

The Bull & Bear's *Resource* Investor

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Great Panther Silver's First Quarter Profits Soar

On Rapid Growth Path to Becoming a Mid-Tier Silver Producer

3.8 Million Oz Silver Production Target at Two Mexico Mines

Profiled Companies:

Aura Silver Resources Inc.

U.S. Silver Corporation

Hi Ho Silver

Multiple reasons it's headed higher

By Stephen Leeb
The Complete Investor

Silver, a monetary metal and an essential ingredient in solar energy, could see explosive long-term gains – benefiting the five speculative miners reviewed below.

Journalists have a phrase “go with what you’ve got.” As a deadline approaches, there comes a moment when you can’t keep gathering more facts, contacting one more source. It’s time to write up what you have to make the morning presses.

And that’s where the world stands today with alternative energy. The days of cheap and politically secure oil are gone, while the Fukushima disaster has forced a rethinking of nuclear energy’s role. The deadline for getting serious about renewable energy is at hand, and we’ve got to go with the renewable energies we already have.

We can’t in other words, sit around waiting for technology to miraculously produce some brand-new energy source. Technology has shown its limits. It has stalled, for instance, with high temperature superconductivity, which once seemed to promise boundless cheap electricity but has barely progressed since its discovery 25 years ago. Progress in making more powerful magnets also is sputtering after 40 years of steady

improvements. And of course, there’s the curious case of fusion, a decades-old dream that has fizzled.

Going with what we’ve got means solar and wind. They’re not perfect, but they’re the most abundant energy sources that work, and they’re massively scalable, compensating for their drawbacks of downtime and storage difficulties.

The Department of Energy projects that in 20 years the world will need about 22 terawatts of power. Wind potentially could yield 40 to 85 terawatts. Solar, though, is the big fun, with the theoretical potential for 580 terawatts. (These numbers refer to available power – excluding, for instance, sun that shines in inaccessible place.)

The major problem with implementing solar and wind on a large scale is the shortage of critical materials. Wind turbines need high-powered magnets, which require rare earth minerals. But many other industrial processes also depend on such magnets, creating competitive demand for rare earths. Limited supplies of rare earths effectively limit how many wind turbines the world can build.

Solar energy, therefore, is likely to move into the limelight, though it, too, faces material constraints. Solar panels need silver, with its superior thermal, reflective, and electricity-conducting properties.

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Bullish Silver Industrial Demand Outlook Projected Through 2015

A report by the Silver Institute forecasts a healthy outlook for global silver industrial demand, the largest component of annual silver fabrication demand. The report states that industrial uses of silver should rise sharply over the next five years to 666 million troy ounces (Moz) by 2015, representing 60 percent of total fabrication demand that year – a 36 percent increase over 2010's figure of 487 Moz.

The report, *The Future of Silver Industrial Demand*, was produced by GFMS Ltd., the world's foremost precious metals consultancy, on behalf of the Silver Institute.

The report assesses the future prospect of total silver industrial demand over the next five years, and where sector growth opportunities are likely to emerge.

Role and Impact of Silver Prices

Industrial silver demand is largely price inelastic in the short term. This characteristic is largely the result of the metal's unique physical properties, which means that substitution may only be feasible in a limited number of areas. Furthermore, the technological change required to enable a shift into or out of silver, when possible, typically takes a fair time. In addition, some companies may have greater exposure to other metals and so might devote research efforts to those metals in a multi-metal bull run. This was witnessed recently when several fabricators focused on minimizing copper use, rather than worry about smaller silver-bearing areas.

Another factor that limits price responsiveness is that silver typically represents only a small proportion of costs. This would be most apparent as regards the final consumption item (an air-conditioning unit or a car for instance) but production charges on intermediate semi-manufactured pieces could easily be greater than the value of the contained silver. This stands in sharp contrast to



some of gold's industrial elements, with gold potassium cyanide costs for example being over 99% fine metal. The net result of this is that industrial buyers of silver bearing materials will invariably maintain steady orders to meet their internal demands, rather than flex purchases to suit silver's price moves.

A period of high silver prices might, however, induce producers of silver semis to seek ways to trim work-in-progress and thus silver finance costs. This would result in a one-off dip in offtake that would not be apparent from production figures. Despite that, the demand impact of a short to medium term price spike is therefore normally slight but it is important to note that substitution pressures are invariably constant; price differentials mean that researchers will essentially always be seeking avenues to use silver instead of gold or the PGMs and to use base metals to replace silver, the more common route.

So far, we have only considered gross demand but it is also worth considering the net figure, fabrication less scrap. Here the price can play a major role as the

recovery of silver could be made profitable by a price move above a certain level or uneconomic by a slide below a given point. This would apply to both old scrap (say a discarded photo voltaic cell) or process scrap (a spent silver paste container for example). Of course, legislation might require recovery in many areas but its viability could influence the exactitude of compliance.

Outlook for "Established" Uses

The forecast for silver industrial demand constructed by GFMS, points to robust growth in the global total through to 2015, under each of GFMS' three forecast scenarios.

Starting with the Base Case (which presents the most likely outcome), industrial demand will realize a series of successive highs, comfortably exceeding 650 Moz by 2015. In fact, industrial offtake is expected to entirely recoup the losses sustained in 2009 as quickly as this year, although the growth rate in 2011 will fall short of the 18% gain recorded in 2010, given that

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widespread restocking (essentially a one-off event) contributed to that impressive outcome. Further solid gains are predicted for 2012-13, before a modest slowdown emerges in the last two forecast years, although annual average growth is still predicted to then exceed 4%.

GFMS' more optimistic GDP growth outlook (Scenario B) contributes to a notably more robust outcome. Although world GDP growth in 2011-12 falls a little short of last year's performance, this still contributes to double-digit percentage gains in global industrial offtake during this period. The slowdown, which subsequently emerges, is partly the result of weaker offtake in India (partially offsetting healthy gains elsewhere), which suffers from the dramatic rise in silver prices.

Finally, GFMS' most subdued economic prediction (Scenario C), sees silver industrial demand record only a slight improvement this year, in response to a marked slowdown in world GDP growth. As a result, industrial offtake only posts a record high in 2012. Subsequent years do produce firmer gains, but the market only surpasses 600 Moz in 2015, some two years later compared with the two alternative economic scenarios. The following analysis, highlighting the key end-uses, will concentrate on the response from each segment under Base Case conditions.

As the largest component of silver industrial fabrication demand, electrical & electronics will account for a significant share of the increase in overall industrial offtake from 2011 to 2015. The following section will focus on demand excluding photo voltaics, a detailed discussion of which is featured separately below.

After a major rebound of more than 20% last year, further increase in electronics & electrical is expected out to 2015. The healthy growth over the forecast will be due to an improvement in world economy, as the recovery of consumer expenditure will lead to higher sales of home appliances and consumer goods such as TV and cell phones. In addition, the robust

growth in the automobile industry should also benefit demand for silver contacts. Not only is global auto production forecast to grow on average by nearly 6% between 2011-2015 but, (and arguably at least as important) is the rising number of electronic uses per automobile.

Over the period, we expect western markets to grow at a slower rate, where the focus is more on the replacement of old appliances for new. In contrast, many developing countries will continue to benefit from what is often a rapid urbanization of their population, with the associated rise in infrastructure expenditure and growth in demand for consumer electronics. Looking at the sector on a country-by-country basis, three markets stand out in terms of driving the global electrical & electronics offtake: the United States, Japan and China. The improvement in the United States is mainly because of ongoing strength in the country's automotive and housing sectors, while for Japan strong export of electronics products is the single largest important factor behind the rise. Finally, stable (albeit high) Chinese economic growth and rising disposal incomes will lead to a rapid expansion in domestic consumption, although further onshore relocations (to the mainland) will also contribute to China's robust performance in this sector.

As noted earlier, total industrial fabrication is forecast to rise by 37% from 2010 to 2015 and there are no obvious reasons as to why brazing alloy and solder (BA&S) demand should behave differently. It is true that part of the total's growth will stem from the arrival of new end-uses for silver but BA&S' share of industrial demand held steady in the 10 years to 2010 despite the boom in new areas such as photo voltaics.

That record gives us confidence in the ability of BA&S demand to shrug off the ongoing challenges posed by substitution to base metals and the adoption of techniques that use no BA&S. Indeed, fabrication growth of around 37% by 2015 would greatly exceed the forecast rise in global GDP between these

dates of 17%, highlighting how BA&S offtake is expected to benefit from such factors as booming sales of cars and air-conditioning units in emerging markets. We would certainly place an emphasis on that, rather than the re-stocking of a denuded supply pipeline as that was very much a 2010-centered phenomenon. Another minor supportive factor is the likely slide in the use of cadmium in BA&S, due to environmental and health issues, with this in effect often replaced by silver.

At a country level, we may see marked dislocations between the fabrication and the consumption of BA&S, either at the OEM or final consumer level; sales of the final products may well surge in the likes of China and India but this could benefit BA&S fabrication in the industrialized world, unless we see further heavy relocation of either this fabrication or OEM manufacture to emerging markets.

