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

FORM 40-F

(Check One)

[ ] Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934
or
[X] Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended **December 31, 2013**

Commission File Number **001-35455**

SILVER STANDARD RESOURCES INC.
(Exact name of Registrant as specified in its charter)

British Columbia	**1311**	**Not applicable**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number (if applicable))	(I.R.S. Employer Identification Number (if applicable))

Suite 800 – 1055 Dunsmuir Street
PO Box 49088, Bentall Postal Station
Vancouver, British Columbia
Canada V7X 1G4
(604) 689-3846
(Address and telephone number of Registrant's principal executive offices)

CT Corporation System, 111 8th Avenue, New York, NY 10011
(212) 894-8940
(Name, address (including zip code) and telephone number
(including area code) of agent for service in the United States)

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

Title of each class	**Name of each exchange on which registered**
Common Shares without par value	Nasdaq Global Market

Securities registered or to be registered pursuant to Section 12(g) of the Act. **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. **None**

For annual reports, indicate by check mark the information filed with this Form:

x Annual Information Form x Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 80,754,434

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 (the "Exchange Act") 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 x No o

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (s.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes x No o

The Annual Report on Form 40-F shall be incorporated by reference into or as an exhibit to, as applicable, each of the Registrant's Registration Statements under the Securities Act of 1933, as amended: Form S-8 (File No. 333-185498).

FORM 40-F

Principal Documents

The following documents have been filed as part of this Annual Report on Form 40-F:

(a) Annual Information Form for the fiscal year ended December 31, 2013 (included as Exhibit 99.1 hereto);

(b) Management's Discussion and Analysis for the fiscal year ended December 31, 2013 (included as Exhibit 99.2 hereto); and

(c) Consolidated Financial Statements for the fiscal year ended December 31, 2013 (included as Exhibit 99.3 hereto).

Cautionary Note Regarding Differences in United States and Canadian Reporting Practices

Silver Standard Resources Inc. ("Silver Standard" or the "Company") is permitted, under a multijurisdictional disclosure system adopted by the United States and Canada, to prepare this Annual Report on Form 40-F in accordance with Canadian disclosure requirements, which are different from those of the United States. The Company prepares its financial statements, which are filed with this Annual Report on Form 40-F, in accordance with International Financial Reporting Standards and they may be subject to Canadian auditing and auditor independence standards. They may not be comparable to financial statements of United States companies.

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this Annual Report on Form 40-F constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. See "Introductory Notes – Cautionary Notice Regarding Forward-Looking Statements" in Silver Standard's Annual Information Form for the fiscal year ended December 31, 2013.

ADDITIONAL DISCLOSURE

Certifications and Disclosure Regarding Controls and Procedures.

(a) Certifications. See Exhibits 99.4, 99.5, 99.6 and 99.7 to this Annual Report on Form 40-F.

(b) Disclosure Controls and Procedures. As of the end of Silver Standard's fiscal year ended December 31, 2013, an evaluation of the effectiveness of Silver Standard's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was carried out by Silver Standard's management, with the participation of its principal executive officer and principal financial officer. Based upon that evaluation, Silver Standard's principal executive officer and principal financial officer have concluded that as of the end of that fiscal year, Silver Standard's disclosure controls and procedures are effective to ensure that information required to be disclosed by Silver Standard in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission (the "Commission") rules and forms and (ii) accumulated and communicated to Silver Standard's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

It should be noted that while Silver Standard's principal executive officer and principal financial officer believe that Silver Standard's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that Silver Standard's disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

(c) Management's Annual Report on Internal Control Over Financial Reporting. The required disclosure is included in the "Management's Report on Internal Control over Financial Reporting" that accompanies Silver Standard's Consolidated Financial Statements for the fiscal year ended December 31, 2013, filed as part of this Annual Report on Form 40-F.

(d) Attestation Report of the Registered Public Accounting Firm. The required disclosure is included in the "Independent Auditor's Report" that accompanies Silver Standard's Consolidated Financial Statements for the fiscal year ended December 31, 2013, filed as part of this Annual Report on Form 40-F.

(e) Changes in Internal Control Over Financial Reporting. During the fiscal year ended December 31, 2013, there were no changes in Silver Standard's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, Silver Standard's internal control over financial reporting.

Notices Pursuant to Regulation BTR.

None.

Audit Committee Financial Expert.

Silver Standard's board of directors has determined that Richard D. Paterson, member of Silver Standard's audit committee, qualifies as an "audit committee financial expert" (as such term is defined under Item 8(a) of General Instruction B to Form 40-F) and is "independent" as that term is defined under listing standards of the Nasdaq Global Market ("Nasdaq").

Code of Ethics.

In August 2013, Silver Standard adopted a new "code of ethics" (as that term is defined under Item 9(a) of General Instruction B to Form 40-F), entitled the "Code of Business Conduct and Ethics" (the "Code of Conduct"), that applies to its principal executive officer, principal financial officer and other senior financial officers performing similar functions. The Code of Conduct is available for viewing on Silver Standard's website at www.silverstandard.com.

Apart from the adoption of the new Code of Conduct, no other amendments were made to the Code of Conduct in 2013. In addition, no waivers, including implicit waivers, were granted from any provision of the Code of Conduct in 2013.

Principal Accountant Fees and Services.

The required disclosure is included under the heading "Audit Committee – External Auditor Service Fees" in Silver Standard's Annual Information Form for the fiscal year ended December 31, 2013, filed as part of this Annual Report on Form 40-F.

Pre-Approval Policies and Procedures.

The required disclosure is included under the heading "Audit Committee – Pre-Approval Policies and Procedures" in Silver Standard's Annual Information Form for the fiscal year ended December 31, 2013, filed as part of this Annual Report on Form 40-F.

Off-Balance Sheet Arrangements.

Silver Standard does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Tabular Disclosure of Contractual Obligations.

The required disclosure is included under the heading "Liquidity – Contractual Obligations" in Silver Standard's Management's Discussion and Analysis for the fiscal year ended December 31, 2013, filed as part of this Annual Report on Form 40-F.

Identification of the Audit Committee.

Silver Standard has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of the audit committee are Richard D. Paterson, A.E. Michael Anglin and Gustavo A. Herrero.

Mine Safety Disclosure.

Pursuant to Section 1503(a) of the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd–Frank Act"), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their Annual Report on Form 40-F information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining related fatalities. During the fiscal year ended December 31, 2013, the Company had no such specified health and safety violations, orders or citations, related assessments or legal actions, mining related fatalities, or similar events in relation to the Company's U.S. operations requiring disclosure pursuant to Section 1503(a) of the Dodd–Frank Act.

Nasdaq Global Market Disclosure.

The Company is subject to a variety of corporate governance guidelines and requirements enacted by Canadian securities regulators, the Toronto Stock Exchange, Nasdaq and the SEC and those mandated by the U.S. Sarbanes Oxley Act of 2002 and the Dodd–Frank Act. Today, the Company is in compliance with the corporate governance legal requirements in Canada and the United States. The Company's common shares are listed on Nasdaq and, although the Company is not required to comply with all of Nasdaq's corporate governance requirements to which it would be subject if the Company was a U.S. corporation, the Company's governance practices comply with Nasdaq's requirements as if the Company was a U.S. domestic issuer.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking.

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process.

The Registrant has filed a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

Any change to the name or address of the agent for service of process of the Registrant shall be communicated promptly to the Commission by an amendment to the Form F-X referencing the file number of the Registrant.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 14, 2014.

Silver Standard Resources Inc.

By: /s/ John Smith
Name: John Smith
Title: President & Chief Executive Officer

By: /s/ Gregory J. Martin
Name: Gregory J. Martin
Title: Senior Vice President & Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description
99.1	Annual Information Form for the fiscal year ended December 31, 2013.
99.2	Management's Discussion and Analysis for the fiscal year ended December 31, 2013.
99.3	Consolidated Financial Statements for the fiscal year ended December 31, 2013.
99.4	Certification of Chief Executive Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934
99.5	Certification of Chief Financial Officer pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934
99.6	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350
99.7	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350
99.8	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accountant
99.9	Consents of F. Carl Edmunds, Andrew W. Sharp, BEng., FausIMM and Trevor J. Yeomans, B.Sc. (Hons), ACSM, P.Eng.
99.10	Consents of Warwick S. Board, P.Geo. and R. Bruce Kennedy, P.E.
99.11	Consents of Kelly G. Boychuk, MBA, P.Eng., Dawn H. Garcia, P.G., C.P.G. and Jeremy D. Vincent, B.Sc. (Hons), P.Geo.
99.12	Consents of Donald F. Earnest, P.G., Michael J. Lechner, P.Geo., Steve L. Milne, P.E., Robert M. Robb, P.E. and Clinton Strachan, P.E.



ANNUAL INFORMATION FORM

of

SILVER STANDARD RESOURCES INC.

March 14, 2014

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SILVER STANDARD RESOURCES INC.
ANNUAL INFORMATION FORM

INTRODUCTORY NOTES

DATE OF INFORMATION

In this Annual Information Form, Silver Standard Resources Inc., together with its subsidiaries, as the context requires, is referred to as "we," "our," "us," the "Company" and "Silver Standard". All information contained in this Annual Information Form is as at December 31, 2013, unless otherwise stated, being the date of our most recently completed financial year, and the use of the present tense and of the words "is," "are," "current," "currently," "presently," "now" and similar expressions in this Annual Information Form is to be construed as referring to information given as of that date.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of Canadian securities laws (collectively, "forward-looking statements") including, without limitation, forward-looking statements concerning our expected production and cost guidance for 2014, the anticipated capital expenditures at our Pirquitas mine, our planned exploration and development expenditures for our projects in Mexico, Peru, Argentina, Canada and the United States, our expectations regarding the closing of the Marigold mine acquisition, Goldcorp's disclosed expectations regarding Marigold mine production for 2014 and our expected exploration drilling at our San Luis project. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Generally, forward-looking statements can be identified by the use of words or phrases such as "expects," "anticipates," "plans," "projects," "estimates," "assumes," "intends," "strategy," "goals," "objectives," "potential," or variations thereof, or stating that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur or be achieved, or the negative of any of these terms or similar expressions. These forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied, including, without limitation, the following risks and uncertainties referred to under the heading "*Risk Factors*":

- uncertainty of production, development plans and cost estimates for the Pirquitas mine, the Pitarrilla project and the San Luis project;
- future development risks, including start-up delays and operational issues;
- our ability to replace Mineral Reserves;
- our ability to complete and successfully integrate an announced acquisition, including the recently announced Marigold mine acquisition;
- our ability to obtain adequate financing for further exploration and development programs;
- commodity price fluctuations;
- political or economic instability and unexpected regulatory changes;
- currency fluctuations, particularly the value of the Argentine peso against the U.S. dollar;
- the possibility of future losses;
- general economic conditions;
- recoverability of our interest in Pretium Resources Inc. ("Pretium") and our other marketable securities, including the price of and market for Pretium's common shares and such other marketable securities;
- potential export duty on current and past production of silver concentrate from the Pirquitas mine;
- recoverability and tightened controls over the value added tax ("VAT") collection process in Argentina;

- counterparty and market risks related to the sale of our concentrates and metals;
- differences in U.S. and Canadian practices for reporting Mineral Reserves and Mineral Resources;
- uncertainty in the accuracy of Mineral Reserves and Mineral Resources estimates and in our ability to extract mineralization profitably;
- uncertainty in acquiring additional commercially mineable mineral rights;
- lack of suitable infrastructure or damage to existing infrastructure;
- pending closing of the Marigold mine acquisition, our revenue being derived from a single operation;
- delays in obtaining or failure to obtain governmental permits, or non-compliance with permits we have obtained;
- governmental regulations, including health, safety and environmental regulations, increased costs and restrictions on operations due to compliance with such regulations;
- reclamation requirements for our exploration properties;
- unpredictable risks and hazards related to the development and operation of a mine or mine property that are beyond our control;
- compliance with anti-corruption laws and increased regulatory compliance costs;
- complying with emerging climate change regulations and the impact of climate change;
- uncertainties related to title to our mineral properties and the ability to obtain surface rights;
- recoverability of deferred consideration to be received in connection with recent divestitures;
- our insurance coverage;
- civil disobedience in the countries where our properties are located;
- operational safety and security risks;
- actions required to be taken by us under human rights law;
- our ability to access, when required, mining equipment and services;
- competition in the mining industry for properties;
- our ability to attract and retain qualified personnel and management and potential labour unrest, including labour actions by our unionized employees at the Pirquitas mine;
- shortage or poor quality of equipment or supplies;
- conflicts of interest that could arise from some of our directors' and officers' involvement with other natural resource companies;
- claims, legal proceedings, including adverse rulings in current or future litigation against us and/or our directors or officers, and assessments;
- potential difficulty in enforcing judgments or bringing actions against us or our directors or officers outside Canada and the United States;
- certain terms of our convertible notes; and
- other risks related to our common shares.

This list is not exhaustive of the factors that may affect any of our forward-looking statements. Our forward-looking statements are based on what management considers to be reasonable assumptions, beliefs, expectations and opinions based on information currently available to management. We cannot assure you that actual events, performance or results will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect.

Assumptions have been made regarding, among other things, our ability to carry on our exploration and development activities, our ability to meet our obligations under our property agreements, the timing and results of drilling programs, the discovery of Mineral Resources and Mineral Reserves on our mineral properties, the timely receipt of required approvals and permits including obtaining the necessary surface rights for the lands required for successful project permitting, construction and operation of the Pitarrilla project, the price of the minerals we produce, the costs of operating and exploration expenditures, our ability to operate in a safe, efficient and effective manner, our ability to obtain financing as and when required and on reasonable terms and our ability to continue operating the Pirquitas mine. You are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Our forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date hereof and we do not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable law. For the reasons set forth above, you should not place undue reliance on forward-looking statements.

CURRENCY AND EXCHANGE RATE INFORMATION

All currency references in this Annual Information Form are in United States dollars unless otherwise indicated. References to "Canadian dollars" or the use of the symbol "C$" refers to Canadian dollars. References to "Argentine pesos" or "ARS" are to the lawful currency of Argentina.

On March 13, 2014, the noon spot rate of exchange reported by the Bank of Canada was C$1.00 per US$0.9044. As of the same date, based on cross rates with the Canadian dollar, one Argentine peso equalled US$0.1268.

SCIENTIFIC AND TECHNICAL INFORMATION

Unless otherwise indicated, scientific and technical information in this Annual Information Form relating to our mineral properties has been reviewed and approved by Andrew W. Sharp, B.Eng., FAusIMM, Trevor J. Yeomans, B.Sc. (Hons), ACSM, P.Eng., and F. Carl Edmunds, all of whom are Qualified Persons and our employees. See "*Interests of Experts*".

A "Qualified Person" for the purposes of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") means an individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, has experience relevant to the subject matter of the mineral project, and is a member in good standing of a professional association.

CAUTIONARY NOTICE REGARDING MINERAL RESERVES AND MINERAL RESOURCES ESTIMATES

The disclosure included in this Annual Information Form uses Mineral Reserves and Mineral Resources classification terms that comply with reporting standards in Canada and the Mineral Reserves and Mineral Resources estimates are made in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards adopted by the CIM Council on November 27, 2010, which were adopted by the Canadian Securities Administrators' (the "CSA") NI 43-101. NI 43-101 is a rule developed by the CSA that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. The following definitions are reproduced from the CIM Standards:

A ***Mineral Resource*** is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals 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 Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

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.

An ***Indicated Mineral Resource*** is that 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.

A ***Measured Mineral Resource*** is that 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 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.

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 Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves.

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.

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.

Unless otherwise indicated, all Mineral Reserves and Mineral Resources estimates included in this Annual Information Form have been prepared in accordance with NI 43-101. These standards differ significantly from the requirements of the U.S. Securities and Exchange Commission ("SEC") set out in Industry Guide 7. Consequently, Mineral Reserves and Mineral Resources information included in this Annual Information Form is not comparable to similar information that would generally be disclosed by domestic U.S. reporting companies subject to the reporting and disclosure requirements of the SEC.

In particular, the SEC's Industry Guide 7 applies different standards in order to classify mineralization as a reserve. As a result, the definitions of "Proven Mineral Reserves" and "Probable Mineral Reserves" used in NI 43-101 differ from the definitions in SEC Industry Guide 7. Under SEC standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards. Accordingly, Mineral Reserves estimates included in this Annual Information Form may not qualify as "reserves" under SEC standards.

In addition, this Annual Information Form uses the terms "Mineral Resources," "Measured Mineral Resources," "Indicated Mineral Resources" and "Inferred Mineral Resources" to comply with the reporting standards in Canada. The SEC's Industry Guide 7 does not recognize Mineral Resources and U.S. companies are generally not permitted to disclose resources in documents they file with the SEC. Furthermore, disclosure of "contained ounces" is permitted disclosure under Canadian regulations; however, the SEC only permits issuers to report mineralization that does not

constitute “reserves” by SEC standards as in place tonnage and grade without reference to unit measures. Investors are specifically cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into SEC defined mineral reserves. Further, “Inferred Mineral Resources” have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Therefore, investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists. In accordance with Canadian rules, estimates of “Inferred Mineral Resources” cannot form the basis of feasibility or pre-feasibility studies. It cannot be assumed that all or any part of “Mineral Resources,” “Measured Mineral Resources,” “Indicated Mineral Resources” or “Inferred Mineral Resources” will ever be upgraded to a higher category. Investors are cautioned not to assume that any part of the “Mineral Resources,” “Measured Mineral Resources,” “Indicated Mineral Resources” or “Inferred Mineral Resources” reported in this Annual Information Form is economically or legally mineable. In addition, the definitions of “Proven Mineral Reserves” and “Probable Mineral Reserves” under reporting standards in Canada differ in certain respects from the standards of the SEC. For the above reasons, information included in this Annual Information Form that describes our Mineral Reserves and Mineral Resources estimates is not comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.

The term “Qualified Person” as used in this Annual Information Form means a Qualified Person as that term is defined in NI 43-101.

NOTICE REGARDING NON-GAAP MEASURES

This Annual Information Form includes certain terms or performance measures commonly used in the mining industry that are not defined under Canadian generally accepted accounting principles before the adoption of IFRS (“Canadian GAAP”) or International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”) and incorporated in the Handbook of the Canadian Institute of Chartered Accountants (“IFRS”), including cash costs and total costs per payable ounce of silver sold, adjusted net income (loss) and adjusted basic earnings (loss) per share. We believe that, in addition to conventional measures prepared in accordance with Canadian GAAP and IFRS, certain investors use this information to evaluate our performance. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Canadian GAAP and IFRS. These non-GAAP and non-IFRS measures should be read in conjunction with our financial statements. See “Changes to the Presentation of Non-GAAP Financial Measures” in our material change report, dated January 9, 2013 and “Non-GAAP Financial Measures” in our management’s discussion and analysis of the financial position and results of operations for the year ended December 31, 2013.

CORPORATE STRUCTURE

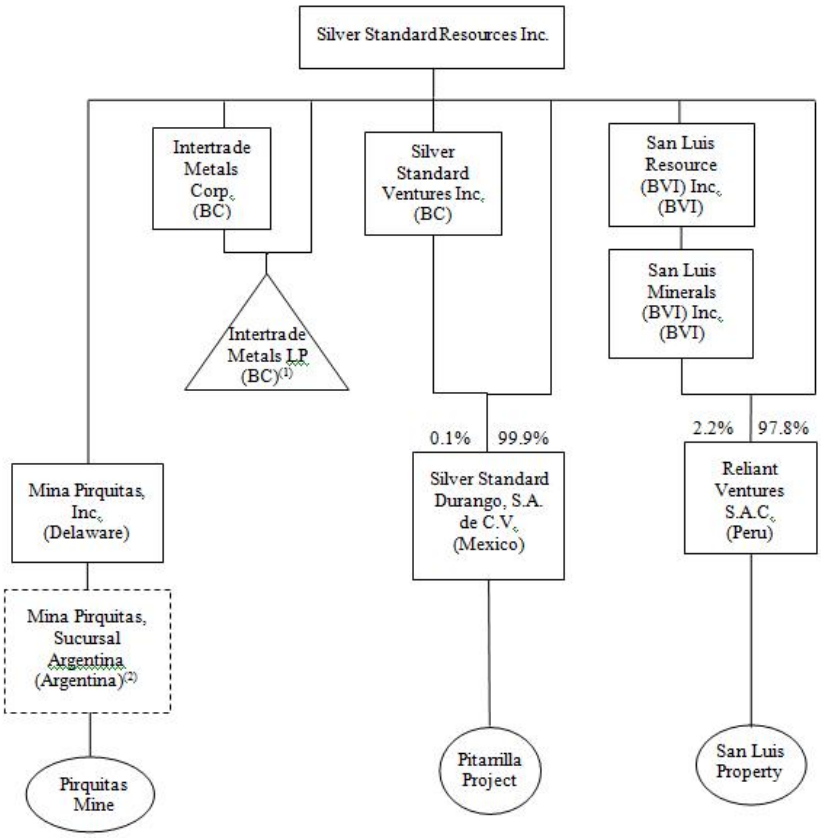
NAME, ADDRESS AND INCORPORATION

We were incorporated as a company in British Columbia, Canada, on December 11, 1946 under the name “Silver Standard Mines, Limited (NPL)” and changed our name to “Silver Standard Mines Limited” on July 18, 1979. We changed our name to “Consolidated Silver Standard Mines Limited” and consolidated our common shares on a 1-for-5 basis on August 9, 1984. All share data in this Annual Information Form refer to consolidated shares/data, unless otherwise indicated. We changed our name to “Silver Standard Resources Inc.” on April 9, 1990. On May 12, 2005, our shareholders adopted new articles as required by the new British Columbia *Business Corporations Act*, under which we are incorporated, and authorized an increase in our authorized capital from 100,000,000 common shares without par value to an unlimited number of common shares without par value.

Our head office and registered and records office is located at Suite 800 – 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1G4.

INTERCORPORATE RELATIONSHIPS

The following is a diagram of the intercorporate relationships among us and our material subsidiaries, each of which is wholly-owned by us.



Notes:
Ownership which is less than 100% is indicated by the percentage owned (rounded to the nearest 0.1%).
(1) Intertrade Metals Corp. is the General Partner and Silver Standard is the Limited Partner.
(2) Argentina branch is not a separate legal entity.

GENERAL DEVELOPMENT OF THE BUSINESS

We are a resource company focused on the acquisition, exploration, development and operation of precious metal projects in the Americas. We have one producing silver mine and a portfolio of silver resource dominant projects located throughout the Americas. Subsequent to the end of 2013, we signed a definitive agreement to purchase the Marigold mine, a gold mine in Nevada, U.S.A., as discussed further below. Our focus is on profitable precious metal production from the Pirquitas mine, in Argentina, and, upon closing, the integration and optimization of production from the Marigold mine. We continue to advance the Pitarrilla project in Mexico and the San Luis project in Peru, and our large portfolio of mineral projects and properties, which are at various stages of exploration and development.

RECENT DEVELOPMENTS AND OUTLOOK FOR 2014

On January 14, 2014, we announced our production and cost guidance for 2014. Our guidance does not include the impact from the Marigold mine subsequent to the expected close of the acquisition in April 2014. In 2014, we expect to produce and sell between 8.2 and 8.6 million ounces of silver from the Pirquitas mine, with cash costs of between $12.50 and $13.50 per payable ounce of silver sold. In addition, the Pirquitas mine is expected to produce and sell between 25 and 30 million pounds of zinc. Capital expenditures are expected to be $15 million at the Pirquitas mine, including $6 million for tailings facility expansions. Capitalized stripping costs at the Pirquitas mine are expected to be $5 million. Exploration and development expenditures are expected to be $22 million.

On February 3, 2014, we entered into a purchase and sale agreement with subsidiaries of Goldcorp Inc. (“Goldcorp”) and Barrick Gold Corporation (“Barrick”) to purchase 100% of the Marigold mine, a producing gold mine in Nevada, U.S.A., for cash consideration of $275 million. Completion of the transaction is subject to customary closing conditions, including regulatory approvals, and we expect the transaction to close in April 2014.

Marigold mine is an open-pit gold mine located in Humboldt County, Nevada, U.S.A., at the northern end of the Battle Mountain-Eureka trend. The mine has been in continuous production since 1988. Ore is mined by conventional truck and shovel equipment and processed via a large run-of-mine heap leach operation with 40,000 tonnes per day capacity. As disclosed by Goldcorp in its news release dated January 8, 2014, the mine produced 162,000 ounces of gold in 2013 and Goldcorp expected it to produce between 142,000 and 150,000 ounces of gold in 2014 (adjusted from Goldcorp’s 66.66% share to 100% ownership). As reported by Goldcorp in its public disclosures, the Marigold mine has consistently produced over 140,000 ounces of gold per year at gold recoveries in excess of 70%. Production at the Marigold mine is subject to various net smelter returns (“NSR”) royalties. In 2012 and 2013, significant investments were made to purchase new, larger mining equipment which is expected to improve the efficiency of future mining operations. The mine currently employs 360 people including contractors, who manage and maintain the mine and plant to Goldcorp’s world-class safety and environmental standards.

On February 6, 2014, we completed the sale of the Challacollo project in Region I, Chile. The sale was effected pursuant to a share purchase agreement made as of December 19, 2013 between Silver Standard, Silver Standard Ventures Inc. (our wholly-owned subsidiary), Mandalay Resources Corporation (“Mandalay”) and Mandalay Resources (Chile) SPA, pursuant to which we sold to Mandalay all of the shares of Minera Silver Standard Chile S.A. (our wholly-owned subsidiary which holds the Challacollo project), for $7.5 million in cash and 12 million common shares of Mandalay at closing, and the contingent right to receive 5 million common shares of Mandalay and an aggregate cash payment equal to the equivalent of 240,000 ounces of silver, payable in eight quarterly installments (based on the average quarterly silver price), in each case dependent on the commencement of commercial production at the Challacollo project. In addition, we have a 2% NSR royalty on silver sales in excess of 36 million ounces from the Challacollo project, up to a maximum of $5 million.

Subsequent to the end of 2013, the Argentine peso has seen a significant devaluation, well above the pace of devaluation through 2013, as the Argentine government reduced intervention and relaxed capital controls. We are still assessing the impact of this devaluation on the Pirquitas mine. The devaluation will reduce the value of our Argentine peso-denominated assets, principally cash and VAT receivables, and decrease our Argentine peso-denominated liabilities, principally accounts payable, when expressed in U.S. dollars. The devaluation is expected to positively impact our Argentine-based operating costs when expressed in U.S. dollars, but we remain cautious of the impact the devaluation

will have on inflation rates in Argentina, which would negatively impact our operating cost structure. We remain active in managing our exposure and risk and our cash resources in Argentina at present are limited.

2013 DEVELOPMENTS

On January 16, 2013, we completed an offering of $250 million aggregate principal amount of 2.875% convertible senior notes due 2033 (the "Initial 2013 Notes"). We closed an additional $15 million aggregate principal amount of 2.875% convertible senior notes due 2033 (together with the Initial 2013 Notes, the "2013 Notes") on February 13, 2013 pursuant to the partial exercise of the over-allotment option granted to the purchasers of the Initial 2013 Notes. The initial conversion rate for the 2013 Notes is 50 common shares per $1,000 principal amount of the 2013 Notes, equivalent to a conversion price of $20.00 per common share, and is subject to adjustment. We used $138 million of the net proceeds from the sale of the 2013 Notes to repurchase our existing convertible notes on March 1, 2013 and the indenture relating to those notes was terminated on March 15, 2013. The remaining net proceeds will be used for general corporate purposes, including funding our acquisition of the Marigold mine and the development or advancement of our property portfolio.

In 2013, the Pirquitas mine produced 8.2 million ounces of silver, in line with production guidance for the year, and a record 27.0 million pounds of zinc. The Pirquitas mine produced silver at a cash cost of $12.87 per payable ounce of silver sold, which was below our 2013 guidance range. Significant operating cost reductions were achieved through 2013 and we continue to implement cost control and reduction initiatives. The main focus has been on replacing third party contract services, reducing staffing and implementing operational controls at the plant and mine to drive efficiencies.

During 2013, we completed certain key pre-development activities on the Pitarrilla project. We entered into surface land use agreements over two parcels of land and received approval for a thirty-year temporary occupation application over a third parcel, although this may be subject to appeal. Surface land use agreements for two other parcels of land which we do not control are still under negotiation. We also advanced certain pre-construction activities, including pilot plant tests, road construction and water drilling. The engineering procurement and construction management contract was tendered, although this process was placed on hold in the fourth quarter of 2013. Due to the imposition of new taxes in Mexico combined with the decrease in metal prices and constrained financing markets, a construction decision for the Pitarrilla open pit project was placed on hold in the fourth quarter of 2013. Subsequent to this decision, in February 2014, we were advised that the federal environmental regulator in Mexico, Secretaría de Medio Ambiente y Recursos Naturales ("SEMARNAT"), did not approve the environmental impact assessment ("EIA") for the Pitarrilla project. The primary reason is that sufficient water rights for the open pit mine and plant requirements had not been secured. In line with our disciplined approach to capital management, we are currently reviewing lower capital cost, underground development options for the Pitarrilla project.

On December 30, 2013, we completed the sale of the San Agustín project in Durango State, Mexico to Argonaut Gold Inc. ("Argonaut"). The sale was effected pursuant to an asset purchase agreement made as of November 5, 2013, pursuant to which we received aggregate consideration from Argonaut of $15 million in cash and 5,111,439 common shares of Argonaut at closing, and deferred cash consideration of $30 million ($10 million payable on May 5, 2014 and $20 million payable on May 5, 2015). In addition, we have a 2% NSR royalty on sulphide ores processed from the San Agustín project.

2012 DEVELOPMENTS

During the first half of 2012, we received aggregate cash proceeds of approximately $71.4 million upon the exercise of share purchase warrants of Pretium issued as part of the secondary offering of 11.5 million units of Pretium that closed in April 2011. Upon completion of the exercise of the warrants, our equity interest in Pretium was reduced to approximately 20%. Our equity interest in Pretium has since been reduced to approximately 18.1% as at March 4, 2014.

In early 2012, the Argentine Ministry of Economy and Public Finance issued a resolution that reduced the time permitted to repatriate export proceeds from 180 days to 15 days, which caused the Pirquitas mine to temporarily suspend shipments while we assessed the potential impact of this resolution. Subsequently, the time permitted to repatriate export proceeds was increased to 30 days and then to 140 days for silver and zinc concentrates, which enabled us to recommence shipping. In September 2012, a revised resolution reinstated the 180 day time limit for silver concentrates only. Further,

the Central Bank of Argentina increased its involvement in U.S. dollar inflows and outflows, and the country continued to experience high inflation along with a weakening currency.

On September 10, 2012, the Peruvian government approved the EIA for the mining operation of the Ayelén deposit, completing a significant milestone for the San Luis project. Our EIA is valid until September 10, 2015. Prior to such date, we must begin development activities at the San Luis project or obtain an extension of the EIA.

In a news release dated December 4, 2012, we announced the results of a feasibility study for the Pitarrilla project. On December 17, 2012, we filed a technical report entitled "NI 43-101 Technical Report on the Pitarrilla Project, Durango State, Mexico" (the "2012 Pitarrilla Technical Report") in support of the feasibility study. In connection with the 2012 Pitarrilla Technical Report, we prepared updated estimates of the Pitarrilla project's Mineral Reserves and Mineral Resources. A copy of the 2012 Pitarrilla Technical Report is available under our profile on the SEDAR website at www.sedar.com.

2011 DEVELOPMENTS

On April 8, 2011, we completed a secondary offering of 11.5 million units of Pretium at a price of C$10.00 per unit for gross proceeds of C$115 million. Each unit consisted of one common share of Pretium owned by us and one-half of one common share purchase warrant of Pretium, with each whole warrant exercisable to purchase one common share of Pretium owned by us at a price of C$12.50 per share for a period of 12 months following the closing. The offering reduced our equity interest in Pretium from 42.3% to approximately 28.9%.

On June 30, 2011, we entered into a share and asset purchase agreement with Esperanza Resources Corp. ("Esperanza"), Esperanza Silver Peru S.A.C. and Reliant Ventures S.A.C. ("Reliant Ventures"), as amended July 28, 2011, pursuant to which we purchased all of Esperanza's remaining interest in the San Luis project for C$18 million in cash, the transfer to Esperanza of the 6,459,600 common shares in Esperanza that we owned and the grant of a 1% NSR royalty on future production from the project. The transaction closed on July 28, 2011 and, accordingly, we own 100% of the San Luis project subject to the 1% NSR royalty granted to Esperanza.

On September 23, 2011, we completed the sale of the Bowdens project. The sale was effected pursuant to a share purchase agreement dated August 1, 2011 among Kingsgate Consolidated Limited ("Kingsgate"), Silver Standard and Silver Standard Australia (BVI) Inc., our wholly-owned subsidiary, pursuant to which we sold to Kingsgate all of the shares of Silver Standard Australia Pty Limited (which holds the Bowdens project) for A$35 million in cash, 3,440,367 of Kingsgate's common shares, with an aggregate value of A$30 million as of the closing date and two deferred cash payments of A$5 million due on December 31, 2011 and June 30, 2012 (both of which were subsequently received).

In October 2011, the Federal Government of Argentina announced a decree that required all funds from mining export sales to be repatriated to Argentina and converted into Argentine pesos within the Sole Foreign Exchange Market in Argentina. Each transfer is subject to a 0.6% transfer tax. See "*Description of the Business – Foreign Operations – Argentina – Regulatory – Export Controls and Duties* ".

In the second half of 2011, the plant at the Pirquitas mine underwent significant repairs, as additional crushing capacity was installed and the ball mill gearbox was replaced. At several times throughout the year, the plant was offline for repair and maintenance.

On November 9, 2011, we announced a reduction to the estimated Mineral Reserves at Pirquitas and filed a NI 43-101 Technical Report dated December 23, 2011 entitled "NI 43-101 Technical Report on the Pirquitas mine, Jujuy Province, Argentina" (the "2011 Pirquitas Technical Report") on SEDAR. The reduction to the estimated Mineral Reserve at the Pirquitas mine resulted in a reduction to the expected mine life. A copy of the 2011 Pirquitas Technical Report is available under our profile on the SEDAR website at www.sedar.com.

DESCRIPTION OF THE BUSINESS

GENERAL

Our business is the exploration, development and production of precious metal mineral properties, which are located throughout the Americas. Our strategic focus is to generate cash flow through optimizing commercial production at the Pirquitas mine and by advancing the Pitarrilla project, the San Luis project and our other projects within our project pipeline towards development and commercial production. Upon closing of the Marigold mine acquisition, we will focus on integrating and optimizing that operation into our portfolio. From time to time, we may monetize certain of our assets to accelerate the advancement of more strategically significant properties, as we did when we sold the Challacollo project to Mandalay in February 2014 and the San Agustín project to Argonaut in December 2013. Further, we will consider strategic opportunities to grow through targeted acquisitions, and we believe that our strong balance sheet (including a retained ownership of approximately 18.1% of Pretium's issued and outstanding shares as at March 4, 2014) positions us well to execute on such opportunities, including the acquisition of the Marigold mine announced on February 3, 2014.

In addition to our Pirquitas mine, the Pitarrilla project and the San Luis project, we own a large portfolio of mineral projects with estimated silver mineral resources, which includes the Diablillos project in Argentina, the Berenguela project in Peru, the Candelaria project and the Maverick Springs joint venture project in Nevada, U.S.A., and the Sunrise Lake project in the Northwest Territories, Canada. We also have a number of other mineral property holdings at various stages of exploration, with the majority of these in Mexico.

MATERIAL PROJECTS

PIRQUITAS MINE

The Pirquitas mine is a wholly-owned open pit mine and processing plant that is exploiting a primary silver deposit located in northwestern Argentina near the borders of Bolivia and Chile. The project is held by our wholly-owned subsidiary, Mina Pirquitas, Inc. ("MPI") (formerly known as Sunshine Argentina, Inc. ("Sunshine Argentina")) and consists of 50 semi-contiguous mineral exploration concessions covering a total area of 3,621 hectares.

The Pirquitas mine has been in commercial production since December 1, 2009, producing: 6.3 million ounces of silver in 2010; 7.1 million ounces of silver and 10.1 million pounds of zinc in 2011; 8.6 million ounces of silver and 11.2 million pounds of zinc in 2012; and 8.2 million ounces of silver and 27.0 million pounds of zinc in 2013. The current mine plan has mining ending in early 2019 (6.25 years mine life – formerly 5.5 years in the 2011 Pirquitas Technical Report). During the mine life, a stockpile will be developed and this will be used as needed during the mine life, but will constitute the majority of the plant feed source in the last 18 months. Annual production is expected to remain in a range of 8 to 10 million ounces of silver from 2014 to 2018 and plant production in 2019 is expected to amount to around 1.5 million ounces of silver per year.

The Pirquitas mine is located in an historic mining district and is accessible by public roads from two directions. The mine's energy requirements are supplied by gas-powered generation utilizing natural gas supplied from a line located approximately 40 kilometres to the south of the property. The Pirquitas mine site is located approximately 850 kilometres by road from the port of Antofagasta in Chile and approximately 2,000 kilometres by road from the port of Buenos Aires in Argentina.

As part of our search for additional Mineral Resources, in 2012 we completed an extensive diamond drilling campaign on the Pirquitas mine property. This drilling campaign was principally designed to expand and better define the Cortaderas Breccia and Cortaderas Valley Mineral Resources (each as defined in the 2011 Pirquitas Technical Report), located approximately 500 metres north of the San Miguel open pit, and upgrade portions of these Mineral Resources from the Inferred Mineral Resource category to the Indicated Mineral Resource category. Based on the results of the drilling, these areas were merged into a single Cortaderas zone for Mineral Resources estimation. In 2013, we completed a diamond drilling campaign of approximately 7,000 metres in seventeen drillholes to test geophysical anomalies which were defined east and north of the San Miguel open pit.

In 2013, we also completed the preliminary economic assessment ("PEA") on the Cortaderas deposit to assess the economic opportunity of underground mining at Cortaderas and extend the Pirquitas mine life. The PEA confirmed that the underground mining opportunity is technically and economically possible, but due to the current business environment in Argentina, metal price environment and our spending controls, we are not advancing to a pre-feasibility level study at this time. The results of the PEA, although positive, were not materially significant to the Pirquitas mine. We will continue to monitor this situation closely.

We currently have all material surface and water rights, as well as all material permits, necessary for the continued operation of the Pirquitas mine. As the production of the Pirquitas mine continues, we may need to obtain additional environmental and other governmental approvals and permits. See "*Risk Factors*" and "*Mineral Properties – Pirquitas Mine*".

PITARRILLA PROJECT

The Pitarrilla project is a wholly-owned silver project in the central part of the State of Durango, Mexico. It can be accessed from several all-weather roads. The project is held by our wholly-owned subsidiary, Silver Standard Durango, S.A. de C.V. ("SSD") and comprises 12 contiguous mineral claims covering an area of 136,191 hectares as at December 31, 2013.

The key objective in 2013 was to progress the Pitarrilla open pit project towards a construction decision by the end of the year. Through the first three quarters of the year, we were successful in progressing key areas of the project, while reducing project risk in critical areas, achieving the following:

- Entered into surface land use agreements over two parcels of land and received government approval of our thirty-year temporary occupation application providing surface access to the last critical surface property needed to develop the Pitarrilla project. Our occupation could still, however, be subject to legal appeal;
- Submitted the final EIA to SEMARNAT;
- Completed a 10-tonne pilot plant test program on oxide and mixed oxide-sulphide (transitional) material;
- Advanced work on the access road, finalized construction of the initial project landfill and conducted an evaluation of water sources;
- Undertook technical discussions and explored options with potential suppliers of mobile equipment for the mine and other equipment suppliers; and
- Appointed financial advisors, and entered into discussions with potential partners.

In October 2013, the Mexican government approved certain amendments to Mexico's mining taxation system to impose new taxes on mining activities (the "Mexico Tax Reforms"), which have significant impacts on the mining industry. Given the significance of these changes, we deferred the open pit construction decision, suspended the joint venture process, placed project activities on hold and initiated a thorough review of the mine and plant options at the Pitarrilla project. We commenced an evaluation of various options for the Pitarrilla project that could lead to a lower capital, smaller starter project with a meaningful production level without compromising the future option of the original larger open pit project. The initial focus of this work is on a 3,000 to 4,000 tonnes per day underground operation, targeting the higher grade, deeper sulphides at or below the bottom of the open pit project. See "*Risk Factors*", "*Mineral Properties – Pitarrilla Project*" and "*Description of the Business – Foreign Operations – Mexico – Regulatory – Mining Royalties and Taxes*".

On February 14, 2014, we were advised that SEMARNAT did not approve the EIA for the Pitarrilla open pit mine, primarily because sufficient water rights had not been secured. Our ability to secure water rights is currently limited due to a temporary moratorium on subterranean water exploitation imposed in April 2013 in connection with uncontrolled and over exploited aquifers located throughout Mexico. For the Pitarrilla project underground development option, the water requirements are significantly less than for the open pit option and previous studies have shown that no external water sourcing is required.

SAN LUIS PROJECT

The San Luis project is a wholly-owned high-grade gold-silver project located in the Ancash Department of central Peru. It can be accessed by two all-weather roads. The project is held by our wholly-owned subsidiary, Reliant Ventures, and consists of 43 mineral concessions covering an area of 35,538 hectares.

The Ayelén vein gold-silver deposit is an epithermal quartz vein deposit sub-class of precious metal deposits. Such quartz vein systems are characterized by their relatively high concentrations of gold and silver with low concentrations of base metal-rich sulphide minerals. In June 2010, we completed a NI 43-101 technical report summarizing our feasibility study on the Ayelén vein, entitled "Technical Report for the San Luis Project Feasibility Study, Ancash Department, Peru" and dated effective June 4, 2010 (the "San Luis Feasibility Study"). A copy of the San Luis Feasibility Study is available under our profile on the SEDAR website at www.sedar.com. On September 10, 2012, the Peruvian Ministry of Mines and Energy approved our EIA for the mining operation on the Ayelén vein. Our EIA is valid until September 10, 2015. Prior to such date, we must begin development activities at the San Luis project or obtain an extension of the EIA.

The execution of the San Luis project requires land access negotiations to be completed with the two local communities that control the rights to surface lands on which the future mine would be located. We successfully entered into a land use agreement with one of these communities, the Cochabamba community, in 2011. In 2013, we signed a five-year extension agreement with the Cochabamba community, granting us access rights to conduct exploration activities on the community lands that cover the southwestern sector of the San Luis mineral property.

We have identified an additional potential high grade gold vein target, the Bonita Zone, which is located entirely within the area held by the Cochabamba community and have a 5,000 metre drill program planned and budgeted for 2014. The extension signed with the Cochabamba community in 2013 enables us to complete exploration work on the Bonita Zone. Exploration permits for the Bonita Zone target have been received and, once a water permit is received, we expect to commence exploration drilling in the first half of 2014, upon the conclusion of the Peruvian rainy season.

We continue to negotiate with the other community, the Ecash community, in order to reach alignment on a benefits and surface use agreement over the remaining surface rights required for the Ayelén vein project. The completion of this land access agreement will enable permit applications to be submitted and a development decision to be made. See "*Risk Factors*" and "*Mineral Properties – San Luis Project*".

PROJECT PIPELINE

In addition to our operating mine and two projects, we hold interests in a number of other properties that are geographically broadly distributed and at various stages of exploration. With the exception of the Maverick Springs project in Nevada, U.S.A., in which we hold a 55% interest through a joint venture, all of the properties described immediately below are wholly-owned.

We own the Diablillos project (a silver-gold project) in northwestern Argentina, located approximately 275 kilometres south of the Pirquitas mine, the Berenguela project (a silver project) in Puno Department, Peru, the Candelaria project (a former operating silver-gold mine) in Nevada, U.S.A., the Maverick Springs project (a silver project) in Nevada, U.S.A., the Sunrise Lake project (a polymetallic project) in the Northwest Territories, Canada, the Veta Colorada project (a silver project) in Chihuahua State, Mexico and the San Marcial project (a silver-lead-zinc project) located near Mazatlan, Mexico. We also own a number of other mineral property holdings in Argentina, Canada, Chile, Mexico and the United States.

PRINCIPAL PRODUCT

Our principal product is silver concentrate, although we also produce and sell zinc concentrate. From initial production until the middle of 2011, we sold our silver and zinc concentrates to a single trading counterparty. In the second half of 2011, we commenced marketing discussions with several third party smelters, refiners, and traders for the sale of our silver concentrate. In 2012 and 2013, we completed a series of long-term and spot sale contracts directly with smelting and refining counterparties to diversify our customer base. In the future, the loss of any one smelting and refining client may have a material adverse effect on us if alternate smelters and refiners are not available, although

we have diversified our customer base and we believe there is sufficient global capacity available to address the loss of any one customer.

As of the date of this Annual Information Form, all of our silver and zinc is produced at the Pirquitas mine.

Our revenue by product category for the financial years ended December 31, 2012 and December 31, 2013 was as follows:

Product Revenue	2012	2013
Silver	98%	91%
Zinc	2%	9%

Additional information related to our segmented information is set forth in Note 21 to our consolidated financial statements for the year ended December 31, 2013.

SPECIAL SKILLS AND KNOWLEDGE

Various aspects of our business require specialized skills and knowledge, including the areas of geology, engineering, drilling, metallurgy, permitting, logistical planning and implementation of exploration programs as well as legal compliance, finance and accounting. We face competition for qualified personnel with these specialized skills and knowledge, including at the Pirquitas mine, which may increase our costs of operating the mine or result in delays.

COMPETITIVE CONDITIONS

The precious and base mineral exploration and mining business is competitive. We compete with other exploration and production companies, many of which are better capitalized, have greater financial resources, operational experience and technical capabilities, or are further advanced in their development or are significantly larger and have access to greater Mineral Reserves than us, for the acquisition of mineral claims, leases and other mineral interests. The mining industry is experiencing a skills deficit and though we have seen labour availability improve through 2013, we may continue to see competition for qualified skilled personnel at our operations/projects. Expatriate employees may also be required in the early stages of our other projects. If we are unsuccessful in acquiring additional mineral properties or qualified personnel, we will not be able to replace Mineral Reserves, maintain production or grow.

EMPLOYEES

As at December 31, 2013, we employed a total of 744 full-time employees and 227 contract employees. The table below sets out our employees at each of the following locations:

Location	Number of Employees	
	Full-time	Contract
Vancouver Office	36	2
Argentina	615	202
Peru	30	17
Mexico	63	3
U.S.	--	1
Chile	--	2

As at December 31, 2013, of the 615 full-time employees in Argentina, 442 are represented by a union.

We operate in countries where there are statutory employee profit-sharing arrangements.

ENVIRONMENTAL PROTECTION

Our activities are subject to extensive laws and regulations governing the protection of the environment, natural resources and human health. These laws address, among other things, emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. We are required to obtain governmental permits and in some instances provide bonding requirements under federal, state, or provincial air, water quality, and mine reclamation rules and permits. Violations of environmental, health and safety laws are subject to civil sanctions and, in some cases, criminal sanctions, including the suspension or revocation of permits. The failure to comply with environmental laws and regulations or liabilities related to hazardous substance contamination could result in project development delays, material financial impacts or other material impacts to our projects and activities, fines, penalties, lawsuits by the government or private parties, or material capital expenditures. Additionally, environmental laws in some of the countries in which we operate require that we periodically perform environmental impact studies at our mines. These studies could reveal environmental impacts that would require us to make significant capital outlays or cause material changes or delays in our intended activities.

We have undertaken a policy of sustainable resource development aimed at the protection of human health and the natural environment. We comply with regulatory requirements and diligently apply appropriate methodologies to protect the environment throughout our exploration, development, mining, processing and closure activities. Our environmental obligations include, but are not limited to, obtaining and maintaining all environmental permits and approvals required for the conduct of our operations, the proper handling, storage and disposal of regulated materials and the timely and accurate submission of required reports to the appropriate government agencies.

In addition, we are committed to the health and safety of our employees by creating and maintaining a safe working environment and by complying with all applicable health and safety laws, rules and regulations.

We have reclamation obligations at our properties, including at the Pirquitas mine in Argentina, and the Duthie property and the Silver Standard mine property, both located in British Columbia, Canada. In 2013, our reclamation work program at the Duthie property was carried out at a cost of approximately $40,000. Remaining reclamation obligations beyond 2013 include the construction of a wetland for water filtration purposes and the monitoring of the results of the reclamation project in subsequent years. Estimated costs for the remaining reclamation beyond 2013 are approximately $0.2 million. At the Silver Standard mine property we incurred approximately $0.6 million in expenditures for reclamation work completed in 2013. Estimated costs for reclamation work programs on the Silver Standard mine property beyond 2013 are $1.1 million.

Our current closure and reclamation cost estimate at the Pirquitas mine is approximately $50 million. This estimate is based on conceptual level engineering and will be updated periodically to reflect changes in the life of mine plan. The proposed work focuses on diverting storm water around the waste dumps and pit areas as well as capturing and passively treating impacted waters.

Under the terms of our agreement to acquire the Marigold mine, we will be required to provide financial assurances to the environmental regulatory authorities with respect to the Marigold mine's long-term environmental and reclamation obligations.

FOREIGN OPERATIONS

Pending closing of the Marigold mine acquisition, all of our current production and revenue is derived from our operations at the Pirquitas mine in Argentina. The Pitarrilla project is located in Mexico and the San Luis project is located in Peru. Any changes in regulations or shifts in political attitudes in these foreign jurisdictions are beyond our control and may adversely affect our business. Future development and operations may be affected in varying degrees by such factors as government regulations (or changes to such regulations) with respect to the restrictions on production, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use, land claims of local people and mine safety. We cannot accurately predict the effect of these factors. See "*Risk Factors*".

A summary of the regulatory regimes in the jurisdictions material to our business and affairs is provided below.

Argentina

Regulatory

Land Tenure

Mineral rights in Argentina are owned by the federal or provincial governments, depending on the jurisdiction in which they are located. Exploitation concessions in Argentina are called minas (or mines), and one or more minas can be grouped together to form a grupo minero (or group of mines), as described below. A mina is comprised of one or more pertenencias, which are the basic units of mining properties in Argentina. Pertenencias must be rectangular in shape and for lode (*i.e.*, vein) deposits can have boundaries, in principle, no greater than 200 metres by 300 metres for a maximum area of 6 hectares. Pertenencias that are claimed over deposits of disseminated mineralization in the first category (which includes silver, zinc and tin) are allowed to cover up to 100 hectares. Under Argentine mining law, such concessions are considered 'real property' and give the concessionaire the rights to recover pre-determined metals from the subsurface vertically underneath the concession for an unlimited period of time provided (i) an annual fee or canon is paid in the amount of ARS $80 per pertenencia and ARS $500 per lode deposit and (ii) the committed investments and exploitation of the mine are performed. The owner or owners of adjacent minas may choose to consolidate them into a group of minas. Each mina within a group of minas is still subject to the same obligations as are the individual minas within the group, namely the annual payment of canons, the committed investment, and the mine exploitation.

A cateo is an exploration lease that allows individuals or companies to explore for minerals. Each cateo has an exclusive right to be convertible into a mina once a mineral discovery has been made. Cateos are subject to a one-time payment or canon of ARS $400 per 500 hectares. The term of a cateo is based on its area: 150 days for the first unit (500 hectares) and an additional 50 days for each unit thereafter, up to a maximum of 20 units. After a period of 300 days, 50% of the area over four units (2,000 hectares) must be dropped. At 700 days, 50% of the area remaining over four units (2,000 hectares) must be dropped. Time extensions may be granted to allow for situations such as bad weather and difficult access. To maintain a cateo, the holder must also present to the mining authority a minimum exploration work program and schedule.

Surface Rights

Access over surface property rights in Argentina is contemplated within the Argentine Mining Code and is obtained through the corresponding provincial mining authority, which is required to communicate with surface owners and ensure that they cooperate with the activities of mining companies. Notice to surface owners can be difficult due to delayed filing of personal property title changes and registry as well as limited staffing and mobility of the relevant authorities.

Export Controls and Duties

In December 2007, the National Customs Authority of Argentina (Dirección Nacional de Aduanas or "DNA", for its initials in Spanish) levied an export duty of approximately 10% on concentrates for projects, even those companies like ours with fiscal stability agreements predating 2002. We have challenged the legality of the export duty applied to silver concentrates and the matter is currently under review by the Federal Court (Jujuy) in Argentina. The Federal Government of Argentina asserts that the Pirquitas mine is subject to this export duty despite contrary rights detailed under the fiscal stability agreement (the "Fiscal Agreement") we entered into with the Federal Government of Argentina in 1998 for production from the Pirquitas mine. The Federal Court (Jujuy) granted an injunction in our favor effective September 29, 2010 that prohibited the Federal Government from withholding the 10% export duty on silver concentrates (the "Injunction"), pending the decision of the courts with respect to our challenge of the legality of the application of the export duty. The Injunction was appealed by the Federal Government but upheld by each of the Federal Court of Appeal (Salta) on December 5, 2012 and the Federal Supreme Court of Argentina on September 17, 2013. The Federal Government also appealed the refund we claimed for the export duties paid before the Injunction, as well as matters of procedure related to the uncertainty of the amount reclaimed; however, on May 3, 2013, such appeal was dismissed by the Federal Court of Appeal (Salta). In accordance with the Injunction, we have not been paying export duties on silver concentrates but continue to accrue duties in full until the outcome of our challenge of the legality of the application

of the export duty is known with certainty. However, the Federal Government enacted legislation in 2013 limiting the term of effectiveness of injunctions ordered against it, and we are monitoring the potential impact of such legislation on the Injunction, including as it relates to the payment of any accrued export duties. At December 31, 2013, we have accrued a liability totaling $48.2 million, with a corresponding increase in cost of sales in the relevant period. If this export duty is successfully overturned, the benefit will be recognized in the Consolidated Statements of Income (Loss) for the full amount of paid and unpaid duty in the period that recovery becomes virtually certain.

On October 26, 2011, the Federal Government of Argentina announced a decree that requires all funds from export sales to be repatriated to Argentina and converted into Argentine pesos within the Sole Foreign Exchange Market in Argentina. The Argentine pesos can then be exchanged back into the original currency, again through the Sole Foreign Exchange Market, provided the required authorization is granted by the Central Bank of Argentina and the Federal Administration of Public Revenue. Each transfer is subject to a 0.6% transfer tax. The mining industry had previously been exempted from this obligation to bring such foreign currency into Argentina, and although the Fiscal Agreement includes stability over foreign exchange controls, the Federal Government removed such benefits with this decree.

In early 2012, the Argentine Ministry of Economy and Public Finance issued a resolution that reduced the time permitted to repatriate export proceeds from 180 days to 15 days, which caused the Pirquitas mine to temporarily suspend shipments while we assessed the potential impact of this resolution. Subsequently, the time permitted to repatriate export proceeds was increased to 30 days and then to 140 days for silver and zinc concentrates, which enabled us to recommence shipping. In September 2012, a revised resolution reinstated the 180 day time limit for silver concentrates only. Further, during 2012, the Central Bank of Argentina increased its involvement in U.S. dollar inflows and outflows, and the country continued to experience high inflation along with a weakening currency.

VAT Recovery

Due to legislative rules and a complex collection process, the Argentine VAT receivable is classified as non-current until it is approved by the Argentine government; thereafter, it is reclassified to current, as we have greater certainty of the ability to collect within twelve months. As of December 31, 2013, our non-current VAT receivable balance was $62.4 million. Legislative changes in Argentina have further tightened controls over the VAT collection process and could have a negative impact on our ability to recover outstanding VAT balances.

Devaluation

Subsequent to the end of 2013, the Argentine peso has seen a significant devaluation, well above the pace of devaluation through 2013, as the Argentine government reduced intervention and relaxed capital controls. The devaluation will reduce the value of our Argentine peso-denominated assets, principally cash and VAT receivables, and decrease our Argentine peso-denominated liabilities, principally accounts payable, when expressed in U.S. dollars. The devaluation is expected to positively impact our Argentine-based operating costs when expressed in U.S. dollars, but we remain cautious of the impact the devaluation will have on inflation rates in Argentina, which would negatively impact our operating cost structure.

Import Restrictions

The Argentine government has introduced measures (both written and non-written) requiring local sourcing of equipment and supplies wherever possible. Delays associated with these import restrictions have the potential to affect certain aspects of operations at the Pirquitas mine, such as maintenance and new construction that are dependent on imported goods. As of the date of this Annual Information Form, we have been able to comply with such requirements.

Environmental

The Argentine Mining Code, as amended in 1996, establishes the guidelines for preparing environmental impact statements for mining projects. The applicable mining and environmental authorities within each province are responsible for the application and enforcement of the Argentine Mining Code, including environmental matters.

A party wishing to commence or modify any exploration or mining-related activity as defined by the Argentine Mining Code, including property abandonment or mine closure activity, must prepare and submit to the Provincial Mining Authority ("PMA") an Informe de Impacto Ambiental or EIA prior to commencing the work. Each EIA must describe the nature of the proposed work, its potential risk to the environment, and the measures that will be taken to mitigate that risk. The PMA has a sixty-day period to review and either approve or reject the EIA; however, the Argentine EIA is not considered to be automatically approved if the PMA has not responded within that period. If the PMA deems that the EIA does not have sufficient content or scope, the party submitting the EIA is granted a thirty-day period in which to resubmit the document and the PMA has an additional thirty-day period to review.

If accepted by the PMA, the EIA is used as the basis to create a Declaración de Impacto Ambiental or Declaration of Environmental Impact ("DEI"), which the party must agree to uphold during the mining-related activity in question. The DEI must be updated at least once every two years. Sanctions and penalties for non-compliance with the DEI are outlined in the Argentine Mining Code, and may include warnings, fines, suspension of Environmental Quality Certification, restoration of the environment, temporary or permanent closure of activities, and removal of authorization to conduct mining-related activities.

Mexico

Regulatory

Land Tenure

The exploration and exploitation of minerals in Mexico may be carried out by means of obtaining mining concessions, which are granted by the Mexican federal government through the General Bureau of Mining pursuant to the Mining Law (the "Mexican Mining Law"), a federal statute governing the grant, use, cancellation and expiration of mining concessions. Mining concessions have a term of fifty years from the date of their recording in the Public Registry of Mining. The term of mining concessions previously issued by the Mexican federal government (for exploration and/or exploitation) was automatically extended by the enactment of the 2006 amendments to the Mexican Mining Law. Due to such amendments, the holders of mining concessions for exploration were automatically authorized to carry out not only exploration work, but also exploitation works.

Holders of concessions may, within the five years prior to the expiration of such concessions, apply for their renewal for the same period of time. Failure to apply prior to the expiration of the term of the concession will result in termination of the concession. Concessions are subject to annual work requirements and payment of mining duties which are assessed and levied on a semi-annual basis. Such concessions may be transferred or assigned by their holders, but such transfers or assignments must comply with the requirements established by the Mexican Mining Law and be registered before the Public Registry of Mining in order to be valid against third parties.

Although the Law of Foreign Investment provides that foreign companies and foreign individuals may hold mineral concessions, in practice, based on the provisions set forth in the Mexican Mining Law, mineral concessions are only granted to Mexican citizens or companies, ejidos and agrarian and indigenous communities. Foreign citizens or corporations may only obtain mineral concessions through the establishment of a subsidiary in Mexico. Foreign investment of up to 100% in Mexican mining companies is freely permitted, provided that such Mexican companies must comply with certain requirements set forth in the Law of Foreign Investment.

The Mexican Constitution and federal laws state that mineral activities are of public interest to Mexico, and accordingly, provide the owner of a mineral concession with the legally-preferred right to the overlying surface rights. If the holder of the mineral concession is unable to acquire the surface rights required for operations through negotiation, the concession holder may request the federal government to commence an administrative process to acquire for the mineral concession holder long-term access to the required surface rights through a process known as "temporary occupation".

Concession-holders are also entitled to request the forced expropriation or easement on the relevant surface land, although these two procedures are less used in practice.

