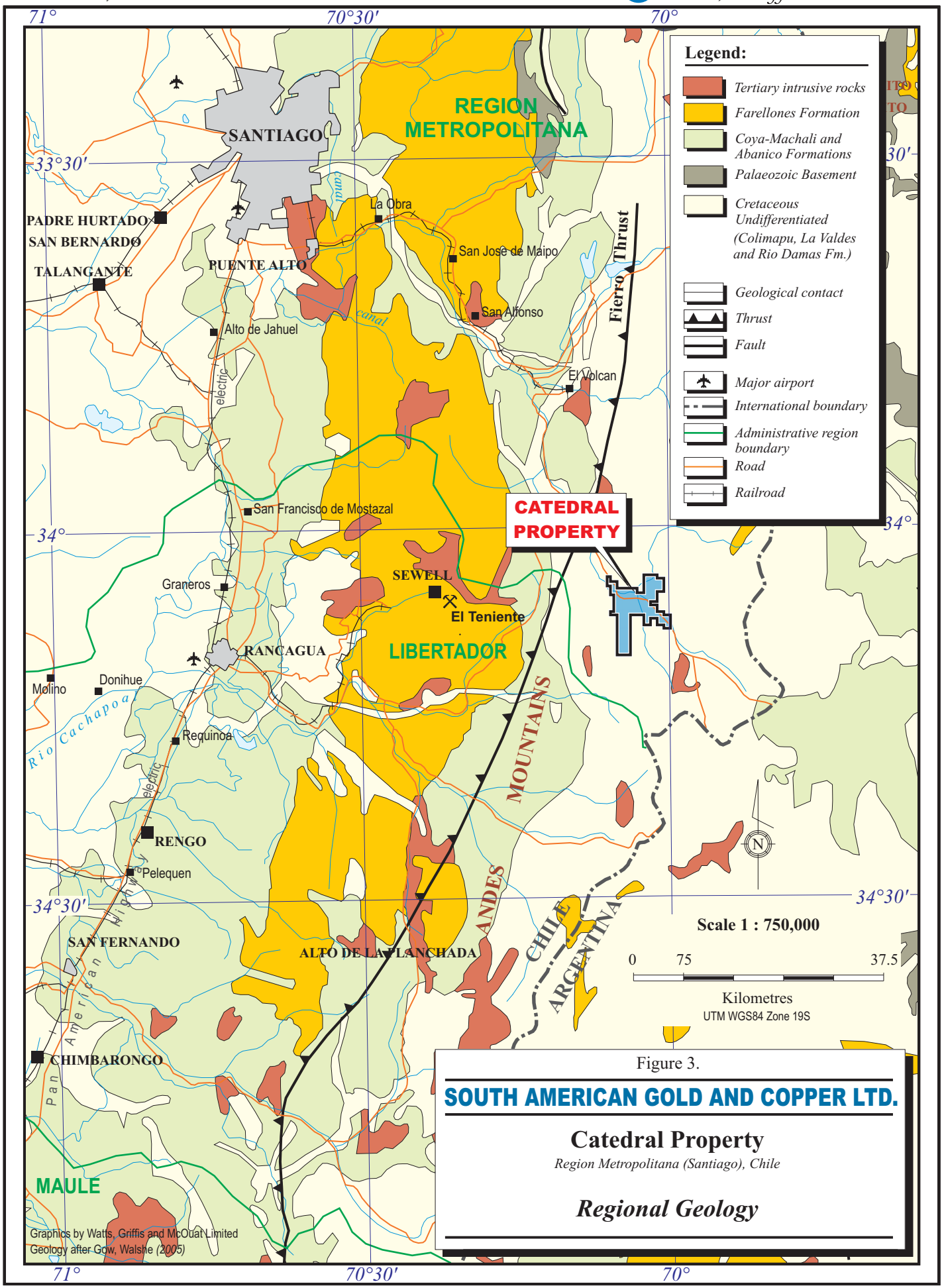

Figure 3.

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Catedral Property

Region Metropolitana (Santiago), Chile

Regional Geology

7. GEOLOGICAL SETTING

7.1 REGIONAL SETTING

High-grade limestone (over 88% $CaCO_3$) resources in Central Chile occur at several places in the Lo Valdez Formation in a north-south strip 200 km long located approximately 40 to 50 km east of Santiago. The Lo Valdez Formation is several hundred metres thick and was deposited as sedimentary limestone in shallow seas during late-Jurassic and early-Cretaceous times.

As the Andes mountains were tectonically uplifted and deformed by folding and faulting, the Lo Valdez Formation was eroded over much of central Chile. The preserved parts are steeply dipping beds which outcrop in the Cordillera east of Santiago.

7.2 LOCAL SETTING

The limestone formations in the Catedral/Rino project area vary in chemistry across several hundred metres of exposed widths. The upper part of the sequence contains high grade limestone ("HGLS") interbanded with lower grade silty and sandy units, while the lower part is more consistently silty.

The limestone has been mapped as a north-trending anticline such that the western limb at Catedral and Mono Sur dips moderately and the eastern limb at Rino dips steeply. The northern part of the anticline is truncated by a large northeast trending fault. To the south, the western limb is believed to continue for several kilometres, while the eastern limb may pinch out or terminate against another fault.

Additional faults are suspected. At the Cathedral Prospect, intrusive dykes and associated silicification has affected the limestone adversely.

