

# SILVER | WHEATON

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\* Not affiliated with Justin Silver

... THANK GOD!

# Agenda

- All About Silver
- Company Overview
- Thesis
- Catalysts
- Risks
- Opportunity
- Valuation



# Why Silver?

- Silver is used in:
  - Chemicals
  - Brazing Alloys
  - Jewelry
  - Control Rods in Nuclear Reactors
  - Electrical Components (Batteries, LCD screens, ect.)
  - Antibiotic properties prompting medical research
- Governments have sold silver inventories in the past 3 decades to keep prices down



# Company Overview

**Provides upfront capital for mining operations for the right to purchase a percentage of the future silver production at a fixed price from that mining operation**



# How?

- Silver byproduct of other precious metals
- Junior miners need cash to develop their mines and offer to sell their silver production at a discount for an upfront capital infusion
- Buys the silver at a fixed price and sells it on the spot market



# Thesis

- No operational risks of traditional mining companies
- Strong balance sheet with ready cash
- Recent high quality acquisitions
- Effective perpetual option on silver prices

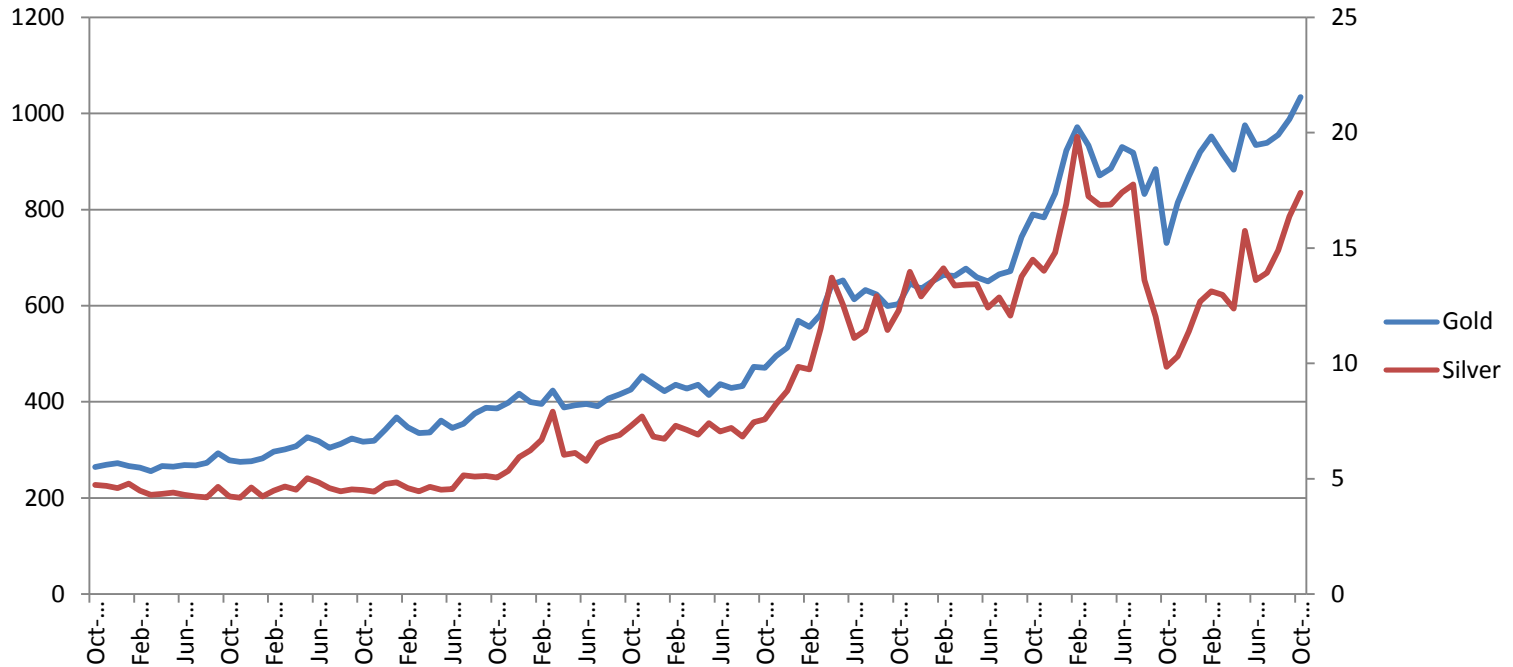


# Silver Streaming Benefits

No exploration expenditures  
+ No environmental or closure responsibilities  
+ No currency risk  
+ Structured to minimize income taxes  
+ 100% upside to increase in silver prices  
+ Fixed Operating Costs  
=  
Effective perpetual option on silver prices



