



CIBC Institutional Investment Conference

Whistler, January 21, 2015



NASDAQ: PAAS

TSX: PAA

panamericansilver.com

Cautionary Note

NON-GAAP MEASURE – CASH COSTS PER PAYABLE OUNCE OF SILVER PRODUCED, NET OF BY-PRODUCT CREDITS

THIS PRESENTATION PRESENTS INFORMATION ABOUT OUR CASH COSTS OF PRODUCTION OF A PAYABLE OUNCE OF SILVER FOR OUR OPERATING MINES. CASH COSTS PER PAYABLE OUNCE PRODUCED, NET OF BY-PRODUCT CREDITS, IS CALCULATED AS FOLLOWS:

- EXCEPT AS OTHERWISE NOTED, CASH COSTS PER PAYABLE OUNCE PRODUCED IS CALCULATED BY DIVIDING TOTAL CASH COSTS NET OF BY-PRODUCT CREDITS BY TOTAL PAYABLE SILVER OUNCES PRODUCED AT THE RELEVANT MINE OR MINES.
- TOTAL CASH COSTS INCLUDE MINE OPERATING COSTS SUCH AS MINING, PROCESSING, ADMINISTRATION, ROYALTIES AND OPERATING TAXES, BUT EXCLUDE AMORTIZATION, RECLAMATION COSTS, FINANCING COSTS AND CAPITAL DEVELOPMENT AND EXPLORATION. CERTAIN AMOUNTS OF STOCK-BASED COMPENSATION ARE EXCLUDED AS WELL.

CASH COST PER PAYABLE OUNCE OF SILVER PRODUCED, NET OF BY-PRODUCT CREDITS, IS INCLUDED IN THIS PRESENTATION BECAUSE CERTAIN INVESTORS USE THIS INFORMATION TO ASSESS OUR PERFORMANCE AND ALSO TO DETERMINE OUR ABILITY TO GENERATE CASH FLOW FOR USE IN INVESTING AND OTHER ACTIVITIES. THE INCLUSION OF CASH COSTS PER PAYABLE OUNCE PRODUCED, NET OF BY-PRODUCT CREDITS, MAY ENABLE INVESTORS TO BETTER UNDERSTAND YEAR-OVER-YEAR CHANGES IN OUR PRODUCTION COSTS, WHICH IN TURN AFFECT PROFITABILITY AND CASH FLOW. CASH COSTS PER OUNCE, NET OF BY-PRODUCT CREDITS IS A NON-GAAP MEASURE AND DOES NOT HAVE A STANDARDIZED MEANING OR A CONSISTENT BASIS OF CALCULATION PRESCRIBED BY CANADIAN ACCOUNTING STANDARDS. INVESTORS ARE CAUTIONED THAT CASH COSTS PER PAYABLE OUNCE PRODUCED, NET OF BY-PRODUCT CREDITS, SHOULD NOT BE CONSIDERED IN ISOLATION OR CONSTRUED AS A SUBSTITUTE TO COSTS DETERMINED IN ACCORDANCE WITH CANADIAN ACCOUNTING STANDARDS AS PRESCRIBED UNDER IFRS AS AN INDICATOR OF PERFORMANCE. OUR METHOD OF CALCULATING CASH COSTS PER PAYABLE OUNCE PRODUCED MAY DIFFER FROM THE METHODS USED BY OTHER ENTITIES AND, ACCORDINGLY, OUR CASH COSTS PER PAYABLE OUNCE PRODUCED MAY NOT BE COMPARABLE TO SIMILARLY TITLED MEASURES USED BY OTHER ENTITIES. READERS SHOULD REFER TO THE ALTERNATIVE PERFORMANCE (NON-GAAP) MEASURES SECTION OF THE COMPANY'S MOST RECENT MD&A FOR THE PERIOD ENDING SEPTEMBER 30, 2014 FOR A MORE DETAILED DISCUSSION OF THIS MEASURE.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

