



SOUTH AMERICAN SILVER CORP.

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South American Silver Corp. Reports August Drill Results at the Malku Khota Silver Project in Bolivia

Trading Symbol: SAC-TSX

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South American Silver Corp. (“SASC”) is pleased to announce the results of the next series of diamond drill holes from its Malku Khota silver property in Bolivia. Results have been received for LMD007 and LMD008 and the last 18 metres (“m”) of LMD006. The main intersections in LMD007 and LMD008 averaged as follows:

Area	Manto	Drill Hole	from (m)	to (m)	length (m)	Silver (gpt)	Lead (%)	Gallium (gpt)	Indium (gpt)
Central Limosna		LMD007	77.8	206.5	128.7	44.9	0.0861	3.1	15.5
			including						
	Huajcha		77.8	93.5	15.7	150.4	0.4546	4.6	6.7
400 m south South Limosna		LMD008	45.5	145.8	100.3	29.7	0.2264	2.6	9.1
			including						
	Huajcha		55.3	89.5	34.3	48.0	0.515	2.9	17.1

These results from the Limosna anomaly are consistent with respect to the grade and thickness seen in earlier drilling and extend the bulk tonnage silver mineralization. The 1.4 km long Limosna anomaly covers approximately one third of the 448,000 square metres of mineralized sandstone defined to date, within the much larger 15 km long claim block.

In the Central Limosna area, LMD007 extended mineralization to a maximum depth of approximately 400 m below the surface, some 150 m deeper than previous drilling. The Huajcha Manto is well developed in LMD007; however, the Pique Pobre Manto is absent due to the fact that this hole penetrated the lower grade LMD002, (GMC PR05-13, Dec. 12, 2005) mineralization seen at the southern end of the block. The contact between the higher and lower grade blocks at the south end of Central Limosna is thought to be controlled by an east-west, north-dipping fracture/fault.

Interestingly, the last few metres of LMD007 penetrated highly silicified sandstone with high bismuth (up to 0.404%) with detectable gold up to 0.01 gpt, believed to be part of the “intrusive hosted gold system” which at surface is best developed 1.5 kilometres to the north in the “Malku Khota anomaly” where gold was previously mined in the early 1800’s. The same silicified sandstone with detectable gold (0.001-0.003 gpt) is also seen in the last few metres of LMD006.

The Central Limosna Zone is presently defined by six drill holes:

Location	Drill Hole	Intersection Down Hole Length (m)	Average Silver Grade (gpt)
North end	LMD 004	76.8	40.0
	LMD 005	175.95	46.24
	LMD 003	115.5	78.9
	LMD 006	219.8	75.3
	LMD 007	128.7	44.9
South End	LMD 002	124.5	17.5

This block is approximately 450 m long (NNW-SSE) by 120 m wide by 400 m deep and the mineralization is open to the north and south and will be defined as the drilling program proceeds. Surface sampling suggests that mineralization is continuous between the Central and South Limosna areas, which are approximately 400 m apart.

In the South Limosna area, SASC now has results from two drill holes, LMD001 (see GMC PR05-13, Dec. 12, 2005) and LMD008, from the most recent drilling, which extends this mineralization approximately 100 m to the south of LMD001.

The following table shows that in South Limosna the Huajcha Manto is strongly developed and is more lead rich than it is in Central Limosna. The highest lead value in South Limosna is 1 m @ 3.24% (LMD008) whereas in Central Limosna the highest assay is 1.7 m @ 1.82% (LMD006).

South Limosna									
Area	Manto	Drill Hole	from (m)	to (m)	length (m)	Silver (gpt)	Lead (%)	Gallium (gpt)	Indium (gpt)
North		LMD001	30.00	103.00	73	38.2	0.2393	2.6	17.6
			Including						
	Huajcha		35.35	62.31	26.96	62.6	0.4008	2.4	29.8
		LMD008	45.5	145.8	100.3	29.7	0.2264	2.6	9.1
			including						
	Huajcha		55.3	89.5	34.3	48.0	0.515	2.9	17.1
South									

Future drilling will explore for this mineralization to the north, south and at depth.

A second drill rig is now at Malku Khota and is expected to start drilling later in August in the northern anomaly called Warra Warra, two kilometres to the north of Limosna, where the previous drill program located similar mineralization to that in the Limosna anomaly. Additionally, road building to the top of the Limosna ridge is expected to be completed in August allowing drilling into the near-surface mineralization along the ridge.

Discussion:

Hole LMD007 was drilled from the same pad as LMD006 (see GMC PR06-01, January 10, 2006) with a inclination of minus 60 degrees, whereas LMD006 was at minus 30 degrees. Both holes have the same azimuth of 110 degrees.

The approximate true width of the intervals in LMD007, after adjusting for the angle at which the drill hole was oriented, can be obtained by multiplying the intercept length by a third, the grade remains the same. The entire mineralized interval is described in the following table and, as can be seen, mineralization occurs from 67-411 m:

from (m)	to (m)	length (m)	Silver (gpt)	Lead (%)	Gallium (gpt)	Indium (gpt)
67.0	77.8	10.8	15.6	0.1953	6.0	4.7
77.8	206.5	128.7	44.9	0.0861	3.1	15.5
206.5	318.0	111.5	22.7	0.0498	3.9	14.7
318.0	347.0	29.0	8.5	0.0281	3.4	2.7
347.0	411.0	64.0	16.5	0.0307	3.3	0.7
67.0	411.0	344.0	28.4	0.0626	3.5	11.1

Hole LMD008 was drilled from the same pad as LMD001 (GMC PR05-13, Dec. 12, 2005) with a declination of minus 30 degrees and an azimuth of 110 degrees, whereas LMD001 was at minus 15 degrees with an azimuth of 045 degrees.

from (m)	to (m)	length (m)	Silver (gpt)	Lead (%)	Gallium (gpt)	Indium (gpt)
45.5	145.8	100.3	29.7	0.2264	2.6	9.1
including 55.3	89.5	34.3	48.0	0.515	2.9	17.1
145.8	159.0	13.2	8.5	0.0316	2.1	4.9
159.0	276.0	117.0	14.6	0.0628	3.6	4.4
276.0	401.0	125.0	5.7	0.0496	3.3	2.2

The approximate true width of the intervals in LMD008 stated above, after adjusting for the angle at which the drill hole was oriented, can be obtained by multiplying the intercept length by one half, the grade remains the same. The mineralization in this part of the system is most strongly developed in the Huajcha Manto as can be seen in LMD001 and LMD008. The strong and increasing lead and indium mineralization associated with the silver makes this an important zone to explore. Interestingly, from 92.5-113.5 m gold values are all above detection with the high of 0.07 gpt. This is the longest intercept of above detection gold found on the property to date and, although not of economic grade, does suggest an environment of increasing gold content. The hole was drilled to a total depth of 401 metres to test for cross-cutting silver-gold veins in the footwall to the known mineralized interval reported above (45.5-145.8m).

Drill hole LMD009, drilled at minus 60 degrees from the same pad as LMD008, has been completed and results are pending. The next fan of holes is being drilled from the LMD004 pad at a 110 degree azimuth. The second drill rig will start drilling in the northern Warra Warra anomaly.

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 and lead were 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 of Exploration for SASC.

Update on Other SASC Activities

Drilling is expected to begin at the Laurani gold-silver project in late August.

The process of applying for drill permits at the Escalones copper-gold property in Chile has been initiated.

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. Information concerning the interpretation of drill results also may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. 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.

The SASC web site, www.soamsilver.com, provides a visual representation of the current drill holes and previous drill holes and their relation to the Limosna Ridge at Malku Khota.

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