



**GREAT PANTHER SILVER LIMITED**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED**  
**JUNE 30, 2015 and 2014**

**Expressed in Canadian Dollars**  
**(Unaudited)**

# GREAT PANTHER SILVER LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(Expressed in thousands of Canadian dollars)

As at June 30, 2015 and December 31, 2014 (Unaudited)

	June 30, 2015	December 31, 2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 19,432	\$ 17,968
Trade and other receivables (note 5)	12,339	10,697
Income taxes recoverable	93	170
Inventories (note 6)	6,901	8,928
Other current assets	1,252	750
	40,017	38,513
Non-current assets:		
Mineral properties, plant and equipment	23,201	29,770
Exploration and evaluation assets (note 7)	8,305	3,081
Intangible assets	239	366
Deferred tax asset	285	71
	<b>\$ 72,047</b>	<b>\$ 71,801</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Trade and other payables	\$ 6,075	\$ 5,606
Non-current liabilities:		
Reclamation and remediation provision	2,815	3,378
Deferred tax liability	3,772	4,088
	12,662	13,072
Shareholders' equity:		
Share capital (note 8)	125,646	124,178
Reserves	10,618	10,298
Deficit	(76,879)	(75,747)
	59,385	58,729
	<b>\$ 72,047</b>	<b>\$ 71,801</b>

See accompanying notes to the condensed interim consolidated financial statements.

Nature of operations (note 1)

Commitments and contingencies (note 11)

Subsequent events (note 14)

**Approved by the Board of Directors**

%Robert W. Garnett+  
Robert W. Garnett, Director

%Jeffrey R. Mason+  
Jeffrey R. Mason, Director

# GREAT PANTHER SILVER LIMITED

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of Canadian dollars, except per share data)

For the three and six months ended June 30, 2015 and 2014 (Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
Revenue	\$ 19,183	\$ 14,465	\$ 39,434	\$ 27,345
Cost of sales				
Production costs	12,470	12,038	26,068	21,647
Amortization and depletion	5,010	3,911	11,010	7,545
Share-based compensation	35	45	163	100
	17,515	15,994	37,241	29,292
<b>Gross profit (loss)</b>	<b>1,668</b>	<b>(1,529)</b>	<b>2,193</b>	<b>(1,947)</b>
General and administrative expenses				
Administrative expenses	1,587	1,739	3,661	3,292
Amortization and depletion	61	77	125	160
Share-based compensation	115	38	214	99
	1,763	1,854	4,000	3,551
Exploration and evaluation expenses				
Exploration and evaluation, and development expenses	953	518	1,868	2,119
Share-based compensation	88	17	145	32
	1,041	535	2,013	2,151
	<b>(1,136)</b>	<b>(3,918)</b>	<b>(3,820)</b>	<b>(7,649)</b>
Finance and other (expense) income				
Interest income	87	64	226	146
Finance costs	(47)	(38)	(67)	(76)
Foreign exchange (loss) gain	(3,837)	(2,837)	2,129	937
Other income (expense)	32	43	58	(618)
	(3,765)	(2,768)	2,346	389
<b>Loss before income taxes</b>	<b>(4,901)</b>	<b>(6,686)</b>	<b>(1,474)</b>	<b>(7,260)</b>
Income tax expense				
Current expense	70	13	225	180
Deferred expense (recovery)	(249)	(2,207)	(567)	(2,346)
	(179)	(2,194)	(342)	(2,166)
<b>Net loss for the period</b>	<b>\$ (4,722)</b>	<b>\$ (4,492)</b>	<b>\$ (1,132)</b>	<b>\$ (5,094)</b>
Other comprehensive income (loss), net of tax				
<i>Items that are or may be reclassified subsequently to net income (loss):</i>				
Foreign currency translation	1,847	464	(207)	32
Change in fair value of available-for-sale financial assets, net of tax	-	2	-	6
	1,847	466	(207)	38
<b>Total comprehensive loss for the period</b>	<b>\$ (2,875)</b>	<b>\$ (4,026)</b>	<b>\$ (1,339)</b>	<b>\$ (5,056)</b>
Loss per share (note 8(d))				
Basic	\$ (0.03)	\$ (0.03)	\$ (0.01)	\$ (0.04)
Diluted	\$ (0.03)	\$ (0.03)	\$ (0.01)	\$ (0.04)

See accompanying notes to the condensed interim consolidated financial statements.