Watts, Griffis and McOuat

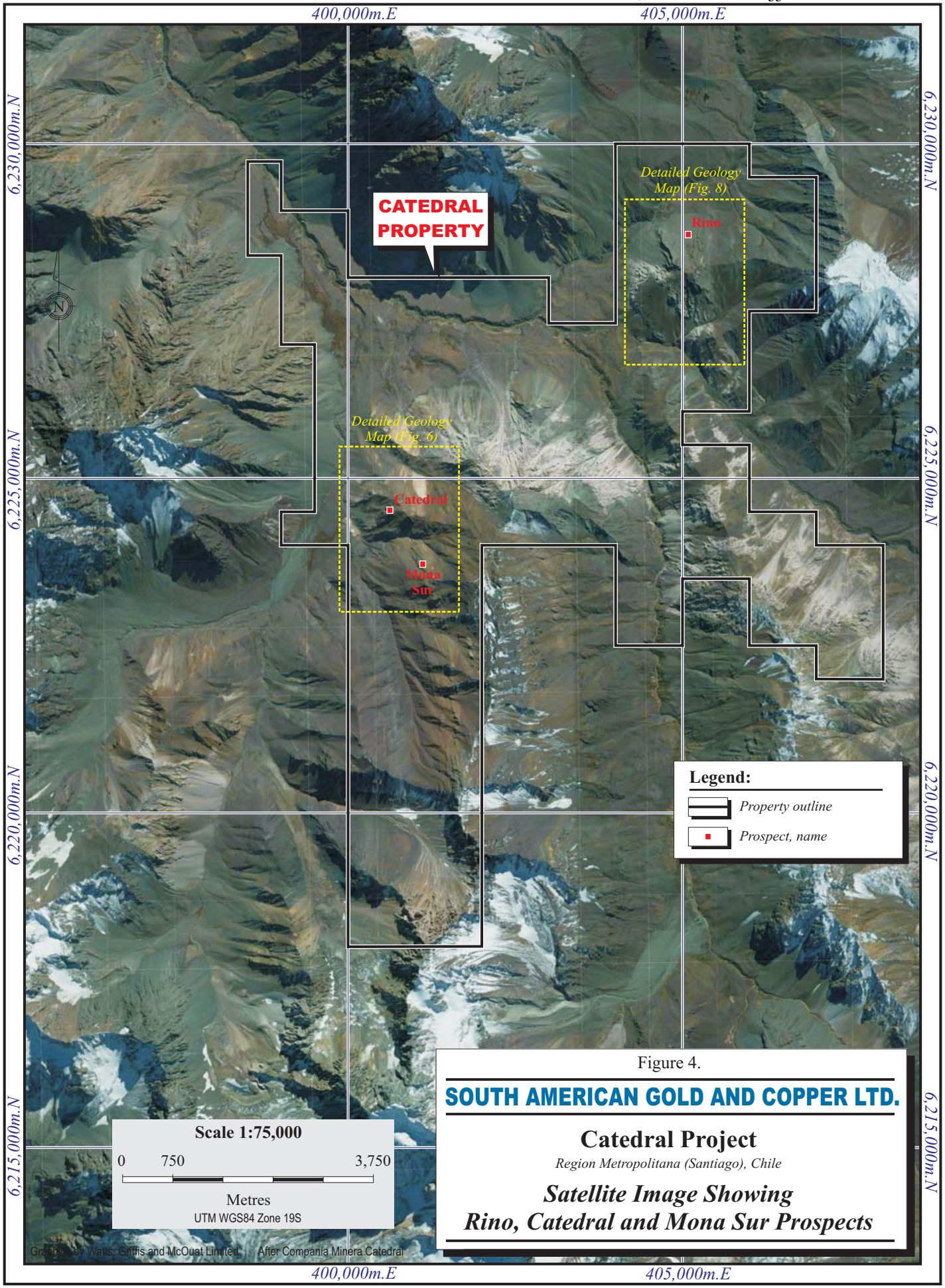

Figure 4.

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Catedral Project

Region Metropolitana (Santiago), Chile

Satellite Image Showing Rino, Catedral and Mona Sur Prospects

Watts, Griffis and McOuat

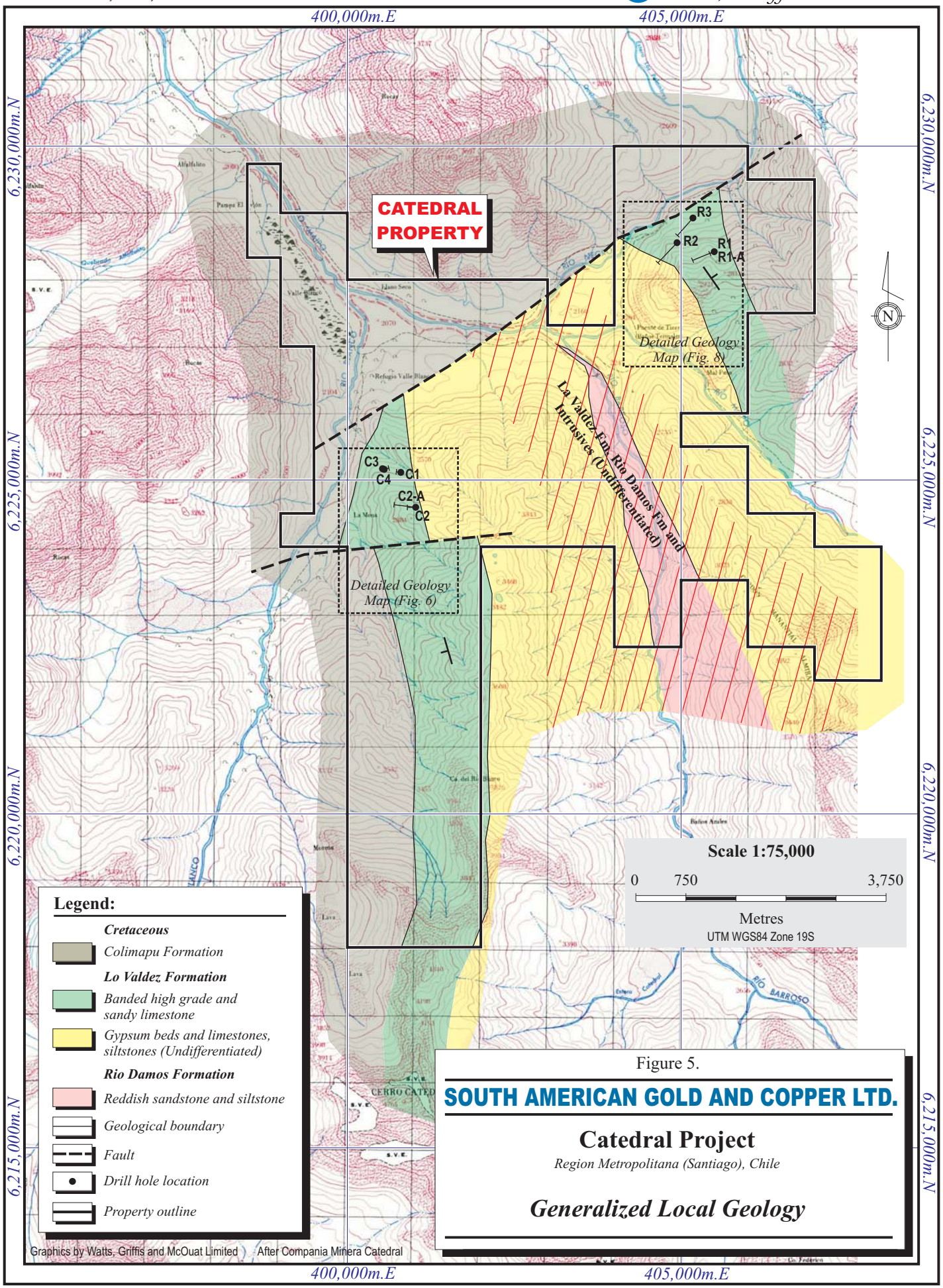

Figure 5.

SOUTH AMERICAN GOLD AND COPPER LTD.

