

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12 (b) OR (g)
OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 333-78481

GREAT PANTHER SILVER LIMITED
(Formerly "Great Panther Resources Limited")

(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's Name into English)

British Columbia, Canada
(Jurisdiction of incorporation or organization)

2100-1177 West Hastings Street
Vancouver, British Columbia, Canada V6E 2K3
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Not Applicable

Not Applicable

Title of Class

Name of Each Exchange on Which Registered

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Common Shares Without Par Value
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not Applicable

Title of Class

Indicate the number of outstanding shares of each of the Registrant's classes of capital or common stock as of the close of the period covered by the annual report.

There were 119,913,766 common shares, without par value, issued and outstanding as of December 31, 2010.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

YES NO

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. YES NO

NOTE TO UNITED STATES READERS

DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Company is permitted, under the multi-jurisdictional disclosure system adopted by the United States Securities and Exchange Commission (the “SEC”), to prepare this annual report in accordance with Canadian disclosure requirements, which differ from those of the United States. The Company prepares its financial statements in accordance with Canadian generally accepted accounting practices (“GAAP”), and they are subject to Canadian auditing and auditor independence standards. They are not comparable to financial statements of United States companies. Significant measurement differences between Canadian GAAP and United States GAAP are described in Note 22 of the audited consolidated financial statements of the Company.

RESOURCE AND RESERVE ESTIMATES

Certain terms contained in this Form 20-F have been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. The terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) and the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) - CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These definitions differ from the definitions in SEC Industry Guide 7 under the United States Securities Act of 1993, as amended (the “Securities Act”). Under SEC Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this annual report and the documents incorporated by reference herein contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

GLOSSARY OF TERMS

The following glossary, which is not exhaustive, should be used only as an adjunct to a thorough reading of the entire document of which it forms a part.

adit: A horizontal or close-to-horizontal tunnel, man-made for mining purposes.

Ag: The chemical symbol for silver on the Periodic Table.

andesite: A fine-grained brown or greyish intermediate volcanic rock.

Au: The chemical symbol for gold on the Periodic Table.

breccia: A coarse-grained rock, composed of angular, broken rock fragments held together by a mineral cement or a fine-grained matrix.

chloritization: A form of alteration of a rock involving the replacement by, conversion into, or introduction of chloride.

crosscuts: Mine openings or passageways that intersect a vein or ore bearing structure at an angle.

epithermal: Applied to hydrothermal deposits formed at low temperature and pressure.

Feasibility Study: A detailed study of a deposit in which all geological, engineering, operating, economic and other relevant factors are engineered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production.

felsic: Applied to an igneous rock having abundant light-colored materials.

hectare: A metric unit of land measure equal to 10,000 square metres or 2.471 acres.

hydrothermal: Relating to hot fluids circulating in the earth's crust.

Indicated Mineral Resource: As defined by the Canadian Institute of Mining, Metallurgy, and Petroleum, an Indicated Mineral Resource is part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.ⁱ

Inferred Mineral Resource: As defined by the Canadian Institute of Mining, Metallurgy, and Petroleum, an Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes.ⁱⁱ

Measured Mineral Resource: As defined by the Canadian Institute of Mining, Metallurgy, and Petroleum Standards on Mineral Resources and Mineral Reserves, a Measured Mineral Resource is part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on a detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes that are spaced closely enough to confirm both geological and grade continuity.

mineral: An inorganic substance having usually a definite chemical composition and, if formed under favourable conditions, having a certain characteristic atomic structure which is expressed in its crystalline form and other physical properties.

Mineral Resource: As defined by the Canadian Institute of Mining, Metallurgy, and Petroleum, a Mineral Resource is a concentration or occurrence of natural, solid, inorganic, or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

Mineral Reserve: As defined by the Canadian Institute of Mining, Metallurgy, and Petroleum, a Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

mineral claim: The portion of mining ground held under law by a claimant.

mineralization: Implication that the rocks contain sulphide minerals and that these could be related to ore.

ore: That part of a mineral deposit which could be economically and legally extracted.

Probable Mineral Reserve: As defined by the Canadian Institute of Mining, Metallurgy, and Petroleum, a Probable Mineral Reserve is the economically mineable part of an Indicated, and in some circumstances a Measured, Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

Proven Mineral Reserve: As defined by the Canadian Institute of Mining, Metallurgy, and Petroleum, a Proven Mineral Reserve, is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

quartz: A common rock forming mineral consisting of silicon and oxygen.

rhyolite: A fine-grained volcanic (intrusive) rock of granitic composition.

sulfidation: The reaction of a metal or alloy with a sulfur-containing species to produce a sulfur compound that forms on or beneath the surface of the metal or alloy.

stockwork: A metalliferous deposit characterized by the impregnation of the mass of rock with many small veins or nests irregularly grouped.

vein: A zone or belt of mineralized rock lying within boundaries clearly separating it from neighbouring rock. A mineralized zone has, more or less, a regular development in length, width and depth to give it a tabular form and is commonly inclined at a considerable angle to the horizontal. The term "lode" is commonly used synonymously for vein.

PART I

This annual report contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors" that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

As used in this annual report, the terms "we", "us", "our", "the Company" and "Great Panther" mean Great Panther Silver Limited (formerly Great Panther Resources Limited), and our subsidiaries, Minera Mexicana el Rosario, S.A. de C.V., Metalicos de Durango, S.A. de C.V., and/or Minera de Villa Seca, S.A. de C.V., unless otherwise indicated.

Unless otherwise indicated, all dollar amounts referred to herein are in Canadian dollars.

ITEM 1 Identity of Directors, Senior Management and Advisers

A. *Directors and Senior Management*

This Form 20-F is being filed as an annual report under the Exchange Act, and, as such, there is no requirement to provide any information under this item.

B. *Advisers*

This Form 20-F is being filed as an annual report under the Exchange Act, and, as such, there is no requirement to provide any information under this item.

C. *Auditors*

This Form 20-F is being filed as an annual report under the Exchange Act, and, as such, there is no requirement to provide any information under this item.

ITEM 2 Offer Statistics and Expected Timetable

Not applicable.

ITEM 3 Key Information

A. Selected Financial Data

The following tables summarize certain of our key selected financial data. This information should be read in conjunction with the more detailed financial statements included in this Annual Report.

Selected Financial Data

(Stated in Canadian Dollars unless otherwise noted - Calculated in accordance with Canadian GAAP)

Fiscal Year Ended December 31 (Audited)

Expressed in (000's) of Canadian Dollars

| Canadian GAAP | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|-------------|-------------|-------------|-------------|-------------|
| Sales or Operating Revenue | 42,206 | 31,732 | 22,445 | 15,523 | 6,333 |
| Income (Loss) for the year | 4,970 | (867) | (13,761) | (19,701) | (15,084) |
| Income (loss) per Common Share – basic | 0.04 | (0.01) | (0.17) | (0.27) | (0.25) |
| Income (loss) per Common Share –diluted | 0.04 | (0.01) | (0.17) | (0.27) | (0.25) |
| Total Assets | 45,585 | 37,174 | 22,311 | 31,053 | 32,132 |
| Capital Stock | 83,470 | 75,910 | 57,865 | 56,988 | 46,393 |
| Number of Common Shares (adjusted to reflect consolidation of common shares) | 119,913,766 | 111,239,631 | 81,654,521 | 80,744,352 | 69,797,348 |
| Long-Term Debt ¹ | 4,739 | 4,460 | 5,545 | 4,117 | 2,451 |
| Cash Dividends per Common Share | Nil | Nil | Nil | Nil | Nil |

¹ Excludes asset retirement obligations and future income tax liability.

Selected Financial Data
(Stated in Canadian Dollars Unless Otherwise Noted - Calculated in accordance with US GAAP)

Fiscal Year Ended December 31 (Audited)

Expressed in (000's) of Canadian Dollars

| United States GAAP | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|-------------|-------------|-------------|-------------|-------------|
| Sales or Operating Revenue | 42,206 | 31,732 | 22,445 | 15,523 | 6,333 |
| Income (loss) for the year | 5,264 | (2,271) | (13,138) | (19,323) | (14,935) |
| Income (loss) per Common Share – basic | 0.05 | (0.03) | (0.16) | (0.27) | (0.25) |
| Income (loss) per Common Share – diluted | 0.04 | (0.03) | (0.16) | (0.27) | (0.25) |
| Total Assets | 45,585 | 37,174 | 22,311 | 31,053 | 32,132 |
| Capital Stock | 87,185 | 79,626 | 64,077 | 63,200 | 52,604 |
| Number of Common Shares (adjusted to reflect consolidation of common shares) | 119,913,766 | 111,239,631 | 81,654,521 | 80,744,352 | 69,797,348 |
| Long-Term Debt ¹ | 4,996 | 5,154 | 6,963 | 6,159 | 3,307 |
| Cash Dividends per Common Share | Nil | Nil | Nil | Nil | Nil |

¹ Excludes asset retirement obligations and future income tax liability.

Disclosure of Exchange Rate History

On March 11, 2011, the exchange rate in effect for Canadian dollars exchanged for United States dollars, expressed in terms of Canadian dollars, and based on the noon buying rates in New York City, for cable transfers in Canadian dollars, as certified for customs purposes by the Federal Reserve Bank of New York was \$0.9732.

For the past five fiscal years ended December 31, 2010 the following average exchange rates were in effect, and for each of the previous six months, the following high and low exchange rates were in effect, for Canadian dollars exchanged for United States dollars and expressed in terms of Canadian dollars:

| <u>Year/Month End</u> | <u>Average</u> | <u>Low/High</u> |
|------------------------------|-----------------------|------------------------|
| December 31, 2006 | \$1.1340 | not applicable |
| December 31, 2007 | \$1.0734 | not applicable |
| December 31, 2008 | \$1.0660 | not applicable |

| <u>Year/Month End</u> | <u>Average</u> | <u>Low/High</u> |
|-----------------------|----------------|-------------------|
| December 31, 2009 | \$1.1412 | not applicable |
| December 31, 2010 | \$1.0298 | not applicable |
| September 30, 2010 | not applicable | \$1.0219/\$1.0520 |
| October 31, 2010 | not applicable | \$1.0028/\$1.0321 |
| November 30, 2010 | not applicable | \$1.0001/\$1.0266 |
| December 31, 2010 | not applicable | \$1.0004/\$1.0176 |
| January 31, 2011 | not applicable | \$0.9864/\$1.0020 |
| February 28, 2011 | not applicable | \$0.9737/\$0.9955 |

B. Capitalization and Indebtedness

Not Applicable

C. Reasons for the Offer and Use of Proceeds

Not applicable

D. Risk Factors

Risks Associated with Mining

Our reserve and resource estimates are based on interpretation and assumptions and may yield less mineral production under actual conditions than is currently estimated.

In making determinations about whether to advance any of our projects to development, we must rely upon estimated calculations as to the mineral reserves and grades of mineralization on our properties. Until ore is actually mined and processed, mineral reserves and grades of mineralization must be considered as estimates only. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling which may prove to be unreliable. We cannot assure you that:

- Reserve, resource or other mineralization estimates will be accurate; or
- Mineralization can be mined or processed profitably.

Any material changes in mineral reserve estimates and grades of mineralization will affect the economic viability of placing a property into production and a property's return on capital. Our reserve and resource estimates have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for silver, gold, zinc and lead may render portions of our mineralization uneconomic and result in reduced reported mineral reserves.

Any material reductions in estimates of mineralization, or of our ability to extract this mineralization, could have a material adverse effect on our results of operations or financial condition. We cannot assure you that mineral recovery rates achieved in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale.

Mineral operations are subject to government regulations which could have the effect of reducing or preventing us from exploiting any possible mineral reserves on our properties.

Mining and exploration activities are subject to national and local laws and regulations governing prospects, taxes, labour standards, occupational health, land use, environmental protection, mine safety and others which currently or in the future may have a substantial adverse impact on our company. In order to comply with applicable laws, we may be required to make capital expenditures until a particular problem is remedied. Existing and possible future environmental legislation, regulation and action could cause additional expense, capital expenditures, restriction and delays in the activities of our company, the extent of which cannot be reasonably predicted. Violators may be required to compensate those suffering loss or damage by reason of our mining activities and may be fined if convicted of an offence under such legislation.

Mining and mineral exploration has substantial operational risks, which could prevent us from achieving profitable operations.

Mining and mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which we have an interest will be subject to all of the hazards and risks normally incidental to exploration, development and production of base, precious and other metals, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. The nature of these risks is such that liabilities could exceed policy limits of our insurance coverage, in which case we could incur significant costs that could prevent us from becoming profitable. Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any anticipated level of recovery of ore reserves will be realized or that any identified mineral deposit will ever qualify as a commercially viable ore body which can be legally and economically exploited.

Our projects are located in Mexico where mining and exploration activities may be affected in varying degrees by political and government regulations, which could have a negative impact on our ability to continue our operations.

Mining and exploration activities in Mexico may be affected in varying degrees by political instabilities and government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond our control and may adversely affect our business. Our operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriations of property, environmental legislation and mine safety. The status of Mexico as a developing country may make it more difficult for us to obtain any required financing for our projects. The effect of all these factors cannot be accurately predicted. Notwithstanding the progress achieved in restructuring Mexican political institutions and revitalizing its economy, the present administration, or any successor government, may not be able to sustain the progress achieved. We do not carry political risk insurance.

Our operations may be subject to environmental regulations which may result in the imposition of fines and penalties.

Our operations may be subject to environmental regulations promulgated by government agencies from time to time. There is no assurance that environmental regulations will not change in a manner that could have an adverse effect on our company's financial condition, liquidity or results of operations.

Environmental legislation is constantly expanding and evolving in ways that impose stricter standards and more rigorous enforcement, with higher fines and more severe penalties for non-compliance, and increased scrutiny of proposed projects. There is an increased level of responsibility for companies, and trends towards criminal liability for officers and directors for violations of environmental laws, whether inadvertent or not. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of our operations.

While we maintain appropriate insurance for liability and property damage, we may become subject to liability for hazards that cannot be insured against, which if such liabilities arise, could reduce or eliminate profitability for our company.

Our operations may involve the use of dangerous and hazardous substances. While extensive measures are taken to prevent discharges of pollutants in the ground water and the environment, and it is anticipated that we will maintain appropriate insurance for liability and property damage in connection with our business, we may become subject to liability for hazards that cannot be insured against or which we may elect not to insure ourselves against due to high premium costs or other reasons. Should such liabilities arise, they could reduce or eliminate the profitability of us, resulting in a decline in the value of our securities. In the course of mining and exploration of our mineral properties, certain risks and, in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. It is not always possible to fully insure against such risks and we may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of our securities.

There can be no assurance that title to any property interest acquired by us or our subsidiary is secured.

Although we have taken reasonable precaution to ensure that legal title to our properties is properly documented, there can be no assurance that our company's, or our subsidiaries', property interests may not be challenged or impugned. Such property interests may be subject to prior unregistered agreements or transfers or other land claims, and title may be affected by undetected defects and adverse laws and regulations.

Our properties are in the production, development and exploration stages; however, they have not all been proven commercially viable at this time and there is no assurance that commercially viable quantities of ore will continue to be discovered.

Our mineral properties are in the early production, development, and/or exploration stages and are not all commercially viable at this time. Despite extensive exploration work on our mineral properties and a long history of continuous production at both the Topia and Guanajuato mines, no known bodies of commercial ore or economic deposits have been established to the satisfaction of National Instrument 43-101. Mineral exploration involves a high degree of risk. There is no assurance that commercially viable quantities of ore will be discovered at our exploration sites, or that our exploration properties will be brought into commercial production. If we are not able to continue to locate sufficient quantities of commercially viable ore and bring our exploration properties into commercial production, we may not be able to continue operations and, as a result, our shareholders may lose any investment in our company.

We are subject to environmental protection legislation with which we must comply or suffer sanctions from regulatory authorities.

If the results of our geological exploration program indicate commercially exploitable reserves and we decide to pursue commercial production of our mineral claims, we may be subject to an environmental

review process under environmental assessment legislation. Compliance with an environmental review process may be costly and may delay commercial production. Furthermore, there is the possibility that we would not be able to proceed with commercial production upon completion of the environmental review process if government authorities do not approve our mine or if the costs of compliance with government regulation adversely affect the commercial viability of the proposed mine.

Mineral prices are subject to dramatic and unpredictable fluctuations.

The market price of precious metals and other minerals is volatile and cannot be controlled. If the price of precious metals and other minerals should drop significantly, the economic prospects of the projects in which we have an interest could be significantly reduced or rendered uneconomic. There is no assurance that, even if commercial quantities of ore are discovered, a profitable market may exist for the sale of same. Factors beyond our control may affect the marketability of any minerals discovered. Mineral prices have fluctuated widely, particularly in recent years. The marketability of minerals is also affected by numerous other factors beyond our control, including government regulations relating to royalties, allowable production and importing and exporting of minerals, the effect of which cannot be accurately predicted.

During the year, the Company entered into put and call option contracts for lead and zinc to hedge against metal price variations. The contracts are derivative financial instruments that are measured at fair value at each reporting period with gains or losses recognized in net income in the period in which it arises.

We cannot assure you that we will successfully acquire additional commercially mineable mineral rights.

Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any anticipated level of recovery of ore reserves will be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of reserves, resources, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions.

Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project. Our future growth and productivity will depend, in part, on our ability to identify and acquire additional commercially mineable mineral rights, and on the costs and results of continued exploration and potential development programs. Mineral exploration is highly speculative in nature and is frequently non-productive. Substantial expenditures are required to:

- Establish ore reserves through drilling and metallurgical and other testing techniques;
- Determine metal content and metallurgical recovery processes to extract metal from the ore; and
- Construct, renovate or expand mining and processing facilities.

In addition, if we discover ore, it would take several years from the initial phases of exploration until production is possible. During this time, the economic feasibility of production may change. As a result of these uncertainties, there can be no assurance that we will successfully acquire additional commercially mineable (or viable) mineral rights.

Risks Associated with our Business

Fluctuation in foreign currency exchange rates may affect our results.

The Company maintains its bank accounts in Canadian dollars, U.S. dollars and Mexican Pesos. The Company expects its revenue will continue to be in U.S. dollars while certain of its costs are incurred in Canadian dollars and Mexican Pesos. An appreciation in the Mexican Peso against the Canadian or U.S. dollar will increase the costs of carrying on operations. A decrease in the U.S. dollar against the Canadian dollar will result in a loss to the Company to the extent that the Company holds funds in U.S. dollars.

Variations in the market prices of metals may affect our ability to raise funding to continue exploration, development and mining of our properties. In addition, any significant fluctuations in metal prices will impact on our decision to accelerate or reduce our exploration activities.

Factors beyond our control may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over the last three years, and are affected by numerous factors beyond our control, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major mineral producing regions. Variations in the market prices of metals may affect our ability to raise funding to continue exploration of our properties. In addition, any significant fluctuations in metal prices will impact on our decision to accelerate or reduce our exploration activities.

We are dependent on the services of certain key officers, and the loss of these certain key personnel may have a material adverse effect on our company.

While engaged in the business of mining and exploring mineral properties in Mexico, the nature of our business, our ability to continue our exploration of potential projects, and to develop a competitive edge in the marketplace, depends, in large part, on our ability to attract and maintain qualified key management personnel. Competition for such personnel is intense, and we may not be able to attract and retain such personnel. Our growth has depended, and in the future will continue to depend, on the efforts of our key management personnel such as Robert A. Archer, our President, CEO and a director, Kaare G. Foy, Executive Chairman and a director, Charles Brown, our Chief Operating Officer and Raakel Iskanus, our Chief Financial Officer. The loss of any of these people would have a material adverse effect on us. Currently, we have contracts with these key employees. We do not have key-man life insurance.

Conflicts of interest may arise as a result of our directors and officers being directors and officers of other natural resource companies.

Certain of our directors and officers may continue to be involved in a wide range of business activities through their direct and their indirect participation in corporations, partnerships or joint ventures. Situations may arise in connection with potential acquisitions and investments where the other interests of these director and officers may conflict with the interests of our company. Our directors and officers with conflicts of interest will be subject to and will follow the procedures set out in the applicable corporate legislation.

Risks Relating to an Investment in our Securities

The trading price of our common shares on the Toronto Stock Exchange (TSX) and the NYSE Amex has been and may continue to be subject to wide fluctuations.

Trading prices of our shares may fluctuate in response to a number of factors, many of which are beyond our control. In addition, the stock market in general, and the market for gold and silver exploration companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. These broad market and industry factors may adversely affect the market price of our shares, regardless of our operating performance.

In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted. Such litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources.

Our By-laws indemnify our officers and directors against all costs, charges and expenses incurred by them.

Our By-laws contain provisions limiting the liability of our officers and directors for all acts, receipts, neglects or defaults of themselves and all of our other officers or directors for any other loss, damage or expense incurred by our company which shall happen in the execution of the duties of such officers or directors, as do indemnification agreements between us and our directors and officers. Such limitations on liability may reduce the likelihood of derivative litigation against our officers and directors and may discourage or deter our shareholders from suing our officers and directors based upon breaches of their duties to our company, though such an action, if successful, might otherwise benefit our company and our shareholders.

Investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share if we issue incentive stock options to our employees, directors, officers and consultants.

We have granted, and in the future may grant, to directors, officers, insiders, and employees, options to purchase our common shares as non-cash incentives to those persons. Such options have been and may in future, be granted at exercise prices equal to market prices, or at prices as allowable under the policies of the TSX. The issuance of additional shares will cause our existing shareholders to experience dilution of their ownership interests.

Investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share if we issue additional shares or raise funds through the sale of equity securities.

Depending on the outcome of our exploration programs and mining operations, we may issue additional shares to finance additional programs and mining operations or to acquire additional properties. In the event that we are required to issue additional shares or decide to enter into joint ventures with other parties in order to raise financing through the sale of equity securities, investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. As at December 31, 2010, there are also outstanding common share purchase warrants and options exercisable into 11,495,146 common shares which, if exercised, would represent approximately 8.7% of our issued and outstanding shares. If all of these shares are exercised and issued, such issuance also will cause a reduction in the proportionate ownership and voting power of all other shareholders. The dilution may result in a decline in the market price of our shares.

U.S. investors may not be able to enforce their civil liabilities against us or our directors, controlling persons and officers.

It may be difficult to bring and enforce suits against us. We were incorporated under the *Company Act* (British Columbia) and continued in the Yukon Territory under the *Business Corporations Act* (Yukon), and then continued to British Columbia under the *Business Corporations Act* (British Columbia) on July 9, 2004. All of our directors and officers are residents of countries other than the United States and all of our assets are located outside of the United States. Consequently, it may be difficult for United States investors to affect service of process in the United States upon those directors or officers who are not residents of the United States, or to realize in the United States upon judgments of United States courts predicated upon civil liabilities under the United States Securities Exchange Act of 1934, as amended. There is substantial doubt whether an original action could be brought successfully in Canada against any of such persons or us predicated solely upon such civil liabilities.

Trading of our stock may be restricted by the SEC's "Penny Stock" regulations which may limit a stockholder's ability to buy and sell our stock.

The U.S. Securities and Exchange Commission has adopted regulations which generally define "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5 million or individuals with a net worth in excess of \$1.0 million or annual income exceeding \$0.2 million or \$0.3 million jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in, and limit the marketability of, our common stock.

U.S. investors could suffer adverse tax consequences if we are characterized as a passive foreign investment company.

We may be treated as a passive foreign investment company, or PFIC, for United States federal income tax purposes during the 2010 tax year or in subsequent years. We may be deemed a PFIC because previous financings combined with proceeds of future financings may produce, or be deemed to be held to produce, passive income. Additionally, U.S. citizens should review the section entitled "Taxation-U.S. Federal Income Taxation - Passive Foreign Investment Companies" contained in this annual report for a more detailed description of the PFIC rules and how those rules may affect their ownership of our capital shares.

If we are or become a PFIC, many of the U.S. shareholders will be subject to the following adverse tax consequences:

- They will be taxed at the highest ordinary income tax rates in effect during their holding period on certain distributions on our capital shares, and gains from the sale or other disposition of our capital shares;
- They will be required to pay interest on taxes allocable to prior periods; and
- The tax basis of our capital shares will not be increased to fair market value at the date of their date.

We do not expect to declare or pay any dividends.

We have not declared or paid any dividends on our common stock since our inception, and we do not anticipate paying any such dividends for the foreseeable future.

ITEM 4 Information on the Company

A. History and Development of Great Panther

We were originally incorporated under the *Company Act* (British Columbia) in 1965 under the name Lodestar Mines Ltd. Since that time, we have had the following name changes:

- in 1980, to Lodestar Energy Inc.
- in 1985, to Controlled Environmental Farming International Ltd.
- in 1987, to International Controlled Investments Inc.
- in 1991, to New Age Ventures Inc.
- in January 1998, to Great Panther Inc.
- in October 2003, to Great Panther Resources Limited.
- on January 1, 2010, to Great Panther Silver Limited.

On March 22, 1996 we continued under the *Business Corporation Act* (Yukon). On July 9, 2004, we continued to British Columbia under the *Business Corporation Act* (British Columbia).

We have offices located at Suites 350 and 2100, 1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3, Canada. Our telephone number is 604-608-1766, and our facsimile number is 604-608-1744.

Our company is currently a reporting issuer under the securities laws of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Newfoundland Labrador, Nova Scotia and Prince Edward Island.

On June 18, 1980, our common shares were listed on the TSX Venture Exchange (formerly known as the CDNX, and the Vancouver Stock Exchange). Our trading symbol is "GPR", and until February 27, 2005, we were classified by the TSX Venture Exchange as a Tier 2 company.

On October 2, 2003, we consolidated our common shares whereby every ten common shares before consolidation became one common share after consolidation.

On February 28, 2006, the TSX Venture Exchange elevated our classification from a Tier 2 company to a Tier 1 company.

On November 14, 2006, our common shares began trading on the TSX with the trading symbol "GPR". Subsequently, we were de-listed from the *TSX Venture Exchange*.

On January 1, 2010 we changed the Company's name from Great Panther Resources Limited to Great Panther Silver Limited. There was no change to the Company's capital structure or its symbol and the common shares continue to trade on the main board of the Toronto Stock Exchange ("TSX") under the symbol GPR.

On February 8, 2011, our common shares were listed on the New York Stock Exchange "NYSE" Amex, our trading symbol is "GPL". The Company has retained its listing on the TSX in Canada under the trading symbol "GPR".

Topia Mine

Effective February 18, 2004, we entered into the Topia Option Agreement, which granted us the right and option, for a term of one year, to purchase 100% of the ownership rights in and to all the fixed assets, machinery, equipment (includes the mill, buildings, offices, houses and quarters for the workers) and Topia Mining Concessions located in the Municipality of Topia, State of Durango, Mexico from Cia Minera des Canelas y Topia, as optionor, by making cash payments totalling US \$1,737,084 as follows:

- (a) US \$100,000 within 10 days of the date of registration at the Mining registry of the option agreement;
- (b) US \$150,000 within 5 days of the date the Company notifies the optionor of its decision to exercise the option;
- (c) US \$540,165 on the date of signing of the purchase agreement (June 30, 2005);
- (d) Three annual payments of US \$300,000, US \$300,000 and US \$346,919 each of the first, second and third year, respectively, commencing 18 months after the date the Company notifies the optionor of its decision to exercise the option.

All payments due to the optionor were made as of December 31, 2007.

In addition to the payments to the optionor, we agreed to assume the debt encumbering the property, totalling US \$814,594 upon signing of the purchase agreement. The debt owing was secured by the Topia Mine assets. The balance of the debt was repayable out of production from concentrate sales as a 10% net smelter return ("NSR"). After the debt was repaid, there was no further NSR. As of December 31, 2007, the remaining debt balance was fully paid and there were no outstanding conditions to retain title to the property. The Company has surface rights for the land on which the plant sits and mineral rights for the rest of the property.

As at December 31, 2010, there are no NSR royalties, or other royalties payable, and there are no work commitments.

On March 8, 2006, the Company purchased a 100% interest in the Arcoiris concession. The agreement required cash payments of US\$20,000 (paid) upon signing of the purchase agreement and additional staggered payments totalling US\$280,000 (paid). The Arcoiris concession is a strategic claim that is contiguous with the existing Topia Mine Property. The 100 hectare concession contains portions of the strike extension and down-dip projection of the Dos Amigos Vein that the Company has already started developing on its own ground.

On December 16, 2009, the Company acquired a 100% interest in the "La Prieta" concession for US\$330,000. US\$300,000 was paid in 2009 and US\$30,000 was paid March 31, 2010. The 94-hectare claim hosts two previously mined silver-gold-lead-zinc-quartz vein structures and is situated approximately two kilometres south of the principal veins presently being mined by the Company, and within the Company's overall land package. As such, it is within easy hauling distance to the Company's plant in Topia.

Guanajuato Mine

On October 25, 2005, we signed a formal purchase agreement with the Sociedad Cooperativa Minero Metalúrgica Santa Fe de Guanajuato to purchase 100% of the ownership rights in a group of producing silver-gold mines in the Guanajuato Mining District. The total purchase price was US\$7,250,000, which included 1,107 hectares in two main properties, the 1,200 tonne-per-day plant, workshops and administration facilities, complete mining infrastructure, mining equipment, and certain surface rights. At December 31, 2005 we paid US\$3,625,000. In 2006, we paid the remaining balance of US\$3,625,000.

On May 15, 2006, we announced the purchase of 3.88 hectares of real estate adjacent to the plant at our Guanajuato Silver-Gold Mine Complex. The land was purchased from the Sociedad Cooperativa Minero Metalúrgica Santa Fe de Guanajuato, the same Cooperative from which the mines were purchased in 2006, for a total of US\$690,425. A payment of US\$201,825 was made at the time of the signing of the purchase agreement and the remaining balance of US\$488,600 was paid in the second half of 2006. The Company has clear title to the property. The decision to buy the extra land was taken in order to facilitate any future expansion of the plant facilities and to protect the plant site from any possible development nearby.

