



SOUTH AMERICAN SILVER CORP.

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South American Silver Corp. Announces Termination of Escalones Joint Venture Agreement

Trading Symbol: SAC-TSX

May 25, 2007

South American Silver Corp. (“SASC” or the “Company”) announces that it has received notice from Minera Aurex (Chile) Limitada (“Aurex”), the Chilean subsidiary of Freeport McMoRan Copper & Gold Inc. (formerly Phelps Dodge Corporation), that Aurex is terminating its agreement on the Escalones copper-gold-molybdenum property located in Chile. Aurex recently completed a five-hole diamond drill program. Two of the five holes were not completed due to problems encountered by the local drilling contractor.

SASC will review the Escalones information which it has received from Aurex. Ralph Fitch, President and CEO of SASC, stated that “while we are disappointed in Aurex’s decision we continue to believe that the property holds considerable merit, especially in this period of strong metal prices, and we still believe that the property holds strong potential for containing a porphyry copper deposit along with the previously discovered skarn mineralization.”

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 three properties: the flagship Malku Khota silver-gold and the Laurani gold-silver properties in Bolivia and the Escalones copper-gold-molybdenum property in Chile. A substantial drill program is underway at Malku Khota with first results expected in late June. At Laurani, a surface trenching program across the San Geronimo high grade silver-gold vein system is also underway.

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