

# WEALTH DAILY

## Top Silver Companies Increasing Production in 2011

### Special Report

#### Eight Silver Stocks Set to Soar this Year

During precious metal bull markets, gold gets all the glory. And rightfully so.

After all, the yellow metal has been the ultimate symbol of power and wealth for more than five millennia.

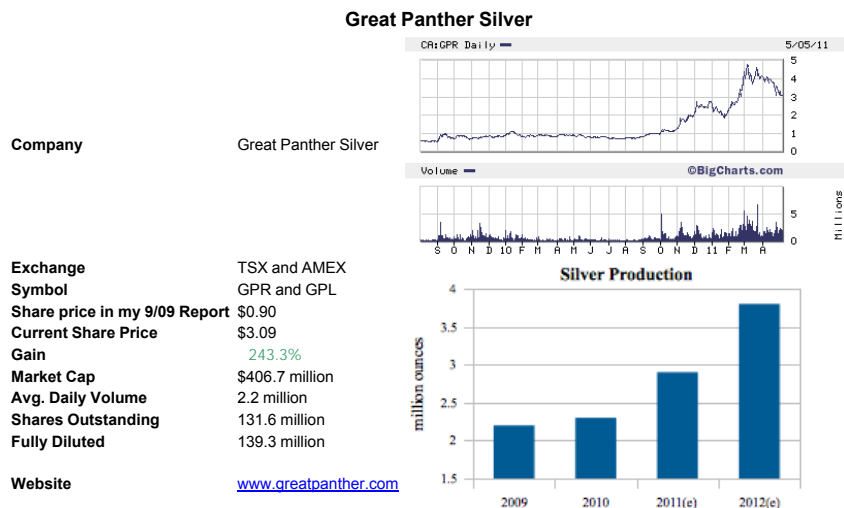
But the fact is gold isn't the best way to profit from precious metals...

Throughout history, silver has consistently and reliably outperformed gold — doubling, tripling, even quadrupling the price of the yellow metal.

In the last 12 months alone, gold prices have gained 29%. Meanwhile, the price of silver has jumped 178% — and investors are being heavily rewarded.

Back in September 2009, I published a report in *Wealth Daily* detailing my top five silver companies that were increasing mine production. Since that time, these silver stocks have gained an average of 110.7%.

I've updated and expanded this report for you today. Enjoy.



Boasting an internationally recognized board of directors, Great Panther Silver is a rapidly growing primary silver firm with strong leverage to future increases in silver prices.

The company owns and operates two mines in Mexico and employs over 900 people. Silver production from Great Panther's Guanajuato and Topia mines has been growing for four consecutive years. The company has steadily increased its total output from 600,000 ounces of silver-equivalent in 2006 to 2.3 million ounces of silver-equivalent last year, yielding an annual net income of \$5 million for 2010.

In 2011, Great Panther hopes to ramp up production to 2.9 million ounces of silver-equivalent, with earnings from mining operation expected to approach \$25 million.

This year marks the second in a three-year organic growth strategy that the company initiated in 2010. When all is said and done, Great Panther believes they'll be able to boost production to approximately 3.8 million ounces of silver-equivalent, increase resources through exploration to 40 million ounces of silver-equivalent, and delineate a 10-year mine life for both operations.

According to the company's latest estimates, Great Panther's mineral resources include:

#### Guanajuato

- 4.4 million ounces of ounces of proven and probable silver-equivalent reserves
- 5.5 million ounces of measures and indicated silver-equivalent resources
- 2.7 million ounces of inferred silver-equivalent resources

#### Topia

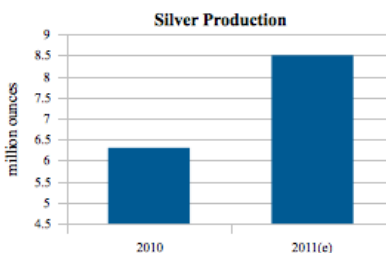
- 7.4 million ounces of measures and indicated silver-equivalent resources
- 11.9 million ounces of inferred silver-equivalent resources

