

Updated Malku Khota Study Doubles Production Levels and 1st 5 Year Cashflow Estimates

31 March 2011, Vancouver, British Columbia—South American Silver Corp. (TSX:SAC, US OTC: SOHAF) is pleased to report positive results from an updated Preliminary Economic Assessment (the “PEA” or “Assessment”) including an updated resource estimate for its 100% owned Malku Khota silver-indium project. A detailed NI 43-101 technical report will be filed within 45 days on SEDAR at www.sedar.com.

Highlights

- Updated Malku Khota economic assessment study doubles mine throughput to 40,000 tonnes per day (tpd) for a 15 year mine life with excellent potential for extension through additional drilling.
- Annual silver production for the first 5 years of 13.2 million ounces at a cash cost of \$2.94 per ounce net of by-product credits at “base case” metal prices putting it in the lower quartile of producer costs.
- Annual production 80 tonnes per year of indium and 15 tonnes of gallium.
- Pre-tax NPV at a 5% discount rate of \$704 million and IRR of 37.7% at “base case” metal prices of \$18.00/oz silver, and \$500/kg indium, increasing to a NPV_{5%} of \$1.536 billion and IRR to 64.3% at “middle price case” of \$25.00/oz silver, and to a NPV_{5%} of \$2.571 billion at the “recent price case” of \$35/oz silver
- Cash flows for the first 5 years increase to average \$185 million per year at the base case, to \$287 million per year at the middle case and to \$430 million per year for the recent price case.
- Updated resource estimate expands Measured and Indicated resources 60% to 230 million ounces of silver with an additional Inferred resource of 140 million ounces of silver.
- 2010 drill program successfully confirms the geologic model with over 80% of the life-of-mine silver resources classified as the Measured and Indicated category in the pit model.
- During the construction phase approximately 1,000 new jobs would be created in the region with over 400 employees likely during operations.
- Budget of \$16 million approved for 2011 with Pre-Feasibility activities beginning in Q2.

Commenting on the updated economic assessment, Greg Johnson, President and CEO said, “We are very excited about the positive results of the PEA update which demonstrate that the Malku Khota project has the potential to become one of the largest new primary silver producing mines in the world. The study shows that annual production for the first 5 years has increased to 13.2 million ounces from 6.4 million ounces of silver per year. Additionally, the project will be one of the largest producers of the high-technology metals, indium and gallium, with annual production of 80 tonnes and 15 tonnes per annum respectively.”

“Projected cash flows have strengthened considerably to over \$185 million per year for our first 5 years at \$18/oz silver and more than \$430 million per year for our recent metal price scenario, highlighting the tremendous leverage to silver of this long life asset. There remain a number of 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. In particular, we believe there is exceptional potential to expand the project resource base prior to the start of production, resulting in substantial extension of the overall mine life to beyond the projected 15 years. Additional development and operation of the project will provide significant economic benefits to the local region and to Bolivia as a whole.”

Malku Khota Updated Preliminary Economic Assessment

This study is a comprehensive update to the Preliminary Economic Assessment and resource estimate for Malku Khota that was completed in March 2009 by Pincock Allen & Holt (PAH). Since that time considerable work has advanced on the resource, engineering and metallurgical testing and will continue as the project moves into Pre-feasibility (PFS) in 2011. The PEA update contemplates the construction and operation of a 40,000 tpd open pit acid-chloride heap leach operation. The PEA estimates that approximately 200 million tonnes of leach material would be mined over a 15 year mine life with production of 13.2 million ounces of silver per year for the first 5 years and over 10.5 million ounces per year for the life of the mine. Additionally, the mine is anticipated to produce approximately 80 tonnes of indium and 15 tonnes of gallium per annum. The mine would also annually produce several million pounds of by-product lead, copper and zinc contributing to the project’s low operating costs which are projected to be in the lower quartile of primary silver producers.

Operational and Production Summary

Plant Throughput	40,000	tonnes/ day
LOM Plant Feed	200	M tonnes
Strip ratio	2.23	
Mine life	15	Years
Initial Capital Cost	\$411.4	million
Sustaining Capital	\$209	million

	Silver	Indium	Gallium	Copper	Lead	Zinc
Recoveries	73.6%	81.0%	26.9%	84.8%	51.1%	62.0%
1st 5 years (averages)						
Grades	42.42 g/t	7.55 g/t	4.28 g/t	0.023%	0.084%	0.023%
Annual production (recovered metal)	13.2 M ozs	80.7 tonnes	15,184 kgs	5.64 M lbs	12.48 M lbs	4.42 M lbs
Life of Mine (averages)						
Grades	33.60 g/t	7.35 g/t	3.98 g/t	0.024%	0.085%	0.050%
Annual production (recovered metal)	10.5 M ozs	78.9 tonnes	14,198 kgs	5.87 M lbs	12.76 M lbs	9.04 M lbs
Life-of-Mine Recovered Metal	158 M ozs	1,184 tonnes	212,962 kgs	88 M lbs	191 M lbs	135 M lbs

