

SOUTH AMERICAN GOLD AND COPPER COMPANY LTD.

(TSX : SAG :C\$0.070)

UPDATE

South American Gold and Copper Company Ltd. has announced two exploration successes at its 100%-owned Pimenton property, located approximately 180 kilometers northeast of Santiago. The extension of high grade gold veins outcropping at surface combined with the separate discovery of a large tourmaline breccia pipe support the thesis that the large alteration zone at Pimenton is associated with a buried porphyry copper system.

Pimenton is in the heart of the central Chilean copper belt – put simply, the property is in elephant country and the company has found significant evidence of an elephant!

Pimenton Exploration Success

During the Chilean summer, SAGC has conducted an extensive surface reconnaissance and initial exploration program at its Pimenton property in central Chile. The program focused on an area to the northeast of the mine site and the known, high grade gold reserves, within the large zone of alteration that is centered on the mine.

The company has made two distinct discoveries:

- Numerous additional high grade gold veins that outcrop along the ridge to the northeast of the mine.
- A large tourmaline breccia pipe to the northeast of the ridge, about three miles north-northeast of the mine, on the eastern side of the Portillo Hondo valley, which is approximately parallel to the Pimenton valley. The breccia pipe is located on the northeastern flank of the zone of alteration, extending across the property boundary to land controlled by Codelco, the state-owned mining company.

While both discoveries are significant in themselves, perhaps the greatest importance is that, in combination with the high grade gold reserves at the existing mine, the new information lends credence to the belief that the Pimenton alteration zone is the surface expression of a deep-seated porphyry copper system. That, in turn, means that Pimenton has the potential to be a major copper-gold system.

The company plans to put the high grade gold reserves into production in early 2004. Once the mine is in production, and assuming that exploration continues to be positive, the company may well be in the enviable position of being able to fund exploration from operating cash flow without having to raise money in the capital markets.

Exchange	Toronto	Shares out. (9.30.02)	(millions)	237.238
Symbol	SAG	Float	(%)	67%
Price (04.22.03)	(C\$) 0.070	Options & warrants	(millions)	38.956
52 week: high (5.22.02)	(C\$) 0.170	Average exercise price	(C\$)	0.114
low (07.12.02)	(C\$) 0.035	Cash (9.30.02)	(US\$ mm)	0.364
Average daily trading volume	1,007,100	Cash on option/warrant exercise	(US\$ mm)	5.927

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The discoveries have prompted some revisions to the development program at Pimenton. Pending completion of production financing, the company now anticipates starting production from the high grade underground mine in early 2004, after the Chilean winter. Depending on the timing of financing and weather conditions, during the winter, SAGC may complete some underground development originally scheduled for the early months of production, opening up additional work faces and potentially expanding the inferred resources and translating some of the resources into reserves.

Weather conditions permitting, the company plans to continue exploration of the breccia pipe, which may include shallow percussion drilling where the breccia outcrops, to test mineralization below the weathered, near-surface material. It also intends to conduct more detailed geophysical surveys on other breccias identified on the property and to gain a better understanding of the potential in the valleys where glacial fill obscures the bedrock.

OVERVIEW OF PIMENTON

Pimenton is located in the heart of the central Chilean copper belt. The Andina and Disputada de Los Condes/Los Bronce mines, which lie 70 kilometers to the south, and the Pelambres mine, which lies 90 km to the north of Pimenton, each feature prominent copper bearing tourmaline breccia pipes together with other porphyry copper mineralization, and are found at similar topographic elevations.

The table demonstrates the scale of deposits that have been found in the area. Of course, it is far too early to draw any conclusions about the potential at Pimenton. However, the physical dimensions of the breccia pipe, and the overall size of the alteration zone, are consistent with a major system.

Project	Operator/owner	Production started	Altitude (ft)	Annual copper production (million lbs)	Average copper grade (Cu%)	Annual copper revenues at \$0.73/lb (\$ million)
Pelambres	Antofagasta	1999	12,000	717	0.91%	523
Andina	Codelco	1970	11,500	550	1.09%	402
Disputada / Los Bronces	Anglo American	1925	11,500	408	1.03%	298
Pimenton	SAGC		12,300	n/a	n/a	n/a

PIMENTON BRECCIA

The pipe outcrops between 3,700 meters and 4,500 meters, is about 700 meters (2,300 feet) wide and strikes northeast for 1,500 meters (5,000 feet), possibly continuing to the north beneath surface material. It is near vertical, and cuts northwesterly-striking andesites, agglomerates and tuffs that dip steeply towards the northeast. Initial sampling indicates that the pipe is a silicified and sericitized quartz porphyry intrusive that has been brecciated, tourmalinized and mineralized with coarse to very finely disseminated chalcopyrite and pyrite.