Catedral Project

Region Metropolitana (Santiago), Chile

Generalized Local Geology

Watts, Griffis and McOuat

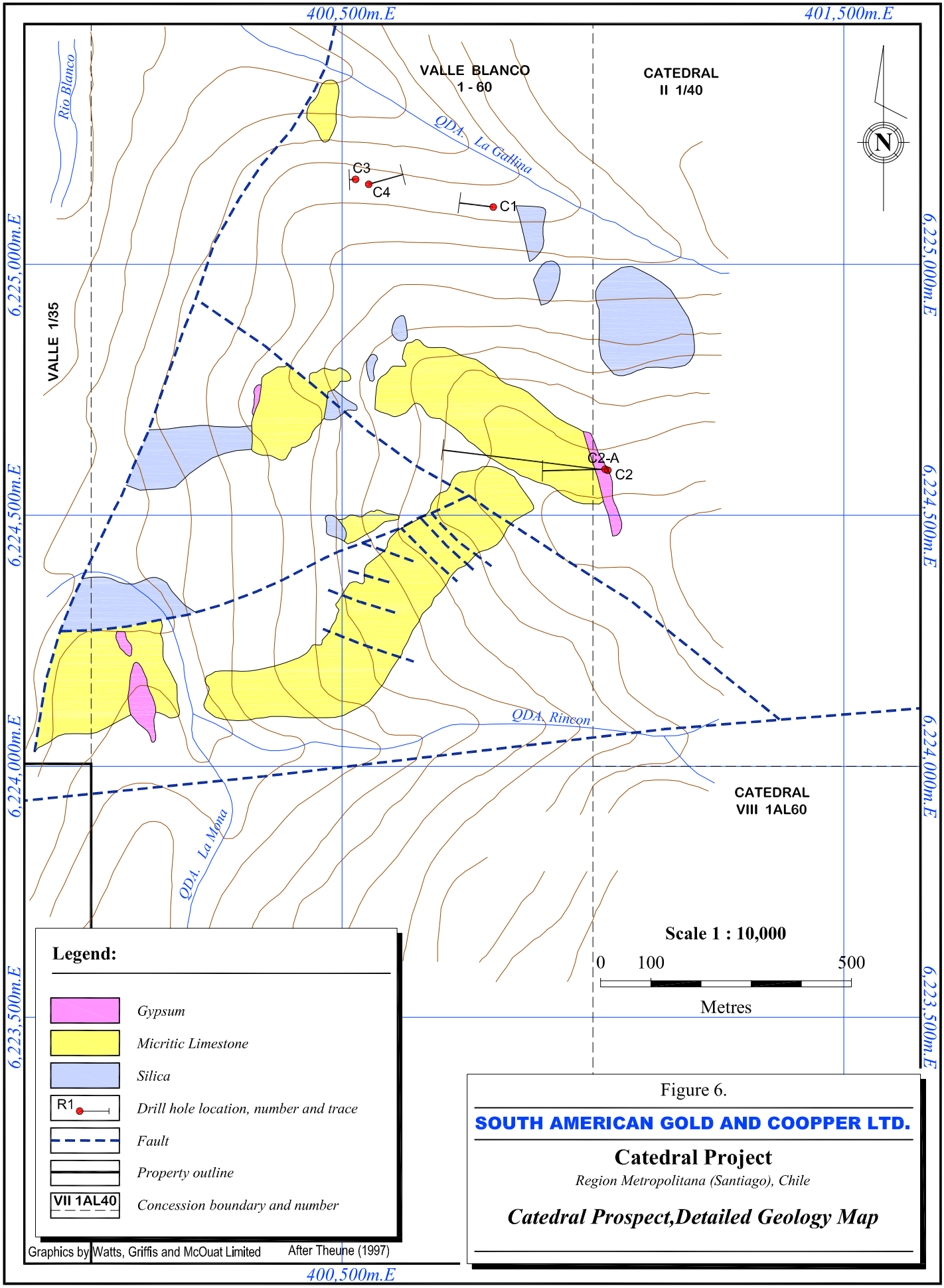

Figure 6.

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Catedral Project

Region Metropolitana (Santiago), Chile

Catedral Prospect,Detailed Geology Map

SAG SCC / SAG_03_Catedral_Geol_Model.dwg (Layout: 1k LL)
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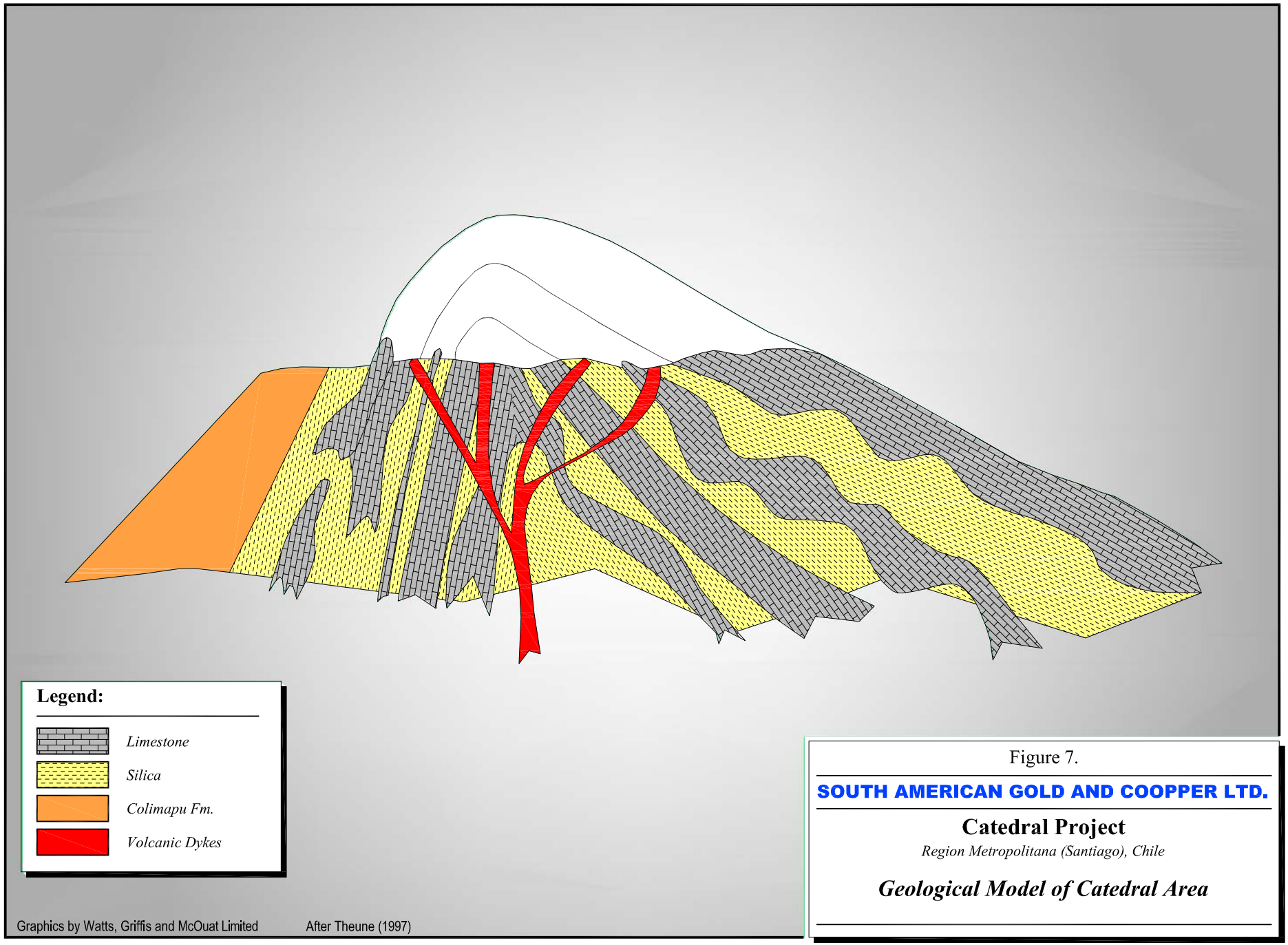

Figure 7.

