



TSX Symbol: SAC  
US OTC: SOHAF  
**NEWS RELEASE: 11-05**

### **South American Silver Provides Update on Malku Khota Silver-Indium Project**

**4 May 2011, Vancouver, British Columbia—South American Silver Corp. (TSX:SAC, US OTC: SOHAF)** today provided an update on the situation in Bolivia and the Malku Khota silver-indium project. Over recent days media coverage has reported that Bolivian officials were making changes to legislation from 1985, which among other things had allowed for the privatization during the 1990's of the operatorship of certain specific mines owned and operated by COMIBOL (the Bolivian State Mining Corporation), but that now are under operating agreements directly or indirectly with COMIBOL.

Bolivian government officials have confirmed that these changes are primarily focused on the COMIBOL owned mines and private investments in mining will continue to be respected. Specifically, South American Silver has been assured by government officials that its 100% owned Malku Khota project will not be impacted by these proposed changes for government owned mines. The Company confirms that the Malku Khota project is a private investment and that there has never been COMIBOL involvement in the project. The Company also confirms that its concessions covering over 50 square kilometers are in good standing.

Recently, the Bolivian press reported that the Bolivian Vice Minister of Mining emphasized the government's wishes to attract foreign investments in mining and respect legal security and private investment. In that same article, the Vice Minister further stated that the Bolivian government intends to support the development activities at South American Silver's Malku Khota project this year as one of the largest new mining projects in the country.

Greg Johnson, President and CEO of South American Silver, stated "With the completion of the recent positive Preliminary Economic Assessment study on the Malku Khota project the Company is moving into Pre-Feasibility study activities for the remainder of 2011 and into Feasibility in 2012. We appreciate the support from the Bolivian government for the development of the Malku Khota project. The project has the potential to become one of the largest new primary silver producing mines in the world and would also be one of the largest producers of the high-technology metals, indium and gallium. At conservative base-case metal price assumptions of \$18/oz silver, cash flows, project valuations and rates of returns have all strengthened considerably over previous studies, highlighting the value of this long life asset. The successful development and operation of the project will provide significant economic benefits to the local region and to Bolivia as a whole."

#### **About South American Silver Corp.**

South American Silver Corp. is a growth focused mineral exploration company creating value through the exploration and development of the 100% owned Malku Khota silver-indium project in Bolivia, one of the world's largest undeveloped silver and indium deposits, and the 100% controlled large-scale Escalones copper-gold project in Chile. The Company's approach to business combines the team's track record of discovery and advancement of large projects, key operational and process expertise and effective community relations to increase shareholder value. Management has extensive experience in the global exploration and mining industry with much of that focused in Bolivia, Chile, Peru and Argentina. The Company's shares are listed on the Toronto Stock Exchange under the symbol "SAC" and on the US OTC market as "SOHAF." Additional information related to South American Silver Corp. is available at [www.soamsilver.com](http://www.soamsilver.com) and on SEDAR at [www.sedar.com](http://www.sedar.com)

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## **Forward-looking statements**

*This press release contains forward-looking statements based on current expectations and assumptions and which involve known and unknown risks, uncertainties and other factors. Forward-looking statements may include words such as “plans,” “intends,” “anticipates,” “should,” “estimates,” “expects,” “believes,” “indicates,” “targeting,” “suggests,” “potential,” and similar expressions. Readers are cautioned not to place undue reliance on these statements as actual events, results and achievements may differ materially from any future events, results or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors occur or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. 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 or 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; ongoing positive community support and successful completion of stakeholder discussions; and political, regulatory, environmental and other risks of the mining industry, including the accuracy of reported government statements regarding government policy or changes to government policy from reported statements. The material assumptions that were applied in making the forward looking statements in this release include, but are not limited to, the accuracy of reported government statements and the execution of the Company’s existing plans for Malku Khota which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans. 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. Unless otherwise indicated, forward-looking statements in this release describe the Company’s expectations as of May 4, 2011.*