The temporary occupation is commenced with the concession-holder applying to the government agency, Administration and Appraisals Institute of National Goods (Instituto de Administración y Avalúos de Bienes Nacionales or "INDAABIN", for its initials in Spanish), to conduct an appraisal of the value of the surface lands. Our wholly-owned Mexican subsidiary, SSD, submitted this application in respect of the Las Flores property to INDAABIN in October 2012. INDAABIN completed the appraisal of the Las Flores property and we obtained a thirty-year temporary occupation for this property in 2013. Such occupation could still, however, be subject to legal appeal.

Ejido Land

An ejido is a communal ownership of land declared as such by Presidential Decree regulated, among other statutes, by the Mexican Agrarian Law, and administered by a representative board (Comisariado Ejidal) formed by members of the ejido. Although ejido land is owned by the ejido community at large, the Mexican Agrarian Law permits the ejido community to compartmentalize the land and allocate specific parcels to individual members of the ejido for their exclusive use and usufruct. When plots of ejido land are compartmentalised, the beneficiary ejido members are permitted to enter into lease agreements over the parcels with third parties, but they may only transfer their use and usufruct rights to the parcels to other members of the ejido community.

The Mexican Agrarian Law also permits the ejido community to authorize the privatization of the parcels and adoption by the corresponding ejido member of full title over such pieces of land. When the parcel is privatised, the ejido owner may sell the land to third parties, subject to certain rights of first refusal provided by the Mexican Agrarian Law in favour of the ejido member's family and other members of the ejido community, including the ejido itself, in that order.

Mining Royalties and Taxes

In October 2013, the Mexican government approved the Mexico Tax Reforms applicable to the holders of mining permits, which include, among others: (i) a new special annual mining duty at the rate of 7.5% on a profit calculated by subtracting certain allowed deductions from gross earnings generated by the sales of extracting activities; (ii) an additional extraordinary annual mining fee of 0.5% calculated on the gross income arising from the sale of gold, silver and platinum; and (iii) a penalty equal to 50% of the current maximum mining fee for undeveloped mining areas for failure to carry out works in concessions during a two-year period. The Mexico Tax Reforms came into effect on January 1, 2014.

The current corporate income tax rate in Mexico is 30%.

The benefits for companies engaged in mining activities to deduct pre-operating expenses incurred annually will be repealed and should be deducted as capital expenditures amortizable at a 10% yearly rate, as is the case for any other company in Mexico.

The IETU Flat Tax (*Impuesto Empresarial a Tasa Unica*), which was structured as an alternative minimum tax, was repealed as of January 2014.

VAT is an indirect tax levied on the value added to goods and services, and is imposed on corporations that carry out activities within Mexican territory, including: (i) the sale or other disposition of property; (ii) the rendering of independent services; (iii) the granting of temporary use of property; or (iv) the importation of goods and services. The standard VAT rate is 16%.

Stability Agreements

Currently there is no available practice of obtaining financial stability agreements with the Mexican government.

Environmental and Permitting

Environmental permitting in the mining industry in Mexico is mainly administered by the federal government body SEMARNAT, the federal regulatory agency that establishes the minimum standards for environmental compliance. Guidance for the federal environmental requirements including conservation of soils, water quality, flora and fauna, noise emissions, air quality, and hazardous waste management, derives primarily from the Ley General del Equilibrio Ecológico y la Protección al Ambiente ("LGEEPA"), the Ley General para la Prevención y Gestión Integral de los Residuos and the Ley de Aguas Nacionales ("LAN"). Article 28 of the LGEEPA specifies that SEMARNAT must issue prior approval to parties intending to develop a mine and mineral processing plant.

An Environmental Impact Statement (by Mexican regulations called a Manifestación de Impacto Ambiental, or "MIA", for its initials in Spanish) is the document that must be filed with SEMARNAT for its evaluation and, if applicable, further approval by SEMARNAT through the issuance of an Environmental Impact Authorization, whereby approval conditions are specified where works or activities have the potential to cause ecological imbalance or have adverse effects on the environment. The LAN provides authority to the Comisión Nacional del Agua ("CNA"), an agency within SEMARNAT, to issue water extraction and discharge concessions, and specifies certain requirements to be met by applicants. In addition, the Ley General de Desarrollo Forestal Sustentable indicates that authorizations must be granted by SEMARNAT for land use changes to industrial purposes. An application for change in land use or Cambio de Uso de Suelo Forestal, must be accompanied by a technical study that supports the environmental permit application (Estudio Técnico Justificativo or "ETJ", for its initials in Spanish). In cases requiring a change in forestry land use, a Land Use Environmental Impact Assessment is also required. Mining projects also need to include a risk analysis for the use of regulated substances (Análisis de Riesgo) and an accident prevention program, which are reviewed and authorized by an interministerial governmental body.

On June 7, 2013, the Federal Law of Environmental Liability (Ley Federal de Responsabilidad Ambiental) was enacted. According to this law, any person or entity that by its action or omission, directly or indirectly, causes damage to the environment will be liable and obliged to repair the damage, or to pay compensation in the event that the repair is not possible, in addition to any penalties imposed under any other judicial, administrative or criminal proceedings.

Permits, Licenses and Authorizations

There are three main SEMARNAT permits required prior to construction and development of a mining project: MIA, Forestry Change of Land Use (with the accompanying ETJ and, if applicable, the land use MIA), and Risk Analysis and Accident Prevention Program. A construction permit is required from the local municipality and an archaeological release letter is required from the National Institute of Anthropology and History ("INAH", for its initials in Spanish). An explosives permit is required from the Ministry of Defense ("SEDENA", for its initials in Spanish) before construction begins. Water discharge and usage must be granted by the CNA. A project-specific environmental license (Licencia Ambiental Única or "LAU", for its initials in Spanish), which states the operational conditions and requirements to be met, is issued by SEMARNAT when the agency has approved the project operations. Other local permits regarding non-hazardous waste handling and municipal safety and operating authorizations may also be required.

Hazardous wastes from the mining industry are highly regulated and specific handling requirements must be met once they are generated, such as the recordation as a generator of such wastes, log books and handling manifests and storage areas that comply with federal requirements, among others.

The key permits and the stages at which they are required are summarised in Table 1.

Table 1 Key Permits and Status

Permit	Mining Stage	Agency
Environmental Impact Statement – MIA	Construction/Operation/Post-operation	SEMARNAT
Land Use Change – ETJ & Land Use MIA	Construction/Operation	SEMARNAT
Risk Analysis	Construction/Operation	SEMARNAT
Construction Permit	Construction	Municipality
Explosive & Storage Permits	Construction/Operation	SEDENA
Archaeological Release	Construction	INAH
Water Use Concession	Construction/Operation	CNA
Water Discharge Permit	Operation	CNA
Project-specific License (LAU)	Operation	SEMARNAT
Accident Prevention Plan	Operation	SEMARNAT

Peru

Regulatory

Mining activities in Peru are subject to the provisions of the General Mining Law.

General Obligations for Mining Concession Titleholders

Under Peruvian law, the Peruvian State is the owner of all mineral resources in the ground. Rights over such mineral resources are granted through a concession system, consisting of four different types of concessions which grant the titleholder the right to perform different activities related to the mining industry, as follows: (i) mining concessions grant their titleholder the right to explore and exploit the mineral resources located within the boundaries of said concession; (ii) processing concessions grant their titleholder the right to extract or concentrate the valuable part of an aggregate of minerals extracted and/or to smelt, purify or refine metals; (iii) general work concessions grant their titleholder the right to provide ancillary services to two or more mining concessions; and (iv) mining transport concessions grant their titleholder the right to install and operate non-conventional continuous transportation systems for mineral products between one or several mining centres and a port or processing plant, or a refinery or one or more stretches of these routes.

Titleholders of mining concessions pay an annual validity fee each year in the amount of $3.00 per year and per hectare. Titleholders must also reach a minimum annual production of $100.00 per year and per hectare granted by the end of the sixth year from the year which title of mining concession was granted. If this minimum production is not reached by the end of this term, annual penalty fees will be applied. Failure to comply with validity or penalty fee payments for two consecutive years causes the termination of the mining concession.

Notwithstanding the foregoing, Legislative Decrees in 2008 amended several articles of the General Mining Law regarding the minimum production obligation, establishing a new regime for compliance with such obligation (“New MPO Regime”). According to the New MPO Regime, titleholders of mining concessions must reach a minimum level of annual production (“Minimum Production”) within a period of ten years, as from January 1st of the year following that in which title was granted. If the titleholder does not reach Minimum Production within the ten-year period, the mining concession will be terminated unless the titleholder complies with the payment of applicable penalties, in which case the concession may remain in force for up to an additional 5 years. If the titleholder does not reach Minimum Production within the 15 year period, the mining concession will be terminated.

There are two exceptions for the potential extinction of mining rights that provide a limited extension of title (five additional years): (i) when the titleholder does not reach Minimum Production because of a force majeure event or an event not caused by the titleholder; or (ii) when the titleholder continues paying the annual penalty and also provides evidence of an investment made of no less than ten times the amount of the annual penalty due and payable.

Pursuant to the General Mining Law, mining rights may be forfeited in only a number of enumerated circumstances provided by law, such as non-payment of the validity fees or non-compliance with the Minimum Production obligation in the term provided by law or non-payment of the penalty fees. In addition, equal rights to explore for and exploit minerals by way of concession may be granted to either Peruvian nationals or foreigners (except on concessions located within 50 kilometres of the Peruvian international borderline, in which case foreign owners must obtain express authorization from the government).

Surface Rights

Mining concessions holders are required to negotiate access to the land over which the mining concession is located with the respective surface land owner or holder (generally peasant or native communities), or file an application with the General Bureau of Mines (Dirección General de Mineria, or "DGM", for its initials in Spanish) of the Ministry of Energy and Mines to obtain an easement, temporary occupancy or expropriation of the land, as the case may be. Where the surface land owner is a private owner, a mining concession holder may file an application with the DGM to obtain a legal easement, private easement or expropriation of the land. Where the government of Peru is the owner of the surface land, a mining concession holder must initiate an administrative procedure before the National Property Entity in order to obtain access to such lands.

Mining Royalties and Taxes

Mining royalties are calculated over a quarterly operating profit obtained by mining agents engaged in the exploitation of mineral resources. The applicable rates for the determination of the mining royalty range from 1% to 12%, depending on the company's operating margin, with a minimum payment equivalent to 1% of the revenues generated by sales in the quarter. The payment of the mining royalty is considered as an expense for determining the corporate income tax.

Since 2011, a Special Mining Tax ("SMT") has been in force. The SMT is calculated at progressive rates, depending on operating margin. The SMT is considered an expense deductible when determining the corporate income tax payable.

Exports

Under the General Mining Law, the right to sell mining production freely in world markets is established. Peru has become party to agreements with the World Bank's Multilateral Investment Guarantee Agency and with the Overseas Private Investment Corporation.

Stability Agreements

The General Mining Law provides holders of mining rights the option of signing stability agreements with the Peruvian government in connection with investments made to commence new mining operations or expand existing mining operations. In order to qualify, companies must submit satisfactory documentation to the government regarding the amount of investment. Stability agreements can apply to several taxes, including income taxes and the general sales tax or VAT, as well as mining royalties.

Contributions

Beginning in 2014, it has been proposed that holders of mining concessions are obligated to pay a so-called "contribution" in favor of each of the: (i) Investment Agency Supervisor in Energy and Mine ("OSINERGMIN"); and (ii) the Agency for the Assessment and Environmental Control ("OEFA") for the years 2014, 2015 and 2016. The contribution is to be used to finance the monitoring and audit activities carried out by OSINERGMIN and OEFA.

The amount to be paid in respect of the contribution is calculated on a monthly basis according to the income of the holder of the mining concession, and the holder must submit a monthly statement along with payment. In the case of OSINERGMIN, the rates for the contribution are fixed at 0.21% for 2014, 0.19% for 2015 and 0.16% for 2016. In the case of OEFA, the rates for the contribution are fixed at 0.15% for 2014, 0.15% for 2015 and 0.13% for 2016.

For holders of mining concessions that are at an exploration stage, there is no obligation to pay the contribution as there is no income obtained from the sale of minerals; however, such mining concession holders must still submit the monthly statement within the applicable time limits.

Currently, the legality of the obligation to pay the contribution to each of OSINERGMIN and OEFA is still in discussion and has not yet been confirmed.

Environmental

The General Bureau of Environmental Affairs (Direcciòn General de Asuntos Ambientales, or "DGAAM", for its initials in Spanish) of the Ministry of Energy and Mines is the governmental agency that approves the appropriate environmental studies required for conducting mining activities in the country, while the Environmental Inspections and Auditing Bureau of the Ministry of the Environment is the governmental agency that inspects and audits mining projects and operations in order to secure compliance with environmental obligations and related commitments.

Mining Exploration Activities

Pursuant to Peruvian environmental regulations, mining exploration projects are classified into the following two categories depending on the size of the exploration activities to be conducted. Category I comprises smaller exploration projects where there are 20 or less drilling platforms to be constructed, disturbed areas do not exceed 10 hectares or the construction of tunnels does not exceed 50 metres in length. In order to conduct exploration activities under this category, titleholders require a simplified Environmental Impact Statement duly approved by the DGAAM. Category II comprises larger exploration projects where there are more than 20 drilling platforms required, disturbed areas exceed 10 hectares or the construction of tunnels exceeds 50 metres in length. In order to conduct exploration activities under this category, titleholders require a semi-detailed EIA duly approved by the DGAAM.

In addition to the approval of the required environmental studies, titleholders of mineral rights are also required to obtain: (i) authorization to start exploration activities that includes the approval of the prior consultation process (this process must be initiated only in cases involving indigenous peoples); (ii) all necessary governmental consents and permits required to conduct the activities detailed in the corresponding environmental study (e.g. authorizations for water use, for hydrocarbon storage, among others); and (iii) the right granted by the owner to use the surface land required for the development of the project.

Mine Development, Exploitation and Processing Activities

Prior to conducting mine development, exploitation and processing activities, titleholders of mining concessions must have a fully-detailed EIA duly approved by the DGAAM. In addition to the approval of the corresponding EIA, titleholders are also required to obtain: (i) the surface rights required for the development of the mining project; (ii) all other permits, licenses, authorizations and approvals required by national law, in accordance with the environmental commitments established in the corresponding EIA; (iii) approval of the prior consultation process for development, exploitation and processing mining activities; and (iv) a resolution of approval of the corresponding Mine Closure Plan duly approved by the DGAAM.

Table 2 lists the most common permits, licences and authorizations required for the development, exploitation and processing activities.

Table 2 Common Permits, Licenses and Authorizations

Permit, License or Authorization	Agency
Water use (License)	National Authority of Water (Autoridad Nacional del Agua or “ANA”)
Discharge of industrial wastewaters (Authorization)	ANA
Discharge of domestic wastewaters (Authorization)	ANA
Operation of septic tanks (Authorization)	General Bureau of Environmental Health
Start-up Exploitation Activities (Authorization)	Ministry of Energy and Mines
Processing concession (Permit)	Ministry of Energy and Mines
Operation of fuel storage facilities (Authorization)	Energy and Mining Investment Supervisory Board
Use of controlled chemicals and supplies (Authorization)	Tax Authority
Operation of telecom services (Authorization)	Ministry of Transport and Communications

SUMMARY OF MINERAL RESERVES AND MINERAL RESOURCES ESTIMATES

The following tables summarize as at December 31, 2013 our estimated Mineral Reserves and Mineral Resources. With the exception of the Maverick Springs joint venture project, all of our projects are wholly-owned. The tables do not include estimates of Mineral Reserves and Mineral Resources for the Challacollo project, which was sold to Mandalay effective February 6, 2014.

	Location	Resource Category[5]	Tonnes millions	Silver g/t	Gold g/t	Lead %	Zinc %	Copper%	Silver Ounces (millions)	Gold Ounces (millions)
MINERAL RESERVES[1]:										
Pirquitas[2]	**Argentina**	Proven	7.1	208.0			0.55		47.3	
		Probable	2.9	179.0			1.28		16.6	
		Stockpiles (Probable)	1.1	125.0			1.39		4.5	
Pitarrilla[3]	**Mexico**	Probable	156.6	95.1		0.29	0.79		478.7	
San Luis[4]	**Peru**	Proven	0.06	604.5	28.3				1.1	0.05
		Probable	0.45	426.2	16.7				6.4	0.24
Total									554.3	0.29
MEASURED AND INDICATED MINERAL RESOURCES (INCLUSIVE OF RESERVES):										
Pirquitas[6]	**Argentina**	Measured	7.9	210.0			0.35		53.2	
		Indicated	19.2	162.0			1.73		100.2	
		Stockpiles (Indicated)	1.1	125.0			1.39		4.5	
Pitarrilla[7]	**Mexico**	Measured - Ag	20.3	95.4					62.3	
		Indicated - Ag	240.0	81.9					632.2	
		Indicated - Pb/Zn	260.3			0.32	0.72			
San Luis[8]	**Peru**	Measured	0.06	757.6	34.3				1.3	0.06
		Indicated	0.43	555.0	20.8				7.7	0.29
Diablillos[9]	**Argentina**	Indicated	21.6	111.0	0.9				77.1	0.64
Berenguela[10]	**Peru**	Indicated	15.6	132.0				0.92	66.1	
Candelaria[11]	**U.S.**	Measured	3.1	152.2	0.1				15.1	0.01
		Indicated	9.3	97.4	0.1				29	0.03
Maverick Springs (100% of Ag)[12]	**U.S.**	Indicated	63.2	34.3					69.6	
Sunrise Lake[13]	**Canada**	Indicated	1.5	262.0	0.7	2.39	5.99		12.8	0.03
Total									1,131.1	1.06
INFERRED MINERAL RESOURCES[1]:										
Pirquitas[6]	**Argentina**	Inferred	5.4	162.0			2.38		28.3	
Pitarrilla[7]	**Mexico**	Inferred	22.1	62.1		0.21	0.49		44.1	
San Luis[8]	**Peru**	Inferred	0.02	270.1	5.6				0.2	0.00
Diablillos[9]	**Argentina**	Inferred	7.2	27.0	0.8				6.3	0.19
Berenguela[10]	**Peru**	Inferred	6.0	111.7				0.74	21.6	
Candelaria[11]	**U.S.**	Inferred	50.5	51.1	0.1				82.8	0.03
Maverick Springs (100% of Ag)[12]	**U.S.**	Inferred	77.6	34.3					85.6	
San Marcial[13]	**Mexico**	Inferred	2.3	191.8		0.32	0.66		14.3	
Sunrise Lake[14]	**Canada**	Inferred	2.6	169.0	0.5	1.92	4.42		13.9	0.04
Total									297.1	0.26

Notes:

(1) All estimates of Mineral Reserves and Mineral Resources were prepared in accordance with NI 43-101 and have been reviewed and approved by Andrew W. Sharp, B.Eng., FAusIMM, Trevor J. Yeomans, B.Sc. (Hons), ACSM, P.Eng., and F. Carl Edmunds, all of whom are Qualified Persons and our employees. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. Mineral Resources and Mineral Reserves figures have some rounding applied. Exact totals can be found in the corresponding NI 43-101 Technical Report for each property. All Technical Reports referenced are available under our profile on the SEDAR website at www.sedar.com or on our website at www.silverstandard.com.

(2) Mineral Reserves estimate is reported below the as-mined surface as at December 31, 2013. Mineral Reserves are presented at a cut-off of $35.52 per tonne NSR, using $25.00 per troy ounce silver and $2,403.00 per tonne zinc. These values remain unchanged to the values that are reported in the 2011 Pirquitas Technical Report. For a complete description of the key assumptions, parameters and methods used to estimate the Mineral Reserves, please refer to the 2011 Pirquitas Technical Report.

(3) Mineral Reserves estimate is as at December 4, 2012 and is contained in the 2012 Pitarrilla Technical Report. The Mineral Reserves estimate uses a NSR calculation to determine cut-off using $25.00 per troy ounce silver, $0.90 per pound lead and $0.95 per pound zinc. The Mineral Reserves contain two ore types—direct leach ore and flotation/leach ore. The constant cut-off value for direct leach ore is $16.38/tonne and for flotation/leach ore is $16.40/tonne. The NSR calculation method varies for the two ore types. For the two ore types combined, the overall average process recovery of silver, lead, and zinc are 69.6%, 57.4%, and 61.3%, respectively. No mining activity has occurred on the property from December 4, 2012 to December 31, 2013.

(4) Mineral Reserves estimate is as at June 4, 2010 and is contained in the San Luis Feasibility Study. Mineral Reserves estimates are reported at a cut-off grade of 6.9 grams per tonne gold equivalent, based on $800.00 per troy ounce gold, $12.50 per troy ounce silver, and recoveries of 94% gold and 90% silver, as presented in the San Luis Feasibility Study. No mining activity has occurred on the property from June 4, 2010 to December 31, 2013.

(5) "Measured Resources", "Indicated Resources" and "Inferred Resources" are defined under the heading "*Introductory Notes – Cautionary Notice Regarding Mineral Reserves and Mineral Resources Estimates*". Although Measured Resources, Indicated Resources and Inferred Resources are Mineral Resources confidence classification categories defined by CIM and are recognized and required to be disclosed by NI 43-101, the SEC does not recognize them. Disclosure of contained ounces is permitted under NI 43-101; however, the SEC permits mineralization that does not constitute "reserves" by SEC standards to be reported only as in place tonnage and grade. See "*Introductory Notes – Cautionary Notice Regarding Mineral Reserves and Mineral Resources Estimates*".

(6) Mineral Resources estimate is reported below the as-mined surface as at December 31, 2013. Mineral Resources for the Cortaderas Area are reported above a cut-off grade of 50 grams per tonne silver; Mineral Resources for the Mining Area (includes San Miguel, Oploca and Potosí zones) are reported at 65 grams per tonne silver and are reported inclusive of Mineral Reserves. For a complete description of the key assumptions, parameters and methods used to estimate the Mineral Resources, please refer to the 2011 Pirquitas Technical Report.

(7) Mineral Resources estimate is as at December 4, 2012. Mineral Resources are reported above a cut-off grade of 30 grams per tonne silver and are reported inclusive of Mineral Reserves. No mining activity has occurred on the property from December 4, 2012 to December 31, 2012.

(8) Mineral Resources estimates are reported at a cut-off grade of 6.0 grams per tonne gold equivalent, based on $600.00 per troy ounce gold and $9.25 per troy ounce silver. Mineral Resources are reported inclusive of Mineral Reserves. Inferred gold resources are less than 0.005 million ounces and are presented as 0.00 million ounces due to rounding. No mining activity has occurred on the property from June 4, 2010 to December 31, 2013.

(9) Mineral Resources estimate was completed in a technical report entitled "Technical Report on the Diablillos Property-Salta and Catamarca Provinces, Argentina" dated July, 2009. Mineral Resources are reported above a recoverable metal value ("RMV") cut-off value of $10.00 RMV based on metal prices of $11.00 per troy ounce silver and $700.00 per troy ounce gold using metal recoveries of 40% and 65%, respectively.

(10) Mineral Resources estimate was completed in a technical report entitled "Technical Report on the Berenguela Property, South-Central Peru" dated October 4, 2005. Mineral Resources are reported above a 50 gram per tonne silver cut-off.

(11) Mineral Resources estimate was completed in a technical report entitled "Candelaria Project Technical Report" dated May 24, 2001. Mineral Resources are reported above a 0.5 troy ounces per ton cyanide soluble silver cut-off.

(12) We currently hold a 55% interest in the Maverick Springs project through a joint venture. Our 55% interest in the Maverick Springs project entitles us to all silver produced from the project while our joint venture partner is entitled to all gold produced from the project. Mineral Resources estimate was completed in a technical report entitled "Technical Report, Maverick Springs Project, Nevada, USA" dated April 13, 2004. Mineral Resources are reported above a 1 ounce per tonne silver equivalent cut-off using metal prices of $327.00 per ounce gold and $4.77 per ounce silver. The silver equivalent grade was determined as follows: Ag g/t + (Au g/t * 68.46).

(13) Mineral Resources estimate was completed in a technical report entitled "Technical Report on the San Marcial Project" dated October 15, 2002. Mineral Resources are reported above a 30 gram per tonne silver cut-off.

(14) Mineral Resources estimate was completed in a technical report entitled "Report on the Sunrise Property, NWT" dated September 3, 2003. Mineral Resources are reported above a 30 gram per tonne silver cut-off.

MINERAL PROPERTIES

PIRQUITAS MINE

The following disclosure relating to the Pirquitas mine is based, in part, on information derived from the 2011 Pirquitas Technical Report prepared by Dr. Warwick S. Board, P.Geo., R. Bruce Kennedy, P.E., and Trevor J. Yeomans, B.Sc. (Hons), ACSM, P.Eng., all of whom are Qualified Persons as defined in NI 43-101. The 2011 Pirquitas Technical Report is available for review under our profile on the SEDAR website at www.sedar.com. This disclosure has been updated to include information about the Pirquitas mine subsequent to the date of the 2011 Pirquitas Technical Report.

Project Description and Location

The Pirquitas mine is located in the Puna de Jujeña region of northwestern Argentina in the Province of Jujuy. The Pirquitas mine consists of 50 semi-contiguous mineral exploration concessions covering a total area of 3,621 hectares. The project is held by our wholly-owned subsidiary, MPI, and is located approximately 355 kilometres northwest of the city of San Salvador de Jujuy. The Pirquitas mine also includes surface rights covering an area of approximately 7,502 hectares, which can be used for purposes such as housing, infrastructure facilities, processing plants, waste and tailing disposal sites, and other facilities to support mining operations. MPI is the freehold title holder of the area covered by surface rights.

In order to maintain our rights to the Pirquitas concessions, we are required to make “canon” payments to the Argentine government. See “*Description of the Business – Foreign Operations – Argentina – Regulatory – Land Tenure* ”.

MPI holds environmental permits for the Pirquitas mine. These permits are updated biannually and remain valid and in force.



Map of Argentina Showing the Location of the Pirquitas Mine

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access

There are two main access routes to the Pirquitas mine from the provincial capital of San Salvador de Jujuy. Heavy transport vehicles generally follow Highway 9 northwards from Jujuy to Purmamarca, then turn to the northwest on paved road No. 52 and then turn onto gravel road No. 16 heading to the town of Susques. From there gravel roads No. 74 and No. 74b are followed northwards to the mine.

The Pirquitas mine site is located approximately 850 kilometres by road from the port of Antofagasta in Chile and approximately 2,000 kilometres by road from the port of Buenos Aires in Argentina. The terrain surrounding the mine is mountainous, with elevations ranging from 4,000 to 4,450 masl.

Climate

Below freezing, dry and often windy conditions prevail during winter months (June to August), with moderate temperatures and occasional rains through the rest of the year. Annual precipitation averages about 260 mm with most of this falling during the months of December to February.

Local Resources and Infrastructure

The energy requirements of the Pirquitas mine are met by gas-powered generation utilizing a spur gas line connecting the site to the Trans Andean natural gas pipeline that is located approximately 36 kilometres to the south of the project. The power plant constructed at the site provides all power required for the mine and processing plant.

A water diversion was installed at the San Marcos River, about seven kilometres from the processing plant and MPI has water rights to 31 litres per second. A camp site was constructed and is fully operational and, in addition, the mine is equipped with phone and internet service.

Physiography

The terrain of the Pirquitas property area is rugged and steep, typical of the central Andean Altiplano which in Argentina is referred to as the Puna. Elevations on the property range from about 4000 to 4450 masl. Some 20 kilometres to the north is the extinct volcano of Cerro Granada which peaks at 5696 masl. Patchy to sparse shrub and grass vegetation cover the slopes surrounding the mine and provide habitat for a few mammals, including vicuña, puna fox, and the vizcacha, as well as more than 50 species of birds.

Sufficiency of Surface Rights

We own all surface rights necessary for the mining operations at the Pirquitas mine.

History

The Pirquitas site is the largest historical producer of tin and silver in Argentina. The following is a chronological description of mining that has occurred at the site:

1932-1935: Tin placer deposits were first discovered in the area in 1932. Dredging of the tin placers commenced in 1933.

1935-1990: The bedrock source of the tin placers was discovered in 1935 and mining of the tin and silver lodes started soon thereafter. Twelve mines operated in the area. Often, mineralization found in one mine would extend into the workings of the adjacent mine and, as a consequence, several of the mines eventually became interconnected. The largest operations were the San Miguel, Chocaya, Llallagua, and Potosí mines. Reported total metal production during this time is estimated to be approximately 27.4 million ounces of silver, 20 million pounds of tin from placer deposits, and 40.1 million pounds of tin mined from the vein systems.

1995-2003: Sunshine Argentina acquired the Pirquitas property in a bankruptcy auction in November 1995. Sunshine Argentina's exploration program included survey control, geophysical surveys, geological mapping, sampling, and drilling. All accessible underground workings were sampled and mapped. Sunshine Argentina also conducted extensive diamond and reverse circulation ("RC") drilling from surface as well as diamond core drilling from rehabilitated underground workings. A feasibility study was completed for the project by Jacobs Engineering in 1999 (the "1999 Feasibility Study") and updated by Sunshine Argentina in 2000 (the "2000 Feasibility Study").

2004-2005: With the acquisition of a 100% interest in the Pirquitas property, we commenced updating the 2000 Feasibility Study to take into account the economic conditions at the time. We also commenced an underground ramp to (i) provide a platform area to allow underground drilling, to better define the base of the open pit as proposed in the 2000 Feasibility Study and (ii) access the Oploca vein mineralization, which is located outside the open pit.

2006: We announced the completion of the update to the 2000 Feasibility Study along with proven and probable reserves for the Pirquitas property. We also announced our decision to proceed with the development of the Pirquitas mine. As part of our exploration efforts, we continued with the underground ramp that accessed the Oploca vein mineralization.

2007-2008: We completed a majority of the detailed engineering required to construct the Pirquitas mine and, during 2008, we constructed a substantial portion of the Pirquitas mine. The underground ramp to the Oploca vein was placed on care and maintenance prior to commencing construction of the Pirquitas mine.

2008-2011: During this period, we completed the construction of the Pirquitas mine. The Pirquitas mine achieved production status in December 2009, and produced 6.3 million ounces of silver in 2010. The Pirquitas mine began zinc shipments in 2011 and produced 10.1 million pounds of zinc and 7.1 million ounces of silver during the year. On November 9, 2011, we announced a reduction to the estimated mineral reserve at Pirquitas incorporated into the mine plan, and filed the 2011 Pirquitas Technical Report on SEDAR.

2012: The Pirquitas mine produced 8.6 million ounces of silver and 11.2 million pounds of zinc. Following positive exploration results from exploration drillholes completed in 2011, we completed 52,801 metres of diamond drilling at the Pirquitas mine in 2012, primarily in the Cortaderas target area which is centered about 500 metres north of the active San Miguel open pit. This drilling campaign was principally designed to expand and better define the Cortaderas Breccia and Cortaderas Valley Mineral Resources which had been defined at the end of 2011. Based on the results of the 2012 drilling campaign, the Cortaderas Breccia and Cortaderas Valley areas were combined to form the Cortaderas Area.

2013: The Pirquitas mine produced 8.2 million ounces of silver and a record 27.0 million pounds of zinc. We completed a diamond drilling campaign of 6,923 metres in seventeen drillholes to test geophysical anomalies which were defined east and north of the San Miguel open pit. The results of the drill testing of geophysical targets were negative, however the portion of the 2013 drilling program that was allocated towards geological targets returned positive results intersecting zinc-rich base metal mineralization in the 5% to 10% range over broad 10 to 30 metre widths. We also completed the PEA on the Cortaderas deposit to assess the economic opportunity of underground mining at Cortaderas and extend the Pirquitas mine life. The PEA confirmed that the underground mining opportunity is technically and economically possible, but due to the current business environment in Argentina, metal price environment and our spending controls, we are not advancing to a pre-feasibility level study at this time. The results of the PEA, although positive, were not materially significant to the Pirquitas mine. We will continue to monitor this situation closely.

Geological Setting and Mineralization

Regional and Local Geology

Northwestern Argentina can be subdivided into three main geological terranes or belts which are oriented with north-northeasterly trends. From east to west, these terranes are referred to as the Sub-Andean Belt, the Eastern Cordillera, and the Puna, where the Pirquitas mine is located. These terranes are distinguished on the basis of their basement lithology, complexes, tectonic histories, magmatism, metallogeny and geomorphologies.

The Puna terrane underlies most of the western half of Jujuy Province and is marked by a high-Andean geomorphology consisting of northerly trending mountain ranges separated by broad valleys and salars or salt pans. Elevations range from 3,900 to 6,700 masl. Paleozoic marine sedimentary formations are the main basement rocks in the Puna, with thick deposits of continental clastics existing where sedimentary basins had developed during Mesozoic time subsequent to a major compressional tectonic event that had caused crustal uplift and intense folding during the Early Devonian. By Middle Tertiary time, the tectonic regime of the Puna had changed to one of extension, resulting in the development of a basin and range geomorphology. The extensional tectonism resulted in the upwelling of magma resulting in the emplacement of andesitic to dacitic stratovolcanoes and subsequently a number of very large caldera structures from which regionally extensive ignimbrite sheets were erupted. These volcanic edifices and deposits are readily seen in the present landscape surrounding the Pirquitas mine.

The Pirquitas silver-zinc deposit is hosted by the Ordovician Acoite Formation, a strongly folded package of low-grade metamorphosed marine sandstone, siltstone and minor shale beds. These rocks are exposed within fault-bounded, structural blocks that occur southwest and east of the mine area. Late Ordovician to the Early Devonian compressional tectonism resulted in strong folding and high angle thrust faulting of the Paleozoic sedimentary formations. In the area of the mine, the axial planes of the folds strike NS to NNE-SSW and are sub-vertical to moderately inclined.

In terms of mineral deposit endowment, the Puna is by far the most important of the three regional terranes in Jujuy Province. There are four main mineralization styles in the Puna: (i) mesothermal quartz veins containing gold and minor amounts of base metals; (ii) polymetallic quartz veins genetically related to Tertiary volcanic centers; (iii) “Bolivian-type” silver-tin sulphide veins of which Pirquitas is the best example; and (iv) Quaternary placer deposits of gold and tin.

Local Geology and Mineralization

At the Pirquitas property, the silver-zinc-tin mineralization is hosted by a folded and fractured succession of interbedded units of marine sandstone, siltstone and minor shale of Ordovician age. The metals of interest occur in a variety of sulphide minerals that were deposited in large fractures to form a number of east-west trending veins that are a few hundreds of metres in length and generally 50 to 200 centimetres wide. Irregular networks of sulphide veinlets and disseminated sulphide grains exist between the larger veins.

The Pirquitas mine exploits previously un-mined portions of the Potosí and San Miguel veins in addition to a set of sheeted sulphide veinlets with associated disseminated mineralization. Silver, zinc and tin commonly occur together in the mineralized rocks; however, their concentrations in the deposit as a whole are not directly correlative. Silver in the deposit takes the form of silver sulphide, acanthite, and as a number of silver sulphosalt minerals. Zinc occurs as sphalerite and wurzite, while tin is found mainly in the sulphide material, stannite, along with a number of other rare sulphide and sulphosalt minerals. At Pirquitas the main system of sulphide-rich veins cuts the axial surfaces of the folds and the related cleavage fabric at high angles. Two main vein sets are recognized and are described as follows:

- For the dominant set of structures, the veins strike close to 105° and dip steeply either to the south or north. Major veins in this set include the Potosí, San Miguel, Chocaya-Oploca, San Pedro, Llallagua, Chicharron and Colquiri veins. The Potosí vein is the largest known vein on the property, with a strike length of about 500 metres and maximum thickness of 2.5 metres to 3 metres. The other veins of this set typically have strike lengths of between 50 metres and 150 metres, with average widths of 30 cm to 50 cm. The larger of these veins, such as the Potosí vein, include localised matrix supported breccias with angular clasts of quartz-sericite altered wallrock in a matrix of iron and zinc +/- tin-silver-copper sulphides.
- The secondary vein set is represented by the Veta Blanca and Colquechaca veins. These veins lie north of the Potosí vein and trend NW-SE.

The Pirquitas deposit is an example of the *Silver-Tin* sub-group of the epithermal class of mineral deposits. Also known as *Bolivian-type* polymetallic deposits, examples of this deposit type are numerous in the Bolivian Tin Belt that extends between the San Rafael tin-copper deposit in southern Peru and the Pirquitas deposit in northwestern Argentina.

Bolivian-type silver-tin deposits generally consist of sulphide and quartz-sulphide vein systems, typically containing cassiterite and a diverse suite of base and trace metals, including silver, in a complex assemblage of sulphide and sulfosalt minerals. Generally, the vein systems are spatially and likely genetically associated with epizonal (subvolcanic) quartz-bearing peraluminous intrusions one to two kilometres in diameter, although the mineralization may be entirely hosted by the country rocks into which the intrusive stocks were emplaced.

At the Pirquitas mine, fracture and breccia-hosted mineralization consists of iron and zinc sulphides with accessory cassiterite (tin oxide) and a large variety of silver-tin-zinc (lead-antimony-arsenic-copper-bismuth) sulphides and sulfosalts. Crystalline quartz, along with chalcedony in the upper levels of the system, and kaolinite are the main gangue minerals in the veins and mineralized breccias. The main sulphides, specifically pyrite, pyrrhotite, sphalerite and wurtzite, form colloform bands parallel to vein margins, which together with crustiform and drusy vein textures suggest that the mineralization is epithermal in origin. However, mineralogical evidence indicates that the initial temperature of the mineralizing fluids was possibly greater than 400°C, with the deposition of an initial suite of zinc and tin-rich sulphide minerals that was later overprinted by the bulk of the silver mineralization which formed at lower temperatures.

Exploration

Modern mineral exploration was first done at the Pirquitas property during the time Sunshine Argentina held the property. Sunshine Argentina carried out several drilling campaigns, involving both RC and diamond core drilling, which are summarized in Table 3 under the heading "*Drilling*" below. Sunshine Argentina also completed relatively detailed geological mapping on the property and commissioned approximately 44 line-kilometres of ground magnetics surveying and 19.2 line-kilometres of induced polarization surveying over an area that now has at its center the San Miguel open pit.

In addition to the multiple drilling campaigns we have completed since acquiring the Pirquitas property, as described below, we have conducted a relatively limited amount of detailed geological mapping in conjunction with intermittent programs of rock-chip sampling of bedrock outcrops. Rock-chip sampling was also done in a number of shallow trenches that were mechanically excavated on the ridge south of the open pit. In total, 908 rock samples (711 composite rock-chip and 197 trench channel samples) were collected and submitted for geochemical analysis, with approximately 9% (78 samples) being quality control ("QC") samples. Of the 908 samples, 135 samples were submitted to the Pirquitas mine analytical laboratory for silver, tin, and zinc analysis, while the remaining 773 samples were sent to the ALS Chemex ("ALS") analytical laboratory in Mendoza, Argentina for sample preparation and multi-element analysis. The surface rock-chip and trench samples were used to help define drilling targets. The rock samples were submitted to recognised commercial laboratories using industry standard levels of quality control along with standard reference and blank material. We have no reason to doubt the reliability of the geochemical results obtained for the outcrop and trench rock-chip samples.

Drilling

Initial drilling on the Pirquitas mine was conducted by Sunshine Argentina, which drilled a total of 51,863.62 metres in 241 drillholes (see Table 3).

Table 3 Summary of Sunshine Argentina Drilling on the Pirquitas Mine

Drilling Area	Drilling Type	Drilling Objectives	No. of Drillholes	Metres Drilled
Main Deposit (from surface)	Diamond	Resource Definition / Exploration	41	11,428.03
Surroundings (from surface)	Diamond	Condemnation	5	1217.69
Main Deposit (underground)	Diamond	Resource Definition / Exploration	25	4284.50
Main Deposit (from surface)	RC	Resource Definition / Exploration	159	33,926.90
Surroundings (from surface)	RC	Condemnation	4	771.0
Monitoring Wells (from surface)	RC	Water Monitoring	7	235.50
		Total	**241**	**51,863.62**

Sunshine Argentina's survey control work included the conversion of the local mine survey grid and survey monuments into the UTM Zone 19S coordinate system (using a WGS84 datum). All drillhole collar coordinates were surveyed in the UTM Zone 19S coordinate system (WGS84 datum). RC drilling (approximately 67% of the total metreage drilled by Sunshine Argentina) was used extensively because of its ability to continue drilling through open underground workings, thereby increasing the chance of reaching the desired drillhole depth. Furthermore, geological consultants working for The Winters Group ("TWC") noted that RC drilling was an effective sampling tool for the nature of the mineralization in the Pirquitas deposit as it provided a volumetrically larger sample than the smaller diameter diamond core drillholes. Diamond core drilling augmented the RC drilling to verify results obtained and to better define the boundaries of mineralized zones. In addition diamond drilling was used to obtain structural and geotechnical information. TWC noted that the competency of the rocks and lack of open fractures rendered recovery results of 80% to 100% for the RC drilling.

Diamond core and RC drillholes were predominantly oriented with azimuths of 15° to 195° (*i.e.*, perpendicular to the predominant mineralization trend), and with inclinations ranging from sub-horizontal (underground diamond core drilling) to between 45° and 60° (occasionally steeper, but rarely vertical). Drilling with these inclinations resulted in the drillholes intersecting the main WNW-ESE trending vertical to sub-vertical veins and veinlet stockwork mineralized system at an oblique angle. Mineralized drillhole intersections are therefore slightly longer than true mineralization thicknesses. Information derived from the surface diamond core drilling program was used to gain additional understanding of structural controls of mineralization and to increase confidence in the RC drillhole data.

Most of the drillholes were surveyed for their down-hole orientations using a continuous downhole survey instrument (Tropari Maxibor), and surveys were reported at three metre intervals. Approximately 25% of the drillholes were not surveyed due to an initial misconception by Sunshine Argentina that the RC drillholes would not deviate significantly. Once downhole survey results became available it was apparent that the deviation of some drillholes was significant. Older unsurveyed holes were re-entered and surveyed, where possible. It was not possible to re-enter and survey a total of 57 drillholes. Further analysis showed that geological structures were controlling drillhole deviation and that the degree and direction of the deflection was predictable. Sunshine Argentina used this knowledge to calculate deviations for the unsurveyed drillholes. An additional nine drillholes were drilled in areas where confirmation of mineralization defined by unsurveyed drillholes was needed. The additional drilling confirmed the presence and grade of mineralization where it was indicated by the factored drillhole locations, validating the use of Sunshine Argentina's factored downhole surveys for Mineral Resources estimation.

2005 to 2008 Drilling Programs

The 2005 drilling program was designed to test targets in the Oploca, Llallagua, and Colquechaca areas. The 2007 and 2008 drilling programs included exploration drilling, resource definition drilling, minor drilling for metallurgical testing, and "condemnation drilling" for infrastructure planning. All drilling was done from surface, with the majority of

drillholes being RC holes (approximately 84% of the total metreage drilled). Most of the diamond core that was recovered is of HQ-size, however, where necessary, drillhole core size was sequentially reduced to NQ-size and then BQ-size in some longer holes.

All drillhole collar coordinates were surveyed in the UTM Zone 19S coordinate system (WGS84 datum). Downhole surveys were made using a combination of Single Shot (DDH 072-DDH 084) and Reflex EZ-AQ I surveying instruments with readings taken every 50 metres to 100 metres down the holes. Diamond core and RC drillholes were predominantly oriented with azimuths of 15° to 195° (*i.e.*, perpendicular to the predominant mineralization trend), with hole inclinations generally ranging between 45° and 70° (occasionally steeper, but rarely vertical). These orientations resulted in the drillholes intersecting the main WNW-ESE trending vertical to sub-vertical veins and stockwork veinlet system at an oblique angle. Mineralized drillhole intersections are therefore slightly longer than true mineralization thicknesses. Drilling recovery generally ranged between 95% and 100% for diamond drillholes, and generally between 80% and 100% for RC drillholes, except where drillholes intersected old underground workings. RC drilling was generally more successful than diamond drilling in reaching planned end-of-drillhole depths where the drillholes passed through the underground workings.

2010 to 2011 Drilling Programs

Diamond core drilling was conducted between July 2010 and September 2011. A total of 30,215 metres was drilled in 140 diamond core drillholes. The majority of this drilling was for resource definition in and around the existing open pit (approximately 89% of the drillholes), with the remaining drillholes being exploration drillholes that targeted the Cortaderas Breccia Zone (some 6% of the drillholes) and other exploration targets. Drillholes were generally drilled to generate HQ-size drill cores. Where necessary, drillhole core size was sequentially reduced to NQ-size and then BQ-size in certain longer holes.

All drillhole collar coordinates were surveyed in the UTM Zone 19S coordinate system (WGS84 datum). All drillholes were surveyed for their down-hole orientations using a combination of Single Shot (DDH 119-DDH 132) and Reflex EZ Trac downhole survey tools. Downhole survey measurements were collected at intervals ranging from 3 metres to 50 metres, depending on the degree of deviation noted in the drillhole. Almost all of the drillholes were oriented with azimuths of 15° to 195° (*i.e.*, perpendicular to the predominant mineralization trend). A total of 39 drillholes were oriented with azimuths of 130° to 310°, approximately perpendicular to an inferred secondary mineralization direction that was roughly parallel to the NNE-SSW trending anticline fold axis. This secondary mineralization direction was suggested by a combination of in-pit mapping and detailed geostatistical spatial continuity analyses. Mineralization along this secondary direction was, however, found to be insignificant in comparison to the main WNW-ESE trending vein and veinlet stockwork-hosted mineralization. The inclination of all drillholes was between 45° and 70°, which resulted in the drillholes intersecting the main WNW-ESE trending vertical to sub-vertical veins and stockwork veinlet system at an oblique angle. Drilling recovery for diamond core drillholes generally ranged between 95% and 100%.

The presence of existing underground workings prevented several of the diamond drillholes from reaching their target depths. In such cases, replacement holes were drilled at slightly different orientations from slightly different collar positions, as compared to the original holes, so as to avoid the underground workings, allowing the target depth to be reached.

The earliest drillholes (DDH-167 and DDH-214 through DDH-217) to test the zone of silver- and zinc-rich sulphide mineralization known as Cortaderas Breccia zone, which is located about 500 metres north of the open pit, were drilled from the north side of the target at a shallow angle to the inferred plunge of the mineralized body. This was done in part to determine the orientation, extent and continuity of the inferred breccia body, but also for economic considerations since to drill the body from the south with a greater intersection angle would have meant locating the drillhole collars high on a ridge and drilling more than 500 metres before reaching the target. As a result, the mineralized intersections of the Cortaderas Breccia Zone that were made by the five drillholes completed in 2011 are essentially down-plunge intersections and do not represent near-true thickness intercepts of the mineralized body. We recognized the non-representative nature of the mineralized drill core intervals obtained by the 2011 Cortaderas Breccia drillholes and decided that the estimated resource for this mineralized body should be classified as ‘Inferred’, despite the fact that the

drillholes yielding the assay data that defines the resource are relatively closely spaced, in most cases less than 35 metres apart.

2012 to 2013 Drilling Programs

Additional drilling was done in 2012 to expand and better define the silver and zinc resources identified in the Cortaderas target area north of the San Miguel open pit. Between March and November of 2012, we completed 142 boreholes totalling 52,801 metres of diamond core drilling on the property. Using the assay results obtained from this drilling, we amalgamated the Cortaderas Breccia and the Cortaderas Valley zones into the Cortaderas Area and updated the Mineral Resources estimate as of December 31, 2012.

In 2013, we completed a diamond drilling campaign of 6,923 metres in seventeen drillholes mainly targeting gravity-defined geophysical anomalies east of the San Miguel open pit, which were identified through our work completed in 2012.

Since acquiring the Pirquitas mine in October 2004, we have drilled a total of approximately 142,075 metres in 573 exploration drillholes (see Table 4). A summary of the drilling contractors we have used is presented in Table 5.

Table 4 Summary of Silver Standard Drilling on the Pirquitas Property

Drilling Program	Drilling Type	Drilling Areas[1]	Drilling Objectives	No. of Drillholes	Metres Drilled
May-Sep. 2005	Diamond	Oploca (4), Llallagua (6) Colquechaca (4)	Exploration	14	3,299.65
May-Dec. 2007	Diamond	San Miguel (24), Cortaderas (6)	Resource Definition/ Exploration	30	7,353.35
		Open Pit San Miguel (4), Potosí (1)	Metallurgical Samples	5	370.10
July 2007-Dec. 2008	RC	San Miguel (115), Potosí (52), Oploca (32)	Resource Definition/ Exploration	199	34,181.00
		Cortaderas (12), Pircas (4), Médanos (10)	Condemnation	26	6,931.00
July 2010-Mar. 2011	Diamond	San Miguel (38), Oploca (17), Veta Blanca (2), Cortaderas (4)	Resource Definition/ Exploration	61	12,665.40
Apr.-Sep. 2011	Diamond	San Miguel (69), Cortaderas (5), Other Targets (5)	Resource Definition/ Exploration	79	17,549.95
Mar.-Nov. 2012	Diamond	Cortaderas (130), Oploca (4), Portal Gravity (8)	Resource Definition/ Exploration	142	52,801.30
Apr.-May 2013	Diamond	Cortaderas (3), Huanuni (8), Pircas (2), Chicharron (4)	Exploration	17	6,923.00
			Total	**573**	**142,074.75**

Note:
[1] Number of drillholes completed at each target area shown in parentheses.

Table 5 Drilling Contractors Used During Silver Standard's Pirquitas Drilling Programs

Drilling Series	Types	Drilling Year	Contractor	Equipment
DDH 07 1-DDH 084	Diamond core	2005	Patagonia Drill S.A.	LY-44
AR 170-AR 394	RC drilling	2007-2008	Boart Longyear	Drilltech D40 KX
			Major Perforaciones S.A.	Schramm
DDH 085-DDH 118	Diamond core	2007-2008	Major Perforaciones S.A.	ED-48
DDH 119-DDH 224	Diamond core	2010-2012	Eco Minera S.A.	UDR-650
				UDR-200
			Falcon Drilling (Barbados)	LY-38
DDH 225-DDH 367	Diamond core	2012	Eco Minera S.A.	Sandvik 710
				UDR-650
DDH 362-DDH 378	Diamond core	2013	Eco Minera S.A.	Sandvik 710

Sampling and Analysis

Sunshine Argentina

RC Drillhole Samples

RC drillhole cuttings were collected and split into 30 kg to 40 kg samples at the drill rig. A three-tier Jones-style splitter was used to split these samples in half. One half was logged in detail (for lithology, alteration, mineralogy, and mineralization) and stored on site at Pirquitas, while the other half was further split and reduced into a 3 kg to 5 kg representative sample that was sent to the analytical laboratory for sample preparation and geochemical analysis. Sample splits from approximately 5% of the locally-stored samples were collected and submitted to the analytical laboratory as field duplicate control samples.

Diamond Drillhole Core Samples

Drill cores from diamond boreholes (HQ and NQ core size) were transported from the drill site to the on-site geology laboratory where geotechnical core logging (principally the measurement of core recovery and rock quality designation ("RQD")) was undertaken. Drill cores were then marked for sampling by a geologist and cut in half using a diamond table-saw. Half-cores were geologically logged in detail for lithology, hydrothermal alteration, mineralogy, mineralization, and structure, and then stored on site. The other drillhole half-cores yielded analytical samples with core lengths of individual samples ranging from as little as 15 cm up to a maximum of about 200 cm. These core samples were sent to the relevant analytical laboratory for sample preparation and analysis. Approximately 5% of the samples collected were split in half (*i.e.*, quarter-core samples) and sent to the analytical laboratory as field duplicate control samples.

Underground Channel Samples

Underground channel samples were collected along continuous one-metre intervals, perpendicular to the strike of the sheeted vein systems. Samples of approximately 2 kg per linear metre in weight were chiselled from channels that generally had dimensions of 5 cm wide, by 2 cm deep, by 1 metre long. Pneumatic and hand hammering were used to chisel the channels. A total of 2,788 underground channel samples were collected over a total distance of 1,600 metres from mineralized veins and sheeted vein systems in the main ore zone of the San Miguel zone, as well as from the Oploca, Potosí, Blanca, San Pedro, and Llallagua vein systems.

Quality Control Procedures

Samples were first sent to American Assay Laboratories ("AAL"), and then to the SGS Chile laboratory part way through Sunshine Argentina's drilling program. Sample chain of custody comprised possession of the samples by either AAL or SGS Chile at Pirquitas. The samples were then transported to the respective laboratory for sample preparation and analysis.

All of the analytical laboratories used by Sunshine Argentina were (at the time) and currently are internationally recognized. We do not, however, have a record of the international certifications held by these various analytical laboratories that were used by Sunshine Argentina to obtain the Pirquitas assay data. TWC noted that Sunshine Argentina established a Quality Assurance\Quality Control ("QAQC") program for monitoring and validating analytical results reported by the Pirquitas exploration program. Standard, blank, and duplicate field control samples were generated and submitted along with regular field samples to the relevant analytical laboratories to measure accuracy, precision, bias, and potential cross-contamination in the sample preparation and analysis process. The final control sample dataset was reviewed in detail by TWC, which noted that overall, silver analyses of standard and blank control samples were within acceptable limits (*i.e.*, accurate, unbiased, and uncontaminated). Field duplicate control samples of silver were considered acceptable (*i.e.*, reporting at an acceptable degree of precision given the inherent variability or nugget effect present in the Pirquitas mineralization).

Tin analyses of standard control samples for Sunshine Argentina's drilling were initially biased low, resulting in the re-assaying of 3,252 samples. No significant biases were noted in the tin assay data for the Phase II drilling. Limited cross-contamination in tin assay data was rectified through a program of sample batch re-assaying. Tin data displayed a relatively high degree of inherent variability.

2005 to 2008 Sampling and Analysis

RC Drillhole Samples

Rock cuttings from RC drillholes were collected at regular intervals during the drilling of the holes, typically every metre or every two metres, depending on the drillhole. The material forming the individual samples was split into smaller representative samples at the drill rig, with the weight of these representative samples averaging about 40 kg. The RC sampling protocol used depended upon whether the sample was dry or wet:

- Dry samples were further split and reduced to approximately one-eighth (~12.5%) of the original sample size using a three-tier Jones-style splitter. The remaining material (seven-eighths) was bagged and stored on-site at Pirquitas. The smaller sample fraction was split again into two 3 to 5 kg (effectively one-sixteenth) samples using a one-tier Jones-style splitter. One of these samples was submitted to the analytical laboratory for sample preparation and analysis, with the other stored on site. Field duplicate control samples were selected from this second batch of samples and submitted when required.
- Wet samples of manageable size were obtained using a cyclone wet splitter at the drill rig. The original sample was initially split in half using the wet splitter, with one-half further split down to a sample consisting of one-eighth of the total sample weight using a three-tier Jones-style splitter. This sample was then split in half to obtain two smaller samples each one-sixteenth the weight of the total sample. One of these samples was submitted to the analytical laboratory for sample preparation and analysis, with the other stored on site. Field duplicate control samples were selected from this second batch of small samples and submitted when required. All of the remaining seven-eighths of a given sample are stored on site.

Diamond Drillhole Core Samples

Diamond drillhole core was transported from the drill site to the core shack by pickup truck. The core was photographed, geotechnically logged (recovery and RQD) and also geologically logged (lithology, alteration, mineralogy, mineralization, and structure). Sample intervals were marked on the drill cores and core boxes by a geologist.

Drill cores were generally sampled on 1-metre intervals, starting from the top of the drillhole, with some sample intervals chosen to take into account lithological contacts. Drill cores from underground drillholes were sampled on 0.3 metre to 2.0 metre intervals, again with lithological contacts being accounted for. Drill core samples were generated by sawing the cores in half using a diamond table-saw. For each sample, one half of the drill core was stored in core boxes at site, with the other half of the core being submitted to the analytical laboratory for sample preparation and analysis. Field duplicate control samples were generated from selected quarter-cores that were sawn from half-core samples.

Drill core samples were placed in labelled plastic bags and closed with a security seal. The individual sample bags were then placed in larger labeled rice bags with each rice bag containing between five and ten individual samples depending on the sample weight. The samples were then sent by company truck to the MPI office in Jujuy, Argentina.

Quality Control Procedures

ALS is an international analytical laboratory with most of its analytical facilities being registered or pending registration to ISO 9001:2008 certification. ALS is independent from Silver Standard. Our QC program for the 2005 to 2008 drilling programs utilized standard reference samples, unmineralized “blanks”, field duplicate samples as well as third party analytical laboratory check assays. Standard, blank, and field duplicate control samples were inserted into the sample stream on a one in twenty basis, for both RC and diamond drillholes. Approximately 5% of the total number of submitted samples were submitted to the third party analytical laboratory for check assaying. QC samples included six different reference standards (covering a representative range of silver, tin, and zinc contents), blanks generated from barren sandstone, and field duplicates. We have reviewed the QC results from the 2005 to 2008 drilling programs. The control values (mean, standard deviations) of the standard reference samples were not initially correctly calibrated, resulting in extensive failures of the field standard control samples relative to no failures in the analytical laboratory standard control samples. Recalibration of these values indicated that the key assay data from the 2005 to 2008 drilling programs are unbiased and accurate, and suitable for use in Mineral Resources estimation. Field blank control samples indicated that sample cross-contamination was not an issue during the analytical work. Field duplicate control samples, while indicating a degree of variability in the assay data, were reported at acceptable levels of precision for silver, tin, and zinc, given the “nugget effect” (inherent variability) and the variability associated with quarter-core versus half-core samples.

2010 to 2013 Drilling Programs

Sampling

All drillhole samples generated from the 2010 to 2013 drilling programs were diamond drillhole core samples. Drill cores were transported from the drill site to the core shack by pickup truck. The cores were photographed before being geotechnically logged (recovery and RQD) and then geologically logged (lithology, alteration, mineralogy, mineralization, and structure), with relevant logging codes recorded in accordance with standard MPI logging protocols.

Drillhole core sampling was conducted subsequent to geological logging. Sample intervals were marked on the cores and core boxes by a geologist, with sample intervals selected so as to take into account lithological contacts. Sample lengths were generally up to 2 metres in waste rock and 1 metre or less in mineralized rock. A minimum sample length of 0.1 metres was imposed on samples from highly mineralized structures such as veins, stockworks and hydrothermal breccias. Core samples of 10 cm lengths were collected at intervals of 10 metres to 20 metres down each of the drillholes for the purpose of point-load testing by the Pirquitas Mine Geotechnical Department. Drill core samples for geochemical analysis were generated by sawing the cores in half using a diamond table-saw. Half of the cores are stored on site, with the other halves being submitted to the analytical laboratory for sample preparation and analysis. Field duplicate control samples were generated from quarter-core sawn splits of selected samples.

Core samples were placed in labelled plastic bags and closed with a security seal. The plastic sample bags were then placed in larger labeled rice bags with each rice bag containing between five and ten samples depending on the sample weight. The samples were then sent by company truck to the MPI office in Jujuy, Argentina.

Quality Control Procedures

We used a similar QC protocol for the 2010 to 2013 drilling programs as we used in the 2005 to 2008 drilling programs. Standard, blank, and field duplicate control samples were inserted into the sample stream on a one in twenty basis. QC sample data were monitored on a real-time basis (upon receipt of data from the analytical laboratory) to ensure that sample batches with control sample data outside of acceptable limits were re-submitted for analysis in a timely manner. Approximately 5% of the total number of submitted samples will be submitted to a third party analytical laboratory for check assay, but no check lab was used in 2013. QC samples included three reference standard samples, unmineralized “blank” samples and field duplicate samples. The three reference standards were created for the Pirquitas deposit by CDN Resources Laboratories Ltd., and certified by Smee & Associates Consulting Ltd. following round robin analysis at 5 independent analytical laboratories. Based on the results of the standard control samples, the assay data generated as part of the recent 2010 to 2013 drilling programs are unbiased and accurate, and suitable for use in Mineral Resources estimation. Field blank control samples indicated that sample cross-contamination was not an issue during the analytical work. Field duplicate control samples, whilst indicating a degree of variability in the assay data, were reported at acceptable levels of precision for silver, tin, and zinc, given the nugget effect (inherent variability) and the variability in sample volume associated with quarter-core versus halfcore samples.

Sample Security

Sunshine Argentina Samples

No specific mention was made of sample security during Sunshine Argentina’s exploration program at Pirquitas. There are no indications of deficiencies in the sampling method or sample recovery that would impact the reliability of the results.

