



SOUTH AMERICAN SILVER CORP.

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South American Silver Corp. Reports Successful Extraction of Indium from Leach Solutions at Malku Khota

Trading Symbol: SAC-TSX

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South American Silver Corp. (“SASC” or the “Company”), (TSX: SAC), reported today that tests at SGS Lakefield, Ontario have successfully recovered 99.2% of the indium from the acid chloride leach solution into an aluminous cement. The Company believes that this would be a saleable indium product.

Ralph Fitch, President of the Company stated “This is an important result for the project as it demonstrates very high recoveries of indium, a metal increasingly in demand. The promise of an indium credit in addition to silver makes the Malku Khota project even more compelling. We have now shown in our early stage metallurgical tests that we can leach silver, indium and gold by acid chloride leaching and can extract these metals into products. These results continue to demonstrate the positive direction of our project.”

The tests were directed by Dr. David Dreisinger, a leading expert in the hydrometallurgical treatment of ores. The method used in the test was as follows: the indium together with the silver and gold are first leached from the rock by soaking the crushed rock in a solution of weak sulphuric acid and ordinary salt (“acid chloride leach”). This solution is then treated with an aluminum powder which causes the silver and indium to precipitate sequentially. The Company envisions that the silver and gold would be further processed into a saleable dore and the indium cement either transported to a toll refinery or further upgraded on site into a higher value product. Indium is presently selling for approximately \$0.68 per gram and has applications in the electronics sector, particularly in the manufacture of flat screen television screens and photo voltaics.

Previously reported test work has shown that the Company can achieve acid chloride leach recoveries in the range of 62%-97% for silver and 61%-77% for indium using 10 mesh material. Gold has also been extracted by this method with recoveries ranging from 77%-81%. An important aspect of these metallurgical results is that SASC has similar recoveries from the material at the surface and from the deposit’s deepest metallurgical sample taken to date 200 metres below the surface.

At the same time, the Company is carrying out a parallel series of tests using cyanide leaching and flotation. The latter test work is for the high lead samples only. Cyanide tests have been carried out on very fine, approximately 50 micron material and much coarser 10 mesh material that more closely simulates “heap-leach” conditions. Fine

material has given results in the range of 77.3%-92.2% for silver whereas the coarser material gave slightly lower results with four samples giving recoveries of 73.2%-88.7% for silver and two samples giving lower recoveries of 38.3% and 50.1% for silver. Test conditions are still being optimized for both the cyanide and acid chloride leach processes. One of the high lead samples (08-05) was subjected to bulk flotation with 97.5% of the silver and 97.3% of the lead reporting to a low grade bulk concentrate. The majority of the deposit as presently known is not high in lead and is amenable to both acid-chloride leaching, the Company's preferred method, and cyanidation.

Ralph Fitch, President of the Company is the Qualified Person for the project. He has reviewed the content of this press release. The metallurgical test work was conducted by the Metallurgical Operations Group, SGS Minerals Services, Lakefield, Ontario ("SGS").

Certain statements contained herein constitute "forward-looking statements". These forward-looking statements are based on current expectations. 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. There can be no assurance that the property will be commercialized or that commercial heap leaching will produce the same or similar results. 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-indium-gold and the Laurani gold-silver properties in Bolivia and the Escalones copper-gold-molybdenum property in Chile.

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