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# SILVER \$40!

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Denver Gold Group, European Forum

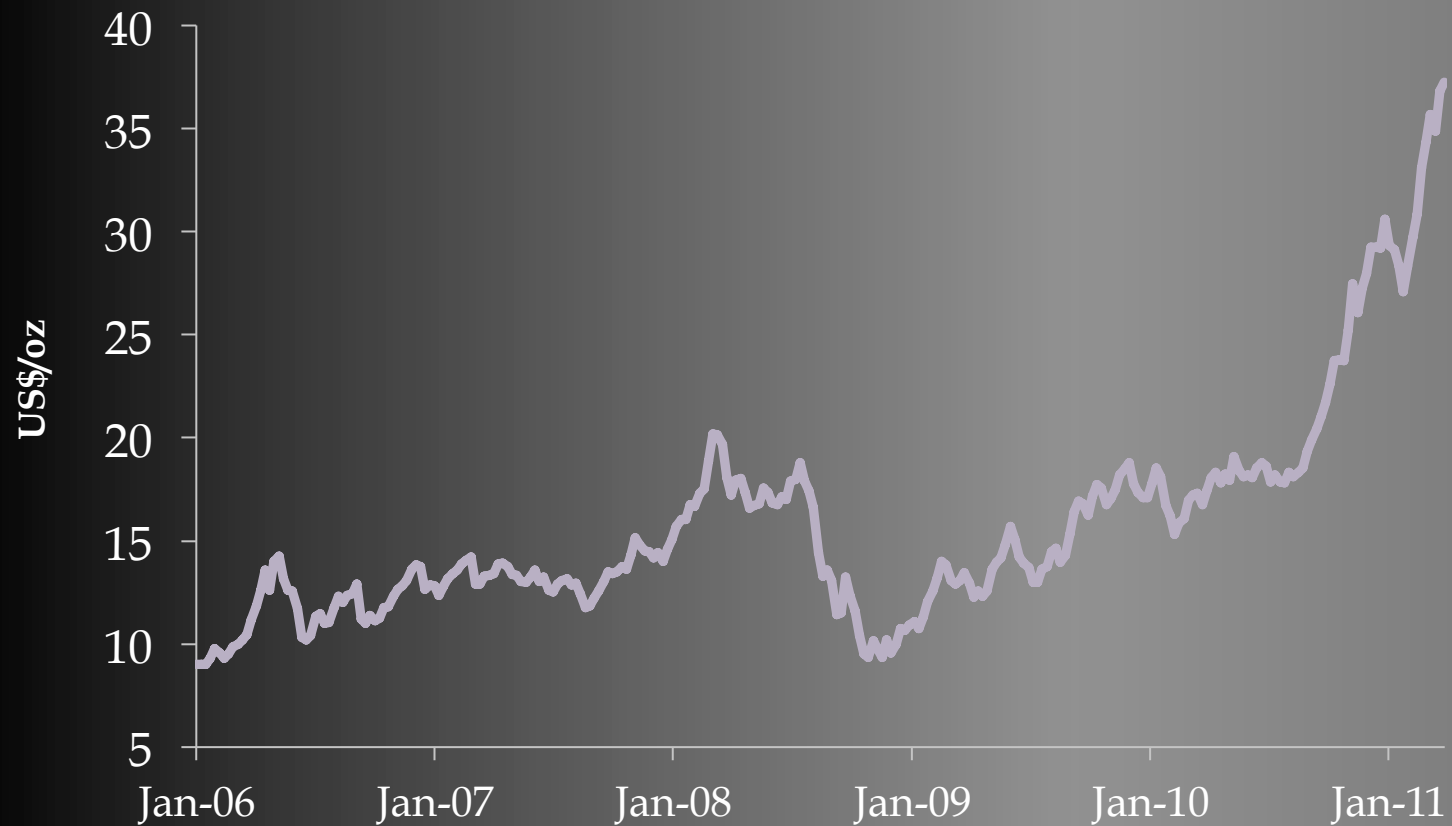
Zurich, 13 April 2011



GFMS World Gold is an independent, mining equities research company formed in 2008 as a joint venture between GFMS and World Gold Analyst.