On December 27, 2007, the Company purchased an additional 0.2804 hectares of land immediately adjacent to the plant and below our tailings dam at the Guanajuato Mine Complex. The land was purchased from the Sociedad Cooperativa Minero Metalúrgica Santa Fe de Guanajuato, the same Cooperative from which the mines were purchased in 2006, for a total of US\$320,530. Payments were made in two instalments, US\$45,790 and US\$274,740, on March 31, 2008 and June 30, 2008, respectively. The land was primarily purchased in order to protect the area from any possible development. The Company has received clear title to the new property.

As at December 31, 2010, there are no outstanding conditions to retain title to the property. The Company has mineral and some surface rights.

Mapimi Project

On September 11, 2006, the Company signed an option agreement to purchase 100% of the ownership rights to seventeen mining concessions collectively known as the Mapimi Project (formerly "Km 66") in eastern Durango State, Mexico. In consideration for the right and purchase option the Company was to make staged payments totalling US\$3.0 million and issue 500,000 common shares over a four-year period. The vendors retain a 3% NSR of which, each 0.5%, up to a maximum of 2%, can be purchased by the Company for US\$0.5 million.

On September 16, 2009, the Company announced the termination of its option on the Mapimi project as management determined that it was uneconomical to continue with the project and it was better use of the Company's funds to focus its efforts on expanding the production and resources at its existing mines.

As at the date of termination, US\$0.8 million had been paid and 500,000 common shares had been issued.

San Antonio Project

Effective February 11, 2004, we entered into the Santo Nino Option Agreement, which granted us the right and option, for a period of three years, to purchase 100% of the ownership rights in and to the Santo Nino Mining Concession located in the Guadalupe y Calvo Mining District, State of Chihuahua, Mexico from Mr. Alfredo Rodriguez Chávez, as optionor, by making staged cash payments totalling US \$165,000. All of the payments were made as of December 31, 2007.

On February 2, 2007, we signed an option agreement with Altair Ventures Inc. ("Altair"). Terms of the agreement allowed Altair to acquire a 70% interest in the four mining claims named "San Antonio", "Iran", "Chirpa", and "Santo Nino", by making staggered cash payments of US\$0.2 million, issuing a total of 0.2 million Altair common shares to Great Panther and incurring a minimum of US\$1 million of exploration expenditures over a three-year period. As at December 31, 2009, US\$0.06 million and 0.2 million shares of Altair have been received in accordance with the agreement.

On February 1, 2010, Altair forfeited its option. The Company agreed to accept 1,117,866 common shares of Altair at a deemed issue price of \$0.15 per share as full payment of Altair's indebtedness to the Company at January 31, 2010.

On December 21, 2010, the Company relinquished its rights to the San Antonio and Santo Nino mining concessions and wrote down the \$0.07 million carrying value of the property.

B. Business Overview

Great Panther Silver Limited is a profitable, primary silver mining and exploration company listed on the Toronto Stock Exchange ("TSX"), trading under the symbol "GPR" and on the New York Stock Exchange ("NYSE") Amex, trading under the symbol "GPL." The Company's current activities are focused on the mining of precious and base metals from its wholly-owned properties in Mexico. In addition, Great Panther is also pursuing acquisition opportunities throughout Latin America to add a third mine to its portfolio of properties.

We have two primary mining properties: (1) Topia Mine and (2) Guanajuato Mine. We had two primary exploration properties (none at the date of this report): (1) Mapimi (option agreement terminated in September 2009) and (2) San Antonio (claims relinquished on December 21, 2010).

Primary Mining Properties

(1) Topia Mine

The property is located in northwest Durango State and consists of four groups of mining concessions covering a total area of 6,399 hectares. All are 100% owned by our Mexican subsidiary, Minera Mexicana el Rosario, S.A. de C.V.

The property covers most of the Topia Mining District where mineralization consists of epithermal silver-gold-lead-zinc veins hosted in andesitic volcanic rocks. More than a dozen sub-parallel veins are known

to exist at Topia and some extend for more than 4 kilometres along strike. Vein widths are typically narrow, 0.2 to 1.0 metre.

Great Panther purchased the mine in 2005 and commenced mining in January 2006. In March 2006, we reached a significant milestone in becoming a primary silver producer with our first shipment of concentrates from operations. Production was ramped up steadily until reaching approximately 3,000 tonnes per month in late 2007. Custom milling for a local miner helps utilize the plant's capacity which operates at approximately 170 tonnes per day. The owner of the local mine has recently developed a new mining area and has confirmed deliveries to the Topia mine for the foreseeable future.

The Topia concentrator typically operates 5.67 days per week and 50 weeks per year. There is no work scheduled on a Sunday and 8 hours per week is scheduled for preventative maintenance.

Exploratory development work continues on many high grade veins at Topia with priority on the San Gregorio, Rosario, Recompensa, Cantarranas and Don Benito veins. Stoping has been initiated at Argentina, Level 2, where good grades and better widths are already resulting in an increase in production.

Exploration spending at Topia is projected to total approximately \$3 million over the next two years. New underground mine development, much of which will support exploration and resource development, is anticipated to reach more than 5.5 kilometres at Topia. An estimated total of 20,000 metres of exploration drilling during 2010 – 2012 will concentrate on defining resources, looking for vein extensions and testing new targets. In 2011, planned surface exploration diamond drilling totals 9,000 metres.

Production

Over the past two years, Topia has transformed its operations with very positive results. Ore quality and metal production continues to excel at a much lower cost per ounce of silver as the focus has shifted to production stoping, with exploratory development limited to higher grade mining areas, while the plant metallurgical performance has continued to improve.

Metal production for the year was 515,101 oz Ag, 597 oz Au, 1,092 tonnes Pb, and 1,358 tonnes Zn, or 822,247 Ag eq oz, which is a 24% increase compared to the same period in 2009.

A summary of production at Topia for 2010 is as follows:

| | <i>FY10-Q1</i> | <i>FY10-Q2</i> | <i>FY10-Q3</i> | <i>FY10-Q4</i> | <i>TOTAL</i> |
|--|----------------|----------------|----------------|----------------|----------------|
| Tonnes milled | 9,745 | 9,176 | 10,278 | 9,081 | 38,280 |
| Silver ounces | 132,102 | 121,758 | 131,591 | 129,650 | 515,101 |
| Gold ounces | 145 | 185 | 159 | 108 | 597 |
| Lead tonnes | 290 | 297 | 271 | 234 | 1,092 |
| Zinc tonnes | 345 | 357 | 352 | 304 | 1,358 |
| Silver equivalent ounces (Ag eq oz) ¹ | 211,128 | 205,350 | 210,171 | 195,598 | 822,247 |

¹ For 2010, silver equivalent ounces for each metal were established using commodity prices of: US\$1,000 per oz, US\$16 per oz, US\$0.80 per lb, and US\$0.80 per lb; for gold, silver, lead & zinc, respectively, and applied to the recovered metal content of the concentrates that were produced by the two operations. Average recoveries of 91.5% for Ag, 79.8% for Au, 93.9% for Pb, and 91.6% for Zn were realized which resulted in the production of 515,101 oz Ag, 597 oz Au, 1,092 tonnes Pb, and 1,358 tonnes Zn for a silver equivalent production of 822,248 ounces.

The plant performance at Topia remained solid in 2010 with metal recoveries of 91.5% for Ag, 79.8% for Au, 93.9% for Pb, and 91.6% for Zn compared to 89.7% for Ag, 83.0% for Au, 92.9% for Pb and 87.9% for Zn in 2009. The plant processed 38,280 tonnes from the Company's mines in 2010 compared to 30,045 tonnes in 2009. In addition, 10,259 tonnes were custom milled in 2010 for a local miner, thereby increasing revenue and reducing unit costs. Several modifications were made at the end of 2010, including additional new flotation cells for the zinc and lead concentrate circuits, which will enable plant throughput to be increased in 2011 by 22%, from 180 to 220 tonnes per day.

Mine development continued to extend known areas and provide access to new mining areas. Mining of the San Gregorio and El Rosario veins progressed well, contributing almost 40% of the silver production. Ramp development at Argentina continued and is now fully mechanized with an electric-hydraulic drill jumbo, a new 2-yard underground loader and a 7-tonne capacity haulage truck. Access to the third level is expected in the second quarter of 2011.

The surface exploratory drilling program, completed in the third quarter of 2010, was extremely successful and will guide mine development to continue to expand silver production from the San Gregorio, Recompensa, and Cantarranas (Hormiguera mine) veins plus enable new production to be added from other veins where no mining is currently taking place. Drilling on the La Prieta property proved the potential for this to be an additional mine for the Topia operations, with high silver values in the three drill holes of up to 2,500g/t over 0.25 metres. The program also returned several significant intercepts from other veins that are not currently being mined, including the Higuera vein (close to the San Gregorio vein), and the western portion of the Oliva vein (close to the Recompensa vein).

In addition, mine development on the Cantarranas vein at the Hormiguera mine has encountered 161 metres of strike length with an average width of 0.19 metres grading 1,403g/t silver, 0.88g/t gold, 2.02% lead, and 7.76% zinc. At Mina 7, on the San Gregorio vein, development is ongoing eastward, with 90 metres of strike length on the vein, with an average width of 0.43 metres grading 1,436g/t silver, 0.53g/t gold, 7.26% lead, and 12.23% zinc. Sub-level development and stoping is ongoing in both areas.

Mineral resource estimations were completed on all viable areas with the completion of the surface drilling and reported in March 2011. Added mineral resources will play an important role in the Company's plans to increase production at Topia by 20% per year from 2010 to 2012.

The Company issued an update on March 7, 2011 to the ongoing mineral resource development at the Topia mine. The 2011 mineral resource estimate increased measured and indicated mineral resources to 7.44 million silver equivalent ounces, a 36.3% increase over the 2009 resource estimate, and inferred resources to 11.91 million silver equivalent ounces, a 109.3% increase over the previous estimate. (supported by NI 43-101 Technical Report on the Topia Mine, State of Durango, Mexico dated March 28, 2011 as filed on SEDAR)

Principal Capital Expenditures

During 2010, the Company expended \$2.8 million on mine development and capital expenditures at Topia. Subsequent to the equity financing in late 2009, the Company purchased six underground loaders of various sizes, one drill jumbo and one eight ton truck, to accelerate its growth strategy and achieve mining efficiencies.

(2) Guanajuato Mine

The Guanajuato silver-gold mine complex in Guanajuato, Mexico consists of three principal mines, the Valenciana, Cata and Rayas. These mines occupy the heart of the 25-kilometre long Veta Madre (Mother Lode) structure that controls the majority of the silver-gold mineralization in the Guanajuato Mine District. These mines are amongst the most historic and best known in Mexico as silver was discovered in the area in 1548 and estimates of historical production range from 700 million to 1.5 billion ounces of silver, and 4 to 7 million ounces of gold.

Great Panther purchased the mines in 2005, after many years of under-capitalization, and immediately set out to prove up new resources, rehabilitate the mines and refurbish the plant. Production commenced in June of 2006 and has increased steadily since that time. The plant is presently processing approximately 12,000 tonnes per month but has a capacity to more than double that.

From the fourth quarter of 2005 to the end of 2010, the surface diamond drilling program at Guanajuato was highly successful in identifying and delineating new zones of silver-gold mineralization. These discoveries highlight the lack of previous exploration on the property and the potential for new zones to be found throughout the mine. The easy access to these zones from existing underground workings and the utilization of existing infrastructure means that these zones can be developed quickly and cost-effectively.

Production stoping of the gold-rich Santa Margarita vein progressed well although overall gold production was down slightly compared to the previous quarter.

Production from the Los Pozos area on the 310 and 345 metre levels continued to increase and accounted for more than 50% of the total silver production at the mine. Access development to a third production stoping area at the 380 metre level was completed in the fourth quarter of 2010 and exploratory development was underway in December.

Revisions to the mine planning for Cata Clavo production have been made and ramp development to access all veins on the 520 metre level, as well as lateral development on the richer Alto 1(a) and Alto 2 zones, is underway. Output from Cata is expected to be restored to previous levels as ore grades improve. A new, 18-tonne capacity, underground haulage truck has been received and is being utilized to haul ore from the deeper sections at Cata.

Exploratory core drilling of the Guanajuatito North Zone below the 80 metre level has indicated mineralization continuing to depth and an access ramp has been driven to intersect the vein on the 120 metre level. The vein will be explored in more detail in the first quarter of 2011, in preparation for an additional stoping area.

Underground exploratory core drilling of the 1414 stope area between the Valenciana and Cata mine areas at the 320 metre level is underway. While this is being drilled, development along the 320 level will advance sufficiently to start the deep drilling under the main Valenciana Mine. The deep drilling will commence in the second quarter of 2011 and will test the Veta Madre structures in the Valenciana area below the 390 level, and along a 600 metre strike length.

A program of geological mapping and rock sampling completed in 2010 by the Company indicates that the three known structures on the San Ignacio property are up to 4 kilometres long and contain irregular silica breccia “veins” hosting gold and silver mineralization. The results from the surface program were sufficiently encouraging that the Company undertook a short Phase I drill program in Q4 2010 to test the Melladito and Nombre de Dios vein structures at depth. This program was successful in making what the Company considers to be a new discovery of significant silver-gold mineralization.

In light of the success of the 2010 drilling at San Ignacio, Great Panther's Board of Directors has approved a new 2011 budget of \$2.8 million for the exploration of the San Ignacio property. As soon as the appropriate permits are in place, an expanded drilling program will commence. Potential sites to establish a portal for an underground ramp are also being evaluated. Due to the proximity of the San Ignacio property to the Company's main Guanajuato operation, any mineralization intersected in the course of underground exploration and development can be trucked to the plant for processing. As such, cash flow provided by the additional tonnage can be used to offset the cost of the exploration and development program.

Production

Fourth quarter metal production from the Guanajuato mine totalled 255,372 oz silver as well as 1,835 oz gold, or 370,062 Ag eq oz, from processing 39,061 tonnes of ore with an average grade of 228g/t silver and 1.60g/t gold. This compares to the fourth quarter of 2009, when ore grades were a record 271g/t silver and 2.14g/t gold. Plant throughput in the fourth quarter of 2010 was 2% lower and plant silver and gold recoveries were higher by 7.9% and 5.4%, respectively. However ore silver and gold grades were down by 16% and 25%, respectively. This resulted in an 11% decrease in silver production and a 22% decrease in gold production.

Metal production for the year was 1,019,856 oz Ag and 6,619 oz Au, or 1,433,555 Ag eq oz. Compared to 2009, plant throughput was up by 4% to 144,113 tonnes in 2010 from 138,516 tonnes in 2009 and plant silver and gold recoveries were up by 6% and 5%, respectively. However silver and gold ore grades were down by 9% and 10%, respectively. Silver production was unchanged, while gold production was down by 2%.

The Guanajuato plant achieved record gold recovery and excellent silver recovery in the fourth quarter of 2010 of 91.1% and 89.1%, respectively, and, for the year, record metal recoveries were achieved, improving from 84.8% to 88.7%, for gold, and from 83.3% to 88.4%, for silver. On-going improvements have been made to the plant operations and will continue in 2011. Five new, 5-cubic metre flotation cells were ordered from Outotec for delivery by the second quarter of 2011. In addition, new Krebs cyclones will replace the last of three screw classifiers to further improve the control of the grinding circuit.

A summary of production at Guanajuato for 2010 is as follows:

| | <i>FY10-Q1</i> | <i>FY10-Q2</i> | <i>FY10-Q3</i> | <i>FY10-Q4</i> | <i>TOTAL</i> |
|--|----------------|----------------|----------------|----------------|------------------|
| Tonnes milled | 34,912 | 34,379 | 35,761 | 39,061 | 144,113 |
| Silver ounces | 225,030 | 288,825 | 250,629 | 255,372 | 1,019,856 |
| Gold ounces | 1,453 | 1,289 | 2,042 | 1,835 | 6,619 |
| Silver equivalent ounces (Ag eq oz) ¹ | 315,820 | 369,390 | 378,283 | 370,062 | 1,433,555 |

¹ For 2010, silver equivalent ounces for each metal were established using commodity prices of: US\$1,000 per oz, US\$16 per oz, for gold and silver respectively, and applied to the recovered metal content of the concentrates that were produced by the two operations. Average recoveries of 88.4% for Ag and 88.7% for Au were realized which resulted in the production of 1,019,856 oz Ag and 6,619 oz Au for a silver equivalent production of 1,433,555 ounces.

During the quarter, the NI 43-101 compliant Measured and Indicated mineral resource estimate for Guanajuato was updated and the first mineral reserve statement was released. The Measured and Indicated resources were estimated at 5.45 million Ag eq oz, the Inferred resources at 2.68 million Ag eq oz, and the Proven and Probable mineral reserves (derived from the Measured and Indicated resources) were estimated at 0.32 million tonnes with an average grade of 282g/t silver and 2.19g/t gold. Significantly, the mineral reserve grade compares very favourably with the average grades for 2010 and will lead to improved output from Guanajuato in 2011 and 2012.

Principal Capital Expenditures

During fiscal 2010, the Company expended \$1.2 million on mine development and \$4.9 million on capital expenditures. The Company purchased equipment to improve mine efficiency and thereby increase production. Purchased equipment included scissor lifts, scoop trams, and underground trucks.

Geological Justification of the Exploration Project

Geological exploration at the Guanajuato mine project is justified broadly based on the following. After a complete review of over 65 years of accumulated geological mapping, detailed sampling, and drilling by the former operator, the Company's geological team outlined numerous areas in late 2005 for further detailed exploration either by surface or underground core drilling, detailed geological mapping and re-sampling. Key areas that were and continue to be explored are listed below. Core drilling related to immediate mine planning/exploitation is not considered in this review.

San Vicente and Animas: The 2005 review of historic data revealed that underground sampling with economically significant results had not been exploited. As this ore was readily accessible from surface, it was the first area to undergo geological mapping and re-sampling during 2005 and 2006. In 2006, a surface core drilling program intersected economically significant results leading to re-commencement of underground exploitation in 2007. Continued exploitation in the San Vicente and Animas areas proved to be uneconomic due to low metal prices and low metal grades and the areas were closed in mid-2008.

Guanajuatito: The 2005 review of historic data revealed that underground sampling and surface core drilling with economically significant results had not been exploited. As such, the underground workings were re-mapped, and sampled to confirm previous results. On surface, a core drilling program was conducted in late 2005 and 2006. Based on the favourable results, mining and mine development re-commenced in 2007 and has been extended down from the plus 20 metre level to the 80 metre level. The

geology department at the Guanajuato Mine continues exploration activities with daily sampling, geological mapping of development headings and underground core drilling. Exploratory core drilling of the Guanajuatito North Zone below the 80 metre level has indicated mineralization continuing to depth and an access ramp has been driven to intersect the vein on the 120 metre level. The vein will be explored in more detail in the first quarter of 2011, in preparation for an additional stoping area

Promontorio: The 2005 review of historic data revealed that some areas with economically significant results from underground sampling had not been exploited. Surface geological mapping and rock sampling were completed in 2005. Surface core drilling in 2006 intersected economically significant mineralization and was followed up in 2007 with more detailed core drilling. Mine development and exploitation into the Promontorio area commenced in early 2008 from one underground level (35 metre level) accessed from the San Vicente area. In 2010, the 75 level was being refurbished for the exploitation of the Veta Madre between the 75 and 35 levels.

Valenciana: The 2005 review of historic data revealed that underground sampling and underground core drilling with economically significant results had not been exploited. A small program of underground geological mapping and sampling in 2006 confirmed the 2005 historic review. Of particular note is that multiple veins were mapped and extremely high grade silver-gold values were noted on the margins of old “Spanish” stopes. Due to logistical limitations in re-establishing services into Valenciana, detailed underground geological mapping and sampling was delayed until August 2008. Rehabilitation of the 320 metre level is underway. While this is being drilled, development along the 320 level will advance sufficiently to start the deep drilling under the main Valenciana mine. The deep drilling will commence in the second quarter of 2011 and will test the Veta Madre structures in the Valenciana area below the 390 level, and along a 600 metre strike length.

Maravillas: The 2005 review of historic data revealed that underground development above the 2,000 metre elevation was minimal with no evidence of surface drilling. This gap in exploration along the Veta Madre, along the west flank of the old “Spanish” Cata orebody workings, was seen as an excellent opportunity to potentially drill off a shallow section of economically significant mineralization. Six core holes were completed in 2007 with two containing significant silver-gold mineralization in the Veta Madre. There is no further exploration planned and no mineral resources are estimated for this area.

Rayas: The 2005 review of historic data revealed that some areas with economically significant results from underground sampling and underground core drilling had not been exploited. Exploitation is now ongoing with back filling of old stopes and mining of old pillars. Renewed exploration of the deep potential at Rayas, below the 1,650 metre elevation, (450 metre level) of previous exploitation, is underway. The first phase of cross cut and drift development is complete and drilling commenced in February 2010. Assay Data and geological interpretation from the drilling in 2010 has been used to estimate the resources of the Santa Margarita vein. Drilling in the deep Rayas area is planned to continue in 2011 to explore the deeper extensions of the Rayas Clavo.

Cata: The 2005 review of historic data revealed that areas with economically significant results from underground sampling and underground core drilling had not been exploited. A deep underground drilling program, below the 1,700-metre elevation (406 metre level, the lowest level of exploitation by the previous operator), to in-fill and expand the previous operator’s drilling at Cata, commenced in 2007 and was completed in September 2008. Economically significant mineralization has been intersected in many of the Cata deep drill holes, as reported in various news releases of 2007 and 2008. The Company reported its first NI 43-101 compliant resource at Guanajuato from the Cata area on June 30, 2009.

Several other areas of economic significance were geologically mapped underground and re-sampled in 2006. Exploitation in the deepest parts of Cata, and below the previous operator’s work, re-commenced in

2007 and is ongoing with a program of ramping, sub-level development and production using cut-and-fill mining methods. To date, mining has been extended from the 406 metre level to the 490 metre level. Underground exploratory core drilling of the 1414 stope area between the Valenciana and Cata mine areas at the 320 metre level is underway. While this is being drilled, development along the 320 level will advance sufficiently to start the deep drilling under the main Valenciana Mine. The deep drilling will commence in the second quarter of 2011 and will test the Veta Madre structures in the Valenciana area below the 390 level, and along a 600 metre strike length.

Santa Margarita: In the Rayas area, development along the Santa Margarita structure discovered economically significant gold and silver mineralization in mid-2009. The Santa Margarita structure is parallel to the Veta Madre and approximately 10 metres towards the hangingwall. Development is ongoing via ramp access and will be extended between the 435 and 475 metre levels in 2011. The Rayas deep core drilling program which commenced in 2010 was successful in confirming economic mineralisation of the Santa Margarita structure to depth. Stoping started in 2010 using mechanized cut and fill mining methods.

Los Pozos: The Los Pozos area is located between the Cata and Rayas shafts and has been the site of ramp development and underground core drilling throughout 2009. The Los Pozos area is part of the Veta Madre that had not been exploited by previous operators, and whose economic significance was ascertained by re-sampling and underground core drilling during 2009 and 2010. The zone of mineralization has been confirmed to extend from the 275 to the 390 metre level.

San Ignacio: The surface drilling program at the San Ignacio mine property in Guanajuato commenced during the third quarter of 2010. The property is located approximately 5 kilometres west-northwest of the city of Guanajuato, where the Company operates its flagship Guanajuato mine. The property was part of the package purchased by Great Panther in 2005 but due to the Company's focus on the main mine complex, it had not conducted any work at San Ignacio until 2010. The past-producing San Ignacio mine was put on care-and-maintenance by the previous owners in 2001 due to low metal prices but the infrastructure is still intact.

The San Ignacio mine property covers part of the La Luz vein district, which is parallel to, and west of, the principal Veta Madre structure that hosts the main Guanajuato mines. The La Luz district marks the site of the first discovery of silver in the area in the year 1548, which led to the discovery of the Veta Madre silver-gold deposits in 1550. It comprises a swarm of generally north-northwest striking, west dipping quartz veins and breccias with associated low sulphidation silver-gold mineralization, along an approximate eight-kilometre long trend.

The Company's San Ignacio mine property covers approximately 4 kilometres of strike length on the La Luz vein system and is contiguous with Endeavour Silver's Bolanitos mine property that is currently in production. The San Ignacio mine exploited only about 500 metres of strike length along one of the three known structures on the property and there is no record of any previous exploration elsewhere on the claim block. Production records from 1977 to 2001 indicate that a total of 617,455 tonnes at a grade of 113g/t Ag and 1.01g/t Au were extracted from this small portion of the property at an average rate of approximately 85 tonnes per day. This is similar to the grade that was mined at Guanajuato prior to the Company's purchase of the mines in 2005 but the Company has more than doubled this grade since then with increased grade control and improved mining methods. As there is no processing facility at San Ignacio, ore was trucked to the Cata plant in the main mine complex in Guanajuato, approximately 20 kilometres by road.

A program of geological mapping and rock sampling completed in 2010 by the Company indicates that the three known structures on the San Ignacio property are up to 4 kilometres long and contain irregular

silica breccia “veins” hosting gold and silver mineralization. The results from the surface program were sufficiently encouraging that the Company undertook a short Phase I drill program in Q4 2010 to test the Melladito and Nombre de Dios vein structures at depth. This program was successful in making what the Company considers to be a new discovery of significant silver-gold mineralization.

The Phase I drill program was continued into Q1 2011 with an additional 4 holes while permitting for Phase II was underway. The eight holes drilled have delineated a package of multiple parallel quartz veins, breccias and stockwork zones that carry sufficient grades as to be potentially economic, based upon Great Panther’s experience at its neighbouring Guanajuato Mine Complex. The veins have been drilled over a strike length of more than 150 metres and for a vertical depth of more than 300 metres.

The Phase II permit has now been received and a contract for approximately 6,700 metres in 18 holes has been granted to BDW Drilling. The Company is compiling drill data in order to estimate a preliminary resource and has started the permit application process, including preparation of an Environmental Impact Assessment, in anticipation of a positive decision to establish a mine portal and drive a decline ramp from surface to access the veins for underground mining. During the course of development, any ore from the San Ignacio Mine property will be trucked to Great Panther Silver’s Guanajuato Plant for processing, where the capacity currently exists to double ore throughput.

Funding for Exploration Program

The exploration program at Guanajuato will be funded through cash flow from operations.

Individuals Responsible for Conducting Proposed Exploration Work and Their Qualifications

Robert F. Brown, P. Eng

The exploration program will be guided by Robert F. Brown, P. Eng (Province of British Columbia, Canada) who is both the Company’s qualified person as defined under NI 43-101 and Vice President of Exploration.

Mr. Brown gained insight into exploration geology and on-site mine geology working 15 years with LAC Minerals Ltd, a former Canadian mining company, and then another 14 years with various junior exploration companies, in Canada, Mexico, Ecuador, Peru, Argentina and Indonesia before joining the Company in 2004.

Sampling - Collection, Preparation, Analytical Procedures, and Quality Assurance/Quality Control Protocols

Core and rock samples are brought to surface every day from various underground workings to two central gathering points. Mine channel samples are sorted in a secure building within the Guanajuato complex and hand delivered to an on-site, independently operated laboratory. Core samples are delivered to a large secure warehouse within the Guanajuato complex where they undergo detailed logging and are cut in half with a core saw, with half the core bagged for assay and the other half stored securely in a locked building. Exploration geologists add blank and standard samples into the sequence of bagged core, and deliver the samples to the laboratory.

Mine channel samples are collected daily by trained samplers under the supervision of mine geologists. Mine geologists mark up the underground locations where the samples are to be taken by the samplers. The samplers label the sample bags, collect the samples, and seal the bags underground. The samplers

then carry the samples to surface and to the secure area. Mine geologists then sort the samples and add blank and standard samples into the sequence of samples, and deliver the samples to the laboratory.

In the core warehouse, geologists log the core. This includes detailed geotechnical measurements, geological logging following a standardized geological legend, and marking the core for core saw splitting. After the core is split, the geologists describe in detail each sample to be taken, then label, tag, fill, and seal each sample bag with the appropriate core. Samples are delivered daily to the laboratory.

Rock and core geological and sample details are entered daily into a dedicated geological database located on the Guanajuato mine computer server.

The Guanajuato assay laboratory was constructed in 2006-07 in a warehouse within the Guanajuato mine complex. It was designed by SGS Canada Inc., an internationally recognized analytical company (SGS Group). Laboratory equipment was procured from sources recommended by SGS, and construction was overseen by SGS. The Guanajuato mine laboratory was the 101st independent laboratory designed and built by SGS. The laboratory is owned by the Company and independently operated by SGS.

All samples collected at the mine are assayed at the on-site laboratory. All samples are assayed for silver and gold using a combination of fire assay and atomic absorption finish. Select samples including mine concentrate samples use a combination of fire assay and gravimetric finish for silver and gold assaying. Certain exploration samples are also analyzed for copper, lead, zinc, arsenic, and antimony using aqua regia digestion and atomic absorption finish. Assay results are stored in an onsite computer server, and e-mailed daily to the Guanajuato mine computer server. Assays are then merged into the mine database.

Assay quality assurance is guaranteed by the Company geologists inserting blank, standard and split samples into the sample sequence. Standard samples are inserted one every twenty samples, while blanks and splits are inserted one every 40 samples. This is apart from internal quality assurance measures taken by SGS.

Primary Exploration Properties

(1) Mapimi Project

The Mapimi Project (formerly Km66) was an advanced stage exploration project that hosts significant silver-lead-zinc-gold mineralization and a recently discovered molybdenum deposit. The Company's goal at Mapimi was to define a bulk tonnage deposit amenable to open pit mining, thereby significantly enhancing Great Panther's growing portfolio of silver projects. The property consisted of 17 concessions in northeast Durango State and bisected by a paved highway approximately 100 kilometres from Peñoles' smelter at Torreon, so infrastructure was considered excellent.