2005 to 2008 and 2010 to 2013 Samples

Drillhole core and samples were in our custody from collection, through labeling and bagging, to initial transportation from the Pirquitas mine to the Jujuy office. Thereafter they were in the custody of independent transportation companies which transported them to ALS in Mendoza. Sample bags were sealed at the mine and none of the seals were reported tampered by the receiving analytical laboratory. We are not aware of any deliberate attempts to compromise samples.

Data Verification

The following data verification steps were taken in respect of the sampling and assaying done at the Pirquitas mine:

- Visits to inspect geology and mineralization in the open pit (San Miguel and Potosí zones) and underground in the Oploca vein zone.
- Detailed review of selected drillhole core from the Mining and the Cortaderas Areas, to assess the nature of the mineralization, and the effectiveness of the selected drilling orientation in the delineation thereof.
- Ongoing input into exploration drilling, and real-time involvement in drillhole location, downhole survey validation, and assay data validation.
- Drillhole collar locations were confirmed with the mine site geologists. The drillhole collar locations were validated by an independent surveyor.
- The locations of pre-existing underground mine workings relative to underground channel samples were checked.
- Downhole survey data were reviewed for all drillholes to assess drillhole traces.
- QC information for all exploration drilling programs conducted on the Pirquitas Property was analysed.
- Approximately 10% of the pre-2010 drilling assay data set was checked and compared to the original assay certificates, to generate additional confidence in this data.

- Review of grade control drilling data (including spatial analysis of silver, zinc, and tin data) in the upper parts of the deposit in the Mining Area to assess continuity models for the relevant grade variables in the different zones.
- Detailed checks of assay data from the 2010 to 2013 drilling program in conjunction with our database manager, with iterative correction for any anomalies (generally typographic errors, including mislabelled samples and mislabelled sample intervals).
- Review of real-time QC data monitoring by our database manager, especially timing and effectiveness of remedial action taken with respect to failed batches.
- Comparison analyses were conducted between data derived from different drilling (and underground channel sampling) generations and types (e.g. RC, diamond core drilling) to validate their use in a single database.
- Data was validated at each manipulation stage throughout the database compilation until the completion of Mineral Resources grade tonnage estimates.

All assay data are provided directly to us by the relevant analytical laboratory, and directly imported into the DataShed database management system. We checked a randomly selected proportion (10%) of the 2010 to 2013 assay data in the DataShed Pirquitas assay database against the assay certificates provided by ALS and no errors were noted.

Mining Operations

Mining Method

The Pirquitas mine uses a standard open pit mining method, and has a current mining rate of approximately 50,000 tonnes per day of ore and waste combined. The mine undertakes conventional drilling and blasting activities with a pre-split to ensure stable wall rock conditions. RC grade control drilling is used in the pit to define the structurally controlled vein and breccia hosted ore zones.

Metallurgical Process

The Pirquitas mine processing plant consists of primary, secondary and tertiary crushing operations which deliver ore to a stockpile. The maximum crushing circuit throughput is currently around 6,850 tonnes per day although long term plans allowing for good maintenance protocols call for rates around 5,500 tonnes per day. Ore is transferred from the stockpile to a pre-concentration system that consists of jigs to upgrade the normal mine grade to a higher grade product.

Wet milling is performed on the feed from the jig plant and can be augmented by a by-pass feed system in the event of jig downtime or milling capacity in excess of jig capacity. The maximum wet milling throughput is currently 5,400 tonnes per day although long term plans allowing for good maintenance protocols call for rates under 5,000 tonnes per day. Mill discharge is pumped through a cyclone system and oversize is fed back into the mill for additional grinding. Fines are fed into a conditioning and reagent addition tank and then flow into the silver flotation circuit.

The tailings from the silver flotation process are routed to a separate conditioning tank and from there flows to the zinc flotation circuit. Tails from the zinc flotation circuit can be directed to the tin circuit or to the tailings thickener, as appropriate.

Tailings are thickened and stored at a permitted facility on-site.

Production Forecast

Our estimated production forecasts for 2014 are as follows:

- Produce and sell 8.2 to 8.6 million ounces of silver.
- Produce and sell 25 to 30 million pounds of zinc.

Mine Life and Annual Production

From the date of the 2011 Pirquitas Technical Report, no changes to reserves cut-off grades and no material changes to the pit design have since occurred. Minor changes to the life of mine plan have occurred with respect to scheduling. The current mine plan has mining ending in early 2019 (6.25 years mine life – formerly 5.5 years in the 2011 Pirquitas Technical Report). During the mine life, a stockpile will be developed and this will be used as needed during the mine life, but will constitute the majority of the plant feed source in the last 18 months. Annual production is expected to remain in a range of 8 to 10 million ounces of silver from 2014 to 2018 and plant production in 2019 is expected to amount to around 1.5 million ounces of silver per year.

Capital Expenditures and Reclamation Costs

The total remaining life of mine sustaining capital is currently estimated to be $52 million. This capital will be expended during the remaining eight year project life. In addition, approximately $50 million is anticipated to be incurred for reclamation and closure.

Markets

The Pirquitas mine produces a silver concentrate and a zinc concentrate. These concentrates are sold to smelters and metals traders globally. The Pirquitas mine receives payment based upon an agreed percentage of metal in the concentrate that is payable by the smelter or trader, less deductions for smelting, refining and penalty elements where applicable.

At this time, we have been successful in placing all annual production tonnage of Pirquitas mine concentrate with buyers. However, future sales and contract terms will depend on market conditions at the time of negotiation and sale.

Environmental Conditions

Consulting engineering firm Knight Piésold LLC was commissioned in April 1998 to complete an environmental impact report (“EIR”) for Sunshine Argentina which it presented to the company in December 1998. In this EIR, potential environmental problems that existed at the time as well as foreseeable potential effects that development of the project could have on the surrounding environment were described and evaluated. The scope of the EIR was commensurate with the norms for environmental protection associated with Law 24.585 of the Argentine Mining Code (November, 1995) and with guidelines established by international lending institutions such as the World Bank. The following discussion is either paraphrased or taken directly from Knight Piésold’s 1998 report.

The Pirquitas mine area is known to be a suitable habitat for 26 animal species and one plant species that are considered to be protected species in Argentina. Of these 26 species, the plant yareta, two mammals (vicuña and mountain vizcacha) and seven birds (lesser rhea, Puna tinamou, Andean flamingo, Puna flamingo, Andean condor, Puna ground tyrant, and chestnut canastero) are known to inhabit the area of the mine. None of the ‘protected’ species observed on the property are listed as ‘threatened’ or ‘endangered’ in Argentina.

Remnants of historic mining activities at Pirquitas included derelict buildings, mine structures as well as tin-silver jig tailings and tin placer tailings along the Río Pircas. Flotation tailings had been discharged into the Río Pircas and scattered piles of gold placer tailings were left about 150 metres above the current level of the Río Pircas on paleo- river terraces to the south of the central mine camp. These areas comprise some 107 hectares of surface disturbance that existed prior to Sunshine Argentina’s acquisition of the property, some of which are now associated with acid rock drainage into the Pircas River watershed.

Surface and ground waters are known to be acidic and metalliferous down gradient from the historic mines above the Río Pircas canyon at Tres Placas which is located approximately 1.5 kilometres downstream from the Pirquitas mine open pit. As well, acidic and metalliferous ground water is present in the abandoned underground workings and in some natural springs in the area, suggesting that natural oxidation of sulphide mineralization which is widespread in the rocks found on the property is also contributing to background surface water contamination.

When it acquired the Pirquitas property, Sunshine Argentina made note of the fact that documents in the bankruptcy auction files did not mention environmental liabilities against the property, but did mention that Sunshine Argentina was "grandfathered" against environmental liabilities related to historic mining activities. Furthermore, the only condition the Ministry of Mines and Energy applied to its approval of Sunshine Argentina's EIR, apart from the mandatory two-year update to the report, was the requirement that water quality monitoring be carried out.

In 2008, a second EIR was completed by Knight Piésold following start-up of mining activities and initiation of plant construction. While there were no observations or restrictions placed on us at that time, this study began a focus on the water management plan and on conceptual plans for mine waste stockpiles. A conceptual water treatment plant, for neutralization of acid waters was anticipated with a treatment capacity estimated to be as much as 150 litres per second.

The most recent EIA update for the Pirquitas mining operation was undertaken by Knight Piésold, which included engineering studies for the design of water management structures and for mine closure design, and was approved in September 2013. For further details regarding EIAs in the Argentine environmental regime, see "*Description of the Business – Foreign Operations – Argentina – Environmental*".

Argentina currently has no specific mine closure legislation or requirements. We expect that the eventual requirements will be similar to those used in Peru and that closure options will have to be proposed that may include passive or active neutralization features to return water to baseline conditions (acidic at the time of baseline studies) with some monitoring requirements.

Taxes and Export Duties

The 1999 Feasibility Study to operate an open pit mine at Pirquitas was submitted by Sunshine Argentina in early 1999 to the Ministry of Mines and Energy. With approval of the study in July of that year, Sunshine Argentina was granted all permits necessary for construction, development and operation of the Pirquitas open pit mine. At the time of writing this Annual Information Form, all permits necessary for the existing defined Mineral Reserves are in place.

The Pirquitas mine also holds Permit No. 201/002, giving it the rights to withdraw a total of 32 litres of water per second from the Pirquitas, Collahuaima, and Porvenir rivers. These water rights were granted by the Dirección Provincial de Recursos Hidricos de Jujuy and were recorded by the Ministerio de Obras y Servicios Publicos on July 23, 1998.

On approval of the 1999 Feasibility Study by the Ministry of Mines and Energy, Sunshine Argentina was issued a Memorandum of Understanding in 1999, effective April 28, 1998, which states that the company is entitled to the benefits of Fiscal Stability, under the Mining Investment Law, whereby the annual income tax rate for the project would be set at approximately 33% of net income for the mine. As a result of MPI being a Delaware-incorporated company that operates as a branch in Argentina, it is also subject to U.S. income tax, which is currently set at a rate of 35%. The taxes paid in Argentina can be used as a foreign tax credit in the U.S. to offset U.S. taxes payable.

We entered into the Fiscal Agreement with the Federal Government of Argentina in 1998 for production from the Pirquitas mine. In December 2007, the DNA levied an export duty of approximately 10% from concentrates for projects with fiscal stability agreements pre-dating 2002. The Federal Government asserts that the Pirquitas mine is subject to this export duty despite contrary rights detailed under the Fiscal Agreement. We have challenged the legality of the export duty applied to silver concentrates and the matter is currently under review by the Federal Court (Jujuy) in Argentina. See "*Description of the Business – Foreign Operations – Argentina – Regulatory – Export Controls and Duties* ".

As the Pirquitas mine is in operation and subject to income tax, VAT that was paid on construction expenditures and is payable on operational expenditures is recoverable from the national taxation office. The process to recover VAT paid to the Federal Government is highly regulated, complex and, at times, lengthy, but we anticipate recovering all VAT paid.

On October 26, 2011, the Federal Government of Argentina announced a decree that requires all funds from export sales to be repatriated to Argentina and converted into Argentine pesos within the Sole Foreign Exchange Market in Argentina. Each transfer is subject to a 0.6% transfer tax. See "*Description of the Business – Foreign Operations – Argentina – Regulatory – Export Controls and Duties* ".

MPI is subject to withholding tax in Argentina at a rate of 35% on the interest paid out of the country. The withholding tax is available as a foreign tax credit to offset U.S. income taxes payable.

The Pirquitas mine is subject to provincial royalties at a 2.5% rate on a net smelter royalty basis.

Exploration and Development

To follow up on positive drilling results obtained in 2011, additional drilling was done in 2012 to expand and better define the silver and zinc resources identified in the Cortaderas Area located about 500 metres north of the San Miguel open pit. Between March and November of 2012, we completed 142 boreholes totalling 52,801 metres of diamond core drilling on the property. Using the assay results obtained from this drilling we prepared an updated estimate of the Mineral Resources found in the Cortaderas Area, with an effective date of December 31, 2012.

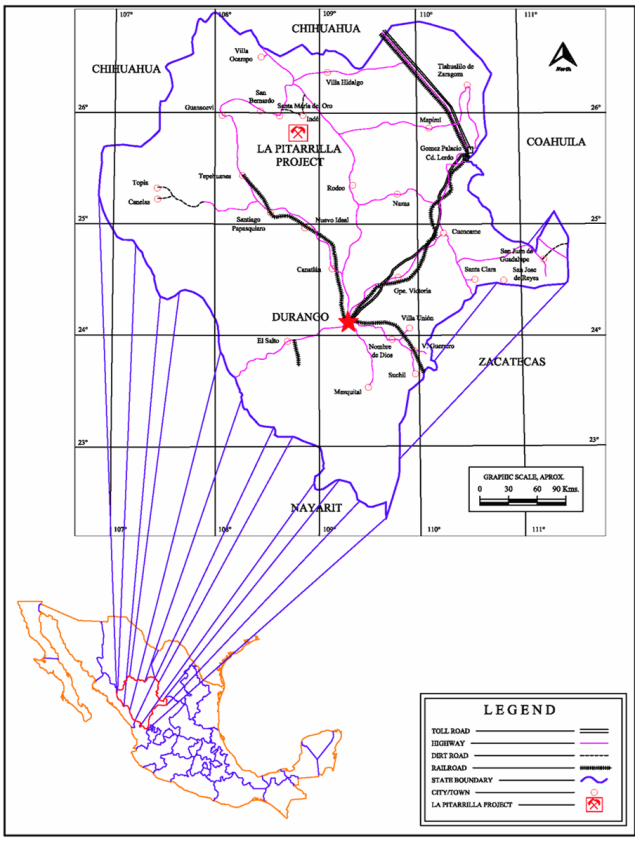
In 2013, we completed a diamond drilling campaign of 6,923 metres in seventeen drillholes to test geophysical anomalies which were defined east and north of the San Miguel open pit. The results of the drill testing of geophysical targets was negative, however the portion of the 2013 drilling program that was allocated towards geological targets returned positive results intersecting zinc-rich base metal mineralization in the 5% to 10% range over broad 10 to 30 metre widths. We also completed the PEA on the Cortaderas deposit to assess the economic opportunity of underground mining at Cortaderas and extend the Pirquitas mine life. The results of the PEA, although positive, were not materially significant to the Pirquitas mine.

PITARRILLA PROJECT

The following disclosure relating to the Pitarrilla project is based, in part, on information derived from the 2012 Pitarrilla Technical Report prepared by Kelly G. Boychuk, MBA, P.Eng., Andrew W. Sharp, B.Eng., FausIMM, Jeremy D. Vincent, B.Sc. (Hons), P.Geo., Trevor J. Yeomans, B.Sc. (Hons), ACSM, P.Eng., and Dawn H. Garcia, P.G., C.P.G., all of whom are Qualified Persons as defined in NI 43-101. The 2012 Pitarrilla Technical Report is available for review under our profile on the SEDAR website at www.sedar.com. This disclosure has been updated to include information about the Pitarrilla project subsequent to the date of the 2012 Pitarrilla Technical Report.

Project Description and Location

The Pitarrilla project is located within the Municipality of Inde, on the eastern flank of the Sierra Madre Occidental ("SMO") mountain range in the central part of Durango State, Mexico. The Pitarrilla project consists of 12 contiguous mineral concessions covering a total of approximately 136,191 hectares as at December 31, 2013. Our 100% interest in the Pitarrilla project is held through our wholly-owned Mexican subsidiary, SSD. In 2013, we entered into surface land use agreements over two parcels of land and received government approval of our thirty-year temporary occupation application providing surface access to the last critical surface property needed to develop the Pitarrilla project. Our occupation could still, however, be subject to legal appeal. Surface land use agreements for two other parcels of land which we do not control are still under negotiation as of the date of this Annual Information Form.



Map of Mexico Showing the Location of the Pitarrilla Project

Tenure and Obligations

In Mexico, the main obligations that arise from a mining concession, and that must be kept current to avoid its cancellation are:

- carrying out the exploitation of those minerals expressly subject to applicability of the mining law;
- performing and filing of evidence of assessment work; and
- paying mining taxes (technically called “mining duties”).

We must also comply with environmental laws as any non-compliance may result in the shut-down of mining operations.

The regulations establish minimum amounts that must be invested in the concessions and minimum expenditures may be satisfied through sales of minerals from the mine for an equivalent amount. See “*Description of the Business – Foreign Operations – Mexico – Regulatory – Land Tenure*”.

The complete set of mining concessions for the Pitarrilla project as at December 31, 2013, along with the legal status of each, including expiration dates, is shown in Table 6 below.

Table 6 Legal Status of Pitarrilla Mineral Concessions

No.	Claim name	File No.	Title	Area (hectares)	Agency	Municipality & State	Validity	
							From	To
1	America	321.1/1-111	183518	198	Durango	El Oro, Durango	26/10/1988	25/10/2038
Pitarrilla Group								
2	La Pitarrilla	25/30749	218323	1,395	Durango	El Oro, Durango	05/11/2002	04/11/2052
3	La Pitarrilla 2	31124	220231	5,771	Durango	El Oro, Durango	24/06/2003	23/06/2053
4	La Pitarrilla 3	31254	221576	4,200	Durango	Inde, Durango	02/03/2004	01/03/2054
5	La Pitarrilla 4	31845	226715	17,960	Durango	Inde, Durango	21/02/2006	20/02/2056
6	Peña	27442	216381	73	Durango	El Oro, Durango	14/05/2002	13/05/2052
7	Peña 1	27443	216382	62	Durango	El Oro, Durango	14/05/2002	13/05/2052
8	Pitarrilla 5	25/32978	231034	98,796	Durango	El Oro & Inde, Durango	30/11/2007	29/11/2057
9	Pitarrilla 6	25/33079	230335	81	Durango	El Oro & Inde, Durango	16/08/2007	15/08/2057
10	Pitarrilla 7	25/33421	234722	6,242	Durango	El Oro & Inde, Durango	06/08/2009	05/08/2059
11	Pitarrilla 7 Fraccion A	25/33421	234723	1,298	Durango	El Oro & Inde, Durango	06/08/2009	05/08/2059
12	Pitarrilla 7 Fraccion B	25/33421	234724	115	Durango	El Oro & Inde, Durango	06/08/2009	05/08/2059
	Total			**136,191**				

Encumbrances

The Pitarrilla project is not encumbered with a royalty payment to a third party and has no outstanding environmental liabilities from prior mining activities.

Permitting

In accordance with Mexican law, certain permits must be acquired in order to commence mining and construction activities on the Pitarrilla property. For a summary of the key permits and the stages at which they are required, see "*Description of the Business – Foreign Operations – Mexico – Environmental and Permitting – Permits, Licenses and Authorizations*".

The project has acquired permits for mineral exploration and construction of initial project works, including ramp, hazardous waste generator and the archaeological release. In June 2013, the final project EIA was submitted to SEMARNAT. On February 14, 2014, we were advised that SEMARNAT did not approve the EIA for the Pitarrilla open pit mine, primarily because sufficient water rights had not been secured. Our ability to secure water rights is currently limited due to a temporary moratorium on subterranean water exploitation imposed in April 2013 in connection with uncontrolled and over exploited aquifers located throughout Mexico. For the Pitarrilla underground development option, the water requirements are significantly less than for the open pit option and previous studies have shown that no external water sourcing is required.

The permitted activities and the corresponding permit numbers are listed in Table 7 below.

Table 7 Permitted Activities and Corresponding Permit Numbers

No.	Activity	Change of Soil Use	EIS/Permit Number	Disturbance
1	Exploration drilling, roads and drill pads, Monarch Resources de México, S.A. de C.V., 1996.	Not applicable	Notification of intent in accordance with NOM-120-ECOL-1997	5.60 hectares
2	There are no records of activity during the period of Explominerales, S.A. de C. V.	Not available	Not Available	Not available
3	Exploration drilling, roads and drill pads, Silver Standard México, S.A. de C.V. 2003 a 2005. (Phase 1)	Not applicable	Notification of intent in accordance with NOM-120-ECOL-1997	11.638 hectares
4	Opening of roads for mineral exploration and geotechnical studies. Silver Standard México, S.A. de C.V. from 2006 to 2010. (Phase 2)	SG/130.2.2/002440	SG/130.2.1.1/002059	9.3252 hectares
5	Modification of Silver Standard Mexico, S.A. de C.V. Phase 2 facilities: camps, office, workshop/warehouse, water tank, tailings pad, breaking of the tunnel ramp for exploration, reservoir for organic soil, access roads and drill pads.	Not applicable	SG/130.2.1.1/002400	Not applicable
6	In 2006, SSD obtained from the CNA the permit to extract water from a well 50 metres deep located at the camp for an annual extraction volume of 36,000 cubic metres.	Not applicable	Proof of registration folio: 03665.	N/A
7	SSD preparation for beneficiation plant, large ramp and waste dump “B”, camp, drill pads and access roads.	SG/130.2.2/000728/11	SG/130.2.1.1/00625/11	95.3572 hectares
8	SSD in October 2011, gave notice to the CNA, to create 5 exploration wells for possible mine water sources.	Not applicable	BOO.E.23.1.1/.-1905	N/A
9	On December 9, 2011, SSD was granted a registration number as a generator of hazardous wastes.	Not applicable	No. SSDMJ1001811	Not applicable
10	February 2012, SSD obtained permission to drill 15 exploration holes over existing roads and pads, requiring no change in land use.	Not applicable	SG/130.2.1.1/000599/12	Not applicable
11	March 13, 2012, CNA issued a favorable technical opinion on the feasibility of extracting stone materials in four borrow sites.	Not applicable	BOO.E.23.1.1/0405	Not applicable
12	March 2012 Pitarrilla Phase 4 geotechnical study for tailings dam and plant was authorized.	SG/130.2.2/001244/12	SG/130.2.1.1/000958/12	1.9799 hectares
13	April 2012, Silver Standard obtained permission to drill 24 exploration holes, access roads, and drill pads in the mineralized area, Phase 5.	SG/130.2.2/001243/12	SG/130.2.1.1/001077/12	0.4088 hectares
14	April 2012, Silver Standard obtained permission for 4 exploration holes and 12 exploration trenches in the future waste area.	Not applicable	SG/130.2.1.1/000990/12	Not applicable
15	April 2012, Silver Standard was authorized to conduct a seismic exploration program in the mineralized area of the Pitarrilla project.	Not applicable	SG/130.2.1.1/001098/12	Not applicable
16	Agreement with INAH Durango for the archaeological survey, submitted April 15, 2012.	Not applicable	October 2011	Not applicable
17	Silver Standard notified the CNA of the intent to install 3 wells for possible sources of mine water.	Not applicable	BOO.E.23.1.1/0639	Not applicable
18	September 2012, EIA (including for change of soil use) received for Ancillary Works at Pitarrilla (Particular Modality).	SG/130.2.2/000332/13	SG/130.2.1.1/002642/12	143.85 hectares

Table 7 Permitted Activities and Corresponding Permit Numbers

19	January 2013, EIA (including for change of soil use) received for Ancillary Works at Pitarrilla, (Regional Modality).	SG/130.2.2/000332/13	SG/130.2.1.1/000041/13	11.41 hectares
20	July 2013, Silver Standard obtained from CNA authorization for the extraction of stone materials of the bank located at Casas Blancas or Potrerillos.	Not applicable	07DGO200415/36EDDL13	26,480.00 cubic metres
21	September 2013, EIA (including for change of soil use) received for Hydrological Exploration Project phase II.	SG/130.2.2/002587/13	SG/130.2.1.1/002150/13	4.47 hectares
22	Photographic and video studies carried out as evidence and proposal of release of “el Indio” area by the INAH.	Not applicable	Not applicable	Not applicable
23	November 2013, authorization to operate landfill.	Not applicable	SRNYMA.SMA.1080.2013	Not applicable
24	February 2014, permit for construction or modification of works in federal areas (culvert No. 77) Folio No. 001/2014.	Not applicable	Not applicable	Not applicable
25	February 2014, advised that SEMARNAT did not approve the EIA for the “Pitarrilla Mining Project”.	Analysis in process	SGPA/DGIRA/DG-01359	1792.78 hectares

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access

The Pitarrilla project is currently accessible through a network of public roadways in the area. Road access is available from two unpaved public roads, with a paved national Highway-45 extending to within 47 kilometres of the project site. The main access to the project site is planned to be along approximately 47 kilometres of public and private dirt roadways, from the junction with paved Highway-45, to the project’s southeast gate. The primary site access road will utilize the existing roadway serving the nearby local community of San Francisco de Asís, with secondary access via the existing road to Casas Blancas. Improvements would be required for the main road, prior to plant construction, the most significant of which is the addition of a permanent bridge over the Nazas River, approximately 11 kilometres from the plant site.

Climate

The area of Pitarrilla falls in terrain characterized as a steppe (that is, grassland plains without trees, except at water sources). Typically the climate at Pitarrilla is dry; winter days are cool with minimum temperatures dropping slightly below 0°C before warming to daily maximums of about 23°C. From May to the beginning of July, the daytime maximum temperatures rise to a maximum of about 35°C. Daily maximum temperatures decrease before the onset of a wet season that lasts until about mid-September. A mine at Pitarrilla will have a 12 month operating season.

Local Resources and Infrastructure

Durango, the state capital of Victoria de Durango, is located 160 kilometres southwest of the Pitarrilla project and has a population of approximately 1 million. Additionally, the city of Torreón, the capital of Coahuila state and with a population of approximately 1.5 million, is located approximately 160 kilometres to the east. There are large active mines and developed mining infrastructure in the states of Durango and Coahuila. Both state capitals have sufficient populations and support services to adequately provide the Pitarrilla project with general goods, services and labour.

Water resources in Mexico are controlled by the CNA. The Pitarrilla project site is located in an arid to semi-arid climate that receives an average annual precipitation of 407 mm. It is expected that the project will require, at its peak, approximately 150 L/s of fresh water. On February 14, 2014, we were advised that SEMARNAT did not approve the EIA for the Pitarrilla open pit mine, primarily because sufficient water rights had not been secured. Our ability to secure water rights is currently limited due to a temporary moratorium on subterranean water exploitation imposed in April 2013.

Physiography

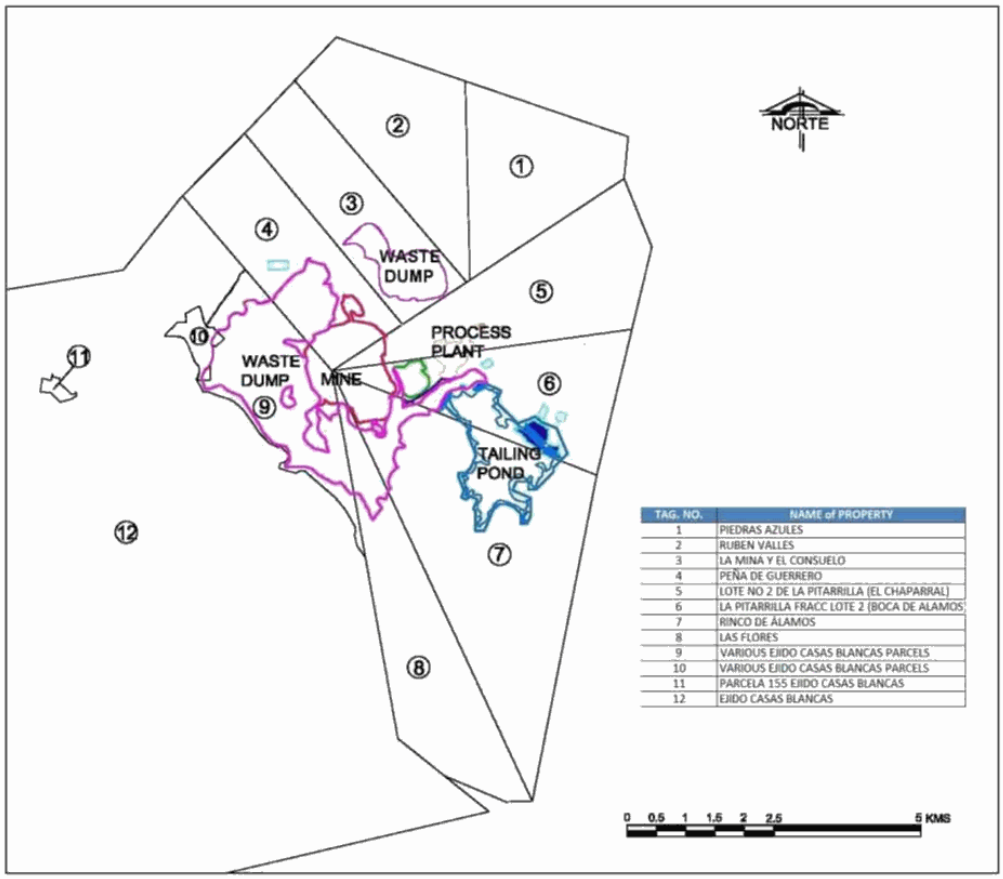
The physiography in the immediate area of Pitarrilla is rugged, with rocky cliffs and steep walled gullies, and the surficial soil conditions are represented by shallow soils and weathered bedrock. Elevations on the Pitarrilla property range from about 1600 masl in the valley floors to 2140 masl at the top of Cerro La Pitarrilla. The project is located in the high plains (Altiplano) region of Mexico, a large area noted for its high altitude and low winter temperatures. The region is comparable to high desert and can include vegetation such as chaparral, mesquite-grassland, or arid tropical scrub. There are a considerable number of endemic species within the Altiplano.

Sufficiency of Surface Rights

In 2013, we entered into surface land use agreements over two parcels of land and received government approval of our thirty-year temporary occupation application providing surface access to the last critical surface property needed to develop the Pitarrilla project. Our occupation could still, however, be subject to legal appeal. See "*Description of the Business – Foreign Operations – Mexico – Regulatory – Land Tenure* ".

As shown in Figure 1 and Table 8 below, a significant portion of the project site is located on ejido land. Tags No. 9 and 11 on the figure below represent five ejido parcels for which we currently have a long-term lease and an option to purchase all such lands when privatization is completed, subject to certain rights of first refusal required by Mexican Agrarian Law. The lease to such parcels, as well as the holding of the corresponding mining concessions, is sufficient for our mining purposes on such land. See "*Description of the Business – Foreign Operations – Mexico – Regulatory – Ejido Land*".

Figure 1 below shows the boundaries of the surface rights required for the project site.



TAG. NO.	NAME of PROPERTY
1	PIEDRAS AZULES
2	RUBEN VALLES
3	LA MINA Y EL CONSUELO
4	PEÑA DE GUERRERO
5	LOTE NO 2 DE LA PITARRILLA (EL CHAPARRAL)
6	LA PITARRILLA FRACC LOTE 2 (BOCA DE ALAMOS)
7	RINCO DE ALAMOS
8	LAS FLORES
9	VARIOUS EJIDO CASAS BLANCAS PARCELS
10	VARIOUS EJIDO CASAS BLANCAS PARCELS
11	PARCELA 155 EJIDO CASAS BLANCAS
12	EJIDO CASAS BLANCAS

Figure 1 Pitarrilla Property Ownership

Table 8 below shows the corresponding status of our ownership of, or access to, the land required for the Pitarrilla project.

Table 8 Land Ownership and Status

Tag No.	Location	Owner	Status	Tenure
1	Piedras Azules	SSD	Not Required	Private
2	Ruben Valles	Ruben Valles	Not Required	Private
3	La Mina y Cerro del Consuelo	Arreola Heirs	Outstanding	Private
4	Pena de Guerrero	SSD	Owned by SSD	Private
5	Lote No. 2 de la Pitarrilla (El Chaparral)	SSD	Owned by SSD	Private
6	La Pitarrilla Fracc Lote 2 (Boca de Alamos)	SSD	Owned by SSD	Private
7	Rinco de Alamos	SSD	Owned by SSD	Private
8	Las Flores	Heirs of Enrique Padilla Herera	Temporary occupation(1)	Private
9	Various Ejido Casas Blancas Parcels	Ejido	Leasing	Ejido
10	Various Ejido Casas Blancas Parcels	Ejido	Outstanding(2)	Ejido
11	Parcela 155	Ejido	Leasing	Ejido
12	Ejido Casas Blancas	Ejido	Not Required	Ejido

Note:

(1) Government approval of our thirty-year temporary occupation application was received in 2013; such occupation could still be subject to legal appeal.

(2) In 2013, we entered into surface land use agreements over two Ejido Casas Blancas parcels of land. A surface land use agreement for one other Ejido Casas Blancas parcel of land which we do not control is still under negotiation.

History

Available records of mineral exploration conducted on the Pitarrilla property and immediately adjacent ground date back to 1996. Any earlier exploration on these lands by mining or exploration companies appears to be undocumented.

Recognition of the mineral potential of the Pitarrilla area was first established by F. Hillemeyer and P. Durning of La Cuesta International, Inc. (“LCI”), while conducting regional reconnaissance gold exploration for Monarch Resources de México, S.A. de C.V. (“Monarch”) in 1996. Based on encouraging prospecting results obtained by LCI, Monarch stake-claimed the Pitarrilla concessions and commenced exploration in the area. Rock-chip and grid-controlled soil sampling programs were completed along with the collection of stream-sediment samples. Monarch’s soil geochemistry survey identified a gold anomaly to the southeast of Pitarrilla hill, which the company tested with an RC drilling program. Monarch’s drillholes are not located within the area of the current silver-lead-zinc resource.

Due to the relatively weak assay results for gold that were obtained by its drilling program, Monarch returned the mineral rights for the claims back to LCI. In the following years, until 1999, Hillemeyer and Durning returned to the Pitarrilla property on a number of occasions to prospect the area on behalf of companies potentially interested in acquiring the claims from LCI.

In 1999, LCI conducted a comprehensive evaluation of the Pitarrilla property for the Mexican subsidiary of Hecla Mining Company (“Hecla”), which involved the excavation, mapping and sampling of shallow trenches mostly located on the northeastern slopes of Pitarrilla hill. Notwithstanding the sporadic gold anomalies in trench samples, Hecla was not sufficiently encouraged by the results of the Pitarrilla property evaluation to acquire the mineral rights to the Pitarrilla property from LCI. A few months after Hecla’s evaluation, LCI decided to allow the exploration licenses for the Pitarrilla claims to expire.

In 2002, we contracted LCI to acquire mineral properties in Mexico which showed good exploration potential for silver. One of the first areas LCI recommended for claiming was the ground covered by the former Pitarrilla claim group. Between November 2002 and March 2003, a total of 12 concessions covering 136,191 hectares were claimed by Explominerals, S.A. de C.V. (“Explominerals”) on our behalf.

Geology

Regional and Local Geology

The Pitarrilla project is located on the eastern flank of the SMO mountain range. This mountain range is the erosional remnant of one of the Earth’s most voluminous accumulations of intermediate to felsic volcanic rocks, which formed a calc-alkaline magmatic arc that was built during Eocene to early Miocene time, roughly 52 to 25 million years ago, in response to subduction of the Farallón tectonic plate beneath North America, this mountain building event is known as the Laramide Orogeny. A large number of medium to high-level hydrothermal systems variably enriched in silver, gold, lead, and zinc were intermittently generated during this extended period of volcanism, including the epithermal mineral systems that formed the great Mexican silver mining districts at Guanajuato, Real de Angeles in Zacatecas, Fresnillo, and Santa Barbara-San Francisco del Oro. The silver-lead-zinc mineralization found on the Pitarrilla property is situated in Central Mexican Silver Belt, a metallogenic province defined by the four previously-noted silver mining districts along with the mining districts of Parral, Santa Maria del Oro, and Sombrerete-Chalchihuites.

In the area of the Pitarrilla project, the Tertiary volcanic rocks of the SMO overlie marine sedimentary rocks that were deposited in a back-arc basin from early to middle Cretaceous time. These marine sediments suffered compressional deformation during the Laramide Orogeny which peaked during the late Cretaceous. A major unconformity separates the deformed Cretaceous sedimentary rocks from the overlying Eocene to Oligocene volcanic and volcaniclastic rocks. Along the eastern margin of the SMO, this unconformity is commonly marked by the presence of continental clastic sedimentary rocks, mainly conglomerates and sandstones. Eocene (52 to 40 Ma) andesitic flows and domes, as well as minor silicic lavas and ignimbrites generally form the lower volcanic stratigraphy of the SMO. Following a hiatus in arc magmatism at the end of the Eocene, extensive volcanism in the SMO resumed, with voluminous Oligocene silicic ignimbrites and rhyolitic domes deposited. Basaltic-andesitic volcanism followed most of the major ignimbritic episodes, as evidenced by mafic flows locally overlying the Oligocene sequences.

The core of the SMO can be viewed as a relatively un-extended crustal block that separates two NNW-SSE trending belts, marked by extensional deformation, which occur along its western and eastern flanks. The eastern flank of the central sector of the SMO, where the Pitarrilla project is located, is interpreted as having undergone two major extension events. The first event, directed ENE-WSW, occurred during the early Oligocene (32.3 to 30.6 Ma) at about the same time as the main episode of ignimbritic volcanism. A subsequent, late Oligocene ENE-WSW directed extension began around 24 million years ago, post-dating the Oligocene silicic volcanism but coinciding with a mafic, alkaline volcanic event. NW-trending faults generated during early Miocene extension are interpreted to be reactivated early Oligocene structures.

Pitarrilla Property Geology

The interpreted geology of the Pitarrilla project is presented in the geologic map below. The silver-lead-zinc mineralization is spatially associated with a Tertiary rhyolite dome complex that was emplaced over a sequence of intermediate to felsic volcaniclastics and pyroclastics, which overlie a Cretaceous marine sedimentary basement. Four informal formations are defined at Pitarrilla, which from oldest to youngest are the Peña Ranch, Pitarrilla, Cardenas, and Casas Blancas Formations.

Geologic Map of the Pitarrilla Project

The Peña Ranch Formation is dominated by thinly inter-bedded Cretaceous mudstone and siltstone with lesser limestone and pebble conglomerate lithofacies. Economically significant silver-lead-zinc mineralization occurs in the form of disseminated and fracture-fill sulphides, which in order of abundance include pyrite, sphalerite, pyrrhotite, galena, chalcopyrite, arsenopyrite, stibnite, and tetrahedrite.

The Pitarrilla Formation unconformably overlies the Peña Ranch Formation and consists of well-stratified, volcaniclastic rocks and a single massive lava flow of presumed Eocene age. At the base of the Pitarrilla Formation and immediately overlying the Cretaceous-Tertiary unconformity is a polymictic conglomerate unit, referred to as the Manto Rico member. The Manto Rico conglomerate is a key lithology because it hosts important semi-massive

replacement mineralization composed of varying combinations of pyrrhotite, sphalerite, pyrite/marcasite, chalcopyrite and lesser galena. The various members and rocks of the Pitarrilla Formation are interpreted to have been deposited in a back-arc sedimentary basin that had formed along the eastern flank of the Eocene volcanic arc, now represented by the SMO. Silver mineralization hosted by volcaniclastics and pyroclastics of the Pitarrilla Formation is extensive, typically being associated with disseminated sulphide and sulphosalt phases at lower elevations, and with disseminated iron and manganese oxides in weathered rocks closer to surface.

The Cardenas Formation unconformably overlies the Pitarrilla Formation and consists predominantly of sub-aerial, crystal-rich, non-welded to welded ignimbrites and surge deposits of presumed Oligocene age. Following the eruption and emplacement of the felsic pyroclastics, the ignimbrite and surge deposits were eroded and the depositional environment returned to a shallow marine or lacustrine one, in which the stratified lithofacies of the Cardenas Formation were deposited. Silver mineralization is associated with disseminated hematite ± manganese oxides occurring in pyroclastic and volcaniclastic facies of the formation in two areas, at the Javelina Creek Zone and at the South Ridge Zone.

The Casas Blancas Formation unconformably overlies the Cardenas Formation and is composed of volcaniclastic rocks and an overlying rhyolitic flow-dome, referred to as the Encino member, also of presumed Oligocene age. The flow-dome crops out on the eastern ridge of Cerro La Pitarrilla. Field observations suggest the rhyolitic flow-dome was emplaced a relatively short time before the main hydrothermal event that deposited the silver-lead-zinc mineralization, although the rocks forming the dome only rarely contain geochemically significant concentrations of silver or associated base metals.

The Pitarrilla silver-zinc-lead deposit is hosted by deformed Cretaceous marine sediments and unconformably overlying Eocene (52 to 40 Ma) and Oligocene (32 to 28 Ma) volcanics volcaniclastics and intrusives. Eocene volcanics and volcaniclastics were derived from arc volcanism and from the erosion of subaerial arc volcanoes, and deposited into a back-arc basin. Uplift of the basin was accompanied by extension and voluminous bi-modal volcanism with the emplacement of andesitic and felsic sills and dykes during the early Oligocene. The culmination of the volcanism was the development of a rhyolitic dome which crops out on Cerro La Pitarrilla.

Mineralization

Silver-zinc-lead mineralization at the Pitarrilla project occurs as a vertically stacked mineralized system centered on rhyolitic dykes and sills that constitute the feeder system for an early Oligocene volcanic center manifest by the rhyolitic dome. Sulphide-associated mineralization is rooted in the basement Cretaceous sedimentary strata and is represented by an aerially restricted but vertically extensive zone of disseminated and veinlet silver-zinc-lead (copper-arsenic-antimony) sulphide mineralization and strata-bound massive replacement mineralization within a polymictic conglomerate that occur at the Cretaceous-Eocene unconformity. The sulphide mineralization extends into the overlying Eocene and Oligocene volcaniclastic rocks and felsic sills, where it grades into mixed sulphide–oxide or transitional mineralization and a more laterally extensive zone of disseminated iron oxide-associated mineralization. The silver-zinc-lead mineralization is interpreted to have occurred during or after emplacement of the early Oligocene rhyolitic dome.

For metallurgical treatment purposes three main silver bearing material types are recognised at the Pitarrilla silver-lead-zinc deposit: Oxide, Transitional, and Sulphide mineralization. The following sections provide an overview of the distribution and characteristics of the defined zones or domains of mineralization.

Cordon Colorado Zone

The Cordon Colorado Zone is relatively flat-lying and the mineralization lies close to surface. The NE-SW axis of maximum length is approximately 575 metres, with the NW-SE axis being about 400 metres. The deposit ranges in thickness from 30 to 85 metres, with the average being about 50 metres. Disseminated oxide silver mineralization is hosted entirely within a massive, fine-grained and weakly quartz feldspar-porphyritic felsic sill. Silver is the only metal of economic interest in this zone. Lead and zinc concentrations are typically low.

Peña Dyke Zone

The Peña Dyke Zone lies 500 metres north of Cordon Colorado beneath a northwesterly trending ridge that extends from the western peak of Cerro La Pitarrilla. The length of the zone is approximately 500 metres, with the width averaging 125 metres. Mineralization crops out; however, the silver-rich core of the deposit lies roughly 60 metres below surface. The disseminated oxide silver mineralization occurs within a weakly quartz feldspar-porphyritic felsic intrusive. Silver is the only metal of economic interest.

Javelina Creek Zone

In the Javelina Creek Zone, disseminated oxide silver mineralization occurs in two separate sub-zones that are sub-conformable to the southwest dipping volcanic strata; the upper sub-zone is hosted by thinly bedded, well-stratified tuffs of the Javelina member of the Casas Blancas Formation, while the lower sub-zone is found in quartz crystal and pumice rich tuff of the Cardenas Formation. The oxide mineralization crops-out, the total length of the combined zone is approximately 600 metres NS, with the combined width averaging 300 metres and an overall average thickness of 80 metres.

Breccia Ridge Oxide and South Ridge Oxide Zones

Together, the Breccia Ridge Oxide and South Ridge Oxide zones extend in the NNW-SSE direction for approximately 1,300 metres, with an average width in the WSW-ENE direction of approximately 600 metres.

A complex of felsic dykes and sills converge beneath the Encino flow dome at Breccia Ridge. It is predominantly in these intrusive rocks that the disseminated, oxide silver mineralization occurs. Volcaniclastic rocks of the Pitarrilla Formation also contain oxide and transitional mineralization, where these rocks are proximal to the contacts with the felsic dykes and sills. The oxide silver mineralization of the Breccia Ridge Oxide Zone grades downwards into transitional mineralization, and with increasing depth into true sulphide mineralization.

The core of mineralization within the South Ridge Oxide Zone is situated about 600 metres south-southeast of the peak of Cerro La Pitarrilla Vertical thickness of the South Ridge Oxide Zone mineralization varies considerably, from less than 20 metres up to more than 100 metres. Felsic dykes and sills are the most important host rock for mineralization in the South Ridge Oxide Zone, with the lahar breccia and stratified tuff litho-facies of the Casas Blancas Formation also locally mineralized. Along the eastern part of South Ridge, disseminated, oxide silver mineralization is hosted by crystal and pumice rich welded tuff of the Cardenas Formation and by volcaniclastics of the upper Pitarrilla Formation. Silver is the only metal of economic importance in the Breccia Ridge Oxide and South Ridge Oxide zones.

South Ridge East Oxide Zone

The South Ridge East Zone is situated immediately east of the South Ridge Zone. The two zones are connected by low-grade oxide mineralization, and for resource estimation purposes the two zones are combined. This zone is best described as a strongly elongated and horizontally flattened ellipsoid that has its primary axis oriented NNW-SSE. The deposit is at least 700 metres long and 75 metres to 100 metres thick. Disseminated, oxide-associated silver mineralization, locally in high-grade concentrations, is found in crystal- and pumice-rich welded tuff of the Cardenas Formation and in volcaniclastics belonging to the upper section of the Pitarrilla Formation.

Breccia Ridge Transitional and Sulphide Domains

There are four main domains of transitional and sulphide silver mineralization in the Pitarrilla silver-lead-zinc deposit which, together, define a vertically-stacked mineralized system that is centered on the cluster of felsic dykes and sills representing the feeder complex and vent area for the Encino rhyolitic flow dome. From highest to lowest in the system, the four domains consist of the AB domain (transitional), the Andesite (C) domain (sulphide), the Basal Conglomerate (D) domain (sulphide), and the Basement domain (sulphide), as discussed below.

AB Domain (Transitional)

The AB Domain encompasses mineralization with both oxide and sulphide characteristics, *i.e.*, incomplete weathering of sulphide mineralization. When the limits of the AB Domain are projected to surface it has a maximum known lateral extent of approximately 1,000 metres in the NW-SE direction, extending from the northern boundary of Breccia Ridge to approximately 300 metres north of the southern margin of South Ridge. It extends approximately 625 metres laterally in the NE-SW direction. The top of the AB Domain ranges from approximately 20 metres to 200 metres below the surface. The contact between the base of the Breccia Ridge Oxide and South Ridge Oxide Zones and the top of the AB Domain is highly irregular and isolated pods of AB Zone transitional material are present within the oxide mineralization near the surface. The base of the AB Domain is generally considered to be the upper contact of the Lower Andesite Sill which intrudes into the lower strata of the Pitarrilla Formation.

Andesite (C) Domain

Andesite-hosted mineralization has been subdivided into four subdomains: the C, C-1, C-2 (NW) and C-2 (SE) subzones. The mineralization forming these subdomains generally consists of disseminated aggregates and stockwork veinlets of the same sulphide phases found elsewhere in the deposit. The exception is the C subzone, which in addition to having the disseminated and fracture-filling sulphides contains a sub-horizontal body of massive, relatively coarse-grained base metal sulphides, mainly pyrite, chalcopyrite, sphalerite, with lesser amounts of pyrrhotite, galena, arsenopyrite and tetrahedrite. Only minor amounts of hydrothermal gangue minerals, mostly quartz and calcite, are mixed with the sulphides. The massive sulphide mineralization of the C subdomain, which can attain thicknesses of up to 5 metres, has the appearance of a vein; however, it is also possible that it represents a body of pervasive sulphide replacement which was localised along the upper contact of the andesite sill. In terms of size, the C subdomain has lateral dimensions of 350 metres in the NNW-SSE direction, about 400 metres in the NE-SW direction, and reaches a maximum thickness of about 20 metres. Beneath the C subzone and lying just above the lower contact of the andesite sill is the C-1 subdomain. This subdomain of disseminated and veinlet sulphide mineralization is 15 to 40 metres thick and has maximum lateral dimensions of 520 metres and 420 metres in the NNW-SSE and NE-SW directions, respectively. Lying between the C and C-1 subdomains within the central part of the andesite sill are the C-2 (NW) and C-2 (SE) subdomains. Although they are contiguous, the two C-2 subdomains have been distinguished on the basis of metal grades and dip orientations; the C-2 (NW) subdomain contains lower grade mineralization and lies sub-horizontally, while the C-2 (SE) subdomain is richer in silver, zinc and lead, and dips moderately to the southeast. Viewed together, the C-2 subdomains have a NNW-SSE dimension of 800 metres and a 600 metres extent in the NE-SW direction.

Basal Conglomerate (D) Domain

The Basal Conglomerate D domain is probably the most important mineralized domain at Pitarrilla, as it contains some of the highest grade silver bearing base metal sulphide mineralization presently known on the Pitarrilla project. It is stratabound within the Manto Rico and is characterised by replacement style mineralization. The D domain generally has a thickness of between 15 to 25 metres but attains a maximum thickness of 65 metres in its central part. Drillhole intersections of this domain have determined that the maximum lateral dimension is about 800 metres. Sulphide phases found in the Basal Conglomerate (D) Domain, in order of abundance; include pyrite, sphalerite, galena, arsenopyrite, pyrrhotite, stibnite and tetrahedrite.

Basement Domain

Multiple, lenticular bodies of disseminated and stockwork veinlet sulphide mineralization have been delineated below the Cretaceous-Tertiary unconformity, which represent the deepest part of the Pitarrilla silver-lead-zinc ore system and together constitute the Basement domain. They are sub-parallel and with an average strike of 330° and dip 55° to 70° to the east. Weakly porphyritic felsic dykes typically separate the mineralized lenses of the Basement Zone, with the dykes having strike and dip orientations that mimic those of the mineralized bodies. Silver-bearing, disseminated and fracture-controlled sulphides are found within the felsic dykes, typically close to their contacts, but the bulk of the Basement Zone mineralization (>95%) is hosted by the thinly inter-bedded siltstone, sandstone, and minor pebble conglomerate strata of the Peña Ranch Formation. Disseminated mineralization tends to favour the more porous litho-facies such as pebble conglomerate and sandstone, while the beds of siltstone and shale commonly contain sulphide

veinlets millimetres to centimetres thick, along with volumetrically restricted zones of mineralized hydrothermal breccia. Sulphide phases found in the Basement domain, in order of abundance, include pyrite, sphalerite, galena, arsenopyrite, pyrrhotite, stibnite and tetrahedrite. The veinlets contain relatively minor amounts of gangue minerals, mostly quartz, calcite and chlorite.

Five separate lenses of mineralization were outlined as sub-domains within the Basement domain, and these represent different resource domains in the Cretaceous basement rocks. From west to east, they have been designated as the G, F, E, H and I subzones. The G, F, and E subdomains have comparable strike lengths, 450 to 520 metres, whereas the H and I subdomains are 100 to 150 metres in length. Down-dip extents range from 690 metres for the F subdomain to about 250 metres for the I subdomains. Maximum thicknesses of the subdomains range from 60 to about 100 metres, with only a few tens of metres separating adjacent subzones. The down-dip limits to the mineralization of the Basement domain have not been determined due to the considerable depths below surface that would need to be drilled.

Exploration

In 2002, we contracted Hillemeyer and Durning of LCI to acquire mineral properties in Mexico that exhibited good exploration potential for silver. Between November 2002 and March 2003, a total of 12 concessions covering 136,191 hectares were claimed by Explominerals on our behalf. Beginning in late 2002 and continuing until May 2003, using the services of Explominerals, we carried out extensive rock-chip sampling over the slopes of Cerro La Pitarrilla. Silver anomalies were identified on the western slope of the hill (Cordon Colorado prospect) and this became our first drilling target defined on the Pitarrilla project.

Beginning in 2002, several programs of rock-chip sampling were completed over the core of the Pitarrilla project, where multiple zones of silver mineralization eventually came to be outlined. In the Cordon Colorado and Javelina Creek Zones, chip samples were collected along a grid pattern with an approximate sample spacing of 20 metres. At each sampling location, samples were collected over an area approximately 4 m^2 in size and comprised chips totaling between 1 to 2 kg. In the Peña Dyke Zone, chip samples were taken in the same manner, but were not taken along a systematic grid pattern. In the Breccia Ridge Zone, chip sampling was focused along topographic contours around the exposed rhyolite dome. The quality of the sampling was considered to be sufficient for target delineation, but chip samples are not considered truly representative due to issues with sample delimitation and extraction. In July 2003, we tested the Casas Blancas ASTER anomaly identified by Hillemeyer and Durning approximately three kilometres to the southwest of Pitarrilla hill by taking five rock-chip and eight stream-sediment samples.

In 2004, road-cut chip sampling, along with additional surface chip sampling, was completed along the La Colorado area of the Pitarrilla property, to the northwest of the Cordon Colorado Zone. The surface samples were vertical channels cut at intervals along the northwest face of the ridge. More than 5,500 rock-chip samples were collected and geochemically analyzed. The bulk of these samples were analyzed by ALS in North Vancouver, Canada, with sample preparation and some assaying done at this laboratory's sample preparation facilities in Chihuahua, Mexico. The majority of the surface rock samples were analyzed for concentrations of 31 trace and minor elements using the inductively coupled plasma mass spectrometry (ICP-MS) analytical method. Samples that yielded silver values greater than 100 ppm were re-assayed using the fire assay plus atomic absorption spectrometry (AAS) method. When the analytical results of geochemical sampling programs were compiled and plotted on Pitarrilla property maps, areas of rock exposures with anomalous concentrations of silver, arsenic, antimony, lead and zinc were outlined, with these trace metal 'anomalies' representing exploration targets that were eventually drill-tested, resulting in the discovery of the five zones of oxide silver mineralization that form the upper part of the Pitarrilla deposit.

A number of geophysical surveys were completed on and over the Pitarrilla project, although none of these surveys were instrumental in the discovery of the deposit. In 2007, a helicopter-facilitated radiometrics (K, Th, U and total gamma count) plus magnetics survey was undertaken by Servicio Geológico Mexicano. The area covered by the survey extended eastwards beyond the boundary of the Pitarrilla claim group.

In 2010, Zonge Engineering Inc. ("Zonge") of Tucson, U.S.A., performed ground-based geophysical surveys in NW to NE trending lines over an area of approximately two kilometres NW and three kilometres NE extending NW from a central point on Cerro La Pitarrilla. Zonge collected induced polarization chargeability and resistivity responses as

well as magnetotelluric (NSAMT), magnetic and gravimetric data. These geophysical surveys failed to discover any previously undefined zones of mineralization.

A seismic reflection study, conducted by Frontier Geosciences Inc. of North Vancouver, Canada, was completed in 2012 in order to enhance the understanding of the structural geology of the Pitarrilla deposit. This involved seismic reflection data collection and interpretation, with the objective of delineating major fault planes that cut through and locally displace the Pitarrilla stratigraphy. The seismic survey consisted of 7,024 linear metres of surveying and was conducted along five survey lines. Cross-section seismic profiles were generated and interpreted. The application of the seismic survey data to the geological model of the Pitarrilla project confirmed the position of faults previously recognised and helped define faults in another key orientation, which were difficult to recognize due to the spatial arrangement of drillholes that were optimised for intersecting mineralization.

In order to understand the spatial distribution of hydrothermal alteration at Pitarrilla, an alteration study was conducted in 2012. A hand portable TerraSpec mineral spectrometer was used to identify the alteration minerals present in drillcore from 26 drillholes chosen to be spatially representative along NS and EW sections throughout the deposit, at a spacing of approximately one TerraSpec measurement every 20 metres down the lengths of the drillholes, with 801 measurements in total. The results of this study enabled the definition of five main types of hydrothermal alteration and determined their distribution in relation to zones of silver and base metal mineralization.

By far the greatest amount of exploration-related data has come from the campaigns of RC and diamond drilling that was completed by us on the Pitarrilla project between September 2003 and July 2012. This drilling information is reported in detail in below.

We believe that the reliability of the results of the sampling and geophysical campaign discussed above is at an industry standard for the methods employed.

Drilling

Monarch completed a Phase I drilling program on the Fluorite Mine Target in 1996, including 22 RC drillholes totalling 2,842 metres. The drilling was on the Pitarrilla project, but not in the area of the current Mineral Resource estimate.

The greatest amount of exploration-related data has come from the several campaigns of RC and diamond drilling we completed on the Pitarrilla project between September 2003 and July 2012.

From September 2003 until October 2005, 186 RC holes with a combined length of 20,619 metres were drilled on the Pitarrilla project. The RC drillholes targeted oxide mineralization in the Cordon Colorado, Peña Dyke, and Javelina Creek Zones. Between 2005 and July 2012, 428 diamond drillholes were drilled for exploration and resource infill purposes, with a total of 183,358 metres being completed. The majority of the drillcore was of HQ diameter, though core samples from depths below surface greater than about 450 metres were generally of NQ diameter. To provide a sufficient amount of core from different types of mineralization for metallurgical testing, nine drillholes of HQ diameter were cored into the deposit in 2008 for a total of 6,126 metres. An additional four holes of PQ diameter were drilled into four of the five zones of oxide silver mineralization to obtain core samples for communition tests. In the area of the deposit, 31 drillholes (including re-drills), totalling 12,834 metres, were drilled for mining-related geotechnical information between 2010 and 2012. Condemnation, water well, piezometer, and short geotechnical holes drilled for the investigation of foundations for site facilities were also completed during the history of the project.

During May and June of 2012, 33 closely-spaced diamond drillholes totaling 8,914 metres were completed as part of a study to investigate the short distance variability of oxide and transitional silver mineralization in the upper 200-250 metres of the Pitarrilla deposit. These holes were drilled along three control lines, two oriented ENE-WSW with the third line crossing the other two lines perpendicular to them.

The orientation of drillholes varied in order to drill perpendicular to the interpreted orientation of the mineralized bodies. The dips of all drillholes were between 45° and 90°. In the Breccia Ridge Zone, drillholes were generally oriented vertically or at azimuths of 240° dipping at an average of 55°. In the South Ridge Zone, the drillholes were oriented at

100° and 274° with dips averaging 60°. In the Peña Dyke Zone, drillholes were drilled at azimuths of 200° and 025° with dips at 60°. In the Cordon Colorado and Javelina Creek Zones, there were no preferred drillhole orientations.

The type and extent of drilling is summarized in Table 9 below. No drilling was completed in 2013.

Table 9 Drilling Summary

Drilling Method	Reason	Planned By	Prefix	No. of Holes	Metres Drilled	Years
RC	Monarch	Monarch	BDA	22	2,842	1996
RC	Exploration	SSR	RC	186	20,619	2003 - 2005
Diamond	Exploration/Resource	SSR	DDH	428	183,358	2005 - 2012
Diamond	Statistical	SSR	DDH	33	8,914	2012
Diamond	Condemnation	SSR	DDH	33	14,840	2008
Diamond	Metallurgy	SSR	DDH-M	9	6,126	2008
Diamond Triple Tube	Geotechnical	KPL	BPG	31 (incl. 4 redrills)	12,834	2010 - 2012
Diamond and RC	Piezometers	KPL	PZ	11	213	2007 - 2008
Diamond	Piezometers	KPL	MW08	3	73	2008
Diamond Triple Tube	Geotechnical Site Construction	KPL	DH	18	582	2008
RC/Tricone	Water Wells	KPL	WW	16	2,644	2008
Diamond	Tailing Site Condemnation	MWH	BPT	17	1,120	2010
Diamond	Water Wells	MWH	WW10	6	2,486	2010
Diamond	Monitoring Well	MWH	MW10	4	164	2010
Diamond	Geotechnical Site Construction	MWH	BPB	5	61	2010
Diamond	Tailing Site Geotechnical	MWH	BPP	3	38	2010
Diamond	Comminution	SSR	BPC	4	541	2011
Diamond Triple Tube	Plant and Waste Dump Geotechnical	KPL	BPG	12	231	2012
Diamond	Tailing Site Geotechnical	Tierra Group	TGI-12	10	445	2012
Total (excluding Monarch).....				**829**	**255,287**	

Note:
(1) Table may not sum due to rounding.

