

# News Release

## **SOUTH AMERICAN GOLD and COPPER COMPANY LIMITED**

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### **FOR IMMEDIATE RELEASE - March 2, 2000**

#### **South American Gold and Copper Company Limited Announces Cal Norte Reaches Agreement for the Sale of Metallurgical Grade Lime to Minera Los Pelambres**

**Toronto, Ontario, Canada** - South American Gold and Copper Company Limited ("SAGC") announced today that its subsidiary, Compañía Cal Norte, has reached an agreement in principle to supply a part of the metallurgical grade lime requirements of Minera Los Pelambres' 85,000 ton per year copper concentrator. The Los Pelambres concentrator is located 130 Kms southeast of the Cal Norte plant site in the IV Region of Chile and approximately 375 Kms north of Santiago.

The US \$1.36 billion Minera Los Pelambres copper mining project initiated start-up operations in October 1999 and is currently the "flagship" mine of Antofagasta Holdings PLC and is ranked in the top 25% of the world's lowest cost copper mining operations.

Metallurgical grade lime is used in minerals processing by the mining industry in the selective flotation process of copper minerals to modify alkalinity (pH) and also in gold leaching to provide protective alkalinity and to improve metallurgical efficiency. This product is basic to the Chilean mining industry and no low-cost substitute product exists. First deliveries of metallurgical grade lime to Los Pelambres are planned for April 2001.

Stephen W. Houghton, President and CEO of SAGC, stated, "Cal Norte will be an important alternative supplier of metallurgical lime not only for present mining operations in Regions IV and V of Chile, but also for planned mine expansions and future mining projects in these same Regions. This most recent favorable response and future advances in our negotiations with other consumers of metallurgical grade lime in these Regions gives us

additional confidence that we will be able to complete the plant construction as programmed in April 2001.

“South American Gold and Copper Company announced on the 18th of February that it had received a bank financing commitment in the amount of US \$5,000,000 subject to certain conditions for financing a part of the plant’s projected capital cost of US \$7,370,000. We are pleased to inform our stockholders that the discussions of final terms and conditions for the project loan facility are advancing as scheduled and are confident that we will meet the required conditions.”

Mr. Houghton also noted, “Conversations are in progress with several of the major equipment suppliers of the dual shaft vertical kiln to be installed at the Cal Norte plant site concerning equipment vendor credits, a practice which is common in industrial mineral projects.”

Mr. Houghton stated further, “New mining projects and mine expansion plans in Regions IV, V, VI and the Metropolitan Region of Chile are supporting the conclusions of our ongoing market analysis that the demand for both metallurgical grade lime as well as high-grade limestone will increase substantially in the near term. Our Cal Norte and Catedral projects are uniquely positioned to meet this increasing demand due to their location and proximity to potential clients, tonnage of reserves, grade of reserves and chemical composition and mineability of reserves.”

The Cal Norte Project is a 150 tpd product capacity plant (dual shaft vertical kiln) with provisions for expansion to 300 tpd, and will be located at Cal Norte’s Hornito and Ceci Tres mine sites in the IV Region of Chile. These two mines have been in production for the past six (6) years producing high-grade limestone sold to the cement industry. The use of the advanced state of the art vertical dual shaft reversary kiln will be advantageous to Cal Norte and its customers because it is more environmentally friendly, more fuel efficient and requires minimal annual maintenance compared to currently existing lime kilns in Chile serving the mining industry.

A part of the cash flow generated from these industrial mineral projects will be used for future development and exploration of our gold and copper projects.

SAGC is a mineral exploration company with gold and industrial mineral projects and properties in Chile. Its common shares are listed on the Toronto Stock Exchange under the symbol SAG.

For further information, contact Stephen W. Houghton, President and CEO, or William C. O’Donnell, EVP and CFO. Telephone: (212) 751-0083. Fax (212) 751-0319, and visit our website at <http://www.sagc.com>.