

## Great Panther Resources (GPR)



*Great Panther is aiming to become one of the top 5 primary silver producers in the world. As silver production continues to fall short of demand, companies with silver exposure present an attractive opportunity*

# Initiation Report

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*As mine production continues to fall short of demand, companies with silver exposure present an attractive investment opportunity. In most cases, silver is mined as a by-product alongside the main attraction of copper, zinc and gold. By contrast, Great Panther Resources (GPR) is a primary silver producer in Mexico with mines and prospects located in prolific silver districts. Its producing mines should generate steady cash flow for expansion purposes as well as funding its exploration pursuits.*

## KEY POINTS

- **A silver company with producing mines**

GPR is predominantly a silver play. Located in traditional silver mining areas, its two main properties host considerable silver deposits with one in production and the other just commenced production. The company also has the necessary infrastructure in place (including processing plants) to be highly cost effective. GPR intends to expand its capacity with the aim of being amongst the top five primary silver producers in the world. Resource evaluations are currently underway and a NI 43-101 compliant resource estimate is expected shortly for the Topia mine and later this year for the Guanajuato property.

- **Demand is on the rise**

Industrial silver applications such as electronics and solar energy have been driving demand for silver. According to the Silver Institute, the industrial sector currently accounts for 47% of world silver consumption and is expected to continue to grow at 10% pa. Demand growth from jewellery & silverware (29% of consumption) and the industrial sector more than compensates for the fall in demand from photography (19% of consumption).

- **Mine production has failed to catch up**

Meanwhile, silver production from mines has yet to catch up with the demand cycle and provides only 70% of total consumption. The shortfall is being met through recycling old silver scraps and inventory draw downs. Most of the existing large silver mines are currently operating at full capacity. Capacity constraints and mine economics prevent other mines, such as lead-zinc or copper which currently produce silver as a by-product, to respond to the growing demand for silver. This demand gap is set to widen.

- **And secondary sources are drying up...**

Secondary silver supplies provide little respite as the contribution from both is set to fall. Recoveries from scrap, coming from photographic recycling, silver coinage and jewellery are expected to be lower with the decline in photographic output. Falling above-ground silver supplies including bullion stocks further emphasise the imminent supply shortage in the silver market.

- **... driving silver prices higher**

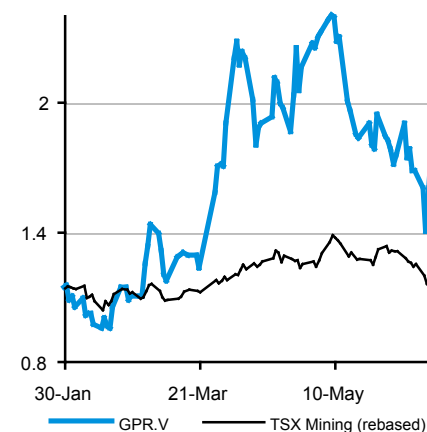
In 2005, silver recorded a 10% price rise over the 2004 average price of US\$6.65 per oz to reach US\$7.31 per oz. This has been followed by a staggering YTD increase of 49% so far in 2006 to levels not seen since February 1983. In addition to the supply demand imbalance, fast reawakening investment demand is also providing considerable impetus to silver. These trends are favourable to GPR.

## Key Points

**16 June, 2006**

**C\$1.65**

### Price chart – GPR



### Our valuation

Entity value:	C\$185.0m
Value per share:	C\$2.20

### Company details

Quote	
- TSX Venture	GPR.V
- Frankfurt	G3U.F
- Pink Sheets	GPRLF.PK
Hi-Lo last 12-mos. (C\$)	2.55 - 0.41
Shares issued (m)	63.7
Fully diluted (m)	87.3
Market Cap'n (C\$m)	105.0
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## Overview

### **A focused silver play with producing assets in Mexico**

Great Panther Resources (GPR) is a Canadian junior mining company engaged in silver mining in Mexico. The company has two producing mines with their own processing plants with the capacity to process a total of 1,400 tonnes per day (tpd). GPR's silver output for 2006 is expected to be in the range of 1.8 million to 2.0 million oz silver equivalent with an annualized production rate of 4 million oz by the end of the year. GPR intends to use the cash flow from its producing silver properties (Topia and Guanajuato) to finance its exploration and development programmes. The company has two gold exploration projects and has also recently acquired an advanced stage silver project.

### **Prospects in the prolific Sierra Madre Mineral Belt**

GPR's properties are located in the prolific Sierra Madre Mineral Belt, which has had a rich mining history since colonial times. The mineral belt, which extends over 1,200 km is renowned for its silver, gold, copper, lead, zinc and other base metals. The Sierra Madre Mineral Belt is host to most of the silver mining operations in Mexico including Grupo Mexico and Peñoles.

### **... and its mines have high grades and long life**

GPR's Topia and Guanajuato mines are historically known for their high silver grades. Ore grades returned by Topia and Guanajuato have amounted to 820g/t and 299g/t silver equivalent respectively, with both in some cases returning grades exceeding 1,000g/t. High grades generally lead to low production costs and underpin mine profitability. Together with their own processing facilities and the underground mine infrastructure, GPR has been able to revive production from these two mines with little additional capital expenditure.

### **An advanced stage silver prospect has recently been added**

GPR's recent acquisition of an advanced stage silver property (Km 66) has further enhanced its silver project portfolio. Km 66 is located in close proximity to Peñoles' smelter and is surrounded by adequate infrastructure. Based on previous work by Coeur d'Alene, Km 66 has the potential for a large tonnage bulk deposit. GPR plans to develop Km 66 over the next five years to be a producing asset.

### **Gold prospects provide further boost to the asset portfolio**

While GPR is firmly focused on silver mining, the company also has two gold properties in its project portfolio. GPR has conducted some exploration including mapping, surface and underground sampling and drilling. Promising results during these exploration and drill programmes suggest considerable resource potential. GPR is expected to farm-out its gold prospects for development either en-bloc or retaining only a minority stake.

### **Mexico provides a stable political climate and a mining friendly environment**

In addition to its mineral reserves, Mexico's stable political environment, market leaning economics and mining friendly investment climate provide more promise. Unlike many other Latin American countries, both the ruling party and the opposition are increasingly leaning towards pro-market policies. The government recognises the importance of foreign investment and is keen to attract foreign companies to develop its mining sector. Mexico does not have any profit repatriation restrictions or excessive government intervention.

### **...and is amongst the top twelve mining investment destinations**

The Fraser Institute in its 2005 survey ranked Mexico as the 12th most attractive mining destination in the world. The ranking process takes into consideration all aspects of mining including geological merits, local mining policy, infrastructure availability and environmental regulations. Mexico's high scores in policy and mineral potential provide further comfort with regard to GPR's future operations.

### **Supply demand imbalance is expected to keep prices high**

Improving fundamentals in the silver market further strengthen GPR's investment case. Mine production has continued to fall short of the growing demand for silver. Industrial applications have been the main driving force behind silver demand as its end users have continued to benefit from the economic prosperity of key markets. Increasing mine output has so far been inadequate to meet the rising demand and the gap has been filled by silver recovered from scrap and inventory draw down.

### **An official resource estimate is underway**

While the resource potential at GPR's properties is undeniable, it is not currently compliant with NI 43-101 standards. As a result, the market has attached less value to its mines and prospects. Parallel with ongoing production at Topia, GPR has commissioned a NI 43-101 compliant resource estimate for this property. This report should be released before the end of this month. A similar report for Guanajuato is anticipated by the end of the year. We expect the filing of NI 43-101 technical reports during 2006 to provide the market with greater confidence.

## Valuation

Silver has appreciated considerably over the last year, however there is little consensus on its future long-term level. On an inflation-adjusted basis silver has historically averaged in the US\$12.20's per oz (const 2006 dollars). Post the "adventures" of the Hunt brothers' it averaged in the US\$9.40's and with the impact of digital technologies on photographic silver demand, in the high US\$6.50's per oz.

Given expected operating costs, Great Panther's Topia and Guanajuato mines are certainly economic at the lower levels. With increasing costs, more competition for properties and lower grades future development will rely on the recovery in the silver price being sustained. For investors, the key points of interest are:

- the value of its current producing and exploration portfolio;
- and its ability to successfully access and develop further licences.

For specific prospects the use of Net Present Value (NPV) calculations is well established in the resource sector. However these models don't recognise the option value implicit in most resource projects and are regarded as 'over-discounting' future revenues. Consequently, it is well recognised that most resource projects trade well above their NPVs – particularly the more marginal or long term the project.

We have valued Great Panther's existing resource interests using an option approach to estimate what the production value would be given the uncertainty surrounding the silver price<sup>1</sup>. We have then adjusted for:

- exploration costs and geological risks in their early stage projects;
- expected production rates and operating costs;
- and the applicable fiscal regime.

This approach provides a more accurate valuation of Great Panther's producing and exploration resource projects. It explicitly accounts for Great Panther's exposure to exploration risk, and the implicit ability of resource companies to limit operations in times of weak commodity prices.

For our base case we have assumed that:

- silver prices maintain their equilibrium around the average (real) levels set in the 90's;
- the higher levels of opex and capex inflation seen in recent periods continue for the immediate future.

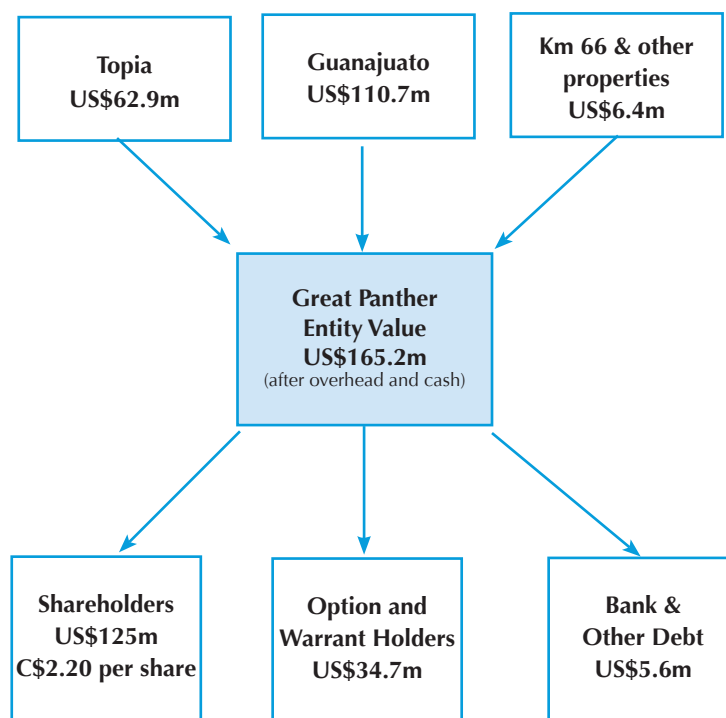
Based on our assumptions we value Great Panther at about CS\$2.20 per share. At this stage we have not factored in any premium (or discount) for corporate activity in the sector.

<sup>1</sup> Specifically, we have assumed silver prices are volatile but return to their long run mean eventually, i.e., they are mean-reverting.