Sampling and Analysis

2003 to 2008 Drilling Programs

RC Drillhole Samples

RC drillhole samples were collected at the drill site at 1 metre lengths, from the collar, down to the final drillhole depth. Sampling intervals were dependent on the drilling equipment selected and not based on geological controls or other features of the zone of interest. The RC samples were split three times using a Jones splitter down to 1/8 of the original weight. The sample weight ranged from approximately two to 10 kg, with every 20th sample taken as a field duplicate. The samples were collected in numbered, heavy duty plastic bags along with sample tickets, which carried numbers referring back to a digital data file of drillhole identification, sample number and sample intervals. All samples were stored in our warehouse in Casas Blancas prior to shipping. Periodically, staff from ALS laboratories collected and transported the samples to Guadalajara for sample preparation. After mid-August of 2005 (after BP-179), the samples were shipped by our personnel to Chihuahua for sample preparation, prior to analysis at the ALS laboratory in North Vancouver, BC, Canada. Once analysed, remaining pulps and coarse rejects were returned from ALS and catalogued and stored in a secured warehouse in the city of Parral, Chihuahua, located 180 kilometres north-northwest of Pitarrilla.

Diamond Drillhole Core Samples

Digital core photographs were taken after the core was cleaned and measured in the core boxes. After geological logging, diamond core samples were marked by the geologist and then split using a diamond saw. Sample lengths were approximately 1.52 metres. Geological contacts were generally respected during sampling. The maximum sample length was just over 3 metres in zones considered to be weakly mineralized or unmineralized. The half core samples were put in numbered heavy duty plastic bags, along with sample tickets. The sample tickets carried a number which referred back to a digital data file of drillhole identification and sample intervals. The bags were labelled with sample numbers and collected into rice sacks, which were sealed with a tamper proof seal and labelled prior to shipment. The geologists on site completed sample shipment and tracking forms, such that the reported assays could be tracked through the transport and analytical system and matched back to the appropriate drillhole identification and sample interval. Field duplicates comprised quarter core samples. Staff from ALS laboratories collected the samples and transported them to Guadalajara. After mid-August of 2005 (after BPD-037), the samples were shipped to Chihuahua by either ALS or our personnel for sample preparation prior to analysis at the ALS laboratory in North Vancouver.

Geotechnical Drilling and Oriented Core

Geotechnical diamond drillholes were drilled by Major Drilling using triple tube wireline techniques. The drillcore was transported from the drilling rig in core boxes and taken to the core logging shed in a secure compound near the Casa Blancas village. Digital core photographs were taken after the core was cleaned and measured in the core boxes. It was then logged for geotechnical features by a trained geotechnical engineer or geologist from Knight Piésold Consulting. The geotechnical diamond drillholes were additionally logged for geological information by one of our geologists who defined sample intervals for geochemical analysis. Sampling followed the procedure for non-oriented diamond drillcore described above.

Silver Standard QAQC Samples

We initiated and implemented a QAQC program in November 2005. It utilised standard reference material, blanks, field duplicates, and third party check laboratories, where every tenth sample submitted was a QAQC sample (either a standard or a blank). To monitor precision, field duplicates were inserted at a rate of one in 20. Samples for analysis by a check laboratory totalled 5% of the original number of assays.

Pitarrilla Property Reference Materials

We used eight reference materials to monitor laboratory accuracy, which were composed of coarse reject material left over from the initial RC drilling program. Each batch of reference material was given a number and called Standard

1, Standard 2, and Standard 6 through Standard 11. (Standard 3 through Standard 5 were reference materials certified by WMC Minerals. Early results showed a number of samples falling outside of the three standard deviation tolerance limit of the certified mean value. After review, the scattered results were attributed to mislabelling of standards and blanks.

In 2008, P&E Mining Consultants Inc. ("P&E") determined that the number of samples in each round robin characterization of the certified property reference standards was found to be too few to provide a representative mean. As the data set contained between 200 and 700 samples, P&E recalibrated the mean for each of the property standards using this larger dataset. They determined a revised mean and standard deviation for each standard by using all available analyses for each one. All values greater or less than two standard deviations from the calculated mean were removed from the data set. With these data points removed, a new mean and standard deviation were calculated. Results from this were graphed in order to view the warning limits (±2 standard deviations from the mean) and the tolerance limits (±3 standard deviations from the mean). All values falling within the warning limits were considered acceptable and those falling outside the tolerance limits were declared failures.

Standard 7, Standard 10, and Standard 11 continued to exhibit an unacceptable failure rate after recalibration, suggesting that insufficient homogenization of the material before round robin testing was responsible for the high failure rate.

Certified Reference Materials

We purchased three reference material standards certified by WMC Minerals which were interspersed with the property standards. These were designated as Standard 3, Standard 4, and Standard 5. The initial round robin characterization of these standards, such that they could be used to monitor laboratory accuracy, was also found to be inadequate by P&E, as it involved only two laboratories using between five and 16 samples. In June 2008, P&E recalibrated these standards following the procedure outlined above.

Standard 3 and Standard 4 results plotted within acceptable tolerance limits, but Standard 5 results continued to exhibit a high failure rate. P&E recommended reducing the number of reference standards to three, as 11 in total were considered to be more than necessary.

Blank Samples

We used three different blanks throughout the drill programs from 2003 to 2008. The material used as a source for Blank 1 came from an area immediately west of the South Ridge Zone and immediately south of the Breccia Ridge Zone, before these zones were discovered. After this material was found to return values greater than three times the detection level for silver, lead, and zinc, Blank 1 was discarded. We then procured a second blank material (Blank 2) in 2007, from a dacite tuff located approximately 3.8 kilometres west of the mineralized areas. The third blank material (Blank 3) was sourced in 2008, from an intermediate volcanic located approximately 6 kilometres west of the mineralized areas. Results from Blank 2 and Blank 3 also returned a wide range of silver values (upwards of 100 g/t silver). Although some mislabelling of samples had been identified, these poorly performing blanks returned values that did not match any of those of the certified reference material. It was therefore assumed that they were either sourced from mineralized material, or resulted from cross-contamination.

Field Duplicate Samples

Our early quality control program included shipping field duplicates of RC drillhole samples to BSI Inspectorate de Mexico, S.A. de C.V in Victoria de Durango. Diamond drillhole field duplicates (quartered drillcore) were inserted at a rate of approximately one in 20.

Umpire Laboratories

Umpire laboratories are employed as an additional check on the accuracy of the primary laboratory. We have employed several umpire laboratories during the course of the QAQC program.

ALS Quality Control Samples

In light of quality control results generated between 2005 and 2008, we requested the results of ALS's internal quality control samples to assess sample bias, accuracy, precision, and evidence of cross-contamination. ALS employed 42 different standards for silver, lead, and zinc during these years. The analytical results of the standard samples did not indicate any significant source of bias or deviation outside of accepted thresholds. A review of the internal blank sample results indicated no evidence of cross-contamination, suggesting the blank material used in our quality control program was sourced from mineralized rock, and not adequately confirmed to be barren of mineralization before use. ALS sample duplicates for silver did not exhibit evidence of sampling bias, while precision levels were within acceptable industry limits.

Though ALS's quality control samples were not "blind", they demonstrate strong analytical control over the assay results they were supporting. This suggests an ineffective implementation of our QAQC program during these years, not an inherent problem with the quality of the assay data generated by the laboratory.

Sample Security

Drillcore samples were in our custody from collection and bagging until pickup by an ALS transport vehicle from the warehouse in Casas Blancas. Samples were transported to the ALS sample preparation facility in Guadalajara until mid-August 2005. After this date they were shipped to the ALS sample preparation facility in Chihuahua by our personnel. Upon arrival at the laboratory, each sample was given a bar code label and logged into the laboratory information management system. This permitted sample tracking and provided a complete chain of custody record after receipt at the laboratory. Sample bags were sealed on site and none of the seals were reported tampered by the receiving analytical laboratory. We are not aware of any deliberate attempts to compromise samples.

2010 to 2012 Drilling Programs

Diamond Drillholes Core Sampling

Sampling of diamond core drillholes followed the procedure outlined in the 2003 to 2008 drill programs above. The plastic sample bags were then placed in larger labelled rice bags, then sealed, and then sent by our trucks to the ALS facility in Zacatecas, Mexico.

Silver Standard QAQC Samples

QC sample data were monitored on a monthly basis to ensure that sample batches with control sample data outside of acceptable limits were re-submitted for analysis in a timely manner.

Certified Reference Materials

We utilised three reference standards during the drilling campaigns from 2010-2012. These covered a range of medium and high grade silver and zinc values. Two reference standards (STD-13 and STD-14) were created for the Pitarrilla deposit by CDN Resources Laboratories Ltd., and certified by Smee & Associates Consulting Ltd. following a round robin analysis at five independent analytical laboratories. One reference standard (STD-12) was created for the Pitarrilla deposit by Minerals Exploration & Environmental Geochemistry following a round robin analysis at six independent laboratories; however, this reference material has not been certified.

We have reviewed the results of the three certified standards from the 2010 through 2012 drilling programs. A total of 1,293 standard samples were submitted during this time representing a rate of one standard for each 20 assay samples. In total there were seven failed silver results, four failures for zinc, and two failures for lead. No significant evidence of bias was observed.

Blank Samples

Sample blank material comprised unmineralized sand sourced from the Casas Blancas area. A total of 1,291 sample blanks were inserted throughout the drilling campaigns between 2010 and 2012, representing a rate of one blank sample

for each 20 assay samples. A threshold of 10 times the analytical detection limit of silver (*i.e.*, a threshold of 5 ppm) was used to discriminate samples showing evidence of cross-contamination. Results of field blank control samples indicated that there was no significant source of cross-contamination during analytical work during our 2010 to 2012 drilling campaigns.

Field Duplicate Samples

We inserted approximately 1,285 field duplicate samples between 2010 and 2012, which equates to a rate of one field duplicate in 20 assay samples. We then analyzed the field duplicate data for bias and precision using the methodology outlined in the 2003 to 2008 drill programs above. The field duplicate ranked HARD statistic precision value at the 90th percentile was within acceptable industry standards of approximately 20%. No significant evidence of bias was observed. We inserted approximately 1,285 field duplicate samples between 2010 and 2012, which equates to a rate of one field duplicate in 20 assay samples. We then analyzed the field duplicate data for bias and precision using the methodology outlined in the 2003 to 2008 drill programs above. Precision levels were within acceptable industry standards. No significant evidence of bias was observed.

Umpire Laboratory – Assayers Canada

We sent 5% of assay pulps to the Assayers Canada laboratory (now SGS Canada) in Vancouver for an independent third party check.

Data Verification

The following data verification steps were conducted in respect of the sampling and assaying done at the Pitarrilla project:

- A visit to inspect geology and mineralization at the Pitarrilla project;
- Detailed review of selected drillholes to assess the nature of the mineralization, and the effectiveness of the selected drilling orientation in the delineation thereof;
- Select drillhole collar locations were confirmed by GPS during the visit to site;
- Downhole survey data were reviewed for all drillholes to assess drillhole traces;
- QC information for all exploration drilling programs conducted on the Pitarrilla project was analysed;
- Approximately 10% of the pre-2011 drilling assay dataset was checked and compared to the original assay certificates, to generate additional confidence in this data;
- Detailed checks of assay data from the 2011 and 2012 drilling programs in conjunction with our database manager, with iterative correction for any anomalies (generally typographical errors, including mislabelled samples and mislabelled sample intervals);
- Review of monthly QC data monitoring by our database manager, especially timing and effectiveness of remedial action taken with respect to failed batches;
- Comparison analyses were conducted between data derived from different drilling generations and types (e.g., RC, diamond core drilling) to validate their use in a single database; and
- Data was validated at each manipulation stage throughout the database compilation until the completion of Mineral Resources grade tonnage estimates.

All assay data are provided directly to us by the relevant analytical laboratory, and directly imported into the DataShed database management system. We checked a randomly selected proportion (10%) of the 2011 and 2012 assay data in the DataShed Pitarrilla assay database against the assay certificates provided by ALS and no errors were noted.

Mining Operations

Mining Method

The Pitarrilla open pit project will use standard truck and shovel open pit mining methods. The expected mining life is 20 years, including three pre-production years. The pit will be mined in five phases, starting with Breccia Ridge and Cordon Colorado. Over the life of the Pitarrilla project, a fleet of trucks is expected to haul approximately 1.1 billion tonnes of material and 157 million tonnes of ore, at a strip ratio of 5.96:1. After mining is completed, the plant will continue to mill ore from stockpiles for an additional 12 years.

Metallurgical Process

The Pitarrilla open pit project's plant is expected to use standard crush, grind, float and agitated leach equipment to process 16,000 tonnes per day of flotation/leach ore or 12,000 tonnes per day of direct leach ore. The two ore types will utilize a common crushing and grinding circuit. Initially, highly-oxidised ore will be direct leached in an agitated leach circuit. Silver will then be extracted from the pregnant leach solution using the Merrill-Crowe process to produce silver-rich doré bars. Subsequently, the less oxidised and un-weathered sulphide ores will be processed in sequential lead and zinc flotation circuits to produce separate silver-bearing lead and zinc concentrates. Tailings from the flotation circuits will be processed in the agitated leach circuit to recover additional silver.

Estimates of Financial Metrics

This estimate of financial metrics presents the determination of the key economic performance indicators for the Pitarrilla open pit project prior to the enactment of the Mexico Tax Reforms, including the Net Present Value ("NPV"), the payback period (time in years to recapture the initial capital investment), and the Internal Rate of Return ("IRR") for the project. Annual cash flow projections are estimated over the life of the mine based on the estimates of capital expenditures, production costs and sales revenues. The sales revenue is based on the production of a zinc concentrate, a lead concentrate and silver doré. The lead and zinc concentrates contain a significant amount of silver. Silver accounts for 84% of the total net revenue. It is estimated that the plant will recover a total of 333,370 koz of silver, 582 Mlbs of lead, and 1,669 Mlbs of zinc over a 30 year process life.

Initial capital for the Pitarrilla open pit project totals $740.6 million and sustaining capital totals $403.9 million.

The Pitarrilla open pit project has cash costs of $10.01/oz payable silver and production costs of $15.91/oz payable silver. The NPV at assumed long term metal prices using a 5% discount rate is $737 million and the internal rate of return is 12.8%. Payback of the initial capital occurs 7.4 years after commercial production commences. These estimates have not been adjusted to take into account the Mexico Tax Reforms.

The estimates of financial metrics and supporting financial information, including capital and operating costs, have been developed in constant dollar terms.

Given the significance of the Mexico Tax Reforms, we deferred the Pitarrilla open pit construction decision, suspended the joint venture process, placed project activities on hold and initiated a thorough review of the mine and plant options at the Pitarrilla project in the fourth quarter of 2013. We have commenced a revision of various options for the Pitarrilla project that could lead to a lower capital, smaller starter project with a meaningful production level without compromising the future option of the original larger open pit project. The initial focus of this work is on a 3,000 to 4,000 tonnes per day underground operation, targeting the higher grade, deeper sulphides at or below the bottom of the open pit project.

Markets

The Pitarrilla project concentrates are commodities that will be sold and traded to global markets. Sales could either be made directly to smelter operations or through commodity traders. Transportation costs will vary widely depending on whether the concentrates are sold to local or overseas smelters. It was assumed that the silver doré will be sold to local smelters, and the lead and zinc concentrate will be sold on the global market to offshore smelters. Alternatives exist to sell to local smelters.

The Pitarrilla project would also produce a silver doré, which is readily marketable to global precious metals refiners.

Contracts

No material contracts for concentrates, doré, consumables, energy, equipment or labour in respect of the Pitarrilla project have been executed as of the date of this Annual Information Form.

Environmental Conditions and Social Community Impact

A preliminary analysis indicates that the greatest potential for adverse environmental impacts of the Pitarrilla project will be the impacts on the water resources. Water is a limiting factor for many environmental components in the region. It is unlikely that make-up water requirements will greatly affect regional water availability; however, contamination of ground water or surface water sources would be very detrimental. Primary mitigation against this impact is the proper engineering of the project, including spill containment mechanisms, run-off water diversions, and containment of any potentially acid-generating tailings or waste rock.

On February 14, 2014, we were advised that SEMARNAT did not approve the EIA for the Pitarrilla open pit mine, primarily because sufficient water rights had not been secured. Our ability to secure water rights is currently limited due to a temporary moratorium on subterranean water exploitation imposed in April 2013 in connection with uncontrolled and over exploited aquifers located throughout Mexico. For the Pitarrilla underground development option, the water requirements are significantly less than for the open pit option and previous studies have shown that no external water sourcing is required. For further details regarding EIAs in the Mexican environmental regime, see " *Description of the Business – Foreign Operations – Mexico – Environmental and Permitting* ".

Some vegetation and animal species in the area are protected under Mexican regulations, and they will be disturbed during project construction. To mitigate this, flora and fauna "rescue" programs will be implemented to remove those protected species from the project footprint, for relocation.

Impacts may also occur to the socio-economy of the area, as the project becomes a source of jobs and attracts people from the region and beyond. Immigration into the area may positively influence the economy, but may also attract negative elements, such as drugs, prostitution and other criminal activity. The primary mitigation for these potential negative impacts will be the continued open communication with the communities and ejidos to provide for realistic expectations of available jobs and other community investments.

We have implemented a community relations program that includes environmental, medical, educational, infrastructure development, and social support activities.

Taxes

The Pitarrilla project is subject to a corporate income tax rate of 30%.

Capital expenditures are depreciated for tax in accordance with the Mexican tax law.

The Pitarrilla project is subject to 16% VAT on a portion of its capital and operating expenditures. The refund of VAT paid should be within recovery periods customary for Mexico.

In October 2013, the Mexican government approved the Mexico Tax Reforms, which introduced new taxes and royalties for mining projects and came into effect on January 1, 2014. See "*Description of the Business – Foreign Operations – Mexico – Regulatory – Mining Royalties and Taxes*".

Exploration and Development

The key objective in 2013 was to progress the Pitarrilla open pit project towards a construction decision by the end of the year. Through the first three quarters of the year, we were successful in progressing key areas of the project, while reducing project risk in critical areas, achieving the following:

- Entered into surface land use agreements over two parcels of land and received government approval of our thirty-year temporary occupation application providing surface access to the last critical surface property needed to develop the Pitarrilla project. Our occupation could still, however, be subject to legal appeal;
- Submitted the final EIA to SEMARNAT;
- Completed a 10-tonne pilot plant test program on oxide and mixed oxide-sulphide (transitional) material;
- Advanced work on the access road, finalized construction of the initial project landfill and conducted an evaluation of water sources;
- Undertook technical discussions and explored options with potential suppliers of mobile equipment for the mine and other equipment suppliers; and
- Appointed financial advisors, and entered into discussions with potential partners.

However, given the significance of the Mexico Tax Reforms, we deferred the open pit construction decision, suspended the joint venture process, placed project activities on hold and initiated a thorough review of the mine and plant options at the Pitarrilla project in the fourth quarter of 2013. On February 14, 2014, we were advised that SEMARNAT did not approve the EIA for the Pitarrilla open pit mine, primarily because sufficient water rights had not been secured. For the Pitarrilla underground development option, the water requirements are significantly less than for the open pit option and previous studies have shown that no external water sourcing is required.

SAN LUIS PROJECT

The following disclosure relating to the San Luis project is based, in part, on information derived from the San Luis Feasibility Study, which is available for review under our profile on the SEDAR website at www.sedar.com, and is based on information prepared by, or reviewed and approved by, Clinton Strachan, P.E., Steve L. Milne, P.E., Michael J. Lechner, P.Geo., Donald F. Earnest, P.G., Robert M. Robb, P.E., Andrew W. Sharp, B.Eng., FausIMM, Trevor J. Yeomans, B.Sc. (Hons), ACSM, P.Eng., and F. Carl Edmunds, all of whom are Qualified Persons as defined in NI 43-101. This disclosure has been updated to include information about the San Luis project subsequent to the date of the San Luis Feasibility Study.

Project Description and Location

The San Luis project is located in the Cordillera Negra of north-central Peru, 513 kilometres north-northwest of Lima and 113 kilometres east of the city of Casma as shown in Figure 2. Elevations range from 3600 masl at the San Luis project campsite to 4850 masl at the summit of the nearby Cerro Huilcahuaín. The project currently consists of forty-three mineral concessions covering an area of 35,538 hectares. In order to maintain our rights to these concessions, we are required to pay an annual mining good standing fee in the aggregate of approximately $98,000 in respect of the concessions to the government of Peru. For further details regarding the mineral concession system in Peru, see "*Description of the Business – Foreign Operations – Peru – Regulatory – General Obligations for Mining Concession Titleholders*". The only current environmental liabilities at the San Luis project are those associated with the removal of the mine camp facilities and reclamation of drill pads and exploration roads.

The San Luis project is subject to a net smelter royalty interest granted to Esperanza, our former joint venture partner in the project, equal to 1% of future revenues earned from the project.



Figure 2 Project Location

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access

The San Luis project site is accessible through a network of public roadways in the area, some of which currently support mining traffic. The main access to the project site is planned to be along public gravel roadways from the cities of Huaraz and Casma to the project's west gate. Although this access is a public road, part of it passes through property and controlled checkpoints at Barrick's Pierina mine. The larger population centers near the project are Casma, Carhuaz, and Huaraz. Each of these population centers have labor and services required to support development of a mining project.

A secondary access/egress point is also planned from the project site's east gate, however, the public road in that area is relatively steep and large vehicles are not able to navigate its tight turns. The nearest population centers to the project site are Tambra (located on the western limit of the property) and Pueblo Viejo (situated in the northeast portion of the project concessions).

Climate

The project area is dry for the greater part of the year, from May to December. During these months, the daytime temperature is moderate with a high of 22° while nights can be as cold as -10° C. The rainy season is from January to April. Temperatures are more moderate but the weather is characterized by sometimes heavy rains, abundant fog, hail and snow at higher elevations. Maximum precipitation occurs in February (206 mm) while the driest month is July (2.5 mm). Historical climatic data was obtained from the Peruvian government for the nearby weather stations at Pira and Recuay and from Barrick's Pierina operation.

Local Resources and Infrastructure

Water Resources

Existing water resources in the project area include several fresh water lakes and some seasonal surface water. Some of the lakes are currently used to supply water to the small adjacent communities of Tambra and Pueblo Viejo. This water is subject to seasonal fluctuation and anecdotal evidence indicates that water supplies could disappear during the

dry season. As part of the project's EIA activity, baseline data was collected to measure and observe the patterns of surface water collection and flow as well as the biology of the lakes and other surface water in the area.

Specifically, four ponds are located within the project's area of indirect influence. These include the Pacsococha and Orcuncocha, which drain to the Tocash gorge, as well as the Cotacocha and Yahuarcocha ponds, the waters of which drain to the Huanchuy gorge. These ponds could be used as a potential source of water supply. Several other ponds are located within the project's area of direct influence; these include the Yanacocha, Azulcocha Baja, Huancacocha, and Sejeacocha ponds. Yanacocha drains towards Iscupampa gorge while the others drain towards Huanchuy gorge. The Sejeacocha pond is planned as a location for the San Luis tailings storage facility. An adequate water supply can be maintained year-round to support the needs of the project and the adjacent communities with installation of a water diversion sump in Huanchuy gorge.

The Tailings Storage Facility

The design objective for the tailings storage facility is to store the tailings from the San Luis project mining and mineral processing operations in an environmentally responsible manner, both during operations and after mine closure. Based on this objective and applicable standards, the design criteria for the tailings storage facility included design for the Maximum Credible Earthquake and Probable Maximum Precipitation events, as well as international guidelines for environmental practice. Based on the 2007 Canadian Dam Safety Guidelines criteria, the San Luis tailings storage facility dam was placed in the "High" to "Very High" Dam Classification based on the potential impact a failure of the dam could have on the population and the environment. The project design criteria were selected based on this classification. A number of alternatives studies were performed prior to selecting the tailings storage facility, including a tailing deposition method alternatives study, a site alternatives study, and an embankment alternatives study. Based on the evaluation of technical, environmental, and social factors a tailings storage facility site adjacent to the process plant was selected as the most suitable site for the development of the tailings storage facility.

Process Plant

The process flow sheet selected for the San Luis project includes two-stage crushing and screening, fine ore storage, grinding and classification, gravity concentration, cyanide leaching, thickening and Counter Current Decantation washing of leach discharge slurries. Leached tailings are discharged to a tailings storage facility near the process plant from which cyanide solution will be recycled to the process circuit. Pregnant leach solution will be deaerated prior to the injection of zinc dust to precipitate gold and silver. Precipitates will be collected in a filter press, then dried and smelted to produce doré bars for final refining offsite. The crushing and screening circuits as well as the smelting section will operate on day shift only. All other process facilities will operate 24 hours a day.

Waste Handling

Solid waste will be categorized as domestic waste or industrial waste and will be disposed of in a designated landfill. Hazardous waste will be temporarily stored on site until it is disposed of by an appropriate contractor. Recyclable waste will be sorted and stored until it can be taken off-site to an appropriate sorting and recycling facility. The domestic waste will be collected and deposited in the on-site landfill where it will be covered by an appropriate material. There is no external landfill facility nearby. Industrial waste will be classified into non-hazardous and hazardous categories. Non-hazardous industrial wastes will be disposed of in the same facility as the domestic waste. Hazardous industrial wastes will be disposed of in compliance with Peruvian regulations.

Power Sources

Discussions have been held with the regional power utility, Distriluz, to determine the availability of grid power for the San Luis project operations. Although Distriluz and its local subsidiary (Hidrandina) have applied for expansion projects that would allow San Luis to draw power from the grid, the utility is unable to offer any assurance that these projects will proceed. Accordingly, the San Luis project was estimated on the basis of using self-generated power from diesel generators.

Physiography

The project area is located on the western flank of the Cordillera Negra, in part of the western mountain range (Cordillera Occidental) of Peru. The region is mountainous with high elevation rolling hills and valleys surrounded by higher craggy snow-capped mountains and deep valleys, typical of the western side of the Peruvian Andes. The mountains range in altitude between 4,000 masl and 4,900 masl. The vegetation is composed principally of grass and various small bushes typical of the area.

Sufficiency of Surface Rights

The mineral concessions comprising the San Luis project cover the entire area of known mineralization. Our concessions now cover the entire area of the mineral resources plus all planned facilities, including tailings facilities.

With respect to surface rights, we require land use agreements with the two local communities in order to secure long-term access at the San Luis project. We successfully entered into a land use agreement with the Cochabamba community in 2011. In 2013, we signed a five-year extension agreement with the Cochabamba community, granting us access rights to conduct exploration activities on the community lands that cover the southwestern sector of the San Luis mineral property.

In 2013, we identified an additional potential high grade gold vein target, the Bonita Zone, which is located entirely within the area held by the Cochabamba community. The extension signed with the Cochabamba community enables us to complete exploration work on the Bonita Zone.

We continue to negotiate with the Ecash community in order to reach alignment on a benefits and surface use agreement over the remaining surface rights required for the Ayelén vein project.

History

There are no reported historical mineral resources or documented production from the property prior to the discovery of the San Luis vein system in 2005.

The veins that are the focus of interest at the San Luis project were discovered in mid-2005 by an Esperanza field crew carrying out a prospecting program under the evaluation joint venture that existed at the time between us and Esperanza. Following the discovery in July 2005, Esperanza, as the operator of the San Luis joint venture completed channel sampling of the Ayelén vein, one of five veins that were identified in the field at that time. Channel samples were spaced approximately every 25 metres (82 feet) along the strike length of the Ayelén vein. Based on the results of the channel sampling, a diamond drill program was commenced by Esperanza in late 2006.

In 2006 and 2007 a systematic trenching and drilling program was carried out on the Ayelén vein. During this time approximately 19,200 metres of drilling was completed in 108 diamond drill holes. Thirty four trenches were also completed. Another 28 holes or approximately 3,200 metres were drilled in the Inéz vein, bringing the total drilling to 136 holes and approximately 22,400 metres.

On April 1, 2007, we assumed the role of operator for the San Luis joint venture and continued with the diamond drill program. From 2006 to 2008, the joint venture completed 33,600 metres of diamond drilling in 154 holes. In January 2009, Resource Evaluation Inc. (“REI”) and Resource Modeling Inc. (“RMI”) prepared an updated mineral resource estimate of the San Luis project, the results of which were publicly disclosed.

In 2010, we completed a feasibility study for the development of the San Luis project and the Peruvian government approved the EIA for the mining operation at the Ayelén vein. In 2011, we signed a land access agreement with the Cochabamba community.

On June 30, 2011, we entered into a share purchase agreement with Esperanza pursuant to which we purchased all of Esperanza’s remaining interest in the San Luis project for consideration of C$17 million cash, transferring to Esperanza the 6,459,600 common shares in Esperanza that we owned and a royalty equal to 1% of net smelter returns on future production from the project.

In 2013, we signed a five-year extension agreement with the Cochabamba community, granting us access rights to conduct exploration activities on certain community lands.

Geology Setting and Mineralization

Regional Geology

The San Luis property is situated within the Cordillera Negra terrain of the Peruvian Andes, which is characterized by sedimentary rocks (limestones, mudstones, shales, sandstones), quartzites, extrusive volcanic rocks (tuffs, ignimbrites, coarse pyroclastics, agglomerates, and lavas) and intrusive rocks (granodiorites, tonalites, andesites, dacites, and rhyolites). Recent surficial deposits in the region are mostly fluvial – glacial in character. Regional structure is related to two uplifts of the Andean belt that resulted in folding and faulting of basement rocks.

Local Geology

Local stratigraphy in the San Luis project area is dominated by flat-lying fine to coarse-grained andesites overlain by beds of interlayered andesite and volcanic breccia that strike northwesterly and dip from sub-horizontal to 30° southwest, which are the main hosts for the northwest to northnorthwest-trending mineralized (low sulphidation) epithermal veins. Post-mineral faulting resulted in well-developed vein breccia textures and tensional openings that allowed subsequent emplacement of rhyodacite dykes and later brecciation/displacement of both the dykes and veins. Vein gangue mineralization consists of quartz, chalcedony, calcite and minor adularia. Gold occurs as electrum and silver is present as acanthite, other silver sulphosalts, and electrum. Other sulphides include trace amounts of pyrite, chalcopyrite, galena and sphalerite. The veins display common epithermal textures. Ore “shoots” typically occur in dilational zones that are the result of a variety of local stresses, and often these stresses are repeated along the length of a vein structure, resulting in multiple ore-shoots. The two veins containing the mineralization that provides the mineral reserve are the Ayelén vein and the Inéz vein.

Property Geology

Other local lithologies include sandstones and fine-grained quartzites interlayered with some clay stones of the lower Cretaceous Carhuaz Formation (exposed as windows in the overlying volcanics) and granodiorites of the Puscao unit of the Coastal batholith, lesser outcrops of granodiorite and tonalite of the Cordillera Blanca batholith, and a series of rhyolitic sills, dykes, and irregular bodies that occur in intimate association with the San Luis veins. Structurally, local northwest and north-northwesterly faults have been active since the majority of volcanism ceased but prior to emplacement of the main epithermal veins. However, faulting also occurred during and after vein emplacement, which resulted in the well-developed vein breccia textures, tensional openings that allowed subsequent emplacement of rhyodacite dykes, and later brecciation and displacement of both the dykes and veins.

Mineralization

Vein gangue mineralization in the San Luis deposit consists of quartz, chalcedony, calcite and minor adularia. Gold occurs as electrum and silver is present as acanthite, other silver sulphosalts, and electrum. Other sulphides include trace amounts of pyrite, chalcopyrite, galena and sphalerite. The veins display common epithermal textures including crustiform banding that often display the interlayers of quartz and sulfide minerals. Bands are frequently disrupted, indicating repeated pulses of mineralization. Lattice textures in which calcite crystals have been replaced by quartz and brecciation are also common characteristics. Faulting and fracturing are key elements in the localization of mineralization in the vein system. Mineralized “shoots” typically occur in dilational zones that are the result of a variety of local stresses, and often these stresses are repeated along the length of a vein structure, resulting in multiple mineralized-shoots.

The Ayelén vein is the better mineralized of the known vein structures. Trenching and diamond drilling have traced this structure along a strike of 340° to 345° for a length of over 720 metres, with down-dip extensions of more than 325 metres. Surface mapping shows that the vein structure dips -75° to -85° west-southwesterly, but drilling results show that the controlling fault structure(s), subsurface individual vein segments and post-mineral dykes dip vertically to -80° west-southwesterly. True thicknesses of individual vein segments vary from tens of centimetres to more than 10 metres, with the average being 1.5 metres to 3.0 metres.

The Inéz vein, which is situated approximately 110 metres east of the Ayelén vein, strikes northwesterly at 320° to 340° and dips -50° to -75° to the northeast. The vein crops out as a series of discontinuous resistant ridges for more than 2,200 metres along strike, with apparent widths of 2 metres to 7.5 metres. However, only a relatively short section of the Inéz vein contains significant amounts of gold and silver, and this section occurs where the Inéz vein is closest to the Ayelén vein. Figure 3 illustrates the spatial relationship of the Ayelén vein, Inéz vein, and other veins which together comprise the San Luis epithermal system.

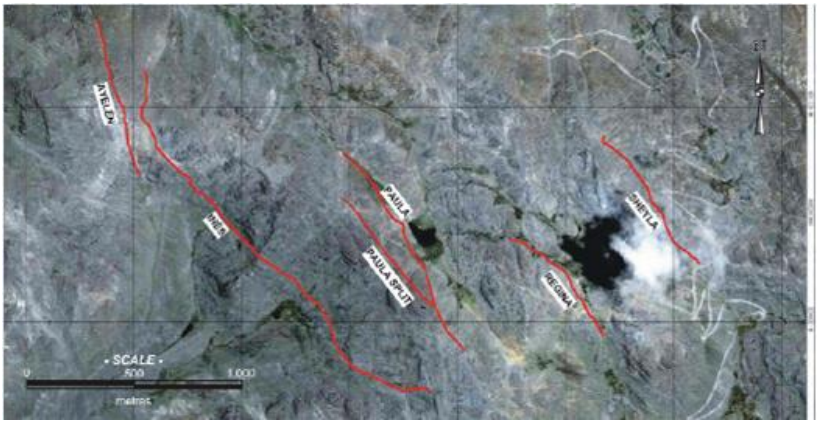


Figure 3 San Luis Vein System

We have identified an additional potential high grade gold vein target, the Bonita Zone, which is located entirely within the area held by the Cochabamba community, and have a 5,000 metre drill program planned and budgeted for 2014.

Exploration

The San Luis property was first visited by Esperanza field personnel in June 2005. They discovered and sampled the Inéz vein structure which returned values ranging from trace to 1.56 g/t gold and 0.8 g/t to 100 g/t silver. During a later property visit in July 2005 the Ayelén and Paula vein structures were discovered, prospected and channel sampled. The channel samples from the Ayelén vein returned values ranging from 0.026 to 173.8 g/t gold and 23 g/t to 2,504 g/t silver. Prospecting work by Esperanza later in 2005 led to the discovery of the nearby Sheyla and Regina vein structures.

Thirty-two separate trenches were excavated along the trend of the Ayelén vein structure at 25-meter intervals and 403 channel samples were collected along these trenches from the vein structure and wall rock. True thicknesses of the samples were calculated using the vein dips at each sample site. These vein dip angles varied from -70° to -85° west-southwest. The results of the channel sampling showed that the Ayelén vein structure hosted values ranging from trace to 134 g/t gold and 5.3 g/t to 2,246 g/t silver over true vein thicknesses of 0.98 metre to 7.14 metres. Figure 4 shows the locations of channel sample results along the central portion of the Ayelén vein. Twenty-five trenches were excavated across the Inéz vein structure at 25-meter intervals and 90 channel samples were collected along these trenches from the vein structure and wall rock. Vein structure dip angles varied from -65° to -75° northeast from which true thicknesses of the structure were calculated. Pincus and McCrea (2006) reported precious metal values for samples that graded greater than 1 g/t gold or represented longer true widths across the Inéz vein structure. The reported results ranged from trace to 21.07 g/t gold and trace to 1969 g/t silver across true widths of 0.66 metres to 3.43 metres. The results of this work identified the high gold and silver grades hosted by the Ayelén and Inéz vein structures and showed that these veins have features commonly associated with typical low sulphidation epithermal vein systems.

We believe that the reliability of the results of the geochemical sampling campaign discussed above is at an industry standard for the methods employed for these types of sample.

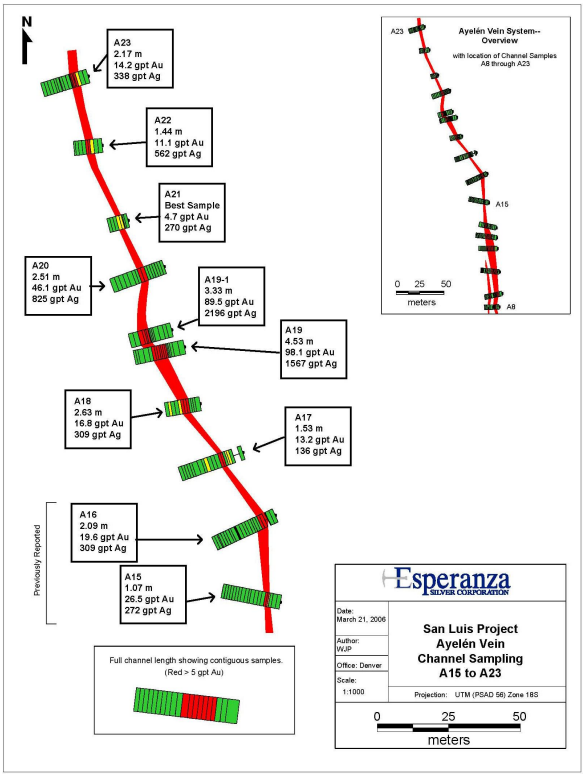


Figure 4 Location of 2006 Channel Samples on Central Portion of Ayelén Vein

Drilling

According to our personnel, all drilling of the Ayelén and Inéz veins was performed by Boart Longyear of Lima, Peru, using LF-70 and LY-44 rigs. All holes were reportedly collared with HQ-size drilling tools that recovered 63.5 mm diameter core, with reductions to NQ-size tools (47.6 mm diameter core) if poor drilling conditions were encountered. Drill hole collar sites reportedly were first surveyed using GPS instrumentation and subsequently using Distamat surveying equipment. Upon completion, all drill hole locations were immediately surveyed, and surveyors marked the location of the collars of the drilled holes with labelled rock cairns. Drill holes were surveyed down-hole using an Easyshot® survey tool that collected azimuth and inclination data at regular 50-metre intervals down the holes, with the final measurements being taken near the bottom of each drill hole. All down-hole survey data were recorded on the field geologic logs and subsequently in the electronic drill hole database.

Based on a review of core from ten diamond core holes (A-SL-087, A-SL-082, A-SL-079, A-SL-064, A-SL-069, A-SL-104, SL07-001, SL-07-002, SL06-01, and SL06-04), the core appears to be in excellent condition and order, with clearly labeled run blocks in place and sample breaks clearly noted. In the holes examined the core had been well-sampled using a diamond saw.

Logging of diamond drill core included the recording of lithologic, structural, alteration and mineralogical features observed by the project geologists onto conventional logging forms. These data were then transcribed onto drill hole-

specific spreadsheet-type files that could be imported directly into a Gemcom database. The logging of lithologies was very detailed and well done, with numerous (over 50) individual lithologic designations. Structure, alteration and mineralization logging was generally well done. The logging of geotechnical data was not extensive, with only core recovery (%), RQD, and a general description of core quality recorded.

For the mineral resource estimate on which the San Luis Feasibility Study is focused, only diamond core holes that tested the Ayelén and Inéz veins were used. Table 10 summarizes the number of diamond core holes and total number of metres drilled (by vein area) that define the current mineral resource. Most of the diamond core holes were drilled at steep angles to the east, resulting in both acute and obtuse intersection angles with the steep westerly-dipping vein.

Table 10 Summary of Diamond Drill Holes by Vein Area

Area	Number	Meters
Ayelén Vein	108	19,196.15
Inéz Vein	28	3,157.80
Total	**136**	**2,353.95**

In addition to the diamond core holes, a series of chip-channel samples were collected from surface trenches that were excavated on approximately 25 metre spaced intervals along and perpendicular to the strike length of the outcropping Ayelén and Inéz veins. These trench data were treated like sub-horizontal drill holes for constructing vein wireframes and estimating mineral resources. Table 11 summarizes the number of trenches and total metres of trenching by vein area. Most of the trench samples were assayed.

Table 11 Summary of Surface Trenches by Vein Area

Area	Number	Meters
Ayelén	34	506.21
Inéz	62	441.00
Total	**96**	**947.21**

The surface chip-channel samples were oriented perpendicular to the strike length of the Ayelén and Inéz veins and closely represent the true thickness of the veins at the sampled locations. The true thicknesses of the veins range between tens of cm to over 10 metres and average between 1.5 metres to 3.0 metres in width. The veins appear to be thicker near the surface and become thinner and lower grade with depth.

In June 2013, we drill tested a Cu-Mo porphyry target known as the BP Zone. This short program saw the completion of two diamond core holes for a total of 1,413 metres. While the nature of the hydrothermal alteration and the mineralization that was encountered by the drillholes is fairly typical of porphyry copper deposits, metal grades are insufficient to warrant further exploration in the near term.

A 5,000 metre drill program is planned and budgeted for 2014 with respect to the Bonita Zone. Exploration permits for the Bonita Zone target have been received and, once a water permit is received, we expect to commence exploration drilling in the first half of 2014, upon the conclusion of the Peruvian rainy season.

Sampling and Analysis

Drill Core Sampling

Diamond core recovery for the various drill campaigns was excellent. Fifty-six percent of the assayed intervals had a core recovery of 100% and 95% of the total data had core recoveries in excess of 90%. The San Luis project geologists who logged the core determined the core intervals to be sampled. Sample intervals averaged approximately 1.0 metre in length, with individual samples rarely greater than 1.5 metres or less than 0.5 metre in length. Definite sample breaks

were made at contacts between geologic units (vein/wallrock boundaries and lithologic contacts). Within an individual geologic unit, sample intervals were extended or reduced slightly to allow for a nearby geologic contact. The maximum allowable sample length was 2.0m.

Once the project geologists marked the sample interval breaks, core from each assigned sample interval was individually removed and cut in half lengthwise using a diamond saw. After sawing the core from an individual sample interval, one-half of the drill core was placed in a 6 mil plastic sample bag for assay, and the other half was returned to its original position in the core box. All of the core from the ten holes examined during the June 2008 site visit was found to be well sawn, with the remaining half core carefully placed back in the boxes in good order.

Once sampling was complete, the individual core sample bags were then securely tied with non-slip plastic straps, properly labeled and stored in a locked room in the core storage facility under the supervision of the project geologist until they could be shipped to the assay laboratory.

Surface Trench Sampling

Surface trenches were sampled by cutting material (using a hammer and chisel) from channels in the floor of the trenches after the floors were cleaned by pick and shovel. Based on REI's examinations of the surface trenches during its 2008 site visit, the samples taken were not true channel samples (where material was carefully removed such that well defined, regular rectangular cuts remained). Rather, the surface trench samples appeared to be what is well known and accepted in the industry as "chip channel" samples. Individual sample locations were then marked by spray paint continuously along the entire length of the trench. Each sample was cut along a length of approximately one metre, although the lengths of individual samples varied. Each individual sample generally weighed between one and two kilograms.

Samples Analysis

During the exploration of the San Luis veins, sample preparation and analysis was done mainly by the analytical laboratories of SGS del Peru and ALS Peru located in Lima. Both laboratories are accredited according to the ISO/IEC 172025 standard, which is specifically designed for Mineral Analysis Testing Laboratories. The sample preparation and analytical procedures used by these laboratories are appropriate for the type of epithermal gold-silver mineralization present in the San Luis deposit. No aspects of the sample preparation or sample analysis were conducted by one of our employees, officers, directors, or associates of either Silver Standard or Esperanza, its joint venture partner in the San Luis project.

Quality Assurance/Quality Control

A rigorous QAQC program was established to monitor accuracy (*i.e*., sample standards), contamination (*i.e*., sample blanks), precision (*i.e*., duplicates) and other possible sampling errors (*i.e*., sample mis-labelling). The QAQC protocol for this program included the insertion of at least one QC sample per 15 regular samples submitted to the primary assay laboratory. The type of QC sample that was inserted alternated between a duplicate sample (sent to a secondary laboratory), a standard sample, or a blank sample. The standard and blank samples were inserted into the sample sequence as the sample shipment was being prepared. Duplicate samples were inserted at the time of collection. The QC samples were assigned sample numbers in the same sequential order as the primary samples in order to help prevent detection of the QC samples by the primary laboratory. Sample results reportedly were routinely monitored for quality control failures or problems, and when these occurred, the laboratory responsible was notified and check analyses (reruns) were performed to resolve the discrepancies.

Data Verification

REI and RMI obtained copies of certified (signed) assay certificates for 31 core holes and/or trenches, covering a representative number of sampling campaigns for verification of the assays in the electronic database. Only three gold and three silver assay data errors were discovered, all in Ayelén trench A16. It appears that these records had been shifted downward one row in the electronic database, and the errors were corrected prior to estimating mineral resources. The results of this verification of the gold and silver assays in the electronic database are within typical industry accepted

tolerances for accuracy (less than 1% errors), which indicates that the electronic database is acceptable to be used to estimate mineral resources.

Sample Security

Once trench samples were collected, the sample bags were tied shut by the geologist and then transferred to the project field camp and stored in a locked area at the core shed, with access controlled by project geologists. Diamond drill cores were also transported from the drill rigs and stored in the same locked area. After the cores were sampled, the individual 6 mil sample bags of core were securely tied with non-slip plastic straps, properly labeled, and returned to the locked room in the core shed to await shipment to the assay laboratory. Prior to shipping, the individual sacks of samples were placed into large woven nylon rice bags, the contents were marked on each rice bag, and each bag was securely sealed. These rice bags containing the individual samples were then delivered directly to either the SGS del Peru S.A.C ("SGS") in Lima or the ALS assay laboratory in Lima by project personnel, thus maintaining an uninterrupted chain of custody between the drill rigs and the assay laboratory. Occasional exceptions to this procedure occurred when trench samples were delivered by project personnel to the town of Casma, where the samples were then bused via commercial transport (TEPSA S.A.) to Lima, and picked up by SGS.

Mining Operations

Mining Method

It is currently planned that the San Luis project will use overhand cut-and-fill mining with unconsolidated rock fill as the mining method due to the ore body width and dip as well as familiarity with this method in Peru. A 10% factor for external dilution has been added to stope tonnages. Dilution material is assumed to have no gold or silver content/value. Internal dilution is included in the stope design at modeled grades. Mining recovery is considered to be 95%. A maximum mine production rate of 417 tonnes per day was chosen based on the ore body width, mining method, and appropriate mining productivities. The development openings and support requirements are based on the preliminary mine geotechnical assessment of the Ayelén vein system made by Buenaventura Ingenieros S.A.

Metallurgical Process

Four metallurgical testwork programs have been completed investigating the metallurgical response of mineralized samples from the San Luis project. The first program was performed by Process Research Associates Ltd. of Richmond, British Columbia, Canada. The second program was performed at C.H. Plenge & CIA S.A. in Lima, Peru. The third and fourth programs were performed by G&T of Kamloops, British Columbia, Canada. In conjunction with the second G&T program (fourth program overall), a study including flocculant screening, sedimentation, rheology and filtration was undertaken by Pocock Industrial, Inc. of Salt Lake City, U.S.A. These programs investigated the recovery of gold and silver using gravity concentration, cyanide leaching and flotation, as well as defining mill design parameters. Petrographic analyses of core samples have been performed by Dr. Craig Leitch and BISA. Metallurgical testing was carried out using industry-accepted procedures by reputable testing facilities. Although considerable effort was made to ensure the representivity of the samples with respect to the entire deposit, nevertheless it is possible that certain mineral assemblages were not identified or tested adequately.

Markets

The doré from the San Luis project will be marketed to a number of refiners, bullion banks or brokers in North and South America.

Contracts

There are currently no contracts in place for the sale of San Luis doré.

Environmental Conditions

The Area of Direct Influence is defined as the area where the San Luis project can potentially directly affect the environment during construction and operation. These areas include:

- Areas of direct influence such as the mine, process plant, tailings facilities, and other ancillary facilities.
- Hydrological areas of influence such as the Huanchuy, Tocash, and Iscupampa ravines.
- Meteorological areas of influence such as downwind areas that can be affected by dust.
- Socioeconomic areas of influence such as the villages of Tambra and Pueblo Viejo.
- Land tenure areas such as the EPZ ONE, EPZ THREE, EPZ FOUR, CAHUARAN ONE, and PUMALHILLCA ONE mining concessions.
- Other superficial land assigned to the Cochabamba and Ecash communities.

For further details regarding Peruvian environmental regime, see " *Description of the Business – Foreign Operations – Peru – Environmental*".

Taxes

The San Luis project is subject to the Peruvian federal corporate income tax rate of 30%.

In 2011, the Peruvian government approved the Modified Mining Royalty ("MMR"), replacing the mining royalty regime introduced in 2004. The MMR is applied on an operating income base, payable each quarter with marginal rates ranging from 1% to 12%, depending on the operating profit margin.

The Peruvian government also introduced in parallel with the MMR, the SMT which is applied on operating income based on a sliding scale, with progressive marginal rates ranging from 2% to 8.4%.

Other taxes include VAT at a rate of 18%, which is refundable as a tax credit.

Mine Life

The currently delineated minable reserve will provide a mine life of approximately 3.5 years. However, on-going exploration in the area during the mining phase, as well as evidence of Ayelén's projection and other veins resources, may extend the mine life.

Estimate of Financial Metrics

A base case cash flow model for the project has been developed using metal prices of $800/oz gold and $12.50/oz silver.

The base case economic parameters of the project deliver an IRR of 26%, a NPV (5% discount) of $39.2 million, a payback of 1.2 years, a cash operating cost of $84.6 million, a total operating cost of $160.83/tonne ore and a cost of production of $313.16/oz of gold recovered. These estimates have not taken into account the MMR and SMT.

Exploration and Development

On September 10, 2012, the Peruvian government approved the EIA for the mining operation of the Ayelén deposit, completing a significant milestone for the San Luis project. Our EIA is valid until September 10, 2015. Prior to such date, we must begin development activities at the San Luis project, which requires us to obtain a permit for such activities from the DGM. Such permit application must include, among others, the submission of the mining plan and engineering study. In the event we are unable to obtain such permit, we may request an extension of the EIA for 2 additional years before the DGAAM.

The execution of the San Luis project requires land access negotiations to be completed with the two local communities that control the rights to surface lands on which the future mine would be located. We entered into a land use agreement with the Cochabamba community in 2011. In 2013, we signed a five-year extension agreement with the Cochabamba

community, granting us access rights to conduct exploration activities on the community lands that cover the southwestern sector of the San Luis mineral property.

The extension signed with the Cochabamba community in 2013 enables us to complete exploration work on the Bonita Zone, an additional potential high grade gold vein target. Exploration permits for the Bonita Zone target have been received and, once a water permit is received, we expect to commence exploration drilling in the first half of 2014, upon the conclusion of the Peruvian rainy season.

We continue to negotiate with the Ecash community in order to reach alignment on a benefits and surface use agreement over the remaining surface rights required for the Ayelén vein project. The completion of this land access agreement will enable permit applications to be submitted and a development decision to be made.

OTHER PROPERTIES

Diablillos Project

The Diablillos project is a wholly-owned silver-gold exploration project located in northwestern Argentina approximately 275 kilometres south of our Pirquitas mine and is accessible by gravel road. The project consists of eight mining leases or “minas” totaling 4,500 hectares, and 2 cateos (or exploration licences) of 5,567 hectares. In order to maintain our rights to these concessions, we are required to make canon payments to the Argentine government.

We initiated a PEA for the Diablillos project in 2010 to evaluate the potential for placing the project in production. In 2011, surface rock sampling was conducted on the property by our geologists in order to define potential near-surface drilling targets. In 2012, five areas marked by exposures of precious metal mineralization were further evaluated through the rock-chip sampling of several shallow trenches that were excavated using a back-hoe machine, and we drilled 19 diamond boreholes for a combined length of 1,674 metres to test these five targets.

The Diablillos Mineral Resources are summarized in the “Mineral Resources” table. See “ *Description of the Business – Summary of Mineral Reserves and Mineral Resources Estimates*”.

Parral, Mexico

We hold four mineral properties in the mining district of Parral in the southern Chihuahua State, Mexico and are evaluating such properties for their potential to yield economic silver deposits. Our ongoing exploration of these properties has involved detailed geological mapping and sampling of outcroppings that host silver-bearing quartz veins and veinlets.

Other Exploration Projects

In 2013, we entered into an option agreement with respect to the San Luis del Cordero property in Durango, Mexico, pursuant to which we could earn a 51% interest in the property by drilling a minimum of 4,000 metres within the first year, making total cash payments of $1.5 million, and incurring exploration expenditures totaling $3.5 million over the three-year term of the agreement. During the fourth quarter of 2013 and into early 2014, we completed a 5,500 metre drill program in 15 holes. Although mineralization was encountered, it was insufficient to justify making the next option payment in the current fiscal environment. We therefore decided to terminate the option agreement in March 2014.

Under current fiscal conditions, we have minimized capital available for non-core exploration activities, and during 2013, we completed a detailed appraisal of our large property portfolio to determine which properties to advance along with our corporate strategy, and which properties to relinquish. This resulted in the sale of the San Agustín property in Mexico in December 2013 and the completion of the sale of the Challacollo project in Chile in February 2014, and the relinquishment of certain other non-core properties in Mexico and the United States in 2013.

RISK FACTORS

An investment in our securities is speculative and involves a high degree of risk due to the nature of our business and the present stage of exploration and development of our mineral properties. The following risk factors, as well as risks currently unknown to us, could materially adversely affect our future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking statements relating to us, or our business, property or financial results, each of which could cause you to lose part or all of your investment in our securities. You should carefully consider the following risk factors along with the other matters set out in this Annual Information Form.

RISKS RELATED TO OUR BUSINESS AND OUR INDUSTRY

The production, development plans and cost estimates for the Pirquitas mine, the Pitarrilla project and the San Luis project may vary and/or not be achieved.

We have prepared estimates of future production, operating costs and capital costs for the Pirquitas mine, and the 2012 Pitarrilla Technical Report and the San Luis Feasibility Study contain estimates of future production, development plans, operating and capital costs and other economic and technical estimates relating to these projects. We cannot assure you that such production, plans, costs or other estimates will be achieved. Actual production and costs may vary from the estimates depending on a variety of factors, many of which are not within our control. These factors include, but are not limited to: actual ore mined varying from estimates of grade, tonnage, dilution, and metallurgical and other characteristics; short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades from those planned; mine failures, slope failures or equipment failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; exchange rate and commodity price fluctuations; shortages of principal supplies needed for operations, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; labor shortages or strikes; high rates of inflation; civil disobedience and protests; and restrictions (including change to the taxation regime) or regulations (including environmental permitting and import restrictions for equipment and material required for operations at the Pirquitas mine) imposed by governmental or regulatory authorities or other changes in the regulatory environments. Failure to achieve production or cost estimates or material increases in costs could have a material adverse impact on our future cash flows, profitability, results of operations and financial condition.

The Pirquitas mine is currently our only mineral property in production and we may be exposed to future development risks.

The Pirquitas mine is currently our only mineral property in production. The future development of any other properties found to be economically feasible and approved by our Board of Directors will require the construction and operation of mines, processing plants and related infrastructure. As a result, we are and will continue to be subject to all of the risks associated with establishing new mining operations including:

- the availability and cost of skilled labor and mining equipment;
- the availability and cost of appropriate smelting and refining arrangements;
- securing long-term access agreements required to develop and operate a mine, including the surface rights required for the Pitarrilla project and the San Luis project;
- the need to obtain and retain necessary environmental and other governmental approvals and permits and the timing of the receipt of those approvals and permits;
- potential opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent development activities;
- potential for labour unrest or other labour disturbances;
- potential increases in cost structures due to changes in the cost of fuel, power, materials and supplies; and

- the timing and cost, which can be considerable, of the construction and expansion of mining and processing facilities.

The costs, timing and complexities of operating the Pirquitas mine and constructing and developing our other projects may be greater than we anticipate because the majority of our property interests are not located in developed areas and, as a result, our property interests may not be served by appropriate road access, water and power supply and other support infrastructure. Cost estimates may increase as more detailed engineering work is completed on a project. It is common in new mining operations to experience unexpected costs, problems and delays during construction, development and mine start-up. In addition, delays in the early stages of mineral production often occur. For example, in 2011 we produced less silver than anticipated because of lengthy production stoppages caused by mechanical problems that first affected our crushing capacity and then our milling. Accordingly, we cannot assure you that our activities will result in profitable mining operations at any of our mineral properties.

We may be unable to replace our Mineral Reserves.

The Pirquitas mine is our only current source of metals production. The 2011 Pirquitas Technical Report provides for production at the Pirquitas mine to cease in 2020. If our Mineral Reserves are not replaced either by the development of additional Mineral Reserves and/or additions to Mineral Reserves at the Pirquitas mine, there may be an adverse impact on our future cash flows, earnings, results of operations and financial condition, and this may be compounded by requirements to expend funds for reclamation and decommissioning.

We may be unable to complete and successfully integrate an announced acquisition, including the recently announced Marigold mine acquisition.

We expect to continue to evaluate acquisition opportunities and pursue those opportunities we believe are in our long-term best interests. The success of our acquisitions will depend upon our ability to effectively manage the integration and operations of entities or properties we acquire and to realize other anticipated benefits. The process of managing acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of management resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after we have committed to complete the transaction and established the purchase price or exchange ratio; a material orebody may prove to be below expectations; we may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; and the acquired business or assets may have unknown liabilities which may be significant. There can be no assurance that we will be able to successfully manage the integration and operations of businesses or properties we acquire or that the anticipated benefits of our acquisitions will be realized.

The completion of the announced Marigold mine acquisition is subject to us obtaining all required third party regulatory and governmental approvals and the satisfaction or waiver of all other conditions to completion of the acquisition. Furthermore, no assurance can be given that our systems, procedures and controls will be adequate to support the expansion of our operations resulting from the acquisition of the Marigold mine. Our future operating results could be affected by the ability of our officers and key employees to manage the changing business conditions and to integrate the Marigold mine operation into our own. No assurance can be given that the Marigold mine acquisition will result in the anticipated benefits expected from the acquisition. In addition, there may be liabilities, such as environmental liabilities, that we have failed to discover or have underestimated in connection with our announced acquisition of the Marigold mine. There may also be capital expenditure requirements that we have failed to discover or underestimated in connection with the acquisition, which amounts may be material. Any such liabilities or capital expenditure requirements could have a material adverse effect on our business, financial condition or future prospects.

We may not have sufficient funds to fully develop our mineral properties or to complete further exploration and development programs.

Current operating cash flows are not sufficient to finance all our exploration programs, development of our mineral properties and corporate costs. In the future, our ability to continue our production, development and exploration activities, if any, will depend on our ability to generate sufficient operating cash flows from the Pirquitas mine and to obtain additional external financing where necessary. Any unexpected costs, problems or delays at the Pirquitas mine could severely impact our ability to generate sufficient cash flows and require greater reliance on alternative sources of financing.

The sources of external financing that we may use for these purposes include project or bank financing, or public or private offerings of equity and debt. In addition, we may enter into one or more strategic alliances or joint ventures, decide to sell certain property interests, or utilize one or a combination of all of these alternatives. The financing alternative chosen by us may not be available to us on acceptable terms, or at all. If additional financing is not available, we may have to postpone the development of, or sell, one or more of our principal properties.

Changes in the market prices of silver and other metals, which in the past have fluctuated widely, will affect our operations.

Our profitability and long-term viability and the economic feasibility of our projects depend, in large part, on the market price of silver, gold, zinc and lead. The market prices for these metals are volatile and are affected by numerous factors beyond our control, including:

- global or regional consumption patterns;
- the supply of, and demand for, these metals;
- speculative activities;
- the availability and costs of metal substitutes;
- expectations for inflation; and
- political and economic conditions, including interest rates and currency values.

