

## 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 - September 5, 2002**

**Toronto, Ontario, Canada** - South American Gold and Copper Company Limited ("the Company")(TSX Symbol SAG) announced today that it has completed an updated preliminary feasibility study for re-starting operations at its Pimenton Gold Mine which is located 174 road kilometers northeast of Santiago, Chile.

Pimenton lies within the porphyry gold/copper belt of Chile between the major porphyry copper deposits at Minera Los Pelambres to the north and Andina and Minera de Los Condes Disputada to the south.

Underground development at Pimenton consists of more than 4,100 meters of both horizontal and vertical workings and 11,600 meters of both surface and underground diamond drilling.

The Company completed and operated a 35 tonnes per day pilot plant at Pimenton during the period 1995-1996 and in May 1996, the plant was expanded and operated at 120 tonnes per day to February 1997 processing mainly run of mine development ore.

Operations at Pimenton were placed on care and maintenance in March 1997 due to the severe El Niño winter and the subsequent fall in gold prices.

The preliminary feasibility study incorporates a plan to re-start operations at Pimenton at 2,000 tons of plant through-put per month or 24,000 tonnes per year.

Based on further exploration results on the potential high-grade veins at Pimenton, the Company's objective is to systematically increase production up to 5,00 tonnes per month or 70,000 tonnes per year.

The Mineral Resource estimates contained in the preliminary feasibility study have been prepared in accordance with National Policy 43-101 and are summarized as follows:

Mineral Reserves:

	<u>Tonnes</u>	<u>Gold (Au) grams per tonne</u>	<u>Oz Copper (Cu) per tonne</u>
Proven	17,800	18.7	1.57
Probable	<u>50,000</u>	<u>18.7</u>	<u>1.56</u>
Total	67,800	18.7	1.56

The Mineral Reserve calculations incorporate a 22% mining dilution. Mining recovery after mining dilution is estimated at 97% using highly selective mining method of cut and fill with resuing

Inferred Mineral Resources:

	<u>Tonnes</u>	<u>Gold (Au) (grams per tonne)</u>	<u>Oz Copper (Cu) (per tonne)</u>
A. Extension from Channel Sampling Zone (Classified as Possible in 1999 preliminary feasibility study.	37,200	18.4	1.45
B. Extension to lowest level of Drill Hole Intercepts	171,000	19.4	1.61

Inferred Mineral Resources classified as "A" above are based on projections of mineralization 20 to 40 meters vertically above or below the established reserve blocks as defined by Channel Sampling on existing blocks.

Inferred Mineral Resources classified as "B" above are estimated by projection of existing Lucho area ore zones below the Class A inferred blocks (elevation 3,390) down to an elevation of 3,180 meters where a diamond drill intersection indicates the continuation of high-grade ore to that depth. Drill hole intersections to depth have cut high-grade intervals as follows:

Elevations	Vein	True Width	Grades	
			Gold (Au) (grams per tonne)	% Copper (Cu) (per tonne)
3180	Lucho	25 cm	21.3	7.95
3280	Michelle	36 cm	145.5	Not assayed
3260	Monterola	35 cm	10.5	1.6
3300	Lucho	62 cm	49.4	2.23

The Maria Elena vein resources and newly discovered Carmela vein are excluded from the resource estimate, as they are currently outside the scope of the mining plan.

The above Mineral Resources converted into Gold Ounces and Pounds of Copper are shown below:

Mineral Reserves	Gold Ounces	Pounds/Copper
Proven	10,702	616,000
Probable	<u>30,060</u>	<u>1,720,000</u>
Total	40,762	2,336,000

  

Inferred Mineral Resources	Gold Ounces	Pounds/Copper
A. Extension from Channel Sampling Zone	22,006	1,189,000
B. Extension to lowest level of Drill Intercepts	106,657	3,786,000

The preliminary feasibility study indicates a capital cost including working capital of US \$3,000,000 to re-start operations at Pimenton. Plant operations are to commence in the second calendar quarter of 2003 at an estimated cash cost per ounce of less than US \$180 per ounce of gold.

The technical information contained in this news release is contained in the preliminary feasibility study dated September 2002, prepared by John J. Selters, an independent "qualified person" as defined by National Policy 43-101. Mr. Selters has reviewed and approved the contents of this news release.

South American Gold and Copper Company is a mineral exploration and development company with properties and activities currently focused in Chile. Its common shares are listed on The Toronto Stock Exchange under the symbol SAG.