A TECHNICAL REVIEW OF THE PIMENTON PROPERTIES IN CENTRAL CHILE FOR SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED

Pimenton Property Satellite Imagery

prepared by

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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.

The Pimenton Properties include the Pimenton Mine, the Pimenton Porphyry Project, which comprise the concessions surrounding the mine, and the separate Tordillo property.

The projects include exploration for hydrothermal gold, silver, copper and molybdenum in the high western Cordillera of Chile's Region V. They fall within the San Felipe cluster, which includes a number of porphyry-copper or copper-gold prospects of Miocene age. The cluster includes Novicio and West Wall in the vicinity and Vizcachitas at lower elevation and greater distance from the projects.

The geology in the Pimenton area is complex. Stratigraphic units are folded, faulted and multiply intruded by plutons of similar lithology such that it is difficult or impossible to differentiate between ages and impacts of the different plutons. Combined with the intrusive history is one of successive mineralizing events and alteration that is both widespread and variable in its effects because of structure, ground preparation in relation to structure, porosity variations in brecciated, pyroclastic and volcanic rocks, zoning around intrusive nuclei, and altitude.

In the project area the stratigraphy is made up of a folded volcanic sequence of andesitic and dacitic lavas, tuffs and volcanic breccias, corresponding to the Farellones Formation. The folds are asymmetric, chevron style, with steeply southwest-dipping axial planes. The formations are intersected by a series of high-angle reverse faults that are parallel or sub-parallel to the fold axial planes, and which generally weakened the rocks so that they were eroded into valleys.

The volcanic formations are intruded by a series of porphyritic plutons of diorite and quartz diorite composition. These intrusions range from broad, but elongated stocks, to sheet-like dykes that are partly emplaced along northwest to NNW trending reverse faults. However, several porphyry bodies and breccia pipes (as in the Hondo valley) have likely north or northeast trends. At depth, it is believed that the intrusions may have been emplaced with

dilation along the north-south corridor, and that at shallow depths they diverted into structures offering least resistance.

The project area features a striking example of Andean geological alteration. Within an area of approximately 25 km^2 there are red to orange (as well as greenish) propylitic zones, white phyllic, argillic and silica-cap zones, and darker grey to greenish grey zones of potassic and chloritic alteration. The colours are dispersed down talus slopes and are interspersed with unaltered rock at higher altitude and glacial deposits in the valleys. In addition to topography, the visual effects are influenced by lithology and hydrothermal activity. Porous tuffs and breccias may be pervasively altered while near-by massive andesites may be little affected. The core zone of potassic alteration is directly related to porphyry intrusions which themselves are mineralized with sulphides. The white alteration zones tend to surround the potassic core, but also occur in isolation. Such isolated occurrences are believed to indicate underlying porphyry, but may also result from structurally controlled hydrothermal invasion. The propylitic alteration constitutes the outer envelope in which weak sulphide mineralization in this setting is largely oxidized.

According to Minera Anglo-American Corporation **("AAC")** who explored the property in 2007-08, other alteration features within the potassic zone include chlorite-epidote assemblages where the original rocks were calcium-rich and retrograde alteration of biotite to chlorite. Adjoining fault conduits there is superposition of quartz-sericite-clay, and mineralization of tennantite-pyrite. Also fault-related are restricted zones of pervasive sericite-clay-tourmaline replacement which obliterates the texture of the host-rock.

Pimenton Mine

In 1994, SAGC agreed with the former owners to explore, develop and subsequently mine the gold-copper bearing veins. This essentially involved a new company Compania Minera Pimenton ("**CMP**") paying a Net Smelter Royalty of 5 to 6%. In 1996, SAGC acquired the remaining 44% of the shares it did not already own. During this period, SAGC drove over 4,000 m of drifts and crosscuts on the veins and completed 9,000 m of diamond drilling beneath the veins.

Mining operations commenced in 1996 at which time gold recovered in a 35 tpd mill helped off-set the cost of mine development. By the end of 1996 reserves were developed on several veins and the mill had been expanded to 120 tpd. Operations were curtailed in 1997 after the site was severely damaged in a storm and the combination of low gold prices and a lack of prepared stopes discouraged resumption.

From 1997 to 2004, the mine was maintained on stand-by and most of the equipment was stored at the town of Los Andes. Through this period SAGC was kept alive by capital provisions from its senior directors but, with the improvement of gold and copper prices in 2004, SAGC raised money through the Overseas Private Investment Corporation ("**OPIC**") of the American Government (fully repaid in 2010), and by a public offering.. By May 2004 production had resumed at Pimenton, but there were many start-up problems. It was not until May 2005 that the operational cash flow became positive. Then, in June 2005 the Pimenton area was subjected to very heavy El Ñino related snowfalls which were coincident with unusually high temperatures. This resulted in large multiple avalanches rendering the mine inoperable, and confinement of 109 mine personnel to the camp area for a month. By then SAGC did not have the financial strength to continue and the operations ceased.

While looking for means to put the mine back into production, SAGC again received capital from its directors, through private placements and through public offerings. This continued until 2008 when operations were resumed and commercial production declared in October of that year.

The Pimenton Mine exploits a cluster of D-type epithermal tensional veins that mostly strike N30°E and were formed in response to regional compression. The veins, which dip steeply to the east and are mildly sinuous, occur within a 3 km by 3 km area. They are affected by fractures that strike north-south and others that cut across, but displacements are minor. The cluster extends between elevation 3,600 m to a drilled depth of 3,180 m. Individual veins typically form shoots up to 450 m long, up to 50 cm wide, and have good depth continuity. The dominant vein type contains massive pyrite and chalcopyrite and subordinate barite. Gold is both free and contained in sulphides. Silver generally reports with gold. A typical assay of vein material is 1.5% Cu, 12 g Au/t and 12 g Ag/t.

Similar veins have been mapped approximately 2.5 km farther north. South of the cluster are several veins (Maria Elena Sector) that appear to be emplaced in northwest-striking shear-zones, are richer in silver than at Pimenton, and are not related directly to the north trending veins.

Recent development on the deeper and northern part of the Lucho-Leyton vein system (the dominant source being mined at Pimenton) has disclosed brecciation that widens the mineable portion from approximately 80 cm to perhaps as much as two m. Accompanying the brecciation is alteration resulting in whitening of the volcanic host rocks and coarse-clustering of alteration products such as specularite.

Pimenton Mine Reserves

A summary of *in situ* reserves for the Pimenton Mine, as estimated by CMP is shown in the following table. The reserves were audited by Marco Alfaro Sironvale, Ph.D. (Geostatistician) QP (Qualified Person) AusIMM, No. 229692 on behalf of for SAGC and WGM. He had participated in the estimation and audited the results in 2009 as well as in 2010, and is knowledgeable of all aspects of the operations.

Summary of Reserves, Pimenton Mine

Reserves	Proven	Probable	Average width
Tonnes	26,000	113,000	0.84 metres

Total Proven + Probable : 139,000 tonnes

Grades	Proven	Probable	Average
Au (g/t)	12.8	13.7	13.5
Cu (%)	1.4	1.5	1.5
Au Eq (g/t)	15.2	16.2	16.0

The present estimation uses the same blocks, procedures and methodology which were applied in 2009 and previously to arrive at the inventory of resources and reserves.

The proven blocks are derived from the measured resources, which are estimated with an extension of 5 m upward and downward from a level, on which channel samples have been taken, every two m along the vein. The probable blocks are derived from the indicated resources using 20 additional m upward or downward of a measured block compared to the previous 15 m projection used in 2002. The measured grade is estimated from the sampled grades in the channel sample multiplied by the width of the vein.

The volumes are estimated by the traditional formula (width) * (length) * (height of the block), which are converted to tonnes by multiplying by a density of approximately 3.0 t/m^3.

The conversion of Resources (measured and indicated) to Mineral Reserves (proven and probable) is made by using a coefficient of recovery and a mining dilution of the resources. The vein width is diluted to a minimum mining width of 80 cm.

Pimenton Mine Inferred Mineral Resources

In addition to auditing the reserves at Pimenton Mine, Marco Alfaro Sironvalle reviewed resources that were estimated in 2009 and provided the following up-date for use in this NI 43-101 report:

	Tonnes	Au g/t	Cu%
Inferred Class A	27,000	13.5	1.4
Inferred Class B	162,000	12.8	1.4

Class A Inferred refers to a 20 m extension of the existing probable ore in the vertical sense, assuming 450 m horizontal extension of the Leyton Vein system. It is given a fairly high probability of being converted to Probable classification in the future.

The Class B Inferred is the projection of the known veins down to below the 3185 m level using a combination of existing drill holes and the reserve grades as a guide. The Class B resource uses the same 450 m assumed horizontal extension as above.

The reserves and resource estimates are effective December 1, 2010. Specific gravity was determined by measurement and statistical analysis in 2009 and is 3.0. Dilution to 80 cm mining width has been added.

WGM Cash Flow Model

WGM developed a cash flow model to validate the Pimenton proven and probable reserves. The model, which is based on Pimenton Mine historical costs, current estimated grades, and metal prices reflecting an 18 month trailing average, runs for three years and generates a cash flow of $22.9 million, excluding interest, taxes and off-mine exploration costs. At a discount rate of 10%, the Present Value of the cash flow is $20 million..

Pimenton Porphyry

The potential for a large copper-gold porphyry deposit started to come into focus in 2003. In that year, SAGC drilled four diamond drill holes totalling 1,900 m. While not encountering economic values, these holes confirmed the possibility of a large porphyry system at Pimenton.

After previewing the project in 2004, an option agreement was signed with Rio Tinto ("**RT**") in 2005. Stored drill cores were examined and an initial three holes (2,000 m) were drilled. These holes provided further evidence for the presence of a porphyry system and in 2005 RT drilled a further four diamond drill holes (1,900 m). RT then withdrew from the option. Significantly, in their 2006 final report, RT disclosed potential for a resource of 400 Mt

containing 0.40% Cu and 0.43 g Au/t. WGM considers that disclosure to be historical, but material under NI 43-101, 2.3(2) and 2.4, as having been made by a reputable senior mining company. For this report, WGM reviewed data from the RT and subsequent drilling and estimated an inferred resource of 40 Mt containing 0.37% Cu and 0.42 g Au/t in the area of the historical disclosure. Although the inferred resource may be expanded considerably by routine delineation drilling, WGM cautions that the potential quantity and grade of the historical disclosure was conceptual in nature, that there has been insufficient exploration to define the quoted potential as a mineral resource, and that it is uncertain if exploration will define it as a mineral resource in its entirety and at grades similar to those disclosed by RT.

From 2007 to 2008 the Pimenton Porphyry Project was explored by AAC within an exploration agreement entered into with SAGC. The main objective of the AAC program was to continue the exploration of the deep porphyry-copper system previously explored by RT. Their program sought to identify a higher grade core associated to this porphyry, and to find new centres with the potential for economic mineralization within the property. AAC completed district geological mapping at a scale of 1:10,000 and detailed mapping at a scale of 1:5,000, over the defined targets. Before terminating their option, they added two deep drill holes (2,037.m) to the existing database at the main or central target.

WGM concludes that the Pimenton Porphyry Project is host to part of a north-south belt of porphyry systems of significant economic potential. Emplaced on the property are discrete stocks and dyke-like sheets of porphyry that are elongated vertically and are frequently also elongated along structures. Different intrusive, alteration and mineralizing events coupled with erosion of higher levels of the complex have resulted in complex geology with different exploration opportunities. Recognized among them are:

- The Pimenton valley part of the project area where drilling by RT and AAC identified a porphyry system with copper and gold mineralization in vertical to steeply-dipping, elongate bodies of porphyry exhibiting low sulphidation, copper mineral zoning and potassic alteration. Here, WGM has estimated an NI 43-101 compliant inferred resource of 40 Mt containing 0.37% Cu and 0.42 g Au/t on the basis of polygonal sections constructed from the previous drilling and examination of the currently available data. WGM considers the potential to be excellent for adding substantial additional tonnage by delineation drilling. The resource estimate uses an arbitrary cutoff grade 0.25 g Au/t, a minimum width of 10 m, and dip and strike projections of 200 m and 100 m, respectively; and

- The Hondo Valley exposures of breccia and zones of anomalous geochemistry which are perhaps linked under the higher altitude lithocap, make it a northern extension of the porphyry intrusion in the Pimenton valley. With limited exploration, these exposures

appear to exhibit higher sulphidation, but similar mineral potential to that of the Pimenton valley; and near the mine camp is the so called "Vein Target" where high sulphidation and anomalous copper molybdenum values indicate a buried porphyry system in the more southern part of the property. It may be fault controlled and therefore linked structurally to the system to the west in the Pimenton valley, but may also indicate a very different, and perhaps major, porphyry copper system.

Drill sections by AAC and RT were constructed on the basis of a northwest strike and steep southwest dip of the porphyry bodies, but the north-south trending fabric of magnetic survey data suggests that such assumptions need to be reviewed. In addition, north to northeast trending dilation zones may occur near surface as well as at depth. All such influences, on porphyry intrusion and mineralization in the local setting, warrant consideration when drilling deeper holes.

Geophysics has included magnetic, induced polarization and resistivity surveys. All are combined with conventional soil geochemistry, MMI sampling, and recognition of favourable alteration to identify targets for future drilling. The results of the surveys have been variously interpreted and reinterpreted. This is because features of potential interest lack precise definition and may be inadvertently correlated with topography which in turn is a function of NW trending structures, proximity to magnetite-bearing alteration, metal content and distribution (disseminated and in veins), and porosity. In WGM's opinion, the geophysical surveys are useful tools, but the data are not diagnostic of mineralization and should be used cautiously.

MMI sampling is capable of detecting mineralization at depths of over 700 m. The method can provide a more direct means, when compared to geophysics, of exploring for source mineralization. In the Pimenton area, where 50% of the surface area is masked by cover, mineralization has been found by MMI beneath 80 m of moraine and talus, and consequently the MMI method is favoured in selecting drill targets.

Tordillo

Based on preliminary fieldwork by SAGC, the main feature at Tordillo is a strongly leached silicified, sericitized and brecciated dacite-porphyry intrusive within an amphitheatre. measuring 1.5 km across. The breccias carry disseminated limonite and specularite together with tourmaline, some local copper oxides, chalcopyrite and pyrite. At the northern contact of the dacitic intrusive with silicified volcanics there is a zone of reddish alteration that extends over a distance exceeding a km in length with a width of 600 m. This zone hosts narrow, surface-leached, siliceous veins containing massive specularite and chalcopyrite in

ribbons up to 10 cm or more wide. Rock samples assayed up to 31.49 g Au/t and 17.63% Cu (across 0.4 m).

Exploration included three east-west reconnaissance geochemical profiles of talus fines and sampling of rock float. Abnormal copper and gold were identified for further exploration which has not been undertaken as yet.

Recommendations

Pimenton Mine

WGM's recommendations regarding operations are minimal. More thorough sampling and mineralogical study are recommended in the newly developed northern and deeper parts of the mine to obtain a better understanding of metal distribution in relation to alteration and subordinate structures. Screen sizing and assaying run of mine ore, separately from upper and lower levels, for metal content is suggested, as it may be found that larger sizes are significantly lower grade and may not be worth treating. Drilling at depth beneath the workings is strongly recommended, and is covered in the overall exploration program for porphyry deposits.

Pimenton Porphyry

WGM reviewed recommendations made by CMP for the drilling of seven deep holes. All are considered to be well researched and are endorsed by WGM with some suggested revisions

The second hole, PMDD 010, is planned to explore MMI and induced polarization anomalies in the mine area. The planned hole may not adequately explore the potential at this site since it is approximately in the strike direction of the veins. WGM recommends that consideration be given to drilling a hole from the Colorado Valley in a north-westerly direction. So placed, the drill hole would explore beneath the vein system across their direction of dip. Results from a hole such as is recommended by WGM may alter the concept on which PMDD 010 is based.

The third hole PMDD 011 is planned north of the Pimenton valley area of inferred resources. Planned to be drilled in an easterly direction, the hole will explore coinciding magnetic, resistivity, induced-polarization and MMI anomalies that are more indicative of mineralization than at the site of the resources. It is strongly recommended by WGM because it has two-fold objectives of extending the resources and finding mineralization of higher grade than found to date. The results from this drill hole will influence subsequent drilling in this area to delineate additional resources. However, in WGM's opinion, a minimum of two

500 m holes, and preferably three holes, should be sited on sections 100 m apart in the up-dip vicinity of PMDD 004 to delineate and start expanding the resources reliably.

Four holes are planned in a campaign for the Hondo Valley. PMDD 012 will drill into the north eastern side of the Hondo Valley exploring the northern end of a strong northerly trending vertical fault-shear zone, which may be near 1,000 m wide and which can be followed for over 3,000 m north-south. At this target, MMI, magnetics, and partial induced polarization data together with surface geology and some drill information are consistent with the exploration recommended by AAC for its "Breccia Target". Holes PMDD 013, PMDD 014 and PMDD 015 are currently planned on sections 500, 1,000 and 1,500 m south of PMDD 012 and are sited on strong copper and gold MMI results and favourable geophysics.

The company plans to use its recently purchased diamond-drill. Rated as capable of 1,500 m, it may not reach capability initially. Nevertheless, the seven holes proposed by Thomson are budgeted for 10,500 m total. In WGM's opinion, drilling to 1,500 m is not likely to be necessary to explore most of the MMI targets on which they have been located. Furthermore, the targets are based on widely spaced lines of MMI sampling, and the length of drill holes might be reduced if the targets are better defined. In WGM's opinion, both cost and time are factors to be considered which, because of the short summer, will probably take the deep drilling program into one of at least three years duration. If the CMP drilling can be reduced, the Colorado Valley hole recommended by WGM may be added without increasing the total. To this should be added 1,000 m in three holes recommended by WGM for further delineation of the inferred resources.

It is also recommended by CMP that MMI sampling at Pimenton should be extended towards the south and west using east west traverses to cover the entire alteration zone. WGM agrees with this recommendation. To this should be added MMI sampling on intermediate lines at the selected drill sites, It is also recommended that water analysis by undertaken in the Colorado and Hondo valleys to try to locate sources of metals and sulphur in the streams.

Tordillo

WGM endorses a program previously recommended within SAGC for the entire Tordillo amphitheatre to be geologically mapped and covered with an 80 m by 40 m geochemical talus-fines sample grid. Samples will be run for copper, molybdenum, lead, zinc, gold and silver. Further investigation is proposed of geochemical anomalies by MMI sampling to pin-point drill targets.

A second objective will be to evaluate the vein potential which will include both the epithermal veins that have been partially explored and the possible presence of veins with polymetallic mineralization.

Budget

WGM has prepared the following budget on the basis that all of the drilling will be done using the company's rig. It is assumed that all of the proposed exploration will be completed in three years.

Budget Estimate

Description			Cost (C$)
Drilling		11,500 m @ $250/ m all in	$2,875,000
MMI and other surveys:	Pimenton		200,000
	Tordillo		100,000
Contingency (15% approximately)			425,000
Total Budget			**$3,600,000**

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 for this report was provided by SAGC, or is filed by the company on SEDAR, or is publicly available. WGM is satisfied that the descriptions, maps and results of work by the owners were accurately duplicated, translated from Spanish to English and/or portrayed for our use.

Pimenton Mine

Background information on the Pimenton Mine was obtained from a 2002 Technical Report by J. Selters, who at that time was an independent qualified person in terms of NI 43-101. This information was up-dated by inspection of the underground workings, treatment plant, workshop, assay laboratory, and camp facilities. One visit was made by McGregor in the period November 14-16, 2010. Marco Alfaro Sironvalle visited the mine on December 12, 2010. His inspection included a review of the mine, sample preparation and assay laboratory as well as geological plans and sections of the principal veins and was directed specifically towards auditing reserves and resources for which he has responsibility in this report.

Pimenton Porphyry

Much of the exploration work described in this report was done by Rio Tinto ("RT") and Minera Anglo American Corporation ("AAC"). During the November 2010 site visit, McGregor inspected target areas in the Pimenton, Hondo and Colorado valleys, and core from

the RT drilling. The core had been laid out for that purpose at SAGC's staging facility in Los Andes.

Tordillo

The Tordillo property was not visited by the authors, but was visible from a distance of approximately 12 km. Considering the limited exploration history, WGM has accepted and used information provided by SAGC for this report without further verification.

2.4 UNITS AND CURRENCY

Metric units are used throughout this report unless specified otherwise, and recorded as: 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 = 100 ha).

Metal contents are reported using percent ("%"), "g/t" and parts per million ("ppm") (1 g/t = 1 ppm). The symbols Cu, Au, Ag and Mo may be used respectively for copper, gold, silver and molybdenum metals.

Currencies used in this report are quoted in US$.

3. RELIANCE ON OTHER EXPERTS

WGM is a Canadian consulting firm without specialized exposure to legal, political, environmental and possibly some technical issues in Chile. We have relied on information provided by employees of SAGC some of whom who are not qualified persons and also reports that may not comply with NI 43-101. These and other reports are listed in the References section of this report.

This report was prepared for SAGC by the authors and in part by WGM staff. It is based almost exclusively on data that were provided to the authors by SAGC. The authors and WGM disclaim all liability for the underlying data and do not accept responsibility for the interpretations and representation made in this report where they were a result of erroneous, false, or misrepresented data. The authors and WGM disclaim any and all liability for representations or warranties, expressed or implied, contained in, or for omissions from, this report or any other written or oral communications transmitted or made available to any interested party when done without written permission or when they are inconsistent with the conclusions and statements of this report.

WGM has placed considerable reliance on information provided, and in some cases interpreted, by Thomson (2006 and 2010). Thomson is a director of SAGC. In the opinion of WGM, the reliance on Thomson is justified because he is a Qualified Person in all respects except that of independence.

Although WGM and the authors, have conducted their due diligence thoroughly and have no reason to doubt the verity of the information, and the data provided, both written and orally and their translations we cannot accept liability for the underlying data or omissions there from and do not accept responsibility for the interpretations and representation made in this report where they were a result of erroneous, false, or misrepresented data.

4. PROPERTY DESCRIPTION AND LOCATION

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).

The Pimenton Properties are located in the high Andes Mountains (Figure 1). The major property surrounds and included the Pimenton Mine at elevation 3,350 m (Figure 2). It is approximately 120 km NNE of the city of Santiago and 50 km northeast of the town of Los Andes, in the district of San Esteban, Province of Los Andes, Region V. Its central UTM coordinates are N 6,407,500 and E 386,000. The approximate central geographic coordinates are longitude 70°12'W and latitude 32°28'S.

Tordillo is a separate property approximately 12 km south of the Pimenton Mine.

The Pimenton Mine is located approximately 195 km from Ventanas, a custom smelter owned by Enami.

Surface rights on the main property are owned by Comunitad Los Campos de Cerro Gallegos with whom Compañia Minera Pimenton ("**CMP**") has an assigned agreement granting rights to access, exploration, mining, plants, waste-dumps and tailings dams according to Chile's Mining Code. The rights cover an area of 3,751 ha.

Watts, Griffis and McOuat

Figure 1.

SOUTH AMERICAN GOLD AND COPPER LTD.