The outlook for silver use in photo voltaic (PV) applications remains extremely bullish. Outside of Europe, which has accounted for around 70% of total PV installations to-date, the project pipeline remains strong, with notable additions expected in China, India and the United States. Egypt, Morocco and Israel are also expected to increase installations rapidly, albeit on a smaller scale. These, along with a host of other countries, are expected to drive growth over the forecast window, with total silver demand exceeding 100 Moz by 2015, roughly double the level achieved last year. Overall, the annual average rate of forecast growth through to 2015 is expected to approach 20%. While this might compare unfavorably with a rate of 50% per annum over the last five years, the industry is, to some extent, now entering a more mature stage, having emerged from its initial ramp-up phase.

The growth rate for PV production is, however, likely to be volatile. This is partly because of the difficulty in matching supply (of PV cells) to demand (in terms of installations), itself a function of government incentives, which have often "encouraged" high levels of production, sometimes leading to

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Silver Industrial Demand Outlook

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an oversupplied market. The balance of supply and demand can also vary quite rapidly depending on expectations of changes to incentive programs, which can spur a flurry of demand to lock in contracts at what might be perceived at preferential rates.

Overall, there are a number of factors underpinning our bullish forecast for silver demand in the PV sector. The first of these relates to the outlook for fossil fuel prices. The forecast gains for the oil price (within the confines of this report) will help to narrow the gap between the cost of generating traditional and solar power. This will, crucially, help speed the arrival of grid parity, the point at which the cost of generating solar energy will be equal to, or less than, the cost of conventionally generated grid power, by which time government support should, in many cases, no longer be necessary.

Second, the passage of carbon legislation may force conventional power providers to purchase carbon credits, thus leading to an increase in the price of such power and further levelling the playing field for solar. Third, political commitments will also help to drive PV demand. In particular, the European Union is committed, at present, to sourcing 20% of its total energy mix from renewable energy by 2020, compared with a threshold of around 15% last year. China, meanwhile, plans to increase its renewable energy output to meet more than one-third of its total power needs, compared with a threshold of over 25% last year. Finally, underpinning all of these factors is improving economic growth, which will likely sustain several existing government incentive programs, while also encouraging a number of new opportunities.

There are, however, a few setbacks which may curb the level of offtake over the forecast period. The greatest threat comes from the potential for government incentive programs, most likely Feed-in-Tariffs (FiT) to be withdrawn.

In fact, these fears have already been realized in a number of key PV markets. Retroactive cuts to promised financial support (Spain), increased tax on solar energy production (the Czech Republic), earlier-than-planned cuts to incentive programs (Germany) and stalling activity elsewhere (including France and Italy), have affected investor confidence in the future of the industry. Developments in other renewable energy sources (currently dominated by hydro-power and wind energy) may also mitigate solar's gains somewhat. It is also worth noting that solar power represents a tiny proportion of total renewable energy, which itself represents around one-fifth of total energy consumption.

Further downside risk to silver demand comes from the fact that manufacturers will seek to thrift or substitute precious metal content as much as possible, in order to reduce costs. Moreover, the share of thin film technology could exceed 20% by 2015. Nonetheless, thick film technology is likely to remain the clear market leader over the forecast period.

In conclusion, growth in this sector will remain heavily contingent on the sustainability of FiT programs and the health of the global economy. Despite some recent setbacks to FiTs, the long-term political will behind solar appears overall to be positive, as does consumer enthusiasm for green energy. In addition, delivery infrastructure for solar is also likely to improve further. As a result, the PV industry is expected to emerge as an ever-more significant end-user of silver over the next five years.

Established industrial offtake's *other applications* are notably diverse, ranging from decorative plating to silver rods for the nuclear industry. As a result, forecasting typical growth is a hard task. Nonetheless, some themes do emerge. Firstly, many of the sectors are mature, such as the silvering of mirrors, or traditional niches, such as end-use in musical instruments. It is highly likely therefore that their

demand growth will be modest but should be largely resistant to substitution as silver would have already been removed if possible. In a similar vein is the use of silver in gold jewelry alloys but this could show more overt growth to 2015 as gold prices are likely to have fallen notably by then.

A second characteristic is that several applications are government controlled, such as the nuclear industry, or form part of large scale infrastructure projects. This means their offtake could be quite divorced from the business cycle, should prove fairly independent of price changes and be relatively resistant to substitution.

Of course, the boundary between what is established and what is novel is a grey area and in some instances we have classified existing niche areas, such as specialized uses in the medical industry, as 'established' but then treat them more as 'novel' when new applications within these broad categories become widely adopted and no longer involve just a few thousand ounces of silver. For the above three reasons, it is probable that growth in this 'other industrial' area in total will lag the electronics and BA&S sectors.

Novel and New Industrial Uses of Silver

There are a wide range of 'new' industrial applications of silver. This term may appear misleading as many of these products have been technically viable for some years, often capitalizing on silver's well established properties, particularly so its antibacterial and conductive qualities. However, this is one of the challenges that lies ahead for many of these uses; converting a proven technical proficiency into a long-term commercial success. As the following analysis shows, several applications have or are on the verge of achieving this mantle, but this does not always translate into consuming a substantial volume of silver. In other words, silver offtake per unit of demand for a new use may remain a niche application, in the context of the silver market.

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This conclusion is implicit from the statistical series constructed by GFMS. Bringing together our estimates for 2010, suggests that the combined total of the 11 uses outlined below amounted to less than 13 Moz, although, by 2015, this could exceed 40 Moz.

Solid State Lighting

Solid-state lighting (SSL) uses semiconductors to produce light with either light emitting diodes (LED) or organic light emitting diodes (OLED), rather than the more traditional electrical filaments, plasma or gas. While there are subtle differences between the two, essentially they both produce electroluminescent light when a current is passed through electrodes. These electrodes can be made of silver.

SSLs could be used in backlighting and signage, although the technology is not yet capable of lighting high performance items, such as televisions. That said, SSLs are already used in traffic lights and in some car headlamps. At present, non-silver alternatives often encounter difficulties with dimming and uneven lighting; printed silver has been shown to perform far more effectively in these circumstances. In addition, silver's efficiency in this application means that the footprint of printed silver can be kept to a

minimum, further aiding performance.

While the silver loading of each lighting element is currently small, there is nonetheless considerable potential for growth in this area as demand for SSL increases. As well as the above mentioned advantages, SSL offers high illumination, using considerably less energy than is consumed by incandescent or fluorescent bulbs. In addition, energy efficiency legislation has led to incandescent light bulbs being banned in a number of countries, such as Brazil and Argentina; in Europe, scheduled phase-outs began last year; and the United States plans to ban their use between 2012 and 2014. Although fluorescent lighting may initially fill the void, the use of mercury in fluorescents and the (arguably) poor light quality they provide, suggest they may only offer a short to medium term solution. The success of this technology could be greatly accelerated depending on the extent to which governments introduce regulation on incandescent lighting.

Furthermore, recent research suggests that cost-effective, high quality, low energy lighting may actually increase demand. SSL is less expensive (owing to its greater energy efficiency), which may encourage consumers to increase energy consumption by making more areas brighter, rather than simply maintaining lighting at current levels. Better technology, therefore, could simply generate greater demand. Although this might negate the intended effect of reducing energy use, this bodes well for silver offtake in this segment.

However, the current barriers to widespread adoption of SSLs are cost and some lingering performance issues. If both of these can be resolved, it would undoubtedly enhance silver demand (albeit from a currently small base, believed to be less than 1 Moz per year). Over the next five years, SSL is expected to expand its market share from less than 10% of the total lighting market to close to 30%. Should silver emerge as the electrode material of choice, therefore, annual demand could exceed 5 Moz by 2015.

Radio Frequency Identification

Radio Frequency Identification (RFID) tags make use of printed silver ink, made from silver nitrate. RFID tags can be used to track inventories and provide an alternative to bar codes, compared to which they can store considerably more data. In essence, their role is to transmit data stored on the tag (usually in a chip) to a reader, via an antenna. Silver can be used in the antenna and to form a bond between the chip and the tag itself. Nanosilver inks have already achieved some commercial use, which consume far less silver compared with conventional inks.

There are two main types of RFID tags, both of which use silver: passive and active. Passive tags do not have their own power source, and can only transmit information once they draw power from the reader, which achieves this by sending electromagnetic waves to induce a current in the tag's antenna. Active tags contain their own power source, and can therefore transmit information to the reader autonomously. These are typically reserved for high value goods, owing to their higher cost and performance capability.

Although the use of RFID tags is forecast to show tremendous growth, the prospects for silver are not necessarily as correspondingly strong. Not only is the actual amount of silver used per tag small in absolute terms (typically less than 10mg per tag and in nanosilver inks 10kg of silver can suffice for one billion tags). At present, the use of silver-bearing tags appears to have gained little ground. This is due to silver's relatively high cost, which has led to both thrifting and substitution, with non-silver printed inks, such as copper, aluminum and graphene taking market share. The uptake of silver-bearing tags may, therefore, be limited to high value, low volume items.

