

News Release

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED

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South American Gold and Copper Company Limited Announces Proposed Financing for Re-Starting Operations at its Pimenton Gold Mine

Toronto, Ontario, Canada - South American Gold and Copper Company Limited ("the Company")(TSX Symbol SAG) is pleased to announce that its Board of Directors has retained IBK Capital Corp., Toronto, Ontario, Canada, to act as Agent for the private placement of a US \$3,750,000 Five Year Convertible Debenture with a Gold-Backed Conversion Option. Proceeds of this financing will be used primarily to re-start operations at the Company's 100% owned Pimenton gold mine, located 174 road kilometers northeast of Santiago, Chile, on which a Technical Report entitled "The Reserves and Proposed Operating Plan for the Pimenton Mine, Region V, Chile," was filed on September 30, 2002, with the securities regulatory authorities in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba and Quebec.

Under the proposed terms of this financing, the Debenture will be convertible, in full or in part, into gold bullion at a rate of 740 ounces of gold per quarter, beginning June 30, 2003, and for eighteen consecutive calendar quarters thereafter. A minimum of 13,320 ounces of gold will be set aside by the Company for the Debenture holders, assuming full exercise of this option. This feature effectively provides the Debenture holder with a call on gold at a price of US \$281.53 per ounce (US \$3,750,000 ÷ 13,320 oz Au = US \$281.53).

The proposed Debenture can also be converted into common shares of the Company at Cdn. \$0.15 per share. However, for each 740 ounces of gold paid by the Company, the amount of the Debenture would be reduced by US \$208,333 and, correspondingly, the common shares into which the Debenture would be convertible would be reduced by 2,208,330 common shares, based on the current exchange rate of Cdn. \$1.59 to US \$1.00.

The proposed Debenture would also pay an interest rate of 2 1/2% commencing on December 31, 2002, and payable semi-annually thereafter on the balance of the Debenture outstanding.

As previously announced by the Company, "The economic analysis contained in the technical report as set out in National Instrument 43-101 is based solely on the mineral reserves at Pimenton which total 67,800 tonnes grading an average 18.7 grams gold and 1.57% copper per tonne, adjusted for mining dilution. Inferred mineral resources at Pimenton total an additional 208,000 tonnes with an average calculated grade of 19.2 grams of gold and 1.58% copper per tonne.

"The Company's operating plan is to progressively develop the inferred mineral resources into mineable ore. As the inferred mineral resources are developed and new veins are discovered and developed, including the recently identified Carmela vein, the Company's objective is to systematically increase production to 200 tonnes per day or 70,000 tonnes per year. The successful implementation of this plan would bring annual production of gold at Pimenton to approximately 40,000 ounces per year."

Stephen W. Houghton, President and CEO, stated, "The Company has enjoyed a longstanding relationship with IBK Capital Corp. and is confident in its ability to successfully conclude this proposed financing in the near future. The Company is actively engaged in preparation activities for re-starting operations at Pimenton and is looking forward to joining the ranks of those few junior mining companies which are gold producers."

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.