Pimenton Properties

Valparaiso Region, Chile

Location Map

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

Watts, Griffis and McOuat

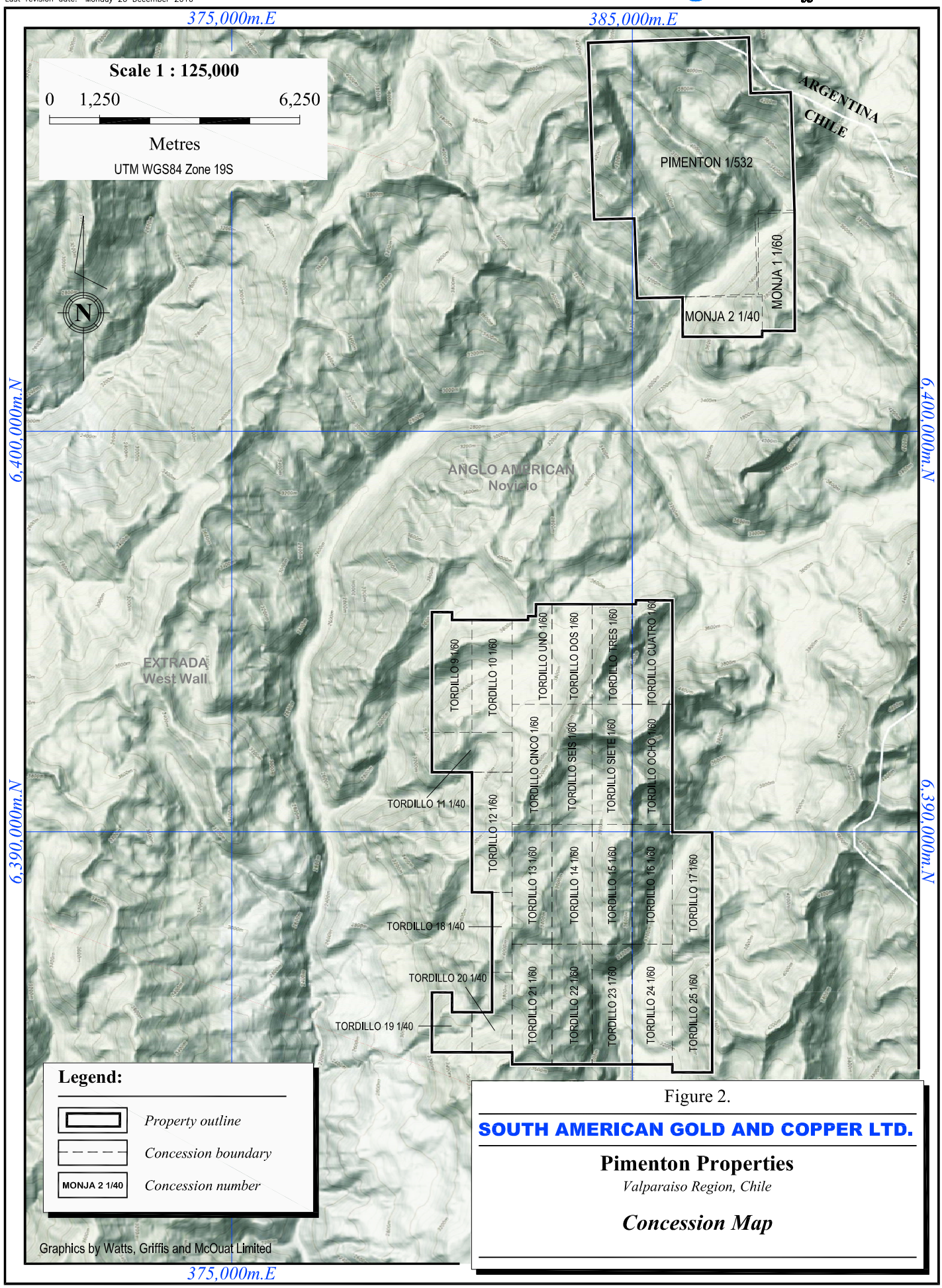


Figure 2.

SOUTH AMERICAN GOLD AND COPPER LTD.

Pimenton Properties

Valparaiso Region, Chile

Concession Map

Pimenton Mine and Porphyry Property

The Pimenton Mine and porphyry are contained within contiguous exploitation concessions: Pimenton 1/532, Monja 1, 1/60 and Monja 2 1/40 covering approximately 2,750 ha all of which were approved in October, 1995. Since the official records of areas do not match the official map of measured areas (as shown in Table 1), the area may be larger. The concessions were measured (surveyed) by Minera Bernstein & Thompson Ltda. ("**BTX**"), and now are registered in the name of CMP, a subsidiary of SAGC.

TABLE 1.
PIMENTON MINE AND PORPHYRY PROPERTIES

Name	Official Area (ha)	Measured Area (ha)
Pimenton 1-532	2,550	2,550
Monja 1, 1 to 60	151	300
Monja 2, 1 to 40	50	200

Mineralized zones at Pimenton Mine comprise high-sulphidation epithermal veins related to a buried porphyry intrusion. Reserves and resources relate to underground mine workings and these workings, supporting infrastructure and dumps are within the area of surface rights. Production from the mine is subject to a 5 to 6% NSR royalty depending on gold price.

Possible environmental liabilities relate to tailings disposal, mine run-off and use of mercury in laboratory procedures (see Section 17 of this report).

All necessary permits are reported by SAGC to be in place for the current operation.

The area surrounding the mine contains widespread alteration and extensive low-grade Cu-Au mineralization related to porphyry intrusions. Geological, geophysical and geochemical evidence encourages drilling to delineate known mineralization and to search for new emplacements.

Annual cost to maintain the mining rights is approximately $16,000. The cost of maintaining the surface rights is $4,800.

Tordillo

The Tordillo property comprises an official 6,247 ha area in contiguous exploitation concessions all of which were approved in April, 2005, and which are documented in Table 2. It is 13 km ENE of the West Wall property (owned AAC and Xstrata Copper) and 3 km southeast of the Novicio property (owned by AAC).

Cost to maintain the Tordillo concessions is approximately $36,000 p.a.

TABLE 2.
TORDILLO EXPLOITATION CONCESSIONS

Name		Official Area (ha)	Name		Area (ha)
Tordillo 1	1 – 47(60)	222	Tordillo 14	1 – 60	300
2	1 – 50(60)	250	15	1 – 60	300
3	1 – 50(60)	250	16	1 – 60	300
4	1 – 52(60)	250	17	1 – 60	300
5	1 – 60	300	18	1 – 20(40)	100
7	1 – 60	300	19	1 – 25(40)	125
8	1 – 60	300	20	1 – 20(40)	150
9	1 – 60	300	21	1 – 60	300
10	1 – 60	300	22	1 – 60	300
11	1 – 40	100	23	1 – 60	300
12	1 – 60	300	24	1 – 60	300
13	1 – 60	300	25	1 – 60	300

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

5.1 ACCESS

From Santiago, road access to the Pimenton Mine is north via the Los Libertadores highway to the town of Los Andes, and then via the international road east towards Mendoza in Argentina. Exiting approximately 18 km from Los Andes, the mountainous dirt road continues for 85 km across one major pass to the property.

The road is maintained year-round by SAGC in order to rotate approximately 120 mine personnel on a 7 days in and out schedule, trucking of concentrate to a smelter, shipping of doré by armoured vehicle, and hauling supplies. In summer the road is maintained with graders and long-wheel-base Land Rovers are used for the personnel rotation. SAGC has found that packed-down snow is best for winter travel involving specialized vehicles developed by the US Army, and an avalanche gun at the top of the mountain pass. Roads that are easily travelled with 4-wheel drive provide access along the valleys to moderately higher ground and former drill sites on the main property.

Access to Tordillo would normally be by horseback.

Helicopters are used for exploration in the area but not currently by SAGC. Building an airstrip near the mine has been considered but not implemented.

5.2 CLIMATE

Within the regional Mediterranean climate of central Chile, the Pimenton properties have a mountain climate. From early November to the end of May the weather is sunny with day temperatures reaching 15°C, but dropping at night to near freezing. Windy periods are frequent. During the remainder of the year temperatures are nearer freezing during the day and drop to -10° at night, and to -30° during storms. High winds and snow accompany the storms and drifting snow can be troublesome on roads and at the mine. In the past, avalanches have caused severe damage at the mine and can threaten personnel safety. In order to reduce risk, SAGC employs specially trained staff for avalanche prevention. When periodic El Nino conditions prevail, winter operations may be affected for a few days at a time.

5.3 LOCAL RESOURCES AND INFRASTRUCTURE

There are no significant local resources other than at the Pimenton Mine, an underground mine with a target throughput of 150 t/day and more than 15,000 oz of gold production in 2011. Roads, power and accommodation facilities are maintained year-round.

Under Chile's mining code, SAGC has the right to use water produced in the mine workings. Flows from each adit are in the order of 10 to 20 l/sec, but it is not all utilized directly. From the upper levels it flows to the tailings area from which all the water is recycled for processing. From the lower levels some of the water flows as a small stream into the Rio Colorado at which point the stream is already yellowed by metals and is acidic, but not deleterious to the numerous guanaco in the valley. Approximately 50 l/sec of process and camp water is obtained from the mine workings while bottled water is brought in for human consumption.

The mine works on the basis of 12 hour shifts rotated on a seven day in and out schedule. Up to 220 unionized personnel are transported to and from Los Andes where SAGC maintains a staging and recruitment facility. The camp has offices and accommodation for 120 persons, computers, plumbing and sanitation, bunking, kitchen, etc. Electric power is provided by diesel generators, plant: 3 x 600 v, mine: 3 x 380 v, and camp 2 x 380 v. The plant is rated at 150 tpd and is described more fully in Section 25 of this report. It is supported by a separate workshop and assay laboratory.

The camp and plant are located within a limited area around 3,400 m elevation. While not studied in detail, WGM believes that should they be required in future, there is space in the valley for a larger operation that could include leach pads and waste disposal.

5.4 PHYSIOGRAPHY

At the Pimenton properties, mountain terrain between 3,000 and 4,200 m is dominant. Drainage forms a rectangular pattern with the Colorado stream draining to the southwest. Branching off the Colorado valley to the northwest are the Pimenton ("Quebrada Pimenton") and Hondo valleys. The valleys are largely filled with glacial deposits, while the mountain slopes have variable outcrop. Vegetation is short tough grass and small thorny scrub in the valleys. On the hillsides there is very little vegetation. Swamp with associated vegetation occurs locally in the valleys. Wild life includes several hundred guanaco in the valleys. Cougars are reported to visit occasionally. Other wild life is reported to include foxes, vicuna, vizcacha, small lizards, condors and various small birds.

6. HISTORY

The Pimenton alteration zone was discovered in 1981 during a joint venture helicopter-based exploration program involving Cominco, AAC, and Bernstein/Thomson Exploration Ltda. ("**BTX**"). Between 1982 and 1984, reconnaissance geological mapping and geochemical sampling of the talus slopes was conducted by Cominco. In 1985, under the terms of the joint venture agreement, the property was turned over to BTX with no interest retained by Cominco or AAC.

In 1985, the property was optioned for five years to Newmont Mining. Over the next four years Newmont carried out geological mapping and extensive surface sampling. They also completed over 4,000 m of diamond drilling and some 300 m of underground drifting and cross cutting. The work brought into focus the vein potential of the property.

In 1989, Newmont brought in TVX as a joint venture partner. TVX worked on the property for a season but at the end of the five year option the joint venture did not make the final payment of a million dollars and the property reverted to BTX.

From 1991, focus was directed on developing and mining the high-grade veins.

Pimenton Mine

During 1991-92, BTX carried out limited mining of direct-shipping ore on the Lucho vein. The production which averaged 6.16 oz Au/t was sold to the Enami smelter.

In 1994, BTX reached an agreement with SAGC to explore, develop and subsequently mine the gold copper veins. This essentially involved a new company (CMP) paying a Net Smelter Royalty of 5 to 6%, the higher value being applied when the gold price exceeded $400/oz. In 1996 SAGC acquired the remaining 44% of the shares it did not already own. During this period, SAGC drove over 4,000 m of drifts and crosscuts on the veins and completed 9,000 m of diamond drilling beneath the veins.

Mining operations commenced in 1996 at which time gold recovered in a 35 tpd mill helped off-set the cost of mine development. By the end of 1996 reserves were developed on several veins in the Lucho area and the mill had been expanded to 120 tpd. Operations were curtailed in 1997 after the site was severely damaged in a storm and the combination of low gold prices and a lack of prepared stopes discouraged resumption. In 2002, a proposed operating plan

was completed by independent qualified person, J. Selters. Revised and expanded from a study in 1999, it formed the basic plan for resuming operations.

From 1997 to 2004, the mine was maintained on stand-by and most of the equipment was stored at the town of Los Andes. Through this period SAGC was kept alive by capital provisions from its senior directors but, with the improvement of gold and copper prices in 2004, SAGC raised money through the Overseas Private Investment Bank ("**OPIC**") of the American Government (fully repaid in 2010), and by a public offering. By May 2004 production had resumed at Pimenton, but there were many start-up problems mainly related to management at the mine. It was not until May 2005 that operations started to improve, dilution had been brought under control, training of the miners was starting to produce results, plant performance had improved, and the operational cash flow became positive.

In June of 2005, the Pimenton area was subjected to very heavy El Ñino related snowfalls which were coincident with unusually high temperatures. This resulted in large multiple avalanches rendering the mine inoperable, and confinement of 109 mine personnel to the camp area for a month. By then SAGC did not have the financial strength to continue and operations ceased.

While looking for means to put the mine back into production, SAGC received capital from its directors, through private placements and public offerings. This continued until 2008 when operations were resumed and commercial production declared in October of that year. Production (sales) is summarized in Table 3.

TABLE 3.
PRODUCTION SUMMARY
(In copper concentrate and doré)

Period	Copper sales (tonnes)	Gold sales (ounces)	Silver sales (ounces)
1991 92	Unknown	1,182	unknown
Jan-Apr 1996	Unknown	1,046	unknown
May 96 – Feb 97	110	2,513	Unknown
Mar 97 – Sept 2008	Nil	Nil	Nil
Oct 08 – Sept 2009	254.19	10,604.97	8,619.76
Oct 09 – Sept 2010	131.74	8,626.05	3.686.68

In addition to the above there are undocumented reports that mill-clean-ups after shut-downs which may have yielded another 200-300 oz gold.

Pimenton Porphyry

At the end of 1992 Mt Isa Mines took on a brief option during which they drilled four four-hundred m diamond drill holes in the eastern section of the Pimenton alteration zone at high elevations.

The potential for a large copper-gold porphyry deposit started to come into focus in 2003. In that year, SAGC drilled four diamond drill totalling 1,900 m. While not encountering economic values, these holes confirmed the possibility of a large porphyry system at Pimenton.

After previewing the project in 2004, an option agreement was signed with RT in 2005. After examining cores from the previously drilled holes, an initial three holes (2,000 m) were drilled. These holes provided further evidence of the presence of a porphyry system and in 2005 RT drilled a further four diamond drill holes (1,900 m). RT then withdrew from the option.

RT in their 2006 final report disclosed potential for 400 Mt containing 0.40% Cu and 0.43 g Au/t. WGM considers the disclosure to be historical and material under NI 43-101, 2.3(2) and 2.4, but cautions that the potential quantity and grade are conceptual in nature, that there was insufficient exploration to define a mineral resource in accordance with NI 43-101.

In 2007, an option was signed with a subsidiary of AAC. AAC re-evaluated the previous work and drilled two deeper holes (2,037 m). When those holes did not reveal hoped-for higher grade and continuity of mineralization, the option was terminated in 2008.

In 2010, SAGC continued an MMI survey that had been started with 56 samples in 2004, and was followed by 129 samples in 2005, 117 samples in 2009 and 305 samples in 2010. Based on these results (610 samples in total), and data from previous exploration, an internal recommendation has been made for drilling seven new holes (10,500 m).

Tordillo

In March/April 2005 a three-man exploration team explored approximately four square km of the Tordillo property. Promising copper-gold mineralization was discovered and sampled, but not revisited subsequently.

7. GEOLOGICAL SETTING

7.1 REGIONAL SETTING

The setting of the Pimenton properties is within the San Felipe porphyry cluster of Miocene age, Central Andes. The Cu-Mo-Au porphyry strip includes prospects such as Novicio and West Wall in the immediate vicinity, and the more distant Vizcachitas, Morro Colorado and Amos-Andrés, all of which exhibit hydrothermal alteration associated with porphyry intrusions. The published alteration age of 9.2 to 14.5 Ma is believed to be correlated to other world-class deposits. At Pimenton, alteration ages of 9.94±014 Ma (biotite) and 10.37±019 Ma (sericite) have confirmed the setting.

The regional geological map shows a predominance of Upper Cretaceous to Lower Tertiary Abanico Formation (Figure 3). It consists mainly of andesitic volcanic rocks intercalated with continental sandstones and bedded tuffs. Its total thickness has been estimated to be 3,000 to 5,000 m. Unconformably overlying the Abanico Formation is Mid-Tertiary (Middle to Upper Miocene) Farellones Formation. These volcanic and sedimentary formations are intruded by porphyry stocks that vary in size, texture and diorite-type composition, and in the impact on the intruded formations. Associated with these intrusions are large to very large hydrothermally and geothermally altered areas. Often there is early development of a wide area of secondary biotite that gives the rock a distinctive brownish colour. Ideally, mineralization is present centrally and is accompanied by potassic alteration represented by secondary biotite and potassium feldspar. Outward, 'shells' may be present of cream or green quartz and sericite (phyllic), and then greenish chlorite, epidote, sodic plagioclase and carbonate {propylitic) alteration. Under some circumstances, white, chalky clay (argillic) alteration occurs.

A model of the regional and local setting (Figure 6) illustrates the different parts that may be encountered above and around sub-volcanic intrusions in the region. In particular, relatively low-temperature parts with high and low sulphidation are distinguished as being respectively more geothermal and more hydrothermal. Low sulphidation areas tend to have stockwork mineralization with <5% sulphides (mainly pyrite), whereas in high sulphidation areas stockworks are uncommon and individual veins have 10 to 90% mixed sulphides.

Watts, Griffis and McOuat

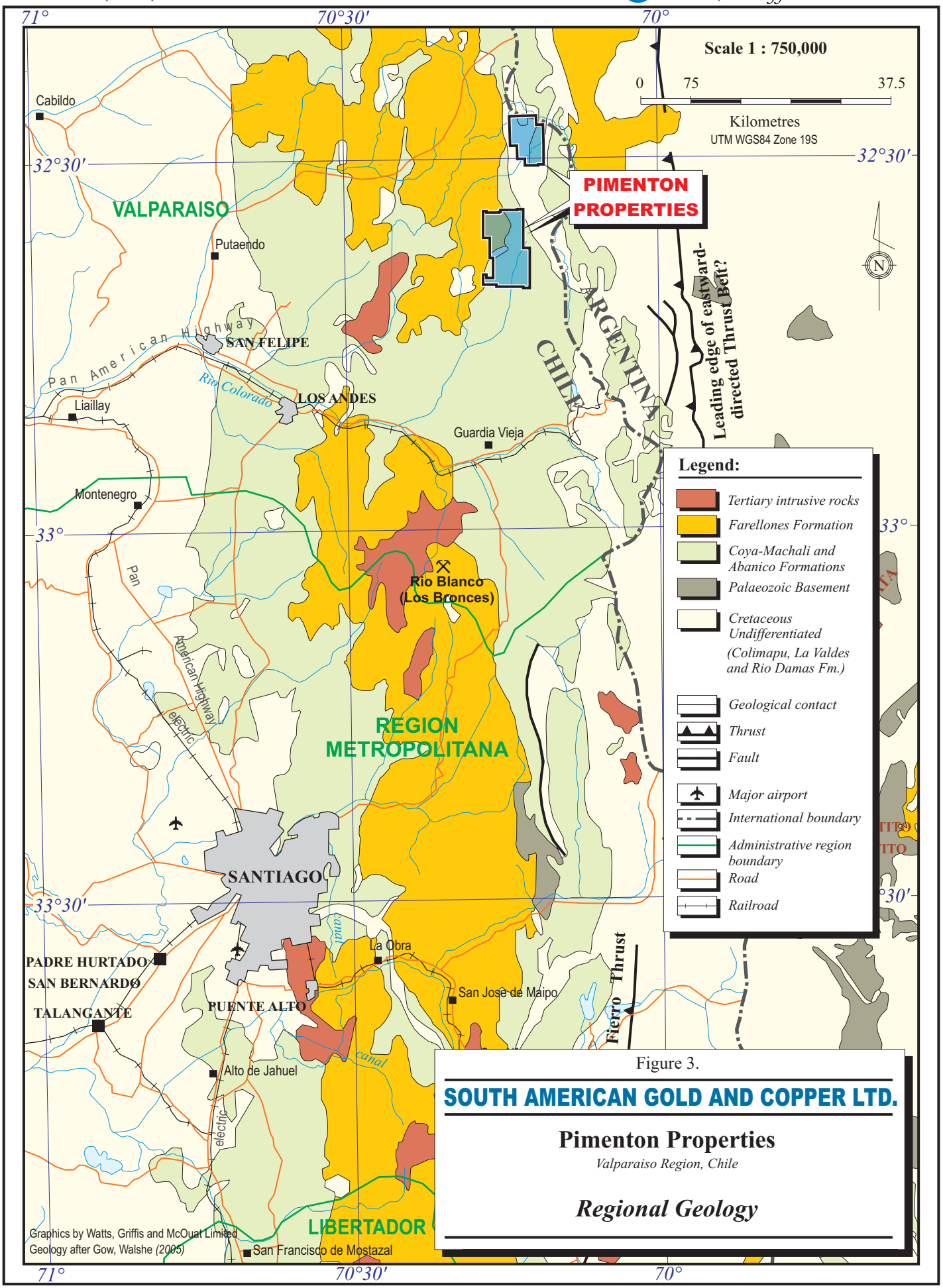


Figure 3.

SOUTH AMERICAN GOLD AND COPPER LTD.

Pimenton Properties

Valparaiso Region, Chile

Regional Geology

SAG SCC / SAG_02_Pimenton_Property_Geol.dwg (Layout: 25k PT)
Last revision date: Monday 20 December 2010

385,000mE 387,000mE 389,000mE

6,409,000mN 6,407,000mN 6,405,000mN 6,403,000mN 6,401,000mN

ARGENTINA

CHILE

VH-01
VH-03
VH-02
VH-04

TARGET BRECHA

TARGET CENTRAL

DDH-PMT-01
PMT-001-PM-002
RT-02
PM-DD-008
RT-08
PM-DD-004
RT-04
PM-DD-006
RT-06
PMT-02
RT-05 PM-DD-005
PM-001
RT-01
PIMENTON 1/532

VALLE HONDO

VALLE PIMENTON

RT-07
PLANT
CAMP

PIM-24
PIM-25
PIM-23
PIM-22

VALLE DEL BOLSILLO

RIO COLORADO

RT-09
TARGET VETA

MONJA 1 1/60

MONJA 2 1/40

N

Legend:

- *Alluvium/Colluvium*
- *Diorite (fine grained amphibole and biotite)*
- *Diorite quartz biotitic*
- *Diorite porphyry*
- ***Farellones Fm.***
- *Andesite*
- *Dacitic Tuff*
- *Breccia phreatic poli-lithologies*
- *Breccia-quartz tourmaline*
- *Reverse Fault/Lineament*
- *Fault*
- *Drainages*
- *Morraine deposit*
- *Tunnel*
- DDH-PMT-01 *DDH*
- *Outline of alteration*
- *Target*

Scale 1 : 25,000

0 250 1,250

Metres

UTM WGS84 Zone 19S

Graphics by Watts, Griffis and McOuat Limited

After Anglo American Chile (April 2007)

Figure 4.

SOUTH AMERICAN GOLD AND COPPER LTD.

Pimenton Properties

Valparaiso Region,Chile

Pimenton Property Geology

Watts, Griffis and McOuat

Morphology is structurally controlled by a system of reverse faults with a dextral component of movement, and conjugated normal faults. The faults, which commonly occur in glacial valleys of north to NNW orientation, were formed under regional compression together with folding during the Andean orogeny. They intersect the primary north-south corridor which represents a deep crustal axis for emplacement of subduction-related porphyries. The San Filipe cluster occupies a zone of weakness which included ductile and fracturing rearrangement of stratigraphy; and emplacement of consecutive porphyry bodies.

In addition to recognizing alteration patterns that may lead to finding economic deposits, veins are sometimes recognized by type. A-type veins, for example, occur in the intrusive porphyry, are high-temperature and behaved plastically. Of pure quartz, they generally have diffuse boundaries and may or may or may not be mineralized. B- and C-type veins are the more common copper (and copper-gold) mineralized and mineralizing veins. They may have selvages (B) or centres (C) of sulphide minerals and both accompanying and peripheral potassic alteration. D-type veins are considered to be "late" and relatively low-temperature. Quartz may be grey-white, sulphidation may be high with all or any of pyrite, alunite, gypsum and sulphur, and gold, silver, copper and molybdenum may be anomalous to economically significant.

7.2 LOCAL SETTING

Pimenton Mine

The Pimenton Mine exploits a cluster of D-type epithermal tensional veins that mostly strike N30°E and were formed in response to regional compression. The high-grade Cu-Au veins dip steeply to the east and are mildly sinuous. They are affected by fractures that strike north-south and other narrow tourmaline-bearing fractures that cut obliquely across the veins, but most displacements are minor. The pattern in the lower levels of the mine is illustrated in a view looking upward in a drift on of one of the main veins (Leyton) in Figure 5. Based on previous reports, WGM suspects that in the upper levels the main veins may have sharper margins and that subordinate structures may be less developed than in the illustration.

Similar veins have been mapped approximately 2.5 km farther north. South of the cluster are several veins (Maria Elena Sector) that appear to be emplaced in northwest-striking shear-zones, are mineralogically different with respect to silver content, and are unrelated to the main cluster.