# Silver Streaming



Current margin of over \$13.50/oz

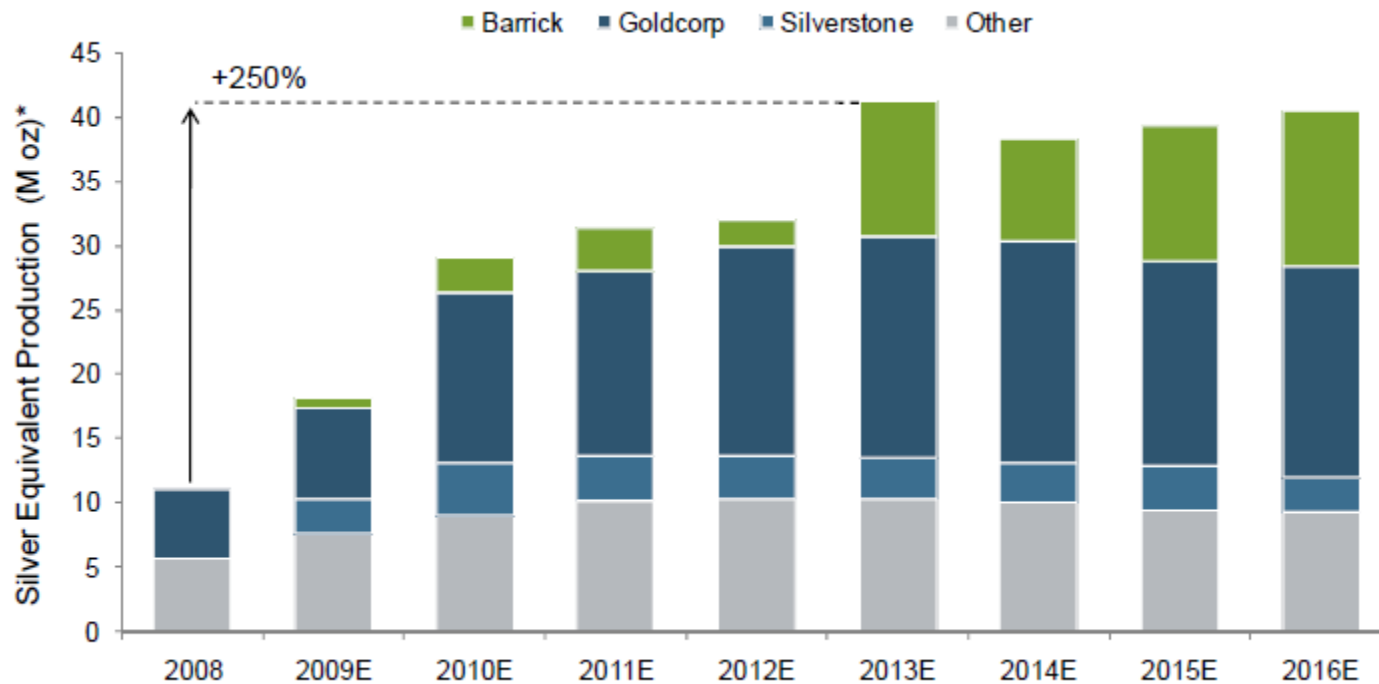


# Catalyst

- Recent high quality acquisitions
  - Silverstone Resources
  - Barrick's Silver Production
- Phenomenal growth in production over the next 5 years (Pascua Lama and Penasquito)
- Largest and fastest growing royalty and metals streaming company in world
  - More than 1.7 billion ounces in total silver reserves



# Unparalleled Growth Profile



# Silverstone

- Closed in May 2009 as all-stock \$250 million transaction
- Consolidated industry, strengthening SLW's position as the largest silver streamer
- Added production from three developed mines, 4.5 million oz/year at \$3.90/oz



# Barrick

- Closed in September 2009 as an \$625 million transaction over 3 years
- Provides immediate cash flow with addition of three producing mines, 2.4 million oz/year
- Right to 25% of life of mine (over 25 years) production at Pascua-Lama with completion guarantee, 9 million oz/year attributable

