



SOUTH AMERICAN SILVER CORP.

FOR IMMEDIATE RELEASE: 08-06

South American Silver Corp. Files First Quarter 2008 Financial Statements

Trading Symbol: SAC-TSX

May 12, 2008

South American Silver Corp. ("SASC" or the "Company") reports that it has released its unaudited consolidated financial statements for the three months ended March 31, 2008 and the related management's discussion and analysis of financial position and results of operations ("MD&A").

As at March 31, 2008, the Company had cash and cash equivalents of US\$11.3 million and working capital of US\$11.1 million. With this funding in place, the Company is in a strong financial position to pursue its current exploration and property acquisition strategy.

The Company's strategic plan for the balance of 2008 is to focus on preparing a NI 43-101 compliant resource study at the Malku Khota project and follow this with a preliminary economic assessment. The Company will also continue a low level exploration program at Laurani and reconnaissance to develop new targets and acquire new properties. At Escalones, the Company has applied for a drill permit so that it can drill this porphyry copper system starting in October-November of 2008.

At Malku Khota, the Company's exploration plan involves completion of the approximately 23,000 metre diamond drilling program and the development of exploration tunnels to provide bulk samples to check drill hole grades. The Company expects to be in a position to publish an initial resource during the month of May, 2008, from a portion of the mineralized system. Following this, probably late in the year, the Company is planning to complete an initial economic assessment.

Community relations are an important part of doing business in Bolivia and the Company has hired a Community Relations Manager to maintain good relations with the communities in which we work. The Company has signed agreements of cooperation with each of the communities in the area.

In addition to the ongoing drill program at Malku Khota, an aggressive program of metallurgical work to examine metallurgical recoveries of silver, indium, gold and associated metals is underway. The metallurgical testing is being carried out at the SGS Mineral Services, Canada, Lakefield Metallurgical Laboratory. Metallurgical results have been reported in press releases dated September 10 and October 15, 2007. These results indicate that in laboratory scale tests, 64-97% of the silver can be leached and approximately 59% of the indium. Further testing is underway to refine recoveries and usage of reagents.

The Company's exploration plan for Laurani has been reduced in favour of spending the money at Malku Khota. Surface exploration will be carried out as personnel become available and may include a limited drill program. The positive results obtained from Malku Khota have led the Company to focus more attention on that project and slow down the exploration at Laurani.

At Escalones, the Company plans to drill the previously-identified large porphyry copper-gold target, subject to first obtaining drill permits. The number of holes to be drilled is still under study.

Copies of the unaudited consolidated financial statements and related MD&A can be found on SEDAR at www.SEDAR.com.

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. These forward-looking statements are based on current expectations and entail various risks and uncertainties. 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.

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.

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