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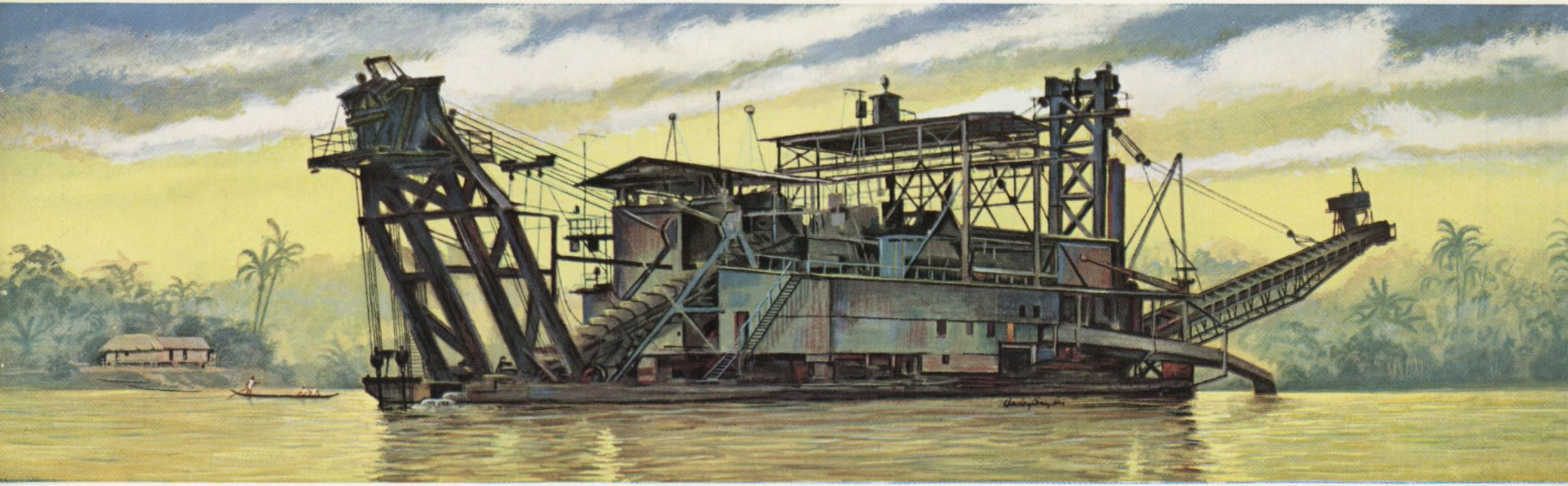


South American Gold & Platinum Company · 1957

COMPANY-OWNED NORTHRUP CARGO CARRIER
FLYING SUPPLIES IN BOLIVIA

SOUTH AMERICAN GOLD & PLATINUM COMPANY

535 FIFTH AVENUE, NEW YORK 17, N. Y.

Incorporated under the Laws of the State of Delaware

DIRECTORS

HENRY W. BALGOOYEN

PHANOR J. EDER

LEWIS B. HARDER

EDWARD A. MERKLE

COLEMAN W. MORTON

ROBERT C. STANLEY, JR.

LAUSON H. STONE

JOSEPH A. ZOCK

OFFICERS

LEWIS B. HARDER, *President*

PATRICK H. O'NEILL, *Executive Vice President*

MATHER K. WHITEHEAD, *Secretary-Treasurer*

WILLIAM H. BREEDING, *Vice President*

H. F. BROWNBILL, *Vice President*

JOHN ANDERSON, *Assistant Vice President*

HENRY O. KAROLY, *Comptroller*

JOHN A. HARDIN, *Assistant Treasurer*

ARTHUR B. DELAURO, *Assistant Secretary*

J. HOYT STOOKEY, *Assistant Secretary*

REPRESENTATIVES – COLOMBIA

C. L. NICHOLS, *General Representative*
DR. JUAN M. ARBELAEZ M., *Counsel*
MORENOS & CO., *Counsel*
WILLIAM H. BREEDING, *Director of Exploration*
H. F. BROWNBILL, *Managing Director, Frontino*
HENRY B. PARFET, *Resident Manager, Choco*
MYRON B. PHELPS, *Resident Manager, Narino*

TRANSFER AGENT

THE CHASE MANHATTAN BANK, *New York*

REGISTRAR

BANKERS TRUST COMPANY, *New York*

CAPITAL STOCK

Authorized, 2,500,000 shares
Outstanding, 1,942,000 shares
Par Value $1 each

SIGNIFICANT HIGHLIGHTS

FINANCIAL:

	1957	1956
Proceeds from sales of metals	$ 9,744,693	$10,375,880
Dividends and interest	787,320	1,517,558
Earnings before income taxes	4,025,719*	4,260,881
Income taxes—estimated:		
Colombian	580,000	965,000
United States	43,000	41,000
Total	$ 623,000	$ 1,006,000
Net earnings	$ 3,402,719	$ 2,607,425**
Per share	$ 1.75	$ 1.33
Shares outstanding	1,942,000	1,961,750
Dividends paid per share:		
Cash	$ .30	$ .30
Stock		5%

METALS PRODUCED:

	1957	1956
From dredging operations:		
Gold—ounces of crude metal	51,951	67,426
Platinum—ounces of crude metal	15,697	23,413
From underground mining:		
Gold—ounces of fine metal	105,062	95,876
Silver—ounces of fine metal	137,475	122,571
Lead—pounds	1,541,262	1,407,848

VOLUME:

	1957	1956
Cubic yards dredged	18,428,000	23,629,000
Tons milled	187,204	137,145

FULLY DEVELOPED RESERVES:

	1957	1956
Dredging reserves—cubic yards	86,000,000	108,000,000
Underground reserves—tons	455,584	432,202

**Includes $1,588,546 net gain on securities sold.*

***After deduction of $647,456 net earnings estimated to be applicable to Frontino Gold Mines Limited 1956 operations prior to July 1.*

Your Company regrets the unavoidable delay in publishing its 41st Annual Report for 1957. The delay was caused by a retroactive Colombian Decree published in February 1958 which required recognition in the Colombian accounts for 1957.

