

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED ANNOUNCES
FORMATION OF COMPANIA CAL NORTE AND COMPLETION OF FEASIBILITY
STUDY ON ITS LIME MANUFACTURING FACILITY

South American Gold and Copper Company Limited ("SAGC") (TSE Symbol SAG) announced today that its previously announced joint venture with Compania Minera Quelon has been formalized with the formation of Compania Cal Norte in which it holds a 60% interest.

Stephen W. Houghton, President, stated that "a bankable feasibility study on the project to build a new 150 ton per day vertical dual shaft lime kiln manufacturing facility has been successfully completed and financing discussions for the project are now in progress. The feasibility study has established a capital cost of the lime plant and related facilities at US \$6,060,000 including contingencies. The total project cost including pre-project and development expenses, further mine development which is now in progress and the purchase of supplemental mining equipment will bring the total project cost to near US \$7,370,000.

The Hornito mine at the planned plant site is currently in operation and producing 7,500 tons per month of high grade limestone which is being sold to the cement industry in Chile. Independently performed reserve studies on the Quelon limestone deposits, which are now held by Compania Cal Norte and include the Hornito and Ceci Tres mines, have confirmed proven, probable and inferred limestone (CaCO_3) reserves containing an average of 88.4% CaCO_3 are sufficient to support the Cal Norte project operations for in excess of 30 years at currently planned rates of production. The project schedule is for the lime plant to be in operation by September 2000.

"Contract discussions are in progress with several major mining companies for the purchase of a substantial part of the lime manufacturing facility's planned annual production of 51,000 tons per year of high quality metallurgical grade lime (CaO) which is used by the mining industry for pH-adjustment in the mineral flotation process and in the cyanide leaching process of gold ores. Lime is also used for the treatment of tailings dumps and mine run-off water following mine closures.

"The plant design and mine development plan for the Cal Norte project have provided for a doubling of its capacity within a three year time frame, should further currently planned mine development and expansion take place in Region IV of Chile."

"We are pleased with the progress and reception we have received to date on the Cal Norte project."

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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