Exploration on the Mapimi property since 2006 consisted of detailed geological mapping and re-sampling of outcrops, adits and trenches; an airborne geophysical survey and a ground induced polarization geophysical survey; and 12,448 metres of core drilling in 60 holes. The drilling on the La Gloria and Las Palmitas Ag-Pb-Zn Zones, which commenced in December 2006, increased the confidence level of the initial resource, resulting in a new Indicated Mineral Resource estimated at 6,585,900 tonnes grading 28g/t silver, 0.09g/t gold, 0.41% lead and 1.14% Zn and an Inferred Mineral Resource at 2,027,900 tonnes grading 34g/t silver, 0.13g/t gold, 0.54% lead and 0.81% zinc.

Drill-testing of other targets on the property resulted in the discovery of a buried molybdenum deposit, named the Bulls-Eye Zone, and of Ag-Pb-Zn mineralization in an area named the North Zone.

On September 16, 2009, the Company announced the termination of its option on the Mapimi project as management determined that it was uneconomical to continue with the project and it was better use of the Company's funds to focus its efforts on expanding the production and resources at its existing mines.

(2) *San Antonio Project*

The mining concessions comprising the San Antonio project cover an area of 11,946 hectares, and are located in the municipality of Guadalupe y Calvo, State of Chihuahua, Mexico, approximately 162 kilometres south-southwest of the city of Hidalgo de Parral, Chihuahua, and 265 kilometres southwest of the city of Chihuahua.

Multiple targets have been identified by Great Panther at San Antonio within a variety of geological settings, including gold-copper veins, breccias and stockworks, as well as silver-lead-zinc veins. A total of 20 separate mineralized structures have been identified to date. Underground sampling by the Company in 2004 along the Santo Niño Zone returned an average grade of 7.75 g/t gold over an average width of 3.03 metres along a 25 metre strike length. The Company owns a 100% undivided interest in the entire San Antonio package. As the project was considered to be a non-core asset to the Company, it had been optioned to Altair Ventures Incorporated.

On February 1, 2010, Altair forfeited its option. On December 21, 2010 the Company relinquished its rights to the San Antonio and Santo Nino mining concessions resulting in a \$0.07 million write-down in the carrying value.

Revenues

The Company recognizes revenue from the sale of concentrates upon delivery when persuasive evidence of a sales agreement exists, the risks of ownerships are transferred to the customer, collection is reasonably assured and the price is readily determinable. Revenue is based on market metal prices and mineral content. Revenue is recorded in the consolidated statement of operations net of treatment and refining costs paid to counter parties under terms of the off-take arrangements. Revenue from the sale of the concentrates is subject to adjustment upon final settlement based upon metal prices, weights and assays. For each reporting period until final settlement, estimates of metal prices are used to record sales using forward metal prices based upon the expected final settlement date.

For the year ended December 31, 2010, we earned \$42.2 million in revenue from our Topia and Guanajuato mining operations. Revenues for 2009 were \$31.7 million.

Market Prices

The market prices of gold, silver and other precious metals have historically fluctuated widely and are affected by numerous global factors beyond our control. A decline in such market prices may have an adverse effect on revenues we receive from the sale of minerals. A decline in prices will also reduce our exploration efforts and make it more difficult to raise capital.

Seasonality of our Business

Our business is not expected to be seasonal and our mining and milling operations will be carried out year round.

Sources and Availability of Raw Materials

Other than water and power, both of which are readily available, we do not require any raw materials with which to carry out our business.

Patents and Licenses; Industrial Commercial and Financial Contracts; and New Manufacturing Processes

In conducting our business operations, we are not dependent on any patented or licensed processes, technology, industrial, commercial or financial contracts or new manufacturing processes.

Competitive Conditions

We compete with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral interests, as well as for the recruitment and retention of qualified employees.

Government Regulations

The mining industry in Mexico is controlled by the Secretaria de Economía – Dirección General de Minas which is located and administered from Mexico City. Mining concessions in Mexico may only be obtained by Mexican nationals or Mexican companies incorporated under Mexican laws. The construction of processing plants requires further governmental approval.

The holder of a mining concession is granted the exclusive right to explore and develop a designated area. Mining concessions are granted for 50 years from the date of their registration with the Public Registry of Mining to the concession holder as a matter of law if all regulations have been complied with. During the final five years of this period, the concession holder may apply for one additional 50 year period, which is automatically granted provided all other concession terms had been complied with.

In accordance with the Federal Duties Law ("LFD") the holder of a mining concession is obligated to pay biannual duties in January and July of each year based upon the number of hectares covered by the concession area.

Concessionaires must perform work each year that must begin within ninety days of the concession being granted. Concessionaires must file each May, proof of the work performed. Non-compliance with these requirements is cause for cancellation only after the Ministry of Mines communicates in writing to the Concessionaire of any such default, granting the Concessionaire a specified time frame in which to remedy the default.

There are no limitations on the total amount of surface covered by mining concessions or on the amount of land held by an individual or company. Excessive accumulation of land is regulated indirectly through the duties levied on the property and the production requirements as outlined above.

Mexican mining law does not require royalties to the Government, except for the discovery premium related to National Mineral Reserves, Concessions in Marine Zones and Allotments to the Council of Mineral Resources.

C. Organizational Structure

As at the date of this annual report, we have three wholly-owned subsidiaries. They are:

1. Minera Mexicana el Rosario, S.A. de C.V. (“MMR”), a company incorporated in the United States of Mexico. This Mexican subsidiary holds our Mexican property interests. This Mexican subsidiary was acquired by us on February 5, 2004.
2. Metalicos de Durango, S.A. de C.V., a company incorporated in the United States of Mexico on July 12, 2005. This operational subsidiary is responsible for the day-to-day affairs and operations of the Topia Mine.
3. Minera de Villa Seca, S.A. de C.V., a company incorporated in the United States of Mexico on October 5, 2005. This operational subsidiary is responsible for the day-to-day affairs and operations of the Guanajuato Mine.

On November 30, 2009, Exploraciones Mineras el Rosario, S.A. de C.V., the Company’s subsidiary responsible for exploration and further development of the Company’s mineral properties, was merged with Minera de Villa Seca, S.A. de C.V.

D. Property, Plant and Equipment

We rent executive and administrative office space located at Suite 350 and Suite 2100-1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3, Canada, for the sum of \$20,607 per month.

Our Mexican subsidiary, Minera Mexicana el Rosario, S.A. de C.V. (“MMR”), rents office space at the following locations:

- Juan Nepomuceno Herrera No. 712, Fraccionamiento Valle del Campestre, León, Guanajuato, Mexico, C.P. 37150, for the sum of \$16,500 Mexican Pesos (approximately \$1,346) per month;
- Cerro Gordo No. 210 Fraccionamiento Lomas del Parque, Durango, Durango, Mexico, C.P. 3410, for the sum of \$8,000 Mexican Pesos (approximately \$653) per month; and

Our Mexican subsidiary Minera de Villa Seca, S.A. de C.V., maintains office space at Hacienda de Bustos, Mineral de Cata, Guanajuato, Guanajuato, Mexico, C.P. 36010. The premises are owned by MMR.

Our Mexican subsidiary, Metalicos de Durango, S.A. de C.V., maintains office space at Boulevard La Sierra No. 1, Topia, Durango, Mexico, C.P. 34541. The premises are owned by MMR.

We believe that our current office arrangements provide adequate space for our foreseeable future needs.

We rent land for the tailings dam located in Topia, Durango, Mexico.

We rent accommodation for mine personnel and corporate business travel located in Guanajuato, Guanajuato, Mexico.

At present, our activities are focused on the mining, exploration, development and acquisition of precious and base metal properties located in Mexico.

Primary Mining Properties

(1) Topia Mine

a. Location and Accessibility

The Topia mine is located in the municipality of Topia in the west central part of Durango State, Mexico. Access is gained by travelling north for roughly 200 km on paved highway #23 from Durango through the city of Santiago Papasquiaro, and then west on paved and gravel roads to the town of Topia, a distance of approximately 150 km. Total driving time from Durango City is about 8 hours. Most of the main roads in Topia are paved with concrete or cobblestones, and the town contains numerous stores, restaurants and hotels. A small airstrip on the east side of the town is serviced daily from Culiacán, Sinaloa by small aircraft. Flight time from Culiacán is less than an hour.

The terrain is quite steep and rugged with elevations ranging from approximately 600 metres in the river valleys in the western portion of the property rising to nearly 2,000 metres in the northeastern portion of the property where high level plateaus exist. The area is generally dry except during the rainy season when between 20-50cm of rain may fall. Mining operations and most exploration activities (especially underground exploration and development) can be conducted on a year-round basis. Access to the numerous mine entrances is via gravel roads that are narrow in the steep Sierra.

Refer to Exhibit 8.3 - Map of Topia Property.

b. History

Although the discovery of silver in the area dates back to 1538, the existing mine was not built until 1952, when Peñoles consolidated the mining concessions and built road access into the town. Great Panther purchased the mine in 2005 and commenced mining in January 2006.

c. Geology and Mineralization

The Topia mine lies within the Sierra Madre Occidental geological province of northwestern Mexico. The Sierra Madre is a prolific belt of mineral wealth hosting many significant gold and silver deposits. The silver-gold-lead-zinc veins of the Topia district have formed along a northeast-trending series of faults and are of the epithermal type. Mineralized veins are limited to the lower series of andesitic lavas and interbedded pyroclastics known as the Topia andesites. These veins contain ore grade mineralization over a limited vertical extent of between 100 and 300 metres but this mineralized zone extends laterally along strike in individual veins for as much as four kilometres.

d. Mineral Resource and Mineral Reserve Estimates

There are no known reserves on the property and the proposed program is exploratory in nature. Although the Company has not established Mineral Reserves for the property, we feel that Mineral Resources are adequate for mine planning and exploitation at Topia.

We advise U.S. investors that while these terms “Resource Estimate” and “Inferred Mineral Resource” are recognized and required under Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. U.S. investors are cautioned not to assume that any part of all of the mineral deposits in this category will ever be converted into reserves.

On March 7, 2011, the Company announced that Roscoe Postle Associates Inc. (“RPA”) delivered an update to the ongoing mineral resource development at the Topia mine. The 2011 RPA mineral resource

estimate comprised Measured and Indicated mineral resources of 171,000 tonnes at 864g/t silver, 1.56g/t gold, 7.53% lead and 4.37% zinc (7.44 million silver equivalent ounces), a 36.3% increase over the 2009 resource estimate. In addition, RPA estimates 285,000 tonnes of 868g/t silver, 1.5g/t gold, 6.5% lead and 3.7% zinc (11.91 million silver equivalent ounces) in the Inferred category, a 109.3% increase over the previous estimate (supported by NI 43-101 Technical Report on the Topia Mine, State of Durango, Mexico dated March 28, 2011 filed on SEDAR).

The significant increase in our resource base at Topia is a validation of the longevity of this high grade silver-gold-lead-zinc mine. Considering there were no compliant resources when the Company bought the Topia mine, we have consistently increased the resource base with every drill program, while increasing production at the same time.

The 2011 RPA mineral resource estimate provides updates for the Argentina vein (Argentina Mine), plus new mineral resource estimates for the Don Benito (north and south veins in the 1522 and Crucero 9N Mines), Recompensa (Recompensa and Rincon Mines), Cantarranas (Hormiguera Mine), San Jorge (San Miguel Mine), San Gregorio (San Gregorio, Mina 7, and Durangueno Mines), El Rosario and La Prieta veins.

The estimate was based on a minimum NSR value of \$US130/tonne (corresponding to the 2010 direct mining and processing costs which are 77% of the total operating costs). This is applicable at Topia since the general and administrative (“G&A”) costs are \$US38 / tonne. Current operating costs for the Topia Mine veins are \$US130 / tonne ore mined and processed, and any additional resources to the mining plan would require no increase in G&A costs and reduced unit mining costs. The 2011 RPA mineral resource estimate assumed (1) actual concentrate transport, and smelter treatment and refining charges in effect through 2009 and 2010; (2) RPA long term estimates of metal prices as of February 2011, and typical plant recoveries for 2010, in Table 1; and (3) minimum mining width of 0.3 metres. Capping was individually applied to each of the veins making up the summary in Table 1.

This estimate replaces those by Wardrop in 2009 and 2006 for the Argentina and various other veins on the property. The breakdown for the RPA mineral resource estimates on the Topia property is given in Table 1 below. The estimate has increased over that reported in 2009, mainly due to inclusion of new veins that were being explored and mined but were unreported as mineral resource. A direct comparison of the Wardrop and RPA mineral resources is not relevant due to differing metal prices and minimum NSR values, as well as estimating methodologies. However, the overall percentage increase is shown in Table 3 below.

The production rate from the Topia mines is increasing each year and is planned at 36,000 tonnes in 2011. Additionally, there are other mineralized veins that are not included in this resource estimate. By applying reasonable estimates of 50% mining dilution and 80% mining recovery, management expects the current resources to support a mine life of at least fifteen years. It is anticipated that, with additional drilling, the resource will continue to increase. This “rolling resource” is typical for underground mines as it is often not cost effective to define a large resource/reserve in advance of mining.

While most of the current resource base came from Great Panther Silver’s diamond drilling and underground development, the resources estimated in certain veins (e.g. Argentina) on the property came largely from the verification of Peñoles’ sampling, on levels that are planned for access later in 2011 and 2012 and are still intact. The majority of Great Panther’s mining to date has come from new mine development on veins reported in these estimates. There is lesser production from other veins that are not included in this update and these may be estimated in future resource updates. The new total contained metal for the mineral resource categories is shown in Table 2 below.

**Table 1. 2011 Summary Mineral Resource Update:
Topia Mineral Resources - December 31, 2010**

| Class | Tonnage (t) | Ag (g/t) | Au (g/t) | Pb (%) | Zn (%) |
|------------------|----------------|-------------|-------------|-------------|-------------|
| Measured | 58,000 | 825 | 1.67 | 7.57 | 4.97 |
| Indicated | 113,000 | 883 | 1.50 | 7.50 | 4.06 |
| M & I | 171,000 | 864 | 1.56 | 7.53 | 4.37 |
| Inferred | 285,000 | 868 | 1.50 | 6.50 | 3.70 |

| | Metal Prices (RPA 2011) | Recoveries (Plant 2010) |
|----|----------------------------|----------------------------|
| Au | US\$1,200/oz | 80.00% |
| Ag | US\$21.00/oz | 92.00% |
| Pb | US\$1.00/lb | 94.00% |
| Zn | US\$1.10/lb | 92.00% |

Table 2. Contained metal (all veins):

| Category | Tonnes | Ag ozs | Au ozs | Pb lbs | Zn lbs | Ag eq oz |
|----------------------------|---------|-----------|--------|------------|------------|------------|
| M & I Resources | 171,000 | 4,738,000 | 8,550 | 28,314,000 | 16,437,000 | 7,436,000 |
| Inferred Resources | 285,000 | 7,953,000 | 13,560 | 41,092,000 | 23,373,000 | 11,909,000 |

The addition of multiple other veins into the 2011 RPA mineral resource estimate has led to a substantial increase in silver equivalent ounces from Wardrop's estimate of 2009, as shown in Table 3.

Table 3. Percentage improvement 2011 over 2009:

| Category | RPA 2011 (Ag eq oz) | Wardrop 2009 (Ag eq oz) | Change |
|----------------------------|---------------------|-------------------------|---------|
| M & I Resources | 7.44 million | 5.46 million | 36.30% |
| Inferred Resources | 11.91 million | 5.69 million | 109.30% |

Due to the steep topography and the nature of the narrow veins at Topia, surface drilling is typically widely spaced and is used as a guide for underground development by locating and confirming structural continuity and grade, while development by drifting, sampling and some underground drilling along the vein defines the measured and indicated mineral resources. Accordingly, the surface drilling is used to determine inferred resources.

Areas of interest for the summer 2011 Topia Mine surface drill program will be the Oliva vein (west portion) and, in the same area, the eastern portion of the Recompensa vein and several intermediate veins of interest noted in the 2010 program. Also, more detailed drilling will take place at La Prieta, which can

significantly upgrade the present inferred resource on the La Prieta veins as well as on three other subsidiary veins. Detailed drilling on the Higuera vein, along with strike extensions of the San Gregorio and El Rosario veins will continue to grow the Topia Mine mineral resources. The Argentina vein remains open to expansion at depth and to the east for approximately 500 metres below old mine workings and will be drill tested this summer.

e. Exploration History

The Company has conducted extensive work on the Topia property as far back as 2004. The diamond drill program conducted between June 2004 and February 2005 comprised 7,436 metres in 30 surface holes with results evidencing high grade silver-lead-zinc mineralization. Five separate areas were tested with one or two main veins present in each area. The main goal of the program was to test the strike, dip and grade continuity of the veins beyond where they had been mined in the past in order to indicate the exploration potential of the property and to guide the short term underground development work with the goal of successfully re-opening the mine.

Based upon the success of the exploration program, the Company exercised its option to purchase the Topia Mine in July 2005. Once access was gained to the underground workings, underground mapping, sampling and diamond drilling became an integral part of the ongoing exploration program at Topia. In December 2005, we commenced limited production at the Topia Silver-Lead-Zinc Mine in Durango, Mexico.

In March 2006, we reached a significant milestone in becoming a primary silver producer with our first shipment of concentrates from operations. In the second half of 2006, we commissioned our second ball mill increasing the plant's production from 120 to 170 tonnes per day.

During 2007 and 2008, ongoing exploration development of the mine continued to demonstrate high grades of silver-lead-zinc. In addition, new underground drilling and chip-sampling has demonstrated very good potential on the yet unmined parts of many of the known veins.

Surface drilling continued into early 2008 and then resumed in mid-2009 where a 4,000-metre program on the major production areas of Recompensa, Hormiguera, El Rosario, and San Gregorio. Great Panther has now drilled a total of 20,873 metres in 97 surface holes and 3,541 metres in 68 underground holes.

During the first three quarters of 2010, the Company completed the 8,815.4 metre (expanded from the initial 6,000 metre) surface drill program on the Topia mine veins. The drilling was extremely successful and will guide mine development to continue to expand silver production from the San Gregorio, Recompensa, and Cantarranas (Hormiguera mine) veins as well as enable new production to be added from veins where no mining is currently taking place. Drilling on the recently acquired La Prieta property proved the potential for this to be an additional mine for the Topia operations, with high silver values in the three drill holes of up to 2,500g/t over 0.25 metres. There were also several significant intercepts of other veins that are not currently being mined, including the Higuera vein (close to the San Gregorio vein), and the western portion of the Oliva vein (close to the Recompensa vein).

In addition, mine development on the Cantarranas vein at the Hormiguera mine has encountered 161 metres of strike length with an average width of 0.19 metres grading 1,403g/t silver, 0.88g/t gold, 2.02% lead, and 7.76% zinc. At Mina 7, on the San Gregorio vein, development is ongoing eastward, with 90 metres of strike length on the vein, with an average width of 0.43 metres grading 1,436g/t silver, 0.53g/t gold, 7.26% lead and 12.23% zinc. Sub-level development and stoping is ongoing in both areas.

f. Total Costs Incurred to Date and All Planned Future Costs

As at December 31, 2010, total costs incurred on mineral properties, plant and equipment at Topia were \$10.6 million. Total costs incurred on exploration were \$11.6 million. Planned costs for 2011 are approximately \$5 million for capital investment and exploration.

g. Source of Power and Water that can be Utilized at the Property

Topia is connected to the national power grid. Artesian springs located above Topia provide water year-round by gravity to the town. Most of the lower mine portals discharge water and the Victoria adit has provided enough water to supply milling activities in the past.

(2) Guanajuato Mine

a. Location and Accessibility

The Guanajuato mine is located alongside the city of Guanajuato, 380 km northwest of Mexico City in central Mexico. Guanajuato is situated in the Central Plateau of Mexico in the mountains of Sierra de Guanajuato at elevations ranging from 1,600 to 2,200 metres. The principle claim group is centred at approximately 21°03'N latitude and 101°15'W longitude (NAD 27, UTM coordinates 2327500N, 265500E). The Guanajuato mine consists of 1,107.28 hectares, made up of 28 non-contiguous concessions.

Excellent access is available to Guanajuato with an international airport 30 minutes to the west near Silao/Leon. Toll freeways skirt the city linking it with Leon, Guadalajara, and Mexico City. All of the facilities of the Guanajuato mine are accessed from city streets.

The Guanajuatito ramp provides easy access to the mineralization throughout the Guanajuatito-Encarnación area where only a minor amount of mining has taken place in the past.

Refer to Exhibit 8.4 – Map of Guanajuato Property.

b. History

The Guanajuato Mining District was founded in 1548, with the first discovery of silver in the area. Estimates of historical production range from 700 million to 1.5 billion ounces of silver and 4 to 7 million ounces of gold.

Mining at Guanajuato has been conducted since the year 1600, initially by the Spaniards and subsequently by Mexican, British and American companies. Since 1939, the property now owned by Great Panther was owned and operated by a Mexican mining cooperative. Production by the latter, from whom the Company bought the property, had dwindled to about 200 tonnes per day by 2005, despite the plant capacity of 1,200 tonnes per day. Grades had dropped and the cooperative was losing money. Operations stopped completely in August of that year and Great Panther took possession of the mine in December 2005.

c. Geology and Mineralization

Three major fault systems with associated mineralization occur in the Guanajuato Mining District, La Luz, Sierra, and the Veta Madre systems, the largest being the 25 km long Veta Madre. The principal

mineralizing event is thought to be late Oligocene in age +27 Ma, which has created three identifiable stages of mineralization according to Clark (2005); “1) pre-ore, 2) ore, 3) post-ore and the ore can be divided into three zones; upper ore, lower ore, and deep ore.” The upper ore is defined as being >2,100m above sea level (“a.s.l.”), lower ore is found between 2,100m and 1,700m a.s.l. and deep ore as being <1,700m a.s.l.

All historic descriptions of the mineralization contain the term “ore”. In most cases, the terminology applies to previously mined mineralization. Historic authors have generally agreed that there are three separate zones of mineralization; upper ore, lower ore and deep ore. Normally this categorization refers to areas now mined out but in other cases, it refers to horizons of un-mined material that may contain mineralization that would not be considered as “ore” as defined by NI 43- 101 *Standards of Disclosure for Mineral Projects* adopted by the securities regulators in Canada. The authors have chosen to use the same language to be consistent with the historic documentation and are not implying that the mineralization will ever become ore that can be mined at a profit.

The Veta Madre systems strike northwesterly and dip 45⁰ to 65⁰SW. The bulk of the mining production has come from a five-kilometre section of the Veta Madre stretching between the Valenciana shaft of our company’s ground in the northwest to the Sirena shaft on Peñoles ground in the southeast. In this five kilometre area, the vein stockwork averages approximately 20 metres in width but can be as wide as 90 metres. Most of the historic production has come from the economically important lower ore level (2,100 metres to 1,700 metres a.s.l.) and is typically associated with faults and both footwall and hanging wall stockwork vein systems.

The argentiferous mineralization is hosted in quartz veins with gangue mineralogy of quartz, calcite, pyrite, adularia, and sericite. The principal silver bearing mineralization is acanthite (argentite), aguilarite and naumannite while gold occurs as free gold and as electrum. The gold to silver ratios vary from approximately 1:1 to 1:200 and historically have averaged about 1:100. Base metal mineralization is not common; when it occurs it is observed as chalcopyrite, sphalerite and galena. The exception is the “deep ore” in the Rayas mine which is associated with chalcopyrite and galena.

The economic mineralization is hosted in quartz-carbonate-adularia veins and stockwork systems with identifiable “ore-shoots” that carry the bulk of the economic mineralization. The ore shoots are discontinuous, 10-40 metre wide and typically equal in vertical dimensions to strike length. The discontinuous nature of the ore-shoots has made ongoing underground and surface exploration challenging and not necessarily well understood. On average, approximately 20% of the volume of the individual veins becomes ore.

d. Mineral Resource and Mineral Reserve Estimates

In December 2010, Roscoe Postle Associates (“RPA”), of Vancouver, B.C., provided an updated NI 43-101 compliant Measured and Indicated mineral resource estimate on the Cata Clavo, Los Pozos, and Santa Margarita zones at the Guanajuato mine. The new Measured and Indicated mineral resource contains 5,450,000 ounces silver equivalent. Inferred mineral resources are estimated at 2,678,000 ounces silver equivalent. The Measured and Indicated mineral resources include 4,372,000 Ag eq oz categorized as Proven and Probable mineral reserves, using a cut-off grade of 185 g/t silver equivalent (supported by NI 43-101 Technical Report on the Guanajuato Mine Complex, Guanajuato, Mexico dated January 31, 2011 filed on SEDAR). This is the first time that NI 43-101 compliant reserves have been estimated for the Guanajuato Mine and is a positive step in confirming the long-term viability of this historic operation.

The new resource base represents a 53% increase over the previous resource estimate in June of 2009, even after deducting the production from that zone over the last year and a half. This demonstrates the

Company's ability to not only replace what is being mined, but to increase the resource base and extend the mine life with additional drilling. There were no compliant resources at Guanajuato when Great Panther purchased the property in 2005 and most of the more than 4,500,000 Ag eq oz that the Company has mined from Guanajuato since 2006 has come from non-compliant resources.

Mining of the three zones, Cata, Los Pozos, and Santa Margarita currently accounts for most of the Guanajuato metal production. Resource drilling is ongoing to delineate new resources and reserves on the upper and depth extensions of Los Pozos and the southeast strike extension of Santa Margarita but also includes Guanajuatito, Valenciana, San Telesforo, and the depth extensions of the Rayas Clavo, none of which are included in this resource estimation but which will be included in the 2011 update. In addition, drilling of the very promising San Ignacio project will continue through 2011 and will make a significant contribution to future resources for the Guanajuato Mine. As such, the resource base will continue to build at Guanajuato and it is the Company's stated objective to delineate approximately 25-30 million Ag eq oz of resources/reserves by the end of 2012.

For the year 2010, production from Guanajuato is estimated to be 1.02 million Ag oz and 6,720 Au oz (1.44 million Ag eq oz). The resource and reserve estimates, together with the significant potential of the ongoing drilling programs, positively support the achievement of the growth strategy objectives for Guanajuato.

Silver equivalent values were applied to computer generated block models in order to define the mineral resource. The mineral reserve cut-off value of 185g/t (6.0 oz/t) silver equivalent is the metal content contained in one tonne of ore for which the net revenue (net of smelter and refining costs) is equal to the average full operating costs to mine and process one tonne of ore. RPA used medium term projected metal prices of US\$17.67/oz Ag and US\$1,150/oz Au (relative price ratio of 65 gold to 1 silver), 2010 concentrate sales contract terms, and typical plant performance metal recoveries and concentrate grades to calculate the net value. Total operating costs at Guanajuato, including mining, milling, and general and administration costs, are currently US\$85/tonne. Experience gained from mining the veins by the cut-and-fill mining method and the upward trend in metal prices, determined that the appropriate cut-off value for defining mineral resources at Guanajuato be set at 136g/t (4.3oz/t) silver equivalent. The use of a lower cut-off for resources reflects the less stringent guidelines for resources versus reserves.

Based upon these parameters, the Measured and Indicated mineral resource contains 5,450,000 Ag eq oz including 2,495,000 Ag eq oz in the Measured category and 2,956,000 Ag eq oz in the Indicated category. Inferred resources are estimated at 2,678,000 Ag eq oz. Of the Measured and Indicated mineral resource, 4,372,000 Ag eq oz is classified as Proven and Probable mineral reserve, using a cut-off of 185g/t silver equivalent. The Proven mineral reserve is estimated at 1,935,000 Ag eq oz, while the Probable mineral reserve is estimated at 2,438,000 Ag eq oz. Breakdowns for silver and gold can be found in the tables below.