PRESIDENT'S REPORT

The year 1957 witnessed the further consolidation and improvement of previously purchased properties. However, efforts were redoubled in exploring for new reserves, both for underground mines in Colombia and placer deposits in Bolivia. Principal emphasis was on gold properties as the best protection against worldwide commodity deflation and the possibility of a revaluation of the gold price in the future.

Financially, debt retirement received first priority, closely followed by the physical improvement of fixed assets.

EARNINGS

Consolidated net earnings of your Company for the past year, after provisions for Colombian and United States income taxes, amounted to $3,402,719, or $1.75 per share on the 1,942,000 shares outstanding at the end of the year. These earnings, for the fourth year in succession, were the highest in the Company's history and show the continuing growth when compared with 1956 earnings of $1.33 per share on 1,961,750 shares, with 1955 earnings of $1.05 per share on 1,875,000 shares, and with 1954 earnings of $0.85 per share on 1,623,826 shares then outstanding.

The Company's wholly-owned dredging subsidiaries, Compañía Minera Chocó-Pacífico, S. A. and Compañía Minera de Nariño S.A., showed a declining trend in earnings due to higher wage costs, increased Colombian taxes and especially in the case of the Choco Company, sharply lower platinum prices. This inflationary pressure in Colombia was partly mitigated in terms of U.S. dollars by the declining value of the peso, which resulted in the companies receiving a larger amount in pesos for that part of the metal proceeds which was used to meet operating costs.

The underground mines in Frontino continued to expand production and earnings. Over $500,000 was spent on modernizing mining and milling equipment, and by the end of 1958 another $300,-000 will have been allotted to this capital improvement program. It is felt that only by such modernization can earnings be improved against the pressure of rising costs and taxes.

Dividends of Canadian $0.60 per share were received from Pato Consolidated Gold Dredging Limited during 1957 on the 1,200,000 shares of that company owned by South American Gold & Platinum Company. Of this amount, $0.30 per share representing Pato's earnings for the year were taken into South American Gold & Platinum Company's consolidated earnings, or the equivalent of $0.185 per share on the outstanding stock of South American Gold & Platinum Company; the balance was applied to reduce the cost of the investment.

HELICOPTER LANDING AT EXPLORATION BASE

In addition, the parent company received $125,500 in the form of dividends from the 125,500 shares of The Ecuadorian Corporation. From the Anglo-Ecuadorian Oilfields, Limited, a total dividend of $244,776 was received.

Included in the 1957 earnings is a non-recurring capital gain of $1,614,851, equivalent to $0.83 per share of South American Gold & Platinum. This realized gain resulted from the sale of 434,717 shares of Anglo-Ecuadorian Oilfields, Limited.

DIVIDENDS

During 1957 the Company paid two cash dividends of $0.15 each. Such payments were a conservative portion of total earnings, but during a year of tight money conditions in the capital markets of the world, it seemed expedient to pay off debt and strengthen the Company's financial position.

CAPITAL STRUCTURE

The most important change during 1957 was the sharp reduction in the Company's bank debt, from $3,891,874 to $940,050. This reduction was accomplished despite the additional acquisition of 29,800 shares of National Department Stores and the repurchase of 19,750 shares of South American Gold & Platinum Company's own stock.

The Company's total outstanding stock at December 31st amounted to 1,942,000 compared with 1,961,750 shares outstanding at the end of 1956.

The $1,639,630 of 6% Debentures due in 1964, which were issued in the purchase of the stock of Frontino Gold Mines Limited, are still outstanding. However, a wholly-owned foreign subsidiary has acquired for its own account $205,930 principal amount as an investment.

DREDGING OPERATIONS

The wholly-owned dredging companies in Colombia commenced the year 1957 with six dredges in operation. By April 15th the Choco No. 1 Dredge had finished its assigned reserves and was in the process of being moved to Andagoya for modification and repairs prior to moving to the Narino property in Southern Colombia when it was stranded on a difficult stretch of river. The hull was punctured and the dredge was partially submerged in relatively shallow water. The dredge was re-floated and then repaired and modified for the move to Narino in early 1958. Nevertheless, there was no production from this dredge for the last seven and a half months of 1957. Dredges No. 4 and No. 5 were unable to move because of abnormally low river levels and were consequently out of production for three and four months, respectively. Altogether the Company's dredges dug 18,428,000 cubic yards of gravel and produced 51,951 ounces of crude


HAND DRILL USED IN EXPLORATION WORK

gold, and 15,697 ounces of crude platinum. This decline from 1956 was below the forecast due to moving difficulties. Production for 1958 is expected to be approximately the same as 1957 for platinum but higher for gold.

The yardage of fully developed gravel at the year-end was 86,000,000 cubic yards, with an estimated recoverable content of 1.72 grains of crude gold and 0.54 grains of crude platinum per cubic yard, together equalling 16.3 cents per cubic yard at today's prices. Developed yardage at the end of 1956 was 108,000,000 cubic yards. No new dredging reserves were added in Colombia during 1957 and some former reserves were dropped because of the declining price of platinum.

The modernization of Choco Dredge No. 6 was completed during 1957 and the new jig installation is now working efficiently. This dredge was out of production for a total of two and a half months.