We cannot predict the effect of these factors on metal prices. A decrease in the market price of silver and other metals would affect the profitability of the Pirquitas mine and could affect our ability to finance the exploration and development of any of our other mineral properties. The market price of silver and other metals may not remain at current levels. In particular, an increase in worldwide supply, and consequent downward pressure on prices, may result over the longer term from increased silver production from mines developed or expanded as a result of current metal price levels.

Political or economic instability or unexpected regulatory change in the countries where our properties are located could adversely affect our business.

We currently conduct operations in Argentina, and have exploration projects in Mexico, Peru, Argentina, Chile, Canada and the United States, and as such we are exposed to various levels of economic, political and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to, royalties and tax increases or claims by governmental bodies, expropriation or nationalization, employee profit-sharing requirements, foreign exchange controls, restrictions on repatriation of profits, import and export regulations, cancellation or renegotiation of contracts, changing fiscal regimes and uncertain regulatory environments, fluctuations in currency exchange rates, high rates of inflation, changes in royalty and tax regimes, including the elimination of tax exemptions, underdeveloped industrial and economic infrastructure, unenforceability of contractual rights and judgments and environmental permitting regulations. The occurrence of these various factors and uncertainties cannot be accurately predicted and could adversely affect our business.

The regulatory environment in Argentina continues to provide a challenging cost environment, especially with inflation at elevated levels. For example, on October 26, 2011, the Federal Government of Argentina announced that future export revenues derived from mining operations in Argentina must be repatriated to Argentina and converted into

Argentine currency prior to being distributed either locally or overseas. The distribution of earnings overseas requires Argentine currency to be converted into foreign currency for repatriation. A bank transaction tax of 0.6% applies to the conversion of Argentine pesos to foreign currencies in transactions that would otherwise have been executed using offshore funds.

Additionally, the taking of property by nationalization or expropriation without adequate compensation is a risk in the jurisdictions in which we have operations. Expropriation, or the threat of expropriation, is often the result of poor economic conditions within a country or has underlying political rationales. Although we do not presently anticipate that any of our properties will be the subject of expropriation, there can be no assurance that this will not occur. Such governmental actions may have an adverse impact on our operations and profitability.

In October 2013, the Mexican government approved the Mexico Tax Reforms, which introduced new taxes and royalties for mining projects and came into effect on January 1, 2014. Given the significance of the Mexico Tax Reforms, we deferred the Pitarrilla open pit construction decision, suspended the joint venture process, placed project activities on hold and initiated a thorough review of the mine and plant options at the Pitarrilla project in the fourth quarter of 2013.

We may be adversely affected by future fluctuations in foreign exchange rates.

We maintain our cash and cash equivalents primarily in U.S. dollars, Canadian dollars and Argentine pesos. Our revenues are in U.S. dollars, while certain of our costs will be incurred in other currencies. In particular, any appreciation in the currencies of Argentina, Mexico, Peru, Chile and Canada or other countries where we carry out exploration or development activities against the U.S. dollar will increase our costs of carrying on operations in such countries. With the operation of the Pirquitas mine, our costs denominated in Argentine pesos have increased over past levels, and we therefore have greater exposure to Argentine currency fluctuations. In addition, any decrease in the Canadian dollar or Argentine peso against the U.S. dollar will result in a loss on our books to the extent we hold funds in those currencies. As a result, our financial performance and forecasts may be significantly impacted by changes in foreign exchange rates.

Subsequent to the end of 2013, the Argentine peso has seen a significant devaluation, well above the pace of devaluation through 2013, as the Argentine government reduced intervention and relaxed capital controls. The devaluation will reduce the value of our Argentine peso-denominated assets, principally cash and VAT receivables, and decrease our Argentine peso-denominated liabilities, principally accounts payable, when expressed in U.S. dollars. The devaluation is expected to positively impact our Argentine-based operating costs when expressed in U.S. dollars, but we remain cautious of the impact the devaluation will have on inflation rates in Argentina, which would negatively impact our operating cost structure.

We have incurred losses in the past and may incur losses in the future.

Although we had income from mine operations of $5.2 million and $58.1 million for the years ended December 31, 2013 and 2012, respectively, we have incurred losses in the past and we incurred non-GAAP adjusted net losses after adjustments as reported in “Non-GAAP Financial Measures” in our management’s discussion and analysis of the financial position and results of operations for the year ended December 31, 2013. We may continue incurring losses or generating insufficient cash flows, such that the exploration and development of our other mineral properties will require commitment of substantial financial resources that may not be available. The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing exploration and development, the results of analyses and recommendations, the rate of operating profits or losses, the execution of any strategic agreements with third parties and our acquisition of additional property interests, many of which are beyond our control. We cannot assure you that we will achieve consistent profitability.

General economic conditions may adversely affect our growth and profitability.

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the silver and gold mining industry, have been and continue to be impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market confidence and liquidity. A continued or worsened slowdown in the

financial markets or other economic conditions, including but not limited to, sovereign debt and government solvency conditions, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect our growth and profitability. Specifically:

- the global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity;
- volatility of silver and gold prices would impact our revenues, profits, losses and cash flow;
- continued recessionary pressures could adversely impact demand for our production and, conversely, inflationary pressures would impact our production costs;
- volatile energy, commodity and consumables prices and currency exchange rates would impact our production costs; and
- the devaluation and volatility of global stock markets would impact the valuation of our equity and other securities.

These factors could have a material adverse effect on our financial condition and results of operations.

Our investment in Pretium and other marketable securities may not be fully realizable.

Following the sale of the Snowfield and Brucejack properties to Pretium, we retained a significant continuing ownership interest in Pretium, which is approximately 18.1% of Pretium's issued and outstanding shares as at March 4, 2014. In connection with our recently announced disposition of the Challacollo project in Chile, we received as partial consideration 12 million common shares of Mandalay, and the contingent right to receive 5 million additional common shares of Mandalay. As partial consideration for our recently announced disposition of the San Agustín property in Mexico, we received 5,111,439 common shares of Argonaut. We will rely on the performance of these companies, the market performance of their common shares and the liquidity of the market for those shares, in order to realize the full value of our interest. This may reduce our ability to execute our strategy and fund planned exploration and development opportunities.

We may be subject to a 10% export duty on current and past production of silver concentrate from the Pirquitas mine.

We entered into the Fiscal Agreement with the Federal Government of Argentina in 1998 for production from the Pirquitas mine. In December 2007, the DNA levied an export duty of approximately 10% from concentrates for projects with fiscal stability agreements pre-dating 2002. The Federal Government asserts that the Pirquitas mine is subject to this export duty despite contrary rights detailed under the Fiscal Agreement. We have challenged the legality of the export duty applied to silver concentrates and the matter is currently under review by the Federal Court (Jujuy) in Argentina. The Federal Court (Jujuy) granted the Injunction, pending the decision of the courts with respect to our challenge of the legality of the application of the export duty. The Injunction was appealed by the Federal Government but upheld by each of the Federal Court of Appeal (Salta) on December 5, 2012 and the Federal Supreme Court of Argentina on September 17, 2013. The Federal Government also appealed the refund we claimed for the export duties paid before the Injunction, as well as matters of procedure related to the uncertainty of the amount reclaimed; however, on May 3, 2013, such appeal was dismissed by the Federal Court of Appeal (Salta).

As of December 31, 2013 the Pirquitas mine has paid $6.6 million in export duties, against which it has filed for recovery. In accordance with the Injunction, we have not been paying export duties on silver concentrates but continue to accrue duties in full until the outcome of the claim is known with certainty. However, the Federal Government enacted legislation in 2013 limiting the term of effectiveness of injunctions ordered against it, and we are monitoring the potential impact of such legislation on the Injunction, including as it relates to the payment of any accrued export duties. At December 31, 2013, we have accrued a liability totaling $48.2 million, with a corresponding increase in cost of sales in the relevant period.

While we are of the view that the export duty levied on the Pirquitas mine has no legal merit, there is no assurance that we will be successful in the Federal Court (Jujuy) or that we will not have to pay the full amount of the export duties going forward, as well as those that have accrued since September 29, 2010, plus interest and penalties. In the event that we are unsuccessful, this would negatively impact our financial position.

We are subject to credit risk through our significant VAT receivable balance collectible from the government of Argentina.

We are subject to credit risk through our significant VAT balance that is collectible from the government of Argentina. Due to legislative rules and a complex collection process, the Argentine VAT receivable is classified as non-current until it is approved by the government; thereafter, it is reclassified to current as we have greater certainty of the ability to collect within twelve months. As of December 31, 2013, our non-current VAT receivable balance was $62.4 million. Legislative changes in Argentina have further tightened controls over the VAT collection process and could have a negative impact on our ability to recover outstanding VAT balances.

The sale of our concentrates is subject to counterparty and market risks.

We have entered into supply arrangements to sell silver and zinc concentrates being produced at the Pirquitas mine to concentrate traders and smelting companies. We cannot assure you that in the future, where necessary, we will be successful in entering into such arrangements on acceptable terms, or at all. If we are not successful in entering into such arrangements, we may be forced to sell all of our concentrates, or greater volumes of them than we may from time to time intend, in the spot market, or we may not have a market for our concentrates. In addition, should any counterparty to any supply arrangement we may enter into not honor such arrangement, or should any of such counterparties become insolvent, we may incur losses for products already shipped and be forced to sell greater volumes of our concentrates than intended in the spot market or we may not have a market for our concentrates, and our future operating results may be materially adversely impacted as a result. Moreover, we cannot assure you that we will be able to renew any agreements we may enter into to sell concentrates when such agreements expire, or that our concentrates will meet the qualitative requirements under future concentrate agreements or the requirements of buyers.

We follow Canadian disclosure practices concerning our Mineral Reserves and Mineral Resources which allow for more disclosure than is permitted for domestic U.S. reporting companies.

Our mineral resource estimates are not directly comparable to those made by domestic U.S. reporting companies subject to the SEC reporting and disclosure requirements, as we report resources in accordance with Canadian practices. These practices are different from the practices used to report resource estimates in reports and other materials filed by domestic U.S. reporting companies with the SEC in that the Canadian practice is to report Measured, Indicated and Inferred Resources. In the United States, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. U.S. investors are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into reserves. Further, “Inferred Mineral Resources” have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Disclosure of “contained ounces” is permitted disclosure under Canadian regulations; however, the SEC only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization and resources contained in this Annual Information Form may not be comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC. See “*Introductory Notes – Cautionary Notice Regarding Mineral Reserves and Mineral Resources Estimates* ”.

Our estimates of Mineral Reserves and Mineral Resources are based on interpretation and assumptions and may yield less mineral production under actual conditions than is currently estimated.

There are numerous uncertainties inherent in estimating quantities of Mineral Reserves and grades of mineralization, including many factors beyond our control.

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. For example, on November 9, 2011, we announced a reduction to the Mineral Reserves and Mineral Resources estimates for the Pirquitas mine, which shortened the anticipated mine life. We cannot assure you that:

- Mineral Reserves, Mineral Resources or other mineralization estimates will be accurate; or
- mineralization can be mined or processed profitably.

Any material changes in Mineral Reserves estimates and grades of mineralization will affect the economic viability of placing a property into production and a property's return on capital. Our estimates of Mineral Reserves and Mineral Resources 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, tin, zinc, lead and copper 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, including estimates made in the 2011 Pirquitas Technical Report, the 2012 Pitarrilla Technical Report and the San Luis Feasibility Study, 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.

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 we cannot assure you 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 that can be legally and economically exploited. Estimates of Mineral Reserves, Mineral 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 Mineral 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 Mineral 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, we cannot assure you that we will successfully acquire additional commercially mineable (or viable) mineral rights.

Suitable infrastructure may not be available or damage to existing infrastructure may occur.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants for capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploitation or development of our projects. If adequate infrastructure is not available in a timely manner, we cannot assure you that the exploitation or development of our projects will be commenced or completed on a timely basis, or at all, or that the resulting operations will achieve the anticipated production volume, or that the

construction costs and operating costs associated with the exploitation and/or development of our projects will not be higher than anticipated. In addition, unusual weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect our operations and profitability.

Pending closing of the Marigold mine acquisition, we have revenue from a single operation.

We transitioned from exploration and development to production, generating initial revenue from operations at the Pirquitas mine in 2010. Other than the Pirquitas mine, which achieved commercial production on December 15, 2009, all of our properties are in the exploration or development stage. With the exception of our Pitarrilla project and San Luis project, we have not defined or delineated any Proven or Probable Mineral Reserves on any of our exploration stage properties. We will diversify this risk by adding production from the Marigold mine upon closing of the announced acquisition in April 2014. Mineral exploration involves significant risk because few properties that are explored contain bodies of ore that become commercially economic to develop into producing mines. If our current exploration programs do not result in the discovery of commercial ore, or the economic viability of our current development projects is altered, we may need to write-off part or all of our investment in our existing exploration stage and development properties, as applicable, and we may need to acquire additional properties.

The determination of whether any mineral deposits on our properties are economically viable is affected by numerous factors beyond our control, including:

- the metallurgy of the mineralization forming the mineral deposit;
- the geological structures and formations of the deposit and host rock;
- market fluctuations for metal prices;
- the proximity and capacity of natural resource markets and processing equipment; and
- government regulations governing prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

We require further permits in order to conduct our current and future operations, and delays in obtaining or failure to obtain such permits, or a failure to comply with the terms of any such permits that we have obtained, would adversely affect our business.

Our current and anticipated future operations, including continued production at the Pirquitas mine, and further exploration, development and commencement of production on our other mineral properties, including the Pitarrilla project and the San Luis project, require permits from various governmental authorities. Obtaining or renewing governmental permits is a complex and time-consuming process. The duration and success of efforts to obtain and renew permits are contingent upon many variables not within our control.

We cannot assure you that all permits that we require for our operations, including any for construction of mining facilities or conduct of mining, will be obtainable or renewable on reasonable terms, or at all. Delays or a failure to obtain such required permits, or the expiry, revocation or failure by us to comply with the terms of any such permits that we have obtained, would adversely affect our business.

In February 2014, we were advised that SEMARNAT did not approve the EIA for the Pitarrilla project. The primary reason is that sufficient water rights for the open pit mine and plant requirements had not been secured. We are currently reviewing lower capital cost, underground development options for the Pitarrilla project.

Our EIA for the mining operation of the Ayelén deposit at the San Luis project is valid until September 10, 2015. Prior to such date, we must begin development activities at the San Luis project, which requires us to obtain a permit for such activities from the DGM, or request an extension of the EIA before the DGAAM. There can be no assurance that this permit will be obtainable or that we will be granted an extension by the DGAAM.

We are subject to significant governmental regulations.

The operation of the Pirquitas mine, as well as our exploration and development activities, are subject to extensive federal, state, provincial, territorial and local laws and regulations governing various matters, including:

- environmental protection;
- the management and use of toxic substances and explosives;
- the management of natural resources;
- the exploration of mineral properties;
- exports;
- insurance restrictions;
- import restrictions;
- exchange controls;
- capital controls;
- price controls;
- taxation and mining royalties;
- labor standards and occupational health and safety, including mine safety;
- employee profit-sharing arrangements;
- anti-corruption and anti-bribery statutes; and
- historic and cultural preservation.

Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations or requiring corrective measures, installation of additional equipment or remedial actions, or the imposition of additional local or foreign parties as joint venture partners, any of which could result in significant expenditures. We may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. Future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, cannot be accurately predicted and it is possible that these could cause us to incur additional expense, divert management time and attention from revenue generating activities or restrict or delay the exploration and development of our properties.

Our activities are subject to health, safety and environmental laws and regulations that may increase our costs and restrict our operations.

Our activities are subject to extensive laws and regulations governing the protection of the environment, natural resources and human health. These laws address, among other things, emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. We are required to obtain governmental permits and in some instances provide bonding requirements under federal, state, or provincial air, water quality, and mine reclamation rules and permits. Although we make provisions for reclamation costs, it cannot be assured that these provisions will be adequate to discharge our future obligations for these costs. Violations of environmental, health and safety laws are subject to civil sanctions, and, in some cases, criminal sanctions, including the suspension or revocation of permits. While responsible environmental stewardship is one of our top priorities, we cannot assure you that we have been or will be at all times in complete compliance with such laws, regulations and permits, or that the costs of complying with current and future environmental laws and permits will not materially and adversely affect our business, results of operations or financial condition.

Under certain environmental laws we could be held jointly and severally liable for removal or remediation of any hazardous substance contamination at our current, former and future properties, at nearby properties, or at other third party sites where our wastes may have migrated or been disposed. We could also be held liable for damages to natural resources resulting from hazardous substance contamination. Additionally, environmental laws in some of the countries in which we operate require that we periodically perform environmental impact studies at our mines. We cannot guarantee that these studies will not reveal environmental impacts that would require us to make significant capital outlays or cause material changes or delays in our intended activities, any of which could adversely affect our business.

The failure to comply with environmental laws and regulations or liabilities related to hazardous substance contamination could result in project development delays, material financial impacts or other material impacts to our projects and activities, fines, penalties, lawsuits by the government or private parties, or material capital expenditures. Environmental legislation in many countries is evolving and the trend has been towards stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Future changes in these laws or regulations could have a significant adverse impact on some portion of our business, causing us to re-evaluate those activities at that time.

Land reclamation requirements for our operating and exploration properties may be burdensome.

Although variable depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance. Reclamation may include requirements to:

- control dispersion of potentially deleterious effluents; and
- reasonably re-establish pre-disturbance land forms and vegetation.

In order to carry out reclamation obligations imposed on us in connection with our exploration, potential development and production activities, we must allocate financial resources that might otherwise be spent on further exploration and development programs. Certain of our projects have been subject to historic mining operations and certain of the properties that were historically mined by us are subject to remediation obligations. We have set up a provision for our reclamation bonds but this provision may not be adequate. If we are required to carry out unanticipated reclamation work, our financial position could be adversely affected.

Mining is inherently risky and subject to conditions and events beyond our control.

The development and operation of a mine or mine property is inherently dangerous and involves many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome, including:

- unusual or unexpected geological formations;
- metallurgical and other processing problems;
- metal losses;
- environmental hazards;
- power outages;
- community relations problems;
- labor disruptions;
- industrial accidents;
- periodic interruptions due to inclement or hazardous weather conditions;
- flooding, explosions, fire, rockbursts, cave-ins and landslides;
- mechanical equipment and facility performance problems; and
- the availability of materials and equipment.

These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, including to our employees, environmental damage, delays in mining, increased production costs, asset write downs, monetary losses and possible legal liability. We may not be able to obtain insurance to cover these risks at economically feasible premiums, or at all. We may suffer a material adverse effect on our business if we incur losses related to any significant events that are not covered by our insurance policies.

We are subject to anti-corruption laws.

We are subject to anti-corruption laws under the Canadian *Corruption of Foreign Public Officials Act* and the U.S. *Foreign Corrupt Practices Act*, which generally prohibit companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. In addition, we may also be subject to the extra-territorial provisions of the *Bribery Act 2010* (United Kingdom) which, in certain circumstances, can apply to offences committed outside of the United Kingdom by foreign companies. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices may occur from time-to-time in Argentina, Peru, Mexico or any other jurisdiction in which we may conduct business, and we cannot assure you that our employees or other agents will not engage in such prohibited conduct for which we might be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations. We have an anti-corruption policy and internal controls and procedures intended to address compliance and business integrity issues and we train our employees on anti-bribery compliance on a global basis. However, despite careful establishment and implementation we cannot assure you that these or other anti-bribery, anti-fraud or anti-corruption policies and procedures are or will be sufficient to protect against fraudulent and/or corrupt activity. In particular, we, in spite of our best efforts, may not always be able to prevent or detect corrupt or unethical practices by employees or third parties, such as sub-contractors or joint venture partners, which may result in reputational damage, civil and/or criminal liability (under the *Corruption of Foreign Public Officials Act*, the U.S. *Foreign Corrupt Practices Act* or any other relevant compliance, anti-bribery, anti-fraud or anti-corruption laws) being imposed on us.

We may fail to maintain adequate internal control over financial reporting pursuant to the requirements of applicable regulations.

During our seven most recent fiscal years, we have documented and tested our internal control procedures in order to maintain adequate internal control over our financial reporting and satisfy the requirements of applicable regulations, including Section 404 of the *Sarbanes Oxley Act of 2002* ("SOX"). SOX requires, among other things, an annual assessment by management of the effectiveness of our internal control over financial reporting and an attestation report by our independent auditors addressing the effectiveness of internal control over financial reporting. We may fail to maintain the adequacy of our internal control over financial reporting as such standards are modified, supplemented or amended from time to time, and we may not be able to conclude, on an ongoing basis, that we have effective internal control over financial reporting in accordance with applicable regulations. Our failure to satisfy the requirements of applicable regulations on an ongoing, timely basis could result in the loss of investor confidence in the reliability of our financial statements, which in turn could harm our business and negatively impact the trading price or the market value of our securities. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. Future acquisitions of companies, if any, may provide us with challenges in implementing the required processes, procedures and controls in our acquired operations. No evaluation can provide complete assurance that our internal control over financial reporting will detect or uncover all failures of persons within our company to disclose material information otherwise required to be reported. The effectiveness of our processes, procedures and controls could also be limited by simple errors or faulty judgments. In addition, as we continue to expand, the challenges involved in implementing appropriate internal control over financial reporting will increase and will require that we continue to monitor our internal control over financial reporting. Although we intend to expend substantial time and incur substantial costs, as necessary, to ensure ongoing compliance, we cannot be certain that we will be successful in complying with applicable regulations, including Section 404 of SOX.

We are subject to evolving corporate governance and public disclosure regulations that have increased both our compliance costs and the risk of non-compliance, which could have an adverse effect on our stock price.

We are subject to changing rules and regulations promulgated by a number of U.S. and Canadian governmental and self-regulated organizations, including the SEC, the CSA, the Nasdaq Global Market ("Nasdaq"), the Toronto Stock Exchange ("TSX"), and the IASB. These rules and regulations continue to evolve in scope and complexity and many new requirements have been created in response to laws that have been enacted, making compliance more difficult and uncertain. For example, the Canadian federal government recently announced that it intends to put in place legislation by April 2015 which would require the disclosure of payments made by Canadian resource extraction issuers to domestic and foreign governments. Our efforts to comply with new regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Compliance with emerging climate change regulations could result in significant costs and climate change may present physical risks to a mining company's operations.

Greenhouse gases ("GHGs") are emitted directly by our operations, as well as by external utilities from which we purchase power. Currently, a number of international and national measures to address or limit GHG emissions, including the Kyoto Protocol, the Copenhagen Accord and the Durban Platform, are in various phases of discussion or implementation in the countries in which we operate. In particular, the Durban Platform commits all parties to the conference to develop a global mitigation regime which could take effect in 2020, with the specific terms of that legally binding accord, including individual targets, to be finalized by 2015. These, or future, measures could require us to reduce our direct GHG emissions or energy use or to incur significant costs for GHG emissions permits or taxes or have these costs or taxes passed on by electricity utilities which supply our operations. We could also incur significant costs associated with capital equipment, GHG monitoring and reporting and other obligations to comply with applicable requirements. For example, Australia implemented a carbon trading scheme commencing in July 2012, with a fixed carbon price through July 2015. Other countries, including South Africa, Brazil and the United States, have passed or are considering GHG trading or tax schemes, and/or other regulation of GHG emissions, though the precise impact on our operations cannot yet be determined.

In addition, our operations could be exposed to a number of physical risks from climate change, such as changes in rainfall rates, rising sea levels, reduced water availability, higher temperatures and extreme weather events. Events or conditions such as flooding or inadequate water supplies could disrupt mining and transport operations, mineral processing and rehabilitation efforts, could create resource shortages and could damage our property or equipment and increase health and safety risks on site. Such events or conditions could have other adverse effects on our workforce and on the communities around our mines, such as an increased risk of food insecurity, water scarcity and prevalence of disease.

Our properties may be subject to uncertain title.

We cannot assure you that title to our properties will not be challenged. We own, lease or have under option, unpatented and patented mining claims, mineral claims or concessions which constitute our property holdings. The ownership and validity, or title, of unpatented mining claims and concessions are often uncertain and may be contested. Also, we may not have, or may not be able to obtain or economically obtain, all necessary surface rights to develop a property. Title insurance is generally not available for mineral properties and our ability to ensure that we have obtained a secure claim to individual mining properties or mining concessions may be severely constrained. We have not conducted surveys of all of the claims in which we hold direct or indirect interests. A successful claim contesting our title to a property will cause us to lose our rights to explore and, if warranted, develop that property or undertake or continue production thereon. This could result in us not being compensated for our prior expenditures relating to the property.

In addition, certain of our properties are located in areas that were and are inhabited by indigenous people. If historical artifacts or archaeological sites are discovered on or near our properties, we may be prohibited or restricted from developing or mining our mineral properties or be required to relocate or preserve such findings.

Our interest in deferred consideration received from divestitures may not be fully realizable.

In connection with our recently announced disposition of the Challacollo project in Chile, we received as partial consideration the contingent right to receive additional common shares of Mandalay and an aggregate cash payment payable in installments (based on the average quarterly silver price), in each case dependent on the commencement of commercial production at the Challacollo project. In addition, we have an NSR royalty on silver sales in excess of certain quantities from the Challacollo project. As partial consideration for our recently announced disposition of the San Agustín property in Mexico, we received deferred cash consideration. We also have an NSR royalty on sulphide ores processed from the San Agustín project. We are not able to provide any assurances that we will be able to realize the full value of these interests.

Our insurance coverage does not cover all of our potential losses, liabilities and damages related to our business and certain risks are uninsured and uninsurable.

Our business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, mechanical failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, fires, floods, hurricanes and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to our properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although we maintain insurance to protect against certain risks in such amounts as we consider reasonable, our insurance will not cover all of the potential risks associated with a mining company's operations. We may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as loss of title to mineral property, environmental pollution, or other hazards as a result of exploration and production is not generally available to us or to other companies in the mining industry on acceptable terms. We might also become subject to liability for pollution or other hazards which may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our financial performance and results of operations.

Civil disobedience in certain of the countries where our properties are located could adversely affect our business.

Acts of civil disobedience are common in certain of the countries where our properties are located. In recent years, many mining companies have been the targets of actions to restrict their legally-entitled access to mining concessions or property. Such acts of civil disobedience often occur with no warning and can result in significant direct and indirect costs. We cannot assure you that there will be no disruptions to site access in the future, which could adversely affect our business.

Some of our operations are subject to significant safety and security risks.

We currently conduct operations in Argentina and have additional exploration projects in Mexico, Peru and other countries. As a result, we are exposed to various levels of safety and security risks which could result in injury, damage to property, work stoppages, or blockades of our mining operations. Some of our operations, including the Pitarrilla project, are also located in areas where Mexican drug cartels operate. Risks and uncertainties vary from region to region and include, but are not limited to, terrorism, hostage taking, local drug gang activities, military repression, labor unrest and war or civil unrest. Local opposition to mine development projects could arise and such opposition may be violent. If we were to experience resistance or unrest in connection with our operations at the Pirquitas mine or planned operations at the Pitarrilla project, it could have a material adverse effect on our operations and profitability.

We may be required by human rights laws to take actions that delay the advancement of our projects.

Various international and national laws, codes, resolutions, conventions, guidelines and other materials relate to human rights (including rights with respect to health and safety and the environment surrounding our operations). Many of these materials impose obligations on government and companies to respect human rights. Some mandate that government consult with communities surrounding our projects regarding government actions that may affect local

stakeholders, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national materials pertaining to human rights continue to evolve and be defined. One or more groups of people may oppose our current and future operations or further development or new development of our projects or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against our activities, and may have a negative impact on our reputation. Opposition by such groups to our operations may require modification of, or preclude the operation or development of, our projects or may require us to enter into agreements with such groups or local governments with respect to our projects, in some cases causing considerable delays to the advancement of our projects.

Increased mining exploration, development and construction activity in recent years has increased demand for, and the cost of, exploration, development and construction services and equipment.

The relative strength of metal prices over the past seven years has encouraged increases in mining exploration, development and construction activities around the world, which has resulted in increased demand for, and the cost of, exploration, development and construction services and equipment. While recent market conditions have had a moderating effect on the costs of such services and equipment, increases in such costs may continue with the resumption of an upward trend in metal prices. Increased demand for services and equipment could result in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and may cause scheduling difficulties due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development and/or construction costs.

We face industry competition in the acquisition of exploration properties.

We compete with other exploration and production companies, many of which are better capitalized, have greater financial resources, operational experience and technical capabilities, or are further advanced in their development or are significantly larger and have access to greater Mineral Reserves than us, for the acquisition of mineral claims, leases and other mineral interests.

We are dependent on our ability to recruit and retain qualified personnel, and we could be subject to potential labour unrest or other labour disturbances, including labour action by our unionized employees at the Pirquitas mine.

The mining industry as a whole is experiencing a skills deficit and we continue to see increased competition for qualified skilled personnel at all of our operations/projects. Expatriate employees may also be required in the early stages of our other projects. If we are unsuccessful in acquiring necessary additional mineral properties or qualified personnel, we will not be able to grow at the rate we desire, or at all.

We are dependent on the services of key executives and other highly skilled and experienced executives and personnel focused on advancing our corporate objectives as well as the identification of new opportunities for growth and funding. Due to our relatively small size, the loss of any of these persons or our inability to attract and retain suitable replacements for them or additional highly skilled employees required for the operation of the Pirquitas mine and our other activities may have a material adverse effect on our business and financial condition.

Production at the Pirquitas mine is dependent upon the efforts of our employees and our relations with them. In addition, relations with our employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in those jurisdictions in which we carry on business. Changes in such legislation or in the relationship with our employees may have a material adverse effect on our business, financial condition and results of operations. We could be subject to labour unrest or other labour disturbances in respect of the Pirquitas mine, which could, while ongoing, have a material adverse effect on our business.

Non-management employees at the Pirquitas mine are unionized and subject to collective agreements. At the Pirquitas mine, the current collective bargaining agreement will continue in effect until March 31, 2014, and we are in the process of negotiating an extension to such agreement. However, this collective bargaining agreement may not prevent a strike or work stoppage at our operations in the future, and any such work stoppage could have a material adverse effect on our business. For example, in March 2013 we experienced a temporary work stoppage at the Pirquitas mine for 36 hours due to union activity. In addition, there can be no assurance that, when such agreement expires, there will not be

any delays in the renewal process, that negotiations will not prove difficult or that we will be able to renegotiate the collective agreement on satisfactory terms, or at all. The renewal of the collective bargaining agreement could result in higher on-going labour costs, which could have a negative impact on our future cash flows, earnings, results of operations and financial condition.

Import restrictions on equipment or supplies could adversely affect our ability to operate our business.

We are dependent on various supplies and equipment to carry out our operations at the Pirquitas mine. The Argentine government has introduced measures requiring local sourcing of equipment and supplies wherever possible. The shortage or poor quality of supplies, equipment and parts as a result of such restrictions could have a material adverse effect on our ability to carry out operations and therefore limit production or increase the cost thereof.

Some of our directors and officers may have conflicts of interest as a result of their involvement with other natural resource companies.

Some of our directors and officers are directors or officers of other natural resource or mining-related companies. These associations may give rise to conflicts of interest from time to time. As a result of these conflicts of interest, we may miss the opportunity to participate in certain transactions, which may have a material adverse effect on our financial position.

We are subject to claims, legal proceedings and assessments that arise in the ordinary course of business.

We are subject to various claims and legal proceedings, including adverse rulings in current or future litigation against us and/or our directors or officers, covering a wide range of matters that arise in the ordinary course of business activities. Each of these matters is subject to various uncertainties and it is possible that some of these matters may be resolved unfavorably to us. We carry liability insurance coverage and establish reserves for matters that are probable and can be reasonably estimated. In addition, we may be involved in disputes with other parties in the future that may result in litigation, which may have a material adverse impact on our future cash flows, profitability, results of operations and financial condition.

In the fourth quarter of 2013, Pretium and certain of Pretium's officers and directors were named in class action lawsuits filed with the United States District Court for the Southern District of New York on behalf of investors of Pretium. We have also been named as a defendant in two of the actions. While we believe that the lawsuits against us are without merit and we intend to vigorously defend any attempt to obtain court approval to proceed with the actions against us, in the event that we are unsuccessful, this would negatively impact our financial position.

In the normal course of business, we are subject to assessment by taxation authorities in various jurisdictions. These authorities may have different interpretations of tax legislation or tax agreements than those applied by us in computing current and future income taxes. These different interpretations may alter the timing or amounts of taxable income or deductions. The final amounts of taxes to be paid or recovered depends on a number of factors including the outcome of audits, appeals and negotiation. We provide for potential differences in interpretation based on a best estimate of the probable outcome of these matters. Changes in these estimates could result in material adjustments to our current and future income taxes.

Enforcement of judgments or bringing actions outside of Canada or the United States against us and our directors and officers may be difficult.

A substantial part of our assets are located outside of Canada and the United States and certain of our directors and officers are resident outside of Canada. In addition, we are organized under the laws of, and headquartered in, British Columbia, Canada, and a majority of our directors and officers are not citizens or residents of the United States. As a result, it may be difficult or impossible to (i) enforce judgments granted by a court in Canada against our assets and our directors and officers residing outside of Canada, (ii) enforce in courts outside the United States judgments against us and our directors and officers obtained in the United States or (iii) bring in courts outside the United States an original action against us and our directors and officers to enforce liabilities based upon U.S. laws.

An event of default under our outstanding convertible notes may significantly reduce our liquidity and adversely affect our business.

Under the indenture governing our 2013 Notes, we have made various covenants to the trustees on behalf of the holders of such notes, including to make payments of interest and principal when due and, upon undergoing a fundamental change, to offer to purchase all of the outstanding 2013 Notes, plus any accrued and unpaid interest, if any.

If there is an event of default under the 2013 Notes, the principal amount of such notes, plus accrued and unpaid interest, if any, may be declared immediately due and payable. If such an event occurs, this would place additional strain on our cash resources, which could inhibit our ability to further our exploration and development activities.

RISKS RELATED TO OUR COMMON SHARES

Future sales or issuances of equity securities could decrease the value of any existing common shares, dilute investors' voting power and reduce our earnings per share.

We may sell additional equity securities (including through the sale of additional securities convertible into common shares) and may issue additional equity securities to finance our operations, development, exploration, acquisitions or other projects. We cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of our common shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for our common shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in our earnings per share.

Our common shares are publicly traded and are subject to various factors that have historically made our common share price volatile.

The market price of our common shares has experienced, and may continue to experience, significant volatility, which may result in losses to investors. Since January 1, 2009, the closing trading price of our common shares on the Nasdaq has ranged from a low of US$5.37 per share to a high of US$35.08 per share and on the TSX has ranged from a low of C$5.55 per share to a high of C$33.61 per share. The market price of our common shares may increase or decrease in response to a number of events and factors, including: our operating performance and the performance of competitors and other similar companies; volatility in metal prices; the public's reaction to our press releases on developments at the Pirquitas mine, the Pitarrilla project and our other properties, material change reports, other public announcements and our filings with the various securities regulatory authorities; changes in earnings estimates or recommendations by research analysts who track our common shares or the shares of other companies in the resource sector; changes in general economic and/or political conditions; the number of common shares to be publicly traded after an offering of our common shares; the arrival or departure of key personnel; acquisitions, strategic alliances or joint ventures involving us or our competitors; and the factors listed under the heading "*Introductory Notes – Cautionary Notice Regarding Forward-Looking Statements*".

In addition, the global stock markets and prices for mining company shares have experienced volatility that often has been unrelated to the operating performance of such companies. These market and industry fluctuations may adversely affect the market price of our common shares, regardless of our operating performance. The variables which are not directly related to our success and are, therefore, not within our control, include other developments that affect the market for mining company shares, the breadth of the public market for our common shares and the attractiveness of alternative investments. The effect of these and other factors on the market price of our common shares on the exchanges on which they trade has historically made our common share price volatile and suggests that our common share price will continue to be volatile in the future.

DIVIDENDS

We have not declared or paid any dividends on our common shares since 1955. We intend to retain earnings, if any, to finance the growth and development of our business and do not intend to pay cash dividends on our common shares in the foreseeable future. Any return on an investment in our common shares will come from the appreciation, if any, in the value of our common shares. The payment of future cash dividends, if any, will be reviewed periodically by our Board of Directors and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

DESCRIPTION OF CAPITAL STRUCTURE

Our authorized share capital consists of an unlimited number of common shares, without par value, of which 80,754,434 common shares were issued and outstanding as at December 31, 2013. In addition, we had 1,754,944 common shares reserved for issuance pursuant to outstanding stock options, which were exercisable at a weighted average price of C$16.05 per share, as at December 31, 2013.

COMMON SHARES

All of the common shares rank equally as to voting rights, participation in a distribution of our assets on a liquidation, dissolution or winding-up and the entitlement to dividends. The holders of the common shares are entitled to receive notice of, and to attend and vote at, all meetings of shareholders (other than meetings at which only holders of another class or series of shares are entitled to vote). Each common share carries with it the right to one vote.

In the event of our liquidation, dissolution or winding-up or other distribution of our assets, the holders of the common shares will be entitled to receive, on a pro rata basis, all of the assets remaining after we have paid out our liabilities. Distributions in the form of dividends, if any, will be set by our Board of Directors. See "*Dividends*".

Any alteration of the rights attached to common shares must be approved by at least two-thirds of the common shares voted at a meeting of our shareholders.

In March 2012, we adopted a shareholder rights plan (the "Rights Plan"). The Rights Plan is similar to shareholder rights plans adopted by other Canadian public companies and was not adopted in response to, or in anticipation of, any known take-over bid. A copy of the Rights Plan is available under our profile on the SEDAR website at www.sedar.com.

STOCK OPTIONS

Stock options to purchase our securities are granted to our employees on terms and conditions acceptable to the regulatory authorities in Canada. At our annual general meeting held on May 11, 2011, our shareholders approved a stock option plan that reserves 8.5% of our issued and outstanding shares for issuance on exercise of stock options, including previously granted stock options.

Under our stock option plan: (a) the maximum number of shares reserved for issuance under the plan is 8.5% of our issued and outstanding shares; (b) stock options in favor of any one individual may not exceed 5% of the issued and outstanding common shares; (c) no stock option is transferable by the optionee other than by will or the laws of descent and distribution; (d) a stock option is exercisable during the lifetime of the optionee only by such optionee; (e) the maximum term of each stock option is ten years, with the vesting period determined at the discretion of the Board of Directors; and (f) the minimum exercise price for a stock option is equal to the greater of the (i) closing price of our shares on the TSX on the day preceding the date of grant, and (ii) volume weighted average trading price of our common shares on the TSX, calculated by dividing the total value by the total volume of common shares traded, for the five trading days immediately preceding the granting of the option.

The number of stock options and the number of common shares subject to such stock options granted to officers and senior management as a group and employees and consultants as a group are set out below as at December 31, 2013. The exercise price of the stock options is stated in Canadian dollars.

Optionholders	Number of Options Outstanding	Exercise Price	Expiry Date
Officers and Senior Management	127,743	$15.41	January 18, 2019
	50,000	$15.64	November 17, 2018
	500,000	$17.38	August 13, 2020
	150,000	$17.47	January 31, 2019
	74,300	$23.14	January 27, 2018
	26,667	$23.57	May 15, 2019
	85,000	$24.61	December 14, 2019
	10,000	$24.41	December 16, 2019
	327,400	$12.99	January 25, 2020
	150,000	$10.10	March 12, 2020
Employees and Consultants	5,834	$11.50	December 11, 2018
	10,500	$24.41	December 16, 2019
	10,000	$17.38	August 13, 2020
	20,000	$28.78	March 9, 2018
	50,000	$15.64	November 17, 2018
	20,000	$15.15	March 17, 2019
	35,000	$11.68	May 16, 2019
	25,000	$12.99	January 25, 2020
	57,500	$10.10	March 12, 2020
	20,000	$9.50	September 1, 2020
Total:	**1,754,944**		

CONVERTIBLE NOTES

2.875% Convertible Senior Notes due 2033

In January 2013, we issued $250 million aggregate principal amount of 2.875% convertible senior notes due 2033. We closed an additional $15 million aggregate principal amount of 2.875% convertible senior notes due 2033 on February 13, 2013 pursuant to the partial exercise of the over-allotment option granted to the initial purchasers. The 2013 Notes were issued pursuant to an indenture dated as of January 16, 2013 (the “2013 Indenture”).

The 2013 Notes bear interest at 2.875% payable semi-annually in arrears on February 1 and August 1 of each year and are convertible by holders into our common shares, based on an initial conversion rate of 50 common shares per $1,000 principal amount of 2013 Notes, at any time up to and including the second business day immediately preceding March 1, 2033, subject to earlier redemption or purchase.

We may not redeem the 2013 Notes before February 1, 2018, except in the event of certain changes in Canadian tax law. On or after that date but before February 1, 2020, we may redeem all or part of the 2013 Notes for cash, but only if the last reported sale price of our common shares for 20 or more trading days in a period of 30 consecutive trading days ending on the trading day prior to the date we provide notice of redemption exceeds 130% of the conversion price in effect on each such trading day. The redemption price will be equal to the sum of (i) 100% of the principal amount of the 2013 Notes to be redeemed, (ii) accrued and unpaid interest, if any, to, but excluding, the redemption date, and (iii) a “make-whole premium”, payable in cash, equal to the present value of the remaining scheduled payments of interest that would have been made on the 2013 Notes to be redeemed had they remained outstanding until February 1, 2020.

On or after February 1, 2020, we may redeem the 2013 Notes, in whole or in part, for cash equal to 100% of the 2013 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

Holders may require us to purchase all or a portion of their 2013 Notes on each of February 1, 2020, February 1, 2023, and February 1, 2028 for cash at a purchase price equal to 100% of the principal amount of the 2013 Notes to be purchased, plus accrued and unpaid interest, if any, to, but excluding, the purchase date.

In the event of a fundamental change (as defined in the 2013 Indenture), we are required to offer to purchase all of the outstanding 2013 Notes at a purchase price in cash equal to 100% of the principal amount of the 2013 Notes to be purchased, plus any accrued and unpaid interest, if any, to, but excluding, the purchase date.

The 2013 Notes are our senior unsecured obligations and rank equally with all of our existing and future senior unsecured indebtedness. The 2013 Notes are effectively subordinated to all of our existing and future secured indebtedness and all existing and future liabilities of our subsidiaries, including trade payables. The 2013 Indenture does not restrict us from incurring further indebtedness including secured indebtedness.

The 2013 Indenture requires us to comply with certain reporting and other non-financial covenants.

MARKET FOR SECURITIES

TRADING PRICE AND VOLUME

Our common shares are listed on the Nasdaq and the TSX under the trading symbols “SSRI” and “SSO,” respectively. The following table sets out the market price range and total trading volumes of our common shares on the Nasdaq and the TSX for the periods indicated.

Nasdaq Global Market

Year		High	Low	Volume
		(US$)	(US$)	(no. of shares)
2013	December	$ 6.96	$ 5.675	43,043,711
	November	$ 6.24	$ 5.55	23,129,388
	October	$ 6.25	$ 5.37	31,877,811
	September	$ 8.55	$ 6.15	46,869,118
	August	$ 9.64	$ 6.56	36,052,695
	July	$ 7.86	$ 6.02	22,280,236
	June	$ 8.01	$ 5.65	25,392,960
	May	$ 8.14	$ 6.30	30,419,529
	April	$ 10.24	$ 6.62	32,703,732
	March	$ 10.95	$ 9.28	20,514,003
	February	$ 12.22	$ 10.21	17,707,439
	January	$ 15.39	$ 11.84	28,654,383

Toronto Stock Exchange

Year		High	Low	Volume
		(C$)	(C$)	(no. of shares)
2013	December	$ 7.44	$ 6.04	9,132,579
	November	$ 6.54	$ 5.77	5,363,590
	October	$ 6.54	$ 5.55	9,258,086
	September	$ 9.00	$ 6.35	8,671,585
	August	$ 10.14	$ 6.79	7,512,286
	July	$ 8.12	$ 6.33	4,469,279
	June	$ 8.22	$ 5.92	6,661,149
	May	$ 8.36	$ 6.48	6,224,938
	April	$ 10.44	$ 6.78	13,348,632
	March	$ 11.22	$ 9.57	5,082,593
	February	$ 12.18	$ 10.41	3,321,925
	January	$ 15.19	$ 11.94	7,042,637

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To our knowledge, none of our securities are held in escrow or subject to a contractual restriction on transfer as of the date of this Annual Information Form.

DIRECTORS AND EXECUTIVE OFFICERS

The names, positions or offices held with us, province/state and country of residence, and principal occupation of our directors and executive officers as at March 13, 2014 are set out below. In addition, the principal occupations of each of our directors and executive officers within the past five years are disclosed in their brief biographies.

As at March 13, 2014, our directors and executive officers as a group, beneficially owned, directly or indirectly, or exercised control or direction over 172,000 of our common shares, representing approximately 0.21% of our issued and outstanding shares.

The term of our directors expires at the annual general meeting of shareholders where they can be nominated for re-election. The officers hold their office at the discretion of the board, but typically on an annual basis, after the annual general meeting, the directors pass resolutions to appoint officers and committees.

DIRECTORS

A.E. Michael Anglin – California, U.S.A. (Director since August 7, 2008; Independent)

Mr. Anglin is the Chair of our Corporate Governance and Nominating Committee, and a member of our Audit and Compensation Committees. Mr. Anglin has been a member of our Board of Directors since August 2008. Mr. Anglin graduated with a Bachelor of Science (Honours) degree in Mining Engineering from the Royal School of Mines, Imperial College London in 1977 and attained a Master of Science degree from Imperial College London in 1985. Mr. Anglin spent 22 years with BHP Billiton Ltd. ("BHP Billiton"), most recently serving as Vice President Operations and Chief Operating Officer of the Base Metals Group based in Santiago, Chile, before retiring in 2008. As a senior executive at BHP Billiton and as our interim Chief Executive Officer, Mr. Anglin (i) was involved in analysis, reviews and decisions involving financial statements, accounting policies and changes to accounting policies, (ii) worked with auditors, both internal and external, on reviewing financial statements, tax statements and internal controls and had ultimate responsibility for their outcomes, and (iii) reported to Risk Management and Audit Committees on relevant issues.

Richard C. Campbell – British Columbia, Canada (Director since August 7, 2008; Independent)

Mr. Campbell is the Chair of our Safety and Sustainability Committee and a member of our Compensation Committee. Mr. Campbell has been a member of our Board of Directors since August 2008. Mr. Campbell graduated with a Bachelor of Science (Honours) degree in Geology from Glasgow University in 1969. He spent the following 32 years with British Petroleum ("BP"), most recently serving as President of BP Alaska before retiring in 2001. Mr. Campbell was awarded membership of the Order of British Empire (MBE) by Queen Elizabeth II in 1994 for his contribution to British commercial interests in Colombia while serving as President of BP in Colombia.

Gustavo A. Herrero – Buenos Aires, Argentina (Director since January 8, 2013; Independent)

Mr. Herrero was appointed to the Board of Directors in January 2013, and is a member of our Audit Committee and our Corporate Governance and Nominating Committee. He is a resident of Buenos Aires and was the Executive Director of the Latin America Research Center (LARC) for Harvard Business School until December 31, 2013 at which time he retired from that position and currently serves on the Harvard Business School Latin American Advisory Board. Prior to joining the LARC in 1999, he was the Chief Executive Officer of IVA S.A., Argentina's largest wool textile mill, and of Zucamor S.A./Papel Misionero S.A., Argentina's leading paper and packaging manufacturer. Mr. Herrero serves on the Board of Directors of Zucamor S.A. in Buenos Aires and of Mobile Financial Services Holding, a joint venture of Telefonica International and MasterCard, in Brussels. He sits on the advisory boards of business schools in Brazil, Venezuela, Peru and Argentina. He also sits on the advisory boards of the Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento (CIPPEC) and the Fundación Red de Acción Política (RAP), both non-governmental organizations in Argentina. Mr. Herrero holds an MBA from Harvard Business School, where he was a Fulbright Scholar, and a degree of Licenciado en Administración de Empresas from the Universidad Argentina de la Empresa.

Richard D. Paterson – California, U.S.A. (Director since August 7, 2008; Independent)

Mr. Paterson is the Chair of our Audit Committee and a member of our Safety and Sustainability Committee. Mr. Paterson has been a member of our Board of Directors since August 2008. Mr. Paterson graduated from Concordia University, Montreal with a Bachelor of Commerce degree in 1964. Mr. Paterson has been a Managing Director of Genstar Capital, a private equity firm specializing in leveraged buyouts, since 1988. Before founding Genstar Capital, Mr. Paterson served as Senior Vice President and Chief Financial Officer of Genstar Corporation, a NYSE-listed company, where he was responsible for finance, tax, information systems and public reporting.

Steven P. Reid – Alberta, Canada (Director since January 8, 2013; Independent)

Mr. Reid was appointed to our Board of Directors in January 2013, and is the Chair of our Compensation Committee and a member of our Safety and Sustainability Committee. He has over 35 years of international business experience, including senior leadership roles in Mexico and South America. He held the position of Chief Operating Officer of Goldcorp from January 2007 until his retirement in September, 2012. He also served Goldcorp as Executive Vice President, Canada and U.S.A. Prior to joining Goldcorp, Mr. Reid spent 13 years at Placer Dome Inc. in numerous corporate, mine management and operating roles, including Country Manager for Canadian operations. Mr. Reid has also held leadership positions at Kingsgate and Newcrest Mining Limited, where he was responsible for running operations throughout Asia and Australia. Mr. Reid holds a Bachelor of Science degree in Mineral Engineering from the South Australian Institute of Technology.

John Smith – British Columbia, Canada (Director since August 6, 2010; Not Independent)

Mr. Smith is our President and Chief Executive Officer and a member of our Board of Directors. He is responsible for our day to day operations as well as strategic planning and the raising of capital to fund our operations. We have employed Mr. Smith as our President since August 2010 and have entered into an employment agreement with him. Mr. Smith has over 30 years of varied experience in the resources industry. He started his career in the North Sea oil industry and spent the 18 years prior to joining Silver Standard with BHP Billiton, most recently as Vice President, Resourcing and Development, based in Melbourne, Australia. He has worked in various operational, strategic, M&A, and commercial roles within BHP Billiton, including over three years as CEO of the BHP Billiton Mitsubishi Alliance, which operates one of the world's largest coal operations in the Bowen Basin of Queensland, consisting of nine mines, a port, and 4,000 employees. Under his leadership, four of the mines completed significant expansion projects, one new mine was brought into operation, and a tenth mine was developed to within a year of production. He has a BA, Commerce degree from Robert Gordon University in Aberdeen, Scotland, and an MBA from Aberdeen University (Distinction).

Peter W. Tomsett – British Columbia, Canada (Director since November 7, 2006; Independent)

Mr. Tomsett is the Chair of our Board of Directors and a member of our Corporate Governance and Nominating Committee. Mr. Tomsett has been a member of our Board of Directors since November 2006. Mr. Tomsett graduated with a Bachelor of Engineering (Honours) degree in Mining Engineering from the University of New South Wales, later attaining a Master of Science (Distinction) degree in Mineral Production Management from Imperial College London. Mr. Tomsett spent 20 years at Placer Dome Inc., most recently serving as President and Chief Executive Officer until its acquisition by Barrick.

OFFICERS

W. John DeCooman – British Columbia, Canada

Mr. DeCooman is our Vice President, Business Development and Strategy. His experience prior to joining Silver Standard in 2009 includes over 15 years of mining project finance and advisory responsibilities at Candente Resource Corporation, Deutsche Bank, Alex Brown and Standard Bank, as well as corporate positions in finance, business development and exploration. Mr. DeCooman holds a Bachelor of Science degree from The Pennsylvania State University and a Master of Science degree from the Colorado School of Mines.

Gregory J. Martin – British Columbia, Canada

Mr. Martin has served as our Senior Vice President and Chief Financial Officer since January 2012. Before joining Silver Standard, Mr. Martin served as Vice President, Business Development and Treasurer for NovaGold Resources Inc. Prior to that, Mr. Martin held executive financial roles with Finning International Inc., Zincore Metals Inc. and Placer Dome Inc. Mr. Martin is a Certified General Accountant, holds an MBA from the University of Western Ontario's Ivey School of Business and is a graduate of the University of British Columbia with a B.A.Sc. in Civil Engineering.

Alan N. Pangbourne – British Columbia, Canada

Mr. Pangbourne is our Senior Vice President, Projects. Before joining Silver Standard, Mr. Pangbourne was the Vice President Projects, South America, at Kinross Gold Corporation. Prior to this, he held a number of senior project and operational roles at BHP Billiton, including President and Chief Operating Officer of Cerro Matoso, BHP Billiton's nickel business in Colombia. He was also the Projects Director for BHP Billiton's Uranium Division, which includes the Olympic Dam Expansion, and Project Manager for BHP Billiton's Spence copper project in Chile. Mr. Pangbourne holds a Bachelor of Applied Science (Extractive Metallurgy) and a Graduate Diploma in Mineral Processing from the Western Australian School of Mines.

Andrew Sharp – British Columbia, Canada

Mr. Sharp is our Vice President, Technical Services. He has over 25 years of experience in the mining industry covering 8 countries and 5 continents. Prior to joining Silver Standard, Mr. Sharp held positions with Great Panther, Pan American Silver, Ok Tedi Mining and Worsley Alumina among others. Over the last 15 years he has held management roles in the areas of mine engineering, grass roots and brown fields exploration, metallurgical studies and plant design, UG mining, open cut mining, and site general management. His later experience has centered on site management roles and project evaluation. Mr. Sharp graduated with honors from the Kalgoorlie School of Mines with a degree in mine engineering.

Kelly Stark-Anderson – British Columbia, Canada

Ms. Stark-Anderson is our Vice President, Legal and Corporate Secretary. She has over 20 years of experience as a lawyer. Before joining Silver Standard, she ran a law firm providing corporate secretarial, governance and securities compliance services to public, private and crown entities. Prior to starting her own firm, Ms. Stark-Anderson held progressively senior in-house counsel positions with the Spectra Energy group of companies. She also practiced law with Blake, Cassels & Graydon LLP in the firm's Toronto, Calgary and Vancouver offices. Ms. Stark-Anderson obtained her Bachelor of Laws from the University of Toronto and a Bachelor of Arts, Honours Economics from the University of Calgary. Ms. Stark-Anderson volunteers as the Chair of the Board of Diving Plongeon Canada, the national governing body for the sport of springboard and tower diving.

Except as described below, each of the individuals named above has been engaged for more than five years in his or her present principal occupation or organization in which he or she currently holds his or her principal occupation:

Name of Director or Officer	**Five-Year Employment History**
Gustavo A. Herrero	Mr. Herrero was the Executive Director of the LARC for Harvard Business School until December 31, 2013 and currently serves on the Harvard Business School Latin American Advisory Board.
Steven P. Reid	Mr. Reid held the position of Chief Operating Officer of Goldcorp from January 2007 until his retirement in September, 2012.
John Smith	Mr. Smith spent the 18 years prior to joining Silver Standard in August 2010 with BHP Billiton, most recently as Vice President, Resourcing and Development, based in Melbourne, Australia.
Gregory J. Martin	Prior to joining Silver Standard in January 2012, Mr. Martin served as Vice President, Business Development and Treasurer for NovaGold Resources Inc. Prior to that, Mr. Martin held executive financial roles with Finning International Inc. and Zincore Metals Inc.
Alan N. Pangbourne	Prior to joining Silver Standard in February 2013, Mr. Pangbourne was the Vice President Projects, South America, at Kinross Gold Corporation. Prior to this, he held a number of senior project and operational roles at BHP Billiton, including President and Chief Operating Officer of Cerro Matoso, BHP Billiton's nickel business in Colombia.
Andrew Sharp	Prior to joining Silver Standard in September 2011, Mr. Sharp held positions with Great Panther and Pan American Silver.
Kelly Stark-Anderson	Prior to joining Silver Standard in December 2013, Mrs. Stark-Anderson ran a law firm providing corporate secretarial, governance and securities compliance services to public, private and crown entities.

STANDING COMMITTEES OF THE BOARD

There are currently four standing committees of our Board of Directors: the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee, and the Safety and Sustainability Committee. The following table identifies the members of each of these committees:

BOARD COMMITTEE	COMMITTEE MEMBERS	STATUS
Audit Committee	Richard D. Paterson (Chair) A.E. Michael Anglin Gustavo A. Herrero	Independent Independent Independent
Compensation Committee	Steven P. Reid (Chair) A.E. Michael Anglin Richard C. Campbell	Independent Independent Independent
Corporate Governance and Nominating Committee	A.E. Michael Anglin (Chair) Gustavo A. Herrero Peter Tomsett	Independent Independent Independent
Safety and Sustainability Committee	Richard C. Campbell (Chair) Richard D. Paterson Steven P. Reid	Independent Independent Independent

CODE OF ETHICS

In August 2013, we adopted a new “code of ethics” (as that term is defined in Form 40-F of the SEC), entitled the “Code of Business Conduct and Ethics” (the “Code of Conduct”), that applies to our principal executive officer, principal financial officer and other senior financial officers performing similar functions. The Code of Conduct is available for viewing on our website at www.silverstandard.com.

Apart from the adoption of the new Code of Conduct, no other amendments were made to the Code of Conduct in 2013. In addition, no waivers, including implicit waivers, were granted from any provision of our Code of Conduct in 2013.

CEASE TRADE ORDERS OR BANKRUPTCIES

No director or executive officer of ours is, as at the date of this Annual Information Form, or was within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including Silver Standard), that:

(i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of subsection (i) above, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, and in each case that was in effect for a period of more than 30 consecutive days.

Other than as disclosed below, no director or executive officer of Silver Standard, or a shareholder holding a sufficient number of our securities of Silver Standard to affect materially control of Silver Standard:

(i) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including Silver Standard) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(ii) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Paterson was a director of a private company, Propex Inc., which filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code in 2008.

PENALTIES OR SANCTIONS

No director or executive officer of Silver Standard, or a shareholder holding a sufficient number of our securities to affect materially the control of Silver Standard, has been subject to:

(i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision regarding Silver Standard.

CONFLICTS OF INTEREST

Certain of our directors and officers are directors or officers of other natural resource or mining related companies. These associations may give rise to conflicts of interest from time to time. As a result of these conflicts of interest, we may miss the opportunity to participate in certain transactions, which may have a material adverse effect on our financial position.

AUDIT COMMITTEE

The Audit Committee has the responsibility of, among other things: recommending our independent auditor to the Board of Directors; determining the extent of involvement of the independent auditor in reviewing unaudited quarterly financial results; evaluating the qualifications, performance and independence of the independent auditor; reviewing and recommending approval to the Board of Directors of our annual and quarterly financial results and management's discussion and analysis; and overseeing the establishment of "whistle-blower" and related procedures. The full text of the Audit Committee Charter is attached hereto as Schedule "A".

COMPOSITION OF THE AUDIT COMMITTEE

All members of the Audit Committee are independent and considered to be financially literate within the meaning of National Instrument 52-110 — *Audit Committees* ("NI 52-110"). The members of the Audit Committee are: Richard D. Paterson (Chair), A.E. Michael Anglin and Gustavo A. Herrero.

For more information regarding relevant education and experience for Messrs. Paterson, Anglin and Herrero, see " *Directors and Executive Officers*".

AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of our most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by our Board of Directors.

RELIANCE ON CERTAIN EXEMPTIONS

At no time since the commencement of our most recently completed financial year have we relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee's policy regarding the pre-approval of non-audit services to be provided to us by our independent auditors is that all such services shall be pre-approved by the Audit Committee. The Audit Committee Charter allows the Audit Committee to delegate the pre-approval authority to a member of the Audit Committee. This pre-approval authority has been delegated to the Chair of the Audit Committee. Non-audit services that are prohibited to be provided to us by our independent auditors may not be pre-approved. In addition, prior to the granting of any pre-approval, the Audit Committee must be satisfied that the performance of the services in question will not compromise the independence of the independent auditors. All non-audit services performed by our auditors for the fiscal year ended December 31, 2013 have been pre-approved by our Audit Committee or the Audit Committee Chair, and in such case all non-audit services so pre-approved are presented to the full Audit Committee at its next regularly scheduled meeting. No non-audit services were approved pursuant to the *de minimis* exemption to the pre-approval requirement.

