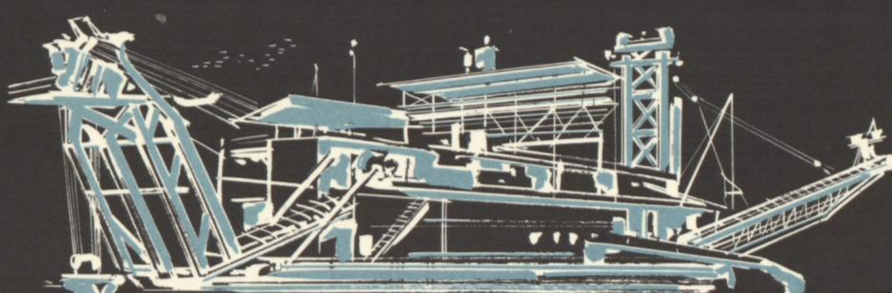
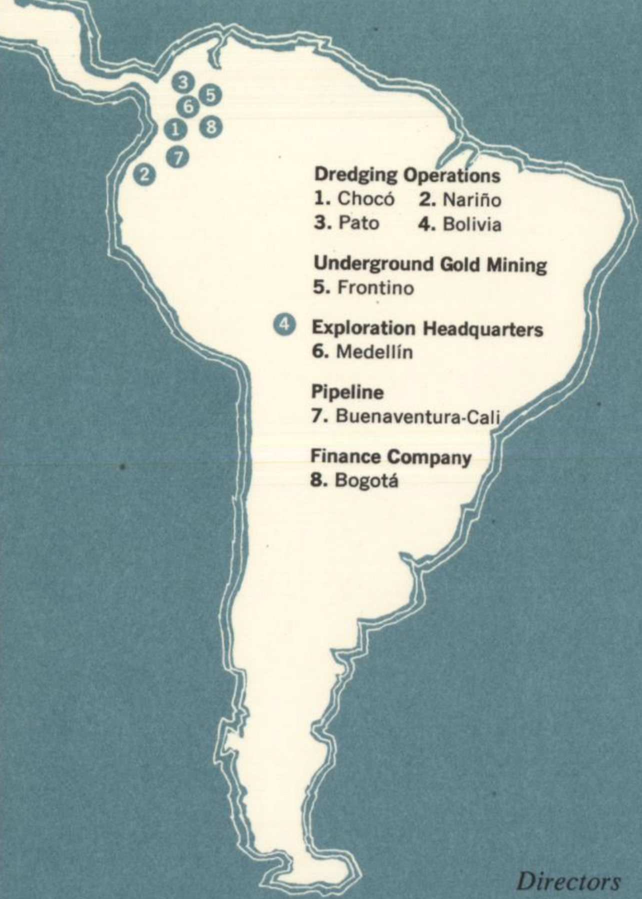
43rd Annual Report 1959

SOUTH AMERICAN GOLD & PLATINUM COMPANY





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*
William H. Breeding, *Vice President*
H. F. Brownbill, *Vice President*
Mather K. Whitehead, *Secretary-Treasurer*
Henry O. Karoly, *Comptroller*
Robert E. Shafer, *Assistant Vice President*
Arthur B. DeLauro, *Assistant Secretary*
Anthony A. Anzalone, *Assistant Comptroller*

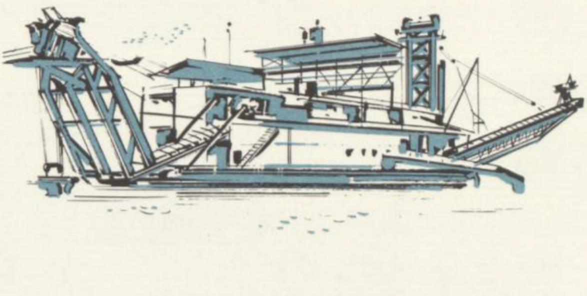
Representatives-Colombia

Edward Moseley-Williams, *General Representative*
Dr. Juan M. Arbeláez M., *Counsel*
Morenos & Co., *Counsel*
William H. Breeding, *Director of Exploration*
Roland W. Merwin, *General Manager, Frontino*
Michael A. Burke, *Resident Manager, Chocó*
Myron B. Phelps, *Resident Manager, Nariño*

