



SOUTH AMERICAN SILVER CORP.

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**South American Silver Corp. Discovers New High-Grade
Silver-Gold-Indium Vein System at Malku Khota in Bolivia**

New High-Grade Vein System Shows Potential to Increase Earlier PEA

Silver Resource Of 145-Mil. Oz. Indicated and 178-Mil. Oz. Inferred

Trading Symbol: SAC:TSX

February 25, 2010

South American Silver Corp. (“SASC” or the “Company”) is pleased to announce the discovery of a potentially significant new high grade silver-gold-indium vein system at Malku Khota that may join the highly mineralized Wara Wara and Sucre Zones. The importance of this new discovery is that the area between these two zones was previously classified as unmineralized material due to a lack of drilling in the area and is now shown to include a well mineralized silver-gold-indium vein system. The vein system consists of many sub-parallel veins, the largest of which that has been drilled to date, is the “Sucre Vein”. The most recent drill hole, WWD040, includes a significant 26 metre wide interval of high grade silver mineralization in the Sucre Vein which averaged 125.2 g/t silver and 14.8 g/t indium. The vein intercept starts at 218 metres down-hole and is approximately true width. This vein extends to the surface where it can be seen in outcrop.

Company drill programs in 2007 and 2008 focused on the four kilometre long zone of strata-bound disseminated silver-indium mineralization within the host sandstone that trends NNW-SSE in the northern portion of the property position. This prior drilling was included in the NI 43-101-qualified independent resource estimate issued in October 2008 that defined 145 million ounces of silver in the indicated category and 178 million ounces in the inferred category, plus 845 tonnes of indium in the indicated category and 968 tonnes of indium in the inferred category. This estimate does not include the results from 16 holes drilled subsequent to the preparation of the resource estimate. Malku Khota is recognized as one of the world’s largest, undeveloped silver resources.

Ralph Fitch, President and CEO, stated, “This new high-grade vein system discovery has the potential to substantially increase the mineable ounces as previously estimated in the positive Preliminary Economic Assessment (“PEA”) last year. It may also indicate the potential for one large, combined Wara Wara-Sucre open pit. WWD040 is the seventh hole to validate this new zone that extends for approximately one kilometre east-west, as seen at surface, connecting the two previously delineated resource areas. These initial results for this new zone are very encouraging and more drilling is planned between the Wara Wara and Sucre Zones to add this high-grade vein system mineralization into a resource category.”

The seven holes drilled within the vein system demonstrate the continuity of the vein system between the Wara Wara and the Sucre Zones. The location of the Sucre Vein relative to the Wara Wara and Sucre strata-bound mineralization can be seen on the map (visit <http://www.soamsilver.com/MKMapShowingSucreVein.pdf>) on the Company Website (www.soamsilver.com).

The most recent drill hole, WWD040, is an excellent example of the newly discovered mineralization. The following table shows the high grade silver, gold, indium and gallium in the Sucre Vein system:

	Drill Intercepts:			Average Grade:			
	<u>From</u> m	<u>To</u> m	<u>length</u> m	<u>Silver</u> gpt	<u>Gold</u> gpt	<u>Indium</u> gpt	<u>Gallium</u> gpt
<i>Sucre vein</i>							
WWD040	218	244	26	125.2	0.02	14.8	5.7
<i>Other parallel veins</i>							
WWD040	7.8	8.25	0.45	43.3	7.75	34.8	15.6
WWD040	7.8	13.4	5.6	18.8	0.64	7.4	8.2
WWD040	145	149	4	93.6	0.02	15.1	4.2
<i>The veins are hosted within a broad zone of typical Malku Khota grade mineralization:</i>							
	139	338	199	34.6	0.02	7.5	5.1

Drill Hole WWD040 was drilled to the SSE at 40 degrees approximately at right angles to the veins, so that the widths reported are approximately true widths.

New geological mapping has shown that the vein drill-intercepts, some of which have been reported previously, are all related to the cross-cutting vein system that includes the major Sucre Vein. These vein intercepts are shown below:

	Drill Intercepts:			Average Grade:			
	<u>From</u> m	<u>To</u> m	<u>length</u> m	<u>Silver</u> gpt	<u>Gold</u> gpt	<u>Indium</u> gpt	<u>Gallium</u> gpt
West Side of Vein System							
<i>Subsidiary Vein (Sucre vein not intersected in this hole)</i>							
MKD003	210.28	223.5	13.22	35.4	0.25	14.3	24
<i>Parallel Silver-Gold veins</i>							
MKD003	113	166.64	53.64	33.7	0.04	0.7	1.9
MKD003	352	360	8	70.9	0.03	4.1	4.3
Approximately 200 metres East							
<i>Sucre vein</i>							
WWD09	328	347	19	76.9	0.21	11.5	6.2
<i>Parallel Silver-Gold Veins</i>							
WWD09	104.5	106.5	2	66.5	4.68	10.9	7.2

WWD09	86.2	124	37.8	26.4	0.42	2.1	4.2
WWD09	86.2	156	69.8	18.1	0.29	1.9	5.1
WWD09	289	347	58	37.9	0.13	7	6.7
WWD09	330	331	1	255	0.31	29	7.3

Same Drill Collar but 50-150 m deeper

Sucre vein

WWD010	329.45	346	16.55	121.2	0.39	11.9	5.4
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Subsidiary Silver-Gold Veins

WWD010	413.75	429	15.25	115.8	0.07	8	3.7
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Parallel Silver-Gold Veins

WWD010	338.05	342	3.95	420.1	1.28	39	5.6
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WWD010	338.05	346	7.95	217.6	0.76	22.3	5
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Approximately 200 metres East

Sucre vein

WWD024	355	378.25	23.25	194.3	0.06	9.5	5
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Parallel Silver-Gold Veins