Figure 5. Photograph of Leyton vein back

Recent development on the deeper and northern part of the Leyton vein (the dominant vein being mined) has disclosed brecciation that widens the mineralized portion from approximately 50 cm to perhaps as much as two m. This may be correlated with breccia in earlier hole #6 which assayed 4.04 g Au/t and 1.49% Cu over 1.65 m intersected width at an elevation of 3,100 m. Accompanying, or perhaps in a zone surrounding the brecciation, is alteration resulting in whitening of the volcanic host rocks and coarse-clustering of alteration products such as specularite. There may be potential for high grade gold associated with this alteration that needs study (see also Sections 9.1 and 14 of this report).

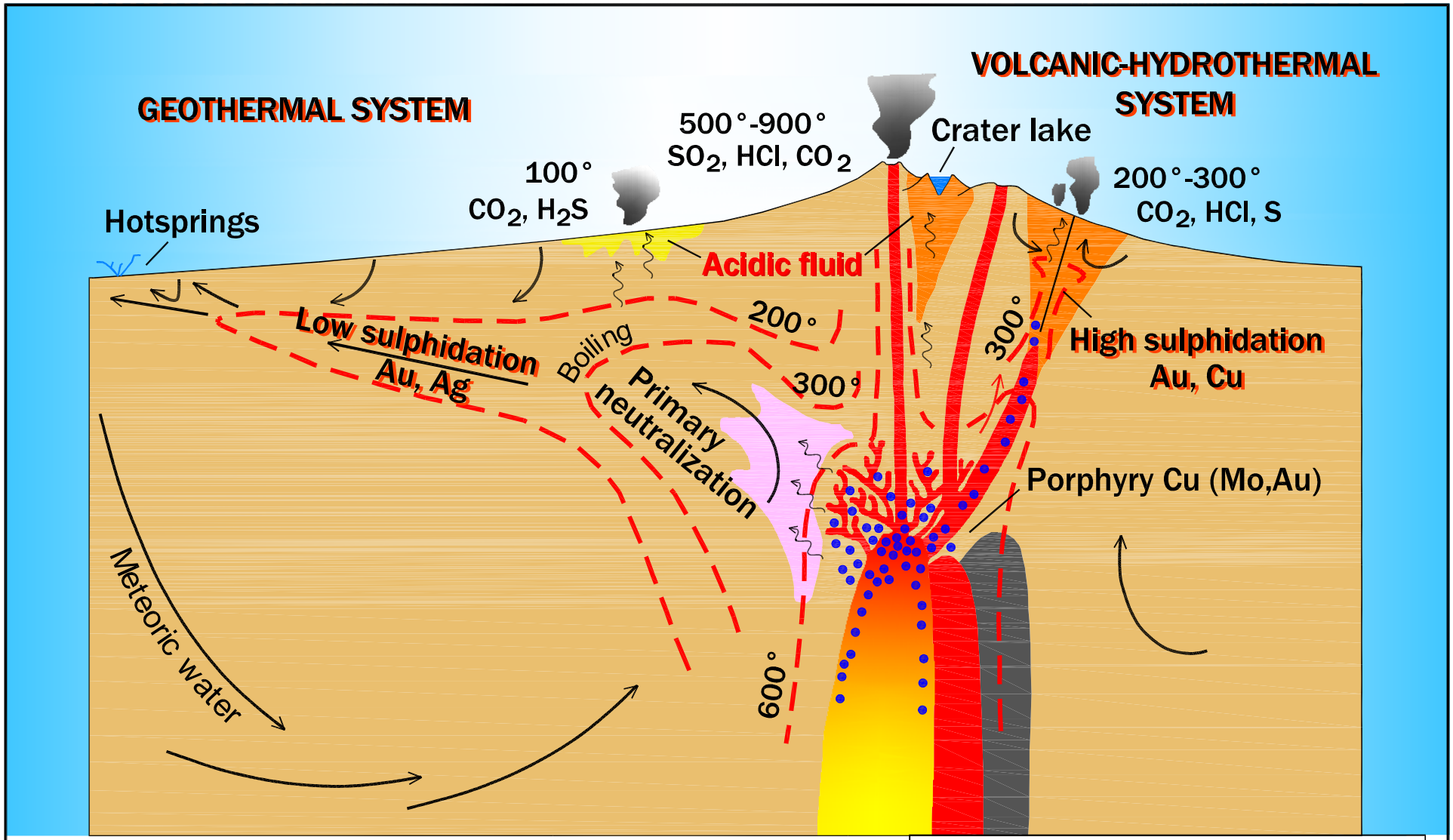
From several published models, WGM has chosen one (Figure 6) to illustrate the relationship of the high sulphidation epithermal vein system at Pimenton to a probable porphyry at depth. The model also illustrates lateral and vertical patterns that can be expected in the surrounding geology. Their presence at Pimenton is thought by WGM to be localized west of the mine because of obliteration by unrelated intrusions of diorite to diorite-porphyry composition known in the Pimenton valley. The patterns are more likely to be present at depth and north and south of the mine, and may exist to the east prior to being terminated by faulting suspected in the Colorado valley.

Pimenton Porphyry

The geology in the Pimenton area is complex. Stratigraphic units are folded, faulted and multiply intruded by plutons of similar lithology such that it is difficult or impossible to differentiate between ages and impacts of the different plutons. Combined with the intrusive history is one of alteration that is both widespread and variable in its effects because of structure, ground preparation in relation to structure, porosity variations in brecciated, pyroclastic and volcanic rocks, zoning around intrusive nuclei, and altitude.

In the project area the stratigraphy is made up of a folded volcanic sequence of andesitic and dacitic lavas, tuffs and volcanic breccias, corresponding to the Farellones Formation. The folds are asymmetric, chevron style, with steeply southwest-dipping axial planes. The formations are intersected by a series of high-angle reverse faults that are parallel or sub-parallel to the fold axial planes, and which generally weakened the rocks so that they were eroded into valleys.

SAG SCC / SSAG_08_Pimenton_Geotherm_Model.dwg
Last revision date: Friday 14 January 2011



Legend:

- *Saline magmatic fluid*
- *Liquide flow*
- *Vapor ascent*

Scale 1 :50,000

0 500 2,500

Metres

Graphics by Watts, Griffis and McOuat Limited After Deb (2007)

Figure 6.

SOUTH AMERICAN GOLD AND COPPER LTD.

Pimenton Properties

Valparaiso Region, Chile

Generalised Model of Porphyry and Epithermal Deposits

Watts, Griffis and McOuat

The volcanic formations are intruded by a series of porphyritic plutons of diorite and quartz diorite composition. These intrusions range from broad, but elongated stocks, to sheet-like dykes that are partly emplaced along northwest to NNW trending reverse faults. However, several porphyry bodies and breccia pipes (as in the Hondo valley) have likely north or northeast trends. At depth, it is believed that the intrusions may have been emplaced with dilation along the north-south corridor, and that at shallow depths they diverted into structures offering least resistance.

The project area features a striking example of Andean geological alteration (Figure 7) Within an area of approximately 25 km^2 there are red to orange (as well as greenish) propylitic zones, white phyllic, argillic and silica-cap zones, and darker grey to greenish grey zones of potassic and chloritic alteration. The colours are dispersed down talus slopes and are interspersed with unaltered rock at higher altitude and glacial deposits in the valleys. In addition to topography, the visual effects are influenced by lithology and hydrothermal activity. Porous tuffs and breccias may be pervasively altered while near-by massive andesites may be little affected. The core zone of potassic alteration is directly related to porphyry intrusions which themselves are mineralized with sulphides. The white alteration zones tend to surround the potassic core, but also occur in isolation. Such isolated occurrences are believed to indicate underlying porphyry, but may also result from structurally controlled hydrothermal invasion. The propylitic alteration constitutes the outer envelope in which weak sulphide mineralization in this setting is largely oxidized.

According to AAC, other alteration features within the potassic zone include chlorite-epidote assemblages where the original rocks were Ca-rich and retrograde alteration of biotite to chlorite. Adjoining fault conduits there is superposition of quartz-sericite-clay, and mineralization of tennantite-pyrite. Also fault-related are restricted zones of pervasive sericite-clay-tourmaline replacement which obliterates the texture of the host-rock.

Drill sections by AAC and RT were constructed on the basis of a northwest strike and steep southwest dip of the porphyry bodies, but the north-south trending fabric of magnetic survey data suggests that such assumptions need to be reviewed. In addition, north to northeast trending dilation zones may occur near surface as well as at depth. All such influences on porphyry intrusion and mineralization in the local setting warrant consideration when drilling deeper holes.

Three main target areas (Central, Breccia. and "Vein") were defined in the project area by AAC, based on geological mapping at a scale of 1:5.000.

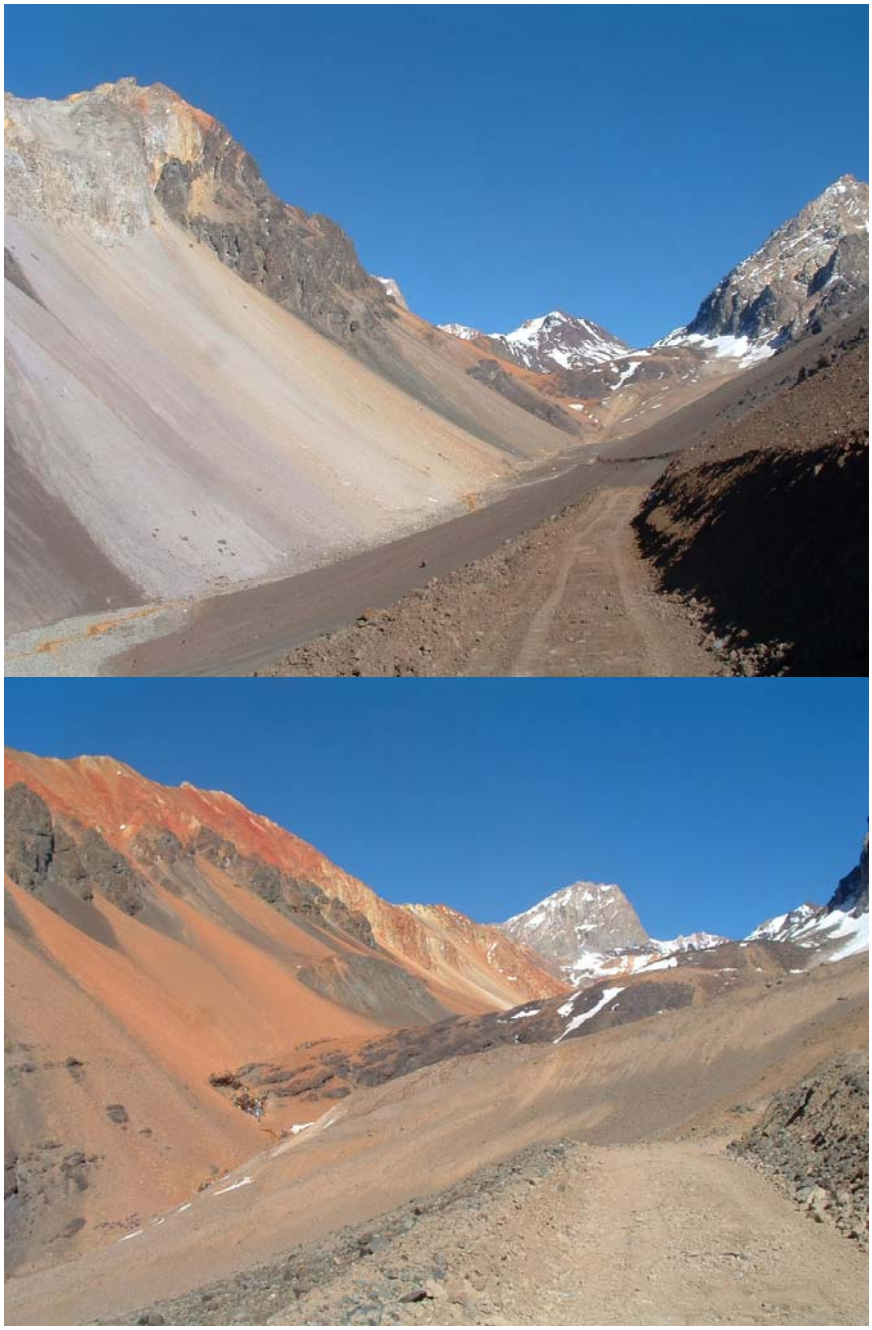


Figure 7. Photographs of white and red alteration in Hondo Valley

Pimenton valley or Central Target

The Central Target corresponds to a Cu-Au porphyry system with subordinate Mo, which had been recognized in drilling in the Pimenton valley and which includes a diverse intrusive complex in which it is believed there were at least four intrusive events, and in WGM's opinion, successive mineralizing events that led to accumulations of sulphide minerals in the

earlier intrusives. The main part of the Central Target corresponds to an area which may be larger, but is known to measure approximately 500 by 500 m, located at 3,500 m elevation, and centred at coordinates 386,000E - 6,407,000N.

AAC described the "early diorite" intrusive recognized in holes PM DD-004 and 006 as containing between 10-30% of phenocrysts <3 mm of plagioclase, books of biotite, hornblende, orthoclase and quartz, in a fine equigranular groundmass. Potassic alteration is exhibited by K-feldspar and moderate secondary biotite. Mineralization comprises multidirectional veinlets of type-A quartz and disseminated hydrothermal magnetite associated with 5-6% chalcopyrite-pyrite, reaching values in the order of 0.4% Cu and 0.4 g Au/t.

The second event "early intra-mineral diorite porphyry" is characterized by a moderate to strong secondary biotitization, associated with 3-4% chalcopyrite-pyrite mineralization, reaching values of 0.1-0.2% Cu. The third intrusive: "intra-mineral quartz-diorite-porphyry" exhibits weak to moderate potassic alteration such that the original texture is primarily preserved. The quartz veinlets are smaller and mineralization is mainly pyrite. Fourth is "late diorite-tonalitic porphyry" without mineralization and alteration.

Chalcopyrite-bornite mineralization, recognized in holes PMDD-004 and PMT-02, occurs in early and early intra-mineral intrusions, where there may be copper enriched zoning towards a deep core, but no improvement in grade was observed.

In the northern and southern parts of the area the intrusive complex is emplaced in volcanic rocks, tuffs and sediments of the Farellones and Abanico Formations. The distribution of the intrusive bodies is framed under NNW structural control that favours the emplacement of stocks and veins. Alteration and mineralization indicate the existence of multidirectional A- and B-type veinlets. Additionally, anhydrite occurs with pyrite-chalcopyrite-magnetite mineralization in veins that are sub-parallel to elongation of the Pimenton intrusive complex and were believed by AAC to be in the apical environment with respect to a deep porphyry copper core.

The intrusives exhibit intense to moderate K-Sil alteration associated with pyrite-chalcopyrite-magnetite-specularite mineralization that is both disseminated and in veinlets. Overprinting the early alteration are strips of moderate to strong sericite alteration and D-type veinlets. There is introduced pyrite, remobilization of copper, and occasional veins to pseudo breccias with anhydrite-molybdenite mineralization.

Hondo Valley or Breccia Target

The Breccia Target outcrops in the Hondo valley and corresponds to a set of breccias containing sericite, tourmaline, pyrite, chalcopyrite, and copper oxides that could indicate a separate deep copper-molybdenum type system in a NE structural corridor. Diorites with potassic alteration and chalcopyrite-bornite mineralization in type A quartz veinlets were recognized in drilling by CMP in 2003 (four holes, 1,585 m) which followed the NE trend of the tourmaline-bearing breccias.

The target area is underlain by deformed andesitic to dacitic lavas and volcanic breccias, corresponding to the Farellones Formation. These are intruded by a series of diorite, quartz-monzonite and monzo-diorite plutons aligned in a NNW to NS direction. It remains to be determined whether the trend of the plutons or the breccias is the more significant for further exploration.

Hydrothermal alteration is associated with the NE structural trend. This alteration is developed mainly over a quartz-monzonite-monzo-diorite stock, which intrudes a diorite stock. It has a halo of chloritic alteration superimposed in the southern part on Na-Ca-K-Fe metasomatism within the Farellones volcanics. Within the halo, the alteration zone is extensive and is characterized by pervasive quartz-sericite. Local chlorite-specularite-epidote-calcite facies with pyrite define haloes around centres of tourmaline breccia.

Two types of breccia have been recognized. One type is tourmaline-bearing breccia which is sericitized, mainly of the clasts, and mineralized with pyrite, chalcopyrite and copper oxides. The other type is phreatic breccia, characterized by a matrix of rock dust, barite clasts and pyrite-sulphur mineralization, interpreted by AAC as an outer zone of an epithermal system.

In accordance with AAC's geologic model of the belt, these superficial tourmaline-bearing breccias could pass in depth to biotite breccias associated with a cupriferous porphyry type system.

Vein Target

The "Vein" Target corresponds to a zone of quartz-pyrite-specularite mineralization in type-A veins with an alteration halo of chlorite-kaolin. It is located in the southern part of the project near the camp facilities. Abnormal values of Cu and Mo were interpreted by AAC to be in the upper part of a possible porphyry system.

The target is underlain by andesitic lava, andesitic agglomerates and welded tuffs, intruded by a series of diorite, quartz-monzonite, monzo-diorite and quartz-diorite plutonic bodies aligned in a NNW to NS direction.

This area exhibits high sulphidation, represented by the development of a two by one km lithocap, which follows a clear N30°-40°W structural pattern. It is characterized by a siliceous ledge, siliceous breccias with strong pyritization, and a sinuous stockwork of quartz veins. Alteration is advanced argillic that grades laterally to extensive chloritic alteration that closes to the south and southwest. This alteration is developed both in the intrusive and volcanic units.

Quartz, alunite and related gypsum, and pyrite bearing veinlets are considered by AAC to be hypogene mineralization associated with the advanced argillic alteration. Exotic limonite, that heavily dyes the rock, demonstrates supergene acid alteration of disseminated and veinlet pyrite.

Quartz-sericitic alteration is mainly related to structural zones forming halos of alteration around faults. Phenocrysts of plagioclase affected by this type of hydrothermal alteration show a total or partial quartz-kaolin-sericite replacement, which in some cases completely obliterates the original texture of the rock.

Veins carrying chalcopyrite-pyrite-specularite, that were mined in the past, were interpreted by AAC as being peripheral to the centre of a possible Cu-Mo porphyry system. Corroboration came from drill hole PMDD-03 which intersected Cu-Mo mineralization in quartz-diorite porphyry (700-2,000 ppm and 8-50 ppm, respectively). Gold values and type-A veinlets of quartz-pyrite-chalcopyrite occur locally.

Tordillo

The preliminary data suggest that Tordillo contains the upper part of a deep-seated copper/gold, and possibly copper molybdenum porphyry system. The presence of strong extensive breccias is markedly different from the Pimenton valley and is reminiscent of other porphyry copper systems. However, it is not yet clear whether the breccias are caldera-type or explosive type, but either way they represent a very favourable porous environment for hydrothermal mineralization. In addition, epithermal veins have been found in the periphery of the system. Exploration is required to bring into perspective the vein potential and establish if the porphyry system hosts economic copper mineralization.

8. DEPOSIT TYPES

The geothermal/hydrothermal systems identified within the district are believed to be related to sub-volcanic intrusions in a major north-south trending corridor related to subduction and Tertiary orogenesis of the Andes mountain chain. The intrusions contributed to epithermal deposits ranging from high-sulphidation Au-Cu veins as at Pimenton Mine, through low-sulphidation stockworks within envelopes of relatively low temperature geothermal to hydrothermal alteration. As exhibited near-surface in the upper Pimenton valley, the intrusive rocks contain disseminated sulphide mineralization and stockworks that penetrate and have altered surrounding rocks and ideally are related to more deeply buried porphyry copper-molybdenum ore deposits.

9. MINERALIZATION

9.1 PIMENTON MINE

The cluster of high-grade epithermal veins at the Pimenton Mine extends between elevation 3,600 to a drilled depth of 3,180 m. Individual veins typically form shoots up to 450 m long, up to 50 cm wide, and have good depth continuity. The dominant vein type contains massive pyrite and chalcopyrite and subordinate barite. Gold is both free and contained in sulphides. Silver generally reports with gold. A typical assay of vein material is 1.5% Cu, 12 g Au/t and 12 g Ag/t.

There is considerable variation in the metal content of the veins. Distinct is the Nicole vein, for instance, which has very little copper. This supports an interpretation that there were at least two main episodes of veining, one of which was significantly lower in copper, relative to gold, than in the other. At the time of McGregor's visit, mineralization in the northern part of the Lucho-Leyton vein system was exposed which was accompanied by intense wallrock alteration from which a random aggregated sample taken by McGregor assayed over 50 g Au/t. This grade was unsuspected and its relevance unknown. It does suggest that thorough sampling of the area should be undertaken together with mineralogical study in order to determine the significance, if any, of the anomaly.

Subordinate veining at Pimenton has been reported as being of two types, both carrying <1 g Au/t. In one series, which trend northwest, pyrite is associated with saccharoidal quartz and clay sericite alteration. The other series of veins, which is not uniformly oriented, contains pyrite, magnetite and specularite mineralization, and has gypsum on the margins. WGM suggests that these conclusions may have been true in the upper levels, but may be misleading in the lower levels currently being developed and mined.

Veins in the Maria Elena sector carry massive pyrite and chalcopyrite, but reportedly differ in grade from those at Pimenton as well as in strike and structural affinity. WGM understands that a typical assay would be 1.2% Cu, 8 g Au/t and 80 g Ag/t.

9.2 PIMENTON PORPHYRY

The main site of drilling by RT and AAC in the Pimenton valley is in the heart of an intrusive complex comprising three, four and perhaps more phases of porphyritic diorite to diorite

composition. These rocks contain copper-gold mineralization with a mineralizing history that is open to different interpretation. Observations by WGM suggest a sequence as follows:

From deep-seated sub-volcanic sources that are believed to have been emplaced within the dominant north-south Cordilleran trend, intrusions in the valley occurred in the core of an anticline. Volcanic and pyroclastic rocks of the Farrelones Formation strike approximately northwest and dip steeply away from the axial plane of this anticline. Intrusions may have been influenced by faulting in the core area and are likely to have formed domes. The roof has been eroded and is not present in the valley, but rafts of volcanic rocks may occur at higher elevations.

The intrusive plastic porphyry rocks were accompanied by hot meteoric water and volatile gasses such as H2S which spread vertically and laterally behind "fronts", and altered and mineralized the host rocks which, in the Pimenton valley, were early intrusions. It is remarkable the source of the mineralizing fluids does not appear to have changed during the intrusive and mineralizing history in the area of the resource estimate. The net result appears to be a cumulative effect starting with disseminated mineralization in the plastic phase, shrinkage and early remobilization of sulphides into stockworks, and continued mineralization (layering) in each successive event. The early intrusions thus become the sites of greatest accumulation of sulphide minerals, and have the best grade. Evidence for this interpretation is the constant ratio of copper to gold and very uniform grade over substantial widths.

Except for talus overburden, three holes intersected mineralized dioritic rocks from start to finish and are the basis for estimation by WGM of an inferred mineral resource (and detailed in Section 17). Assay results are summarized in Table 4.

Mineralization is associated with potassic alteration (K-Sil). Local anhydrite was believed by AAC to be related to apical apophyses while late alteration events of quartz-sericite-clay contribute chalcopyrite-molybdenite mineralization in veins, and also tennantite-pyrite through faults. Copper mineralization is mainly chalcopyrite associated with secondary biotite. The copper mineral paragenesis is pyrite-chalcopyrite, chalcopyrite-pyrite, chalcopyrite-bornite that is apparent in both disseminated and veinlet mineralization, and takes place with depth in the porphyry system. Evidence to date indicates that below the surface rim there is little change in copper content with depth despite changes in mineralogy.