## Valuation Summary

	US\$m
<b>Prospect/mine portfolio</b>	
Topia	62.9
Guanajuato	110.7
Km 66	5.9
Others	0.5
Total exploration assets	179.9
less: overhead	20.0
<b>Total expected operating value</b>	<b>159.9</b>
Add: Starting cash	5.3
<b>Total enterprise value</b>	<b>165.2</b>
Less: Bank & Other Debt	5.6
<b>Total value of equity claims</b>	<b>159.6</b>
Less: Alternative Equity Claims - Warrants + Options	34.7
<b>Value Attributable to equity holders</b>	<b>125.0</b>
Outstanding shares (m)	63.7
<b>Value per ordinary shares (US\$)</b>	<b>1.96</b>
<b>- in C\$</b>	<b>2.20</b>

## Components of Great Panther's Entity Value



## Valuation of Great Panther's mines/prospects

	Prospect/mine			Cost assumptions				Standalone value of prospect/mine		Contribution to Great Panther's value		
	Stage of Developmt.	Share of Prospect	Share of costs	Total Exploration cost (US\$m)	Develop. Capex (US\$/oz)	Opex + Marketing (US\$/oz)	Achieved disc. to benchmark	Potential Value of Prosp. (US\$m)	After Geological Risks & Exploration	Intrinsic value	Time value	GP's share (US\$m)
Topia	Production	100%	100%	0.0	0.01	3.46	0%	62.9	62.9	54.8	8.1	62.9
Guanajuato	Production	100%	100%	0.0	1.32	3.56	0%	110.7	110.7	90.9	19.8	110.7
Km 66	Prospect	100%	100%	7.0	1.21	4.90	0%	20.8	5.9	1.7	4.1	5.9
<b>Total</b>		<b>100%</b>	<b>100%</b>					<b>194.4</b>	<b>179.5</b>	<b>147.5</b>	<b>32.0</b>	<b>179.5</b>

Notes:

- silver prices are assumed to be mean reverting with a (real) long run average of US\$6.6/oz with a period of about 12 years
- Intrinsic value is analogous to the NPV of the prospect

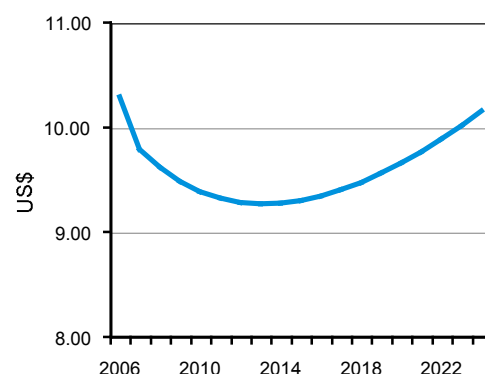
## Sensitivity to changes in assumed ...

Prodn Opex cost (US\$/oz)	-0.5	<b>+0.0</b>	+1.0	+2.0
Value (US\$m)	191.1	<b>165.2</b>	113.5	62.4
Change in Entity Value	+15.6%	<b>+0.0%</b>	-31.3%	-62.2%
Opex Cost Inflation (%pa)	-1.0%	<b>+0.0%</b>	+1.0%	+2.0%
Value (US\$m)	192.5	<b>165.2</b>	138.1	115.8
Change in Entity Value	+16.5%	<b>+0.0%</b>	-16.4%	-29.9%
Achieved Silver Price (Effective Disc. to Spot)	-5.0%	<b>+0.0%</b>	+5.0%	+10.0%
Value (US\$m)	187.6	<b>165.2</b>	142.8	123.4
Change in Entity Value	+13.6%	<b>+0.0%</b>	-13.6%	-25.3%
Long run real silver price (US\$/oz)	-2.0	<b>+0.0</b>	+5.0	+10.0
Value (US\$m)	81.4	<b>165.2</b>	386.4	584.5
Change in Entity Value	-50.8%	<b>+0.0%</b>	+133.9%	+253.8%
Time to revert to mean (years)	-2.0	<b>+0.0</b>	+2.0	+4.0
Value (US\$m)	142.6	<b>165.2</b>	184.4	200.2
Change in Entity Value	-13.7%	<b>+0.0%</b>	+11.6%	+21.2%

## Silver market assumptions

Silver prices are mean reverting	
Long run level (1990's - now)	6.56 US\$/oz
Avg time to revert	12 years
Volatility	23%
Inflationary price growth	2%

## Expected price of silver



## Key Risks

Some of GPR's projects are still at exploration and development stage and much depends on drilling success, reserve potential and implementation ability. Its producing assets also need some rehabilitation, as they have not been fully operational for some time.

### *Project Risks*

**Future profitability entirely depends on mining success:** The future profitability and hence valuation largely depend on the success of GPR's mining programmes. While there is little risk related to its producing Topia and Guanajuato mines, the company has yet to fully evaluate the resource potential of the Km 66 prospect. The Guanajuato however has a historic resource estimate and is believed by GPR to have potential for over a 100 million oz silver deposit.

**Higher labour costs:** Currently Mexican wages are considerably lower than other mining nations such as Canada, Australia and South Africa but higher than its Latin American peers such as Chile and Peru. As Mexico continues to attract foreign mining companies to develop its resources, there is a risk of an increase in labour cost, thus affecting operating margins.

**Uncertainty over capital expenditure:** At this stage, it is difficult to estimate capital expenditure and subsequent operating expenses. Drilling and exploration costs have been rising over the last few years, particularly in North America. Cost escalations leading to cash flow difficulties and lower profitability may impair valuations.

## ***Environmental***

**Environmental Regulations:** Along with the economic prosperity, Mexico is getting tough on environmental issues. Its membership in NAFTA mandates that Mexico raises its environmental protection standards to those in the US. Although much of the focus is on oil & gas exploration and production companies, the scope of environment laws is widening and likely to encompass other industries including mining.

**Decommissioning Costs:** Strict environmental laws could also lead to higher decommissioning costs and GPR might be required to satisfy more rigorous (and hence costly) environmental regulations that could be in place at the time of decommissioning. The usual practice is to finance such decommissioning expenses out of the proceeds from production. Should decommissioning costs prove to be greater than available revenues from production (after allowing for operating costs), the company could face financial difficulties.

## Great Panther Resources

Great Panther Resources (GPR) is a Canadian junior mining company listed on the TSX Venture Exchange (TSX-V: GPR) with operations in Mexico. While its main focus is silver mining, GPR has additional gold, copper and zinc prospects which merit careful consideration. Two of its properties are producing silver mines with a current total throughput of over 500 tonnes per day (tpd). These producing properties have processing plants with a combined capacity of 1,400 tpd. In addition, GPR also has an advanced stage silver asset and two gold exploration projects. Today, the company's priority is to develop its current producing assets (Topia and Guanajuato) and use operating cash flow to fund its exploration and development programmes.

An interesting aspect of GPR is management's focus on silver, which contrasts with many other junior mining companies. Currently all its efforts and resources are channelled towards the development of its silver properties. GPR's gold prospects are likely to be farmed-out for exploration and development as non-core assets. Meanwhile, the company is open to acquiring more silver prospects that meet its strategic and operational criteria.

Mexico is the world's largest silver producer accounting for more than 16% of world production. Minera Mexicana Peñoles (Peñoles) is by far the largest producer in the country, followed by producers such as Grupo Mexico. In this respect, GPR provides an interesting exposure to the fast growing Mexican silver industry.

### Corporate strategy

GPR's strategy is to first develop its producing properties together with processing plants to increase output to optimum levels. The plan is to utilize the cash flow generated by its producing assets to fund its exploration and development programmes. GPR also expects to launch its exploration prospects through a carefully planned drilling programme and if successful to build producing mines. The company is positioning itself to be a new mid-tier silver producer and aims to be amongst the top five primary silver producers in the world.

Its corporate strategy differs from the usual "exploration, prove-up and sale" business model commonly followed by other junior mining companies, which entails exploration of prospects to "prove-up" resources and then selling them potentially at a premium to a larger company for subsequent development and production. Such a strategy is aimed at adding and realising value but brings additional operating risks and requires experienced and cohesive management. GPR is committed to its assets and exploration region and intends to be engaged in both development and production. Against this backdrop, efforts to develop its producing assets to reach maximum production blends well with the overall corporate strategy.

Mexican silver companies have a close relationship and foster friendly competition. This could change the corporate landscape in time to come. While there are no formal relationships in place, corporate mergers or strategic alliances could emerge depending on industry dynamics. GPR's management is highly focused and any change in the corporate strategy and direction is likely to be a well thought out step.

### Property summary

GPR's properties are located in the prolific Sierra Madre Mineral Belt, which has a long history of mining. The mineral belt, which extends over 1,200 km is renowned for its silver, gold, copper, lead, zinc and other base metals. The Sierra Madre Mineral Belt is host to most of the silver mining operations in Mexico.

### Silver Properties

At the Topia silver project, GPR initially focused on drilling to test the mineralised vein system along strike by step out drilling and in places to increase confidence on the proximal extensions to old stopes with a view to exercising an option on the property. The Guanajuato silver project was acquired later and is a much larger project, which has been the main focus of GPR's drilling programme over the last 12 months.

**1. Topia Silver Mine (Topia):** this is a producing mine with a current throughput of 120 tpd, with a long history of mining from narrow, high-grade silver epithermal polymetallic veins. The project covers a total area of approximately 6,600 ha which includes at least four major mineralised veins along with numerous minor veins of potential economic significance. Apart from a 200 tpd mill, Topia has administration buildings and underground mining infrastructure.



The mine was in continuous production between 1952 and 1999, with records indicating production of 15 million ounces of silver, 18,500 ounces of gold, 48,000 tonnes of lead and 44,500 tonnes of zinc over that period. In 1989, the mine had an estimated mineable resource of 172,200 tonnes at average grades of 339 g/t (~10 oz/t) Ag, 2.9% Pb, 3.3% Zn and 0.8g/t Au. Roughly 57,000 tonnes were mined between 1989 and 1999 prior to a six-year hiatus in production. We estimate that the mineable resource is now about half the 1989 estimate or some 85,000 tonnes at similar grades.

GPR has drilled 30 diamond holes for a total of 7,437 metres prioritising five target-areas to test the strike, dip and grade continuity of the veins beyond the mine workings.

GPR has collated a database of all historical information and integrated this data with the company's recent drilling exploration results, some of which will be used to support a NI 43-101 preliminary resource estimate for part of the property, which is currently in preparation. GPR is targeting 200,000 tonnes of some measured but predominantly indicated resources, which would be sufficient for 1,000 days of production at current mill-capacity.

There is also a stockpile of mine tailings on surface available for processing. An inferred resource of one million tonnes averaging 70 g/t (~2 oz/t) Ag, 0.4 g/t Au, 0.3% Pb and 0.7% Zn has been independently estimated with high recoveries of all metals predicted from flotation.

**2. Guanajuato Mine (Guanajuato):** the Guanajuato mining district also located in the Sierra Madre Belt has a long rich history of silver mining dating back to the 17th century. Guanajuato has been a prolific producer of silver and gold with reputed historical production somewhere between 700 million and 1.5 billion ounces of silver and four to seven million ounces of gold. Guanajuato has a 1,200 tpd processing plant, workshops and administration facilities, complete mining infrastructure, equipment and certain surface rights. The plant at the Guanajuato mine is currently being commissioned with a view to being in full production by the end of the year.

The main claim block covers more than four kilometres of strike along the Veta Madre and contains 25 shafts, four winzes (internal shafts) and more than a hundred kilometres of underground workings. The main shafts at Valenciana, Cata and Rayas mines are currently operational with ore being hoisted at the centrally located Cata shaft where a 1,200 tpd plant is located. GPR intends to commission a resource estimate compliant with NI 43-101 once the current phase of underground drilling is complete. Historical resource estimates by the previous owners along the Veta Madre structure, which includes Valenciana, Cata and Rayas, are

24 million ounces of silver equivalent based on some drilling and projecting vein widths and grades encountered in the upper 400 metres of the system a further 300 metres down dip. Such estimates are based on the experience of miners over a long period but lack the rigour and sample support to be compliant with NI 43-101 guidelines.

