

# News Release

## **SOUTH AMERICAN GOLD AND COPPER COMPANY LIMITED**

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**FOR IMMEDIATE RELEASE** – January 13, 2011

### **South American Gold and Copper Company Limited Announces Exercise of 14,632,785 Warrants at Exercise Prices Ranging from Cdn \$0.045 to Cdn \$0.07 Per Share, Improved Operation at its Pimenton Gold/Copper Mine and Status of its NI 43-101 Technical Reports by Watts Griffis and McQuat Limited**

Toronto, Ontario, Canada - South American Gold and Copper Company (the “Company”) (SAG-TSX) reported today that Minera Chañar Blanco S.A., a Company owned by Mr. Mario Hernandez, an Executive Vice President and a Director of the Company, and Lyss Investments CV exercised on December 18, 2010 2,142,500 and 7,561,800 warrants, respectively, which expired on December 18, 2010 at an exercise price of Cdn \$0.045 per share.

Mr. Hernandez, by way of Minera Chañar Blanco S.A., also exercised 4,928,485 warrants at an exercise price of Cdn \$0.07 per share which are due to expire on January 15, 2011.

The exercise of the warrants brings additional liquidity to the Company of nearly US \$782,000. As at December 31, 2010 the cash position of the Company was in excess of US \$3,000,000. The Company believes the exercise of the warrants by Lyss Investments CV and Mr. Hernandez’s Company, neither of which intends to sell their shares in the medium term, shows the confidence which they have in the future prospects for the Company.

The Company also reported that operations at its Pimenton gold/copper mine for the quarter ended December 31, 2010 were substantially better than any quarter in the mines`

history. Actual gold ounces produced in the quarter ended December 31, 2010 totalled 4,510 ounces of gold, 2,763 ounces of silver and 104 tons of copper metal. These amounts are based on the ounces produced according to the Metallurgical Balance. Final sales numbers will not be available until the last smelter returns are available. On a production basis, the cash cost per ounce of gold produced, net of copper and silver credits, was approximately US \$712 per ounce for the quarter ended December 31, 2010. A new concentrate filter press has been installed and new flotation cells are being installed which will further enhance the plant operations at the Pimenton mine. In addition, mining equipment availability has improved with an aggressive onsite rebuild program. A new drill capable of drilling to a depth of 1,500 meters has been purchased and is onsite undergoing commissioning. The drill will be used to test the Pimenton porphyry gold/copper system and deeper drilling under the existing high grade reserves at the Pimenton mine.

The Company also reported that the NI 43-101 Technical Reports by Watts Griffis and McOuat Limited on the Company's Pimenton Properties in Central Chile and the Catedral/Rino Limestone Projects will be completed and published on SEDAR and on the Company's web site [www.sagc.com](http://www.sagc.com) in the near future.

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

**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.