TABLE 4.
ASSAY SUMMARIES FOR PORPHYRY RESOURCE ESTIMATE

RT Hole		PMDD 004			RT Hole		PMDD 006		
From	To	Int Width (m)	Cu (%)	Au (g/t)	From	To	Int Width (m)	Cu (%)	Au (g/t)
83.5	148.5	65	0.12	0.08	98	172	74	0.46	0.48 *
148.5	204.5	56	0.30	0.31*	172	224	52	0.10	0.14
204.5	294	89.5	0.16	0.17	224	258	34	0.21	0.21
294	591	297	0.39	0.42 *	258	280	22	0.07	0.07
591	628	37	0.22	0.25	280	300	20	0.23	0.27
628	660	32	0.16	0.15	300	340	40	0.12	0.13
					340	366	26	0.20	0.26
					366	388	22	0.12	0.13
					388	436	48	0.33	0.43 *
					436	450	14	0.08	0.11

AAC Hole		PMT 02		
From	To	Int Width (m)	Cu (%)	Au (g/t)
78	172	94	0.15	0.17
170	208	38	0.23	0.23
208	232	24	0.42	0.41 *
232	272	40	0.22	0.21
272	326	54	0.39	0.39 *
326	372	46	0.22	0.22
372	534	162	0.43	0.41 *
534	938	404	0.25	0.25
940	1008	66	0.31	0.50*
1008	1034	26	0.20	0.20

* denotes intersections used in the resource estimate

Mineralization in other holes drilled in the Pimenton valley is similar to that described, but grades in excess of 0.25% Cu and 0.25 g Au/t are confined to a few intersected widths of 10 to 50 m which cannot be correlated with other holes. In addition, veins with high-grade Cu-Au occur very occasionally. Some exhibit similar Cu:Au ratios to that described, but there are examples of abnormal ratios that indicate sources other than the reservoir from which most mineralizing fluids are believed to have been derived.

Holes drilled at other locations on the property are widely spaced so that the geology and mineralization have to be interpreted individually. Other than near the mine, there are no known potentially economic intersections.

9.3 TORDILLO

There is little knowledge of mineralization at Tordillo since there has been surface leaching in much of the area examined by CMP. Preliminary data suggest that the mineralization is primarily pyrite and copper sulphides and that gold accompanies the sulphide minerals in amounts that encourage further investigation.

10. EXPLORATION AND DISCLOSURES REQUIRED

10.1 PIMENTON MINE

Copper-gold mineralization was discovered in the early nineteen eighties by BTX, operator of the "ANCOM" exploration alliance between AAC and Cominco. Initially, the exploration was focused on El Indio type deposits, equivalent to porphyry systems beneath epithermal zones of high sulphidation. Then, at the end of the eighties, Newmont explored the project with tunnels and drill holes, with the purpose of evaluating the vein system discovered in the project. After Newmont gave up their option, BTX developed the Pimenton Mine to exploit the veins.

As described in the History section of this report, mining the veins has been extremely challenging and it is only in the current year that the mine has achieved industry accepted levels of competence.

Results of the initial exploration drilling are contained in the mine data-base. Currently all of the exploration is done by drifting and under-ground drilling with samples being assayed at the mine laboratory. Two geologists are employed to map the underground workings and direct development, but they can also be seconded to assist with exploration in the surrounding area when drilling gets under way.

10.2 PIMENTON PORPHYRY

During 2003, a district exploration program was initiated BTX in search of new auriferous veins. At the Pimenton and Hondo valley localities (approximately 3 km apart), tourmaline was found within chalcopyrite-pyrite bearing breccia systems associated with an intrusive complex surrounded by a halo of alteration. This was interpreted as a link to a possible covered and deeply buried Cu-Au porphyry system justifying further exploration by. geophysics and drilling.

In 2004, the geophysical study was carried out by Quantec Geoscience Chile Ltda ("**Quantec**") between the Pimenton and Hondo valleys. It consisted of terrestrial magnetometry, induced polarization and resistivity, which revealed targets related to the tourmaline breccia and magnetic intrusive bodies beneath moraine. Subsequently, CMP drilled three holes (1,585 m) in the Hondo valley, where the VH-3 pit had uncovered a body of diorite with potassic (biotite) alteration and chalcopyrite-bornite mineralization. This drilling

confirmed a porphyry-copper model associated with a mineralized structure trending N40°-50°E between the Pimenton and Hondo valleys, but did not encounter significant mineralization.

During 2005, under an option agreement, RT completed three initial diamond drill holes (1,823 m) which revealed intersections of diorite porphyries and chalcopyrite mineralization. They utilized well-known consultant Dr. R. Sillitoe who reportedly pointed out the need for additional drilling. A geological model was generated and six holes (1,500 m) were recommended, but only five holes (2,068 m) were drilled in 2006. Results confirmed the Cu-Au mineralization beneath the Pimenton valley in association with potassic alteration and an intrusive porphyry system. On the basis of the intersection in hole PMDD-04, RT suggested that an area 600 by 500 m contained a potential resource of 400 Mt at the grade encountered – namely 0.40% Cu and 0.43 g Au/t.

In 2007, AAC optioned the property and continued with exploration of the porphyry system discovered by RT beneath the Pimenton valley. AAC's model of primary mineralization and zoning was based on porphyry-copper-type systems of the San Felipe cluster, and considered the geological background of the Pimenton Porphyry Project. The main items of which were as follows:

- Scarce information of the porphyry system as previous drill holes did not intercept the bornite core and also because alteration-mineralization appeared to correspond to an environment of transition in the external halo of the porphyry system;
- The identification by RT of an early diorite porphyry and an inter-mineral diorite porphyry that appeared as elongated bodies and exhibited potassium alteration (biotite and K-Sil) related to a dense system of type-A quartz veinlets;
- Chalcopyrite-bornite mineralization appeared to be related to both early and inter-mineral diorite porphyry suggesting zoning related to an unidentified main porphyry;
- Intersections of 70 m @ 0.46% Cu & 0.49 g Au/t (PMDD-06) and 279 m @ 0.40% Cu & 0.43 g Au/t (PMDD-04); and
- The age of the potassic alteration of 9.94±014 Ma and sericitic alteration of 10.37±019 Ma correlated to world class deposits.

Work by AAC included the following:

- 2,037 m of diamond drilling in two holes at the Central Pimenton valley target;
- Content mapping of 4 RT drill holes equivalent to 2,110 m (PMDD-02; PMDD-04; PMDD-05, PMDD-06);

- Interpretation of sections, scale 1:2,500, EW and NS at the Central Pimenton valley target;
- Reinterpretation of magnometry NW-SE lines every 100 m;
- Geochemistry;
- Structural modelling;
- 1:10.000 scale district mapping; and
- 1:5,000 mapping of targets: Central (Pimenton valley); Breccia (Hondo valley) and Vein (Camp area).

A review by consultant L.R. Rankin in 2008 contributed to AAC relinquishing their option. Quoting the review: "it is concluded that the chances of encountering a well-developed bornite-rich core zone, and substantially higher copper and gold grades in the Quebrada Pimenton sector are low, at least to a depth of about 1,000 m. Furthermore, the better grade early porphyry intrusion has been cut and dismembered by inter-mineral porphyry dykes causing substantial grade dilution at the system scale, a situation that would almost certainly also be encountered in any higher grade core that might exist at still greater depths".

The above conclusion was reached as a result of drilling hole PMT-02 at -80° to a depth of 1,034 m. It intersected 26 m at a grade of 0.37% Cu and 0.34 g Au/t in what was believed to be a deeper equivalent to the intersection in RT hole PMDD-04. Valid as the conclusion was, WGM notes that there were other intersections grading in the range 0.3 to 0.5% Cu together with 0.3 to 0.5 g Au/t that were not considered to be significant at that time.

Geophysics

In 2004, Quantec conducted magnetic, induced polarization and resistivity surveys.

A total of 33 lines followed a bearing N45°E for a total of 92 line km. Magnetic survey stations were GPS controlled and spaced 10 m apart. Two GEM system magnetometers were used, one mobile and one ay a base. At the end of the day the data were linked and corrected for diurnal variation.

The IP survey utilized a pole-dipole array with a dipole spacing of 100 m expanded through six separations to give chargeability and resistivity data to approximate 300 m depth. In total 16 km of data were collected over six traverses. Results were presented on pseudo-sections as raw data and inversion models. For the latter purpose, a 2D inversion program from University of British Columbia was used.

The results of the surveys have been variously interpreted and reinterpreted. This is because features of potential interest lack precise definition and may be inadvertently correlated with topography which in turn is a function of NW trending structures, proximity to magnetite-

bearing alteration, metal content and distribution (disseminated and in veins), and porosity. In WGM's opinion, the surveys are useful tools, but the data are not diagnostic of mineralization and should be used cautiously.

MMI Geochemical Survey by SAGC

MMI sampling is capable of detecting mineralization at depths of over 700 m. The method can provide a more direct means, when compared to magnetics, induced polarization and resistivity, of exploring for source mineralization. At Pimenton, where 50% of the surface area is masked by cover, mineralization has been found by MMI beneath 80 m of moraine and talus.

SAGC collected 610 soil samples for MMI detection on twenty three traverses with sample points every 50 m. Response ratios were calculated for eight elements and colour-coded results were compiled. The results provide confirmation and improved delineation of targets identified by other means as would be expected (in WGM's opinion) from the already significant knowledge of metal distribution and content. The porphyry copper affiliation of the "central" target area is clear, and contrasts with the epithermal affiliation of the mine area. Values in the "breccia" target area and Hondo Valley alteration suggest additional porphyry targets at depth.

In the light of the MMI results, pre-existing geological and geophysical data were re-examined by SAGC, targets selected and recommendations made for deep drilling.

10.3 TORDILLO

Based on preliminary fieldwork by SAGC, salient features at Tordillo comprise:

(a) A strongly leached silicified, sericitized and brecciated dacite-porphyry intrusive within a marked depression or amphitheatre. The amphitheatre measures roughly 1.5 km across, has very steep walls of volcanics on three sides, a north-trending valley on the fourth and contains breccias over hundreds of square m. The breccias vary such that those in the east have sub-rounded fragments up to several cm across, while those in the west have large angular fragments. The breccias are strongly leached (phyllic and silicic alteration) with plentiful minute voids. They carry disseminated limonite and specularite together with tourmaline, some local copper oxides, chalcopyrite and pyrite; and

(b) At the northern contact of the dacitic intrusive with silicified volcanics there is reddish alteration concentrated within strong northwest shearing. The altered volcanics extend over a distance exceeding a km in length with a width of 600 m. This zone hosts narrow, surface-leached, 0.10 to 0.60 m wide, siliceous veins containing massive specularite and

chalcopyrite in ribbons up to ten or more cm wide containing chalcopyrite. Rock samples assayed up to 31.49 g Au/t and 17.63% Cu (across 0.4 m). Strike directions vary from predominant northwest, to east-west and north-south. It is reported that the trace of one northwest vein can be followed by eye over a distance of 400 m. 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.

Exploration of (a) above included three east-west reconnaissance geochemical profiles of talus fines 300 m apart, sampled at 50 m intervals, and comprised 2,100 line m. The results were reported as follows:

	Length (m)	Copper (ppm)	Gold (ppb)	Molybdenum (ppm)
Northern-most	650	275	70	2.75
Central (west end)	250	214	65	3.3
(east end)	400	65	65	3.3
Southern-most	700	94	20	3.4

In addition, thirteen samples of rock float spread out over 650 m of strongly leached sericitized dacite-porphyry in the southeast part of the depression were assayed for copper and gold. Cu averaged 160 ppm with a low of 20 ppm and a high of 790 ppm. Au was low averaging 0.013 g/t. Mineralization noted included fine chalcopyrite, sparse erratic copper oxides and a great deal of disseminated and veinlet specular hematite within the breccias and the intrusive.

Exploration of (b) above included 72 systematically collected samples two metres apart representing about a quarter of the terrain corresponding to the northern contact zone. Together with the sample reported above, high grades were reported as follows:

Sample No	Width (cm)	Copper (%)	Gold (g/t)
13602	10	18.28	19.51
13618	200	3.94	4.45
13619	200	1.58	3.51
13643	60	1.46	5.45
13711	35	11.27	7.75
13713	10	2.40	7.39
13714	40	17.63	31.49
13754	200	0.89	4.45
13776	200	1.68	3.62
13789	200	2.11	8.06

Unexplored volcanics that form the high rim of the amphitheatre to the west, east, and south show similar reddish colour to those volcanics that host the known veins in the north. The terrain is extremely rugged with elevations varying between 3,800 and 4,670 m.

11. DRILLING

Other than for resource/reserve delineation and development guidance at the Pimenton Mine, the Pimenton properties have received three phases of drilling activity with the main focus on the Pimenton valley target.

The first phase of drilling by Newmont focused on the mine or "Vein" area and was not until 2005 that CMP drilled three holes (1,585 m) at the porphyry targets. WGM has not reviewed details of the early drilling other than to note the presence of holes that bear on recommendations.

The second phase included 2005/6 drilling by RT which was contracted to: Connors (2005) and Geotec Boyles Bros (2006). Eight holes were completed (3,891 m). The third and most recent phase was drilling by AAC in 2007. AAC completed two holes (2,037 m). The two campaigns are summarized in Table 5.

TABLE 5.
SUMMARY OF RT AND AAC DRILL HOLES

Drill Hole	Location	Year	Y- Coord	X-Coord	El'n (m)	Az.	Incl.	Depth (m)
RT Holes								
PM-DD-001	Pimenton valley	2005	6406801.26	386427.88	3,692	82°	-61°	958.6
PM-DD-002	Pimenton valley	2005	6407227.70	386024.70	3,744	45°	-75°	626.3
PM-DD-003	Maria Elena	2005	6404706.46	387156.09	3,185	315°	-62°	242
PM-DD-004	Pimenton valley	2006	6406878.79	385871.18	3,491	60°	-70°	681.15
PM-DD-005	Pimenton valley	2006	6406610.53	386144.10	3,428	65°	-70°	332
PM-DD-006	Pimenton valley	2006	6406708.22	385812.25	3,490	50°	-60°	464
PM-DD-007	Pimenton valley	2006	6405523.95	386700.58	3,286	275°	-70°	327.05
PM-DD-008	Pimenton valley	2006	6407007.50	385770.38	3,532	0°	-70°	260
AAC Holes								
PMT-01	Pimenton valley	2007	6407204	386059	3,740	190°	80°	1,003
PMT-02	Pimenton valley	2008	6406670	385770	3,624	60°	80°	1,033.75

The drilling by RT identified a porphyry system with copper and gold mineralization that in to-day's economy is considered by WGM to contain a NI 43-101 compliant inferred resource (see Section 17.2 of this report). Drilling by AAC did not produce their hoped-for higher grade at depth but left open the potential for expanding the resource and finding mineralization at higher grade.

12. SAMPLING METHOD AND APPROACH

12.1 PIMENTON MINE

In the early drilling by Newmont and Mt. Isa the objectives were related to bulk mining in the area of the mine and both results and sampling methods have little relevance to current mine resource delineation and estimation. Sampling in the mine area is by SAGC using the following methods:

- Vein sampling during stope development and from drilling is conducted routinely by samplers under supervision of the geology department. In raises and drifts following veins, channel samples are taken across the vein every two metres. Samples are also taken on either side of zones of interest and labelled A, B or C with B comprising the vein. Drill sampling follows a similar protocol;

- In stopes, channels are cut across the vein and for two metres horizontally along the stope face. This pattern is repeated after every fifth cut which translates into a vertical spacing of approximately six m. As a control of mined grade, each load of broken material is sampled by random shovel-full, placed in individual barrels for each active work-place; and

- Channel samples are collected on canvas sheets, transferred to plastic bags, tagged with an identification number, stapled and delivered to the laboratory on site. Core samples are split and identified similarly. Crushed and pulverised samples are then analysed for gold by fire assay and Cu, Mo and Ag by AAS. Check samples are sent to Act Labs S.A., an ISO 9001-2000 laboratory in La Serena, Chile, where they too are fire assayed.

12.2 PORPHYRY PROPERTIES

Sampling methods at the Pimenton properties have been applied by senior mining companies that have optioned the main property. In WGM's opinion, there is no reason to suspect that their methods and approaches were other than those of well-renowned major companies.

In the past, SAGC used outside laboratories for analysis of rock and core samples collected from their exploration of the porphyry potential at Pimenton and Tordillo. It is now intended to make full use of the mine laboratory for that purpose, condoned by WGM.

12.3 MMI SAMPLING

Mobile Metal Ion ("MMI") sampling is a modern geochemical tool for finding deeply buried metal deposits by detecting ions that are released and travel upward to surface where they can be detected in soil samples. The technique, which involves the laboratory use of sophisticated chemical processes and instrumentation, may locate buried metal deposits that had previously escaped detection. As per standard MMI procedure, the response ratios for each of eight elements (Cu, Au, Ag, Pb, Zn, Mo, Sb and As) were determined by calculating the average for the lower 25% of values and dividing the mean into all the assays for that element.

13. SAMPLE PREPARATION, ANALYSES AND SECURITY

13.1 PIMENTON MINE LABORATORY

WGM inspected the mine laboratory on November 16, 2010. WGM is satisfied that in all respects it is clean and well-run and able to treat 80 samples per 12 hour day.

Laboratory procedure in the preparation room includes drying of samples at 65°C, separate crushing of samples from the mine workings and exploration drill holes, first in a jaw-crusher to -1/4 inch and then in rolls-crusher to minus 10 mesh. There are three pulverisers for the next stage, one each for mine, drill hole and K-Nelson samples. Crushers and pulverisers are cleaned with quartz between treating samples.

In the separate chemical assay room, 30 g splits are taken for fire assay and 1 g for AAS.

The AAS sample is dissolved in 50 ml aqua regia and digested for an hour in hot baths prior to cooling and standard analysis for Cu, Mo and Ag as required. The spectrometer is calibrated with standards representing 1, 2, 5 and 10 ppm generally between batches. Quality control includes testing of blanks and submitting samples to outside laboratories. Results indicate a small downward bias in Ag determinations.

The fire assay procedure is to mix the 30 g sample with 170 g of flux and to fire the mixture at 150°C in a clay crucible. Conventional use of lead is made to extract the precious metals which are then dissolved separately and assayed by AAS finish. An exception is made of the K-Nelson samples in that gold is determined gravimetrically after removing the silver, and checking that there is no silver remaining. Approximately 15% of the fire assays are duplicates, quartz blanks and standards (obtained from Rock Labs). In addition, "abnormals" are repeated, department heads may request repeats, and, if any error is suspected, the batch is repeated.

13.2 PIMENTON PORPHYRY

While optioned to RT, the procedures for cutting core and dispatching were performed at the facilities of the Pimentón camp by RT personnel according to RT protocols. Core samples were cut with a hydraulic saw at two m intervals, except for some smaller samples of, for example, oriented veins. The mechanical preparation of samples and chemical analyses were made at the ALS Chemex laboratory in La Serena. Sample control protocol (standard,

duplicate and blanks) was made at the RT offices of in Santiago on batches of 25 samples. Quality control for reference and duplicate samples was performed routinely and results were reported by RT to have met their standards. The two m core samples were analyses by AAS for Cu and Mo, and by fire assay for Au. ICP30 analyses were also required on all core samples.

Information is provided that sampling of core by AAC was systematic for every two m drilled. Samples were analyzed, together with 5 to 7% each of blank samples, standards, composites and individual duplicates. The samples were prepared and analyzed at VIGALAB (ENSMMB method), or at ACME Laboratories (GIF ICP-MS method). A three-acid digestion was used (HCl-HNO3-HClO4), and Cu, Mo, Pb, Ag, Zn and As were analyzed. Gold was analyzed via fire assay (30 g). Campaigns of quality control were conducted in 2007 and 2008. In several instances failure to meet AAC's standards resulted in re-analyses and substitution of revised results in the data bank.

13.3 MMI SAMPLING

The MMI survey by SAGC consisted of campaigns in 2004 and 2005 with the samples being sent to SGS Laboratories in Toronto for analysis. Additional campaigns were conducted in 2009 and 2010 with samples processed and analysed at SGS Laboratory in Lima, Peru. WGM understands that the earlier sampling was partly orientation and that the later sampling collection process was tightened to avoid possible contamination.

14. DATA VERIFICATION

McGregor visited the property from November 14 to 16, 2010 in order to visually verify data reported by the owners and three samples of mineralized rock were collected to verify a visual estimate of grade in a sample from the mine, and the reported grades in holes that were drilled at the Pimenton valley porphyry. The results, which are tabulated below, included a surprisingly high gold grade for highly altered wall rock adjoining the Leyton Vein near its northernmost under-ground exposure (and low molybdenum despite seeing a small grain of molybdenite at the site). With only this one sample as evidence, there is nevertheless a very interesting inference that high grade gold may be more extensive in subordinate structures than hitherto realized.

ACTLABS
Report Date: 12/23/2010 (High grade check reported 1/10/2011)

Analyte Symbol	Cu	Mo	Au	Ag
Unit Symbol	%	%	g/tonne	g/tonne
Detection Limit	0.001	0.003	0.03	3
Analysis Method	ICP-OES	ICP-OES	FA-GRA	FA-GRA
Pimenton Mine wallrock	0.18	< 0.003	**52.6 (42.6)**	< 3
PMDD 004 rep sample	0.218	< 0.003	0.3	< 3
PMDD 006 rep sample	0.206	0.003	0.25	< 3

Numerous drawings depicting work on the project were examined independently and in discussion with the owners. WGM also reviewed the database and noted an apparent incorrect record for the altitude of AAC drill hole PM-002. Although additional verification of the database through cross-checks was not undertaken, WGM is satisfied that, in all other respects, the data provided and used in this report can be relied upon.

As part of the Mineral Reserve audit Marco Alfaro Sironvale also carried out a visit to the Pimenton Mine, on December 12, 2010. The mine, sample preparation and assay laboratory were reviewed as well as geological plans and sections of the principal veins.

In-house verification of assay data at the Pimenton Mine is according to industry standards and in WGM's opinion the reported results have no significant adverse biases.

15. ADJACENT PROPERTIES

Reserves and resources quoted for these deposits are included to demonstrate the type and size of deposits that are considered by their owners to be economic or of economic interest. WGM does not imply support for any economic suppositions or representations of reserves and resources quoted.

West Wall Project Owned by Anglo American (50%) and Xstrata (50%)

The West Wall Project is located approximately 15 km southwest of the Pimenton Porphyry Project, and is similar in that there is a large area of hydrothermal alteration surrounding copper sulphide mineralization associated with porphyry intrusive bodies. However, it has a significantly lower ratio of gold to copper in the mineralized area than exists at the Pimenton Project.

In a recent 2010 news release, inferred resources for the West Wall Project were reported as 750 Mt at 0.54% Cu, 0.05 g Au/t and 0.01% Mo. The resource estimate was based on 57 drill holes (33,600 m) and a 0.3% Cu cutoff.

Novicio Prospect Owned by Anglo American Corp.

Information on the Novicio Prospect which is proximal to the south boundary of Pimenton Porphyry Project is limited. Known to be a similarly altered geological terrain, but with a significant lithocap, it has no published resources.

Vizcachitas Owned by Los Andes Copper Ltd.

Not adjacent but possibly relevant is the Vizcachitas Project, located 130 km NE of Santiago and 45 km from the town of Putaeno. At much lower elevation that Pimenton, it offers potential for a low strip, open pit operation in an area with excellent infrastructure, including water and power. It is a large copper-molybdenum porphyry resembling Rio Blanco-Los Bronces, Los Pelambres-El Pachon, and El Teniente.

Based on 130 drill holes by the current and previous owners, the project contains an indicated resource of 515 Mt grading 0.39% Cu and 0.011% Mo and an inferred resource of 572 Mt grading 0.34% Cu and 0.012% Mo at a 0.30% Cu cutoff. The resource estimate is contained in a technical report by AMEC. Drilling is continuing with a view to completing a scoping study.

16. MINERAL PROCESSING AND METALLURGICAL TESTING

In 1997, a 120 tpd plant for processing the Cu-Au-Ag ore at Pimenton Mine replaced a small initial facility. It has undergone modification and improvement to reach a rated capacity of 150 tpd. In WGM's opinion it is well maintained and successful in achieving the results shown in Table 6. It operates continuously except for two days of maintenance each month. The liner for the ball mill has an approximate life of 1.5 years requiring periodic down-time for its replacement.

Ore is trucked (20 t vehicles) to an off-load area and bull dozed to a grizzly and primary and secondary jaw crushers (50 t/hr rating to minus 2 inch). A short conveyor belt delivers the ore to a Symons cone crusher and thence to a fine-ore bin. (Planning is in place to add a screen in closed circuit and return the coarser fraction to the crusher. Planning also includes replacing the existing hopper at the exit of the fine-ore bin as it limits the capacity to less than its rating of approximately 50 t). For future consideration, WGM suggests screen testing to determine whether coarse rock (above a size to be determined) is worth processing. This could become relevant if mine production exceeds mill capacity.