GPR estimates that the Veta Madre vein system has the potential to host some 100 million ounces of silver based on the obvious continuity of the structure and the strike and dip projections of ore mined from extensive underground workings. Recent surface (phase two ongoing) and current underground drilling on the project is targeting the projection of high-grade silver and gold mineralization indicated by historical mining records. Preliminary results from drilling have been very encouraging. In particular it appears that the Spanish may have passed over wider but lower-grade stockwork mineralization at relatively shallow depths in favour of high-grade narrow veins. GPR is specifically targeting one of these stockwork zones in the current phase of underground mining (June, 2006). In general GPR now realises the potential for shallower more accessible lower grade stockwork mineralization within the Guanajuato system.

In contrast with Topia, the Guanajuato project is a much larger mineralizing system, which includes stockwork styles of mineralization with the tonnage potential to supply a throughput capacity of 1,200 tpd some six times the throughput mill-capacity of the Topia plant.

**3. Km 66 Silver Prospect (Km 66):** Km 66 is a recently acquired, advanced stage exploration project covering an area of 3,500 ha. The project hosts low-grade silver-lead-zinc mineralization potentially amenable to open-cast mining. The project area was drilled by Coeur d'Alene indicating the potential for 25 million tonnes at an average grade of 50 g/t Au, 0.1 g/t Ag, 0.7% Pb and 1.3% Zn.

### **Gold Prospects**

**4. Virimoa Gold Project (Virimoa):** GPR's Mexican subsidiary, Minera Mexicana el Rosario (MMR) has an option to acquire a 100% interest in two concessions comprising 148 ha. The initial exploration results from surface channel-sampling of 25 metres averaging almost 5g/t gold is impressive. Although high-grade veins have been intersected, the broad widths established at surface have not so far been confirmed in early drill testing down dip. Exploration and data gathering is still at an early stage and the project certainly merits further work with a view to exercising the option.

**5. San Antonio Project:** The San Antonio Gold-Copper Project comprises four concessions that total 11,711 hectares. MMR has the option to earn a 100% interest in one 80 ha claim, but owns 100% of the remainder of the property. There is

little exploration history available for the San Antonio property as it is outside the areas of significant mine development. Based on limited information, high-grade gold-copper veins have been the target of numerous mine workings covering a three-km<sup>2</sup> area. The size of the workings implies an estimated 50,000 tonnes of material extracted in the past. San Antonio has never been explored using modern technology and, more particularly, has never been drilled prior to GPR's involvement. Some 12 mineralised structures or veins have been explored or exploited within the project area.

At this stage GPR has yet to determine the extent of mineralization on the property. The San Antonio project lies within the historical mining Guadalupe y Calvo District. The epithermal copper-gold style of mineralization, possibly related to a porphyry system, together with the numerous gold-copper mineralised occurrences and old workings on the property make this early stage exploration play highly prospective.

## Robust growth ahead

With the investment world dazed by rising gold and platinum prices, similar trends by silver have attracted relatively less attention. Unlike gold and platinum, silver has a wider variety of applications from silverware & jewellery to pharmaceuticals. Though not as pronounced as gold or many other metals, silver prices have remained strong over recent years in the face of growing fabrication demand. Mine production has not kept pace with demand.

## Supply shortfall met with inventory draw downs

Over the last few years, market participants have drawn down inventories to make up the shortfall. As such above ground inventories dwindle, silver fundamentals have continued to strengthen. In addition to supply and demand, silver prices are also affected by factors such as inflation, exchange rates and interest rates since silver is also recognised as a store of value. Silver prices also tend to track those of other precious metals, particularly gold.

Approximately 70% of world silver is produced as a by-product of gold or other metals. Silver is typically found in the hydrothermal veins associated with sulfide ores, which can host lead and zinc (together) along with gold and copper deposits. Consequently, other base metal or precious metal mines usually produce silver although it is often not the primary target.

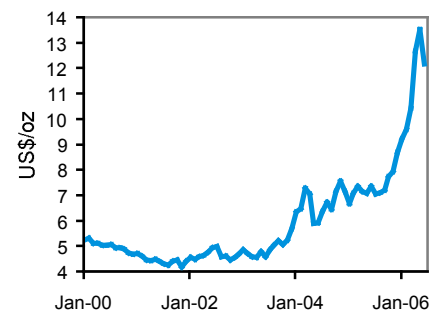
## Mexico is the largest producer

Mexico is in fact one of the few countries in the world that has primary silver mines and currently is the largest silver producer in the world with over 16% of world output. Peru (15%), Australia (12%) and China (10%) are the other main producing countries. Peñoles and Grupo Mexico, together account for over 60% of Mexican silver production.

Amongst individual companies, BHP Billiton through its worldwide operations is the largest silver producer accounting for 8.4% of world output in 2005. Peñoles, KGHM Polska Miedz (Poland), Grupo Mexico and Kazakhmys (Kazakhstan) are the other main producers. Peñoles and Grupo Mexico accounted for 7.4% and 2.9% respectively of world output in 2005.

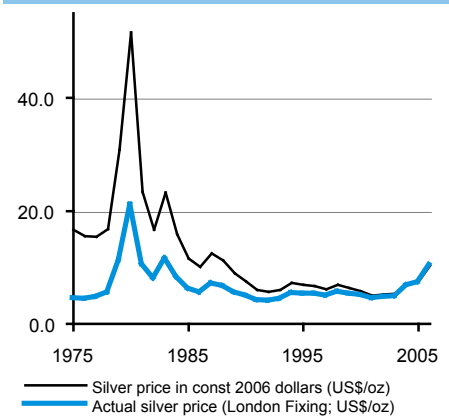
## The Silver Industry

### Silver price chart



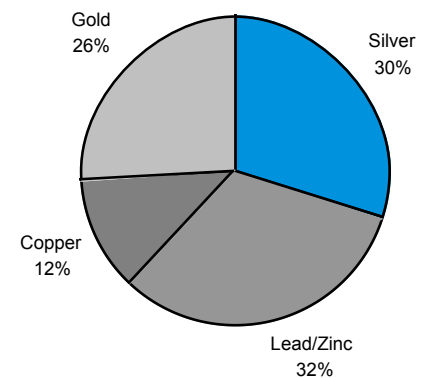
Source: Kitco, Silver Institute

### Inflation adjusted silver price



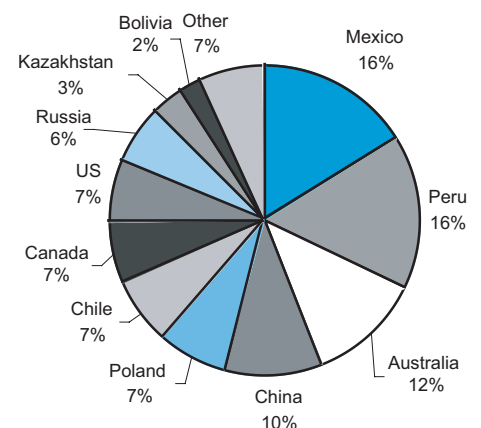
Source: Kitco, Silver Institute

### World silver by source mine



Source: The Silver Institute

### World silver production



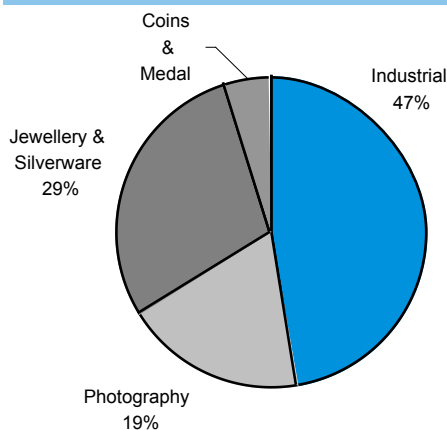
Source: The Silver Institute

## Top 20 silver producing companies, 2005

Company	Output (m oz)
BHP Billiton	53.8
Industrias Peñoles	47.4
KGHM Polska Miedz	40.0
Kazakhmys	20.5
Polymetal	18.9
Grupo Mexico	18.5
Cia. De Minas Buenaventura	15.3
Rio Tinto	14.9
Couer d'Alene Mines	13.7
Xstrata	13.3
Falconbridge	12.5
Pan American Silver	12.5
Barrick Gold	12.5
Volcan Cia. Minera	11.1
Zinifex	9.7
Codelco	9.2
Newmont Mining	9.2
Cia. Minera Ares	7.6
Boliden AB	7.3
Goldcorp	7.2

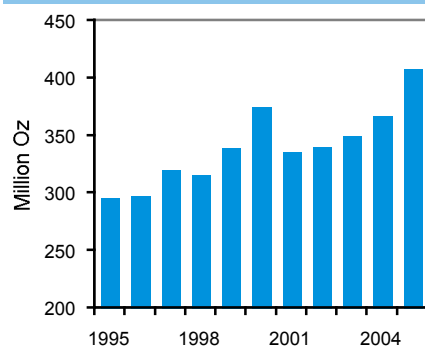
Sources: GPR, The Silver Institute

## World applications



Source: The Silver Institute

## Silver industrial demand



Source: The Silver Institute

## Demand – on the rise

Much of the demand for silver stems from three end user sectors: industrial & decorative, photography and jewellery & silverware. These sectors account for over 95% of annual silver consumption. Main applications include batteries, bearings, soldering, solar energy, chemical catalysts, silver halides, dyes and silver jewellery. Silver's properties such as strength, malleability and ductility, electrical and thermal conductivity, sensitivity to and high reflectance of light and the ability to endure extreme temperatures have made silver an essential element in our day-to-day lives. The world consumed 912 million oz of silver in 2005.

### ... driven mostly by the industrial end user sector

In 2005, 409 million ounces of silver were used for industrial applications compared to 368 million oz in 2004. That 11% growth figure was the highest Year on Year (YoY) growth amongst the end user sectors. Elsewhere, consumption by the photographic sector fell 9%, as digital cameras continued to make inroads in the consumer film market. Consumption from the jewellery and silverware market rose 1.8 million oz to 250 million oz in 2005, despite higher silver prices.

Silver demand growth over the last three years has been driven by world economic growth, which has underpinned the industrial sector. The main driver within the sector has been electronics, which recorded a 14% YoY growth in 2005 to consume 166.5 million oz. The electronic sector represents 19% of total consumption. Interestingly, demand growth has come mainly from the US and Japan, rather than China despite its growing manufacturing base. As China accelerates, we expect future demand growth to be even higher.

### Demand is weak from the photography end user market

One silver end user sector on the wane is photography, largely due to the growing popularity of digital products particularly in graphic arts and consumer film. According to the Silver Institute, silver nitrate production in Japan, the world's second largest producer, fell 8% in 2004 - the largest annual percentage decline in its history.

### The demand for jewellery and silverware largely flat in 2005

In 2004, demand from the jewellery end user sector fell 10% due to a 32.7 million oz lower consumption in India attributed to a 30% increase in local prices and a difficult monsoon season. While jewellery related demand is yet to reach previous levels in India, demand from jewellery and silverware sectors in other countries has continued unabated, particularly in Thailand and China. Both these countries have a fast growing silver jewellery industry.

