

Mining In Mexico with Great Panther

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As a general rule, the most successful man in life is
the man who has the best information

In 1992 mining laws were changed in anticipation of the North American Free Trade Agreement (NAFTA). The new laws allowed 100 percent foreign ownership of Mexican mines (except for hydrocarbons, radioactive materials and salt).

Under the Mexican Constitution the exploration, exploitation and beneficiation of the minerals will have preference over any other use for the land. Exploration concessions are granted for six years and are not renewable. There are no limits for the mining concession surfaces. Production concessions are awarded for 50 years and are renewable for a similar period.

In 1994 the North American Free Trade Agreement was implemented and the Peso was devalued. Because of low metal prices and a devalued Peso many walked away from toiling in the earth, shutting down their mines and finding new livelihoods.

But in the late '90's a new era was beginning as Canadian miners quietly began to accumulate projects.

Great Panther Res. GPR:TSX

<http://www.greatpanther.com/s/Home.asp>

Great Panther is primarily a silver producer with two 100% owned operating mines in Mexico. The centerpiece of the Company's operations is the world class Guanajuato Silver-Gold Mine in the state of Guanajuato.

Great Panther also owns and operates the Topia Silver-Lead-Zinc Mine in Durango State. The Company has increased production to a new all time high and is growing the resource base through continued surface drilling and underground development.

The Mapimi project is an advanced stage exploration project with a global resource of 28.6 million silver equivalent ounces that appears amenable to open pit mining.

Great Panther is one of the fastest growing silver producers in the industry - 313,000 oz in 2006 to 1.21 million oz in 2008. The company is strongly leveraged to future rises in the price of silver. Free cash flow should show sustained quarter over quarter improvements and this should continue through 2009 and into 2010.

FIRST QUARTER HIGHLIGHTS

- 75% increase in earnings from mining operations (before amortization and depletion) to \$2.6 million in the first quarter 2009 from \$1.5 million for the fourth quarter 2008.
- Net cash provided by operating activities of \$0.7 million in the first quarter 2009 compared to \$0.3 million used in operating activities in the first quarter 2008.
- 11% increase in total quarterly production to 480,267 silver equivalent ounces (Ag eq oz) in the first quarter 2009 from 431,639 Ag eq oz in the first quarter 2008.
- 6% and 14% increase in revenues for the three months ended March 31, 2009 to \$6.3 million compared to \$5.9 million for the three months ended March 31, 2008 and \$5.5 million for the three months ended December 31, 2008, respectively.
- 29% decrease in overall cash operating cost per silver ounce (net of by-product credits) to US\$6.49 for the first quarter 2009 from US\$9.20 for the first quarter 2008.
- Positive adjusted EBITDA(1) of \$1.0 million for the three months ended March 31, 2009 compared with adjusted EBITDA loss of \$1.4 million for the three months ended March 31, 2008.
- Re-opened eight mines at Topia in late January 2009 which had been closed during the fourth quarter 2008.
- Successfully negotiated more favourable terms for spot sales of Topia's lead concentrate to Asian smelters.
- Underground drilling and mine development at Topia and Guanajuato proved the continuity of high grade mineralization.

GPR recently released its second quarter production results and these numbers generated a huge sigh of relief among investors. Total metal production reached a new record, they negotiated a new lower cost concentrate sales contracts for Topia and have their first NI 43-101 compliant 5 million Ag eq oz resource for the Guanajuato Deep Cata Clavo zone.

This is definitely a company being steered in the right direction, here's the second quarter production numbers:

- Total metal production of 499,845 Ag eq oz, a 15% increase from Q2 2008 and a new record.
- Total silver production of 333,358 Ag oz, a 16% increase from Q2 2008.
- Guanajuato metal production of 327,295 Ag eq oz, a 19% increase from Q2 2008.
- Guanajuato silver production of 220,742 Ag oz, a 9% increase from Q2 2008.
- Guanajuato metallurgical recovery of gold, at 84.6%, a quarterly record.
- Guanajuato concentrate quality, at 15,126 g/t Ag and 94.5 g/t Au, a record high.
- Topia metal production of 172,550 Ag eq oz, a 7% increase from Q2 2008.
- Topia silver production of 112,616 Ag oz, a record high and a 32% increase from Q2 2008.
- Topia metallurgical recoveries of silver and zinc, at highs of 88.8% and 87.3% respectively.
- New, lower cost, concentrate sales contracts for Topia.
- First, NI 43-101 compliant, 5 million Ag eq oz, resource for Guanajuato Deep Cata Clavo zone.

Investing in Silver itself, through ETF's, has become the main driver of silver's bull market. In this author's opinion the most leverage to silver's price rise is gained from investing in one, or a few, primary silver producers. Great Panther appears well-positioned to leverage silver's gains and to greatly reward investors over the course of this bull market.

Great Panther is going to continue to grow and is going to be one of the largest silver producers in Mexico. If you're an investor looking at the PM's, in particular silver, then as strongly leveraged to future rises in the price of silver as GPR is, it definitely warrants your further DD.

Share Structure as of Tue Jun 2, 2009

Shares Issued: 86,789,521

Warrants: 2,552,500

Finder Warrants: 169,050

Executive and Employee Options: 6,332,700 (GPR has a policy of granting EVERY employee, not just officers and directors, stock

options. These options cover every employee from the President to company secretaries working in Mexico).

Consultant's Options: 1,120,000

Fully Diluted: 96,963,771

Treasury

Currently, the treasury has a little over \$2 million. Great Panther management has been able to keep ahead of costs and a financing is not contemplated at this time.

As of March 31, convertible notes total \$6 million: \$2 million is due in 2010 and \$4 million in 2011.

If you're interested in the junior resource market and would like to learn more please come and visit us at.

<http://www.aheadoftheherd.com/>

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Bio - Richard is host of www.aheadoftheherd.com and invests in the junior resource sector. His articles have been published on over 60 websites including - Wall Street Journal, Kitco, USAToday, The Gold/Energy Reports, Gold-Eagle, Safehaven and Financial Sense.

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