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

***[www.sagc.com](http://www.sagc.com)***

***TSX SYMBOL: “SAG”***

***September 2004***

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# DISCLAIMER

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***THIS PRESENTATION CONTAINS FORWARD LOOKING STATEMENTS WHICH ARE BASED SOLELY ON THE DIRECTORS' BEST JUDGMENT OF THE FACTS AVAILABLE AT THIS TIME. SUCCESSFUL PROJECT DEVELOPMENT OF THE COMPANY'S LIME PROJECTS IS DEPENDENT ON MANY FACTORS BEYOND ITS CONTROL. EXPLORATION OF MINERAL PROPERTIES REQUIRES FOCUS, UNDERSTANDING AND DETERMINATION BUT ULTIMATE SUCCESS IS DEPENDENT ON A HOST OF OTHER FACTORS.***

# SHARE CAPITAL

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<b>Shares Outstanding:</b>	<b>381 million</b>
<b>Directors' &amp; Officers' Ownership:</b>	<b>90 million (26%)</b>
<b>Market Float:</b>	<b>291 million</b>
<b>Share Price:</b>	<b>Can. \$0.095</b>
<b>Market Capitalization:</b>	<b>Can. \$36 million</b>

# CORPORATE OBJECTIVES

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1. Increase revenues and cash flow at Pimenton above original projections.
2. Refocus attention on Catedral limestone (lime) project.
3. Initiate in October 2004, expanded exploration program on the potential porphyry copper mineralization at Pimenton.
4. Increase proven, measured and indicated gold reserves at Pimenton.
5. Identify at least one new potential gold and/or gold/copper prospect in 2004.
6. Continue to expand shareholder base in the United States.

# MINING ASSETS

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- **GOLD:** Pimenton Gold Mine – In Production  
Reviewing one prospect in Peru
- **COPPER:** Pimenton Porphyry Copper  
Mineralization
- **LIMESTONE:** Catedral / Rino  
Cal Norte

**Note:** Lime is used in the processing of copper sulphide ores, in the heap-leaching of gold and in processing of copper/gold concentrates.

There is a shortage of domestically produced lime in central Chile where major copper sulphide ore deposits are located.

# PIMENTON GOLD MINE

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## Pimenton Mine – 100% owned

- Reconstruction and mine development started in December 2003 and completed in May 2004.
- US \$2.8 million project financing obtained from Overseas Private Investment Corporation.
- Pincock, Allen & Holt completed a favorable due diligence study on the project.
- Commercial production initiated in July 2004.

# PIMENTON GOLD MINE (Continued)

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- High grade gold vein mine with associated copper and silver.
- Head grade into mill projected to be .54 oz gold/ton plus 1.20% copper, or .61 oz/ton gold equivalent per ton.
- All assaying at Pimenton is conducted by Acme Laboratory which has constructed and operates a laboratory at the Pimenton mine site.