The chalcopyrite shows a strong affinity for the tourmaline, but also occurs disseminated in the quartz porphyry. The tourmaline makes up much of the matrix, follows closely spaced fractures, and also occurs very finely disseminated throughout the quartz porphyry. The remnant sulfides in the exposed cliff faces and float show strong leaching, which is likely to be shallow. Although exploration has been limited to the southwestern part of the pipe, the other part appears to be the same from visual inspection.

Owing to the rugged surface of the breccia, and the fact that the surface rock has been leached, the company intends to explore the pipe with its own percussion drill. Initial drill sites will be located just outside the breccia outcrop and holes drilled towards the center of the pipe. If the initial results are encouraging, the company will likely plan a core drilling program for later in 2003. Road access from the Rio Colorado valley to the southeast is fairly simple and construction is already in progress.

A large part of the alteration zone at Pimenton is in valleys that have extensive glacial cover – the company needs to conduct detailed geophysical studies throughout the zone to identify other potential targets. However, SAGC has already identified four other tourmaline breccias.

It should be noted that, for some time, the Pimenton district has attracted the attention of major mining companies. Noranda has been exploring to the southeast of Pimenton, Codelco now surrounds the Pimenton claims and the property has been the subject of exploration joint ventures with majors including: Anglo American, Cominco (now Teck-Cominco), Newmont, Mount Isa Mines, and TVX (now Kinross).

Management recognizes that it may be most appropriate to partner with a major once the full potential of the breccia pipes and associated mineralization has been delineated.

ADDITIONAL VEIN OUTCROPS

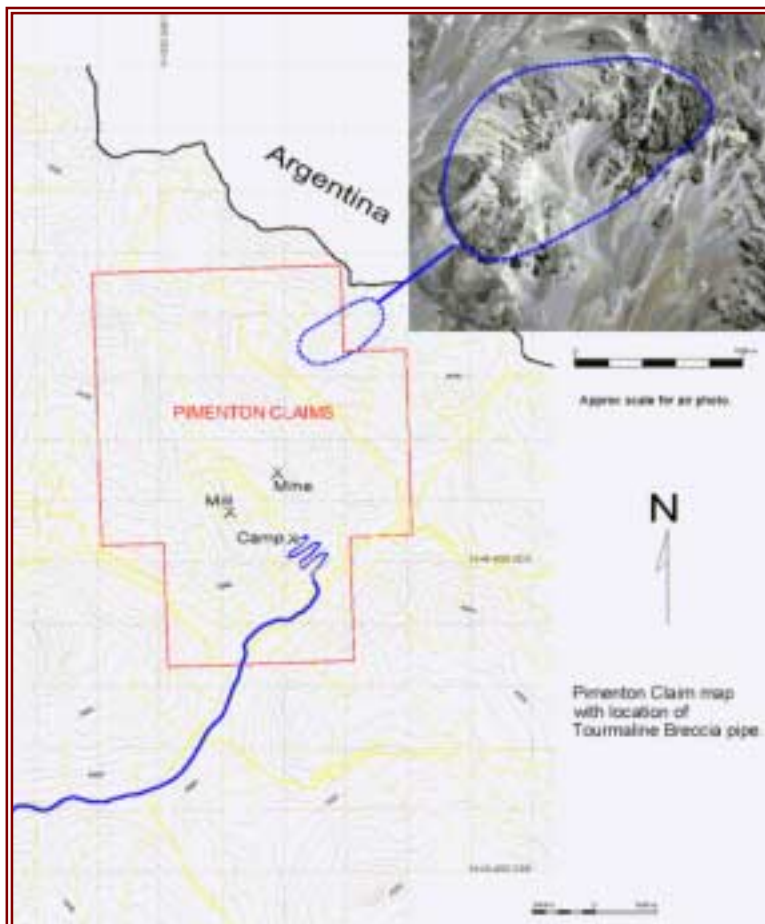
The exploration program also focused on the area to the north and east of the existing reserves along the Pimenton ridge that separates the Pimenton and Portillo Hondo valleys, as well as the area to the southeast of the mine. The company has discovered more than forty additional strongly leached vein structures trending north to northeast – that is, broadly parallel with the Lucho-Leyton-Michelle veins. Some of these recently identified structures are within known geochemical gold anomalies. Most of the veins are typical of Pimenton-style veins, continuing for up to 350 meters (1,150 feet).

Most of the samples contained anomalous gold, with several samples in excess of 1.0 gram of gold per metric ton (0.03 oz/st). The first few feet tend to be strongly leached so the existence of anomalous or higher grade samples at surface is highly encouraging.

The veins on the ridge may be extensions of the veins in the vicinity of the mine. The strike extension from the mine through the ridge veins continues towards the newly discovered breccia pipe.

