

News Release

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED

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South American Gold and Copper Company Limited Announces Diamond Drill Program at Pimenton by Rio Tinto

South American Gold and Copper Company Limited (the "Company")(TSX Symbol SAG) announced today that a diamond drill program is scheduled to begin on the Pimenton porphyry copper deposit during the week of January 16th.

As previously announced, Rio Tinto Exploration Ltda., a wholly owned subsidiary of Rio Tinto PLC, London, England, has exercised its option to enter into a Joint Venture Option Agreement on the porphyry copper deposit(s) at Pimenton. Company officials have reviewed Rio Tinto's initial exploration program for 2006 summer exploration season.

Six initial diamond drill hole sites have been selected and are sited along the 1,600 meters of recently identified fault zone in the Pimenton central valley. The first phase of the drill program will consist of three holes which will be spaced out along the Pimenton valley fault. Each of the first three drill holes are programmed to be drilled 500 meters or deeper, based on visual drill hole results, at a drill hole angle of minus 85 degrees due to the heavy glacial overburden covering the drill site locations.

Based on the results of the first three drill holes and results of detailed mapping of the Pimenton area by Rio Tinto geologists, a decision will be taken as to continued drilling of the additional three drill hole sites.

Dr. David R. S. Thomson, EVP and Director of Exploration, stated that the Company is in complete agreement with the siting of the six drill hole locations in the Pimenton central valley.

Dr. Thomson further stated that the Pimenton central valley area may or may not be a part of the total potential porphyry system at Pimenton and cited that the Company has located additional drill targets in the adjacent Hondo valley at Pimenton which Rio Tinto may consider for further exploration.

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