CERTAIN OF THE STATEMENTS AND INFORMATION IN THIS PRESENTATION CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND "FORWARD-LOOKING INFORMATION" WITHIN THE MEANING OF APPLICABLE CANADIAN PROVINCIAL SECURITIES LAWS. ALL STATEMENTS, OTHER THAN STATEMENTS OF HISTORICAL FACT, ARE FORWARD-LOOKING STATEMENTS OR INFORMATION. FORWARD-LOOKING STATEMENTS OR INFORMATION IN THIS PRESENTATION RELATE TO, AMONG OTHER THINGS: OUR FORECAST PRODUCTION OF SILVER, GOLD AND OTHER METALS IN 2015; OUR ESTIMATED CASH COSTS PER OUNCE OF SILVER IN 2014 AND FORECAST CASH COSTS PER OUNCE OF SILVER IN 2015; OUR ANTICIPATED CAPITAL INVESTMENTS FOR 2015; THE ABILITY OF THE COMPANY TO SUCCESSFULLY COMPLETE ANY CAPITAL INVESTMENT PROGRAMS AND PROJECTS AND THE IMPACTS OF ANY SUCH PROGRAMS AND PROJECTS ON THE COMPANY; AND ANY ANTICIPATED LEVEL OF FINANCIAL AND OPERATIONAL SUCCESS IN 2015.

THESE STATEMENTS REFLECT THE COMPANY'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND ARE NECESSARILY BASED UPON A NUMBER OF ASSUMPTIONS THAT, WHILE CONSIDERED REASONABLE BY THE COMPANY, ARE INHERENTLY SUBJECT TO SIGNIFICANT OPERATIONAL, BUSINESS, ECONOMIC AND REGULATORY UNCERTAINTIES AND CONTINGENCIES. THESE ASSUMPTIONS INCLUDE: TONNAGE OF ORE TO BE MINED AND PROCESSED; ORE GRADES AND RECOVERIES; PRICES FOR SILVER, GOLD AND BASE METALS; CAPITAL, DECOMMISSIONING AND RECLAMATION ESTIMATES; OUR MINERAL RESERVE AND RESOURCE ESTIMATES AND THE ASSUMPTIONS UPON WHICH THEY ARE BASED; PRICES FOR ENERGY INPUTS, LABOUR, MATERIALS, SUPPLIES AND SERVICES (INCLUDING TRANSPORTATION); NO LABOUR-RELATED DISRUPTIONS AT ANY OF OUR OPERATIONS; NO UNPLANNED DELAYS IN OR INTERRUPTIONS IN SCHEDULED PRODUCTION; ALL NECESSARY PERMITS, LICENCES AND REGULATORY APPROVALS FOR OUR OPERATIONS ARE RECEIVED IN A TIMELY MANNER; AND OUR ABILITY TO COMPLY WITH ENVIRONMENTAL, HEALTH AND SAFETY LAWS. THE FOREGOING LIST OF ASSUMPTIONS IS NOT EXHAUSTIVE.