The company needs to do a lot more exploration to define the potential of the high grade mineralization. However, given the number of structures, the apparent strike length and the known vertical extent of mineralization, even conservative estimates of ore continuity indicate the potential for a multi-million ounce high grade system.

Location of Breccia Pipe
(land to the northeast is controlled by Codelco)



OTHER DEVELOPMENTS

The company has also appointed Hector A. Araya as Manager of Mine Operations for the Pimenton mine development. Sr. Araya holds a degree in Civil Mining Engineering from Santiago University; a diploma in Mine Economics Technology from the Camborne School of Mines; and a Masters Degree in Environmental Engineering from Columbus University, Louisiana. He has more than thirty years' experience working in underground vein mining operations in Chile, including: El Salvador, where he became Planning Engineer; El Indio, where he was Operations Vice President and General Manager of the El Indio mine; and Coeur D'Alene Mines, where he was Senior Vice President and General Manager of Chilean operations.

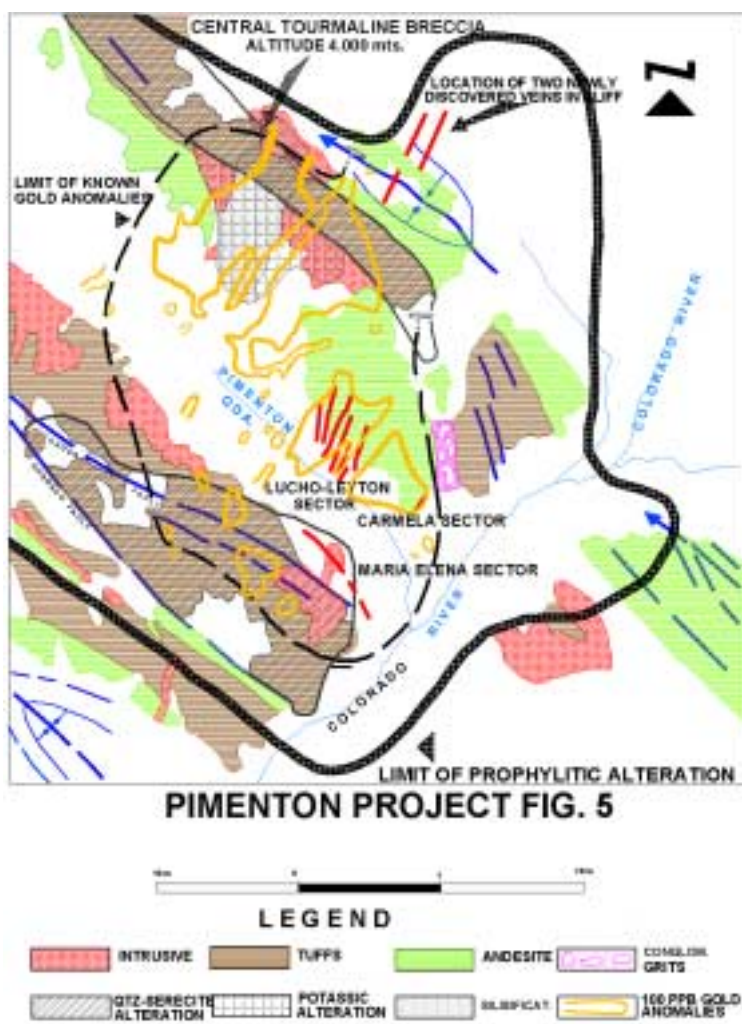
We believe that the combination of Sr. Araya's operating expertise, especially in narrow vein underground mines in Chile, with the exploration geological strengths of David Thomson and his team, substantially strengthen the company.

MINE DEVELOPMENT

The company is seeking production finance to put the Pimenton mine back into production. Its original plan to reopen the mine before the Chilean winter has been postponed pending completion of the financing and the first phase of the exploration program. However, the company is considering completing some of the underground development and exploration that had been scheduled for the early period of operations. This could help to expand the inferred mineral resources and move some of the inferred category into measured and indicated reserves, as well as opening up more work faces for the early mining plan. The company anticipates being able to place the mine into production in early 2004, after the Chilean winter.

CONCLUSION

Recent work indicates that Pimenton has the potential to be a major project. The discovery of additional gold veins to the northeast and southeast of the existing reserves indicates the potential for a multi-million ounce gold system. However, the discovery of the breccia pipe along the northeast strike through the mine site and outcrops on the Pimenton ridge indicates the possibility that the gold system is the cap of a large copper porphyry.



Previous reports can be accessed at:

November 2002: www.proteuscapital.com/Company Reports/SAG/SAG_Summary_Proteus_Nov02.pdf

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