

South American Silver Corp. (SAC-TSX, \$1.35)

Recommendation: Buy

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November 2, 2010

All values in C\$ unless otherwise noted.

Current Price	\$1.35
Target Price	\$2.20
Target Return (inc. yield)	63%

Changes

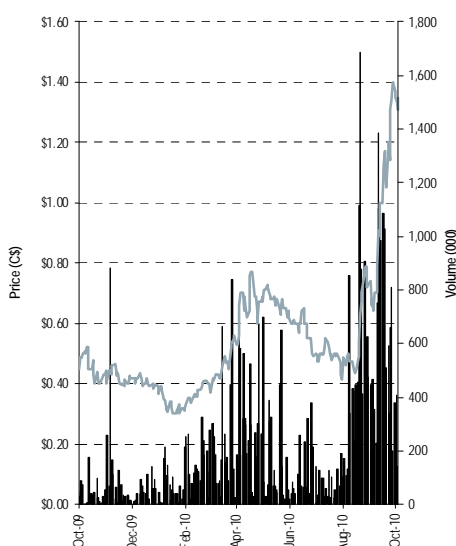
	Old	New
Recommend.	Buy	Unchanged
Target	\$1.45	\$2.20
8% NAVPS	\$3.24	\$3.07
12% NAVPS	\$2.33	\$2.23

Company Profile

South American Silver Corp. is a Canadian exploration company with key assets in Bolivia and Chile. The company's flagship asset is the large-tonnage Malku Khota silver-gold-indium-gallium deposit in Bolivia. In addition, the company has a large copper-gold porphyry target in Chile adjacent to a well-mineralized skarn defined by drilling in the late 1990s.

www.soamsilver.com

Price Chart



Source: Thomson One

Spread Compression, Rating Upgrades Lead to Better Applied Discount Rate & Valuation

- Moving discount rate from 19% to 12%, which boosts our target.**
 We lower our discount rate to reflect the tightening spread between the Bolivian bonds and US Treasuries. Spread is ~3.0%, down from over 5%.
- Rating agencies become more favourable towards Bolivian risk.**
 S&P raised their rating to B in May of this year while Fitch increased to a B+ in October. The spread with US Treasuries helps gauge political risk.
- Metallurgical work and resource update expected by year-end.**
 Important metallurgical work & a revised resource estimate are key components for an updated preliminary economic assessment in Q1/11.
- Maintain our Buy rating and increase target to \$2.20 from \$1.45.**
 Target based on US\$17/oz silver & a NAVPS discounted at 12% (from 19%), excl. by-product credits; spot NAVPS_{8%}=\$4.94 (excl. by-product).

Financial Summary

Shares Out (mm)	67.4	52-Week Range	\$0.29 - \$1.47			
Shares Out FD (mm)	82.9	Avg Daily Volume	196,246			
FD Market Cap (C\$ mm)	\$111.9	Debt (C\$ mm)	\$0.0			
Working Capital (C\$ mm)	\$5.0	EV (C\$ mm)	\$106.8			
Cash (C\$ mm)	\$5.3	Net Cash (C\$ mm)	\$4.8			
	2010	2011	2012	2013	2014	2015
Ag prod (mm oz)						0.253
TCC (US\$/oz of Ag)						US\$13.30/oz
Capex (US\$ mm)	US\$4.3	US\$8.0	US\$8.0	US\$4.0	US\$61.0	US\$80.2
		Discount	NAV	NAV/		Valuation
Project @ Q4 2010		Rate	(C\$m)	share	Multiple	per share
Malku Khota (100%), Bolivia	12%		\$473.6	\$3.11	1.00x	\$3.11
Taxes	12%		(\$116.2)	(\$0.76)	1.00x	(\$0.76)
						\$2.35
Other exploration assets	in-situ		\$0.9	\$0.01	1.00x	\$0.01
Corporate adjustments	12%		(\$18.7)	(\$0.12)	1.00x	(\$0.12)
			\$339.7	\$2.23	1.00x	\$2.23

Source: Company Reports and WWCM Estimates

Please see disclaimers on the last two pages of this report.

