

South American Silver Reports Surface Sampling and Drill Results from Escalones Copper-Gold-Silver Project and Initiates Phase II Exploration Program

6 December 2011, Vancouver, British Columbia—South American Silver Corp. (TSX:SAC, US OTC: SOHAF) South American Silver Corp. is pleased to announce the start of a Phase-II exploration program at the Company's 100%-controlled Escalones copper-gold-silver project in central Chile following the completion of Phase I program earlier in the year. The exploration program will include up to 7,000 meters of initial drilling, including both step-out testing of the known mineralized zones and testing new targets based on geochemistry and geophysics including the potential to define a large porphyry copper-gold deposit. The Company anticipates reporting the first independent NI 43-101-compliant resource estimate defined by the first 30 historic and recent drill holes in the project by the end of 2011.

The Escalones property lies within the well-known central Chilean porphyry copper belt that runs north-south through Chile in the central Andes Mountains. The property is located approximately 100 km southeast of Santiago and 35 kilometers due east of El Teniente, the world's largest underground copper mine. The project has excellent infrastructure including road access and a gas pipeline that crosses the 70 square kilometer property.

The Escalones project hosts a four-square-kilometer area of hydrothermal alteration with coincident geophysical anomalies that has demonstrated significant grades of copper, gold and silver in replacement-style "skarn" mineralization hosted in limestones and in porphyry related mineralization. Road cuts across surface exposures of this mineralization includes **116 meters of 1.4% copper, 0.57 g/t gold and 21 ppm molybdenum** (1.83% copper equivalent¹) and drill intersections including **75 to 100 meters wide zones grading over 1% copper** (See Tables 1 to 3 below).

To date, only limited drill testing has been completed on the property with mineralization open to further expansion laterally and at depth. The extensive scale of the replacement-style mineralization near surface indicates that it may be related to a significant copper porphyry deposit at depth. A single step-out drill hole to test a potential porphyry target under glacial till cover intersected **293 meters of continuous porphyry style mineralization grading 0.36% copper with 0.1 g/t gold** (0.42% copper equivalent¹) and included an intersection of 91 meters grading 0.5% copper with 0.1 g/t gold (0.57% copper eq. see Table 4 below).

Greg Johnson, President and CEO of South American Silver commented, "*The team at South American Silver is very excited to be advancing the Escalones project in the world-class central Chilean copper porphyry belt to the resource definition stage. Though earlier stage than our more advanced Malku Khota silver-indium project, we believe that the grades and significant widths of copper, gold and silver reported at Escalones indicate the presence of a strong mineralizing system that will add significant additional value for our shareholders. The location and scale of the Escalones project with its proximity and similarity to the geologic environment at El Teniente, the world's largest underground copper mine, suggest the potential for a major copper-gold-silver deposit. We look forward to reporting the first resource estimate for Escalones later this month based on the surface channel sampling and 30 holes drilled to date. We are equally excited about the upcoming phase II drill campaign and the expansion potential of the project that is open in all directions.*"

The first phase of work at Escalones by South American Silver included re-opening access roads and the project camp, relogging and sampling of historic drill holes, re-interpretation of IP (induced polarization) and other geophysics and trench sampling across surface exposures of geophysical anomalies and zones of visible copper mineralization. The verification of previous data and addition of new sampling enables the Company to complete a first independent NI 43-101-qualified resource estimate for the known zones of mineralization by the end of 2011.

Based on this information, South American Silver has now initiated a Phase-II exploration program, which includes a property wide ZTEM deep penetrating, airborne geophysical survey to assist in mapping and targeting of replacement style and porphyry-related mineralization and a substantial drill program designed to extend zones of known mineralization and test additional geologic and geophysical targets. The initial drill program will commence in December with mobilization of the first drill to site with a second to follow in January.

The Escalones deposit was discovered in the late 1990's by members of the current executive team at South American Silver, including Ralph Fitch, Executive Chairman, and Felipe Malbran, Vice President of Exploration, with the first modern surface sampling and drilling. The exposed mineralization at Escalones occurs in limestones and interbedded shales that have been intruded by andesite and dacite porphyry bodies which are key ore hosts at El Teniente. Copper mineralization occurs primarily as chalcopyrite, as well as copper oxides near surface. The hydrothermal alteration exposed at surface includes intense zones of quartz-sericite, potassic, and calc-silicate alteration assemblages.