WWD024	365.6	371.25	5.65	535.6	0.17	21.6	7.3
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WWD024	413.5	417.6	4.1	77.8	0.04	4.2	3.5
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WWD024	436.85	440	3.15	112.7	0.03	7.6	4.9
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WWD024	449	452.05	3.05	147.8	0.03	6.1	4.1
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Approximately 100 metres East

Sucre vein

WWD040	218	244	26	125.2	0.02	14.8	5.7
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Parallel Silver-Gold Veins

WWD040	7.8	8.25	0.45	43.3	7.75	34.8	15.6
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WWD040	7.8	13.4	5.6	18.8	0.64	7.4	8.2
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WWD040	145	149	4	93.6	0.02	15.1	4.2
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100 metres East

Sucre vein (this intercept includes the vein and the strata-bound Sucre mineralization)

WWD019	1	165	164	71.5	0.01	15.5	5
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Other Intervals

WWD019	24.2	85.3	61.1	98.7	0.01	16.8	5.3
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WWD019	107	165	58	67.8	0.01	19.3	4.8
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Same Drill Collar but 50-150 metres deeper

Sucre vein (this intercept includes the vein and the strata-bound Sucre mineralization)

WWD020	34.15	133.85	99.7	142.2	0.03	59.2	5.7
<i>Other Intervals</i>							
WWD020	34.15	169.6	135.45	120.4	0.02	48.5	5.4
WWD020	119.52	120.32	0.8	300	0.07	1,550	9.1
WWD020	105.5	106.55	1.05	1,495	0.05	520	14.4
WWD020	1	169.6	168.6	101.1	0.02	39.6	5.3

The true width is estimated to be between 50% and 100% of the intersections shown, based on the current number of intercepts and interpreted orientation. Some of the intercepts for drill holes WWD09, 10, 19 and 20, have been reported previously.

There are a number of other cross-cutting veins to the north and south of the veins discussed above which the Company will evaluate in the future.

Down-Trend Drilling:

The Company has also completed 6 widely spaced step out drill holes, in 2009, mostly more than one kilometre apart, in the zone one to six kilometres to the south of the Limosna Zone. This drilling was carried out to determine if any large bodies of higher-grade near surface mineralization were present within trucking range of the Limosna –Wara Wara – Sucre mine plan area presented in the PEA. These very widely spaced drill holes indicate that the mineral system continues but is not higher grade than the currently defined resource. The Company believes that further exploration in this area may find similar grades to that at Limosna, however, this will require a significant drill program in this very large area which is approximately four times larger than the Limosna Zone. The down-trend drill results include broad intercepts of 15-23 gpt silver with a few higher grade samples, often associated with elevated base metal mineralization.

Metallurgical update:

Metallurgical work is in progress to refine the acid chloride leach process and to assess the physical properties of the “mineralized rock”. Part of this process is to quantify the physical characteristics of the material when it is placed in a large scale heap-leach. This requires laboratory testing to first ensure that the rock to be placed on the heap does not disintegrate when the leach solution is applied. With this objective, the Company is testing the hardest and softest rock from the property using bottle roll and column leaching tests. These tests are ongoing but initial results indicate that the test rock material is standing up well to the leach solution. Once this test work and additional tests on typical run-of-mine material are completed and evaluated, the Company plans to release a project update later in 2010.

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.

NI 43-101 Resource Estimate (see PR08-12 dated 10/01/2008):

Indicated Resource Estimate

<u>Cut Off</u> (g/t Silver)	<u>Tonnes</u>	<u>Silver Grade</u> (g/t)	<u>Indium Grade</u> (g/t)	<u>Silver</u> Troy Ounces	<u>Indium</u> Kg
10	151,355,000	29.71	5.58	144,597,000	845,000
20	80,698,000	43.15	6.75	111,966,000	544,000
30	45,116,000	57.9	7.75	83,989,000	350,000
40	28,505,000	71.54	8.5	65,567,000	242,000
50	18,904,000	85.33	9.15	51,861,000	173,000
60	13,534,000	97.52	9.8	42,432,000	133,000

Inferred Resource Estimate

<u>Cut Off</u> (g/t Silver)	<u>Tonnes</u>	<u>Silver Grade</u> (g/t)	<u>Indium Grade</u> (g/t)	<u>Silver</u> Troy Ounces	<u>Indium</u> Kg
10	230,069,000	24.03	4.21	177,783,000	968,000
20	95,330,000	37.81	5.87	115,882,000	560,000
30	50,726,000	49.74	7.06	81,120,000	358,000
40	31,471,000	59.13	7.69	59,832,000	242,000
50	18,236,000	69.78	8.15	40,910,000	149,000
60	10,691,000	80.63	8.82	27,714,000	94,000

Felipe Malbran, Executive Vice President of Exploration for the Company, is the Qualified Person for the project. He has reviewed the content of this press release.

Certain statements contained herein constitute "forward-looking statements". These forward-looking statements include, but are not limited to, statements regarding estimated mineral resources, the potential for delineation of additional resources through further exploration at the Malku Khota property and the refinement of the acid chloride leach process. 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; availability of sufficient financing to fund planned or further required work in a timely manner and on acceptable terms; changes in project parameters as plans continue to

be refined; failure of equipment or processes to operate as anticipated; political, regulatory, environmental 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. There can be no assurance that the Malku Khota property will be commercialized or that commercial heap leaching will produce positive results. 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* ("NI 43-101")). 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 economic 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.

The PEA includes inferred mineral resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Furthermore, there is no certainty that the results projected in the PEA or this press release will be realized and actual results may vary substantially.

South American Silver Corporation 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 two properties: the flagship Malku Khota silver-indium-gold project in Bolivia and the Escalones copper-gold-molybdenum property in Chile.

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