Economic modeling for the updated Malku Khota PEA demonstrates a robust project with strong operating cash flow, high rates of returns, and low capital and operating costs, particularly on a cost per ounce basis. Three metal price scenarios were selected to show the project's sensitivity to varying metal prices using the same pit model, a Base Case scenario using the approximate 3 year trailing average price for metals, a Middle-Case with approximate 1 year trailing average metal prices and a Recent Case which reflects recent monthly average metals prices. At higher metal prices, updated mine models would likely increase total metal production.

Financial Summary

	Base Case	Mid-Case	Recent
<u>Metal Prices</u>			
Silver (US\$/ounce)	\$18.00	\$25.00	\$35.00
Indium (US\$/kg)	\$500.00	\$570.00	\$650.00
Lead (US\$/lb)	\$0.90	\$1.00	\$1.20
Zinc (US\$/lb)	\$0.90	\$1.00	\$1.10
Copper (US\$/lb)	\$3.00	\$3.70	\$4.30
Gallium (US\$/kg)	\$500.00	\$570.00	\$730.00
<u>Average Operating Cash Flow</u>			
1st 5 years (per year)	\$185 M	\$287 M	\$430 M
Life-of-Mine (per year)	\$124 M	\$208 M	\$325 M
Net Cash Flow (undiscounted)	\$1,261 M	\$2,528 M	\$4,298 M
NPV at 5% discount rate	\$704 M	\$1,482 M	\$2,571 M
NPV at 8% discount rate	\$505 M	\$1,104 M	\$1,942 M
Internal rate of Return (IRR %)	37.7%	63.0%	92.9%
Payback period	27 months	19 months	15 months
<u>1st 5 years</u>			
Silver cash costs before credits (US\$/ounce)	\$9.70	\$9.70	\$9.70
Silver cash costs after credits (US\$/ounce)	\$2.94	\$2.01	\$0.86
<u>Life of Mine</u>			
Silver cash costs before credits (US\$/ounce)	\$13.87	\$13.87	\$13.87
Silver cash costs after credits (US\$/ounce)	\$5.06	\$3.85	\$2.39

On an operating cash flow basis the project generates from \$185 million per year for the Base Case for first 5 years increasing to \$287 million per year for the Mid-Price case, and \$430 million per year for the Recent Case prices. The study shows a Base Case pre-tax Net Present Value (NPV) at a 5% discount rate of \$704 million with an Internal Rate of Return of 37.7% and a payback of 27 months. The Mid-Case, shows that the NPV at a 5% discount rate increases to \$1.482 billion, while the IRR jumps to 63% and payback drops to 19 months. The Recent Case, with recent monthly average metal prices, shows that the NPV at a 5% discount rate increases to \$2.571 billion with a corresponding significantly increased IRR and decreased capital payback period.

In the first 5 years net of by-product credits, cash costs are under \$3/oz of silver using Base Case pricing and under \$1/oz using the Recent Case pricing.

The financial model has been used to test the sensitivity of the project to a range of variables. The sensitivity analysis shows that the NPV is most sensitive to changes in the silver prices and recoveries (~\$17 million NPV_{5%} change for each 1% change in price or recovery) followed by changes to the operating costs (~\$12 million) and then to changes in capital costs (~\$3.5 million). Processing costs have almost twice the impact on NPV as mining costs. The economic analysis in this study is a Preliminary Economic Assessment and further studies will be required to demonstrate a higher degree of economic certainty. All dollar amounts in this Press Release are in US dollars.

Resource Estimates

Mineral resources have been estimated as of March 30, 2011 for this PEA update by Allan Armitage, Ph.D., P.Geo, of GeoVector Management Inc. The new resource estimate for Malku Khota, which takes account of additional drilling since the 2009 PAH resource estimate, is summarized in the following table at a 10 g/t silver equivalent cut-off grade.