The area of surface mineralization is separated into two known zones of sulphide, garnet, and magnetite-bearing replacement, called "Escalones Alto" and "Escalones Bajo." Escalones Bajo occurs at an elevation of approximately 3,400 m, while Escalones Alto occurs 1.5 kilometers to the east at an elevation of approximately 4,000 m. Connecting the two areas is a relatively flat plateau called the Meseta. Mineralization at Escalones Alto and Bajo can be traced on surface for 1.6 kilometers and 1 kilometer, respectively.

Surface sampling at both areas returned significant values for copper, gold, silver and gallium, as highlighted by selected one-meter channel sampling results:

| Sample | Distance | Copper | Molybdenum | Gold | Silver | Gallium | Copper Eq ¹ |
|---------------|----------|--------|------------|-------|--------|---------|------------------------|
| Number | (meters) | (%) | (ppm) | (g/t) | (g/t) | (g/t) | (%) |
| 111251-111311 | 116 | 1.40 | 21 | 0.57 | 8 | 37.7 | 1.83 |
| Including | 64 | 2.22 | 21 | 0.83 | 12 | 58.9 | 2.85 |
| Including | 18 | 3.06 | 19 | 2.57 | 25 | 128.5 | 4.84 |

1) Copper Equivalent (Cu Eq %) calculations reflect gross metal content using approximate 3 year average metals prices of \$3.00/lb copper (cu), \$1200/oz gold (Au), \$22/oz silver (Ag), and \$35/kg molybdenum (Mo) and have not been adjusted for metallurgical recoveries. True widths have not been determined for the above surface channel samples but are believed to be representative of the mineralized zone at surface in this zone.

| Sample | Distance | Copper | Molybdenum | Gold | Copper Eq |
|-------------|----------|--------|------------|-------|-----------|
| Number | (meters) | (%) | (ppm) | (g/t) | (%) |
| 14943-14950 | 170 | 0.51 | 32 | 0.02 | 0.54 |
| Including | 60 | 1.22 | 41 | 0.01 | 1.25 |

See table 1 above for Copper Equivalent calculations. True widths have not been determined for the above channel samples but are believed to be representative of the mineralization at surface in this zone.

Nearly all of the previous drilling on the property targeted the replacement-style mineralization in the Escalones Alto zone, as highlighted in Table 3. This data will form the basis for the first NI 43-101 resource estimate at the project, which will be completed by the end of the year. As part of the 2011 Phase 1 program South American Silver reassayed some sections of drill holes that had previously only been analyzed for copper and molybdenum.

| From | To | Length | Copper | Molybdenum | Gold | Silver | Copper Eq |
|-----------------|----------|----------|--------|------------|-------|--------|-----------|
| (meters) | (meters) | (meters) | (%) | (ppm) | (g/t) | (g/t) | (%) |
| ES-1 | | | | | | | |
| 0.5 | 377.59 | 377 | 0.63 | 65 | 0.06 | 2 | 0.72 |
| 0.5 | 77 | 76.5 | 1.32 | 15 | 0.13 | 4 | 1.45 |
| Including 27 | 72 | 45 | 1.75 | 14 | 0.15 | 5 | 1.90 |
| 162.9 | 187 | 24.1 | 1.02 | 66 | 0.06 | 4 | 1.13 |
| ES-5 | | | | | | | |
| 6 | 209 | 203 | 0.81 | 36 | 0.08 | 3 | 0.90 |
| 6 | 119 | 113 | 1.09 | 23 | 0.09 | 3 | 1.19 |
| including 6 | 45.8 | 39.8 | 1.88 | 42 | 0.14 | 5 | 2.04 |
| 96.4 | 119 | 22.6 | 1.65 | 17 | 0.18 | 5 | 1.82 |

See table 1 above for Copper Equivalent calculations. True widths have not been determined for the above intercepts but the holes are believed to be representative of mineralization through the replacement-style mineralization horizons.