Measured, Indicated and Inferred mineral resources in the three areas were estimated by Dave Rennie, P.Eng, a Principal Geologist for RPA, and the proven and probable mineral reserves were estimated by R. Dennis Bergen, P. Eng, Associate Principal Mining Engineer for RPA. Both are independent of Great Panther as per the criteria set out in NI 43-101. The mineral reserves and mineral resources estimates are tabulated below:

October 31 2010 Proven Mineral Reserves

| Zone | Tonnage Kt | Au g/t | Au oz | Ag g/t | Ag oz | Ag Eq (oz) |
|---------------------|-----------------------|-------------------|------------------|-------------------|------------------|-----------------------|
| Cata - Madre | 44.0 | 1.28 | 1,800 | 344 | 486,000 | 603,000 |
| Cata - Alto 1 | 30.5 | 2.21 | 2,170 | 296 | 290,000 | 431,000 |
| Pozos | 65.4 | 1.29 | 2,720 | 309 | 650,000 | 827,000 |
| Santa Margarita BX | 7.3 | 4.47 | 1,050 | 21 | 5,000 | 73,000 |
| Total Proven | 147.0 | 1.64 | 7,740 | 303 | 1,431,000 | 1,935,000 |

October 31 2010 Probable Mineral Reserves

| Zone | Tonnage Kt | Au g/t | Au oz | Ag g/t | Ag oz | Ag Eq (oz) |
|------------------------------------|-----------------------|-------------------|------------------|-------------------|------------------|-----------------------|
| Cata - Madre | 2.1 | 0.91 | 60 | 187 | 13,000 | 17,000 |
| Cata - Alto 1 | 21.6 | 1.02 | 710 | 225 | 156,000 | 202,000 |
| Cata - Alto 1a | 21.6 | 2.49 | 1,730 | 605 | 420,000 | 533,000 |
| Cata - Alto 2 | 12.3 | 2.33 | 920 | 721 | 285,000 | 345,000 |
| Pozos | 68.6 | 1.03 | 2,280 | 262 | 577,000 | 725,000 |
| Santa Margarita BX | 30.4 | 6.69 | 6,540 | 15 | 15,000 | 441,000 |
| Santa Margarita FWSTK | 16.6 | 4.80 | 2,560 | 19 | 10,000 | 177,000 |
| Total Probable | 173.2 | 2.66 | 14,790 | 265 | 1,475,000 | 2,438,000 |
| Total Proven & Probable | 320.20 | 2.19 | 22,530 | 282 | 2,906,000 | 4,372,000 |

October 31 2010 Proven & Probable Mineral Reserves

| Zone | Tonnage Kt | Au g/t | Au oz | Ag g/t | Ag oz | Ag Eq (oz) |
|------------------------------------|-----------------------|-------------------|------------------|-------------------|------------------|-----------------------|
| Cata - Madre | 46.1 | 1.25 | 1,860 | 337 | 499,000 | 620,000 |
| Cata - Alto 1 | 52.1 | 1.72 | 2,880 | 266 | 446,000 | 633,000 |
| Cata - Alto 1a | 21.6 | 2.49 | 1,730 | 605 | 420,000 | 533,000 |
| Cata - Alto 2 | 12.3 | 2.33 | 920 | 721 | 285,000 | 345,000 |
| Pozos | 134.0 | 1.16 | 5,000 | 285 | 1,227,000 | 1,552,000 |
| Santa Margarita BX | 37.7 | 6.26 | 7,590 | 17 | 20,000 | 514,000 |
| Santa Margarita FWSTK | 16.6 | 4.80 | 2,560 | 19 | 10,000 | 177,000 |
| Total Proven & Probable | 320.2 | 2.19 | 22,530 | 282 | 2,906,000 | 4,372,000 |

Notes:

1. CIM definitions were followed for Mineral Reserves.
2. Mineral Reserves are estimated at a cut-off grade of 185 g/t AgEQ.
3. Mineral Reserves are estimated using an average gold price of US\$1150 per ounce and an average silver price of US\$17.67 per ounce.
4. The minimum mining width is 1.5 metres.
5. Bulk density is 2.65 t/m³.
6. Numbers may not add due to rounding.

| Zone | | Au g/t | Ag g/t |
|----------------------------|-----|-------------------|-------------------|
| Cata/Alto dilution | 20% | 0.30 | 80 |
| Cata extraction | 80% | | |
| Alto extraction | 85% | | |
| Pozos dilution | 15% | 0.30 | 80 |
| Pozos extraction | 85% | | |
| Santa Margarita dilution | 20% | 1.00 | 10 |
| Santa Margarita extraction | 90% | | |

October 31, 2010 Measured Mineral Resource

| Zone | Volume (K m3) | Density (t/m3) | Tonnage (Kt) | Au (g/t) | Au (oz) | Ag (g/t) | Ag (oz) | Ag Eq (oz) |
|-----------------|--------------------------|---------------------------|-------------------------|---------------------|--------------------|---------------------|--------------------|-----------------------|
| Cata | 34.7 | 2.65 | 91.9 | 1.71 | 5,050 | 338 | 999,000 | 1,330,000 |
| Los Pozos | 32.7 | 2.65 | 86.7 | 1.27 | 3,540 | 303 | 844,000 | 1,070,000 |
| Santa Margarita | 3.47 | 2.65 | 9.2 | 4.43 | 1,310 | 22 | 6,520 | 92,000 |
| Total | 70.8 | 2.65 | 188 | 1.64 | 9,910 | 306 | 1,850,000 | 2,495,000 |

October 31, 2010 Indicated Mineral Resource

| Zone | Volume (K m3) | Density (t/m3) | Tonnage (Kt) | Au (g/t) | Au (oz) | Ag (g/t) | Ag (oz) | Ag Eq (oz) |
|-----------------|--------------------------|---------------------------|-------------------------|---------------------|--------------------|---------------------|--------------------|-----------------------|
| Cata | 26.3 | 2.65 | 211 | 2.55 | 4,150 | 474 | 1,060,000 | 1,330,000 |
| Los Pozos | 34.7 | 2.65 | 91.8 | 0.98 | 2,900 | 252 | 743,000 | 932,000 |
| Santa Margarita | 18.8 | 2.65 | 49.8 | 6.42 | 10,300 | 18.9 | 30,300 | 701,000 |
| Total | 79.7 | 2.65 | 211 | 2.55 | 17,300 | 270 | 1,830,000 | 2,956,000 |

October 31, 2010 Measured and Indicated Mineral Resource

| Zone | Volume (K m3) | Density (t/m3) | Tonnage (Kt) | Au (g/t) | Au (oz) | Ag (g/t) | Ag (oz) | Ag Eq (oz) |
|-----------------|--------------------------|---------------------------|-------------------------|---------------------|--------------------|---------------------|--------------------|-----------------------|
| Cata | 60.9 | 2.65 | 161 | 1.77 | 9,210 | 397 | 2,060,000 | 2,660,000 |
| Los Pozos | 67.4 | 2.65 | 178 | 1.12 | 6,440 | 277 | 1,590,000 | 2,010,000 |
| Santa Margarita | 22.2 | 2.65 | 59 | 6.11 | 11,600 | 19.4 | 36,800 | 792,000 |
| Total | 150.5 | 2.65 | 399 | 2.12 | 27,200 | 287 | 3,680,000 | 5,450,000 |

October 31, 2010 Inferred Mineral Resource

| Zone | Volume (K m3) | Density (t/m3) | Tonnage (Kt) | Au (g/t) | Au (oz) | Ag (g/t) | Ag (oz) | Ag Eq (oz) |
|-----------------|--------------------------|---------------------------|-------------------------|---------------------|--------------------|---------------------|--------------------|-----------------------|
| Cata | | | | | | | | |
| Los Pozos | 2.53 | 2.65 | 6.7 | 0.53 | 113 | 149 | 32,200 | 40,000 |
| Santa Margarita | 77.6 | 2.65 | 206 | 4.52 | 29,900 | 105 | 694,000 | 2,640,000 |
| Total | 80.1 | 2.65 | 212 | 4.39 | 30,000 | 106 | 726,000 | 2,678,000 |

Both drill core and underground chip samples were assayed independently by SGS at the Company's Guanajuato mine site laboratory. The Company's QA/QC program includes the regular insertion of blanks, duplicates, and standards into the sample shipments.

e. Exploration History

Since acquiring the Guanajuato Mine in 2005, Great Panther has completed 92 surface drill holes totalling 17,061.00 metres and 164 underground holes totalling 25,231 metres.

The 2005 drilling was completed under and northwest of the Guanajuatito ramp along the trend of the Veta Madre, approximately one kilometre northwest of the famous Valenciana Mine (owned by Great Panther). It was designed to duplicate and surround a lone 1989 drill hole (#317) that intersected a 5.35 metre wide zone grading 3.34 g/t Au and 81.5 g/t Ag, including 10.65 g/t gold and 165 g/t silver over 1.55 metres. The drilling program intersected bonanza grade silver and above average gold within the Veta Madre vein structure.

An extensive underground sampling program continued through 2006 at Guanajuato. Preliminary sampling in the first quarter of 2006 returned spectacular bonanza grades from the Valenciana Mine. Silver grades ranged from 1,100 g/t (32 oz/t) to 30,468 g/t (889 oz/t) and gold grades ranged from 19 g/t (0.6 oz/t) to 177 g/t (5.2 oz/t) in 27 selective grab samples taken by the mine staff. These results yield an arithmetic average of 11,036 g/t (322 oz/t) Ag and 62 g/t Au (1.8 oz/t). Using a silver-to-gold ratio of 60:1, this equates to a silver equivalent grade of 13,373 g/t (430 oz/t) or a gold equivalent grade of 224 g/t (7.2 oz/t). The samples also contained, on average, 0.34% Cu, 0.24% Pb and 0.87% Zn.

The samples were taken from the walls of six different stopes above and below the 285 metre level over a total strike length of about 500 metres in a part of the mine that has historically been mined by hand, dating back to the early 19th century. As such, there has been very little, if any, mechanized mining here, and stopes are typically small and erratic in shape. The sampling was carried out as a first-pass assessment of the tenor and distribution of mineralization that has been left behind by these historic mining campaigns. While grades from the various stopes were comparable, it is presently unknown just how representative these grades may be from a mining standpoint.

In addition, initial surface rock sampling on the Promontorio claim, southeast of the Rayas Shaft, has identified a gold-rich zone of mineralization along more than 100 metres of the Veta Madre structure. Compilation of the underground data is ongoing, as will be the evaluation of the extent of former mining, and re-sampling of stopes and levels. There is more than 300 metres of strike length to the southeast of Promontorio that has apparently seen only limited exploration and underground development, such that the potential for previously unrecognized mineralization in this area is excellent. Overall, the property encompasses more than four kilometres of strike length on the Veta Madre structure, much of which has seen little to no exploration.

In June 2006, we commenced the first phase of our underground diamond drilling program. The purpose of the drilling was to better define zones of silver-gold mineralization for production purposes and for the preparation of a NI 43-101 compliant resource. This drilling focused mainly on San Vicente North.

In October 2006, we commenced a second phase of our diamond drilling program and completed extensive underground sampling at the limits of the silver-gold mineralization in the Guanajuatito mine. In early 2006, we commenced a Phase II surface diamond drilling program designed to test three separate areas along 4 kilometres of strike length of the Veta Madre. The drill program was to follow-up on the successful drilling at Guanajuatito, in the northwest part of the property, as well as to test the Animas and Garrapata areas which are farther along strike to the southeast. The program was highly successful in identifying and delineating three new zones of silver-gold mineralization in the northwest, central and southeast parts of the mine property. These discoveries accentuate the previous lack of exploration on the property and the potential for new zones to be found throughout the mine. In addition, the easy access to these zones from existing underground workings means that they can be developed and mined quickly and cost-effectively.

The Company continued surface diamond drilling in 2007 and intersected four new silver-gold zones and provided further definition on the three previously known zones of silver-gold mineralization in the Promontorio area. All zones are sub-parallel and occur within 70 metres of the main Veta Madre. Having several zones within close proximity like this will significantly lower their development costs and plans are already in preparation for the exploitation of this area. The new mineralization lies between 70 and 150 metres below surface and is accessible by ramp.

In September 2007, a deep underground drilling program commenced in the Cata area of the Guanajuato mine. The program was designed to twin, then fill in between, diamond drill holes completed in the 1980's and 1990's by the previous owners that indicated the continuation of silver-gold mineralization for approximately 200 metres below the existing mine workings.

The deep drilling at the Guanajuato mine is testing the area between the 400 and 600 metre levels (dip length of 300 metres) along a strike length of 1,000 metres between and below the Cata and Rayas shafts. This drilling will be conducted under the historically high grade Cata and Rayas "Clavos", which contained strong gold-silver mineralization down to the 417 metre and 450 metre levels, respectively. Drilling on the Cata Clavo was completed in 2008, and successfully confirmed the depth extension of high grade gold and silver mineralization. Mining has extended from the 430 to the 490 metre levels of the Cata Clavo and the ramp will be extended to lower levels of the Cata Mine area. The program continued in the Rayas area in 2010.

During 2010, diamond drilling totalled 19,500 metres at Guanajuato. Much of this drilling was targeted towards adding new resources at the existing operations plus the completion of the first four holes 1,839 metres, at the San Ignacio property. Drilling plans are increased in 2011 to include at least 20,000 metres at San Ignacio.

f. Total Costs Incurred to Date and All Planned Future Costs

As at December 31, 2010, total costs incurred on mineral properties, plant and equipment at the Guanajuato mines were \$19.4 million. Total exploration costs were \$11.4 million.

Planned costs for 2011 are approximately \$18.1 million for capital investment and exploration.

g. Source of Power and Water that can be Utilized at the Property

The electricity supply to the operations in our Guanajuato mine is provided through the national power grid administered by CFE. The water supply is carried out through groundwater of our mines and rainwater filtrations.

Primary Exploration Properties

(1) Mapimi Project

a. Location and Accessibility

The Property is situated in the northern plateau region of Durango State. It is located approximately 66 kilometres west of the town of Bermejillo and 100 kilometres north-west from the city of Torreon and San Pedro de las Colonias, in Coahuila State. The property is easily accessible and the infrastructure is considered excellent, since the property is bisected by paved highway approximately 100 kilometres from Peñoles' smelter at Torreon.

Airports are situated in the city of Torreon as well as the city of Durango. Both airports have scheduled daily flights to and from Mexico City, Mazatlan, Monterrey and Houston, Texas.

Refer to Exhibit 8.5 – Map of Mapimi Property.

b. History

In 1995, Minera Apolo, S.A. de C.V. (“Apolo”) acquired the property and optioned the property to Coeur d’Alene Mines Inc. in late 1996. Between 1997 and 1998, Coeur D’Alene carried out regional and geological mapping in some areas of the property. They completed a total of 397 metres of trenching, a gravity survey, 81 reverse circulation drill holes, 22 diamond drill holes and 422 surface channel samples. Coeur d’Alene returned the property to the vendor in 1998 and Great Panther optioned it in September 2006.

On September 16, 2009, the Company announced the termination of its option on the Mapimi project as management determined that it was uneconomical to continue with the project and it was a better use of the Company’s funds to focus its efforts on expanding the production and resources at its existing mines.

c. Geology and Mineralization

The structural fabric of the Mapimi Project appears to be complex. Rhyolite sills intrude sandstones, calcareous siltstones, and limestones of the Cretaceous Caracol Formation, a common host to many of the world class silver-lead-zinc deposits throughout the Mexican Silver Belt. Pre-mineral faulting and fracturing is intense within and adjacent to the mineralized zones, providing excellent porosity for mineralizing fluids. Post-mineral faulting is also common and offsets mineralized zones in places.

Mineralization at Mapimi includes three distinct types. Two adjacent and related zones called La Gloria and Las Palmitas contain lead, zinc, and silver minerals with lesser amounts of gold and copper minerals. This style is associated with hydrothermal breccias and stockworks related to a cluster of rhyolite domes, and shows a strong similarity to the historic Real de Angeles District in Zacatecas State, Mexico. An upper, oxidized portion (~40-60 metres) of the mineralization consists of jarosite and hematite; with sulphides consisting of pyrite, silver sulfosalts, sphalerite and galena at depth. The breccias have a general orientation of N40E, and a steep northwest dip. The largest breccia to date has known dimensions of 250 by 45 metres but is open in all directions. More than 20 breccia bodies have been identified in 5 main sectors.

A second type of silver-lead-zinc mineralization occurs approximately three kilometres north of La Gloria and appears to be of the carbonate replacement type. Called the North Zone, mineralization here is narrow but high grade and appears to be related to the rhyolite-sediment contacts. It is hosted in the Caracol Formation but there may be potential for better widths and grades in the underlying Aurora Limestone.

The third style of mineralization at Mapimi was discovered in 2008 and consists of molybdenite in quartz veins within a zone of skarn alteration. Named the Bulls-Eye Zone because it is highlighted by a strong magnetic anomaly, the mineralization starts at a depth of about 40 metres and extends over an area of about 250 metres in diameter and is approximately 200 metres thick. The Bulls-Eye Zone lies between La Gloria and the North Zone.

d. Mineral Resource and Mineral Reserve Estimates

There were no known reserves on the property and the field program was exploratory in nature. The Company does have a resource estimate as described below.

During 2006, the Company commissioned Wardrop to prepare a NI 43-101 compliant resource estimate for the property. The independently produced report estimated that the Palmitas and Gloria Zones together contain an Inferred Mineral Resource of 4,969,800 tonnes at a grade of 59 g/t Ag, 0.13 g/t Au,

0.81% Pb and 1.31% Zn. Wardrop calculated that these grades equate to a silver equivalent grade of 139 g/t using commodity prices (based upon 3 year averages) of US\$7.70/oz for silver, US\$471/oz for gold, US\$0.41/lb for lead and US\$0.69/lb for zinc and recoveries of 76%, 70%, 80% and 80%, respectively. This resource equates to a total of 22.3 million ounces of silver equivalent.

In March 2008, Wardrop delivered an updated NI 43-101 compliant mineral resource estimate for the La Gloria / Las Palmitas Zones. The new estimate effectively upgraded the previous resource of 22.3 million silver equivalent ounces (Ag eq oz) from the Inferred to the Indicated category and added an additional 6.3 million Ag eq oz in the Inferred category for a global resource of 28.6 million recoverable Ag eq oz.

In the new resource estimate, Wardrop used different parameters than in 2006, such that the new estimate was considered to be more robust. In keeping with the previously reported resource estimate, Wardrop applied a cut-off grade of 50g/t silver equivalent. Metal prices and recoveries used were US\$9.55/oz and 76%, respectively, for silver, US\$530/oz and 70% for gold, US\$0.63/lb and 80% for lead and US\$1.00/lb and 80% for zinc. Statistically higher grade samples were also removed by capping the assay data at 150g/t for silver, 3.0g/t for gold, and 4.5% for each of lead and zinc. Wardrop used Ordinary Kriging and Inverse Distance Squared to estimate the resource, with blocks of 5 metres x 5 metres x 5 metres being used for the three-dimensional model. Metallurgical recoveries used are the same as for the 2006 resource estimate, which were based upon tests conducted by Silver Standard Resources Inc. in 1999 as part of a property review.

The effect of the higher commodity prices used in the most recent resource estimate compared to those used in 2006 is that lower grade material now becomes potentially economic, which thereby lowers the average grade of the resource while increasing the tonnage. Thus, the new resource represented an increase in tonnage of approximately 73% while the average grade of the Indicated and Inferred Resources was now 105g/t Ag Eq and 97g/t Ag Eq, respectively, compared to 139g/t Ag Eq in the 2006 resource. As such, the estimated recoverable ounces of silver equivalent increased by approximately 28%.

e. Exploration History

A first phase exploration program was implemented at Mapimi in late 2006 and consisted of an airborne geophysical survey and ground induced polarization geophysical survey follow-up; detailed geological mapping and re-sampling of outcrops, adits and trenches; followed by a core drilling program focused on confirming previous Coeur d'Alene drilling results in the Las Palmitas and La Gloria zones.

During February 2007, Great Panther contracted Aeroquest Limited to fly a 550 line kilometre airborne electromagnetic ("EM") and magnetic geophysical survey over the Mapimi project. Numerous EM and magnetic targets were detected and the interpretation of this survey, in conjunction with surface mapping, provided a geological framework for 103 kilometres of detailed induced polarization ("I.P.") geophysics. While some of the geophysical anomalies outlined by the airborne survey are directly related to regional geological features, others appear to be related to known mineralization or are spatially associated with zones of strong alteration.

The Phase II diamond drilling program, which commenced in October 2007, tested two large coincident geological, geochemical, and geophysical anomalies, namely the Bulls-Eye and North Zones. The program identified semi-massive silver-lead-zinc mineralization in the North Zone that is spatially related to the rhyolite-sediment contacts and a large zone of molybdenum mineralization in the Bulls-Eye Zone.

To the end of 2008, a total of 12,448 metres in 60 holes have been drilled by the Company at Mapimi. Exploration at Mapimi was suspended in mid-2008 in order to conserve cash.

On September 16, 2009, the Company announced the termination of its option on the Mapimi project.

f. Total Costs Incurred to Date and All Planned Future Costs

At the date of the termination of the option, total exploration costs incurred at Mapimi were \$5,329,000. Management determined that it was uneconomical to continue with this project and the Company is focusing its efforts on expanding the production and resources at its existing mines.

g. Source of Power and Water that can be Utilized at the Property

The municipality of Mapimi is on an electrical power grid and has telephone services provided by TelMex. Water and drainage systems are also present.

(2) San Antonio Project

a. Location and Accessibility

The San Antonio Project is located 50 kilometres NNW of the Guadalupe y Calvo Mining District in the State of Chihuahua, Mexico and approximately 162 kilometres S-SW of the city of Hidalgo de Parral, Chihuahua, and 265 kilometres SW of the city of Chihuahua. It consists of four contiguous mining concessions covering in the aggregate 11,946 hectares. Three of these concessions were staked and one (Santo Niño) was purchased and all are owned 100% by MMR.

Road access to the San Antonio project is via paved highway from Hidalgo de Parral to the town of Guadalupe y Calvo, a distance of 255 kilometres, and then to Baborigame via a maintained unsurfaced road, a distance of 90 kilometres, and then via 33 kilometres of logging and ranch roads to a small ranch in the Arroyo San Antonio near the center of the project area. Straight line distance from Baborigame to the project area is 9 kilometres.

b. History

The San Antonio prospect lies within the Guadalupe y Calvo mining district. Earliest recorded mining activity in the region is the discovery in 1835 of the veins in the San Juan Nepocemo area west of Baborigame. Various Au-Ag vein deposits were subsequently discovered and commercial mining continued without interruption until 1940. Since then, only small scale artisanal mining has been conducted in the region. The San Antonio project lies outside of the areas of significant mine development, and little is known of the exploration history of the project. The numerous workings in the Arroyo San Antonio attest to minor production from the project area.

Neither significant nor modern exploration programs are known to have been conducted at the property. Anaconda, Barrick Gold and Hemlo Gold made reconnaissance visits to the property in the 1990's. In the 1980's the Consejo de Recursos Minerales conducted site specific visits to the Sary, Piedra Verde, and Santo Niño claims. The property was visited by Robert Archer, the President and CEO of the Company, in May of 2003. Mr. Archer collected ten reconnaissance rock chip samples from mine workings and altered outcrops in the Arroyo San Antonio.

The property had not been subjected to exploration drilling prior to our acquisition of the claims.

On December 21, 2010, the Company relinquished the San Antonio and Santo Nino mining concessions.

c. Geology and Mineralization

Numerous epithermal veins and mineralized structural zones are exposed in the Arroyo San Antonio. It is not clear if these structures are faults that juxtaposed rock types, or alternatively the structures formed along pre-existing lithologic contacts. Mineralized structures vary from 1 to 200 cm wide. All of these mineralized structures lie within a much broader zone of pervasive chloritization that is continuously exposed along the Arroyo San Antonio.

Geologic and mineral occurrence maps indicate that within the project area at least 12 mineralized structures or veins have been explored or exploited, and numerous others of unknown extent and importance are present. Great Panther evaluated many of these in 2004 and 2005 and established that many were of limited potential to support an economic mining operation. Nonetheless, their evaluation revealed important information regarding the geological setting of the project area and allowed the Company to focus in on areas with the greatest potential.

d. Mineral Resource and Mineral Reserve Estimates

As of the date of this report, there are no known reserves on the property and any near term field work would be exploratory in nature.

e. Exploration History

The 2004-2005 exploration program at San Antonio comprised geological mapping and sampling, prospecting, soil sampling and diamond drilling. The objective of the program was to identify zones of continuous and potentially economic gold and copper grades within the mineralized structures (veins) or stockwork zones. Historical mining on these veins was limited and their vertical and lateral extent is unknown as they have never been drilled. Ongoing exploration work sampled the historic workings in detail, along with numerous other structures that have been found in the area. In addition, the large zone of stockwork and disseminated mineralization that lies between the veins was systematically sampled in order to determine the grade and distribution of gold and copper values as field crews continued to work their way from north to south across the core claims. A diamond drill program which commenced in February 2005 comprised 1,936 metres in 16 holes, and focused on the high grade gold-copper vein system in the central part of the property.

No field work was done on the property in 2006.

In 2007, Altair Ventures, under the terms of the aforementioned option agreement, conducted an exploration program with Great Panther as operator. The focus of the exploration effort was to fully evaluate the numerous gossans and alteration zones on the project using a combination of geological mapping, rock sampling, and PIMA surveys. All three techniques, plus satellite image analysis, aided the Company in defining priority targets for more detailed sampling and appraisal as drill targets. Phase Two diamond drilling commenced on the San Antonio project in November 2007. The program comprised 1,585 metres in 8 holes and tested a district scale epithermal system that has been identified on the property.

Field work on the project was being conducted by Resource Geosciences de Mexico, S.A. de C.V. of Hermosillo, Sonora under contract to our Mexican subsidiary, Minera Mexicana el Rosario, S.A. de C.V.

No field work was done on the property in 2009. On February 1, 2010, Altair forfeited its option. On December 21, 2010, the Company relinquished the San Antonio and Santo Nino mining concessions.

ITEM 4A Unresolved Staff Comments

None

ITEM 5 Operating and Financial Review and Prospects

The information in this section is presented in accordance with Canadian generally accepted accounting principles, and has been reconciled to United States generally accepted accounting principles. The following discussion of our financial condition and results of operations for the fiscal years ended December 31, 2010, 2009 and 2008 should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this registration statement in accordance with Item 8 – "Financial Information".

Critical Accounting Estimates

The accounting estimates believed to require the most difficult, subjective or complex judgements, and which are the most critical to our reporting of results of operations and financial position, are as follows:

Amortization

The Company's mineral properties and related plant and equipment are amortized based upon estimates of useful lives not to exceed the life of the mine. Effective March 31, 2010, the remaining lives of the Topia and Guanajuato mines were extended from 6 years to 10 years and 2 years to 3 years, respectively. Later in 2010, the Company obtained successful drilling results at both mines and completed a NI 43-101 mineral resource/reserve estimate on a segment of the Guanajuato mine. Consequently, effective December 31, 2010, the Company extended the Guanajuato mine life from 3 years to 5 years and retained Topia's mine life at 10 years. Management's estimate of expected remaining mine life is based upon available internal and external estimated resource information, historical production and recovery levels, planned future production and recovery levels, and other factors. Changes in mine life are recognized prospectively.

Impairment of long-lived assets

The Company reviews and evaluates its long-lived assets, including mineral properties, plant and equipment, for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to its estimated undiscounted future cash flows expected to be generated by the asset. Estimated cash flows include assumptions about long-term silver, gold, lead and zinc prices, future production levels, and future operating, capital and reclamation costs. If carrying value exceeds estimated discounted future cash flows, an impairment loss is recognized based on the excess of carrying value over the estimated fair value of the asset.

Management's estimates are subject to risks and uncertainties of changes affecting the recoverability of the Company's investment in its mineral property, plant, equipment and mine development. Management's estimates of these factors are based on current conditions. Nonetheless, it is reasonably possible that in the near term, changes that could adversely affect management's estimate of net cash flows expected to be generated from its properties could occur which may necessitate a write-down for asset impairment.

Site Restoration Costs

Upon the completion of any mining activities, the Company will customarily be required to undertake environmental reclamation activities in accordance with local and/or industry standards. It is reasonably possible that the ultimate cost of remediation and reclamation could change in the future due to uncertainties associated with defining the nature and extent of environmental contamination, the application of laws and regulations by regulatory authorities and changes in remediation technology. The Company continually reviews its accrued liabilities, if any, as evidence becomes available indicating that its remediation and reclamation liabilities may have changed. Any such increases in costs could materially impact the future amounts charged to operations for reclamation and remediation obligations.

Stock-based Compensation Expense

From time to time, the Company may grant share purchase options to directors, officers, employees and service providers. The Company uses the Black-Scholes option pricing model to estimate a value for these options. This model, and other models which are used to value options, require inputs such as expected volatility, expected life to exercise and interest rates. Changes to any of these inputs could cause a significant change in the stock-based compensation expense charged in a period.

Income Taxes

The Company uses the liability method which takes into account the differences between financial statement treatment and tax treatment of certain transactions, assets and liabilities. Future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Valuation allowances are established to reduce future tax assets when there is potential that some or all of the assets will not be realized. Estimates of future taxable income and the continuation of ongoing prudent tax planning arrangements have been considered in assessing the utilization of available tax losses. Changes in circumstances and assumptions and clarifications of uncertain tax regimes may require changes to the valuation allowances associated with the Company's future tax liabilities.

A. *Operating Results*

Revenue for the year ended December 31, 2010 was \$42.2 million, an increase of \$10.5 million or 33% as compared to 2009. This increase is primarily a result of higher metal prices and, to a lesser extent, increased production. Total production for the 2010 fiscal year of 2,255,802 Ag eq oz increased by 2% from 2,202,456 Ag eq oz in 2009. Compared to 2009, average gold, silver, lead and zinc prices for the year ended December 31, 2010 increased by 26%, 38%, 25% and 31%, respectively.

Revenue for the year ended December 31, 2009 was \$31.7 million, an increase of \$9.3 million or 41% as compared to 2008. This increase is primarily a result of higher production and lower smelting and refining costs, which are netted against revenue. Total production for the 2009 fiscal year of 2,202,456 Ag eq oz increased by 22% from 1,809,720 Ag eq oz in 2008. Smelting and refining costs for Guanajuato were reduced substantially during the last half of the fourth quarter of 2008 when a new customer contract was negotiated. The full effect of the cost savings is reflected in 2009. The Company also negotiated more favourable, open market terms for spot sales of Topia's lead concentrate during the first half of 2009. These savings were partially offset by general decreases in metal prices. Compared to 2008, average silver, lead and zinc prices for the year ended December 31, 2009 decreased by 3%, 18%, and 12% while the gold price increased 12%.

For the years ended December 31, 2010, 2009 and 2008, cost of sales was \$21.2 million, \$16.8 million and \$18.1 million respectively. The year over year increase in cost of sales is primarily due to higher tonnes mined and milled, increased mine development as well as general inflation, including increased power charges.

For the year ended December 31, 2009 and 2008, cost of sales was \$16.8 million and \$18.1 million, respectively. The Company implemented cost reduction and mine site efficiency measures during the fourth quarter of 2008 which were continued through 2009. As a result, savings were realized from reduced mine operating costs for the full year in fiscal 2009.

For the years ended December 31, 2010, 2009 and 2008, the total combined cash cost per ounce was US\$7.43, US\$5.58 and US\$10.25, respectively. The 33% year over year increase from 2009 to 2010 was primarily due to lower than forecasted production, lower ore grades, general inflation including increased power charges, higher smelting and refining charges and development costs at Guanajuato, and lower ore grades and higher mining costs at Topia. The 46% year over year decrease from 2008 to 2009 was primarily achieved by sharply reduced site-controlled costs and lower smelting and refining charges for Guanajuato and Topia concentrates. The Company focused on higher grade ore as well as other efficiency initiatives to reduce costs in 2009.

The non-GAAP measure of cash cost per ounce of silver is used by the Company to manage and evaluate operating performance at each of the Company's mines and is widely reported in the silver mining industry as a benchmark for performance, but does not have a standardized meaning and may not be comparable to other companies.

The Company's ability to control the cash cost per ounce is one of its key performance drivers impacting both the Company's financial condition and results of operations. Having a low silver production cost base allows the Company to remain profitable even during times of declining commodity prices and provides more flexibility in responding to changing market conditions. In addition, a profitable operation results in the generation of positive cash flows, which then improves the Company's financial condition.