Resource	Ag (g/t)		In (g/t)		Ga (g/t)		Cu (%)		Pb (%)		Zn (%)		Ag_Eq (g/t)		
	Tonnes	Grade	Ozs	Grade	Tonnes	Grade	Tonnes	Grade	Lbs	Grade	Lbs	Grade	Lbs	Grade	Ozs
Measured	30,989,448	33.4	33,319,487	6.1	188	4.5	139	0.02	13,947,823	0.07	48,665,367	0.02	16,239,090	48.2	47,943,510
Indicated	224,001,987	27.3	196,960,598	5.8	1,293	4.3	943	0.02	106,366,881	0.07	404,649,086	0.05	230,573,723	42.5	306,119,818
M&I	254,991,434	28.1	230,280,085	5.8	1,481	4.3	1,082	0.02	120,314,704	0.07	453,314,453	0.04	246,812,812	43.2	354,109,119
Inferred	230,013,794	18.9	140,027,216	4.1	935	4.3	1,001	0.02	102,081,329	0.07	362,157,607	0.05	246,150,339	32.5	240,292,377

Notes:

1. The resource cut-off grade of 10 g/t silver equivalent is based only on the values of silver at \$16/oz and indium at \$550/kg.
2. The silver equivalent calculation includes value for Ag, In, Ga, Cu, Pb, and Zn using base case pricing above.
3. Estimated metal content does not include any consideration of mining, mineral processing, or metallurgical recoveries.

Drilling in 2010 was primarily focused on confirmation and in-fill drilling, with a focus on increasing the density of drilling in the areas that fall within the pit model. The updated resource estimate expands the Measured and Indicated resources by 60% from the 2009 estimate to 230 million ounces of silver with an additional Inferred resource of 140 million ounces of silver. The 2010 drill program successfully confirmed the geologic model with over 80% of the life-of-mine in-pit silver resources classified in the Measured and Indicated category.

Drilling in 2011 will aim to further convert the remaining Inferred resources in the pit model to Measured and Indicated along with step out drilling along trend and down dip of the mineralized horizon where it remains open to further expansion.

This PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the preliminary assessment will be realized. Mineral resources that are not mineral reserves do not have economic viability.

Production, Processing and Metallurgy

For this PEA, the preferred development approach is a 40,000 tpd acid-chloride heap leach project, based on a conventional shovel and truck open pit mining operation, with material hauled initially in 100 tonne trucks, phasing to 150 tonne trucks as the pit deepens. Material will be hauled to a heap leach pad that is located within 2km of the open cut. Waste will be hauled to dumps within 2km of the pit. In this study, mining operations assumed an owner-operated mining fleet. Over the 15 year life of mine, approximately 200 million tonnes of leach material will be mined at an average strip ratio of 2.23 to 1. Silver equivalent grades for the first 5 years of production average 58 g/t, with silver and indium grades of 42.42g/t and 7.55g/t respectively with the remaining value from copper, lead and zinc credits. Over the life of mine the silver equivalent grade is approximately 50 g/t, with silver and indium grades that average 33.6g/t and 7.35g/t.

Run-of-Mine material will be crushed to 1/4" in a three stage crushing circuit and stacked in a heap leach pad where a leaching agent made up of hydrochloric acid mixed with salt and sodium hypochlorite will be applied. The heap leach will be designed as an On/Off pad to receive 40,000 tpd in a single 8 meter lift sized for a 120 day leach cycle. The leach pad design contemplates 6 terraced cells with a total footprint of 540,000 square meters. Pregnant solution will be collected in ponds located downslope of the leach pad before advancing to the metals recovery plant. Average leaching recoveries used in the design are 73.6% for silver, 81.0% for indium, 51.1% for lead, 62.0% for zinc, 84.8% for copper and 29.9% for gallium, based on the testing program undertaken at SGS Lakefield Laboratories.

The metal recovery processes start with acid recovery and proceed through several steps of metals extraction and recovery in three main streams. A cemented product containing silver, gold and copper will be further processed into a silver-gold-copper dore. Indium-gallium hydroxide precipitate will be refined into pure indium and gallium ingots. Separately precipitated lead and zinc sulfides will be refined off site as concentrates. Over 15 years of operations, Malku Khota is projected to produce 158 million ounces of silver, 1,184 tonnes of Indium, 191 million lbs of lead, 135 million lbs of zinc, 88 million lbs of copper and 212 tonnes of gallium.

Considerable work has been completed on metallurgical testing including an extensive acid-chloride and cyanide leach testing program undertaken at SGS Lakefield Laboratories. Preliminary geotechnical and hydrodynamic testing have shown that the mineralized material is suitable for treatment with heap leach using either acid chloride or cyanidation. Kinetic tests and acid optimization testing was started in 2010 and is ongoing. Bench scale acid recovery amenability tests have also been successfully completed.