Representatives-Bolivia

John E. Lusney, *Resident Manager*
Dr. René Rojas, *Counsel*

43rd ANNUAL REPORT 1959



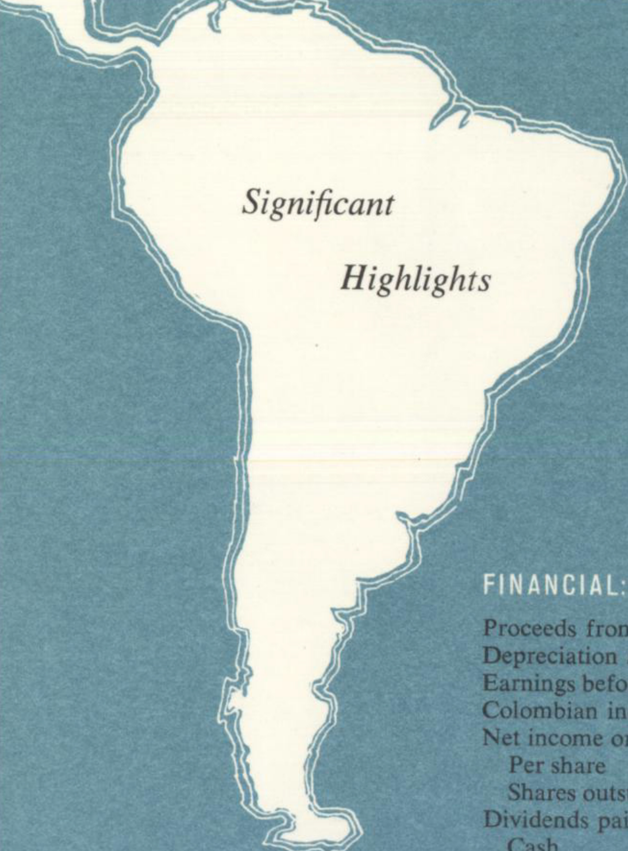
Contents

SOUTH AMERICAN GOLD & PLATINUM COMPANY

535 Fifth Avenue, New York 17, N. Y.

Incorporated under the Laws of the State of Delaware

Transfer Agent	The Chase Manhattan Bank, New York
Registrar	Bankers Trust Company, New York
Capital Stock	Authorized, 2,500,000 shares; Outstanding, 2,030,400 shares — *Par Value $1 each*



Significant Highlights

	1959	1958
FINANCIAL:		
Proceeds from sales of metals . .	$ 5,439,971	$ 6,692,288
Depreciation and depletion . . .	588,723	576,200
Earnings before income taxes . . .	170,223*	1,369,811*
Colombian income taxes–estimated	279,000	525,000
Net income or (loss)	(108,777)	844,811
Per share	(.05)	.41
Shares outstanding	2,030,400	2,039,100
Dividends paid per share:		
Cash	$ .15	$ .30
Stock		5%
METALS PRODUCED:		
From dredging operations:		
Colombia:		
Gold–ounces of crude metal .	76,900	69,341
Platinum–ounces of crude metal	17,120	17,747
Bolivia:		
Gold–ounces of crude metal .	2,152	–
From underground mining:		
Gold–ounces of fine metal . . .	67,939	89,400
Silver–ounces of fine metal . .	102,458	126,612
Lead–pounds	1,186,392	1,165,730
VOLUME:		
Cubic yards dredged:		
Colombia	20,885,000	20,416,000
Bolivia	363,000	–
Tons milled	140,621	148,331
FULLY DEVELOPED RESERVES:		
Dredging reserves–cubic yards:		
Colombia	55,800,000	69,000,000
Bolivia	28,168,000	28,168,000
Underground reserves–tons . . .	398,800	442,272

* Includes $234,312 and $522,306 net gains on securities sold, respectively.

President's Report

Earnings

Your Company's operations for the year ended 1959 showed a consolidated loss of $108,777 or $0.05 per share on the 2,030,400 shares outstanding at the end of the year, compared with 1958 earnings of $844,811 or $0.41 per share on the 2,039,100 shares then outstanding. A major factor contributing to the loss was a 63-day strike at the underground mining operations of Frontino Gold Mines Limited. Another major factor contributing to this loss was the continuation of the 15% export tax imposed by the Colombian Government on gold and platinum. This is covered in more detail in the section dealing with Metal Sales and Foreign Exchange.

Results have further been affected by the fact that the Colombian Government does not recognize the write-up of assets in local currency, as permitted in some other countries, to compensate for the devaluation of the peso. Consequently, charges for depreciation and for a portion of materials and supplies used in operations have to be translated to dollars at historical rates without the benefit of proper deduction from taxable income in local currency. This has a very unfavorable effect on the taxes payable in relation to the income from the properties. However, it may be noted that operations for the final quarter were at a break-even point and that as pointed out later on in this report, the first four months of 1960 are showing further improvement.

Dividends of Canadian $0.20 per share were received from Pato Consolidated Gold Dredging Limited during 1959. Of this amount $0.16 per share, representing Pato's earnings for the year, were taken into South American's consolidated revenue or the equivalent of U.S. $0.09 per share on the outstanding stock

President of Bolivia
Dr. Hernán Siles Zuazo (center)
at Bolivian Dredge

Hand-drill crew

of your Company. The balance was applied to reduce the cost of the investment.

Included in the accounts is a non-recurring net capital gain of $234,312, equivalent to $0.115 per share of South American Gold & Platinum Company stock, resulting principally from the sale of 180,000 shares of Pato Consolidated Gold Dredging Limited and the stock of a wholly-owned subsidiary, Commandair, Inc.

Dividends

During 1959 a cash dividend of $ 0.15 per share was paid from earnings retained in prior years.

Capital Structure

During the year the Company purchased $339,630 principal amount of its 6% Debentures at prices below par and tendered them to the Trustee for retirement, thereby reducing the original issue to $1,300,000 at year end. The Company also prepaid $700,000 of its $2,500,000 bank loan in anticipation of installments due in 1960. As a result of the purchase of 8,700 shares of its own stock in the open market, the Company's total outstanding stock at December 31, 1959 amounted to 2,030,400 shares.