## World's leading primary silver mines, 2005 (m oz)

Mine/Country	Operating Company	Prod.
Cannington, Australia	BHP Billiton	48.80
Fresnillo (Proaño), Mexico	Industrias Peñoles SA de CV	33.93
Dukat, Russia	Polymetal OAO	13.85
Uchucchacua, Peru	Compañía de Minas Buenaventura SA	10.21
Greens Creek, U.S.	Kennecott Minerals/Hecla Mining Co	9.66
Arcata, Peru	Minas de Arcata SA	7.61
Rochester, U.S.	Coeur d'Alene Mines Corp	5.72
Imiter, Morocco	Société Métallurgique d'Imiter	5.82
Tayahua, Mexico	Grupo Carso	4.30
Lunnoye, Russia	Polymetal OAO	3.74
Huaron, Peru	Pan American Silver Corp	3.69
Tizapa, Mexico	Industrias Peñoles SA de CV	3.44
Selene, Peru	Mínera Ares	3.34
La Colorada	Pan American Silver Corp	3.09
Morococha, Peru	Pan American Silver Corp	2.74

Source: The Silver Institute

### Supply – mine production failing to keep pace

Despite rising output from most of the silver producing companies, the total mine supply continues to fall short of total demand. Currently, mine production provides only 70% of the total demand with old silver scraps and inventory draw downs accounting for the remainder. In 2005 for instance, mine supply rose 3.5% (by 22 million oz) compared to a 3.8% (28.5 million oz) increase in demand. Mine supply is expected to grow by 3% in 2006 compared to an expected 3.5% growth in demand.

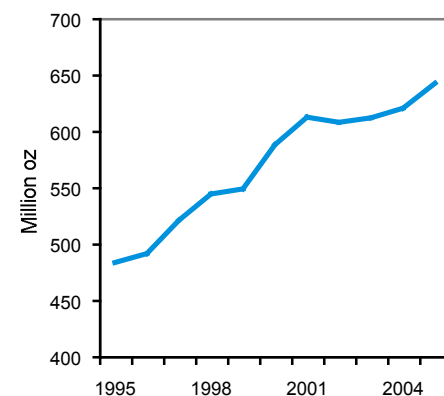
Most of the existing large silver mines are currently operating at full capacity, hence are unable to increase their output in the short term. Production of silver as by-products from other mines such as lead-zinc or copper is also unlikely to increase due to their own capacity constraints. This augurs well for emerging, focused silver companies such as GPR.

Secondary silver supply, which is largely recoveries from scrap, comes from photographic recycling, silver coinage and jewellery. These supplies rose 3.3% in 2005 to reach 187.5 million oz. The decline in photographic output particularly from key markets such as the US, Japan and Europe is expected to result in lower recoveries in the future.

### Government stockpiles are falling

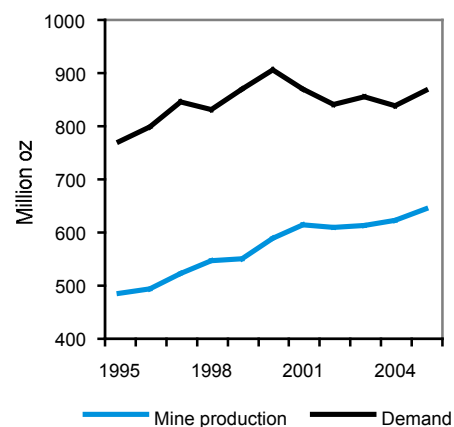
As the demand continued to outstrip the mine supply, identifiable bullion stocks, which are potential sources of silver supply fell by 117.9 million oz to 607.9 million oz in 2005 (Source: GFMS). According to GFMS, these figures include "inventories for which sufficient data is available". Falling above ground silver supplies such as bullion stocks further indicate the looming supply demand imbalance in the silver industry.

## Mine production



Source: The Silver Institute

## Silver demand v. mine supply



Source: The Silver Institute

The gap between mine production and total demand currently represents 26% of the requirement and is just below the historic average gap of 27%. The higher average was caused by a 35% requirement deficit gap in 2001. This gap has been filled by secondary supplies and government stockpile releases. As demand continues to grow on the back of world economic growth, this gap is expected to widen. Any consequent increase in silver prices will boost GPR's earnings as well as improve the carrying value of its assets.

The growing optimism for silver is evident with the launch of an Exchange Traded Fund (ETF) linked to silver by Barclays Global Investors in April 2006. The ETF is trading on the AMEX under the name iShares Silver Trust (SLV). This investment vehicle is expected to provide a convenient silver investment vehicle. Silver is no doubt catching the eyes of investors!

## Mexico – The Economic Environment

According to the World Fact Book published by the CIA, Mexico reported an estimated US\$1.07 trillion GDP in 2005 (PPP). It ranks 14th in the world between Canada and Spain. In per capita GDP terms however (US\$10,000, 2005 PPP), Mexico ranks 87th globally between Botswana and Bulgaria. Its lower per capita GDP is largely attributed to underemployment. The country has a developed industrial sector and benefits vastly from its trade with the US, in particular from outsourcing by US companies. The economy has recovered from the peso devaluation shocks and ensuing recession of the 1990s.

Once staunchly nationalistic and interventionist, Mexico embraced free market economic policies in the early 1990s. Both the ruling party and the opposition are firmly committed to pursuing these policies. The incumbent president Vicente Fox was instrumental in the transition to democratic pluralism and the private sector has thrived under his leadership. Mr Fox's administration has expanded competition in seaports, railroads, telecommunications, electricity generation, natural gas distribution and airports.

### Pro-market policies

Mexico benefits from the North American Free Trade Agreement (NAFTA) and trade with the US and Canada has tripled since its implementation in 1994. Mexico has 12 free trade agreements with over 40 countries including Guatemala, Honduras, El Salvador, the European Free Trade Area and Japan, putting more than 90% of trade under free trade agreements. The Fox administration is cognizant of the need to upgrade infrastructure, modernize the tax system and labour laws as well as encouraging private investment in the energy sector, but has been unable to win the support of the opposition-led Congress. The next government that takes office after elections in July 2006 will confront the same challenges of boosting economic growth, improving Mexico's international competitiveness and achieving a reduction in poverty (Source: CIA Fact book).

## Mexico – basic economic data

	2000	2001	2002	2003	2004	2005 Approx
GDP per head (US\$ at PPP)	8,939	9,005	9,080	9,200	9,700	10,000
GDP (% real change pa)	6.58	-0.12	0.73	1.3	4.2	3.1
Budget balance (% of GDP)	-1.1	-0.69	-1.18	-0.7	-0.3	-0.4
Consumer prices (% change pa; av)	9.49	6.37	5.03	4.55	5.2	4.4
Labour costs per hour (USD)*	1.57	1.74	1.79	1.68	1.82	1.98
Recorded unemployment (%)	2.22	2.46	2.7	3.3	3.4	3.6
Current-account balance/GDP	-3.13	-2.9	-2.2	-1.5	-1.3	-1.7

Source: EIU, Bladex

The Mexican economy also benefits from its oil reserves with the oil sector accounting for 10% of export earnings and one-third of government revenues. According to the Oil and Gas Journal (OGJ), Mexico had 14.6 billion barrels of proven oil reserves and 14.9 trillion cubic feet (Tcf) of proven natural gas reserves as of the beginning of 2005. State owned Petroleos Mexicanos (Pemex) dominates the sector.

Its promising economic policies, close economic ties with the US and strong commodity prices are expected to help the Mexican economy. Mexico is keen to develop its resources and views mining as an important sector.

## Mexico – Mining Sector

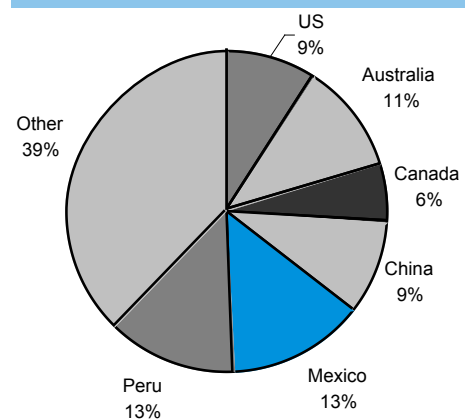
Mexico has vast mineral reserves and is a leading producer of several minerals. Although the country is best known for its silver and bismuth (largest global producer), Mexico is among the world's top five producer of fluorspar, arsenic, cadmium, molybdenum and graphite. In addition to holding 13% of world silver reserves, Mexico is also ranked amongst the highest in reserves of cadmium, graphite, mercury and selenium (Source: US Geological Survey, Thomson Gale).

## Aided by mining friendly framework

The mining sector has taken off since the ratification of NAFTA in 1994 as well as the implementation of numerous other trade agreements. In addition, the Mexican government has continued its pro-mining stance, as it creates large-scale employment. Foreign investments are welcome in the sector and currently there are several producing as well as exploration companies active in Mexico. A significant portion of these companies are focused on gold and silver.

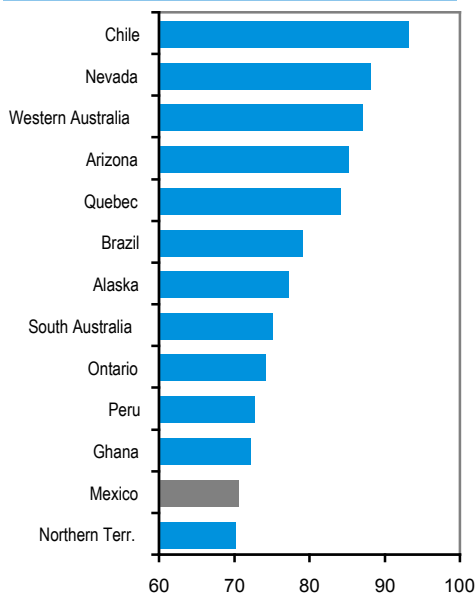
Mexico's mining friendly policies are evident in the 2005 Fraser Institute survey, in which Mexico was ranked 12th most attractive mining destination in the world. High rankings reflect its rich mineral reserves, attractive geology and mining friendly policies. Mexico scored high on mineral potential, policy potential, uncertainty covering native land claims (low score meaning high ranking) and political stability but scored low on infrastructure. Mexico's high ranking as an attractive mining destination provides further comfort as GPR is operating in high mineral potential territories with the ability to move forward with few bureaucratic hindrances.

## World silver reserves



Source: US Geological Survey

## Mining attractiveness index



Source: Fraser Institute

Given the importance of the sector to the economy, Mexico is expected to continue its mining conducive regulatory framework. In addition to the large Mexican miners, there are several primary silver companies that are engaged in mining in Mexico. Some of the larger foreign owned mining companies, Hecla Mining and Pan American Silver, have operational mines as well as advanced exploration projects; Silver Standard and Apex Silver both manage multiple exploration projects that are rich in reserves and resources; and Gammon Lake is moving toward significant gold and silver production from its Ocampo Gold-Silver Project in Chihuahua. GPR has already established the necessary connections both at the government level as well as with local communities and is ready to steer its projects ahead.

## Topia mine (Silver-Lead-Zinc)

GPR acquired the Topia mine in 2005 and is expecting to have it fully back on stream by the end of 2006. Topia currently processes 120 tpd and is expected to reach 200 tpd by the end of the year. Total ore processed for 2006 is expected to reach 38,000 tonnes or 880,000 oz of silver equivalent. Mining at Topia has focused on four narrow high-grade silver epithermal veins with economically significant concentrations of gold, lead and zinc. The project also has processing facilities, including a 200-tpd mill, buildings and underground mining infrastructure. The processing plant has an estimated replacement value of US\$6.3 million.