Amortization and depletion of mineral properties, plant and equipment for the year ended December 31, 2010 was \$2.4 million compared to \$3.5 for the same period in 2009. The decrease was due to the increase in mine life at both Guanajuato and Topia at March 31, 2010 and December 31, 2010 which had the effect of decreasing the asset retirement obligation and the corresponding asset. The excess of the reduction in the liability over the remaining unamortized asset retirement costs was recognized as a reduction in depreciation expense in 2010.

Amortization and depletion of mineral properties, plant and equipment for the twelve months ended December 31, 2009 was \$3.6 million compared to \$4.3 million for the same periods in 2008. The year over year decrease was due to the extension of Topia's mine life from a remaining three years to seven years at the end of 2008.

The Company incurred mineral property exploration expenditures of \$7.1 million for the year ended December 31, 2010, compared to \$1.6 million for the corresponding periods in 2009. In the early part of 2009, exploration expenditures were low due to the deferral of most mine development that was not related to immediate production, as part of the cost containment program implemented in the fourth quarter 2008. In the fourth quarter of 2009, the Company began exploratory drilling at both Guanajuato and Topia as the three-year growth strategy commenced.

Mineral property exploration expenditures of \$7.1 million in 2010 were higher than the Company's anticipated spending of \$6.3 million. This was mainly due to the expansion of the planned Topia surface drilling program.

The Company incurred mineral property exploration expenditures of \$1.6 million for the year ended December 31, 2009, compared to \$6.3 million for the corresponding period in 2008. The significant year over year decrease in mineral property exploration expenditures was due to the deferral of most mine development that was not related to immediate production, as part of the cost containment program implemented in the fourth quarter 2008. Exploratory drilling resumed at both Guanajuato and Topia during the third and fourth quarters of 2009.

General and administrative expenses were \$5.9 million for the year ended December 31, 2010, compared to \$5.8 million for the same periods in 2009. This increase was primarily due to costs incurred relating to investor relations, including the addition of a new vice president of corporate development, and increased business development activities. The Company plans to spend \$6.5 million in general and administrative expenses in 2011. This increase is primarily due to expanded marketing activities planned for the United States and Europe in 2011.

For the years ended December 31, 2009 and 2008, general and administrative expenses totalled \$5.8 million and \$6.0 million, respectively. The \$0.2 million year over year decrease was mainly due to \$0.5 million of non-recurring costs incurred in 2008 relating to Value-Added Tax ("VAT") recovery fees, a provision for potentially uncollectible VAT and a true-up of 2007 audit fees. These savings were partially offset by the payment of bonuses in the fourth quarter of 2009.

For the year ended December 31, 2010, the Company incurred stock-based compensation expense of \$0.9 million. The Company granted in the fourth quarter 240,000 incentive stock options to employees at an exercise price of \$1.15 and 415,000 incentive stock options to employees and a consultant at an exercise price of \$1.90. During the third quarter of 2010, the Company granted 670,000 incentive stock options to employees at an exercise price of \$0.90.

For the years ended December 31, 2009 and 2008, stock-based compensation expense was \$2.4 million and \$1.6 million, respectively. The year over year increase was primarily due to 6,417,700 more incentive stock options were granted in 2009 than in 2008. The weighted average fair value of options granted during 2009 was \$0.28 compared to \$0.32 in 2008.

During the year ended December 31, 2009, the Company repaid its \$2.02 million, 8% per annum, unsecured convertible loan note by issuing 3,740,741 common shares at \$0.54 per share. This transaction resulted in \$0.05 million being charged as debt settlement expense to the income statement and \$1.6 million being recorded against retained earnings for settlement of the convertible debt. There was no convertible loan notes repayment during 2010.

The Company recorded a foreign exchange loss of \$1.0 million and \$0.4 million for the fourth quarter and year ended December 31, 2010, respectively, compared to a foreign exchange gain of \$0.2 million and a foreign exchange loss of \$0.4 million, respectively, for the same periods in 2009. Year over year results are not comparable as on January 1, 2010, the Company changed its method of translation of the results of its foreign operations from the temporal to the current rate method on a prospective basis. Under the current rate method, assets and liabilities are translated into the reporting currency using the exchange rate at the balance sheet date and revenue and expense items are translated at the average exchange rate prevailing during the period. Differences arising from foreign currency translation are recorded in accumulated other comprehensive income (loss) as a translation adjustment until they are realized.

The Company recorded a foreign exchange loss of \$0.4 million for the fiscal year 2009 compared to a foreign exchange gain of \$0.1 million in the fiscal year 2008. The foreign exchange loss for the fiscal year 2009 is mainly a result of the general appreciation of the Canadian dollar against both the United States dollar and the Mexican peso, whereas the Canadian dollar weakened against both currencies in 2008.

The Company recorded a recovery of income taxes of \$1.7 million for year ended December 31, 2010 compared to a provision for income taxes of \$0.7 million for the same period in 2009. The \$1.7 million recovery for 2010 was primarily due to the reversal of the Company's \$1.9 million future income tax liability during the second quarter of 2010 which was a result of the completion of tax planning that allows for the utilization of prior years' Mexican tax losses.

For the year ended December 31, 2009, the Company recorded an income tax provision of \$0.7 million compared to an income tax recovery of \$1.2 million in the same period in 2008.

During the year ended December 31, 2010, the Company entered into a put and call option contract for 500 metric tonnes of zinc with a contract period from July 2010 to December 2010 and a put and call option contract for 500 metric tonnes of lead over ten monthly contract periods from December 2010 to October 2011. The Company determined that these contracts are derivative financial instruments that should be measured at fair value at each reporting period with any gains or losses recognized in net income in the period in which it arises. As at December 31, 2010, the Company settled the entire zinc put and call option contract realizing a loss of \$0.1 million and recorded a mark-to-market unrealized loss of \$0.02 million related to the lead put and call option contract. Consequently, during the year ended December 31, 2010, the Company recorded a net mark-to-market loss of \$0.1 million compared to \$nil in 2009 and 2008.

Net income for the year ended December 31, 2010 was \$5.0 million compared to a net loss of \$0.9 million for the same period in 2009. The increase in 2010 net income of \$5.8 million was mainly due to the \$7.2 million increase in earnings from mining operations, \$1.5 million decrease in stock-based compensation expense and the non-cash reversal of the \$1.9 million future income tax provision. The increase in net income is partially offset by the \$5.5 million increase in mineral property exploration expenditures.

For the year ended December 31, 2009, the Company has a net loss of \$0.9 million compared to a net loss of \$13.8 million for the year ended December 31, 2008. On a year over year basis, earnings from mining operations improved by \$11.4 million during 2009, which was a result of the Company's efforts to implement mine site efficiencies, increase production, and improve grades. The Company realized \$4.7 million in year over year savings as a result of scaling down its exploration program in response to poor economic conditions in the latter half of 2008 and into the first part of 2009.

B. Liquidity and Capital Resources

At December 31, 2010, the Company had working capital of \$18.7 million and cash and cash equivalents of \$14.0 million compared to working capital of \$18.2 million and cash and cash equivalents of \$13.3 million at December 31, 2009. This increase in liquidity in 2010 resulted from a \$2.9 million increase in cash generated by operating activities to \$4.2 million in 2010 from \$1.3 million in 2009. The Company also generated cash flow of \$5.9 million in 2010 from the exercise of options and warrants compared to \$1.2 million in 2009. These increased inflows were partially offset by capital expenditures of \$8.0 million in 2010 compared to \$1.8 million in 2009.

Great Panther plans to produce 2.9 million Ag eq oz in 2011 and invest \$23.8 million in capital expenditures, including \$10.4 million in mineral property exploration expenditures. These investments in 2011 will include the purchase of new, more efficient mobile mining equipment, plant upgrades, significantly furthering mine development and ramping up exploratory drilling, and will make good progress towards the goal of increasing production to 3.8 million Ag eq oz and growing resources to 40 million Ag eq oz by 2012. Management anticipates that cash flow generated from mining activities along with working capital will be sufficient to fund the Company's operations without requiring any additional capital during the next twelve months.

On July 22, 2010, the Company entered into a zinc put and call option contract (the "Zinc Contract") for 500 metric tonnes with a contract period from July 2010 to December 2010. The floor and cap price per metric tonne was US\$1,800 and US\$1,975, respectively. Under the terms of the Zinc Contract, the Company received the prevailing market zinc price while within the price range. When the market price was outside the price range, the Company received a minimum of the floor price or a maximum of the cap price if the market was below the floor price and above the cap price, respectively. Also under the terms of the Zinc Contract, the Company pledged \$0.1 million (US\$0.1 million) as cash collateral. Accordingly, this amount was classified as restricted cash. As at December 31, 2010, the cash collateral from the Zinc Contract is \$0.05 million (US\$0.05 million) and the liability under the Zinc Contract is \$0.03 million. The contract settled in early January 2011.

On November 3, 2010, the Company entered into a lead put and call option contract (the "Lead Contract") for a total of 500 metric tonnes which are settled equally over ten monthly contract periods from December 2010 to September 2011. The floor and cap price per metric tonne is US\$1,800 and US\$3,100, respectively. Under the terms of the Lead Contract, the Company will receive the prevailing market lead price while within the price range. Should the market price be outside the price range, the Company will receive a minimum of the floor price or a maximum of the cap price if the market is below the floor price and above the cap price, respectively. Also under the terms of the Lead Contract, the Company pledged \$0.1 million (US\$0.1 million) as cash collateral. Accordingly, this amount was also classified as restricted cash. As at December 31, 2010, the cash collateral from the Lead Contract is \$0.1 million (US\$0.1 million) and the liability under the Lead Contract is \$0.02 million.

On March 8, 2011, the Company paid off \$4.05 million in two outstanding \$2.025 million principal amount 8% unsecured convertible loan notes due on July 14, 2011 by the issuance of 1,800,000 fully paid common shares of the Company at the originally agreed upon conversion price of \$2.25 per common share.

At the date of this report, the Company had no material off-balance sheet arrangements such as obligations under guarantee contracts, contingent interest in assets transferred to any unconsolidated entity, obligations under certain derivative instruments other than those described above, or obligation under a material variable interest held in any unconsolidated entity that provides financing, liquidity, market or credit risk.

Operating Activities

For the year ended December 31, 2010, cash flow provided by operating activities was \$4.2 million. This compares to cash flow provided by operating activities of \$1.3 million in 2009. The year over year improvement was largely attributable to higher revenue from increased metal prices and partially offset by an increase in amounts receivable due to an increase in the number of unsettled shipments and higher metal prices at the end of December 2010 compared to December 2009. As at February 28, 2011, 67% of the trade receivable balance has been collected.

Before changes in non-cash working capital, the Company generated \$7.2 million in operating cash flow during the year ended December 31, 2010, compared to \$6.5 million during the same period in 2009. This year over year improvement is largely attributable to higher revenue from increased metal prices, partially offset by increased spending on mineral property exploration.

For the year ended December 31, 2009, cash flow provided by operating activities was \$1.3 million. This compares to cash flow used in operating activities of \$3.3 million in 2008. Before changes in non-cash working capital, the Company generated \$6.4 million in operating cash flow during 2009, compared to cash out flow of \$7.4 million in 2008. The year over year improvement is largely attributable to higher revenue from increased production, savings from mine site efficiencies, reduced smelting costs, reduced exploration and general and administrative expenses

Investing Activities

For the year ended December 31, 2010, the Company had a net cash outflow from investing activities for the development of mineral properties and purchase of capital assets of \$8.0 million compared to \$1.8 million in 2009. In addition, the Company also purchased \$1.1 million of mine equipment through two promissory notes and two capital leases during 2010. These capital expenditures are part of the three-year growth strategy which commenced in the fourth quarter of 2009.

For the year ended December 31, 2009, the Company had a net cash outflow from investing activities for the development of mineral properties and purchase of capital assets of \$1.8 million compared to \$1.8 million in 2008. The Company also had \$0.7 million of non-cash investing activities through a capital lease and promissory note in 2009, compared to \$0.8 million of capital lease in 2008. Great Panther significantly curtailed capital expenditures beginning mid-2008 as the economy worsened. The Company started incurring capital expenditures in the fourth quarter 2009 as the three-year growth strategy commenced.

The Company plans to invest \$23.8 million in capital expenditures in 2011. This includes \$10.4 million of mineral property exploration expenditures, of which \$2.8 million relates to the San Ignacio drilling program. Equipment and plant purchases and betterments of \$7.7 million and \$1.3 million, respectively, are planned for 2011.

Financing Activities

Cash flow provided by financing activities was \$4.7 million for the year ended December 31, 2010 compared to \$13.2 million in the comparative period in 2009. There were no equity financings during 2010 compared to two financings completed in 2009 for net proceeds of \$12.2 million.

For the year ended December 31, 2010, the Company received proceeds from the exercise of options and warrants totalling \$5.9 million compared to \$1.3 million for the same period in 2009. These proceeds were partially offset by a \$1.2 million repayment of the Company's capital lease obligations and promissory notes during the year ended December 31, 2010 compared to \$0.4 million during the year ended December 31, 2009.

Cash flows from financing activities were \$13.2 million during 2009 compared to \$0.3 million in 2008. Proceeds received from equity financings and the exercise of warrants and options totaling \$13.5 million were partially offset by a \$0.4 million repayment of a capital lease obligation.

On March 8, 2011, the Company paid off \$4.05 million in two outstanding \$2.025 million principal amount 8% unsecured convertible loan notes due on July 14, 2011 by the issuance of 1,800,000 fully paid common shares of the Company at the originally agreed upon conversion price of \$2.25 per common share. Accrued interest outstanding will be paid in cash.

Subsequent to December 31, 2010, the Company received proceeds of \$1.1 million on the exercise of 1,810,500 options and \$0.9 million on the exercise of 999,900 warrants.

2011 Outlook

Great Panther's three-year strategy to accelerate production to 3.8 million Ag eq oz by 2012 is now commencing its second year. New equipment has been delivered to the mines, new production areas are being added, plant performance continues to excel, plant capacity is being increased, resources have been increased and reserves defined, and exploration drill programs have made significant new discoveries of high grade mineralization.

The combined production target for 2011 has been set at 2.87 million Ag eq oz, consisting of 1.94 million oz silver, 11,200 oz gold, 1,170 tonnes lead and 1,430 tonnes zinc. Silver equivalents for 2011 have been established using prices of US\$1,200/oz Au, US\$20/oz Ag, US\$0.90/lb Pb and Zn.

Production from Guanajuato is planned to increase steadily throughout 2011 as output from the Los Pozos and Santa Margarita areas reach full capacity, Cata production returns to previous levels, and new production is added from the Guanajuatito area. Plant throughput is estimated to be 200,000 tonnes at grades of 240g/t silver and 1.80g/t gold for metal production of 1.38 million oz silver and 10,400 oz gold, equivalent to 2.00 million Ag eq oz.

Output from Topia is estimated to increase as new mine production is added as a result of development on existing and new veins and plant capacity is increased. Plant throughput is estimated to be 40,000 tonnes with metal production of 0.56 million oz silver, 800 oz gold, 1,170 tonnes lead and 1,430 tonnes zinc, equivalent to 0.87 million Ag eq oz.

No production from the new discoveries at the San Ignacio property is included in the 2011 target. However, as resources are estimated and mine plans are developed, it is anticipated that this project will positively impact the plans for 2012. Due to the proximity of San Ignacio to the Company's main operations at Guanajuato, any ore extracted during the development phase can be trucked to the plant for processing.

Diamond drilling in 2010, from both surface and underground, totalled 30,730 metres at Guanajuato, San Ignacio and Topia. Due to the success of this program in delineating new resources and making new discoveries, the drilling budget for 2011 has been more than doubled to approximately 60,000 metres, including at least 20,000 metres at San Ignacio, and 30,000 metres from underground at Guanajuato. This compares favourably with the 65,000 metres originally proposed for the Company's overall three-year growth strategy.

Some highlights from the 2011 plan include:

| | <i>Guanajuato</i> | <i>Topia</i> | <i>Consolidated</i> |
|---|---------------------|-----------------------|---------------------|
| <i>Tonnes milled</i> | 201,000 | 39,750 | 240,750 |
| <i>Silver ounces</i> | 1,376,000 | 562,700 | 1,938,700 |
| <i>Gold ounces</i> | 10,400 | 800 | 11,200 |
| <i>Lead tonnes</i> | - | 1,170 | 1,170 |
| <i>Zinc tonnes</i> | - | 1,430 | 1,430 |
| <i>Silver equivalent ounces</i> | 1,997,000 | 873,000 | 2,870,000 |
| <i>Silver head grades (grams/tonne)</i> | 240 | 490 | |
| <i>Silver recoveries</i> | 88% | 90% | |
| <i>Production costs per ounce</i> | US\$5.00 - US\$6.00 | US\$10.00 - US\$12.50 | US\$6.50 - US\$8.00 |

Operations produced 1,534,957 silver ounces of which 1,428,758 ounces were payable at a cash operating cost of US\$7.43 per oz of silver, net of by-product credits, for the year 2010. As production increases over the next two years, unit costs will generally reduce due to efficiencies and the positive influence from higher gold production. Ranges in production costs are shown to allow for costs such as power, fuel and materials which are outside of our control and rising faster than average inflation. In addition, other costs, such as a portion of the smelting and refining costs, vary according to metal prices.

Cash flow generated from mining activities will be reinvested in operations for exploration and capital expenditures to increase resources and production. Surplus cash flow will be available for potential acquisitions as the Company continues to grow.

Both operations have demonstrated the ability to achieve higher silver production at a competitive cost per ounce and with a higher profit margin. The Company's emphasis will be on maintaining positive operating cash flow while developing and exploring to continually increase metal production. The Company's production strategy is to increase silver production by 20% year-on-year at continually decreasing unit costs.

Reconciliation between Canadian and United States Generally Accepted Accounting Principles and United States Accounting Pronouncements

The effect of the measurement differences between Canadian GAAP and US GAAP on the consolidated balance sheets is summarized as follows (in thousands of dollars):

| | December 31, 2010 | | December 31, 2009 | |
|---|-------------------|----------|-------------------|----------|
| | Canadian GAAP | US GAAP | Canadian GAAP | US GAAP |
| Convertible note payable (note (a)(iv)) | \$ 3,792 | \$ 4,050 | \$ 3,356 | \$ 4,050 |
| Share capital (note (a)(iii) and note (a)(vii)) | 83,470 | 87,185 | 75,910 | 79,626 |
| Contributed surplus (note (a)(iii) and note (a)(vii)) | 9,470 | 11,981 | 10,268 | 12,778 |
| Equity component of convertible note (note (a)(iv)) | 1,563 | - | 1,563 | - |
| Deficit | (55,892) | (60,046) | (60,862) | (65,735) |

Share capital and contributed surplus:

| | 2010 | 2009 |
|--|-----------|-----------|
| Share capital and contributed surplus, under Canadian GAAP | \$ 92,940 | \$ 86,178 |
| Adjustment for stock-based compensation for employees (note (a)(ii)) | 15 | 15 |
| Reversal of recapitalization of deficit (note (a)(iii)) | 6,211 | 6,211 |
| Share capital and contributed surplus, under US GAAP | \$ 99,166 | \$ 92,404 |

Deficit:

| | 2010 | 2009 |
|--|-------------|-------------|
| Deficit, under Canadian GAAP | \$ (55,892) | \$ (60,862) |
| Adjustment for stock-based compensation for employees (note (a)(ii)) | (15) | (15) |
| Reversal of recapitalization of deficit (note (a)(iii)) | (6,211) | (6,211) |
| Interest accreted on convertible loan note (note (a)(iv)) | 2,214 | 1,778 |
| Reversal of incremental fair value of liability component due to early conversion of convertible loan note | - | 51 |
| Reversal of premium of the equity component upon early conversion of the convertible loan note | - | 1,607 |
| Effect of induced early conversion of convertible loan note, under US GAAP (note (a)(iv)) | - | (1,658) |
| Amortization of option payments (note (a)(v)) | (142) | (425) |
| Deficit, under US GAAP | \$ (60,046) | \$ (65,735) |

Income (loss) and earnings (loss) per share:

| | 2010 | 2009 | 2008 |
|--|-------------|------------|-------------|
| Income (loss) for the year, under Canadian GAAP | \$ 4,970 | \$ (867) | \$ (13,761) |
| Reversal of incremental fair value of liability component due to early conversion of convertible loan note | - | 51 | - |
| Effect of induced early conversion of convertible loan note, under US GAAP note (a)(iv) | - | (1,658) | - |
| Interest accreted on convertible loan note (note (a)(iv)) | 436 | 628 | 623 |
| Amortization of option payments (note (a)(v)) | (142) | (425) | - |
| Income (loss) for the year, under US GAAP | \$ 5,264 | \$ (2,271) | \$ (13,138) |
| Earnings (loss) per share | | | |
| Basic | \$ 0.05 | \$ (0.03) | \$ (0.16) |
| Diluted | \$ 0.04 | \$ (0.03) | \$ (0.16) |
| Weighted average number of common shares | | | |
| Basic | 114,422,226 | 90,210,438 | 81,321,733 |
| Diluted | 118,932,260 | 90,210,438 | 81,321,733 |

a. *Basis of Presentation*

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). A description of US GAAP and practices prescribed by the US Securities and Exchange Commission (collectively US GAAP) that result in measurement differences from Canadian GAAP are as follows:

i. *Income taxes:*

As described in note 2(l) of our consolidated financial statements for the year ended December 31, 2010, the Company follows the asset and liability method of accounting for income taxes. Under Canadian GAAP, future tax assets and liabilities are recorded at substantively enacted tax rates. Under US GAAP, deferred tax assets and liabilities are recorded at enacted tax rates. In 2010, there were no differences between enacted and substantively enacted rates. For each of the years ended December 31, 2010 and 2009, net future tax assets are fully offset by a valuation allowance as it is not more likely than not that the future tax assets would be realized. As a result, the application of US GAAP in accounting for income taxes does not result in any material measurement differences from Canadian GAAP for future tax assets or liabilities.

ii. *Stock-based compensation:*

The Company accounts for stock options at fair value under Canadian GAAP commencing on January 1, 2002 as described in note 2(h) of our consolidated financial statements for the year ended December 31, 2010. For fiscal years ending prior to December 31, 2003, the Company measured compensation expense at the intrinsic value of employee options. Under the intrinsic value method, compensation cost is the excess, if any, of the quoted market value of the stock at the measurement date, which is generally the grant date, over the amount an employee must pay to acquire the stock. The application of this method resulted in compensation expense of \$0.02 million being recognized for employees in the year ended December 31, 2001 under US GAAP and no similar expense was required under Canadian GAAP. Effective January 1, 2003, the Company adopted the fair value recognition provisions of US GAAP whereby the fair value of the stock options granted to employees was expensed.

There were no significant differences in accounting for stock-based compensation between Canadian GAAP and US GAAP during the three years ended December 31, 2010.

iii. *Elimination of deficit:*

During the year ended December 31, 1999, the Company reduced its paid-up capital by \$6.2 million to eliminate the deficit at March 31, 1999. In order to effect these reductions, it was not necessary to revalue the assets of the Company. As a consequence, all conditions under the US GAAP quasi-reorganization rules were not met and the recapitalization of the deficit would not be recorded.

iv. *Convertible loan notes:*

Under Canadian GAAP, the proceeds of the financing allocated to the estimated fair value of the conversion feature of the debt are recorded as an equity component of the debt (note 9(b)) of our consolidated financial statements for the year ended December 31, 2010. Under US GAAP, a value is assigned to the conversion feature only if the effective conversion rate is less than the market price of the common stock at the date of issuance, which it was not. Accordingly, no

value would be assigned under US GAAP to the conversion feature on the convertible notes issued in 2006 and 2007.

Applying US GAAP, the convertible notes at December 31, 2010 would be recorded as a liability at face value of \$4.05 million and no value would be assigned to the equity component of the convertible notes. In addition, accretion on the calculated debt discounts on the convertible notes under Canadian GAAP of \$0.4 million for the year ended December 31, 2010 (2009 - \$0.6 million, 2008 - \$0.6 million) would not have been recorded under US GAAP, reducing interest expense by an equivalent amount.

During the year ended December 31, 2009, the Company induced the early conversion of the \$2.0 million convertible loan note. In accordance with Canadian GAAP, the Company accounted for the early conversion as described in (note 9(b)(ii)) of our consolidated financial statements for the year ended December 31, 2010. Under US GAAP, the Company recognized an expense of \$1.7 million which is the fair value of the common shares transferred in excess of the fair value of the common shares issuable pursuant to the original conversion terms.

v. *Mineral properties, plant, and equipment:*

Effective March 31, 2010, the remaining life of the Topia Mine was extended from 6 years to 10 years. The Company increased its NI 43-101 compliant resources at the Topia Mine in July 2009. Based on the updated resource calculation and the current production rate of approximately 36,000 tonnes per year, the Company expects the resources to support a mine life of approximately ten years. Effective December 31, 2010, the Company retained Topia's mine life at 10 years.

Effective March 31, 2010, the remaining life of the Guanajuato mine was extended from 2 years to 3 years. In December 2010, the Company issued a NI 43-101 compliant resource estimate for three zones at the Guanajuato mine. Based on the resource estimate and the current production rate of approximately 2.6 million Ag eq oz per year, the Company expects the resources to support a mine life of approximately 5 years. Effective December 31, 2010, the Company extended the mine life from 3 years to 5 years.

Production facilities and mineral property costs are amortized over the estimated remaining life of mine which were 3 years for Guanajuato and 10 years for Topia for the year ended December 31, 2010. Under US GAAP, the Company expects to use the units-of-production method based on reserves as defined under SEC Industry Guide 7 once such reserve amounts are determinable for each of the whole mines.

Under Canadian GAAP, periodic option payments related to mineral properties are expensed prior to commercial feasibility of mining operations being established. Under US GAAP, periodic option payments are capitalized when such payments are associated with the acquisition of mineral rights and amortized over their respective option term. As there were no option payments made to the Mapimi project during the year (note 8) of our consolidated financial statements for the year ended December 31, 2010, a measurement difference of \$0.1 million resulted from the amortization of prior year's option payments. There is no material measurement difference for the comparative periods.

vi. *Statement of Cash Flows*

In the statement of cash flows, the presentation of the cash flows from operating activities includes an intermediate total which is not permitted under US GAAP, ASC 230, Statement of Cash Flows.

vii. *Share capital and contributed surplus*

Under Canadian GAAP, the Company allocates the net proceeds from equity financings containing common shares and share purchase warrants to share capital (note 11(b)) of our consolidated financial statements for the year ended December 31, 2010. Under US GAAP, the net proceeds from the issuance of units are allocated between common shares and share purchase warrants contained in such units, based on their relative fair values. Accordingly, the amount of \$2.5 million, being the portion of the net proceeds allocated to these warrants, is recorded to contributed surplus under US GAAP.

b. *International Financial Reporting Standards (“IFRS”):*

In February 2008, the Canadian Accounting Standards Board (“AcSB”) announced the changeover from Canadian GAAP to International Financial Reporting Standards (“IFRSs”) for publicly accountable enterprises and listed entities, for the annual periods beginning on or after January 1, 2011.

The Company will prepare its first consolidated financial statements in accordance with IFRS for the year ending December 31, 2011 (“adoption date”). In accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards (“IFRS 1”), the Company will retrospectively apply IFRS effective at the adoption date, except for mandatory and elected optional exemptions from full retrospective application of IFRS as provided by IFRS 1.

Preparation of our first consolidated financial statements in accordance with IFRS will require presentation of comparative information in accordance with IFRS. In order to present comparative information in accordance with IFRS in its IFRS financial statements, the Company will be required to restate its balance sheet as at January 1, 2010 to comply with IFRS (“transition date”).

Our planned transition to IFRS and the conversion project consists of three phases: (i) Planning and Scoping, (ii) Detailed Assessment, Conversion Planning and Development, and (iii) Implementation, Parallel Reporting and Review.

Phase One: Planning and Scoping, which involves project planning and identification of differences between current Canadian GAAP and IFRS, has been completed. The identified areas of accounting differences of highest potential impact to the Company are impairment of assets, asset retirement obligations, property plant and equipment, exploration and evaluation expenditures, functional currency and initial adoption of IFRS under the provisions of IFRS 1.

Phase Two: Detailed Assessment, Conversion Planning and Development involves detailed diagnostics and evaluation of the financial impacts of various options and alternative methodologies available under IFRS; identification and design of operational and financial business processes; initial staff training; analysis of IFRS 1 optional exemptions and mandatory exceptions to the general requirement for full retrospective application upon transition to IFRS; summarization of IFRS disclosure requirements; and development of required solutions to address identified issues.

Phase Three: Implementation, Parallel Reporting and Review, involves the execution of changes to information systems and business processes; completion of formal authorization processes to approve recommended accounting policy changes; and further training programs across the Company's finance and other affected areas, as necessary. It will culminate in the collection of financial information necessary to compile IFRS-compliant consolidated interim and annual financial statements and reconciliations; embedding of IFRS in business processes; and, audit committee approval of IFRS-compliant financial statements.