UNDERGROUND MINING

The production for 1957 compared with 1956 was as follows:

	1957	1956
Tons milled	**187,204**	**137,145**
Contents of ore milled:		
Gold, ounces per ton	**.60**	**.69**
Silver, ounces per ton	**.94**	**1.04**
Lead, per cent	**.62**	**.79**
Ounces fine gold recovered in bars	**94,418**	**91,151**
Ounces fine gold from lead concentrates	**10,644**	**4,725**
Total ounces fine gold recovered	**105,062**	**95,876**
Ounces fine silver recovered in bars	**66,036**	**55,840**
Ounces fine silver from lead concentrates	**71,439**	**66,731**
Total ounces fine silver recovered	**137,475**	**122,571**
Pounds lead recovered	**1,541,262**	**1,407,848**

The above comparison shows that 1957 was an improvement over the previous year, both in tons milled and in metal recovered. This was primarily due to the installation of new and more efficient machinery, which program should be completed during 1958. Fully developed ore reserves at the end of 1957 were 455,584 mill tons, with an average grade of 0.83 ounces of gold per ton, as compared with 432,202 mill tons at the end of 1956, with an average grade of 0.87 ounces of gold per ton.

Frontino was also very active in developing new sources of mill feed from small, adjacent mining properties which have been owned by Frontino for many years. Frontino was fortunate during 1957 in having sufficient rain-fall to keep the hydro-electric plants running at full capacity. The usual dry season in January, February and March was very moderate. The capital improve-

HAND DRILL MOUNTED ON RAFT
FOR RIVER DRILLING

ment program includes the installation of standby diesel power to fill in the needed capacity during future dry seasons.

Every effort was made to increase the man hour productivity by the use of modern machinery and new methods. Your management is optimistic about the future growth of Frontino, providing the Colombian Government continues a reasonable attitude toward taxation and freedom of action necessary to justify the risks involved.

EXPLORATION—Colombia

In addition to the exploration and development of veins close to the Frontino mill, a separate exploration campaign was carried on throughout Colombia, particularly in the Department of Antioquia. A total of $162,000 was spent in both diamond drilling and in exploration shaft sinking on five separate properties. The results in several of these were encouraging and within two years we hope to develop one or more operating mines. This section of Antioquia where exploration has been carried on, has a long mining history, but has never been approached with modern tools and techniques.

A number of base metal properties were also investigated but the primary emphasis was on gold. An exploration office was maintained in Medellin, where prospectors were encouraged to present properties for further investigation by our engineers.

BOLIVIA

By far the most important property discovered as a result of an expanded exploration program was in Bolivia. South American Gold & Platinum Company reached a favorable agreement with the Bolivian Government in September, 1956, on a concession covering 37,050 acres. This agreement was ratified by both Houses of the Bolivian Congress in December 1957. The contract, which runs for twenty-five years, provides that all equipment and supplies may be brought into the country duty-free, that all gold bullion produced may be exported and sold in the free world market, and that no taxes other than those agreed upon in the contract will be levied on the Company during the term of the agreement. The Bolivian Government will receive a substantial share of the profits in the form of a royalty and a tax based on the tenor of the ground dredged. Thus, the country will benefit in direct proportion to the richness of gravel treated.

The property, located along tributaries of the upper Beni River in the lowlands east of the Andes, presents an interesting logistical challenge. A disassembled dredge, hydro-electric power plant, and all other supplies and equipment must be shipped to the port city of Antofagasta or Arica, in Chile, moved by rail to La Paz in Bolivia, and then trucked from there to Caranavi, at the end of the road on the far side of the mountains. From there it will be necessary to fly the equipment on the last leg of the journey to Teoponte, where it will be reassembled. The only economical access to the area is by air and the Company will operate an extensive airlift, with its own planes, for men and materials.

CONTROL POINT ON
BUENAVENTURA-CALI PIPELINE

Drilling crews have been exploring a portion of the property for twelve months and have developed sufficient reserves of above average grade to justify the installation of one dredge. Present developed and partially developed reserves consist of 32,184,000 cubic yards of gravel with an estimated recoverable content of 55.6 cents per cubic yard of crude gold. Exploration drilling continues and it is hoped that, as further reserves are proven during the next few years, additional dredges will be installed.

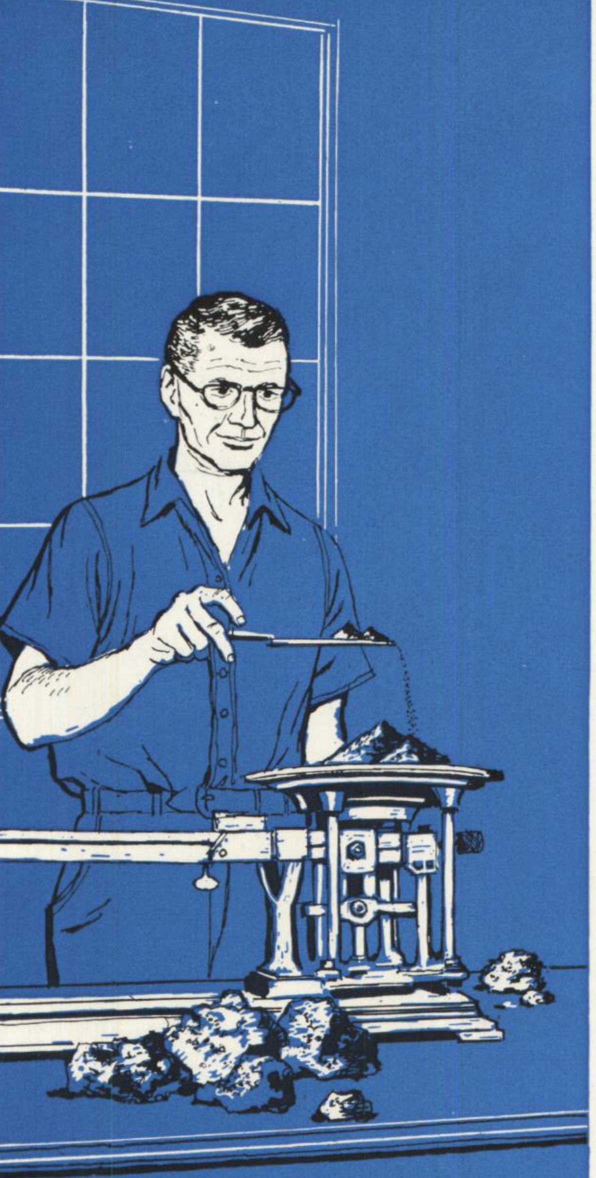
It is planned to move a large 10 cu. ft. dredge from the Bulolo Gold Dredging Company in New Guinea, which has operated as one of the most successful gold mining companies for the last twenty-five years. This dredge was designed for airlift and was flown into that property in 1934, a formidable task in those days. The dredge will be completely overhauled and modernized. This decision to proceed with the investment of $3,000,000, with production scheduled for 1960, marks the first instance of investment in Bolivia by a major United States mining company in recent years.