The Topia mine is located in the heart of the Topia Mining District in west-central Durango State, and is accessed by paved and gravel roads from the City of Durango and the town of Topia. The town is presently served daily by small-aircraft flights to the city of Culiacán, which lies 100 km to the southwest. The area has adequate infrastructure and a community of some 2,500 people to support mining.

The property consists of three discreet blocks of mineral exploitation concessions encompassing 1,500 hectares and an additional 4,844 hectares of exploration concessions acquired by direct acquisition or staking by GPR's Mexican subsidiary, MMR. The exploration concessions are fully owned by MMR upon the exercise of its option to earn a 100% interest. Of the total purchase consideration of US\$2.58 million, a remaining US\$1.8 million is to be paid out to the property vendor and to Peñoles over a three-year period with the exact amount to be determined upon the calculation of outstanding interest payments. GPR is however accelerating payment of the remaining purchase consideration and expects to complete payment before 1Q2007. There is no underlying Net Smelter Royalty on the property.

## Historical production

The Topia Mining District is one of the oldest in Mexico, with the discovery of silver dating back to 1538. The Topia Silver Mine was opened in 1952 by Peñoles, which built a 200 tpd mill on site and operated the mine continuously until 1989. Due to lower silver prices and relatively small production by Minera Mexican Peñoles (Peñoles) standards, the Topia mine was sold to a private company owned by a former mine manager. The recorded production for 1952-1999 exceeds 15 million ounces of silver, 18,500 ounces of gold, 48,000 tonnes of lead and 44,500 tonnes of zinc. At the time of sale of the mine in 1989, Peñoles estimated a mineable resource of 172,200 tonnes at average grades of 339 g/t (10 oz/t) Ag, 2.9% Pb, 3.3% Zn and 0.8g/t Au. Production continued until 1999 on a small scale with the mining of 56,989 tonnes of ore but was largely from selective mining of Peñoles' pillars and stopes within high-grade shoots. The mine ceased operations in 1999. We estimate the mineable resource to be approximately half the 1989 estimate (approximately 85,000 tonnes) at similar grades. The small mineable

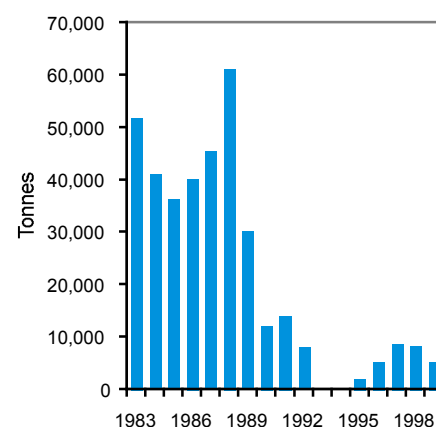
## Properties and Prospects

### Estimated ore grades for 2006

Silver	480g/t
Gold	0.6g/t
Lead	2.70%
Zinc	3.00%

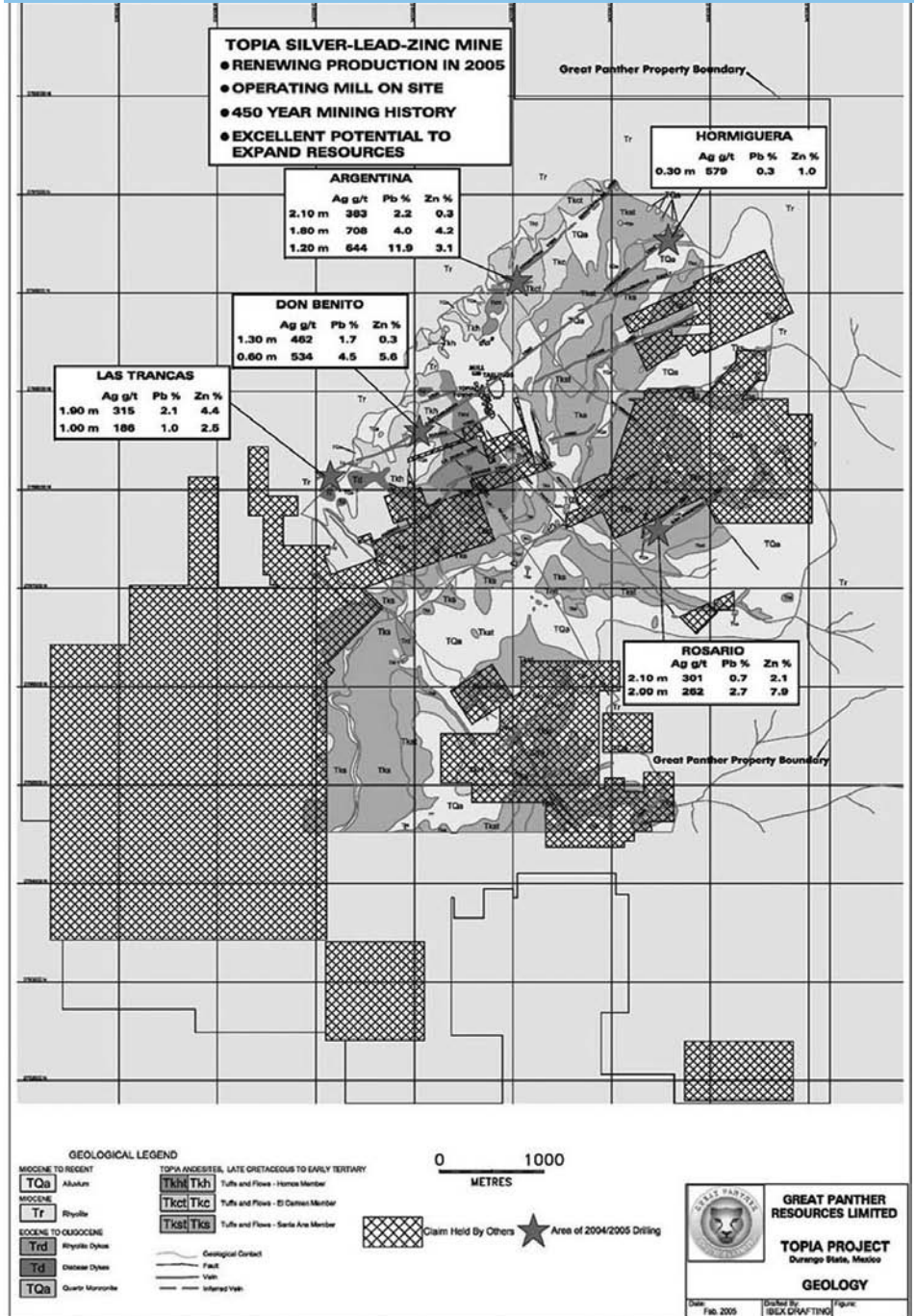
Source: GPR

### Historical production

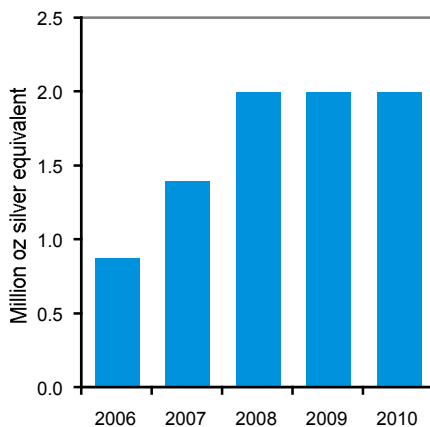


Source: GPR

## Map of the Topia property



## Topia planned output



Source: GPR

resources mentioned above are probably reliable based on previous operating experience but are not NI 43-101 compliant.

Until its closure in 1999, the on-site mill complex treated the ore and produced lead and zinc concentrates that were shipped to the Peñoles smelter in Torreon. Average grades over its operation from 1952 to 1999 were 437g/t silver, 0.87g/t gold 3.9% lead and 4.2% zinc. Peñoles' records indicate overall average metal recoveries of silver-86%, gold-55%, lead-94% and zinc-85%.

After a 6-year hiatus, the Topia Mine was put back into production by the former operator/property vendor. Up until mid-March 2005, the mill was operating at 25% capacity (50 tpd), processing ore grading at 710 g/t silver, 5.5% lead and 6.0% zinc from selective mining on three levels of high-grade ore from the

“1522” area of the mine. Since GPR’s acquisition, the Company has increased output and is now operating at 60% capacity. GPR plans to reach full capacity of 200 tpd by 4Q 2006. A larger ball mill already installed at Topia could enable GPR to boost capacity to 350 tpd.

### Mineralisation

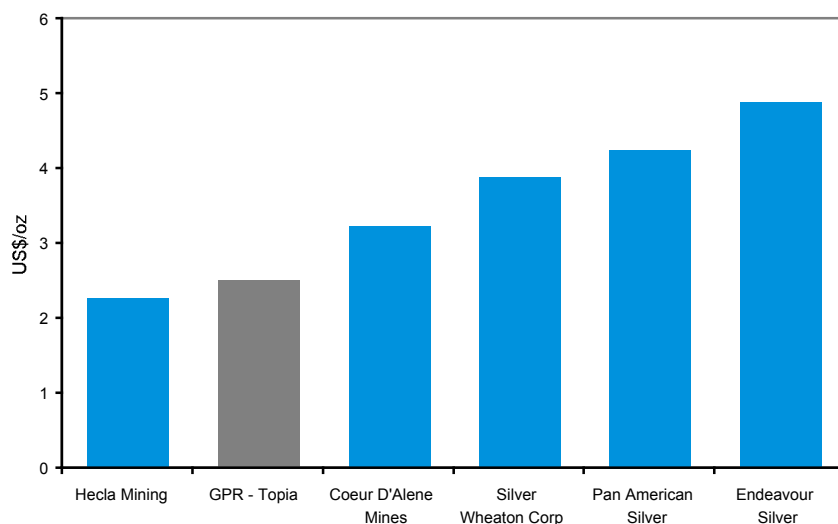
The veins at the Topia Mine are formed along a northeast trending series of faults. Mineralized veins are confined to a lower series of volcanic rocks called Topia andesites. The mined vein horizon consists of quartz, galena, sphalerite and pyrite and lesser amounts of arsenopyrite, marcasite, chalcopyrite, silver-rich sulphosalts, electrum, muscovite and carbonates.

At Topia, the historically mined ore from “productive” veins are confined to a limited vertical extent of 200 to 300 metres, but can extend laterally along strike for as much as four kilometres. This productive vein horizon grades downward into barren coarse-grained quartz and upwards into barren, cherty, quartz-calcite-barite. Historically, the three most prolific veins on the property were the Veta Madre, Argentina and Cantarranas. The Topia district contains numerous minor and subordinate veins, most of which are within MMR’s project-area.

GPR is currently developing another high-grade vein called Dos Amigos at the 1522 mine area for near term production. A ramp has been developed to access the mineralisation below the 1522-level, where grades are considerably higher averaging 428g/t silver, 4.2g/t gold, 9.61% lead and 11.04% zinc. The original plan was to mine initially from the Argentina Vein, which is located near the plant. However, the grade of Dos Amigos and initial challenges to accessing the ore at the former led to the rescheduling.

By early 2005 and prior to exercise of the option over Topia, GPR had drilled 30

### Cash cost comparison



diamond holes for a total of 7,437 metres to test five target areas. Three of these five target areas Las Trancas, Don Benito and Hormiguera are part of the Veta Madre vein system that extends over a strike length of four kilometres within the project area. The other two target areas are the Argentina vein system one kilometre to the northwest and the El Rosario vein system two kilometres to the southeast.