### Silver Standard Resources

Company

Silver Standard Resources

Exchange NASDAQ  
 Symbol SSRI  
 Share price in my 9/09 Report \$22.00  
 Current Share Price \$29.34  
 Gain 33.4%  
 Market Cap \$2.33 billion  
 Avg. Daily Volume 1.5 million  
 Shares Outstanding 79.9 million  
 Fully Diluted 84.4 million  
 Website [www.silverstandard.com](http://www.silverstandard.com)



Headquartered in Vancouver, Silver Standard Resources is generating shareholder value from its ownership of the third-largest primary silver mine in Mexico, as well as a substantial portfolio of geopolitically-diverse projects.

Ranging from grassroots exploration to production, the company's pipeline of 14 projects are spread across Argentina, Peru, Mexico, Canada, Chile, the United States, and Australia. Silver Standard's projects include:

#### Advanced Exploration

- San Agustin, Mexico
- Berenguela, Peru
- Challacollo, Chile

#### Development

- San Luis, Peru
- Pirarrilla, Mexico
- Diablillos, Argentina

#### Production

- Piriquitas, Argentina

The company's first major mining operation and flagship Piriquitas mine achieved commercial production in December 2009. Since that time, Piriquitas has become the third-largest primary silver mine in Mexico — and the 12<sup>th</sup> largest in the world.

At full production, Piriquitas will rank among the top ten largest open-pit primary silver mines in the world.

In 2010, Silver Standard mined 6.3 million ounces of silver from Piriquitas. This year, the company expects to increase output by 35% to 8.5 million ounces.

Silver Standard also boasts the largest in-ground silver resource of any publicly-traded primary silver company. According to the latest official estimates, the company has access to:

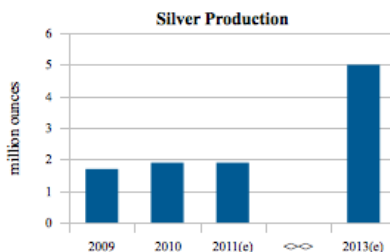
- 285.5 million ounces of proven and probable silver reserves
- 993.3 million ounces of measures and indicated silver resources
- 403.6 million ounces of inferred silver resources

### Fortuna Silver Mines

Company

Fortuna Silver Mines

Exchange TSX  
 Symbol FVI  
 Share price in my 9/09 Report \$1.50  
 Current Share Price \$4.79  
 Gain 219.3%  
 Market Cap \$586.8 million  
 Avg. Daily Volume 900,000  
 Shares Outstanding 122.5 million  
 Fully Diluted 127.1 million  
 Website [www.fortunasilver.com](http://www.fortunasilver.com)



Fortuna Silver Mines is a growth-oriented silver and base metal producer focused on mining opportunities with two main assets in Latin America: the Caylloma silver/lead/zinc mine in Peru and the San Jose silver/gold project.

The company's 100%-owned Caylloma Mine was reopened by Fortuna in October of 2006 following a significant upgrade and modernization of the processing plant.

Since that time, the company has ramped up silver production to over 1.9 million ounces. In 2011, Fortuna plans to maintain output levels at Caylloma. But the company is on schedule and within budget for completion and commissioning of a new operation mine at San Jose in the third quarter of this year. This will triple the company's silver-equivalent production when it opens.

Once the mill reaches its design capacity of processing 1,500 tonnes of ore per day, the San Jose Mine will extract 5 million silver-equivalent ounces annually. Management is planning to achieve full production capacity within 24 months of the start of operations.

