



## **SOUTH AMERICAN SILVER CORP.**

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### **South American Silver Corp. Announces the Start of Drilling at the Escalones Copper-Gold Property in Chile**

**Trading Symbol: SAC-TSX**

**March 1, 2007**

South American Silver Corp. (“SASC” or the “Company”) announces that Minera Aurex (Chile) Limitada (“Aurex”), the Chilean subsidiary of Phelps Dodge Corporation, has begun the drilling program at the Escalones porphyry copper-gold prospect in Chile as was previously anticipated in the SASC prospectus dated February 7, 2007. As previously disclosed, Aurex has the right to earn up to a 72% joint venture interest in the property. Aurex’s current plan is to drill three deep holes into the IP geophysical anomaly that was previously identified.

Escalones is located 97 kilometres southeast of Santiago in central Chile and 35 kilometres east of the El Teniente mine, the world’s largest underground copper mine.

As previously disclosed in the prospectus, Aurex completed its own initial exploration of the property during the 2005 Chilean summer. The focus during that phase of exploration had been the completion of a geophysical Induced Polarization (“IP”) survey. Aurex ran approximately 12 kms of IP lines that identified a strong response in an area of approximately 1,000 by 500 metres located in the NW segment of the property approximately 1,000 metres to the west of the majority of the earlier drilling. The present plan is to drill three deep holes in the area of the large geophysical anomaly. The target is considered to be “porphyry copper” mineralization that is possibly related to the skarn mineralization that was previously drill tested by SASC’s Chilean subsidiary, General Minerals SCM.

As previously disclosed in the prospectus, the copper system at Escalones is defined by a large alteration zone within which the Company has defined a geophysical anomaly (Self Potential anomaly) of approximately four square kilometres. Drill hole ES-1 intersected skarn and porphyritic andesite intrusive-hosted copper mineralization beginning at the surface. The analyses were reported by ACME Analytical Laboratories (Chile) Ltda. in Santiago. Representative samples from the core were subsequently reanalyzed by Bonder-Clegg of Santiago as a check. Highest copper grades occurred in the uppermost 377 metres of the hole which averaged 0.63% copper and if the 102 metres of lower-grade andesite sills and dikes are excluded, the average grade of the remaining

275 metres is 0.80% copper. Drill hole ES-5 intersected 113 metres that averaged 1.09% copper. The last drill hole, ES-25, penetrated the porphyry rather than the skarn system. This hole intersected hydrothermally altered granodiorite and diorite that contained porphyry-style, stockwork hosted and disseminated chalcopyrite, bornite and molybdenite mineralization, along with anomalous gold values. Dr. Lawrence A. Dick, the then Executive Vice President, Exploration for General Minerals Corporation, was the Qualified Person for the Escalones project and was assisted by Felipe Malbran, Executive Vice-President of Exploration of SASC.

Certain statements contained herein constitute “forward-looking statements”. These forward-looking statements are based on current expectations. 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. Forward-looking statements may include words such as “plans,” “intends,” “anticipates,” “should,” “estimates,” “expects,” “believes,” “indicates,” “targeting,” “suggests,” “potential” “interpretation” and similar expressions. These forward-looking statements, including statements regarding the Company’s beliefs in the potential mineralization, are based on current expectations and entail various risks and uncertainties. Actual results may materially differ from expectations as more information regarding the property is gathered or if known and unknown risks or uncertainties affect our business, or if our estimates or assumptions prove inaccurate. 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.

The Company 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 three properties, being the flagship Malku Khota silver-gold and the Laurani gold-silver properties in Bolivia and the Escalones copper-gold-molybdenum property in Chile which is under option to Aurex, the Chilean subsidiary of Phelps Dodge. Prior to completion of the Company’s initial public offering in February 2007, the Company was a wholly-owned subsidiary of General Minerals Corporation, a TSX listed mineral exploration company.

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