In 2010, global demand was estimated at around 1-2 Moz. However, given that the use of RFID technology is still in its relative infancy, silver should benefit from the sector's anticipated growth over

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Great Panther Silver's First Quarter Profits Soar

Company On Rapid Growth Path to Becoming a Mid-Tier Silver Producer

3.8 Million Ounce Silver Production Target at Two Mexico Mines for 2012

Great Panther Silver (TSX: GPR; NYSE Amex: GPL) recently announced record first quarter earnings on the back of record breaking production numbers for the period ending March 31, 2011. The company has also been added to the junior gold miners' index, MVGDJ, and is enjoying increased visibility and trading volumes.

"Following the strong financial performance Great Panther delivered in fiscal 2010, we are off to a stronger start this year, again setting several new records," says President and CEO, Robert Archer.

The company increased revenues by 95% to \$15.5 million for the quarter and gross profits were up an impressive 242% to \$8.6 million. Also, net income increased to \$7 million over the same period last year, generating earnings of \$0.05 per fully diluted share in Q1.

Continuing record production of silver, gold and base metals by Great Panther Silver bodes well for the company to reach its production goal of 3.8 million ounces of silver equivalent by 2012 – an incredible 68% 24-month increase.

For investors, the company, which operates two 100%-owned silver mines in mining-friendly Mexico, provides strong leverage to future increases in the price of silver. The fact that the company has gold as a production by-product, providing a comfortable hedge against falling silver prices, is a significant plus. Nor does it hurt that Great Panther Silver is run by a seasoned management team led by Mr. Archer who has previously worked for such major mining companies as Newmont, Placer Dome and Noranda – and is guided by an internationally-recognized board of directors drawn from three continents.

During 2011, Great Panther Silver will invest \$24 million from its cash flow to rehabilitate and expand its mines in Mexico and to increase resources and reserves. The company will continue to

acquire new equipment, develop new production faces, improve plant performance, increase resources and define reserves. 2012 promises to provide equal accomplishments as Great Panther Silver moves toward its production goals in Mexico and expands its search for advanced silver properties throughout Latin America.

Record 2010 Production Continues in Q1 2011

For the first quarter of 2011, Great Panther Silver reported a 15% increase in silver production and an impressive 45% increase in gold production compared to the first quarter of 2010. During the first three months of 2011, the company also produced 241 tonnes of lead and 345 tonnes of zinc for combined metal production of 607,225 silver equivalent ounces. Corporate highlights for the quarter include:

- Produced 410,640 ounces of silver,
- Produced 2,310 ounces of gold,
- Increased NI 43-101 compliant Mineral Resources at the Topia Mine,
- Received recognition for Corporate Social Responsibility

Production from Guanajuato is expected to increase steadily throughout 2011 to two million ounces of silver equivalent, largely from increased production as the Los Pozos and Santa Margarita areas reach full capacity, Cata production returns to previous levels, and new production develops from the Guanajuatito area. Plant throughput for 2011 is estimated at 200,000 tonnes at grades of 240 g/t silver and 1.80 g/t gold for metal production of 1.38 million oz silver and 10,400 oz gold.

Output from the Topia Mine is expected to increase as development on existing and new veins and increased plant capacity contribute to production totals. Topia's 2011 estimated 40,000-tonne plant throughput is expected to produce 0.56 million oz silver, 800 oz gold, 1,170 tonnes lead, and 1,430 tonnes zinc – the equivalent to 0.87 million ounces of silver equivalent.

The company has set a combined 2011 production target from Guanajuato and Topia at 2.87 million ounces of silver equivalent, (1.94 million oz silver, 11,200 oz gold, 1,170 tonnes lead and 1,430 tonnes zinc), based on prices of \$1,200/oz Au, \$20/oz Ag, \$0.85/lb Pb and Zn.



Great Panther Silver conducting underground mining at its flagship operation in Mexico's Guanajuato Mining District, one of the world's most prolific silver districts.

“Silver is more than the poor man’s gold. It is the only commodity that has both industrial uses and monetary value,” says Archer. “With increasing demand from recovering economies, we have recently seen the price of silver rising at a significantly faster rate than gold. Because we are a primary silver producer, this gives Great Panther Silver tremendous leverage.”

Historic Silver-Gold Guanajuato Mine Complex on a World-Class Deposit

Great Panther Silver’s Guanajuato Mine Complex is located in Mexico’s second-largest producing silver district of the same name where more than one billion ounces of silver have been produced over the past 400 years. The company’s property on this world-class silver-gold deposit has a 4.2 kilometer strike length. The underground mine has 25 shafts, over 100 kilometers of underground tunnels, three ramps, and has produced more than 4.8 million ounces of silver equivalent since the company restarted production in 2006. The plant has the capacity to double current production rates to about 1,200 tonnes per day. During the final quarter of 2010, the Guanajuato plant achieved record gold recovery and excellent silver recovery of 91.1% and 89.1% respectively. Improvements to plant operations and equipment will continue in 2011.

Production from the Los Pozos area on the 310 and 345 meter levels accounted for more than 50% of the total silver production at the mine during the fourth quarter of 2010, while production at the Cata Clavo and Santa Margarita areas will be increased in 2011. Exploratory core drilling of the Guanajuatito North Zone indicates mineralization continues to depths below the 80 meter level. Most recently, the company discovered deeper mineralized silver-gold zones grading as high as 8.53 g/t gold and 1,300 g/t silver over more than a half meter in width at its Guanajuatito Mine at the northwest end of the Guanajuato Mine Complex. An access ramp will intersect the vein on the 120 meter level here to allow for more detailed exploration in preparation for an additional stoping area.

Producing Silver in Mexico



Underground exploratory core drilling between the Valenciana and Cata mine areas is also underway. Deep drilling under the main Valenciana Mine will begin in the second quarter of 2011 to test structures in the Valenciana area below the 390 level and along a 600 meter strike length. Exploration drilling confirms silver-gold zones extending to depth at Guanajuato.

The NI 43-101 compliant reserves for the historic Guanajuato Mine strongly indicate the project's long-term viability and, more immediately, an anticipated improved output in 2011 and 2012. Guanajuato contains a measured and indicated mineral resource of 5,450,000 Ag eq oz, with inferred mineral resources estimated at 2,678,000 Ag eq oz. The measured and indicated mineral resources include 4,372,000 Ag eq oz of proven and probable mineral reserves, using a cut-off grade of 185 g/t silver equivalent.

High-Grade Topia Mine Producing Silver, Gold, Lead and Zinc

Great Panther Silver's historic Topia silver-gold-lead-zinc mine property encompasses 6,500 hectares, dominating this mining district in the Sierra Madre Mountains of Durango State. Mining in the area dates back to 1538. The deposit is characterized by high-grade, narrow veins. Although currently identified resources will support a 10-year mine life, a pending updated resource estimate is expected to significantly extend the length of economic production at the mine.

In March, Great Panther Silver updated its resource at Topia, now standing at 7.44 million silver equivalent ounces measured and indicated, a 36.3% increase over the 2009 resource estimate, and 11.91 silver equivalent ounces inferred, a 109.3% increase.

Mine development at Topia continued to extend known areas and provide access to new mining areas. Mining of the San Gregorio and El Rosario veins contributed almost 40% of the silver production. Ramp development at Argentina is now fully mechanized, and access to the third level is expected in the Q2 2011.

Great Panther Silver plans to increase production at Topia by 20% per year through 2012. Mineral resource/reserve estimates are pending.

Investment Considerations

Great Panther Silver is well capitalized with \$40 million in its treasury, and a growing cash flow sufficient to fund production, expanded mine development and exploration. Currently, some 70%

of the company's revenues derive from silver. Now in its second year of its ambitious three-year plan to reach an annual production rate of 3.8 million ounces of silver equivalent by 2012, Great Panther Silver also has its eye on potential future acquisitions.

"Profitable growth is the key to maximizing long-term shareholder value," says Archer. "We will grow production and earnings from mining operations, while maintaining a positive cash flow and actively pursuing promising exploration and development opportunities in Mexico and South America."

If Great Panther Silver's track record during the past year is any indication, the company could well make good on its promises. For not only did the company set record production numbers in 2010, it conducted successful diamond drilling programs at the Guanajuato Mine, the nearby San Ignacio Project and the Topia Mine that delineated new resources and identified intriguing new mineralized areas. Exploration during the coming year promises more of the same: Great Panther Silver has more than doubled its 2011 drilling program to about 60,000 meters of further exploratory and infill drilling.

For example, the company will spend \$2.8 million on further exploration and development at San Ignacio where it is evaluating sites for a portal to an underground ramp. Ore extracted during the development phase will be trucked to the Guanajuato plant for processing. The cash flow generated will offset the cost of exploration and development.

"Our strategy for growth beyond 2012 is to target undercapitalized projects that can be made profitable by introducing new equipment and mining methods," says Archer. "This could add millions of ounces to our books and bring Great Panther Silver to mid-tier status."



