



## U.S. Silver Focused On Growing its Silver Assets in 2012 with Goal of Opening A Second Mine

### *Aggressive Exploration Planned to Develop New Areas for Mining*

#### **Company Financially Strong with More than \$27 Million Cash on Hand**

As the second largest primary silver producer in the United States with annual silver production of 2.4 million ounces from its flagship Galena Mine, U.S. Silver Corporation's (TSX: USA; OTCQX: USSID) huge land package of 14,000 acres of under-explored property provides the company with tremendous future potential reserve growth in the country's most prolific silver district – Idaho's Silver Valley where more than 1.2 billion ounces of silver have been produced historically.

This is a company with a strong balance sheet, a stable operating cash flow, and an increasingly aggressive exploration program. Quite simply, U.S. Silver is poised to equal or perform better than that record in 2012, and could well post annual revenues of about \$100 million.

#### **U.S. Silver Moves to Apply for NYSE Amex Listing, Consolidates Common Share Structure and Will Buy Back Common Shares**

U.S. Silver recently was cleared to apply for a listing on the NYSE Amex. The company must also satisfy additional conditions and confirmations prior to being authorized to list on the U.S. exchange, including share distribution and satisfaction of minimum trading price requirements, corporate governance compliance and filing of a Form 40-F registering the common shares.

U.S. Silver outstanding common shares were recently consolidated on

the basis of five (5) pre-consolidation common shares for each one (1) post-consolidation common share. The consolidation was approved by U.S. Silver shareholders in June 2011 and took place on January 31, 2012. As a result, the approximately 309 million pre-consolidation issued and outstanding common shares were reduced to approximately 62 million post-consolidation common shares.

Over the next year, U.S. Silver plans to buy back up to about 3 million or 5% of those shares. Under a recently announced Normal Course Issuer Bid, the share purchase program will terminate no later than Feb. 20, 2013. Repurchases will be made by the company on the open market through the facilities of the TSX in accordance with TSX requirements, and at the market price at the time

of acquisition. Daily repurchases will be limited to 22,377 common shares, other than block purchase exceptions, based on an average daily trading volume of 89,509 common shares since October 3, 2011, the date of U.S. Silver's listing on TSX.

U.S. Silver's action is based on the belief that the company's common shares have not been trading at prices that fully reflect its underlying value, offering an inviting investment opportunity.

"With a cash balance in excess of our planned needs and an expected continued strong silver market, we feel that this is a very prudent investment for the benefit of shareholders at this time," says Gordon Pridham, Executive Chairman and Interim CEO of U.S. Silver. "We intend to begin repurchasing stock subject



U.S. Silver's Galena Mine located in Idaho's famed Silver Valley.

to the terms of this Normal Course Issuer Bid at our earliest opportunity.”

### **Management Team Strengthened with Board of Directors Appointment**

Tom Ryley, who has a career that spans over 35 years in the natural resources sector, joined the U.S. Silver Board of Directors in February 2012. He leads an advisory firm specializing in business planning and strategy, new business development and investment analysis. He spent 25 years with Suncor Energy Inc. in variety of increasingly senior roles and was executive vice president of refining and marketing during the last nine years of his career with the company. He sits on the boards of several public, private and charitable organizations.

“We are pleased to add Tom to the Board and look forward to benefitting from his 35 years of wide ranging experience in operations management, strategic corporate development and public company board directorships,” says Pridham. “His senior corporate blue chip experience and knowledge will be invaluable to U.S. Silver as it manages its growth strategy.”

Ryley joins a diversified management team with over 100 years of mining and business experience. Pridham has a strong background in investment banking, capital markets, and corporate banking. COO Steve Long has extensive experience in mine engineering and management. CFO Chris J. Hopkins is skilled in financial management, strategic planning, mergers and acquisitions, corporate finance and management reporting within the mining sector.