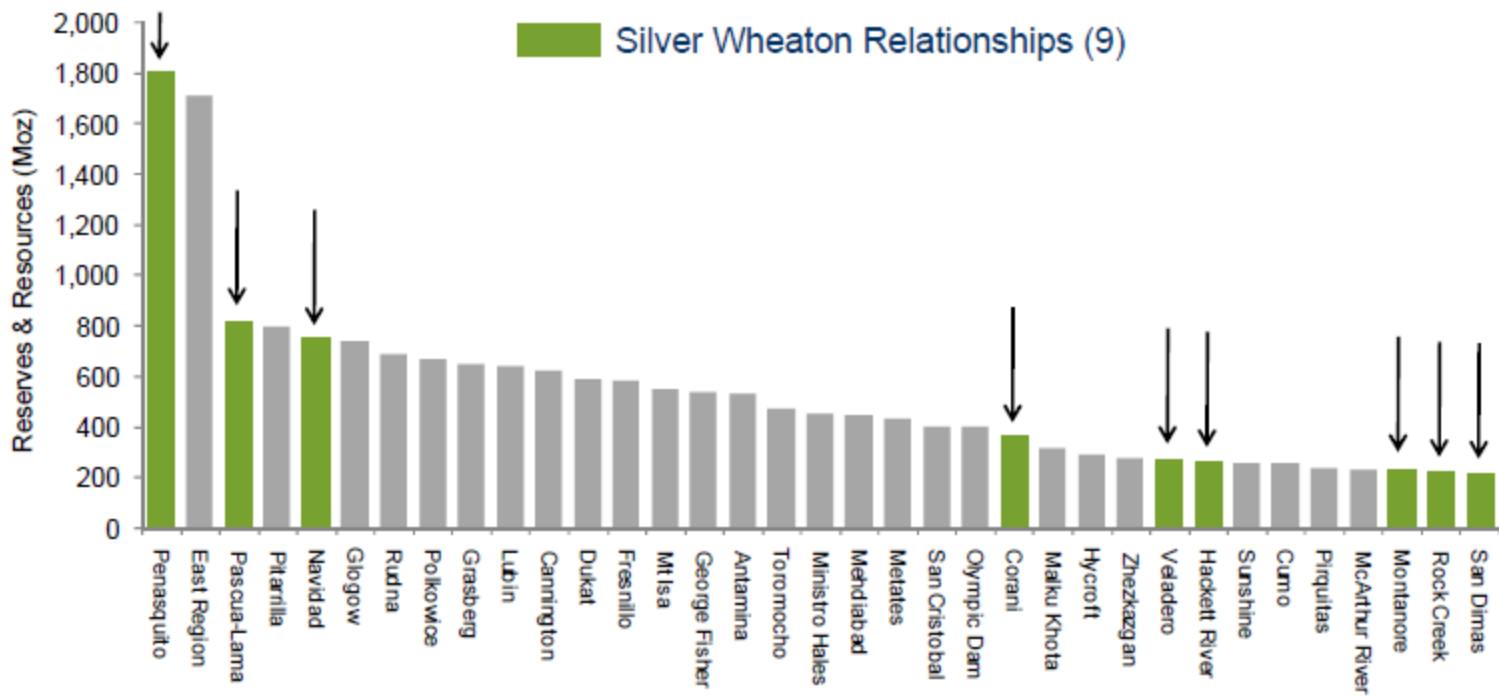


# Penasquito

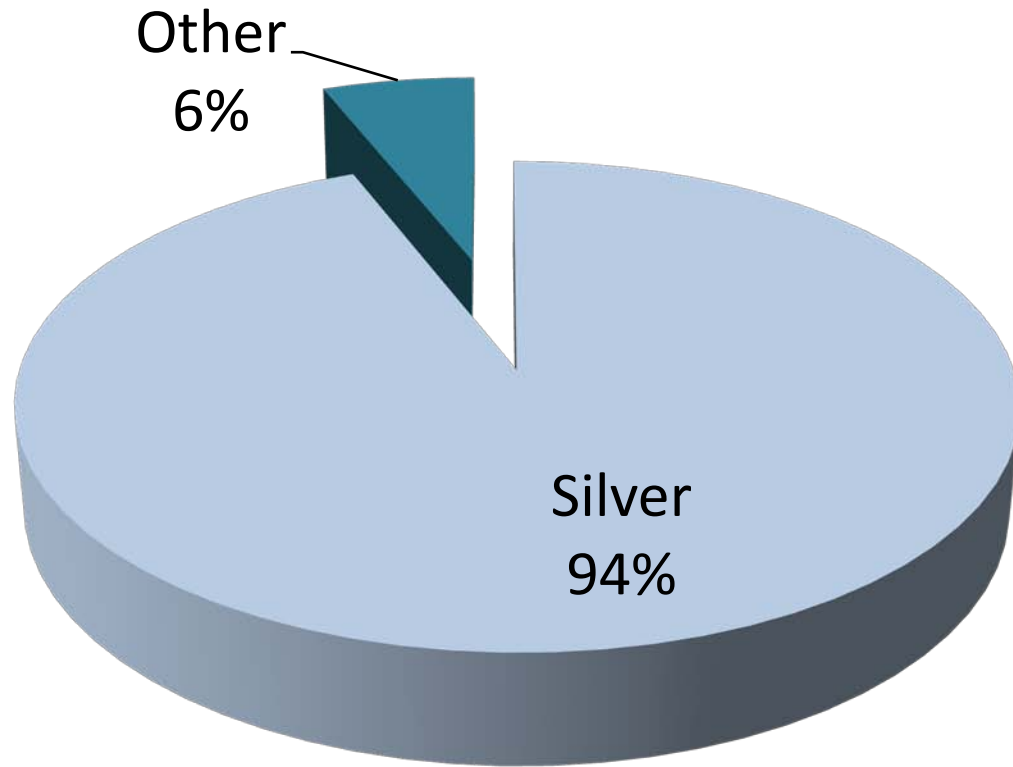
- Starting production Q4 2008
- Largest silver deposit in world
- Right to 25% of life of mine (LOM) production with completion guarantee
- Estimated 7.2 million oz/year of upside if underground exploration successful