The management of South American Gold & Platinum feels that there have been a number of encouraging changes in Bolivia to invite the investment of foreign capital. The efforts by the country to stabilize its currency have resulted in a firming of the Boliviano from 13,000 to the U. S. dollar to 8,800 in the course of the last year. The foreign aid program of the U. S. Department of State, through the International Cooperation Administration, has made a substantial contribution by enhancing the self-sufficiency of the rural population and has generated a more favorable attitude towards the United States. The road building program offers hope of cheaper transportation in the near future. The Bolivian Government has signed an agreement which makes U. S. investors eligible for the Convertibility and Expropriation Insurance of the United States Government, and the International Cooperation Administration has recently granted a contract in the amount of $3,000,000 under this program to South American Placers, Inc., a wholly-owned subsidiary of the Company. Another encouraging feature was the recent investment in Bolivia by major petroleum companies.

METAL SALES and FOREIGN EXCHANGE

The official rate of exchange of 2.50 Colombian pesos per $1.00 U. S. was abandoned in June 1957. For a short period there was complete freedom, with the peso averaging around 6 to 1, but as Colombian dollar reserves continued to deteriorate, a number of artificial restrictions were imposed. The most drastic of these was the imposition of a 15% export tax on all products leaving Colombia. Obviously, the mining industry could not afford to lose 15% of its revenues, so for three months your Company did not export or sell any metal, although production continued normally. Finally, the Colombian Government agreed to authorize the Banco de la Republica to purchase gold at the world market price in exchange for crediting the operators with 40% of the proceeds in free U. S. dollars and 60% in pesos calculated at the certificate rate currently at 6.10 to 1. The free market rate has averaged about one peso more than the certificate rate so that, in

PANNING PROSPECT DRILL SAMPLES



LABORATORY ASSAY OF ORE SAMPLES

effect, the Company is paying an additional 8½% tax on gross proceeds in addition to the normal income taxes.

Throughout 1957 the world market price of platinum continued to decline under the pressure of increased African, Canadian, and Russian production versus a slackening demand from the petroleum and chemical industries. However, your Company's reserves of platinum are quite limited, and of small importance from a long-term point of view.

PATO CONSOLIDATED GOLD DREDGING LIMITED

1957 was a subnormal year for Pato, with gross production running below estimates and amounting to 111,085 ounces of fine gold, having a realized value of $3,887,975. The net profit, after deducting $468,006 for depreciation and depletion, amounted to $1,040,855. Pato paid Canadian $0.60 per share in dividends in 1957 and the entire payment of U. S. $751,840 received on the 1,200,000 shares of Pato, owned by a subsidiary, Pago Mining Limited, was applied to reduction of the bank loan and payment of interest thereon.

The forecast for Pato's 1958 production indicates an improvement over 1957 despite the lengthy repair and movement of one large dredge. The directors of Pato have also decided to list Pato on the American Stock Exchange because of the increasing interest in gold shares. It is felt that Pato is one of the soundest gold properties which has been generally unknown by investors. Pato's large proven and indicated reserves would take on increased importance from any revaluation of currencies in terms of gold.

ANGLO-ECUADORIAN OILFIELDS, LIMITED

1957 turned out to be a meteoric year for AEO. The company's fortunes swung from strategic demand at the time of the Suez crisis to financial crisis at the year's end because of the Ecuadorian Government's refusal to realistically face the arbitrary price controls on refined products. During the early part of 1957 AEO shares reached a peak of over $7 per share on the London Stock Exchange because of the investors' desire for Western Hemisphere oil reserves. Since South American Gold's average cost was $2.68 per share, it was decided to dispose of part of our investment, during the period of heavy demand. Accordingly, 434,717 shares were sold at an average price of $6.39 per share, for the total amount of $2,779,630. At the year's end the Company owned 820,000 shares of AEO after establishing a capital gain by a foreign subsidiary of $1,614,851.

The new refinery construction has been halted and new exploration drilling cut to the minimum until such time as the Ecuadorian Government fulfills its contractual obligation to grant domestic product prices sufficient to yield a fair return. The present situation is hurting both the company and Ecuador.

A total of $244,776 was received in dividends, in addition to the non-recurring profit of $1,614,-851. Again all these funds were applied to repayment of debt.

THE ECUADOREAN CORPORATION

1957 again set a new record in results with profits of $1,619,282, or $1.29 per share primarily from a 10.7% increase in beer sales. Cement sales were down 2.5% but costs were well controlled. $125,500 in dividends were received on the 125,500 shares owned by your Company.