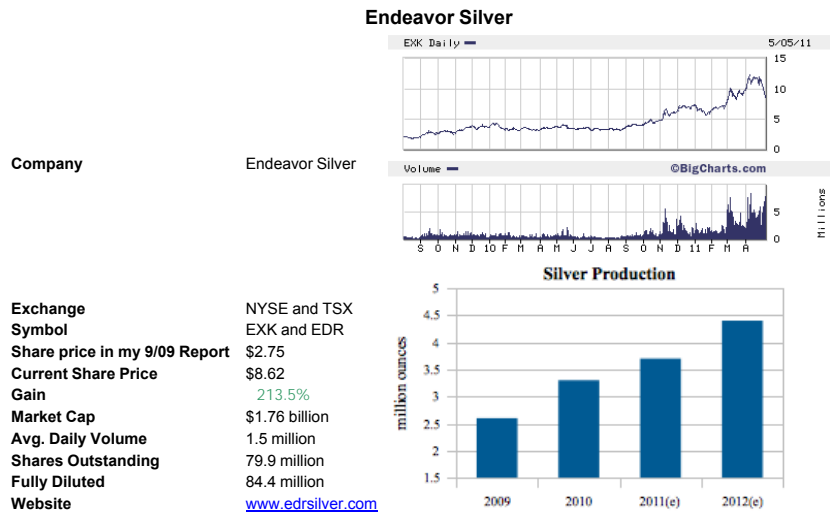
According to 2010 estimates, Fortuna Silver's projects contain:

## Caylloma Mine

- 43.4 million ounces of proven and probable silver-equivalent reserves
- 13.8 million ounces of measured and indicated silver-equivalent resources
- 27.3 million ounces of inferred silver-equivalent resources

## San Jose Project

- 35.9 million ounces of proven and probable silver-equivalent reserves
- 44.2 million ounces of indicated silver-equivalent resources
- 32.6 million ounces of inferred silver-equivalent resources



As a mid-cap silver mining company, Endeavour Silver is one of the fastest-growing silver companies focused on production and the development of new resources in Mexico.

Since its start in 2004, the company has posted six consecutive years of aggressive silver production and resource growth. Endeavour currently has two producing operations in Mexico: the Guanacevi Mine in Durango and the Guanajuato mines in Guanajuato.

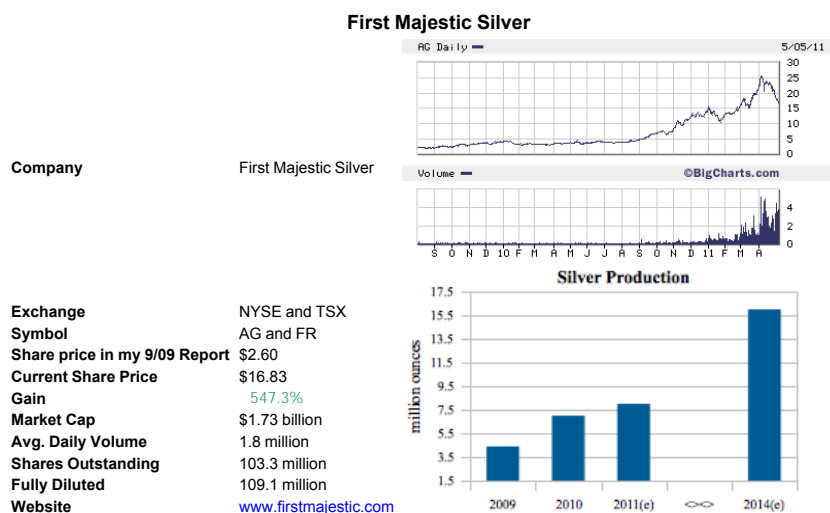
In 2010, these mines produced 3.3 million ounces of silver and 17,000 ounces of gold at a cash cost of \$5.71 per ounce, net of by-product gold credits. Production is forecast to rise again in 2011 to 3.7 million ounces of silver and 19,000 ounces of gold, and the company expects to continue to drive cash costs lower — down to \$5.50 per ounce.

Organic expansion programs are now underway at Endeavour's two operating silver mines. And by 2012, the company expects to boost production to 4.4 million ounces of silver...

In addition, the company plans additional growth by exploration and development of its existing portfolio of exploration properties — which will undergo exploration and drilling in 2011 — and is actively looking for acquisitions with existing or near-term silver output.