The following table summarizes the Company key activities and current status of its changeover plan:

| Key Activities | Current Status |
|---|--|
| <p>(1) Financial Reporting</p> <ul style="list-style-type: none"> - Analyze and select accounting policies where choices are permitted, including IFRS 1 elections - Quantify differences for opening balance sheet and key differences for quarterly comparatives | <ul style="list-style-type: none"> - The Company completed the selection of accounting policies and IFRS 1 elections - Quantification of key differences for opening balance sheet and quarterly comparatives are in the process of being finalized |
| <p>(2) Financial Information Systems</p> <ul style="list-style-type: none"> - Determine and implement solution for capturing IFRS information for comparative periods - Identify and evaluate impact on financial systems and the changes required | <ul style="list-style-type: none"> - IFRS information for the opening balance sheet and comparative periods will be maintained in spreadsheets - The system used by the Company to record stock based compensation is IFRS compliant - The Company's information systems have been configured to record transactions under IFRS |

| | |
|---|---|
| <p>(3) Internal Control Over Financial Reporting ("ICFR")</p> <ul style="list-style-type: none"> - Maintain effective controls throughout the IFRS conversion process - Identify and revise, as necessary, control environment for changes in processes and controls as a result of conversion to IFRS | <ul style="list-style-type: none"> - Control environment surrounding ICFR has been maintained through the conversion process. - The Company's assessment of changes in controls is underway and being documented. |
| <p>(4) Disclosure Controls and Procedures</p> <ul style="list-style-type: none"> - Identify and revise, as necessary, disclosure controls as a result of conversion to IFRS | <ul style="list-style-type: none"> - IFRS updates, formal and informal, were provided to the Company's staff, including individuals directly involved with investor relations and corporate communication. |
| <p>(5) Training and Financial Reporting Expertise</p> <ul style="list-style-type: none"> - Provide technical training to key finance and accounting personnel at all sites | <ul style="list-style-type: none"> - The Company provides financial support and time for financial personnel to stay abreast with IFRS - The Company engaged third party IFRS consultants to assist with the conversion to IFRS - The Company will provide specific training, on an as needed basis during 2011 and thereafter |
| <p>(6) Business Activities</p> <ul style="list-style-type: none"> - Identify and assess impact of transition to IFRS on key business activities such as budgeting and human resources (i.e. compensation arrangements) | <ul style="list-style-type: none"> - The Company is currently reviewing the impact on its key business activities and will conclude in 2011 once all differences are finalized |

The Company also anticipates a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required as well as additional systems changes that may be necessary to gather and process the required information.

The Company has identified key areas where changes in accounting policy are required on its transition from Canadian GAAP to IFRS listed below. This list is intended to highlight the areas the Company determined to be the most significant that will result from the transition to IFRS. The Company has not yet finalized the impact of these changes on its consolidated financial statements and will only be reporting quantified differences once approved by the Audit Committee. The IASB has significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRS and these changes may have a material effect on the Company's consolidated financial statements.

The key areas where changes in accounting policy are required for the adoption of IFRS are listed below:

i. First Time Adoption of IFRS

The Company has decided to use the following optional IFRS 1 exemptions from full retrospective application of IFRS:

- The Company has elected not to apply IFRS 3, Business Combinations (as revised in 2008) to past business combinations that occurred before the date of transition to IFRS. In accordance with this optional exemption, such past business combinations will not be restated.
- The Company has elected not to apply IFRS 2, Share-based Payment to equity instruments vested before the transition date. This election exempts the Company from retrospective restatement of share-based payments vested before the transition date.
- The Company has elected to apply the transitional provisions in IFRIC 4, Determining whether an Arrangement contains a Lease (IFRIC 4). Accordingly, for the arrangements existing as at the transition date, the Company determined whether an arrangement contains a lease on the basis of facts and circumstances existing at that date. The Company completed an analysis and has concluded as of the date of this MD&A that there were no arrangements within the scope of IFRIC 4.
- The Company has elected not to comply with requirements of IAS 21, The Effects of Changes in Foreign Exchange Rates for cumulative translation differences that existed at the date of transition to IFRS. In accordance with this IFRS 1 optional exemption, the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRS and the gain or loss on a subsequent disposal of any foreign operation will exclude translation differences that arose before the date of transition to IFRS and will include later translation differences.
- For instruments where the liability component is no longer outstanding as at transition date, the Company elected not to apply requirement of IAS 32, Financial Instruments: Presentation to split a compound financial instruments into two portions of equity.

- As at transition date, the Company will not make any additional optional designations of financial instruments as available for sale, or financial asset or financial liability at fair value through profit or loss, unless such designation has been made on initial recognition of such instruments in accordance with IAS 39, Financial Instruments: Recognition and Measurement.
- The Company has elected to apply optional exemption from full retrospective application of IFRIC 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities (“IFRIC 1”) to its decommissioning liabilities included in the cost of property, plant and equipment. In accordance with this IFRS 1 optional exemption, decommissioning and restoration liabilities of the Company are measured as at the date of transition to IFRS in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. To the extent that the liability is within the scope of IFRIC 1, the amount that would have been included in the cost of the related asset when the liability first arose is determined by discounting the liability to that date using the best estimate of the historical risk-adjusted discount rates(s) that would have applied for that liability of the intervening period. The carrying amount of related asset as at the transition date is determined by calculating accumulated depreciation on the basis of the current estimate of the useful life of such asset, using the depreciation policy adopted by the Company in accordance with IFRS.
- The Company has elected to apply transitional provisions of IAS 23, Borrowing Costs (as revised in 2007) (“IAS 23”). Accordingly, the effective date of adoption of requirements of IAS 23 for the Company is its transition date. The Company will not apply requirements of IAS 23 to qualifying assets completed prior to transition date. The Company did not have any qualifying projects in progress as of the date of this MD&A.

The Company has decided not to use an optional IFRS 1 election to measure its property, plant and equipment at the date of transition to IFRSs at its fair value and use that fair value as its deemed cost, or use a previous GAAP revaluation of property, plant and equipment as its deemed cost at the transition date. Instead, the Company will retrospectively apply recognition and measurement requirements of IAS 16, Property, Plant and Equipment (“IAS 16”). Under IAS 16, the Company made an accounting policy choice to measure its property, plant and equipment after its recognition at its cost less any accumulated depreciation and any accumulated impairment losses.

ii. Exploration and Evaluation Expenditures

IFRS 6 allows for capitalization of exploration and evaluation expenditures that the Company had previously expensed under Canadian GAAP. The Company has determined that expenditures incurred after it has acquired the legal right to explore and before technical feasibility and commercial viability to extract resources have been demonstrated should be capitalized.

iii. Asset Retirement Obligation:

The primary differences between IFRS and Canadian GAAP for reclamation and rehabilitation provisions include the basis of estimation for undiscounted cash flows, the discount rate used, the frequency of liability re-measurement, and recognition of a liability when a constructive obligation exists. The Company is currently assessing the impact on the carrying value of its asset retirement obligation upon adoption of IFRS.

iv. Convertible Notes:

IFRS requires that convertible notes be bifurcated between its liability and equity components. IFRS emphasizes the residual nature of equity and places the primary emphasis on the liability component. As a result of this difference in methodology, the Company is currently assessing the impact on the carrying value of its convertible notes upon adoption of IFRS.

v. Property, Plant, and Equipment:

Key differences between Canadian GAAP and IFRS with respect to property, plant, and equipment include component accounting which must be applied to physical and non-physical components which are significant and have a useful life which differs to that of the overall asset, the mandatory capitalization of interest costs and requirements for the annual review of estimates of useful life, residual value and the depreciation method. The Company will continue to account for its property, plant and equipment using the cost model. At this point, the Company does not expect to record a material adjustment relating to this difference.

vi. Impairment of Assets:

Both Canadian GAAP and IFRS require an entity to test for impairment of assets when there is an indication of impairment. Under Canadian GAAP, a two-step approach to impairment testing is performed. The asset carrying value is compared with its undiscounted future cash flow to determine whether impairment exists. The impairment is then measured by comparing the asset's carrying value with its fair value. IFRS requires the application of a one-step approach for both testing for and measuring impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use and includes the use of discounted cash flows when a cash flow model is used. IFRS also allows the reversal of impairments for long-lived assets if conditions that gave rise to these impairments no longer exist. It is expected that there may be increased volatility in impairment recognition due to the possibility of more frequent impairments and the reversal of impairments under IFRS. We have assessed impairment indicators under IFRS as at the date of transition for all of our projects and concluded that there were no such indicators, which was consistent with Canadian GAAP.

C. *Research and Development*

We do not currently, and did not previously, have research and development policies in place. Over the past three fiscal years, we spent approximately \$0.6 million on due diligence for various other mining properties.

D. *Trend Information*

Our business is mining of precious metals deposits, principally gold and silver, so the price of these commodities has a direct impact on our prospects for success and our ability to raise capital. The recent trend for the price of gold and silver has been positive and has remained steady at relatively high historical prices. Management believes that the current trend will continue for the foreseeable future. History has shown, however, that there can be no such assurances.

E. *Off-balance Sheet Arrangements*

We do not have any off-balance sheet arrangements.

F. Tabular Disclosure of Contractual Obligations

The following table outlines the contractual obligations of the Company at December 31, 2010 (in thousands of dollars):

| | Less than 1 year | 1-3 years | 4-5 years | After 5 years | Total |
|--|-----------------------------|------------------|------------------|--------------------------|------------------|
| Long-term debt ⁽¹⁾ | \$ 4,610 | \$ 78 | \$ - | \$ - | \$ 4,688 |
| Capital lease obligations | 401 | 132 | - | - | 533 |
| Operating leases | 148 | 243 | - | - | 391 |
| Purchase obligations ⁽²⁾ | 5,129 | - | - | - | 5,129 |
| Other long-term obligations ⁽³⁾ | - | - | 903 | 1,817 | 2,720 |
| Total obligations | \$ 10,288 | \$ 453 | \$ 903 | \$ 1,817 | \$ 13,461 |

⁽¹⁾ Long term debt includes convertible loan notes, which may be converted into common shares of the Company at the holders' option at any time, and promissory notes.

⁽²⁾ Purchase obligations include commitments for consulting, laboratory, drilling, maintenance and equipment purchases.

⁽³⁾ Other long term obligations include the discounted cost estimate to settle the Company's reclamation costs of the Guanajuato mine and Topia mines, which include land rehabilitation, decommissioning of buildings and mine facilities, on-going care and maintenance and other costs.

G. Safe Harbor

Not applicable.

ITEM 6 Directors, Senior Management and Employees

A. Directors, Officers and Senior Management

The information below sets forth the names and business experience of each of our directors, officers and senior management, as of the date hereof:

| Name | Present Position Great Panther | Present Position Minera Mexicana el Rosario | Present Position Metalicos de Durango | Present Position Minera de Villa Seca |
|-------------------------------------|--|---|---|---|
| Kaare G. Foy | Executive Chairman, Director | President, Director | President, Director | President, Director |
| Robert A. Archer | President, CEO, Director | Secretary, Director | Secretary, Director | Secretary, Director |
| Malcolm A. Burne | Director | n/a | n/a | n/a |
| John T. Kopchreff | Director | n/a | n/a | n/a |
| Martin B. Carsky | Director | n/a | n/a | n/a |
| Wendy M. Ratcliffe | Corporate Secretary | n/a | n/a | n/a |
| Raakel Iskanius | Chief Financial Officer | Chief Financial Officer | Chief Financial Officer | Chief Financial Officer |
| Charles Brown | Chief Operating Officer | Chief Operating Officer | Chief Operating Officer | Chief Operating Officer |
| Francisco Ramos Sanchez | Vice President, Business Development | Director | Director | Director |
| Robert Brown | Vice President, Exploration | n/a | n/a | n/a |
| Craig Mackay | Vice President, Technical Services | Vice President, Technical Services | Vice President, Technical Services | Vice President, Technical Services |
| Erick Bertsch | Vice President Corporate Development | n/a | n/a | n/a |
| Enriqueta Hernandez Dominguez | n/a | Vice President, Accounting and Administration (Mexico) | Vice President, Accounting and Administration (Mexico) | Vice President, Accounting and Administration (Mexico) |
| Eduardo Ortiz Briones | Vice President, Corporate Relations | Vice President, Corporate Relations | Vice President, Corporate Relations | Vice President, Corporate Relations |

Business Experience, Function and Area of Experience

Kaare G. Foy

As our Executive Chairman since April 2004 and a director since June 1994, Mr. Foy is responsible for the financial and corporate management and supervision of the affairs and business of our company and our subsidiaries.

Following graduation from Monash University in Australia, Mr. Foy became an Associate of the Australian Society of Accountants and a Member of the Australian Institute of Directors. In 1995, he emigrated to reside permanently in Canada. For most of his career, he has specialized in company "turnarounds," and has more than 30 years of experience serving on the boards of publicly listed companies in Australia, Canada and the United Kingdom, including Loscam Materials Handling Limited in Australia, and Greenchip Investments PLC in the United Kingdom.

Mr. Foy is a resident of British Columbia, Canada and is also Executive Chairman and a director of Cangold Limited, the President of Oceanic Management Limited, and a director of Golden Prospect Precious Metals Limited, a CISX-listed company.

Robert A. Archer

As our President, Chief Executive Officer and a director since April 2004, Mr. Archer is responsible for the day-to-day operations of our company and for the development of our strategic direction. He is also responsible for the management and supervision of the affairs and business in Mexico.

Mr. Archer is a resident of British Columbia, Canada has more than 30 years of experience working for mining companies throughout North America, including Newmont Exploration of Canada Ltd., Rio Algom Exploration Inc., Placer Dome Canada Ltd. and Noranda Exploration Inc. He also served as President of Consolidated Magna Ventures Ltd.

Mr. Archer is the President of R. A. Archer & Associates and Platoro Resource Corp. He also serves as President and Chief Executive Officer and is a director of Cangold Limited, a company publicly listed on the TSX Venture Exchange. He is also a non-executive director of Altair Ventures Incorporated, a company publicly listed on the TSX Venture Exchange.

Malcolm A. Burne

Mr. Burne was our Chairman, President and Chief Executive Officer from June 3, 1987 until April 27, 2004. Mr. Burne has been a director since June 3, 1987. As a non-executive director, he is also a member of our Audit Committee.

A self-employed business banker for many years, Malcolm Burne is a former stockbroker and financial journalist with The Financial Times. He has controlled and managed fund management, venture capital and investment banking companies in London, Australia, Hong Kong and North America. He has been a director of over 20 companies, many of which have been in the mineral resource and gold exploration fields. In addition, he was Executive Chairman of the Australian Bullion Company (Pty) Ltd., which at the time was Australia's leading gold dealer and member of the Sydney Futures Exchange.

Mr. Burne is currently a director of Cangold Limited, a company publicly listed on the TSX Venture Exchange, a director of Golden Prospect Precious Metals Limited, a mineral investments and gold fund

company publicly listed on the CISX, and non-executive Chairman of Longships plc, a company publicly listed on the AIM market of the London Stock Exchange.

Mr. Burne is a resident of Surrey, United Kingdom and an independent director.

John T. Kopcheff

Mr. Kopcheff is a resident of Western Australia, Australia and has been a director of our company since August 2001. As a non-executive director, Mr. Kopcheff is the Chairman of the Compensation Committee, and until February 12, 2009, he was the Chairman of our Audit Committee, at which time he stepped down and he is now a member of our Audit Committee.

Mr. Kopcheff is a geologist and acquired a Bachelor of Science (Honours) degree from the University of Adelaide in 1970 in geology and geophysics. Following graduation, he has gained over 35 years of extensive petroleum exploration experience in Australia, Southeast Asia, USA, South America and the North Sea, both in field geological operations and management. For the past 26 years, Mr. Kopcheff served as the Managing Director of Victoria Petroleum NL, recently renamed Senex Energy Limited, an oil and gas company publicly listed on the main board of the Australian Stock Exchange. He recently retired from the board and has retained the role of Special Advisor to the board. Mr. Kopcheff is also a Non-Executive Director of Greenearth Energy Limited, a publicly listed geothermal exploration company listed on the main board of the Australian Stock Exchange.

Martin B. Carsky

Mr. Carsky was appointed director of our company on February 9, 2009, at which time he was also appointed to the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. On February 12, 2009, he was appointed Chairman of the Audit Committee. On January 1, 2011 he was appointed Lead Director.

Mr. Carsky is a Chartered Accountant in the Province of British Columbia (1992) and obtained a Bachelor of Science from the University of British Columbia in 1989. He is an experienced financial executive with extensive experience in capital markets, mergers and acquisitions, restructuring, and corporate governance. Currently, he is the Chief Executive Officer and a Director of CON-SPACE Communications Ltd. a member of the Savox Group of Companies, and also serves as a Director and Chairman of the Audit Committee of Cangold Limited.

From 2006 to 2010, Mr. Carsky held various executive and directorship positions, with Anthem Capital Corp. as Executive Vice President from 2006 to 2008, as Executive Chairman and a Director of MetroBridge Networks International Inc. from 2007 to 2008, and with Amato Exploration Ltd. as Chief Financial Officer and a Director from 2008 to 2011. Mr. Carsky was Chief Executive Officer, President, Chief Financial Officer, Secretary and a Director of Cryopak Industries Inc. ("Cryopak") in October 2006 when Cryopak was placed into receivership. Mr. Carsky was also a director of Cryopak Corporation Ltd. when it filed for bankruptcy protection in October 2006. All of the assets of Cryopak Industries Inc. and Cryopak Corporation Ltd. were sold to a third party.

Cryopak failed to file its annual audited financial statements for the year ended March 31, 2006. On October 5, 2006, the British Columbia Securities Commission issued a cease trade order against Cryopak and its insiders and control persons prohibiting Cryopak, its insiders and control persons from trading in any securities of Cryopak until the cease trade order is lifted. The cease trade order remains in effect.

Mr. Carsky is a resident of British Columbia, Canada and an independent director.

Wendy Ratcliffe

Ms. Ratcliffe is a resident of British Columbia, Canada and has been our Corporate Secretary since August 2001. She is responsible for making all necessary regulatory filings for our company and its subsidiaries. Ms. Ratcliffe is also Corporate Secretary of Cangold Limited, a company publicly listed on the TSX Venture Exchange.

Raakel S. Iskanius

Ms. Iskanius is a resident of British Columbia, Canada and has been our Chief Financial Officer since May 2007. As our CFO, Ms. Iskanius is responsible for all aspects of the Company's financial management, including financial reporting, analysis of operations and regulatory compliance.

Prior to joining the Company, Ms. Iskanius served as a Senior Financial and Regulatory Reporting Manager at Terasen Gas Inc. Ms. Iskanius also worked for companies across North America including KPMG and The Loewen Group Inc. Ms. Iskanius has more than 19 years of experience as a finance professional with the vast majority of her career spent in natural gas utility and multi-branch sectors.

Ms. Iskanius qualified as a Certified General Accountant in 1995 and received her Chartered Accountant designation in 1999. Ms. Iskanius is also the Chief Financial Officer of Cangold Limited, a company publicly listed on the TSX Venture Exchange.

Charles Brown

Mr. Brown is a resident of British Columbia, Canada and has been our Chief Operating Officer since August 2007. He is responsible for overseeing aspects of all mines relating to mining and metallurgy. He is a seasoned professional with more than 35 years of experience successfully operating and developing mines both in Canada and internationally, from small gold mines in Ontario and Venezuela to being Managing Director of Tara Mines Ltd in Ireland, where he was responsible for one of the world's largest underground zinc mines.

Prior to joining Great Panther, he was the Project Manager for Newgold Inc. during its underground exploration and development program, leading to the completion of a positive feasibility study.

Mr. Brown graduated from Nottingham University, U.K. with an honours degree in Mining Engineering.

Ing. Francisco Ramos Sanchez

Ing. Francisco Ramos Sanchez is a resident of Queretaro, Mexico and was appointed as Vice President of Business Development in November 2007. He is responsible for seeking out new business opportunities for Great Panther. He was formerly Vice President of Operations from April 2004 through November 2007.

Prior to that, Ing. Ramos was the Vice President, Operations of our subsidiary MMR, since June 1998. With more than 30 years of experience in the mining industry, Ing. Ramos is a Mexican mining engineer and metallurgist based in Queretaro, Mexico. He obtained a Master's Degree in Mining Engineering from the University of Guanajuato and has worked with senior mining companies such as Peñoles, IMMSA and Minera Autlan. He has consulted for a number of junior to mid-size companies in Canada, Mexico

and the United States. He is also the general director of Minco Ingenieria y Construcciones de Queretaro, S. de R.L. de C.V. and Vice President of Operations of Cangold Limited.

Robert Brown

Mr. Brown is a resident of British Columbia, Canada and has been our Vice President, Exploration since April 30, 2004. He is responsible for overseeing all exploration activities undertaken by our company, and has particular experience in the immediate area of our company's projects in the Sierra Madre Region of Mexico.

Mr. Brown is a Professional Engineer with a degree in Engineering Geology from Queen's University. His 36 years of experience in the mining industry includes 15 years with Lac Minerals in Canada, culminating in the position of Exploration Manager. For more than 15 years, he has held senior management positions in the junior sector, working on projects throughout the Americas, Eastern Europe and Indonesia, primarily in gold and silver exploration. He is also a director of Cangold Limited, and the President and a director of Finlay Minerals Limited.

Craig Mackay

Mr. Mackay is a resident of British Columbia, Canada and has been our Vice President Technical Services since November 2010 and our Manager of GeoInformation and IT services since 2005. He has more than 25 years of international experience in management and application of spatial information technology, architecting geospatial data strategies and building IT infrastructure to support mineral resource identification, quantification and exploitation. Before joining the company, Craig worked in Ireland, Saudi Arabia, Australia and Africa directing application and consumption of geo-information management and office automation technologies in mining, software R&D, agriculture and forestry. He has an MBA from Trinity College, Dublin and an MSc in Information Technology from Stellenbosch, South Africa.

Erick Bertsch

Mr. Erick Bertsch is a resident of British Columbia, Canada and was appointed as our Vice President, Corporate Development in September 2010. He has more than 16 years of experience in the mining industry. Prior to joining the company, Erick began his mining career in the field, before transitioning to investor relations in 2003 with several companies in the Hunter-Dickinson Group. From 2005 to 2007, he worked as Corporate Communications Manager for Nevada Pacific Gold until the take-over of the Company by US Gold Corp. He then held the position of Manager Corporate Development for Minco Gold Corporation until June of 2009 and then Geodex Minerals before joining the Company.

Enriqueta Hernandez Dominguez

Enriqueta Hernandez Dominguez is a resident of Guanajuato, Mexico and was appointed Vice President of Accounting and Administration (Mexico) in July 2010. Ms. Hernandez previously served as Regional Controller of our Mexican operations in 2009. Ms. Hernandez has more than 24 years of experience in financial and tax fields in different kind of industries both in Mexico and Canada. Prior to joining the Company, Ms. Hernandez was the Subsidiary Accountant for West Timmins Mining Company. Ms. Hernandez holds a Bachelor Degree in Accounting and a Master Degree in Business Administration, with honours, both from the National University of Mexico.

Eduardo Ortiz

Eduardo Ortiz Briones is a resident of Guanajuato, Mexico and was appointed Vice President of Corporate Relations in January 2011. As our VP of Corporate relations, he is responsible for the Company's government and community relations and media communication in Mexico. Prior to joining the Company, Mr. Ortiz was Development and Relations Manager for Minera Rio Panuco S.A. de C.V. and Real de Panuco S.A. de C.V. México as well as a business advisor to Residencial Villas de Tultitlan SA de CV.

Mr. Ortiz holds a Bachelor in Business Administration from the University National of Mexico.

Family Relationships

Two officers of the Company, Ms. Enriqueta Dominguez and Mr. Eduardo Ortiz, are married.

Other Relationships

Except as disclosed in *Item 7B – Related Party Transactions*, there are no arrangements or understandings between any major shareholder, customer, supplier or others, pursuant to which any of the above-named persons were selected as directors or members of senior management.

Conflicts of Interest

To the best of the Company's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest between the Company (or a Subsidiary of the Company) and any director or officer of the Company (or a Subsidiary of the Company), except that certain of the directors and officers serve as directors, officers or members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Company relies upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts have been disclosed by such directors and officers in accordance with the *Canada Business Corporations Act* and they have governed themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

B. Compensation

Other than as set forth in the table below, none of our executive officers was paid or earned compensation for performing his/her duties during the fiscal year ended December 31, 2010. The value of perquisites and other personal benefits, securities and property for the executive officers that do not exceed the lesser of \$50,000 or 10% of the total of the annual salary and bonus are not reported herein.

During our last full financial year end, the following persons were or are our directors and executive officers:

| Name | Principal Position | From | To |
|-------------------------|---|-------------------------------------|------------------------------|
| Robert A. Archer | President and Chief Executive Officer Director | April 27, 2004 April 27, 2004 | Present Present |
| Kaare G. Foy | Executive Chairman Director | April 27, 2004 June 23, 1994 | Present Present |
| Malcolm A. Burne | Director | June 3, 1987 | Present |
| John T. Kopcheff | Director | August 16, 2001 | Present |
| Martin B. Carsky | Director | February 9, 2009 | Present |
| Raakel S. Iskanius | Chief Financial Officer | May 22, 2007 | Present |
| Charles Brown | Chief Operating Officer | August 15, 2007 | Present |
| Francisco Ramos Sánchez | Vice President, Business Development Vice President, Operations | November 13, 2007 April 30, 2004 | Present November 13, 2007 |
| Robert F. Brown | Vice President, Exploration | April 30, 2004 | Present |

Summary Compensation Table

| Name | Year | Annual Compensation | | | Long Term Compensation | | | All Other Compensation (\$) |
|-------------------------|------|-----------------------|------------|--------------------------------|--------------------------------------|--|-------------------|-----------------------------|
| | | Salary (\$) | Bonus (\$) | Other Annual Compensation (\$) | Awards | | Payouts | |
| | | | | | Securities Under Options Granted (#) | Restricted Shares or Restricted Share Units (\$) | LTIP Payouts (\$) | |
| Robert A. Archer | 2010 | 30,000 ⁽¹⁾ | 100,000 | nil | nil | nil | n/a | 331,847 ⁽²⁾ |
| Malcolm Burne | 2010 | 30,000 ⁽¹⁾ | nil | nil | nil | nil | n/a | nil |
| Kaare G. Foy | 2010 | 30,000 ⁽¹⁾ | 50,000 | nil | nil | nil | n/a | 306,658 ⁽³⁾ |
| John T. Kopcheff | 2010 | 30,000 ⁽¹⁾ | nil | nil | nil | nil | n/a | nil |
| Martin B. Carsky | 2010 | 40,000 ⁽¹⁾ | nil | nil | nil | nil | n/a | nil |
| Francisco Ramos Sánchez | 2010 | 185,039 | 25,000 | nil | nil | nil | n/a | nil |
| Robert F. Brown | 2010 | 160,000 | 30,000 | nil | nil | nil | n/a | nil |
| Charles Brown | 2010 | 210,000 | 30,000 | nil | nil | nil | n/a | nil |
| Raakel S. Iskanius | 2010 | 195,000 | 45,000 | nil | nil | nil | n/a | nil |

(1) Directors' fees.

(2) Consulting fees and other benefits paid to Platoro Resource Corp., a company controlled by Robert A. Archer.

(3) Of this amount, \$220,563 was paid for consulting and other benefits and \$86,095 was paid for rent and other services to Oceanic Management Limited, a company controlled by Kaare G. Foy.

Compensation of Directors

During the financial year ended December 31, 2010, the remuneration paid or accrued to directors in their capacity as directors of our company was as follows:

| | |
|------------------|----------|
| Kaare G. Foy | \$30,000 |
| Robert A. Archer | \$30,000 |
| Malcolm A. Burne | \$30,000 |
| John T. Kopcheff | \$30,000 |
| Martin B. Carsky | \$40,000 |

We have an incentive stock option plan in which directors are eligible to participate. No stock options were granted to directors during the year ended December 31, 2010 as outlined in the Summary Compensation Table.

C. Board Practices

The election and retirement of our directors are provided for in our by-laws. An election of directors takes place at each annual meeting of shareholders and all the directors then in office retire but, if qualified, are eligible for re-election. A director retains office only until the election of his successor. The number of directors to be elected at such meeting is the number of directors then in office, unless the

directors or the shareholders otherwise determine. The election is by ordinary resolution of shareholders. If an election of directors is not held at the proper time, the incumbent directors continue in office until their successors are elected. Our last annual general meeting was held on June 30, 2010.

Our by-laws also permit the directors to add additional directors to the board between annual general meetings as long as the number appointed does not exceed one-third of the number directors elected at the last annual general meeting. Individuals appointed as directors to fill casual vacancies created on the board or added as additional directors hold office like any other director until the next annual general meeting at which time they may be re-elected or replaced.

Our officers are re-elected at a directors' meeting following each annual general meeting.

The members of our audit committee included Martin B. Carsky (Chairman), Malcolm A. Burne and John T. Kopcheff. The audit committee reviews and approves the scope of the audit procedures employed by our independent auditors, reviews the results of the auditor's examination, the scope of audits, the auditor's opinion on the adequacy of internal controls and quality of financial reporting and our accounting and reporting principles, policies and practices, as well as our accounting, financial and operating controls. The audit committee also reports to the board of directors with respect to such matters and recommends the selection of independent auditors. Before financial statements that are to be submitted to the shareholders at an annual general meeting are considered by the board of directors, such financial statements are submitted to the audit committee for review with the independent auditors, following which the report of the audit committee on the financial statements is submitted to the board of directors.

The members of the nominating and corporate governance committee included Malcolm A. Burne (Chairman), John T. Kopcheff and Martin B. Carsky. The mandate of the nominating and corporate governance committee is to identify individuals qualified to be nominated for election as directors of the Company or any of the Board's committees, evaluate the qualifications and independence of each member of the Board and its committees and recommend to the Board any appropriate changes in the composition of the Board and any of its committees, evaluate the performance of the Board and its committees; and develop and recommend to the Board corporate governance principles.

The members of the compensation committee included John T. Kopcheff (Chairman), Malcolm A. Burne and Martin B. Carsky. The compensation committee reviews and approves the total compensation package for the Corporation's senior executives including, without limitation, their base salaries, annual incentives, deferred compensation, stock options and other equity-based compensation, incentive compensation, special benefits, perquisites, and incidental benefits.

D. Employees

During the fiscal years ended December 31, 2010, December 31, 2009 and December 31, 2008, we had direct employees as outlined below:

| Company | 2010 | 2009 | 2008 |
|--|----------------|----------------|-------------|
| Great Panther Silver Limited. | 17 | 14 | 10 |
| Minera Mexicana el Rosario, S.A. de C.V. | Nil | Nil | Nil |
| Metalicos de Durango, S.A. de C.V. | 109 | 81 | 46 |
| Minera de Villa Seca, S.A. de C.V. | 80 | 63 | 54 |
| Exploraciones Mineras el Rosario, S.A. de C.V. | 0 ¹ | 0 ¹ | 4 |
| TOTAL | 206 | 158 | 114 |

- 1 On November 30, 2009, Exploraciones Mineras el Rosario, S.A. de C.V., the Company's subsidiary responsible for exploration and further development of the Company's mineral properties, was merged with Minera de Villa Seca, S.A. de C.V.

