



SOUTH AMERICAN SILVER CORP.

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South American Silver Corp. Files Second Quarter 2009 Financial Statements

Trading Symbol: SAC-TSX

August 12, 2009

South American Silver Corp. (“SASC” or the “Company”) reports that it has released its unaudited interim consolidated financial statements for the six months ended June 30, 2009 and the related management’s discussion and analysis of financial position and results of operations (“MD&A”).

As at June 30, 2009, the Company had working capital of US\$5.5 million, including cash and cash equivalents of US\$5.7 million. With this funding in place, the Company is in a strong financial position to pursue its current exploration and property development strategy.

The Company’s strategic plan for 2009 is to focus more on the engineering aspects and metallurgical test work at the Malku Khota property in west central Bolivia in preparation to carry out a prefeasibility/feasibility study and the exploration of the remaining part of the 15 km trend to define drill targets to further expand the resource.

The Company intends to commence a 4,000-metre drill program at Malku Khota in late August. The program will focus on newly established silver-indium-lead-zinc targets down-trend (to the south) of the Limosna Ridge. 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, and is moving forward with costing and the timing for a pre-feasibility/feasibility study.

Community relations are an important part of doing business in Bolivia and the Company has a Community Relations Manager at Malku Khota who speaks both Aymara and Quechua to maintain good relations with the communities in which the Company operates. The Company has signed agreements of cooperation with each of the eleven communities in the area surrounding Malku Khota and has a good working relationship with each of these groups. The Company, through a consulting group, has completed a series of lectures to each community to help them become better informed about mining development. In February 2009, the Company joined Business for Social Responsibility (“BSR”), an organization which works with its global network of more than 250 member companies to develop sustainable business strategies and solutions through consulting, research and cross-sector collaboration. The Company also signed a contract with BSR to assist the Company and the communities in which it operates to achieve mutually acceptable objectives. BSR completed their study during the 2nd quarter and the Company is now implementing the study’s recommendations.

Copies of the unaudited interim consolidated financial statements and related MD&A can be found on SEDAR at www.sedar.com.

Certain statements contained herein constitute “forward-looking statements”. These forward-looking statements are based on current expectations and entail various risks and uncertainties. The nature, timing and extent of the exploration programs may materially change from current intentions for a number of reasons. Additionally, “forward looking statements” look into the future and provide an opinion as to the effect of certain events and trends on the business. 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.

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.

For further information, please contact:

William Filtness

Chief Financial Officer

Tel: (604) 684-0693

Fax: (604) 684-0642