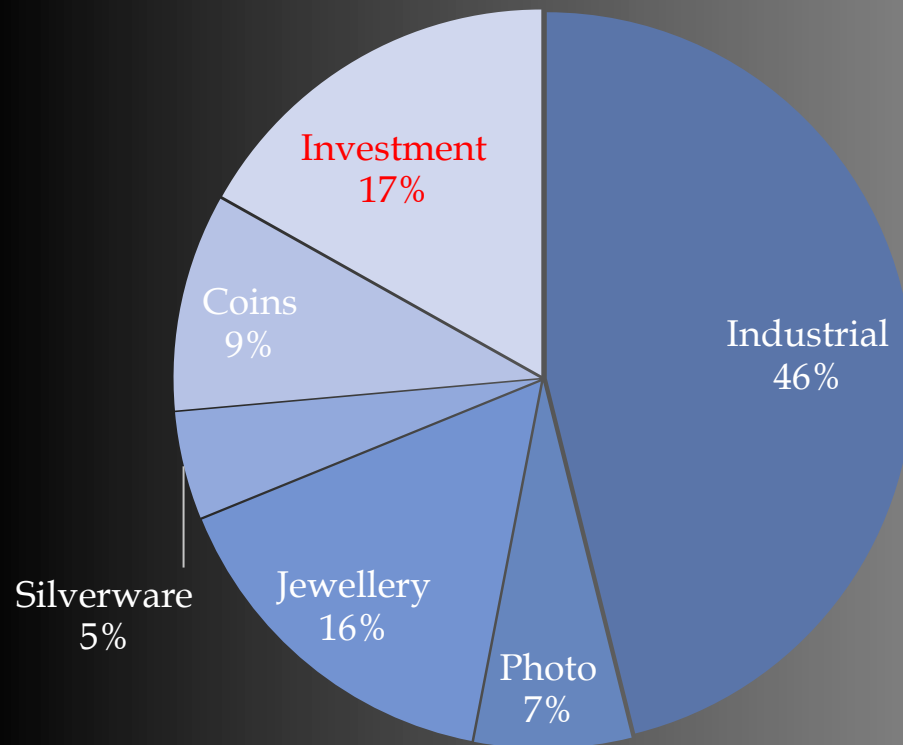
# The Silver Price



Source: Thomson Reuters

# DEMAND

Total: 1,057 Moz



Industrial: up 21% (80 Moz) growth in 2010. Gains in photo voltaic, EO catalysts and the automobile industry

Overall fabrication demand up 13%

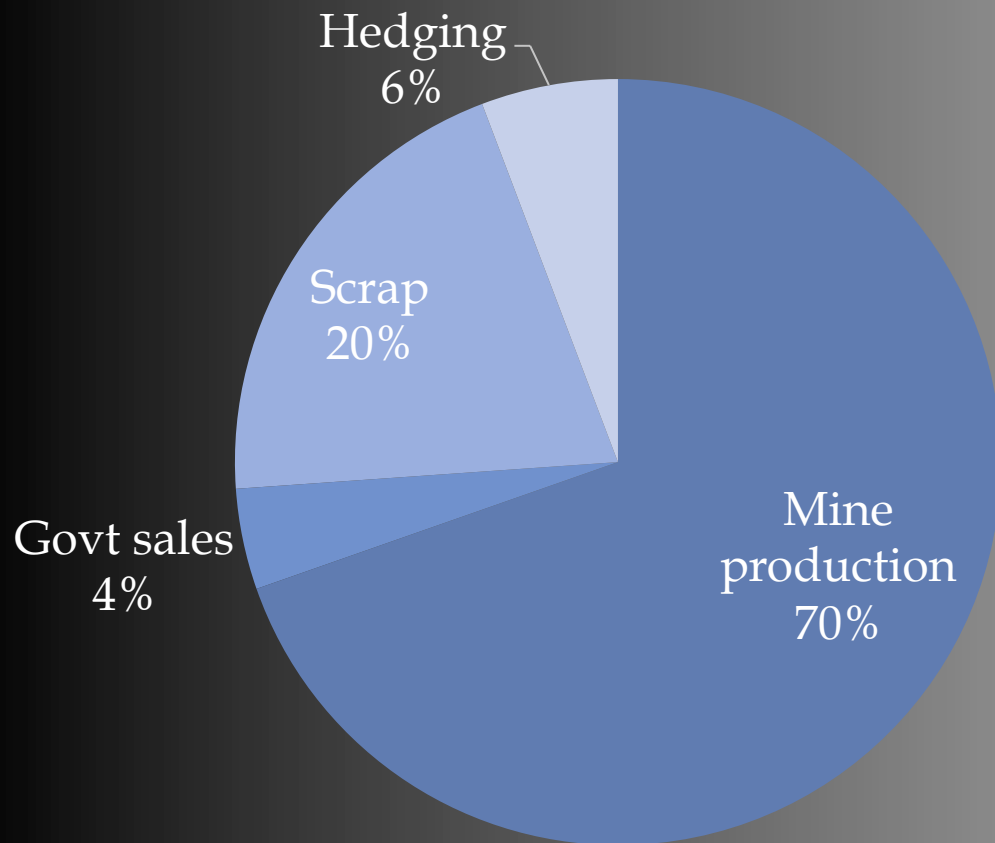
Implied Investment: up 47% to 178 Moz



Source: GFMS

# SUPPLY

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Mined silver: modest increase through primary and Pb/Zn mines.