THE COMPANY CAUTIONS THE READER THAT FORWARD-LOOKING STATEMENTS AND INFORMATION INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS AND DEVELOPMENTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS OR INFORMATION CONTAINED IN THIS PRESENTATION AND THE COMPANY HAS MADE ASSUMPTIONS AND ESTIMATES BASED ON OR RELATED TO MANY OF THESE FACTORS. SUCH FACTORS INCLUDE, WITHOUT LIMITATION: FLUCTUATIONS IN SILVER, GOLD AND BASE METALS PRICES; FLUCTUATIONS IN PRICES FOR ENERGY INPUTS, LABOUR, MATERIALS, SUPPLIES AND SERVICES (INCLUDING TRANSPORTATION); FLUCTUATIONS IN CURRENCY MARKETS (SUCH AS THE CANADIAN DOLLAR, PERUVIAN SOL, MEXICAN PESO AND BOLIVIAN BOLIVIANO VERSUS THE U.S. DOLLAR); OPERATIONAL RISKS AND HAZARDS INHERENT WITH THE BUSINESS OF MINING (INCLUDING ENVIRONMENTAL ACCIDENTS AND HAZARDS, INDUSTRIAL ACCIDENTS, EQUIPMENT BREAKDOWN, UNUSUAL OR UNEXPECTED GEOLOGICAL OR STRUCTURAL FORMATIONS, CAVE-INS, FLOODING AND SEVERE WEATHER); RISKS RELATING TO THE CREDIT WORTHINESS OR FINANCIAL CONDITION OF SUPPLIERS, REFINERS AND OTHER PARTIES WITH WHOM THE COMPANY DOES BUSINESS; INADEQUATE INSURANCE, OR INABILITY TO OBTAIN INSURANCE, TO COVER THESE RISKS AND HAZARDS; EMPLOYEE RELATIONS; RELATIONSHIPS WITH, AND CLAIMS BY, LOCAL COMMUNITIES AND INDIGENOUS POPULATIONS; OUR ABILITY TO OBTAIN ALL NECESSARY PERMITS, LICENSES AND REGULATORY APPROVALS IN A TIMELY MANNER; CHANGES IN LAWS, REGULATIONS AND GOVERNMENT PRACTICES IN THE JURISDICTIONS WHERE WE OPERATE, INCLUDING ENVIRONMENTAL, EXPORT AND IMPORT LAWS AND REGULATIONS; DIMINISHING QUANTITIES OR GRADES OF MINERAL RESERVES AS PROPERTIES ARE MINED; INCREASED COMPETITION IN THE MINING INDUSTRY FOR EQUIPMENT AND QUALIFIED PERSONNEL; AND THOSE FACTORS IDENTIFIED UNDER THE CAPTION "RISKS RELATED TO PAN AMERICAN'S BUSINESS" IN THE COMPANY'S MOST RECENT FORM 40-F AND ANNUAL INFORMATION FORM FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CANADIAN PROVINCIAL SECURITIES REGULATORY AUTHORITIES. ALTHOUGH THE COMPANY HAS ATTEMPTED TO IDENTIFY IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY, THERE MAY BE OTHER FACTORS THAT CAUSE RESULTS NOT TO BE AS ANTICIPATED, ESTIMATED, DESCRIBED OR INTENDED. INVESTORS ARE CAUTIONED AGAINST UNDUE RELIANCE ON FORWARD-LOOKING STATEMENTS AND INFORMATION. FORWARD-LOOKING STATEMENTS AND INFORMATION ARE DESIGNED TO HELP READERS UNDERSTAND MANAGEMENT'S CURRENT VIEWS OF OUR NEAR AND LONGER TERM PROSPECTS AND MAY NOT BE APPROPRIATE FOR OTHER PURPOSES. THE COMPANY DOES NOT INTEND, NOR DOES IT ASSUME ANY OBLIGATION TO UPDATE OR REVISE FORWARD-LOOKING STATEMENTS AND INFORMATION, WHETHER AS A RESULT OF NEW INFORMATION, CHANGES IN ASSUMPTIONS, FUTURE EVENTS OR OTHERWISE, EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW.

Technical information contained in this presentation with respect to Pan American has been reviewed by Michael Steinmann, P.Geol., Executive VP Corporate Development & Geology, and Martin Wafforn, P.Eng., VP Technical Services, who are the Company's Qualified Persons for the purposes of NI 43-101.

FY 2014 - Record Production

Mine	Ag Production ⁽¹⁾ (Moz)	Au Production ⁽¹⁾ (koz)	Cash Costs ⁽²⁾
La Colorada	4.98	2.57	\$8.07
Alamo Dorado	3.47	17.56	\$12.89
Dolores	3.98	66.83	\$12.94
Huaron	3.63	1.16	\$11.50
Morococha (92.3%)	2.37	2.92	\$13.12
San Vicente (95%)	3.95	n/a	\$13.16
Manantial Espejo	3.72	70.47	\$10.12
TOTAL ⁽¹⁾	26.11	161.50	\$11.43 ⁽³⁾

- **Record Ag production, up 1% from 2013**
- **Record Au production, up 8% from 2013**

(1) Silver production rounded to the nearest 10,000 ounces and gold production rounded to the nearest 100 ounces. Totals may not add up due to rounding.

