

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED ANNOUNCES ADDITIONAL INDUSTRIAL MINERALS RESOURCE BASE OF GYPSUM AND HIGH GRADE LIMESTONE

South American Gold and Copper Company Limited ("SAGC") (TSE symbol SAG) announced today that it has conducted a preliminary geological study of its gypsum deposits which are located on both the Catedral and Rino sectors of its Catedral/Rino project. In addition, further geological studies have been conducted on the Catedral sector for high grade limestone (CaCO₃) which may be used as a feed source for an additional metallurgical grade burnt lime processing facility which would complement SAGC's previously announced joint venture for construction of a burnt lime processing facility near Illapel, Chile, 400 kilometers to the north of the Catedral deposit. The Catedral/Rino project is located approximately 110 road kilometers southeast of Santiago, Chile.

Dr. David R.S. Thomson, EVP Exploration of SAGC, stated, "A preliminary geological study of the gypsum deposits lying within the Catedral/Rino Project area has been completed. Potential reserves of gypsum calculated from known widths and derived from thick beds of underlying anhydrite have been conservatively estimated to be ten meters in depth. Inferred reserves in the Catedral area, based on brown gypsum/anhydrite occurrences, exceed 25,000,000 tons, while in the Rino area the inferred reserves of gypsum amount to at least 17,000,000 tons, making a total inferred reserve of 42,000,000 tons. This reserve is entirely within claims held by Compania Minera Catedral in which SAGC holds a 50.10 percent interest.

"An easily accessible part of the Catedral gypsum deposit has been selected by an independent engineering firm engaged by SAGC for a small initial open pit operation for mining gypsum. The proposed pit would be within a four hundred meter area amounting to 130,000 square meters. The gypsum at this location has been derived from a 150 meter thick bed of anhydrite dipping at near 30 degrees, the inferred reserves taken to a conservative depth of ten meters and using a density of 2.4 amount to 3,120,000 tons. Ten representative samples evenly spaced over the 130,000 square meters were taken by SAGC geologists and assayed by Cesmec, an independent laboratory in Santiago, which has an excellent reputation in Chile for assaying non-metallics. Results are give below:"

Map Samples	Sample Numbers	Gypsum CaSO ₄ x2H ₂ O weight per cent
3	19901	91.3
4	19902	91.3
5	19903	90.9
6	19904	88.0
7	19905	92.1
8	19906	91.9
9	19907	90.8
10	19908	93.2
1	18241	89.3

Stephen W. Houghton, President and CEO of SAGC, stated, "Preliminary discussions are now in progress with one company for entering into a possible supply contract for the sale of gypsum from the Cathedral gypsum deposit. If these discussions are not fruitful we will follow up with several other inquiries we have recently received from major international manufacturers of gypsum building products."

Dr. Thomson further disclosed "On going geological studies at Cathedral have also established the presence of substantial inferred reserves of high grade limestone in addition to the gypsum. Surface samples have been taken along a limestone formation which extends over a length of 1100 meters. Four limestone beds have been identified within the formation with widths varying from eleven to twenty meters. Independently assayed samples have returned grades ranging from 89% to 93% CaCO₃. Samples from these limestones are being sent to Europe for lime kiln burning tests. If the lime kiln burning tests indicate metallurgical grade lime can be produced from the high grade limestone at Cathedral, SAGC will proceed with a preliminary feasibility study for a burnt lime processing facility at Cathedral which would complement SAGC's recently announced joint venture with Cia Minera Quelon for the construction and operation of a 150 ton per day metallurgical grade burnt lime (CaO) processing facility near Illapel, Chile."

Stephen W. Houghton commented, "The potential for substantial tonnage of high grade gypsum reserves at Cathedral/Rino along with the recent confirmation of potentially very significant deposits of high grade limestone at Cathedral add substantially to SAGC's resource base of industrial minerals which complement the Company's Quelon burnt lime project as well as its Rino Cement Project. As previously announced, a positive feasibility study has been completed for the construction of a 1,320,000 tonne per day cement manufacturing facility based on the 284,000,000 tonnes of drill inferred cement quality limestone at Rino. We are currently awaiting improved economic conditions in the Chilean cement markets before pursuing further conversations for the possible sale or joint venture of the Rino Cement Project. In the meantime, SAGC will focus on the development of the Quelon burnt lime processing facility near Illapel, Chile, and on creating economic business opportunities for its gypsum and high grade limestone resources at Cathedral."

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.

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