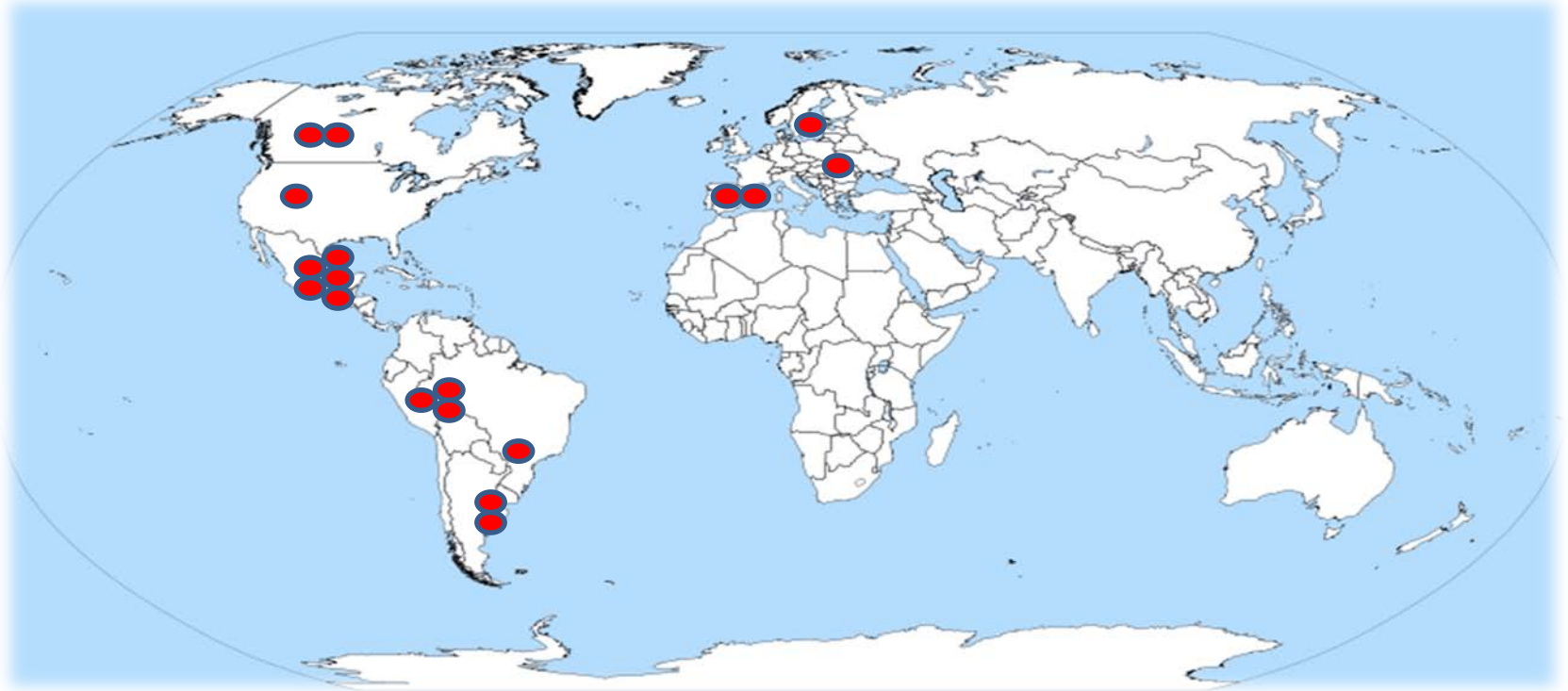
# Top 35 Silver Deposits in World



# Revenue Sources



# Geographically Diverse



# Risks

- Lack of operational control
- Commodity pricing risk
- Financing risk
- Acquisition strategy



# Why Inflation?

➤ No demand pull inflation in the short term

Emerging economies demand commodities →

Commodity prices rise →