Exhibit 1: Recent Bolivian Government Issued Bonds – 10yr Yield Approx 5.2% to 6.0%

GRAB Govt **GOVT**
94<GO> to edit columns. Click on columns to sort. 95<GO> to export to excel.

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BOLGB (394 Found) Cpn Typ All Mty Typ All Exclude Maturity/Call/MTN&CDs

Issuer	Coupon	Maturity	Series	Rtg	Mty Type	Announce	Curr	Ask	Px	PCS
1) BOLIVIA G-BONDS	6.000	02/10/40	BOB		BULLET	03/17/10	BOB	N.A.	N.A.	
2) BOLIVIA G-BONDS	5.800	02/22/30	BOB		BULLET	03/17/10	BOB	N.A.	N.A.	
3) BOLIVIA G-BONDS	5.600	02/28/25	BOB		BULLET	03/17/10	BOB	N.A.	N.A.	
4) BOLIVIA G-BONDS	6.000	02/03/40	BOB		BULLET	03/10/10	BOB	N.A.	N.A.	
5) BOLIVIA G-BONDS	5.800	02/15/30	BOB		BULLET	03/10/10	BOB	N.A.	N.A.	
6) BOLIVIA G-BONDS	5.600	02/21/25	BOB		BULLET	03/10/10	BOB	N.A.	N.A.	
7) BOLIVIA G-BONDS	6.000	01/27/40	BOB		BULLET	03/03/10	BOB	N.A.	N.A.	
8) BOLIVIA G-BONDS	5.600	02/14/25	BOB		BULLET	03/03/10	BOB	N.A.	N.A.	
9) BOLIVIA G-BONDS	5.800	02/01/30	BOB		BULLET	02/24/10	BOB	N.A.	N.A.	
10) BOLIVIA G-BONDS	6.000	01/20/40	BOB2		BULLET	02/24/10	BOB	N.A.	N.A.	
11) BOLIVIA G-BONDS	5.600	02/07/25	BOB		BULLET	02/24/10	BOB	N.A.	N.A.	
12) BOLIVIA G-BONDS	6.000	01/13/40	BOB		BULLET	02/17/10	BOB	N.A.	N.A.	
13) BOLIVIA G-BONDS	5.800	01/25/30	BOB		BULLET	02/17/10	BOB	N.A.	N.A.	
14) BOLIVIA G-BONDS	5.600	01/31/15	BOB		BULLET	02/17/10	BOB	N.A.	N.A.	
15) BOLIVIA G-BONDS	5.600	01/24/25	BOB		BULLET	02/10/10	BOB	N.A.	N.A.	
16) BOLIVIA G-BONDS	5.200	01/31/20	BOB		BULLET	02/10/10	BOB	N.A.	N.A.	
17) BOLIVIA G-BONDS	5.800	01/11/30	BOB		BULLET	02/03/10	BOB	N.A.	N.A.	
18) BOLIVIA G-BONDS	6.000	12/30/39	BOB		BULLET	02/03/10	BOB	N.A.	N.A.	
19) BOLIVIA G-BONDS	5.600	01/17/25	BOB		BULLET	02/03/10	BOB	N.A.	N.A.	
20) BOLIVIA G-BONDS	5.200	01/17/20	BOB		BULLET	01/28/10	BOB	N.A.	N.A.	

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Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2010 Bloomberg Finance L.P.
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Recent 10-year Bolivian Government Bonds

Source: Bloomberg

Exhibit 2: Previous Bolivian Government Issued Bonds – 10yr Yield Approx 8.2% to 8.6%

GRAB Govt **GOVT**
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Government Securities Page 2 / 20

