



Pan American
SILVER CORP.

Growing Communities
Sustainability in Action

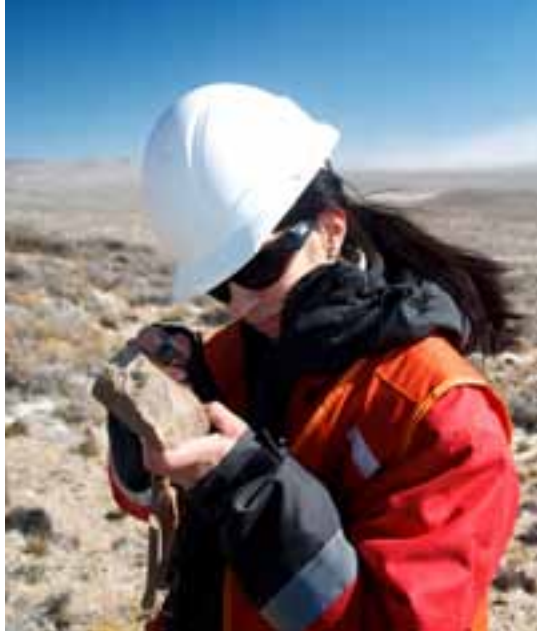
PAN AMERICAN SILVER CORP.
SUSTAINABILITY REPORT 2010



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Sustainability is at the heart of our company. We do more than mine silver, we contribute to the social fabric, the economic foundation, and the present and future well-being of the communities in which we operate.



WE ARE PAN AMERICAN SILVER

Based in Canada, with operations throughout Latin America, Pan American Silver Corp. (TSX: PAA/ NASDAQ: PAAS) is engaged in silver mining and mining-related activities, including exploration and development, mineral extraction and processing, refining and land reclamation.

Since our founding in 1994, it has been our mission to become the world's largest primary silver producer with the lowest cash costs. Since then we have grown continuously in production and financial strength. We now own and operate seven mines in Mexico, Peru, Bolivia and Argentina. We have four silver and gold projects under study/development: the Navidad project in Argentina—one of the largest undeveloped silver deposits in the world—the Calcatreu project, also in Argentina, La Preciosa, a joint venture project in Mexico, and Pico Machay in Peru.

We believe that our success is primarily due to the unique blend of skills and experience of our team: we are mining professionals with deep backgrounds in exploration, construction, operations, closure, financing, community relations and environmental stewardship. We know how to advance early-stage projects through construction and into production efficiently and effectively. Through construction and operation, we are dedicated to protecting the health and safety of our workers and the prosperity

and well-being of the communities in which we operate. We know that mines have a finite lifespan, therefore we are experienced in, and dedicated to planning for closure, with full consideration of the environmental and socio-economic aspects, and the long-term sustainability of local communities after the mine ceases to operate.

At Pan American Silver, we understand that we can only operate with the cooperation of our neighbours: the people, communities, and authorities in the regions where we work. In this Sustainability Report we present examples of what we have done in nearby communities that demonstrates our commitment and our progress in ensuring that cooperation by building sustainability through cultural respect and support, and sharing the many social and economic benefits of silver mining. Pan American Silver has truly been a pioneer in creating corporate social responsibility within the mining industry and this has resulted in the creation of a bond of trust between the company and the communities where we operate.

OPERATIONS / PROJECTS MAP

NORTH AMERICA

CANADA

 HEAD OFFICE, VANCOUVER

MEXICO

- 1 ALAMO DORADO
- 2 LA PRECIOSA (JV)
- 3 LA COLORADA

SOUTH AMERICA

PERU

- 4 QUIRUVILCA
- 5 HUARON
- 6 MOROCOCHA
- 7 PICO MACHAY

BOLIVIA

- 8 SAN VICENTE

ARGENTINA

- 9 CALCATREU
- 10 NAVIDAD
- 11 MANANTIAL ESPEJO

-  MINING OPERATIONS
-  DEVELOPMENT PROJECTS



“Our commitment to best-practice performance goes well beyond minimum local regulations and requirements.”

SUSTAINABILITY IN ACTION



In this, our second annual Sustainability Report, we provide the results of our ongoing commitment to clear, transparent communication of our social and environmental performance. This is the latest step on a long path: we have always believed in applying the highest possible standards of environmental and social responsibility at every one of our operations.

Our commitment to best-practice performance goes well beyond minimum local regulations and requirements. Through sustainable practices, ethical behaviour and responsible action we seek to foster positive long-term relationships with all of our stakeholders. While never losing sight of our business and shareholders, we contribute to the social and economic development of local communities, regions and countries; we strive to maintain healthy and safe workplaces for our employees; and we are responsible stewards of the environment.

HIGHLIGHTS

In every phase of the mining cycle—from early exploration, through development and construction, to full mining operations and after closure, we minimize, mitigate, and remediate the negative environmental and social impacts of our operations by strict supervised procedures.

ENVIRONMENTAL PERFORMANCE

- New technologies have reduced the use of hazardous materials and minimized our environmental footprint—such as the AVR (Acidification, Volatilization and Recuperation) plant at the Alamo Dorado mine.

- Locally-operated nurseries provide plants (with an emphasis on native species) for reclamation and revegetation. The nurseries are all operated in conjunction with local communities.
- Continuous environmental monitoring and reporting helps every operation remain in compliance with environmental regulations and standards.

SOCIAL PERFORMANCE

In addition to taxes, salaries and other direct economic benefits, our socio-economic contributions to local communities focus on:

- Creating economic development programs such as the Junta de Fomento at our San Vicente operation, which strives to improve and broaden local economies beyond a reliance on mining.
- Assisting business ventures such as the artisanal production of textiles and clothing from the wool of llama, alpaca and sheep, and silver jewelry. These ventures will meet accepted “fair trade” criteria, while



emphasizing market standards. Our intention is to assist the commitment to create and market world-class products that will be competitive with the finest products of their kind, leaving a legacy of sustainable businesses.

- Supporting livestock breeding programs and providing veterinary information for culturally significant species such as llamas and alpacas.
- Funding and supporting primary and secondary education through a number of initiatives, including the subsidizing of salaries for teachers to avoid staff shortages, and providing scholarships and bursaries for students.
- Improving living conditions in collaboration with Caritas Peru, a charitable organization. We are promoting “quality of life” practices—such as teaching children and adults the basics of personal hygiene, safe cooking and household management, to improve living conditions, health and longevity.

We maintain a constant presence in local communities in order to ensure that people can easily find out about these and other community-centred activities, and keep up to date on any mine-related information. We routinely hold public meetings and circulate information in publications and through personal contact.

ECONOMIC PERFORMANCE

	2010	2009
Sales	\$632 million	\$454 million
Mine Operating earnings	\$240 million	\$126 million
Average price/ounce of silver (London fix)	\$20.14	\$14.67
Net Income	\$112.6 million	\$62.0 million

By year-end 2010, we had:

- Produced a record 24.3 million ounces of silver and 90,000 ounces of gold.
- Generated record sales, mine operating earnings and net earnings.
- Accumulated cash and short-term investments of \$360.5 million and working capital of \$433.8 million.
- Paid \$88.0 million in salaries and wages in Mexico, Peru, Bolivia and Argentina.
- Paid \$36.7 million in income taxes and another \$14.6 million in government royalties.
- As of December 31, 2010, held proven and probable silver reserves totalled 230.7 million ounces.
- Paid \$8 million in dividends to our shareholders for the first time in the Company’s history.

CHAIRMAN'S MESSAGE TO SHAREHOLDERS: ACHIEVING SUSTAINABILITY



Ross J. Beaty
Chairman of the Board

A healthy environment, a healthy workplace and a healthy community where we operate all help build Pan American Silver into a bigger and better company.

The term “sustainable mining” might seem an oxymoron to some: how can extraction of non-renewable resources ever be sustainable? But Pan American Silver Corp. is proving this can be achieved, through its dedication to community engagement, health, safety, and environmental excellence, and fair-minded, transparent and collaborative management practices.