Dredging Operations—Colombia

The wholly-owned dredging companies in Colombia operated six dredges throughout the year. Production totalled 20,885,000 cubic yards of gravel from which 76,900 ounces of crude gold and 17,120 ounces of crude platinum were recovered. This production in cubic yards was as forecast, while recovery in ounces of crude metal was 3% above forecast. Production during 1960 is expected to total 19,000,000 cubic yards with recovery at 72,000 ounces of crude gold and 15,600 ounces of crude platinum. This decrease in production is anticipated because of lost operating time while moving two dredges to new operating areas and while effecting necessary major repairs to one other dredge.

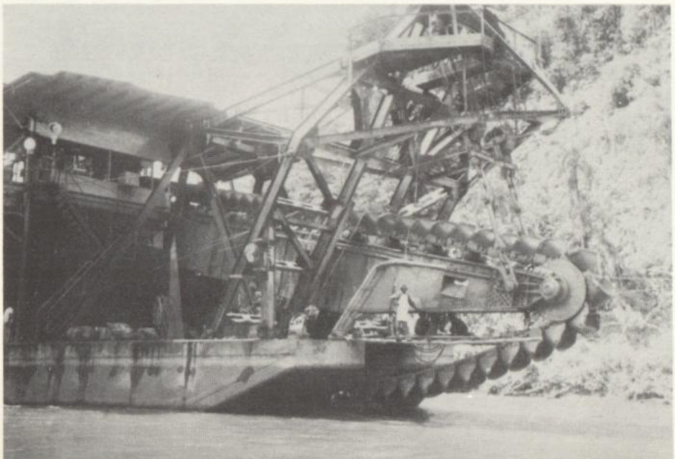
Reserves of fully developed gravel at year end were 55,800,000 cubic yards with an estimated recoverable content of 2.16 grains of crude gold and 0.62 grains of crude platinum per cubic yard, together equalling $0.219 per cubic yard at a platinum price of $77 per ounce fine. This is an average of $0.042 per cubic yard higher than the reserves at December 31, 1958 due to anticipated continued higher sales price for platinum and higher tenors of the remaining gravel reserves. Additional reserves totalling 560,000 cubic yards with an estimated value of $0.68 per cubic yard were developed during 1959.

Underground Mining—Frontino

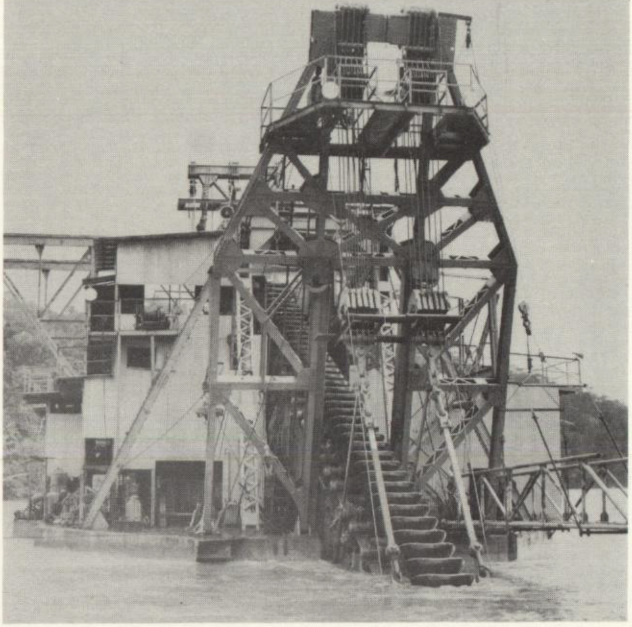
The production for 1959 as compared with 1958 was as follows:

	1959	*1958*
Tons Milled	140,621	148,331
Contents of Ore Milled:		
Gold, Ounces Per Ton	0.53	0.65
Silver, Ounces Per Ton	1.13	1.33
Lead, Per Cent	1.08	0.95
Ounces Fine Gold Recovered	67,939	89,400
Ounces Fine Silver Recovered	102,458	126,613
Pounds Lead Recovered	1,186,392	1,165,730

The decrease in tons produced was due to the interruption of operations in February, March and April during a strike by the Frontino Mine Workers Union, and to hydroelectric power shortage prior to the completion of the diesel electric plant. The gold content per ton mined shows a decrease from previous years, and an intensive program to reduce the dilution of ore with waste during mining operations has been initiated. Because of the effects of the strike, the power shortage, and the encountering of a large inflow of water in the lowest level of



Dredge 4 under repairs—Choco



Dredge 7—Bolivia

the Silencio Mine, ore developed in 1959 was less than the quantity mined. The inflow of water has been sealed off and development work is proceeding at an accelerated pace. The three smaller mines continued to contribute a substantial tonnage to the Frontino Mill throughout the year. One of these smaller mines, the Cecilia Mine, which had been on a development basis in 1959, will commence production from stoping operations early in 1960.

The diesel electric plant installation was completed in 1959. It will minimize production losses experienced in the past because of power shortages caused by insufficient water at the hydroelectric plants during the dry season.

Fully developed reserves at the close of 1959 were 398,800 tons with an average grade of 0.78 ounces of gold per ton, as compared with 442,272 tons with the same average grade at the end of 1958. It is expected that production during 1960 will average 17,000 tons per month and that the grade of ore milled will show an improvement over 1959 results.

