



SOUTH AMERICAN SILVER CORP.

FOR IMMEDIATE RELEASE: 10-07

**South American Silver Corp. Announces
Bought Deal Private Placement for Proceeds of \$4.0 Million**

Trading Symbols: TSX:SAC, US-OTC: SOHAF

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June 18, 2010

South American Silver Corp. ("South American Silver" or the "Company") announces that it has entered into an agreement with Wellington West Capital Markets Inc. (the "Lead Underwriter"), on behalf of a syndicate of underwriters (together with Lead Underwriter, the "Underwriters"), to sell 6,350,000 Units ("Units") at a price of \$0.63 per Unit for gross proceeds of approximately \$4.0 million, on a "bought deal", private placement basis (the "Offering"). Each Unit shall consist of one common share of the Company and one-half of one common share purchase warrant of the Company. Each whole warrant will be exercisable to purchase one common share of the Company for a period of 24 months from issuance at a price of \$0.95. In the event that the common shares of the Company trade on the Toronto Stock Exchange (the "TSX") at a price not less than \$1.25 for a period of 10 consecutive trading days following the closing of the offering, the Company shall be entitled to accelerate the exercise period of the Warrants to a period ending at least 30 days from the date notice of such acceleration is provided to the holders of Warrants

The Underwriters shall also have the option, exercisable up to 48 hours prior to closing of the Offering, to increase the size of the Offering by up to an additional 3,175,000 Units at the same price per Unit as is applicable to the Offering (the "Underwriters' Option"), for aggregate gross proceeds under the Offering of approximately \$6.0 million if the Underwriters' Option is exercised in full.

The Company intends to use the net proceeds of the Offering for the Malku Khota Silver-Indium Project in Bolivia, the Escalones Copper-Gold Project in Chile and for general corporate purposes.

The common shares and warrants to be issued pursuant to the Offering will be subject to a four-month restricted resale period from the closing date. Completion of the Offering is scheduled for July 12, 2010 and is subject to receipt by the Company of all necessary regulatory approvals.

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% owned large-scale Escalones Copper-Gold project in Chile. The Company's approach to business combines the team's track record of world-class discoveries and successful project development and integrates strong community relations and corporate social responsibility. Management has over 100 years of combined 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

Certain statements contained herein constitute "forward-looking statements". 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. 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 news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933 (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as defined in the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws, or an exemption from such registration is available.

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