BOLGB (394 Found) Cpn Typ All Mty Typ All Exclude Maturity/Call/MTN&CDs

Issuer	Coupon	Maturity	Series	Rtg	Mty Type	Announce	Curr	Ask	Px	PCS
1) BOLIVIA G-BONDS	5.800	12/21/29	BOB		BULLET	01/13/10	BOB	N.A.	N.A.	
2) BOLIVIA G-BONDS	5.600	12/27/24	BOB		BULLET	01/13/10	BOB	N.A.	N.A.	
3) BOLIVIA G-BONDS	6.000	12/09/39	BOB		BULLET	01/13/10	BOB	N.A.	N.A.	
4) BOLIVIA G-BONDS	5.800	12/06/29	BOB		BULLET	12/30/09	BOB	N.A.	N.A.	
5) BOLIVIA G-BONDS	6.000	11/11/39	BOB		BULLET	12/16/09	BOB	N.A.	N.A.	
6) BOLIVIA G-BONDS	5.800	11/09/29	BOB		BULLET	12/02/09	BOB	N.A.	N.A.	
7) BOLIVIA G-BONDS	8.800	11/01/24	BOB		BULLET	11/18/09	BOB	N.A.	N.A.	
8) BOLIVIA G-BONDS	8.800	10/12/29	BOB		BULLET	11/04/09	BOB	N.A.	N.A.	
9) BOLIVIA G-BONDS	8.800	09/28/29	BOB		BULLET	10/21/09	BOB	N.A.	N.A.	
10) BOLIVIA G-BONDS	7.000	09/14/29	BOB		BULLET	10/07/09	BOB	N.A.	N.A.	
11) BOLIVIA G-BONDS	8.200	09/13/19	BOB		BULLET	09/23/09	BOB	N.A.	N.A.	
12) BOLIVIA G-BONDS	8.600	08/16/24	BOB		BULLET	09/02/09	BOB	N.A.	N.A.	
13) BOLIVIA G-BONDS	8.000	08/25/17	BOB		BULLET	09/02/09	BOB	N.A.	N.A.	
14) BOLIVIA G-BONDS	7.800	08/28/15	BOB		BULLET	09/02/09	BOB	N.A.	N.A.	
15) BOLIVIA G-BONDS	8.200	08/23/19	BOB		BULLET	09/02/09	BOB	N.A.	N.A.	
16) BOLIVIA G-BONDS	8.600	08/09/24	BOB		BULLET	08/26/09	BOB	N.A.	N.A.	
17) BOLIVIA G-BONDS	8.000	08/18/17	BOB		BULLET	08/26/09	BOB	N.A.	N.A.	
18) BOLIVIA G-BONDS	7.500	08/23/13	BOB		BULLET	08/26/09	BOB	N.A.	N.A.	
19) BOLIVIA G-BONDS	8.000	08/11/17	BOB		BULLET	08/19/09	BOB	N.A.	N.A.	
20) BOLIVIA G-BONDS	8.600	08/02/24	BOB		BULLET	08/19/09	BOB	N.A.	N.A.	

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Previous 10-year Bolivian Government Bonds

Source: Bloomberg

Exhibit 3: Recent US 10-year Yields Range from 2.385% to 2.794% - Spread suggests ~3% for Bolivia risk



Source: Bloomberg

Exhibit 4: Base Case Silver Only NAVPS (@ LT Ag Price of US\$17/oz Ag and CAD FX 0.90) – Excludes Potential By-Product Credits

South American Silver Corporation

Long-term silver price used: **\$17.00**
 Long-term indium price used: **\$0.00**

Shares Outstanding (mm) **67.38**
 Fully Diluted (mm) **82.88**
 Fully Diluted Fully Financed (mm) **152.38**

Net asset value table (millions C\$)