Dredging Operations—Bolivia

Construction of the dredge in Bolivia was completed in October, and the camp and auxiliary installations were largely complete at year end. The dredge construction area was four miles downstream from Challana Playa, the area where initial routine operations will commence. In digging out from the construction pit to the river and moving up river, 363,300 cubic yards of gravel were dug and 2,152 ounces of crude gold were recovered during 1959. The move upstream was hampered by unusually heavy rainfall with resulting high and turbulent river conditions and at the end of the year the dredge had not reached its destination. Production at a lesser level than is anticipated from the Challana Playa gravel will be maintained during the move upstream.

Fully developed reserves in the Teoponte area are 28,168,000 cubic yards with an estimated recoverable content of $0.55 per cubic yard. There are also partially developed and potential reserves in the same area of 24,000,000 cubic yards with an estimated recoverable content of $0.384 per cubic yard.

Preliminary drilling in the Mapiri area failed to develop sufficient reserves to warrant installation of a second dredge at this time.

Exploration

During the year exploration work was carried on at four underground gold prospects in Colombia. One, located near Frontino, was placed on a production basis and is now contributing ore to the Frontino Mill. One other has been placed on a stand-by basis as it shows promise of developing into a producing mine should economic conditions for gold mining in Colombia improve.

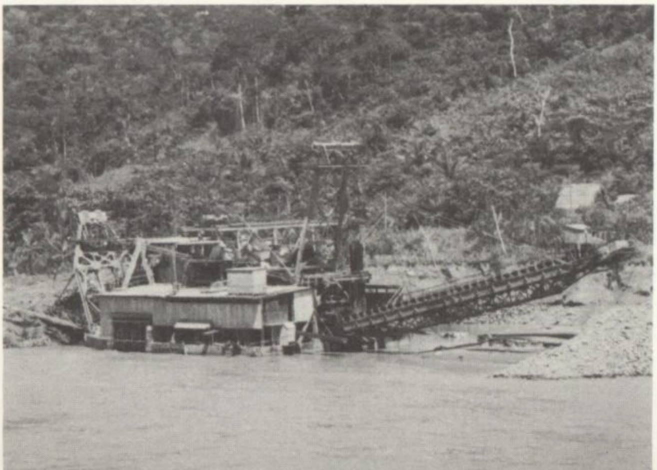
A prospecting party was sent to the Upper Inambari River in Peru to investigate a gold placer. The area shows promise and scout drilling will be carried out during 1960.

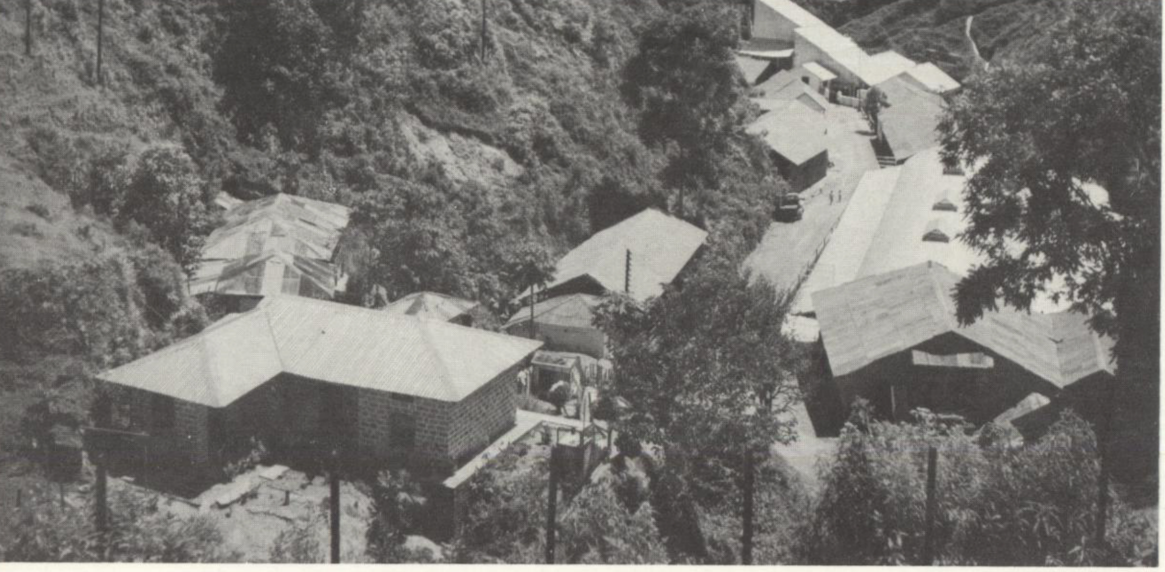
Metal Sales and Foreign Exchange

Substantially all of the Company's gold production for the year was sold for pesos through the Colombian Mining Association. The accounting rates, based on free market rates, varied from Pesos 8.16 to 6.79 and resulted in an average rate of Pesos 7.69 to 1 U. S. Dollar for the year, yielding an average of $32.35 per ounce of fine gold, compared to a world market price of $35 per ounce. However, the price obtained was considerably better than the average price of $30.66 per ounce which would have been realized had the gold been sold to the Banco de la República at the world market price of $35, since, under existing regulations, 40% would have been paid in dollars and 60% in Colombian pesos at the pegged rate of 6.10. The average price of $32.35 per ounce of fine gold actually obtained resulted in an effective tax of 7.6%, as compared to the 15% export tax which would have been payable had the gold been exported from Colombia. Because of the above restrictions, the Company sustained a statistical loss on gold sales of $283,000.

