



SOUTH AMERICAN SILVER CORP.

FOR IMMEDIATE RELEASE: 08-11

South American Silver Announces Intersection of New Lead-Zinc-Silver SEDEX Mineralization at Malku Khota

Trading Symbol: SAC-TSX

August 28, 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 South Limosna and Wara Wara Zones.

Several significant drill intercepts of SEDEX style (sedimentary exhalative deposit), lead-zinc-silver mineralization have been obtained in the south Limosna Zone. Assays include three one and a half metre intervals of between six and seven percent lead with additional zinc and silver in drill hole LMD040. The intervals including these assays are shown below.

Drill Hole	From (metres)	To (metres)	Length (metres)	Av Ag (gpt)	Av In (gpt)	Av Cu (ppm)	Av Pb (%)	Av Zn (%)	Av Ga (gpt)
The higher grade lead mineralization in LMD040 -75 ⁰ inclination									
	257.0	261.5	4.5	37.0	7.3	8	4.81	1.17	1.1
	272.2	278.0	5.8	173.3	10.7	769	4.66	1.03	1.4

Ralph Fitch, President of the Company stated “these exciting results strongly suggest that in addition to the expanding silver-indium resource, this large SEDEX system is zoned and that these new results are part of a new body of lead-zinc-silver-indium mineralization that surface samples suggest extends for several kilometres to the south. SEDEX ore bodies can be very large such as the well known Broken Hill and Mt. Isa mines in Australia, the Red Dog mine in Alaska and the Sullivan mine in British Columbia. Malku Khota mineralization now shows indications of extending over at least 7 km giving it significant size potential.”

The majority of mineralization the Company has drilled to date has been high silver with low to modest lead-zinc. These holes in South Limosna indicate that the mineralization is zoning into lead-zinc-silver-indium as we move to the south. Importantly, earlier surface chip sampling of the host sandstone to the south of LMD040 includes results such as 32 metres averaging 0.5% lead, 600 metres to the south and a second line of chip samples 3.8 km to the south of LMD040 that averaged 0.1% lead over 16 metres, strongly suggesting that the lead-zinc-silver-indium mineralization continues for a significant distance to the south.

The most southerly fan of holes is shown below. Both holes were drilled from the same pad with LMD040 at a steeper angle such that it intersected the stratabound mineralization at greater depth.

Drill Hole	From (metres)	To (metres)	Length (metres)	Av Ag (gpt)	Av In (gpt)	Av Cu (ppm)	Av Pb (%)	Av Zn (%)	Av Ga (gpt)
LMD040									
-75 ⁰ inclination	3.0	456.0	453.0	55.3	8.7	125	0.49	0.11	1.8
	including								
	4.5	15.0	10.5	116.7	5.2	30	0.96	0.46	2.0
	147.9	171.08	23.18	37.8	4.5	355	3.62	0.36	1.1
	239.6	279.9	40.3	97.0	7.9	525	1.97	0.64	1.5
	252.2	279.9	27.7	65.8	8.1	428	2.72	0.83	1.5
	451.5	456.0	4.5	15.0	11.5	126	1.36	0.23	5.3
LMD039									
-45 ⁰ inclination	3.0	195.5	192.5	31.1	6.3	85.6	0.16	0.03	2.3
	Including								
	6.0	44.0	38.0	65.1	5.9	31	0.16	0.03	1.9
	136.0	143.7	7.7	24.6	12.9	116	0.39	0.01	3.6
	172.3	204.8	32.5	21.1	3.3	339	0.40	0.16	4.9

Ag-Silver; In-Indium; Cu-Copper; Pb-Lead; Zn-Zinc; Ga-Gallium

The true width of these intersections is difficult to estimate due to the low angle between the bedding of the sandstone and the drill hole. The Company estimates, however, that true widths are approximately 20% of downhole widths in the case of LMD040 and 70% in the case of LMD039. This translates to the bands of higher grade lead mineralization having a width of 2 to 8 metres with indications that grade and thickness are increasing with depth and to the south.

The stronger lead-zinc silver mineralization extends approximately 300 metres to the north of LMD039-040 and is open to the south. LMD041 is approximately 300 metres north of LMD039-040, and LMD042-043 are located approximately 100 metres north of LMD039-040.

Drill Hole	From (metres)	To (metres)	Length (metres)	Av Ag (gpt)	Av In (gpt)	Av Cu (ppm)	Av Pb (%)	Av Zn (ppm)	Av Ga (gpt)
LMD041*									
-47 ⁰ inclination	0.0	249.9	249.9	44.9	8.4	28	0.21	390	2.2
	including								
	16.5	48.0	31.5	79.8	11.6	66	0.91	926	2.3
	16.5	34.0	17.5	65.6	9.1	66	1.49	1,387	2.5
	16.5	22.9	6.4	114.6	13.0	68	2.97	1,460	2.4
	122.0	125.3	3.3	52.5	4.7	26	1.35	626	1.4
	205.5	244.0	38.5	88.4	15.1	13	0.04	202	2.4