# PIMENTON GOLD MINE

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# CAMP

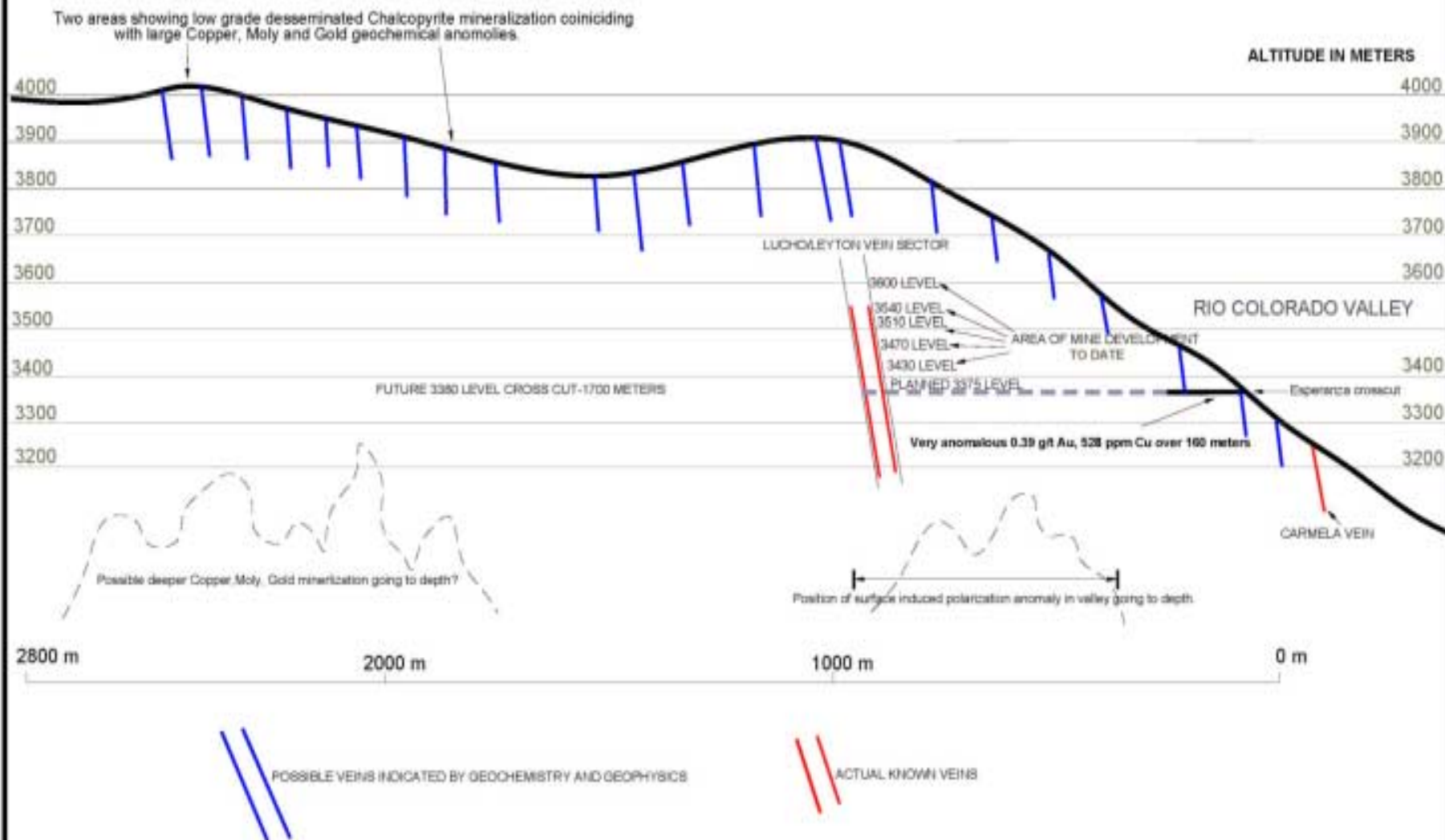


***South American Gold and Copper Company Limited***  
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A

**SCHEMATIC CROSS SECTION OF LUCHO/LEYTON SECTOR, CARMELA VEIN AND POSSIBLE VEINS AS WELL AS DATA CONSISTENT WITH THE POSSIBLE PRESENCE OF DEEPER PORPHYRY COPPER MINERALIZATION WITH MOLYBDENUM AND GOLD VALUES INDICATED BY GEOCHEMISTRY.**

A'



**South American Gold and Copper Company Limited**  
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SECTION LOOKING NORTH EAST

# PLANT



***South American Gold and Copper Company Limited***  
(TSE: "SAG")



# PIMENTON PLANT (INSIDE)

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*South American Gold and Copper Company Limited*  
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# PIMENTON MINE PLANT RECOVERY

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**Gold recovery: 95.6%**

**Copper recovery: 94.5%**

**Silver recovery: 76.7%**

**Summary: Excellent plant recoveries**

# PIMENTON GOLD PROJECT

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## PAH Due Diligence Report Adjusted for Gold at \$400

- Ounces recovered over 7-year mine life: 298,474 oz.
- Production first year of operation: 23,000 oz.
- Average Annual Production (2005-2010): 46,500 oz.
- Projected Cash Cost (US \$/oz): \$166
- Capex (US\$): \$5.0 million