On the other hand the entire platinum production for the year was exported from Colombia, as in the past, for sale in

Dredge 7—Bolivia





Frontino shops and head frame

the world market at prices somewhat higher than those obtained in 1958. A percentage of the dollar proceeds was required to be returned to Colombia. The amount returned was subject to a 15% export tax and the balance was paid for in pesos at the pegged rate of 6.10 to 1 U. S. Dollar. This resulted in an indirect tax of approximately $79,000 or 7.2%, in addition to regular platinum production taxes.

Total proceeds from sales of metals amounted to $5,439,971 compared with $6,692,288 in 1958.

In recent months the Colombian currency has continued firm and has held at a rate of approximately 6.76 to 1 U. S. Dollar. There also has been an improvement in the exchange rate which the Colombian Government is willing to pay for the gold from large producers. This is expected to have a beneficial effect on the Company's future gold sales.

Pato Consolidated Gold Dredging Limited

The operations of Pato were likewise affected by the 15% export tax on gold, and the major part of its production was sold through the Colombian Mining Association. Although the realized proceeds were greater than if the gold had been sold to the Banco de la República, the effective tax was similar to that on sales of your Company's production.

Production of 102,864 ounces of fine gold was 19,787 ounces lower than 1958, primarily due to the fact that one dredge was out of production for seven and one-half months while moving to a new area. Gross recovery was $3,604,000 compared with $4,293,000 for 1958, and net profit decreased to $564,351 from $844,996 in 1958, after depreciation and depletion charges of $331,392 and $326,947 respectively. The drilling program initiated in 1958 on the Jequitinhonha River in Brazil was terminated during the year because the drilling results did not prove up sufficient values.

During the year Pato applied for listing on the American Stock Exchange and approval is expected by June, 1960.

International Mining Corporation

South American Gold & Platinum purchased an additional 9,900 shares at an average price of $23.05 increasing its holding of International Mining stock to 218,361 (36.4%) at an overall average cost of $18.28 per share.

International Mining closed the Rosenbaum Store of Pittsburgh in January, 1960, the last and largest of its department store units. This store's continued operating deficit during the past year, the loss in liquidation, and the settlement with its landlords accounted for 91% of the corporation's total reported loss of $2,595,034 for the fiscal year ended January 31, 1960. The remainder of International's loss represents expenses of the Frank & Seder Department Store closed in the previous year.

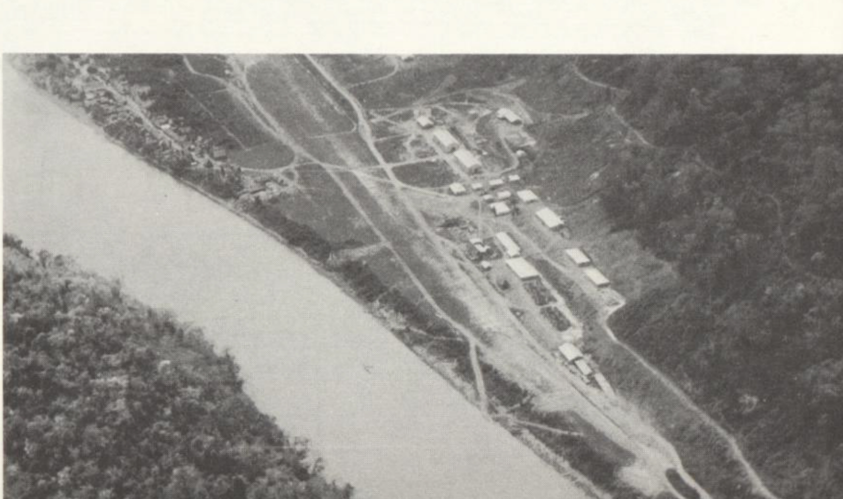
International Mining has now completed its retirement from the department store business originally comprising a non integrated and widely separated chain of eighteen units. The disposition of these stores, mostly by their sale to others, has resulted in an estimated ordinary tax loss carry-forward of $8,077,000.

International Mining continued to hold 800,000 shares of Placer Development, Limited which represents 31% of Placer's total capitalization. Placer is aggressively developing new mining properties and has available for these activities and other promising ventures a large amount of cash resulting to a large extent from the sale of its west Texas oil properties for an all cash price of $12,190,436.

International Mining's undivided 25% ownership in southern Louisiana mineral and royalty interests continued to develop satisfactorily. This acquisition was made during 1958 for $7,000,000 financed entirely by a bank loan. By January 31, 1960 this loan had been reduced to $4,943,350 and by May 31 is expected to stand at $4,300,000. Gas revenues will continue to increase in 1960 by an estimated 50% which will further reduce the long-term debt incurred in this transaction.

While it may be several years before South American Gold & Platinum derives any income from its major holding of International Mining, nevertheless the value and equity per share is building up rapidly and should provide a sound balance to South American assets.

