


# Q2 2014 CONFERENCE CALL

August 7, 2014

# Cautionary Notes

**Cautionary Note Regarding Forward-Looking Statements**

This presentation contains "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of Canadian securities laws (collectively, "forward-looking statements") concerning the anticipated developments in our operations in future periods, our planned exploration activities, the adequacy of our financial resources and other events or conditions that may occur or exist in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Generally, forward-looking statements can be identified by the use of words or phrases such as "expects," "anticipates," "plans," "projects," "estimates," "assumes," "intends," "strategy," "goals," "objectives," "potential" or variations thereof, or stating that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur or be achieved, or the negative of any of these terms or similar expressions. These forward-looking statements are subject to a variety of risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied, including, without limitation, risks and uncertainties related to: production, development plans and cost estimates for our material properties; future exploration and development; Mineral Reserves and Mineral Resources estimates and our ability to extract mineralization profitably and replace our Mineral Reserves; our ability to successfully integrate announced acquisitions, including the Marigold mine acquisition; our ability to obtain adequate financing; commodity price fluctuations; political or economic instability and unexpected regulatory changes; currency fluctuations; the recoverability of our interest in Pretium Resources Inc. and our other marketable securities; counterparty and market risks related to the sale of our concentrates and metals; governmental regulations, including health, safety and environmental regulations, increased costs and restrictions on operations due to compliance with such regulations; unpredictable risks and hazards related to the development and operation of a mine or mine property that are beyond our control; compliance with anti-corruption laws and increased regulatory compliance costs; title to our mineral properties and the surface rights thereon; recoverability of deferred consideration to be received in connection with recent divestitures; operational safety and security; our ability to access, when required, mining equipment and services; competition in the mining industry for properties; our ability to attract and retain qualified personnel and management and potential labour unrest; shortage or poor quality of equipment or supplies; claims and legal proceedings, including adverse rulings in current or future litigation, and assessments; the terms of our outstanding convertible notes; and those other various risks and uncertainties identified under the heading "Risk Factors" in our most recent Form 40-F filed with the U.S. Securities and Exchange Commission (the "SEC) and Annual Information Form filed the Canadian securities regulatory authorities.

Our forward-looking statements are based on what our management currently considers to be reasonable assumptions, beliefs, expectations and opinions and we cannot assure you that actual events, performance or results will be consistent with these forward-looking statements. Assumptions have been made regarding, among other things: our ability to carry on our exploration and development activities; the discovery of Mineral Reserves and Mineral Resources on our mineral properties; the timely receipt of required approvals and permits; the price of the metals we produce; the costs of operating and exploration expenditures; our ability to operate in a safe, efficient and effective manner; our ability to obtain financing as and when required and on reasonable terms; our ability to continue operating the Pirquitas mine and the Marigold mine; and those other assumptions identified under the heading "Introductory Notes – Cautionary Notice Regarding Forward-Looking Statements" in our most recent Form 40-F and Annual Information Form. Our forward-looking statements reflect current expectations regarding future events and operating performance and we do not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable law. For the reasons set forth above, you should not place undue reliance on forward-looking statements.

All references to "$" in this presentation are to U.S. dollars unless otherwise stated.

**Cautionary Note to U.S. Investors**

The disclosure included in this presentation uses Mineral Reserves and Mineral Resources classification terms that comply with reporting standards in Canada and the Mineral Reserves and Mineral Resources estimates are made in accordance with Canadian National Instrument 43-101—Standards of Disclosure for Mineral Projects ("NI 43-101"). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes disclosure standards with respect to scientific and technical information concerning mineral projects. These standards differ significantly from the requirements of the SEC set out in Industry Guide 7. Consequently, Mineral Reserves and Mineral Resources information included in this presentation is not comparable to similar information that would generally be disclosed by domestic U.S. reporting companies subject to the SEC requirements. Under SEC standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically produced or extracted at the time the reserve determination is made.

**Cautionary Note Regarding Non-GAAP Measures**

This presentation includes certain terms or performance measures commonly used in the mining industry that are not defined under International Financial Reporting Standards ("IFRS"), including cost of inventory, cash costs and total costs per payable ounce of silver or gold sold and adjusted net income (loss) and adjusted basic earnings (loss) per share. We believe that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate our performance. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These non-GAAP measures should be read in conjunction with our consolidated financial statements.

# TRANSFORMATIONAL PERIOD

- **Completed the Marigold mine acquisition - $268M**
- **Two large producing mines strongly positioned for the future**
- **Significantly increased silver-equivalent production and revenue**
- **Diversified commodity and geopolitical profile**



# MARIGOLD: Q2 2014

- Completed integration
- Produced 22,060 oz of gold, 10% ahead of guidance
- Reported cash costs of $1,103/oz of gold sold
- Operating efficiencies improving on load and haul fleet
- Mine optimization activities continue




* Cash costs are a non-GAAP financial measure. Please see "Cautionary Note Regarding Non-GAAP Measures" in this presentation.