# ESTIMATED VALUE OF PIMENTON GOLD PROJECT

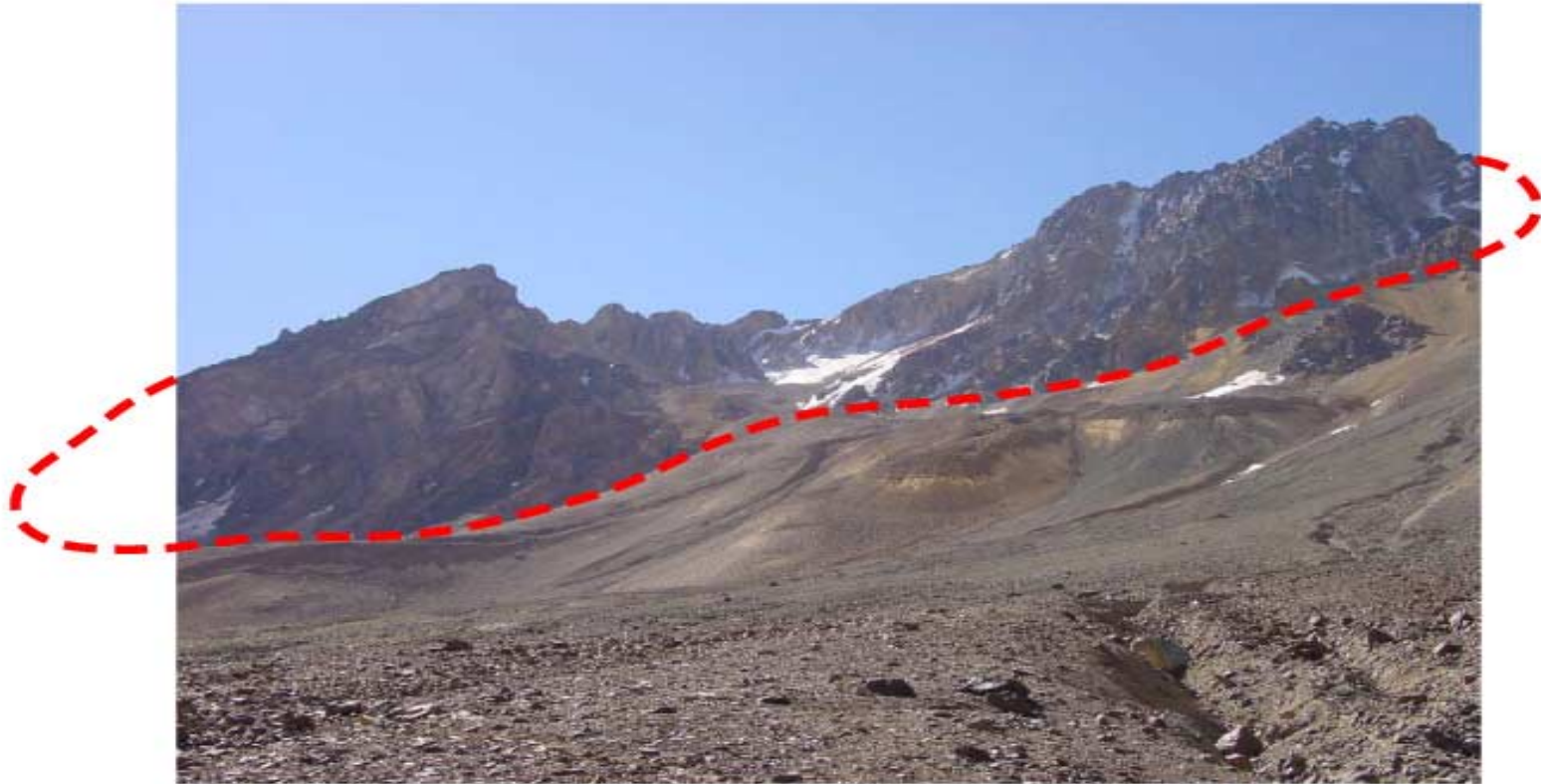
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(in Can. \$ except Gold Prices)

<u>Gold Price</u>	<u>NPV at 10%(*) (Million)</u>	<u>10% Discounted NPV per Share</u>	<u>Total Project Equity Cash Flow (Million)</u>	<u>Total Project Equity Cash Flow per Share</u>
US\$350	\$24.6	\$0.064	\$42.6	\$0.11
US\$370	\$27.8	\$0.073	\$48.0	\$0.12
US\$400	\$32.7	\$0.085	\$50.8	\$0.14
US\$420	\$36.0	\$0.094	\$59.8	\$0.16

*(\*) Based on the Base Case in the PAH Report: "Due Diligence on the Restart of the Pimenton Gold Mine." Exchange rate used: US \$1.00 = Can. \$1.35*

# OUTLINE OF PIMENTON TOURMALINE BRECCIA PIPE



View looking to the North from Valle Hondo  
showing outline of the breccia pipe.



# DISCOVERY OF BRECCIA PIPE AT PIMENTON

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- Discovered by SAGC in 2003.
- Located 3 km NE of Pimenton mine site.
- Pipe strikes NE for 1.5 km, starting at an elevation of 3,700 meters reaching toward the NE to 4,500 meters.
- Southern part of the Pipe is within Pimenton Claim Block and the northern part belongs to CODELCO, the largest copper company in the world.
- Mineralization is consistent with that of a porphyry copper deposit and confirmed by a 1760 meter diamond drill program conducted by SAGC in February 2004.