The results of these drill programmes indicate similar widths and grades to ore in the parts of veins mined in the past. The high grades of silver mined in the past and intersected in GPR's drilling indicate the robust economics underlying the project. The estimated processing cost per tonne for 2006 is US\$80.43, which translates to US\$3.47 per oz. At full capacity, the Topia mine processing costs are expected to be much lower at US\$2.51 per oz.

Topia's low operating cost makes it a highly attractive asset as well and is expected to boost GPR's earnings considerably. Its expected production cost at US\$2.51/oz is considerably lower than most of its peers. For instance, even GPR's current US\$3.47 per oz is lower than the average of other producers such as Coeur D'Alene (US\$3.24/oz), Endeavour Silver Company (US\$4.90/oz) and Pan American (US\$4.25/oz).

GPR has the option to increase throughput capacity to 350 tpd (105,000 tpa based on 83% availability) by utilisation of a third spare ball-mill on site. The real issue is whether mining can provide the required levels of feed. GPR anticipates production from some 15 active faces would be required and that this is achievable. Major infrastructural challenges would need to be overcome to exceed this mining and haulage rate.

There has been no further drilling at Topia since early 2005. GPR has assembled a database of all historical information and recent drilling exploration results, some of which will be used to support a NI 43-101 compliant preliminary resource estimate on which to base an updated mine plan. The report is expected to be concluded shortly.

In parallel with preliminary drill-testing of priority resource targets at Topia, GPR retained MineStart Management Inc of North Vancouver, BC to conduct an evaluation of the project focusing on the resource potential of the existing mill tailings. MineStart estimated an inferred resource of one million tonnes averaging 70 g/t silver, 0.4 g/t gold, 0.3% lead and 0.7% zinc with high recoveries of all metals predicted from flotation.

In high-grade veins drilling is more a guide to potential development and the delineation of inferred resources whereas, measured and indicated resources are largely based on regular sampling of exploration drifts along the mineralization.

Sampling of old underground workings for resource estimates requires rehabilitation, the securing of openings and sometimes dewatering of drifts and is a much slower and more costly process than delineating new resources by drilling.

## Guanajuato mine (Silver-Gold)

The Guanajuato Silver-Gold mine is located in the State of Guanajuato, Mexico, within the state capital, Guanajuato. The city is 380 km by road northwest of Mexico City and is serviced by an international airport. Because of Guanajuato's famous silver mines the city itself has been one of the more affluent in Mexico over the centuries. The area under the city had been mined extensively, and mining has always been intertwined with the very fabric of the city.

In 2005, GPR acquired a 100% interest in a group of producing silver-gold mines in the Guanajuato Mining District, for US\$7.25m. The project has two properties covering a surface area of 1,100 hectares, a 1,200 tonne per day plant, workshops and administration facilities, complete mining infrastructure, mining equipment and certain surface rights (real estate). GPR has paid US\$6,887,500 so far and the remainder is expected to be paid by November 2006. There are no royalty charges on the output from this property.

GPR's acquisition of the Guanajuato trend includes three principal mines, namely the Valenciana, Cata and Rayas, along the main Veta Madre (Mother Lode) structure. The Valenciana Mine was once considered to be "the richest silver mine in the world". Bonanza-style mineralization in the Veta Madre structure is still being extracted and is often considered as "direct shipping ore" (to the smelter) as the grades exceed those of the concentrates produced from average ore in the flotation plant. A separate mine, San Ignacio, is located in the nearby La Luz district, approximately 17 km from Valenciana.

### Guanajuato mining district



## **Historical background**

The Guanajuato mines have been in almost continuous production since 1600 and have produced an estimated one billion ounces of silver. In 2005 GPR purchased the mines from a Mexican mining cooperative that was formed in 1939 when labour unrest prompted mines to be turned over to the workers. As is the case with many Mexican mines, the operation has had little working capital in recent years and there has been no drilling since 2000. Consequently, the cooperative had no defined ore reserves, or a systematic mine plan and the plant was operating at a limited 20% of capacity.

## **Mineralisation**

The Guanajuato Mining District is one of the most prolific and best-known silver districts in the world, with a well-developed silver industry dating back to the 17th Century. Historic production is estimated in a range between 700 million and 1.5 billion ounces of silver and from 4 to 7 million ounces of gold. During the 18th century, the district was reportedly “producing one-third of the world’s silver”. The Guanajuato district is also located in the Sierra Madre Mineral Belt.

Silver-gold mineralisation occurs in epithermal quartz veins within and parallel to the Veta Madre structure and as large stockwork bodies on both sides of the structure. The stockworks can reach widths of 30 metres or more and locally exceed 100 metres in strike length. The down-dip extent of the stockwork mineralization provides potential for bulk-tonnage underground mining. One such body in the Rayas Mine, has been mined continuously since its discovery in the early 1970’s. In some parts of the deposit, copper mineralisation occurs in sufficient quantities to be recovered as a by-product.

The main claim block covers more than four kilometres of strike along the Veta Madre and contains 25 shafts, 4 winzes (internal shafts) and more than a hundred kilometres of underground workings. The main shafts at the Valenciana, Cata and Rayas mines are currently operational with ore being hoisted at the centrally located Cata shaft, where a 1,200 tpd plant is installed. The area has a history of large scale silver mining.

Historical resource estimates by previous owners along the Veta Madre structure, which includes Valenciana, Cata and Rayas, has amounted to 24 million ounces of silver equivalent. These estimates are based on some drilling and projecting vein widths and grades encountered in the upper 400 metres of the system and a further 300 metres down dip. Such estimates are based on the experience of miners over a long period but lack the rigour and sample support to be compliant with NI 43-101 guidelines. However, GPR estimates that the Veta Madre vein system has the potential to host some 100 million ounces of silver based on the obvious continuity of the structure and the strike and dip projections of ore mined from extensive underground workings.

**Valenciana:** The Valenciana shaft was constructed between 1791 and 1816. At 9.22 metres in diameter and 500 metres deep it provides access to one of the richest silver ore bodies along the Veta Madre structure. The high-grade of silver and gold mineralization at Valenciana is indicated by results of 27 selected grab samples that ranged from 1,100 g/t (32 oz/t) to 30,468 g/t (889 oz/t) of silver and 19 g/t (0.6 oz/t) to 177 g/t (5.2 oz/t) of gold. These samples also contained an average of 0.34% Cu, 0.24% Pb and 0.87% Zn.

**Rayas:** The Rayas shaft was completed in 1833 to a depth of 400 metres and is 11.3 metres in diameter. The mine owes its name to the muleteer Juan Rayas, who discovered it in 1550.

**Cata:** The Cata shaft is the main haulageway for ore and is capable of hoisting more than 1200 tpd so that the mill can operate at full capacity. In addition, it is located near all main facilities, such as administration buildings, an on-site hospital and an equipment fabrication plant.

In December 2005, GPR announced that the Company's first surface diamond drilling programme at Guanajuato had intersected bonanza grade silver and above average gold within the Veta Madre vein structure. GTTO-05-004 intersected the Veta Madre as a 7.3 metre breccia zone of which 5.8 metres (4.1 metres true width) assayed 692 g/t silver and 5.17 g/t gold.

In GTTO-05-005 the Veta Madre was 3.4 metres thick with a 2.5 metre (1.77 metre true width) portion assaying 1,096 g/t silver and 4.15 g/t gold; and in GTTO-05-006 the Veta Madre was 7.5 metres thick with a 1.5 metre (1.06 metre true width) portion assaying 209 g/t silver and 1.55 g/t gold. All holes intersected a zone of low grade stockwork gold mineralization in the hanging wall of the Veta Madre.

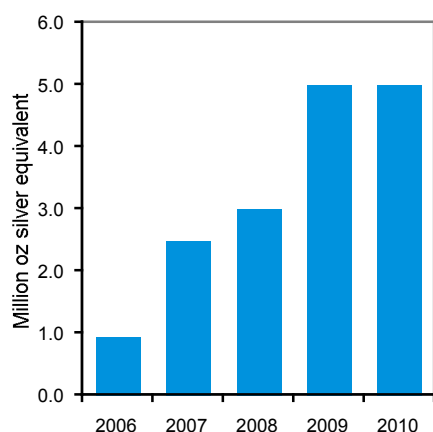
The drill programme, comprising 1,163.3 metres in six holes covered a strike length of 150 metres on four section lines at 50-metre intervals. The programme was designed to duplicate and surround an old isolated drill hole completed in 1989 which had cut 5.35 metre wide zone grading 3.34 g/t Au and 81.5 g/t Ag, including 10.65 g/t gold and 165 g/t silver over 1.55 metres. The drilling was completed under and northwest of the Guanajuatito ramp along the trend of the Veta Madre, approximately one kilometre northwest of the famous Valenciana Mine .

In February, 2006 GPR announced that a Phase-II surface drilling programme consisting of a minimum of 3,500 metres in twenty holes was designed to test three separate areas along four kilometres of strike length along the Veta Madre. The programme included 11 holes (2,675 metres), covering a strike length of 250 metres, from the Alisos Shaft to the northwest past the end of the Guanajuatito ramp. Drilling consists of a set of holes spaced 50m and 100m targeting a zone vertically below the high grade silver-gold mineralization intersected in holes

GTT-05-004 to 006 completed in November 2005. GPR has not released results of second stage of drilling because it is part of a larger programme currently being rolled out and will be reported in context by the company at the appropriate time.

In June 2006, GPR announced the commencement of a 45-hole underground diamond drilling programme consisting of a minimum of 3,000 metres. The objective of the drilling is to outline zones of silver-gold mineralization at high-enough confidence levels for production and for the estimation of an NI 43-101 resource supported by an independent technical report.

#### Guanajuato planned output



Source: GPR

Given the 400-year production history and promising initial results from underground and surface drilling, the company seems justified in the commencement of mining even prior to the completion of the NI 43-101 technical report.

GPR like most juniors is keen to deliver NI 43-101 resource estimates for its Topia and Guanajuato silver projects. In the past, miners have exploited the high-grade veins on a day by day basis without the finance available to drill-out resource inventories to underpin long-term mine planning. This is fairly typical and worked quite well from an operational perspective as the miners had great confidence in the continuity of the mineralized structures based on generations of experience. Narrow high-grade epithermal veins require a relatively high density of sampling to achieve the confidence required for measured and indicated resources. The extensive nature of underground workings at both projects provides an excellent base but rehabilitation of old drifts is costly and time consuming. Drilling from surface at the density required for “indicated resources” will also drain exploration funds. We expect that resources compliant with NI 43-101 as measured will be small based on current access to old workings and indicated resources will also be modest based (probably converting to three to four years reserves) on resource blocks marginal to the measured category. Objective Capital believes that the major part of resources will fall into the inferred category, which strictly speaking cannot be converted to reserves. However, in practice, with correction factors, they are commonly treated at operating mines around the world as mineable resources and included in the mine plan.

Following further drilling at Guanajuato, GPR may look to double plant capacity possibly as early as 2008. Capital expenditure for the capacity increase would be in the order of US\$5 million which could be funded out of cash-on-hand. Guanajuato already has considerable infrastructure in place and the capacity expansion timeframe appears to be reasonable.

## **Km 66**

GPR signed a Letter of Intent in April 2006 for an option to acquire a 100% interest in the Km 66 Project in eastern Durango State, Mexico. The project consists of 17 concessions comprising 3,508 hectares and rocks within the project area host significant silver-lead-zinc-gold mineralization with excellent potential for a large bulk tonnage deposit. The property is bisected by a paved highway approximately 100 kilometres from Peñoles' smelter at Torreon (66 km from the Bermejillo intersection, hence the name) and has excellent access.