Fine ore (nominal ½ inch size) is processed in a ball mill (5 ft diam., mixed size balls 1 to 3 inch) and passed over a K-Nelson gravity concentrator which yields approximately 250 kg/day. The gravity concentrate is accumulated in containers that are moved once per day by hand to a separate secured facility (camera observed but mostly secured through metal balance correlation). There it is up-graded over an Australian-made shaking table and then smelted into doré in Chilean-made furnace. Oversize is reground in a mini ball mill and re-tabled. Tails from the table are added to the Cu concentrate. The K-Nelson tails are cycloned into coarse and fine fractions with the former being returned to the ball mill and the latter added to the flotation feed.

The flotation feed is conditioned and submitted to primary and cleaning flotation cycles (some of the older and less-efficient cells are being replaced by Chinese products currently in transit). Concentrate is then thickened and filtered in a filter-press prior to being trucked to the Enami smelter. Tailings pass through a clarifier for partial recycling of water prior to being piped to the tailings dam.

Sampling is automatic ahead of the ball mill and of tailings. Otherwise the operation is manually monitored and sampled.

TABLE 6.
PIMENTON MINE METALLURGICAL BALANCES

Month	**Total**	Plant Feed				Recovery %			% in Knelson Conc				% in Flot Conc			
	oz Au	DMT	Au g/t	Ag g/t	Cu %	Au	Ag	Cu	DMT	Au	Ag	Cu	DMT	Au	Ag	Cu
Nov'09	**726.5**	2,611	9.65	7.5	0.66	89.6	64.8	74	5.76	68.75	15.7	0.26	68.3	20.9	49	73.6
Dec	**915.9**	2,706	11.6	7.1	0.68	91	64.5	74	5.5	70.7	18.4	0.2	72.2	20.3	46.1	73.5
Jan'10	**657.3**	2,636	8.56	3.8	0.38	90.7	73.4	77	5.2	73.5	24.6	0.3	46.3	17.1	48.9	76.9
Feb	**697.9**	3,114	7.61	4	0.41	91.6	75.2	84	5.8	68.4	23	4.63	65.8	23.2	52.2	78.9
Mar	**498.6**	2,474	6.97	3.8	0.39	90	64.6	80	6.1	68.7	18.2	2.23	47.7	21.2	46.4	77.8
Apr	**632.1**	2,437	9.53	6.9	0.63	92	55.2	75	6.5	70	15.9	2.14	61.6	14.6	36.6	72.9
May	**867.3**	2,679	10.9	5.4	0.58	92.5	74.3	72	6.2	77.5	24.8	2.24	65.8	15	49.5	70.2
Jun	**900.5**	2,116	14.1	7.2	0.61	93.9	82.6	87	5.1	78.4	23	3.75	67.7	15.5	59.4	83.4
Jul	**1,096.9**	2,542	14.5	6.5	0.55	92.8	76.9	86	6.3	74.9	21.4	5.67	70.1	17.9	55.6	80.3
Aug	**931.4**	2,562	12.1	5.9	0.54	93.6	84.4	94	5.9	73.16	16.8	0.02	98.4	20.5	67.6	93.7
Sep	**702.8**	2,046	11.5	6.4	0.63	93.1	82.9	90	4.7	70	16.6	0.03	79.7	23.1	66.3	90.2
Oct	**1434**	3,232	14.7	7.3	0.89	94	81.9	88	6.9	72.9	19.6	0.03	146.1	21.1	62.4	88.2
Nov	**1,225**	2,854	14.1	10.7	1.41	94.5	87.9	88	6.9	71.9	15.9	0.03	179.2	22.6	72	87.6
Dec	**1,851**	2,975	20.5	15.7	1.77	94.4	84.8	83	6.1	67.9	15.4	0.03	230.7	26.5	69.4	82.6

17. MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

17.1 PIMENTON MINE

A summary of reserves for the Pimenton Mine, estimated by CMP is in Table 7, and details are in Table 8. The reserves were audited by Marco Alfaro Sironvale on behalf of SAGC and WGM. He had participated in the estimation and audited the results in 2009 as well as in 2010, and is knowledgeable of all aspects of the operations. His audit report is summarized as follows:

Reserves

The present estimation uses blocks, procedures and methodology similar to that which was applied in 2002 and subsequently to arrive at the inventory of resources and reserves.

The proven blocks are derived from the measured resources, which are estimated with an extension of 5 m upward and downward from a level, on which channel samples have been taken, every two metres along the vein. The probable blocks are derived from the indicated resources using 20 additional m upward or downward of a measured block.

The measured grade is estimated from the sampled grades in the channel sample multiplied by the width of the vein.

The volumes are estimated by the traditional formula (width) * (length) * (height of the block), which are converted to metric tonnes by multiplying by a density of 3.0 t/m^3.

The conversion of Resources (measured and indicated) to Mineral Reserves (proven and probable) is made by using a coefficient of recovery and a mining dilution of the resources to a minimum of 80 cm.

The calculation methods for the estimation of reserves are consistent with the ones carried out in previous years (2002, 2005, 2008, 2009). More information has been aggregated, incorporating it where necessary. It can be concluded that the methodology used by CMP corresponds to standards of high grade gold mining in narrow veins. The audit did not find cause to change the estimate of Reserves made by CMP.

TABLE 7.
SUMMARY OF RESERVES TONNES AND GRADE 2010, PIMENTON MINE

Tonnes	Proven	Probable	Avg Width/Total
	26,000	113,000	**0.84**
Total tonnes Proven and Probable			**139,000**
Grades			
Au g/t	12.79	13.66	**13.50**
Cu %	1.39	1.48	**1.47**
Au Eq g/t	15.20	16.16	**15.98**
Tonnes			
Diluted to 80 cm	26,000	113,000	**139,000**
Mine Extraction	95%		
Mine Extractable	25,000	107,000	**132,000**
Total oz Proven & Probable			**60,380**
Total oz Equiv. Proven & Probable			**71,460**

Note: Summary of total tonnes rounded to nearest 000 to reflect confidence level

TABLE 8.
DETAILS OF RESERVES, PIMENTON MINE
(Tonnes as calculated)

Vein	Block Number	Proven Tonnes 5m	Indicated Tonnes 20m		Width diluted	Au g/t	Cu %	AuEq	Tonnes Remaining	Probable Tonnes 20m	**Total Tonnes**
Mining recovery is assumed at 95% (80% first pass then 15% more in pillar recovery)											
Manterola	3375 Mt1	347	1,386	1,733	0.70	17.47	0.27	17.95	100%	1,386	**1,733**
Manterola	3430 Mt1	347	1,386	1,733	0.70	17.47	0.27	17.95	5%	69	**87**
Michelle	3315MCN B	857	3,428	4,286	0.82	8.83	0.27	9.31	100%	3,428	**4,286**
Michelle	3315MCSB	120	479	599	0.80	9.17	0.01	9.19	100%	479	**599**
Michelle	3260MCN A	857	3,428	4,286	0.82	8.83	0.27	9.31	100%	3,428	**4,286**
Michelle	3260MCSA	120	479	599	0.80	9.17	0.01	9.19	100%	479	**599**
Michelle	3375 MC1 A	512	1,894	2,406	0.72	22.32	2.41	26.57	50%	947	**1,203**
Michelle	3375 MC2 combo A	965	3,667	4,632	0.71	12.75	0.90	14.33	5%	183	**232**
Michelle	3375 MC5	109	437	546	0.73	12.77	0.99	14.51	100%	437	**546**
Michelle	3430 MC1	512	2,048	2,560	0.72	22.32	2.41	26.57	5%	102	**128**
Michelle	3430 MC2 combo	965	3,860	4,825	0.71	12.75	0.90	14.33	15%	579	**724**
Michelle	3430 MC3	105	420	525	0.70	10.18	0.92	11.80	20%	84	**105**
Michelle	3430 MC4	213	850	1,063	0.71	9.14	1.11	11.09	100%	850	**1,063**
Michelle	3430 MC5	109	437	546	0.73	12.77	0.99	14.51	100%	437	**546**
Michelle	3470 MC3	105	420	525	0.70	10.18	0.92	11.80	100%	420	**525**
Michelle	3470 MC4	645	1,627	2,272	0.72	10.57	0.95	12.23	100%	1,627	**2,272**
Michelle	3510 MC4	223	891	1,114	0.74	14.27	0.82	15.72	100%	891	**1,114**
Michelle	3510 MC5	105	420	525	0.70	14.69	0.75	16.11	100%	420	**525**
Michelle	3510 MC6	53	210	263	0.70	12.70	1.53	22.12	100%	210	**263**
Camela	Carmela A	222	1,608	1,830	0.80	13.41	2.99	18.68	100%	1,608	**1,830**
Camela	Carmela B	222	2,088	2,310	0.80	13.41	2.99	11.42	100%	2,088	**2,310**
Maria Elena	**M/E 3280 A**	1,787	7,146	8,932	0.80	8.14	1.87	11.42	100%	7,146	**8,932**
Maria Elena	**M/E 3320 B**	1,787	7,146	8,932	0.80	8.14	1.87	11.42	100%	7,146	**8,932**
Maria Elena	**M/E 3320 A**	1,038	4,154	5,192	0.80	6.53	0.94	8.18	100%	4,154	**5,192**
Maria Elena	**M/E 3355 B**	1,038	4,154	5,192	0.80	6.53	0.94	8.18	100%	4,154	**5,192**

TABLE 8.
DETAILS OF RESERVES, PIMENTON MINE (continued)
(Tonnes as Calculated)

Vein	Block Number	Proven Tonnes 5m	Indicated Tonnes 20m		Width diluted	Au g/t	Cu %	AuEq	Tonnes Remaining	Probable Tonnes 20m	**Total Tonnes**
Leyton	3375 LE1 A	426	1,706	2,132	0.71	19.81	1.31	22.12	50%	853	**1,066**
Leyton	3375 LE1 B	456	1,824	2,280	0.80	9.10	0.45	9.90	5%	91	**114**
Leyton	3315 LEA	456	1,824	2,280	0.80	9.10	0.45	9.90	100%	1,824	**2,280**
Leyton	3375 LE3	576	2,381	2,957	0.77	24.51	3.23	30.21	80%	1,905	**2,366**
Leyton	3375 LE4	431	1,751	2,182	0.72	10.93	1.08	12.84	100%	1,751	**2,182**
Leyton	3375 LE5	420	1,788	2,208	0.70	10.99	1.41	13.47	100%	1,788	**2,208**
Leyton	3430 LE1	967	2,709	3,676	0.77	19.02	1.06	20.88	25%	677	**919**
Leyton	3430 LE3	1,150	3,359	4,509	0.85	17.93	2.19	21.79	15%	504	**676**
Leyton	3430 LE4	752	2,141	2,894	0.72	8.26	0.85	9.76	20%	428	**579**
Leyton	3430 LE5	827	2,480	3,306	0.71	11.77	1.35	14.16	75%	1,860	**2,480**
Leyton	3470 LE2	667	1,666	2,333	0.74	12.37	0.88	13.92	40%	667	**933**
Leyton	3470 LE3	1,272	3,181	4,453	0.85	19.54	1.83	22.77	5%	159	**223**
Leyton	3470 LE4	1,251	3,127	4,378	0.74	12.84	1.26	15.05	5%	156	**219**
Leyton	3470LE6	105	420	525	0.70	10.12	1.22	12.27	100%	420	**525**
Leyton	3510 LE2	317	1,267	1,583	0.70	18.05	1.52	20.73	5%	63	**79**
Leyton	3510 LE3	1,129	1,581	2,711	0.82	21.55	1.99	25.35	10%	158	**271**
Leyton	3510 LE4	846	1,412	2,259	0.77	21.43	1.95	24.87	5%	71	**113**
Leyton	3510 LE5	330	1,320	1,650	0.73	12.71	0.87	14.23	100%	1,320	**1,650**
Leyton	3510 LE6	105	420	525	0.70	10.12	1.22	12.27	100%	420	**525**
Leyton	3540 LE2	116	462	578	0.70	14.51	1.15	16.54	100%	462	**578**
Leyton	3540 LE3	471	1,883	2,353	0.71	13.45	1.39	15.90	100%	1,883	**2,353**
Leyton	3540 LE4	364	1,454	1,818	0.73	19.26	1.45	21.82	100%	1,454	**1,818**
Lucho	3260LUNA1	662	2,646	3,308	0.78	17.56	1.14	19.57	100%	2,646	**3,308**
Lucho	3260LUNA2	720	2,880	3,600	0.80	6.88	0.94	8.53	100%	2,880	**3,600**
Lucho	3260LUNA3	1,232	4,928	6,161	1.17	17.53	2.22	21.44	100%	4,928	**6,161**
Lucho	3260LUNA4	654	4,005	4,658	0.93	11.24	1.60	14.05	100%	4,005	**4,658**
Lucho	LUS3260 A	606	2,423	3,028	0.81	6.30	0.23	6.70	100%	2,423	**3,028**
Lucho	LUN3315 A1	524	2,319	2,843	1.09	41.35	2.42	45.61	5%	116	**142**
Lucho	LUN3315 A2	1,013	5,330	6,344	0.85	32.84	3.83	39.59	70%	3,731	**4,441**
Lucho	LUN3315A4	390	4,342	4,732	0.93	27.71	2.28	31.73	100%	4,342	**4,732**
Lucho	3315LUNB1	662	2,646	3,308	0.78	17.56	1.14	19.57	5%	132	**165**
Lucho	3315LUNB2	720	2,880	3,600	0.80	6.88	0.94	8.53	80%	2,304	**2,880**
Lucho	3315LUNB3	1,232	4,928	6,161	1.17	17.53	2.22	21.44	100%	4,928	**6,161**
Lucho	3315LUNB4	654	4,005	4,658	0.93	11.24	1.60	14.05	100%	4,005	**4,658**
Lucho	LUS3315 A	747	2,989	3,737	0.81	17.37	0.50	18.24	15%	448	**560**
Lucho	LUS3315 B	606	2,423	3,028	0.81	6.30	0.23	6.70	15%	363	**454**
Lucho	3375 LUS0 B	747	2,989	3,737	0.86	17.37	0.50	18.24	5%	149	**187**
Lucho	3375LUN1-B	524	2,094	2,618	1.09	41.35	2.42	45.61	5%	105	**131**
Lucho	3375 LUN2-B	1,013	5,394	6,407	0.85	32.84	3.83	39.59	25%	1,348	**1,602**
Lucho	3375LUN4-B	390	4,560	4,949	0.93	27.71	2.28	31.73	100%	4,560	**4,949**
Lucho	3375 LUN-A	826	3,304	4,129	0.75	17.54	1.20	19.66	5%	165	**206**
Lucho	3430 LU1	826	3,304	4,129	0.75	17.54	1.20	19.66	5%	165	**206**
Nicole	NCN3265 A	475	3,428	3,903	0.82	8.83	0.27	9.31	100%	3,428	**3,903**
Nicole	NCS3265 A	321	1,284	1,605	0.82	6.54	0.01	6.55	100%	1,284	**1,605**
Nicole	NCN3315 B	475	1,898	2,373	0.79	7.77	0.27	8.25	100%	1,898	**2,373**
Nicole	NCS3315 A	240	960	1,200	0.80	4.06	0.15	4.33	0%	0	**0**
Nicole	NCS3315 B	321	1,284	1,605	0.82	6.54	0.01	6.55	100%	1,284	**1,605**

Resources

In addition to auditing the Reserves estimated by CMP, Marco Alfaro Sironvalle estimated the following Inferred Resources for the Pimenton Mine. In 2009:

	Tonnes	**Au g/t**	**Cu%**
Inferred Class A	37,000	18.6	1.4
Inferred Class B	284,000	14.4	1.2

Reviewed for this 43-101 Report, the 2010 estimate is as follows:

	Tonnes	**Au g/t**	**Cu%**
Inferred Class A	27,000	13.5	1.4
Inferred Class B	162,000	12.8	1.4

Class A Inferred refers to a 20 metre extension of the existing probable ore in the vertical sense, assuming 450 m horizontal extension of the Leyton Vein system. It is given a fairly high probability of being converted to Probable classification in the future.

The Class B Inferred is the projection of the known veins down to below the 3185 level using a combination of existing drill holes and the reserve grades as a guide. The Class B resource uses the same 450 m assumed horizontal extension as above.

The reserves and resource estimates are effective December 1, 2010**.** Specific gravity was determined by measurement and statistical analysis in 2009 and is 3.0. Dilution to 80 cm mining width has been added.

The main levels and sections that were used in the reserves estimate are in Figures 8 to 15 inclusive.