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 Active Float: 80 million (65%)
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 Hi: C\$4.90 • Low: C\$0.67
 US: Hi: \$5.04 • Low: \$0.64

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Multiple Reasons Silver Is Headed Higher

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Silver is probably even scarcer than many rare earths, but because it's found throughout the globe, it's more readily available than rare earths, which are concentrated in Asia, especially China. Thin-film solar relies on materials even scarcer than silver: iridium and tellurium, while so-called organic thin films, which have many advantages over other forms of solar, require a lot of silver as well.

For now, at least, solar and silver are inseparable bedfellows, and a rising emphasis on solar will add significantly to existing silver demand from other industrial applications. These include other energy-related initiatives; the most promising form of superconductivity, for instance, requires silver (though there's no assurance divalent silver conductors will make it to market), and silver is used in autos to improve fuel efficiency.

Perhaps even more important, silver is also a monetary metal, with a history as a store of value longer than gold's. While this volatile metal recently corrected after being on a tear, even at its height silver traded at less than one-thirtieth the price of gold. While this is a high ratio for recent times, historically silver has traded at around one-fifteenth gold's price. To reach this multi-millennia norm, silver would need to rise to \$100.

And actually, there's good case for an even higher ratio and higher price. According to reliable estimates, the ratio of silver to gold – above and below ground – is less than 10:1. This suggests silver should trade at less than one-tenth the price of gold if both were solely monetary metals, which gold, unlike silver, is. In the past, silver's industrial role penalized the metal, since demand was cyclical. Solar, however, could potentially wipe out this cyclicity. Indeed, we could see a vicious, of from silver investors' perspective virtuous, circle in which monetary and industrial demand and stockpiling feed off one another. There could even come a time when the public is forbidden to hold silver because of its

value as an industrial metal.

One implication is that as long as silver leads other commodities, mining ever lower grades of silver will be profitable. For investors, the key realization is that silver miners in politically secure states should be in a terrific position. But there are a number of governments – read Bolivia and possibly Peru – that have shown a remarkable lack of insight, and even though they now permit the mining of silver, they might not do so indefinitely.

Investors, therefore, should focus on silver miners in the U.S., Canada, and Mexico, such as most of those mentioned below (with one exception). Since silver is mostly a byproduct from mining other metals, these mines, the rare ones that focus directly on silver, are small and therefore have to be considered risky. But if we're half right about the metal, those risks are well worth taking. Indeed as silver becomes recognized as a critical energy-related metal, the multiples for these miners should skyrocket, meaning the gains could be multifold. We would, however, strongly urge that to reduce the risks, you buy at least three, and preferably all five, of these speculations – certainly more than one.

Two of the mines, **Mag Silver** (TSX: MAG; NYSE Amex: MVG, www.magsilver.com) and **Tahoe Resources** (TSX: THO, www.tahoeresourcesinc.com), are both probably at least three years away from turning a profit, but both companies have outsized developments. Mag has confirmed an extremely rich discovery in Mexico, and preliminary results suggest the stock is trading at a deep discount to the underlying value of its reserves. Given that these reserves are valued at about \$18 per ounce of silver, Mag's longer-term potential is exceptionally high. Ditto for Tahoe, whose silver discovery in Guatemala ranks among the greatest in the past generation. (Tahoe is the exception to our North America-only rule, but we view Guatemala as among the safest South American countries).

The three others are less risky in that they already are producing silver and earnings profits. For at

least the next few years, each should be able to keep both production and earnings growing. **First Majestic** (TSX: FR, NYSE: AG, www.firstmajestic.com) probably has the longest trajectory of increasing production based on current reserve estimates. Indeed its current mines are likely to yield increased production at least through mid decade, which points to a deeply undervalued stock by any measure.

Endeavour Silver Corp. (TSX: EDR; NYSE: EXK, www.edrsilver.com) is another small mine with long-lived assets, in Mexico, that are producing silver at a profit. The company also has a number of other potentially valuable prospects. We give Endeavor plaudits for transitioning from an explorer to a very profitable producer and expect revenues and earnings – even if silver prices dropped – to grow substantially in the next several years. Its valuation can be explained only by a very negative view of silver's price, and if, as we expect, that's wrong, investors will reap superb returns.

Minefinders Corp. (TSX: MFL; NYSE Amex: MFN, www.minefinders.com) is another deeply undervalued small company. One risk with smaller companies is that an operational problem can cause production to fall sharply, which is what happened to Minefinders in 2010. However, there was no damage to the reserve body, and the result has been a deeply undervalued stock whose very strong long-term potential is total intact. As with other small companies short-term mishaps are likely. But if silver holds near current levels, over the longer term the volatility will result in at least a several-fold gain.

Editor's Note: Dr. Stephen Leeb is a recognized authority on the stock market, macroeconomic trends and commodities, especially oil and precious metals. Dr. Leeb is Chairman and Chief Investment Officer of Leeb Capital Management. Dr. Leeb is also Founder and Research Chairman of the Leeb Group, which publishes an extensive line of financial newsletters and e-letters reaching more than 200,000 readers. The publications, which have received multiple awards for editorial excellence, include *The Complete Investor*, P.O. Box 248, Williamsport, PA 17703, 1 year, 12 issues, \$199, *Leeb's Income Performance Letter*, *Leeb's Cash Cow*, *Leeb's Real World Investing*, *Leeb's Aggressive Trader*, and *Leeb's Million Dollar Portfolio*. For more information on *The Complete Investor* and a Special Offer visit www.completeinvestor.com.

Silver Outlook

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the next five years, even allowing for the constraints outlined above. By 2015, therefore, total offtake has the potential to at least double, albeit from a modest base.

Supercapacitors

Supercapacitors offer a potential growth area for silver, where printed silver can be used as an electrode. A supercapacitor is similar in function to a battery, in that it stores and releases energy. Unlike a battery, however, it can be charged and discharged almost indefinitely, with (almost) no loss of performance. In addition, a supercapacitor can recoup and release power far more quickly compared with conventional batteries. Energy can be captured from a variety of sources, including a braking vehicle, wind power, the national grid or from solar energy.

This power can then be applied in a myriad of ways, including: a source of back-up, should there be grid disturbances or outages; in regenerative systems, such as in hybrid buses, where energy from braking can be stored and then released as the bus accelerates; and in smaller applications such as power tools and torches, which require only small bursts of energy, and benefit from rapid re-charging.

Overall, this technology is likely to achieve commercial success, although the trend towards miniaturization and the use of nanosilver is likely to limit the absolute volume of silver demand. In addition, less expensive alternatives are also likely to develop. Given that this represents a new form of technology that is likely to use, at best, modest volumes of silver, we do not anticipate that more than 1 Moz of silver will be consumed by 2015.

Water Purification

There are several ways in which silver can be used for purifying water. The most widely used applications make use of silver's bactericidal properties, in forms including silver-impregnated ceramic filters, silver deposited on activated carbon, silver nitrate, silver chloride or in tetrasilver

tetroxide. Silver is also used as a catalyst for the production of hydrogen peroxide, which is in turn used in water disinfection. It can be used in building water supply systems, pools, spas or personal water purification devices.

In water supply systems, it can destroy bacterial growth in pipes, connections and tanks; in pools and spas, silver ion filtration canisters treat all components; and in personal purification devices, it prevents bacterial and fungal growth that would otherwise block the active charcoal filter. At present, silver-based water treatments are used more widely in Europe than in the United States.

There does not seem to be undue concern regarding the safety of using silver in water purification devices. The World Health Organization (WHO) states that a lifetime intake of approximately 10g of silver can be considered to be the 'no observed adverse effect level' (NOAEL). The maximum contaminant level of silver in drinking water ranges from 0.05mg/L to 0.10mg/L, of which only a small percentage is absorbed. According to the WHO, levels of up to 0.10mg/L would give a total dose over seventy years of 5g of silver ingestion (half the NOAEL level).

Given the scope for water consumption to rise in response to global economic growth, therefore, there is considerable scope for silver use to rise in this application. That said, this is unlikely to reach significant volumes over the forecast period in comparison to established industrial silver users. Indeed, at present, global silver demand in water purification applications is estimated to be roughly no more than 2 Moz per year. Furthermore, silver tends to be used in personal water purification devices, rather than large scale municipal devices, which commonly depend on some form of chlorine (or chlorine compounds) for disinfection. Looking ahead, however, there is considerable growth potential, and offtake in 2015 may reach 2-4 Moz.

Medical Uses

Silver is often used in wound treatments, dressings, powders and creams, which make use of

its anti-microbial action against yeasts, moulds and bacteria. It is used in a variety of forms, including silver sulfadiazine, silver chloride, silver sulfate and nanocrystalline silver. With regard to wound dressings, studies have shown that dressings containing silver increase the comfort level for burns patients by minimizing adhesion between the wound and dressing, thereby reducing pain when changing dressings. Furthermore, the frequency of changing dressings might also be reduced, owing to the antimicrobial activity of the silver. Clinical evidence also supports the efficacy of silver as an antiseptic (which can take many forms, including gels, sprays and powders) for infected wounds.