# PIRQUITAS: Q2 2014

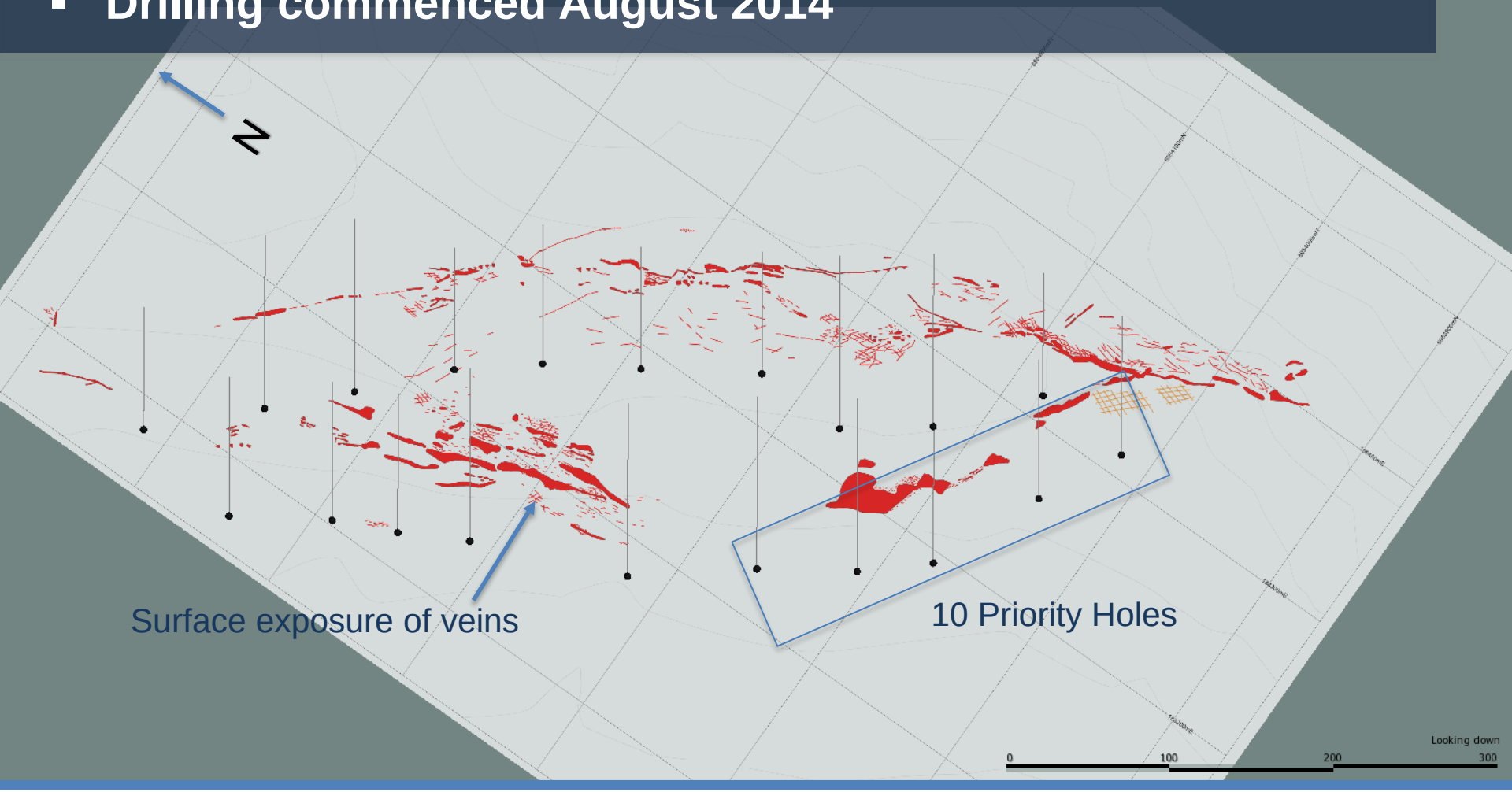
- **Focused on operational excellence**
- **Produced 2.0M oz of silver and 9.3M lbs of zinc, on track to meet guidance**
- **Reported cash costs of $12.18/oz of silver sold**
- **Reduced cash costs guidance to between $12.00/oz and $13.00/oz of silver sold**



* Cash costs are a non-GAAP financial measure. Please see "Cautionary Note Regarding Non-GAAP Measures" in this presentation.

