TSX Symbol: SAC
US OTC: SOHAF
NEWS RELEASE: 11-12

South American Silver Announces 4 Billion Pound Copper Discovery in Chile

19 December 2011, Vancouver, British Columbia—South American Silver Corp. (TSX:SAC, US OTC: SOHAF) announces the first independent NI 43-101-qualified resource estimate for the Company's 100%-controlled Escalones copper-gold-silver project in central Chile.

Highlights:

- Newly defined Inferred Resource of 420 million tonnes of mineralized material containing 3.8 billion lbs of copper, 56.9 million lbs of molybdenum, 610,000 ozs of gold and 16.8 million ozs of silver using a 0.2% Cu Equivalent[1] cut-off grade which represents approximately a $2.50/lb copper price (see table 1 below).
- This is a copper-equivalent[1] content of 4.5 billion lbs of copper grading 0.49% based on approximate 3-year average metal prices of $3.00/lb copper, $1,200/oz gold, $22/oz silver and $16/lb molybdenum.
- The deposit remains open to expansion laterally and down dip with 90% of this first resource hosted in copper, gold and silver replacement-style mineralization, and one drill hole testing porphyry-style mineralization.
- The 70 square kilometer Escalones project is located in the world-class central Chilean mining district which includes the nearby El Teniente deposit, which is the world's largest underground copper mine.
- A ZTEM and aeromagnetic survey potentially indicating areas of additional sulfide mineralization has been completed for the property and is being interpreted.
- Two drills are currently being mobilized to the project for a Phase-II program with approximately 7,000 meters of drilling anticipated to begin in January and to complete in April.

"Escalones is the second major resource developed by South American Silver since the Company's IPO in 2007, and was originally discovered by Ralph Fitch, Executive Chairman, and Felipe Malbran, Vice President of Exploration. This resource estimate gives shareholders and other investors a tangible way to begin to value this outstanding second project in the Company's portfolio. With 4.5 billion pounds of copper equivalent metal, this resource is already larger and higher-grade than many much better known copper-gold projects in North and South America. To put this new discovery in context, the resource here is already approximately equivalent in value, size and scale to South American Silver's more advanced Malku Khota silver-indium project, effectively doubling the Company's in-ground resources," commented Greg Johnson, President and CEO.

"With the scale of this first resource, along with the excellent infrastructure at Escalones and its similarity to the nearby giant porphyry system at El Teniente, we believe that the Escalones project will begin to attract market attention. Our team is committed to adding significant new value for shareholders in coming months as we demonstrate potential for further resource expansion at Escalones and advance Malku Khota to the Pre-Feasibility level."

Table 1. Escalones Inferred Resource Tonnes and Grade

Cu_Eq (%)	Tonnes	Copper	Molybdenum	Gold	Silver	Copper Eq
Cut-off	Millions	%	ppm	g/t	g/t	%
0.1 %	636.2	0.33	57.40	0.04	1.06	0.39
0.2 %	420.6	0.41	61.39	0.05	1.24	0.49
0.3 %	232.7	0.55	68.25	0.06	1.66	0.64

Inferred Resource Total Contained Metal

Cu_Eq (%)		Copper	Molybdenum	Gold	Silver	Copper Eq
Cut-off		M lbs	M lbs	Ozs	M ozs	M lbs
0.1 %		4,567	80.4	754,000	21.7	5,453
0.2 %		3,835	56.9	610,000	16.8	4,503
0.3 %		2,842	35.0	435,000	12.4	3,292

1) Copper Equivalent (Cu Eq %) calculations reflect gross metal content using approximate 3 year average metals prices as of December 2011 of $3.00/lb copper (cu), $1200/oz gold (Au), $22/oz silver (Ag), and $16/lb molybdenum (Mo) and have not been adjusted for metallurgical recoveries. An economic cut-off grade of 0.2% copper equivalent represents a metal price of approximately $2.50/lb copper. Contained metal values may vary from calculated values due to rounding.

The Escalones mineral resource estimate is based on 30 diamond drill holes (12,666 meters) and 43 channel and road cuts (>2,100 meters) with >10,934 assay values collected through 2011. The resource estimate is categorized as inferred as defined by the Canadian Institute of Mining guidelines for resource reporting. Mineral resources do not demonstrate economic viability, and there is no certainty that these mineral resources will be converted into minable reserves once economic considerations are applied.

Assay values were verified against drill logs and assay certificates. Drill hole collar locations and downhole surveys were checked and verified. The mineral resource was estimated using 1.0-meter composites of the assay values, with zero grade inserted into intervals that were not sampled.

A geological model was constructed of the Cu-Au-Ag-Mo mineralized zone. This model was used to constrain the composite values chosen for interpolation and the ore blocks reported in the mineral resource. A block model was constructed using 10-meter by 20-meter by 5-meter blocks in the x, y and z directions respectively. Grades for copper, gold, silver and molybdenum were interpolated into the blocks by the inverse distance squared method using a minimum of two and maximum of 12 composites to generate block grades.

The inferred mineral resource estimate has been prepared in compliance with the standards of NI 43-101 by Dr. A. Armitage, PGeol, and J. Campbell, BSc, PGeo, of GeoVector Management Inc. GeoVector is an Ottawa, Ontario based consulting firm specializing in resource estimation, project assessment and project management. Dr. Armitage acted as the qualified person, as defined in NI 43-101, and is independent of the Company and has reviewed the technical information in this release. A NI 43-101 report will be finalized and filed on SEDAR within 45 days of the date of this news release.

2012 Escalones Exploration program

A phase II exploration program is now underway following work completed earlier in 2011 that included re-opening access roads and the project camp, relogging and sampling of historic drill holes, re-interpretation of an induced polarization (IP) survey and other geophysics along with trench sampling across surface exposures of geophysical anomalies and zones of visible copper mineralization. The 2012 Escalones exploration program will include up to 7,000 meters of follow-up drilling, including both step-out testing of the known mineralized zones and testing new targets based on geochemistry and geophysics.

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 kilometers 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 style mineralization. Mineralization remains open to further expansion laterally and at depth and the extensive scale of the replacement-style mineralization near surface indicates that it may be related to a significant copper porphyry deposit.

South American Silver has recently completed a property wide ZTEM deep penetrating, airborne geophysical program along with detailed aeromagnetics to assist in mapping and targeting of replacement style and porphyry style mineralization. Interpretation of these surveys is underway. Two drills are being mobilized to the project with drilling anticipated to begin in January with the objective to extend zones of known mineralization and test additional geologic and geophysical targets. The Company will report results over coming months from the upcoming drill program as they are received and interpreted.

Results of surface sampling and drilling at Escalones were reported in News Release 11-11 on December 6th, 2011, highlighting the significant grades and widths for copper, gold, and silver on the project. A grade-thickness figure along with a complete list of summary drill results for the project is available on the South American Silver website at www.soamsilver.com

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, metal prices; 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 Escalones project; the accuracy of current interpretation of drill and other exploration results; and execution of the Company's existing plans or exploration programs for 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 December19, 2011.

This news release uses the term 'inferred resources' which is recognized and required by Canadian regulations (under National Instrument 43-101 Standards of Disclosure for Mineral Projects), however, such term is not a defined term under SEC Industry Guide 7 and is not normally permitted to be used in reports and registration statements filed with the United States Securities and Exchange Commission. Investors are cautioned not to assume that any part or all of the 'inferred resources' will be upgraded or converted into 'indicated resources' or 'reserves' as defined under NI 43-101. In addition, 'inferred resources' have a great amount of uncertainty as to their existence, and economic and legal feasibility. 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.