*Source: Dr. David R. S. Thomson, Director of Exploration, a "Qualified Person."*

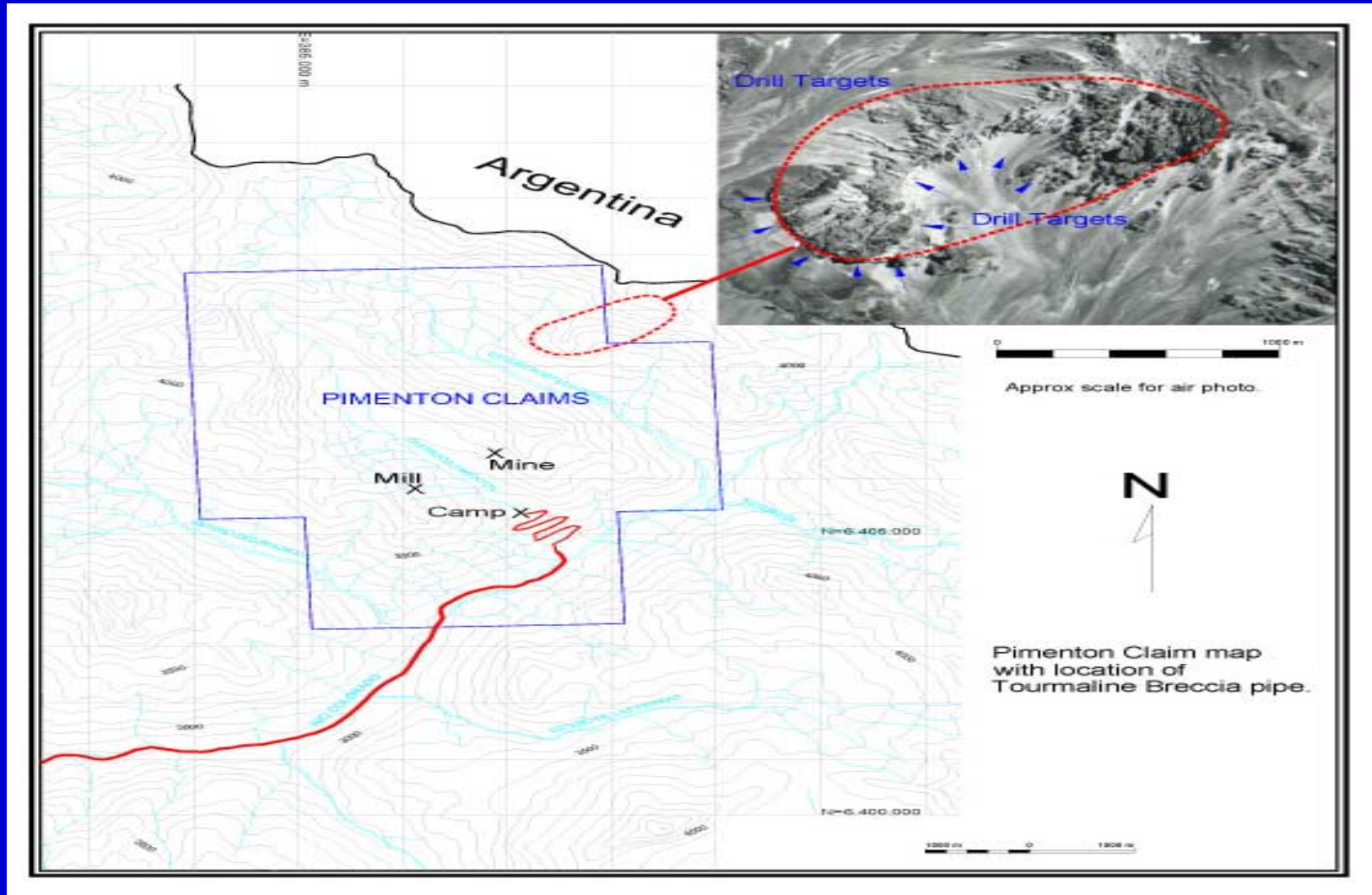
# **PIMENTON BRECCIA PIPE – POTENTIAL MAJOR PORPHYRY COPPER SYSTEM**

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- Pimenton gold/copper alteration zone is believed to be the surface expression of a DEEP-SEATED PORPHYRY COPPER SYSTEM.
- THREE large porphyry copper mines (within 50 to 85 km of Pimenton) shown on the following slide have PROMINENT COPPER BEARING TOURMALINE BRECCIA PIPES, at SIMILAR TOPOGRAPHIC ELEVATIONS.
- The potential porphyry copper mineralization at Pimenton is located in an area of intense exploration activities being planned for the 2004-2005 exploration season, Noranda at West Wall and Anglo American at Novicio.