# EXPLORATION: Advancing our Portfolio

- **Bonita Zone, San Luis Property, Peru: 5,000m drill program**
- **Drilling commenced August 2014**



# EXPLORATION: Advancing our Portfolio

- **Marigold: 15,000m drill program in 2014**
- **Pirquitas:  Exploration activities to extend mine life**

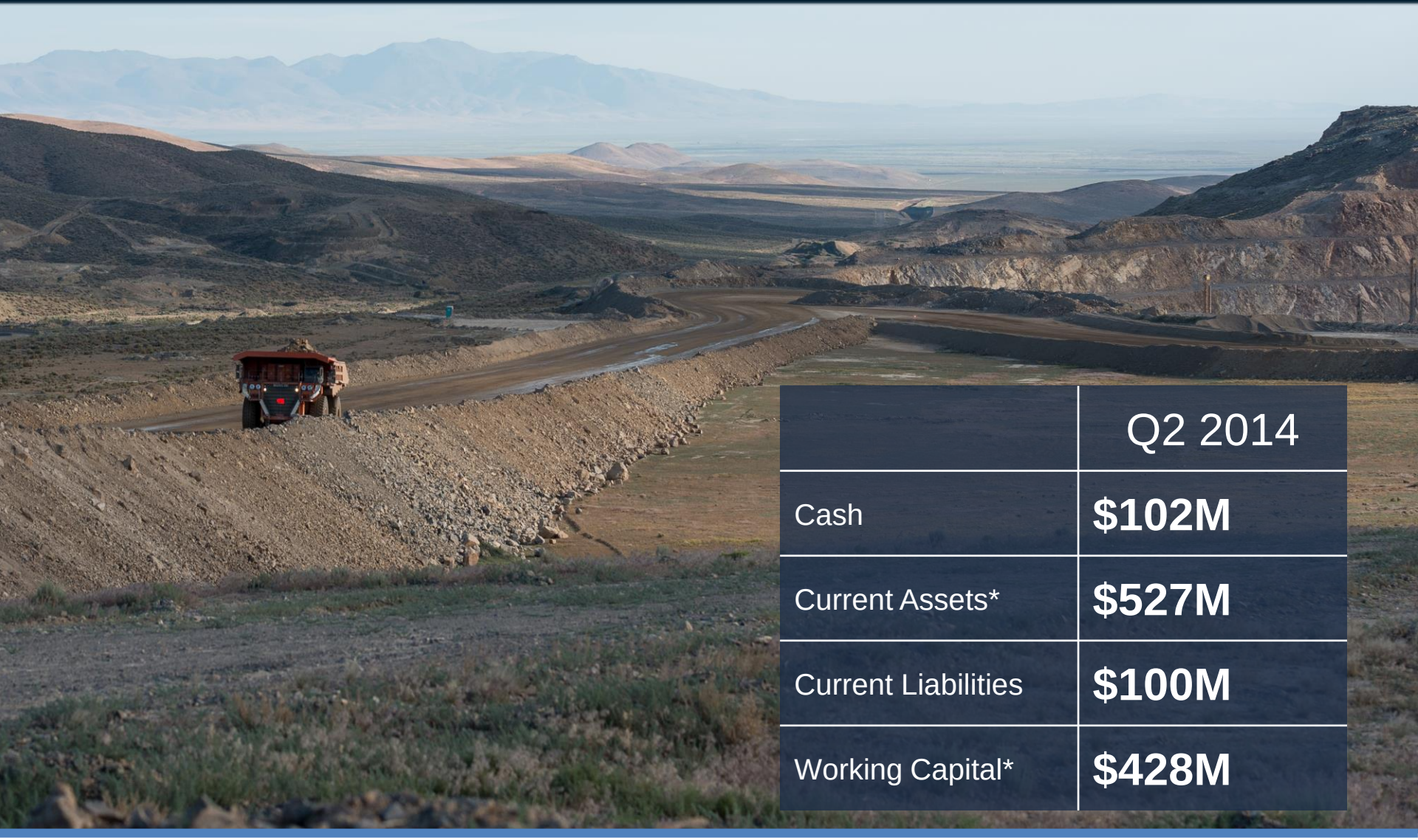


# Second Quarter Results

| | Q2 2014 | Q1 2014 |
|---|---|---|
| Silver Production | **2.0Moz** | **1.9Mozs** |
| Silver Sales | **1.9Moz** | **1.6Mozs** |
| Gold Production | **22,060oz** | **–** |
| Gold Sales | **21,990oz** | **–** |
| Revenue | **$64.3M** | **$33.7M** |
| Income from Mine Operations | **$11.0M** | **$5.9M** |
| Net Loss | **$7.3M** | **$16.9M** |



