



SOUTH AMERICAN SILVER CORP.

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South American Silver Corp. Defines New Silver-Lead-Zinc Target and Plans August Drilling at the Malku Khota Silver-Indium Project

Trading Symbol: SAC-TSX

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South American Silver Corp. (“SASC” or the “Company”) announces plans to start drilling on newly established silver-indium-lead-zinc targets down-trend (to the south) of the Limosna Ridge at the Malku Khota silver-indium property in west central Bolivia. Surface exploration in the first half of 2009, including a recently completed extensive geophysical Self Potential (“SP”) survey, has identified several large drill targets of a similar size to those drilled to date within the resource area, in the five kilometre zone immediately to the south of Limosna.

Ralph Fitch, President and CEO of the Company stated “We are excited to get started with this new diamond drill program because we believe there is an opportunity to significantly expand our present resource which is already very large (Indicated: 144,597,000 oz silver and 845,000 Kg Indium; Inferred: 177,783,000 oz silver and 968,000 Kg Indium). We will also do some infill drilling within the known resource area to fill in the larger gaps which will potentially also expand the resource”.

The new drill targets are based on a compilation of information including the last few diamond drill holes at South Limosna, 31 kilometres of SP geophysics, geological mapping of the five kilometre zone South of Limosna and seven lines of chip/channel surface sampling. These results have been used to establish drill targets within two new areas called Las Papas and Jankoyo. Drilling is planned to start in late August with the initial plan being to drill approximately 4,000 metres in the next drilling phase.

The Company has interpreted the last series of holes drilled at the south end of Limosna which were drilled subsequent to the NI 43-101 compliant resource estimate. These holes, together with surface evidence developed from the ongoing surface exploration program, show the strong possibility that the drilled mineralization comprising the resource continues to the south. The ongoing exploration has focused on the five kilometres immediately to the south of Limosna. The resource is located within approximately 3.5 kilometres of the sandstone ridge to the north of the five kilometres long area now being explored. The resource block includes three mineralized zones: Wara Wara and Sucre in the north and Limosna in the south. (see Company website for the location of these zones: www.soamsilver.com and for more information on the “Resource”, see the Preliminary Economic Assessment (“PEA”) report dated March 13, 2009,

available on the Company's website and under the Company's profile on SEDAR at www.sedar.com).

Four additional holes were drilled at Limosna, subsequent to the resource estimate. Two holes, LMD045 and LMD046, infill a gap in the drilling approximately 250 metres north of the south end of Limosna and LMD044 and LMD047 are located at the extreme south end of the area drilled.

Drill hole LMD047, which was drilled from the west was designed to intersect the mineralized sandstone at a down hole depth of 216 metres. The hole is of particular interest in that it shows a silver-indium-lead-zinc zone developing to the south and to depth. The highest grade intercept (1.7 metres) includes values of greater than 8% lead and greater than 8% zinc, together with 76 g/t of silver and a high indium value of 40 g/t. This mineralization is associated with good silver enrichment near the surface as seen in drill-hole LMD040, which included 143 metres of 63 g/t silver enrichment from the surface. The following table shows the average grade of a number of intercepts in LMD047:

LMD047									
from	to	length	Silver (Ag)	Copper (Cu)	Lead (Pb)	Zinc (Zn)	Gallium (Ga)	Indium (In)	
m	m	m	g/t	ppm	%	%	g/t	g/t	
216.0	437.0	221.0	24.6	85.2	0.679	0.787	3.6	12.9	
Including:									
216.0	360.3	144.3	35.9	117.1	0.785	0.873	2.1	16.1	
Including:									
216.0	309.8	93.8	42.7	162.3	1.158	1.321	2.2	21.0	
The following shows an individual band of strong silver-lead-zinc-indium mineralization									
360.3	368.0	7.7	21.5	67.1	2.592	3.014	5.8	19.7	
Including:									
360.3	362.0	1.7	76.7	245.0	8.140	8.070	2.7	40.0	