| Table 3. cont'd Selected Drill Data, Escalones Project | | | | | | | |
|--|----------|----------|--------|------------|-------|--------|-----------|
| From | To | Length | Copper | Molybdenum | Gold | Silver | Copper Eq |
| (meters) | (meters) | (meters) | (%) | (ppm) | (g/t) | (g/t) | (%) |
| ES-7 | | | | | | | |
| 11.1 | 137 | 125.9 | 0.77 | 49 | 0.15 | 5 | 0.93 |
| including 14.9 | 74.5 | 59.6 | 1.00 | 45 | 0.19 | 6 | 1.20 |
| 154 | 217 | 63 | 0.66 | 152 | 0.07 | 2 | 0.80 |
| including 165 | 173 | 8 | 1.13 | 491 | 0.15 | 3 | 1.51 |
| 192 | 212.2 | 20.2 | 0.98 | 150 | 0.08 | 3 | 1.14 |
| 287 | 314 | 27 | 0.46 | 35 | 0.06 | 2 | 0.53 |
| 354 | 435 | 81 | 0.61 | 90 | 0.06 | 2 | 0.71 |
| 378 | 396 | 18 | 0.93 | 108 | 0.10 | 3 | 1.08 |
| 445 | 469 | 24 | 0.68 | 92 | 0.05 | 1 | 0.77 |
| 484 | 514 | 30 | 0.42 | 72 | 0.03 | 1 | 0.49 |
| ES-10 | | | | | | | |
| 34 | 177 | 143 | 0.56 | 52 | 0.09 | 3 | 0.67 |
| 37 | 54 | 17 | 0.80 | 17 | 0.13 | 6 | 0.95 |
| 117 | 131 | 14 | 1.03 | 60 | 0.22 | 4 | 1.23 |
| ES-16 | | | | | | | |
| 263 | 399 | 136 | 0.76 | 22 | 0.07 | 3 | 0.85 |
| including 263.0 | 333 | 70 | 1.00 | 20 | 0.07 | 5 | 1.10 |

See table 1 above for Copper Equivalent calculations. True widths have not been determined for the above intercepts but the holes are believed to be representative of mineralization through the replacement-style mineralization horizons.

Hole ES-25 was the first hole to specifically target porphyry style mineralization. ES-25 is located in the Meseta zone, more than 160 m west of the nearest drill hole that intersected replacement-style mineralization in Escalones Alto, and almost a kilometer east of the mineralization exposed in road cuts at Escalones Bajo, which remain to be drill tested.

| Table 4. ES-25 (porphyry-style mineralization) | | | | | | | |
|--|----------|----------|--------|------------|-------|--------|-----------|
| From | To | Length | Copper | Molybdenum | Gold | Silver | Copper Eq |
| (meters) | (meters) | (meters) | (%) | (ppm) | (g/t) | (g/t) | (%) |
| 65 | 358 | 293 | 0.36 | 12 | 0.09 | - | 0.42 |
| including 197.0 | 288 | 91 | 0.50 | 12 | 0.10 | - | 0.57 |

See table 1 above for Copper Equivalent calculations. True widths have not been determined for the above intercepts but the holes are believed to be representative of mineralization porphyry style mineralization zone.

See the grade-thickness figure 1 below for a summary of all channel samples and drill results to date for the project. A complete list of summary drill results will be available on the South American Silver website at www.soamsilver.com

The Escalones hydrothermal alteration zone encompasses a 4 square kilometer IP (induced polarization) and SP (self potential) geophysical anomaly. The geophysical results have been an important tool for exploration at Escalones, as anomalous values correspond to areas of hydrothermal alteration mapped at surface, and therefore, can be used to project altered zones beneath areas of cover and limited outcrops. In addition, the results showed that highly anomalous geophysical values are spatially related to copper sulphide mineralization, suggesting that the additional anomalies that have not yet been drill tested may represent areas of high sulphide concentrations containing copper, gold and silver. The results of the airborne ZTEM survey are pending and will be combined with the IP and SP geophysical surveys to prioritize the next phase of drilling designed to both expand known zones of mineralization and test new targets.

Samples were analyzed by Acme Laboratory and ALS Chemex located in Santiago, Chile. Silver and gold were analyzed using fire assay and the AA (Atomic Absorption) method while copper was analyzed by AA. Geochemical analysis of samples in 2011 including Gallium were analyzed by ALS Chemex using the ICP MS61 method with a four-acid digestion. 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.

Results from the phase II drill program will be reported as final assays are received and interpreted over the next several months. The first independent NI 43-101-qualified resource estimate for Escalones is being finalized and anticipated to be completed before the end of 2011.

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-gallium project in Bolivia, one of the world's largest undeveloped silver-indium-gallium deposits, and the large-scale 100%-controlled 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

South American Silver Corp. Contact:

Phone: 604.681.6926

Toll Free: 1.855.681.6926 www.soamsilver.com

Forward-looking statements

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions. This release contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning mineral resource estimates and the interpretation of drill results may also be considered as a forward-looking statement; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

It is important to note that:

Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates 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, metal prices, 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; and political, regulatory, environmental and other risks of the mining industry.