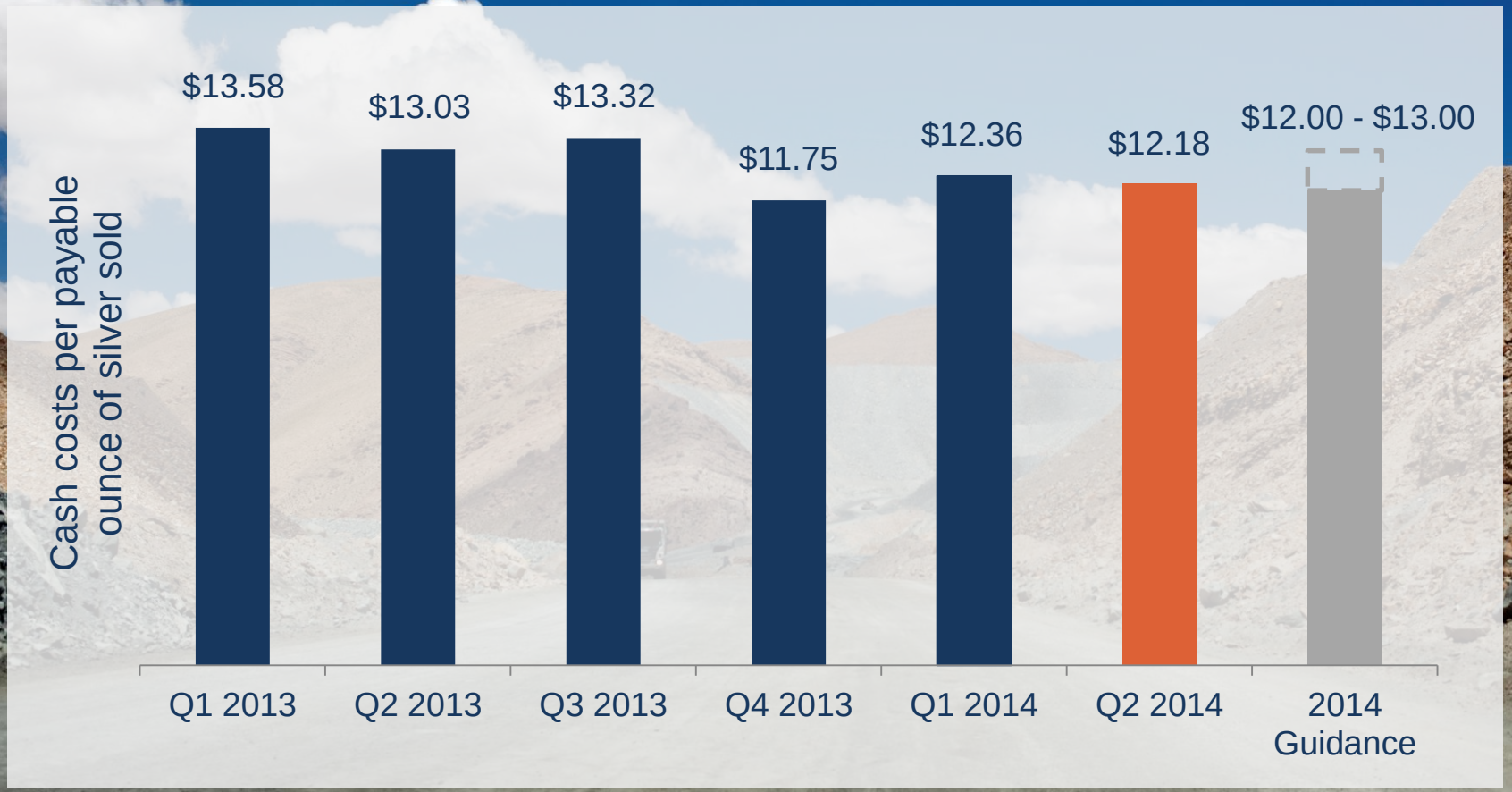
# Financial Strength to Fund Growth



| | Q2 2014 |
|---|---|
| Cash | **$102M** |
| Current Assets* | **$527M** |
| Current Liabilities | **$100M** |
| Working Capital* | **$428M** |

* Inclusive of Pretium Resources Inc. investment of $157 million and Argonaut Gold Inc. investment of $19 million as of June 30, 2014.

# Cash Costs: Lowered Pirquitas cost profile




Note: Cash costs are a non-GAAP financial measure. Please see "Cautionary Note Regarding Non-GAAP Measures" in this presentation.

# Marigold: 2014 Guidance *(Q2 – Q4)*

| | Revised | Original |
|---|---|---|
| Gold production (oz) | **105,000 – 115,000** | **105,000 – 115,000** |
| Cash costs per payable ounce of gold sold | **$800 – $900** | **$1,000 – $1,100** |
| Capital Expenditures | **$15M** | **$20M** |
| Capitalized Stripping | **$20M** | **–** |



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# Key Goals for 2014

- Successfully integrate and optimize Marigold
- Continue operational excellence at Pirquitas
- Define pathways for San Luis and Pitarrilla
- Maintain strong balance sheet and cost discipline
- Focus on growth opportunities

**Elements for growth**




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