

News Release

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED

Registered Office
SUITE 800, PURDY'S WHARF
1999 UPPER WATER STREET, TOWER 1
HALIFAX, NOVA SCOTIA B3J 2X2

New York Representative Office
420 MADISON AVENUE
NEW YORK, NEW YORK 10017

For further information, contact:
Stephen W. Houghton, President
William C. O'Donnell, EVP
Telephone: (212) 751-0083
Fax: (212) 751 0319
Website: <http://www.sagc.com>

FOR IMMEDIATE RELEASE – January 10, 2006

South American Gold and Copper Company Limited Provides Status Report on its Pimenton Gold Mine

South American Gold and Copper Company Limited announced today that it has completed alternative plans for restarting operations at its Pimenton gold mine which was shut down in June 2005 due to unusual and extreme weather conditions which caused equipment damage to electrical and operating equipment at the mine's main portal entrance.

The Company is currently reviewing alternative financing plans to accomplish its objectives for restarting operations at Pimenton which include a possible favorable outcome of Compañía Minera Pimenton's claims for in excess of US \$3,000,000 of business interruption insurance which is now in arbitration.

The Company's most preferred plan for restarting operations at Pimenton is to obtain adequate financing to assure the completion of an exploration development program that is expected to substantially increase proven and probable reserves at Pimenton. Currently, proven reserves at Pimenton are estimated to be 13,034 tons and probable reserves are estimated to be 33,038 tons, both categories grading 14.40 grams of gold per ton plus 1.26% copper per ton. This program would consist of 2,400 meters of drifting and crosscutting along with 4,800 meters of close spaced drilling on structure and envisions completing the Esperanza cross cut on the 3375 level and driving an additional 3325 level directly below Esperanza. The portal entrance to Esperanza and the 3325 level are located away from the avalanche slide zones at Pimenton.

Based on past experience at Pimenton, the development work and the close spaced drill program will take ore resources to 100 meters below the 3325 level and is expected to convert a significant part of the 199,720 tons of inferred resource grading 18.79 grams of gold per ton and 1.57% copper into the proven and probable category with an average grade of in excess of 15 grams of gold per ton.

Completion of the Esperanza 3375 level and the new 3325 level will provide sufficient new mining areas to restart operations at 200 tons per day successively ramping production up to 300 tons per day over a three month period, or 9000 tons per month which will result in an annual production rate of an estimated 46,134 ounces of gold or gold equivalent ounces of 57,688 with copper credits.

Based on the timing of concluding adequate financing, this exploration and development plan could be substantially completed within six months, at which time plant operations would be commenced.

This program has been reviewed in detail by Dr. David R. S. Thomson, EVP and Director of Exploration, and a “qualified” person.

The proven and probable reserves and inferred resources were audited by John J. Selters, an independent qualified person, under NI 43-101, in his report dated March 2005. The proven and probable reserves stated in this report have been adjusted to take into account six months of production. There have been no adjustments in inferred resources since the date of Mr. Selters’ report.

The valley floor below Esperanza is at an elevation of 3050 meters which would enable five additional mining levels to be completed below the 3325 level which provides room for significant future exploration and development and does not consider the Carmela vein which lies 400 meters to the east of the Esperanza portal.

South American Gold and Copper Company Limited is a minerals producing, exploration and development company with properties and activities currently focused in Chile.

Certain information contained in this press release constitutes “forward looking statements” within the meaning of securities laws. Forward-looking statements may relate to the future outlook of the Company and anticipated events or results. In particular, statements regarding the Company’s future operating results and economic performance are forward-looking statements. Forward-looking statements are made on management’s belief as well as assumptions made and information currently available to, management of the Company. While such beliefs and assumptions are considered reasonable by the Company, they are inherently subject to significant business, economic and competitive uncertainties and contingencies or they may prove to be incorrect. These issues can affect the Company’s actual results and could cause its actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of the Company. Readers are cautioned that forward-looking statements are not guarantees of future performance, and should not place undue reliance on them. The Company expressly disclaims any obligation or undertaking to publicly release any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any changes in events, conditions or circumstances on which any statement is based.