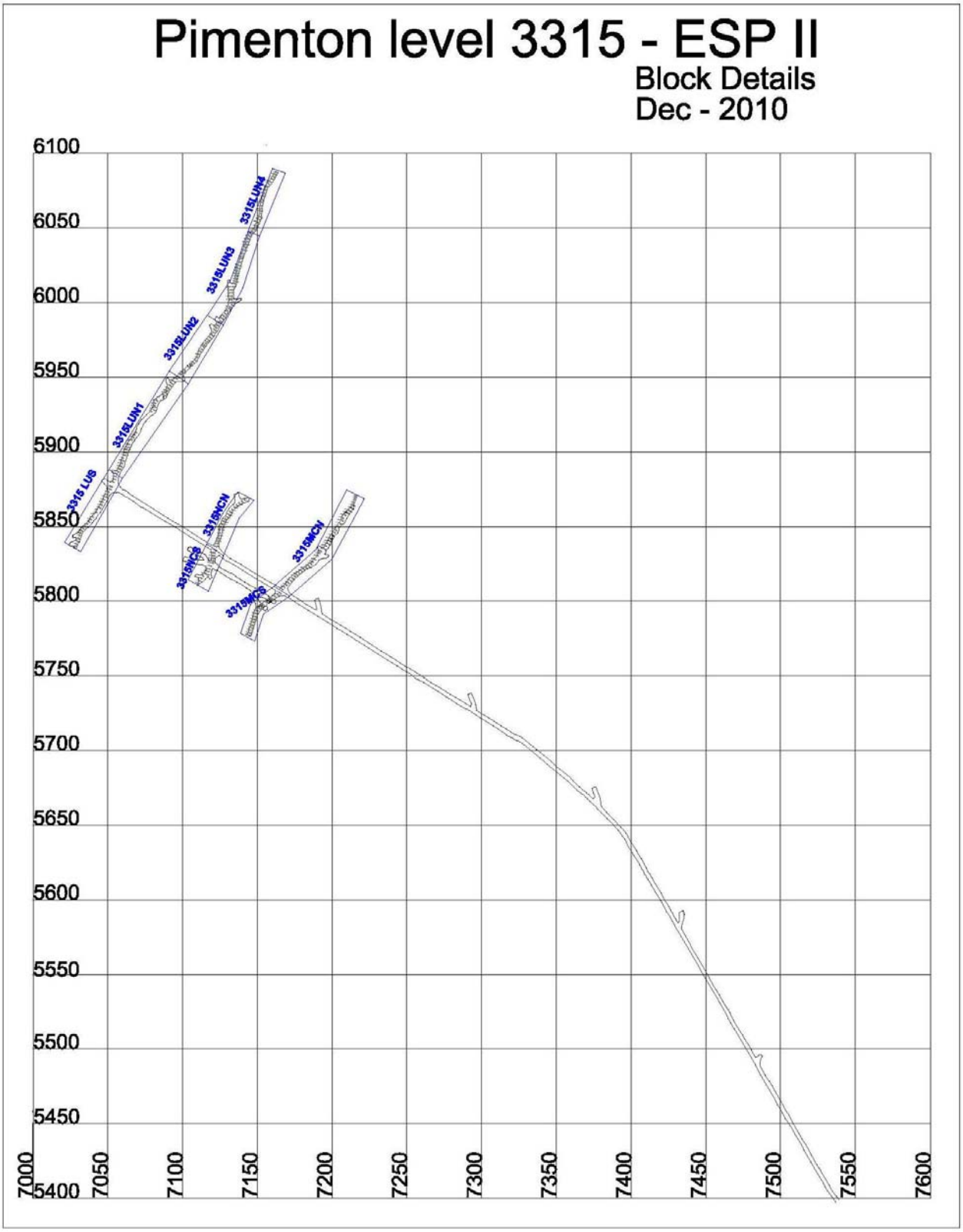


Figure 8. Pimenton Mine Reserves: Level 3315

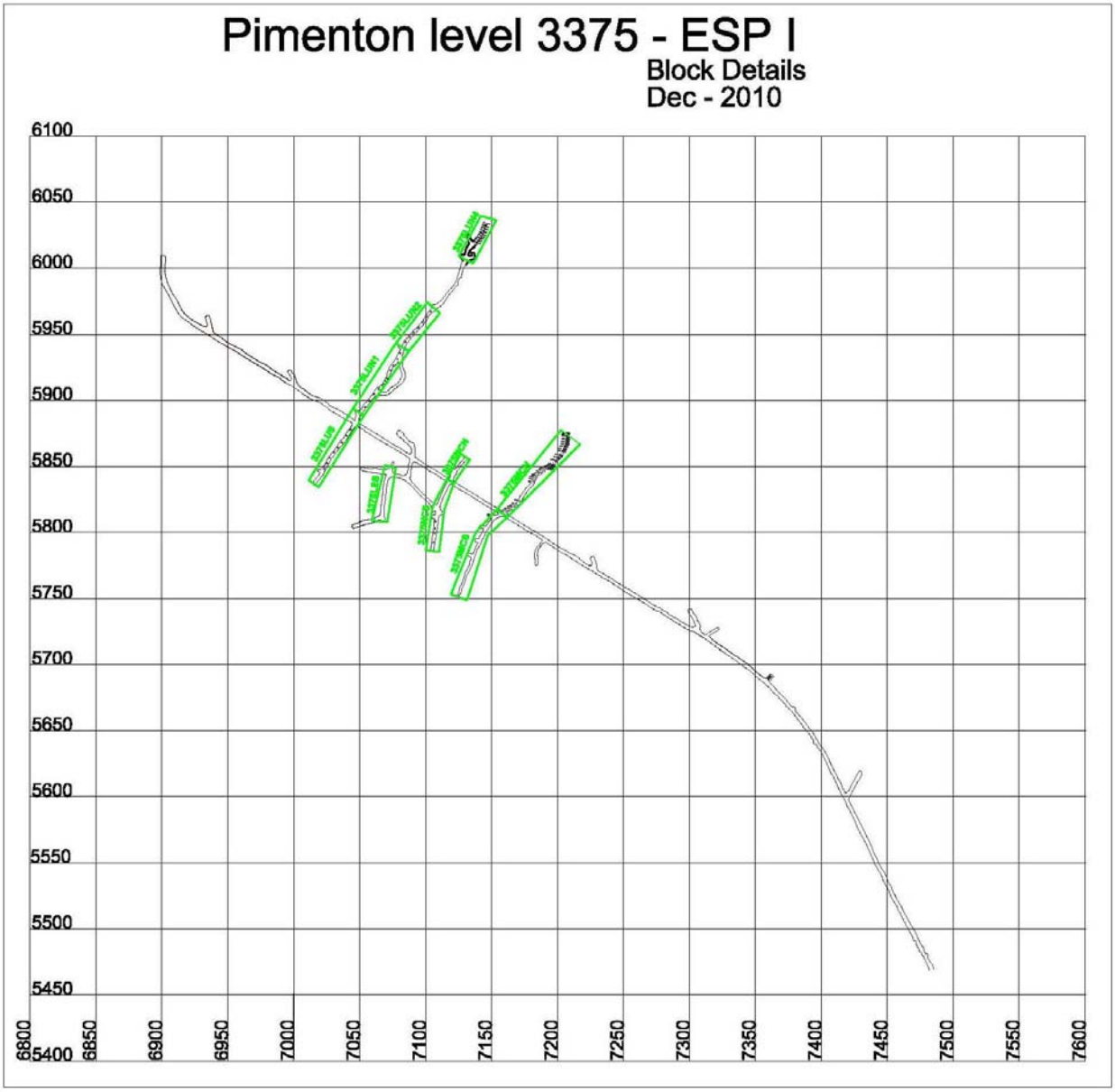


Figure 9. Pimenton Mine Reserves: Level 3375

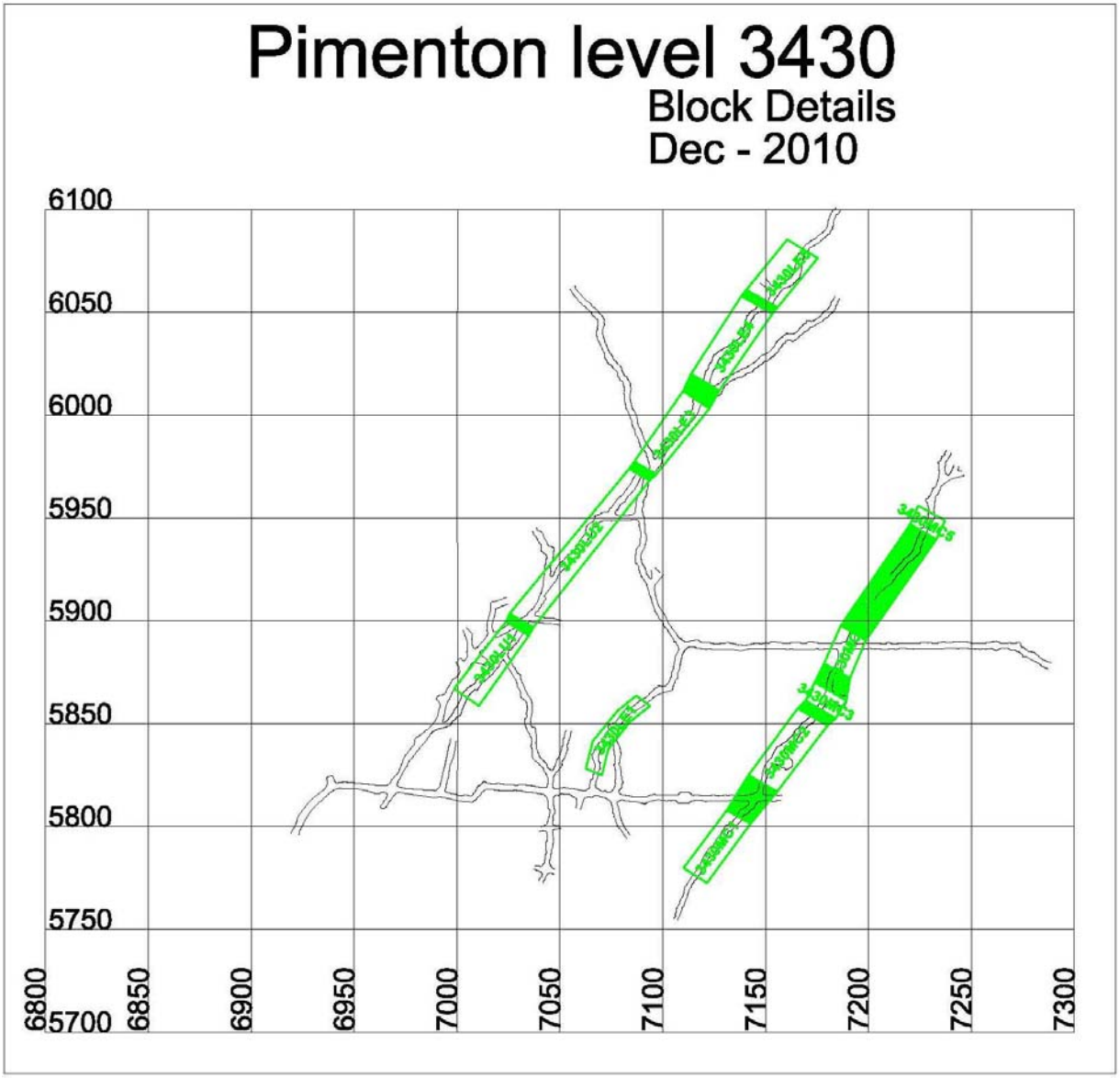


Figure 10. Pimenton Mine Reserves: Level 3430

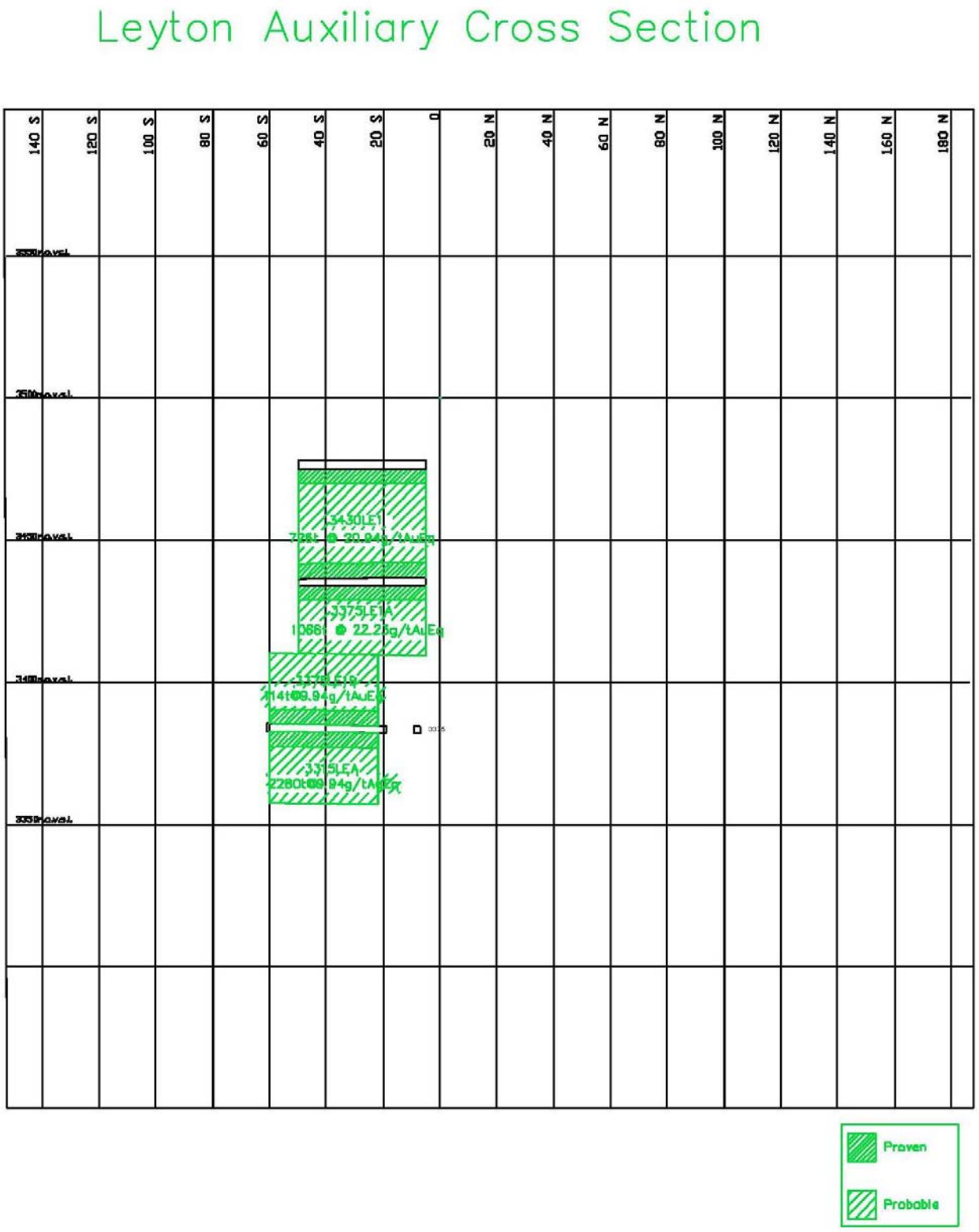


Figure 11. Pimenton Mine Reserves: Section Leyton Vein Auxiliary

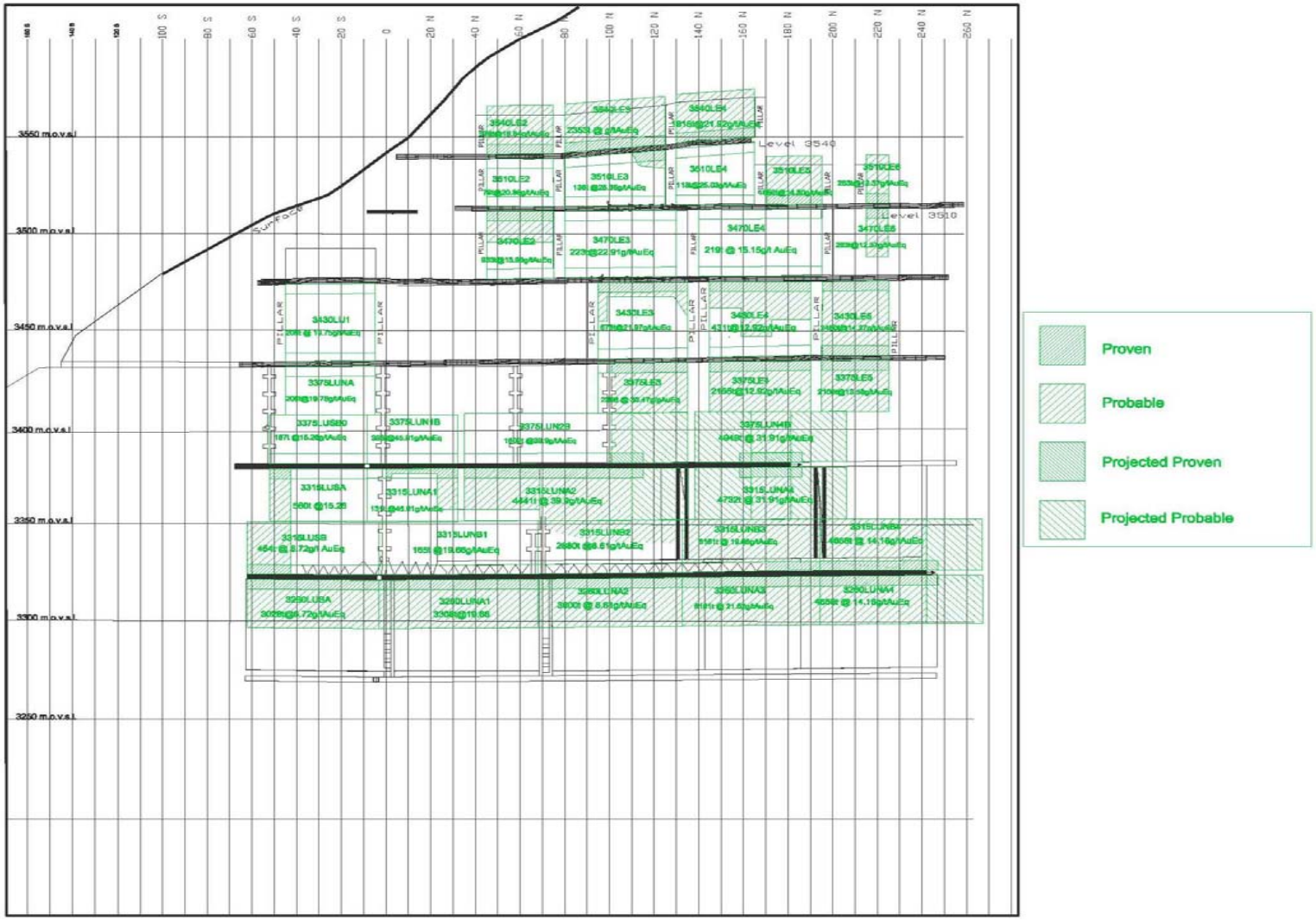


Figure 12. Pimenton Mine Reserves: Section Leyton Vein

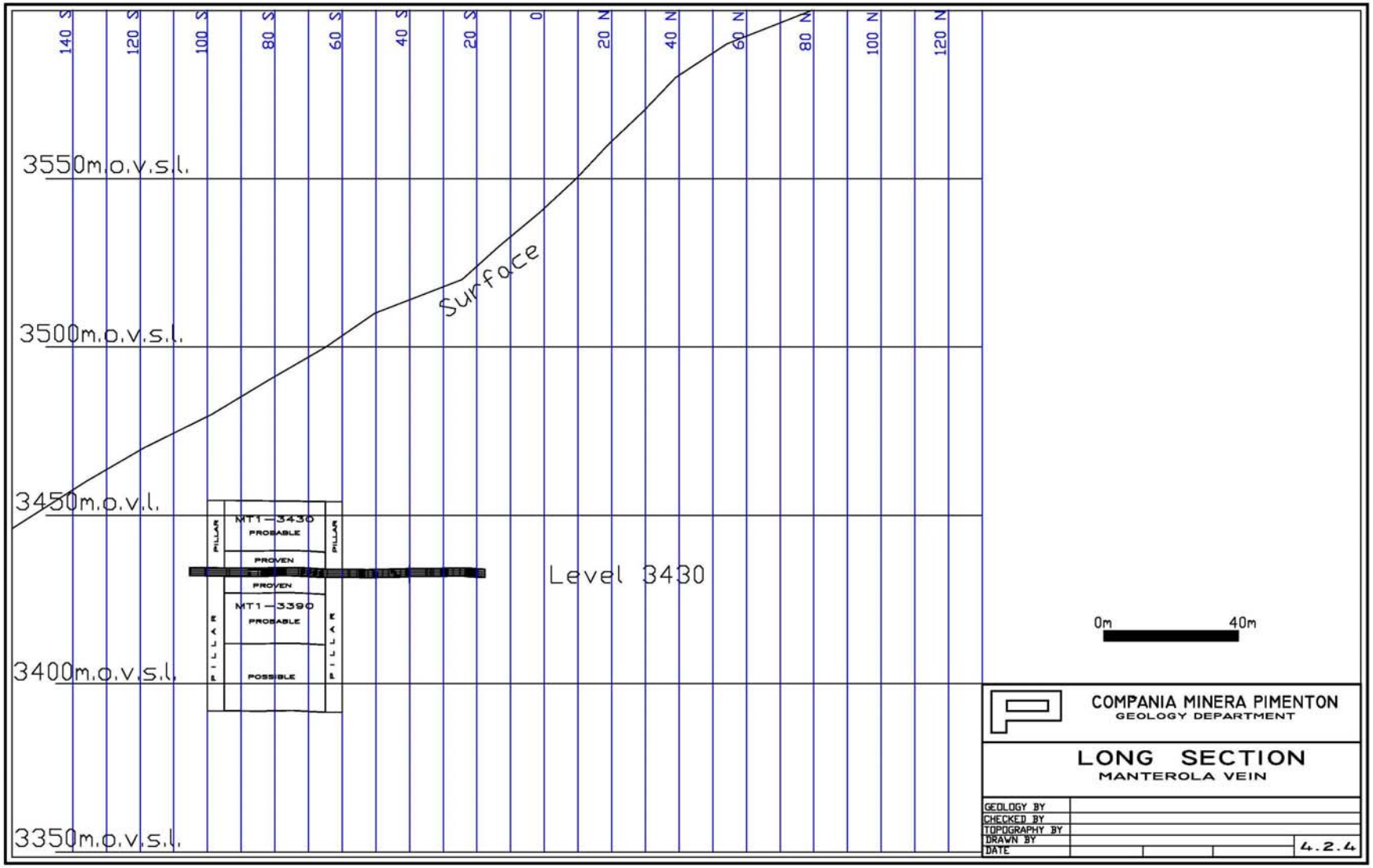


Figure 13. Pimenton Mine Reserves: Section Manterola Vein

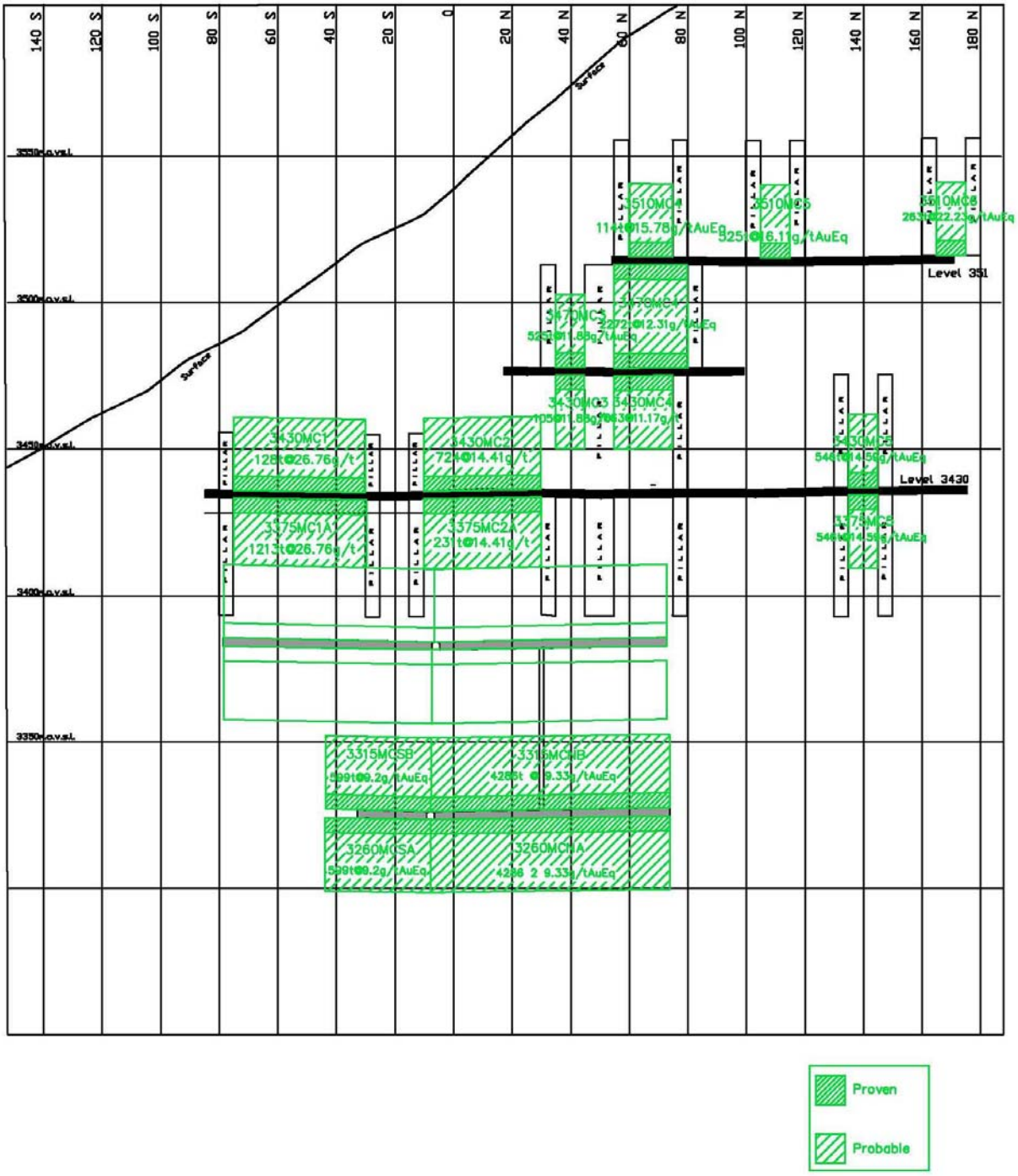


Figure 14. Pimenton Mine Reserves: Section Michelle Vein

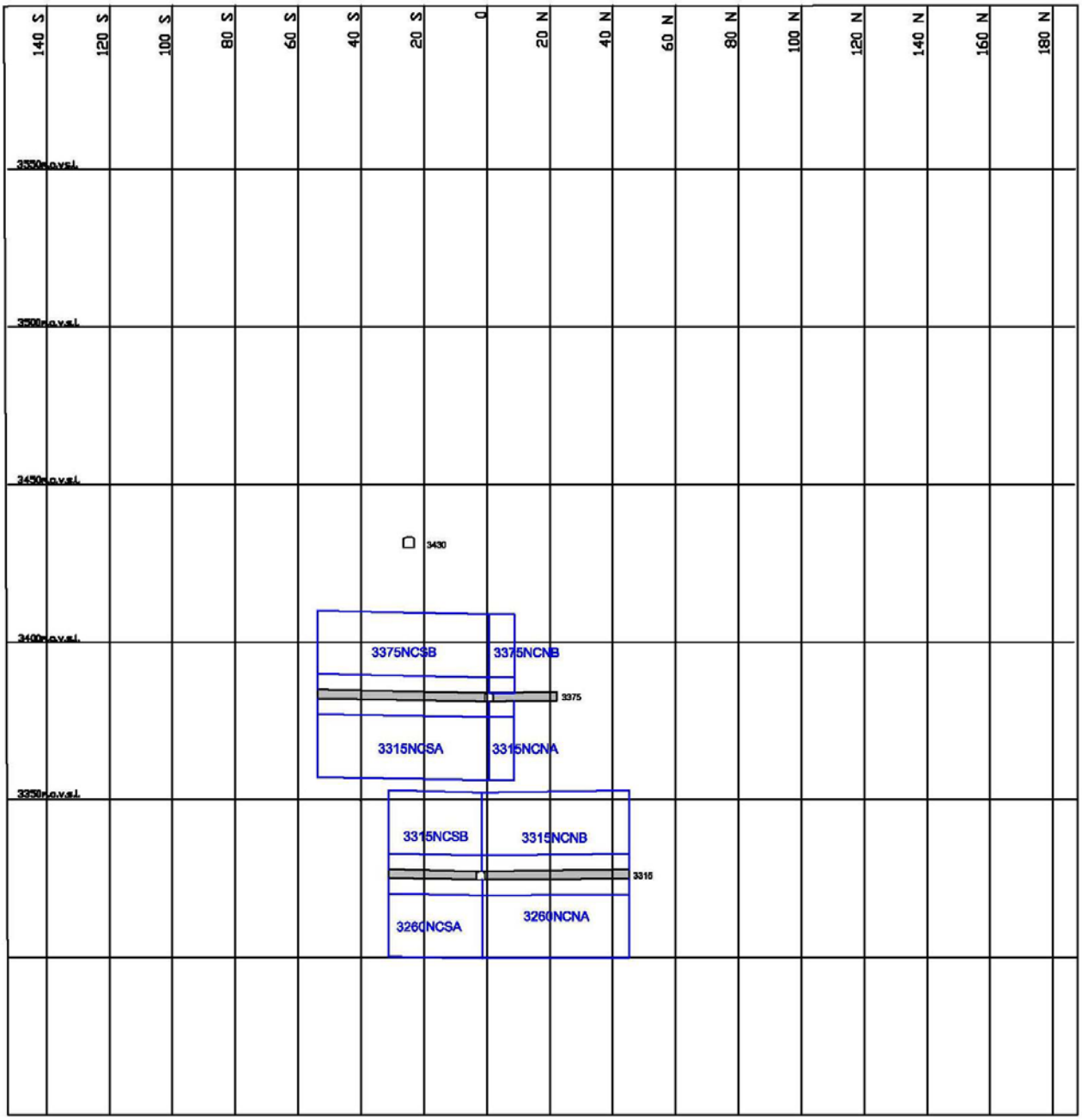


Figure 15. Pimenton Mine Reserves: Section Nicole Vein

17.2 PIMENTON VALLEY PORPHYRY

Since there is no certainty regarding directions of lateral expansion of fronts in the creation of accumulations of sulphide minerals, the best orientation of sections for resource estimation is uncertain. For the purpose of this report, a composite section on azimuth 60° was used for the estimate. Plan and section are shown in Figures 16 and 17. Using an arbitrary cutoff of 0.25 g Au/t to achieve likely correlation, there are substantial widths of mineralized rock in the three drill holes used for the estimate. Starting from below the alluvium, WGM has assumed continuity between the holes on strike and between holes PMT-02 and PMDD-006 in the dip direction. Up and down the assumed dip extensions are assumed for 200 m and 100 m along the assumed strike. Outside of the resource area, there are some narrow intersections at grades similar to those in the resource estimate, but these are infrequent and do not suggest additional resources at this time. The resource amounts to 40 Mt containing 0.37% Cu and 0.42 g Au/t and is classified by WGM as inferred because it extends to a depth of over 1,000 m which will limit and may inhibit economic extractability and because it has been explored by only three drill holes. The estimate is summarized in Table 9.