NATIONAL DEPARTMENT STORES CORPORATION

South American Gold & Platinum increased its holdings during the year by the purchase of 29,800 shares at an average cost of $13.86 per share. A total of 173,161 shares out of National's 600,000 shares outstanding were owned at the year end.

National continued the policy of selling retail assets and applying the proceeds partly to purchase 61,472 shares of their own capital stock and partly to increase National's major asset of Placer Development, Limited. At its fiscal year end (January 31, 1958) National owned 735,130 shares of Placer and actively participated in the policy and management of this outstanding natural resource company.

National showed a small profit of $32,242 for its fiscal year ending January 31, 1958. Subsequent to the year-end National Department Stores changed its corporate name to International Mining Corporation and will remain listed on the New York Stock Exchange under the new designation. Its policy will be to participate in mining and natural resource ventures and in the management thereof throughout the world.

CONCLUSION

Despite current problems with which Latin American nations are now struggling, your Management remains optimistic about the future and potential growth of South America. We believe the people of the Western Hemisphere will reach a better mutual understanding and your Company hopes to play a part in this development.

To all shareholders, employees and friends who have helped make 1957 the Company's most successful year in its forty-one years history, I wish to express our warm and sincere appreciation.

For the Board of Directors

Lewis B. Harder

PRESIDENT

June 30, 1958

EXPLORATION ADIT

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1957

ASSETS

Current Assets:			
Cash:			
United States and Canadian Dollars	$ 832,891		
British Sterling	43,664		
Colombian Pesos	383,256	$ 1,259,811	
Accounts and accrued amounts receivable—less reserve		1,190,514	
Inventory of metals—lower of cost or market		611,944	
Inventory of materials and supplies—cost		3,289,884	
Other current assets		174,346	$ 6,526,499
Investments in affiliated companies—cost or lower (market $8,533,595) Notes 2 and 5			9,626,391
Other investments—cost (market $2,057,157) Note 2			1,888,783
Fixed Assets:			
Mining properties, rights, claims, etc.—less depletion and amortization		$ 651,152	
Dredges, power plants, mill, buildings, etc.:			
Cost	$13,506,157		
Less depreciation and amortization	11,150,300	2,355,857	
Spare parts and construction material—cost		825,056	3,832,065
Prepaid Expenses, Deferred Charges and Other Assets:			
Prepaid insurance		$ 83,603	
Other deferred items and other assets—less reserves		314,574	398,177
			$22,271,915

LIABILITIES

Current Liabilities:		
Accrued taxes	$ 690,944	
Employee benefits, wages accrued, etc.	232,278	
Accounts payable and accrued expenses	814,078	
Bank loans payable—Note 2	940,050	$ 2,677,350
Eight Year 6% Subordinated Debentures due July 1, 1964—Note 2		1,639,630
Severance compensation payable after 1958—estimated		260,000
Reserve equal to excess of net assets over cost of investment in Frontino Gold Mines Limited—Note 1		1,180,748
Reserves for contingencies, including statutory reserves of Colombian companies—Note 8		545,532

CAPITAL

Capital stock authorized, 2,500,000 shares $1 par value common stock, issued 2,093,750 shares—Note 7	$ 2,093,750	
Capital in excess of par value of stock—unchanged during 1957	2,455,190	
Earnings retained in the business	11,742,621	
	$16,291,561	
Less capital stock in treasury: 151,750 shares (125,000 shares at par and 26,750 shares at cost)	322,906	
Net capital applicable to 1,942,000 shares outstanding		15,968,655
		$22,271,915

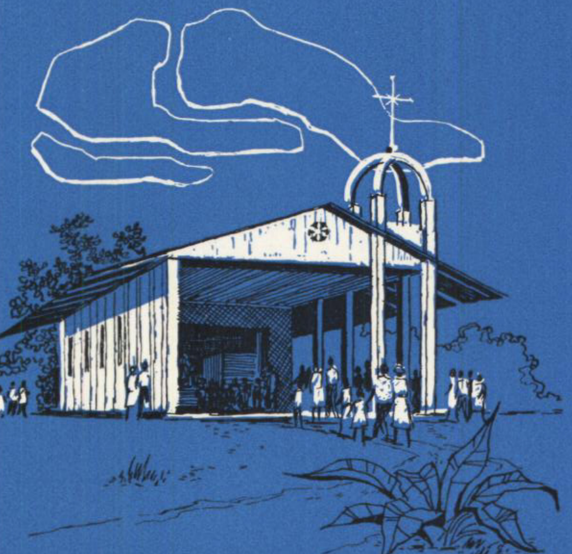
See notes relating to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF EARNINGS AND EARNINGS RETAINED IN THE BUSINESS FOR THE YEAR ENDED DECEMBER 31, 1957

Proceeds from sales of metals		$ 9,744,693
Dividends and interest—Note 5	$ 787,320	
Other income (including $1,588,546 gains on securities sold)—net	1,757,827	2,545,147
		$12,289,840
Cost of metals sold	$ 6,716,144	
Administrative, selling and general expenses	408,354	
Interest on bank loans and debentures	215,575	
Property examination expenses	216,517	
Depreciation of plant and equipment	496,725	
Depletion of mining properties	86,125	
Net foreign exchange loss	124,681	8,264,121
		$ 4,025,719
Provision for Colombian income taxes—estimated	$ 580,000	
Provision for U. S. income taxes—estimated	43,000	623,000
Net earnings for the year		$ 3,402,719

Earnings retained in the business, January 1, 1957	8,926,005
	$12,328,724
Dividends paid, 30¢ per share	586,103
Earnings retained in the business, December 31, 1957	$11,742,621

See notes relating to Consolidated Financial Statements



CHURCH AT ANDAGOYA

NOTES RELATING TO CONSOLIDATED FINANCIAL STATEMENTS

CLINIC CONSTRUCTED BY COMPANY FOR TOWN OF CONDOTO

1. The statements herewith include balances for South American Gold & Platinum Company and all active subsidiaries.

In accordance with the parent company's established accounting practice, total earnings of foreign subsidiaries have been included in the consolidation but no provision has been made for U. S. income taxes on the undistributed portion of these earnings, which taxes may be payable (depending on factors at present indeterminable) when and if distributions to the parent company are made out of such earnings.