Silver can also be used in catheters, which are made with a silver-based anti-microbial coating, as well as for other medical implantation devices such as prosthetic heart valves and vascular grafts. In urinary catheters, research has shown that the use of silver alloys reduce the incidence of urinary tract infection (UTI) by as much as threefold compared to non-silver bearing types. Despite the initial higher cost of the silver-bearing products, therefore, the longer-term benefits of reduced spending on aftercare may justify the economic cost of using these materials.

With regard to silver demand, current offtake is estimated to be slight. To give an indication of the quantities involved, the silver content in bandages is typically measured in mg/100cm², and in creams in terms of milligrams(µg)/cm² per application (one of the world's leading bandage manufacturers consumes only around 7,000 ounces of silver per year). Total silver demand in all medical applications, therefore, is estimated to have reached less than 0.5 Moz last year. This is, however, likely to grow strongly over the forecast, and although total volumes are unlikely to have a significant impact on the silver market, silver use in medical applications may grow strongly over the next five years to approach some 3 Moz by 2015.

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Food Packaging

Some food packaging uses silver for its hygiene benefits, which is often applied as a coating or embedded in a polymer. Cooking utensils, kitchen detergent and refrigerators also make use of silver's antibacterial properties, also mostly in nano form.

As is the case with nanosilver in general, one issue is the current lack of clarity regarding their use, which opens the prospect for regulations to be applied retrospectively. Although the EU Food Packaging Regulation covers all materials that come into contact with food or drink, nanosilver has not yet undergone new safety assessments. This is because nanosilver has not been deemed an 'existing' product, as 'ordinary' silver has already been addressed. Similarly, the United States has not classified nanosilver as an 'existing' chemical. In addition, in the United States food packaging containing nanosilver falls under the remit of both the Environmental Protection Agency (EPA) and the FDA (Food and Drug Administration Agency), with the former regulating the pesticidal aspect and the latter the container itself. Notwithstanding these concerns, the food hygiene sector is unlikely to become a major silver consumer. It is modest in terms of absolute use; last year we estimated consumption at comfortably less than 1 Moz. Nonetheless, it has the potential to at least double over the forecast period, exceeding 1 Moz by 2015.

Hygiene

Nanosilver is also commercially available in a number of other applications. These include fridges that have been coated with nanosilver to create an anti-bacterial and anti-fungal environment. In addition, washing machines have been engineered to release silver ions through electrolysis, which also works to combat bacteria and fungi. These allow for lower temperature washes with less detergent, enabling consumers to save on energy and water consumption. One such widely available model contains 10g of silver, which is designed to last at least 10 years. This is said to

typically release 0.05mg/L per wash, which equates to 2.75 mg of silver ions. Half to a third of these ions are imparted onto the washed items, while the remainder is flushed into the sewage system.

Textiles, including socks, sportswear and bedding have also been produced using nanosilver, for antibacterial protection and odor control. Silver has also been included in products such as air purifying sprays, hair dryers, toothpaste and soaps to name but a few.

Silver is also used for hygienic purposes in other ways, in products such as hospital gowns, bedding, door handles, counter tops, bed rails and paint. Silver use in paints and lacquers is relatively small, and is likely to remain a marginal end-user of silver; a commercially lacquer contains silver particles at a concentration of 100-300ppm silver/kg lacquer. Anti-microbial paint containing nanosilver is also available, although this is expected to be restricted to specialist (and therefore niche) applications. The silver content is higher here, estimated at around 0.4g contained in 1kg of paint.

Finally, cleaning agents containing silver, used in both the domestic and pharmaceutical industries, have also been developed. In totality, however, the use of silver in hygiene products is unlikely to emerge as a major end-user of silver, due to the relatively small amounts of silver required. Over the next five years, total offtake in this diverse range of uses is not expected to reach significantly higher than 3 Moz.

Wood Preservatives

Silver use in wood preservative can take a number of forms including: silver oxide, nitrate, chloride, bromide, iodide and thiosulfate. One argument behind the optimism in terms of silver's potential role in this area followed the voluntary withdrawal of Chromated Copper Arsenate (CCA) in the United States in 2003, which had been the dominant material in the wood preservative industry. As a result, CCA is no longer available for use in most residential applications, owing to toxicity concerns in arsenic and chromium (VI), its two main components.

Silver has displayed a number

of characteristics that indicate that it may be a realistic substitute for CCA. It has proven effective in performing the main functions of wood preservation, namely protection against wood decay fungi, efficacy against termite damage, mould inhibition and insolubility in water.

However, it does offer one main drawback, which may well prevent it from becoming a mainstream ingredient in wood preservation. The first of these is its relatively high cost, a major issue for an industry that is characterized by low-margin products. In general, the minimum cost for a silver solution with anti-fungal qualities is around \$0.29/litre, compared to around \$0.11/litre for non-silver, non-arsenate preservatives. Therefore, in order for silver-based treatments to be cost-effective smaller quantities of silver will need to be utilized. With this in mind, we would suggest that further research is necessary to achieve the required balance between performance and cost. The main copper-based alternatives include alkaline copper quat (ACQ) and copper azole (CA).

In addition, silver-based biocides have shown lower leaching rates than some copper-based alternatives, which require more "fasteners" and are therefore more expensive than CCA. Nonetheless, the extent to which silver may come to be used as a significant ingredient in wood preservatives is still heavily dependent on results of further research, which will need to address both cost and environmental concerns.

As a result, we currently believe that these issues are likely to limit the potential take-up of silver-based preservatives. Over the next five years, therefore, global growth is forecast to rise from less than 0.2 Moz in 2010 to just over 3 Moz in 2015.

Batteries

Batteries (predominantly button types) already constitute an established end-user of silver, but have been included in this section as they are an area which, although relatively small now, offers the prospect of far higher demand over the forecast horizon; current

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Silver Outlook

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annual demand is estimated at around 5.0 Moz of silver.

There are two main kinds of silver-bearing batteries: silver oxide batteries, which generally have a low power capacity, and silver zinc batteries, which boast higher capacity. The characteristics of both include long operating and shelf life, as well as a high performance to weight ratio.

Silver zinc batteries offer the strongest scope for growth over the forecast period, although the silver oxide sector is also likely to show gains. This is due to robust growth expectations in a number of end products, including: smart phones, laptops, and tablets. Performance is the primary consideration here (silver zinc batteries currently offer energy density that is some 40% higher than lithium-ion batteries, a differential which is expected to grow wider), and this is likely to outweigh silver zinc's higher cost.

Another use for silver zinc batteries may be the auto industry, specifically in electric cars. Although research and development is currently focused on lithium-ion batteries, silver zinc batteries may prove to be a safer choice, given concerns regarding the latter's propensity to overheat. Silver zinc has also been billed as a 'clean' technology, due to the fact that both the silver and zinc can be recycled once the battery life has ended.

Silver oxide is also utilized in a diverse range of batteries. At one end of the scale, it is extensively used in button types, that on average each consume one gram of silver, which are found primarily in wrist watches, as well as other small devices, including: hearing aids, cameras and pagers. The oxide also finds favor in large-scale applications, such as missiles, submarines, underwater and aerospace applications, where cost considerations are far outweighed by performance issues. (As an aside, silver-chloride batteries have also been used in these larger applications.) Silver oxide batteries have also found a role in aerospace and military applications, due to

their high performance and ability to tolerate high current loads.

Looking ahead, the prospects for battery-related demand are extremely bright. Indeed, by the end of the forecast, silver demand in such applications has the potential to soar to a range of 10 to 15 Moz per annum.

Autocatalysts

The potential to use silver as an autocatalyst first made the headlines three years ago, when Mitsui Kinzoku announced the development of a silver-based technology, which could be used to replace platinum in a diesel particulate filter (DPF). This was initially discussed in the context of off-road applications (such as agricultural vehicles and construction equipment), where emissions legislation was soon to be introduced.

Three years on, and emissions requirements for off-road vehicles have become a reality. In the United States and the European Union (EU), Tier 4 emission standards (and their EU equivalent) will be phased in from the beginning of 2011 and will be fully effective by 2014. In addition to the technology developed by Mitsui, Tenneco (a manufacturer of emission control systems) has recently announced the introduction of another technology which negates the need for PGM loaded diesel oxidation catalysts, which instead are substituted with a silver-based Hydrocarbon Lean NOx Catalyst (HC-LNC).

At present, the exact level of silver consumed per catalyst is unknown. We believe, however, that it is likely to be significantly higher than that required by platinum, although it would of course be considerably less expensive. However, while this may have a bearing (albeit modest) on the platinum market, as a proportion of absolute silver demand, its impact will remain extremely limited, at least in the context of this report's timeframe. That said, the off-road sector does feature a diverse range of applications, although it is too early to say what share of the market this technology might serve, or indeed, whether this silver-bearing catalyst might in fact migrate into the far larger

on-road diesel market. Over this forecast, therefore, this technology is unlikely to emerge as a meaningful end-user of silver. We are of the opinion that this is likely to remain a niche product and do not expect annual demand to significantly exceed 100,000 ounces by 2015.

