SOUTH AMERICAN SILVER CORP.

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. **Name and Address of Company**

South American Silver Corp.
650 W. Georgia Street, Suite 2100
Vancouver, BC V6B 4N9

Item 2. **Date of Material Change**

October 21, 2013

Item 3. **News Release**

A press release was issued on October 21, 2013 through the facilities of Marketwire, a copy of which has been filed on SEDAR.

Item 4. **Summary of Material Change**

South American Silver Corp. ("SASC") entered into an arrangement agreement pursuant to which it will acquire all of the issued and outstanding shares of High Desert Gold Corporation that it does not already own.

Item 5. **5.1 – Full Description of Material Change**

SASC entered into an arrangement agreement (the "Agreement") pursuant to which it will acquire all of the issued and outstanding shares of High Desert Gold Corporation ("HDGC") that it does not already own in an all-share transaction by way of a plan of arrangement (the "Arrangement") under the *Business Corporations Act* (British Columbia). HDGC shareholders (other than SASC) will receive 0.275 of a SASC Class A Share for each HDGC share they hold. SASC currently owns 16,077,000 common shares of HDGC (18.5% on an undiluted basis). Upon completion of the Arrangement, SASC shareholders and HDGC shareholders will own approximately 85.6% and 14.4%, respectively, of the Class A Shares of the post-Arrangement entity (the combined company).

As part of the Arrangement, immediately prior to the acquisition of HDGC, each SASC shareholder will exchange each of its SASC common shares for one SASC Class A Share and one SASC Class B Share. The Class B Shares entitle the holders collectively to 85% of the net cash proceeds received from any award or settlement in connection with the ongoing dispute with Bolivia related to its expropriation of the Malku Khota Project.

Completion of the Arrangement is subject to a number of conditions, including the receipt of the requisite approval of the shareholders of HDGC and the shareholders of SASC, the approval of the Supreme Court of British Columbia and stock exchange approval. See "Details of the Arrangement" below.

As part of the acquisition of HDGC, SASC will obtain a 100% direct interest in HDGC's Gold Springs project, located along the Nevada/Utah border. Gold Springs is a new development gold-silver district, with a total land package of 74km^2 which HDGC has been exploring. An initial Inferred resource has been announced at Gold Springs (See

HDGC PR13-07, March 28, 2013) and additional drilling in 2013 has expanded the mineralized zones beyond the footprint of the reported resource. The Inferred resource, which is based on only two of eighteen identified targets at Gold Springs, is summarized in the table below:

		Gold		Silver		Gold Equivalent AuEq*	
Cut-off Grade (AuEq* g/t)	**Tonnes**	**Grade (g/t)**	**Troy Ounces**	**Grade (g/t)**	**Troy Ounces**	**Grade (g/t)**	**Troy Ounces**
0.3 g/t	**19,373,085**	**0.48**	**301,756**	**10.4**	**6,476,149**	**0.67**	**415,254**

*AuEq means gold-equivalent. AuEq calculations for Gold Springs reflect gross metal content using a metal price ratio of 57.14 Au/Ag and have not been adjusted for metallurgical recoveries.

Management of the combined company will be led by Ralph Fitch, as President and CEO, with a management team comprised of Matias Herrero (Chief Financial Officer), Randy Moore (EVP of Exploration - North America) and Felipe Malbran (EVP of Exploration - South America).

Details of the Arrangement

The proposed transactions will be carried out by way of a plan of arrangement under the B*usiness Corporations Act* (British Columbia). (the "BCBCA"). Prior to implementing the Arrangement, each of SASC and HDGC will become subject to the BCBCA via a continuance under corporate law, exporting from the Canada Business Corporations Act which currently governs each of SASC and HDGC.

Under the Arrangement, immediately prior to the exchange of the outstanding securities of HDGC for securities of SASC, each SASC shareholder will exchange each of its SASC common shares for one SASC Class A Share and one SASC Class B Share. The Class A Shares will carry voting, dividend and liquidation rights similar to SASC's current common shares, while the Class B Shares will be non-voting and non-participating in regards to dividend and liquidation rights. The Class B Shares will entitle the holders collectively to 85% of the net cash proceeds received from any award or settlement in connection with the ongoing dispute with Bolivia related to its expropriation of the Malku Khota Project.

Post Arrangement, each pre-Arrangement outstanding SASC option and warrant will be exercisable to acquire one SASC Class A Share and one SASC Class B Share instead of a common share at the same exercise price.

HDGC shareholders (other than SASC) will be issued a total of 19.46 million Class A Shares in exchange for their HDGC common shares, representing approximately 14.4% of the Class A Shares outstanding after the Arrangement. All outstanding HDGC options and warrants will be replaced or assumed by SASC and be exercisable to acquire SASC Class A Shares, with the number of SASC Class A Shares and exercise price proportionately adjusted to reflect the consideration to be received by the HDGC shareholders pursuant to the Arrangement.

Implementation of the Arrangement is subject to a number of conditions, including approval by at least 66 2/3% of the votes cast, together with minority approval, by shareholders of HDGC and approval by at least 66 2/3% of the votes cast by shareholders of SASC, in each case at separate special meetings of such shareholders that are expected to be held in December 2013, approval of the Supreme Court of British Columbia, approval of the Toronto Stock Exchange and the TSX Venture Exchange, completion of definitive closing documentation and such other conditions as are customary for a transaction of this nature. There can be no assurance that such conditions will be met and if they are not met or waived the Arrangement will not be implemented.

The Agreement also provides for, among other things, customary board support and non-solicitation covenants from HDGC (subject to "fiduciary out" provisions that entitle HDGC to consider and accept a superior proposal and a right in favour of SASC to match any superior proposal). The Agreement also provides for the payment of a termination fee to SASC of $250,000 should HDGC accept an unsolicited superior proposal and terminate the Agreement.

The Board of Directors of SASC has received an opinion from GMP Securities L.P., its financial advisor, that as of the date of the Agreement, subject to the assumptions, limitations and qualifications described therein, the Arrangement is fair, from a financial point of view, to SASC's shareholders. The Board of Directors of SASC is recommending that SASC shareholders vote in favour of the Arrangement.

Item 5. 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

Matias Herrero
Chief Financial Officer
(604) 681-6926

Item 9. Date of Report

October 31, 2013