# GREAT PANTHER SILVER LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(Expressed in thousands of Canadian dollars)

For the six months ended June 30, 2015 and 2014 (Unaudited)

	Share Capital		Reserves				Total share-holders' equity	
	Number of shares (000's)	Amount	Share options and warrants	Foreign currency translation	Fair value	Total reserves		Income (deficit)
Balance at January 1, 2014	138,420	\$ 123,022	\$ 12,598	\$ (3,851)	\$ (215)	\$ 8,532	\$ (42,734)	\$ 88,820
Share options exercised	727	655	(217)	-	-	(217)	-	438
Share-based compensation	-	-	231	-	-	231	-	231
Comprehensive income (loss)	-	-	-	32	6	38	(5,094)	(5,056)
<b>Balance at June 30, 2014</b>	<b>139,147</b>	<b>\$ 123,677</b>	<b>\$ 12,612</b>	<b>\$ (3,819)</b>	<b>\$ (209)</b>	<b>\$ 8,584</b>	<b>\$ (47,828)</b>	<b>\$ 84,433</b>
Balance at January 1, 2015	139,562	\$ 124,178	\$ 13,056	\$ (2,537)	\$ (221)	\$ 10,298	\$ (75,747)	\$ 58,729
Cangold acquisition (note 3)	2,139	1,455	9	-	-	9	-	1,464
Share options exercised	12	13	(4)	-	-	(4)	-	9
Share-based compensation	-	-	522	-	-	522	-	522
Comprehensive income (loss)	-	-	-	(207)	-	(207)	(1,132)	(1,339)
<b>Balance at June 30, 2015</b>	<b>141,713</b>	<b>\$ 125,646</b>	<b>\$ 13,583</b>	<b>\$ (2,744)</b>	<b>\$ (221)</b>	<b>\$ 10,618</b>	<b>\$ (76,879)</b>	<b>\$ 59,385</b>

See accompanying notes to the condensed interim consolidated financial statements.

# GREAT PANTHER SILVER LIMITED

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of Canadian dollars)

For the three and six months ended June 30, 2015 and 2014 (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
<b>Cash flows from operating activities</b>				
Net loss for the period	\$ (4,722)	\$ (4,492)	\$ (1,132)	\$ (5,094)
Items not involving cash:				
Amortization and depletion	5,071	3,988	11,135	7,705
Unrealized foreign exchange loss (gain)	3,406	2,327	(1,410)	(748)
Income tax (recovery) expense	(179)	(2,194)	(342)	(2,166)
Accretion on reclamation and remediation provision	10	38	30	76
Share-based compensation	238	100	522	231
Other (income) expense	(49)	-	(188)	646
Other non-cash items	-	(79)	-	(326)
	3,775	(312)	8,615	324
Interest received	11	64	60	126
Income taxes paid	(219)	(75)	(278)	(159)
	3,567	(323)	8,397	291
Changes in non-cash working capital:				
Decrease (increase) in trade and other receivables	1,127	(2,908)	(1,823)	972
Decrease in income taxes recoverable	135	163	58	329
Decrease in inventories	936	824	1,030	399
Decrease (increase) in other current assets	82	(142)	(477)	(896)
(Decrease) increase in trade and other payables	(341)	1,051	164	(1,209)
<b>Net cash from (used in) operating activities</b>	<b>5,506</b>	<b>(1,335)</b>	<b>7,349</b>	<b>(114)</b>
<b>Cash flows from investing activities:</b>				
Additions to intangible assets	-	(18)	-	(18)
Additions to mineral properties, plant and equipment	(2,160)	(1,988)	(3,485)	(4,153)
Acquisition of Cangold	(62)	-	(994)	-
Additions to exploration and evaluation assets . Coricancha Mine Complex	(2,157)	-	(2,157)	-
<b>Net cash used in investing activities</b>	<b>(4,379)</b>	<b>(2,006)</b>	<b>(6,636)</b>	<b>(4,171)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from exercise of options	-	158	9	438
<b>Net cash from financing activities</b>	<b>-</b>	<b>158</b>	<b>9</b>	<b>438</b>
<b>Effect of foreign currency translation on cash and cash equivalents</b>	<b>(389)</b>	<b>(432)</b>	<b>742</b>	<b>132</b>
Increase (decrease) in cash and cash equivalents	738	(3,615)	1,464	(3,715)
Cash and cash equivalents, beginning of period	18,694	21,660	17,968	21,760
<b>Cash and cash equivalents, end of period</b>	<b>\$ 19,432</b>	<b>\$ 18,045</b>	<b>\$ 19,432</b>	<b>\$ 18,045</b>