	Discount rate															
	0%	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%	15%
Producing gold properties																
Malku Khota (100%), Bolivia	\$1,365.74	\$1,204.78	\$1,064.93	\$943.11	\$836.73	\$743.60	\$661.88	\$590.01	\$526.65	\$470.69	\$421.15	\$377.21	\$338.17	\$303.41	\$272.41	\$244.72
Current taxes	(\$415.80)	(\$369.42)	(\$329.01)	(\$293.72)	(\$262.81)	(\$235.67)	(\$211.79)	(\$190.71)	(\$172.08)	(\$155.56)	(\$140.88)	(\$127.82)	(\$116.16)	(\$105.75)	(\$96.42)	(\$88.05)
Total mine site net present value	\$949.94	\$835.36	\$735.92	\$649.39	\$573.92	\$507.93	\$450.09	\$399.29	\$354.58	\$315.13	\$280.27	\$249.39	\$222.01	\$197.67	\$176.00	\$156.68
Other assets and/or liabilities																
Non-gold producing companies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Exploration properties	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94
Equity investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other assets/liabilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94
Corporate adjustments																
Hedge value (mark-to-market)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Corporate G&A	(\$50.60)	(\$45.67)	(\$41.38)	(\$37.64)	(\$34.36)	(\$31.48)	(\$28.95)	(\$26.70)	(\$24.71)	(\$22.94)	(\$21.36)	(\$19.95)	(\$18.68)	(\$17.53)	(\$16.50)	(\$15.57)
Working capital (less equity investments)	\$12.22	\$12.22	\$12.22	\$12.22	\$12.22	\$12.22	\$12.22	\$12.22	\$12.22	\$12.22	\$12.22	\$12.22	\$12.22	\$12.22	\$12.22	\$12.22
Net interest expense	\$10.24	\$6.13	\$2.75	(\$0.02)	(\$2.29)	(\$4.14)	(\$5.64)	(\$6.84)	(\$7.81)	(\$8.56)	(\$9.15)	(\$9.59)	(\$9.92)	(\$10.15)	(\$10.29)	(\$10.37)
Cash from future financing activities (less debt repayments)	\$119.72	\$122.91	\$125.56	\$127.74	\$129.50	\$130.89	\$131.94	\$132.70	\$133.21	\$133.48	\$133.55	\$133.45	\$133.18	\$132.78	\$132.25	\$131.61
Total net debt	\$142.17	\$141.25	\$140.53	\$139.94	\$139.43	\$138.96	\$138.52	\$138.08	\$137.62	\$137.14	\$136.62	\$136.07	\$135.48	\$134.85	\$134.17	\$133.47
Total corporate adjustments	\$91.57	\$95.58	\$99.15	\$102.30	\$105.06	\$107.48	\$109.57	\$111.38	\$112.91	\$114.20	\$115.26	\$116.12	\$116.80	\$117.31	\$117.67	\$117.90
Total NAV (millions C\$)	\$1,042.45	\$931.88	\$836.00	\$752.63	\$679.92	\$616.35	\$560.61	\$511.61	\$468.42	\$430.26	\$396.47	\$366.46	\$339.75	\$315.92	\$294.61	\$275.51
Total NAVPS (C\$/share)	\$6.84	\$6.12	\$5.49	\$4.94	\$4.46	\$4.04	\$3.68	\$3.36	\$3.07	\$2.82	\$2.60	\$2.40	\$2.23	\$2.07	\$1.93	\$1.81
Premia/Discount to NAV	-80%	-78%	-75%	-73%	-70%	-67%	-63%	-60%	-56%	-52%	-48%	-44%	-39%	-35%	-30%	-25%
Multiple to NAV	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.7	0.7	0.7
Applying 1.25x multiple	\$9.24	\$8.26	\$7.41	\$6.67	\$6.02	\$5.46	\$4.97	\$4.53	\$4.15	\$3.81	\$3.51	\$3.25	\$3.01	\$2.80	\$2.61	\$2.44
Applying 1.75x multiple	\$11.97	\$10.70	\$9.60	\$8.64	\$7.81	\$7.08	\$6.44	\$5.88	\$5.38	\$4.94	\$4.55	\$4.21	\$3.90	\$3.63	\$3.38	\$3.16
Applying 2.25x multiple	\$15.39	\$13.76	\$12.34	\$11.11	\$10.04	\$9.10	\$8.28	\$7.55	\$6.92	\$6.35	\$5.85	\$5.41	\$5.02	\$4.66	\$4.35	\$4.07
Applying 3.00x multiple	\$20.52	\$18.35	\$16.46	\$14.82	\$13.39	\$12.13	\$11.04	\$10.07	\$9.22	\$8.47	\$7.81	\$7.21	\$6.69	\$6.22	\$5.80	\$5.42

Source: Company Reports and WWC Estimates

Exhibit 5: Spot Silver Only NAVPS (London Silver Fix: US\$24.91/oz Ag and CAD FX 0.9856) – Excludes Potential By-Product Credits

South American Silver Corporation

Long-term silver price used: **\$24.91**
 Long-term indium price used: **\$0.00**