(2) Cash costs per silver ounce, net of by product credits for the fourth quarter are considered preliminary and could change based on final audited financial results. Preliminary unaudited cash costs per payable silver ounce, net of by-product credits. Average by-product metal prices for 2014 were: Au \$1,266/oz, Zn \$2,164/tonne, Pb \$2,096/tonne, Cu \$6,862/tonne. Cash costs is a non-GAAP measure and readers should refer to the information under the heading "Non-GAAP Measure – Cash Costs Per Payable Ounce of Silver Produced, Net of By Product Credits" at the beginning of this presentation for more information.

(3) Previously reported cash costs for the Company's Peruvian operations overstated copper by-product credits. Both consolidated and Peruvian annual cash costs for 2014 and 2013 have been adjusted to correct for this overstatement. The effect of these corrections on 2014's annual cash costs was as follows: a \$0.50 per ounce increase to consolidated cash costs (2013 - \$0.15); a \$2.87 per ounce increase to Huaron cash costs (2013 - \$0.85); and, a \$1.72 per ounce increase to Morococha cash costs (2013 - \$0.58).

FY 2014 - Base Metals Production

	Q4 2014	FY 2014
Zinc produced (ktonnes)	10.2	43.5
Lead produced (ktonnes)	3.9	15.0
Copper produced (ktonnes)	3.0	9.0

- Sales from base metals represented 20% of consolidated revenues
- Zn production up 3% from FY 2013 production
- Pb production up 11% from FY 2013 production
- **Record Cu production** up 64% from FY 2013 production

2015 - Production Guidance

Mine	Ag Production ⁽¹⁾	Au Production ⁽¹⁾	Cash Costs ⁽²⁾
La Colorada	4.90 – 5.00	2.5 – 2.7	\$8.50 - \$9.25
Alamo Dorado	2.95 – 3.20	15.5 – 16.6	\$14.00 - \$14.50
Dolores	4.00 – 4.15	75.0 – 80.0	\$8.50 - \$10.00
Huaron	3.70 – 3.80	1.0 – 1.20	\$13.00 - \$13.75
Morococha (92.3%)	2.30 – 2.40	2.0 – 2.5	\$12.75 - \$14.25
San Vicente (95%)	4.00 – 4.15	n/a	\$11.00 - \$12.00
Manantial Espejo	3.65 – 3.80	69.0 – 72.0	\$10.50 - \$11.75
TOTAL ⁽³⁾	25.50 – 26.50	165.0 – 175.0	\$10.80 - \$11.80

(1) Silver production rounded to the nearest 10,000 ounces and gold production rounded to the nearest 100 ounces.

(2) Cash costs per silver ounce, net of by-product credits. By-product metal prices assumptions used for 2015 cash costs calculation: Au \$1,200/oz, Zn \$2,200/tonne, Pb \$2,000/tonne, Cu \$6,800/tonne. Cash costs is a non-GAAP measure and readers should refer to the information under the heading "Non-GAAP Measure – Cash Costs Per Payable Ounce of Silver Produced, Net of By Product Credits" at the beginning of this presentation for more information.

(3) Totals may not add up due to rounding.

2015 - Key Events & News Flow

- Unaudited FY 2014 results (mid-February)
- Mineral reserve update (mid-February)
- Consideration of 1st Quarterly dividend of 2015 (Board of Directors to determine in mid-February)
- La Colorada expansion – progress update (quarterly)
- Dolores expansion – decision on pulp agglomeration and underground – (expected mid-year)

Why Invest in PAAS

- **Leverage to rising silver prices**
 - Silver +55% of revenue, Gold 25% of revenue
- **Experienced management team** with demonstrated ability to operate in multi-jurisdictions and challenging price environment (been there, done that)
- **Strong Balance Sheet** (as of Sept 30th)
 - \$377.5 million in cash + short term investments
 - Over \$609 million in working capital
- **Industry-leading cash returns** to our shareholders
 - Paid total dividends of \$0.50/share in 2014 (4.4% yield)*
 - Since inception in 2010, we have returned \$195.1 million in cash dividends to our shareholders
- **Low-risk organic growth** (La Colorada expansion and potentially Dolores)
- **Exceptional exploration potential**
 - Have added ~270 million silver ounces in mineral reserves since 2004