A number of mining and treatment options have been evaluated with the aim of narrowing the range of alternatives to be studied in the PFS. This work has considered alternatives to heap leaching including vat and agitated leaching, both of which have potential to achieve higher recoveries than can be achieved with heap leaching. This optimization work is considered to be potentially attractive and will be progressed along with further testwork to confirm crushing and grinding characteristics as part of the PFS level work on the project.

The project is also amenable to a cyanide leach process which would focus only on recovery of silver with gold and copper credits. The value added by the indium, lead, zinc and gallium from the acid leach process is significant and allows for greater exploitation of the deposits, longer mine life, more metal production and higher NPV. As well, the indium and gallium are regarded as strategic metals that give the project future upside potential. For these reasons the acid leach option is considered the preferred option. Mining for the cyanide option would be similar to that for acid leach except at a lower treatment rate. Heap leaching would also be similar except at the lower treatment rate and using cyanide as the leaching agent in place of acid. Recovery of gold and silver would be achieved using the Merrill-Crowe process. Tailings and other infrastructure would be similar to the Base Case but smaller due to the simpler process, lower treatment rate and shorter mine life.

Facilities and Construction

South American Silver project personnel have met with engineering and construction contractors in Bolivia, Chile and Peru to assess local capability and cost factors for the capital and operating cost estimates. Site construction is expected to take around 18 months during which the construction workforce is expected to peak at over 1,000 people. Once in commercial production, Malku Khota will provide direct employment to over 400 employees and contractors, most of whom will be sourced from surrounding communities. Oruro has a capable supply of labor, equipment and service requirements for exploration and mining related activities.

Preliminary hydrology, hydrogeology and power studies of the property have been completed by experienced contractors in the region. Maximum use will be made of water recovered from the residue facility, which will be returned for re-use in the process plant. Using the natural terrain to advantage, residues will be disposed into lined facilities located downstream of the heap leach pads. Water supply for the project will come from pit dewatering, regional flows and groundwater sources, which have been confirmed in preliminary investigations as sufficient to meet project needs. Groundwork has also been laid for environmental and social baseline studies to get underway in the pre-feasibility phase.

Capital and Operating Costs

Mining capital including pre-production capital and initial mining fleet are based on a project-specific pit design and production schedule with equipment selection and quantities based on equipment vendor's recommendations and engineer's experience of similar operations. Costs are based on budget pricing and engineer's cost database where appropriate.

Process plant capital costs for crushing, leaching and metal recovery facilities are factored estimates based on process flowsheets, mass balances and equipment lists developed specifically for the project based on the

metallurgical testwork. Leach pads, ponds and residue facilities were estimated based on quantities derived from conceptual layouts overlain on the topographical plans of the site. Infrastructure costs for power supply, water supply and roads are budget estimates from consultant's reports and allowances based on recent costs for similar projects constructed in Bolivia. Unit cost rates were applied using estimator's database. Indirect construction costs for freight, taxes and duties, construction camp and catering, EPCM, commissioning, spares and first fills, and Owner's Costs are included. Estimated capital costs are summarized below.

Capital Cost Summary

Mine pre-production	\$3.8 M
Mining Fleet	\$83.1 M
Process Plant & Infrastructure	\$149.9 M
Leach Pads and Residues Facilities	\$81.3 M
Indirect Costs	\$93.3 M
Total Initial Capital	\$411.4 M

Sustaining capital is estimated at \$169 million in the mine, mainly for mining fleet additions and replacement, and \$40 million in the processing facilities, mainly for On/Off heap leach materials handling and progressive residue facility construction, for a life of mine total of \$209 million. Working Capital requirements for the financial model are based on 90 days between production and receipt of payment. Allowances of \$10 million for reclamation costs and \$2 million salvage value at the end of mine life are included in the financial model.

Operating Costs have been developed for each major area based on project-specific requirements. Mining and processing costs are based on year-round 24 hour/day operations. Power is estimated at \$0.042 per kWh and diesel fuel at \$0.54 per liter reflecting Bolivian costs. The project has an estimated maximum power requirement of 40MW, which will come from the Bolivian national grid approximately 20 km from the site. Operational manning is based on approximately 90% of labor being locally-sourced supported by a small expatriate contingent involved in management and training.

Mining costs are based on pit designs, mine production and waste dump schedules developed specifically for the project. Processing costs were developed for reagents on a cost per tonne (of production) basis using consumption rates arising from the metallurgical testwork and unit costs derived from engineer's database and Bolivian sources where possible. Estimated average life-of-mine costs are as follows:

Operating Cost Summary

Mining	\$1.08	per tonne mined
Processing	\$6.41	per tonne of leach material
G&A	\$0.80	per tonne of leach material

Capital and operating cost estimates are expressed in US dollars, based on Q1 2011 costs and have a scoping study accuracy range of ±35-50% and do not include inflation risks or price escalation factors.