The material assumptions that were applied in making the forward looking statements in this release or referenced in this release include, but are not limited to: statements regarding estimated mineral resources and the potential for delineation of additional resources through further exploration at the Malku Khota project, as well as statements regarding estimated net present value, internal rate of return, annual production, costs, prices and by product value; the accuracy of current interpretation of drill and other exploration results; and execution of the Company's existing plans or exploration programs for each of its properties, either of 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 or programs.

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 December 5, 2011.

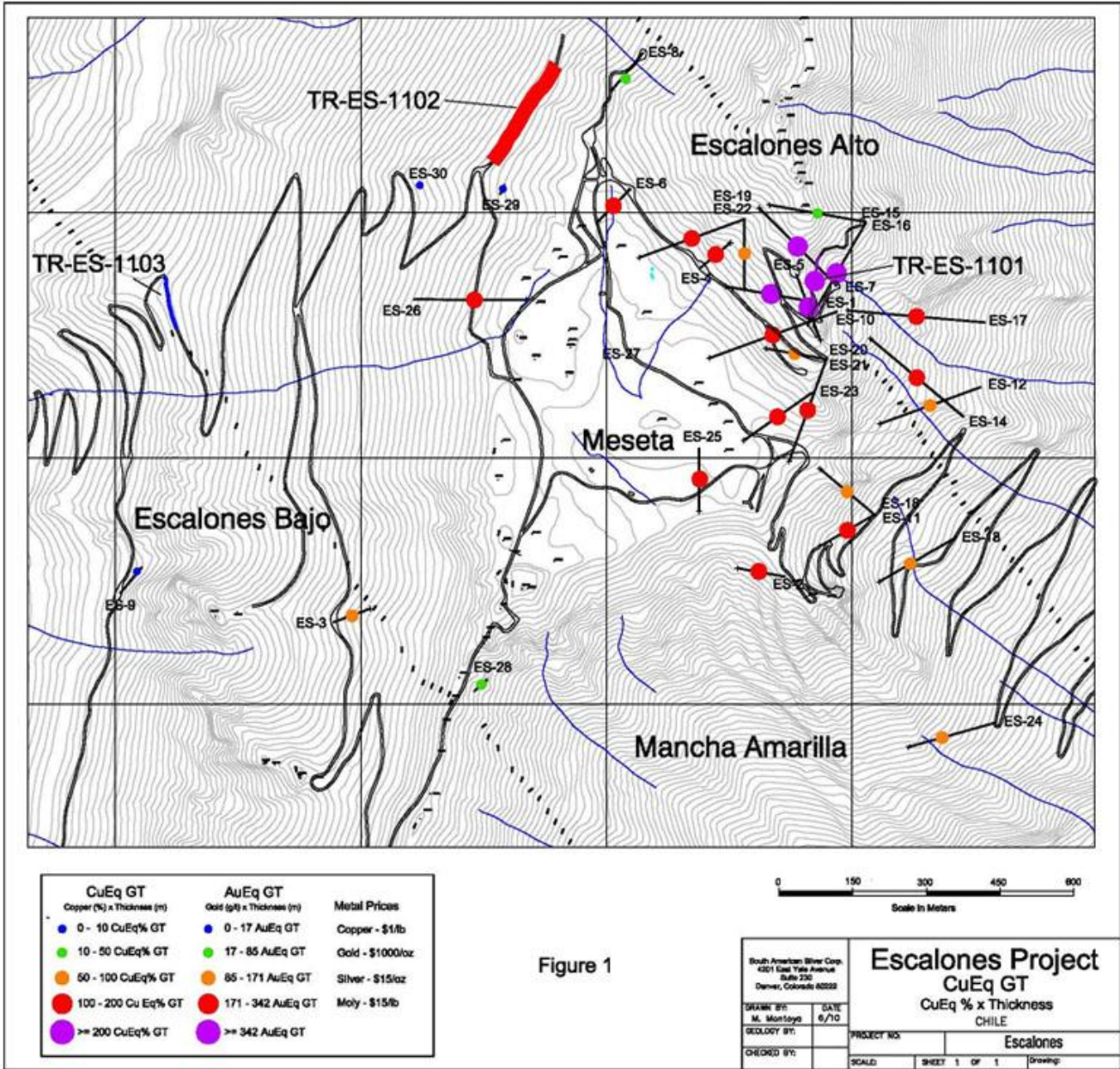


Figure 1