Teoponte Camp—Bolivia



Anglo-Ecuadorian Oilfields, Limited

Throughout most of 1959 your Company continued to devote considerable effort in helping to solve the refined-products-price problem in Ecuador. As a result of an agreement concluded with the Ecuadorean Government, a new price schedule went into effect upon completion of the new refinery in November. With this improved outlook for profitable refining and distribution, A.E.O. became an attractive acquisition for a major oil company, particularly since it appears Ecuador will be a net importer of crude oil for the refineries. Accordingly, in December, your Company sold its remaining 750,000 shares of A.E.O. at a small loss to a subsidiary of Standard Oil of New Jersey for $1,995,000.

Conclusion

While 1959 proved to be a disappointing year for all our South American operations, many of our most difficult problems appear to be behind us, and 1960 should bring better results. Operations for the first four months of the year have shown considerable improvement over the corresponding period of 1959. Gold production increased from 28,534 ounces fine to 51,654 ounces fine, and platinum production increased from 5,496 ounces crude to 5,981 ounces crude. While the final figures for the period are not available, operations are estimated to be substantially in the black in comparison with a loss experienced a year ago.

Dredge clean-up

On May 5, the Colombian Government issued a decree authorizing the Banco de la República to increase the rate from 6.40 to 6.70 pesos per 1 U. S. Dollar for 60% of the gold purchased. This compares with a rate of 6.10 in effect until December 22, 1959. Payment for the remaining 40%, as in the past, will continue to be made in U. S. Dollars. The net effect of this increase will mean that, provided the Colombian exchange rate remains at its present level, gold sales will more closely compare with the world price of $35 per ounce as opposed to the average price of $32.35 obtained for 1959 production. This should contribute further to improve earnings for the balance of 1960.

To all shareholders and employees who have worked so hard on many problems, the Officers and Board of Directors express their warm and sincere appreciation.

For the Board of Directors

Lewis B. Harder

PRESIDENT

June 13, 1960

Consolidated Statement of Profit and Loss and Retained Earnings

For the Year ended December 31, 1959

REVENUES:		
Proceeds from sales of metals		$ 5,439,971
Gain on sales of securities		234,312
Dividends and other income (Note 8) . . .		284,259
		$ 5,958,542
COSTS AND EXPENSES:		
Cost of metals sold	$4,531,726	
Administrative, general and selling expenses . .	369,386	
Provision for depreciation and depletion (Note 4)	588,723	
Interest on debentures and bank loans	104,754	
Property examination expense	169,521	
Net foreign exchange loss	24,209	5,788,319
Earnings before provision for income taxes		$ 170,223
Provision for estimated Colombian income taxes (Note 6)		279,000
Net loss for the year		$ 108,777
Retained earnings at beginning of year		11,427,313
		$11,318,536
Dividend paid, 15¢ per share		305,865
Retained earnings at end of year (Note 5) . . .		$11,012,671

See Notes to Consolidated Financial Statements

South American Gold & Platinum Company

and Subsidiaries

ASSETS

CURRENT ASSETS:			
Cash–including $459,153 equivalent of foreign currencies . .		$1,599,563	
Marketable securities, at cost (market $394,000)		382,466	
Accounts receivable–less provision for doubtful accounts of $3,779		596,723	
Inventory of metals, at lower of cost or market		526,139	
Inventory of materials and supplies, at cost		2,610,040	
Other current assets		225,666	
Total current assets			$ 5,940,597
INVESTMENTS:			
Affiliated companies, at cost or less (Notes 3 and 5)		$7,478,501	
Other, at cost		656,882	8,135,383
PROPERTY, PLANT AND EQUIPMENT, at cost:			
Mining properties, rights and claims, less depletion		$ 867,438	
Dredges, power plants, mill and buildings . . .	$18,232,557		
Less–Depreciation	12,359,150	5,873,407	
Spare parts and construction material		1,415,200	8,156,045
			$22,232,025

Consolidated Balance Sheet

December 31, 1959

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accrued taxes	$ 410,720	
Employee benefits and wages accrued	315,692	
Accounts payable and accrued expenses	365,175	
Notes payable to banks	159,772	
Total current liabilities		$ 1,251,359
LONG-TERM DEBT (Note 5)		3,197,004
ESTIMATED EMPLOYEE SEVERANCE COMPENSATION, payable after one year		410,000
DEFERRED COLOMBIAN INCOME TAXES (Note 6)		165,000
RESERVE EQUAL TO EXCESS OF NET ASSETS OVER COST OF INVESTMENT IN FRONTINO GOLD MINES LIMITED (Note 1)		1,180,748
SHAREHOLDERS' EQUITY:		
Common stock, $1 par value (Note 7)		
Authorized–2,500,000 shares		
Issued –2,190,850 shares	$ 2,190,850	
Capital in excess of par value of stock	3,204,153	
Retained earnings, see accompanying statement (Note 5)	11,012,671	
	$16,407,674	
Less–160,450 shares of treasury stock, at cost or par value	379,760	
Net shareholders' equity applicable to 2,030,400 shares		16,027,914
		$22,232,025

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

1. The consolidated financial statements include the accounts of South American Gold & Platinum Company and all domestic and foreign subsidiary companies.