*Source: Dr. David R. S. Thomson, Director of Exploration, a “Qualified Person” under Canadian National Instrument 43-101.*

# LOCATION OF PIMENTON TOURMALINE BRECCIA PIPE



# PIMENTON POTENTIAL MAJOR PORPHYRY COPPER GEOLOGY/MINERALIZATION

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- Pimenton is located in the central porphyry copper belt of Chile which hosts El Teniente, Andina, Los Bronces and Los Pelambres.
- The known geology, alteration and mineralization at Pimenton is consistent with that of a typical porphyry copper deposit as confirmed by a 1760 meter diamond drill program conducted by SAGC in February 2004.
- The zone of alteration extends over an area of five by six kilometers.
- The gold/copper veins at Pimenton occur over a three by three kilometer area. The gold shows a strong association with copper in the veins and in much wider extensions of strongly anomalous gold and copper mineralization.
- This suggests the veins represent the late stage upper part of a large mineral system at depth.

*Source: David R. S. Thomson, Director of Exploration.*

# OPERATING MINES IN THE AREA

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<u>Project</u>	<u>Owner /Operator</u>	<u>Year Started</u>	<u>Annual Copper Production</u> (mm lbs)	<u>Copper Grade</u>
Pelambres	Antofagasta	1999	717	0.91%
Andina	Codelco	1970	550	1.09%
Disputada	AngloAmer	1925	408	1.03%

*The above mines are hosted by sulfide copper mineralization and consume in total about 400 tons of lime per day or 146,000 tons per year.*

*Source: SAGC Update April 23, 2003 – Proteus Capital Corp.*

# **PORPHYRY EXPLORATION PROGRAM OBJECTIVES**

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- 1. To identify the deep seated porphyry copper mineralization at Pimenton.**
- 2. To establish parameters and extent of the porphyry mineralization.**
- 3. To provide expanded information base which can be used by SAGC to enhance its negotiating position with potential joint venture partners.**
- 4. To increase shareholder value.**

# **PIMENTON – EXPLORATION PROGRAM AND PORPHYRY COPPER MINERALIZATION – 2004-2005**

**Cost: Can\$**

**Extensive geological mapping program of the 5 Km by 6 Km alteration zone:**

**\$82,000**

**Mobile metal ion (MMI) geochemical sampling will be run over the induced polarization anomalies identified by Quantec in 2004 in an attempt to better define copper anomalies and reduce drilling costs:**