To me, “sustainable mining” means creating a safe and clean workplace, maintaining as healthy and natural an environment as possible at and around our operations, and partnering with our employees, contractors, communities and governments to create a clear economic, educational, transportation and health environment that will persist long after mining ceases. To achieve this requires a strong mission that sets these objectives at its core, a proven execution team that can make it happen, and a universal acceptance that achieving these goals is simply good business. In other words, we believe this is a “win-win” situation for all stakeholders—including our shareholders.

Pan American Silver has grown into a world leading primary silver mining company in a relatively short period of time. We now work in five countries at fourteen locations (including our administration offices), we employ more than seven thousand people including contractors, we support indirect employment for thousands more who work for our service and material suppliers and we support our local communities with tens of thousands of people where in some cases our mines are the only regional economic driver. We pay taxes and royalties to local, regional and national governments and this drives investment in health, education and community infrastructure. We also invest millions of dollars each year to support local education, health and infrastructure development. We do this

because we believe it supports our ability to operate profitably over the long term. It also means that when a mine inevitably reaches the end of its life, we will leave behind a legacy that really does support sustainable development: a real improvement in the lives of the people in areas where we work. This manifests itself in better trained people living around our operations, better health facilities, better education, better services availability, better roads and electricity facilities, and so forth.

A healthy environment, a healthy workplace and healthy communities where we operate all help build Pan American Silver into a bigger and better company. Our success in achieving this will make us a more profitable company too—not just in dollar terms, but in human terms and in reputation, something so easy to lose and so hard to achieve. We must remember that our actions speak louder than words, and so we continually strive to put into practice the lofty words presented in this report.

I am greatly proud of our team and our achievements in the spheres of community engagement, sustainable development and worker safety, and we will continually strive to improve the status quo. If we succeed at this we will maintain our stellar reputation and continue to be a company that new investors will want to buy, new employees will want to work for and people in new locations will welcome us to work in.

Ross J. Beaty *Chairman of the Board*



PRESIDENT'S MESSAGE TO SHAREHOLDERS: GROWING COMMUNITIES



Geoff Burns
President & Chief Executive Officer

In this, our second Sustainability Report, we at Pan American Silver have significant progress to report. Not only have we registered our fifteenth consecutive year of production growth, achieving record profitability, but we are also seeing many of our community-based sustainability initiatives reach new levels of success.

Sustainability, in all its facets, is at the core of our business practices. We strive to be part of, not separate from, the communities in which we operate. Beyond the various fees and taxes that we pay—which provide significant benefits at the national, state and municipal levels—we do our utmost to be a good neighbour, working to improve economic conditions and living standards, often on a personal, one-on-one basis. Our programs seek to create sustainable local economies that will continue to thrive long after our mines have closed.

In Peru, for example, we have helped establish a series of fair-trade enterprises. In Morococha and Huaron, the business of hand weaving alpaca wool into fashionable garments and accessories has become so successful that the weavers' income can exceed that of their mine-worker spouses. Pan American has been instrumental in helping to develop nearly every aspect of the business, from supporting alpaca ranching to building the weaving facilities and establishing international sales channels for the finished products. With the businesses thriving, we are now working on improving the marketing and distribution of the woven goods to boost prices and further improve the financial benefits to the weavers and their communities.

The weaving business will complement the sheep and cattle ranches that we have already helped establish. In partnership with local agencies such as the Agencia de Desarrollo (Development Agency), we provide education, infrastructure and technical assistance that supports economic opportunity and promotes sustainable economic independence.

Our contributions to local sustainability are far-reaching. We have built hospitals, schools, and recreation facilities. We have upgraded and built roads, waterways and installed electrical infrastructure. All these things deliver real, sustainable long-term benefits to our local communities.

We at Pan American take a progressive approach to community relations. Our success has put us in a position where we can apply our technical strengths and strong community ties to deliver exceptional results, creating value for all of our stakeholders. We believe that by building a positive proactive relationship with our host communities and by investing in those communities, we are making sure that they have a prosperous and productive future long after the mineral resource which we depend on is depleted.

Promoting a safe workplace is another essential aspect of sustainability that we work very hard to maintain. Safety is our highest priority at Pan American. We need and want healthy employees who are confident that they will come home safe to their families, at the end of every shift.

We take pride in the open and productive relationships that we have developed in the many communities where our projects are located. We do our best to understand their concerns and needs, and to seek new forms of cooperation and collaboration. Sustainability, in all its facets, is quite simply, one of our core business practices.

Geoff Burns *President & Chief Executive Officer*



“We take every practical measure to minimize and mitigate the environmental impacts of our operations in every phase of the mining cycle.”

ABOUT THIS REPORT

This, our second Sustainability Report, highlights Pan American Silver’s long-standing commitment to environmental and social responsibility. We are proud of our record of minimizing the environmental impacts of our operations while maximizing the socio-economic benefits they provide to the nearby communities and surrounding areas.

THE BOARD OF DIRECTORS

Our Board of Directors oversees the direction and strategy of the company’s business and affairs. Guided by their depth of experience and insight, and the company’s mission and principles, they evaluate corporate strategies, review major decisions, provide long-term direction to management, oversee the business and evaluate corporate performance.

Pan American shareholders and employees can have direct contact to the Board of Directors. The primary channel is through our Chairman and CEO; other communication mechanisms include community information offices and public assemblies.

THE HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

The Health, Safety and Environment Committee (HSEC) is a subcommittee appointed by the Board to oversee our corporate social initiatives. The HSEC reports directly to the Board.



