



SOUTH AMERICAN SILVER CORP.

FOR IMMEDIATE RELEASE: 07-10

South American Silver Corp. Announces First Drilling Results at the Malku Khota Silver Project in Bolivia

Trading Symbol: SAC-TSX

June 28 , 2007

South American Silver Corp. (“SASC”) is pleased to announce the results of its first diamond drill hole at its Malku Khota silver property in Bolivia. The diamond drill hole, LMD006, located to drill the center of the Limosna zone, averaged:

From (m)	To (m)	Length (m)	Silver (gpt)
55.0	274.8	219.8	75.3
<i>Including</i> 155.0	192.6	37.6	282.3

Silver mineralization starts at the surface and is exposed on the large Limosna Ridge. The intercept reported above starts at 55 metres down-hole and not at the surface because the hole was collared outside (further west) of the mineralized zone and drilled to the east to ensure that SASC obtained a complete intercept of the mineralized zone from its western to its eastern limits. All drilling to date has been from the base of the silver-bearing Limosna Ridge that rises approximately 150 metres above the plain. Once drill holes from the base of the hill have been completed, drilling will start on the top of the Ridge where drill holes will test for the existence of higher grade, secondary enrichment silver mineralization near the surface. The SASC web site, www.soamsilver.com, provides a visual representation of the current drill hole and previous drill holes and their relation to the Limosna Ridge at Malku Khota.

Ralph Fitch, President and CEO of SASC stated that “These results are highly encouraging and continue to demonstrate both the continuity and grade of silver mineralization at Malku Khota. We are pleased to see the silver assays in the sixth drill hole in the Limosna Zone as being somewhat higher than the average grade from the previous drilling in the Zone”.

The approximate true width of the intervals stated above, after adjusting for the angle at which the drill hole was oriented, are 116 metres and 20 metres, respectively. The entire interval also averaged 3.6 grams per ton (“gpt”) gallium and 7.6 gpt indium. Gold was mostly below or near the 0.01 gpt detection limit using the 30 gram fire assay method. SASC will be testing larger samples for gold in the future with the expectation of

getting higher assays due to the strong nugget effect present. LMD006 was drilled to 292.7 metres; however, this report only includes results to 274.8 metres due to a delay in receiving results from the laboratory.

These results are better than historical drilling in this area which may be due to the fact the drill hole was orientated at 110 degrees azimuth and -30 degrees inclination so as to intersect both the north-north-west trending strata bound mineralization and the later north-dipping cross-cutting east-west veins associated with the later “intrusive hosted” gold system.

These results clearly demonstrate the continuity of mineralization in the central portion of the Limosna Zone which measures approximately 450 metres by 120 metres by 250 metres depth (deepest drill intersect). This central block is presently described by the following five holes from north to south including LMD 002 to 005 which were completed in a previous drill program undertaken by SASC’s former parent company, General Minerals Corporation in a joint venture at the time:

Location	Drill Hole	Intersection Length (m)	Average Silver Grade (gpt)
North end	LMD 004	70	46.2
	LMD 005	175.95	46.24
	LMD 003	115.5	78.9
	LMD 006	219.8	75.3
South End	LMD 002	124.5	17.5

The central Limosna area described above is part of the 1.4 kilometre (“km”) long Limosna Zone which comprises approximately one third of the 448,000 square metre geochemical target defined to date. SASC controls approximately 15 km of strike length of the prospective sandstone unit but most of the exploration so far has been concentrated in the four km of strike length that include the 448,000 square metres of mineralized sandstone.

In drill hole LMD006 the 37.6 metre interval averaging 282.3 gpt silver is the Pique Pobre “manto” which SASC has also sampled in the near surface tunnel. Sampling an old stope (the area previously mined out) within the Pique Pobre “manto” (the higher grade mineralization within the sandstone), approximately 15 metres below the surface, returned many values in the 100-800 gpt silver range with the highest value being 4,391 gpt silver. The rock sampled is the material that was left behind by miners and does not represent the grade of the mined material which presumably was higher grade. The highest grade two metre sample in LMD006 within the “manto” was 1,770 gpt silver which is located approximately 150 metres below the old stope.

Another drill hole, LMD007, has been completed and results are pending. This hole was drilled from the same pad as LMD006 and inclined at -60 degrees to provide an intercept approximately 350-400 metres below the surface. SASC is presently drilling a third hole with an azimuth of 110 degrees at -30 degrees inclination from the same pad as LMD001 at the south end of the Limosna anomaly in the area of high silver, lead and

indium mineralization. The hole is designed to cut both the stratabound mineralization and the cross-cutting veins.

Geochemical analysis of the Malku Khota drill core was carried out by ALS Chemex. The samples were prepared in their Oruro, Bolivia laboratory and analyzed in their ISO 9001 2000 laboratory in Lima, Peru. Silver was analyzed by the ICP MS61 method using a four acid digestion. Silver values greater than 100 gpt were reanalyzed by AA62 method using a four acid digestion. Silver assays greater than 1,500 gpt were analyzed by the 30g FA-GRAV method. Gallium and Indium were assayed by ICP MS61.

The Qualified Person for the Malku Khota project is Ralph Fitch, President of SASC with assistance from Felipe Malbran, Executive Vice President for SASC.

Update on Other SASC Activities

The Company has submitted six Malku Khota samples to SGS Minerals Services located in Lakefield, Ontario for extensive metallurgical testing. Tests will include grinding, gravity separation, leaching and flotation for silver and gold and additional leach tests for gallium and indium.

At the Laurani gold-silver project in Bolivia a program of surface trench sampling at the west end of the San Geronimo vein system has begun.

The Company has renegotiated the Escalones, Chile (porphyry copper-gold prospect) underlying lease agreement such that the terms have been extended over an additional two year period to allow for further exploration. A press release interpreting results from recent drilling at Escalones will be issued once evaluation is complete.

Certain statements contained herein constitute “forward-looking statements”. 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 are based on current expectations and entail various risks and uncertainties. Actual results may materially differ from expectations, if known and unknown risks or uncertainties affect our business, or if our estimates or assumptions prove inaccurate. SASC assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

For further information, please contact:

Richard Doran

Executive Vice President, Investor Relations

Tel: (303) 584-0606

Fax: (303) 758-2063

E-mail: rdoran@soamsilver.com