**\$25,000**

**Quantec Geophysics will be contracted to run additional surveys to expand on IP anomalies identified in 2004:**

**\$56,000**

**Connors Drilling has been notified and will be contracted to conduct a minimum 3,000 meters of diamond drilling:**

**\$569,980**

# **PIMENTON – EXPLORATION PROGRAM AND PORPHYRY COPPER MINERALIZATION – 2004-2005**

**(Continued)**

**Drill pad construction: \$36,000**

**Prospecting crew plus support facilities: \$70,000**

**Assaying and core handling: \$30,000**

**Sub Total Can.\$868,980**

**Contingency (20%) \$193,796**

**Total Can.\$1,042,776**

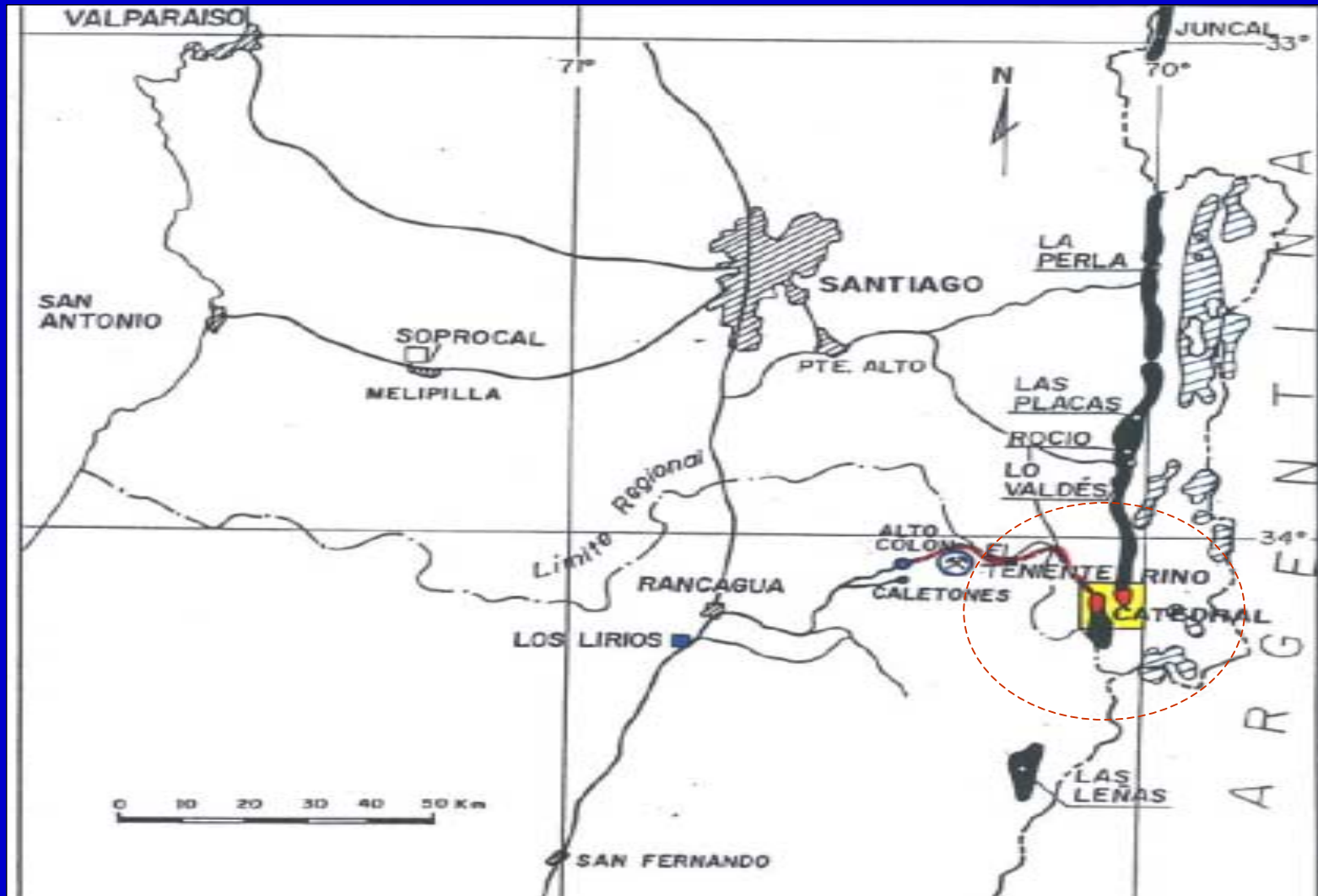