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Catedral Project

Region Metropolitana (Santiago), Chile

Geological Model of Catedral Area

Watts, Griffis and McOuat

Watts, Griffis and McOuat

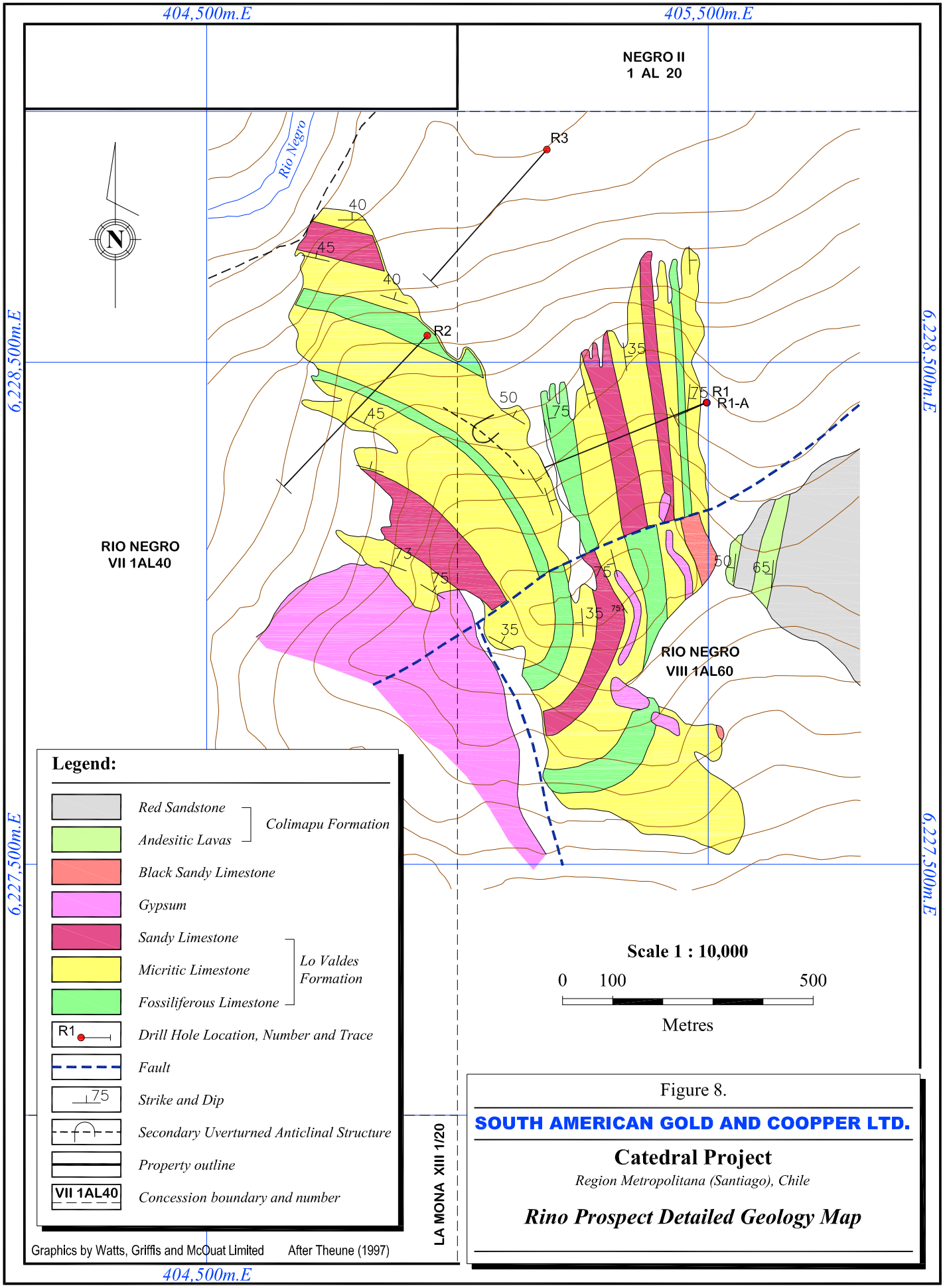


Figure 8.

SOUTH AMERICAN GOLD AND COOPPER LTD.

Catedral Project

Region Metropolitana (Santiago), Chile

Rino Prospect Detailed Geology Map

8. DEPOSIT TYPES

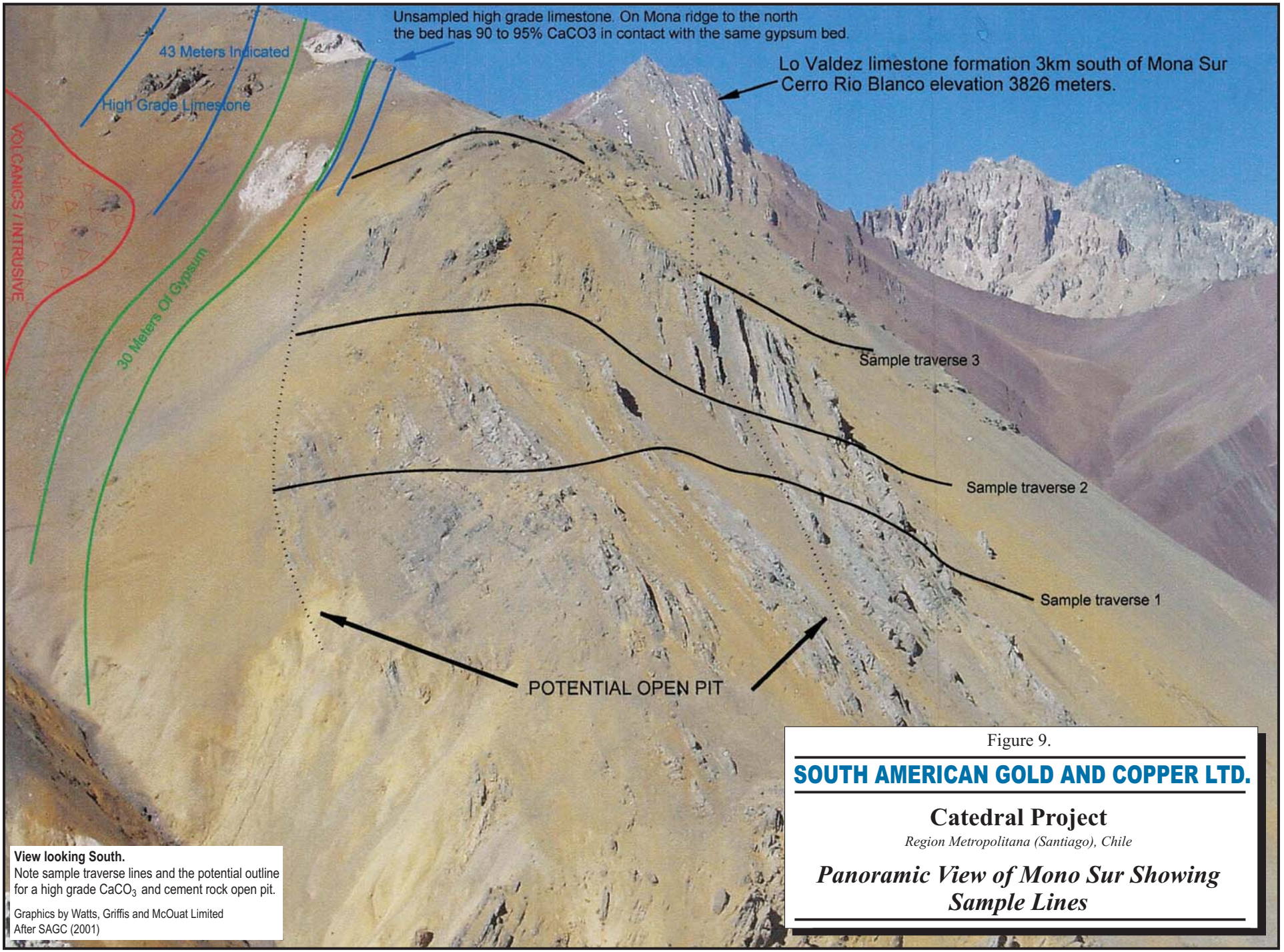
The shallow marine sedimentary limestone units under investigation at the Catedral/Rino project vary in chemistry across widths that offer opportunities to bulk mine and blend to produce material eminently suitable for the manufacture of cement, or to provide grade rock selectively mined to provide high-grade feed for the production of premium-quality lime.

The deposits occur as steeply dipping limestone beds which outcrop on surface in a mountain setting which would allow them to be mined by open pit with very low stripping ratios

9. MINERALIZATION

The limestones in the Lo Valdez Formation are sedimentary beds in which $CaCO_3$ content varies according to natural depositional processes. Other components increase as the $CaCO_3$ decreases. The most deleterious is $MgCO_3$ which needs to be <5% for the limestone to be suitable for cement and/or lime production. Widths of 10s to 100s of m are cement grade, and widths of 5 to 25 m can be defined at higher grades for high-quality lime production. Strikes extend in a northerly direction on and beyond the property boundaries for approximately 200 km. The mountain slopes within the property boundaries provide 500 m, and more, of semi-continuous depth exposure.

Knowledge of the chemistry of the limestone is incomplete because Mono Sur, potentially the highest quality limestone source, and potentially the site most favoured for development in the lime-production scenario, has only been sampled at surface. By contrast, source rock from Rino was studied to establish its suitability for cement production. With possible reservation because alkali content is higher then in specifications for Type 1 cement, the limestone can be blended to provide uniform mineralization suitable for making Portland cement.



