



SOUTH AMERICAN SILVER CORP.

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**South American Silver Corp. Files
Second Quarter 2008 Financial Statements**

Trading Symbol: SAC-TSX

August 11, 2008

South American Silver Corp. ("SASC" or the "Company") reports that it has released its unaudited consolidated financial statements for the six months ended June 30, 2008 and the related management's discussion and analysis of financial position and results of operations ("MD&A").

As at June 30, 2008, the Company had cash and cash equivalents of US\$9.9 million and working capital of US\$9.7 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 an updated NI 43-101 compliant resource study at the Malku Khota project using results from approximately 23,000 metres of drilling in the third quarter of 2008, and follow this with a preliminary economic assessment in the fourth quarter. 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 be in a position to drill this porphyry copper system starting in October-November of 2008.

At Malku Khota, the Company's exploration plan involves completion of an additional 3,000 metres of drilling for a total of approximately 27,500 metres of diamond drilling. 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. The latest metallurgical results have been reported in the press release dated April 11, 2008. These results indicate that the silver can be recovered by conventional leaching with recoveries of up to 90% in bottle roll tests and also by acid chloride leach, which is the preferred route, where recoveries have also been as high as 97% for silver and 61% for indium using coarser 10 mesh material in bottle rolls.

Community relations are an important part of doing business in Bolivia and the Company has a Community Relations Manager who speaks both Aymara and Quechua to maintain good relations with the communities in which the Company operates. The Company has signed agreements of cooperation with each of the eleven communities in the area and has an excellent working relationship with each of these groups. The Company, through a consulting group, has completed a series of lectures to each community to make them better informed about mining development.

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 obtain drill permits so it is in a position to drill the previously-identified porphyry copper-gold target.

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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