



SOUTH AMERICAN SILVER CORP.

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**South American Silver Announces Extension of Silver
Enrichment at Malku Khota**

Trading Symbol: SAC-TSX

July 2, 2008

South American Silver Corp. (“SASC” or the “Company”) is pleased to announce the results from the next 12 holes from the Malku Khota Project, Bolivia. All diamond drill holes are from the Central Limosna Zone.

These results continue to support management’s view that Malku Khota hosts a significant silver-indium resource. The mineralization in these holes shows that in Central Limosna, high grade mineralization extends much deeper than the previously interpreted zone of secondary enrichment silver mineralization.

Three fans of holes covering approximately 300 metres of strike include the highest grade mineralization and include intervals of 100-300 plus gpt silver. Two of these fans have holes that include intervals of deep, plus 100 gpt silver mineralization. One hole has plus 100 gpt silver at a depth of 198 metres down-hole (191 m below ridge top) and a second plus 100 gpt silver mineralization at 301 metres (291 m below ridge top).

The two deep high grade holes are in fans LP and LA which are approximately 100 metres apart. Assay intervals for these two holes are shown in the following table:

Drill Hole	From (metres)	To (metres)	Length (metres)	Av Ag (gpt)	Av In (gpt)	Av Cu (ppm)	Av Pb (ppm)	Av Zn (ppm)	Av Ga (gpt)
Fan LP: LMD 035 drilled at -75 ⁰ towards 290 ⁰									
LMD035	0.0	318.0	318.0	135.8	2.9	287.9	1,334	253	2.0
	17.5	74.0	56.5	289.0	4.0	958.6	2,769	230	1.4
	196.9	254.0	57.1	279.7	3.7	242.2	2,007	308	1.7
Highest assay	234	235.5	1.5	1,905.0	13.9	89.30	7,990	530	1.8
Deepest assay plus 100 gpt	301.5	304.4	2.9	221.9	2.7	60.0	317.3	112	2.0
Fan LA: LMD024 drilled at -75 ⁰ towards 290 ⁰									

Drill Hole	From (metres)	To (metres)	Length (metres)	Av Ag (gpt)	Av In (gpt)	Av Cu (ppm)	Av Pb (ppm)	Av Zn (ppm)	Av Ga (gpt)
LMD024*	0.0	304.0	304.0	112.6	8.3	64.9	1,927	169	2.1
	0.0	242.0	242.0	137.2	4.3	75.7	2,369	198	2.0
	47.0	112.0	65.0	312.1	2.8	109.3	2,589	246	1.7
	183.6	208.0	24.4	204.4	1.3	39.2	669	132	2.1
Highest assay	70	71.35	1.35	1,465.0	5.5	199.0	3,090	374	1.8
Deepest assay plus 100 gpt	198	199.5	1.5	209.0	0.5	27.3	259	165	1.8

*Previously reported

Good enrichment mineralization was also found in Fan LS, approximately 100 metres to the north of Fan LP.

Drill Hole	From (metres)	To (metres)	Length (metres)	Av Ag (gpt)	Av In (gpt)	Av Cu (ppm)	Av Pb (ppm)	Av Zn (ppm)	Av Ga (gpt)
LMD028 drilled at -50 ^o towards 290 ^o									
	0.0	266.0	266.0	47.1	2.1	137.3	1,546	255	2.5
	28.0	113.5	85.5	90.7	3.0	266.4	1,700	415	3.4
	71.6	111.7	40.1	127.7	2.5	171.6	1,535	355	2.7
Highest assay	88.0	89.7	1.7	370.0	9.5	279.0	3,270	361	3.3

These holes have been drilled from the top of the ridge back towards the NW. Since the sandstone dips steeply to the west the true width of sandstone intersected is only a small fraction of the total length of intercept. The purpose of the holes, however, is to ascertain the distribution of secondary enrichment which is thought to have a near-horizontal attitude, such that the holes cut the enrichment at a high angle. The deep, plus 100 gpt silver intersections suggest that there may be a band of stratabound high grade mineralization that extends to a greater depth than the more horizontally distributed near surface enrichment. The entire Central Limosna zone extends over a strike length of at least 550 metres.

A total of 74 holes have now been completed for a total of 24,800 metres. With this press release results from a total of 58 holes have been released. Mineralized areas now defined include Central Limosna, South Limosna, Wara Wara and Sucre.

Only approximately 11,000 metres of the 24,800 metres of drilling were included in the previously reported indicated and inferred resource due to the non-availability of assay results. The reported initial resource is 50,200,000 ounces of silver and 288,000 Kg of indium and additional inferred resource of 74,700,000 ounces of silver and 487,000 Kg of indium (Press Release PR08-07, May 13, 2008).

The resource will be updated based on information available at the end of July, 2008. There are now four areas defined at Malku Khota with good silver-indium mineralization, all of which will be included in the updated resource to the extent that they have been drilled and results received. The initial resource included portions of Limosna Central, Limosna South and Wara Wara but not the strongly mineralized Sucre Zone.

The Company is also continuing with metallurgical testing at the SGS Laboratory in Ontario. The ongoing tests will optimize the recovery of silver and gold by conventional leaching and continue to optimize the acid plus salt leach for silver, indium and other extracted metals. The tests will for the first time include extracting the metals from the leach solutions into saleable products.

Nine fans of drill holes from the top of the Limosna Ridge have been completed and extend over a strike length of approximately 1.2 km. Six fans have now been completed in Central Limosna and three in South Limosna. Drill holes on the top of the ridge were drilled as groups or fans of holes from the same collar location, rather than a series of holes from different collars equally spaced across the sandstone host rock, because of the rugged topography which required the Company to blast roads and pads for drilling.