BOARD MEMBERS

Ross J. Beaty - Chairman

Geoff Burns - Director and President & CEO

Michael Carroll

William A. Fleckenstein

Michael J.J. Maloney

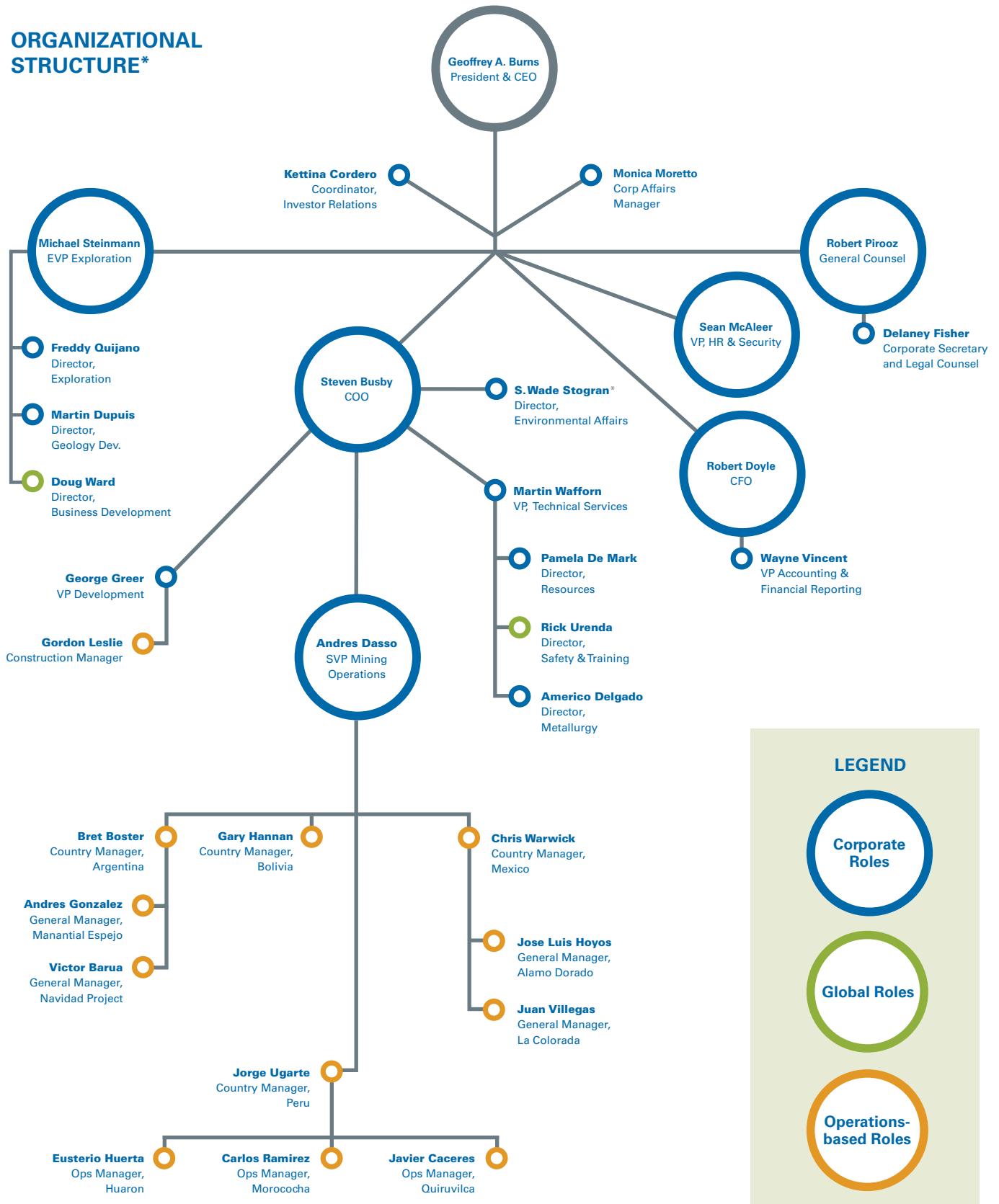
Robert Pirooz - General Counsel

David Press*

Walter T. Segsworth

*Chair of the Health, Safety and Environment Committee

ORGANIZATIONAL STRUCTURE*



*Organization chart is as of Q1 2012

“Through a mindset of sustainability we are driven to ongoing improvements in efficiency, environmental stewardship and economic performance.”

ABOUT ACCOUNTABILITY

At Pan American Silver, we adhere to the highest standards of corporate governance. We believe that good governance is essential to the performance of our company and plays a significant role in protecting the interests of all stakeholders while maximizing value. We closely follow the requirements established by the Canadian Securities Administrators and the SEC (Securities and Exchange Commission) in the United States, and believe that our current corporate governance systems meet and exceed these requirements.

We believe—and strive to demonstrate through meaningful results—that sustainability is not an empty promise or a secondary objective. In fact, sustainability creates lasting value for all our stakeholders. Through sustainable practices we maintain our ability to do business in the communities where we operate. Through a mindset of sustainability we are driven to ongoing improvements in efficiency, environmental stewardship and economic performance.

SEVEN OPERATING MINES

This report demonstrates, through numbers and examples, our economic, environmental and community relations performance over the past year. We are reporting on our seven operating mines: Alamo Dorado, La Colorada, Quiruvilca, Morococha, Huaron, San Vicente and Manantial Espejo.

THE GRI FRAMEWORK

In order to present our results in a transparent, reliable form, we have based this report’s fundamental indicators on the Global Reporting Initiative (GRI) Framework. The GRI framework is globally recognized, and used by corporations of all kinds, including the largest multinational mining enterprises. As with our first Sustainability Report, we are targeting GRI Level C disclosure in this report, although we intend to implement more comprehensive reporting systems over time, and build on this foundation in coming years.



SUSTAINABILITY IN ACTION: ENVIRONMENTAL PERFORMANCE

MINIMIZING OUR FOOTPRINT

At Pan American Silver, we are committed to operating our mines and developing our new projects in an environmentally responsible manner. We take every practical measure to minimize and mitigate the environmental impacts of our operations in every phase of the mining cycle, from early exploration through development and commercial operation to mine closure. Our system designs and operating practices are optimized, and our operations are continuously monitored. Employees and contractors receive training and education to promote continual improvement in our efforts to reduce our environmental footprint.

MAINTAINING COMPANY-WIDE STANDARDS

All operations must adhere to the company's comprehensive environmental policy—which ensures that all applicable laws and regulations are followed, and addresses universal issues such as waste management, alternative energy research and application, education initiatives and mine closure requirements. In addition, each operation has developed specific environmental programs to address its unique concerns related to mining processes, location and geography, and other issues.

RECLAIMING WITH INDIGENOUS PLANT SPECIES

At every Pan American mine, we engage community members to construct and manage nurseries, and to help select native plant species for use in our ongoing land reclamation activities. This has multiple benefits: indigenous plants are best adapted to the local environments, making them most efficient and effective for land reclamation, and the nurseries provide valuable employment and management opportunities for local residents, whose valuable knowledge contributes significantly to our reclamation success.

In addition to the plants intended for reclamation, the Morococha mine's nursery also grows corn, potatoes and other vegetables for local consumption. The operation has been so successful that a second nursery was recently built, adding 72 square metres of growing area and increasing the quantity and variety of plants that can be produced.

The knowledge gained from operating the nurseries allows communities to continue operating the facility after mining is no longer viable for the continued cultivation of commercially marketable fruits and vegetables.

At the Huaron mine, the nurseries are run in collaboration with local schools, to bring plant care and nursery management training to the students and teachers of Hualay.

MANAGING WASTE

At every operation, we have been continuously upgrading our waste management and disposal programs, and intensifying efforts to reduce the quantity of waste generated. Site waste products include oils, scrap steel, tires and construction waste, in addition to office, cafeteria and camp waste. We are striving for significant reductions through the implementation of waste-reduction initiatives and alternate practices, and innovative waste-reduction technologies. We have engaged local companies to help with recycling, re-use and reclamation projects, in order to further reduce our waste load and improve the revenue and awareness for the local communities.

In all of our operations we run ongoing educational campaigns to teach employees and residents to classify and segregate waste. We provide colour-coded garbage containers to simplify the segregation process, and hold workshops to increase awareness of the impact of waste on health and the environment, and we follow up with garbage-collection initiatives and proper disposal. Through these comprehensive efforts, we have considerably reduced the amount of waste.

A newly initiated composting program at the Huaron mine is diverting as much as 20% of the operation's non-hazardous waste that would otherwise have ended in the landfill. The composted material is used by the local community or stockpiled for use in land reclamation and revegetation.

In total, Pan American Silver recycles approximately 2000 tonnes of non-hazardous waste per year. This includes



We strive for efficient fresh-water usage at our mines. Our Alamo Dorado mine uses filtering and dry-stacked tailings to maximize water conservation.

2010 WATER USAGE

m³/tonnes ore processed

	2010
Manantial Espejo	0.44
Alamo Dorado	0.30
La Colorada	0.77
San Vicente	0.59
Quiruvilca	3.50
Huaron	3.58
Morococha	5.57

All but one of our mines take their power from the national energy grids, which significantly reduces their GHG emissions. The Manantial Espejo operation must generate almost all of its power from diesel fuel, which raises its GHG emissions. We continue to investigate and implement technologies to reduce our GHG footprint.

2010 GREENHOUSE GAS EMISSIONS

GHG emissions Tonnes of CO₂ EQ/tonnes ore processed

	2010
Manantial Espejo	0.047
Alamo Dorado	0.024
La Colorada	0.077
San Vicente	0.043
Quiruvilca	0.048
Huaron	0.025
Morococha	0.025

cardboard, plastic containers, tires, wood, scrap steel and discarded equipment. Most of the scrap steel is used for equipment repair and the rest is sold to recyclers. Wood is donated to the community for re-use as heating fuel, and oils and other petroleum wastes are stored and sold.

HANDLING CYANIDE

At three of our operations (Manantial Espejo, Alamo Dorado and La Colorada) cyanide is used for leaching silver from the mined ore. To ensure safe handling and disposal, mine employees receive rigorous training based on the International Cyanide Management Code of the International Cyanide Management Institute (ICMI). Water and tailings from the cyanide process are carefully managed to minimize negative environmental impacts.