# CATEDRAL / RINO LIMESTONE

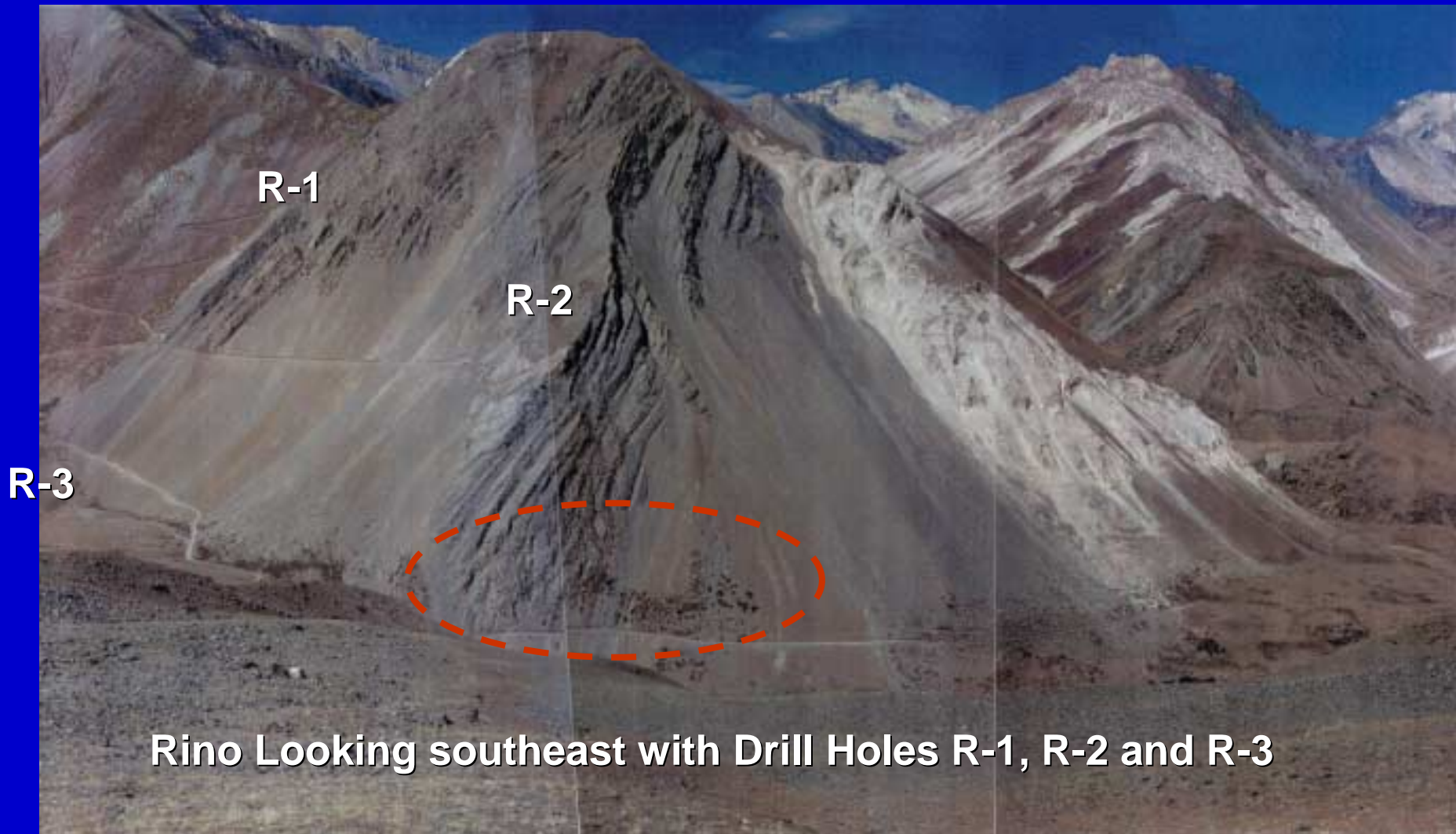
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- Currently in discussions with a major Chilean based copper producing company.
- Will submit limestone samples from Catedral for testing by October 15, 2004.
- If test results are satisfactory, this major company has indicated a preference for Chilean produced lime.
- Too early to predict final results but we are highly encouraged by this turn of events which supports our earlier convictions that there would be a shortage of lime in the central region of Chile and that imports of lime into Chile would not be practical.