Goods prices (made with commodities) rise →

Cost push inflation possible

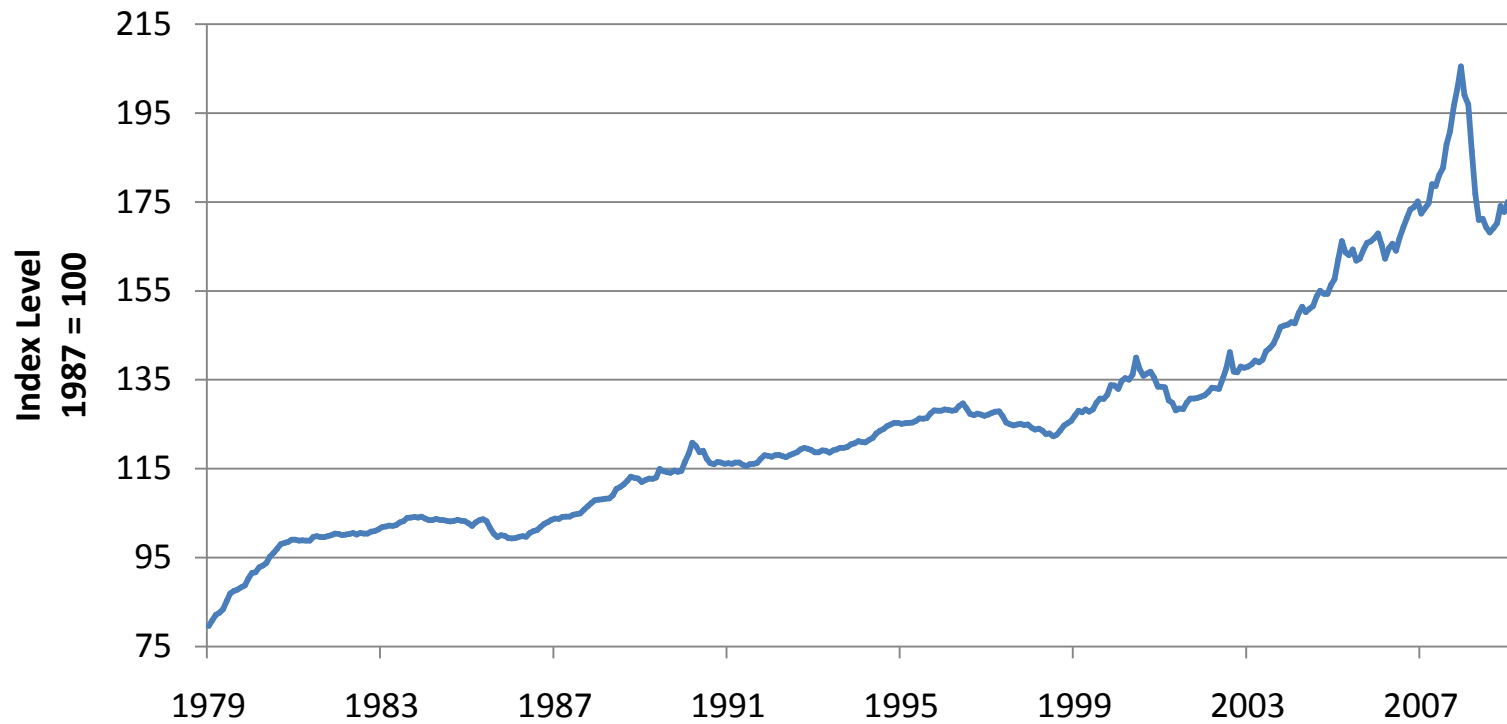


# Emerging Markets' Commodities Demand

- China invests in Petrobras, Gorgon field in Australia, etc...
- China buying up tons of copper, aluminum and other industrial metal
- China encourages citizens to own precious metals