The most comprehensive work completed on the project to date was conducted by Coeur d'Alene Mines during 1997 and 1998. Coeur d'Alene had completed 81 reverse circulation holes (7,515 metres generating 3,614 samples) and 21 diamond drill holes (2,983 metres generating 900 samples). The exploration database also includes 422 surface channel samples. Based upon this work, Coeur d'Alene postulated a minimum resource potential of 25 million tonnes at an average grade of 50 g/t silver, 0.7% lead, 1.3% zinc, and 0.1 g/t gold. Details regarding the basis for this estimate were not provided in Coeur d'Alene's report and as such it should not be considered as compliant with NI 43-101 and the estimate only provides a guide to the potential scale of the project. GPR intends to review the entire database and, in conjunction with its own work, develop a new resource compliant with NI 43-101 reporting standards.

### **Mineralisation**

The mineralization at Km 66 is associated with hydrothermal breccias and stockworks related to a cluster of rhyolite domes and shows a strong similarity to the Real de Angeles District in Zacatecas State, Mexico. In more detail, the Cretaceous Caracol Formation consisting of sandstone, calcareous siltstones, and limestone are intruded by hydrothermal breccias and rhyolite dykes and sills. Mineralization is closely related to the breccias as well as in the enveloping stockwork. An upper cap between 40 to 60 metres deep of oxidised mineralization consists of jarosite and hematite; with sulphides consisting of pyrite, silver sulfosalts, sphalerite and galena at depth.

The breccias have a general orientation of N40E, and a steep northwest dip. The largest breccia to date has known dimensions of 250 by 45 metres but is open in all directions. So far 18 breccia bodies have been identified in five main sectors. The focus during the late 1990's was on the Carmen, La Gloria, and Palmitas sector breccias, with no drilling done on the others. As the topography of the area is very subdued, other breccias may well have been overlooked and consequently the property may contain potential for additional mineralization.

### **Current status**

The terms of the agreement require GPR to make six staged cash payments and share issuances totalling US\$3m and 500,000 shares, over a period of 4 years,

to the property owners. If the option is exercised, the vendors will retain a 3% Net Smelter Return (NSR), each 0.5% of which up to a maximum of 2% can be purchased for US\$500,000.

The Km 66 Project certainly merits further evaluation as a bulk mineable poly-metallic deposit with the potential to enhance GPR's growing portfolio of silver projects. With the Topia Mine already in production and the Guanajuato Mine near production, Km 66 is viewed as an advanced stage exploration project that could be developed quickly with the goal of defining a new resource amenable to open pit mining.

## **Gold Properties**

### **Virimoa**

The Virimoa Gold-Silver-Copper-Zinc property is located in the Topia Mining District of Durango, Mexico, 17 kilometres southwest of GPR's Topia Silver Mine. It is also close to Peñoles' La Cienega Gold Mine (1,600 tpd at 7g/t Au) and American Gold's Metates gold deposit (14 million oz Au). The property has good road access from Topia and the closest town, Canelas, is serviced by the national power grid, telephone, postal services and daily small-aircraft flights from the City of Culiacán.

GPR, through its subsidiary, signed a Letter of Intent in January 2005 for an option to acquire a 100% interest in two concessions comprising 148 hectares. Terms of the agreement require the Company to make four-staged cash payments and share issuances over 3 years totalling US\$300,000 and 300,000 shares. If the option is exercised, the property owner, Minera Acero del Fuego SA de CV, will retain a 2% NSR, half of which can be purchased for US\$1m.

The earliest recorded mining activity in the Canelas region was in 1870, but historical production for the area was not as high as Peñoles' operation at the Topia Mine. There is a partially collapsed honeycomb of old underground workings beneath a hill of fractured and iron oxidized volcanics near the Virimoa property. A similar style of alteration and mineralisation identified on the Virimoa property suggests that they may be related to the same regional mineralizing system.

### **Mineralisation**

At Virimoa, a zone of intense iron oxide alteration primarily exposed along incised creek banks has been traced in a NNW-SSE direction over a minimum 350 metres. Stockwork quartz veining, veinlets and pods containing up to 60% pyrite and lesser sphalerite, galena, arsenopyrite and chalcopyrite is hosted in strongly clay-silica-altered andesites of the Lower Volcanic Series. Individual veins can exceed several tens of centimetres and are typically closely spaced – an important feature for potential continuity of mineralisation. Fine-grained disseminated pyrite is also common between the veins and veinlets.

A similar style of alteration and mineralisation exposed in historic workings north of the Virimoa property suggests that both zones may be related to a large regional mineralizing system. In addition to the results of previous chip sampling, the style of the mineralisation at Virimoa indicates the potential to host a large bulk-tonnage gold deposit.

### **Current programme**

The current programme entails extensive channel sampling and detailed mapping of the main exposure to better define the controls on mineralisation, trace its extent and develop drill targets. A diamond drilling programme, the first ever to be conducted on the property, was concluded in 2005. The drill programme consisted of four drill holes for a total of 856 metres and cut multiple zones of gold-silver-copper-zinc mineralization across a width of 250 metres which at surface averaged 1.1g/t gold, 23g/t silver and 1.3% zinc from channel sampling but which included higher grade intervals averaging 4.7 g/t gold, 41 g/t Ag and 5.8% zinc over 25 metres. Highlights of the short four-hole drill-programme included 30 centimetres averaging 11g/t gold, 458 g/t (13 oz/t) silver and 0.5% zinc cut in hole 05-VIR01 and 30 centimetres averaging 8.7 g/t gold, 544 g/t (16 oz/t) silver and 3.3% zinc.

GPR has conducted extensive channel sampling and mapping in an attempt to better define the controls on mineralisation and to trace its extent. An induced polarization (IP) geophysical programme is expected to follow in order to trace the mineralised zone under areas covered by overburden.

The initial exploration results from surface sampling of 25 metres averaging almost 5g/t gold are impressive but have not been reproduced in early drill testing down dip. However exploration and data gathering is at an early stage and the project certainly merits further work.

### **San Antonio project**

The San Antonio Gold-Copper Project is located in the well-known Guadalupe y Calvo Mining District in southwest Chihuahua. It comprises one exploitation concession covering 80 ha and 3 exploration concessions encompassing 11,631 ha. GPR through its wholly-owned subsidiary MMR has an option to earn a 100% interest in a single claim by making staged cash payments over three years. There are no Net Smelter Royalties or work requirements. The three exploration concessions were acquired by direct acquisition and staking by MMR and are fully licenced by MMR.

The property is 375 km by road from the city of Hidalgo del Parral, one of Mexico's major mining centres. The property has access roads and 90km away Baborigame has all other infrastructure such as communication, lodging and fuel.

## **Historical background**

The earliest recorded mining activity in Guadalupe y Calvo District dates back to the discovery of silver-gold bearing veins in the San Juan Nepocemo area, west of Baborigame in 1835. Various silver-gold vein deposits were subsequently discovered and commercial mining continued without interruption until 1940. Only small-scale artisanal mining has taken place since then. Published estimates of historical production for the area vary widely from 1 to 2 million oz of gold and 8 to 28 million oz of silver.

There is little exploration history available for the San Antonio property as it is outside the areas of significant mine development. Based on limited information, high-grade gold-copper veins have been the focus of numerous mine workings covering a three-km<sup>2</sup> area. The size of the workings implies an estimated 50,000 tonnes of material was extracted in the past. San Antonio has never been explored using modern technology and, more particularly, has never been drilled prior to GPR's involvement.

## **Mineralisation**

High-grade gold-copper +/- silver-lead-zinc mineralisation at San Antonio is hosted by a NW-trending belt of Tertiary Volcanic rocks. These host-rocks extend for at least 17 kilometres along strike, up to 6 kilometres in width and several hundred metres in thickness, most of which lies on GPR's property.

The majority of mineral occurrences on the property are found in proximity to the Arroyo San Antonio, a steep-walled canyon that runs through the centre of the property. Mineral occurrence maps prepared by the Consejo de Recursos Minerales (CRM; a branch of the Mexican Geological Survey) indicate that at least 12 mineralised structures or veins have been explored or exploited within the project area. In addition, there are many other mineralised structures of unknown extent and importance.

Local intense silica-clay-iron oxide alteration of the volcanics is typical of a volcanic-hosted, low-sulphidation, epithermal system. Within the Sierra Madre Occidental, the Lower Series Volcanics are the most common host to a numerous epithermal deposits such as El Sauzal to the northwest, and Guadalupe y Calvo

to the southeast. At San Antonio, a strong, positive correlation between gold and copper also suggests that mineralisation in the area may be influenced by a porphyry-related hydrothermal system.

All of the known mineralisation occurs within high-angle veins and/or mineralised structures spread over an area more than two kilometres in width. The veins locally exceed 300 metres in strike length before disappearing under cover and are believed to have a vertical extent of at least 200 metres. They often exhibit a sigmoidal pattern. At flexures, host structures blow out to a width of some 10 metres over limited strike lengths.

Comparative sampling of the veins on surface compared with underground sampling indicates that gold, and to a lesser extent copper, has been partially leached. In addition, higher grades were obtained where it was possible to sample flexures in the veins. Veins appear to achieve greater widths where they are hosted by andesite rather than rhyolite.

### **Recent exploration**

GPR has continued exploration at Santo Niño Vein, El Córdon, Piedra Verde Vein, Sary Vein and the Gossan Zone. Drill programmes have returned promising results all with indications of gold and copper mineralisation. There have also been indications of silver-lead-zinc mineralisation. At this stage of exploration and evaluation GPR has yet to determine the extent of mineralization on the property. The epithermal copper-gold style of mineralization possibly related to a porphyry system together with the numerous gold-copper mineralized occurrences and old workings on the property make this early stage exploration play highly prospective.

# Financials

## Summary Profit and Loss

YE 31 Dec., C\$'000's	2003	2004	2005	2006	2007	2008
Revenue	0	0	0	13,521	44,130	50,733
Direct expenses	0	0	0	6,650	16,030	18,480
Gross Profit	0	0	0	6,871	28,101	32,253
<b>Expenses</b>						
General & Admin	191	900	2,245	2,358	4,475	6,759
Mineral exploration costs	0	1,710	2,340	3,511	4,037	4,643
Directors Fees incurred	0	43	60	63	66	69
Stock based compensation	0	204	98	103	109	114
Management fees	81	74	112	129	148	170
Amortisation	2	3	13	50	50	50
	274	2,935	4,869	6,213	8,886	11,806
Operating Profit/Loss	-274	-2,935	-4,869	658	19,215	20,447
Interest income	0	15	27	30	0	0
Interest expense	0	0	-357	-214	-129	-77
Acq. cost write down	0	0	-404	-400	-400	-400
Gain on sale of invest.	0	26	0	0	0	0
Income/Loss before tax	-274	-2,894	-5,602	74	18,687	19,970
Tax	0	0	-371	0	3,737	3,994
<b>Profit/Loss for the year</b>	<b>-274</b>	<b>-2,894</b>	<b>-5,232</b>	<b>74</b>	<b>14,949</b>	<b>15,976</b>
Deficit beginning						
of year (restated)	-1,444	-1,717	-4,611	-9,843	-9,769	5,180
Deficit end of year	-1,717	-4,611	-9,843	-9,769	5,180	21,156