Superconductors

Silver can also be used in superconductors (SC), which conduct electricity far more efficiently compared with conventional cables. In terms of the latter, not only does the age profile of the installed infrastructure increasingly call for renewal investment (conventional cables typically have a life span of around thirty years), but the tunnels that house the cables are becoming increasingly short of space, as a growing number of cables have, over time, been added in order to cater for increased demand for power.

SC cables offer a viable solution to this problem as they occupy around one-sixth of the space required by one conventional cable. Moreover, because of the far greater capacity which characterizes SC, once in place, their transmission power can be increased (up to a far higher level than conventional cables), without having to disturb tunnels in order to lay additional cables. The technology can also be used in a number of other applications, which use the electrical energy passed through the wire to create a powerful magnet, which can, for example, turn a motor. This therefore offers the potential to use SC in applications ranging from hard disks to cargo and passenger vessels, as well as magnetic levitation trains and medical equipment. Although silver is renowned for its conductive qualities, it is not for this reason that it is used in SCs. Rather, its main role is to act as a carrier material, in which a bismuth-based conducting object is embedded. Silver is used because it is a noble metal and so will not react with the conducting material. It also offers fast heat diffusion, which further enhances its efficiency.

There are several types of SCs under development, and although some variants do not use silver, prevailing research indicates that a silver-bearing variant is close to commercial use. At this early stage it is hardly surprising that

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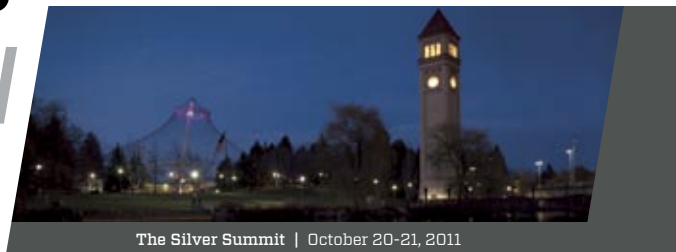


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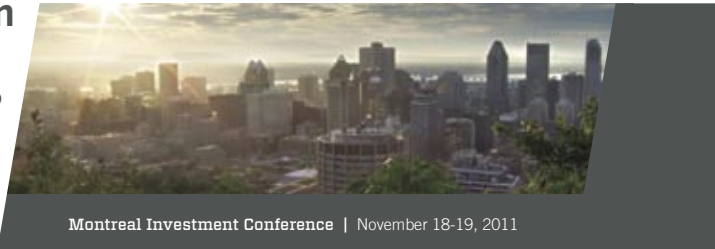
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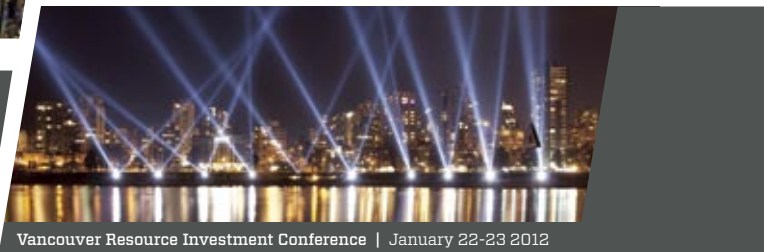
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Can You Pass the 2011 Silver Quiz?

By Jeff Clark
Senior Precious Metals Analyst
BIG GOLD

CPM Group recently released their 2011 Silver Yearbook, one of the industry's most comprehensive sources of information on the silver market. Though mostly a reference book, I uncovered some interesting facts that paint a decidedly bullish picture for the metal going forward.

If you're a silver investor, or are concerned about the recent selloff, you may find the following data very compelling. It provides an inside track on the market and will certainly make us all more knowledgeable investors.

For fun, I put what I read into the form of a quiz. See how many you can get correct...

1) The #1 driver for silver's price increase in 2010 was:

- a) Investment demand
- b) Fabrication demand
- c) Lower supply

While both fabrication demand and supply rose last year, investors bought 142 million ounces of silver - the third highest level on record, and the highest since 1980. This pushed the price into record territory.

It's noteworthy that investment demand was higher last year than during the recession year of 2009. This suggests that investors buy silver more out of dollar devaluation and inflation fears than simply due to an economic contraction.

2) Silver mine production:

- a) Exceeds demand
- b) Matches demand
- c) Falls short of demand

Silver produced from worldwide mining totaled 667 million ounces last year - but total demand hit 986 million ounces. Despite the fact that mine production has increased 33% since 1999, it falls far short of supplying the market's needs.

While scrap coming to market makes up the difference, this gap is one of the more critical issues going forward. The delicate balance between supply and demand will



become increasingly precarious as overall demand continues to grow.

3) Household demand for silver (cutlery, flatware, and candlesticks) hasn't risen in ten years. Jewelry fabrication is up but a blip. Silver use in photography continues to fall. So, true or false?: Total demand is falling.

False. Industrial use has more than made up the difference from declines in other uses, and is pushing demand to new levels. Since 1999, consumption in electronics has increased 120%. Silver usage in solar panels began in 2000 and is up 640% since then. Silver was first used in biocides (antibacterial agents) in 2002 and, while a small niche, it has already grown sixfold. In fact, new uses for silver are being found almost every day, particularly in the biocide arena, making it increasingly difficult to catalog all its growing applications.

The Silver Institute forecasts that total industrial use of the metal will rise 36% over the next five years, to 666 million troy ounces annually. That's a lot of silver, meaning this portion of demand - which is roughly 60% of all fabrication - isn't letting up any time soon.

4) Silver represented what percent of global financial assets

at the end of 2010?

- a) 1.7%
- b) 0.7%
- c) 0.07%
- d) 0.007%

D. In spite of last year's record-high prices, silver is, by any account, a miniscule portion of the world's wealth.

The ratio's high occurred in 1980, reaching 0.34% of financial assets. Silver as a percentage of global assets would have to grow over 48 times to match the record. It is true that many more paper assets exist today than 30 years ago, but the renaissance in silver will continue to increase its portion of worldwide assets.

5) The largest manufacturer of silver coins is the U.S. Mint, which sold 34.7 million ounces last year, about 46% of the world total. What country is the second largest?

- a) Austria
- b) Canada
- c) U.K.
- d) South Africa

The Austrian Mint contributed 15% of total silver coin sales last year (11.4 million ounces), an increase of 26% over 2009.

Still, the American Silver Eagle rules the global roost. Given how recognizable it is around the world, it's what to buy if you don't own enough metal.

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Silver Quiz?

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6) Of the following groups of countries, which is increasing silver production and which is in decline?

- a) Mexico, Australia, China, Argentina
- b) Peru, U.S., Canada

Countries in group A are increasing production, while to the surprise of many, each one in group B is in decline.

This has direct ramifications for your silver stock investments. Total newly refined supply is expected to surpass one billion ounces for the first time in history this year, so make sure you have some exposure to countries where production is growing.

7) The average cash cost to produce an ounce of silver from primary silver mines is:

- a) \$7.16
- b) \$6.16
- c) \$5.16
- d) \$4.16

Of the 30 primary silver mines in the world, average cash cost rang in at \$5.16 per ounce (net of byproduct credits). This is almost double 2002 levels. The silver price has risen 650% in the same time frame, however, so margins have risen in spite of higher costs.

8) The only governments that hold silver in inventory are the U.S., Mexico, and India. How many combined ounces do they hold?

- a) 55 million
- b) 155 million
- c) 255 million
- d) 355 million

Only 55 million ounces are estimated to be stored in these three countries. This equals only 5.6% of annual global demand. Governments held approximately 355 million ounces in 1970, but this has diminished largely due to the U.S. decision to stop using silver in its currency in the 1960s and other governments following suit.

No other countries are believed to hold any silver in inventory. Mine production and scrap supply had better keep up, because there is no backup source.

9) China accounts for how much of worldwide mine production?

- a) 9%
- b) 11%
- c) 14%
- d) 16%

Chinese mine supply totaled 102.7 million ounces last year, 16% of global production. China is the third largest silver producer, behind Mexico and Peru.

Mine production in China has more than doubled just since 2000, largely due to Beijing's decision to deregulate the state-controlled market the year before. This trend is certain to continue, due to rising silver prices and the fact that many parts of the country are underexplored. If you don't own a Chinese silver producer, you're missing out on some of the most explosive growth around the globe.

10) What is the weakest month of the year for the silver price?

- a) January
- b) June
- c) July
- d) October

Summer is usually the most sluggish time of the year for silver, and July is historically the weakest. Got your dealer's number handy?

It's clear that the forces un-

derpinning the silver bull market aren't going away any time soon. Demand is high, but it's not an anomaly when viewed through an historical lens. Silver has been used as money for over 3,000 years, and the word for "money" in many languages is "silver."

Meanwhile, our current monetary issues are far from over, won't be easily resolved, and will take years to play out. Precious metals are proven forms of protection for this environment. Silver, along with gold, is your best defense against unsustainable fiscal imbalances and massive currency debasement, and will be a profit center for years to come.