Shares Outstanding (mm) **67.38**
 Fully Diluted (mm) **82.88**
 Fully Diluted Fully Financed (mm) **153.14**

Net asset value table (millions C\$)

	Discount rate															
	0%	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%	15%
Producing gold properties																
Malku Khota (100%), Bolivia	\$2,404.83	\$2,129.02	\$1,889.24	\$1,680.22	\$1,497.53	\$1,337.45	\$1,196.83	\$1,073.01	\$963.72	\$867.03	\$781.32	\$705.16	\$637.35	\$576.87	\$522.80	\$474.39
Current taxes	(\$782.18)	(\$694.88)	(\$618.88)	(\$552.54)	(\$494.47)	(\$443.52)	(\$398.69)	(\$359.15)	(\$324.20)	(\$293.23)	(\$265.72)	(\$241.24)	(\$219.40)	(\$199.88)	(\$182.40)	(\$166.71)
Total mine site net present value	\$1,622.66	\$1,434.14	\$1,270.36	\$1,127.68	\$1,003.06	\$893.94	\$798.15	\$713.86	\$639.52	\$573.81	\$515.60	\$463.92	\$417.95	\$376.98	\$340.40	\$307.67
Other assets and/or liabilities																
Non-gold producing companies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Exploration properties	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94
Equity investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other assets/liabilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94
Corporate adjustments																
Hedge value (mark-to-market)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Corporate G&A	(\$50.60)	(\$45.67)	(\$41.38)	(\$37.64)	(\$34.36)	(\$31.48)	(\$28.95)	(\$26.70)	(\$24.71)	(\$22.94)	(\$21.36)	(\$19.95)	(\$18.68)	(\$17.53)	(\$16.50)	(\$15.57)
Working capital (less equity investments)	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20
Net interest expense	\$15.88	\$11.46	\$7.79	\$4.74	\$2.21	\$0.13	(\$1.60)	(\$3.01)	(\$4.17)	(\$5.11)	(\$5.87)	(\$6.47)	(\$6.95)	(\$7.32)	(\$7.60)	(\$7.80)
Cash from future financing activities (less debt repayments)	\$121.14	\$123.87	\$126.12	\$127.94	\$129.38	\$130.48	\$131.29	\$131.83	\$132.14	\$132.24	\$132.16	\$131.92	\$131.54	\$131.04	\$130.43	\$129.72
Total net debt	\$149.23	\$147.54	\$146.11	\$144.88	\$143.80	\$142.81	\$141.89	\$141.02	\$140.17	\$139.33	\$138.49	\$137.65	\$136.79	\$135.92	\$135.03	\$134.12
Total corporate adjustments	\$98.63	\$101.87	\$104.73	\$107.24	\$109.43	\$111.33	\$112.95	\$114.32	\$115.46	\$116.39	\$117.14	\$117.70	\$118.12	\$118.39	\$118.53	\$118.55
Total NAV (millions C\$)	\$1,722.22	\$1,536.95	\$1,376.03	\$1,235.86	\$1,113.43	\$1,006.20	\$912.03	\$829.11	\$755.92	\$691.14	\$633.67	\$582.56	\$537.01	\$496.31	\$459.87	\$427.16
Total NAVPS (C\$/share)	\$11.25	\$10.04	\$8.99	\$8.07	\$7.27	\$6.57	\$5.96	\$5.41	\$4.94	\$4.51	\$4.14	\$3.80	\$3.51	\$3.24	\$3.00	\$2.79
Premia/Discount to NAV	-88%	-87%	-85%	-83%	-81%	-79%	-77%	-75%	-73%	-70%	-67%	-65%	-62%	-58%	-55%	-52%
Multiple to NAV	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.5
Applying 1.25x multiple	\$15.18	\$13.55	\$12.13	\$10.89	\$9.82	\$8.87	\$8.04	\$7.31	\$6.66	\$6.09	\$5.59	\$5.14	\$4.73	\$4.38	\$4.05	\$3.77
Applying 1.75x multiple	\$19.68	\$17.56	\$15.72	\$14.12	\$12.72	\$11.50	\$10.42	\$9.47	\$8.64	\$7.90	\$7.24	\$6.66	\$6.14	\$5.67	\$5.25	\$4.88
Applying 2.25x multiple	\$25.30	\$22.58	\$20.22	\$18.16	\$16.36	\$14.78	\$13.40	\$12.18	\$11.11	\$10.15	\$9.31	\$8.56	\$7.89	\$7.29	\$6.76	\$6.28
Applying 3.00x multiple	\$33.74	\$30.11	\$26.96	\$24.21	\$21.81	\$19.71	\$17.87	\$16.24	\$14.81	\$13.54	\$12.41	\$11.41	\$10.52	\$9.72	\$9.01	\$8.37