Project Development Plan

The Company proposes to advance towards development of Malku Khota in a number of study phases that involve increasing levels of detail starting with a pre-feasibility study (PFS) commencing in Q2-2011 and to follow up with a detailed feasibility study (DFS) in 2012 before advancing to construction.

The PFS will further define the project in a greater level of technical and financial detail in preparation for a subsequent DFS. The DFS would describe the project in detail and ultimately provide the basis for the investment decision. Both the PFS and the DFS will include additional definition drilling to progressively promote Inferred Resources to the Measured and Indicated categories and ultimately to demonstrate sufficient Mineral Reserves in the DFS to support an investment decision. Further metallurgical testwork will also be required for both the PFS and DFS phases.

Environmental and social baselining (data collection) will be carried out in parallel with the PFS with the aim of collecting at least 12 months data to feed into the environmental and social impact assessment (ESIA) process. The ESIA process starts towards the end of the PFS and would be based on the project defined by the DFS. The ESIA ultimately leads to the development of the environmental management plans (EMPs) that are designed to mitigate the impacts. These processes lead into the project permitting process.

Opportunities and Upsides

As well as the normal studies associated with feasibility studies, there are a number of opportunities to enhance the project that will be investigated in the next phases.

- Preliminary testwork indicates that leaching recoveries improve at finer material sizes suggesting that vat leaching or possibly agitated leaching could produce higher economic returns than heap leaching. These options will be investigated further as part of the PFS.
- Early-stage testwork suggests that significant recovery gains could be achieved at higher leach reaction temperatures. Higher solution temperatures are also a benefit in metals recovery circuits. This would allow more value to be extracted from the orebody and warrants further investigation.
- Acid consumption is a significant cost of operation and an on-site acid plant has the potential to reduce costs and simplify logistics.
- There are in-country examples that power can be generated using Bolivia's inexpensive natural gas supplies at a saving to buying power from Bolivia's electrical grid. The benefit would become more pronounced for development options involving high power consumption such as milling.
- The competitiveness of the cyanide case or a blended cyanide/acid leach case increases as the silver price increases relative to other metals and the cyanide alternative will be kept current as the project advances, particularly while high silver prices prevail.
- The Company may look at staged construction concepts which may allow for faster initial production and cashflow generation with a step up to full capacity in phases.

Qualified Persons

This press release was prepared under the supervision of Ralph Fitch, Executive Chairman for South American Silver Corp., Felipe Malbran, Geo, VP Exploration for South American Silver Corp., who are the Company's Qualified Persons for the purposes of NI 43-101. The Technical Report for the updated PEA and resource estimate is a collaborative effort involving the following Qualified Persons for the purposes of NI 43-101: Ralph Fitch – South American Silver., Felipe Malbran, Geo – South American Silver Corp.; Allan Armitage, Ph.D, P.Geo - GeoVector Management Inc.; Pierre Desautels, P.Geo - AGP Mining Consultants Inc.; Gordon Zurowski, P.Eng - AGP Mining Consultants Inc.; and William Pennstrom, (Pennstrom Consulting Inc.).

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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Cautionary Note and Forward-looking statements

The PEA was prepared to broadly quantify the Malku Khota Project's capital and operating cost parameters and to provide guidance on the type and scale of future Project engineering and development work that will be needed to ultimately define the Project's likelihood of a positive feasibility determination and optimal production rate. It was not prepared to be used as a valuation of the Project nor should it be considered to be a final feasibility study on which a commercial production decision could be made. The capital and operating cost estimates which were used have been developed only to an approximate order of magnitude based on generally understood capital cost to production level relationships, and although they are based on engineering studies, these are preliminary so the ultimate costs may vary widely from the amounts set out in the PEA. This could materially adversely impact the projected economics of the Project. As is normal at this stage of a project, data in some areas was incomplete and estimates were developed based solely on the expertise of the Company's employees and consultants. At this level of engineering, the criteria, methods and estimates are preliminary and result in a high level of subjective judgment being employed. There can be no assurance that the potential results contained in the PEA will be realized.

Certain statements in this press release constitute "forward-looking statements". These forward looking statements 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, total and annual production, costs, mineral grades, recovery rates, prices and by-product value, and statements regarding the Company's Project development plan. 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, silver or

indium 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 or other unanticipated difficulties or interruptions; political, community relations, 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. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward looking statements, there may be other factors that cause results to be materially different from those planned, estimated, forecasted, projected or expected. 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 'measured resources', '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), however, these terms are not defined terms under SEC Industry Guide 7 and normally are not 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 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.