Mexico usurps Peru as No 1

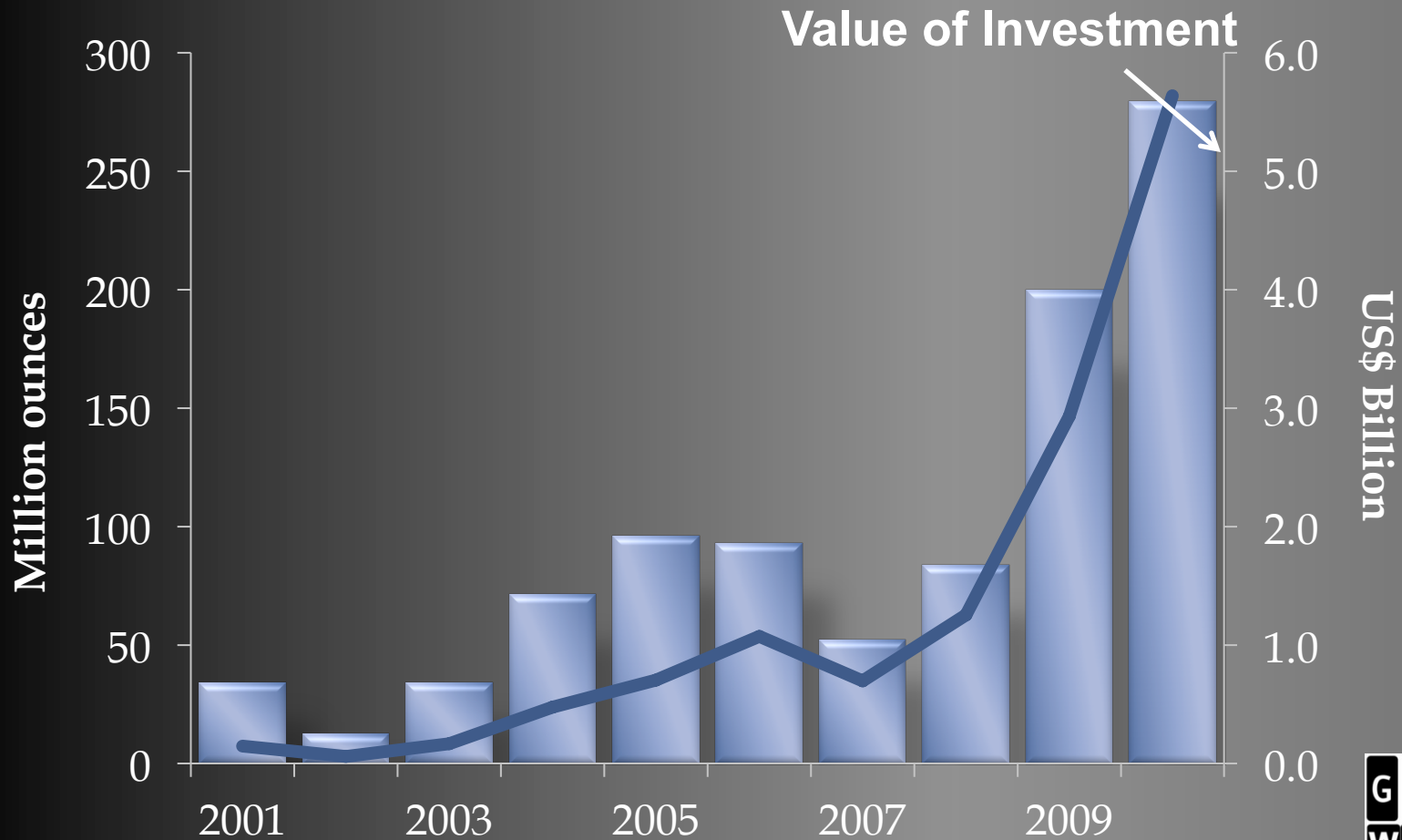
Scrap up 14%

Producer hedging swing from de-hedging adds >80 Moz



Source: GFMS

# World Investment\*



\*World Investment is the sum of Implied Net (Dis)Investment and Coins & Medals.  
Source: GFMS



# Outlook for 2011: Silver Price

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- Average spot price in Q1 2011 was \$31.86 basis the London 'fix'.
- This average was up no less than 88% year-on-year compared to the average price recorded in the same period of 2010.
- The gold:silver ratio has fallen sharply to 37:1 just recently, compared with an average of 62:1 in 2010.
- Silver's traditional high price volatility and trading range are factors to consider: Already year-to-date \$13 trading range (\$26.68-\$39.63) and average Q1 2011 price volatility 39.6% (gold 12.9%).
- Investment will remain the main driver of the price. Silver's greater volatility in a smaller and less liquid market than gold is attractive to certain investors, with many now eyeing the all-time-high of \$50/oz.
- 2011 may well see silver reach or even exceed \$50/oz, in part basis strong probability of gold peaking comfortably above \$1,600/oz.



# Silver Session Companies 6m Performance

