

News Release

SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED

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South American Gold and Copper Company Limited Announces \$3 Million Private Placement

Toronto, Ontario, Canada - South American Gold and Copper Company Limited (SAGC), (TSX: SAG) is pleased to announce it has entered into an agreement with Northern Securities Inc. to act as agent in a best efforts private placement offering of up to \$3 million of securities through the sale of Units (Units). Each Unit will consist of one common share and one common share purchase warrant exercisable for a period of 24 months

SAGC's recently appointed Chief Operating Officer, Thomas Sills, commented, "This financing will enable SAGC to take a great step forward in restarting the Pimenton mine and unlocking value for investors. SAGC is also examining the spin off of non-core assets and additional development of its porphyry copper/gold targets." The proceeds of the offering will be used in 2007 for the initial 6 month implementation plan for restarting the Pimenton mine.

In addition, the Company expects that arbitration proceedings will be completed in December 2006 on its insurance claim with proceeds to be received in January or early February.

Under the terms of the offering, SAGC has agreed to sell up to 75,000,000 Units on a private placement basis. The Unit consists of one common share priced at \$0.04 and one common share purchase warrant exercisable at \$0.06 for a period of 24 months. In addition, Northern will have an over-allotment option to increase the offering by \$500,000.

SAGC will pay Northern a commission equal to 7% of the aggregate gross proceeds of the offering and issue 7% Broker warrants based on the aggregate number of Units purchased through this offering.

Closing is expected to occur in December, 2006. The private placement is subject to acceptance

for filing with the Toronto Stock Exchange and all other necessary shareholder and regulatory approvals. The securities issued in connection with the private placement will be subject to a four month hold period under Canadian securities laws.

The securities being offered have not, nor will they be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. This release does not constitute an offer for sale of securities in the United States.

About South American Gold and Copper Company Limited

SAGC is an active public exploration and mining company. The Company's main focus is its Chilean gold and porphyry copper/gold mineral properties. It will be restarting the Pimenton gold mine, upon completion of financings aggregating US \$14,000,000, and expects to achieve planned production capacity of 300 tpd ore that will produce 57,000 oz Au equivalent per annum in 10 months. The company expects to be generating cash flow in month five of the nine month pre-production period. SAGC will also be actively exploring the Pimenton property for additional gold resources. In addition, the Company intends to conduct further exploration on the porphyry copper deposit at Pimenton.

In its exploration report on the porphyry copper deposit at Pimenton, *Conclusions and Recommendations*, Rio Tinto reported:

- “A large Cu-Au porphyry deposit was identified in the Pimenton valley under relatively shallow moraine.”
- “This new Cu-Au deposit is one of the most significant discoveries in the Farellones belt in the last years.”
- “Although the Cu and Au grades can be considered subeconomic at this stage, there is the potential for a high grade core in depth.”
- “Best results included 279 M 0.40 Cu – 0.43 g/t Au and 70 M 0.46 Cu – 0.49 g/t Au.”
- “Potential resources of several hundred million tonnes is thought to be a realistic scenario.”

Additional porphyry copper/gold and gold potential exists on the nearby (12 km south) Tordillo property. SAGC will continue to validate the porphyry copper/gold potential and may seek suitable joint venture partners to develop such targets.

SAGC will also investigate spinning out non-core mineral property assets into companies that will become publicly traded.

SAGC is an active and progressive public mining and exploration and development company. The Company's main focus is its Pimenton gold mine and porphyry copper deposit at Pimenton.

FORWARD-LOOKING STATEMENTS: This news release contains certain "forward-looking statements" within the meaning of Section 21E of the United States Securities Exchange Act of 1934, as amended. Except for statements of historical fact relating to the company, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other ecological data, fluctuating metal prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors. The Company undertakes no obligation to update forward looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.