# PPI Commodities



# Why Inflation?

Need to keep interest rates low but massive deficit

→ Quantitative easing achieves both goals

→ More supply of dollars

→ Dollar weakens vs. other currencies

→ Dollar denominated assets (including the world commodity markets) increase in price

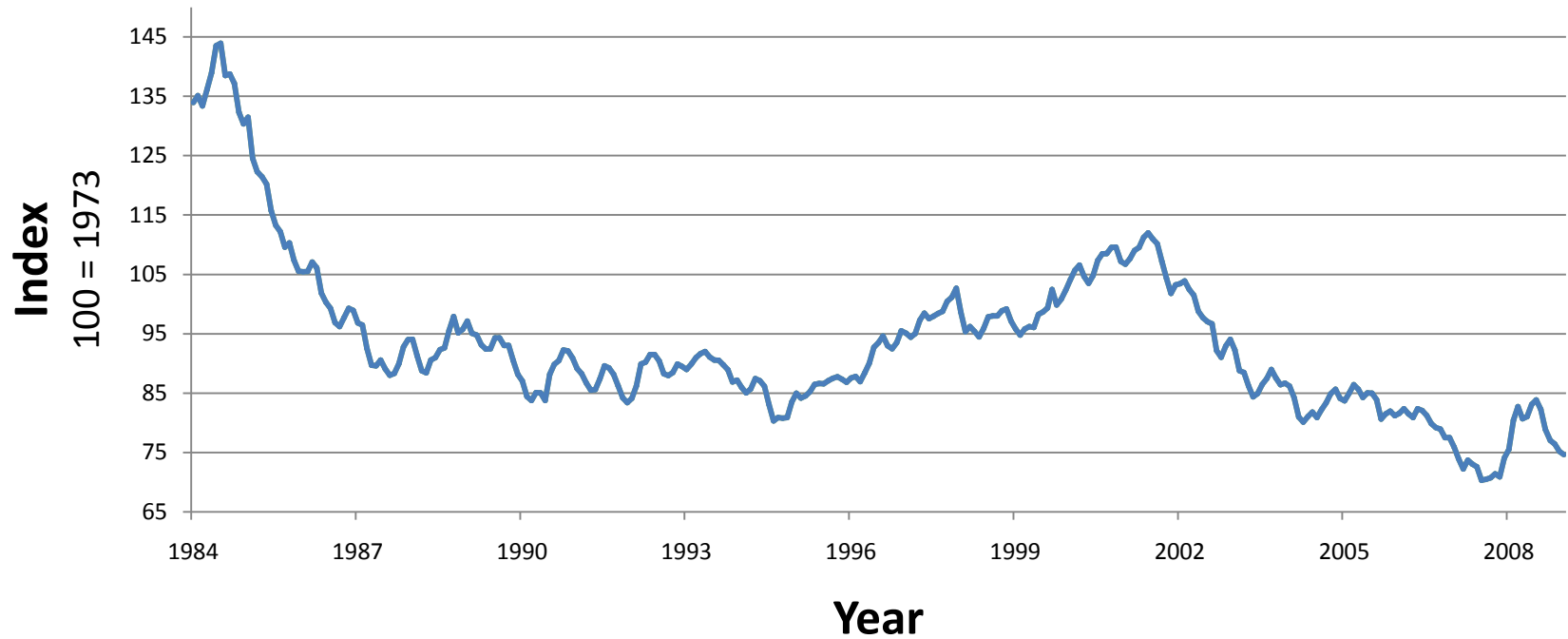
**→ Cost push inflation**



# Deficits Graph/Data



# Dollar Weakness



# Summary

- Not just an inflation play due to production and recent high quality acquisitions
- Not a traditional mining company
- Tremendous free cash flow
- Many catalysts to drive silver price increase (new uses and dollar weakness)



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**QUESTIONS?!?!?**