As in prior years, no provision has been made in the accounts for U.S. income taxes which may be payable in the event that dividends are paid to the parent organization from undistributed earnings of subsidiaries.

At the date of acquisition of Frontino Gold Mines Limited, the U.S. dollar equivalent of its net assets exceeded the investment cost by $1,180,748. The ultimate disposition of this amount is dependent upon the study of inventories of materials and supplies which will be completed sometime during 1960. That portion of this reserve which will not be required for the adjustment of inventories of materials and supplies will then be taken into income beginning in 1960 over a reasonable period of time on a systematic basis in accordance with generally accepted accounting principles.

2. The foreign currency accounts of consolidated foreign subsidiaries and branches were translated to U.S. dollars on the following bases:

Current assets and current liabilities at year-end rates except that inventories of materials and supplies were stated at weighted averages based on rates in effect when the purchases were made;

Property, plant and equipment and investments at rates in effect at dates the assets were acquired except that spare parts and construction material were stated on the same basis as inventories of materials and supplies;

Amounts in the statement of profit and loss at exchange rates based on (1) the average free rate of exchange during the year, (2) weighted averages for materials and supplies as stated above, and (3) the dollar cost of properties and equipment for depreciation and depletion.

3. The Company's equity in the net assets of affiliated companies as shown by recent financial statements was approximately equal to the cost of its investment.

4. Depreciation and depletion are generally provided on the basis of the estimated useful lives of the assets in relation to the mining operations they serve.

5. The long-term debt consists of:

Eight year 6% debentures due July 1, 1964	$1,300,000
5% notes payable under bank loan agreement	1,800,000
Other bank loans—Colombia	97,004
	$3,197,004

Under the terms of the indenture annual sinking fund payments of $300,000 are required beginning July 1, 1960. In 1959 the Company purchased $339,630 face value of its debentures at prices below par and tendered them to the Trustee for retirement in anticipation of the sinking fund payment of $300,000 due July 1, 1960, and of a portion of the payment due July 1, 1961. Installments of $500,000 and $200,000 due July 1 and October 1, 1960 on the bank loan were prepaid in 1959. The balance of the loan is due in quarterly installments of $200,000 beginning January 1, 1961.

The bank loan agreement provides, among other things, that (a) dividends (other than stock dividends) may be paid only out of income earned subsequent to December 31, 1956, reduced by cash dividends paid thereafter and by purchases or redemptions of the Company's own stock, and (b) consolidated current assets shall exceed consolidated current liabilities by at least $2,500,000. Based upon computations prescribed in the agreement, the consolidated retained earnings of $11,012,671 ($1,415,883 parent company) at December 31, 1959 includes approximately $8,800,000 not presently available for the payment of dividends.

Substantially all of the Company's investments are pledged as security for performance under the terms of the loan agreement and the indenture.

6. Under Colombian income tax legislation a reserve for future exploration expenditures may be deducted from taxable income. However, reserves not so used in later years become subject to taxation. Provision has been made in the accounts for deferred Colombian income taxes which may be payable on such unused portions of the reserves existing at December 31, 1959.

7. A restricted stock option plan, approved by shareholders in 1957, provides for the granting of incentive stock options to certain officers and key employees of the Company for which 100,000 shares of unissued stock are reserved. Subject to certain conditions these options are exercisable in installments up to March 1, 1967. At December 31, 1959, the aggregate number of shares subject to option was 83,650 at a price of $9.53 per share. Options for 7,000 shares were granted in 1959. No options were exercised during 1959.

8. Dividends and other income include $175,914 representing that portion of dividends received from Pato Consolidated Gold Dredging Limited (29.1% owned) estimated to have been paid from its 1959 earnings. The balance of such dividend, $42,797, was considered to have been paid from earnings accumulated prior to the Company's participation in the management of Pato and has been applied against the cost of the investment.

Auditors' Report

PRICE WATERHOUSE & CO.