Supplemental cash flow information (note 13)

See accompanying notes to the condensed interim consolidated financial statements.

# GREAT PANTHER SILVER LIMITED

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Expressed in thousands of Canadian dollars, except share data)

For the three and six months ended June 30, 2015 and 2014 (Unaudited)

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### 1. Nature of operations

Great Panther Silver Limited (the "Company") is a public company which is listed on the Toronto Stock Exchange and on the NYSE MKT and is incorporated and domiciled in Canada.

The Company's current activities focus on the mining of precious metals from its operating mines in Mexico, as well as the acquisition, exploration and development of mineral properties within the Americas. The Company wholly owns two producing mining operations: the Topia Mine and the Guanajuato Mine Complex ("GMC"). The GMC comprises the Company's Guanajuato Mine and Cata processing plant, and the San Ignacio satellite mine. The Company also has two other mineral property interests in the exploration stage, El Horcon and Santa Rosa. In addition, the Company recently signed a two-year option agreement to acquire a 100% interest in the Coricancha Mine Complex in the central Andes of Peru (note 4) and, through the acquisition of Cangold Limited (note 3), now holds an option to acquire the advanced stage Guadalupe de los Reyes project in Mexico.

### 2. Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and critical estimates applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended December 31, 2014. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements. Certain amounts in the prior period have been reclassified to conform with the presentation in the current period.

These condensed interim consolidated financial statements were approved by the Board of Directors on August 4, 2015.

#### New accounting standards, interpretations and amendments not yet effective

##### *IFRS 15 Revenue from Contracts with Customers*

The Company intends to adopt IFRS 15 *Revenue from Contracts with Customers* in its consolidated financial statements for the annual period beginning on January 1, 2017. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The extent of the impact of adoption of the standard has not yet been determined.

##### *IFRS 9 Financial Instruments*

IFRS 9 *Financial Instruments* is a new standard that will replace IAS 39, *Financial Instruments: Recognition and Measurement*, effective for annual periods beginning January 1, 2018. IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. The extent of the impact of adoption of the standard has not yet been determined.

##### *IFRS 7 Financial Instruments: Disclosure*

Amended to require additional disclosures on transition from IAS 39 to IFRS 9. The standard is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company is currently evaluating the impact these standards are expected to have on its consolidated financial statements.

##### *IFRS 10 Consolidated Financial Statements*

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if the assets are housed in a subsidiary. Upon adoption, the amendments may impact the Company in respect of future sale or contribution of assets with any associates or joint ventures of the Company. The amendments are effective for transactions occurring in annual periods beginning on or after January 1, 2016. The Company is currently evaluating the impact these amendments are expected to have on its consolidated financial statements.

# GREAT PANTHER SILVER LIMITED

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Canadian dollars, except share data)

For the three and six months ended June 30, 2015 and 2014 (Unaudited)

### 3. Cangold acquisition

On February 26, 2015, the Company announced that it had entered into a binding letter agreement to acquire all of the outstanding shares of Cangold Limited (%Cangold+) by way of a statutory plan of arrangement. As a result, the Company would acquire a 100% interest in Cangold and its wholly-owned subsidiary Coboro Minerales de Mexico, S.A. de C.V. (%Coboro+). Coboro holds an option to acquire the Guadalupe de los Reyes (%GDLR+) gold-silver project in Mexico and prior to the completion of the Cangold acquisition, Cangold was a related party (with directors in common). Prior to the completion of the Cangold acquisition, the Company, Cangold and a Mexican subsidiary of Cangold also entered into a suite of loan documents (the %Cangold Loan+) whereby the Company continued to provide technical, administrative and management services to Cangold, and discretionary credit advances.