At the date of acquisition of Frontino Gold Mines Limited, the U.S. dollar equivalent of its assets less liabilities and reserves exceeded South American's investment cost (as adjusted in 1957) by $1,180,748. This amount is shown on the consolidated balance sheet as a reserve and is being held against adjustments which may ultimately appear necessary in respect of amounts at which Frontino's materials and supplies are carried.

2. Substantially all of the investments shown on the consolidated balance sheet are pledged as security for the debentures and certain bank loans. Under present agreements, dividends on securities pledged are being applied to the principal amount of the secured bank loans.

The debentures may be redeemed before July 1, 1964, the date of maturity, in whole or in part at the option of the Company at a premium of 2% to July 1, 1958 and 1% to July 1, 1959 and thereafter at par. Effective July 1, 1960, South American is obligated to retire outstanding debentures at the rate of $300,000 annually through payments into a sinking fund maintained by the trustee.

Subsequent to December 31, 1957 the Company borrowed an additional $1,000,000 toward financing the development of dredging properties in Bolivia as more fully explained on pages 6 and 7 of the President's letter.

3. Amounts expressed in U. S. dollar equivalents of foreign currencies have been computed as follows:

(a) As to foreign currencies included in amounts shown in the balance sheet for investments, fixed assets, inventories, depreciation, depletion, amortization and reserves, at rates in effect when the assets were acquired or when the reserves were established, adjusted in the case of inventories of materials and supplies and spare parts in Colombia to weighted average rates based on the official rate which was in effect until June 1957 and thereafter the rates applicable to purchases made.

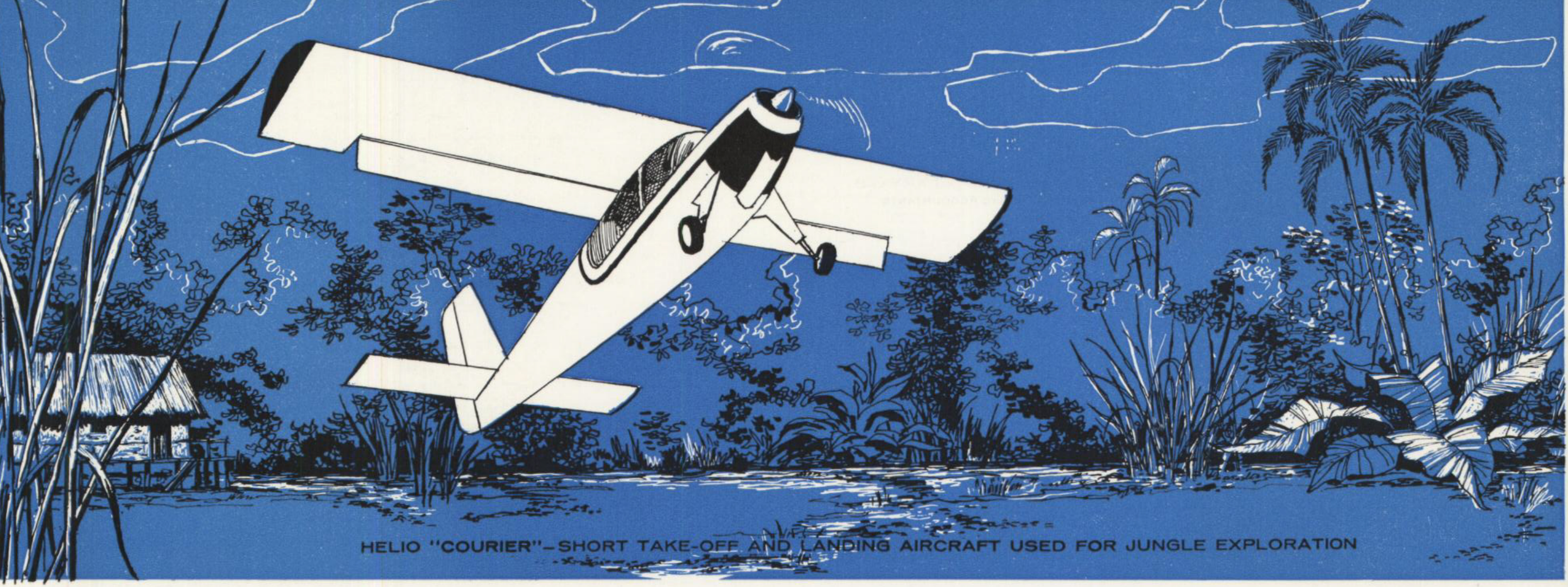
As to Colombian peso amounts other than those covered in the preceding paragraph, at the December 31, 1957 free rate which was 6.18 Colombian pesos to 1 U. S. dollar.

As to Canadian dollars and British sterling included in amounts shown for current assets and current liabilities, at the respective rates in effect at December 31, 1957.

