

News Release

SOUTH AMERICAN GOLD and COPPER COMPANY LIMITED

Registered Office:
SUITE 800, PURDY'S WHARF
1959 UPPER WATER STREET, TOWER 1
HALIFAX, NOVA SCOTIA B3J 2X2

Santiago Office
Guardia Vieja No. 293, Of. 402
PROVIDENCIA, SANTIAGO, CHILE
Telephone: 56 2 232 5578
Fax: 56 2 233 1037

New York Representative Office:
420 MADISON AVENUE, SUITE 901
NEW YORK, NEW YORK 10017-1107
Telephone: (212) 751-0083
Fax: (212) 751-0083
Website: <http://www.sagc.com>

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South American Gold and Copper Company Limited Announces Joint Venture for Construction and Operation of a Lime Kiln Processing Facility in Chile

Toronto, Ontario, Canada - South American Gold and Copper Company Limited ("SAGC") (TSE symbol SAG) announced today that it has finalized the terms of a Joint Venture with Cia Minera Quelon Ltda, a privately held Chilean company, for the construction and operation of a new vertical shaft lime kiln processing facility with a designed capacity to produce 150 tonnes of metallurgical grade lime per day. SAGC will hold a 60% interest in the Project. The Project site is located approximately 300 kilometers north of Santiago in Region IV of Chile.

"Current reserve estimates of the developed mining properties, which will be contributed to the Joint Venture, contain in excess of 4,000,000 tonnes of high grade calcium carbonate (CaCO₃), which will provide a mine life of over 30 years based on currently planned production rates for the lime processing facility," stated Dr. David R. S. Thomson, EVP and Director of Exploration of SAGC.

The mining properties are currently in production and producing CaCO₃ which is being sold as a high grade limestone component for the manufacture of cement.

Stephen W. Houghton, President and CEO of SAGC, stated, "Jacobs Engineering Group, Inc., Pasadena, California, with offices in Santiago, Chile, and Penta Engineering

Corp., St. Louis, Missouri, have been selected to provide engineering and technical services to the Project. The Project is scheduled to have the lime plant manufacturing facilities in operation during the first half of 2000.

"Project capital cost is estimated to be approximately US \$6,000,000 which will be financed through a combination of project financing, equipment supplier credits and equity contributions by SAGC.

"The demand for high grade lime (CaO) in Chile is increasing and currently exceeds domestic production of approximately 1,020,000 tonnes of CaO per year, due in part to a shortage of well located high grade limestone deposits. The current deficit of CaO is being imported from Argentina.

"Lime (CaO) is used in Chile primarily by the gold and copper mining sector for pH-adjustment in the mineral flotation process and also in the cyanide leaching process for gold ores. The mining industry accounted for approximately 52% of lime consumption in 1998. The balance (48%) was consumed by the pulp and paper, sugar, agricultural and construction industries and for environmental purposes.

"The Project's mine site and location of the lime processing facility will provide it with a substantial transportation advantage to serve the mining industry located in Regions IV and V of Chile compared to existing private sector lime producers. Based on test results, the Project's high grade reserves of CaCO₃ coupled with the installation of the latest design in vertical shaft kiln technology is expected to produce a high quality product.

"SAGC also holds substantial reserves of high grade limestone, gypsum and cement rock at its Catedral/Rino deposits, located within 30,000 hectares of claims 120 kilometers southeast of Santiago, Chile, which it plans to be utilized to serve certain sectors of the industrial minerals markets in Chile.

"The Joint Venture is a significant step in the Company's previously announced plans to enter into the industrial minerals business to supplement its precious metals exploration and development activities in Chile."

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

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