REDUCING CYANIDE USE WITH AVR TECHNOLOGY

We continue to research and test new technologies to reduce the quantity of cyanide used, and have seen positive results from the Alamo Dorado mine's new AVR (Acidification, Volatilization and Recuperation) plant. Alamo Dorado is one of a small number of mines in the world to employ this innovative technology, which recovers most of the cyanide used in silver extraction, and allows its reuse. The AVR plant has cut cyanide use by almost 50%, and has recovered copper from the ore that would otherwise have been lost. AVR technology has reduced the size and volume of the tailings dry-stack, made the tailings more environmentally benign, minimized the need for a storage pond for the cyanide solution, and significantly reduced the environmental remediation costs that will be incurred when the mine ultimately closes.

PRESERVING AND CONSERVING WATER

Water is a finite resource that is essential to life and to maintaining a healthy environment. At Pan American, we are committed to ensuring that:

- our operations do not negatively affect sources of water
- we use water in the most efficient way possible
- we maintain natural water courses as much as possible
- our discharges comply with or exceed regulated requirements

Four of our seven mineral processing plants are "closed circuit" operations, which discharge no water into the environment. With closed circuits, fresh water consumption is minimized, although water is still required to make up for evaporation and for water retained in the product and tailings. Every operation runs stringent water-monitoring programs, and water discharges comply with local environmental laws and industry standards.

Various conservation projects have been implemented, which have been tailored to the local environment. At the Alamo Dorado mine a dry-stacked tailings system minimizes water make-up. Tailings are dewatered before storage, thus conserving more water and reducing the tailings' space requirements. In addition, a rainwater collection system has reduced our demands on local water sources by 6%.

The La Colorada mine has reduced water loss and enhanced the quality of domestic water by upgrading and updating the potable water plant.

REVEGETATING AND REHABILITATING LOCAL RIVERS

At the Quiruvilca mine, we have been working with local communities on a revegetation program for the Moche River. Long before Pan American arrived, acidic drainage from historic mining had ended the river's aquatic life. Our revegetation project began with seeding the river with a species of algae (*Chlamydomona*) that is the first link in the river's ecological nutritional chain. As a result of the successful introduction of the algae, the river's macro-invertebrate population boomed. This is not an overnight project, and we have six monitoring stations along the river to track its various aquatic populations as its ecology continues to improve.

A similar river improvement project is underway at the San Vicente mine, where we are removing historic acid-generating mine spoils (unrelated to our operations) and rehabilitating the riverbed. It will take time before the river is productive again, but improvement is already evident.

IMPROVING ENERGY EFFICIENCY

At Pan American Silver we recognize the challenges and risks associated with climate change. We are committed to reducing our Greenhouse Gas (GHG) emissions by improving energy efficiency and increasing our use of renewable energy.

Last year our primary source of emissions was the direct consumption of diesel fuel, gasoline, LPG (Liquefied Petroleum Gas) and natural gas. Electricity that was supplied by national power grids was the source of the indirect energy consumption.

Most of our mines maintain relatively low GHG emission rates because their mining and processing are powered from their national electrical grids (classified as energy consumption from an Indirect source, which generates a lower GHG emission than Direct, or fossil-fuel, consumption). The Manantial Espejo mine, which relies on diesel power generators has one of the highest GHG emissions of our mines. Our board just approved the construction of a new gas-powered generator at Manantial Espejo in Argentina.

Improving our energy efficiency is the key to significantly reducing our GHG emissions, and while conservation efforts to date have been limited, we are researching opportunities for improvement.

We are also educating our employees on the importance of individual efforts in energy conservation. All of our mines run ongoing awareness campaigns, which go beyond simply focusing on our workers—they extend to the community through events such as the Earth Day Celebrations.

Our ongoing reforestation and restoration projects contribute to mitigating GHG emissions. At the Alamo Dorado mine, four hectares of land have been reclaimed and 120,000 m³ of topsoil recovered and stored for use when the property is restored after closure. At the Quiruvilca mine, ten hectares have been reforested with local plants such as *Pinus patula* and *Pinus radiata*. During our reclamation processes we preferentially revegetate with protected species, in order to promote their recovery.



“The people of Pan American Silver—from mine workers to office staff—are key to our continued success.”

SUSTAINABILITY IN ACTION: SOCIAL PERFORMANCE

SUPPORTING OUR PEOPLE

The people of Pan American Silver—both employees and contractors, from mine workers to office staff—are key to our continued success. We appreciate and recognize the vital contributions they make, not only to the company, but to the economic prosperity of the communities in which they live. To support a vibrant and thriving workforce we offer competitive remuneration, strong opportunities for career development, a safe working environment and a supportive culture where fairness, respect, safety and diversity are valued and practiced.

At December 2010, our total workforce reached more than 7,000 employees and contractors. At most mines and projects, 85% of the employees come from nearby regions. Their Pan American jobs allow them to live close to their families and participate in the economic development of their communities. They are social and economic engines in the positive transformation of their towns and regions.

We are committed to providing safe and healthy working and living conditions that include many job-related benefits. Depending on the operation and its location, these benefits can include:

- furnished housing with cleaning services (in remote locations)
- on-site medical services
- subsidized dining rooms and meals



- free laundry services for work and personal clothes
- transportation to and from the mine site (to central destinations in the region) and within the mine site

We promote positive family life for our employees and commonly provide social activities including recreation and relaxation facilities in certain situations.

To improve the quality of life, we in some cases provide workshops for our workers' families, such as cooking courses and classes in health and hygiene, domestic economy and family planning. We also occasionally offer training that may provide economic benefits, such as handcraft and artisanal workshops.

PROTECTING HEALTH AND SAFETY

At Pan American Silver, our top priority is always the safety of our employees. With a management approach that emphasizes thorough safety training and strictly enforced safety standards, we have seen a dramatic improvement in our safety record in recent years. In every country we operate in, we comply with, and usually surpass, all relevant mining industry standards, legislation and regulations.

We believe that comprehensive, continuous safety training is fundamental, and every one of our mines runs systematic training programs in such key areas as General Safety, Worker Induction, Geotechnical, Cyanide Handling and Mine Rescue. We conduct regular, formal safety meetings at every facility. Our mines provide an average of 43 hours



of annual safety training per employee. Our goal is to continually improve our safety performance, and maintain our position as industry leaders in worker health and safety.

Some of members of the Health, Safety and Environment Committee (HSEC) are experts in mine safety. The HSEC is continually updated on health and safety and participates actively in developing health and safety programs.

The standard measures for calculating and reporting on the effectiveness of safety programs at individual mines and across the entire company, is to track the frequency of injuries that cause a worker to lose time from the job. Two lost-time measurements are used, Lost Time Injury Frequency (LTIF) and Lost Time Injury Severity (LTIS) per million hours worked.

Lost Time Injury Frequency calculation:

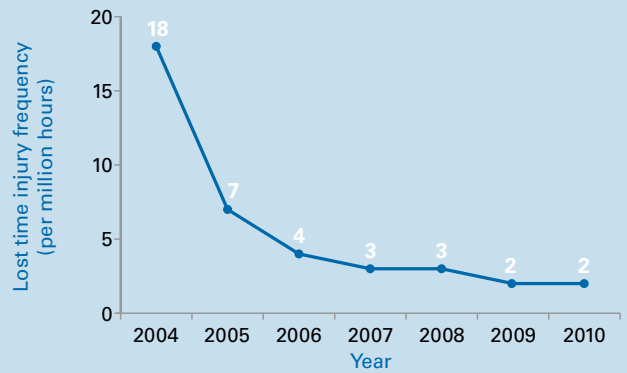
$$\text{LTIF} = \frac{(\# \text{ of accidents}) \times (1,000,000)}{\text{Total Hours Worked}}$$

The severity of an injury is measured by the number of days a worker is off the job (a fatality is considered as 6,000 days lost). The Lost Time Injury Severity (LTIS) calculation:

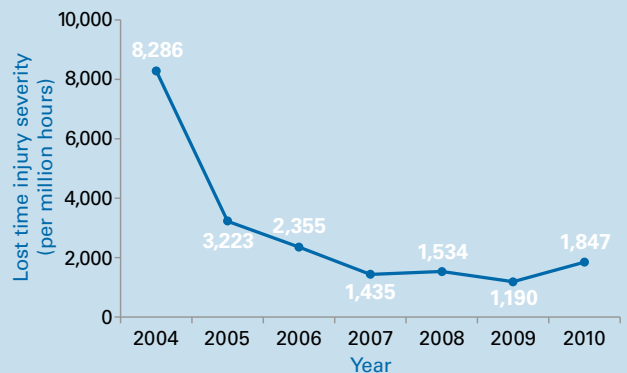
$$\text{LTIS} = \frac{(\# \text{ of days lost to injury}) \times (1,000,000)}{\text{Total Hours Worked}}$$

SAFETY

LOST TIME INJURY FREQUENCY/YEAR



LOST TIME INJURY SEVERITY/YEAR



Since 2004, the number of accidents recorded at all of our facilities has been greatly reduced. One of the biggest improvements has come from the Morococha mine, where, over the past five years the LTIF has been reduced to 3.23 from about 19. Overall, we have successfully reduced the company's LTIF from 18 in 2004 to 2.3 in 2010.

Both LTIF and LTIS have been significantly reduced. In 2010 our LTIS was 1,848, a four-fold reduction compared to 8,282 in 2004. Our 2011 goals are to keep our LTIS below 954 and our LTIF below 2.0. With these realistic but challenging goals we aim to continually improve our safety performance.

Even though our LTIF record ranks us among the best mining companies in the world, we were saddened to experience four fatalities at our Peruvian operations (two at Morococha, two at Huaron) and one fatality at our San Vicente mine in Bolivia during 2010. In each instance, a thorough investigation was conducted and appropriate additional safety measures were implemented across our entire organization to help try to prevent similar occurrences in the future. We also provided assistance to the families of those persons involved in accidents to ensure the family is properly supported during a difficult time.

Good health is as fundamental to our people's success as safety. The professional medical teams—including a medical doctor at each operation—are equipped with up-to-date medical equipment which helps them deal with day-to-day medical issues. They are also highly trained in emergency first aid trauma should the need arise.

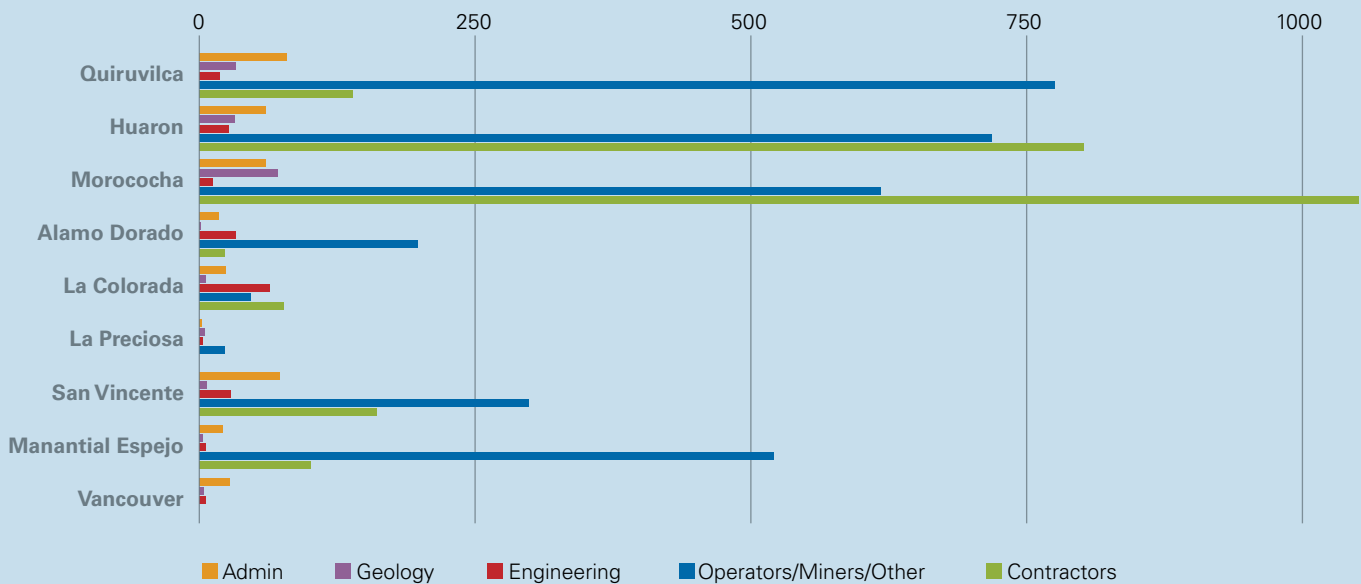
THE CHAIRMAN'S SAFETY AWARD

To promote safety as a company-wide objective, the Chairman's Safety Award (CSA) is awarded annually to the operation with the best safety performance (as measured by LTIF, LTIS, and a matrix of more subjective safety measures, including improved performance). Last year was especially competitive: two mines worked through the entire year with zero LTI's and one had only one. After careful review, the 2010 CSA was awarded to the Manantial Espejo mine in an event that was celebrated with a special awards ceremony. Custom-designed and minted commemorative one-ounce silver coins were presented to all mine employees and guests, including local and provincial politicians.

Both of our Mexican mines—La Colorada and Alamo Dorado—won the "Casco de Plata" safety award given by CAMIMEX (Mining Chamber of Mexico) for the best safety records in their categories (underground mine with more

LABOUR FORCE

EMPLOYEE DISTRIBUTION BY DEPARTMENTS



than 500 employees and open pit mine with less than 500 employees, respectively). This award, which has been won in previous years by both mines, is an important recognition of our efforts in safety performance by Mexico's mining industry. In addition, in 2010 La Colorada mine passed 3 million man hours worked without an LTI.

Our Quiruvilca mine in Peru was awarded the "Placa de Honor" award by OSINERGMIN, the Peruvian government.

PROMOTING HUMAN RIGHTS

Freedom of association and collective bargaining is a fundamental right that we support at every operation. While all employees and contract workers at our mines have these rights, the exercise of those rights varies from country to country and sometimes from mine to mine.

The Alamo Dorado and La Colorada mines are registered with the Mexican Center of Philanthropy (CEMEFI), which supports companies in developing their corporate social responsibility strategies. The workers at these mines have chosen not to be unionized, and an agreement permitting this has been signed with the national union. Our Bolivian workers belong to the Federacion de Trabajadores Mineros de Bolivia (Federation of Mine Workers), and the Junta de Fomento San Vicente, an independent organization

that promotes improvement to the quality of life of the community. In Peru, employees at the Morococha, Huaron and Quiruvilca mines are unionized, as are employees at Manantial Espejo in Argentina.

CHILD LABOUR IS FORBIDDEN

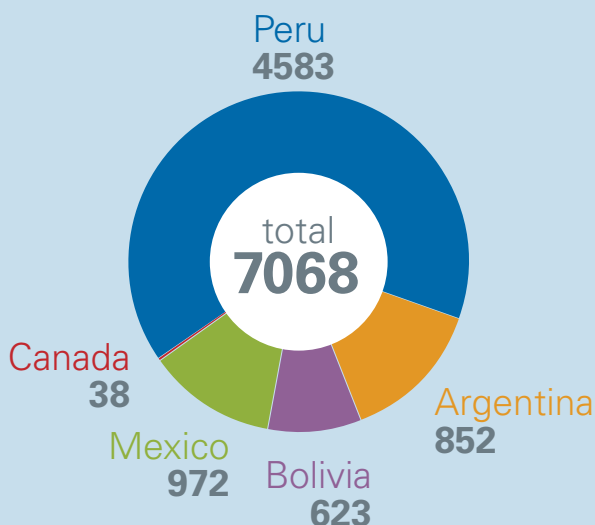
Child labour is strictly forbidden at every Pan American operation. Policies and procedures are in place at every mine forbidding the hiring of any employee or contractor under the age of 18. Our hiring processes include the verification of each individual's birthdate on their birth certificate and/or government-issued photo ID.

