



PAN AMERICAN SILVER ANNOUNCES FIRST SILVER CONCENTRATE PRODUCED AT SAN VICENTE'S NEW PROCESSING FACILITY (All amounts in U.S. dollars unless otherwise indicated)

Vancouver, B.C. – April 1, 2009 – Pan American Silver Corp. ("Pan American" or the "Company"), (NASDAQ: PAAS; TSX: PAA) is pleased to announce that the new processing facility at its San Vicente mine in Bolivia began producing silver and zinc concentrates on March 25, 2009.

Pan American has a 95% interest in the San Vicente mine, which is located in the Potosi department and is operated as a joint-venture with Bolivian state-owned COMIBOL. Over the past several years, mining operations at San Vicente were conducted on a limited basis, where ore was trucked to a small third party mill for processing. Given the discovery of the high grade Litoral vein system, Pan American decided in mid-2007 to invest in constructing its own processing facility and to increase the production rates.

Construction of a 750 tonne-per-day processing facility and expansion of the underground mine started in September of 2007. After 16 months of intense work, plant commissioning began in mid-January 2009 and is now close to completion. The Company expects San Vicente to reach design capacity within the next few months. The total investment to expand San Vicente and build the new processing facility is estimated to be \$70 million.

Commenting on San Vicente's expansion, Geoff Burns, President & CEO said: "This is another major accomplishment for Pan American's construction and development team. Despite the challenges posed by an extremely remote location, and the intense competition for construction and mining supplies during much of the build, we have completed San Vicente's expansion on schedule and within 10% of the original budget. With our own plant and expanded mining capacity, I am confident that we will now begin to realize the full value of the San Vicente ore deposit."

Mr. Burns added: "Only two weeks ago we inaugurated the Manantial Espejo mine in Argentina. Now with San Vicente's new processing plant in operation, we are right where we planned to be, setting ourselves up to produce 21.5 million ounces of silver this year. Finally, I would like to extend both my congratulations and thanks to all our employees and construction contractors whose efforts have launched San Vicente as our eighth silver mine."

San Vicente Operational Update

Commissioning of the new processing facility commenced in mid January with the first concentrate being produced on March 25th. Site activities are now focused on stabilizing plant throughput rates and metal recovery, as well as on finishing the installation of the permanent water supply system.

The underground development of the Litoral vein has advanced significantly accomplishing over 5,000 meters of decline, ramp, and lateral development to allow mechanized mining of this high grade deposit. Mining continues in the older parts of the underground mine and overall mine production is ramping-up to the planned 750 tpd production rate.

In 2009, Pan American expects to produce 1.9 million ounces of silver at San Vicente for its account, at a cash cost of approximately \$6.98 per ounce, which represents a doubling of production and a 7.5% reduction in cash costs from 2008 levels. At full capacity, the mine is expected to contribute an average of just under 3.0 million ounces of silver annually to the Company's production profile.

Pan American is on track to produce 21.5 million ounces of silver in 2009 at cash costs estimated at \$6.28 per ounce. With operations at the new Manantial Espejo mine running smoothly, the Company also expects to more than double its gold production to 85,000 ounces in 2009, which will increase Pan American's revenues derived from silver and gold to approximately 75% of its total sales.

About Pan American Silver

Pan American Silver's mission is to be the world's largest and lowest cost primary silver mining company by increasing its low cost silver production and silver reserves. The Company has eight operating mines in Mexico, Peru, Bolivia, and Argentina.

Technical information contained in this news release has been reviewed by Michael Steinmann, P.Geo., Executive Vice President Geology & Exploration, and Martin Wafforn, P.Eng., Vice President Technical Services, who are the Company's Qualified Persons for the purposes of NI 43-101.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

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