Drill Hole	From (metres)	To (metres)	Length (metres)	Av Ag (gpt)	Av In (gpt)	Av Cu (ppm)	Av Pb (%)	Av Zn (ppm)	Av Ga (gpt)
LMD042*									
-45 ⁰ inclination	0.0	488.5	488.5	27.5	8.5	43	0.12	676	2.3
	Including								
	0.0	44.0	44.0	26.0	16.8	28	0.34	3,734	3.1
	0.0	8.0	8.0	14.0	14.1	21	0.40	16,091	3.4
	300.0	322.0	22.0	61.5	10.2	17	0.04	49	1.8
	390.0	461.3	71.3	38.7	8.3	145	0.28	1,238	2.1
	477.9	494.0	16.1	11.5	4.8	134	0.47	3,336	4.0
LMD043**									
-75 ⁰ inclination	108.0	455.5	347.5	16.0	3.8	32	0.19	725	3.4
	including								
	213.8	276.1	62.3	15.9	3.2	58	0.43	1,832	3.5
	213.8	229.3	15.5	12.2	7.2	30	1.04	4,919	3.9
	259.2	266.1	6.9	10.1	2.8	27	0.72	2,860	3.3
	419.5	445.9	26.4	26.7	4.0	83	0.90	2,817	3.1
	442.0	445.9	3.9	63.9	8.7	26	2.31	8,594	3.5

*true width approximately 70% of downhole length

** true width approximately 20% of downhole length

Results have also been received for two holes at the north end of the Limosna Zone.

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)
LMD037*									
-45 ⁰ inclination	0.0	172.5	172.5	33.8	3.0	116	1,009	322	3.1
	including								
	0.0	112.0	112.0	42.5	4.0	140	1,382	379	4.0
	3.0	8.0	5.0	44.9	5.7	429	8,118	1,049	4.0
LMD038**									
-75 ⁰ inclination	0.0	211.0	211.0	25.0	8.5	59	727	265	3.4
	Including								
	0.0	93.5	93.5	40.9	9.4	90	847	344	3.1
	0.0	31.5	31.5	49.8	4.6	148	1,437	375	4.1

*true width approximately 70% of downhole length

** true width approximately 20% of downhole length

Results from five holes have also been received from drilling in the Wara Wara Zone, approximately 3 km to the north. The silver mineralization is associated with higher gallium assays in this northern portion of the system.

Drill Hole	From (metres)	To (metres)	Length (metres)	Av Au gpt	Av Ag (gpt)	Av In (gpt)	Av Cu (ppm)	Av Pb (ppm)	Av Zn (ppm)	Av Ga (gpt)
WW021*										
-45 ⁰ inclination	56.0	359.7	303.7	0.01	21.2	1.3	95	246	13	4.5
	Including									
	91.5	103.0	11.5	0.01	46.8	2.1	119	1,161	11	5.1
	122.5	138.7	16.2	0.01	38.3	1.6	90	594	11	5.0
WWD022*										
-40 ⁰ inclination	106.6	120.2	13.6	0.01	9.8	1.1	1,662	206	10	13.9
	185.5	213.5	28.0	0.01	20.2	2.0	224	459	36	6.4
	308.0	352.2	44.2	0.01	20.2	0.9	154	213	10	5.8
	357.6	361.4	3.8	0.01	31.8	10.7	3,552	555	137	30.1
WWD025**										
-75 ⁰ inclination	2.0	37.2	35.2	0.01	15.5	4.0	98	298	107	3.9
WWD027*										
-45 ⁰ inclination	0.0	297.1	297.1	0.02	26.1	1.0	149	275	25	5.8
	Including									
	0.0	14.5	14.5	0.02	39.3	1.3	34	211	7	4.9
	74.5	95.5	21.0	0.01	50.7	1.9	92	396	58	7.7
	163.0	207.0	44.0	0.07	53.4	1.3	157	561	16	7.5
	163.0	168.2	5.2	0.06	149.8	1.7	84	873	52	6.6
WWD028**										
-75 ⁰ inclination	0.0	112.0	112.0	0.01	42.3	2.8	126	482	32	6.1
	including									
	41.0	85.0	44.1	0.01	70.5	3.4	162	596	25	7.1
	41.0	46.0	5.1	0.07	339.7	10.7	220	2,709	29	11.2

*true width approximately 70% of downhole length

** true width approximately 20% of downhole length

A total of 80 holes have now been completed for a total of 27,158 metres. With this press release, results from a total of 70 holes have been released. Mineralized areas now defined include Central Limosna, South Limosna, Wara Wara and Sucre.

Only approximately 11,000 metres of the 25,000 metres of drilling completed at the time were included in the previously reported indicated and inferred resource due to the non-availability of assay results. The reported initial indicated 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).

An NI 43-101 compliant updated resource is planned to be completed by the end of September, 2008 and this information will be used as part of a scoping study which is planned to be completed by the end of December, 2008.

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.

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 and lead and zinc values greater than one percent 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 NI 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.

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