We do not currently have a collective bargaining arrangement with any labour union or association.

E. Share Ownership

Our authorized share capital consists of an unlimited number of common shares without par value, an unlimited number of Class A preferred shares without par value issuable in series, and an unlimited number of Class B preferred shares without par value issuable in series.

The following table sets out, as at March 14, 2011, the number of securities beneficially owned by our directors, officers and senior management, whom, to our knowledge, possess sole voting and investment power with respect to the securities shown:

| Name of Beneficial Holder | Number of Securities Beneficially Owned | Percentage ⁽¹⁾ |
|-------------------------------|--|---------------------------|
| Robert A. Archer | 1,975,100 | 1.48% |
| Erick J. Bertsch | 100,000 | 0.08% |
| Charles P. Brown | 598,000 | 0.45% |
| Robert F. Brown | 212,500 | 0.16% |
| Malcolm A. Burne | 340,033 | 0.26% |
| Martin B. Carsky | Nil | 0.00% |
| Kaare G. Foy | 262,600 | 0.20% |
| Enriqueta Hernandez Dominguez | 50,000 | 0.04% |
| Raakel S. Iskanius | 270,000 | 0.20% |
| John T. Kopcheff | 280,000 | 0.21% |
| Craig H. Mackay | 92,500 | 0.07% |
| Eduardo Ortiz-Briones | Nil | 0.00% |
| Francisco Ramos Sanchez | 1,296,000 | 0.97% |
| Wendy M. Ratcliffe | 205,000 | 0.15% |

- (1) Based on the following securities issued and outstanding as at March 14, 2011:
- 124,524,166 common shares;
 - 2,820,000 incentive stock options, all exercisable within 60 days of March 14, 2011, for the purchase of up to 2,820,000 common share; and
 - 5,864,746 warrants, all exercisable within 60 days of March 14, 2011, for the purchase of up to 5,864,746 common shares.

The voting rights attached to the common shares owned by our directors, officers and senior management do not differ from those voting rights attached to shares owned by people who are not directors, officers or senior management of our company.

As at March 14, 2011, our directors, officers and senior management held, as a group, directly or indirectly, an aggregate of 3,804,733 common shares, 1,821,000 options exercisable within 60 days and 56,000 warrants exercisable within 60 days.

The total number of options outstanding as at March 14, 2011, all exercisable within 60 days, granted to our directors, officers and senior management are set out below:

| Name | Number of Options Outstanding | Exercise Price | Expiry Date |
|-------------------------------|--|-----------------------|--------------------|
| Robert A. Archer | 250,000 | \$0.45 | February 8, 2014 |
| | 175,000 | \$0.70 | September 3, 2014 |
| Erick J. Bertsch | 100,000 | \$1.15 | October 17, 2015 |
| Charles P. Brown | 75,000 | \$0.70 | September 3, 2014 |
| | 75,000 | \$0.90 | December 2, 2014 |
| Robert F. Brown | 150,000 | \$0.45 | February 8, 2014 |
| | 50,000 | \$0.90 | December 2, 2014 |
| Malcolm A. Burne | Nil | | |
| Martin B. Carsky | Nil | | |
| Kaare G. Foy | Nil | | |
| Enriqueta Hernandez Dominguez | 25,000 | \$0.90 | December 2, 2014 |
| | 25,000 | \$1.90 | November 21, 2015 |
| Raakel S. Iskanius | 50,000 | \$0.45 | February 8, 2014 |
| | 125,000 | \$0.70 | September 3, 2014 |
| | 25,000 | \$0.90 | December 2, 2014 |
| John T. Kopcheff | 200,000 | \$0.45 | February 8, 2014 |
| Craig H. Mackay | 25,000 | \$0.70 | September 3, 2014 |
| | 50,000 | \$1.90 | November 21, 2015 |
| Eduardo Ortiz-Briones | Nil | | |
| Francisco Ramos Sanchez | 221,000 | \$0.45 | February 8, 2014 |
| Wendy M. Ratcliffe | 200,000 | \$0.45 | February 8, 2014 |

The total number of warrants outstanding as at March 14, 2011, all exercisable within 60 days, issued to our directors, officers and senior management are set out below:

| Name | Number of Warrants Outstanding | Exercise Price | Expiry Date |
|--------------------|---|-----------------------|--------------------|
| Charles P. Brown | 36,000 | \$0.90 | November 17, 2011 |
| Raakel S. Iskanius | 7,500 | \$0.90 | November 17, 2011 |
| Craig H. Mackay | 7,500 | \$0.90 | November 17, 2011 |
| Wendy Ratcliffe | 5,000 | \$0.90 | November 17, 2011 |

Stock Option Plan

We have an incentive stock option plan that provides for the grant of incentive stock options to purchase our common shares to our directors, officers and key employees and other persons providing ongoing services to us. Our stock option plan is administered by our board of directors. The maximum number of our common shares which may be reserved and set aside for issuance under our stock option plan is equal to 10% of the number of common shares outstanding from time to time on a non-diluted basis. Each option upon its exercise entitles the grantee to one common share. The exercise price of common shares subject to an option will be determined by the board of directors at the time of grant and will be not less than the discounted market price of the common shares at the date of grant, as determined under the policies of the Toronto Stock Exchange. Options may be granted under our stock option plan for an

exercise period of up to five years from the date of grant of the option or such lesser periods as may be determined by our board of directors.

On March 7, 2008, the Board of Directors approved the adoption of a Shareholder Rights Plan (the "Plan") as part of its procedures for dealing with any parties who may seek to acquire control of the Company through a take-over bid or other transaction. To implement the Plan, the Board of Directors of the Company authorized the issue of one Right in respect of each common share of the Company outstanding to holders of record on March 7, 2008. Until the occurrence of certain specific events, the Rights will trade with the common shares of the Company.

The Rights become exercisable only when a person, including any party related to it or acting jointly with it, acquires or announces its intention to acquire 20% or more of the outstanding common shares of the Company without complying with the "Permitted Bid" provisions of the Plan. Under the Plan, a Permitted Bid is a bid made to all shareholders on identical terms and conditions that is open for at least 60 days. If at the end of 60 days more than 50% of the outstanding shares, other than those owned by the offeror and certain persons related to the offeror or acting jointly with it, have been tendered, the offeror may take up and pay for the shares but must extend the bid for a further 10 business days to allow all other shareholders to tender. Should a non-permitted acquisition occur, each Right would entitle each holder of common shares (other than the offeror and certain parties related to the offeror or acting jointly with it) to purchase additional common shares of the Company at a 50% discount to the market price at the time.

Although the Plan became effective upon its adoption by the Board of Directors, in accordance with stock exchange requirements it was submitted to shareholders of the Company for ratification at the annual shareholders meeting on June 27, 2008, when it was passed and ratified. The Plan will continue until the annual general meeting of shareholders in 2012. The Plan was accepted by the Toronto Stock Exchange.

The total number of options outstanding as at March 14, 2011, granted to our directors and executive officers as a group, to our non-executive officers and senior management as a group, to our employees as a group and to our consultants as a group, are set out below:

| Name | Number of Options Outstanding | Exercise Price | Expiry Date |
|--|----------------------------------|----------------|-------------------|
| Directors and Executive Officers | 871,000 | \$0.45 | February 8, 2014 |
| | 375,000 | \$0.70 | September 3, 2014 |
| | 150,000 | \$0.90 | December 2, 2014 |
| Non-executive Officers and Senior Management | 200,000 | \$0.45 | February 8, 2014 |
| | 25,000 | \$0.70 | September 3, 2014 |
| | 25,000 | \$0.90 | December 2, 2014 |
| | 100,000 | \$1.15 | October 17, 2015 |
| | 75,000 | \$1.90 | November 21, 2015 |
| Employees | 45,000 | \$0.45 | February 8, 2014 |
| | 140,000 | \$0.70 | September 3, 2014 |
| | 62,500 | \$0.90 | December 2, 2014 |
| | 200,000 | \$0.90 | July 11, 2015 |
| | 1,500 | \$1.15 | October 17, 2015 |
| | 240,000 | \$1.90 | November 21, 2015 |
| Consultants | 70,000 | \$0.45 | February 8, 2014 |
| | 100,000 | \$0.70 | September 3, 2014 |
| | 90,000 | \$0.90 | February 29, 2012 |
| | 50,000 | \$1.90 | November 21, 2015 |

ITEM 7 Major Shareholders and Related Party Transactions

A. Major Shareholders

As of February 28, 2011, Computershare Trust Company of Canada, our registrar and transfer agent reported that we had 122,133,166 common shares issued and outstanding. Of those common shares, 113,226,676 common shares were registered to Canadian residents (22 shareholders); 8,082,326 common shares were registered to residents of the United States (85 shareholders); and 824,164 common shares were registered to residents of other foreign countries (18 shareholders). There are no persons known to us to be the beneficial owners of more than five (5%) of those common shares.

To the best of our knowledge, we are not directly or indirectly owned or controlled by another corporation, by any foreign government or by any other natural or legal person.

There are no arrangements known to us, the operation of which may at a subsequent date result in a change in the control of our company.

B. Related Party Transactions

Other than as disclosed below or elsewhere in this annual report, to the best of our knowledge, there have been no material transactions or loans from the commencement of our 2010 fiscal year to the date of this annual report between our company and: (a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, our company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of our company that gives them significant influence over our company, and close members of any such individual's family; (d) key management personnel of our company, including directors and senior management of our

company and close members of such individuals' families; and (e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence.

During the year ended December 31, 2010, we entered into the following transactions with related parties (in thousands of dollars):

| | | 2010 | 2009 | 2008 |
|-------------|---|--------|--------|--------|
| R.A. Archer | Consulting fees ¹ | \$ 432 | \$ 343 | \$ 301 |
| | Cost recoveries ² | 51 | 80 | 82 |
| K.G. Foy | Consulting fees ³ | 270 | 290 | 295 |
| | Director fees ⁴ | 30 | 30 | 30 |
| | Office & administration fees ⁵ | 86 | 69 | 36 |
| M.B. Carsky | Director fees ⁶ | 40 | 52 | - |
| F. Ramos | Consulting fees ⁷ | 215 | 171 | 266 |

¹ The Company engaged the consulting services of Platoro Resource Corp., a company controlled by Robert A. Archer, President, Chief Executive Officer and Director of the Company.

² Cost recoveries received or accrued from Altair, a company of which Robert A. Archer is a Director.

³ The Company engaged the consulting services of Oceanic Management Limited, a company controlled by Kaare G. Foy, Executive Chairman and Director of the Company.

⁴ Amounts paid to Oceanic Management Limited, a company controlled by Kaare G. Foy, Executive Chairman and Director of the Company, for Board of Director retainer fees.

⁵ The Company paid for office and administrative fees for the use of office space provided by Oceanic Management Limited, a company controlled by Kaare G. Foy, Executive Chairman and Director of the Company.

⁶ Amounts paid to Embeecee Capital Management Limited, a company controlled by Martin B. Carsky, Director of the Company, for Board of Director retainer fees and special board committee fees.

⁷ The Company engaged in the consulting services of Francisco Ramos Sanchez, Vice President, Business Development of the Company.

As at December 31, 2010, \$0.2 million (2009 – \$0.1 million) was due to companies controlled by officers and directors of the Company and was included in accounts payable. Amounts due from companies with a common director were \$0.1 million (2009 – \$0.1 million) and were included in amounts receivable.

On April 12, 2010, the Company received 1,117,866 common shares of Altair at a deemed issue price of \$0.15 per share in full payment of Altair's indebtedness to the Company as at January 31, 2011. Altair is a company with a common director of the Company.

The above transactions occurred in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the parties.

C. *Interests of Experts and Counsel*

1. KPMG LLP

KPMG LLP was engaged as the Company's financial auditors and provided the Independent Auditors' Report contained within this Form.

2. Scott Wilson Roscoe Postle Associates

Scott Wilson Roscoe Postle Associates was engaged to provide the technical reports under NI 43-101 for the Guanajuato and Topia mines.

The experts above do not own directly or indirectly any outstanding common shares of the Company

ITEM 8 *Financial Information*

Our financial statements are stated in Canadian dollars and are prepared in accordance with Canadian generally accepted accounting principles with a reconciliation to United States generally accepted accounting principles. In this annual report, unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

Financial Statements filed as part of this Annual Report, under item 17 "Financial Statements":

- Report of Independent Registered Public Accounting Firm dated March 14, 2011.
- Consolidated balance sheets for the fiscal years ended December 31, 2010, and 2009.
- Consolidated statements of operations and comprehensive income (loss) for the fiscal years ended December 31, 2010, 2009, and 2008.
- Consolidated statements of deficit for the fiscal years ended December 31, 2010, 2009 and 2008.
- Consolidated statements of cash flows for the fiscal years ended December 31, 2010, 2009, and 2008.
- Notes to consolidated financial statements

Legal Proceedings and Regulatory Actions

During the financial year ended December 31, 2010, the Company was not and is not current a party to, nor is any of its property the subject of, any legal proceedings for which the outcome could have a material adverse affect on the Company, nor, to the Company's knowledge, is the Company to be a party to any contemplated legal proceedings, the outcome of which could have a material adverse affect on the Company.

There have been no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2010, or any other time that would likely be considered important to a reasonable investor making an investment decision in the Company, and the Company has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2010.

Dividend Distributions

Holders of our common shares are entitled to receive such dividends as may be declared from time to time by our board, in its discretion, out of funds legally available for that purpose. We intend to retain future earnings, if any, for use in the operation and expansion of our business and do not intend to pay any cash dividends in the foreseeable future.

Significant Changes

Other than as disclosed in this annual report, no significant change has occurred in our company's financial statements since the financial year ended December 31, 2010.

ITEM 9 The Offer and Listing

A. Offer and Listing Details

Price History

On June 18, 1980, our common shares were listed on the TSX Venture Exchange (formerly known as the CDNX, and the Vancouver Stock Exchange). Our common shares traded on the TSX Venture Exchange under the symbol "GPR", and we were classified by the TSX Venture Exchange as a Tier 2 company.

On October 2, 2003, our common share capital was consolidated on the basis of one new common share for each ten old common shares.

On February 28, 2006, we were elevated to Tier 1 of the TSX Venture Exchange.

On November 3, 2006, we received conditional approval for our TSX listing.

On November 14, 2006, our common shares became listed on the TSX.

On February 8, 2011, the Company's shares were listed on NYSE Amex stock exchange in the United States under the trading symbol "GPL."

The annual high and low market prices for our common shares for the five most recent full fiscal years were as follows:

| <u>Year Ended</u> | <u>High</u> | <u>Low</u> |
|-------------------|-------------|------------|
| December 31, 2006 | \$2.79 | \$0.80 |
| December 31, 2007 | \$2.53 | \$1.07 |
| December 31, 2008 | \$1.72 | \$0.18 |
| December 31, 2009 | \$1.25 | \$0.23 |
| December 31, 2010 | \$2.90 | \$0.67 |

The high and low market prices for our common shares for each full financial quarter for the two most recent full fiscal years were as follows:

| <u>Quarter Ended</u> | <u>High</u> | <u>Low</u> |
|-----------------------------|--------------------|-------------------|
| March 31, 2009 | \$0.56 | \$0.23 |
| June 30, 2009 | \$0.67 | \$0.41 |
| September 30, 2009 | \$1.25 | \$0.45 |
| December 31, 2009 | \$0.94 | \$0.66 |
| March 31, 2010 | \$1.14 | \$0.73 |
| June 30, 2010 | \$0.96 | \$0.73 |
| September 30, 2010 | \$1.04 | \$0.67 |
| December 31, 2010 | \$2.90 | \$0.97 |

The high and low market prices for our common shares for each of the most recent six months, from September, 2010 through February, 2011 were as follows:

| <u>Month Ended</u> | <u>High</u> | <u>Low</u> |
|---------------------------|--------------------|-------------------|
| September 30, 2010 | \$1.04 | \$0.80 |
| October 31, 2010 | \$1.25 | \$0.97 |
| November 30, 2010 | \$2.10 | \$1.21 |
| December 31, 2010 | \$2.90 | \$2.04 |
| January 31, 2011 | \$2.76 | \$1.79 |
| February 28, 2011 | \$3.94 | \$2.15 |

The transfer of our common shares is managed by our transfer agent, Computershare Trust Company of Canada.

B. Plan of Distribution

Not applicable.

C. Markets

Our common shares trade on the Toronto Stock Exchange (TSX) and the New York Stock Exchange (“NYSE”) Amex, trading under the symbol “GPR” and “GPL” effective November 14, 2006 and February 8, 2011 respectively. Our CUSIP number is 39115V 101.

D. *Selling Shareholders*

Not applicable.

E. *Dilution*

Not applicable

F. *Expenses of the Issue*

Not applicable.

ITEM 10 Additional Information

A. *Share Capital*

Not applicable

B. *Memorandum and Articles of Association*

The information required by this section is incorporated by reference from our Registration Statement on Form 20-F, filed on August 10, 2004.

C. *Material Contracts*

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which we or any of our subsidiaries is a party, for the two years immediately preceding publication of the document, including dates, parties, general nature of the contracts, terms and conditions, and amount of any consideration passing to or from us or any other member of the group:

On January 23, 2009, we closed a private placement offering of 5,125,000 units of the Company (“Units”) at a price of \$0.20 per Unit to raise gross proceeds of \$1.0 million. Each Unit comprised of one common share and one-half of one share purchase warrant. Each whole warrant entitled the holder, upon exercise, to acquire one common share of the Company at a price of \$0.35 per share until January 22, 2010. The Company authorized and created 169,050 non-transferable share purchase warrants (the “Finder’s Warrants”) to purchase up to 169,050 common shares and entitling the holder to purchase one common share at a price of \$0.35 until January 22, 2010.

On November 17, 2009, we closed an equity offering of 17,617,500 units of the Company (“Units”) at a price of \$0.70 per Unit to raise gross proceeds of \$12.3 million. Each Unit comprised of one common share and one-half of one transferable share purchase warrant. Each whole warrant entitles the holder, upon exercise, to purchase one common share of the Company at a price of \$0.90 per share until November 17, 2011. The Company authorized and created non-transferable share purchase warrants (the “Agents’ Warrants”) to purchase up to 6% of the Units sold, net of sales arranged by the Company. Each Agents’ Warrants entitles the holder to purchase one common share at a price of \$0.90 until November 17, 2011.

D. *Exchange Controls*

There are no government laws, decrees or regulations in Canada which restrict the export or import of capital or which affect the remittance of dividends, interest or other payments to non-resident holders of

our common shares. Any remittances of dividends to United States residents and to other non-residents are, however, subject to withholding tax. See "Taxation" below.

E. Taxation

Canadian Federal Income Taxation

We consider that the following summary fairly describes the principal Canadian federal income tax consequences applicable to a holder of our common shares who at all material times deals at arm's length with our company, who holds all common shares as capital property, who is resident in the United States, who is not a resident of Canada and who does not use or hold, and is not deemed to use or hold, his common shares of our company in connection with carrying on a business in Canada (a "non-resident holder"). It is assumed that the common shares will at all material times be listed on a stock exchange that is prescribed for purposes of the *Income Tax Act* (Canada) (the "ITA") and regulations thereunder. Investors should be aware that the Canadian federal income tax consequences applicable to holders of our common shares will change if, for any reason, we cease to be listed on a prescribed stock exchange. Accordingly, holders and prospective holders of our common shares should consult with their own tax advisors with respect to the income tax consequences of them purchasing, owning and disposing of our common shares should we cease to be listed on a prescribed stock exchange.

This summary is based upon the current provisions of the ITA, the regulations thereunder, the Canada-United States Tax Convention as amended by the Protocols thereto (the "Treaty") as at the date of the registration statement and the currently publicly announced administrative and assessing policies of the Canada Revenue Agency (the "CRA"). This summary does not take into account Canadian provincial income tax consequences. This description is not exhaustive of all possible Canadian federal income tax consequences and does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action. This summary does, however, take into account all specific proposals to amend the ITA and regulations thereunder, publicly announced by the Government of Canada to the date hereof.

This summary does not address potential tax effects relevant to our company or those tax considerations that depend upon circumstances specific to each investor. Accordingly, holders and prospective holders of our common shares should consult with their own tax advisors with respect to the income tax consequences to them of purchasing, owning and disposing of common shares in our company.

Dividends

The ITA provides that dividends and other distributions deemed to be dividends paid or deemed to be paid by a Canadian resident corporation (such as our company) to a non-resident of Canada shall be subject to a non-resident withholding tax equal to 25% of the gross amount of the dividend or deemed dividend. Provisions in the ITA relating to dividend and deemed dividend payments to and gains realized by non-residents of Canada, who are residents of the United States, are subject to the Treaty. The Treaty may reduce the withholding tax rate on dividends as discussed below.

Article X of the Treaty as amended by the US-Canada Protocol ratified on November 9, 1995 provides a 5% withholding tax on gross dividends or deemed dividends paid to a United States corporation which beneficially owns at least 10% of the voting stock of the company paying the dividend. In cases where dividends or deemed dividends are paid to a United States resident (other than a corporation) or a United States corporation which beneficially owns less than 10% of the voting stock of a company, a withholding tax of 15% is imposed on the gross amount of the dividend or deemed dividend paid. We would be

required to withhold any such tax from the dividend and remit the tax directly to CRA for the account of the investor.

The reduction in withholding tax from 25%, pursuant to the Treaty, will not be available:

- (a) if the shares in respect of which the dividends are paid formed part of the business property or were otherwise effectively connected with a permanent establishment or fixed base that the holder has or had in Canada within the 12 months preceding the disposition, or
- (b) the holder is a U.S. LLC which is not subject to tax in the U.S.

The Treaty generally exempts from Canadian income tax dividends paid to a religious, scientific, literary, educational or charitable organization or to an organization exclusively administering a pension, retirement or employee benefit fund or plan, if the organization is resident in the U.S. and is exempt from income tax under the laws of the U.S.

Capital Gains

A non-resident holder is not subject to tax under the ITA in respect of a capital gain realized upon the disposition of one of our shares unless the share represents "taxable Canadian property" to the holder thereof. Our common shares will be considered taxable Canadian property to a non-resident holder only if:

- (a) the non-resident holder;
- (b) persons with whom the non-resident holder did not deal at arm's length; or
- (c) the non-resident holder and persons with whom he did not deal at arm's length,

owned not less than 25% of the issued shares of any class or series of our company at any time during the five year period preceding the disposition. In the case of a non-resident holder to whom shares of our company represent taxable Canadian property and who is resident in the United States, no Canadian taxes will generally be payable on a capital gain realized on such shares by reason of the Treaty unless:

- (a) the value of such shares is derived principally from real property (including resource property) situated in Canada,
- (b) the holder was resident in Canada for 120 months during any period of 20 consecutive years preceding, and at any time during the 10 years immediately preceding, the disposition and the shares were owned by him when he ceased to be a resident of Canada,
- (c) they formed part of the business property or were otherwise effectively connected with a permanent establishment or fixed base that the holder has or had in Canada within the 12 months preceding the disposition, or
- (d) the holder is a U.S. LLC which is not subject to tax in the U.S.

If subject to Canadian tax on such a disposition, the taxpayer's capital gain (or capital loss) from a disposition is the amount by which the taxpayer's proceeds of disposition exceed (or are exceeded by) the aggregate of the taxpayer's adjusted cost base of the shares and reasonable expenses of disposition. For Canadian income tax purposes, the "taxable capital gain" is equal to one-half of the capital gain.

United States Federal Income Taxation

The following is a discussion of the material United States Federal income tax consequences, under current law, applicable to a U.S. Holder (as defined below) of our common shares who holds such shares as capital assets. This discussion does not address all potentially relevant Federal income tax matters and it does not address consequences peculiar to persons subject to special provisions of Federal income tax law, such as those described below as excluded from the definition of a U.S. Holder. In addition, this discussion does not cover any state, local, or foreign tax consequences. (See "Canadian Federal Income Tax Consequences" above).

The following discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, published Internal Revenue Service ("IRS") rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time. In addition, this discussion does not consider the potential effects, both adverse and beneficial, of any recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time.

The discussion below does not address potential tax effects relevant to our company or those tax considerations that depend upon circumstances specific to each investor. In addition, this discussion does not address the tax consequences that may be relevant to particular investors subject to special treatment under certain U.S. Federal income tax laws, such as, dealers in securities, tax-exempt entities, banks, insurance companies and non-U.S. Holders. Purchasers of the common stock should therefore satisfy themselves as to the overall tax consequences of their ownership of the common stock, including the State, local and foreign tax consequences thereof (which are not reviewed herein), and should consult their own tax advisors with respect to their particular circumstances.

U.S. Holders

As used herein, a "U.S. Holder" includes a beneficial holder of common shares of our company who is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or of any political subdivision thereof, any trust if a US court is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, any entity created or organized in the United States which is taxable as a corporation for U.S. tax purposes and any other person or entity whose ownership of common shares of our company is effectively connected with the conduct of a trade or business in the United States. A U.S. Holder does not include persons subject to special provisions of Federal income tax law, such as tax-exempt organizations, qualified retirement plans, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals or foreign corporations whose ownership of our common shares is not effectively connected with the conduct of a trade or business in the United States and shareholders who acquired their shares through the exercise of employee stock options or otherwise as compensation.

Dividend Distribution on Shares of our Company

U.S. Holders receiving dividend distributions (including constructive dividends) with respect to the common shares of our company are required to include in gross income for United States Federal income tax purposes the gross amount of such distributions to the extent that we have current or accumulated earnings and profits, without reduction for any Canadian income tax withheld from such distributions. Such Canadian tax withheld may be deducted or may be credited against actual tax payable, subject to certain limitations and other complex rules, against the U.S. Holder's United States Federal taxable income. See "Foreign Tax Credit" below. To the extent that distributions exceed our current or

accumulated earnings and profits, they will be treated first as a return of capital to the extent of the shareholder's basis in the common shares of our company and thereafter as gain from the sale or exchange of the common shares of our company. Preferential tax rates for net long term capital gains may be applicable to a U.S. Holder which is an individual, estate or trust.

In general, dividends paid on our common shares will not be eligible for the dividends received deduction provided to corporations receiving dividends from certain United States corporations.

Foreign Tax Credit

A U.S. Holder who pays (or who has had withheld from distributions) Canadian income tax with respect to the ownership of our common shares may be entitled, at the election of the U.S. Holder, to either a deduction or a tax credit for such foreign tax paid or withheld. This election is made on a year by year basis and generally applies to all foreign income taxes paid by (or withheld from) the U.S. Holder during that year. There are significant and complex limitations which apply to the credit, among which is the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder's United States income tax liability that the U.S. Holder's foreign source income bears to his or its world-wide taxable income. In determining the application of this limitation, the various items of income and deduction must be classified into foreign and domestic sources. Complex rules govern income such as "passive income", "high withholding tax interest", "financial services income", "shipping income" and certain other classifications of income. A U.S. Holder who is treated as a domestic U.S. corporation owning 10% or more of our voting stock is also entitled to a deemed paid foreign tax credit in certain circumstances for the underlying foreign tax of our company related to dividends received or Subpart F income received from us. (See the discussion below of Controlled Foreign Corporations). The availability of the foreign tax credit and the application of the limitations on the foreign tax credit are fact specific and holders and prospective holders of our common shares should consult their own tax advisors regarding their individual circumstances.

Disposition of Common Shares

If a "U.S. Holder" is holding shares as a capital asset, a gain or loss realized on a sale of our common shares will generally be a capital gain or loss, and will be long-term if the shareholder has a holding period of more than one year. However, gains realized upon sale of our common shares may, under certain circumstances, be treated as ordinary income, if we were determined to be a "collapsible corporation" within the meaning of Code Section 341 based on the facts in existence on the date of the sale (See below for definition of "collapsible corporation"). The amount of gain or loss recognized by a selling U.S. Holder will be measured by the difference between (i) the amount realized on the sale and (ii) his tax basis in our common shares. Capital losses are deductible only to the extent of capital gains. However, in the case of taxpayers other than corporations US\$3,000 (\$1,500 for married individuals filing separately) of capital losses are deductible against ordinary income annually. In the case of individuals and other non-corporate taxpayers, capital losses that are not currently deductible may be carried forward to other years. In the case of corporations, capital losses that are not currently deductible are carried back to each of the three years preceding the loss year and forward to each of the five years succeeding the loss year.

A "collapsible corporation" is a corporation that is formed or availed principally to manufacture, construct, produce, or purchase prescribed types or property that the corporation holds for less than three years and that generally would produce ordinary income on its disposition, with a view to the stockholders selling or exchanging their stock and thus realizing gain before the corporation realizes two thirds of the taxable income to be derived from prescribed property. Prescribed property includes: stock in trade and inventory; property held primarily for sale to customers in the ordinary course of business;

unrealized receivables or fees, consisting of rights to payment for non-capital assets delivered or to be delivered, or services rendered or to be rendered to the extent not previously included in income, but excluding receivables from selling property that is not prescribed; and property gain on the sale of which is subject to the capital gain/ordinary loss rule. Generally, a shareholder who owns directly or indirectly 5 percent or less of the outstanding stock of the corporation may treat gain on the sale of his shares as capital gain.

Other Considerations for U.S. Holders

In the following circumstances, the above sections of this discussion may not describe the United States Federal income tax consequences resulting from the holding and disposition of common shares of the Registrant. Our management is of the opinion that there is little, if not, any likelihood that we will be deemed a "Foreign Personal Holding Company", a "Foreign Investment Company" or a "Controlled Foreign Corporation" (each as defined below) under current and anticipated conditions.