(b) As to peso amounts in the statement of earnings (other than depreciation, depletion and amortization which are included at rates referred to in (a) above), at the official rate of 2.50 Colombian pesos to 1 U. S. dollar as to all transactions during the period January 1 through June 30, 1957, at about which time the official rate was abandoned. As to peso transactions during the last six months (other than charges for materials and supplies and spare parts which are included at weighted average rates referred to in paragraph (a) above), at the average of the free rates which were in effect during that period. As to other foreign currency amounts, at rates in effect at the time of the related transactions.

4. The amount shown on the consolidated balance sheet for United States dollars includes approximately $120,000 which has since been converted to pesos for use in Colombia in accordance with existing regulations.

5. The amount shown for dividends and interest includes $391,840 representing that portion of dividends received from Pato Consolidated Gold Dredging Limited (34.3% owned) estimated to have been paid from its 1957 earnings. The balance of such dividend, $360,000, considered to have been paid from earnings accumulated prior to your Company's participation in the management of Pato, has been applied against cost of the investment.



6. The amount shown for "Mining property, rights, claims, etc. – less depletion and amortization" is based on cost or less, with reductions for depletion and amortization.

Depreciation on dredges, etc. owned by the Company and its subsidiaries, is generally being provided on the basis of their estimated useful life in relation to the mining operations they serve.

The amounts thus included in the consolidated balance sheet for property accounts are not intended as representations of actual current or prospective future values of the properties.

7. On August 21, 1957 the stockholders approved an incentive stock option plan to encourage stock ownership by certain officers and employees for which 100,000 shares of unissued stock were reserved. Options are exercisable over not more than ten years from dates of grant, at not less than 95% of the average market price during the thirty days immediately preceding the date of granting the option. Pursuant to the Plan stock options aggregating 77,000 shares had been granted up to December 31, 1957 at a price of $10 a share; the options granted are exercisable in progressive stages commencing May 1, 1958.

8. Reserves for contingencies (including $192,450 statutory reserves of Colombian companies) amounted to $545,532 at December 31, 1957. The amount thus shown as reserves for contingencies is believed ample to provide for known contingent liabilities (including a judgement for 1,085,125 pesos against a Colombian subsidiary now under appeal) and includes a general provision against presently indeterminable losses or adjustments.

AUDITORS' REPORT

LOOMIS, SUFFERN & FERNALD
CERTIFIED PUBLIC ACCOUNTANTS
80 BROAD STREET
NEW YORK 4

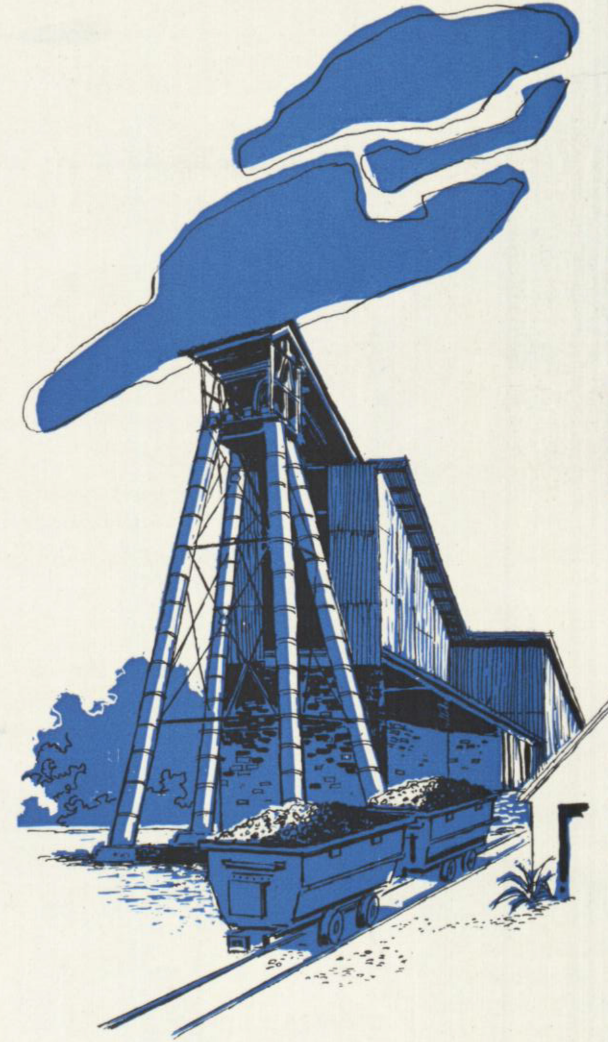
June 27, 1958

To the Board of Directors and Stockholders of
South American Gold & Platinum Company:

We have made an examination of the Consolidated Balance Sheet of South American Gold & Platinum Company and Subsidiaries as at December 31, 1957 and of the related Consolidated Statement of Earnings and Earnings Retained in the Business for the year 1957, together with the accompanying notes which form an integral part of such statements. In this connection we examined accounting records in the parent company's New York office, including monthly and annual reports from the mine offices; we also reviewed reports submitted to the Company by other independent accountants who examined the records in Colombia. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Consolidated Balance Sheet and related Consolidated Statement of Earnings and Earnings Retained in the Business, including the notes relating thereto, present fairly the consolidated financial position of the Companies at December 31, 1957, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Loomis, Suffern & Fernald