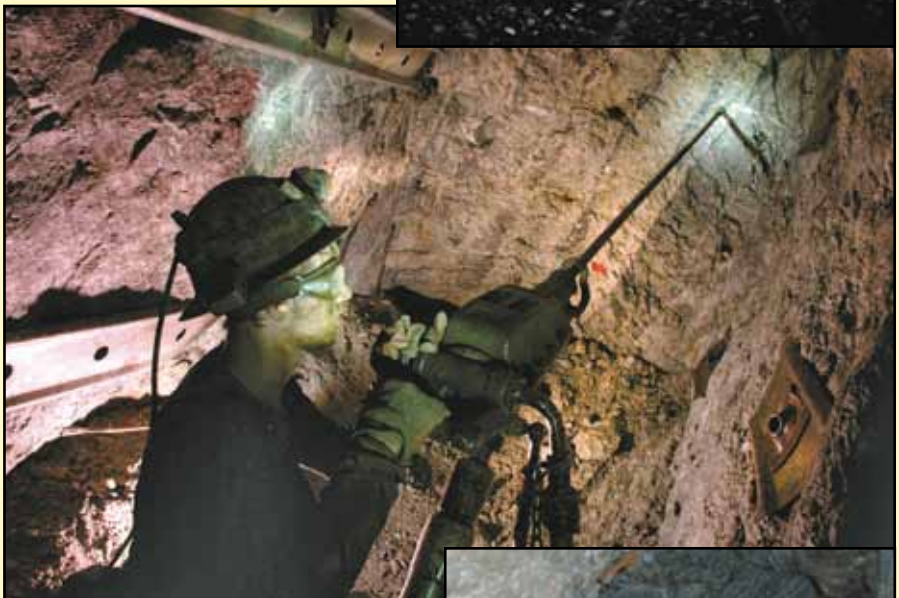
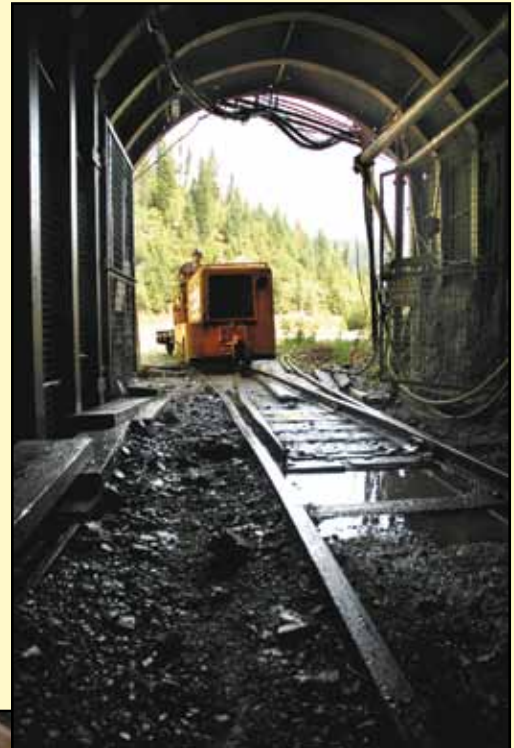
### **U.S. Silver’s Strong Financials Support Expansion Plans**

“Operational consistency and favorable commodity prices continue to provide U.S. Silver with improved financial strength and the ability to pursue our ongoing goal of production growth,” says Pridham.

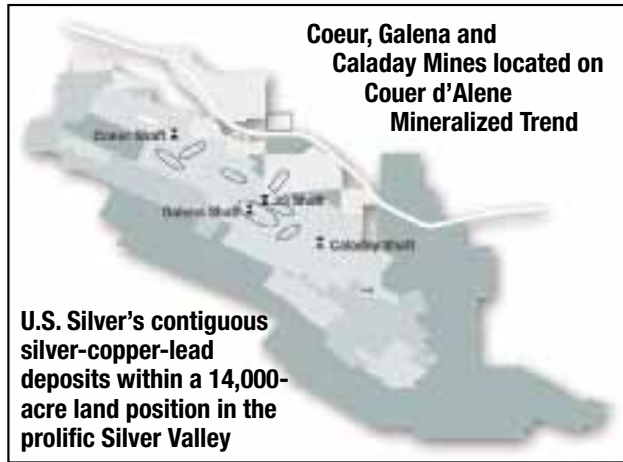
The company has a solid revenue stream, substantial receivables in the form of concentrates on the way to the smelters, no long-term debt and no royalties. As a result, U.S. Silver can comfortably self-fund expanding its silver resource at the Galena and development of its Coeur and Caladaya Mines.

### **The Galena Mine the Second Largest Silver Mine in the U.S.**

The Galena mine is the second largest silver mine in U.S. history, with mining dating back to 1887. The Galena Mine, 100% owned by U.S. Silver, has historically produced 180 million ounces of silver. The Galena mine has two shafts, the primary No. 3 shaft that descends 5,825 feet underground, and the Galena shaft, which is 5,540 feet in depth. Silver and copper are recovered by a flotation mill, which produces a silver-rich concentrate. The Galena mill has a total capacity of 900 tons per day.



U.S. Silver recently reported \$28.3 million in Q3 revenues, compared to \$12.0 million for the same period in 2010. The company will report its 2011 end-of-year performance results in March. U.S. Silver reported net income of \$5.2 million in the quarter, compared to \$0.5 million for the same period in 2010. Cash flow from operating activities totaled \$5.4 million in the quarter, compared to \$1.8 million for the same period in 2010, while cash on hand totaled \$27.5 million.



aggressively to prove those reserves on our large land position in the prolific Silver Valley,” says Pridham.

To date, U.S. Silver has mined 120 different veins at its flagship Galena Silver Mine, which has been in operation for almost 60 years. Incredibly, exploration shows no evidence that the quality of mineralization is diminishing.

