



SOUTH AMERICAN SILVER CORP.

FOR IMMEDIATE RELEASE: 08-12

South American Silver Corp Reports an Indicated Resource of 144,597,000 oz of Silver and 845,000 kg of Indium and an Inferred Resource of 177,783,000 oz of Silver and 968,000 kg of Indium at Malku Khota

Trading Symbol: SAC-TSX

October 1, 2008

South American Silver Corp. (“SASC” or the “Company”), (TSX: SAC), is pleased to report the updated resource at its Malku Khota silver-indium property in Bolivia. An independent NI 43-101 compliant resource estimate has been completed by the consulting group Pincock Alan & Holt (“PAH”), and will be included in an updated NI 43-101 report authored by PAH. This resource includes mineralization from the Limosna, Wara Wara and Sucre zones based on assay results available to the Company as of the end of August.

This resource is based on approximately 25,000 metres of drilling in 75 drill holes. The mineralization is still open ended to the north and south of all three zones and at depth and drilling is continuing.

The highlights of the resource estimate are shown in the following tables:

Indicated Resource Estimate

Cut Off (g/t Silver)	Tonnes	Silver Grade (g/t)	Indium Grade (g/t)	Silver Troy Ounces	Indium Kilograms
10	151,355,000	29.71	5.58	144,597,000	845,000
20	80,698,000	43.15	6.75	111,966,000	544,000
30	45,116,000	57.90	7.75	83,989,000	350,000
40	28,505,000	71.54	8.50	65,567,000	242,000
50	18,904,000	85.33	9.15	51,861,000	173,000
60	13,534,000	97.52	9.80	42,432,000	133,000

Inferred Resource Estimate

Cut Off (g/t Silver)	Tonnes	Silver Grade (g/t)	Indium Grade (g/t)	Silver Troy Ounces	Indium Kilograms
10	230,069,000	24.03	4.21	177,783,000	968,000
20	95,330,000	37.81	5.87	115,882,000	560,000
30	50,726,000	49.74	7.06	81,120,000	358,000
40	31,471,000	59.13	7.69	59,832,000	242,000
50	18,236,000	69.78	8.15	40,910,000	149,000
60	10,691,000	80.63	8.82	27,714,000	94,000

Recent approximate prices, as displayed on websites such as mineralprices.com or nickelalloy.com, for the metals include silver at US\$0.42 per gram (US\$13.00/oz) and indium at US\$0.70 per gram (US\$700/kg).

Ralph Fitch, President of the Company stated “We are very pleased with the way the project is developing. This new resource starts to show the potential size of the project in the northern three and a half kilometres of our 15 kilometre land position. This resource contains the higher grade, two to three ounce per tonne silver enrichment mineralization at Limosna and the Sucre zone. Significantly the higher grades start at the surface with no cover at Limosna and would be the first ore to be mined in the large open pit operation that we envisage.”

The resource was estimated using Ordinary Kriging on composited drill hole assays from 75 drill holes. Results were estimated into a block model developed using Surpac software. This resource estimate will be included in the ongoing Initial Economic Assessment currently being carried out by PAH, all of which will be included in an updated NI 43-101 report.

Barton Stone, C.P.G., Chief Geologist of Pincock Alan & Holt is the Qualified Person for this resource estimate and has been assisted by Abani R. Samal, C.P.G., Geologist, Geostatistician. Both have reviewed the content of this press release.

Certain statements in this press release constitute “forward-looking statements”. These forward-looking statements include, but are not limited to, statements regarding estimated mineral resources and the potential for delineation of additional resources through further exploration at the Malku Khota Project. Forward-looking statements express, as at the date of this press release, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results. Forward-looking statements are based on certain assumptions, including the key assumptions and parameters on which such estimates are based, involve risks and uncertainties and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, possible variations in mineral resources, grade or recovery rates; changes in project parameters as plans continue to be refined; failure of equipment or processes to operate as anticipated; political, regulatory and other risks of the mining industry; and other risks more fully described in the Company's Annual Information Form filed and publicly available on SEDAR at www.sedar.com. Readers are cautioned not to place undue reliance on the forward-looking statements contained in this press release. Subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

This press release uses the terms 'indicated resources' and 'inferred resources' which are terms recognized and required by Canadian regulations (under National Instrument 43-101 Standards of Disclosure for Mineral Projects). Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will be converted into reserves. In addition, 'inferred resources' have a great amount of uncertainty as to their existence, and economic and legal feasibility. It cannot be assumed that an Inferred Resource will be upgraded to a higher category. Under Canadian rules, estimates of Inferred Resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except for Preliminary Assessment as defined under 43-101. Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.

SASC is a mineral exploration company that acquires, explores and develops mineral properties, primarily silver, gold and copper in South America. The Company presently holds interests in three properties: the flagship Malku Khota silver-indium-gold and the Laurani gold-silver properties in Bolivia and the Escalones copper-gold-molybdenum property in Chile.

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