Source: Company Reports and WWC estimates

Exhibit 6: Base Case Model Summary – Silver Only

	2010	2011	2012	2013	2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015	2016	2017	2018	2019	2020
Silver price (US\$/oz)	\$ 17.93	\$ 20.00	\$ 20.00	\$ 20.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00
Total attributable silver production (mm oz)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.253	0.253	8.087	15.632	16.026	16.026	16.026
Consolidated statement of earnings (millions US\$)															
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4.783	\$ 4.783	\$ 152.759	\$ 295.276	\$ 302.708	\$ 302.708	\$ 302.708
Operating costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3.741)	\$ (3.741)	\$ (77.618)	\$ (121.669)	\$ (122.114)	\$ (122.114)	\$ (122.114)
Depreciation/amortization	\$ 0.018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.270	\$ 0.270	\$ 9.749	\$ 19.444	\$ 20.553	\$ 21.240	\$ 22.025
General and administration	\$ 2.289	\$ 2.000	\$ 2.000	\$ 2.000	\$ 2.000	\$ 0.500	\$ 0.500	\$ 0.500	\$ 0.700	\$ 2.200	\$ 2.800	\$ 2.800	\$ 2.800	\$ 2.800	\$ 2.800
Exploration	\$ 1.200	\$ 2.400	\$ 1.800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted net earnings (loss)	\$ (3.690)	\$ (4.400)	\$ (3.800)	\$ (6.356)	\$ (10.711)	\$ (2.678)	\$ (2.678)	\$ (2.678)	\$ (1.703)	\$ (9.736)	\$ 52.409	\$ 130.900	\$ 107.410	\$ 108.705	\$ 109.937
EPS (adjusted) C\$/share	\$ (0.058)	\$ (0.057)	\$ (0.035)	\$ (0.046)	\$ (0.078)	\$ (0.020)	\$ (0.020)	\$ (0.020)	\$ (0.012)	\$ (0.071)	\$ 0.383	\$ 0.956	\$ 0.785	\$ 0.794	\$ 0.803
EBITDA	\$ (3.674)	\$ (4.400)	\$ (3.800)	\$ (2.000)	\$ (2.000)	\$ (0.500)	\$ (0.500)	\$ (0.500)	\$ 0.778	\$ (0.722)	\$ 72.674	\$ 173.742	\$ 181.794	\$ 181.794	\$ 181.794
EBIT	\$ (3.692)	\$ (4.400)	\$ (3.800)	\$ (2.000)	\$ (2.000)	\$ (0.500)	\$ (0.500)	\$ (0.500)	\$ 0.508	\$ (0.992)	\$ 62.925	\$ 154.298	\$ 161.241	\$ 160.554	\$ 159.769
Consolidated statement of cash flows (millions US\$)															
Cash provided (used) from operating activities	\$ (3.909)	\$ (4.400)	\$ (3.800)	\$ (6.356)	\$ (10.711)	\$ (2.678)	\$ (2.678)	\$ (2.678)	\$ (1.433)	\$ (9.466)	\$ 62.158	\$ 150.344	\$ 127.962	\$ 129.945	\$ 131.962
Cash provided (used) from investing activities	\$ (3.665)	\$ (8.000)	\$ (8.000)	\$ (4.444)	\$ (67.778)	\$ (22.222)	\$ (22.222)	\$ (22.222)	\$ (22.409)	\$ (89.076)	\$ (26.103)	\$ (6.083)	\$ (6.106)	\$ (6.106)	\$ (6.106)
Cash provided (used) in financing activities	\$ 13.008	\$ 12.784	\$ 97.650	\$ 108.889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21.778)	\$ (21.778)	\$ (21.778)	\$ (21.778)	\$ (21.778)
Increase (decrease) in cash	\$ 5.438	\$ 0.384	\$ 85.850	\$ 98.089	\$ (78.489)	\$ (24.900)	\$ (24.900)	\$ (24.900)	\$ (23.842)	\$ (98.542)	\$ 14.277	\$ 122.483	\$ 100.079	\$ 102.061	\$ 104.079
Cash balance @ BOY	\$ 7.014	\$ 12.452	\$ 12.836	\$ 98.686	\$ 196.775	\$ 118.286	\$ 93.386	\$ 68.486	\$ 43.586	\$ 118.286	\$ 19.744	\$ 34.021	\$ 156.504	\$ 256.583	\$ 358.644
Cash balance @ EOY	\$ 12.452	\$ 12.836	\$ 98.686	\$ 196.775	\$ 118.286	\$ 93.386	\$ 68.486	\$ 43.586	\$ 19.744	\$ 19.744	\$ 34.021	\$ 156.504	\$ 256.583	\$ 358.644	\$ 462.723
Operating CFPS (C\$/share)	\$ (0.054)	\$ (0.057)	\$ (0.035)	\$ (0.046)	\$ (0.078)	\$ (0.020)	\$ (0.020)	\$ (0.020)	\$ (0.010)	\$ (0.069)	\$ 0.454	\$ 1.098	\$ 0.935	\$ 0.949	\$ 0.964
Net free cash flow per share (C\$/share)	\$ (0.119)	\$ (0.156)	\$ (0.118)	\$ (0.079)	\$ (0.573)	\$ (0.182)	\$ (0.182)	\$ (0.182)	\$ (0.174)	\$ (0.720)	\$ 0.104	\$ 0.895	\$ 0.731	\$ 0.746	\$ 0.760

