



TSX Symbol: SAC
US OTC: SOHAF

NEWS RELEASE: 12-10

South American Silver provides further update on Bolivia

8 July 2012 – Vancouver, British Columbia – South American Silver Corp. (TSX: SAC, US OTC: SOHAF) today provided a further update on recent events in Bolivia since the update on July 4th.

Bolivian government authorities continue in their efforts to restore peace and order to the Malku Khota region in the face of acts of aggression being perpetrated against law-abiding local indigenous communities, police, the company's employees and its local contractors.

Four of the detainees taken by the faction, which represents only three of the 46 indigenous communities, have been freed during a government security action (three drill contractors and a Bolivian government prosecutor). The two Bolivian employees of the company and a policeman continue to be held.

One project opponent died during one of these security actions. While the exact cause of the death is still under investigation, it is believed to have been as a result of the individual mishandling dynamite.

The leadership representing five of the six indigenous groups (known as Allyus) of the Malku Khota project area have travelled to the capital city of La Paz where they made a strong public condemnation of the criminal actions and aggression against their communities and other law-abiding Bolivians by the local faction along with people from outside the region.

Bolivian government authorities have previously stated that there will be a period of constitutionally mandated consultation with local indigenous communities before the project enters the extraction phase.

"South American Silver reaffirms its cooperation with Bolivian authorities and its strong support for the indigenous people of the Malku Khota communities in their continuing efforts to bring a timely and peaceful resolution to this situation," said Greg Johnson, CEO of South American Silver. "The company looks forward to a constructive dialogue with regional and national governments along with the local indigenous authorities after this situation is resolved in order to agree on an approach to development that is inclusive of all communities in the project area."

The company has temporarily ceased all field activities while government-led talks proceed to seek a peaceful resolution.

South American Silver has worked closely with the local indigenous communities over the past several years providing significant direct employment on project related jobs, as well as jointly developing programs with the communities to facilitate job training, education, agricultural enhancement and water management for long-term sustainable development.

The vast majority of the local indigenous communities living in the project area have signed multiple resolutions of support for the project and understand the potential social and economic benefits to their communities through the development of a world class, modern mine at Malku Khota.

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 Malku Khota (100%) project in Bolivia, one of the world's largest undeveloped silver-indium-gallium deposits and the large scale Escalones (100%) 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 a focus on community relations and sustainable development. 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 release contains forward-looking statements which look into the future and to the effect of certain events on the business. Forward-looking statements may include words such as "will", "shall", "seek" and "continuing" and similar expressions. Statements regarding the ongoing efforts of illegal artisanal miners may also constitute forward-looking statements. These forward-looking statements are based on current expectations, factors and assumptions and involve known and unknown risks, uncertainties and other factors.

It is important to note that: Readers are cautioned not to place undue reliance on these statements as the actual events may differ materially from any future events 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 assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. Although the Company has attempted to identify important factors that could cause actual events to differ materially from those contained in forward looking statements, there may be other factors that cause events to be materially different from those planned or expected. Factors that could cause events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, changes in the support for the Company by the Bolivian government; changes in the attitudes among local indigenous communities; changes in the political and economic climate in Bolivia; changes in the regulatory environment in Bolivia; and other risks of the mining industry. The assumptions made in developing the forward-looking statements include: continuing support for the Company by the Bolivian national government, by the provincial governor of Potosi and by the local indigenous communities that have signed comprehensive agreements and passed resolutions supporting the project and the adoption of a Mining Law consistent with the current draft Mining Law. 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 July 8, 2012.