TABLE 9.
PIMENTON PORPHYRY, SUMMARY OF INFERRED RESOURCE CALCULATION

Hole #	Block	Int. Width (m)	Horiz. Width (m)	Dip Length (m)	Corrected Length (m)	Cubic Metres	Copper %	Gold g/t
PMT 02	A	24	10	330	80	264,000	0.42	0.41
	B	54	25	380	80	760,000	0.39	0.39
	C	162	55	440	90	2,178,000	0.43	0.41
	D	66	30	600	100	1,800,000	0.31	0.5
PMDD 06	E	74	55	180	70	693,000	0.46	0.48
	F	48	40	600	70	1,680,000	0.33	0.43
PMDD 04	G	56	35	310	120	1,302,000	0.3	0.31
	H	297	140	400	100	5,600,000	0.39	0.42
Total						**14,277,000**		
						SG x 2.8		
						40 million metric tonnes	0.37	0.42

Watts, Griffis and McOuat

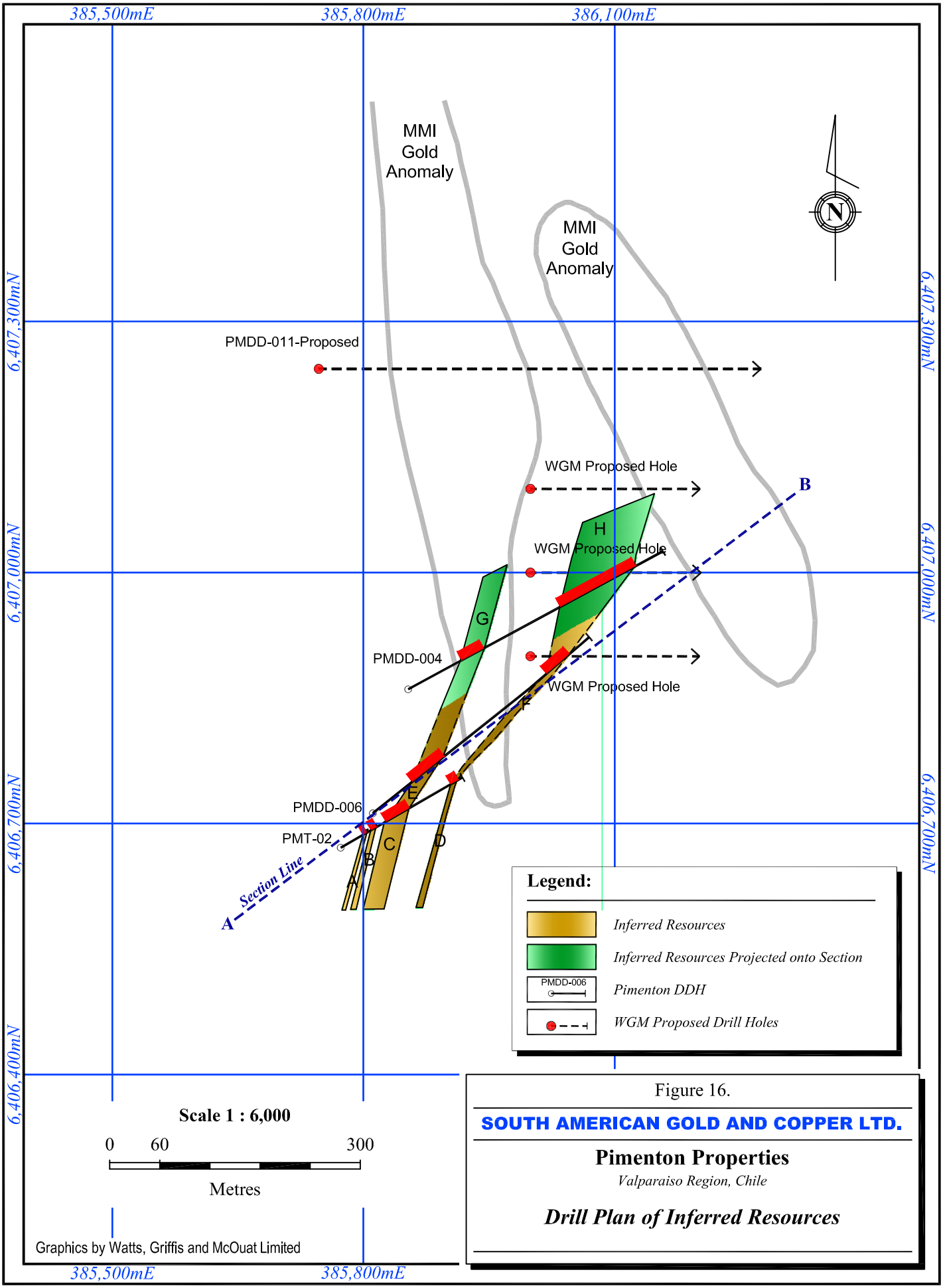


Figure 16.

SOUTH AMERICAN GOLD AND COPPER LTD.

Pimenton Properties

Valparaiso Region, Chile

Drill Plan of Inferred Resources

Watts, Griffis and McOuat

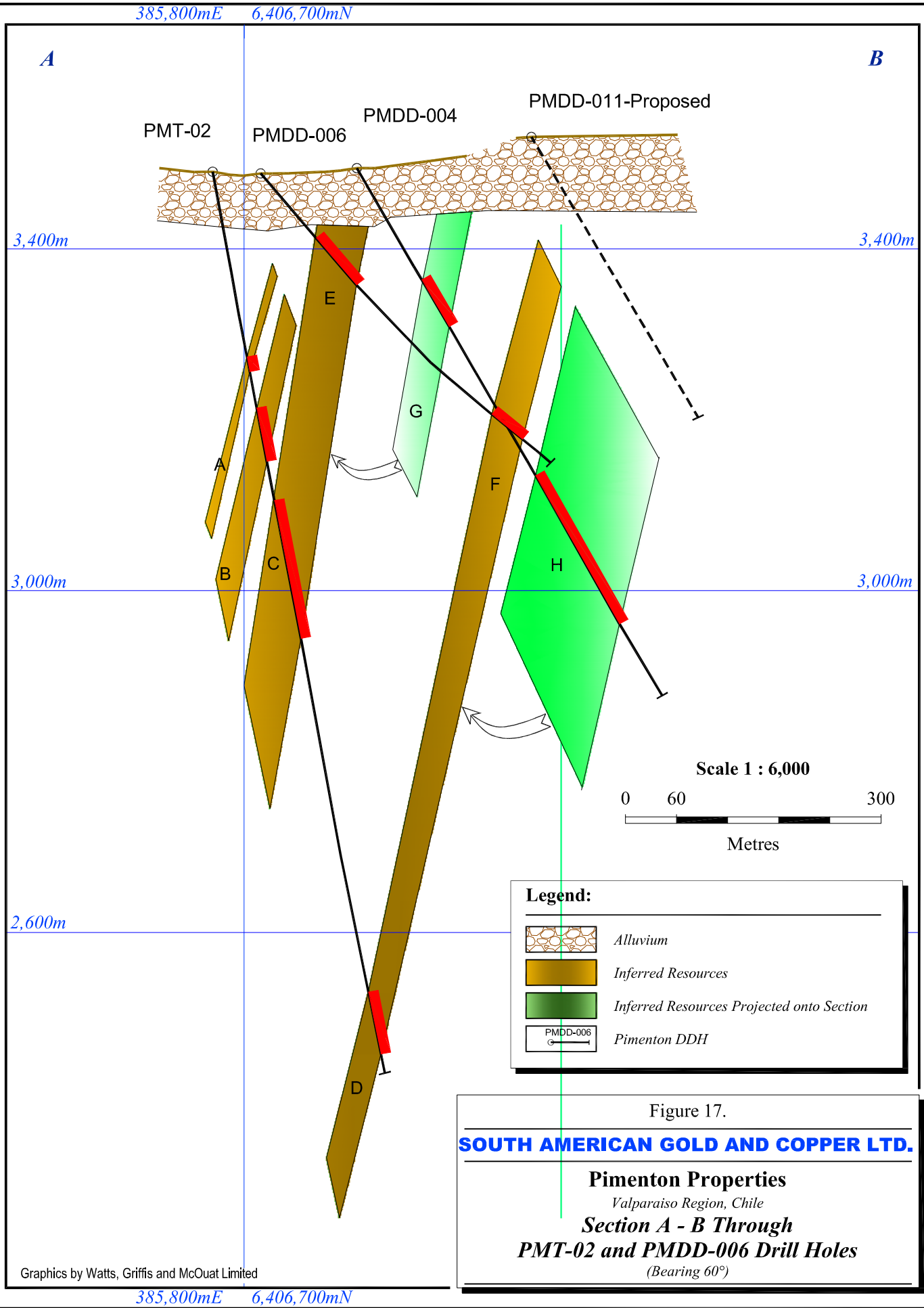


Figure 17.

SOUTH AMERICAN GOLD AND COPPER LTD.

Pimenton Properties

Valparaiso Region, Chile

Section A - B Through
PMT-02 and PMDD-006 Drill Holes

(Bearing 60°)

18. OTHER RELEVANT DATA AND ADDITIONAL INFORMATION REQUIRED FOR PRODUCTION PROPERTIES

18.1 MINING OPERATIONS

Pimenton is a vein mining operation on multiple levels accessed by adits and extracting ore from mainly six veins or vein systems. The levels developed and names of veins are shown in Table 10.

TABLE 10.
PIMENTON MINE LEVELS AND VEINS RECOGNIZED

Pimenton	**Pimenton**	**Maria Elena Sector**
Levels developed	Carmella	Maria Elena
3600	Lucho	"C"
3540	Leyton	Patricia
3520	Michelle	Javier
3510	Contacto	
3470	Donoso	
3430	JT	
3390	70	
3375 (Esperanza)	Nicola	
3315 (Esperanza 2)	Gina	
	Kathy	
	Manterola	

The mine used a "cut-and-fill with resuing" method until 2004 but there was excessive dilution as well as loss of gold-bearing fines. After review and approval from SERNAGEOMIN the method was changed to "stull mining" directly over development drifts.

Drifts on the various veins have commenced from adit portals in the past, but more recently from crosscuts directed from portals that are located in "good" ground rather in the friable vein rock. Drifting is standard mining practice using drilling jacklegs and a jumbo (though the jumbo has proved impracticable in following changes in strike of the veins) to achieve approximate 2.2 m width/height dimensions.

Stopes are prepared with 60° slopes to successive draw-points along the drift and are designed to be 0.8 m wide, and to be accessed from raises between stopes. Eucalyptus stulls are installed 1.5 m apart horizontally and are reliably "set" by using "jackpot" expanding fricton plates. The stulls are laid over with 3.2 m long planks, the back is drilled and blasted, the planks being removed and replaced before and after blasting. The next set of stulls is

installed 1.2 m higher and the process repeated to the desired height which allows for a three m pillar between the stope and the next higher level.

The mine has a variety of LHD vehicles for hauling waste and ore, some of which have been rebuilt on site. Maintenance is a constant challenge and is a hindrance in achieving goals of development and creating sufficient working places for maximizing feed to the mill. There are no immediate plans for change.

A single extraction fan used for ventilation is currently being replaced a larger version imported from China. Mine water flows under gravity so that pumps are not required.

18.2 RECOVERABILITY (EXTRACTION)

Extraction of as much as 80% of pillars is achievable and high-grade veins have a high extraction rate. However, "recoverability" as a whole is dependent on the diluted grade which in turn is dependent on width of the vein. Each situation has to be evaluated in terms of timing, accessibility and metal prices.

The recently encountered breccia ore at the northern end of the Leyton structure may be as much as two metres wide, too wide to be mined in the stull system. At the time of WGM's visit no decision had been reached on the most effective way to extract it.

18.3 MARKETS

Products from the mine are doré and copper concentrate which are sold under contracts summarized as follows:

Contracts

Smelter Contract between CMP and Empresa Nacional de Minera (Enami)

Effective Dec 22, 2009 for the year 2010 for 1,560 tpy or 130 tpm in US$.

Specifications (typical):

Cu 20-25%	Au 110-150 g/t	Zn 0.25%
S 40%	Ag 150 g/t	Pb 0.056%
As 0.13%	Mg 0.18%	Hg 6.5 ppm
Sb 0.05%	Cr 0.028%	Te 32 ppm

Cu – LME Settlement Price Cu Grade A in $/MT averaged over one month after delivery. Au and Ag – 96% of London Bullion closing price averaged over one month after delivery.

Deductions: Au 1 g/t, Ag 20 g/t, Cu 3.4%
Penalties if moisture exceeds 10% ($3.00/t for each 1%) and by negotiation if non-typical.
Treatment $125/t concentrate.
Refining Cu $0.125/lb, Ag $0.365/troy oz, Au $6.00/troy oz.
Settlement 90% based on analysis by Enami. 10% after arbitration

Refining contract between CMP and Argor-Heraeus SA of Switzerland
Effective December 16, 2009.

CMP packs and delivers doré (Brinks pick up at mine) to Delivery Point.
Any difference in assay to be settled by arbitration if greater that 0.03% for Au and 5% for Ag.

Payment 99.9% for Au and 97.5% for Ag.
90% Payment at closing London Gold Bullion Price one day after receipt of doré.
10% Payment at closing London Gold Bullion Price one day after availability of settlement assays (both Au and Ag).
Refining charge US$0.45/troy oz for doré (Au or Ag).

Penalties:
Hg and radioactivity unacceptable. Others to be advised.
Sb, As, Bi, Cd, Cu (up to 10% acceptable), Pb (0.5%), Mo (0.1%),Se, Te, Sn (0.3%).

18.4 ENVIRONMENTAL CONSIDERATIONS

The mine started production prior to enactment of current environmental regulations. It is subject to an approved voluntary Environmental Impact Assessment ("EIS") that includes closure plans for securing mine openings, removing structures and equipment, and re-vegetation of tailings and waste dumps. Possible environmental liabilities relate to tailings disposal, mine run-off and use of mercury in laboratory procedures.

All necessary permits are reported by SAGC to be in place for the current operation. The tailing storage facility will require expansion in one or more phases. Construction is in progress according to a three to four year plan approved by SERNAGEOMIN in 2004. It includes a rock-fill dam at a point 100 m downstream from the current tailings pond and, when complete, will have a capacity of approximately 1.3 Mt. All of the tailings water is contained and recycled to the treatment plant.

18.5 TAXES AND ROYALTIES

Revenue was subject to a 5% NSR, increased to a maximum of 6% at the current gold price, paid to BTX.

Taxes in Chile are different for DL-600 registered and non- registered companies. A DL-600 registered company is subject to minimum tax of 17% on non-distributed income and 45% on distributed income. If it is advantageous to do so, a company may apply to be deregistered. If so, the tax ceiling is decreased to 38%.

SAGC's wholly owned Chilean subsidiaries include Compañia Minera Pimenton which is the owner/operator of the mine. A second company, Compañia Minera Til Til Ltda. ("**Til Til**"), is a DL-600 registered company which has made most of the advances to the project (see long-term liabilities) which will be repaid before the tax on distributed income becomes effective.

18.6 CAPITAL AND OPERATING COSTS

The mine operating and capital costs status is in the un-audited statements, effective June 2010, in Tables 11 and 12.

TABLE 11.
COMPAÑIA MINERA PIMENTON OPERATING STATEMENT
(For the Nine Months Ended June 30, 2010)

Sales	$(000s)	
Copper Concentrate	US$5,561	
Doré	1,353	
Other operational income	29	
Smelting and refining charges	(149)	
Net Smelter Return before royalty	**US$6,794**	
Royalty	(398)	
Net Smelter Return	**US$6,396**	
Operating Costs (per 23,000 approx t milled)		**$/t**
Mining	(3,345)	145.43
Treatment	(1,930)	83.91
Mine admin	(1,241)	53.96
Total Operating Costs	**(US$6,516)**	**US$283.30**
Non-Operating Costs		
Depreciation and amortization	(1,064)	
Mine closure costs	(111)	
Selling and admin costs	(575)	
Non operating income	300	
NET PROFIT (LOSS)	**(US$1,172)**	

TABLE 12.
COMPAÑIA MINERA PIMENTON BALANCE SHEET

Assets	US$(000s)
Current Assets	
Cash and receivables	US$968
Concentrate Inventory	357
Taxes recoverable	1,966
Mine supplies and fuel	219
Total Current Assets	**US$3,510**
Property, Plant and Equipment Net of Accumulated Depreciation	**US$4,189**
Other assets	
Mining Properties	US$3,176
Development costs	9,479
Long-term receivables from related party	3,607
Other assets	2
Total Other Assets	**US$16,264**
TOTAL ASSETS	**US$23,963**
Liabilities	
Current Liabilities	
Accounts and short-term lease payable	US$1,278
Notes payable, provisions and accruals	658
Interest payable	326
Total Currant Liabilities	**US$2,262**
Long-Term Liabilities	
Long term lease	US$284
Advances	30,256
Provision for mine closure	2,106
Total Long-Term Liabilities	**US$32,646**
Owners' Equity	
Paid in capital and reserves	US$8,702
Deficit	(18,475)
Loss for fiscal 2010	(1,172)
Total Equity	**(US$10,945)**
LIABILITIES AND EQUITY	**US$23,963**

18.7 ECONOMIC ANALYSIS

For the first nine months of 2010 the mine had an operating loss of $120,000. This was attributable to under-utilization of the treatment plant which operated at approximately 65% of capacity. Since June there have been increases in metal prices but only gradual increase in through-put at the mill which peaked at 80% utilization in October. Coupled with steady improvement in recoveries, it is reasonable to forecast an operating profit in the future despite the uncertainty of achieving the target production rate.

18.8 RECONCILIATION OF RESERVES AND MINING

The reconciliation of reserves and ore mined for twelve months to the end of October 2010 are shown in Table 13.

TABLE 13.
RECONCILIATION OF RESERVES AND MINING, 2009 to 2010

	Proven			Probable			Proven + Probable		
	Tonnes	Au (g/t)	Cu (%)	Tonnes	Au (g/t)	Cu (%)	Tonnes	Au (g/t)	Cu (%)
2009	24,000	14.1	1.4	68,000	14.6	1.4	92,000	14.4	1.4
2010	26,000	12.8	1.4	113,000	13.7	1.5	139,000	13.5	1.5
Change	**2,000**			**45,000**			**47,000**		
Milled Nov 09-Oct 10							31,115	11.5	0.6

	Metal Prices ($)		1% Cu	Cut Off	Width	S.G.
	Au (oz)	Cu (lb)	Au Eqiv.	Au Eqiv.	Used	
2009	1,000	2.8	1.91 g/t	6.81 g/t	80 cm	3
2010	1,300	3.5	1.76 g/t	5.6 g/t	80 cm	3

WGM has debated with CMP the causes for the very poor comparison between the grade of reserves and that of ore mined from November 2009 to October 2010. As a result, WGM concludes that main cause was the active development program in 2010 which had the objective of creating sufficient working places to maintain 150 tpd of ore deliverability to the treatment plant. There were times when low-grade ore was sent to the mill because stopes intended for mining were not ready. At other times low grade ore had to be taken from the lower levels in order to reach higher grade ore. This low grade ore, which was not in the 2009 reserves, came mainly from the Nicole and Michelle veins on the 3,375 m level, both of which are low in copper. In addition, the development scenario resulted in an abnormal amount of muck being taken from drifts and raises where dilution is higher than in stopes.

It is noteworthy that reserves have increases in tonnage from 2009 to 2010 despite mining in 2010. This has been explained by the addition of reserves, some of which were low grade and were mined in 2010, and contributed to reduction of the estimate of inferred resources in 2010. It is also noteworthy that the grade of ore mined in November and December, 2010, is comparable with the grade of reserves (see Table 6) and that postulation of continuation is reasonable.

As in all mines like Pimenton, production targets depend on labour (t ore/man shift), capital, equipment maintenance, elimination of bottle-necks, etc., and WGM does not diminish the difficulties that will be encountered in achieving the target of achieving and maintaining a rate of 150 tpd of ore at the reserve grade. However, the mine management is strong, current operations are efficient, and capital is available to meet the mine's requirements. WGM therefore accepts that under the present circumstances, the target is attainable, but cautions that the history over the last year is a concern because it suggests otherwise.

18.9 CASH FLOW

WGM's base case cash flow (Table 14) is based on proven and probable extractable reserves of 132,000 t at grades of 13.5 g Au/t, 7.2 g Ag/t and 1.47% Cu. Other assumptions are listed below:

WGM Cash Flow Assumptions:

- All units of currency are in US dollars.
- All units of measurement are metric unless otherwise stated.
- All dollars are constant dollars, i.e. no inflation.
  - The gold and copper prices are based on 18 months trailing average of the London Bullion Market in case of gold, and the London Metal Exchange in case of copper.
- Gold price $1,164 per troy oz., Silver price $25.00 per troy oz, Copper price $3.25 per lb.
- Mill through-put 150 t of ore per day or 45,000 t per year assuming 300 working days per year.
- Pimenton produces gold/silver doré and a copper/gold concentrate. Recoveries of these two products are based on the metallurgical recoveries achieved over the last 14 months to December 31, 2010 and are as follows:
  - To the doré
    - 71.8% of the contained gold.
    - 19.3% of the contained silver.
  - To the copper/gold concentrate
    - 80.7% of the contained copper.
    - 20.1% of the contained gold.
    - 56.0% of the contained silver.

TABLE 14.
PIMENTON MINE BASE-CASE CASH FLOW CALCULATION

US$ thousands 18 Month Trailing Average Metal Prices	Units	Total/ Average	2011	2012	2013
METAL PRICES					
Gold	**$/oz**	**1,164**	1,164	1,164	1,164
Copper	**$/lb**	**3.25**	3.25	3.25	3.25
Silver	**$/oz**	**25.00**	25.00	25.00	25.00
PRODUCTION					
Ore Mined/Milled	**t**	**132,000**	45,000	45,000	42,000
Ore Grades					
Gold	**g/t**	**13.50**	13.50	13.50	13.50
Copper	**%**	**1.47%**	1.47%	1.47%	1.47%
Silver	**g/t**	**7.10**	7.10	7.10	7.10
Knelson Concentrate					
Tonnes Produced	**t**	**296.1**	100.9	100.9	94.2
Gold Grade	**g/t**	**4,321**	4,321	4,321	4,321
Gold Production	**ozs**	**41,137**	14,024	14,024	13,089
Less: Refining Losses	**ozs**	**411**	140	140	131
Net Gold Production	**ozs**	**40,726**	13,884	13,884	12,958
Gold Revenue	**k$**	**47,394**	16,157	16,157	15,080
Silver Grade	**g/t**	**610**	610	610	610
Silver Production	**ozs**	**5,805**	1,979	1,979	1,847
Silver Revenue	**k$**	**144**	49	49	46
Total Knelson Conc. Revenue	**k$**	**47,538**	**16,206**	**16,206**	**15,126**
Less: Freight, Ins. & Refining	**k$**	**721**	246	246	229
Net Knelson Conc. Revenue	**k$**	**46,817**	15,960	15,960	14,897
Copper Concentrate					
Concentrate Production	**t**	**7,827**	2,668	2,668	2,490
Copper Grade	**%**	**20.0%**	20.0%	20.0%	20.0%
Gold Grade	**g/t**	**45.8**	45.8	45.8	45.8
Silver Grade	**g/t**	**67.1**	67.1	67.1	67.1
Copper Revenue	**k$**	**10,640**	3,627	3,627	3,385
Gold Revenue	**k$**	**12,606**	4,298	4,298	4,011
Silver Revenue	**k$**	**284**	97	97	90
Total Copper Conc. Revenue	**k$**	**23,530**	8,022	8,022	7,487
Less: Smelting Charges	**k$**	**978**	334	334	311
Copper Refining	**k$**	**410**	140	140	130
Gold Refining	**k$**	**65**	22	22	21
Silver Refining	**k$**	**4**	1	1	1
Total Smelter & Refining	**k$**	**1,457**	497	497	464
Less: Transportation to Smelter	**k$**	**153**	52	52	49
Net Smelter Return	**k$**	**21,920**	7,473	7,473	6,975
Total Revenue	**k$**	**68,737**	23,433	23,433	21,871
Less: NSR Royalty	**k$**	**4,124**	1,406	1,406	1,312
Revenue to SAGC		**64,613**	22,027	22,027	20,559
OPERATING COSTS					
Mining	**k$**	**19,197**	6,544	6,544	6,108
Processing	**k$**	**11,076**	3,776	3,776	3,524
G&A	**k$**	**5,361**	1,814	1,814	1,733
Total Operating Costs	**k$**	**35,634**	12,134	12,134	11,365
EBITDA	**k$**	**28,979**	9,893	9,893	9,194
CASH FLOW TO PROJECT					
EBITDA	**k$**	**28,979**	9,893	9,893	9,194
Less: Sustaining Capital	**k$**	**4,000**	2,000	2,000	-
Shut down costs net of working capital recovery	**k$**	**2,106**	-	-	2,106
CASH FLOW TO PROJECT (before interest and tax)	**k$**	**22,873**	7,893	7,893	7,088
PRESENT VALUE OF CASH FLOW (before interest and tax)	**%**		**5%**	**7.5%**	**10.0%**
	K$		**21,312**	**20,609**	**19,952**

- Operating costs are based on historical costs and modified by WGM. The basic operating costs are:
  Mining - $145 per tonne of ore.
  Processing - $84 per tonne of ore.
  Fixed General and Administration - $600,000 per year.
  Variable General and Administration - $27 per tonne of ore.
  - Costs not included:
    SAGC's overheads are not included.
    SAGC's off mine exploration costs are expected to be met out of cash flow, but are not included.
    Interest on the mine debt is projected at 7.5% and is not included.
    WGM has not included corporate taxes on the understanding that in the current corporate structure they are not applicable to CMP. Should this be incorrect, consideration should be given to the corporate tax rate which is 17% of net income. While intercompany dividends are not taxed, dividends to foreign entities or to individuals incur a dividend tax that raises the overall tax rate to 35%. Due to the recent earthquakes, the Chilean government has raised the basic corporate tax rate to 20% in 2011 and 18.5% in 2012. In 2013 the rate is scheduled to return to 17%.
- Projected sustaining capital costs are $2.0 million for years 2011 and 2012 based on the mines previous history.
- Mine closure and rehabilitation is projected to cost $2.1 million net of working capital recovery.
- Copper concentrate processing terms.
  The assumed copper concentrate grade is 20%. Because of the low copper grade of ore in 2010 the mill did not achieve this concentrate grade. However, WGM believes that based on the higher projected copper grade in the 2011-2013 period and the increased copper grade in the copper concentrate in the December 2010, the assumption is reasonable.
  - Pay for all of the copper with a deduction of 1%. The 2010 contract specified a 3.4% deduction. However, this appears to be a penalty imposed by the smelter to reflect the fact that the concentrate grades have been well below the minimum acceptable grade of 20%. For the purpose of the cash flow, it is assumed that the mine will achieve a copper concentrate grade of at least 20% and qualify for a deduction of approximately 1%.
  - Pay for all contained gold with a minimum deduction of 1.0 g.
  - Pay for all contained silver with a minimum deduction of 20 g.
  - Smelting Charge - $125 per t of concentrate
  - Copper refining charge - $0.125 per payable lb. of copper.
  - Gold refining charge - $6.00 per oz. of payable gold.
  - Silver refining charge - $0.465 per oz. of payable silver.
  - Transportation to the smelter - $19.50 based on a distance of 195 km and a base cost of $0.10 per tonne km.
- Gold bullion smelter and refining terms.
  - Gold
    - Losses in refining – 1% (est. by WGM)
    - Basic gold deduction – 0.1%

- Refining charge – $0.45 per oz. of payable gold.
- Freight and insurance - $14.00 per oz. of contained gold.

o Silver

- Basic deduction – 2.5%
- Refining charge - $0.45 per oz. of payable silver.

