SOUTH AMERICAN SILVER CORP.

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South American Silver Corp. Files Positive Preliminary Economic Assessment Study on Malku Khota Silver-Indium Project

Trading Symbol: SAC-TSX

March 20, 2009

South American Silver Corp. ("SASC" or the "Company") announced today that it has filed the NI 43-101 compliant Preliminary Economic Assessment Study ("PEA") on its 100% owned Malku Khota silver-indium-gold project located in central Bolivia on the SEDAR web site (www.sedar.com). The study includes a Base Case with a pre-tax undiscounted NPV of US$1,233 Million (0% discount rate) and IRR 50.7%. At the 10% discount rate, the NPV is US$326 million. The PEA was prepared by Pincock Allen & Holt ("PAH") and is based on the earlier NI 43-101 resource estimate that PAH had prepared in September 2008 (see SASC PR08-12). This news release follows the original announcement on the results of the PEA that was issued on February 25, 2009 (see SASC PR09-01).

Key Economic Indicators as shown in the report include:

Parameter	Base Case	Unit
Processing method	Acid Heap-Leach	
Treatment rate	20,000	tpd
Material extracted (incl. pre-production)	496,949,957	tonnes
Strip ratio	1:1	
Leached material	247,326,490	tonnes
Life of mine	36	years
Average Silver Grade (Life of Mine)	25.3	g/t
Average Silver Grade (first 10 years)	38.6	g/t
Average Indium Grade (Life of Mine)	5.9	g/t
Average Indium Grade (first 10 years)	8.1	g/t
Contained Silver	6,256,556	/kg
Contained Indium	1,465,119	/kg
Silver Recovery	80.0%	
Indium Recovery	70.0%	
Recovered Silver	160,940,343	oz
Recovered Indium	1,025,583	kg
Payable Silver	152,893,325	/troy oz
Payable Indium	974,304	/kg

Silver Price	$13.30	/troy oz
Indium Price	$530	/kg
Silver revenue	US$2,033.5	million
Indium revenue	US$516.4	million
Bi-product credit	US$366.0	million
Total revenue	US$2,915.9	million
Mining costs	US$566.0	million
Mining cost/t	US$1.14	/tonne
Processing cost/t	US$2.60	/tonne
Plant costs	US$643.0	million
General and Administrative	US$247.3	million
Total Operating Cost	US$1,456.3	million
Silver Cost (without bi-product credits)	US$9.53	/troy oz
Silver Cost (with bi-product credits)	US$3.75	/troy oz
Initial Capital Cost	US$104.7	million
Sustaining Capital Cost	US$129.4	million
Net Cash Flow, pre-tax	US$1,233.3	million
Net Present Value, pre-tax at 5.0%	US$578.3	million
Net Present Value, pre-tax at 10%	US$325.7	million
Net Present Value, pre-tax at 15%	US$198.5	million
Internal Rate of Return (IRR)	50.7%	
Payback period from start of production	1.4	years

The economic study considered a base case mining rate of 20,000 tonnes per day (“tpd”) mining 247 million tonnes of leach material over a life of mine of 36 years averaging 25.3 g/t silver and 5.92 g/t indium, using the three year trailing average silver price of US$13.30/oz and US$530 per kg for indium. A three year trailing price is the conventional assumption made in base case scenarios. The Base Case consists of conventional open pit mining and processing by crushing, agglomeration and placement of mineralized material on heap-leach pads. Leaching involves a sulphuric acid plus chloride leach which recovers the silver and the indium.

Indicated and Inferred Resource Estimates

The PEA was based on the Indicated and Inferred Resource previously estimated by PAH (see SASC Press Release 08-12, dated October 1, 2008).

Indicated Resource Estimate					
Cut Off (g/t Silver)	**Tonnes**	**Average Silver Grade (g/t)**	**Average 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**	**Average Silver Grade (g/t)**	**Average 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

Mr. Barton Stone, C.P.G., Chief Geologist of Pincock Allen & Holt is the Qualified Person for the PEA. He has 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, as well as statements regarding estimated net present value, internal rate of return, total and annual production, costs, mineral grades, recovery rates, prices and by-product value. 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, silver or indium prices, operating or capital costs; availability of sufficient financing to fund planned or further required work in a timely manner and on acceptable terms; changes in project parameters as plans continue to be refined; failure of equipment or processes to operate as anticipated; political, regulatory, environmental 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 economic assessment as defined under NI 43-101. Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.

The PEA includes inferred mineral resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Furthermore, there is no certainty that the results projected in the PEA will be realized and actual results may vary substantially.

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 two material properties: the flagship Malku Khota silver-indium-gold property in Bolivia and the Escalones copper-gold-molybdenum property in Chile.

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