Learn everything you need to know about silver – when to buy, what to buy, and how the silver bullion squeeze could affect the market. Read it now... in the **free 2011 Silver Investing Guide**, <http://www.caseyresearch.com/cm/silver-investing-guide?ppref=CDD409XX0611A>

Editor's Note: Jeff Clark, is editor of Big Gold, published by Casey Research. Mr. Clark is devoted to making BIG GOLD the best precious metals newsletter for the prudent investor. He coordinates the efforts among the research and writing team, ensuring that whatever is happening in the gold and silver market doesn't escape coverage. Big Gold has an easy-to-maintain portfolio of mid- to large-cap precious metals and natural resource producers, ETFs, mutual funds, and more. Special Offer: An annual subscription is \$79, regularly \$129 per year. For more information visit, <https://www.caseyresearch.com/subscribeCgr.php?ppref=>

Silver Outlook

Continued from page 12

silver demand remains modest; current production of the wire has only reached around 500km, which equates to less than 100,000 ounces of silver. In Japan, the country's first power grid using SC cables is slated for testing in Yokohama this year, with tests also ongoing in the United States.

With regard to the outlook for silver consumption, this depends greatly on securing contracts with regional or national power grids, which in turn partly depends on the prospects for economic growth, as this will impact a government's ability to support the required capital expenditure. Furthermore, the technology is still in its relatively infancy, with commercial operations in Japan only expected to start in 2015. Its long-term future, therefore, remains

somewhat uncertain, as not only is its success highly contingent on large scale government support, but its viability also depends on the absence of alternative, non-silver bearing technologies. As a result, we estimate that demand may still fall short of 2 Moz in the final forecast year, bearing in mind that any large-scale acceptance is likely to only emerge beyond the scope of this report.

Michael DiRienzo, Executive Director of the Silver Institute. "This report maintains that we expect to see robust gains in industrial silver demand over the next five years, further emphasizing silver's essential role in industry," DiRienzo added.

Editor's Note: GFMS Ltd. is the world's foremost precious metals consultancy. GFMS is credited with producing the most authoritative, independent surveys of the gold, silver and PGM markets, in the form of the annual *Gold Survey*, *World Silver Survey* and *Platinum & Palladium Survey*. For more information on GFMS products and services visit www.gfms.co.uk.

Aura Silver Could Approach Majority Control of Taviche Silver-Gold Project in Mexico by Fall



Aura Silver Resources Inc. is engaged in the discovery of precious metal deposits with a focus on gold and silver in known precious metal districts in North America. The company has two significant precious metals projects – Taviche, Mexico and Greyhound located in Nunavut, Canada. The Taviche Project is located in the State of Oaxaca, Mexico within the San Jose Mining District, reportedly one of the first historic silver-mining areas in the country. Mexico is the second largest silver producer in the world with over 96.4 million ounces recovered from primary and base-metal mines in 2009 and has a long mining history with recorded and estimated historical production in the billions of ounces. The Taviche project, under option with Intrepid Mines from a subsidiary of Pan American Silver Corp., is underlain by a large number of gold- and silver-bearing quartz veins. The West Concession surrounds the San José silver-gold deposit being developed for production by Fortuna Silver Mines. Although untested by drilling Aura Silver's consulting geologist believes Fortuna's ore veins may underlie the Taviche property and is a primary target for drilling. The company's focus is concentrated on the Higo Blanco jasperoid prospect, a 7 kilometer long trend of silicified limestones that are variably mineralized a surface with silver minerals with gold potential at depth. Aura Silver's Greyhound Project located in Canada is a highly prospective gold and silver property that lies within an unexplored Archean Greenstone Belt. In 2010 prospecting uncovered numerous subcrop rock assaying up to 28 g/t gold and up to 5,800 g/t silver around an unnamed lake now referenced as Aura Lake. These showings lie adjacent to a discontinuous belt of BIF (magnetite iron formation) which have been hosts to other Canadian producing precious metal mines.

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U.S. Silver Posts Strong Silver Production, Poised to Reopen Second Mine In Silver Valley



U.S. Silver Corporation owns and operates the Galena Mine in the historic Silver Valley of North Idaho. The Galena Mine and Mill, along with the Coeur Mine and Mill and the Caladay Project, including surface facilities

and equipment, were acquired from Coeur d'Alene Mines Corp. in 2006 for \$15 million. The Galena Mine lies 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. Historically, U.S. Silver's mines produced some 9.9 million tons of ore containing over 200 million ounces of silver, 160 million pounds of copper, and 22 million pounds of lead at an average grade of 21.2 ounces per ton of silver, 0.8% copper and 8.8% lead. Total silver production from U.S. Silver's mining complex has exceeded 217 million ounces of silver production since 1953. The Galena Mine ranks as the second largest primary silver mine in US history. U.S. Silver now controls over 14,000 acres in an area over 11 miles long by over 4 miles wide, including the historic Dayrock Mine and Mill. The company's assets include four operating shafts, two operating flotation mills, one non-operating mill, and extensive surface and underground mining equipment. The company recently announced the fourth consecutive increase in its reserves in excess of production. Proven and probable silver reserves are 21.9 million ounces, an increase of 304,000 ounces after replacing production of 2.3 million ounces. The exploration program continues to be cost effective at adding reserves at modest expenditure levels. In addition, the rate of reserve addition is expected to increase as the drilling program is expanded in 2011. Since 2006, the Company has increased proven and probable reserves by 115%. U.S. Silver focus continues to be on expanding the production from existing operations as well as exploring and developing its extensive SilverValley holdings in the Coeur d'Alene Mining District.

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SILVER RESOURCE COMPANY UPDATES

Aura Silver Resources Inc.

Aura Silver Drilling Intersects Highly Sulphidized/Silicified Zones at its Greyhound Project, NU

MANOTICK, ON, June 16, 2011 – Aura Silver Resources Inc. (TSX.V: AUU) (“Aura Silver” or the “Company”) is pleased to release preliminary observations on its ongoing 4,000-metre drill program at its Greyhound property, Nunavut. This project is located 38 kilometres north of Baker Lake and 46 kilometres south of Agnico-Eagle Mines’ Meadowbank mine. The drilling program is testing various targets for gold, silver and base metals where earlier surface sampling of rock float assayed up to 28.0 g/t gold and 5,300 g/t silver. In all, approximately 25 to 40 shallow holes will test both induced polarization (IP) geophysical anomalies and rock and soil geochemical targets. Several holes intersected broad zones of disseminated sulfide associated with strong silicification, each typically from 25 to 30 metres in core length.

Locally, up to 2% arsenopyrite (a key indicator for gold), 4% sphalerite (zinc), minor chalcopyrite (copper) and traces of galena (lead, possibly associated with silver) have been recorded (all assays are pending). These observations indicate that the recent drill holes could be proximal to the sources of high grade gold and silver-bearing surface samples collected in 2010. The drill program is continuing to target the most anomalous areas south of Aura Lake.

In addition, the recently completed Max-Min geophysical survey, two kilometres east-northeast of Aura Lake, indicates a set of distinctly conductive zones, coincident with moderate intensity Megatem(tm) airborne geophysical conductors and soil geochemical anomalies. These occurrences are just west of distinctly altered felsic outcrops, and are the potential source of the high-grade sulfide boulders (9.2% Cu, 18.5% Zn) found in 2008 near the Meadowbank Road, about 1.4 kilometres to the west.

Aura Silver anticipates several additional holes will be drilled in these two areas prior to a mandated break at the end of June. We expect that assays will be completed shortly.

Further, in the northeastern section of the Company’s extensive claim group, 25 km to the northeast of Aura Lake, over 40 km of ground geophysical surveys were recently completed covering 5 km strike length of banded iron formation. Reconnaissance sampling late last season discovered mineralized (sulphidized) iron formation assaying up to 4.0 g/t gold. Drilling in this area will commence in early August.

CEO Robert Boaz stated, “Preliminary observations of the core from the current drilling program are encouraging. While assays are pending, the rocks exhibit all the favourable characteristics of host rocks to gold and silver deposits including silica flooding and the presence of sulphides.”

Further drilling continues to test the broad geophysical zone defined by IP and soil geochemistry.

Dr. James M. Franklin, P. Geo. is Aura Silver’s

qualified person (as defined by National Instrument 43-101) and has reviewed and approved the scientific and technical information in this press release.

About Aura Silver Resources Inc.

Aura Silver is a TSX Venture listed company engaged in the acquisition, exploration and development of precious metal prospects in Canada (100% owned Greyhound project) and in Oaxaca, Mexico at the Taviche project. Aura Silver has 87,853,590 common shares outstanding.

For further information on Aura Silver Resources Inc. contact Robert Boaz, President and CEO at (905) 403-8010 or by email at boaz@aurasilver.com or visit the website at www.aurasilver.com.

Great Panther Silver Ltd.

Great Panther Silver Reports Record Quarterly Net Income of \$7 Million

VANCOUVER, B.C., June 14, 2011 – Great Panther Silver Ltd. (TSX: GPR; NYSE Amex: GPL; the “Company”) is pleased to announce the financial results for the Company’s quarter ending March 31, 2011. This is the first period where the Company has prepared its consolidated interim unaudited financial statements using IFRS. The full version of the financial statements and the management discussion and analysis can be viewed on the Company’s website at www.greatpanther.com or on SEDAR at www.sedar.com.