EXTERNAL AUDITOR SERVICE FEES

The aggregate fees billed by our external auditors, PricewaterhouseCoopers LLP, in each of the last financial years are as follows:

Financial Year Ending	Audit Fees[1]	Audit Related Fees[2]	Tax Fees[3]	All Other Fees[4]
2013	$485,078	$63,000	--	--
2012	$514,929	$61,000	--	--

Notes:
(1) The aggregate audit fees billed.
(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements which are not included under the heading "Audit Fees".
(3) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.
(4) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".
(5) All audit and non-audit services performed by the external auditor during our two most recently completed financial years were pre-approved by the Audit Committee or the Audit Committee Chair, as discussed under the heading "*Pre-Approval Policies and Procedures*" above.

LEGAL PROCEEDINGS

We entered into the Fiscal Agreement with the Federal Government of Argentina in 1998 for production from the Pirquitas mine. In December 2007, the DNA levied an export duty of approximately 10% from concentrates for projects with fiscal stability agreements pre-dating 2002. The Federal Government asserts that the Pirquitas mine is subject to this export duty despite contrary rights detailed under the Fiscal Agreement. We have challenged the legality of the export duty applied to silver concentrates and the matter is currently under review by the Federal Court (Jujuy) in Argentina. The Federal Court (Jujuy) granted the Injunction, pending the decision of the courts with respect to our challenge of the legality of the application of the export duty. The Injunction was appealed by the Federal Government but upheld by each of the Federal Court of Appeal (Salta) on December 5, 2012 and the Federal Supreme Court of Argentina on September 17, 2013. The Federal Government also appealed the refund we claimed for the export duties paid before the Injunction, as well as matters of procedure related to the uncertainty of the amount reclaimed; however, on May 3, 2013, such appeal was dismissed by the Federal Court of Appeal (Salta).

As of December 31, 2013 the Pirquitas mine has paid $6.6 million in export duties, against which it has filed for recovery. In accordance with the Injunction, we have not been paying export duties on silver concentrates but continue to accrue duties in full until the outcome of the claim is known with certainty. However, the Federal Government enacted legislation in 2013 limiting the term of effectiveness of injunctions ordered against it, and we are monitoring the potential impact of such legislation on the Injunction, including as it relates to the payment of any accrued export duties. At December 31, 2013, we have accrued a liability totaling $48.2 million, with a corresponding increase in cost of sales in the relevant period. If this export duty is successfully overturned, the benefit will be recognized in the Consolidated Statements of Income (Loss) for the full amount of paid and unpaid duty in the period that recovery becomes virtually certain.

In the fourth quarter of 2013, Pretium and certain of Pretium's officers and directors were named in class action lawsuits filed with the United States District Court for the Southern District of New York on behalf of investors of Pretium. We have been named as a defendant in two of the actions.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or shareholder holding on record or beneficially, directly or indirectly, more than 10% of our issued shares, or any of their respective associates or affiliates has any material interest, direct or indirect, in any transaction in which we have participated prior to the date of this Annual Information Form, or in any proposed transaction, which has materially affected or will materially affect us.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its offices in Toronto, Ontario and Vancouver, British Columbia.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts that we have entered in the financial year ended December 31, 2013, or before the last financial year but still in effect, are as follows:

1. Shareholder Rights Plan Agreement dated March 9, 2012 between Silver Standard and Computershare Investor Services Inc.;

2. The 2013 Indenture; and

3. Purchase and sale agreement dated as of February 3, 2014 among Goldcorp USA, Inc., Goldcorp Canada Ltd., Homestake Mining Company of California and Silver Standard.

Copies of the above material contracts are available under our profile on the SEDAR website at www.sedar.com.

INTERESTS OF EXPERTS

The following persons referred have been named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under NI 51-102 during, or relating to, our financial year ended December 31, 2013: Andrew W. Sharp, B.Eng., FausIMM, F. Carl Edmunds, Trevor J. Yeomans, B.Sc. (Hons), ACSM, P.Eng., Jeremy D. Vincent, B.Sc. (Hons), P.Geo., Kelly G. Boychuk, MBA, P.Eng., Warwick S. Board, P.Geo., R. Bruce Kennedy, P.E., Clinton Strachan, P.E., Steve L. Milne, P.E., Michael J. Lechner, P.Geo., Donald F. Earnest, P.G., Robert M. Robb, P.E. and Dawn H. Garcia, P.G., C.P.G.

None of the foregoing persons, or any director, officer, employee or partner thereof, as applicable, received or has received a direct or indirect interest in our property or the property of any of our associates or affiliates. The foregoing persons held an interest in either less than 1% or none of our securities or the securities of any associate or affiliate of ours when they prepared the reports, the Mineral Reserves estimates and the Mineral Resources estimates referred to herein and after the preparation of such reports and estimates, and they did not receive any direct or indirect interest in any of our securities or the securities of any associate or affiliate of ours in connection with the preparation of such reports or estimates. Neither the aforementioned persons, other than Andrew W. Sharp, F. Carl Edmunds and Trevor J. Yeomans (each an employee of ours), nor any director, officer, employee or partner, as applicable, of the aforementioned companies or partnerships is currently expected to be elected, appointed or employed as a director, officer or employee of us or of any associate or affiliate of us.

PricewaterhouseCoopers LLP, Chartered Accountants, provided an auditor's report dated February 20, 2014 in respect of our financial statements for the year ended December 31, 2013. PricewaterhouseCoopers LLP has advised us that they are independent with respect to Silver Standard in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia and within the meaning of PCAOB Rule 3520, Auditor Independence.

ADDITIONAL INFORMATION

Additional information, including that relating to directors' and officers' remuneration, principal holders of our securities and securities authorized for issuance under equity compensation plans, interests of insiders in material transactions and corporate governance practices, is contained in our management information circular for the annual general meeting of shareholders held on May 9, 2014.

Additional financial information is provided in our audited consolidated financial statements and management's discussion and analysis of the financial position and results of operations for the year ended December 31, 2013, which are available under our profile on the SEDAR website at www.sedar.com.

Additional information relating to us is available under our profile on the SEDAR website at www.sedar.com.

Dated March 14, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

"*John Smith*"
John Smith
President and Chief Executive Officer

SCHEDULE "A"
AUDIT COMMITTEE CHARTER

A. PURPOSE

The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities, relating to:

(i) the Company's accounting and financial reporting process and systems of internal accounting and financial controls;

(ii) the quality and integrity of the Company's financial statements;

(iii) the Company's compliance with legal and regulatory requirements; and

(iv) the independence and performance of the Company's external auditor.

B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Board of Directors of the Company (the "Board") shall appoint the members and the Chair of the Committee each year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

2. The Committee shall consist of at least three members of the Board all of whom shall be independent in accordance with the securities laws, rules, regulations and guidelines of all applicable securities regulatory authorities, including without limitation the securities commissions in each of the provinces and territories of Canada and the U.S. Securities and Exchange Commission (the "SEC"), and the stock exchanges on which the Company's securities are listed, including without limitation the Toronto Stock Exchange and the Nasdaq Global Market ("Securities Laws"), subject to any exemptions provided thereunder.

3. All Committee members shall be financially literate as defined by Securities Laws and at least one member of the Committee shall be a "financial expert" as defined by the SEC, unless otherwise determined by the Board. The Chair of the Board shall be an ex-officio member of the Committee.

4. If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside at the meeting.

5. The Corporate Secretary of the Company shall be the secretary of the Committee, unless otherwise determined by the Committee.

6. The Committee shall meet at least four times annually on such dates and at such locations as may be determined by the Chair and may also meet at any other time or times on the call of the Chair, the external auditor or any two of the other Committee members.

7. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other. The Committee may also act by unanimous written consent of its members.

8. The external auditors or any two Directors may request the Chair to call a meeting of the Committee and may attend at such meeting or inform the Committee of a specific matter of concern to the external auditor or such Directors, and may participate in such meeting.

9. Notice of the time and place of every meeting shall be given in writing or by e-mail or facsimile communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10. The Chair shall develop the Committee's agenda, in consultation with the other members of the Committee, the Board and management, as necessary. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

11. At the invitation of the Chair, one or more officers or employees of the Company may, and if required by the Committee shall, attend a meeting of the Committee. The external auditor shall receive notice of and have the right to attend all meetings of the Committee.

12. The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next meeting of the Board).

13. The external auditor shall have a direct line of communication to the Committee through the Chair and may bypass management if deemed necessary. The external auditor shall report to the Committee and is ultimately accountable to the Board and the Committee.

14. The Committee, through its Chair, may contact directly the external auditor, the internal auditor, if any, and any employee of the Company as it deems necessary.

15. In discharging its responsibilities, the Committee shall have full access to all books, records, facilities and personnel of the Company, to the Company’s legal counsel and to such other information respecting the Company as it considers necessary or advisable in order to perform its duties and responsibilities.

16. The Committee shall annually assess its performance and review this charter and the calendar of activities, attached as Appendix A, and to submit any recommended changes thereto for approval by the Board of Directors.

C. OUTSIDE CONSULTANTS AND ADVISORS

The Committee, when it considers it necessary or advisable, may retain, at the Company’s expense, outside consultants or advisors to assist or advise the Committee independently on any matter within its mandate. The Committee shall have the sole authority to retain and terminate any such consultants or advisors, including sole authority to approve the fees and other retention terms for such persons.

D. ROLES AND RESPONSIBILITIES

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities as outlined in the “Purpose” section of this charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee as outlined in the “Purpose” section of this charter.

The Committee shall carry out the duties set forth below for the Company, major subsidiary undertakings and the group as a whole, as appropriate. The Committee's principal responsibility is one of oversight. The Company's management is responsible for preparing the Company's financial statements and ensuring their accuracy and completeness, and the Company's external auditor is responsible for auditing and/or reviewing those financial statements. In carrying out these oversight responsibilities, the Committee is not required to provide any expert or special assurance as to the Company's financial statements or any professional certification as to the external auditor's work.

1. **Overall Duties and Responsibilities**

The overall duties and responsibilities of the Committee shall be as follows:

a) to assist the Board in the discharge of its responsibilities relating to the quality, acceptability and integrity of the Company's accounting policies and principles, reporting practices and internal controls;

b) to assist the Board in the discharge of its responsibilities relating to compliance with disclosure requirements under applicable Securities Laws, including approval of the Company's annual and quarterly consolidated financial statements together with the Management's Discussion and Analysis;

c) to oversee the work of and to establish and maintain a direct line of communication with the Company's external auditor and internal auditor (if any) and assess their performance;

d) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal controls; and

e) to report regularly to the Board on the fulfillment of its duties and responsibilities.

2. **Public Filings, Policies and Procedures**

The Committee is charged with the responsibility to:

a) review and approve for recommendation to the Board:

   i) the annual audited financial statements, with the report of the external auditors, Management's Discussion and Analysis and the impact of unusual items and changes in accounting policies and estimates;

   ii) the interim unaudited financial statements, Management's Discussion and Analysis and the impact of unusual items and changes in accounting policies and estimates;

   iii) financial information in earnings press releases;

   iv) the annual information form;

   v) prospectuses; and

   vi) financial information in other public reports and public filings requiring approval by the Board;

b) ensure adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the Company's disclosure controls and procedures, and management's evaluation thereof, to ensure that financial information is recorded, processed, summarized and reported within the time periods required by law;

c) review disclosures made to the Committee by the Chief Executive Officer and the Chief Financial Officer during their certification process for any statutory documents about any significant deficiencies in the design or operation of internal controls or material weakness therein and any fraud involving management or other employees who have a significant role in internal controls;

d) review with management and the external auditor:

i) significant variances in actual financial results for the applicable period from budgeted or projected results;

ii) any actual or proposed changes in accounting or financial reporting practices;

iii) any significant or unusual events or transactions and the methods used to account for significant or unusual transactions where different approaches are possible;

iv) any actual or potential breaches of debt covenants;

v) the consistency of, and any changes to, accounting policies both on a year to year basis and across the Company/group;

vi) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments;

vii) the presentation and impact of significant risks and uncertainties;

viii) the accuracy, completeness and clarity of disclosure in the Company's financial reports and the context in which statements are made;

ix) any tax assessments, changes in tax legislation or any other tax matters that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;

x) any litigation, claim or other contingency that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;

xi) all material information presented in Management's Discussion and Analysis;

xii) material communications between the external auditor and management, such as any management letter or schedule of unadjusted differences;

xiii) with the external auditor any fraud, illegal acts, deficiencies in internal controls or other similar issues; and

xiv) general accounting trends and issues of auditing policy, standards and practices which affect or may affect the Company;

e) review with management and the external auditor any correspondence with securities regulators or other regulatory or government agencies which raise material issues regarding the Company's financial reporting or accounting policies.

3. **External Auditor**

The duties and responsibilities of the Committee as they relate to the external auditor shall be as follows:

a) to consider and make recommendations to the Board, to be put to shareholders for approval at the annual meeting of shareholders, in relation to the appointment, re-appointment or removal of the Company's external auditor. The Committee shall oversee the selection process for a new auditor and if an auditor resigns the Committee shall investigate the issues leading to such resignation and decide whether any action is required;

b) to oversee the relationship with the external auditor, including, without limitation:

i) to recommend to the Board for approval the engagement of the external auditor for interim reviews and the remuneration for the audit and interim reviews and to assess whether fees for audit or non-audit services are appropriate to enable an adequate audit to be conducted;

ii) to review the terms of engagement for the external auditor and review any engagement letter issued at the start of each audit and the scope of the audit;

iii) to assess annually the independence and objectivity of the external auditor taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services, which assessment shall include receipt of a report from the external auditor delineating all relationships between the auditor and the Company;

iv) to assess annually the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process which shall include a report from the external auditor on its own internal quality procedures;

v) to satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Company (other than in the ordinary course of business);

vi) to review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditor of the Company;

vii) to monitor the external auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and

c) to review with the external auditor, upon completion of the audit and interim reviews:

i) contents of the report;

ii) scope and quality of the audit work performed;

iii) adequacy of the Company's financial and auditing personnel;

iv) co-operation received from the Company's personnel during the audit;

v) internal resources used;

vi) significant transactions outside of the normal business of the Company;

vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles and management systems;

viii) the quality, acceptability and integrity of the Company's accounting policies and principles;

ix) the non-audit services provided by the external auditor;

x) the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements;

xi) the management letter and management's response to the external auditor's findings and recommendations;

and report to the Board in respect of the foregoing and on such other matters as they consider necessary;

d) to implement structures and procedures to ensure that the Committee meets with the external auditor on a regular basis in the absence of management in order to review any difficulties encountered in carrying out the audit and to resolve disagreements between the external auditor and management; and

e) to pre-approve the retention of the external auditor for any non-audit service and the fee for such service.

The Committee may satisfy the pre-approval requirement in subsection (e) if:

i) the aggregate amount of all the non-audit services that were not pre-approved constitutes no more than five per cent of the total amount of revenues paid by the Company to its external auditor during the fiscal year in which the services are provided;

ii) the services were not recognized by the Company at the time of the engagement to be non-audit services; and

iii) the services are promptly brought to the attention of the Committee and are approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

The Committee may delegate to one or more independent members the authority to pre-approve non-audit services provided that the pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the full Committee at its first scheduled meeting following such pre-approval.

For greater certainty, the external auditor shall report directly and be responsible to the Audit Committee.

4. Internal Controls, Risk Management and Compliance

The duties and responsibilities of the Committee as they relate to the internal controls, risk management and compliance are to:

a) evaluate whether management is setting the appropriate “control culture” by communicating the importance of internal control and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities;

b) review the adequacy, appropriateness and effectiveness of the Company’s policies and business practices which impact on the integrity, financial and otherwise, of the Company, including those relating to insurance, accounting, information services and systems and financial controls, management reporting, Code of Business Conduct and risk management;

c) receive a report from management on tax issues and planning, including compliance with the Company’s source deduction obligations and other remittances under applicable tax or other legislation;

d) review compliance under the Company’s Code of Business Conduct, Anti-Corruption Policy and Timely Disclosure and Insider Trading Policy;

e) review any issues between management and the external auditors that could affect the financial reporting or internal controls of the Company;

f) periodically review the Company’s accounting and auditing policies, practices and procedures and the extent to which recommendations made by the external auditor have been implemented;

g) review annually the adequacy and quality of the Company's financial and accounting staffing, including the need for and scope of internal audit reviews (if any);

h) review annually with the external auditor any significant matters regarding the Company's internal controls and procedures over financial reporting, including any significant deficiencies or material weaknesses in their design or operation, that have come to their attention during the conduct of their annual audit, and review whether internal control recommendations made by the auditor have been implemented by management;

i) be responsible for the Company risk management processes including (a) reviewing the Company's risk register and Global Risk Policy; (b) receiving reports from management and other Board committees, including without limitation the Safety and Sustainability Committee, on the identification, assessment and management of risks; and (c) reviewing major risk exposures and the guidelines and policies that management has put in place to govern the process of monitoring, controlling and reporting such exposures;

j) review and recommend for approval by the Board the appointment of the Chief Financial Officer and review the appointment of any other key financial executives involved in the financial reporting process;

k) establish procedures for:

   i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters; and

   ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

   and review any such complaints and concerns received and the investigation and resolution thereof, including without limitation the review of all complaints and concerns of any nature under the Whistleblower Policy;

l) review any correspondence from regulators or government entities or other issues relating to compliance with laws or regulations that could have an impact on the Company's financial condition;

m) review and approve related party transactions.

SILVER STANDARD RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2013

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SILVER STANDARD RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2013

This Management's Discussion and Analysis ("MD&A") is intended to supplement the audited consolidated financial statements of Silver Standard Resources Inc. ("we", "us" or "our") for the year ended December 31, 2013, and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

All figures are expressed in U.S. dollars except where otherwise indicated. This MD&A has been prepared as of February 20, 2014, and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013.

Additional information, including our Annual Information Form and Form 40-F for the year ended December 31, 2012, is available on SEDAR at www.sedar.com, and on the EDGAR section of the U.S. Securities and Exchange Commission ("SEC") website at www.sec.gov, and also in our Annual Information Form and Form 40-F to be filed on SEDAR in March 2014.

This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained in section 18 herein. We use certain non-GAAP financial measures in this MD&A. For a description of each of the non-GAAP financial measures used in this MD&A, please see the discussion under "Non-GAAP Financial Measures" in section 14 of this MD&A. We use Mineral Reserves and Mineral Resources classifications in this MD&A, which differ significantly from the classifications required by the SEC as set out in a cautionary note contained in section 18 of this MD&A.

1. 2013 HIGHLIGHTS

- Produced 8.2 million ounces of silver, in line with guidance, and a record 27.0 million pounds of zinc.
- Successful restructuring program for Pirquitas resulted in cash costs of $12.87 per payable ounce of silver sold, down 24% from the $16.88 reported in 2012 and below 2013 guidance range. Instituted cost discipline throughout the organization.
- Completed a $265 million convertible note offering and asset sales contributing to our cash balance of $415.7 million as at December 31, 2013.
- Deferred the construction decision for the larger capital, open pit Pitarrilla project and initiated review of lower capital, underground project option.
- Completed the sale of the San Agustin project for cash and shares valued in excess of $70 million pre-tax.
- Commenced drill permitting for the Bonita Zone at San Luis in Peru and initiated drill program at San Luis del Cordero in Mexico.
- Recognized non-cash, pre-tax impairment charge and write-downs of $225.7 million related to Pirquitas, exploration projects and assets held for sale.
- Continued to add capability and experience in the areas of operations, development and safety.
- Subsequent to year end, announced the acquisition of the Marigold mine in Nevada, U.S. for $275 million in cash.

2. OUTLOOK

This section of the MD&A provides management's production and cost estimates for2014. Major capital, exploration and development expenditures are also discussed. These are "forward-looking statements" and subject to the cautionary note regarding the risks associated with forward-looking statements contained in section 18 herein.

Our production and cost guidance, as detailed below, relates solely to our Pirquitas mine and exploration and development activities. Our guidance for 2014 will be adjusted for the recently announced acquisition of the Marigold mine upon close of the transaction and development of production, operating and capital budgets for the remainder of the year.

Our production and cost guidance for 2014 is:

- Produce and sell 8.2 to 8.6 million ounces of silver.
- Produce and sell 25 to 30 million pounds of zinc.
- Cash costs of between $12.50 and $13.50 per payable ounce of silver sold.
- Capital expenditures of $15 million at Pirquitas, including $6 million for tailings facility expansions.
- Capitalized stripping costs at Pirquitas of $5 million.
- Exploration and development expenditures of $22 million.

Subsequent to the end of 2013, the Argentine peso has seen a significant devaluation, well above the pace of devaluation through 2013, as the government reduced intervention and relaxed capital controls. We are still assessing the impact of this devaluation on the Pirquitas mine. The devaluation will reduce the value of our Argentine peso denominated assets, principally cash and value added tax ("VAT") receivables, and decrease Argentine peso denominated liabilities, principally accounts payable, when expressed in U.S. dollars, our reporting currency. The devaluation is expected to positively impact our Argentine-based operating costs when expressed in U.S. dollars, but we remain cautious of the impact the devaluation will have on inflation rates in the country, which would negatively impact our operating cost structure. We remain active in managing our exposure and risk and our cash resources in Argentina at present are limited.

3. BUSINESS OVERVIEW

We are a resource Company focused on the acquisition, exploration, development and operation of precious metal projects in the Americas. We have one producing silver mine and a portfolio of silver resource dominant projects located in six countries in the Americas. Subsequent to the year end we signed a definitive agreement to purchase the Marigold Mine, which is a gold mine in Nevada, USA. Our focus is on profitable production of silver from the Pirquitas mine, in Argentina, and the integration and, upon closing, optimization of production from the Marigold Mine. We continue to advance the Pitarrilla project in Mexico and the San Luis project in Peru, and our large portfolio of mineral projects and properties, which are at various stages of exploration and development.

Precious metals prices performed negatively in 2013 as the price of silver declined 24% to an average of $23.82 per ounce in 2013 from an average of $31.15 per ounce in 2012. The majority of the price decline occurred in the first half of 2013 with prices trading in a range between $19.00 per ounce and $24.00 per ounce during the second half of the year. The price of silver closed at $19.50 per ounce on December 31, 2013. While fabrication demand for silver increased marginally in 2013, a decline in investment demand impacted the overall silver market pricing. Higher real interest rates resulting from expectations of the U.S. Federal Reserve Bank removing quantitative easing from the U.S. economy combined with continued slow growth in Europe and strong U.S. equity market performance all contributed to a reduction in investment demand for silver and other precious metals. The lower silver prices in 2013 compared to 2012 negatively impacted our revenues and operating cash flow for 2013. The reduction in silver prices has caused us to re-evaluate expenditures, focus our resources and manage capital spent on exploration projects, corporate overhead and development capital expenditures.

The Pirquitas mine operates within a tightly-controlled regulatory environment in Argentina. Importation of goods and services into Argentina requires pre-approval, which may cause delays in obtaining certain parts and supplies. The Central Bank of Argentina regulates U.S. dollar flows into and out of the country with Central Bank approval required for all foreign exchange transactions. Argentina is experiencing high inflation with a currency that, generally, depreciates against our reporting currency, and during January 2014, the Argentine peso underwent a devaluation of 23% as a result of a government policy change. The recovery of VAT is also highly regulated with a complex and, at times, lengthy collection process. All of these factors directly impact our business in Argentina.

During 2013, the Pirquitas mine produced 8.2 million ounces of silver compared to 8.6 million ounces of silver in 2012 as the mine completed a transition between open pit phases. Significant operating cost reductions were achieved through 2013 and we continue to implement cost control and reduction initiatives, which remain particularly important given prevailing silver prices.

During the second quarter of 2013, we recorded an impairment charge of $202.4 million, before tax ($196.9 million net of tax) related to the Pirquitas mine as a result of the change in the metal pricing environment.

During 2013, we completed certain key pre-development activities on the Pitarrilla project. We entered into surface land use agreements over two parcels of land and received approval for a 30-year temporary occupation application over a third parcel, although this may be subject to appeal. Surface land use agreements for two other parcels of land which we do not control are still under negotiation. We also advanced certain pre-construction activities including pilot plant tests, road construction and water drilling. The engineering, procurement, construction management contract was tendered, although this process was placed on hold in the fourth quarter. Due to the imposition of new taxes in Mexico combined with the fall in metal prices and constrained financing markets, a construction decision for the Pitarrilla open pit project was placed on hold in the fourth quarter. Subsequent to this decision, in February 2014 we were advised that the Mexican environmental regulator, SEMARNAT, did not approve the EIA for the Pitarrilla project. The primary reason is that sufficient water rights for the open pit mine and plant requirements could not be secured to date. In line with our disciplined approach to capital management, we are currently reviewing lower capital cost, underground development options for the Pitarrilla project.

Through 2013 we completed several important transactions to improve our liquidity position and strengthen our balance sheet.

Firstly, in the first quarter of 2013, we sold an aggregate of $265 million in senior convertible unsecured notes (the "2013 Notes") for net proceeds of $256.1 million. The 2013 Notes mature on February 1, 2033, bear an interest rate of 2.875% per annum and are convertible into common shares at an initial conversion rate equivalent to $20.00 per common share. Of the proceeds from the 2013 Notes, $138.0 million was used to repurchase our outstanding 4.5% senior convertible notes (the "2008 Notes") and the remaining net proceeds will be used for general corporate purposes, including financing of our acquisition of the Marigold mine and the development or advancement of our property portfolio.

Secondly, on December 30, 2013 we completed the sale of our San Agustin project in Mexico to Argonaut Gold Inc. ("Argonaut"). Upon closing, we received aggregate pre-tax consideration of approximately $70 million, comprised of $15.0 million in cash and $25.4 million in common shares of Argonaut and deferred cash consideration of $30.0 million ($10.0 million payable on May 5, 2014 and $20.0 million payable on May 5, 2015). In addition, we have a 2% net smelter returns ("NSR") royalty on sulphide ores processed from the project.

Thirdly, on December 19, 2013, we entered into an agreement to sell our Challacollo project in Chile to Mandalay Resources Corporation ("Mandalay"). This transaction closed effective as of February 6, 2014. Upon closing, we received aggregate consideration of $7.5 million in cash and 12 million common shares of Mandalay, and the contingent right to receive 5 million common shares of Mandalay and an aggregate cash payment equal to the equivalent of 240,000 ounces of silver, payable in eight quarterly installments (based on the average quarterly silver price), in each case dependent on the commencement of commercial production at the project. In addition, we have a 2% NSR royalty on silver sales in excess of 36 million ounces from the project, up to a maximum of $5 million.

Finally, on February 3, 2014, we entered into a purchase and sale agreement with subsidiaries of Goldcorp Inc. ("Goldcorp") and Barrick Gold Corporation ("Barrick") to purchase 100% of the Marigold mine, a producing gold mine in Nevada, USA, for cash consideration of $275 million. Completion of the transaction is subject to customary closing conditions, including regulatory approvals, and we expect the transaction to close in April 2014.

Marigold mine is an open-pit gold mine located in Humboldt County, Nevada, USA, at the northern end of the Battle Mountain-Eureka trend. The mine has been in continuous production since 1988. Ore is mined by conventional truck and shovel equipment and processed via a large run-of-mine heap leach operation with 40,000 tonnes per day capacity. As disclosed by Goldcorp in its news release dated January 8, 2014, the mine produced 162,000 ounces of gold in 2013 and it is expected to produce between 142,000 and 150,000 ounces of gold in 2014 (grossed up to illustrate 100% production figures). As reported by Goldcorp in its public disclosures, the Marigold mine has consistently produced over 140,000 ounces of gold per year at gold recoveries in excess of 70%. Production at the Marigold mine is subject to various NSR royalties. In 2012 and 2013, significant investments were made to purchase new, larger mining equipment which is expected to improve the efficiency of future mining operations. The mine currently employs 360 people including contractors, who manage and maintain the mine and plant to Goldcorp’s world-class safety and environmental standards. Nevada is among the world’s most favorable exploration and mining jurisdictions with a stable tax regime, streamlined permitting process and access to highly qualified labor.

4. RESULTS OF OPERATIONS

Pirquitas Mine, Argentina

Operating data	Q1	Q2	Q3	Q4	**Total 2013**	Total 2012
Total material mined (kt)	4,210	4,471	4,465	4,277	**17,423**	17,528
Ore crushed (kt)	428	480	524	484	**1,916**	1,864
Ore milled (kt)	396	365	394	420	**1,575**	1,623
Silver mill feed grade (g/t)	207	216	215	228	**217**	217
Zinc mill feed grade (%)	0.92	1.53	1.91	2.12	**1.63**	0.74
Silver recovery (%)	76.3	74.8	74.6	73.9	**74.9**	76.3
Zinc recovery (%) (1)	41.1	46.0	47.0	53.0	**48.0**	38.0
Silver produced ('000 oz)	2,017	1,890	2,028	2,281	**8,216**	8,624
Zinc Produced ('000 lbs) (1)	3,323	5,589	7,818	10,307	**27,037**	11,171
Silver sold ('000 oz)	2,018	2,207	1,969	2,499	**8,693**	9,383
Zinc Sold ('000 lbs) (1)	2,147	2,217	4,952	14,208	**23,524**	8,465
Realized silver price ($/oz)	30.68	22.47	21.38	20.79	**23.77**	31.33
Cash costs ($/oz) (2, 3)	13.58	13.03	13.32	11.75	**12.87**	16.88
Total costs ($/oz) (2, 3)	20.06	20.05	21.24	17.75	**19.68**	24.42
Financial Data ($000s)						
Revenue	49,062	32,654	43,944	49,026	**174,686**	241,120
Income from mine operations	14,438	(18,971)	5,732	3,985	**5,184**	58,105

(1) Data for zinc recoveries, production and sales relate only to zinc in zinc concentrate as any zinc metal within our silver concentrate is a penalty element and does not generate income.

(2) We report non-GAAP cost per payable ounce of silver sold to manage and evaluate operating performance at the Pirquitas mine. For a better understanding and a reconciliation of these measures to cost of sales, as shown in our consolidated statements of comprehensive income, please refer to "Non-GAAP Financial Measures" in section 14 of this MD&A.

(3) Information has been restated for IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* ("IFRIC 20") and a presentation error in our cash costs and total costs, as discussed in section 14 of this MD&A.

Mine production

The Pirquitas mine produced 2.3 million ounces of silver during the fourth quarter of 2013, which is a 12.5% quarter-on-quarter improvement and reflects higher average head grade and mill throughput. During 2013, the mine produced 8.2 million ounces of silver, lower than the 8.6 million ounces produced in 2012, mainly due to more oxidized and transitional ore in the mill feed.

The Pirquitas mine produced 10.3 million pounds of zinc in zinc concentrate in the fourth quarter of 2013, a 31.8% quarter-on-quarter improvement and the highest quarterly zinc production result in the history of the mine. In 2013, the Pirquitas mine produced a record 27.0 million pounds of zinc in zinc concentrate, reflecting higher zinc grades as we mined more of the zinc-rich Potosi area of the San Miguel open pit, combined with improved recoveries.

Approximately 420,000 tonnes of ore were milled during the fourth quarter of 2013, compared to 394,000 tonnes in the third quarter of 2013. Ore was milled at an average rate of 4,567 tonnes per day during the quarter, 14.2% above the mill's nominal design. This compares to an average milling rate of 4,283 tonnes per day in the third quarter. The fourth quarter mill processing rate demonstrates the return to average annual mill rates comparable to 2012.

Ore milled during the fourth quarter of 2013 contained an average silver grade of 228 g/t, compared to 215 g/t reported in the third quarter, due to improved jig plant performance. The average silver recovery rate of 73.9% was largely in line with the third quarter recovery rate of 74.6% and average recovery at 74.9% for the full year 2013.

Mine operating costs

Cash costs and total costs per payable ounce of silver sold are non-GAAP financial measures. Please see the discussion under "Non-GAAP Financial Measures" in section 14 of this MD&A.

Early in 2013, we commenced a cost reduction initiative at the Pirquitas mine, which continued through the rest of the year and will continue into 2014 as part of a continuous improvement process. The main focus has been on replacing third party contract services, reducing staffing and implementing operational controls at the plant and mine to drive efficiencies.

Cash costs, which include cost of inventory (excluding adjustments for write downs and one-off restructuring costs), treatment and refining costs, and by-product credits, were $12.87 per payable ounce of silver sold in 2013 compared to $16.88 per payable ounce of silver sold in 2012. Cash costs in 2013 benefited from lower operating costs and more favorable concentrate sales terms compared to 2012. The decline in cash costs was also a result of the adoption of the interpretation on accounting for waste removal costs issued by the IFRS Interpretation Committee ("IFRIC") - IFRIC 20, the impact of which commenced as of January 1, 2012. As a result of the adoption of this new accounting standard, mining costs were removed from stockpile inventory and capitalized as a Stripping Activity Asset ("SAA"). Inventory sold in 2013 was at a lower per unit cost compared to 2012 as the majority of concentrate sold included previously incurred stripping costs. As we progressed through 2012 and into 2013, the effect of capitalizing stripping costs reduced the weighted average cost of finished goods inventory and hence reduced cost of inventory, on a per payable ounce basis.

Total costs, which add silver export duties, depreciation, depletion and amortization to cash costs, were $19.68 per payable ounce of silver sold in 2013 compared to $24.42 per payable ounce of silver sold in 2012. Depletion, depreciation and amortization was lower in 2013 compared to 2012 largely due to the asset impairment recorded in the second quarter. The main driver for the decrease in total costs, however, is related to the reduction in cash costs, as discussed above.

Mine sales

We sold 8.7 million ounces of silver in 2013, compared to 9.4 million ounces in 2012. Sales exceeded production as we drew down existing inventory balances. We also sold 23.5 million pounds of zinc in 2013, well in excess of the 8.5 million pounds sold in 2012, due to the increase in zinc production through 2013.

Exploration at Pirquitas

During 2013, we completed the Preliminary Economic Assessment ("PEA") on the Cortaderas deposit to assess the economic opportunity of underground mining at Cortaderas and extend the Pirquitas mine life. The PEA confirmed that the underground mining opportunity is technically and economically possible, but due to the current business environment in Argentina, metal price environment and our spending controls, we are not advancing to a pre-feasibility level study at this time, but will continue to monitor the situation closely.

The Cortaderas deposit of silver-zinc mineralization is located approximately 500 metres north of the San Miguel open pit and is estimated to contain 3.6 million tonnes of Indicated Mineral Resources averaging 137 g/t silver at a silver cut-off grade of 50 g/t, for 15.6 million ounces of contained silver. In addition, there are an estimated 2.7 million tonnes of Inferred Mineral Resources averaging 162 g/t at a silver cut-off grade of 50 g/t, that contains 14.1 million ounces of silver. The Mineral Resources estimate for the Cortaderas area as of December 31, 2012 was completed by Jeremy D. Vincent B.Sc. (Hons), P.Geo, in accordance with the standards of Canadian National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* (“NI 43-101”) and the definition standards of the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”). For a complete description of the key assumptions, parameters and methods used to estimate the Mineral Resources, please refer to the technical report dated December 23, 2011 and entitled “NI 43-101 Technical Report on the Pirquitas Mine, Jujuy Province, Argentina”.

Fiscal stability agreement and regulatory environment

We entered into a fiscal stability agreement (the “Fiscal Agreement”) with the Federal Government of Argentina in 1998 for production from the Pirquitas mine. In December 2007, the National Customs Authority of Argentina (Dirección Nacional de Aduanas) levied an export duty of approximately 10% from concentrates for projects with fiscal stability agreements pre-dating 2002. The Federal Government asserts that the Pirquitas mine is subject to this export duty despite contrary rights detailed under the Fiscal Agreement. We have challenged the legality of the export duty applied to silver concentrates and the matter is currently under review by the Federal Court (Jujuy) in Argentina. The Federal Court (Jujuy) granted an injunction in our favor effective September 29, 2010 that prohibited the Federal Government from withholding the 10% export duty on silver concentrates (the “Injunction”), pending the decision of the courts with respect to our challenge of the legality of the application of the export duty. The Injunction was appealed by the Federal Government but upheld by each of the Federal Court of Appeal (Salta) on December 5, 2012 and the Federal Supreme Court of Argentina on September 17, 2013. The Federal Government also appealed the refund we claimed for the export duties paid before the Injunction, as well as matters of procedure related to the uncertainty of the amount reclaimed; however, on May 3, 2013, such appeal was dismissed by the Federal Court of Appeal (Salta).

As of December 31, 2013, the Pirquitas mine has paid $6.6 million in export duties, against which it has filed for recovery. In accordance with the Injunction, we have not been paying export duties on silver concentrates but continue to accrue duties in full until the outcome of our challenge of the legality of the application of the export duty is known with certainty. However, the Federal Government has enacted legislation limiting the term of effectiveness of injunctions ordered against it, and we are assessing the potential impact of such legislation on the Injunction, including as it relates to the payment of any accrued export duties. At December 31, 2013, we have accrued a liability totaling $48.2 million, with a corresponding increase in cost of sales in the relevant period. If this export duty is successfully overturned, the benefit will be recognized in the consolidated statement of (loss) income for the full amount of paid and unpaid duty in the period that recovery becomes virtually certain. The accrued export duty also has a significant impact on our total costs. If resolved in our favour, the impact would be to reduce total costs by approximately 10% of the net sales price on a per payable ounce sold basis.

The Federal Government of Argentina also requires all funds from export sales to be repatriated to Argentina and converted into Argentine pesos within the Sole Foreign Exchange Market in Argentina. The Argentine pesos can then be exchanged back into the original currency, again through the Sole Foreign Exchange Market, provided the required authorization is granted by the Central Bank of Argentina and the Federal Administration of Public Revenue. Each transfer is subject to a 0.6% transfer tax. The mining industry had previously been exempted from this obligation to bring such foreign currency into Argentina, and although the Fiscal Agreement includes stability over foreign exchange controls, the Federal Government removed such benefits with this requirement.

5. REVIEW OF PROJECTS

Pitarrilla, Mexico

Capitalized expenditures at our wholly-owned Pitarrilla project located in the State of Durango, Mexico during 2013 amounted to $9.5 million compared to $23.9 million in 2012.

The key objective of 2013 was to progress the Pitarrilla open pit project towards a construction decision by the end of the year. Through the first three quarters of the year, we were successful in progressing key areas of the project, while reducing project risk in critical areas, achieving the following:

- Entered into surface land use agreements over two parcels of land and received government approval of the 30-year temporary occupation application providing surface access to the last critical surface property needed to develop the Pitarrilla project. Our occupation could still, however, be subject to legal appeal;
- Submitted the final Project EIA to the Mexican Ministry of Environment and Natural Resources (SEMARNAT);
- Completed a 10-tonne pilot plant test program on oxide and mixed oxide-sulphide (transitional) material;
- Advanced work on the access road, finalized construction of the initial project landfill and conducted an evaluation of water sources;
- Undertook technical discussions and explored options with potential suppliers of mobile equipment for the mine and other equipment suppliers; and
- Appointed financial advisors, and entered into discussions with potential partners.

In October 2013, the Mexican government enacted significant changes to the mining tax and royalty regime and introduced other fiscal measures which have significant impacts on the mining industry. Given the significance of these changes we deferred the open pit construction decision, suspended the joint venture process, placed project activities on hold and initiated a thorough review of the mine and plant options at the Pitarrilla project. We commenced a revision of various options for the project that could lead to a lower capital, smaller starter project with a meaningful production level without compromising the future option of the original larger open pit project. The initial focus of this work is on a 3,000 to 4,000 tonnes per day underground operation, targeting the higher grade, deeper sulphides at or below the bottom of the open pit project.

On February 14, 2014, we were advised that SEMARNAT did not approve the EIA for the Pitarrilla open pit mine, primarily because sufficient water rights could not be secured. Our ability to secure water rights are currently limited due to a temporary moratorium on subterranean water exploitation imposed in April 2013 in connection with uncontrolled and over exploited aquifers located throughout Mexico. For the Pitarrilla underground development option, the water requirements are significantly less and previous studies have shown that no external water sourcing is required.

The deposit is estimated to comprise Probable Mineral Reserves of 157 million tonnes containing 479 million ounces of silver at an average grade of 95.1 g/t silver, 1,014 million pounds of lead at an average grade of 0.29% lead and 2,722 million pounds of zinc at an average grade of 0.79% zinc, and Measured and Indicated Mineral Resources (inclusive of Mineral Reserves) of 260 million tonnes containing 695 million ounces of silver at an average grade of 82.99 g/t silver, 1,815 million pounds of lead at an average grade of 0.32% lead and 4,146 million pounds of zinc at an average grade of 0.72% zinc, all using a 30 grams per tonne silver cut-off. The Mineral Resources and Mineral Reserves estimates were prepared respectively by Jeremy D. Vincent, B.Sc. (Hons), P.Geo and by Andrew W. Sharp, B.Eng., FAusIMM and presented in the technical report dated December 14, 2012, and entitled "NI 43-101 Technical Report on the Pitarrilla Project, Durango State, Mexico", in accordance with the standards of NI 43-101 and the definition standards of the CIM.

San Luis, Peru

Capitalized expenditures at our wholly-owned San Luis project located in the Ancash Department, Peru, during 2013 amounted to $6.4 million compared to $7.9 million in 2012.

The San Luis project comprises a 35,000 hectare area which includes several vein systems across an area of land whose surface rights are held by two separate communities, Ecash and Cochabamba. A feasibility study was completed on the Ayelén vein and the EIA was approved in 2012. The execution of the mining project requires land access negotiations to be completed with both communities. To date we have only reached an agreement with the Cochabamba community while negotiations are continuing with the Ecash community. We have also identified an additional potential high grade gold vein target, the Bonita Zone, which is located entirely within the area held by Cochabamba and have a 5,000 metre drill program planned and budgeted for 2014.

In 2013, we signed a five-year extension agreement with the community of Cochabamba granting us access rights to conduct exploration activities on the community lands that cover the southwestern sector of the San Luis mineral property. This extension enables us to complete exploration work on the Bonita Zone. Exploration permits for the Bonita Zone target have been received and, once a water permit is received, we will commence exploration drilling in the first half of 2014, upon the conclusion of the Peruvian rainy season.

We continue to negotiate with the Ecash community in order to reach alignment on a benefits and surface use agreement over the remaining surface rights required for the Ayelén vein project. The completion of this land access agreement will enable permit applications to be submitted and a development decision to be made.

The Ayelén vein, within the San Luis project, comprises Proven and Probable Mineral Reserves of approximately 0.5 million tonnes containing 7.2 million ounces of silver at an average grade of 446 g/t silver and 290,000 ounces of gold at an average grade of 18 g/t gold. The Mineral Reserves estimate was prepared by Steve L. Milne, P.E. of Tucson, USA and presented in a technical report dated June 4, 2010 and entitled "Technical Report for the San Luis Project Feasibility Study, Ancash Department, Peru", in accordance with the standards of NI 43-101 and the definition standards of the CIM.

Other Exploration Projects

Under current fiscal conditions, we have minimized capital available for non-core exploration activities, and during 2013, we completed a detailed appraisal of our large property portfolio to determine which properties to advance along with our corporate strategy, and which properties to relinquish. This resulted in the sale of the San Agustin property in Mexico in 2013 and the completion of the sale of the Challacollo property in Chile subsequent to the year end, and the relinquishment of several other properties in Mexico and the United States in 2013.

Parral, Mexico

We hold four mineral properties in the mining district of Parral in the southern Chihuahua State, Mexico and are evaluating them for their potential to yield economic silver deposits. Our ongoing exploration of these properties has involved detailed geological mapping and sampling of outcroppings that host silver-bearing quartz veins and veinlets.

San Luis del Cordero, Mexico

We have an option agreement with respect to the San Luis del Cordero property in Durango, Mexico, under which we can earn a 51% interest in the property by drilling a minimum of 4,000 metres within the first year, making total cash payments of $1.5 million, and incurring exploration expenditures totaling $3.5 million over the three-year term of the agreement. During the fourth quarter of 2013 and into early 2014, we completed a 5,500 meter drill program in 15 holes and we are currently considering our options for the property.

6. SUMMARIZED ANNUAL FINANCIAL RESULTS

The following table sets out selected annual financial results, expressed in thousands of U.S. dollars, except per share amounts:

	Years ended December 31		
	2013	2012 (Restated*)	2011
Revenue	**174,686**	241,120	147,845
Income from mine operations	**5,184**	58,105	51,919
Impairment charges	**(202,440)**	—	—
Operating income (loss)	**(224,715)**	21,741	22,656
Gain on sale of mineral properties	**64,566**	—	49,856
Net income (loss) attributable to shareholders	**(224,997)**	55,328	80,128
Basic earnings (loss) per share	**(2.79)**	0.69	1.00
Diluted earnings (loss) per share	**(2.79)**	0.69	0.99
Cash dividends per share	**—**	—	—

	As at December 31		
	2013	2012 (Restated*)	2011
Cash and cash equivalents	**415,657**	366,947	329,055
Total assets	**1,191,241**	1,317,847	1,276,102
Non-current financial liabilities	**187,130**	—	126,555

* Restated for adoption of IFRIC 20, as discussed in section 14 of this MD&A.

Review of Annual Financial Results

Net loss for the year ended December 31, 2013 was $225.0 million ($2.79 per share) compared to a net income of $55.3 million ($0.69 per share) in the year ended December 31, 2012. This loss in 2013 was primarily due to the asset impairment charges and write downs of $225.7 million compared to $Nil in 2012. In 2013, an impairment charge of $202.4 million was recorded against the carrying value of the Pirquitas mine, inventory which had cost in excess of its net realizable value ("NRV") was written down by $12.2 million, assets held for sale were written off in the amount of $3.9 million, and a further $7.2 million was written off against certain exploration and evaluation assets. The following is a summary and discussion on significant components of income and expenses recorded during 2013 compared to 2012.

In 2013, we recognized revenues from the Pirquitas mine of $174.7 million from the sale of 8.7 million ounces of silver and 23.5 million pounds of zinc. Shipments made in the year realized an average silver price of $23.77 per ounce, excluding the impact of period-end price adjustments and zinc shipments realized an average price of $0.88 per pound. This is compared with 2012, in which we recognized revenues of $241.1 million from the sale of 9.4 million ounces of silver at an average realized price of $31.33 per ounce. The decrease in revenue in 2013 compared to 2012 was primarily driven by the decrease in average realized silver price, being over 24% lower per ounce, and the decrease in total ounces of silver sold. This was partly offset by improved sales terms on our silver concentrate and additional zinc sales of approximately 15.0 million pounds.

Cost of sales, which includes cost of inventory, depreciation, export duties and any inventory write downs, for 2013 was $169.5 million compared to $183.0 million in 2012. The resulting income from mine operations was $5.2 million in 2013, compared to $58.1 million in 2012, with a gross margin of 3.1% in 2013 compared to a gross margin of 24.1% in 2012. Cost of inventory, excluding write downs, was lower in 2013 than in 2012 due to a decrease in total

silver ounces sold and also a lower cost per silver ounce sold. Export duties were lower in 2013 as they are directly derived from revenue, and we also recorded a $12.2 million write-down of inventory to its NRV. Thus, the reduction in margin over these periods was primarily a result of the significant decline in silver prices noted above.

General and administrative expenses for the year ended December 31, 2013 of $23.4 million were overall consistent with the $23.7 million recorded in 2012. Share-based payment expenses in 2013 were lower due to unvested option forfeitures and the lower share prices used to value cash-settled units. Compared to 2012, salaries in 2013 were lower due to the reduction of head office staff levels by 25% in the second half of 2013, however, this was offset by associated restructuring costs of $2.9 million.

Expensed exploration and evaluation expenses were $4.0 million for 2013 compared to $12.7 million in 2012. These relate primarily to the drill programs at the Pirquitas mine, which are focused on the Cortaderas area, the results of which are discussed in section 4 of this MD&A. Exploration costs at operating properties are expensed until a Mineral Reserve is defined, consistent with our accounting policy.

On December 30, 2013, we completed the sale of our San Agustin project located in Mexico to Argonaut. The total consideration comprised cash payments of $45.0 million (of which $15.0 million was received upon closing, $10.0 million will be received on May 5, 2014 and $20.0 million will be received on May 5, 2015), and 5.1 million common shares of Argonaut with a fair value at closing of $25.4 million. In addition, we have a 2% NSR royalty on sulphide ores processed from the project. The gain recorded on the sale of this mineral property was $64.6 million before tax expense of $16.3 million.

During 2013, we recorded a gain on the derecognition of our investment in associate, Pretium, of$22.0 million. This gain arose as a result of the change in accounting treatment from equity accounting to accounting for this investment as an available-for-sale financial asset. In 2012, we recorded a gain on the partial disposition of our investment of $49.1 million. We also recorded dilution gains totaling $2.1 million in 2013 compared to $15.8 million in 2012. These non-cash gains resulted from Pretium completing several private placements in respect of which we did not participate.

During 2013, we recorded $23.1 million of interest expense and other financing costs compared to $24.5 million in 2012. The $1.4 million decrease was primarily a result of the change in our estimate of close down and restoration provisions at the end of 2012, which reduced accretion expense in 2013 as compared to 2012. The accretion expense is recorded as a financing charge. Despite the increased principal balance of the 2013 Notes outstanding in 2013 relative to the principal balance of the 2008 Notes outstanding in 2012, interest expense was only slightly higher in 2013 due to a lower interest rate payable on the 2013 Notes.

During the year ended December 31, 2013, we recognized impairment charges of $13.0 million on marketable securities, compared to $9.4 million in 2012 due to the significant decline in market value of certain investments. We also recognized unrealized losses of $54.1 million on marketable securities in other comprehensive income, resulting from the decline in market value of investments.

In 2012, we disposed of our Canadian asset-backed commercial paper, which had been previously written off, resulting in a gain of $4.9 million.

We recorded a foreign exchange loss for year ended December 31, 2013 of $31.9 million compared to a loss of $6.0 million in 2012. Our main foreign exchange exposures are related to net monetary assets denominated in Argentine pesos and Canadian and Australian dollars. During the year 2013, this loss resulted from the Argentine peso significantly weakening against the U.S. dollar with an acceleration in devaluation compared to previous periods, especially at the end of the year. Also, a weakening of the Canadian dollar and the Australian dollar relative to the U.S. dollar further increased the loss. During 2012, the loss was lower because the Argentine peso weakened against the U.S. dollar at a slower rate, and other currencies remained stable.

For the year ended December 31, 2013, we recorded an income tax expense of$15.4 million compared to an income tax recovery of $8.3 million in 2012. In 2013, the income tax expense is the result of profitable Pirquitas operations,

the continued devaluation of the Argentine peso against the U.S. dollar, the taxable sale of the San Agustin project in Mexico, the reversal of deferred tax assets at the time of the write-down of the Pirquitas mine in the second quarter of 2013 and the establishment of a deferred income tax liability due to the introduction of the Mexican mining royalty of 7.5% in December 2013. Offsets to the income tax expense items include losses generated through corporate general and administrative expenses, refunds of income taxes from past years and foreign exchange.

7. QUARTERLY FINANCIAL REVIEW

The following table sets out selected financial results for each of the eight most recently completed quarters, expressed in thousands of U.S. dollars, except per share amounts:

	2013				2012			
	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec (restated)*	30-Sep (restated)*	30-Jun (restated)*	31-Mar (restated)*
	$000s	$000s	$000s	$000s	$000s	$000s	$000s	$000s
Revenue	**49,026**	43,944	32,654	49,062	86,778	73,524	42,412	38,406
Income (loss) from mine operations	**3,985**	5,732	(18,971)	14,438	24,102	19,411	8,234	6,358
Net income (loss) before tax	**43,362**	(13,793)	(234,685)	(4,448)	(4,788)	5,140	44,883	1,842
Net income (loss) after tax	**29,813**	(14,306)	(235,945)	(4,559)	22,948	(1,597)	35,016	(1,039)
Basic earnings (loss) per share	**0.37**	(0.18)	(2.92)	(0.06)	0.28	(0.02)	0.43	(0.01)
Diluted earnings (loss) per share	**0.37**	(0.18)	(2.92)	(0.06)	0.28	(0.02)	0.43	(0.01)
Cash and cash equivalents	**415,657**	401,384	435,805	461,846	366,947	353,439	351,780	293,294
Total assets	**1,191,241**	1,169,967	1,176,363	1,426,245	1,317,847	1,346,304	1,323,553	1,288,198
Working capital	**584,079**	608,165	630,414	588,178	350,911	369,401	358,569	292,027
Non-current financial liabilities	**187,130**	184,791	182,486	180,224	—	—	—	—

* Restated for adoption of IFRIC 20, as discussed in section 14 of this MD&A.

The volatility in revenue over the past eight quarters has resulted from fluctuations in commodity prices, sales volumes, and certain operational and regulatory circumstances. The sales volumes in the first half of 2012 were affected by the changes in Argentine export rules, which resulted in a cessation of shipments for two months. This was partly offset by high prevailing silver prices. The two last quarters of 2012 demonstrated consistent, uninterrupted sales to multiple counterparties, while partially selling down finished goods inventory in a high silver price environment. Decrease in silver sales volume by 22% and a slight decrease in sales prices in the first quarter of 2013 resulted in a significant decrease in revenues when compared to the fourth quarter of 2012. Silver prices fell significantly in the second quarter of 2013 while sales remained comparable to the first quarter of 2013. Although prices remained low in the second half of 2013, strong silver sales and record zinc sales elevated revenue recorded. Income (loss) from mine operations in the second quarter of 2013 was affected by the write-down of inventory to its NRV. Excluding the effect of the inventory write-down, the income from mine operations followed a similar trend to revenue over the past eight quarters.

Net income (loss) before tax has fluctuated significantly over the past eight quarters, heavily influenced by significant transactions. In the second quarter of 2012, we reduced our interest in Pretium, recording a gain of $45.9 million, and in the fourth quarter of 2012, we recorded a $10.8 million impairment of marketable securities, which was a significant component of the loss recorded. In the second quarter of 2013, impairment charges of $222.3 million were recorded against the carrying value of the Pirquitas mine, assets held for sale and exploration and evaluation assets, and in the fourth quarter of 2013, we sold the San Agustin property which generated a gain before tax of $64.6 million.

Three months ended December 31, 2013 compared to the three months ended December 31, 2012

Net income for the three months ended December 31, 2013 was $29.8 million ($0.37 per share), compared to a net income of $22.9 million ($0.33 per share) in the same period of 2012. The following is a summary and discussion of the significant components of income and expenses recorded during the current quarter compared to the same period in the prior year.

In the three months ended December 31, 2013, we recognized revenues from the Pirquitas mine of $49.0 million from the sale of 2.5 million ounces of silver and 14.2 million pounds of zinc. Sales recognized in the period realized an average silver price of $20.79 per ounce, excluding the impact of period-end price adjustments. This is compared with the fourth quarter of 2012, in which we recognized revenues of $86.8 million from the sale of 3.2 million ounces of silver at an average realized price of $32.69 per ounce. At December 31, 2013, sales contracts containing 1.2 million ounces of silver are subject to final price settlement over the next four months. Zinc shipments for the fourth quarter of 2013 realized an average price of $0.86 per pound compared to $0.87 per pound in the fourth quarter of 2012, while the zinc sales volumes were five times higher in the fourth quarter of 2013 than in the same period in 2012.

Cost of sales for the fourth quarter of 2013 were $45.0 million compared to $62.7 million in the fourth quarter of 2012. The resulting income from mine operations was $4.0 million in the fourth quarter of 2013, compared to $24.1 million in the fourth quarter of 2012, resulting in a gross margin of 8.6% in the fourth quarter of 2013, compared to 27.8% in the fourth quarter of 2012. The reduction in margin in the fourth quarter of 2013 was primarily a result of the significant decline in silver prices, but also the greater proportion of zinc concentrate sales which have a lower sales margin.

General and administrative expenses for the three months ended December 31, 2013 of $5.4 million were lower than the $5.9 million recorded in the three months ended December 31, 2012. This decrease is principally due to lower salaries, benefits, and share-based compensation of $1.3 million, offset by higher consulting fees of $0.9 million.

Exploration and evaluation costs of $1.2 million for the three months ended December 31, 2013 were lower than the $4.7 million for the three months ended December 31, 2012. The costs were higher in 2012 due to a drill program at the Pirquitas mine, whereas no such work was conducted in the fourth quarter of 2013.

On December 30, 2013, we completed the sale of the San Agustin project located in Mexico, generating a pre-tax gain on sale before tax of $64.6 million, as further described in section 6 of this MD&A.

In the fourth quarter of 2013, we recorded impairments on marketable securities in the amount of $13.1 million, compared to $10.8 million in the same period of 2012, where share prices had declined significantly below cost. Declines in value had previously been recorded in other comprehensive income, and upon the recognition of the impairment, loss was recognized in the consolidated statement of income.

During the fourth quarter of 2013, we recorded $5.1 million of interest expense and other financing costs compared to $5.6 million for the fourth quarter of 2012. The $0.5 million decrease was primarily a result of the change in our estimate of close down and restoration provisions at the end of 2012 which reduced the accretion expense in the fourth quarter of 2013 compared to the fourth quarter of 2012. Despite the increased principal balance of the 2013 Notes outstanding in the fourth quarter of 2013 relative to the principal balance of the 2008 Notes outstanding in the fourth quarter of 2012, interest expense was only slightly higher in 2013 due to a lower interest rate payable on the 2013 Notes.

We recorded a foreign exchange loss for the three months ended December 31, 2013 of $11.0 million compared to a loss of $2.1 million in the three months ended December 31, 2012. Our main foreign exchange exposures are related to net monetary assets denominated in Argentine pesos, and Canadian and Australian dollars. During the three months ended December 31, 2013, this loss largely resulted from the Argentine peso which significantly weakened against

the U.S. dollar, while the Canadian dollar and Australian dollar were relatively flat compared to the U.S. dollar. In the same period of 2012, the Argentine peso devalued at a slower rate, while the Canadian dollar strengthened to help offset some of the loss from the devaluation of the Argentine peso.

For the three months ended December 31, 2013, we recorded an income tax expense of $13.5 million compared to an income tax recovery of $27.7 million in the three months ended December 31, 2012. Income tax expense is the result of profitable Pirquitas operations, the continued devaluation of the Argentine peso against the U.S. dollar, the taxable sale of the San Agustin property in Mexico, and the establishment of a deferred income tax liability due to the introduction of the Mexican mining royalty of 7.5 % in December 2013. Offsets to the income tax expense items include losses generated through corporate general and administrative expenses, refunds of income taxes from past years and foreign exchange. In the fourth quarter of 2012, the income tax recovery was primarily related to the recognition of tax benefits in Argentina totaling $46.8 million arising from foreign exchange losses and interest expenses. This was partially offset by profitable operations at Pirquitas, further devaluation of Argentine peso denominated deferred tax assets, and other non-deductible expenses.

8. LIQUIDITY

At December 31, 2013, we had $415.7 million of cash and cash equivalents, an increase of $48.7 million from December 31, 2012. The increase in cash primarily resulted from the issuance of the 2013 Notes for net proceeds of $256.1 million. These proceeds were partially used to repay $138.0 million from the 2008 Notes in the first quarter of 2013, with the balance increasing our liquidity for general corporate purposes, including financing our acquisition of the Marigold mine and the development or advancement of our property portfolio. The total cash generated from financing activities was $118.2 million. We also generated $19.5 million from operating activities and used $76.6 million in investing activities. Cash flows from investing activities comprised outflows of $103.4 million on capital expenditures, exploration and development projects, deferred stripping and VAT payments, while cash inflows comprised $15.0 million of proceeds from the sale of the San Agustin project, $6.1 million of interest income and $5.0 million of VAT recoveries. We also incurred foreign exchange losses of $12.3 million, before impacts of interest earned, on our foreign cash balances, primarily in Argentina.

Of the cash and cash equivalents balance, $371.7 million was held in Canada, the United States and Australia. Approximately $73.5 million is invested in short term investments under our investment policy with maturities of 90 days or less providing us with sufficient liquidity to meet corporate needs. At December 31, 2013, we held $20.8 million cash in Argentina. Argentine government regulation of U.S. dollar inflows and outflows restricts our ability to repatriate cash generated by the Pirquitas mine. We are repatriating cash from Argentina under a fixed schedule of debt repayments.

