

Gold Newsletter

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GREAT PANTHER RESOURCES LIMITED

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Great Panther is arguably the best example of how a junior mining company can leverage red-hot precious metals prices to improve financial performance and long-term growth. The share price of this silver miner has ascended from 28 cents at the close of 2008, pushed through a buck a share a couple of times this fall, and settled back to the 80- to 90-cent range in recent weeks. The reasons? Strong financial performance, steady increases in production and a new strategy to accelerate production.

Great Panther's third quarter financial results showcase this progress and performance nicely. For the nine months ended September 30, revenue was C\$21.9 million, a 29% increase over the previous year. Cash operating costs per ounce of silver, meanwhile, fell 48% to \$5.86 for the first nine months of this year. Earnings from mining operations consequently climbed to C\$9.8 million from C\$2.8 million a year earlier, a 350% increase.

The company is on track to report its third consecutive year of record earnings from mining operations. Great Panther is still not profitable, but it is generating cash flow. So far this year, it has dug up C\$2.0 million in cash from operations. That's not huge, but it's a far sight better than the C\$3.0 million in cash it burned during the same period in 2008.

So we're on the right track, and things should get better both financially and operationally, according to Kaare Foy, Great Panther's Executive Chairman: "With the planned imminent accelerated exploration drilling, mine development and mine infrastructure refurbishment, together with the acquisition of new underground equipment, we expect new production and earnings records to be set in coming quarters."

Foy is referring to the company's new three-year plan to boost annual production to 3.8 million silver equivalent ounces and increase resources to 40 million silver equivalent ounces. These goals call for C\$22 million in new equipment and C\$14 million in a 65,000-metre diamond drilling program at the Topia and Guanajuato mines in west-central Durango State, Mexico.

Exploration and development is already underway at the Topia Mine, where the company says production will be increased on several of the 10 veins currently being developed. GPR recently issued a progress report on its work in three of those veins: San Gregorio, Rosario and Don Benito veins.

At San Gregorio, development includes a westward advance on the vein that includes a 100 meter section averaging 1,949 g/t silver, 0.28g/t gold, 10.36% lead and 17.68% zinc over an average 0.54 meter. Plus, sub-level development and stoping has further west on vein encountered a high-grade, 70-meter section that averaged 1,809 g/t silver, 0.41 g/t gold, 5.84% lead and 14.76% zinc over a width

of 0.34 meter. Further development of the San Gregorio vein to depth is being planned.

At Rosario, the easternmost 100 meters of strike along the 1680 level averages 1,285 g/t silver, 0.2 g/t gold, 7.05% lead and 9.33% zinc over a 0.54 meter width. GPR is developing roughly 300 meters of strike length on this vein.

Along the Don Benito vein, development has advanced to a point where the main structure splits into two veins, Don Benito North and Don Benito South (at depth, the two veins unite again above the 1420 level). On the 1500 level, 170 meters of new development along Don Benito North averaged 654 g/t silver, 1.67 g/t gold, 6.57% lead and 12.33% zinc with a thickness of 0.56 meter.

As you can see, the veins are high-grade, but narrow. To minimize dilution, GPR is using the rescue mining method, where both ore and waste rock are blasted, but the waste rock is retained for working platforms for the next cycle of stoping. This method, along with the high-grade mineralization, is resulting in lower dilution and, in turn, an excellent profit margin.

The company is well-financed, having recently completed a C\$12.3 million offering that it will use to accelerate its growth strategy. This, in turn, should accelerate the share price. And, since 70% of its revenue comes from silver, it may also benefit from a proposed

(Continued...)

name change to Great Panther Silver Limited. Great Panther remains a buy.

Great Panther Resources Limited

Recent Share Price:C\$0.83
Shares Outstanding: ..110.0 million
Market Cap:C\$91.3 million
Shares Outstanding
Fully Diluted:129.3 million
Market Cap
Fully Diluted: ..C\$107.3 million ▲

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