Source: Company Reports and WWC Estimates

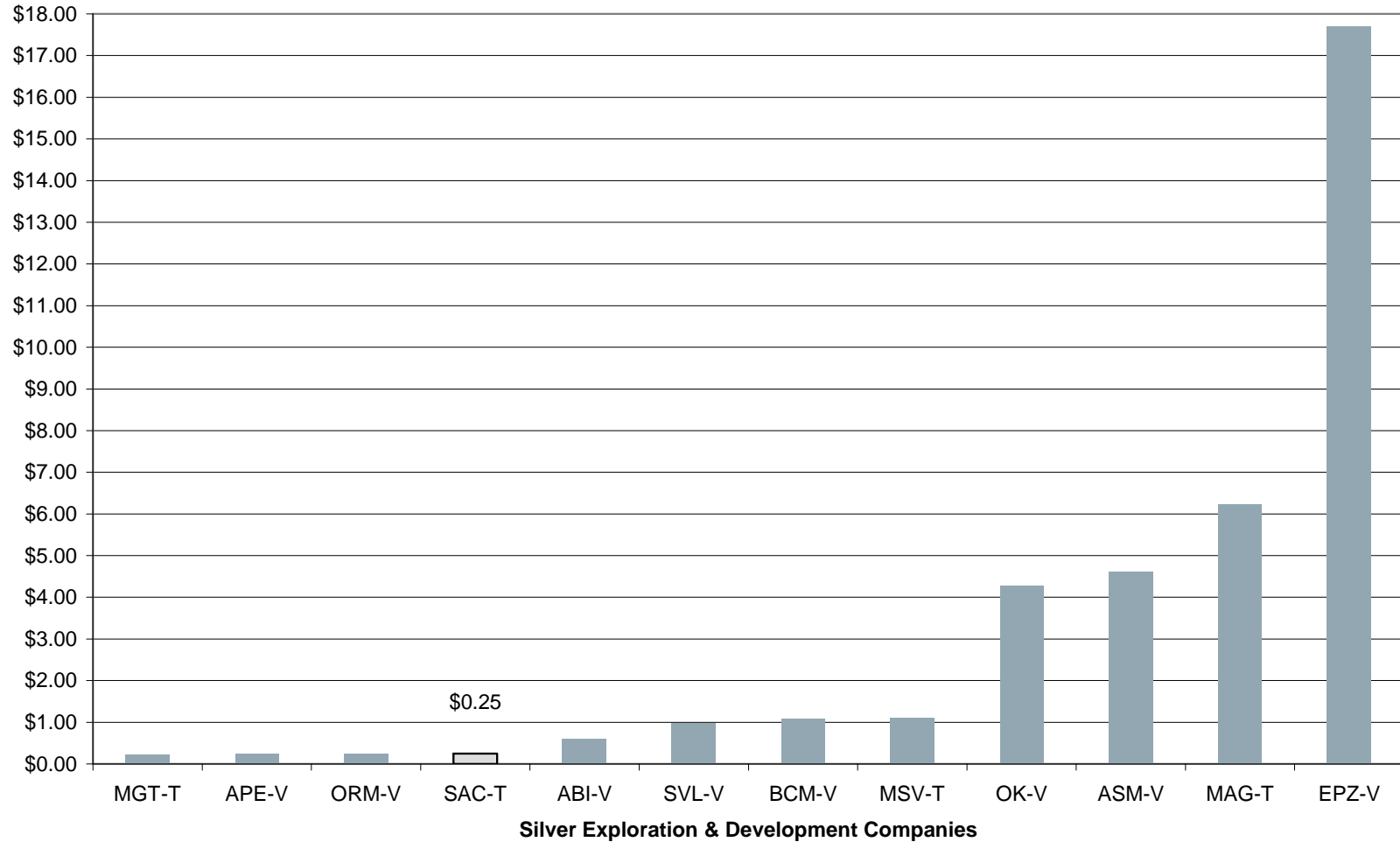
Exhibit 7: Silver Only NAVPS Sensitivity to Silver Prices (Fully Diluted & Fully Financed)
assumes CAD FX of 0.90