In the first quarter of 2013, we sold $265.0 million of the 2013 Notes, for net proceeds of $256.1 million after payment of commissions and expenses related to the offering. The 2013 Notes mature on February 1, 2033 and bear an interest rate of 2.875% per annum, payable semi-annually in arrears on February 1 and August 1 of each year. The 2013 Notes are convertible into common shares at a fixed conversion rate, subject to certain anti-dilution adjustments. In addition, if certain fundamental changes occur to us, holders of the 2013 Notes may be entitled to an increased conversion rate. The 2013 Notes are convertible into common shares at an initial conversion rate of 50 common shares per $1,000 principal amount of 2013 Notes converted, representing an initial conversion price of $20.00 per common share.

In addition to the $15 million of cash received at closing from the sale of the San Agustin project, we received 5.1 million common shares of Argonaut valued at $25.4 million at December 31, 2013.

During the year ended December 31, 2013, our working capital position increased by $224.1 million to $584.1 million from $379.0 million. The primary drivers for the increase were the repurchase of the 2008 Notes with proceeds from the 2013 Notes, which extinguished a current liability, and the recognition of our investment in Pretium as a current asset, which had previously been recorded as a non-current asset.

On February 3, 2013, we announced the acquisition of the Marigold mine for cash consideration of $275 million which will have a material impact on our liquidity upon closing the transaction. Under the terms of the acquisition agreement, we will be required to provide financial assurances to the environmental authorities with respect to Marigold mine's long term environmental and reclamation obligations. Following the completion of this transaction, our remaining cash balance along with projected operating cash flows is expected to be sufficient to fund planned exploration, development and corporate activities over the next twelve months from the date of this MD&A. We are continuing our cost reduction strategy to preserve capital throughout the business and to discharge liabilities as they become due.

The following table summarizes our financial liabilities, operating and capital commitments at December 31, 2013:

		Payments due by period			
Contractual obligations	Total	Less than one year	1 - 3 years	4-5 years	After 5 years
	$000s	$000s	$000s	$000s	$000s
Trade and other payables	84,010	84,010	—	—	—
Convertible notes [(i)]	265,000	—	—	—	265,000
Interest on convertible notes [(i)]	49,522	7,619	22,856	15,238	3,809
Capital expenditure commitments [(ii)]	6,164	6,164	—	—	—
Minimum rental and lease payments	2,907	424	1,520	963	—
Total contractual obligations	407,603	98,217	24,376	16,201	268,809

[(i)] Convertible notes mature in 2033 but are redeemable in part or in full at the option of the holder on February 1 at each of 2020, 2023, and 2028, or upon fundamental corporate changes. They are also redeemable by us in part or in full on and after February 1, 2018.

[(ii)] Capital expenditure commitments are in relation to the sustaining capital at the Pirquitas mine.

9. CAPITAL RESOURCES

Our capital consists of items included in shareholders' equity and debt, net of cash and cash equivalents as follows:

	December 31	December 31
	2013	2012
	$000s	$000s
Shareholders' equity	**707,034**	706,901
Convertible notes	**187,130**	135,805
	894,164	842,706
Less: cash and cash equivalents	**(415,657)**	(366,947)
	478,507	475,759

At December 31, 2013, there was no externally imposed capital requirement to which we are subject and with which we had not complied.

As at December 31, 2013, we had 80,754,434 common shares outstanding and 1,754,944 stock options outstanding which are exercisable into common shares at exercise prices ranging between C$9.50 and C$28.78.

Outstanding share data

The authorized capital consists of an unlimited number of common shares without par value. As at February 20, 2014, the following common shares and options were outstanding:

	Number of shares	Exercise price	Remaining life
		C$	(years)
Capital stock	80,754,434		
Stock options	2,156,958	7.37 - 28.78	3.9 - 6.9
Fully diluted	82,911,392		

10. FINANCIAL INSTRUMENTS AND RELATED RISKS

We are exposed to a variety of financial risks as a result of our operations, including market risk (which includes price risk, currency risk and interest rate risk), credit risk and liquidity risk. Our overall risk management strategy seeks to reduce potential adverse effects on our financial performance. Risk management is carried out under policies approved by the Board of Directors.

We may, from time to time, use foreign exchange contracts, commodity price contracts and interest rate swaps to manage our exposure to fluctuations in foreign currency, metal prices and interest rates. We do not have a practice of trading derivatives. In the past, our use of derivatives was limited to specific programs to manage fluctuations in foreign exchange risk, which are subject to the oversight of the Board of Directors.

The risks associated with our financial instruments, and the policies on how we mitigate those risks are set out below. This is not intended to be a comprehensive discussion of all risks.

a) Market Risk

This is the risk that the fair values of financial instruments will fluctuate owing to changes in market prices. The significant market risks to which we are exposed are price risk, currency risk and interest rate risk.

(i) Price Risk

This is the risk that the fair values or future cash flows of our financial instruments will fluctuate because of changes in market prices. Income from mine operations in the next year depends on the metal prices for silver, and to a lesser extent, zinc. These prices are affected by numerous factors that are outside of our control such as:

- global or regional consumption patterns;
- the supply of, and demand for, these metals;
- speculative activities;
- the availability and costs of metal substitutes;
- inflation; and
- political and economic conditions, including interest rates and currency values.

The principal financial instrument that we hold which is impacted by commodity prices is the embedded derivative within trade receivables. The majority of sales agreements are subject to pricing terms that settle within one to three months after delivery of concentrate, and this adjustment period represents our trade receivable exposure to variations in commodity prices.

We have not hedged the price of silver as part of our overall corporate strategy.

A 10% increase in the average commodity price as at December 31, with all other variables held constant, would have resulted in the following impact to our after-tax net income:

	2013	2012
Products	**$000s**	$000s
10% increase in silver price	**1,814**	3,387
10% increase in zinc price	**272**	—

We hold certain investments in marketable securities which are measured at fair value, being the closing price of each equity investment at the balance sheet date. We are exposed to changes in share prices which would result in gains and losses being recognized in total comprehensive income. A 10% increase in share prices would have a $12.9 million impact on total comprehensive income.

(i) Currency Risk

Currency risk is the risk that the fair values or future cash flows of our financial instruments will fluctuate because of changes in foreign currency rates. Our financial instruments are exposed to currency risk where those instruments are denominated in currencies that are not the same as their functional currency; exchange gains and losses in these situations impact earnings.

The following are the most significant areas of exposure to currency risk, expressed in thousands of U.S. dollars:

	December 31, 2013			
	Canadian dollar	**Argentine peso**	**Australian dollar**	**Mexican peso**
Cash	7,881	20,751	4,983	8,007
Marketable securities	126,428	—	2,839	—
Value added tax receivable	—	64,816	—	3,412
Trade and other payables (excluding VAT and income taxes)	(7,387)	(13,606)	—	(1,618)
Valued added tax payable	—	—	—	(6,467)
Income taxes payable	—	—	—	(15,885)
Total	126,922	71,961	7,822	(12,551)

	December 31, 2012			
	Canadian dollar	**Argentine peso**	**Australian dollar**	**Mexican peso**
Cash	35,860	62,612	5,583	1,482
Marketable securities	19,034	—	15,699	—
Value added tax receivable	—	65,976	—	3,521
Trade and other payables	(10,088)	(14,924)	—	(726)
Total	44,806	113,664	21,282	4,277

We monitor and manage this risk with the objective of ensuring our group-wide exposure to negative fluctuations in currencies against the U.S. dollar is managed. As at December 31, 2013 we have not entered into any derivatives to mitigate this risk.

The Argentine government requires the repatriation of export revenues into Argentina and, where cash flows exceed our current cash repatriation schedule, this results in our Argentine peso cash balance increasing potentially significantly. In Argentina the official Argentine peso exchange rate published is significantly lower than the parallel market rate (also referred to as the Blue Chip rate). We use the official Argentine peso exchange rate for all re-measurement purposes which is consistent with the economic reality that foreign currency transactions entered into or paid out of Argentina are required to be converted at the official exchange rate. A sudden devaluation of the Argentine peso to a rate closer to the parallel rate would materially impact the value of our Argentine peso denominated cash funds and VAT receivables in U.S. dollars, but would improve our operating costs in U.S. dollars, all else being equal. We are actively seeking ways to mitigate the risk on our cash balance of a devaluation of the Argentine peso, and therefore, we are repatriating cash from Argentina under a fixed schedule of debt repayments.

Subsequent to the end of 2013, the Argentine peso has seen a significant devaluation, well above the pace of devaluation through 2013 as the government reduced intervention and relaxed capital controls. We are still assessing the impact of this devaluation on the Pirquitas mine. The devaluation will reduce the value of our Argentine peso denominated assets, principally cash and VAT receivables, and decrease Argentine peso denominated liabilities, principally accounts payable, when expressed in U.S. dollars, our reporting currency. We expect the devaluation to positively impact on Argentine-based operating costs when expressed in U.S. dollars, but we are uncertain of the impact the devaluation will have on inflation rates in the country, which would negatively impact our operating cost structure. Therefore, we have not amended our cost guidance to reflect the Argentine peso devaluation.

A 10% increase in the U.S. dollar exchange rate on financial assets and liabilities denominated in the following currencies, with all other variables held constant, would have resulted in the following impact to our total comprehensive income:

	2013	2012
	$000s	$000s
Canadian dollar	**(9,422)**	(3,361)
Argentine peso	**(4,826)**	(7,614)
Australian dollar	**(547)**	(1,490)
Mexican peso	**873**	(300)

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair values or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Interest rate risk mainly arises from the interest rate impact on our cash and cash equivalents because they are the only financial instruments we hold that are impacted by interest based on variable market interest rates. The convertible notes have fixed interest rates and are not exposed to fluctuations in interest rates; a change in interest rates would impact the fair value of the instruments, but because we record the 2013 Notes at amortized cost, there would be no impact on our financial results. We monitor our exposure to interest rates closely and have not entered into any derivative contracts to manage our risk. Similar risk exposures existed for the 2008 Notes.

As at December 31, 2013, the weighted average interest rate on our U.S. dollar cash and cash equivalents was 0.32% (2012 - 0.41%). With other variables unchanged, a 1% increase in the annualized interest rate would increase after tax net income by $3.3 million (2012 - $2.6 million).

b) Credit Risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial contract. Our credit risk is limited to the collectibility of trade receivables in the ordinary course of business and the quality of our financial investments.

Credit risk related to financial institutions and cash deposits: Under our investment policy, investments are made only in highly rated financial institutions, corporate and government securities. We consider the risk of loss associated with investments to be low.

Credit risk related to trade receivables: We are exposed to credit risk through our trade receivables on concentrate sales, which are principally with internationally-recognized counterparties. Payments of receivables are scheduled, routine and received within a contractually agreed time frame. We manage this risk by requiring provisional payments of at least 80 percent of the value of the concentrate shipped and through utilizing multiple counterparties.

Credit risk related to other financial assets: All other receivable balances are expected to be collectible in full due to the nature of the counterparties and/or a previous history of collectibility. Deferred consideration is also expected to be collectible in full.

We also have credit risk through our significant VAT receivable balance that is collectible from the government of Argentina. The balance is expected to be recoverable in full, however due to legislative rules and the complex collection process, a significant portion of the asset is classified as non-current until government approval of the recovery claim is approved. During 2013, we have experienced increased delays in the approval and recovery processes. We continue to discuss the situation with the Argentina tax authorities to seek a solution to these delays.

Our maximum exposure to credit risk as at December 31 was as follows:

	2013	2012
	$000s	$000s
Cash and cash equivalents	**415,657**	366,947
Value added tax receivable	**68,338**	70,159
Trade and other receivables	**44,510**	41,059
Other financial assets	**29,847**	1,847
	558,352	480,012

At December 31, 2013, no amounts were held as collateral.

c) Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our obligations over financial instruments as they fall due. We manage our liquidity risk through a rigorous planning and budgeting process, which is reviewed and updated on a regular basis, to help determine the funding requirements to support our current operations, expansion and development plans, and by managing our capital structure. Our objective is to ensure that there are sufficient committed financial resources to meet our business requirements for a minimum of twelve months.

Argentine government regulation of U.S. dollar inflows and outflows restricts the ability to repatriate cash generated by the Pirquitas mine, although we are repatriating cash from Argentina under a fixed schedule of debt repayments, which has an impact on overall corporate liquidity.

A detailed discussion of our liquidity position and the maturity profile of financial liabilities presenting contractual undiscounted cash flows as at December 31, 2013, is included in section 8 of this MD&A.

In our opinion, working capital at December 31, 2013 together with future cash flows from operations is sufficient to support our commitments through 2014, including payment for the acquisition and integration of the Marigold Mine in 2014.

We have no off balance sheet arrangements.

11. OTHER RISKS AND UNCERTAINTIES

We are subject to a number of risks and uncertainties, each of which could have an adverse effect on our operating results, business prospects or financial position. For a comprehensive list of the risks and uncertainties affecting our business, please refer to the section entitled "Risk Factors" in our Annual Information Form for the year ended December 31, 2012, which is available at www.sedar.com, and our Form 40-F for the year ended December 31, 2012, which is available on the EDGAR section of the SEC website at www.sec.gov, and to our Annual Information Form for the year ended December 31, 2013 to be filed on SEDAR in March 2014.

In the fourth quarter of 2013, Pretium and certain of Pretium's officers and directors were named in class action lawsuits filed with the United States District Court for the Southern District of New York on behalf of investors of Pretium. We have also been named as a defendant in two of the actions. We believe that the lawsuits against us are

without merit and we intend to vigorously defend any attempt to obtain court approval to proceed with the actions against us.

12. RELATED PARTY TRANSACTIONS

a) Key management compensation

Key management includes our directors (executive and non-executive) and other key officers, including the CEO, CFO and Senior Vice Presidents. The compensation paid or payable to key management for employee services is shown below:

	2013	2012
	$000s	$000s
Salaries and other short-term employee benefits	**2,600**	2,152
Post-employment benefits	**21**	15
Termination benefits	**1,370**	—
Share-based compensation [(i)]	**1,704**	3,897
Total compensation	**5,695**	6,064

[(i)] Share-based compensation includes mark-to-market adjustments on cumulative Deferred Share Units positions as reported in the consolidated statements of income.

b) Principal Subsidiaries

The consolidated financial statements include the accounts of the company and our wholly-owned subsidiaries, the most significant of which are presented in the following table:

Subsidiary	**Location**	**Ownership**	**Principal project**
Pacific Rim Mining Corporation Argentina S.A.	Argentina	100%	Diablillos
Minera Silver Standard Chile S.A.	Chile	100% [(1)]	Challacollo
Silver Standard Durango, S.A. de C.V.	Mexico	100%	Pitarrilla
Silver Standard Exploraciones, S.A. de C.V.	Mexico	100%	Veta Colorada
Silver Standard Mexico, S.A. de C.V.	Mexico	100%	Nazas
Reliant Ventures S.A.C.	Peru	100%	San Luis
Sociedad Minera Berenguela S.A.	Peru	100%	Berenguela
Candelaria Mining Company	USA (Delaware)	100%	Candelaria
Maverick Silver Inc.	USA (Nevada)	100% [(2)]	Maverick Springs
Mina Pirquitas, Inc	USA (Delaware)	100%	Pirquitas

[(1)] Effective February 6, 2014, we completed the sale of Minera Silver Standard Chile S.A., the holder of the Challcollo property, to Mandalay.
[(2)] The Maverick Springs project is held in a joint venture in which we have a 55% interest, representing all of the silver resources hosted in the project.

13. SIGNIFICANT INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

Our investment in Pretium comprises the following:

	December 31, 2013	December 31, 2012
Common shares of Pretium	18,985,807	18,985,807
Percentage ownership	18.26%	20.02%

For the years ended December 31, 2013 and 2012, the movement in our investment in Pretium was as follows:

	2013	2012
	$	$
Carrying amount, January 1	**119,632**	136,342
Partial disposition	**—**	(33,052)
Dilution gain	**2,112**	15,839
Share of net loss	**(1,033)**	(3,409)
Share of other comprehensive income (loss)	**(641)**	3,912
Derecognition of investment in associate	**(120,070)**	—
Carrying amount, December 31	**—**	119,632

In 2013, Pretium completed two private placements of 1,648,550 flow-through common shares and 5,780,346 common shares, respectively, in respect of which we elected not to participate. These share issuances by Pretium resulted in dilutions of our interest to 18.57% with dilution gains totaling $2.2 million in aggregate, recognized in other (loss) income. Subsequent to the derecognition of the investment in associate discussed below, our interest has decreased to 18.26%.

On May 10, 2013, we determined that we no longer held significant influence over Pretium following changes in the composition of the Board of Directors of Pretium and our shareholding percentage, and therefore, equity accounting for our investment in Pretium was no longer applicable. This resulted in the derecognition of the carrying value of our investment in associate and the recognition of our shareholding at fair value as an available-for-sale financial asset. The fair value of the shares upon initial recognition was $144.8 million. The difference between the carrying value of the investment and the fair value of the shares was recorded in the consolidated statement of (loss) income, resulting in a gain of $22.0 million and a foreign exchange gain of $2.5 million. Subsequent changes in fair value after May 10, 2013 are recognized in other comprehensive (loss) income.

14. NON-GAAP FINANCIAL MEASURES

The non-GAAP financial measures presented do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be directly comparable to similar measures presented by other issuers. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Non-GAAP financial measures - Cash costs and total costs per payable ounce of silver sold

We use the non-GAAP measures of cash costs and total costs per payable ounce of silver sold to manage and evaluate operating performance. We believe that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate our performance and ability to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Impact of adoption of IFRIC 20 on Non-GAAP Financial Measures

On January 1, 2013, we were required to adopt IFRIC 20. The adoption of this standard had a significant impact on our open pit mining operations at the Pirquitas mine. Through 2012, $40.6 million of stripping costs was capitalized as a SAA that had previously been included as an operating cost, and of these costs $12.0 million was removed from cost of sales in the year ended December 31, 2012. The adoption impacts the non-GAAP disclosures as cash costs now exclude stripping activity costs, and the depreciation of the SAA is included within total costs.

We have restated our 2012 quarterly cash costs and total costs disclosures to incorporate the impact of the adoption of IFRIC 20 and to enable comparison of cost performance. In addition, we have restated certain of our comparative quarters as a result of an erroneous double counting of certain freight and transportation costs, which has reduced our cash costs, and total costs, on average by $0.50 per ounce, per quarter.

The following table provides a reconciliation of our condensed consolidated interim statements of (loss) income to cash costs and total costs for the three month and annual periods indicated below:

	Q1 2013 (restated)	Q2 2,013	Q3 2,013	Q4 2013	Total 2013 (restated)	Total 2012 (restated)
	$000s	$000s	$000s	$000s	$000s	$000s
Cost of sales, per consolidated statement of (loss) income	34,624	51,625	38,212	45,041	169,502	183,015
Less: Depreciation, depletion and amortization	(9,062)	(11,295)	(10,748)	(10,703)	(41,808)	(43,274)
Less: Export duties on silver concentrate	(3,454)	(3,344)	(3,638)	(2,726)	(13,162)	(21,480)
Less: Inventory NRV adjustment	—	(12,193)	—	—	(12,193)	—
Less: Restructuring costs	—	—	(653)	(815)	(1,468)	—
Add: Treatment and refining costs	5,628	3,703	3,190	4,938	17,459	30,422
Less: By-product revenue	(1,460)	(1,332)	(2,146)	(9,430)	(14,368)	(3,702)
Cash Costs	26,276	27,164	24,217	26,305	103,962	144,981
Add: Export duties on silver concentrate	3,454	3,344	3,638	2,726	13,162	21,480
Add: Depreciation, depletion and amortization, per consolidated statement of (loss) income	9,062	11,295	10,748	10,703	41,808	43,274
Total Costs	38,792	41,803	38,603	39,734	158,932	209,735
Payable ounces of silver sold (oz)	1,934,273	2,085,118	1,817,769	2,237,943	8,075,103	8,588,775
Cash Costs per ounce ($/oz)	13.58	13.03	13.32	11.75	12.87	16.88
Total Costs per ounce ($/oz)	20.06	20.05	21.24	17.75	19.68	24.42

Non-GAAP financial measures - adjusted net income (loss)

We have included the non-GAAP financial performance measure of adjusted net income (loss) and adjusted basic earnings (loss) per share. We believe that, in addition to conventional measures prepared in accordance with GAAP, certain investors may want to use this information to evaluate our performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

The following table provides a reconciliation of adjusted net income (loss) to the consolidated financial statements:

	2013	2012
	$000's	$000's
Net income (loss) attributable to shareholders	**(224,997)**	55,328
Adjusted for:		
Gain on sale of other investments	**(183)**	(4,853)
Gain on sale and write-off of mineral properties, net of tax	**(41,148)**	86
Gain on partial disposal of associate	**—**	(49,082)
Unrealised (gain) loss on financial instruments at FVTPL	**—**	2,501
Gain on dilution of associate	**(2,112)**	(15,839)
Share of loss of associate	**1,033**	3,409
Gain on derecognition of investment in associate	**(21,959)**	—
Write-down of inventory to NRV, net of tax	**7,926**	—
Asset impairment, net of tax	**200,779**	—
Loss on marketable securities	**13,003**	9,345
Dividend income	**(178)**	(701)
Adjusted net income (loss)	**(67,836)**	194
Weighted average shares outstanding (000's)	**80,754**	80,744
Adjusted basic earning (loss) per share ($)	**(0.84)**	0.00

15. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Basis of preparation and accounting policies

We have prepared our consolidated financial statements in accordance with IFRS as issued by the IASB. IFRS represents standards and interpretations approved by the IASB and are comprised of IFRS, International Accounting Standards ("IASs"), and interpretations issued by IFRIC and the former Standing Interpretations Committee. The consolidated financial statements have been prepared in accordance with IFRS and interpretations issued and outstanding as of December 31, 2013, and were approved as of February 20, 2014, the date the Audit Committee of the Board of Directors approved the consolidated financial statements. Note 2 of the consolidated financial statements for the year ended December 31, 2013 provides details of significant accounting policies and accounting policy decisions for significant or potentially significant areas that have had an impact on our financial statements or may have an impact in future periods.

There were no changes to the accounting policies applied to each of the2013 quarterly unaudited condensed consolidated interim financial statements, to those applied to the consolidated financial statements for the year ended December 31, 2013.

Adoption of new or amended IFRS pronouncements and restatement of comparatives

Effective January 1, 2013, we have adopted several new and amended IFRS pronouncements and have applied them to our results in accordance with the transitional provisions outlined in the respective standards. The new pronouncements are described below and can be categorized as those that result in changes to our results and those that affect our financial statement presentation or disclosures. More detail on these changes and any effects on our results are provided in note 2 of our consolidated financial statements for the year ended December 31, 2013.

Production stripping costs

Effective January 1, 2013, we adopted IFRIC 20. This interpretation applies to waste removal ("stripping") costs during the production phase of a surface mine. The following accounting policy for stripping costs in the production phase of a surface mine has been adopted:

"In surface mining operations, waste material ("overburden") is removed to gain access to mineral ore deposits, which is known as stripping. During the production phase of a mine, where stripping activities result in improved access to ore, we recognize a non-current SAA when it is probable that the future economic benefit of the improved access will flow to us, the ore to which access has been improved is identifiable, and costs can be reliably measured. Typically identifiable components of an ore body correspond to the phases of a mine plan. Within each identifiable component, the average stripping ratio is determined; the cost of waste removal in excess of the stripping ratio is capitalized as a SAA, and the cost of waste and ore removal in line with the average stripping ratio is recorded to inventory. The SAA is amortized using a unit of production method over the period in which the improved access to the component of the ore body is achieved."

For the year ended December 31, 2013, gross deferred stripping costs of $26.7 million at the Pirquitas mine met the criteria of IFRIC 20 and were capitalized into property, plant and equipment. The adoption of this standard also required application on or after the beginning of the earliest period presented. For the year ended December 31, 2012, deferred stripping costs of $40.6 million at the Pirquitas mine were capitalized. The prior year comparatives have been restated accordingly.

Effective January 1, 2013, the company adopted the following changes in accounting standards: IFRS 12, *Disclosures of Interests in Other Entities* ("IFRS 12"), and IFRS 13, *Fair Value Measurement* ("IFRS 13"). The changes adopted from IFRS 12 and IFRS 13 are reflected in our audited consolidated financial statements for the year ended December 31, 2013. Adoption of IFRS 10, *Consolidated Financial Statements* and IFRS 11, *Joint Arrangements* did not result in any changes to accounting or disclosure. However, they have been reflected in our accounting policies.

We have also revised the comparatives to reverse certain foreign exchange benefits that had been recognized as deferred tax assets in 2011 and 2012. Opening retained earnings for the year ended December 31, 2012 has been reduced by $5.4 million, deferred tax expense for the year ended December 31, 2012 has been increased by $3.8 million, the deferred tax asset at December 31, 2012 has been reduced by $6.8 million and the deferred tax liability as at December 31, 2012 has increased by $2.4 million. All adjustments relate to the Pirquitas Mine operating segment. The impact of these adjustments to the prior periods is not material.

Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires the use of judgments and/or estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. Areas of judgment and key sources of estimation uncertainty that have the most significant effect on the amounts recognized in the consolidated financial statements are the following:

Review of asset carrying values and impairment assessment

Non-current assets
Each asset or cash generated unit ("CGU") is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or CGU of assets is measured at the higher of fair value less costs to sell ("FVLCTS") or value in use ("VIU").

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, production budgets and forecasts, and life-of-mine estimates.

The determination of FVLCTS and VIU requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, Mineral Reserves, operating costs, taxes, close down and restoration costs and future capital expenditures. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reversed with the impact recorded in the consolidated statements of income.

Marketable securities

At each reporting date, we conduct a review to determine whether there are any indications of impairment. This determination requires significant judgment. In making this judgment, we evaluate, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flows.

If the decline in fair value below cost were considered significant or prolonged, we would recognize a loss, being the transfer of the accumulated fair value adjustments recognized in other comprehensive income on the impaired available-for-sale financial assets to the statement of income.

Determination of mineral reserve and mineral resource estimates We estimate our Mineral Reserves and Mineral Resources based on information prepared by qualified persons as defined by NI 43-101. Mineral Reserves determined in this way are used in the calculation of depreciation, amortization and impairment charges, for forecasting the timing of the payment of close down and restoration costs, and future taxes. In assessing the life of a mine for accounting purposes, Mineral Resources are only taken into account where there is a high degree of confidence of economic extraction. There are numerous uncertainties inherent in estimating Mineral Reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of Mineral Reserves and may, ultimately, result in Mineral Reserve estimates being revised. Such changes in Mineral Reserves could impact on depreciation and amortization rates, asset carrying values and the provision for close down and restoration.

Determination of deferred stripping activities We determine whether stripping costs incurred during the production phase of a surface mining operation provide improved access to a component of an ore body that will be mined in a future period, and whether the costs can be reliably measured. We have to apply judgment when identifying components of the mine over which stripping costs are capitalized, estimate the average stripping ratio for each component, and use judgment determining the period over which the SAA is amortized.

Determination of useful lives of property, plant and equipment We use the units-of-production method to depreciate mineral property expenditures, whereby depreciation is calculated using the tonnage of ore extracted from the mine in the period as a percentage of the total tonnage of ore expected to be extracted in current and future periods based on Mineral Reserves. As noted above, there are numerous uncertainties inherent in estimating Mineral Reserves. Other assets are depreciated using the straight-line method, which includes significant management judgment to determine useful lives.

Valuation of inventory Stockpiled ore and finished goods are valued at the lower of cost and NRV. NRV is calculated as the estimated price at the time of sale based on prevailing and future metal prices less estimated future production costs to convert the inventory into saleable form and associated selling costs. The determination of future sales price, production and selling costs requires significant assumptions that may impact the stated value of our inventory.

Close down and restoration provision Close down and restoration costs are a consequence of exploration activities and mining, and the majority of close down and restoration costs are incurred near the end of the life of a mine. Our accounting policy requires the recognition of such provisions when the obligation occurs. The initial provisions are periodically reviewed during the life of the operation to reflect known developments, for example updated cost estimates and revisions to the estimated lives of operations. Although the ultimate cost to be incurred is uncertain, we estimate our costs based on studies using current restoration standards and techniques. The initial closure provisions together with changes, other than those arising from the discount applied in establishing the net present value of the provision, are capitalized within property, plant and equipment and depreciated over the lives of the assets to which they relate.

The ultimate magnitude of these costs is uncertain, and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites, local inflation rates and exchange rates when liabilities are anticipated to be settled in a currency other than the U.S. dollar. The expected timing of expenditure can also change, for example, in response to changes in Mineral Reserves, production rates or economic conditions. As a result there could be significant adjustments to the provision for close down and restoration, which would affect future financial results.

Determination of the fair value of share-based compensation The fair value of share options and other forms of share-based compensation granted is computed to determine the relevant charge to the consolidated statement of income. In order to compute this fair value, we use option pricing models that require management to make various estimates and assumptions in relation to the expected life of the awards, volatility, risk-free interest rates, and forfeiture rates.

Valuation of financial instruments We are required to determine the valuation of our convertible notes (at inception), and the embedded derivatives within sales contracts. The convertible notes require discounted cash flow analysis that involves various estimates and assumptions, whilst the valuation of the revenue derivatives requires estimates of settlement dates.

Deferred tax assets and liabilities The determination of our tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgment by management. In determining these amounts, we interpret tax legislation in a variety of jurisdictions and make estimates of the expected timing of the reversal of deferred tax assets and liabilities. We also make estimates of future earnings which affect the extent to which potential future tax benefits may be used. We are subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. We provide for such differences where known based on our best estimate of the probable outcome of these matters.

Functional currency The determination of a subsidiary's functional currency often requires significant judgment where the primary economic environment in which they operate may not be clear. This can have a significant impact on our consolidated results based on the foreign currency translation method required.

Contingencies Contingencies can be either possible assets or liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within our control occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against us or unasserted claims, that may result in such proceedings or regulatory or government actions that may negatively impact our business or operations, we evaluate with our legal counsel the perceived merits of any legal proceedings or unasserted claims or actions as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to recognize as a contingent liability or assessing the impact on the carrying value of assets. Contingent assets are not recognized in the consolidated financial statements.

16. FUTURE ACCOUNTING CHANGES

A number of new standards and amendments to standards and interpretations have been issued but are net yet effective. None of these is expected to have a significant effect on our consolidated financial statements, except the following set out below:

IFRS 9, *Financial Instruments: Classification and Measurement*

IFRS 9, *Financial Instruments: Classification and Measurement* ("IFRS 9") as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39") and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011, moved the mandatory effective date to January 1, 2015.

In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. We will quantify the effect in conjunction with the other phases, when the final standard, including all phases, is issued.

IFRIC 21, *Levies imposed by governments*

In May 2013, the IASB issued IFRIC 21, *Levies* ("IFRIC 21"), an interpretation of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. We are currently evaluating the impact the final interpretation is expected to have on our consolidated financial statements.

Amendments

Amendments to standards and interpretations include the following:

IAS 36, *Impairment of assets*: Amended to clarify disclosure requirements when recoverable amount is determined based on fair value less costs of disposal. Effective for annual periods commencing on or after January 1, 2014.

IFRS 8, *Operating segments*: Amended to require disclosure of the judgments made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. Effective for annual periods commencing on or after July 1, 2014.

IFRS 7, *Financial instruments: Disclosure*: Amended to require additional disclosures on transition from IAS 39 to IFRS 9. Effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2015.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on us.

17. INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure controls and procedures. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management's Annual Report on Internal Control over Financial Reporting and Disclosure Controls and Procedures.

The following report is provided by management in respect of internal control over financial reporting and disclosure controls and procedures (as defined in the rules of the Canadian Securities Administrators and the SEC):

(1) Management is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure controls and procedures. All internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

(2) Management has used the Committee of Sponsoring Organizations of the Treadway Commission framework (1992) to evaluate the effectiveness of our internal control over financial reporting.

(3) As at December 31, 2013, management assessed the effectiveness of our internal control over financial reporting and disclosure controls and procedures and concluded that such internal control over financial reporting and disclosure controls and procedures were effective and that there were no material weaknesses in our internal control over financial reporting.

18. CAUTIONARY NOTES REGARDING FORWARD-LOOKING STATEMENTS AND MINERAL RESERVE AND MINERAL RESOURCE ESTIMATES

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of Canadian securities laws (collectively, “forward-looking statements”). All statements, other than statements of historical fact, are forward-looking statements.

Generally, forward-looking statements can be identified by the use of words or phrases such as “expects,” “anticipates,” “plans,” “projects,” “estimates,” “assumes,” “intends,” “strategy,” “goals,” “objectives,” “potential,” or variations thereof, or stating that certain actions, events or results “may,” “could,” “would,” “might” or “will” be taken, occur or be achieved, or the negative of any of these terms or similar expressions. The forward-looking statements in this MD&A relate to, among other things: the proposed acquisition of the Marigold mine; future production of silver and other metals; future costs of inventory and cash costs per payable ounce of silver; the prices of silver and other metals; the effects of laws, regulations and government policies affecting our operations or potential future operations; future successful development of our projects; the sufficiency of our current working capital, anticipated operating cash flow or our ability to raise necessary funds; estimated production rates for silver and other payable metal produced by us; timing of production and the cash and total costs of production at the Pirquitas mine; the estimated cost of sustaining capital; ongoing or future development plans and capital replacement, improvement or remediation programs; the estimates of expected or anticipated economic returns from our mining projects including future sales of metals, concentrates or other products produced by us; and our plans and expectations for our properties and operations.

These forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied, including, without limitation, the following: obtaining all required third party regulatory and governmental approvals to the proposed acquisition of the Marigold mine and the satisfaction or waiver of all other conditions to completion of the proposed acquisition; our ability to successfully integrate an announced acquisition; uncertainty of production and cost estimates for the Pirquitas mine, the Pitarrilla project and the San Luis project; future development risks, including start-up delays and operational issues; our ability to replace Mineral Reserves; our ability to obtain adequate financing for further exploration and development programs; commodity price fluctuations; the possibility of future losses; general economic conditions; the recoverability of our interest in Pretium, including the price of and market for Pretium's common shares; counterparty and market risks related to the sale of our concentrates and metals; political instability and unexpected regulatory change; potential export tax on production from the Pirquitas mine; differences in U.S. and Canadian practices for reporting Mineral Reserves and Mineral Resources; uncertainty in the accuracy of Mineral Reserves and Mineral Resources estimates and in our ability to extract mineralization profitably; uncertainty in acquiring additional commercially mineable mineral rights; lack of suitable infrastructure or damage to existing infrastructure; our revenue being derived from a single operation; delays in obtaining or failure to obtain governmental permits, or non-compliance with permits we have obtained; increased costs and restrictions on operations due to compliance with environmental laws and regulations; reclamation requirements for our exploration properties; unpredictable risks and hazards related to the development and operation of a mine or mine property that are beyond our control; governmental regulations, including environmental regulations; non-compliance with anti-corruption laws; complying with emerging climate change regulations and the impact of climate change; uncertainties related to title to our mineral properties and the ability to obtain surface rights; our insurance coverage; civil disobedience in the countries where our properties are located; operational safety and security risks; actions required to be taken by us under human rights law; currency fluctuations; competition for mining services and equipment; competition in the mining industry for properties, qualified personnel and management; shortage or poor quality of equipment or supplies; our ability to attract and retain qualified management to grow

the business; compliance with the requirements of the Sarbanes-Oxley Act of 2002; our adoption of IFRIC 20; tightened controls over the VAT collection process in Argentina; increased regulatory compliance costs related to the Dodd-Frank Wall Street Reform and Consumer Protection Act; conflicts of interest that could arise from some of our directors' and officers' involvement with other natural resource companies; claims and legal proceedings, including adverse rulings in current or future litigation against us and/or our directors or officers; potential difficulty in enforcing judgments or bringing actions outside Canada and the United States; certain terms of our convertible notes; and those other various risks and uncertainties identified under the heading “Risk Factors” in our most recent Form 40-F and Annual Information Form filed with the SEC and Canadian securities regulatory authorities.

This list is not exhaustive of the factors that may affect any of our forward-looking statements. Our forward-looking statements are based on what our management considers to be reasonable assumptions, beliefs, expectations and opinions based on the information currently available to it.

Assumptions have been made regarding, among other things, our ability to carry on our exploration and development activities, our ability to meet our obligations under our property agreements, the timing and results of drilling programs, the discovery of Mineral Resources and Mineral Reserves on our mineral properties, the timely receipt of required approvals and permits including obtaining the necessary surface rights for the lands required for successful project permitting, construction and operation of the Pitarrilla project, the price of the minerals we produce, the costs of operating and exploration expenditures, our ability to operate in a safe, efficient and effective manner, our ability to obtain financing as and when required and on reasonable terms and our ability to continue operating the Pirquitas mine. You are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. We cannot assure you that actual events, performance or results will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect. Our forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date hereof and we do not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable law. For the reasons set forth above, you should not place undue reliance on forward-looking statements.

Cautionary Note Regarding Mineral Reserves and Mineral Resources Estimates

This MD&A includes Mineral Reserves and Mineral Resources classification terms that comply with reporting standards in Canada and the Mineral Reserves and the Mineral Resources estimates are made in accordance with NI 43-101. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all

public disclosure an issuer makes of scientific and technical information concerning mineral projects. These standards differ significantly from the requirements of the SEC set out in Industry Guide 7. Consequently, Mineral Reserves and Mineral Resources information included in this MD&A is not comparable to similar information that would generally be disclosed by domestic U.S. reporting companies subject to the reporting and disclosure requirements of the SEC. Under SEC standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically produced or extracted at the time the reserve determination is made.

Silver Standard Resources Inc.

Consolidated Financial Statements
December 31, 2013 and 2012

Management's Responsibility for the Financial Statements

The preparation and presentation of the accompanying consolidated financial statements and Management's Discussion and Analysis ("MD&A") are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Financial statements, by nature, are not precise since they include certain amounts based upon estimates and judgments. When alternative methods exist, management has chosen those it deems to be the most appropriate in the circumstances.

Management, under the supervision of and the participation of the Chief Executive Officer and the Chief Financial Officer, has a process in place to evaluate disclosure controls and procedures and internal control over financial reporting as required by Canadian and U.S. securities regulations. We, as Chief Executive Officer and as Chief Financial Officer, will certify our annual filings with the Canadian Securities Administrators ('CSA') and Securities and Exchange Commission ('SEC') as required in Canada by National Instrument 52-109 and in the United States as required by the Sarbanes-Oxley Act of 2002.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee which is independent from management.

The Audit Committee is appointed by the Board of Directors and reviews the consolidated financial statements and MD&A; considers the report of the external auditors; assesses the adequacy of our internal controls, including management's assessment described below; examines the fees and expenses for audit services; and recommends to the Board the independent auditors for appointment by the shareholders. The independent auditors have full and free access to the Audit Committee and meet with it to discuss their audit work, our internal control over financial reporting and financial reporting matters. The Audit Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the shareholders and management's assessment of the internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2013 using criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2013.

PricewaterhouseCoopers LLP, our auditor, has audited the effectiveness of our internal control over financial reporting as of December 31, 2013, as stated in their report which appears herein.

"John Smith"
John Smith
President and Chief Executive Officer

"Gregory Martin"
Gregory Martin
Senior Vice President and Chief Financial Officer

February 20, 2014

February 20, 2014

Independent Auditor's Report

To the Shareholders of Silver Standard Resources Inc.

We have completed an integrated audit of Silver Standard Resources Inc.'s and its subsidiaries' (the "Company") December 31, 2013 and December 31, 2012 consolidated financial statements and their internal control over financial reporting as at December 31, 2013. Our opinions, based on our audits, are presented below.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Silver Standard Resources Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended December 31, 2013 and December 31, 2012 and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Canadian generally accepted auditing standards also require that we comply with ethical requirements.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles and policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Silver Standard Resources Inc. and its subsidiaries as at December 31, 2013 and December 31, 2012 and their financial performance and their cash flows for the years then ended December 31, 2013 and December 31, 2012 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of matter

As discussed in Note 2 u) to the consolidated financial statements, on January 1, 2013, the Company adopted new accounting guidance, International Financial Reporting Interpretations Committee Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine* . Our opinion is not modified with respect to this matter.

Report on internal control over financial reporting
We have also audited Silver Standard Resources Inc.'s and its subsidiaries' internal control over financial reporting as at December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's responsibility for internal control over financial reporting
Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting.

Auditor's responsibility
Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control, based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our audit opinion on the Company's internal control over financial reporting.

Definition of internal control over financial reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations
Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion
In our opinion, Silver Standard Resources Inc. and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as at December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by COSO.

(signed) PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, British Columbia

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Silver Standard Resources Inc.

Consolidated Statements of Financial Position

As at December 31, 2013 and 2012

(expressed in thousands of United States dollars)

	Note	December 31 2013	December 31 2012 (restated note 2(u))
		$	$
Current assets			
Cash and cash equivalents	3	**415,657**	366,947
Trade and other receivables	4	**69,247**	83,454
Marketable securities	7, 9	**129,267**	34,733
Other current assets	5	**10,000**	—
Inventory	6	**50,892**	74,246
Assets held for sale	7	**13,140**	6,344
		688,203	565,724
Non-current assets			
Property, plant and equipment	7	**400,409**	580,649
Investment in associate	9	**—**	119,632
Deferred income tax assets	10	**12,041**	7,074
Value added tax receivable	11	**62,423**	37,363
Other non-current assets	5	**28,165**	7,405
Total assets		**1,191,241**	1,317,847
Current liabilities			
Trade and other payables	12	**104,124**	79,008
Convertible notes	14	**—**	135,805
		104,124	214,813
Non-current liabilities			
Deferred income tax liabilities	10	**24,736**	19,373
Close down and restoration provision	13	**32,973**	31,222
Convertible notes	14	**187,130**	—
Total liabilities		**348,963**	265,408
Shareholders' equity			
Share capital	15	**707,034**	706,901
Other reserves	16	**(29,628)**	24,016
Equity component of convertible notes	14	**68,347**	—
Retained earnings		**96,525**	321,522
Total shareholders' equity attributable to our shareholders		**842,278**	1,052,439
Total liabilities and equity		**1,191,241**	1,317,847

Events after the reporting date (notes 7(c), 23(a)(ii) and 26)

Commitments (note 23(c))

The accompanying notes are an integral part of the consolidated financial statements

Approved by the Board of Directors and authorized for issue on February 20, 2014

"Richard D. Paterson"
Richard D. Paterson, Director

"John Smith"
John Smith, Director

Silver Standard Resources Inc.

Consolidated Statements of Income

For the years ended December 31, 2013 and 2012

(expressed in thousands of United States dollars, except per share amounts)

	Note	2013	2012 (restated note 2(u))
		$	$
Revenue		**174,686**	241,120
Cost of sales	17	**(169,502)**	(183,015)
Income from mine operations		**5,184**	58,105
General and administrative expenses	17	**(23,441)**	(23,662)
Exploration, evaluation and reclamation expenses		**(4,018)**	(12,702)
Impairment charges	8	**(202,440)**	—
Operating (loss) income		**(224,715)**	21,741
Gain on sale of mineral property	7	**64,566**	—
Gain on partial disposal of associate	9	**—**	49,082
Gain on derecognition of investment in associate	9	**21,959**	—
Interest earned and other finance income	18	**6,180**	2,066
Interest expense and other finance costs	18	**(23,092)**	(24,461)
Other (expense) income	19	**(22,574)**	4,678
Foreign exchange (loss)		**(31,888)**	(6,029)
(Loss) income before tax		**(209,564)**	47,077
Income tax (expense) recovery	10	**(15,433)**	8,251
Net (loss) income and net (loss) income attributable to shareholders		**(224,997)**	55,328
Weighted average shares outstanding (thousands)			
Basic	20	**80,754**	80,744
Diluted	20	**80,754**	80,761
(Loss) earnings per share			
Basic	20	**$ (2.79)**	$ 0.69
Diluted	20	**$ (2.79)**	$ 0.69

The accompanying notes are an integral part of the consolidated financial statements

Silver Standard Resources Inc.

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2013 and 2012

(expressed in thousands of United States dollars)

	Note	2013	2012
			(restated note 2(u))
		$	$
Net (loss) income for the period attributable to shareholders		**(224,997)**	55,328
Other comprehensive (loss) income			
Items that may be reclassified to net income or loss:			
Unrealized (loss) on marketable securities, net of tax		**(54,056)**	(458)
Realized loss recycled to net income or loss		**312**	9,354
Share of other comprehensive (loss) income of associate	9	**(641)**	3,912
Cumulative translation adjustment		**(393)**	723
Other comprehensive (loss) income		**(54,778)**	13,531
Total comprehensive (loss) income attributable to shareholders		**(279,775)**	68,859
Total comprehensive (loss) income		**(279,775)**	68,859

The accompanying notes are an integral part of the consolidated financial statements

Silver Standard Resources Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2013 and 2012

(expressed in thousands of United States dollars)

	Note	Common Shares		Other	Equity component	Retained	Total
		Shares	Amount	reserves	of convertible notes	earnings	equity
				(note 16)		(restated note 2(u))	(restated note 2(u))
		000's	$	$	$	$	$
Balance, January 1, 2012		80,693	705,876	6,515	—	266,194	978,585
Exercise of stock options	15	55	1,025	(407)	—	—	618
Equity-settled share-based compensation	15	—	—	4,377	—	—	4,377
Total comprehensive income for the year		—	—	13,531	—	55,328	68,859
Balance, December 31, 2012		80,748	706,901	24,016	—	321,522	1,052,439
Exercise of stock options	15	7	133	(56)	—	—	77
Equity-settled share-based compensation	15	—	—	1,190	—	—	1,190
Equity component of convertible debt	14	—	—	—	68,347	—	68,347
Total comprehensive (loss) for the year		—	—	(54,778)	—	(224,997)	(279,775)
Balance, December 31, 2013		**80,755**	**707,034**	**(29,628)**	**68,347**	**96,525**	**842,278**

The accompanying notes are an integral part of the consolidated financial statements

Silver Standard Resources Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2013 and 2012

(expressed in thousands of United States dollars)

	Note	2013	2012 (restated note 2(u))
		$	$
Cash flows from operating activities			
Net (loss) income for the year		**(224,997)**	55,328
Adjustments for:			
Depreciation, depletion and amortization		**42,183**	43,447
Share-based payments		**1,001**	4,128
Net finance expense		**16,912**	22,395
(Gain) on sale of mineral property		**(64,566)**	—
Impairment charges and inventory write-downs		**225,663**	—
Net (gains) on investment in associate		**(23,037)**	(45,673)
Other loss (income)		**13,035**	(9,639)
Income tax expense (recovery)		**15,433**	(8,251)
Non-cash foreign exchange loss		**25,170**	6,225
Net changes in non-cash working capital items	25	**14,421**	3,676
Cash generated in operating activities before interest and income taxes paid		**41,218**	71,636
Interest paid		**(7,210)**	(6,210)
Income taxes paid		**(14,536)**	(27,433)
Cash generated in operating activities		**19,472**	37,993
Cash flows from investing activities			
Net proceeds from partial disposal of associate		**—**	71,040
Purchase of property, plant and equipment		**(31,924)**	(21,468)
Mineral property expenditures		**(23,288)**	(40,530)
Value added tax payments		**(19,374)**	(21,954)
Value added tax receipts		**5,040**	40,002
Proceeds from sale of mineral property		**15,000**	—
Production stripping capitalized costs		**(28,837)**	(32,380)
Proceeds from other investing activities		**440**	4,774
Interest received		**6,180**	2,066
Dividends received		**178**	701
Cash (used) generated by investing activities		**(76,585)**	2,251
Cash flows from financing activities			
Net proceeds from issuance of convertible notes		**256,083**	—
Repayment of convertible notes		**(138,000)**	—
Proceeds from exercise of stock options		**77**	618
Cash generated by financing activities		**118,160**	618
Effect of foreign exchange rate changes on cash and cash equivalents		**(12,337)**	(2,970)
Increase in cash and cash equivalents		**48,710**	37,892
Cash and cash equivalents, beginning of period		**366,947**	329,055
Cash and cash equivalents, end of period		**415,657**	366,947

Supplemental cash flow information (note 25)

The accompanying notes are an integral part of the consolidated financial statements

1. NATURE OF OPERATIONS

Silver Standard Resources Inc. ("we", "us" or "our") is a company incorporated under the laws of the Province of British Columbia, Canada and our shares are publicly listed on the Toronto Stock Exchange in Canada and the NASDAQ Global Markets in the United States. Together with our subsidiaries, we (the "Group") are principally engaged in the acquisition, exploration, development and operation of silver-dominant resource properties located in the Americas. Silver Standard Resources Inc. is the ultimate parent of the Group.

Our address is Suite 800, 1055 Dunsmuir Street, PO Box 49088, Vancouver, British Columbia, V7X 1G4.

Our strategic focus is to optimize the production of silver from our Pirquitas Mine in Argentina and to advance other principal development projects including Pitarrilla in Mexico and San Luis in Peru. In addition to our principal projects, we hold a geologically-diverse portfolio of other predominantly silver projects in various stages of exploration or technical evaluation.

Subsequent to the reporting date, we signed a definitive agreement to purchase the Marigold Mine in Nevada, USA (note 26). Once this transaction is closed, our strategic focus will also include the optimization of production of gold from this mine.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

a) Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The comparative information has also been prepared on this basis, with the exception of certain items, details of which are given below, for which comparative information has not been restated.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of December 31, 2013, and were approved as of February 20, 2014, the date the Audit Committee of the Board of Directors approved the statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires us to exercise our judgment in the process of applying our accounting policies. The areas involving judgment or complexity, or areas where assumptions and estimates are significant and could affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period, are discussed in note 2(v).

b) Accounting convention

These consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, which are measured at fair value as described in note 2(r).

c) Basis of consolidation

These consolidated financial statements incorporate the financial statements of Silver Standard Resources Inc., our subsidiaries (note 24(b)), and our associate (note 9).

Subsidiaries

Subsidiaries are all entities (including structured entities) over which we have control. We control an entity when we are exposed to, or have rights to, variable returns from its involvement with the entity and have the ability to affect those returns through our power over the entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The financial statements of subsidiaries are included in the consolidated financial statements from the date which control is transferred to us until the date that control ceases.

All intercompany transactions and balances have been eliminated on consolidation.

Associates

An associate is an entity over whose operating and financial policies we exercise significant influence. Significant influence is presumed to exist where we have between 20 per cent and 50 per cent of the voting rights, but can also arise where we hold less than 20 per cent of the voting rights, but have power to be actively involved and influential in policy decisions affecting the entity. Our share of the net assets, post-tax results and reserves of the associate are included in the consolidated financial statements using the equity accounting method. This involves recording the investment initially at cost to us, and then, in subsequent periods, adjusting the carrying amount of the investment to reflect our share of the associate's results. Unrealized gains on transactions between us and our associate are eliminated to the extent of our interest in the associate.

d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of our subsidiaries are measured using the currency of the primary economic environment in which the particular entity operates ("the functional currency").

The consolidated financial statements are presented in United States dollars.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of income.

(iii) Subsidiaries

The results and financial position of subsidiaries and of associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the period-end exchange rate;
- Income and expenses for each statement of income are translated at average exchange rates for the period; and
- All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to the foreign currency translation reserve. When a foreign operation is sold or control is lost, such exchange differences are recognized in the consolidated statement of income as part of the gain or loss on sale.

e) Revenue recognition

Our primary source of revenue is from the sale of metal-bearing concentrate. Revenue from the sale of concentrate is recognized in the consolidated financial statements when the following conditions are met:

- the significant risks and rewards of ownership have passed to the customer;
- neither continuing managerial involvement, to the degree usually associated with ownership, nor effective control over the good sold, has been retained;
- the amount of revenue can be measured reliably;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- it is probable that economic benefits associated with the sale will flow to us; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

Revenue from the sale of concentrate is recorded net of charges for shipping, refining and smelting. Net revenues from the sale of significant by-products are included within revenue. Where a by-product is not regarded as significant, sales proceeds may be credited against cost of sales.

Concentrate sales are recognized on a provisional basis using our best estimate of contained metals. Final settlement is based on applicable commodity prices, based on contractually determined quotational periods, and receipt of final weights and assays, which typically occurs two to six months after shipment.

Variations between the price recorded when revenue was initially recognized and the actual final price are caused by changes in metal prices and result in an embedded derivative. The derivative is recorded at fair value each period until final settlement occurs, with value adjustments recognized in revenue.

f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and held at banks and short-term investments with an original maturity of 90 days or less, which are readily convertible into a known amount of cash and excludes any restricted cash that is not available for use by us.

g) Inventory

Stockpiled ore, work in process and finished goods inventory are valued at the lower of average cost and estimated net realizable value ("NRV"). Cost includes all direct costs incurred in production including direct labour and materials, production stripping, freight, depreciation and amortization and directly attributable overhead costs. NRV is calculated using the estimated price at the time of sale based on prevailing and future metal prices less estimated future production costs to convert the inventory into saleable form and all associated selling costs.

Any write-downs of inventory to NRV are recorded within cost of sales in the consolidated statements of income. If there is a subsequent increase in the value of inventory, the previous write-downs to NRV are reversed up to cost to the extent that the related inventory has not been sold.

Stockpiled ore inventory represents ore that has been extracted from the mine and is available for further processing. Stockpiled ore that is not scheduled for processing within the next twelve months is classified as long-term inventory. Costs added to stockpiled ore inventory are derived from the current mining costs incurred up to the point of stockpiling the ore and are removed at average cost. Quantities of stockpiled ore are verified by periodic surveys. Finished goods inventory includes metal concentrates at site and in transit.

Materials and supplies inventories are valued at the lower of average cost and NRV. Costs include acquisition, freight and other directly attributable costs. A regular review is undertaken to determine the extent of any provision for obsolescence.

Inventory that will not be processed within one year will be classified as non-current.

h) Exploration and evaluation expenditures

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Evaluation expenditures are costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of (i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve; (ii) determining the optimal methods of extraction and metallurgical and treatment processes; (iii) studies related to surveying, transportation and infrastructure requirements; (iv) permitting activities; and (v) economic evaluations to determine whether development of mineralized material is commercially justified including scoping, pre-feasibility and final feasibility studies.

Exploration and evaluation expenditures are expensed until we have obtained the legal right to explore an area. The legal right to explore is determined by having registered claims, concessions and being current on required payments and taxes. Capitalized costs are considered to be tangible assets as they form part of the underlying mineral property and are recorded within 'exploration and development expenditure', a separate component of property, plant and equipment, at cost less impairment charges, if applicable. No amortization is charged during the exploration and evaluation phase as the asset is not available for use. When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, capitalized exploration and evaluation costs are reclassified to mineral properties.

Exploration and evaluation expenditures at operating properties are expensed as incurred until an economically recoverable Mineral Reserve is identified.

i) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and for qualifying assets, the associated borrowing costs.

Where an item of property, plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Costs incurred for new construction, mine development, the major overhaul of existing equipment, and sustaining capital are capitalized as property, plant and equipment on the consolidated statements of financial position and are subject to depreciation once they are available for use. Major overhauls include improvement programs that increase the productivity or extend the useful life of an asset beyond that initially envisaged. The costs of routine maintenance and repairs that do not constitute improvement programs are accounted for as a cost of inventory.

j) Depreciation of property, plant and equipment

The carrying amounts of property, plant and equipment are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of mine or lease, if shorter. Depreciation starts on the date of commissioning. The major categories of property, plant and equipment are depreciated on a units-of-production or straight-line basis using the estimated lives indicated below:

Computer equipment	3 - 5 years
Furniture and fixtures	7 years
Vehicles	3 years
Mining equipment	5 - 7 years
Mine plant equipment	Life of Mine
Leasehold improvements	Lease term

Land is not depreciated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

'Mineral properties' are depreciated using the units-of-production method. In applying the units-of-production method, depreciation is calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material expected to be extracted in current and future periods based on Mineral Reserves.

We conduct an annual review of residual values, useful lives and depreciation methods employed for property, plant and equipment. Any changes in estimate that arise from this review are accounted for prospectively.

k) Stripping costs

In surface mining operations, waste material ("overburden") is removed to gain access to mineral ore deposits, which is known as stripping. During the production phase of a mine, where stripping activities result in improved access to ore, we recognize a non-current 'stripping activity asset' ("SAA") when it is probable that the future economic benefit of the improved access will flow to us, the ore to which access has been improved is identifiable, and costs can be reliably measured. Typically identifiable components of an ore body correspond to the phases of a mine plan. Within each identifiable component, the average stripping ratio is determined; the cost of waste removal in excess of the stripping ratio is capitalized as a SAA, and the cost of waste and ore removal in line with the average stripping ratio is recorded in inventory. The SAA is amortized using a unit of production method over the period in which the improved access to the component of the ore body is achieved.

l) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of the asset until the asset is substantially ready for its intended use or sale.Where funds have been borrowed specifically to finance an asset, the amount capitalized is the actual borrowing costs incurred. Where the funds used to finance an asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to our relevant general borrowings during the period.

m) Review of asset carrying values and impairment assessment

At each reporting date, we conduct a review to assess whether there are any indications of impairment.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or at any time if an indicator of impairment is considered to exist. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

We conduct reviews to assess for any indications of impairment of asset values. External factors such as changes in expected future metal prices, costs and other market factors are also monitored to assess for indications of impairment.

If any such indication exists an estimate of the recoverable amount is undertaken, being the higher of an asset's fair value less costs to sell (FVLCTS) and value in use (VIU). If the asset's carrying amount exceeds its recoverable amount then an impairment loss is recognized in the statement of income.

FVLCTS is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value of mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects.

VIU is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal.

Impairment is normally assessed at the level of cash-generating units ("CGUs"), which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

Non-financial assets, other than goodwill, that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. When a reversal of a previous impairment is recorded, the reversal amount is adjusted for depreciation that would have been recorded had the impairment not taken place.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

n) Share capital

Common shares issued by us are recorded at the net proceeds received which is the fair value of the consideration received less costs incurred in connection with the issue.

o) Share-based payments

Equity-settled share-based payment arrangements such as our stock option plan are initially measured at fair value at the date of grant and recorded within shareholders' equity. Cash-settled arrangements such as the Directors' Deferred Share Unit ("DSU") Plan, the Restricted Share Unit ("RSU") Plan and the Performance Share Unit ("PSU") Plan are initially recorded at fair value and classified as accrued liabilities and subsequently remeasured at fair value at each reporting date.

The fair value at grant date of all share-based payments is recognized as compensation expense over the period for which benefits of services are expected to be derived, with a corresponding credit to shareholders' equity or accrued liabilities depending on whether they are equity-settled or cash-settled. We estimate the fair value of stock options granted using the Black-Scholes option pricing model and estimates the expected forfeiture rate at the date of grant. The fair value of DSU's, PSU's, and RSU's is estimated based on the quoted market price of our common shares. When awards are forfeited because non-market based vesting conditions are not satisfied, the expense previously recognized is proportionately reversed.

Where share-based payments are granted in exchange for services directly related to specific exploration, development or producing properties, the expense is capitalized against that asset.

p) Taxation

The income tax expense for the period is comprised of current and deferred tax, and is recognized in the consolidated statement of income except to the extent that it relates to items recognized directly in shareholders' equity, in which case the tax is recognized in equity.

(i) Current income tax

Current tax for each of our taxable entities is based on the local taxable profit for the period at the local statutory tax rates enacted or substantively enacted at the date of the consolidated statement of financial position.

(ii) Deferred tax

Deferred tax is recognized, using the liability method, on temporary differences between the carrying value of assets and liabilities in the consolidated statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax is determined using tax rates and tax laws that are enacted or substantively enacted at the date of the consolidated statement of financial position and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are not recognized if the temporary difference arises on the initial recognition of assets and liabilities in a transaction other than a business combination, that at the time of the transaction, affects neither the taxable nor the accounting profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the timing of the reversal of the temporary difference is controlled by us and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available to be utilized against those deductible temporary differences. Deferred tax assets are reviewed at each reporting date and amended to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the current tax assets against the current tax liabilities and when they relate to income taxes levied by the same taxation authority and we intend to settle our current tax assets and liabilities on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(iii) Royalties and other tax arrangements

Royalties and other arrangements are treated as taxation arrangements when they have the characteristics of tax. This is considered to be the case when they are imposed under government authority and the amount payable is calculated by reference to an income measure. Obligations arising from royalty arrangements that do not satisfy these criteria are recognized as current provisions and included within cost of sales.

