

News Release

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED

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South American Gold and Copper Company Limited Announces Issuance of Convertible Unsecured Debentures

Toronto, Ontario, Canada - South American Gold and Copper Company (the “**Company**”) (SAG-TSX) announced today that it has issued unsecured convertible debentures totalling US \$2,302,172 (CDN \$2,365,272) (the “**Debentures**”). The issuance of the Debentures and the common share purchase warrants have been conditionally approved by the TSX.

Mario Hernandez, (“**Hernandez**”) and David Thomson, (“**Thomson**”) both directors and officers of the Company through their companies Compania Minera Chanar Blanco S.A., and Compania Minera Auromin Ltda, respectively, each acquired one Debenture convertible into common shares of the Company (each, an “**A Debenture**”) and one Debenture convertible into common shares (each, a “**B Debenture**”) and were issued common share purchase warrants of the Company in connection with the B Debentures. Hernandez acquired an A Debenture in the aggregate principal amount of US\$716,105 (CDN\$734,078.90) which is convertible into up to 16,312,866 common shares of the Company. Hernandez also acquired a B Debenture in the aggregate principal amount of US\$321,667 (CDN\$329,745) which is convertible into up to 8,243,644 common shares together with up to 8,243,644 common share purchase warrants. Thomson acquired an A Debenture in the aggregate principal amount of US\$714,400 (CDN\$732,331.10) which is convertible into up to 16,274,022 common shares. Thomson also acquired a B Debenture in the aggregate principal amount of US\$250,000 (CDN\$256,278) which

is convertible into up to 6,406,970 common shares together with up to 6,406,970 common share purchase warrants.

The A Debentures were issued in payment of past due interest and royalties payable to Hernandez and Thomson through to December 31, 2009 by Compania Minera Pimenton (“**Pimenton**”), a 100% owned subsidiary of the Company. The conversion price of the 5 year A Debentures is CDN \$0.045 per share convertible into an aggregate of up to 32,586,888 common shares of the Company. The interest rate on the A Debentures is 6% payable annually. No warrants are attached to the A Debentures. The Company has the right to call the A Debentures at any time one year after the date of issue on 30 days notice to the holders.

The holders of the A Debentures have the right to ask for the repayment of US\$715,252, in the aggregate, of the principal amount of the A Debentures on 30 days notice to the Company one year after the loan to Pimenton from Overseas Private Investment Corporation (“**OPIC**”) is repaid.

The B Debentures were issued in payment of cash advances by Hernandez and Thomson to the Company totalling US \$571,667 which cash advances were used for working capital and to fund capital expenditures on Pimenton. The conversion price on the 5 year B Debentures is CDN \$0.04 per share convertible into an aggregate of up to 14,650,614 common shares of the Company. Interest rate on the Debenture is 6% payable annually. In addition the B Debenture holders were issued 14,650,614 warrants exercisable at CDN \$0.05 per common share of the Company. The Company has the right to call the B Debentures at any time one year after the date of issue on 30 days notice to the Debenture holders.

The holders of the B Debentures have the right to ask for the repayment of US \$285,610 of the B Debentures on 30 days notice to the Company after the loan to Pimenton from OPIC is repaid. If the holders of the B Debentures exercise the right of repayment they shall forfeit such percentage of warrants as is equal to the percentage of principal being repaid.

The participation of Hernandez and Thomson in the private placement constitutes a “related party transaction” under Multilateral Instrument 61-101- *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), but the Company was exempt from both the formal valuation and minority shareholder approval requirements of MI 61-101 in connection with the private placement as neither the fair market value of the securities issued, nor the consideration for such securities, in so far as it involves interested parties, exceeded 25% of the Company's market capitalization as calculated pursuant to MI 61-101.

US \$300,000 (CDN \$312,840) of convertible unsecured debentures (the “**C Debentures**”) were issued to five non-insiders of the Company. The conversion price of the C Debentures is CDN \$0.04 per share convertible into up to 7,821,000 shares of common shares of the Company. Interest rate on the C Debentures is 6% payable annually. In addition the Debenture holders were issued 7,821,000 common share purchase warrants exercisable at CDN \$0.05 per common share of the Company. The Company has the right to call the C Debentures at any time one year after the date of issue on 30 days notice to the Debenture holders.

The holders of the C Debentures have the right to ask for the repayment of US \$150,000

after the loan to Pimenton from OPIC is repaid. If the holders of the Debenture exercise this right of repayment they shall forfeit such percentage of warrants as is equal to the percentage of principal being repaid. The proceeds from the C Debentures will be used for working capital and to fund capital expenditures at Pimenton.

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