The Cangold Loan included those amounts previously owing from Cangold (December 31, 2014 - \$144) for technical, administrative and management services provided prior to the Cangold Loan and also included new credit advances made to Cangold subsequent to February 26, 2015. The Cangold Loan bore interest at 15% and was secured by a general security agreement, as well as a share pledge agreement. The Cangold Loan entitled the Company to receive bonus common shares in Cangold equivalent to 20% of all cash advances under the Cangold Loan, divided by the market price of Cangold's common shares. Interest was receivable monthly while the outstanding principal amount was receivable from Cangold within 45 days of the Company making such demand.

On May 27, 2015, the Company completed the acquisition of all of the 42,780,600 common shares of Cangold issued and outstanding to third parties, in exchange for 2,138,898 common shares of Great Panther. The Company also issued 475,992 warrants (exercisable at prices ranging from \$3.60 per share to \$4.00 per share) and 124,250 stock options (exercisable at prices ranging from \$2.00 per share to \$3.00 per share), replacing warrants and stock options previously issued by Cangold. Of the warrants issued, 225,992 expired on June 12, 2015, while the balance of the issued warrants have an expiry date of December 31, 2015. The Cangold Loan and the Cangold bonus common shares were derecognized upon the completion of the Cangold acquisition. As of the date of the acquisition, the Company had advanced \$1,152 to Cangold and had received a total of 3,957,680 bonus common shares (fair valued at \$119) in Cangold. In exchange, the Company recognized the acquired interest in exploration and evaluation assets and its interest in the net working capital of Cangold and Coboro as follows:

	<b>Consideration paid</b>
Fair value of common shares issued	\$ 1,455
Fair value of options and warrants issued (note 8(c))	9
Cangold Loan derecognized	1,152
Related party receivables derecognized	197
Cangold bonus shares derecognized	119
Professional fees incurred	161
	<b>\$ 3,093</b>

	<b>Amounts recognized</b>
Net working capital	\$ 105
Furniture, fixtures and equipment	9
Exploration and evaluation assets (note 7)	2,979
	<b>\$ 3,093</b>

The Company determined the fair value of the issued options using the Black Scholes option pricing model, applying the following weighted average assumptions:

Risk-free interest rate	0.68%
Expected life (years)	2.7
Annualized volatility	65%
Forfeiture rate	0%

Under the terms of the option to acquire the GDLR gold-silver project in Mexico, in order to acquire a 70% interest in the project, the Company has two remaining options payments to be made to Vista Gold Corp. ("Vista"). The first payment of US\$1.5 million is due on January 15, 2016 and the second payment of US\$2.5 million is due on January 15, 2017. The Company may then purchase the additional 30% by making a positive production decision by January 15, 2027 and paying to Vista US\$3.0 million plus an escalator payment based upon the price of gold and the number of National Instrument 43-101 compliant Measured and Indicated gold equivalent ounces over and above those estimated in the March 2013 Preliminary Economic Assessment, at the time of the decision. Should the Company elect not to place the project into production, Vista will have the option to buy back the original 70% for US\$5.0 million.

# GREAT PANTHER SILVER LIMITED

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Canadian dollars, except share data)

For the three and six months ended June 30, 2015 and 2014 (Unaudited)