Foreign Personal Holding Company

If at any time during a taxable year more than 50% of the total combined voting power or the total value of our outstanding shares is owned, actually or constructively, by five or fewer individuals who are citizens or residents of the United States and 60% or more of our gross income for such year was derived from certain passive sources (e.g., from dividends received from its subsidiaries), we would be treated as a "foreign personal holding company". In that event, U.S. Holders that hold common shares in our capital would be required to include in income for such year their allocable portion of our passive income which would have been treated as a dividend had that passive income actually been distributed.

Foreign Investment Company

If 50% or more of the combined voting power or total value of our outstanding shares are held, actually or constructively, by citizens or residents of the United States, United States domestic partnerships or corporations, or estates or trusts other than foreign estates or trusts (as defined by the Code Section 7701(a)(31)), and we are found to be engaged primarily in the business of investing, reinvesting, or trading in securities, commodities, or any interest therein, it is possible that we might be treated as a "foreign investment company" as defined in Section 1246 of the Code, causing all or part of any gain realized by a U.S. Holder selling or exchanging our common shares to be treated as ordinary income rather than capital gains.

Passive Foreign Investment Company

A U.S. Holder who holds stock in a foreign corporation during any year in which such corporation qualifies as a passive foreign investment company ("PFIC") is subject to U.S. federal income taxation of that foreign corporation under one of two alternative tax methods at the election of each such U.S. Holder.

Section 1297 of the Code defines a PFIC as a corporation that is not formed in the United States and, for any taxable year, either (i) 75% or more of its gross income is "passive income," which includes interest, dividends and certain rents and royalties or (ii) the average percentage, by value (or, if the company is a controlled foreign corporation or makes an election, adjusted tax basis), of its assets that produce or are held for the production of "passive income" is 50% or more. For taxable years of U.S. persons beginning after December 31, 1997, and for tax years of foreign corporations ending with or within such tax years, the Taxpayer Relief Act of 1997 provides that publicly traded corporations must apply this test on a fair market value basis only. The Registrant does not believe that it is a PFIC.

As a PFIC, each U.S. Holder must determine under which of the alternative tax methods it wishes to be taxed. Under one method, a U.S. Holder who elects in a timely manner to treat the Registrant as a Qualified Electing Fund ("QEF"), as defined in the Code, (an "Electing U.S. Holder") will be subject, under Section 1293 of the Code, to current federal income tax for any taxable year in which our company qualifies as a PFIC on his pro-rata share of our company's (i) "net capital gain" (the excess of net long-term capital gain over net short-term capital loss), which will be taxed as long-term capital gain to the Electing U.S. Holder and (ii) "ordinary earnings" (the excess of earnings and profits over net capital gain), which will be taxed as ordinary income to the Electing U.S. Holder, in each case, for the U.S. Holder's taxable year in which (or with which) our taxable year ends, regardless of whether such amounts are actually distributed. Such an election, once made shall apply to all subsequent years unless revoked with the consent of the IRS.

A QEF election also allows the Electing U.S. Holder to (i) generally treat any gain realized on the disposition of his common shares (or deemed to be realized on the pledge of his common shares) as capital gain; (ii) treat his share of our net capital gain, if any, as long-term capital gain instead of ordinary income, and (iii) either avoid interest charges resulting from PFIC status altogether (see discussion of interest charge below), or make an annual election, subject to certain limitations, to defer payment of current taxes on his share of our annual realized net capital gain and ordinary earnings subject, however, to an interest charge. If the Electing U.S. Holder is an individual, such an interest charge would be not deductible.

The procedure a U.S. Holder must comply with in making a timely QEF election will depend on whether the year of the election is the first year in the U.S. Holder's holding period in which our company is a PFIC. If the U.S. Holder makes a QEF election in such first year, (sometimes referred to as a "Pedigreed QEF Election"), then the U.S. Holder may make the QEF election by simply filing the appropriate documents at the time the U.S. Holder files its tax return for such first year. If, however, our company qualified as a PFIC in a prior year, then the U.S. Holder may make an "Unpedigreed QEF Election" by recognizing as an "excess distribution" (i) under the rules of Section 1291 (discussed below), any gain that he would otherwise recognize if the U.S. Holder sold his stock on the qualification date (Deemed Sale Election) or (ii) if we are a controlled foreign corporation ("CFC"), the Holder's pro rata share of the corporation's earnings and profits (Deemed Dividend Election) (But see "Elimination of Overlap Between Subpart F Rules and PFIC Provisions"). The effect of either the deemed sale election or the deemed dividend election is to pay all prior deferred tax, to pay interest on the tax deferral and to be treated thereafter as a Pedigreed QEF as discussed in the prior paragraph. With respect to a situation in which a Pedigreed QEF election is made, if our company no longer qualifies as a PFIC in a subsequent year, normal Code rules and not the PFIC rules will apply.

If a U.S. Holder has not made a QEF Election at any time (a "Non-electing U.S. Holder"), then special taxation rules under Section 1291 of the Code will apply to (i) gains realized on the disposition (or deemed to be realized by reason of a pledge) of his common shares and (ii) certain "excess distributions", as specially defined, by our company. An "excess distribution" is any current-year distribution in respect of PFIC stock that represents a rateable portion of the total distributions in respect of the stock during the year that exceed 125 percent of the average amount of distributions in respect of the stock during the three preceding years.

A Non-electing U.S. Holder generally would be required to pro-rate all gains realized on the disposition of his common shares and all excess distributions over the entire holding period for the common shares. All gains or excess distributions allocated to prior years of the U.S. Holder (other than years prior to our first taxable year during such U.S. Holder's holding period and beginning after January, 1987 for which it was a PFIC) would be taxed at the highest tax rate for each such prior year applicable to ordinary income. The Non-electing U.S. Holder also would be liable for interest on the deferred tax liability for each such

prior year calculated as if such liability had been due with respect to each such prior year. A Non-electing U.S. Holder that is an individual is not allowed a deduction for interest on the deferred tax liability. The portions of gains and distributions that are not characterized as "excess distributions" are subject to tax in the current year under the normal tax rules of the Internal Revenue Code.

If, our company is a PFIC for any taxable year during which a Non-electing U.S. Holder holds common shares, then we will continue to be treated as a PFIC with respect to such common Shares, even if it is no longer by definition a PFIC. A Non-electing U.S. Holder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules discussed above for Non-Electing U.S. Holders) as if such common shares had been sold on the last day of the last taxable year for which it was a PFIC.

Under Section 1291(f) of the Code, the Department of the Treasury has issued proposed regulations that would treat as taxable certain transfers of PFIC stock by Non-electing U.S. Holders that are generally not otherwise taxed, such as gifts, exchanges pursuant to corporate reorganizations, and transfers at death. If a U.S. Holder makes a QEF Election that is not a Pedigreed Election (i.e., it is made after the first year during which we are our company is a PFIC and the U.S. Holder holds our shares) (a "Unpedigreed Election"), the QEF rules apply prospectively but do not apply to years prior to the year in which the QEF first becomes effective. U.S. Holders should consult their tax advisors regarding the specific consequences of making a Non-Pedigreed QEF Election.

Certain special, generally adverse, rules will apply with respect to the common shares while our company is we are a PFIC whether or not it is treated as a QEF. For example under Section 1297(b)(6) of the Code (as in effect prior to the Taxpayer Relief Act of 1997), a U.S. Holder who uses PFIC stock as security for a loan (including a margin loan) will, except as may be provided in regulations, be treated as having made a taxable disposition of such stock.

The foregoing discussion is based on currently effective provisions of the Code, existing and proposed regulations thereunder, and current administrative rulings and court decisions, all of which are subject to change. Any such change could affect the validity of this discussion. In addition, the implementation of certain aspects of the PFIC rules requires the issuance of regulations which in many instances have not been promulgated and which may have retroactive effect. There can be no assurance that any of these proposals will be enacted or promulgated, and if so, the form they will take or the effect that they may have on this discussion. Accordingly, and due to the complexity of the PFIC rules, U.S. Holders of the Registrant's common shares are strongly urged to consult their own tax advisors concerning the impact of these rules on their investment in our company. For a discussion of the impact of the Taxpayer Relief Act of 1997 on a U.S. Holder of a PFIC, see "Mark-to-Market Election For PFIC Stock Under the Taxpayer Relief Act of 1997" and "Elimination of Overlap Between Subpart F Rules and PFIC Provisions" below.

Mark-to-Market Election for PFIC Stock Under the Taxpayer Relief Act of 1997

The Taxpayer Relief Act of 1997 provides that a U.S. Holder of a PFIC may make a mark-to-market election with respect to the stock of the PFIC if such stock is marketable as defined below. This provision is designed to provide a current inclusion provision for persons that are Non-Electing Holders. Under the election, any excess of the fair market value of the PFIC stock at the close of the tax year over the Holder's adjusted basis in the stock is included in the Holder's income. The Holder may deduct any excess of the adjusted basis of the PFIC stock over its fair market value at the close of the tax year. However, deductions are limited to the net mark-to-market gains on the stock that the Holder included in income in prior tax years, or so called "unreversed inclusions". For purposes of the election, PFIC stock is marketable if it is regularly traded on (1) a national securities exchange that is registered with the SEC, (2) the national market system established under Section II A of the Securities Exchange Act of 1934, or

(3) an exchange or market that the IRS determines has rules sufficient to ensure that the market price represents legitimate and sound fair market value.

A Holder's adjusted basis of PFIC stock is increased by the income recognized under the mark-to-market election and decreased by the deductions allowed under the election. If a U.S. Holder owns PFIC stock indirectly through a foreign entity, the basis adjustments apply to the basis of the PFIC stock in the hands of the foreign entity for the purpose of applying the PFIC rules to the tax treatment of the U.S. owner. Similar basis adjustments are made to the basis of the property through which the U.S. persons hold the PFIC stock.

Income recognized under the mark-to-market election and gain on the sale of PFIC stock with respect to which an election is made is treated as ordinary income. Deductions allowed under the election and loss on the sale of PFIC with respect to which an election is made, to the extent that the amount of loss does not exceed the net mark-to-market gains previously included, are treated as ordinary losses. The U.S. or foreign source of any income or losses is determined as if the amount were a gain or loss from the sale of stock in the PFIC.

If PFIC stock is owned by a CFC (discussed below), the CFC is treated as a U.S. person that may make the mark-to-market election. Amounts includible in the CFC's income under the election are treated as foreign personal holding company income, and deductions are allocable to foreign personal holding company income.

The above provisions apply to tax years of U.S. persons beginning after December 31, 1997, and to tax years of foreign corporations ending with or within such tax years of U.S. persons.

The rules of Code Section 1291 applicable to non-qualified funds as discussed above generally do not apply to a U.S. Holder for tax years for which a mark-to-market election is in effect. If Code Section 1291 is applied and a mark-to-market election was in effect for any prior tax year, the U.S. Holder's holding period for the PFIC stock is treated as beginning immediately after the last tax year of the election. However, if a taxpayer makes a mark-to-market election for PFIC stock that is a non-qualified fund after the beginning of a taxpayer's holding period for such stock, a co-ordination rule applies to ensure that the taxpayer does not avoid the interest charge with respect to amounts attributable to periods before the election.

Controlled Foreign Corporation Status

If more than 50% of the voting power of all classes of stock or the total value of the stock of our company is owned, directly or indirectly, by U.S. Holders, each of whom own after applying rules of attribution 10% or more of the total combined voting power of all classes of stock of our company, we would be treated as a "controlled foreign corporation" or "CFC" under Subpart F of the Code. This classification would bring into effect many complex results including the required inclusion by such 10% U.S. Holders in income of their pro rata shares of "Subpart F income" (as defined by the Code) of our company and our earnings invested in "U.S. property" (as defined by Section 956 of the Code). In addition, under Section 1248 of the Code if we are considered a CFC at any time during the five year period ending with the sale or exchange of its stockshares, gain from the sale or exchange of common shares of our company by such a 10% U.S. Holder of our common stock at any time during the five year period ending with the sale or exchange is treated as ordinary dividend income to the extent of our earnings and profits attributable to the stock sold or exchanged. Because of the complexity of Subpart F, and because we may never be a CFC, a more detailed review of these rules is beyond of the scope of this discussion.

Elimination of Overlap Between Subpart F Rules and PFIC Provisions

Under the Taxpayer Relief Act of 1997, a PFIC that is also a CFC will not be treated as a PFIC with respect to certain 10% U.S. Holders. For the exception to apply, (i) the corporation must be a CFC within the meaning of section 957(a) of the Code and (ii) the U.S. Holder must be subject to the current inclusion rules of Subpart F with respect to such corporation (i.e., the U.S. Holder is a "United States Shareholder," see "Controlled Foreign Corporation," above). The exception only applies to that portion of a U.S. Holder's holding period beginning after December 31, 1997. For that portion of a United States Holder before January 1, 1998, the ordinary PFIC and QEF rules continue to apply.

As a result of this new provision, if we were ever to become a CFC, U.S. Holders who are currently taxed on their pro rata shares of Subpart F income of a PFIC which is also a CFC will not be subject to the PFIC provisions with respect to the same stock if they have previously made a Pedigreed QEF Election. The PFIC provisions will however continue to apply to U.S. Holders for any periods in which Subpart F does not apply (for example he is no longer a 10% Holder or we are no longer a CFC) and to U.S. Holders that did not make a Pedigreed QEF Election unless the U.S. Holder elects to recognize gain on the PFIC shares held in our company as if those shares had been sold.

ALL PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF PURCHASING THE COMMON SHARES OF OUR COMPANY.

F. Dividends and Paying Agents

Not applicable.

G. Statements by Experts

Not applicable.

H. Documents on Display

Documents concerning our company referred to in this annual report may be viewed during normal business hours at our office at 2100, 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3 by making an appointment.

I. Subsidiary Information

As at the date of this annual report, we have three wholly-owned subsidiaries: (i) Minera Mexicana el Rosario, S.A. de C.V.; (ii) Metalicos de Durango, S.A. de C.V.; and (iv) Minera de Villa Seca, S.A. de C.V.

ITEM 11 Quantitative and Qualitative Disclosures About Market Risk

The significant market risks to which the Company is exposed are currency, interest rate and commodity price risk.

Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company operates in an international environment, some of the Company's financial instruments and

transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency transaction and translation risk.

The Company's exploration, development, operating costs, and a significant portion of its administrative costs are in Mexico and are denominated in Mexican pesos or US dollars. Revenues from the sale of concentrates are denominated in US dollars. The fluctuation of the US dollar and Mexican peso in relation to the Canadian dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity.

Comparative foreign exchange rates as at December 31, 2010 and 2009 are as follows:

| | 2010 | 2009 |
|-------------------------|-------|-------|
| MXN Peso to CDN Dollar | 0.081 | 0.080 |
| US Dollar to CDN Dollar | 0.995 | 1.051 |

The Company has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions for the Mexican operations is not significant and therefore does not hedge its foreign exchange risk. Additionally, the US dollar trade accounts receivable are short term in nature and foreign currency risk exposure is minimal.

Interest rate risk

The Company's policy is to invest cash in high interest savings accounts and guaranteed investment certificates at fixed or floating rates of interest and cash equivalents are to be maintained in floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates impact the value of cash and cash equivalents. The Company manages risk by monitoring changes in interest rates in comparison to prevailing market rates. As at December 31, 2010, the Company held \$13.0 million in high interest savings accounts and guaranteed investment certificates.

With respect to financial liabilities, the convertible loan notes and promissory notes carry fixed interest rates of 8.0%, and 6.0% per annum, respectively, and three capital leases carry fixed interest rates of 10.5% to 10.74% per annum. As such, the Company is not subject to fluctuations in interest rates.

Commodity price risk

The value of the Company's mineral resource properties depends on the price of silver, gold, lead and zinc and the outlook for these minerals. As at December 31, 2010, market prices were US\$30.63/oz for silver, US\$1,410/oz for gold, US\$2,586/tonne for lead, and US\$2,432/tonne for zinc.

Silver and gold, as well as lead and zinc prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, market fluctuations, government regulations relating to prices, taxes, royalties, allowable production, import, exports and supply and demand, industrial and retail demand, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to silver and gold. The value of trade receivables depends on changes in metal prices over the quotational period.

The profitability of the Company's operations is highly correlated to the market price of silver and gold. If metal prices decline for a prolonged period below the cost of production of the Company's Topia and Guanajuato mines, it may not be economically feasible to continue production.

During the year, the Company entered into derivative financial instruments to mitigate fluctuations in lead and zinc prices.

Sensitivity analysis

Based on historic trends over the last twelve months, volatilities in the above-noted market risks, and management's knowledge and experience in the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period.

- A parallel shift of +1%/-1% from the prevailing market interest rates on deposits as of December 31, 2010.
- Proportional foreign exchange movement of -10% (depreciation of CAD) and +10% (appreciation of CAD) against the USD, from the December 31, 2010 CAD to USD exchange rate of 1.005.
- Proportional foreign exchange movement of -10% (depreciation of CAD) and +10% (appreciation of CAD) against the Mexican peso, from the December 31, 2010 CAD to Mexican peso exchange rate of 12.410
- A parallel shift of +10%/-10% from the prevailing commodity prices of US\$30.63/oz for silver, US\$1,410/oz for gold, US\$2,586/tonne for lead, and US\$2,432/tonne for zinc as of December 31, 2010.

If these movements were to occur, the impact on the consolidated net loss for each category of financial instrument held at the balance sheet date is presented below (in thousands of dollars):

| | Carrying Amount | Interest Rate Risk | | Currency Rate Risk | | Commodity Price Risk | |
|--|--------------------|--------------------|---------------|--------------------|----------------|----------------------|----------------|
| | | -1% Income | +1% Income | -10% Income | +10% Income | -10% Income | +10% Income |
| Financial assets | | | | | | | |
| Cash and cash equivalents | | | | | | | |
| CAD | 11,436 | (114) | 114 | - | - | - | - |
| USD | 2,336 | (23) | 23 | 260 | (212) | - | - |
| Pesos | 195 | (2) | 2 | 22 | (18) | - | - |
| Amounts receivable | | | | | | | |
| USD | 5,159 | - | - | 573 | (469) | (228) | 228 |
| Pesos | 4,221 | - | - | 469 | (384) | - | - |
| Financial liabilities | | | | | | | |
| Accounts payable and accrued liabilities | | | | | | | |
| USD | 158 | - | - | (18) | 14 | - | - |
| Pesos | 3,814 | - | - | (424) | 347 | - | - |
| Capital lease obligation | | | | | | | |
| USD | 497 | - | - | (55) | 45 | - | - |
| Total Increase (Decrease) | | (139) | 139 | 827 | (677) | (228) | 228 |

ITEM 12 Description of Securities Other Than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depository Shares

Not applicable.

PART II

ITEM 13 Defaults, Dividend Arrearages and Delinquencies

Not applicable.

ITEM 14 Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

ITEM 15 Controls and Procedures

Our disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed under Canadian and U.S. securities regulations is recorded, processed, summarized and reported within the time periods specified and is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

An evaluation was carried out under the supervision of, and with the participation of, our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as such term is defined in the Exchange Act, as amended, Rules 13a-15(e) and 15d-15(e)) as of December 31, 2010. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2010.

Management's Annual Report on Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934 (the "Exchange Act").

Under the supervision and with the participation of our company's Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting, as of December 31, 2010, based on the framework set forth in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2010.

KPMG LLP ("KPMG"), an independent registered public accounting firm, who audited and reported on our consolidated financial statements, has issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2010. The attestation report is included with the consolidated financial statements in this Annual Report on Form 20-F.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the period covered by the annual report, being the fiscal year ended December 31, 2010, that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting. The Company advises that it has taken steps to increase the efficiency of its internal controls to ensure continued accuracy and timeliness of the Company's financial reporting.

ITEM 16 Reserved

ITEM 16A Audit Committee Financial Expert

The members of our audit committee included Martin B. Carsky (Chairman), Malcolm A. Burne and John T. Kopcheff. The audit committee reviews and approves the scope of the audit procedures employed by our independent auditors, reviews the results of the auditor's examination, the scope of audits, the

auditor's opinion on the adequacy of internal controls and quality of financial reporting and our accounting and reporting principles, policies and practices, as well as our accounting, financial and operating controls. The audit committee also reports to the board of directors with respect to such matters and recommends the selection of independent auditors. Before financial statements that are to be submitted to the shareholders at an annual general meeting are considered by the board of directors, such financial statements are submitted to the audit committee for review with the independent auditors, following which the report of the audit committee on the financial statements is submitted to the board of directors.

Our board of directors has determined that the Chairman of the Company's Audit Committee, Mr. Martin B. Carsky CA, qualifies as an "audit committee financial expert" as that term is defined in Item 16A(b) of Form 20-F.

More information regarding Mr. Carsky's experience can be found in Item 6 A. Directors, Officers and Senior Management.

Mr. Carsky qualifies as "independent" as the term is used in Section 803 of the AMEX Company Guide.

Relevant Education and Experience

Disclosure regarding the education and experience of the Audit Committee in Item 6A - Directors, Officers and Senior Management. As a result of their education and experience, each member of the Audit Committee has familiarity with, an understanding of, or experience in:

- the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- reviewing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements; and
- internal controls and procedures for financial reporting.

ITEM 16B Code of Ethics

Code of Ethics

Effective June 30, 2005 our company's Board of Directors adopted a Code of Ethic and Business Conduct (the "Code") that applies to, among other persons, our company's Chief Executive Officer, President, Chief Financial Officer, Chief Operating Officer and Controller.

The Code was amended and updated on September 16, 2008, to describe the process to be taken if a manager or supervisor directs another employee to disregard Company policy or internal controls and designates the Business Ethics Officer as the main contact for reports of violations of the Code.

The Code was amended and updated on September 24, 2010 for minor changes.

The Code is available on our website at <http://www.greatpanther.com/>.

ITEM 16C Principal Accountant Fees and Services

Audit Fees

Our board of directors appointed KPMG LLP, Chartered Accountants, as independent auditors to audit our financial statements for the fiscal year ended December 31, 2010. The aggregate fees billed by KPMG LLP, Chartered Accountants, for professional services rendered for the audit of our 2010 annual financial statements included in this annual report for the year ended December 31, 2010 was \$260,000. For the year ended December 31, 2009, the audit fees were \$352,000, of which \$272,000 related to the year-end audit and \$80,000 related to a review of interim periods in connection with the short form prospectus.

Audit Related Fees

The aggregate fees billed for professional services by KPMG LLP, Chartered Accountants, that are reasonably related to the performance of the audit or review of our financial statements and which are not reported under the caption "Audit Fees" above, were \$6,500 for the year ended December 31, 2010 and \$5,000 for the year ended December 31, 2009.

Tax Fees

The aggregate fees billed for tax compliance, tax advice and tax planning by KPMG LLP, Chartered Accountants, were \$7,500 for the year ended December 31, 2010, compared to \$5,000 for the year ended December 31, 2009.

All Other Fees

The aggregate fees billed by KPMG LLP, Chartered Accountants, for other non-audit professional services, other than those services listed above, were \$nil for the year ended December 31, 2010 and \$6,000 for the year ended December 31, 2009.

Effective May 6, 2003, the Securities and Exchange Commission adopted rules that require that before KPMG LLP, Chartered Accountants, is engaged by us or our subsidiaries to render any auditing or permitted non-audit related service, the engagement be:

- a. Approved by our audit committee; or
- b. Entered into pursuant to pre-approval policies and procedures established by the audit committee, provided the policies and procedures are detailed as to the particular service, the audit committee is informed of each service, and such policies and procedures do not include delegation of the audit committee's responsibilities to management.

The Audit Committee pre-approves all services provided by our independent auditors. All of the above services and fees were reviewed and pre-approved by the audit committee.

The Audit Committee has considered the nature and amount of the fees billed by KPMG LLP, Chartered Accountants, and believes that the provision of the services for activities unrelated to the audit is compatible with maintaining KPMG LLP, Chartered Accountants, independence.

ITEM 16D. Exemption from the Listing Standards for Audit Committees

Not Applicable.

ITEM 16E Purchases of Equity Securities of the Company and Affiliated Purchasers

Not Applicable.

ITEM 16F Change in Registrant's Certifying Accountant

Not Applicable.

PART III

ITEM 17 Financial Statements

Financial Statements Filed as Part of the Annual Report:

- Report of Independent Registered Public Accounting Firm dated March 14, 2011.
- Consolidated balance sheets for the fiscal years ended December 31, 2010 and 2009.
- Consolidated statements of operations and comprehensive income (loss) for the fiscal years ended December 31, 2010, 2009, and 2008.
- Consolidated statements of deficit for the fiscal years ended December 31, 2010, 2009 and 2008.
- Consolidated statements of cash flows for the fiscal years ended December 31, 2010, 2009, and 2008.
- Notes to consolidated financial statements.

ITEM 18 Financial Statements

Refer to Item 17 - Financial Statements.

ITEM 19 Exhibits

The following exhibits are being filed as part of this annual report, or are incorporated by reference where indicated:

1. Articles of Incorporation and By-laws:

- 1.1 Continuation Application under the *Business Corporation Act* (British Columbia) (incorporated by reference from our Registration Statement on Form 20-F, filed on August 10, 2004).
- 1.2 Certificate of Continuation dated July 9, 2004 (incorporated by reference from our Registration Statement on Form 20-F, filed on August 10, 2004).
- 1.3 Notice of Articles (incorporated by reference from our Registration Statement on Form 20-F, filed on August 10, 2004).

1.4 Bylaws (incorporated by reference from our Registration Statement on Form 20-F, filed on August 10, 2004).

1.5 Certificate of Name Change to Great Panther Silver Limited.

2. Instruments Defining Rights of Security Holders

2.1 Shareholder Rights Plan (incorporated by reference from our Registration Statement on Form 20-F, filed on August 10, 2004, amended March 7, 2008).

3. Material Contracts

3.1 Share Purchase Agreement dated December 9, 2003 with Robert A. Archer and Ing. Francisco Ramos Sánchez (incorporated by reference from our Registration Statement on Form 20-F, filed on August 10, 2004).

3.2 Option Agreement dated February 11, 2004 between our subsidiary, Minera Mexicana el Rosario, S.A. de C.V. and Eduardo Rodriguez Chávez, acting in representation of Alfredo Rodriguez Chávez (incorporated by reference from our Registration Statement on Form 20-F, filed on August 10, 2004).

3.3 Agreement dated February 18, 2004 between our subsidiary, Minera Mexicana el Rosario, S.A. de C.V. and Cia. Minera des Canelas y Topia, S.A. de C.V., MET-MEX Peñoles, S.A. de C.V. and Minera Mexicana la Ciénega, S.A. de C.V. (incorporated by reference from our Registration Statement on Form 20-F, filed on August 10, 2004).

3.4 Agreement dated February 28, 2004 between our subsidiary, Minera Mexicana el Rosario, S.A. de C.V. and Carolos Teodoro Ortiz Rodriquez, Abelardo Garza Hernandez and Minera San Miguel de los Tarros, S.A. de C.V. (incorporated by reference from our Registration Statement on Form 20-F, filed on August 10, 2004).

3.5 Letter of Intent dated January 19, 2005 with Minera Acero del Fuego, S.A. de C.V. (Virimoa Project) (incorporated by reference from our Registration Statement on Form 20-F, filed on July 15, 2005).

3.6 Letter of Intent dated January 4, 2005 between our company and Compania Minera de Canelas y Topia, S.A. de C.V.

3.7 Purchase Agreement dated June 30, 2005 between our company and Compania Minera de Canelas y Topia, S.A. de C.V.

3.8 Purchase Agreement dated October 25, 2005 between our company and the Sociedad Coopertiva Minero Metalúrgics Santa Fe de Guanajuato.

3.9 Letter of Intent dated April 26, 2006 between our company and Minera Apollo S.A. de C.V.

3.10 Letter of Intent dated December 7, 2006 between our company and Altair Ventures Incorporated.

3.11 Option Agreement dated February 2, 2007 between our company and Altair Ventures Incorporated (incorporated by reference from our Registration Statement on Form 20-F, filed on April 3, 2008).

3.12 Shareholder Rights Plan Agreement dated March 7, 2008 between the Company and Computershare Investor Services Inc. (incorporated by reference from our Registration Statement on Form 20-F, filed on April 3, 2008).

3.13 Option Termination and Debt Settlement Agreement with Altair on the San Antonio property dated February 1, 2010.

4. Subsidiaries

4.1 Minera Mexicana el Rosario, S.A. de C.V. (incorporated by reference from our Registration Statement on Form 20-F, filed on August 10, 2004).

4.2 Metalicos de Durango, S.A. de C.V.

4.3 Minera de Villa Seca, S.A. de C.V.

5. Code of Ethics

5.1 Code of Ethics (incorporated by reference from our Registration Statement on Form 20-F, filed on July 15, 2005, updated August 2007, September 2008 and September 2010).

6. 302 Certification

6.1* Section 302 Certification under Sarbanes-Oxley Act of 2002 for Robert A. Archer.

6.2* Section 302 Certification under Sarbanes-Oxley Act of 2002 for Raakel S. Iskanius.

7. 906 Certification

7.1* Section 906 Certification under Sarbanes-Oxley Act of 2002 for Robert A. Archer.

7.2* Section 906 Certification under Sarbanes-Oxley Act of 2002 for Raakel S. Iskanius.

8. Additional Exhibits

8.1 Summary Report on the San Antonio Gold Prospect dated November 2003 (incorporated by reference from our Registration Statement on Form 20-F, filed on August 10, 2004).

8.2 Summary Report on the Topia Project dated November 20, 2003 (incorporated by reference from our Registration Statement on Form 20-F, filed on August 10, 2004).

8.3 Map of Topia Property (incorporated by reference from our Registration Statement on Form 20-F/A, filed on February 6, 2009).

8.4 Map of Guanajuato Property (incorporated by reference from our Registration Statement on Form 20-F/A, filed on February 6, 2009).

8.5 Map of Mapimi Property (incorporated by reference from our Registration Statement on Form 20-F/A, filed on February 6, 2009).

* *Filed herewith.*

ⁱ This definition was obtained from the Canadian Institute of Mining, Metallurgy, and Petroleum, and was adopted August 20, 2000.

ⁱⁱ This definition was obtained from the Canadian Institute of Mining, Metallurgy, and Petroleum, and was adopted August 20, 2000.