# CATEDRAL LIME PROJECT LOCATION



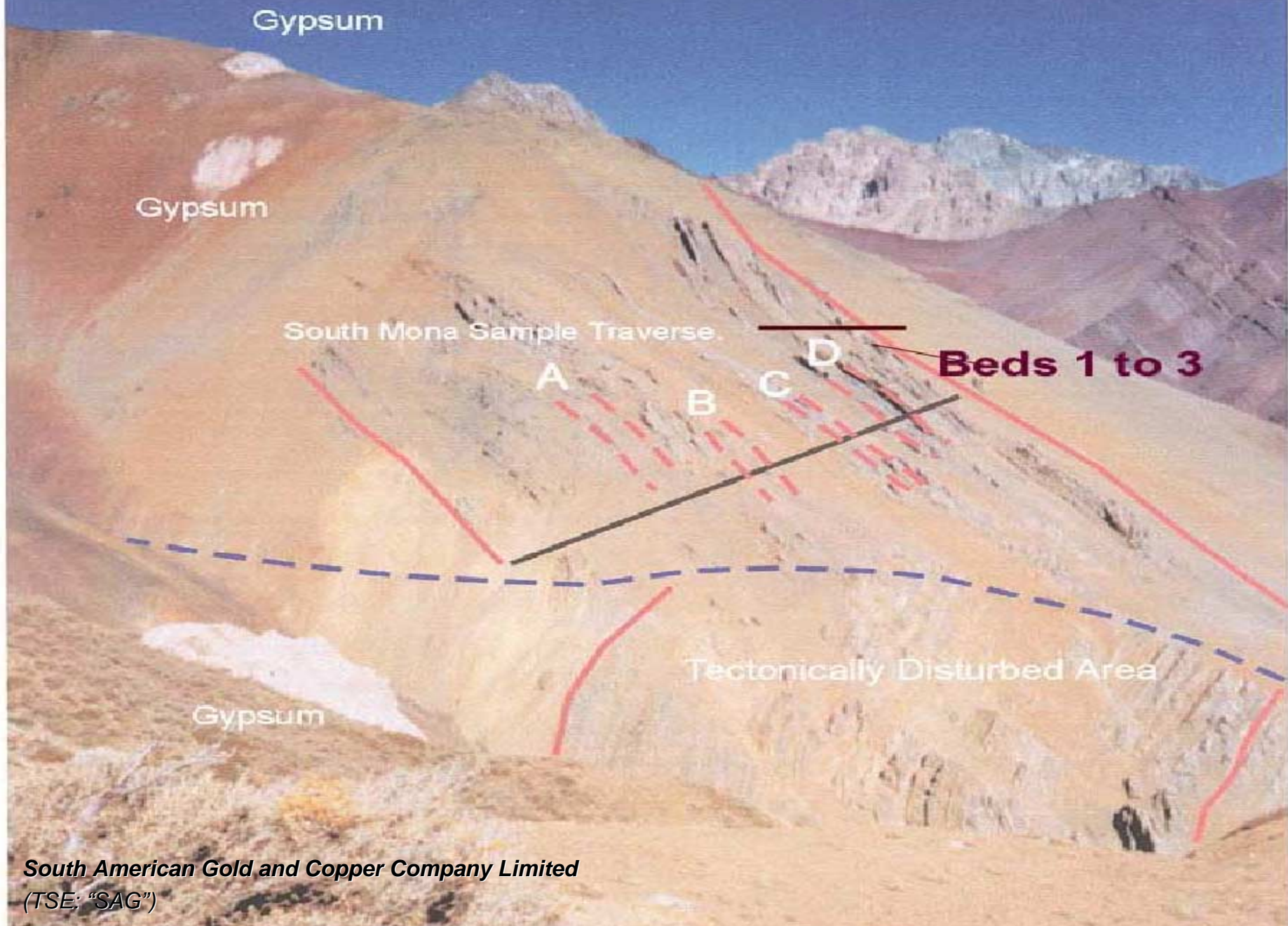
# RINO LIMESTONE DEPOSIT



Rino Looking southeast with Drill Holes R-1, R-2 and R-3



# CATEDRAL – MONA SUR



# LIMESTONE PROJECTS RESERVES / RESOURCES

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	<u>Tons</u>	<u>CaCO<sub>3</sub> Grade</u>
<b><u>Catedral</u></b>		
▪ Measured, Indicated and Inferred Mineral Resources	36,690,750	91.4%
<b><u>Rino</u></b>		
▪ Measured, Indicated and Inferred Mineral Resources	49,397,283	89.3%
<b><u>Cal Norte</u></b>		
▪ Measured, Indicated and Inferred Mineral Resources	4,654,305	91.0%

*Estimated by John Selters, an independent "Qualified Person" under Canadian National Instrument 43-101.*

# ESTIMATED VALUE OF LIMESTONE PROJECTS

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(in millions of Can. \$ except per share amounts)

<u>PROJECTS</u>	<u>NPV at 10%</u>	<u>NPV / SHARE</u>
CATEDRAL	\$33.8	\$0.088
CAL NORTE	<u>\$10.0</u>	<u>\$0.027</u>
TOTAL	\$43.8	\$0.115

# SUMMARY VALUATION OF MINING ASSETS

## ***BASED ON EQUITY CASH FLOWS AFTER CAPEX***

(in Can. \$)

	Present Value Discounted at 10% (Million)	Present Value per Share Discounted at 10%	Undiscounted (Million)	Undiscounted Value per Share
Gold (@\$400/oz) (1)	\$32.7	\$0.085	\$50.8	\$0.14
Limestone (2)	\$43.8	\$0.115	\$82.7	\$0.22
Porphyry Copper (3)	\$22.4	\$0.062	\$23.7	\$0.06
<b>TOTAL</b>	<b>\$98.9</b>	<b>\$0.262</b>	<b>\$157.2</b>	<b>\$0.42</b>

(1) Source: PAH report base case adjusted only as to gold price (US \$)

(2) Source: Proteus Capital estimates.

(3) Based on an unsolicited offer of a joint venture from a major mining company to spend US\$8,000,000 to US\$9,000,000 to earn a 51% interest in the porphyry mineralized portion at Pimenton.

# SUMMARY

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1. **Highly Undervalued Stock:**
  - **Estimated Asset Value per Share:** Can. \$0.42
  - **Current Share Price:** Can. \$0.095
2. **Attractive, Diversified Portfolio of Mineral Assets: Gold, Copper and Limestone.**
3. **Pimenton project vetted by both PAH and OPIC – commercial production started on July 1, 2004.**
4. **Cal Norte and Catedral lime projects well positioned to supply growing shortage of lime in central regions of Chile.**
5. **High potential for recent porphyry copper discovery at Pimenton.**
6. **Focused Management Team owning 90 million Shares.**
7. **Shareholder Liquidity with Average Trading Volume of 1,341,020 shares per day for the last nine months.**
8. **Maximize Shareholder Value.**