### 4. Coricancha option agreement

On May 19, 2015, the Company announced that it had entered into a two-year option agreement with wholly-owned subsidiaries of Nyrstar N.V. (Nyrstar) whereby the Company can acquire a 100% interest in the Coricancha Mine Complex in the central Andes of Peru, approximately 90 kilometres east of the city of Lima. Under the terms of the option agreement, the Company made an initial option payment of US\$1.5 million and, should the Company choose to extend the option for a second year, a second option payment of US\$1.5 million will be due on May 18, 2016. In the event that the Company exercises its option within two years, the Company would be required to make a cash payment of US\$5.0 million to Nyrstar for 100% of the shares of Nyrstar Coricancha S.A. A further contingent payment of US\$4.0 million may become payable to Nyrstar if certain conditions are met within three years following execution of the Coricancha Option Agreement. Alternatively (not in addition to the contingent payment), the Company may be obligated to reimburse Nyrstar for certain costs, to a maximum amount of US\$6.6 million, in certain circumstances. The contingent payment or the reimbursement will only be made on or after the closing of the acquisition of the Nyrstar Coricancha S.A. shares. The contingent payment will not be payable if the conditions are not met within three years following closing, and no reimbursement will be made unless the costs are incurred by Nyrstar prior to closing. In addition to the cash and option payments to Nyrstar, the Company is required to incur exploration expenditure of US\$2.0 million in the first year of the option agreement and US\$3.0 million in the second year.

### 5. Trade and other receivables

	June 30, 2015	December 31, 2014
Trade accounts receivable	\$ 9,652	\$ 8,074
Value added tax receivable (a)	2,562	2,416
Cangold Loan (note 3)	-	144
Other	125	129
	12,339	10,763
Allowance for doubtful amounts	-	(66)
	\$ 12,339	\$ 10,697

(a) The Company, through its Mexican subsidiaries, pays value added tax on the purchase and sale of goods and services at a rate of 16%. The net amount paid or payable is recoverable, but such recovery is subject to review and assessment by local tax authorities.

### 6. Inventories

	June 30, 2015	December 31, 2014
Concentrate	\$ 3,644	\$ 5,615
Ore stockpile	338	461
Materials and supplies	2,829	2,760
Silver bullion	90	92
	\$ 6,901	\$ 8,928

The amount of inventory recognized as cost of sales for the three and six months ended June, 2015 and 2014 includes production costs and amortization and depletion directly attributable to the inventory production process.

The amount of write-down of inventories to net realizable value for the six-month period ended June 30, 2015 was \$2 (2014 . a reversal of write-down of \$8).

### 7. Exploration and evaluation assets

The Company's exploration and evaluation assets comprise the following:

	Santa Rosa Property	El Horcon Property	Coricancha Mine Complex	GDLR Property	Total
<b>Cost</b>					
Balance, January 1, 2014	\$ 1,487	\$ 1,694	-	-	\$ 3,181
Foreign exchange	(47)	(53)	-	-	(100)
Balance, December 31, 2014	\$ 1,440	\$ 1,641	\$ -	\$ -	\$ 3,081
Acquisition costs	-	-	2,191	2,979	5,170
Foreign exchange	16	17	21	-	54
<b>Balance, June 30, 2015</b>	<b>\$ 1,456</b>	<b>\$ 1,658</b>	<b>\$ 2,212</b>	<b>\$ 2,979</b>	<b>\$ 8,305</b>



# GREAT PANTHER SILVER LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in thousands of Canadian dollars, except share data)

For the three and six months ended June 30, 2015 and 2014 (Unaudited)

## 8. Share capital

### (a) Authorized:

Unlimited number of common shares without par value

Unlimited number of Class A preferred shares without par value, issuable in series

Unlimited number of Class B preferred shares without par value, issuable in series

### (b) Issued and fully paid:

Common shares: 141,712,605 (December 31, 2014 - 139,562,040)

Preferred shares: nil (December 31, 2014 - nil)

### (c) Share options

The Company is authorized to grant incentive share options (options) to officers, directors, employees and consultants as incentive for their services, subject to limits with respect to insiders. Pursuant to the Company's 2007 Amended and Restated Incentive Share Option Plan, options are non-transferable, subject to permitted transferees, and the aggregate may not exceed 10% of the outstanding shares at the time of an option grant and the aggregate to any one person may not exceed 5% of the outstanding shares. The exercise price of options is determined by the Board of Directors but shall not be less than the closing price of the common shares on the Toronto Stock Exchange on the last business day immediately preceding the date of grant. Grant date share price is the closing market price on the day the options were granted.