WORKING WITH OUR COMMUNITIES

At Pan American Silver, we are committed to creating sustainable value in the communities where our people work and live. In every community we maintain offices, with knowledgeable staff who strive to make it easy for residents to ask questions and learn more about our operations. Our strong local presence helps improve our understanding of community concerns and priorities.

Guided by the research conducted by our local offices, we participate in, and contribute to numerous community programs. They typically centre on education and health,

EMPLOYEES & CONTRACTORS BY COUNTRY



"At December 2010, our total workforce reached more than 7,000 employees and contractors. At most mines and projects, 85% of the employees come from nearby regions. Their Pan American jobs allow them to live close to their families and participate in the economic development of their communities."

the environment, local infrastructure and alternative economic activities.

In every community we place a priority on assisting with livestock breeding. Most of the communities depend on livestock for their essentials: as the basic food supply and for raw materials used in textiles and clothing. We also support the commercial production of meat and wool, which are commodities for sale in internal and external markets. Commercial meat and wool production provides needed jobs and contributes to improving local nutritional standards.

In Morococha guinea pigs are bred and raised for local commercial use. In Huaron, alpaca, rabbits and guinea pigs are the focus. In San Vicente, llama meat production is emphasized, as well as the development of strategies for decreasing the frequency of infectious and parasitic diseases in cattle. At Manantial Espejo, our efforts have centred on the breeding and commercialization of cattle, and expanding and certifying the local slaughterhouse.

SUPPORTING PERUVIAN COMMUNITIES: THE PAN AMERICAN SILVER ASSOCIATION

Since its inception in 2007 the Pan American Silver Association has supported Peruvian communities through a series of initiatives. They include such initiatives as:

- **Strengthening the production chain**
The main initiatives are livestock breeding and workshops on production of artisanal clothing and jewelry.
- **Improving nutrition**
The focus is on children and pregnant women. Activities include nutritional education, household hygiene, prevention and care of infant illnesses and the promotion of committees to implement nutrition and health plans.
- **Promoting community health**
These efforts focus on oral, reproductive and paediatric health and on promoting immunizations.
- **Promoting a tourism economy**
Rural tours have been developed in the areas of our mines to bring tourists in contact with local areas of interest.

In addition, our mines in Peru have their own initiatives:

- **Encouraging education for students and parents**
All our Peruvian operations operate programs that encourage students to remain in school and improve their future. These take the form of scholarships, training and internship opportunities and, frequently, workshops for parents to support parenting skills and strengthen family life.

In 2010, our Huaron mine subsidized teachers' salaries, funded teacher training, and provided 15 mining technology scholarships and 90 nursery/reforestation internships. We provided employment skills training for 50 students and agriculture/ livestock training for another 200. The "Useful Holidays" program, which provides educational and training opportunities, helped 90 students.

The Morococha mine provided mining technology scholarships for eight students in the farming community of San Francisco de Asis of Pucará. We also funded the development of a "Useful Holidays" program, which provided verbal and mathematical reasoning education for 43 students. Another "Useful Holidays" program involved 208 Morococha students in community theatre and the visual arts.

At the Quiruvilca mine, we donated textbooks, manuals and other educational materials, and funded teacher training in the natural sciences and ongoing training for both parents and teachers. As well, we supported improvements in educational management and provided pre-professional employment skills training for local students. Our innovative "Hands on Program" helped mine employees support their children's education. Our inter-school contests on "Developing Productive Projects" proved very popular, as was an art competition that benefited 600 local students.

To improve the welfare of the young, we offer parental support: in the Huaron community, 600 fathers took part in workshops on family violence, self-esteem and other issues. The Morococha mine provided a number of parent-education workshops on family dynamics and drug abuse and ran "Schools for Parents," a program on self-esteem, parenting skills, and sex education, which was attended by hundreds of parents—as were a series

of Family Assessment tests, given by three clinical psychologists.

- **Building infrastructure**

Thanks to our investment in a new cheese production plant (through the Fundo Santa Rosa de Cau Cau) the community of San Francisco de Asis in Pucará (near the Morococha mine) now enjoys greater sustainability in food resources and the local economy.

In the Condorcayan Village near the Huaron mine, new watering troughs prevent dehydration of the animals belonging to some 60 members of the Changaylan Community. We also inaugurated the Municipal Coliseum of Huayllay, whose construction was made possible by funding from the mining industry. And we made significant contributions to the construction of the Lima – Canta – Huayllay – Ricran Road project, an alternative route to the existing highway that will benefit all residents from Lima to Pasco.

At the San Vicente mine, our upgrades to the local Julio Urquieta School include the construction of a second floor and new laboratory rooms for chemistry, physics and computer technology. Each year since our arrival in San Vicente, an additional grade was added to the school until 2009, when, as a result of our contributions, the school offered a complete high school education. For the first time, local children can complete their schooling in their home community. We also commissioned local infrastructure, including the construction of 25 new houses for our workers and the expansion of the electrical grid to 15 more communities.



CASE STUDY:

IMPROVING HYGIENE AND HEALTH IN PERU

In close collaboration with—and financial support of—the Caritas charitable organization, we are engaged on a multi-year effort dedicated to improving health and living standards in our Peruvian communities.

In the Morococha primary school, a “healthy corner,” with a potable water supply and wash basin, instills the habits of hand washing and teeth brushing at an early age. Soap, toothpaste and toothbrushes are provided, along with storage for the toothbrushes and an educational program that extends to the students’ homes.

We are also educating and assisting the parents and homemakers in key areas of hygiene and health that we hope will improve their children’s, and their own, health and quality of life. In an ongoing program, Caritas visits homes in some of the most disadvantaged areas to offer demonstrations and provide needed home furnishings and equipment.

Hilda, a Morococha resident, has had her living space and lifestyle transformed. Before the program, she and her husband, along with their two children, had little more than a bed and stove. Now, says Hilda,

“They provided us a cabinet and water jug for the ‘cleaning-up corner’. They also gave us a cabinet for our pots and pans and an ecological fridge. They donated an exhaust pipe for the stove so the fumes don’t stay inside while we are cooking. Now my husband is happier and my children don’t get sick that often. All of this has been possible thanks to Pan American Silver and Caritas.”





“We are constantly searching for new reserves, either through exploration or acquisition.”

SUSTAINABILITY IN ACTION: ECONOMIC PERFORMANCE

SURPASSING PREVIOUS RECORDS

2010 brought new records on silver production to Pan American. With 24.3 million ounces in 2010, we had an increase of 5% over 2009. This new record is mainly attributable to exceptional silver production at Alamo Dorado.

Annual sales in 2010 were a record \$632.0 million, an increase of 39% over 2009 sales, driven primarily by increased quantities of silver sold, combined with higher realized prices for all metals.

Mine operating earnings in 2010 increased to \$239.8 million, an increase of 90% over the prior year, as growth in sales noted above significantly outweighed increases in cost of sales and depreciation.

Cash flow from operations was at record \$242.4 million, a 109% increase from 2009. Operating cash flow before changes in non-cash working capital was \$218.3 million in 2010, a \$66.7 million improvement on the comparable cash flow from 2009. The additional operating cash flow was mainly attributable to increased cash flow from Alamo Dorado and Manantial Espejo, which combined to generate \$150.9 million.

Pan American declared its first dividend in February 2010 and a second dividend in August 2010, both in the amount

of \$0.025 per common share. In November of 2010 we not only announced another dividend, but increased the frequency of the Company's dividend distributions from a semi-annual to a quarterly basis.

A primary measure of sustainability is our ability to replace the ore that we mine with new proven and probable mineral reserves. Therefore, we are constantly searching for new reserves, either through exploration or acquisition.