U.S. Silver’s Board of Directors has authorized re-starting mining operations at its Coeur Mine, a milestone that will enable the company to maintain and expand its current production levels for years to come.

The former producing Coeur Mine contains an estimated 5.9 million ounces of silver equivalent. The mine has been idle for about 15 years and has aging tunnels and vertical passageways that must be rehabilitated to provide miners with at least two safe exit points from all operational levels. Currently, there is only the main shaft and a tunnel at one level connecting to the adjacent Galena mine.

No additional permitting or acquisition costs will be required to reopen the mine. Once in operation, the U.S. Silver will have two mills – one at Galena and the other at Coeur – capable of processing up to 1,400 tons of ore per day at recovery rates of 96% for silver-copper and 92% for silver-lead ores.

U.S. Silver forecasts 2012 production levels at about 2.4 million ounces of silver, with by-product production of lead at about 6.5 million pounds and copper at about 1.2 million pounds.

“2012 will be a year of continued, enhanced exploration at the Galena Mine,” says Pridham. “Our focus is to create more places to mine. By spending money on infrastructure and development at the Galena, we are ensuring the mine will provide a stable platform of growth for U.S. Silver Corporation.”

## Expanded Exploration Drilling Planned to Increase Resource Base

U.S. Silver’s 2011 exploration program yielded such encouraging results, the company is significantly expanding both surface and underground drilling in 2012 to provide even greater potential for reserve expansion. From August through December 2011, U.S. Silver drilled 21,433 feet underground at both its flagship Galena Silver Mine and at its advanced-stage, former producing Coeur Mine.

Rehabilitation of 140 miles of existing tunnels, many nearly 40 years old, continues. In 2011 the company spent over \$3.3 million on level repairs. Underground exploration drilling at Galena confirmed additional resources that will be developed for mining in 2012 and beyond.

## Investment Considerations

U.S. Silver’s Galena, Coeur, Caladaya and Dayrock silver-lead-copper mines are part of a 14,000 acre land package in an area recognized as one of the world’s most prolific silver belts. The company is a solid silver producer with more than 300 people on its payroll who help to produce

800-1000 tons of ore per day, five days a week.

A significant 2011 milestone for U.S. Silver was its promotion to the Toronto Stock Exchange (TSX), the senior Canadian exchange for mining companies, giving the company greater accessibility to investors, as well as greater liquidity, increased market recognition and access to capital.

Listing on the TSX is representative of the significant growth and strength the company has delivered to its investors. The TSX is a premier stock exchange for mining companies and a main board listing will increase our visibility with investors throughout the world. Now, U.S. Silver is making a similar move in the U.S. with its application for listing on the NYSE AMEX to give the company increased access to and credibility with U.S. investors.

U.S. Silver’s core business plan remains unchanged – to focus on expanding silver and copper production from existing operations as well as exploring and developing its extensive Silver Valley holdings. The success of that plan is evident – each year U.S. Silver has more than replaced its mined resources.

“We are confident we will continue to provide additional reserves for years to come as we explore more

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## Profitable Production from the World's Most Prolific Silver Belt



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Shares Outstanding: 308.8 million

52 Week Trading Range

(as of Feb. 20, 2012):

Canada: Hi: C\$4.15 • Low: C\$1.95

## **Quick FACTS**

### *U.S. Silver Highlights:*

- The Galena Mine, located in northern Idaho's historic Silver Valley, is the 2nd largest silver mine the U.S., producing over 1 billion ounces of silver historically and 180 million silver ounces since 1953.
- Fully permitted Galena Mine has a current 7-year mine life with proven and probable reserves of 21.9 million ounces of silver, 86 million lbs of lead and 11 million lbs of copper.
- 2011 Projected Operating Results: Silver: 2.4 million ounces; Lead: 5.8 million pounds; Copper: 1.0± million pounds.
- Adjoining Coeur Mine and Caladay Property provide additional large growth potential.
- U.S. Silver: No long term debt or royalties; consistent production growth; significant exploration potential; silver provides 85% of metals revenue
- Expected full year revenue of \$100 million at current prices

U.S. Silver Corp is the second largest primary silver producer in the United States with annual silver production of 2.4 million ounces. A strong balance sheet and stable operating cash flow are funding an increasingly aggressive exploration program on our dominant land package of 14,000 acres of under-explored property. U.S. Silver holds tremendous future potential reserve growth in the most prolific silver district in the United States.

U.S. Silver owns and/or operates the Galena, Coeur, Caladay and Dayrock silver-lead-copper mines in Idaho – right in the heart of the Coeur d'Alene Mining District, the most prolific silver district in United States history with over 1.2 billion ounces of silver production. The company's assets include four operating shafts, two operating flotation mills, one non-operating mill, and extensive surface and underground mining equipment. U.S. Silver is focused on expanding the production from existing operations as well as exploring and developing its extensive Silver Valley holdings.



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