



TSX Symbol: SAC
US OTC: SOHAF
NEWS RELEASE: 11-04

South American Silver Clarifies Private Ownership and Status of the Malku Khota Project

15 April 2011, Vancouver, British Columbia—South American Silver Corp. (TSX:SAC, US OTC: SOHAF) clarifies recent media coverage regarding the potential for the Government of Bolivia to “recover” operatorship control of certain State owned mines. On Thursday April 14th, the Minister of Mining and Metallurgy, through the Government’s official Information Agency (ABI #238272) stated that Bolivia is evaluating greater operatorship in four specific mines, which are all 100% owned by COMIBOL (the Bolivian State Mining Corporation) and that are currently under lease agreements from COMIBOL as part of a privatization process in the mid-1990’s.

Reuters also reported that the Minister of Mining and Metallurgy stated that the Bolivian Government is not looking at any mining projects that have been private investments from the start and without involvement of COMIBOL, such as San Cristobal, 100% owned by Japan’s Sumitomo Corp.

South American Silver’s 100% owned Malku Khota project has also been a private investment since its discovery by the Company in 2003 and has never had any COMIBOL involvement in the project. The Company confirms that its concessions covering over 50 square kilometers are in good standing with the government.

Additionally, on Wednesday April 13th the Bolivian paper Pagina Siete reported that the Vice Minister of Mining highlighted that the Bolivian government wishes to attract foreign investments in mining and respects legal security and private investment. He further stated that the government intends to support the development activities at Malku Khota this year as one of the largest new mining projects in the country. The mining industry is the second most important segment of the Bolivian economy with zinc and silver exports bringing over \$1.57 billion into the country last year.

Greg Johnson, President and CEO of South American Silver, stated “Based on our regular discussions with the Bolivian government we believe that they want to encourage foreign private investment in mining and that they specifically support the development of the Malku Khota project. The development and operation of the project will provide significant economic benefits to the local region and to Bolivia as a whole with approximately 1,000 new jobs created in the region during the construction phase and over 400 employees during operations. The Malku Khota project has the potential to become one of the largest new primary silver producing mines in the world and would also be one of the largest producers of the high-technology metals, indium and gallium. At base case metal price assumptions, cash flows, project valuations, and rates of returns have all strengthened considerably over previous studies, highlighting the value of this long life asset. We are excited about the significant opportunities to further optimize and enhance the economics of the Malku Khota project as we move into Pre-Feasibility in 2011 and Feasibility in 2012.”

About South American Silver Corp.

South American Silver Corp. is a growth focused mineral exploration company creating value through the exploration and development of the 100% owned Malku Khota silver-indium project in Bolivia, one of the world’s largest undeveloped silver and indium deposits, and the 100% controlled large-scale Escalones copper-gold project in Chile. The Company’s approach to business combines the team’s track record of discovery and advancement of large projects, key operational and process expertise and effective community relations to increase shareholder value. Management has extensive experience in the global exploration and mining industry with much of that focused in Bolivia, Chile, Peru and Argentina. The Company’s shares are listed on the Toronto Stock Exchange under the symbol “SAC” and on the US OTC market as “SOHAF.” Additional information related to South American Silver Corp. is available at www.soamsilver.com and on SEDAR at www.sedar.com

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Forward-looking statements

This press release contains forward-looking statements based on current expectations and assumptions and which involve known and unknown risks, uncertainties and other factors. Readers are cautioned not to place undue reliance on these statements as actual events, results and achievements may differ materially from any future events, results or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors occur or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. 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, silver or indium prices or operating or capital costs; 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; ongoing positive community support and successful completion of stakeholder discussions; and political, regulatory, environmental and other risks of the mining industry, including the accuracy of reported government statements regarding government policy or changes to government policy from reported statements. The material assumptions that were applied in making the forward looking statements in this release include, but are not limited to, the accuracy of reported government statements and the execution of the Company's existing plans for Malku Khota which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans. 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. Unless otherwise indicated, forward-looking statements in this release describe the Company's expectations as of April 15, 2011.