Options granted during the period vest over three years, while the options issued in relation to the Cangold acquisition (note 3) were fully vested. Options have expiry dates of no later than 5 years after the date of grant and will cease to be exercisable 30 days following the termination of the participant's employment or engagement.

The continuity of share options for the six-month period ended June 30, 2015 is follows:

	Options	Weighted average exercise price
Outstanding as at December 31, 2014	8,492,757	\$ 1.46
Granted	3,651,100	0.65
Issued in relation to Cangold acquisition (note 3)	124,250	2.55
Exercised	(11,667)	0.75
Forfeited	(916,920)	1.35
Outstanding as at June 30, 2015	11,339,520	\$ 1.22

The following table summarized information about the share options outstanding and exercisable as at June 30, 2015:

Range of exercise price	Share options outstanding		Share options exercisable	
	Options outstanding	Weighted average remaining contractual life (years)	Options exercisable	Weighted average exercise price
\$0.45 to \$0.90	5,188,436	4.0	1,200,668	\$ 0.71
\$0.92 to \$1.71	4,161,834	3.4	2,042,168	1.42
\$1.76 to \$1.78	135,000	2.4	135,000	1.78
\$1.90 to \$2.25	275,750	1.8	275,750	2.14
\$2.40	1,578,500	1.5	1,578,500	2.43
	<b>11,339,520</b>	<b>3.4</b>	<b>5,232,086</b>	<b>\$ 1.61</b>

During the six months ended June 30, 2015, the Company recorded share-based compensation expense of \$522 (six month ended June 2014 - \$231) and capitalized \$9 of share-based compensation associated with the Cangold acquisition.

# GREAT PANTHER SILVER LIMITED

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Expressed in thousands of Canadian dollars, except share data)

For the three and six months ended June 30, 2015 and 2014 (Unaudited)

### 8. Share capital - continued

The weighted average fair value per option granted during the six-month period ended June 30, 2015 was \$0.22 (six-month period ended June 30, 2014 - \$0.63). The fair value per option granted was determined using the following weighted average assumptions at the time of the grant using the Black Scholes option pricing model as follows:

	2015	2014
Risk-free interest rate	0.64%	1.94%
Expected life (years)	1.98	3.00
Annualized volatility	67%	85%
Forfeiture rate	18%	18%

The annualized volatility assumption is based on the historical and implied volatility of the Company's Canadian dollar common share price on the Toronto Stock Exchange. The risk-free interest rate assumption is based on yield curves on Canadian government bonds with a remaining term equal to the expected life of the options.

#### (d) Earnings per share and diluted earnings per share:

Earnings per share for the three and six months ended June 30, 2015 were calculated based on the following:

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Net income (loss) for the period	\$ (4,722)	\$ (4,492)	\$ (1,132)	\$ (5,094)

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Shares outstanding, beginning of period	139,573,707	138,929,377	139,562,040	138,419,715
Effect of share options exercised	11,667	63,748	9,862	434,369
Effect of Cangold acquisition (note 3)	822,653	-	413,599	-
Basic weighted average number of shares outstanding	140,408,027	138,993,125	139,985,501	138,854,084
Effect of dilutive share options	-	-	-	-
Diluted weighted average number of shares outstanding	140,408,027	138,993,125	139,985,501	138,854,084

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Earnings (loss) per share				
Basic	\$ (0.03)	\$ (0.03)	\$ (0.01)	\$ (0.04)
Diluted	\$ (0.03)	\$ (0.03)	\$ (0.01)	\$ (0.04)

### 9. Fair value of financial instruments

The Company's financial instruments include cash and cash equivalents, short term investments, marketable securities, trade and other receivables, and trade and other payables. The carrying values of cash and cash equivalents, short term investments, trade and other receivables, and trade and other payables approximate their fair values due to the short-term nature of the items. The fair values of marketable securities are based on current bid prices at June 30, 2015. The embedded derivative in the trade account is recorded at fair value each period until final settlement occurs with changes in fair value classified as a component of revenue.