View looking South.
Note sample traverse lines and the potential outline for a high grade $CaCO_3$ and cement rock open pit.

Graphics by Watts, Griffis and McOuat Limited
After SAGC (2001)

Figure 9.

SOUTH AMERICAN GOLD AND COPPER LTD.

Catedral Project

Region Metropolitana (Santiago), Chile

Panoramic View of Mono Sur Showing Sample Lines

Watts, Griffis and McOuat

10. EXPLORATION AND DISCLOSURES REQUIRED

Exploration was conducted by CMC, initially with technical aid from EPROM, and with supervision by Behre Dolbear of New York. Expenditures were incurred primarily for mapping, trenching, drilling, sampling, chemical analyses and roads. The exploration benefited from extensive outcrop, but was hindered by mountainous terrain. In WGM's opinion, the exploration equivalent to inferred mineral resource standards was achieved for part of the Rino part project based on a few traverses across the strike which were explored by trenches, sampling points and drill holes. Those data supported the 1998 feasibility study for a cement producing facility by Penta Engineering Corp. Subsequent exploration continued on the previous pattern and included three lines of surface sampling at Mono Sur and led to commissioning by the Company of a preliminary feasibility study for a lime producing facility.

The Lo Valdez Formation at the Catedral and Rino parts of the project occurs respectively in opposing limbs, approximately four km apart, of a north-trending anticline. This structure is crossed by the Maipo River. Catedral is south of the Maipo River while Rino is on a separate mountain north of the river. The formations at Catedral may be sub-folded, but generally dip west at approximately 55° while those at Rino dip more steeply to the east. Originally considered a main target for exploration and development (secondary to Rino), Catedral has been replaced by Mono Sur, a third area south of Catedral, and separated from it by a tributary of the Rio Blanco.

The prospective limestone beds are made up of microcrystalline limestone and micrite (mainly shell debris with grain size <0.1 mm). Interbeds are shaly, silty and sandy limestone. The hanging-wall rocks are mainly volcanic flows and breccias. Foot-wall rocks are black mudstone/siltstone and beds that contain large concentrations of gypsum (an untested potential product).

10.1 EXPLORATION FOR POTENTIAL CEMENT PRODUCTION

Surface exploration at Rino was supported by two of three drill holes completed in 1997 (1,597 m). Two massive limestone sections were defined as being 44 and 148 m wide (true width) with average chemical composition as follows:

$CaCO_3$	$MgCO_3$	Al_2O_3	Fe_2O_3	SiO_2	$Na + K_2O$	P_2O_5	Mn_2O_3	TiO_2	SrO_2	SO_3	L.O.I.
75.2%	4.30%	3.41%	1.32%	12.77%	1.19%	0.09%	0.05%	0.16%	0.08%	1.83%	**34.42%**

There is a large amount of talus derived from the above section that may be cement grade, or be suitable for blending, but it has not been tested. If it is found to be a significant source of feed, it would relatively simple to mine at low altitude and recharge the source by blasting the outcrops at higher elevations.

The geology is neither straightforward nor particularly complicated. There is a major cross-cutting fault truncating the formations to the north and the beds curve from north to northwest-striking near that fault. Downthrown sedimentary and volcanic rocks north of the fault are of the Colimapu Formation. Southward, the strike length on the property is in excess of one km and has received exploration mostly on two cross-sections. Correlation is conjectural in places and additional sub-parallel faults appear to have caused displacements.

Exploration at Catedral included four drill holes completed (836 m), but only one entered the limestone. The others were abandoned in siliceous rock that has replaced the limestone being targeted and which resulted in the interpretation that hydrothermal siliceous solutions had entered that part of the structure along fractures. Although work is needed to map favourable and unfavourable parts, two sections were identified together totalling 82 m true width with average chemical composition as follows:

$CaCO_3$	$MgCO_3$	Al_2O_3	Fe_2O_3	SiO_2	$Na + K_2O$	P_2O_5	Mn_2O_3	TiO_2	SrO_2	SO_3	L.O.I.
74.4%	6.08%	3.32%	1.87%	11.75%	1.48%	0.11%	0.11%	0.17%	0.02%	1.78%	**34.08%**

Apart from a general westerly dip of the limestone, the Catedral geology has not been unravelled and more work is needed along its approximately 2 km of strike. Current knowledge is mainly on two traverses 700 m apart that have been partially explored by surface and drill hole sampling.

10.2 EXPLORATION FOR POTENTIAL LIME PRODUCTION

In 2002, the Rino drill holes and surface sampling results were re-evaluated by SAGC for production of high-grade limestone. In their opinion, two beds are present that dip at about 50° and could be mined separately. Together they would have an estimated in situ grade of 89.7% $CaCO_3$.

Mono Sur has been sampled from outcrop and hand-dug trenches. Eight beds which dip at 65° to 70°, grade over 90% $CaCO_3$ and indicate that higher grades can be obtained from this project than from Rino and Catedral, and that they are well-suited to being mined individually. Accordingly Mono Sur was included by SAGC in the preliminary Feasibility Study for lime production.

11. DRILLING

Diamond drilling was conducted in 1997 by CMC. Core logging and sampling were subcontracted to EPROM. A total of seven NQ holes were completed at collar elevations between 2,200 and 2,800 m, at inclinations of 44° to 60° and in directions approximately perpendicular to the strike Three holes explored cement or better grade limestone sequences at Rino and one of the four holes drilled at Catedral cut similar sequences. The effective drilling (excluding abandoned holes) amounted to 2,433 m and core recoveries in limestone exceeded 90%. The drilling program is summarized in Table 2.

TABLE 2.
SUMMARY OF DRILLING PROGRAM

Hole #	UTM Coordinates		Elevation	Azimuth	Inclination	Length	Recovery
	N	E	(m)			(m)	%
R1	6,228,420	405,497	2,652	248	48	516	90
R1-A	6,228,419	405,497	2,652	246	38	90	76
R2	6,228,554	404,940	2,461	224	44	581	96
R3	6,228,924	405,178	2,292	221	46	500	81
C1	6,225,114	400,801	2,488	277	45	96	73
C2	6,224,590	401,030	2,786	303	57	611	92
C2-A	6,224,592	401,024	2,786	269	46	178	95
C3	6,225,169	400,527	2,482	267	60	25	33
C4	6,225,159	400,553	2,483	74	47	104	61

Core was not located or examined by WGM, but photo records were provided and reviewed.

12. SAMPLING METHOD AND APPROACH

Samples of bed-rock and core were conventionally collected and analyzed for chemical elements that determine suitability and quality of calcareous rocks to be considered for production of cement and lime. Loss On Ignition ("LOI") was also determined for calculating mass reduction and changes in constituent content during the kiln stage of processing.

Three potentially economic cross sections, approximately 90 m apart at Mono Sur, were sampled by the company in 2001. As far as possible, continuous sampling was achieved by digging trenches to up to one m depth between outcrops. In all 361 chip samples, each weighing 3 to 5 kg, were collected to represent either one or two m depending on location. Core samples were reportedly cut using sample intervals of 5-10m, and half retained, but it was not available for viewing by WGM. The sampling method and approach is nevertheless considered by WGM to meet industry standards for this project.

13. SAMPLE PREPARATION, ANALYSES AND SECURITY

The half-core samples were crushed to <5 mm and riffled down to approximately 3 kg. These samples were sent to a local laboratory (GEOLAB) for grinding and further splitting. Chemical analyses of the core samples were performed in Australia by Australian Laboratory Services using Induced Coupled Plasma Atomic Emission Spectrometry ("ICPAES").

