

SOUTH AMERICAN SILVER CORP.

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

South American Silver Corp.
650 West Georgia Street
Suite 2100
Vancouver, British Columbia
V6B 4N8

Item 2. Date of Material Change

May 7, 2012

Item 3. News Release

A press release was issued on May 7, 2012 through the facilities of Marketwire, a copy of which has been filed on SEDAR.

Item 4. Summary of Material Change

South American Silver Corp. closed the final tranche of its private placement offering.

Item 5. 5.1 – Full Description of Material Change

South American Silver Corp. (the “Company”) closed the final tranche of \$9.6 million, of its \$16 million private placement offering (the “Offering”) of 10 million Units of the Company. The Offering was priced at \$1.60 per Unit, which represented a 6% premium to the 5 day volume weighted average trading price of the Company’s common shares at the time the Toronto Stock Exchange (the “TSX”) accepted notice of the transaction.

Each Unit of the Offering consists 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 until April 20, 2014 at a price of \$2.00. The warrants will not be listed for trading.

The Offering is a strategic investment by a number of Asian based high technology investors, materials manufacturers, and indium/gallium end users from Taiwan, Hong Kong, Japan and Korea. The proceeds of the Offering will go toward the advancement of the Company’s Malku Khota silver-indium-gallium project in Bolivia and the Escalones copper-gold project in Chile and for general corporate purposes.

As compensation for services, the Company paid an agent a cash commission and granted the agent non-transferable compensation warrants (the “Compensation Warrants”). Each Compensation Warrant entitles the holder to acquire one common share and one-half of a common share purchase warrant at an exercise price of \$1.60 per Compensation Warrant until October 20, 2013.

The common shares and warrants issued pursuant to the Offering, as well as the common shares issuable upon exercise of the warrants, and securities issuable upon exercise of the Compensation Warrants, are subject to a four-month restricted resale period, which

expires on September 8, 2012. The Company shall be entitled to accelerate the exercise period of the warrants, in the event that the closing price of the common shares of the Company trading on the TSX exceeds \$2.50 for a period of 10 consecutive trading days, to an exercise period ending at least 30 days from the date notice of such acceleration is provided to the holders of warrants.

5.2 – Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

Greg Johnson
Chief Executive Officer
604-681-6926

Item 9. Date of Report

May 8, 2012