	8%	10%	12%	15%
	NAVPS	NAVPS	NAVPS	NAVPS
	\$3.01	\$2.55	\$2.19	\$1.79
\$10.00	\$0.74	\$0.68	\$0.64	\$0.59
\$11.00	\$1.13	\$1.00	\$0.90	\$0.79
\$12.00	\$1.45	\$1.27	\$1.13	\$0.97
\$13.00	\$1.78	\$1.54	\$1.36	\$1.14
\$14.00	\$2.08	\$1.79	\$1.56	\$1.30
\$15.00	\$2.38	\$2.04	\$1.77	\$1.46
\$16.00	\$2.72	\$2.32	\$2.00	\$1.64
\$17.00	\$3.01	\$2.55	\$2.19	\$1.79
\$18.00	\$3.34	\$2.83	\$2.42	\$1.96
\$19.00	\$3.62	\$3.05	\$2.61	\$2.10
\$20.00	\$3.94	\$3.32	\$2.83	\$2.27
\$21.00	\$4.27	\$3.59	\$3.05	\$2.45
\$22.00	\$4.53	\$3.80	\$3.23	\$2.57
\$23.00	\$4.85	\$4.06	\$3.45	\$2.74
\$24.00	\$5.17	\$4.33	\$3.66	\$2.91
\$25.00	\$5.49	\$4.59	\$3.88	\$3.08
\$26.00	\$5.81	\$4.85	\$4.10	\$3.25
\$27.00	\$6.04	\$5.04	\$4.26	\$3.36
\$28.00	\$6.36	\$5.30	\$4.47	\$3.53
\$29.00	\$6.67	\$5.56	\$4.69	\$3.69
\$30.00	\$6.99	\$5.82	\$4.90	\$3.86
\$31.00	\$7.30	\$6.08	\$5.12	\$4.02
\$32.00	\$7.62	\$6.34	\$5.34	\$4.19
\$33.00	\$7.93	\$6.60	\$5.55	\$4.36
\$34.00	\$8.25	\$6.86	\$5.77	\$4.52
\$35.00	\$8.46	\$7.03	\$5.90	\$4.62

Source: WWCM Estimates

Exhibit 8: Peer Comparison – Ratio of Enterprise Value to Silver Resources

Enterprise Value (US\$mm) / Silver (only) (oz)



Source: WWC Estimates

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