CONTRIBUTING TO LOCAL ECONOMIES THROUGH SALARIES, SUPPLIES AND SERVICES

Through solid growth and strong financial returns we have been successful in improving the local economies in every one of our host communities. As a company-wide business practice, we strive to hire from, and to buy goods and services from local communities. We work closely with our communities to support their ability to provide for our increasing demands, and to help them develop self-sustaining economies. By building strong relationships with our communities and helping them grow along with us, we increase value for all of our stakeholders. This approach has been, and will continue to be, an integral part of Pan American Silver's success.



CASE STUDY:

**ESTABLISHING FAIR TRADE
BUSINESSES IN PERU AND
ARGENTINA**

In the effort to grow sustainable local economies, we have been operating hand-weaving workshops in the Morococha and Huaron communities in Peru. These programs encourage broad-based social and economic improvement: the wool is sourced from local alpaca ranches (which we help support with veterinarian and business development assistance). The weavers are local women who, prior to this experience, have never brought money into their households. In addition to teaching weaving skills that use locally-available tools and technologies (such as bicycle parts for spinning wheels), our instructors advise the weavers on design, and connect them to global Fair Trade communities to facilitate marketing of the product. Some of these women now earn as much as, or more than, their miner spouses. Some are their family's sole wage-earners.

Programs of this kind require patience and persistence to succeed: we began the Peruvian programs eight years ago, and are now seeing positive results.



This image is for the marketing campaign Alpaca de Los Andes in Peru.



“Eight years ago a lady in my neighbourhood told me that Pan American was opening a workshop, and I asked the teacher if I could join. I signed up and right away we started weaving.”



“I thank God for Pan American. Thanks to them I had additional training in an exchange program in Uruguay. It was a beautiful experience. I learned so much by looking at the work that other ladies do down there.”



“Native plant species are best adapted to the local environment, making them most efficient and effective for land reclamation.”

GRI PERFORMANCE INDICATORS

CHUBUT | ARGENTINA



ECONOMIC PERFORMANCE

EC1 – Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

Production	2010	2009	2008
Silver Ounces	24,285,794	23,043,539	18,672,939
Gold Ounces	89,556	100,704	25,146
Zinc Tonnes	43,103	44,246	39,811
Lead Tonnes	13,628	14,328	15,974
Copper Tonnes	5,221	6,446	6,069
Cash cost per silver ounce	\$5.69	\$5.53	\$5.96
Total cost per silver ounce	\$9.51	\$9.57	\$8.76
Average silver price	\$20.14	\$14.67	\$14.99

Financial (millions except per share amount)	2010	2009	2008
Sales	\$632.0	\$454.8	\$338.6
Mine operating earnings	\$239.8	\$126.0	\$93.2
Income Taxes paid	\$36.7	\$21.7	\$25.6
Net income	\$112.6	\$62.0	\$24.6
Net income per share	\$1.05	\$0.71	\$0.31
Cash flow operating activities	\$218.3	\$151.7	\$99.9

Stakeholders	2010	2009	2008
Common shares outstanding at Dec. 31 (millions)	107.8	105.10	76.70
Employees	7,068	6,279	7,300



EC4 – Significant financial assistance received from government

	Manantial Espejo	Alamo Dorado	La Colorada	San Vicente	Quiruvilca	Huaron	Morococha
Financial assistance received from government	0	0	0	0	0	0	0

*No financial assistance was requested or received by any of the governments of the countries we work in.

ENVIRONMENT

Materials

EN1 – Materials used by weight or volume.

	Manantial Espejo	Alamo Dorado	La Colorada	San Vicente	Quiruvilca	Huaron	Morococha	Total
Ore Milled (tonnes)	717,463	1,675,952	345,697	271,483	323,427	704,094	619,819	4,657,935

Energy

EN3 – Direct Energy consumption by primary energy source.

	Manantial Espejo	Alamo Dorado	La Colorada	San Vicente	Quiruvilca	Huaron	Morococha	Total
Diesel (fuel/oil) (lts)	12,178,361	2,638,080	1,110,206	701,047	746,907	2,170,338	2,251,739	21,796,678
Gasoline (lts)	0	242,139	112,668	113,776	1,529	0	4,890	475,002
Gas Natural (gas) (m ³)	0	0	0	0	0	0	0	0
Coal (tonnes)	0	0	0	4	302	0	0	306
LPG (lts)	0	3,453,008	289,223	160,500	1,098	41,615	69,363	4,014,807
Ammonium Nitrate ANFO (tonnes)	1,439	522	292	474	0	366	8	3,101
Emulsions (tonnes)	415	0	167	33	282	239	727	1863

“Our support of livestock breeding programs is a component of the successful development of artisanal “fair trade” clothing businesses.”



ENVIRONMENT, CONT.

EN 4 – Indirect energy consumption by primary source.

	Manantial Espejo*	Alamo Dorado	La Colorada	San Vicente	Quiruvilca	Huaron	Morococha	Total
Stationary Energy (MWh)	0	50,343	42,408	17,950	33,495	67,232	54,185	265,613

*Manantial Espejo uses onsite power generation which is reflected in the use of diesel in direct consumption

Water

EN8 – Total water withdrawal by source (m³).

	Manantial Espejo	Alamo Dorado	La Colorada	San Vicente	Quiruvilca	Huaron	Morococha	Total
Surface water	0	0	0	26,710	135,955	2,514,134	3,455,462	6,132,261
Ground water	314,088	507,085	223,723	134,244	997,292	8,370	0	2,184,802
Rain water	0	0	0	0	0	0	0	0
Waste water	0	0	41,621	0	0	0	0	41,621
TOTAL	314,088	507,085	265,344	160,954	1,133,247	2,522,504	3,455,462	8,358,684

EN10 – Percentage and total volume of water recycled and reused (m³).

	Manantial Espejo	Alamo Dorado	La Colorada	San Vicente	Quiruvilca	Huaron	Morococha
Volume of water recycled/reused(m ³)	504,463	504,462	233,390	439,652	817,624	0	0
% of water recycled reused compared with the total amount of water used (EN8)	62%	50%	47%	73%	42%	0%	0%

*% recycled is the amount of water recycled to the plant as a percentage of the total water used in the plant mine and camp. Total water used includes all waters used in the plant, including recycled water (EN10-1) and new waters (EN8-1 a through d)



Emissions, Effluents and Waste

EN16–Total direct and indirect greenhouse gas emissions by weight. Tonnes of CO₂ E.

Direct GHG emissions

	Manantial Espejo	Alamo Dorado	La Colorada	San Vicente	Quiruvilca	Huaron	Morococha	Total
Diesel (fuel/oil)	33,035	7,156	3,012	1,902	2,026	5,887	6,108	59,126
Gasoline	0	582	271	273	4	0	12	1,114
Gas Natural (gas)	0	0	0	0	0	0	0	0
Gas Natural (liquido)	0	0	0	0	0	0	0	0
Coal	0	0	0	10	769	0	0	779
LPG	0	5,248	440	244	2	63	105	6,101
Ammonium Nitrate ANFO	272	99	55	90	0	69	2	586
Emulsions	78	-	32	6	53	45	137	352
TOTAL	33,386	27,250	3,808	2,525	2,854	6,065	6,364	68,086

EN16-4 – Indirect Greenhouse Gas Emissions By Primary Source. Tonnes of CO₂ E.

	Manantial Espejo	Alamo Dorado	La Colorada	San Vicente	Quiruvilca	Huaron	Morococha	Total
Stationary Energy	0	27,250	22,955	9,064	5,772	11,586	9,337	85,964

“From early exploration, through mining operations and eventual closure, we minimize, mitigate, and remediate the environmental impacts of our operations.”



ENVIRONMENT, CONT.

EN21 – Total water discharge by quality and destination (m³).

	Manantial Espejo	Alamo Dorado	La Colorada	San Vicente	Quiruvilca	Huaron	Morococha
Surface water	0	0	3,439,953	0	121,113	0	1,244,649
Ocean	0	0	0	0	0	0	0
Ground water	0	0	0	0	0	0	0
Water treatment plant	48,540	7,915	0	159,268	2,427,543	20,183,040	18,615

EN22 – Total weight of waste by type and disposal method (tonnes).