MINE HEADFRAME AT FRONTINO

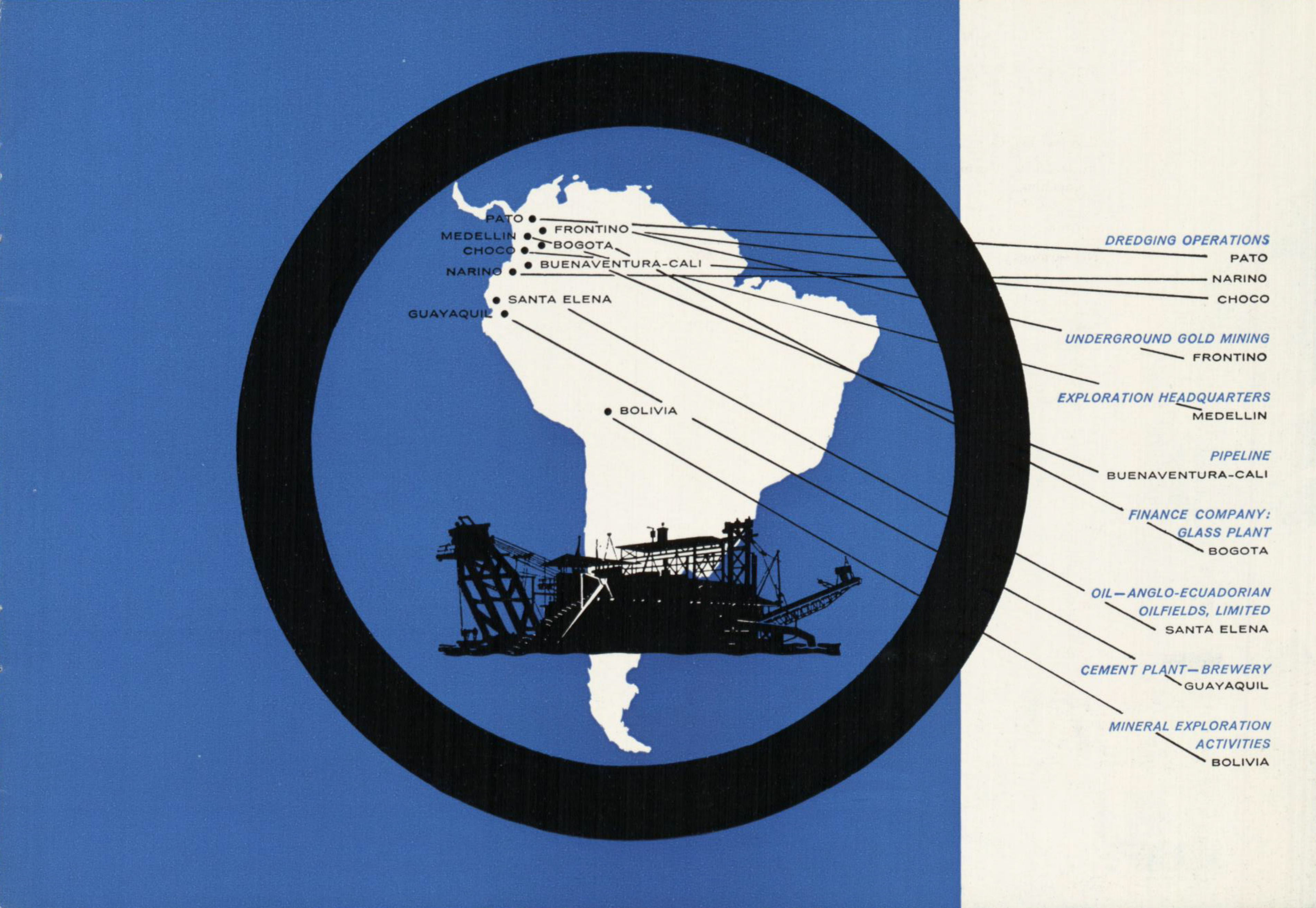
FIVE-YEAR FINANCIAL REVIEW

	1957	1956	1955	1954	1953
Earnings before income taxes	$ 4,025,719*	4,260,881	2,553,626	1,938,314	1,913,047
Income taxes — estimated:					
Colombian	$ 580,000	965,000	520,000	355,000	600,000
United States	43,000	41,000	73,000	195,000	250,000
Total	$ 623,000	1,006,000	593,000	550,000	850,000
Net earnings	$ 3,402,719	2,607,425**	1,960,626	1,388,314	1,063,047
Earnings retained in the business at beginning of year	8,926,005	7,762,776	6,761,409	6,022,625	5,609,108
	$12,328,724	10,370,201	8,722,035	7,410,939	6,672,155
Dividends paid:					
Cash	$ 586,103	562,500	959,259	649,530	649,530
Stock		881,696			
Total	$ 586,103	1,444,196	959,259	649,530	649,530
Earnings retained in the business at close of year	$11,742,621	8,926,005	7,762,776	6,761,409	6,022,625
Net earnings per share (based on number of shares outstanding at year end)	$1.75	1.33	1.05	.85	.65
Dividends paid per share:					
Cash	$ .30	.30	.525	.40	.40
Stock		5%			

**Includes $1,588,546 net gain on securities sold.*

***After deduction of $647,456 net earnings estimated to be applicable to Frontino Gold Mines Limited 1956 operations prior to July 1. The accounts of Frontino Gold Mines Limited are not reflected in the above tabulations for the years 1953 to 1955 inclusive.*

FRONTINO CATTLE RANCH



PATO
MEDELLIN
CHOCO
NARINO
FRONTINO
BOGOTA
BUENAVENTURA-CALI
SANTA ELENA
GUAYAQUIL
BOLIVIA
DREDGING OPERATIONS
PATO
NARINO
CHOCO
UNDERGROUND GOLD MINING
FRONTINO
EXPLORATION HEADQUARTERS
MEDELLIN
PIPELINE
BUENAVENTURA-CALI
FINANCE COMPANY: GLASS PLANT
BOGOTA
OIL—ANGLO-ECUADORIAN OILFIELDS, LIMITED
SANTA ELENA
CEMENT PLANT—BREWERY
GUAYAQUIL
MINERAL EXPLORATION ACTIVITIES
BOLIVIA

"GROWING WITH THE AMERICAS"