Surface exploration in the five kilometres to the south of Limosna continues to show anomalous lead geochemistry within the Malku Khota and Wara Wara sandstones and is associated with minor silicification as seen at Limosna. These target areas are also outlined by an SP geophysical anomaly (typically -100 to -300 millivolts). Presently, two areas within the five kilometres appear to represent the best immediate drill targets. The first drill target is called Las Papas, an area starting several hundred metres south of Limosna and extending for one km with a width of approximately 200 metres. This area includes a channel sample interval of 0.5% lead over 32 metres. The second area, Jankoyo, starts approximately 2 kilometres south of Limosna and extends for approximately 3 kilometres with a width of 100-200 metres.

The following table lists results from the other drill holes mentioned above that were not included in the resource. This series of holes show silver mineralization associated with bands of stronger lead-zinc and indium mineralization:

LMD044									
from	to	length	Ag	Cu	Pb	Zn	Ga	In	
m	m	m	g/t	ppm	%	%	g/t	g/t	
74.3	219.4	145.1	36.4	51.0	0.065	0.012	1.7	5.8	
Including:									
74.3	75.3	1.0	43.9	39.5	2.280	0.464	1.1	13.3	
And:									

130.9	157.0	26.2	61.6	37.6	0.040	0.013	1.3	5.3
252.8	253.4	0.6	22.1	125.5	1.340	0.040	4.2	5.1
256.3	256.9	0.5	49.7	178.5	2.380	0.034	4.0	3.1

LMD045

from m	to m	length m	Ag g/t	Cu ppm	Pb %	Zn %	Ga g/t	In g/t
115.0	134.7	19.7	28.7	48.9	0.150	0.079	2.1	34.8
236.5	363.3	126.9	15.9	14.6	0.420	0.571	3.1	3.6
The following show individual bands of silver-lead-zinc-indium mineralization								
236.5	238.0	1.6	15.8	255.0	0.467	2.710	4.2	15.2
263.0	265.5	2.5	26.7	15.4	0.545	4.076	3.0	6.9
311.6	313.3	1.7	242.0	15.2	3.190	1.470	3.3	14.8
321.4	323.0	1.7	114.0	21.2	1.610	1.240	3.7	14.0
356.0	363.3	7.3	42.7	20.6	1.536	0.670	2.2	9.2

LMD046

from m	to m	length m	Ag g/t	Cu ppm	Pb %	Zn %	Ga g/t	In g/t
152.6	462.5	309.9	20.1	44.5	0.189	0.411	3.0	10.9
Including:								
216.5	319.0	102.5	22.9	46.3	0.196	0.471	3.2	16.5
The following show individual bands of silver-lead-zinc-indium mineralization								
247.0	250.1	3.1	14.4	47.0	0.340	4.362	3.6	48.8
266.2	269.2	3.0	35.6	56.9	0.762	1.077	4.1	10.8
279.3	284.8	5.5	11.1	37.2	0.413	1.731	4.1	13.6
300.8	302.0	1.2	8.4	17.6	0.764	4.550	4.5	31.9
316.0	317.5	1.5	185.0	158.5	2.580	3.190	3.7	62.8

The true widths of intersection lengths in LMD044, LMD046, and LMD047 are obtained by multiplying by approximately one third and LMD045 by multiplying by approximately one half.

Additionally, the Company is continuing metallurgical testing to further refine the acid chloride leach recovery method for silver and indium and byproduct gold, copper, lead and zinc. Also at the same time that SASC is exploring down trend, the Company is moving forward with costing and the timing for the Pre-Feasibility/Feasibility study, based on the resource reported in the Preliminary Economic Assessment (“PEA”) report.

Mr. Felipe Malbran, Executive Vice President of Exploration, is the Qualified Person for this press release. 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. 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 a Preliminary 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 Company's PEA report 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 report will be realized and actual results may vary substantially.

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

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