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

# GREAT PANTHER SILVER LIMITED

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Expressed in thousands of Canadian dollars, except share data)

For the three and six months ended June 30, 2015 and 2014 (Unaudited)

### 9. Fair value of financial instruments - *continued*

IFRS requires disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 . Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 . Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 . Inputs that are not based on observable market data

There have been no transfers between fair value levels during the reporting period.

The following table summarizes the Company's financial instruments as at June 30, 2015:

	Available-for-sale financial assets	Loans and receivables	Financial liabilities at amortized cost	Total	Fair value hierarchy
<b>Financial assets</b>					
Cash and cash equivalents	\$ -	\$ 19,432	\$ -	\$ 19,432	n/a
Marketable securities	9	-	-	9	Level 1
Trade and other receivables	-	12,339	-	12,339	Level 2
<b>Financial liabilities</b>					
Trade and other payables	-	-	(6,075)	(6,075)	n/a

At June 30, 2015 receivables of \$Nil (December 31, 2014 - \$66) were impaired and provided for.

### 10. Related party transactions

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Consulting fees paid or accrued to Platoro Resource Corp. Technical, administrative and management services provided to Cangold and its subsidiary prior to completion of the Cangold acquisition (note 3)	\$ -	\$ 84	\$ -	\$ 209
	\$ (176)	\$ (36)	\$ (224)	\$ (59)
			June 30, 2015	December 31, 2014
Payable to Platoro Resource Corp.			\$ -	\$ (36)
Receivable from Cangold			\$ -	\$ 144
Receivable from Coboro Minerales de Mexico, S.A. de C.V.			\$ -	\$ 17

The amounts owing to Platoro Resource Corp. were included in trade and other payables. The amounts owing from and from Cangold were derecognized upon the completion of the Cangold acquisition (note 3).

The above transactions occurred in the normal course of operations and are measured at fair value.

### Compensation of key management personnel

Key management includes the Company's Directors, the President and Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and the Vice Presidents. The amounts owing to key management personnel were included in trade and other payables. The Company is committed to making severance payments amounting to approximately \$2,229 to certain officers and management in the event that there is a change of control of the Company. The remuneration of directors and other members of key management personnel during the three and six months ended June 30, 2015 and 2014 was as follows:

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Salaries and benefits, consulting and management fees	\$ 416	\$ 308	\$ 836	\$ 735
Directors fees paid or accrued	77	65	170	129
Termination benefits	-	-	48	-
Share-based compensation	25	49	160	97
	\$ 518	\$ 422	\$ 1,214	\$ 961

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## 11. Commitments and contingencies

### (a) Commitments

As of June 30, 2015, the Company had the following commitments:

	Total	1 year	2-3 years	4-5 years
Operating lease payments	\$ 60	\$ 10	\$ 39	\$ 11
Drilling services	565	565	-	-
Total commitments	\$ 625	\$ 575	\$ 39	\$ 11

### (b) Contingencies

As at June 30, 2015, the Company had not fully secured mineral property titles (concessions) for approximately 1,222 of its 7,908 hectares related to the El Horcon Project. Three of the Company's mineral property title claims were cancelled due to what the Company believes was an administrative error on the part of the government agency which manages mineral property titles in Mexico. The Company is in the process of having the concessions reinstated and has successfully reinstated two concessions. As it is believed that all three were cancelled due to the same error, the Company anticipates that the remaining concession may be reinstated in 2015. (See note 14(b) for further information on the subsequent reinstatement). Neither the status of the mineral property claims, or the process to reinstate the claims has affected the Company's exploration work to date as it has not involved the claims in question. As the Company expects to be successful in reinstating the remaining mineral property claim, no provision has been recorded against the carrying value of the El Horcon Project.

## 12. Operating segments

The Company's operations are all within the mining sector, consisting of two operating segments both of which are located in Mexico, one exploration and one Corporate. Due to diversities in geography and production processes, the Company operates the GMC and the Topia Mine separately, with separate budgeting and evaluation of results of operations and exploration activities. The Corporate segment provides financial, human resources and technical support to the two mining operations. The GMC operations produce silver and gold, and the Topia operations produce silver, gold, lead and zinc.