On arrival in Australia, the pulverized core samples were split and weighed. Pulps were then fused with lithium tetra-borate in platinum crucibles, dissolved in nitric acid, and made up in numbered test-tubes to standard volumes together with a control chemical solution to accommodate variations in nebulizer uptake. Racks of test tubes included standard samples for limestone, dolomite and silicate as well as blanks. Filled racks were loaded on the ICPAES and processed. Output data was handled by a PC using an interactive program for data treatment.

In addition to ICPAES, sulfur assays were conducted using a LECO Sulfur Analyzer.

Special security was not required.

Trench and rock samples were submitted to Santiago offices of Acme Analytical Laboratories S.A., an internationally recognized company providing services to the mining industry. Initially samples were analyzed for total carbonate by titration, mainly to identify high-grade with >86% total carbonate. Those identified as high-grade were processed at Acme's Vancouver, Canada, laboratory using lithium metaborate fusion, nitric acid digestion, and ICP analysis.

14. DATA VERIFICATION

Quality control measures by Australian Laboratory Services included the use of international standards and blanks. In addition, during the collection process, EPROM double sampled four limestone sections without significant variation in the analytical data reported. In WGM's opinion, the analytical data for drill holes were adequately verified and may be relied upon.

For data verification of trench samples, the company sent one duplicate (half pulp) for every 20 samples of high-grade sent for analysis to Acme, Vancouver, to Construction Technology Laboratories, Skokie, Il.

There were no concerns reported from the various testing facilities regarding the suitability of the material for the proposed application. Given the inadequacy of spot sampling these very large deposits, no samples were taken by WGM for analytical verification purposes.

15. ADJACENT PROPERTIES

The recent reduction of the project from 86 licenses to 25 has created an adjacent property on which data were collected by CMC and to which some of the comments in this report apply. However, in WGM's opinion the abandoned property has little economic potential for high-grade limestone.

16. MINERAL PROCESSING AND METALLURGICAL TESTING

The 1995 evaluation report by Behre Dolbear, and related studies by CTL included tests to establish the suitability of the resources for limestone production. Before reviewing the results, it should be understood that all cement operations must have raw materials available in sufficient quantities to supply blended feed containing $CaCO_3$, SiO2, Al_2O3 and Fe_2O_3 in consistent balance to produce desired grades of clinker. Since most limestones do not contain the proper balance, supplementary raw materials are generally trucked to a processing site from outside sources and blended with the limestone. It is significant to understand in Table 3 that selected materials at the Catedral-Rino Project may be blended to approach, or make, Type 1 cement without the need for additives. (Type 1 cement is described as 80% of all cements used for construction):

TABLE 3.
RINO LIMESTONE BLENDS

Compound	Type 1 Cement	Composite 1	Composite 2	Composite 3
$CaCO_3$	76.3	77.1	72.0	77.2
SiO_2	13.6	15.0	17.0	14.0
Al_2O_3	3.4	3.2	4.3	3.4
Fe_2O_3	1.5	1.2	1.9	1.4
MgO	1.8	0.9	1.4	1.2
SO_3	1.9	0.2	0.4	0.2
Na_2O, K_2O,		1.2	1.7	1.3
TiO_2, P_2O_5		0.2	0.4	0.4
Mn_2O_3	<0.1	<0.1	<0.1	1 to 1.5
Total	**100.0**	**98.9**	**99.0**	**99.2**

Alkalis make up an item of questionable compliance in the above samples from Rino. This characteristic is confirmed in analysis of core from both Rino and Catedral (see Chapter 10.1 of this report). Investigation is required to determine:

- if limestone from Mono Sur can be blended into the mix to reduce the alkali content;
- what the impact of alkalis is on the final product; and/or
- if a way exists to remove alkalis from the Rino and Catedral limestone.

Petrographic studies show that most of the purer limestone can be classified as bio-micrite to micrite. Calcite grain size is <50 microns and detrital feldspar and quartz grains are 50 to 100 microns in size. The limestone is dark grey, moderately dense and fossiliferous. Chert

and carbon are associated with the fossils, and the fossils themselves are flattened and elongated due to compaction. The rock is not metamorphosed. Where impure it is variably sandy, silty, shaly and carbonaceous. Narrow white veinlets of mosaic calcite cross cut intermittently.

The carbon content has a favourable affect on burnability. In 1995, tests were made on briquette samples of composites from Rino and conclusions were reached that clinker firing required a lower than average temperature of 1,400°C for the standard 30 minutes of burning. In addition compressive strength tests met ASTM requirements for Type 1 Portland cement. Actual results were 1,850 psi after 3 days aging (1,800 required) and 2,867 psi after 7 days (2,800 required). CTL concluded that the tests revealed excellent potential for the samples to form a principal raw source for manufacture of Portland cement.

In the CMC 2002 Preliminary Feasibility Study, assumptions are made for density and compressive strength that are typical for limestone. Since it is important to minimize the production of fines, actual crushing tests to determine the most efficient equipment are considered by WGM to be advisable. Under renewed planning, testing of selected run-of-mine products would also be advised by WGM for materials blending and confirmation of the kiln selected.

17. MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

In the event that CMC and/or other companies overcome the obstacles in the way of establishing a cement producing facility, there are inferred mineral resources which could readily be verified and upgraded to mineral reserves according to NI 43-101.

Although the project has geological and market aspects that support a decision to build a lime production facility, the preliminary feasibility study has not advanced since its preparation in 2002 and inferred resources have not been drilled for definition and upgrading. In addition to required drilling, the economics may be materially affected by capital deficiency, lack of infrastructure, politics and environmental factors that require further study. All these studies will need to be completed, as will additional work to update the feasibility study before economic viability can be demonstrated and mineral reserves defined.

Resources in the 2002 preliminary Feasibility Study for a lime-producing facility were estimated by Selters using a density of 2.7 t/m^3 and were derived from two parts of the property namely Rino at elevation 2,150 m and Mono Sur at elevation 2,700 m.

The current mineral resource was originally part of a historical mineral resource which was sub-divided based on pre-NI 43-101 terms into "drill-indicated" and "geologic" resources. WGM after reviewing all of the available data, has confidence in the geological basis and general methodology, and is of the opinion that at least part of the original historical resources are equivalent to or would be compliant with an NI 43-101 "inferred mineral resource" category.

Details are as follows:

17.1 RINO

Massive surface outcrops and two drill holes support estimation of 49.4 Mt at an average in situ grade of 89.7% $CaCO_3$. The mineral resource was estimated in three blocks and are shown in Table 4.

TABLE 4.
INFERRED RESOURCES, RINO

Block Elevation	True Widths		Avr. Strike Length	Slope Dist	Tonnes (millions)	% $CaCO_3$
	Bed B	Bed D				
2150-2400	9.9 m	10.8 m	765 m	372.5 m	15.9	89.4
1900-2150	13.4 m	10.3 m	885 m	372.5 m	21.1	90.1
2400-2690	9.9 m	10.8 m	515 m	432.1 m	12.4	89.4
Total					**49.4**	**89.7**

17.2 MONO SUR

At Mono Sur, limestone beds are exposed on a steep north-facing slope from elevation 2,700 to 3,100 m and can be seen from the air to extend relatively undisturbed by faults or folds for several thousand m to the south. Despite the absence of drill holes there is therefore a strong basis for predicting a large tonnage of limestone over an assumed strike length of 800 m.

The prospect has been sampled in a series of trenches from which the following sequence was prepared by Selters in the preliminary Feasibility Study for production of lime and from which he estimated the tonnage and grade (Table 5).

