



SOUTH AMERICAN SILVER CORP.

FOR IMMEDIATE RELEASE: 10-09

**South American Silver Corp. Announces Second Closing of
Previously Announced \$4.0 Million Bought Deal
Private Placement Financing**

Trading Symbol: TSX:SAC

Not for dissemination in the United States or through U.S. newswires

July 19, 2010

South American Silver Corp. ("South American Silver" or the "Company") is pleased to announce that it has closed 1,040,000 units, for gross proceeds of \$655,200, of its previously announced bought deal private placement of an aggregate of 6,350,000 units (the "Units"), priced at \$0.63 per Unit, bringing the aggregate gross proceeds to date to \$4,000,500 (the "Offering"). Further closings may occur up until July 23, 2010 should the Underwriters exercise their option (the "Underwriters' Option") to increase the size of the Offering. The Underwriters' Option is exercisable for up to an additional 3,175,000 Units at the same price per Unit as is applicable to the Offering, for maximum aggregate gross proceeds of approximately \$6.0 million, if the Underwriters' Option is exercised in full. The Offering is being led by Wellington West Capital Markets Inc. with a syndicate including Cormark Securities Inc. and D&D Securities Inc. (the "Underwriters").

Each Unit is comprised of one common share (a "Common Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each whole warrant will be exercisable to purchase one common share of the Company for a period of 24 months from July 15, 2010 at a price of \$0.95. In the event that the common shares of the Company trade on the Toronto Stock Exchange (the "TSX") at a price not less than \$1.25 for a period of 10 consecutive trading days following the closing of the Offering, the Company shall be entitled to accelerate the exercise period of the Warrants to a period ending at least 30 days from the date notice of such acceleration is provided to the holders of Warrants.

In connection with the Offering, the Company paid the Underwriters an aggregate cash commission of \$240,030 and issued a total of 381,000 non-transferable compensation options to the Underwriters, each entitling the holder to subscribe for one Common Share at a price of \$0.63 per Common Share for a period of 12 months from the date of issue.

The Company intends to use the net proceeds of the Offering for the Malku Khota Silver-Indium Project in Bolivia, the Escalones Copper-Gold Project in Chile and for general corporate purposes.

The Common Shares and Warrants issued pursuant to the Offering, as well as the Common Shares issuable upon exercise of the Warrants, are subject to a four-month restricted resale period from the applicable closing date.

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% owned large-scale Escalones Copper-Gold project in

Chile. The Company's approach to business combines the team's track record of world-class discoveries and successful project development and integrates strong community relations and corporate social responsibility. Management has over 100 years of combined 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 and on SEDAR at www.sedar.com

Certain statements contained herein constitute "forward-looking statements". 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. 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 news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933 (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as defined in the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws, or an exemption from such registration is available.

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