	Manantial Espejo	Alamo Dorado	La Colorada	San Vicente	Quiruvilca	Huaron	Morococha	Total
Hazardous waste	71	150	88	13	36	55	14	427
Non-hazardous waste	1050	117	200	226	1,863	1,259	503	5,218
Composting	0	0	4	0	2	0	0	6
Reuse	0	31	0	0	2	15	0	48
Recuperation	0	0	18	0	4	336	46	404
Recycling	0	36	100	2	39	8	25	210
Incineration	0	78	0	1	0	173	0	252
Landfill	200	0	96	0	0	727	394	1,417
Storage in situ	0	48	0	0	75	0	60	183



HUMAN RIGHTS

Freedom of Association and Collective Bargaining

HR5 – Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.

	Manantial Espejo	Alamo Dorado	La Colorada	San Vicente	Quiruvilca	Huaron	Morococha
Employees that belong to a union or association	461	198	459	275	190	433	418

Child Labour

HR6 – Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.

	Manantial Espejo	Alamo Dorado	La Colorada	San Vicente	Quiruvilca	Huaron	Morococha
Incidents of child exploitation or situations where children have been exposed to dangerous work	0	0	0	0	0	0	0

“At most Pan American mines and projects, 85% of the employees come from nearby regions.”



LABOUR PRACTICES

Employment, at December 31, 2010

LA1 – Total workforce by employment type, employment contact, and region.

	Administration	Geologists	Engineers	Labour	Total Employees	Contractors	Total Employees & Contractors
Canada							
Vancouver Corporate	28	4	6	0	38	0	38
Peru							
Offices (Off Mine Sites)	52	0	5	0	57	0	57
Exploration	0	8	0	0	8	0	8
Quiruvilca	79	33	19	776	907	139	1,046
Huaron	60	32	27	719	838	802	1,640
Morococha	60	71	12	618	761	1,052	1,813
Pico Machay	2	0	0	4	6	13	19
Total - Peru	253	144	63	2,117	2,577	2,006	4,583
Mexico							
Offices (Off Mine Sites)	27	0	2	5	34	0	34
Exploration	0	2	0	0	2	0	2
Alamo Dorado	18	1	33	198	250	23	273
La Colorada	24	6	64	459	553	77	630
La Preciosa	2	5	3	23	33	0	33
Total - Mexico	71	14	102	685	872	100	972
Bolivia							
Offices (Off Mine Site)	21	0	0	7	28	18	46
Exploration	0	2	0	0	2	6	8
San Vicente	73	7	29	299	408	161	569
Total - Bolivia	94	9	29	306	438	185	623
Argentina							
Offices (Off Mine Site)	21	0	0	0	21	3	24
Exploration	0	1	0	12	13	29	42
Manantial Espejo	21	3	6	521	551	101	652
Navidad	15	8	0	81	104	26	130
Calcatreu	3	0	0	0	3	1	4
Total - Argentina	57	12	6	614	692	160	852
Total	503	183	206	3,722	4,617	2,451	7,068



WOMEN IN MINING

Among our many human rights principles, Pan American Silver is committed to equal rights and equal opportunity for all, regardless of race, culture, religion or gender. We actively advocate the hiring, training, and internal promotion of women in all employment streams, from administrative offices to exploration teams to work in our mine sites.

While women have long filled mission-critical roles in our administration, engineering and geological teams, we are finding a growing number of local women working in non-traditional roles, including the operation of heavy equipment. It is our goal to provide opportunities to female workers.

We appreciate and wish to recognize the vital contributions our women workers are making to the company's productivity.



MANANTIAL ESPEJO, ARGENTINA >

“Our goal is to continually improve our safety performance, and maintain our position as industry leaders in worker health and safety.”



LABOUR PRACTICES, CONT.

LA2 – Total number and rate of employee turnover by age group, gender and region for 2010.

	Manantial Espejo	Alamo Dorado	La Colorada	San Vicente	Quiruvilca	Huaron	Morococha
Turnover employees	104	46	58	31	355	192	163
Rate of Turnover	16%	17%	9%	5%	34%	12%	9%
<30-men	34	8	18	0	58	89	45
<30-women	0	6	0	0	0	0	0
Between 30 and 50-men	68	28	36	21	293	97	108
Between 30 and 50-women	0	1	0	6	0	0	0
>50-men	2	3	4	4	4	6	10
>50-women	0	1	0	0	0	0	0

Labour/Management Relations

LA4 – Percentage of employees covered by collective bargaining agreements

	Manantial Espejo	Alamo Dorado	La Colorada	San Vicente	Quiruvilca	Huaron	Morococha
Number of total employees covered by an agreement	461	198	459	275	190	433	418
%total of employees	82%	80%	83%	60%	21%	42%	56%



Occupational Health and Safety

LA7 – Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.

	Manantial Espejo	Alamo Dorado	La Colorada	San Vicente	Quiruvilca	Huaron	Morococha
LTIF - Lost time injury frequency	0	0	0.56	3.53	3.18	2.51	3.23
LTIS - Lost time injury Severity	0	0	33	3,615	70	3,271	2,831

Training and Education

LA10 – Average hours of training per year by subject.

	Manantial Espejo	Alamo Dorado	La Colorada	San Vicente	Quiruvilca	Huaron	Morococha	Total
General Safety	5,178	2,224	9,566	4,193	29,434	47,143	45,216	142,954
Mining Induction	2,712	669	8,328	2,873	12,409	23,202	17,785	67,978
Geotechnical	0	0	296	0	2586	2642	3569	9,093
Formal Safety Meetings	329	264	291	2520	6380	6404	2700	18,888
Mine Rescue	1099	2965	2188	111	693	1375	925	9,356
Total	9,318	6,122	20,669	9,697	51,502	80,766	70,195	248,269

GLOSSARY

AG	silver
AVR	Acidification, Volatilization and Recuperation
BIODIVERSITY	the variety of living organisms, genetic diversity, habitat diversity that create and sustain variation in the environment
CAMINEX	Mining Chamber of Mexico
CSA	Chairman Safety Award
CEMEFI	Mexican Center of Philanthropy
CO²E	carbon dioxide equivalent
CSR	corporate social responsibility
G3 INDICATOR	sustainability performance indicators contained in the G3 guidelines of the Global Reporting Initiative
GHG	greenhouse gas
GLOBAL REPORTING INITIATIVE (GRI)	an Independent institution whose mission is to develop and disseminate globally applicable sustainability reporting guidelines
HSE	health, safety and environment
LPG	liquefied petroleum gas
LTIF	lost time injury frequency, calculated as the total number accidents per million hours worked
LTIS	lost time injury severity, calculated as the number of days lost to injury per million hours worked
M³	cubic metres
PAS	Pan American Silver Corp.
TONNE	unit of weight equivalent to 1000 kilograms

2010 AWARDS AND RECOGNITIONS

MEXICO

Award "Casco de Plata" (Safety Award) mina la colorada y mina alamo Dorado for 2009, given by camimex (mexican chamber of mining). Both mines achieved the status of "Socially Responsible Companies" from CEMEFI.

ARGENTINA

Argentina Mining awarded our Chairman, Ross Beaty with "Outstanding International Entrepreneur of Argentina Mining 2010".

PERU

6	Sociedad Nacional de Minería, Petróleo y Energía (National Society of Mining, Oil and Energy)	Premio Categoría esfuerzos de promoción de desarrollo local. Proyecto: Mejoramiento de la Seguridad Alimentaria Nutricional a las familias campesinas de la REGIÓN JUNIN
		Award on the category of local development. Project: Improvement of nutrition on the local communities in Region Junin.
7	GHIIS JÁA	Premio Responsabilidad Social Ambiental 2010 Social Responsibility Award in 2010

BOLIVIA

Third place in the CSR contest organized by the Chamber of Industries (Total of companies participating:110)
Honored guest of Atocha Municipality

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