TABLE 5.
INFERRED RESOURCES, MONO SUR

Bed	Width (m)	Vertical height (m)	% $CaCO_3$	Million tonnes
1	14	300	93.0	7.4
Interbed	10			
2	6	300	91.4	3.2
Interbed	12			
3	12	325	92.3	6.7
Interbed	30			
4	11	250	90.8	5.0
Interbed	12			
5	11	350	89.3	6.7
Interbed	38 (includes high MgO Bed 6 relegated to waste)			
7	7	300	90.4	3.4
Interbed	60			
8	7	400	90.8	4.3
Totals	**230**	**400 (maximum)**	**91.4**	**36.7**

Drilling is required to verify sampling grades, tonnage predictions and that there are no unexpected occurrences like, for example, silicification. Since the probability of adverse

outcomes is low, WGM considers the above data for Mono Sur to be adequate for the estimate of 36.7 Mt of inferred mineral resources at a grade of +90% $CaCO_3$.

WGM therefore has classified the selected mineral resources as shown above for both the Rino and Mono Sur as inferred mineral resources as defined by CIM.

Rino	49.4 Mt	89.7% $CaCO_3$
Mono Sur	36.7 Mt	91.4% $CaCO_3$
Total	**86.1 Mt**	**90% $CaCO_3$**

18. OTHER RELEVANT DATA AND ADDITIONAL INFORMATION

The Catedral/Rino project is a world-class undeveloped limestone resource. Development has been considered for cement (primarily) and separately for lime (primarily). Technical feasibility was demonstrated for the former in the 1998 Penta Report, and for the latter in CMC's preliminary feasibility study of 2002. In 2010, capital and operating costs for the cement facility were reviewed and updated by Phoenix Process Engineering Inc. without changing the conceptual feasibility of that project.

Because of the time lapsed since the initial reports were prepared and the inability of the Company to advance project development, the property is not a "Development Project" according to NI 43-101. However, the conceptual undertakings are valid and relevant items from the studies and are discussed briefly in the following paragraphs:

18.1 MINING AND MINE LIFE

Inferred resources are very large and are exposed on steep mountain slopes such that mining may take place by quarrying or via large open stopes accessed by adits. The inferred resources and potential for extending those resources suggest decades of mine life.

18.2 GRADE AND RECOVERABILITY

Limestone head-grades of more than 90% $CaCO_3$ are achievable with $MgCO_3$ below 5%. This is considered to be HGLS that can be fired to yield high quality lime. The most probable scenario would involve mining of high-grade beds and either dumping or stockpiling the intervening beds for blending in a future cement making process. Approximately 25 to 30% of the rock mined would be HGLS.

There is a high probability that blending can achieve desirable consistent head grades for Portland cement production. In that scenario, there would be small losses to waste dumps. One untested option would be to blend silicified and unaltered limestone from Catedral with waste rock from Mono Sur. Another option is to blend local rock with fines produced in the lime-production process and to produce clinker rather than fines for sale to cement making companies.

Should the prime objective be lime, the kiln process has not been tested on local limestone so the product specifications are uncertain. While not considered a technological concern by

WGM, potential buyers have not sought to lock in purchase of the product or participate in its production. It is suggested that given adequate samples of product, potential buyers may become more receptive to participation.

18.3 MARKETS

The independent cement-marketing study in 1997 was reviewed in the 2010 report by Phoenix. Changes have occurred especially in the market for clinker which may have a potential benefit of SAGC. Today, control is vested in major international vertically-integrated cement producers namely:

- Cementos Bio Bio (Briones Group);
- Melon S.A (Brescia Group); and
- Cemento Polpaico (Swiss Holkim Group).

Production is of pozzolan cement for which the Chilean market has been conditioned, and if Portland cement is required, WGM understands that it is imported. Production of cement clinker by Polpaico has ceased and the company now imports clinker. Melon is in the process of closing their El Navio mine. Its main source of cement is also reported to be imported clinker. Bio Bio continues to operate a plant at Teno with high-cost limestone trucked to it.

According to Phoenix, the Chilean price of pozzolan cement consisting of up to 30% pozzolan, 65% or more clinker and 4% gypsum, is $120/t.

Consumption of cement over the last decade experienced a decline, but has since grown to approximately 6 Mt/year. Updating the previous study and initiating discussions with major producers for participation (ideally) are courses of action that might lead to establishing cement making at the project. Since competition in the ready-mix market is expected to be formidable, approaches may best be made to pre-stressed concrete and special cement markets.

The market for lime is primarily at major copper production sites where it used for pH control in flotation at a rate of 0.5 to 2.0 kg per tonne of ore (1,200 to 1,500 t/day country-wide). The cost of the lime needed to produce a pound of copper is relatively insignificant, so, although lime is essential in processing, companies like CODELCO will not necessarily tie themselves to contracts. Instead they seem to prefer open market purchases and captive production, though seemingly expensive. To date, the inability to secure contracts has hindered CMC from advancing the lime production scenario.

18.4 ENVIRONMENTAL FACTORS AND PERMITTING

The complex process of planning infrastructure and industrial mineral development for the greatest benefit to Chile falls under several government ministries. It is understood by SAGC that CONEMA (Comision Nacional Del Medio Ambiente) has jurisdiction over projects that impact more than one region (Metropolitan Santiago and Region VI in this case). Once CONEMA receives and accepts the application, a determination must be reached within 180 days, however, in practice, an approval period of approximately a year may be imposed during which further review and public hearings take place.

Among the facts to be considered by CONEMA are needs for the products. For cement, the need may be contested by the major cement-making companies that control the market, even if convincingly refuted in an independent market study. For lime, SAGC's strategy was to file the application within 30 days of signing one or more long-term contracts with buyers. In the absence of such contracts, finalizing of the application and other items needed to complete feasibility study, were deferred.

In conjunction with CMC's preliminary Feasibility Study, a Base Line EIS was prepared by Jaime Illanas and Associates, a consulting firm providing environmental services to the mining industry. Information provided to WGM indicates that the firm is well respected by the government of Chile and internationally. Data were gathered in 1999, 2001 and 2002, but the report has not been finalized or submitted in support of permitting.

For the cement making project a major reason for locating the facility at a considerable distance from the project was to circumvent the local permitting issues. However, the proposed slurry-carrying pipeline is a challenging concept. It would involve grinding consistently blended rock in a SAG mill to minus 48 mesh, pumping at 65% solids from the mine site at elevation 2,200 m, 13 km to the mouth of a 5.5 km long tunnel at elevation 2,850 m. From the tunnel the slurry would flow under gravity to elevation 500 m in 7", 8" and 9" pipe designed to absorb energy due to drop in elevation. The pipe would be buried to a depth of at least one m to avoid freezing. Design was based on carrying 4,500 t/day of limestone (to produce 951,000 t of clinker per year) by the third year of operation. The required water was estimated to be 465 gallons/minute and the total fill capacity was calculated at 813,800 gallons. Capital and operating costs were estimated in 1995, but are not valid for current use.

In its 2010 report, Phoenix gave greater consideration to air quality than in the earlier study. Phoenix included costs for SO_2 and NOx reduction, and for filtering to remove particulates, but made no comment on CCS (Carbon Capture and Storage, a topic currently under consideration with respect to global warming and industrial pollution). This is not a criticism by WGM since costs of CCS are extremely high and the technology only worth considering if subsidized in future.

18.5 ECONOMIC ANALYSIS

The feasibility studies for both cement and lime facilities are neither current nor complete and are based to date on inferred resources. Under NI 43-101, 2.3(1), disclosure of results of the economic analyses, is not permitted. However it is relevant that both studies demonstrated economic feasibility based on the assumptions that the mineral resource could be upgraded to a mineral reserve and it is relevant that the concepts contained in the Feasibility Studies be disclosed in the following paragraphs.

For this report, WGM has not reviewed in detail the 1998 and updated 2010 studies, which were prepared to examine the feasibility of a cement operation, based on assumptions of having available a mineral resource of sufficient quality and quantity, and ability to enter a competitive market, to raise the necessary capital, to be environmentally accepted and to be permitted. Until the basis is well established for a NI 43-101 compliant indicated and measured mineral resource, these Feasibility Studies remain conceptual in nature and should not be relied upon.