The following table lists new results from portions of five fans of holes in Central Limosna:

Drill Hole	From (metres)	To (metres)	Length (metres)	Av Ag (gpt)	Av In (gpt)	Av Cu (ppm)	Av Pb (ppm)	Av Zn (ppm)	Av Ga (gpt)
Fan LQ									
LMD025*	9.0	224.3	215.3	24.2	11.9	84.6	1,946	403	2.6
	31.0	64.0	33.0	30.2	17.5	169.1	2,445	407	2.4
Fan LQ									
LMD026***	0.0	280.0	280.0	20.0	11.6	75.7	620	287	3.2
	39.0	165.0	126.0	25.1	5.3	71.7	713	383	2.3
Fan LQ									
LMD027**	0.0	95.0	95	17.5	3.5	292	3,055	1,040	4.1
	79.0	120.0	41.0	16.6	12.1	157.8	2,296	373	3.6
Fan LS									
LMD028*	0.0	279.0	279.0	45.5	2.0	132.2	1,483	249	2.5
	28.0	113.5	85.5	90.7	3.0	266.4	1,700	415	3.4
	71.6	111.7	40.1	127.7	2.5	171.6	1,535	355	2.7
Fan LS									
LMD029***	0.0	281.0	281.0	19.2	12.0	71.0	2,366	333	3.9
	0.0	44.0	44.0	40.6	9.9	156.7	8,623	167	3.7
	0.0	47.5	47.5	39.1	9.5	150.2	8,675	166	3.8
	30.0	46.0	16.0	29.4	6.2	151.2	10,175	260	3.8
	246.0	281.0	35.0	16.7	24.7	56.9	4,500	2,011	4.2
	273.5	281.0	7.5	6.0	26.3	28.8	1,577	8,524	3.4
Base of ridge									
LMD030**	51.5	373.0	321.5	33.6	6.4	52.3	603	412	3.2
	51.5	252.0	200.5	47.0	4.0	69.2	538	240	3.0
	70.8	186.0	115.2	65.0	2.4	85.3	516	220	2.2
	171.0	184.5	13.5	129.5	2.6	66.1	615	162	3.6
	417.5	438.0	20.5	44.1	1.7	90.4	1,950	1,707	2.2
Fan LS									
LMD031**	0.0	16.0	16.0	41.5	6.3	61.5	3,845	120	3.8
Base of ridge									
LMD032**	223.0	240.0	17.0	25.2	1.0	60.5	524	149	4.2

	354.0	395.8	41.8	54.9	1.8	90.2	949	236	2.8
	362.0	380.1	18.1	92.7	2.9	154.6	1,707	327	3.1
Base of ridge									
LMD033**	25.0	60.0	35.0	15.8	0.2	42.8	195	196	1.8
	128.0	189.5	61.5	21.4	1.1	49.4	266	211	2.7
Fan LC									
LMD034*	162.5	226.5	64.1	24.2	11.2	52.8	1,219	280	3.5
	35.0	228.0	193.0	18.5	6.2	82.6	1,039	231	2.9
	222.0	228.0	6.0	21.8	5.5	16.3	7,781	2,639	16.9
Fan LP									
LMD035***	0.0	318.0	318.0	135.8	2.9	287.9	1,334	253	2.0
	17.5	74.0	56.5	289.0	4.0	958.6	2,769	230	1.4
	196.9	254.0	57.1	279.7	3.7	242.2	2,007	308	1.7
Fan LC									
LMD036***	222.5	270.0	47.5	14.7	1.8	48.0	631	108	3.4
	274.8	277.6	2.8	10.5	7.0	91.0	1,877	5,159	4.6

*The approximate true width of the horizontally distributed enrichment can be obtained by multiplying the intersection lengths by approximately two thirds.

**The approximate true width of sandstone can be obtained by multiplying the intersection lengths by approximately one half.

***The lengths are the approximate true width of the horizontally distributed enrichment.

A map showing the locations of holes can be found on the Company website at www.soamsilver.com.

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. Ralph Fitch, President of the Company is the Qualified Person for this project and has reviewed the content of this press release.

Certain statements in this press release constitute “forward-looking statements”. 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 include, but are not limited to, information concerning the interpretation of drill results, statements regarding estimated mineral resources and the potential for delineation of additional resources based on additional drill results from the Malku Khota Project. Forward-looking statements express, as at the date of this press release, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results. Forward-looking statements are based on certain assumptions, including the key assumptions and parameters on which such estimates are based, involve risks and uncertainties and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Factors that could cause results or events to differ

materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, possible variations in mineral resources, grade or recovery rates; changes in project parameters as plans continue to be refined; failure of equipment or processes to operate as anticipated; political, regulatory and other risks of the mining industry; and other risks more fully described in the Company's Annual Information Form filed and publicly available on SEDAR at www.sedar.com. Readers are cautioned not to place undue reliance on the forward-looking statements contained in this press release. 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.

This press release uses the terms 'indicated resources' and 'inferred resources' which are terms recognized and required by Canadian regulations (under National Instrument 43-101 Standards of Disclosure for Mineral Projects). Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will be converted into reserves. In addition, 'inferred resources' have a great amount of uncertainty as to their existence, and economic and legal feasibility. It cannot be assumed that an inferred resource will be upgraded to a higher category. Under Canadian rules, estimates of inferred resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except for Preliminary Assessment as defined under 43-101. Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.

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-indium-gold and the Laurani gold-silver properties in Bolivia and the Escalones copper-gold-molybdenum property in Chile.

Please see the South American Silver Corp.'s website, www.soamsilver.com, for maps and sections.

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