According to the company's latest estimates, Endeavour's mineral resources include:

- 13.4 million ounces of proven and probable silver reserves
- 27.3 million ounces of indicated silver resources
- 29.8 million ounces of inferred silver resources



Billed as "the world's purest silver company", First Majestic Silver is building a senior silver producing mining firm based on an aggressive development and acquisition plan with a focus on Mexico.

The company presently owns and operates three producing silver mines and two development projects...

First Majestic's largest operation, the La Encantada Silver Mine, was expanded several times since 2006 to reach the current capacity of 3,750 tonnes per day.

Production reached close to 3.8 million ounces of silver in 2010, and is anticipated to reach approximately 4.5 million ounces of silver in the form of dore bars in 2011.

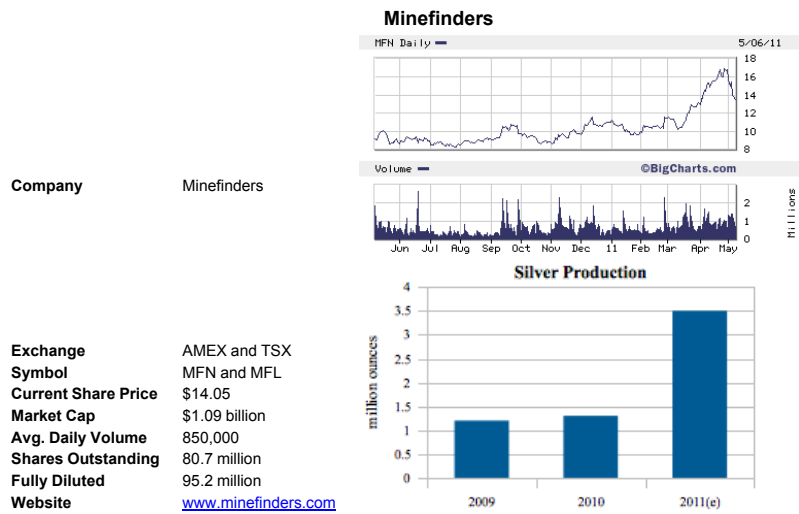
First Majestic's three mines produced a total of 7.0 million ounces of silver last year. The company's mines are expected to increase output to 8.0 million ounces of silver.

Going forward, a major expansion is currently underway to double the capacity at La Parrilla for 2012. This is expected to help boost production further to approximately 10.0 million ounces of silver.

By 2014, silver production is anticipated to increase further to approximately 16.0 million ounces of silver.

In addition, management is determined to expand First Majestic's asset base and thus continues to investigate other interesting advanced stage silver projects in Mexico. According to the company's latest estimates, First Majestic has:

- 46.3 million ounces of proven and probable silver reserves
- 164.3 million ounces of measured and indicated silver resources
- 160.1 million ounces of inferred silver resources



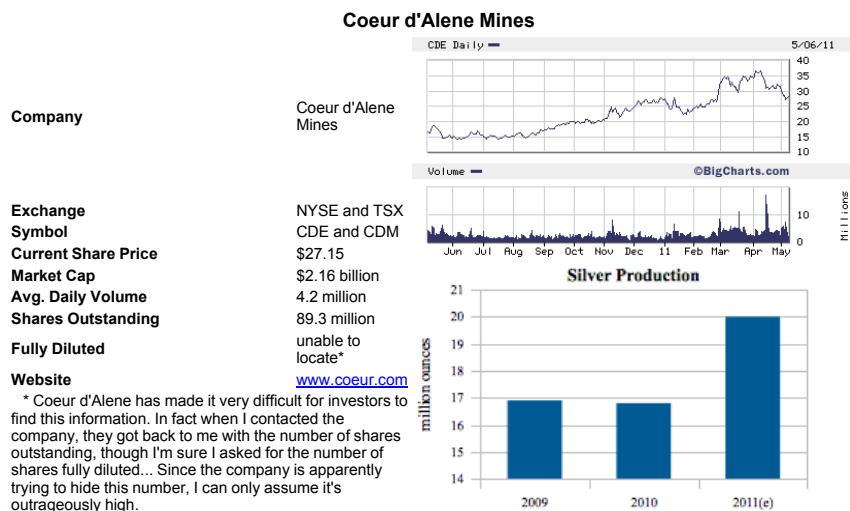
Headquartered in Vancouver, Minefinders owns and operates the multi-million-ounce Dolores silver and gold mine, located in Northern Mexico.

