

News Release

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED

Registered Office
SUITE 800, PURDY'S WHARF
1999 UPPER WATER STREET, TOWER 1
HALIFAX, NOVA SCOTIA B3J 2X2

New York Representative Office
420 MADISON AVENUE
NEW YORK, NEW YORK 10017

For further information, contact:
Stephen W. Houghton, President
William C. O'Donnell, EVP
Telephone: (212) 751-0083
Fax: (212) 751 0319
Website: <http://www.sagc.com>

FOR IMMEDIATE RELEASE – August 18, 2005

South American Gold and Copper Company Limited Announces Formal Option Agreement on Pimenton with Rio Tinto, Access to Pimenton, Progress on Insurance Claims and Plans to Restart Operations at Pimenton

Toronto, Ontario, Canada – South American Gold and Copper Company Limited (the “Company”) (Toronto Stock Exchange symbol SAG) announced the following today.

1.- Rio Tinto Mining and Exploration Ltd, a subsidiary of Rio Tinto plc, London, England (“Rio Tinto”) has agreed to convert the previously announced (March 29, 2005) Letter of Understanding (“LOU”) into a formal option under Chilean law to joint venture continued exploration and development of the porphyry copper system at Pimenton. A formal Joint Venture Agreement can only be entered into once each party has met their respective work, financial and legal obligations as defined in the originally agreed LOU.

2.- Reopening road access to the Pimenton mine under difficult snow conditions has been completed. Snow clearing activities at the mine, camp and plant site are in progress and an assessment of avalanche damage to equipment at the mine's portals is being made by insurance adjustors. As soon as this process has been completed and repair estimates have been established the Company will apply for appropriate insurance coverage for damages to equipment and facilities as well as for business interruption insurance coverage which is provided for under the Company's insurance policy.

3.- Once agreement on insurance settlements has been reached, the Company plans to restart operations at Pimenton in September, 2005.

4.- The Company's financial statements for its third fiscal quarter and nine months period ended June 30, 2005 have been filed with Sedar, www.sedar.com. Results were adversely impacted by the Pimenton's mine closure on June 9, 2005 due to previously announced (July 21, 2005) adverse weather conditions. Financial results for the Company's fiscal fourth quarter and year ended September 30, 2005 will also be unfavorably affected by the Pimenton mine closure.

5.- The Company has devoted substantial time during the Pimenton mine closure to review all operating aspects of the mine and to establish plans for restarting operations. This review and planning process is expected to result in significantly improved operating performance of the mine ounce operations are re-established.

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

Certain information contained in this press release constitutes “forward looking statements” within the meaning of securities laws. Forward-looking statements may relate to the future outlook of the Company and anticipated events or results. In particular, statements regarding the Company’s future operating results and economic performance are forward-looking statements. Forward-looking statements are made on management’s belief as well as assumptions made and information currently available to, management of the Company. While such beliefs and assumptions are considered reasonable by the Company, they are inherently subject to significant business, economic and competitive uncertainties and contingencies or they may prove to be incorrect. These issues can affect the Company’s actual results and could cause its actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of the Company. Readers are cautioned that forward-looking statements are not guarantees of future performance, and should not place undue reliance on them. The Company expressly disclaims any obligation or undertaking to publicly release any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any changes in events, conditions or circumstances on which any statement is based.