“We are pleased to report that Great Panther continued to achieve record revenue, earnings from mining operations, and net income in our first quarter this year,” said Kaare Foy, Executive Chairman. “We have also made some changes to strengthen both our board and management team which we believe will position us to continue to grow our business profitably in the future.”

Highlights	First Quarter 2011	Change from First Quarter 2010
Revenue	15.5 million	UP 95%
Earnings from mining operations	8.6 million	UP 242%
Net income	7 million	UP 617%
Earnings per share – basic	\$0.06	UP 500%
Earnings per share – diluted	\$ 0.05	UP 400%
Silver ounces produced	410,640	UP 15%
(excluding equivalent ounces of gold, zinc and lead)		
Silver equivalent produced(1)	607,225	UP 15%
Silver payable ounces	348,439	UP 9%
Total cash cost per silver ounce(2)	\$ 10.05	UP 50%
Average revenue per silver ounce sold	\$32.18	UP 79%

2011 First Quarter Highlights

- 95% increase in revenue to \$15.5 million for the quarter ended March 31, 2011 from \$7.9 million for the same period in 2010.

Continued on page 18

SILVER RESOURCE COMPANY UPDATES

Continued from page 17

- 242% increase in gross profit (earnings from mining operations) to \$8.6 million for the three months ended March 31, 2011 from \$2.5 million for the same period in 2010.
- \$4.8 million increase in cash flows from operating activities to \$2.8 million for the quarter ended March 31, 2011 from \$2.0 million used in operating activities for the same period in 2010.
- \$6.0 million increase in net income to \$7.0 million for the quarter ended March 31, 2011 from \$1.0 million for the same period in 2010.
- 165% increase in Adjusted EBITDA(3) to \$8.4 million for the three months ended March 31, 2011 from \$3.2 million for the three months ended March 31, 2010.
- On February 8, 2011, the Company's shares were listed on NYSE Amex stock exchange in the United States under the trading symbol "GPL."
- On March 8, 2011, the Company paid off \$4.05 million in two outstanding 8% unsecured convertible loan notes due on July 14, 2011 by the issuance of 1,800,000 fully paid common shares of the Company at the originally agreed upon conversion price of \$2.25 per common share.
- Closed equity offering for gross proceeds of \$24.2 million on April 12, 2011.
- 15% increase in total metal production to 607,225 silver equivalent ounces ("Ag eq oz") in the first quarter 2011 from 526,949 Ag eq oz in the first quarter 2010, including 410,640 silver ounces, 2,310 gold ounces, 241 tonnes of lead and 345 tonnes of zinc.
- 29% increase in metal production to 406,419 Ag eq oz at Guanajuato compared to the first quarter 2010.
- Record silver production of 137,219 oz Ag at Topia, a 4% increase from the first quarter 2010.
- Increase in cash cost per silver ounce, net of by-products, for the first quarter of 2011 to US\$10.05 from US\$6.72 for the first quarter of 2010. This was principally due to higher smelter charges arising from new smelter contracts at our Topia mine. Site costs

were also higher at Topia because of higher tonnes mined and milled at a lower grade.

- Issued an update on March 7, 2011 to the ongoing mineral resource development at the Topia mine. The 2011 mineral resource estimate increased Measured and Indicated mineral resources to 7.44 million silver equivalent ounces, a 36.3% increase over the 2009 resource estimate, and Inferred resources to 11.91 million silver equivalent ounces, a 109.3% increase over the previous estimate.
- Exploration drilling confirms silver-gold zones extending to depth at Guanajuatito.
- On February 16, 2011, Minera Mexicana El Rosario S.A. de C.V., Great Panther's Mexican subsidiary, was awarded its first distinction as a "Socially Responsible Company" for the year 2010 by CEMEFI, Centro Mexicano para la Filantropía (Mexican Centre for Philanthropy). This annual award is a milestone for us and has been awarded for our commitment to sustainable environmental, social and economic development.

2011 Outlook

As we approach the mid-point of the three-year growth strategy (2010 – 2012), production from both operations is growing and plant capacity is being increased to accommodate future growth, mineral resources are being updated and increased, exploration drilling is being increased and the permitting process has been initiated for the San Ignacio Property, near Guanajuato. The anticipated development of the new San Ignacio Property combined with the improved mineral resources at Guanajuato and Topia support ongoing growth and increased throughput. Operating efficiencies will allow for further increases such that production upside will remain at both mines. The 2012 mine plans will be confirmed once the drill results for the current programs have been interpreted, and mineral resources are updated.

"Following the strong financial performance Great Panther delivered in fiscal 2010, we are off to a stronger start this year, again setting several new records," said Robert Archer, President & CEO.

About Great Panther Silver Ltd.

Great Panther Silver Limited is one of the fastest growing primary silver producers in Mexico with strong leverage to future rises in the price of silver. The Company owns a 100% interest in two operating mines in Mexico. The Company's mission is to become a leading primary silver producer by acquiring, developing and profitably mining precious metals.

All shareholders have the ability to receive a hard copy of the company's complete audited financial statements free of charge upon request. Should you wish to receive Great Panther Silver's Financial Statements or the Annual Report on Form 20-F in hard copy contact the Company at the following.

For further information on Great Panther Silver Ltd. contact Erick Bertsch, V.P. of Corporate Development at toll-free (888) 355-1766, (604) 608-1766, Fax: (604) 608-1768 or email info@greatpanther.com or visit the website at www.greatpanther.com

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SILVER RESOURCE COMPANY UPDATES

U.S. Silver Corporation

U.S. Silver Reports Year-End Increase in Proven and Probable Reserves

TORONTO, ON, May 3, 2011 – U.S. Silver Corporation (TSX.V: USA, US OTCQX: USSIF, Frankfurt: QE2) (“US Silver” or “the Company”) announced that year-end reserves have again increased in excess of production for the fourth consecutive year. Proven and probable silver reserves are 21.9 million ounces, an increase of 304,000 ounces after replacing production of 2.3 million ounces as detailed in the Company’s 43-101 filed on SEDAR.

The exploration program continues to be cost effective at adding reserves at modest expenditure levels. In addition, the rate of reserve addition is expected to increase as the drilling program is expanded in 2011. Since 2006, the Company has increased proven and probable reserves by 115%.

Reserve highlights include:

- Reserves up over last year, after producing 2,275,817 ounces of silver in 2010
 - Copper-Silver ore reserves at 17.8 million ounces of silver, 5,520 tons of copper
 - Lead-Silver ore reserves at 4.1 million ounces of silver, 42,790 tons of lead
 - Total proven and probable ore reserves at 21.9 million ounces of silver
 - Silver reserves up 1% over the December 31, 2009 reserve, up 115% over June 2006 reserve
 - Copper reserves up 7% relative to the December 31, 2009 reserve
 - Lead reserves down 14% relative to the December 31, 2009 reserve
- Resource highlights include:
- Copper-Silver measured and indicated resources at 8.0 million ounces of silver and 2,380 tons of copper; silver ounces up 5%, copper tons down 5%, relative to December 31, 2009
 - Lead-Silver measured and indicated resources at 0.7 million ounces of silver and 7,270 tons of lead; silver ounces down 10%, lead tons down 13%, relative to December 31, 2009

U.S. Silver retained Chlumsky, Armbrust & Meyer, LLC (CAM) to independently review and audit the reserve methodology, updated reserves, and updated resources, for the Galena mine complex. The Qualified Persons who prepared the technical report for CAM are Fred Barnard Ph.D., and Steve Milne P.E. CAM’s technical report on reserves and resources for the Galena mine was prepared in compliance with the Canadian National Instrument 43-101. The report will be filed on SEDAR.

Reserves and resources were estimated using metal prices of \$16.00 per ounce for silver, \$2.90 per pound of copper and \$0.90 per pound of lead. All monetary values are in U.S. dollars. The mineral reserves and resource for the Galena mine complex can be viewed at www.us-silver.com.

About U.S. Silver Corporation

U.S. Silver, through its wholly owned subsidiaries, owns and/or operates the Galena, Coeur, Caladaya and Dayrock silver-lead-copper mines in Shoshone

County, Idaho, with the Galena mine being the second most prolific silver mine in US history. Total silver production from U.S. Silver’s mining complex has exceeded 217 million ounces of silver production since 1953. U.S. Silver controls a land package now totaling approximately 14,000 acres in the heart of the Coeur d’Alene Mining District. U.S. Silver is focused on expanding the production from existing operations as well as exploring and developing its extensive Silver Valley holdings in the Coeur d’Alene Mining District.

For more information on U.S. Silver Corporation, contact Thomas Parker, President and CEO at (208) 752-0400, Fax: (208) 556-1587 or Alexander Macdougall, Investor Relations at (226) 663-3000. Email: macdougall_consult@us-silver.com or visit the website at www.us-silver.com.

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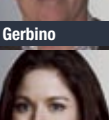
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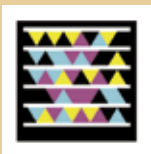
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