The concept is for production of 1,450,000 t/year of cement at a plant near Rancagua. It includes conventional open-pit mining of longitudinal benches, gravity-fed crushing, conveyance to a SAG grinding mill and the slurry pipeline described in the previous section of this report. The off-site cement making facility would be a conventional wet plant including a flash dryer, two-stage pre-heater and calcine kiln system. It would have electrical or gas power, emission controls and bagging facility.

The Feasibility Study for lime production was described as preliminary. Its main concepts included an underground or open-pit mine at Rino or Mon Sur (Mon Sur was preferred but reserves need to be drilled); 1,500 to 1,600 t/day of high grade limestone (HGLS) to provide 1,000 t/day of feed to the kiln; road haul of HGLS on 9 km on new road from Mon Sur to an all-new plant with ancillary accommodation, etc., to be built near the confluence of Rio Maipo with tributary Rio Blanco; crushing, screening, blending using 3,000 KVA of power via gas-fuelled electric generators; burning in a gas-fired, vertical-shaft kiln producing 600 t/day lime in a continuous process (350 days/year), plus 330 t/day by-product fines for potential sale to cement producers. Forty-two km of road from the plant site to highway entry would have to be upgraded and deliveries via the road from San Gabriel to Santiago would have to be permitted.

19. INTERPRETATION AND CONCLUSIONS

The Catedral/Rino project is a potential major undeveloped limestone mining project that has been explored such that two deposits have inferred resources of approximately 86 million tonnes at an in situ grade of approximately 90% $CaCO_3$, and $MgCO_3$ content of less than 5%. The key requirement of an adequate mineral resources for a commercial undertaking is met, as are other key requirements of an adequate source of gas for the local power requirements, an under-supplied market, and a potential market advantage. Remaining are access and construction decisions whereby costs need to be moulded with environmental constraints, permitting, and hiring of high-calibre senior personnel to take the project through the permitting stage and into production.

WGM endorses continued promotion by SAGC of the concept of a cement-making plant outside of the Santiago Metropolitan boundary, as developed in the Penta Feasibility Study, and updated by Phoenix. However, it is clear that permitting, cement marketing and capital are the major issues that will determine the fate of the cement project and resolution of these issues is unlikely to be achieved quickly.

While there are hurdles involving the Santiago Metropolitan boundary, ecological protection, land and road-use, and recreational interests; there would also be convincing benefits to industry in Chile if locally produced lime was available at a competitive price. The target may be lime production in line with SAGC's preliminary Feasibility Study, but in WGM's opinion the alternative of producing lime, fines, clinker and Portland cement on a small scale initially should be addressed. A particular constraint is that road use between San Gabriel and Santiago is closed to trucks on weekends, and weekday use is restricted. Determining the nature and cost of resolving that problem and achieving a profitable rate of production, is a priority for the EIS. In addition, by plant design and testing thereof, it must be shown convincingly in the EIS that there will be negligible adverse impact on air quality in Santiago.

In addition to completing the EIS, inferred mineral resources need to be upgraded to sufficient mineral reserves by drilling. Ongoing cost-benefit and market related studies also need to be undertaken. These needs are secondary to getting the project into a fast-track development mode. This will depend on SAGC deciding how to proceed with selling or spinning off the project, but in any event should include discussions with the many interested parties in Chile to try to accommodate their needs, concerns, desires for participation, and needs for products.

20. RECOMMENDATIONS

WGM's recommendations are based on the conclusion that the Rino/Catedral project hosts a very large potential limestone mineral resource that could provide processed materials for large and small users, and fulfil a variety of needs in Chile. Accordingly it is recommended that the opportunities be thoroughly investigated so that technical aspects of supply can be applied to meet the demands. It is suggested that it could take as much as a year to research and create the appropriate business plan. WGM is cognizant of SAGC's ongoing review of the best actions to take from a corporate rather technical point of view. WGM is not suggesting that exploration funds be diverted from its other projects to Rino/Catedral, but presents recommendations that would lift the Rino/Catedral Project from dormancy if the desire is there to do so.

WGM recommends completion of the EIS with consideration being given to the recommendations contained in both the cement and lime producing Feasibility Studies, and also for an initial small-scale on-site operation.

Fences of two or three core holes on each section (approximately 2,000 m total) should be drilled at Mono Sur to explore the geology and define the quality of the mineral resources beneath each of the three lines of surface sampling. Core should be photographed and quartered with one quarter sent for complete chemical analysis. Assuming that the analyses confirm expectations from surface sampling, the remaining core should be used for further testing of blending, crushing, milling, strength, density, etc.

Continued technical work will depend on results from the Mono Sur drilling and the perceived needs to meet demands. It is suggested that a budget of $1.2 to $1.5 million will take the project to this next stage, as illustrated in Table 6.

TABLE 6.
BUDGET ESTIMATE

Description	Cost (C$)
Drilling 2,000 m @ $300/m all in	C$600,000
Bulk blending and kiln tests	200,000
Studies re Marketing and Feasibility alternatives	200,000
Completion of EIS	150,000
Contingency (15% approximately)	150,000
Total	**C$1,300,000**

21. SIGNATURE PAGE

This report entitled "*A Technical Review of the Catedral/Rino Limestone Project, Chile for South American Gold and Copper Company Limited*" and dated January 31, 2011, was prepared and signed by the following authors:

Date effective as of January 31, 2011.

signed by
" *James A. McGregor* "

James A. McGregor, Ph.D., P.Eng.
Senior Associate Geologist

CERTIFICATE

To Accompany the Report Entitled "A Technical Review of the Catedral/Rino Limestone Project, Chile for South American Gold and Copper Company Limited" dated January 31, 2011

I, James A. McGregor, do hereby certify that:

1. I reside at 20 Mount View Court, Collingwood, Ontario, Canada, L9Y 5A9.

2. I graduated from Rhodes University, South Africa with a B.Sc. degree in Geology (1956), a M.Sc. degree in Geology (1960), and a Ph.D. in Geology (1964), and I have practised my profession continuously since that time.

3. I am a Professional Engineer licensed by Professional Engineers Ontario (Membership Number 30466015).

4. I am a Senior Associate Geologist with Watts Griffis and McOuat Limited, a firm of consulting geologists and engineers, which has been authorized to practice professional engineering by Professional Engineers Ontario since 1969, and professional geoscience by the Association of Professional Geoscientists of Ontario.

5. I am a qualified person for the purpose of NI 43-101. I have worked as a geologist for over 50 years since graduation. My relevant experience for the purpose of this Technical Report involves engineering, operations, project management, assessment and valuation studies covering a wide variety of locations, mineral deposits and mining methods on mineral properties throughout Canada, the United States of America and internationally.

6. I visited the Catedral/Rino project on November 13, 2010 and reviewed documents relating to the project with SAGC personnel on November 12, 14 and 18, 2010.

7. I was solely responsible for all sections of the report.

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10. Neither I, nor any affiliated entity of mine own, directly or indirectly, nor expect to receive, any interest in the properties or securities of South American Gold and Copper Company Limited, or any associated or affiliated companies.

11. Neither I, nor any affiliated entity of mine, have earned the majority of our income during the preceding three years from South American Gold and Copper Company Limited, or any associated or affiliated companies.

12. I have read NI 43-101 and Form 43-101F1 and have prepared the technical report in compliance with NI 43-101 and Form 43-101F1; and have prepared the report in conformity with generally accepted Canadian mining industry practice, and as of the date of the certificate, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

signed by
" *James A. McGregor* "

James A. McGregor, P.Eng.
January 31, 2011

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