	Operations		Exploration <sup>(1)</sup>	Corporate	Total
	GMC	Topia			
<b>Three months ended</b>					
<b>June 30, 2015</b>					
External mineral sales	\$ -	\$ 3,830	\$ -	\$ 15,353	\$ 19,183
Intersegment revenue	15,353	-	-	-	15,353
Intersegment elimination	(15,353)	-	-	-	(15,353)
Income (loss) before income taxes	1,322	24	(830)	(5,417)	(4,901)
Net income (loss) for the year	1,322	20	(830)	(5,234)	(4,722)
<b>Six months ended</b>					
<b>June 30, 2015</b>					
External mineral sales	\$ -	\$ 7,932	\$ -	\$ 31,502	\$ 39,434
Intersegment revenue	31,502	-	-	-	31,502
Intersegment elimination	(31,502)	-	-	-	(31,502)
Income (loss) before income taxes	1,687	177	(969)	(2,369)	(1,474)
Net income (loss) for the year	1,633	132	(969)	(1,928)	(1,132)
<b>As at June 30, 2015</b>					
Total assets	\$ 19,387	\$ 18,319	\$ 8,749	\$ 25,592	\$ 72,047
Total liabilities	\$ 5,556	\$ 2,031	\$ 107	\$ 4,969	\$ 12,663

<sup>(1)</sup> Includes the Company's exploration and evaluation assets of Santa Rosa, El Horcon, Coricancha Mine Complex and the GDLR Project.

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## 12. Operating segments - continued

	Operations				Total
	GMC	Topia	Exploration <sup>(1)</sup>	Corporate	
<b>Three months ended June 30, 2014</b>					
External mineral sales	\$ -	\$ 4,122	\$ -	\$ 10,343	\$ 14,465
Intersegment revenue	10,343	-	-	-	10,343
Intersegment elimination	(10,343)	-	-	-	(10,343)
Income (loss) before income taxes	(1,234)	85	-	(5,537)	(6,686)
Net income (loss) for the year	(1,202)	86	-	(3,376)	(4,492)
<b>Six months ended June 30, 2014</b>					
External mineral sales	\$ -	\$ 8,477	\$ -	\$ 18,868	\$ 27,345
Intersegment revenue	18,868	-	-	-	18,868
Intersegment elimination	(18,868)	-	-	-	(18,868)
Income (loss) before income taxes	(3,704)	382	-	(3,938)	(7,260)
Net income (loss) for the year	(3,738)	347	-	(1,703)	(5,094)
<b>December 31, 2014</b>					
Total assets	\$ 22,033	\$ 18,346	\$ 3,081	\$ 28,341	\$ 71,801
Total liabilities	\$ 4,952	\$ 2,584	\$ -	\$ 5,536	\$ 13,072

<sup>(1)</sup> Includes the Company's exploration and evaluation assets of Santa Rosa and El Horcon.

## 13. Supplemental cash flow information

a) Cash and cash equivalents comprise:

	June 30, 2015	June 30, 2014
Cash in bank	\$ 19,432	\$ 18,045

b) The non-cash investing and financing activities of the Company includes the following:

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Increase in accounts payable and accrued liabilities related to mineral properties, plant and equipment	\$ 81	\$ 40	\$ 73	\$ 81
Change in rehabilitation provision asset	-	-	597	-
Shares, options and warrants issued in relation to Cangold Acquisition (note 3)	1,464	-	1,464	-

c) Undrawn credit facilities

On June 10, 2015, the Company announced that it had obtained a US\$10.0 million credit facility from Auramet International LLC. The facility has a term of one year and bears interest at a rate of LIBOR plus 5%. The Company has not drawn down any amounts on this credit facility.

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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### 14. Subsequent events

a) Operating lease commitment

On July 28, 2015, the Company entered into a lease agreement for office space effective December 1, 2015 through to January 29, 2023. The Company's commitment under this agreement is approximately \$327 annually, for a total commitment of \$2,345.

b) El Horcon

On July 28, 2015, the Company was informed that the remaining El Horcon concession that was previously cancelled was reinstated (see note 11(b) for further information).