Other charges included in gold charges.

18.10 DISCUSSION OF CASH FLOW

The cash flow calculation yields an undiscounted cash flow of $22.9 million while the present value of the cash flow using mid-year discounting is $21.3 million at a rate of 5% and $20.0 million at 10%.

The base case cash flow reflects WGM's opinion of metal prices that will prevail over the three years 2011 to 2013 and is based on our monitoring. These metal prices are lower than metal prices of January 6, 2011 which were Au $1,376/oz, Ag $29.08 oz, and Cu $4.35/lb. Calculated as of that date, the comparable undiscounted cash flow is $36.6 million.

The Pimenton Mine derives most of its revenue from gold as illustrated in Figure 18. As a result it is highly sensitive to gold prices that prevail at the time of sales. In order of impact, the cash flow is most sensitive to "all" metal prices, followed closely by the gold price, then operating costs, and then the copper price. The cash flow is least sensitive to changes in capital costs. These sensitivities are illustrated in Figure 19.

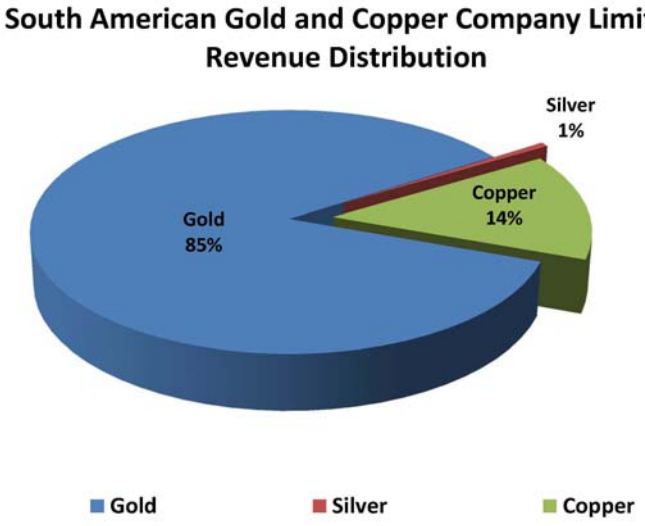


Figure 18. Revenue distribution

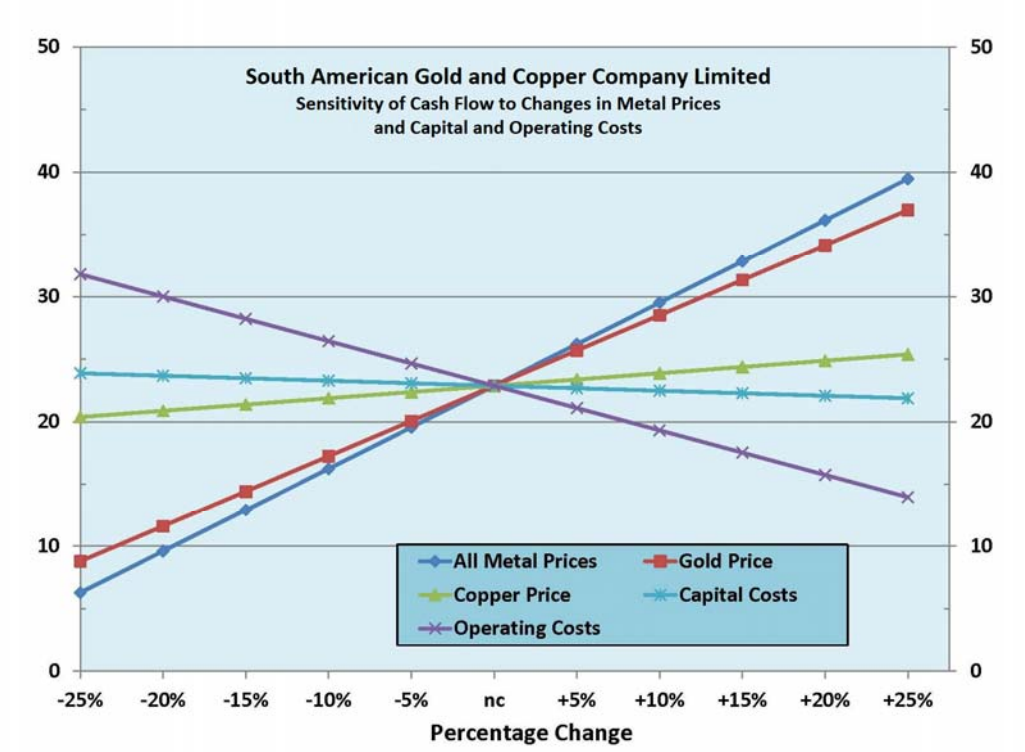


Figure 19. Sensitivity of cash flow to changes in metal prices, capital and operating costs

The proven and probable reserves are sufficient for three years of operation. In WGM's opinion, the reserves can be maintained at a similar approximate production level at the expense of inferred resources, however it is uncertain how long such maintenance will continue and how similar the grades will be to the current reserves. Despite WGM's positive view of the long-term outlook under current metal price conditions, WGM base case cash flow is insufficient to retire CMP's long term debt.

18.11 PAYBACK AND MINE LIFE

Mine life based on the reserves is three years. Reserves are likely to be added as exploration and development continue to lower elevations, and the life will be extended. Cash flow is expected to fund off-mine exploration recommended in the reports prepared by WGM at this time. This will delay pay back of the advances by Til Til.

In terms of WGM's three-year cash flow prepared in accordance with NI 43-101 capital advances are not paid back and it is not possible to calculate the Internal Rate of Return ("IRR").

19. INTERPRETATION AND CONCLUSIONS

Alteration, geology, magnetics, resistivity, induced polarization and MMI data support a conclusion that the Pimenton properties host very large porphyry systems that have the potential for economic copper, gold and possibly molybdenum mineralization. The potential is different at the Pimenton Mine, the surrounding Pimenton Porphyry property and at Tordillo, as described below:

Pimenton Mine

The Pimenton Mine has proven and probable mineable reserves of 132,000 tonnes containing 13.5 g Au/t and 1.47% Cu, sufficient for approximately three years of operations. Based on performance in 2009/10, reserves are likely to be increased at the expense of inferred resources and the mine life will be prolonged beyond three years. The mine has reached profitability and is well managed. WGM concludes that operations will continue in this manner and that depth extensions of the vein cluster will provide resources for future exploitation. In addition, vein resources may be identified beneath known outcrops north of the mine.

Based on the proven and probable reserves, WGM has developed a cash-flow model which yields an undiscounted cash flow of $22.9 million while the present value of the cash flow using mid-year discounting is $21.3 million at a rate of 5% and $20.0 million at 10%. While insufficient to retire all of the advances made to the project, it demonstrates that the mine is profitable and has the potential to maintain profitable operations beyond the three years specified and to fund the off-site exploration recommended in this and other reports prepared by WGM at this time.

Pimenton Porphyry

WGM concludes that the Pimenton Porphyry Project is host to part of a north-south belt of porphyry systems of strong economic potential. Emplaced on the property are discrete stocks and dyke-like sheets of porphyry that are elongated vertically and are frequently also elongated along structures. Different intrusive, alteration and mineralizing events coupled with erosion of higher levels of the intrusive complex have resulted in variable geology with different exploration opportunities. Recognized among them are:

- In the Pimenton valley part of the project area drilling by RT and AAC identified a porphyry system with copper and gold mineralization in two vertical to steeply-dipping, elongate bodies of accumulated stockwork mineralization exhibiting low sulphidation and

potassic alteration. It includes a NI 43-101 compliant inferred resource of 40 Mt containing 0.37% Cu and 0.42 g Au/t. Although drilling by AAC did not produce their hoped-for high grades at depth, in WGM's opinion it left open potential for expanding the tonnage along strike and for finding additional zones of mineralization; and

- Possibly linked beneath volcanics at higher altitude, the porphyry intrusive complex may extend from the Pimenton valley northward into the Hondo valley. With limited exploration, exposed rocks appear to have both similar mineral potential to that described in the Pimenton valley, and unique potential related to possible caldera-type brecciation; and

- South of the mine camp is the so called "Vein Target" where high sulphidation and anomalous copper molybdenum values indicate a buried porphyry system in the more southern part of the property. It may be fault controlled and therefore linked structurally to the system to the west in the Pimenton valley, but may also indicate a very different, and perhaps major, porphyry copper system linked indirectly to mineralization at the Pimenton Mine.

Tordillo

Although the exploration to date is very preliminary, and WGM's opinion is based solely on information provided to the author by SAGC, exploration is considered to be warranted with objectives of mapping and sampling to target a copper gold or copper-gold-molybdenum porphyry, and to assess the economic potential of epithermal veins in the periphery of the structure.

20. RECOMMENDATIONS

Pimenton Mine

WGM's recommendations regarding operations are minimal. More thorough sampling and mineralogical study are recommended in the newly developed northern and deeper parts of the mine to obtain a better understanding of metal distribution in relation to alteration and subordinate structures. Screen sizing and assaying run of mine ore, separately from upper and lower levels, for metal content is suggested, as it may be found that larger sizes are significantly lower grade and may not be worth treating. Drilling at depth beneath the workings is strongly recommended, and is covered in the overall exploration program for porphyry deposits.

Pimenton Porphyry

WGM has reviewed recommendations made by SAGC for the drilling of seven holes to probable depths of 1,500 m (Table 15). All are considered to be well researched and are endorsed by WGM with some suggested revisions.

TABLE 15.
SAGC PROPOSED HOLES AT PIMENTON PORPHYRY TARGETS

Number	E	N	Elevation	Azimuth	Inclination
009	386,920	6,404,850	3,350	210	70
010	386,850	6,405,550	3,330	225	60
011	385,550	6,496,900	3,707	270	60
012	386,500	6,408,000	3,685	90	60
013	387,200	6,407,500	3,670	90	60
014	387,428	6,406,978	3,562	270	60
015	388,150	6,406,500	3,336	270	60

The first deep exploratory drill hole, PMDD 009, is at the Maria Elena target 500 m southwest of the Pimenton Camp at elevation of 3,250 m. The proposed hole will explore the "Vein Target," which was recognized by both AAC and RT, and which has encouraging epithermal gold-silver veining and an unexplained Cu-Au-Mo geochemical anomaly.

The second hole, PMDD 010, is planned to explore MMI and induced polarization anomalies in the mine area. The planned hole may not adequately explore the potential at this site since it is approximately in the strike direction of the veins. WGM recommends that consideration be given to drilling a hole from the Colorado Valley in a north-westerly direction. So placed, the drill hole would explore beneath the vein system across their direction of dip. Results

from a hole such as is recommended by WGM may alter the concept on which MMDD 010 is based.

The third hole PMDD 011 is planned north of the Pimenton valley area of inferred resources. Planned to be drilled in an easterly direction, the hole will explore coinciding magnetic, resistivity, induced-polarization and MMI anomalies that are more indicative of mineralization than at the site of the resources. It is strongly recommended by WGM because it has two-fold objectives of extending the resources and finding mineralization of higher grade than found to date. The results from this drill hole will influence subsequent drilling in this area to delineate additional resources. However, in WGM's opinion, a minimum of two 500 m holes, and preferably three holes, should be sited on sections 100 m apart in the up-dip vicinity of PMDD 004 to delineate and start expanding the resources reliably.

Four holes are planned in a campaign for the Hondo Valley. PMDD 012, will drill into the north eastern side of the Honda Valley exploring the northern end of a strong northerly trending vertical fault-shear zone which may be near 1,000 m wide and which can be followed for over 3,000 m north-south. At this target, MMI, magnetics, and partial induced-polarization data together with surface geology and some drill information are consistent with the exploration recommended by AAC for their "Breccia Target". Holes PMDD 013, PMDD 014 and PMDD 015, are currently planned on sections 500, 1,000 and 1,500 m south of PMDD 012 and are sited on strong copper and gold MMI results and favourable geophysics.

The company plans to use its recently purchased diamond-drill. Rated as capable of 1,500 m, it may not reach capability initially. Nevertheless, the seven holes proposed by Thomson are budgeted for 10,500 m total. In WGM's opinion, drilling to 1,500 m is not likely to be necessary to explore most of the MMI targets on which they have been located (Figure 21). Furthermore, the targets are based on widely spaced lines of MMI sampling, and the length of drill holes might be reduced if the targets are better defined. In WGM's opinion, both cost and time are factors to be considered which, because of the short summer, will probably take the deep drilling program into one of at least three years duration. If the CMP drilling can be reduced, the Colorado Valley hole recommended by WGM may be added without increasing the total. To this should be added 1,000 m in three holes recommended by WGM for further delineation of the inferred resources.

Watts, Griffis and McOuat

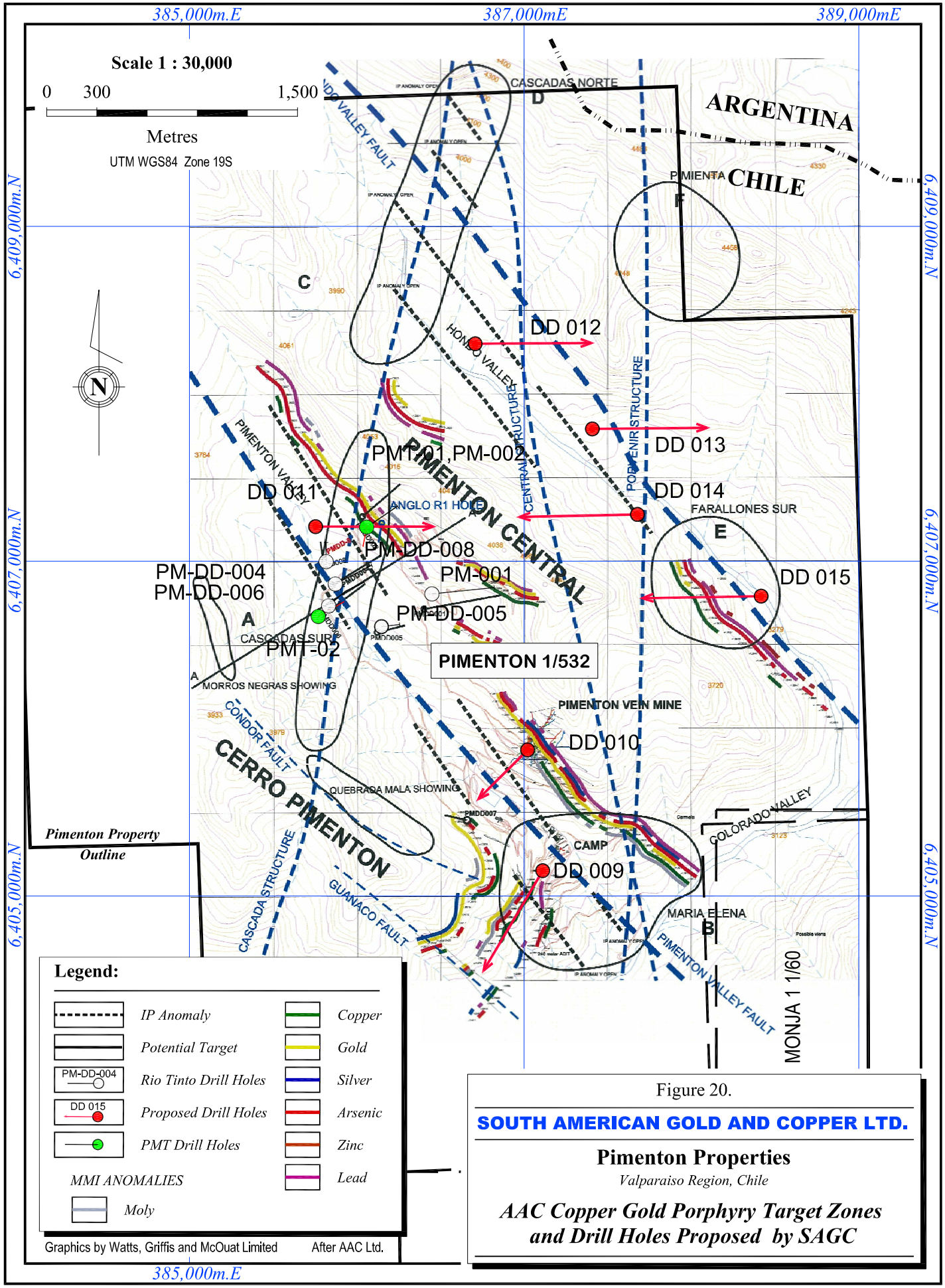


Figure 20.

SOUTH AMERICAN GOLD AND COPPER LTD.

Pimenton Properties

Valparaiso Region, Chile

AAC Copper Gold Porphyry Target Zones and Drill Holes Proposed by SAGC

SAG SCC / SAG_10_Pimenton_MMI_Gold_PropDH.dwg (Layout 15K)
Last revision date: Friday 14 January 2011

386,000m.E

388,000m.E

6,409,000m.N

6,407,000m.N

6,405,000m.N

CASCADAS STRUCTURAL ZONE

DIAGNOL STRUCTURAL ZONE

PORVENIR STRUCTURAL ZONE

DD 011

DD 012

DD 015

DD 010

DD 009

4200

4000

4117

4483

4513

4330

4458

4248

3990

4061

4053

4016

4041

4038

4062

4047

3279

3120

3123

N

Scale 1 : 15,000

0 150 750

Metres

1956 UTM COORDINATES

Graphics by Watts, Griffis and McOuat Limited After SAGC

Figure 21.

SOUTH AMERICAN GOLD AND COPPER LTD.

Pimenton Project

Valparaiso Region, Chile

MMI Gold Response Ratio
and Drill Holes Rpoposed by SAGC

Watts, Griffis and McOuat

It is also recommended by CMP that MMI sampling at Pimenton should be extended towards the south and west using east west traverses to cover the entire alteration zone. WGM agrees with this recommendation. To this should be added MMI sampling on intermediate lines at the selected drill sites. It is also recommended that water analysis by undertaken in the Colorado and Hondo valleys to try to locate sources of metals and sulphur in the streams.

Tordillo

Thomson has previously recommended that the entire Tordillo amphitheatre be geologically mapped and covered with an 80 m by 40 m geochemical talus-fines sample grid. Samples will be run for copper, molybdenum, lead, zinc, gold and silver. His proposal is based on the history of geochemical sampling of fines in the high Andes of Chile, Peru, and Argentina, which has proven to be very effective with little displacement of anomalies. Based on experience at Pimenton, he proposes further investigation of geochemical anomalies by MMI geochemical sampling to pin-point drill targets.

A second objective will be to evaluate the vein potential which will include both the epithermal veins that have been partially explored and the possible presence of veins with polymetallic mineralization.

WGM recommends that SAGC proceed with a surface exploration program in 2011 similar to that proposed by CMP. WGM recommends that drilling decisions be deferred until results of the program are assessed. The sum of $100,000 should be sufficient for the initial program envisioned for 2011.

Budget

WGM has prepared the following budget (Table 16) on the basis that all of the drilling will be done using the company's rig. It is assumed that all of the proposed exploration will be completed in three years.

TABLE 16.
BUDGET ESTIMATE

Description		Cost (C$)
Drilling	11,500 m @ $250/ m all in	$2,875,000
MMI and other surveys:	Pimenton	200,000
	Tordillo	100,000
Contingency (15% approximately)		425,000
Total Budget		**$3,600,000**

21. SIGNATURE PAGE

This report entitled "*A Technical Review of the Pimenton Properties in Central, Chile for South American Gold and Copper Company Limited*" dated January 31, 2011, was prepared and signed by the following authors:

Dated effective as of January 31, 2011.

signed by
" *James A. McGregor* "

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

signed by
" *Marco A. Alfaros Sironvalle* "

Marco A. Alfaros Sironvalle, Ph.D.

CERTIFICATE

To Accompany the Report Entitled
"A Technical Review of the Pimenton Properties in Central, 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 Crt, 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 with regard to resource and reserve audits. I have worked as a professional for over 50 years since graduation. My relevant experience for the purpose of this Technical Report are: Multiple projects involving exploration, engineering and operations in consulting and management roles; and, prepared reports on mineral properties throughout Canada, the United States of America and specifically in Brazil, Venezuela, Uruguay and Chile in South America.

6. I visited the Pimenton Mine and Porphyry Properties during November 14 to 16, 2010. Together with WGM, I am responsible for all sections of the report except for parts of the report that concern estimation and audit of reserves and resources at the Pimenton Mine, which were the responsibility of Marco Antonio Alfaro Sironvalle. WGM provided expertise particularly on the cash-flow analysis.

6. This report or portions of this report are not to be reproduced or used for any purpose other than to fulfil South American Gold and Copper Company Limited's obligations pursuant to Canadian provincial securities legislation, and where required, to comply with reporting obligations including disclosure on SEDAR, and if South American Gold and Copper Company Limited chooses to do so, to support a public financing, without WGM's prior written permission in each specific instance. The authors do not assume any responsibility or liability for losses occasioned by any party as a result of the circulation, publication or reproduction or use of this report contrary to the provisions of this paragraph.

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8. 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.

9. 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.

10. 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, Ph.D., P.Eng.
January 31, 2011

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To Accompany the Report Entitled
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for South American Gold and Copper Company Limited"
dated January 31, 2011

I, Marco A. Alfaros Sironvalle, do hereby certify that:

1. I am currently employed as an Independent Mining Consultant (Consultores Mineros) with BY Tecniterrae Ltda., and I reside at Waterloo 529, Las Condes Santiago Chile, Phone 562 4948566, www.marcoalfaro.cl

2. I graduated from Mining Civil Engineer, University of Chile (year????) and hold a Ph.D. in Geostatistics, Paris School of Mines (year????), and I have practised my profession continuously since that time.

3. I am a member of AusIMM, No. 229692.

4. I am a qualified person (QP) for the purpose of NI 43-101 with regard to resource and reserve audits. I have worked as a professional for over ? years since graduation. My relevant experience for the purpose of this Technical Report are: (please list experience here.

5. I visited the Pimenton Porphyry Project on December 12, 2010

6. I was responsible for all sections pertaining to the Pimenton Mine Mineral reserves and resources as stated in the Summary and Chapter 17.

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signed by
" *Marco A. Alfaros Sironvalle* "

Marco A. Alfaros Sironvalle, Ph.D.,
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