### Assumptions

General & Admin 5% p.a. increase plus US\$2m additional corporate o/h

Mineral exploration costs 50% in 2006 and 15% 2007 thereafter

Directors Fees incurred 5% p.a increase

Stock based compensation 5% p.a increase

Management fees 15% p.a increase

## Balance Sheet

YE 31 Dec., C\$'000's	2003	2004	2005	2006	2007	2008
<b>Current Assets</b>						
Cash Equiv & ST Invest.	925	1,924	5,295	-932	17,191	6,939
Accounts receiv., net	60	268	1,001	1,001	3,267	3,756
Inventory	0	0	0	622	2,030	2,334
Prepaid exp. & dep.	11	50	184	154	303	485
	996	2,242	6,480	846	22,791	13,514
Office equip., net of accum. amortization	5	23	100	150	260	370
Mineral properties, plant and equipment	0	1,523	12,639	17,939	22,539	47,539
	1,001	3,788	19,219	18,934	45,590	61,422
<b>Liabilities &amp; Shareholders' Equity</b>						
<b>Current liabilities</b>						
Acc. pay. & acc. liab.	88	202	232	232	559	644
Due to officers & dir.	174	38	0	0	0	0
Current portion of long-term debt	35	0	4,841	509	222	20
	297	240	5,073	740	781	664
<b>Long-term liabilities</b>						
Long-term debt	0	0	746,127	447,676	27,000	0
Future income taxes	0	387,973	17,459	0	0	0
	0	387,973	763,586	447,676	27,000	0
<b>Shareholders' equity</b>						
Capital stock	2,352	7,069	21,586	25,176	30,160	30,160
Contributed surplus	69	703	1,639	2,339	9,442	9,442
Deficit	-1,717	-4,611	-9,843	-9,769	5,180	21,156
	704	3,160	13,382	17,746	44,782	60,758
	1,001	3,788	19,219	18,934	45,590	61,422

## Cashflow

YE 31 Dec., C\$'000's	2003	2004	2005	2006	2007	2008
<b>Cash flows used in operating activities</b>						
Profit/Loss for the year	-274	-2,894	-5,232	74	14,949	15,976
Items not involving cash:						
Amortization	2	3	13	50	50	50
Foreign exchange	0	-39	-119	0	0	0
Stock-based compensation	0	394	357	103	109	114
Shares issued for mineral exploration expenditures	0	0	50	50	50	50
Future income tax recovery	0	0	-371	17	0	0
Write-down of mineral property acquisition costs	0	0	404	600	600	600
Interest accretion on debt discount	0	0	357	214	129	0
Gain on sale of short-term investments	0	-15	0	0	0	0
<b>Changes in non-cash operating working capital:</b>						
Accounts receivable	-58	-208	-733	0	-2,266	-489
Inventory	0	0	0	-622	-1,408	-304
prepaid expenses & deposits	3	-39	-134	29	-149	-182
Accounts payable & accrued liabilities	44	115	29	0	614	287
Net cash used in operating activities	-283	-2,683	-5,379	516	12,677	16,103
<b>Cash flows used in investing activities:</b>						
Purchase of mine equipment & mine mine rehabilitation expenditures	0	0	-853	-3,500	-4,000	-25,000
Acquisition of subsidiary	0	-66	0	0	0	0
Invested in short-term investments	0	-1,750	-5,700	-4,560	0	-176
Proceeds from disposal of short-term investments	0	21	5,250	300	3,200	0
Purchase of net assets of mines	0	0	-5,317	-1,800	-600	0
Other Mine investments	0	0	0	-500	0	-300
Purchase of equipment	0	-21	-89	-50	-110	-110
Net cash used in investing activities	0	-1,816	-6,709	-10,110	-1,510	-25,586
<b>Cash flows used in financing activities:</b>						
Due to directors & related parties	140	-172	-38	-63	-66	-69
Loan repayment/Debt financing				-298	-400	-700
Issuance of shares for cash, net of issue costs	795	3,926	13,874	0	0	0
Proceeds on exercise of warrants	262	0	1,087	5,293	7,346	0
Proceeds received in advance on exercise of warrants	0	0	50	0	0	0
Proceeds on exercise of options	0	0	36	636	76	0
Net cash from financing activities	1,197	3,759	15,009	5,567	6,956	-769
Increase (decrease) in cash & equivalents	914	-745	2,921	-4,026	18,123	-10,252
Cash & equivalents, beginning of year	4	918	173	3,095	-932	17,191
Cash & equivalents, end of year	918	173	3,095	-932	17,191	6,939

## Appendix 1: Management

**Kaare G. Foy**, B.Ec., *Executive Chairman and CFO*, has worked at senior management and Board levels for both public and private companies in Australia, Canada, Switzerland, USA and the United Kingdom for more than 25 years, specializing in company “turnarounds”. Mr. Foy is Executive Chairman, director and CFO of GPR. In addition, he is the Executive Chairman, director and CFO of Cangold Limited, a Canadian junior exploration and development company; and a director of Covik Development Corp. – all publicly listed in Canada. He is also a non-executive director and member of the Audit Committee of Central Asia Gold Limited, a company publicly listed on the Main Boards of the Australian Stock Exchange and the Toronto Stock Exchange in Canada. Mr. Foy holds a Bachelor of Economics degree from Monash University in Australia, and became an Associate of the Australian Society of Accountants and a Member of the Australian Institute of Directors.

**Robert A. Archer**, PGeo, *President and CEO*, graduated from Laurentian University in Sudbury, Ontario, with an honours degree in geology and has 26 years mining industry experience. For 15 years, he worked for Newmont Mining, Rio Algom, Placer Dome, Noranda, and then Placer Dome again. During this time he evaluated properties for their reserve potential and has evaluated over 100 mines and potential mines, and has completed Feasibility Studies for four major mines. As the last strong resource market, in 1996, was winding down, Bob joined Consolidated Magna Resources, where he met and formed a close and lasting working relationship with Ing. Francisco Ramos Sanchez. Bob has spent the last ten years in senior management positions with several exploration companies.

**Malcolm A. Burne**, *Director*, is the Executive Chairman of Golden Prospect PLC in the UK. A former stockbroker and financial journalist with The Financial Times, Mr. Burne has controlled and managed venture capital, fund management and investment banking companies in Australia, Hong Kong, North America and the United Kingdom. Mr. Burne has been a director of over 20 companies, many of which have been in the mineral resources and gold exploration fields. In addition, he was the Executive Chairman of the Australian Bullion Company (Pty) Ltd., Australia’s leading gold dealer and member of the Sydney Futures Exchange. He is a director of several other resource companies.

**John T. Kopcheff**, B.Sc. (Hons) (Geology and Geophysics), *Director*, has over 33 years of petroleum exploration experience in Australia, Southeast Asia, USA, South America and the North Sea, both in field geological operations and management. Mr. Kopcheff has been, for the past 21 years, the managing director of Victoria Petroleum N.L., an Australian oil exploration company based in Perth, Western Australia with exploration and production interests in Australia and the USA. He earned his Science degree from the University of Adelaide in 1970 in geology and geophysics.

**Ing. Francisco Ramos Sanchez, Vice President of Operations**, has 28 years experience in the mining industry in Mexico. He has built two gold mines and a manganese mine. He worked with a number of Mexican and Canadian companies for more than 15 years prior to joining Consolidated Magna Resources, and then GPR. Francisco graduated from the Guanajuato School of Mines – the most renowned mining school in Mexico – with a Bachelor’s degree in mining engineering and a Master’s degree in Metallurgy.

**Robert Brown, P Eng, Vice-President of Exploration**, has 30 years experience working with senior mining and junior exploration companies. For the latter, he has worked in both the technical and corporate arenas as exploration manager/VP Exploration and as company director. He has extensive experience in porphyry copper and epithermal gold deposits and has been involved in the discovery and development of several mines and deposits. He initially served for 15 years with LAC Minerals Ltd. in Canada, and then with junior companies in Mexico, Ecuador, Argentina and Indonesia.

**Ing. J. Jesus Rico Aguilera, General Manager**, Guanajuato Mine, is a mining engineer with a Master’s degree in Business Administration from the University of Guanajuato and has 30 years experience in the mining industry, primarily with Peñoles. Significantly, Ing. Rico started his career in Topia in 1978 as a shift boss, and then worked his way up through Peñoles to the position of General Manager, at ten different mines, including the Topia Mine and the Guanajuato Group. At all of these locations, he made significant contributions toward increased production, improved safety, lower unit costs and better employee relations. He joined Great Panther in 2005 as General Manager at Topia, and was instrumental in bringing the mine back into production under Great Panther’s control. As the new General Manager at Great Panther’s Guanajuato Mine Complex, he is now leading the historic Valenciana, Rayas and Cata Mines back into production for Great Panther.

## Appendix 2: Glossary

- Arsenopyrite:** FeAsS, Iron Arsenide Sulfide. This mineral is a major ore of arsenic.
- Auriferous:** containing gold.
- Breccia:** rock made from pieces of rocks formed earlier.
- Calcite:** calcite is a mineral, calcium carbonate, or  $\text{CaCO}_3$ . It is the primary constituent of the rock limestone, and it is also formed by many organisms.
- Chalcopyrite:** a mineral containing copper. Its chemical name is copper iron sulphide - chemical formula  $\text{CuFeS}_2$ .
- Chalcopyrite:** a sulphide mineral of copper and iron.
- Chromite:** a brownish black mineral, the major source of chromium.
- Covellite:** a crystalline form of copper sulphide.
- Diopside:** a crystallised silicate of lime and magnesia found in igneous rocks.
- Eclogite:** a coarse-grained grouping of metamorphic rocks that contain microscopic structures and geological relationships.
- Epithermal:** a hydrothermal mineral deposit formed without about 1 kilometer of the Earth's surface and in the temperature range of 50 - 200 degrees.
- Gneiss:** a metamorphic rock derived from either igneous or sedimentary formations.
- Limonite:** a brown, usually earthy hydrated oxide of iron.
- Malachite:** a source of copper.
- Marcasite:** Crystallized iron pyrites with a gray, metallic lustre. Often used in sterling silver jewellery.
- Metamorphic:** rocks changed by temperature and pressure within the earth's crust.
- Migmatites:** a rock signifying the melting of felsic components in a water saturated regional metamorphic environment.
- Olivine:** an important silicate mineral with magnesium and iron.
- Phlogopite:** a brown form of mica consisting of hydrous silicate of potassium, magnesium and aluminium.
- Porphyry:** a body of intrusive rock containing a groundmass of minerals. These are often associated with large tonnage copper deposits.
- Pyrope:** a deep red garnet used as a gemstone.
- Silica:** silicon dioxide.
- Stockwork:** a large number of small, closely spaced veins, often with multiple orientations, is referred to as a stockwork and sometimes as a stringer zone.
- Sulphosalts:** a group of minerals that form the bulk of the ore minerals, and generally have metals such as Ag, Zn, Ni, etc. occurring with sulphur.
- Tectonic:** pertains to the rock structures and external forms resulting from the deformation of the earth's crust.
- Tennantite:** a copper arsenic sulphide mineral.

We are pleased to bring you this report on **Great Panther Resources**.



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As always, I welcome your comments and feedback on our research!

Gabriel Didham, CFA  
Objective Capital

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**Sam Kiri, CFA**

Sam has more than 13 years of international analytical research experience with a primary focus on resources and energy companies. He has previously served with Scotiabank and W.I. Carr in the Far East.

**John Barry, EurGeol, M. Sc., MBA, P. Geo, M. Aus I.M.M**

John has over 18 years experience in the exploration and mining industry in The Americas, Europe, Africa, Australia and South-East Asia. He is a professional member of the *European Federation of Geologists*, the *Institute of Geologists of Ireland* and the *AusIMM*

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