In 2010, Minefinders produced 1.3 million ounces of silver, only slightly higher than the 1.2 million ounces the company produced in 2009... But this year, Minefinders expects to more than double silver production to between 3.3 and 3.5 million ounces of silver.

The company also produced 77,000 ounces of gold in 2010 and expects production of the yellow metal to slightly drop to between 65,000 to 70,000 ounces.

In addition to current production, opportunities for Minefinders' continued growth are driven by a pipeline of advanced and grass-roots exploration properties. According to the latest official estimates of the firm's Dolores and La Bolsa project, Minefinders has access to:

- 131.1 million ounces of proven and probable silver reserves
- 2.8 million ounces of proven and probable gold reserves
- 161.0 million ounces of measured and indicated silver resources
- 3.7 million ounces of measured and indicated gold resources



Idaho-based Coeur d'Alene Mines is the world's second largest primary silver producer and a growing gold producer.

The company has three new, large precious metals mines. And in 2011, Coeur will realize the first full year of production and cash flow from all three of these 100%-owned mines.

In 2010, the company produced 16.8 million ounces of silver. This year, Coeur d'Alene expects to boost 19.0% silver production to 20.0 million ounces. They also expect to boost gold production to 250,000 ounces this year — a 59.2% increase from Coeur's 2010 gold production of 157,000 ounces.

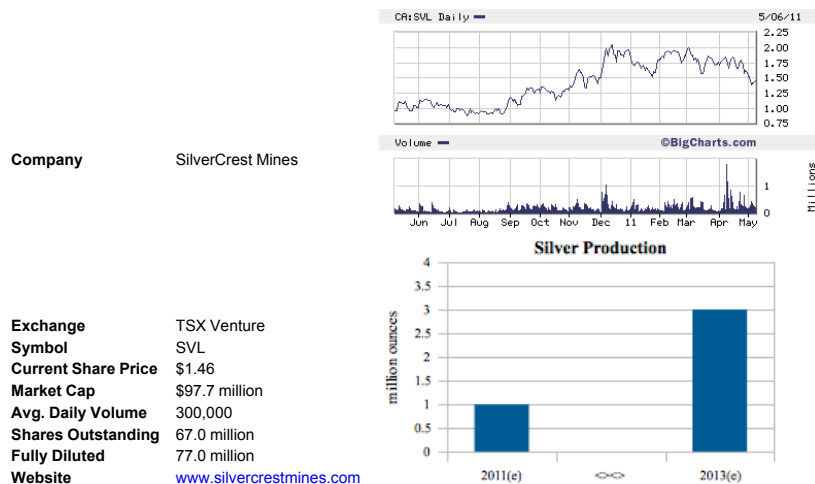
These production increases are expected to lead to \$800 million in metal sales and \$400 million of operating cash flow in 2011.

In addition to the company's currently operating mines, Coeur also owns a non-operating interest, a low-cost mine in Australia, and conducts ongoing exploration activities near its operations in Argentina, Mexico, and Alaska.

According to the company's 2010 estimates, Coeur d'Alene Mines controls:

- 227.1 million ounces of proven and probable silver reserves
- 2.5 million ounces of proven and probable gold reserves
- 206.2 million ounces of measured and indicated silver resources
- 1.4 million ounces of measured and indicated silver resources
- 53.9 million ounces of inferred silver resources
- 816,000 ounces of inferred gold resources

#### SilverCrest Mines



SilverCrest Mines is an emerging gold and silver producer based in Vancouver. The company is focused on three precious metal projects in Mexico.

Their 100%-owned flagship Santa Elena Mine, located 150km northeast of Hermosillo, is one of Mexico's newest high-grade, open-pit gold and silver producer. In September 2010, SilverCrest successfully completed its first metals pour of gold and silver dore at the Santa Elena Mine.