56 PINE STREET
NEW YORK 5
April 26, 1960

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

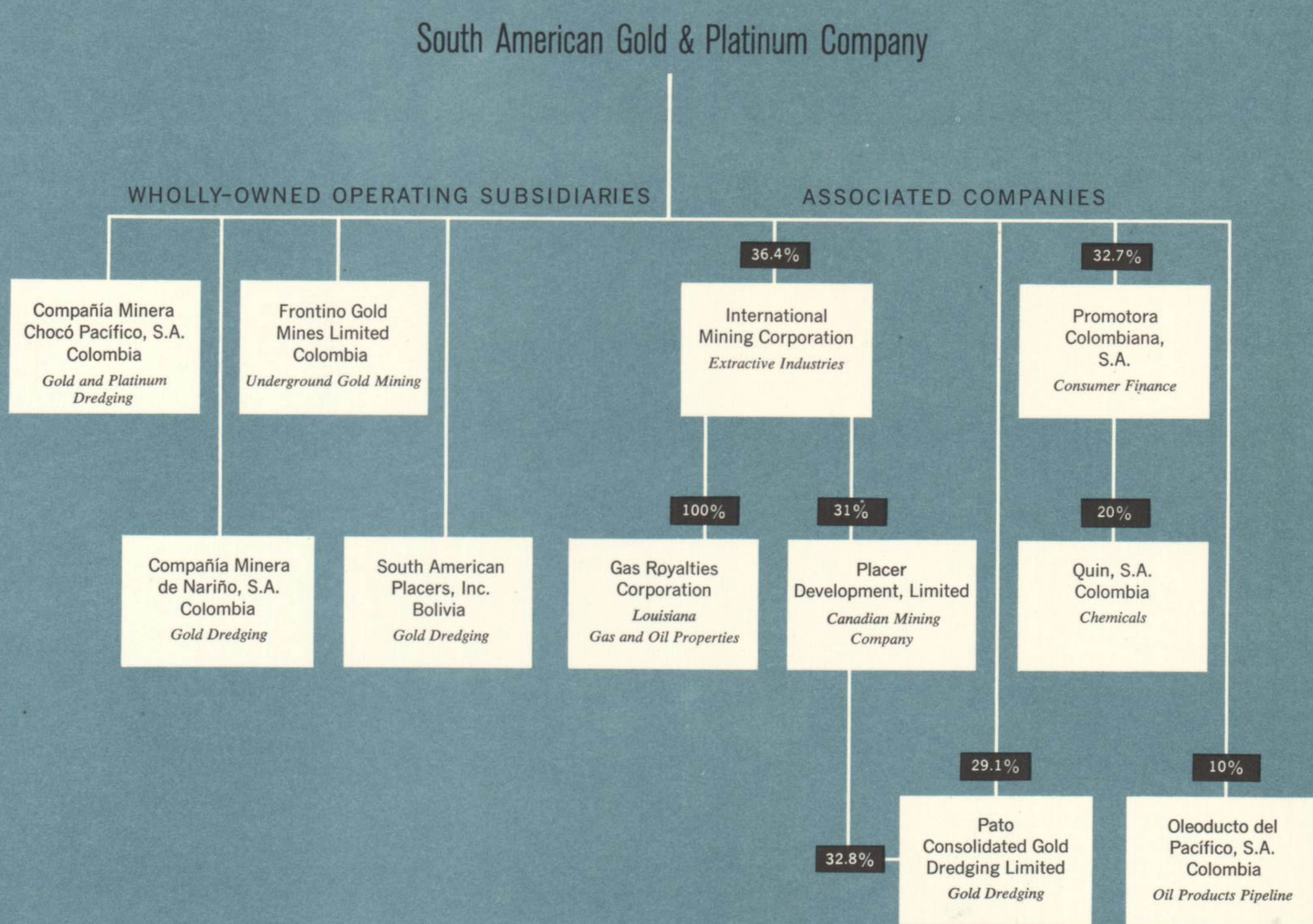
In our opinion, the accompanying statements present fairly the consolidated financial position of South American Gold & Platinum Company and its subsidiaries at December 31, 1959 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements 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.

Price Waterhouse & Co.

Five-Year Financial Review

	1959	1958	1957	1956	1955
Earnings before income taxes .	$ 170,223	1,369,811	4,025,719	4,260,881	2,553,626
Income taxes–estimated:					
Colombian	$ 279,000	525,000	580,000	965,000	520,000
United States			43,000	41,000	73,000
Total	$ 279,000	525,000	623,000	1,006,000	593,000
Net income or (loss)	$(108,777)	844,811	3,402,719	2,607,425*	1,960,626
Retained earnings at the beginning of year	11,427,313	11,742,621	8,926,005	7,762,776	6,761,409
Reserves for contingencies no longer considered necessary .		292,450			
	$11,318,536	12,879,882	12,328,724	10,370,201	8,722,035
Dividends paid:					
Cash	$ 305,865	597,165	586,103	562,500	959,259
Stock		855,404		881,696	
Total	$ 305,865	1,452,569	586,103	1,444,196	959,259
Retained earnings at end of year	$11,012,671	11,427,313	11,742,621	8,926,005	7,762,776
Number of shares outstanding .	2,030,400	2,039,100	1,942,000	1,961,750	1,875,000
Net income or (loss) per share .	$(.05)	.41	1.75	1.33	1.05
Dividends paid per share:					
Cash	$ .15	.30	.30	.30	.525
Stock		5%		5%	

* 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 tabulation for the year 1955.



South American Gold & Platinum Company
WHOLLY-OWNED OPERATING SUBSIDIARIES
ASSOCIATED COMPANIES
Compañía Minera Chocó Pacífico, S.A. Colombia *Gold and Platinum Dredging*
Frontino Gold Mines Limited Colombia *Underground Gold Mining*
Compañía Minera de Nariño, S.A. Colombia *Gold Dredging*
South American Placers, Inc. Bolivia *Gold Dredging*
36.4%
International Mining Corporation *Extractive Industries*
100%
Gas Royalties Corporation *Louisiana* *Gas and Oil Properties*
31%
Placer Development, Limited *Canadian Mining Company*
32.8%
29.1%
Pato Consolidated Gold Dredging Limited *Gold Dredging*
32.7%
Promotora Colombiana, S.A. *Consumer Finance*
20%
Quin, S.A. Colombia *Chemicals*
10%
Oleoducto del Pacífico, S.A. Colombia *Oil Products Pipeline*