SilverCrest anticipates the 2,500-tonnes-per-day facility will produce an average of approximately 800,000 ounces of silver and 30,000 ounces of gold per full production year from the open-pit heap leach operation.

Going forward, the company expects to increase production up to 3.0 million ounces of silver-equivalent in the next three or four years.

Across SilverCrest's Cruz de Mayo and Santa Elena projects, the company's projects contain:

- 11.9 million ounces of probable silver reserves
- 340,000 ounces of probable gold reserves
- 50.5 million ounces of indicated and inferred silver resources
- 350,000 ounces of indicated and inferred gold resources

#### The Myth of the Pure Silver Mine

One important factor to consider when buying silver stocks is what the company is actually mining.

You see, most of the world's silver is produced as a by-product of mining other minerals. In fact, approximately 75% of the world's silver is produced as a by-product of copper, gold, lead, and zinc.

So the majority of the time when you're buying a "silver stock", you're actually buying what is a "mostly silver stock".

Take, for example, Fortuna Silver (TSX: FVI)...

For all intents and purposes, Fortuna is a silver mining company. But they only get 60% of their revenue from the silver they mine; the remaining 40% comes from lead and zinc production.

And that means you're exposed to price volatility in whatever other metals are being mined by the company. (Recently, this has actually hurt Fortuna's bottom line a bit recently as both lead and zinc prices have been falling for the past several weeks.)

There are other companies, however, that we refer to as "primary silver companies". You've read about a few primary silver companies in this report.

But even a primary silver company isn't necessarily a pure silver company...

When a particular company or mine is defined as a primary silver producer, it is done so on the basis of the revenue produced by mining operations, not the quantity of the metal produced.

That's because each metal has vastly divergent prices. And classifying companies based upon the ounces produced of the particular metals would produce grossly misleading labels. It's easier and better this way.

#### Primary Silver vs. By-Product Silver

Since we know that silver will continue to outperform gold, our best bet is to invest in the purest silver assets we can get our hands on.

That means investors looking to leverage rising silver prices should own physical silver bullion, silver ETFs, silver royalty companies, or primary silver companies.

But for the most bang for our buck, investors will look to primary mining stocks — and more specifically, primary silver exploration and development stocks. A good example of a primary silver development company is Orko Silver (TSX-V: OK).

In 2004, Orko Silver used their extensive experience in mineral exploration and discovery to identify and acquire the La Preciosa property, an early-stage silver project in Durango, Mexico, that they believed had huge exploration potential.

When they originally acquired La Preciosa, it only had about 3 million ounces silver resources. But after 5 years of development using modern exploration techniques, the company increased the resource estimate at La Preciosa by over 4,700% to 146 million ounces of silver.

Orko's stock subsequently increased some 6,280% from \$0.05 to nearly \$3.20 last year. It was a real rags-to-riches story.

In April 2009, Orko partnered with Pan American Silver (NASDAQ: PAAS), one of the world's largest primary silver producers, to further develop the La Preciosa property and bring the project into production.


Now that the project is on cruise control, the same guys from Orko Silver who had to foresight to see the potential in La Preciosa have formed a new primary silver exploration company with another early-stage project.

This project is located just 60 miles north of La Preciosa. But this new project is bigger than La Preciosa and has more mineral veins, so the company is already targeting a +100-million-ounce resource... And everyone is excited about it.

It took 4 years and 120,000 meters of drilling for Orko to get Pan American Silver interested in the project. But without drilling a single hole, this small \$26 million company already has had *six* joint venture offers.

Right now, share prices of this tiny firm are trading at just about \$0.80. But now that the La Preciosa project is being developed, the guys from Orko can focus on their new project. They just began a new exploration program at this new project. And once drill results start coming in, I expect to see share prices explode — *which makes right now the time to be a buyer.*

Good Investing,



Luke Burgess  
Editor, [Wealth Daily](#)  
Investment Director, *Hard Money Millionaire* and *Underground Profits*

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