(iv) Value added tax ("VAT")

VAT may be paid in countries where recoverability is uncertain. In these cases, the VAT payments have either been deferred within mineral property costs, or expensed if related to general mineral exploration. If we ultimately recover the amounts that have been deferred, the amount received will be applied to reduce mineral property costs.

q) Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to our shareholders by the weighted average number of shares outstanding during the reporting period.

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive share equivalents, such as stock options and convertible notes. The “treasury stock method” is used for the assumed proceeds upon exercise of the dilutive instruments to determine the number of shares assumed to be purchased at the average market price during the period.

A portion of the convertible notes may be converted into common shares and hence the maximum dilution impact of these is determined.

When a loss is incurred during the year, basic and diluted loss per share are the same because the exercise of options and convertible notes are considered to be anti-dilutive.

r) Financial instruments

(i) Financial assets and liabilities

We classify our financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), loans and receivables, available-for-sale, held to maturity, and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were obtained. Management determines the classification of financial assets and liabilities at initial recognition.

We have not classified any financial instruments as held to maturity. The accounting policy for each of the other categories is as follows:

Financial assets and liabilities at FVTPL Financial assets and liabilities carried at FVTPL are recorded at fair value and transaction costs are expensed in the statement of income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in the consolidated statement of income in the period in which they arise. Derivatives are included in this category unless they are designated as hedges. Generally, we do not acquire financial assets for the purpose of selling in the short term.

Loans and receivables Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Available-for-sale financial assets Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other categories.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Available-for-sale assets are initially recorded at fair value plus transaction costs, and are subsequently carried at fair value. All unrealized gains and losses arising from changes in the fair value of assets classified as available-for-sale are recognized directly in other comprehensive income, except for unrealized foreign exchange gains or losses on monetary financial assets and impairment losses which are recognized in the statement of income. Any reversal of a previously recognized impairment loss on a non-monetary asset is recognized directly in other comprehensive income. Realized gains and losses from the derecognition of available-for-sale assets are recognized in the consolidated statement of income in the period derecognized with any unrealized gains or losses being recycled from other comprehensive income.

Other financial liabilities Other financial liabilities are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the initial cost and the redemption value is recognized in the consolidated statement of income over the period to maturity using the effective interest method.

Derivative financial instruments Our policy with regard to 'Financial Risk Management' is set out in note 23. When we enter into derivative contracts these are designed to reduce the exposures related to assets and liabilities, or anticipated transactions.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts. Commodity-based embedded derivatives resulting from provisional sales prices of metals in concentrate are recognized in revenue as described in note 2(e). Embedded derivatives in the 2008 convertible notes are described in note 14.

(ii) Fair value of financial instruments

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), we establish fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the financial asset's specific circumstances.

(iii) Impairment of financial assets

We assess at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An evaluation is made as to whether a decline in fair value is 'significant' or 'prolonged' based on indicators such as significant adverse changes in the market, economic or legal environment.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

(iv) Derecognition of financial assets and liabilities

Financial assets are derecognized when the investments mature or are sold, and substantially all the risks and rewards of ownership have been transferred. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Gains and losses on derecognition are recognized within other income and finance costs respectively.

s) Provisions for close down and restoration and for environmental clean-up costs

Close down and restoration costs include dismantling and demolition of infrastructure, the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, based on the net present value of estimated future costs. The cost estimates are updated during the life of the operation to reflect known development, e.g. revisions to cost estimates and to the estimated lives of the operations, and are subject to formal reviews at regular intervals.

The initial closure provision together with changes resulting from changes in estimated cash flows or discount rates are capitalized within property, plant and equipment. These costs are then depreciated over the life of the asset to which they relate, typically using the units-of-production method. The amortization or unwinding of the discount applied in establishing the net present value of provisions is charged to the consolidated statement of income as a financing cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

t) Leases

Leases which transfer substantially all of the benefits and risks incidental to the ownership of property are accounted for as finance leases. Finance leases are capitalized at the lease commencement at the lower of the fair market value of the leased property and the net present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charge. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

u) Changes in accounting policies and restatement of comparatives

Effective January 1, 2013, we adopted IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* ("IFRIC 20"). This interpretation applies to waste removal ("stripping") costs during the production phase of a surface mine and our accounting policy is outlined in note 2(k).

The adoption of this standard requires application on or after the beginning of the earliest period presented and the prior year comparatives have been restated accordingly. For the year ended December 31, 2012, the following adjustments were recorded:

Adjustments to the consolidated statements of financial position:

		Adjustments for changes in accounting policy	
	As at December 31, 2012	IFRIC 20	As at December 31, 2012
	(revised [1])		(restated)
Inventory	108,383	(28,579)	79,804
Property, plant and equipment	540,077	40,572	580,649
Deferred income tax assets	11,294	(4,220)	7,074
Deferred income tax liabilities	(15,917)	(3,456)	(19,373)
Net increase in retained earnings		4,317	

Adjustments to the consolidated statements of (loss) income:

		Adjustments for changes in accounting policy	
For the year ended	2012	IFRIC 20	2012
	(revised [1])		(restated)
Cost of sales	195,008	(11,993)	183,015
Income tax (recovery) expense	(15,927)	7,676	(8,251)
Increase in net income		(4,317)	

If we had not adopted the standard, our net loss for 2013 would have increased and capitalized waste stripping costs for 2013 would have decreased.

Effective January 1, 2013, the company adopted the following changes in accounting standards: IFRS 12, *Disclosures of Interests in Other Entities* ("IFRS 12"), and IFRS 13, *Fair Value Measurement* ("IFRS 13"). The changes adopted from IFRS 12 are reflected in note 9, while the changes adopted from IFRS 13 are reflected in note 22. Adoption of IFRS 10, *Consolidated Financial Statements* and IFRS 11, *Joint Arrangements* did not result in any changes to accounting or disclosure. However, they have been reflected in our accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(1) We have also revised the comparatives to reverse certain foreign exchange benefits that had been recognized as deferred tax assets in 2011 and 2012. Opening retained earnings for the year ended December 31, 2012 has been reduced by $5,389,000, deferred tax expense for the year ended December 31, 2012 has been increased by $3,815,000, the deferred tax asset at December 31, 2012 has been reduced by $6,838,000 and the deferred tax liability as at December 31, 2012 has increased by $2,366,000. All adjustments relate to the Pirquitas Mine operating segment. The impact of these adjustments to the prior periods is not material.

v) Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires the use of judgments and/or estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. Information about such judgments and estimation is contained in the accounting policies and/or notes to the consolidated financial statements, and the key areas are summarized below.

Areas of judgment that have the most significant effect on the amounts recognized in the consolidated financial statements are:

- Review of asset carrying values and impairment assessment;
- Mineral Reserve and Mineral Resource estimates;
- Determination of deferred stripping activities;
- Determination of useful lives of property, plant and equipment;
- Valuation of inventory;
- Close down and restoration provision;
- Deferred tax assets and liabilities;
- Functional currency; and
- Contingencies.

Key sources of estimation uncertainty that have the most significant effect on the amounts recognized in the consolidated financial statements are:

- Review of asset carrying values and impairment assessment;
- Mineral Reserve and Mineral Resource estimates;
- Valuation of inventory;
- Close down and restoration provision;
- Determination of the fair values of share-based compensation and of financial instruments; and
- Deferred tax assets and liabilities.

Each of these judgments and estimates is considered in more detail below.

Review of asset carrying values and impairment assessment

Non-current assets
In accordance with our accounting policy (note 2(m)), each asset or CGU is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or CGU of assets is measured at the higher of FVLCTS or VIU.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, production budgets and forecasts, and life-of-mine estimates.

The determination of FVLCTS and VIU requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, Mineral Reserves, operating costs, taxes, close down and restoration costs and future capital expenditures. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reversed with the impact recorded in the consolidated statements of income.

Marketable securities
At each reporting date, we conduct a review to determine whether there are any indications of impairment. This determination requires significant judgment. In making this judgment, we evaluate, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow.

If the declines in fair value below cost were considered significant or prolonged, we would recognize a loss, being the transfer of the accumulated fair value adjustments recognized in other comprehensive income on the impaired available-for-sale financial assets to the statement of income.

Mineral Reserve and Mineral Resource estimates We estimate Mineral Reserves and Mineral Resources based on information prepared by qualified persons as defined by National Instrument ("NI") 43-101. Mineral Reserves determined in this way are used in the calculation of depreciation, amortization and impairment charges, for forecasting the timing of the payment of close down and restoration costs, and future taxes. In assessing the life of a mine for accounting purposes, Mineral Resources are only taken into account where there is a high degree of confidence of economic extraction. There are numerous uncertainties inherent in estimating Mineral Reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of Mineral Reserves and may, ultimately, result in Mineral Reserve estimates being revised. Such changes in Mineral Reserves could impact on depreciation and amortization rates, asset carrying values and the provision for close down and restoration.

Determination of deferred stripping activities We determine whether stripping costs incurred during the production phase of a surface mining operation provide improved access to a component of an ore body that will be mined in a future period, and whether the costs can be reliably measured. We have to apply judgment when identifying components of the mine over which stripping costs are capitalized, estimate the average stripping ratio for each component, and use judgment in determining the period over which the SAA is amortized.

Determination of useful lives of property, plant and equipment We use the units-of-production method to depreciate mineral property expenditures, whereby depreciation is calculated using the tonnage of ore extracted from the mine in the period as a percentage of the total tonnage of ore expected to be extracted in current and future periods based on Mineral Reserves. As noted above, there are numerous uncertainties inherent in estimating Mineral Reserves. Other assets are depreciated using the straight-line method, which includes significant management judgment to determine useful lives.

Valuation of inventory Stockpiled ore and finished goods are valued at the lower of average cost and NRV. NRV is calculated as the estimated price at the time of sale based on prevailing and future metal prices less estimated future production costs to convert the inventory into saleable form and associated selling costs. The determination of future sales price, production and selling costs requires significant assumptions that may impact the stated value of our inventory.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Close down and restoration provision Close down and restoration costs are a consequence of exploration activities and mining, and the majority of close down and restoration costs are incurred near the end of the life of a mine. Our accounting policy requires the recognition of such provisions when the obligation occurs. The initial provisions are periodically reviewed during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations. Although the ultimate cost to be incurred is uncertain, we estimate our costs based on studies using current restoration standards and techniques. The initial closure provisions together with changes, other than those arising from the discount applied in establishing the net present value of the provision, are capitalized within property plant and equipment and depreciated over the lives of the assets to which they relate.

The ultimate magnitude of these costs is uncertain, and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites, local inflation rates and exchange rates when liabilities are anticipated to be settled in a currency other than the United States dollar. The expected timing of expenditure can also change, for example, in response to changes in Mineral Reserves, production rates or economic conditions. As a result there could be significant adjustments to the provision for close down and restoration, which would affect future financial results.

Determination of the fair value of share-based compensation The fair value of share options and other forms of share-based compensation granted is computed to determine the relevant charge to the consolidated statement of income. In order to compute this fair value, we use option pricing models that require management to make various estimates and assumptions in relation to the expected life of the awards, volatility, risk-free interest rates, and forfeiture rates.

Valuation of financial instruments We are required to determine the valuation of our convertible notes (at inception), and the embedded derivatives within sales contracts. The convertible notes require discounted cash flow analysis that involves various estimates and assumptions, whilst the valuation of the revenue derivatives require estimates of settlement dates.

Deferred tax assets and liabilities The determination of our tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgment by management. In determining these amounts, we interpret tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities. We also make estimates of future earnings which affect the extent to which potential future tax benefits may be used. We are subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. We provide for such differences where known based on our best estimate of the probable outcome of these matters.

Functional currency The determination of a subsidiary's functional currency often requires significant judgment where the primary economic environment in which the subsidiary operates may not be clear. This can have a significant impact on our consolidated results based on the foreign currency translation methods described in note 2(d).

Contingencies Contingencies can be either possible assets or liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within our control occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against us or unasserted claims, that may result in such proceedings or regulatory or government actions that may negatively impact our business or operations, our legal counsel and us evaluate the perceived merits of any legal proceedings or unasserted claims or actions as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to recognize as a contingent liability or assessing the impact on the carrying value of assets. Contingent assets are not recognized in the consolidated financial statements.

w) Future accounting changes

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective. None of these is expected to have a significant effect on our consolidated financial statements, except the following set out below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

IFRS 9, *Financial Instruments: Classification and Measurement*

IFRS 9, *Financial Instruments: Classification and Measurement* ("IFRS 9") as issued, reflects the first phase of the IASB's work on the replacement of IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39") and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures* , issued in December 2011, moved the mandatory effective date to January 1, 2015.

In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. We will quantify the effect in conjunction with the other phases, when the final standard, including all phases, is issued.

IFRIC 21, *Levies imposed by governments*

In May 2013, the IASB issued IFRIC 21, *Levies* ("IFRIC 21"), an interpretation of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. We are currently evaluating the impact the final interpretation is expected to have on our consolidated financial statements.

Amendments

Amendments to standards and interpretations include the following:

IAS 36, *Impairment of assets*: Amended to clarify disclosure requirements when recoverable amount is determined based on fair value less costs of disposal. Effective for annual periods commencing on or after January 1, 2014.

IFRS 8, *Operating segments*: Amended to require disclosure of the judgments made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. Effective for annual periods commencing on or after July 1, 2014.

IFRS 7, *Financial instruments: Disclosure*: Amended to require additional disclosures on transition from IAS 39 to IFRS 9. Effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2015.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on us.

3. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012
	$	$
Cash balances	**342,201**	183,636
Short-term investments	**73,456**	183,311
	415,657	366,947

4. TRADE AND OTHER RECEIVABLES

	December 31, 2013	December 31, 2012
	$	$
Trade receivables	**43,516**	40,947
Tax receivables	**13,969**	2,632
Value added tax receivables	**5,915**	32,796
Prepayments and deposits	**4,853**	6,967
Other receivables	**994**	112
	69,247	83,454

We expect full recovery of the trade receivables amounts outstanding and, therefore, no allowance has been recorded against these receivables. No receivables are past due and all are expected to be settled within twelve months.

Credit risk is further discussed in note 23(b). We do not hold any collateral for any receivable amounts outstanding at December 31, 2013 or December 31, 2012.

5. OTHER ASSETS

	December 31, 2013		December 31, 2012	
	Current	**Non-current**	Current	Non-current
				(restated note 2(u))
	$	**$**	$	$
Financial assets:				
Restricted cash [(1)]	**—**	**1,983**	—	1,847
Deferred consideration (note 7(b))	**10,000**	**17,864**	—	—
	10,000	**19,847**	—	1,847
Other assets:				
Non-current inventory (note 6)	**—**	**8,318**	—	5,558
	10,000	**28,165**	—	7,405

(1) We have cash and security deposits in relation to our close down and restoration provisions.

6. INVENTORY

	December 31, 2013	December 31, 2012 (restated note 2(u))
	$	$
Current:		
Finished goods	**16,181**	28,748
Stockpiled ore	**18,918**	26,318
Materials and supplies	**15,793**	19,180
	50,892	74,246
Non-current:		
Non-current inventory [1]	**8,318**	5,558
	59,210	79,804

[1] We hold low grade stockpiled ore that is expected to be processed at the end of the life of the mine and also supplies expected to be used after one year, both of which are classified as non-current inventory. As of December 31, 2013, non-current inventory consisted of stockpiled ore of $4,253,000 (December 31, 2012 - $5,558,000) and materials and supplies of $4,065,000 (December 31, 2012 - nil).

During the year ended December 31, 2013, we wrote-down stockpiled ore to its Net Realizable Value ("NRV"), recording a charge of $12,193,000 (2012 - nil). The cost of inventory held at NRV at December 31, 2013 was $3,656,000 (December 31, 2012 - $4,810,000).

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise the following:

	December 31, 2013				
	Plant and equipment	**Mineral properties**	**Assets under construction**	**Exploration and development expenditure (note 7(a))**	**Total**
Cost					
Balance, January 1, 2013	295,987	141,092	18,791	234,547	**690,417**
Additions	1,082	27,188	28,085	19,905	**76,260**
Disposals and reclassifications [1]	(5,032)	—	—	(9,264)	**(14,296)**
Costs written off [2]	—	—	—	(7,155)	**(7,155)**
Change in estimate of close down and restoration provision	—	939	—	475	**1,414**
Impairment charges (note 8)	(67,381)	(135,059)	—	—	**(202,440)**
Transfers	36,539	—	(36,539)	—	**—**
Balance, end of period	261,195	34,160	10,337	238,508	**544,200**
Accumulated depreciation					
Balance, January 1, 2013	(90,792)	(18,976)	—	—	**(109,768)**
Charge for the year	(25,067)	(12,116)	—	—	**(37,183)**
Disposals	3,160	—	—	—	**3,160**
Balance, end of period	(112,699)	(31,092)	—	—	**(143,791)**
Net book value at December 31, 2013	**148,496**	**3,068**	**10,337**	**238,508**	**400,409**

7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	December 31, 2012				
	Plant and equipment	Mineral properties (restated note 2 (u))	Assets under construction	Exploration and development expenditure (note 7(a))	Total
Cost					
Balance, January 1, 2012	280,680	109,780	18,113	200,156	608,729
Additions	762	41,609	23,313	40,865	106,549
Disposals and reclassifications [3]	(4,108)	—	—	(6,388)	(10,496)
Costs written off [2]	—	—	—	(86)	(86)
Change in estimate of close down and restoration provision	(3,982)	(10,297)	—	—	(14,279)
Transfers	22,635	—	(22,635)	—	—
Balance, end of period	295,987	141,092	18,791	234,547	690,417
Accumulated depreciation					
Balance, January 1, 2012	(57,069)	(7,549)	—	—	(64,618)
Charge for the year	(35,929)	(11,427)	—	—	(47,356)
Disposals	2,206	—	—	—	2,206
Balance, end of period	(90,792)	(18,976)	—	—	(109,768)
Net book value at December 31, 2012	205,195	122,116	18,791	234,547	580,649

(1) On December 20, 2013, we entered into an agreement to sell our 100% interest in the Challacollo project in Chile. As such, the project is classified as held for sale. The agreement is further discussed in note 7(c).

(2) Following reviews of our exploration and development property portfolio, we concluded that certain exploration properties had no future value and were written off (note 19).

(3) We have reclassified two used ball mills out of the exploration and development expenditure and into assets held for sale. Following the decline in recoverable value during 2013, based on estimated sales proceeds after costs to sell, we recognized an impairment loss of $3,875,000 (note 19).

No items of property, plant and equipment have been pledged as security for liabilities.

7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Exploration and development expenditures

Cumulative exploration and development expenditures on mineral properties were as follows:

	December 31, 2013	December 31, 2012
	$	$
Development projects		
Pitarrilla, Mexico	**123,099**	113,580
San Luis, Peru	**48,105**	41,709
Diablillos, Argentina	**24,705**	23,345
Exploration projects		
Berenguela, Peru	**17,356**	17,125
Candelaria, United States	**8,313**	6,757
Veta Colorada, Mexico	**5,970**	5,332
Maverick Springs, United States	**2,993**	2,814
Nazas, Mexico	**1,647**	1,480
Challacollo, Chile (note 7(c))	**—**	9,711
San Agustin, Mexico (note 7(b))	**—**	3,070
Other exploration projects	**6,320**	9,624
	238,508	234,547

(b) Sale of San Agustin

On December 30, 2013, we completed the sale of our 100% interest in the San Agustin project located in Mexico to Argonaut Gold Inc. ("Argonaut"). Under the terms of the agreement, we receive cash payments of $45,000,000 (of which $15,000,000 was received upon closing, $10,000,000 will be received on May 5, 2014 and $20,000,000 is due to be received on May 5, 2015), and 5,111,439 common shares of Argonaut with a fair value of $25,420,000 at closing. Under the terms of the agreement, we reserve the right to a 2% net smelter returns royalty (“NSR royalty”) on sulphide ores processed from the project. After discounting the non-current cash payment, the total consideration was valued at $68,284,000 and we recorded a gain on the sale of this mineral property of $64,566,000 before tax expense of $16,264,000. We also recorded VAT payable of $6,467,000 and a corresponding cash amount received from the buyer relating to the consideration received. The deferred consideration is secured against the San Agustin mineral claims and technical information.

(c) Challacollo agreement

On December 20, 2013, we entered into a definitive agreement to sell our 100% interest in the Challacollo project located in Chile to Mandalay Resources Corporation ("Mandalay"). Under the terms of the agreement the total aggregate consideration was comprised of $7,500,000 in cash, 12,000,000 common shares of Mandalay, deferred consideration of 5,000,000 common of shares of Mandalay issued at the end of the first quarter in which commercial production has commenced, and cash equivalent of 240,000 ounces of silver paid in eight quarterly installments (based on the average quarterly silver price) beginning the quarter immediately following the quarter in which commercial production has commenced. In addition, we received a 2% NSR royalty on silver sales in excess of 36 million ounces, up to a maximum of $5,000,000 from the project. The impact of the transaction on the consolidated financial statements has yet to be determined. As at December 31, 2013, the project has been classified as held for sale. Effective February 6, 2014, we completed the sale the Challacollo project to Mandalay.

8. IMPAIRMENT OF NON-CURRENT ASSETS

At June 30, 2013, the book value of our net assets exceeded our market capitalization, which was an indicator of potential impairment of the carrying value of our long-lived assets, in addition, metal prices had declined significantly from the start of the year and consensus long-term price estimates reflected the lower levels. As a result, we assessed the recoverable amount of the Pirquitas Mine, which has been identified as a cash generating unit ("CGU").

Impairment testing

The recoverable amount of the Pirquitas Mine and its plant and equipment was determined to be the FVLCTS, which is based upon the CGU's estimated future after-tax cash flows. The after-tax cash flows were determined based on life-of-mine ("LOM") after-tax cash flow projections, which incorporate our estimates of future metal prices, production based on current estimates of recoverable mineral reserves and mineral resources, exploration potential, future operating costs and capital expenditures, inflation, and long-term foreign exchange rates. Metal prices included in the cash flow projections were based on market forecasts. Projected cash flows are discounted using an estimated weighted average cost of capital of a market participant of 10%. Management's estimate of the FVLCTS is classified as level 3 in the fair value hierarchy (note 22).

Significant assumptions and impact

Pricing
The projected cash flows are significantly affected by changes in assumptions for metal prices, future capital expenditures, production cost estimates, discount rates and exchange rates. For the 2012 year end ("YE 2012") and June 30, 2013 ("Q2 2013") impairment assessments, the real silver metal price assumptions were as follows:

Silver price assumptions	2013	2014	2015	2016	2017	Long-term price
YE 2012	$35.37	$34.03	$30.00	$28.15	$23.11	$23.11
Q2 2013 [(1)]	$22.99	$21.92	$22.58	$22.68	$21.95	$20.70

(1) Price estimate for second half of 2013.

Inflation
Argentina's current inflationary and foreign exchange environment continues to be evaluated. A key assumption in the Pirquitas Mine's current LOM after-tax cash flow projections is that total operating costs increased by inflation would be offset by a devaluation of the Argentine peso after 2014. Should this assumption regarding the future macroeconomic situation in Argentina change, and sustained inflation continue, without a commensurate change in the foreign exchange rate, the estimated recoverable amount could be adversely impacted.

At June 30, 2013, the recoverable amount was lower than the carrying value of the CGU and therefore we recorded an impairment charge of $202,440,000 before tax, ($196,904,000 net of tax) against the carrying value of the Pirquitas Mine and its plant and equipment. For the remainder of 2013, no other impairment indicators were observed and no reversal of the impairment was recorded.

9. INVESTMENT IN ASSOCIATE

Investment in associate comprises the following:

	December 31, 2013	December 31, 2012
Common shares of Pretium Resources Inc.	**18,985,807**	18,985,807
Percentage ownership	**18.26%**	20.02%

For the years ended December 31, 2013 and 2012, the movement in our investment in Pretium Resources Inc. ("Pretium)" was as follows:

	2013	2012
	$	$
Carrying amount, January 1	**119,632**	136,342
Partial disposition	**—**	(33,052)
Dilution gain	**2,112**	15,839
Share of net loss	**(1,033)**	(3,409)
Share of other comprehensive income (loss)	**(641)**	3,912
Derecognition of investment in associate	**(120,070)**	—
Carrying amount, December 31	**—**	119,632

During the year ended December 31, 2013, Pretium completed two private placements of 1,648,550 flow-through common shares and 5,780,346 common shares, in respect of which we elected not to participate. These share issuances by Pretium resulted in dilutions of our interest to 18.57%, with dilution gains of $2,112,000, recognized in other (loss) income (note 19). Subsequent to the derecognition of the investment in associate discussed below, our interest has decreased to 18.26%.

On May 10, 2013, we determined that we no longer held significant influence over Pretium following changes in the composition of the Board of Directors of Pretium and our shareholding percentage, and therefore, equity accounting for our investment in Pretium was no longer applicable. This resulted in the derecognition of the carrying value of our investment in associate and the recognition of our shareholding at fair value as an available-for-sale financial asset. The fair value of the shares upon initial recognition was $144,777,000. The difference between the carrying value of the investment and the fair value of the shares was recorded in the consolidated statement of (loss) income, resulting in a gain of $21,959,000 and a corresponding foreign exchange gain of $2,497,000. Subsequent changes in fair value after May 10, 2013 are recognized in other comprehensive income.

During the year ended December 31, 2012, an aggregate of 5,677,526 warrants to acquire our Pretium shares for C$12.50 were exercised for proceeds of $71,140,000, resulting in a gain on disposal of the underlying investment of $49,082,000 and a resulting reduction in the carrying value of the investment in associate of $33,052,000. A total of 72,474 warrants expired unexercised.

Also, during 2012, Pretium completed two private placements and one prospectus offering, all of which we elected not to participate. This resulted in our ownership interest falling to 20.02% by December 31, 2012 and the recognition of dilution gains of $15,839,000 in other (loss) income (note 19).

The fair value of Pretium common shares at December 31, 2013, excluding potential selling costs, according to published share price quotations was $97,820,000 (December 31, 2012 - $250,803,000).

9. INVESTMENT IN ASSOCIATE (Cont'd)

Summarized financial information for Pretium while still an associate was as follows:

	December 31, 2012
	$
Assets	645,058
Liabilities	(21,917)
Revenues	—
Net loss	(15,286)

10. CURRENT AND DEFERRED INCOME TAX

Significant components of income tax expense recognized in the consolidated statements of income are as follows:

Years ended December 31	**2013**	2012
		(restated note 2(u))
	$	$
Current tax:		
Current tax on taxable income of the current year	**16,947**	5,476
Deferred tax:		
Origination and reversal of temporary differences	**(1,514)**	(13,727)
Total income tax expense (recovery)	**15,433**	(8,251)

The income tax expense (recovery) on our (loss) income before tax is reconciled to the amount that would arise using the Canadian tax rate applicable to income of the consolidated entities as follows:

Years ended December 31	**2013**	2012
		(restated note 2(u))
Statutory tax rate	**25.75%**	25.00%
	$	$
(Loss) income for the year before taxes	**(209,564)**	47,077
Provision for income taxes based on statutory rates	**(53,972)**	11,769
Differences in foreign and future tax rates	**(22,281)**	11,993
Foreign exchange	**4,894**	18,144
Recognition of Argentine tax benefit relating to mineral property	**(2,172)**	(48,129)
Capital gains rate	**(3,288)**	(7,652)
Non-recognition of tax assets	**79,142**	5,624
Royalty taxes	**7,107**	—
Other	**6,003**	—
Total income tax expense (recovery)	**15,433**	(8,251)

The applicable tax rate in Canada for the year ended December 31, 2013 was 25.75%, which reflects the legislated provincial tax rate increase from the prior year of 25.0%.

10. CURRENT AND DEFERRED INCOME TAX (Cont'd)

We recognize certain deferred tax assets and liabilities relating to temporary differences as follows:

	December 31, 2013	December 31, 2012 (restated note 2(u))
	$	$
Deferred tax assets		
Property, plant and equipment	**—**	2,787
Foreign tax credit and other	**12,041**	4,287
Total deferred tax assets	**12,041**	7,074
Deferred tax liabilities		
Mineral properties	**(9,414)**	(7,083)
Marketable securities and investments	**(15,322)**	(12,290)
Total deferred tax liabilities	**(24,736)**	(19,373)
Net deferred tax (liabilities)	**(12,695)**	(12,299)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	December 31, 2013	December 31, 2012 (restated note 2(u))
	$	$
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	**12,041**	3,313
Deferred tax assets to be recovered within 12 months	**—**	3,761
Total deferred tax assets	**12,041**	7,074
Deferred tax liabilities		
Deferred tax liabilities to be discharged after more than 12 months	**(24,030)**	(18,096)
Deferred tax liabilities to be discharged within 12 months	**(706)**	(1,277)
Total deferred tax liabilities	**(24,736)**	(19,373)
Net deferred tax (liabilities)	**(12,695)**	(12,299)

10. CURRENT AND DEFERRED INCOME TAX (Cont'd)

The movement in the net deferred income tax liability account was as follows:

Years ended December 31	**2013**	2012
		(restated note 2(u))
	$	$
Balance, January 1	**(12,299)**	(25,129)
(Charged to) recovered from the statement of income	**1,514**	13,727
Tax credit (charge) related to components of other comprehensive income	**7,479**	(834)
Liability to share capital	**(9,377)**	—
Exchange differences	**(13)**	(63)
Balance, December 31	**(12,696)**	(12,299)

The following items were charged (credited) to the consolidated statements of income during the year:

Years ended December 31	**2013**	2012
		(restated note 2(u))
	$	$
Property plant and equipment	**2,787**	11,522
Capital and non capital losses	**(979)**	—
Share issuance costs	**408**	1,218
Marketable securities and investments	**1,121**	(1,826)
Mineral properties	**4,697**	(26,850)
Foreign exchange loss and other	**(9,548)**	2,209
	(1,514)	(13,727)

We also have the following balances in respect of which no deferred tax asset was recognized:

	December 31, 2013	December 31, 2012
		(restated note 2(u))
	$	$
Property plant and equipment	**74,660**	4,100
Capital and non capital losses	**323**	60
Foreign resource pools	**336**	323
Inventory and other	**6,305**	2,012
	81,624	6,495

10. CURRENT AND DEFERRED INCOME TAX (Cont'd)

At December 31, 2013, we had the following estimated tax operating losses available to reduce future taxable income. The losses expire at various dates and amounts between 2014 and 2033, with the exception of losses incurred in Chile which are available indefinitely:

	$
Argentina	**131,605**
Chile	**148**
Mexico	**92,804**
Peru	**141**
Canada	**3,765**
U.S.A.	**4,541**

The aggregate amount of taxable temporary differences associated with investments in subsidiaries for which deferred taxes have not been recognized, as at December 31, 2013, is $78,218,000 (2012 - $136,303,000).

In the normal course of business we are subject to assessment by taxation authorities in various jurisdictions. These authorities may have different interpretations of tax legislation or tax agreements than those applied by us in computing current and future income taxes. These different interpretations may alter the timing or amounts of taxable income or deductions. The final amounts of taxes to be paid or recovered depends on a number of factors including the outcome of audits, appeals and negotiation. We provide for potential differences in interpretation based a best estimate of the probable outcome of these matters. Changes in these estimates could result in material adjustments to our current and future income taxes.

11. VALUE ADDED TAX RECEIVABLE

	December 31, 2013	December 31, 2012
	$	$
Current (note 4)	**5,915**	32,796
Non-current	**62,423**	37,363
	68,338	70,159

VAT paid in Argentina in relation to the Pirquitas Mine became recoverable under Argentine law once the mine reached the production stage and we apply to the Argentine government to recover the applicable VAT on an ongoing basis. Through 2013 there were significant delays in obtaining final approvals and, therefore, the collection of VAT which resulted in the reclassification of $21,544,000 of current VAT to non-current VAT. Collections restarted during the latter part of 2013 and the classification reflects best estimates of timing of recoveries. Despite the procedural delays, we believe that the remaining balance is fully recoverable and have not provided an allowance as discussed further in note 23(b).

12. TRADE AND OTHER PAYABLES

Trade payables and accrued liabilities are comprised of the following items:

	December 31, 2013	December 31, 2012
	$	$
Trade payables	**11,014**	16,756
Accrued liabilities	**63,373**	57,762
Value added tax payable (note 7(b))	**6,467**	—
Income taxes payable	**15,885**	532
Current portion of close down and restoration provision (note 13)	**4,228**	1,864
Accrued interest on convertible notes (note 14)	**3,157**	2,093
	104,124	79,007

For the year ended December 31, 2013, accrued liabilities includes export duties on silver concentrate of $48,169,000 (2012 - $35,009,000) (note 17).

13. CLOSE DOWN AND RESTORATION PROVISION

	December 31, 2013	December 31, 2012
	$	$
Balance, January 1	**33,086**	47,778
Liabilities settled during the year	**(941)**	(552)
Accretion expense	**3,671**	6,086
Foreign exchange gain	**(29)**	(5,947)
Revisions and new estimated cash flows	**1,414**	(14,279)
Balance, December 31	**37,201**	33,086
Less: current portion of close down and restoration provision in trade and other payables	**(4,228)**	(1,864)
Non-current close down and restoration provision	**32,973**	31,222

Our close down and restoration provision relates to the restoration and closure of our mining operations and projects under development (note 7). The provision is initially recorded at present value, and subsequently re-measured at each reporting period. During the year ended December 31, 2013, our estimate for our close down and reclamation provision increased by $1,414,000 due to changes in discount rates, certain economic assumptions and cash flow estimates.

The provision is calculated as the present value of estimated future net cash outflows based on the following key assumptions:

- Discount interest rates: ranging from 8.5% to 9.9% (2012 - 8.5% to 9.9%); and
- Settlement of obligations expected to occur over the next 10 years.

A 1% change in the discount rate would increase or decrease the provision by approximately $40,000.

14. CONVERTIBLE NOTES

(a) 2013 Notes

On January 16, 2013, we sold $265,000,000 in senior convertible unsecured notes (the "2013 Notes") for net proceeds of $256,083,000 after payment of commissions and expenses related to the offering. The 2013 Notes mature on February 1, 2033 and bear an interest rate of 2.875% per annum, payable semi-annually in arrears on February 1 and August 1 of each year. The 2013 Notes are convertible into our common shares at a fixed conversion rate, subject to certain anti-dilution adjustments. In addition, if certain fundamental changes occur to us, holders of the 2013 Notes may be entitled to an increased conversion rate. The 2013 Notes are convertible into our common shares at an initial conversion rate of 50 common shares per $1,000 principal amount of 2013 Notes converted, representing an initial conversion price of $20.00 per common share.

We may not redeem the 2013 Notes before February 1, 2018, except in the event of certain changes in Canadian tax law. At any time on or after February 1, 2018, but before February 1, 2020, we may redeem all or part of the 2013 Notes for cash, but only if the last reported sale price of our common shares for 20 or more trading days in a period of 30 consecutive trading days exceeds 130% of the conversion price. On or after February 1, 2020, we may redeem the 2013 Notes in full or in part, for cash.

Holders of the 2013 Notes have the right to require us to repurchase all or part of their 2013 Notes on February 1 of each of 2020, 2023 and 2028, or upon certain fundamental corporate changes. The repurchase price will be equal to 100% of the principal amount of the 2013 Notes being converted, plus accrued and unpaid interest to the repurchase date.

At initial recognition, the net proceeds of the 2013 Notes were bifurcated into its debt and equity components. The fair value of the debt portion of $178,358,000 was estimated using a discounted cash flow model method based on an expected life of seven years and a discount rate of 8.5%. The residual of $77,723,000 ($68,347,000 net of deferred tax) was allocated to equity. The 2013 Notes had a fair value of $191,487,000 as at December 31, 2013.

The debt portion has been designated as an 'other financial liability' and is recorded at amortized cost, net of transaction costs, and is accreted over the expected life using the effective interest method.

The movement in the debt portion of the 2013 Notes during the year comprised the following:

	December 31, 2013
	$
Debt portion of net proceeds	**178,358**
Accretion of discount	**8,772**
Interest accrued	**7,262**
Interest paid	**(4,105)**
Balance, December 31	**190,287**
Accrued interest	**(3,157)**
Non-current portion of 2013 Notes outstanding	**187,130**

(b) 2008 Notes

In February 2008, we sold $138,000,000 in senior convertible unsecured notes (“2008 Notes”) for net proceeds of $132,754,000 after payment of commissions and expenses related to the offering. The 2008 Notes bore an interest rate of 4.5% per annum, payable semi-annually. The 2008 Notes would have been convertible into our common shares at a fixed conversion price of approximately $43.33, subject to certain anti-dilution adjustments.

14. CONVERTIBLE NOTES (Cont'd)

Holders of the 2008 Notes also had the right to require us to repurchase all or part of their 2008 Notes at specified dates and exercised this right on March 1, 2013. The repurchase price was equal to 100% of the principal amount of the 2008 Notes being converted, plus accrued and unpaid interest to the repurchase date, which was paid in cash.

The 2008 Notes had contained an embedded derivative due to the fact that if the holder had elected to exercise their conversion option, we would have had the option to settle in either cash or common shares. Therefore, a derivative liability was recognized as FVTPL, and re-measured at each reporting period. For the year ended December 31, 2012, we recorded an unrealized gain on the derivative liability of $1,242,000 (note 19). As at December 31, 2012, we determined that the fair value of the derivative liability was $Nil due to the time to maturity and conversion price of $43.33, and therefore, no further gains or losses were recognized through to repurchase on March 1, 2013.

The debt portion had been designated as an 'other financial liability' so that it was recorded at amortized cost, net of transaction costs, and was accreted over an expected life of 5 years until March 2013 using the effective interest method. At December 31, 2012, it was classified as a current liability due to expected redemption in March 2013.

The movement in the debt portion of the 2008 Notes during the years comprised the following:

	December 31, 2013	December 31, 2012
	$	$
Balance, January 1	**137,898**	127,389
Accretion of discount	**2,195**	10,492
Interest accrued	**1,012**	6,227
Interest paid	**(3,105)**	(6,210)
Repayment of 2008 Notes	**(138,000)**	—
Balance, December 31	**—**	137,898
Accrued interest	**—**	(2,093)
Total 2008 Notes outstanding	**—**	135,805

15. SHARE CAPITAL AND SHARE-BASED PAYMENTS

(a) Authorized capital

We have unlimited authorized common shares with no par value.

(b) Stock options

We have an incentive plan, approved by our shareholders, under which options to purchase common shares may be granted to directors, officers, employees and others at the discretion of the Board of Directors. The plan provides for the issuance of incentive options to acquire up to a total of 8.5% of our issued and outstanding common shares. The exercise price of each option is set at the date of grant and shall not be less than the closing market price of our stock on the award date. The options can be granted for a maximum term of 10 years with vesting provisions determined by the Board of Directors. Currently, the vesting periods range up to three years, and the term is seven years. New shares from treasury are issued on the exercise of stock options.

15. SHARE CAPITAL AND SHARE-BASED PAYMENTS (Cont'd)

The changes in stock options issued during the years ended December 31, 2013 and December 31, 2012 are as follows:

Years ended December 31	**2013**		2012	
	Number of stock options	**Weighted average exercise price (C$/option)**	Number of stock options	Weighted average exercise price (C$/option)
Outstanding, January 1	**2,023,563**	**20.49**	1,878,372	23.86
Granted	**680,150**	**11.87**	597,125	15.22
Exercised	**(6,667)**	**(11.50)**	(54,335)	(11.50)
Expired	**(225,498)**	**(30.32)**	(115,000)	(35.74)
Forfeited	**(716,604)**	**(20.17)**	(282,599)	(27.24)
Outstanding, December 31	**1,754,944**	**16.05**	2,023,563	20.49

During the year ended December 31, 2013, we granted 680,150 (2012 – 597,125) options to officers, employees, directors and other eligible persons at exercise prices ranging from C$9.50 to C$12.99 (December 31, 2012 – C$11.68 to C$17.47) and expiry dates ranging from January 25, 2020 to September 1, 2020.

As of December 31, 2013, incentive stock options constitute 2.2% (2012 – 2.5%) of issued and outstanding common capital. The aggregate intrinsic value of vested share options (market value less exercise price) at December 31, 2013 and December 31, 2012 was $Nil and $157,000, respectively.

The weighted average fair value of stock options granted during the year ended December 31, 2013 and year ended December 31, 2012 were estimated to be C$5.17 and C$6.89 per stock option, respectively, at the grant date using the Black-Scholes option pricing model, using the following assumptions:

Years ended December 31	**December 31, 2013**	December 31, 2012
Forfeiture rate (%)	**3.0**	3.0
Dividend yield (%)	**0.0**	0.0
Average risk-free interest rate (%)	**1.34**	1.23
Expected life (years)	**4.2**	4.2
Volatility (%)	**55.4**	58.0

Option pricing models require the input of highly subjective assumptions. The expected life of the options considered such factors as the average length of time similar option grants in the past have remained outstanding prior to exercise and the vesting period of the grants. Volatility was estimated based upon historical price observations over the expected term. Changes in the subjective input assumptions can materially affect the estimated fair value of the options.

The weighted average share price, at the date of grant, of stock options granted in 2013 was C$11.68 (2012 - C$15.03).

The weighted average share price at the date of the exercise of stock options in 2013 was C$13.15 (2012 - C$15.35).

15. SHARE CAPITAL AND SHARE-BASED PAYMENTS (Cont'd)

The following table summarizes information about stock options outstanding and exercisable at December 31, 2013:

	Stock options outstanding		Stock options exercisable	
	Stock options outstanding	**Weighted average remaining contractual life (years)**	**Stock options exercisable**	**Weighted average exercise price (C$/option)**
Exercise prices (C$)				
9.50 – 12.34	268,334	6.1	17,500	11.62
12.35 – 15.53	500,143	5.8	49,244	15.37
15.54 – 17.42	610,000	6.8	576,666	17.18
17.43 – 28.78	376,467	5.1	245,032	22.95
	1,754,944	6.0	888,442	18.56

(c) Deferred Share Units ("DSUs")

Non-executive directors may elect to receive all or a portion of their annual compensation in the form of DSUs which are linked to the value of our common shares. DSUs are issued on a quarterly basis under the terms of the DSU Plan, at the market value of our common shares at the date of grant. The DSUs vest immediately and are redeemable in cash on the date the director ceases to be our director.

Years ended December 31	**2013**	2012
	Number of DSUs	Number of DSUs
Outstanding, January 1	150,117	98,289
Granted	100,902	51,828
Outstanding, December 31	251,019	150,117

The DSUs granted in the year ended December 31, 2013 had a fair value of C$8.45 per unit (2012 - C$13.65). The DSUs are cash-settled instruments and, therefore, the fair value of the outstanding DSUs at the end of each reporting period is recognized as an accrued liability with the associated compensation cost recorded in general and administrative expenses. As at December 31, 2013, the weighted average fair value was C$7.37 per unit (December 31, 2012 - C$14.83 per unit).

At December 31, 2013, an accrued liability of $1,739,000 (2012 - $2,238,000) was outstanding. For the year ended December 31, 2013, a share-based payment recovery of $396,000 (2012 - $840,000 expense) was recorded.

(d) Restricted Share Units ("RSUs")

RSUs are granted to employees based on the value of our share price at the date of grant. The awards have a graded vesting schedule over a three-year period, and are cash-settled immediately upon vesting.

RSUs are cash-settled instruments and, therefore, are recognized as a liability, with fair value remeasurement at each reporting period. The associated compensation cost is recorded in general and administrative expenses unless directly attributable to a mineral property.

15. SHARE CAPITAL AND SHARE-BASED PAYMENTS (Cont'd)

Years ended December 31	**2013**	2012
	Number of RSUs	Number of RSUs
Outstanding, January 1	141,810	76,801
Granted	118,300	104,900
Settled	(53,286)	(21,089)
Forfeited	(77,326)	(18,802)
Outstanding, December 31	129,498	141,810

The RSUs granted in the year ended December 31, 2013 had a weighted average fair value of C$10.27 per unit (2012 - C$14.45 per unit). RSUs settled in the year ended December 31, 2013 were settled at a fair value of C$9.92 per unit (2012 - C$14.74). As at December 31, 2013, the weighted average fair value was C$7.37 per unit (December 31, 2012 - C$14.83 per unit).

At December 31, 2013, an accrued liability of $476,000 (2012 - $1,300,000) was outstanding. For the year ended December 31, 2013, a share-based payment recovery of $374,000 (2012 - $656,000 expense) was recorded.

(e) Performance Share Units ("PSUs")

PSUs are granted to senior executives, and vest after a performance period of three years. During 2011, in addition to a normal annual grant there was also a one-off grant of transitional PSUs, which vested after a two-year performance period. The vesting of these awards is based on our total shareholder return in comparison to our peer group, and awards range from 0% to 200% of initial PSUs granted.

PSUs are cash-settled instruments and therefore are recognized as a liability, with fair value remeasurement at each reporting period. The associated compensation cost is recorded in general and administrative expenses.

Years ended December 31	**2013**	2012
	Number of PSUs	Number of PSUs
Outstanding, January 1	201,220	109,700
Granted	137,500	110,058
Settled	(46,700)	—
Forfeited	(114,291)	(18,538)
Outstanding, December 31	177,729	201,220

The PSUs granted in the year ended December 31, 2013 had a weighted average fair value of C$12.99 per unit (2012 - C$14.68 per unit). PSUs settled in the year ended December 31, 2013 were settled at a fair value of C$10.00 per unit (2012 - $Nil). As at December 31, 2013, the weighted average fair value was C$7.37 per unit (2012 - C$14.83 per unit).

At December 31, 2013, an accrued liability of $589,000 (2012 - $1,095,000) was outstanding. For the year ended December 31, 2013, a share-based payment recovery of $103,000 (2012 - $773,000 expense) was recorded.

15. SHARE CAPITAL AND SHARE-BASED PAYMENTS (Cont'd)

(f) Share-based compensation

Total share-based compensation, including all equity and cash-settled arrangements, for the years ended December 31, 2013 and 2012 has been recognized in the consolidated financial statements as follows:

Years ended December 31	**2013**	2012
	$	**$**
Equity-settled		
General and administrative expense	**1,001**	4,128
Property, plant and equipment	**189**	249
Cash-settled		
General and administrative (recovery) expense	**(873)**	2,349
Property, plant and equipment	**255**	139
Total	**572**	6,865

16. OTHER RESERVES

	2013	2012
	$	$
Foreign currency translation reserve		
At January 1	788	(3,847)
Parent company, subsidiary companies' and associate currency translation adjustments	(1,035)	4,635
Currency translation adjustments recycled to net income on derecognition of investment in associate	250	—
At December 31	3	788
Available-for-sale revaluation reserves		
At January 1	9,646	750
Unrealized (losses) gains on available-for-sale securities	(61,577)	(41)
Deferred income tax recovery	7,522	(417)
Realized loss of marketable securities recycled to net income, net of tax	62	9,354
At December 31	(44,347)	9,646
Transactions with non-controlling interests		
At January 1	(28,198)	(28,198)
At December 31	(28,198)	(28,198)
Share-based compensation reserve		
At January 1	41,780	37,810
Stock options exercised	(56)	(407)
Share-based compensation	1,190	4,377
At December 31	42,914	41,780
Total other reserves at December 31	**(29,628)**	**24,016**

17. OPERATING COSTS BY NATURE

a) Cost of sales

Years ended December 31	2013	2012
	$	$
Cost of inventory	**100,555**	116,369
Depletion, depreciation and amortization	**41,808**	43,274
Export duties [(1)]	**14,946**	23,372
Write-down of stockpiles to NRV (note 6)	**12,193**	—
	169,502	183,015

(1) We entered into a fiscal stability agreement (the "Fiscal Agreement") with the Federal Government of Argentina in 1998 for production from the Pirquitas Mine. In December 2007, the National Customs Authority of Argentina (Dirección Nacional de Aduanas) levied an export duty of approximately 10% from concentrates for projects with fiscal stability agreements pre-dating 2002. The Federal Government asserts that the Pirquitas Mine is subject to this export duty despite contrary rights detailed under the Fiscal Agreement. We have challenged the legality of the export duty applied to silver concentrates and the matter is currently under review by the Federal Court (Jujuy) in Argentina. The Federal Court (Jujuy) granted an injunction in our favor effective September 29, 2010 that prohibited the Federal Government from withholding the 10% export duty on silver concentrates (the "Injunction"), pending the decision of the courts with respect to our challenge of the legality of the application of the export duty. The Injunction was appealed by the Federal Government but upheld by each of the Federal Court of Appeal (Salta) on December 5, 2012 and the Federal Supreme Court of Argentina on September 17, 2013. The Federal Government also appealed the refund we claimed for the export duties paid before the Injunction, as well as matters of procedure related to the uncertainty of the amount reclaimed; however, on May 3, 2013, such appeal was dismissed by the Federal Court of Appeal (Salta).

As of December 31, 2013, the Pirquitas Mine has paid $6,646,000 in export duties, against which it has filed for recovery. In accordance with the Injunction, we have not been paying export duties on silver concentrates but continue to accrue duties in full until the outcome of our challenge of the legality of the application of the export duty is known with certainty. However, the Federal Government has enacted legislation limiting the term of effectiveness of injunctions ordered against it, and we are assessing the potential impact of such legislation on the Injunction, including as it relates to the payment of any accrued export duties. As at December 31, 2013, we have accrued a liability totaling $48,169,000 (2012 - $35,009,000), with a corresponding increase in cost of sales in the relevant period. If this export duty is successfully overturned, the benefit will be recognized in the consolidated statement of (loss) income for the full amount of paid and unpaid duty in the period that recovery becomes virtually certain.

17. OPERATING COSTS BY NATURE (Cont'd)

b) General and administrative expenses

Years ended December 31	2013	2012
	$	$
Salaries and benefits	**13,214**	9,052
Consulting and professional fees	**5,058**	2,448
Travel expense	**960**	1,127
Rent expense	**928**	788
Insurance expense	**769**	913
Computer expenses	**606**	508
Shareholder and investor relations	**409**	715
Depreciation and amortization	**375**	173
Listing and filing fees	**283**	253
Directors fees and expenses	**199**	353
Share-based compensation	**128**	6,477
Other expenses	**512**	855
	23,441	23,662

c) Restructuring costs

During 2013, we incurred restructuring costs of $2,928,000 (2012 - $Nil) which are recorded in general and administrative expenses as salaries and benefits and $1,468,000 (2012 - $Nil) in cost of inventory.

18. FINANCE INCOME AND EXPENSES

a) Interest earned

Years ended December 31	2013	2012
	$	$
Interest earned	**6,180**	2,066

b) Interest expense and other finance costs

Years ended December 31	2013	2012
	$	$
Interest expense on convertible notes	**(8,274)**	(6,227)
Accretion expense on convertible notes	**(10,967)**	(10,493)
Accretion of close down and restoration provision	**(3,671)**	(6,086)
Other finance expense	**(180)**	(1,655)
Total interest expense and other finance costs	**(23,092)**	(24,461)

19. OTHER INCOME (OTHER EXPENSES)

Years ended December 31	**2013**	2012
	$	$
Impairment reversal on investments [1]	**183**	4,853
Gain on dilution of associate (note 9)	**2,112**	15,839
Share of net (loss) of associate	**(1,033)**	(3,409)
Unrealized (loss) on financial instruments at FVTPL [2]	**—**	(2,501)
Impairment of marketable securities [3]	**(13,003)**	(9,354)
Write-down of exploration expenditure (note 7)	**(7,155)**	(86)
Write-down of assets held for sale (note 7)	**(3,875)**	—
Dividend income	**178**	701
Other expense	**19**	(1,365)
	(22,574)	4,678

[1] We disposed of our Canadian asset-backed commercial paper (ABCP), following improved liquidity in that market. These assets had been previously written off.

[2] Financial instruments held at FVTPL included the Pretium warrant liability and the conversion option embedded in the 2008 Notes (note 14).

[3] In 2013, we recorded impairment on marketable securities, due to a significant decline in share price, resulting in a realized loss of $13,050,000 (2012 - $10,806,000). This was offset by a $47,000 gain (2012 - $1,452,000) on disposal of marketable securities.

20. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share for the year ended December 31, 2013 and 2012 are based on the following:

Years ended December 31		**2013**	2012
			(restated note 2(u))
(Loss) earnings used in the calculation of diluted (loss) earnings per share	**$**	**(224,997)**	$ 55,328
Weighted average number of common shares issued (thousands)		**80,754**	80,744
Adjustments for dilutive instruments:			
Stock options (thousands)		**—**	17
Weighted average number of common shares for diluted (loss) earnings per share (thousands)		**80,754**	80,761
Basic (loss) earnings per share	**$**	**(2.79)**	$ 0.69
Diluted (loss) earnings per share	**$**	**(2.79)**	$ 0.69

As we incurred a net loss during the year ended December 31, 2013, basic and diluted loss per share are the same because the exercise of options and convertible notes are anti-dilutive. During the year ended December 31, 2012 , the outstanding 2008 Notes were not dilutive.

21. OPERATING SEGMENTS

We are a resource company focused on the acquisition, exploration, development and operation of precious metal projects in the Americas.

An operating segment is defined as a component:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

We have identified operating segments based on the information used by our President and Chief Executive Officer (who is considered to be the chief operating decision maker) to manage the business. We primarily manage our business by looking at individual resource projects and typically segregate these projects between production, development and exploration.

For reporting purposes, exploration and development projects have been aggregated into a single reportable segment 'exploration and development properties' where they all have similar characteristics and do not exceed the quantitative thresholds for individual disclosure. The Pitarrilla Project which, as of December 31, 2013, exceeds 10% of our total assets and has therefore been disclosed separately as a component. The comparative periods have been restated accordingly.

The only production property, the Pirquitas Mine, is considered a single operating segment which derives its revenues from the sale of silver and zinc concentrates. The corporate division earns income that is considered incidental to our activities and therefore does not meet the definition of an operating segment. Consequently, the following reporting segments have been identified:

- Pirquitas Mine;
- Pitarrilla Project; and
- Other exploration and development properties.

The following is a summary of the reported amounts of income or loss, and the carrying amounts of assets and liabilities by operating segment:

Year ended and at December 31, 2013	Pirquitas mine	Pitarrilla Project	Exploration and development properties	Other reconciling items [i, ii]	Total
	$	$	$	$	$
Revenue	174,686	—	—	—	**174,686**
Cost of inventory and export duties	(127,694)	—	—	—	**(127,694)**
Depletion, depreciation and amortization	(41,808)	—	—	—	**(41,808)**
Cost of sales	(169,502)	—	—	—	**(169,502)**
Income from mine operations	5,184	—	—	—	**5,184**
Impairment charge	(202,440)	—	—	—	**(202,440)**
Operating (loss)	(203,076)	—	(1,225)	(20,414)	**(224,715)**
Write-down of assets	—	(3,875)	(7,155)	—	**(11,030)**
(Loss) income before income tax	(233,821)	(3,879)	57,707	(29,571)	**(209,564)**
Interest income and other finance income	4,907	—	—	1,273	**6,180**
Interest expense and other finance costs	(3,658)	(5)	(89)	(19,340)	**(23,092)**
Income tax (expense) recovery	8,374	(7,986)	(17,599)	1,778	**(15,433)**
Total assets	383,978	127,828	184,937	494,498	**1,191,241**
Non-current assets	241,739	124,858	134,586	1,855	**503,038**
Total liabilities	(106,118)	(10,445)	(29,156)	(203,244)	**(348,963)**

21. OPERATING SEGMENTS (Cont'd)

Year ended and at December 31, 2012	Pirquitas mine(restated note 2(u))	Pitarrilla Project	Exploration and development properties	Other reconciling items (i, ii)	Total (restated note 2(u))
	$	$	$	$	$
Revenue	241,120	—	—	—	241,120
Cost of inventory and export duties	(139,741)	—	—	—	(139,741)
Depletion, depreciation and amortization	(43,274)	—	—	—	(43,274)
Cost of sales	(183,015)	—	—	—	(183,015)
Income from mine operations	58,105	—	—	—	58,105
Operating income (loss)	45,460	(218)	(498)	(23,003)	21,741
Write-down of assets	—	—	—	86	86
Income (loss) before income tax	28,757	(238)	(411)	18,969	47,077
Interest income and other finance income	824	—	388	854	2,066
Interest expense and other finance costs	(7,431)	—	(75)	(16,955)	(24,461)
Income tax recovery (expense)	7,636	1,771	(789)	(367)	8,251
Total assets	614,244	123,246	149,572	430,785	1,317,847
Non-current assets	394,020	113,708	123,331	121,064	752,123
Total liabilities	(99,995)	(1,461)	(2,483)	(161,469)	(265,408)

(i) Other reconciling items refer to items that are not reported as part of segment performance as they are managed on a group basis.

(ii) Includes our investment in Pretium.

Segment revenue by product

Years ended December 31	**2013**	2012
	%	%
Silver	**91**	98
Zinc	**9**	2

Segment revenue by location and major customers

100% of revenues are attributable to the Pirquitas mine segment in Argentina. Our sales are made to external customers of various geographical areas. We had four customers who accounted for 23%, 20%, 17%, and 17% of total revenue in 2013, and four customers who accounted for 37%, 26%, 16%, and 11% of total revenue in 2012.

21. OPERATING SEGMENTS (Cont'd)

Non-current assets by location

	December 31, 2013	December 31, 2012 (restated note 2(u))
	$	$
Argentina	**271,490**	422,043
Mexico	**153,145**	130,277
Peru	**65,783**	59,150
United States	**8,967**	8,128
Canada	**3,195**	122,393
Chile	**458**	10,132
Total	**503,038**	752,123

22. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Our financial instruments include cash and cash equivalents, trade and other receivables, marketable securities, other financial assets, trade and other payables, and convertible notes.

a) Financial assets and liabilities by category

At December 31, 2013	**Loans and receivables**	**FVTPL**	**Available-for-sale**	**Other financial liabilities**	**Total**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents	415,657	**—**	—	—	415,657
Trade and other receivables [1]	994	43,516	—	—	44,510
Marketable securities	—	25,567	103,700	—	129,267
Other financial assets [2]	29,847	—	—	—	29,847
Total financial assets	**446,498**	**69,083**	**103,700**	**—**	**619,281**
Financial liabilities					
Trade and other payables	**—**	2,805	—	26,570	29,375
Convertible notes [3]	**—**	—	—	187,130	187,130
Total financial liabilities	**—**	**2,805**	**—**	**213,700**	**216,505**

22. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Cont'd)

At December 31, 2012	Loans and receivables	FVTPL	Available-for-sale	Other financial liabilities	Total
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	366,947	—	—	—	366,947
Trade and other receivables [1]	112	40,947	—	—	41,059
Marketable securities	—	—	34,733	—	34,733
Other financial assets	1,847	—	—	—	1,847
Total financial assets	368,906	40,947	34,733	—	444,586
Financial liabilities					
Trade and other payables	—	4,633	—	36,969	41,602
Convertible notes [3]	—	—	—	135,805	135,805
Total financial liabilities	—	4,633	—	172,774	177,407

(1) Certain trade and other receivables are classified as FVTPL due to the embedded derivative identified through provisional pricing arrangements discussed in note 2(e).

(2) Other financial assets include deferred consideration received from sale of San Agustin project discussed in note 7(b).

(3) The debt portion of the convertible notes is designated as an other financial liability.

b) Fair value of financial instruments

	December 31, 2013		December 31, 2012	
	Carrying value	Fair value	Carrying value	Fair value
	$	$	$	$
Financial assets				
Trade and other receivables	44,510	44,510	41,059	41,059
Marketable securities	129,267	129,267	34,733	34,733
Other financial assets (note 5)	29,847	29,847	1,847	1,847
Total financial assets	**203,624**	**203,624**	77,639	77,639
Financial liabilities				
Convertible notes (note 14) [1]	187,130	191,487	135,805	138,000
Total financial liabilities	**187,130**	**191,487**	135,805	138,000

(1) The fair value of the convertible notes includes both the debt and equity components.

The carrying values of cash and cash equivalents and trade and other payables, approximate their fair values due to their short maturity.

22. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Cont'd)

Fair value hierarchy

Assets and liabilities that are held at fair value are categorized based on a valuation hierarchy which is determined by the valuation methodology utilized:

	Fair value at December 31, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Recurring measurements				
Trade and other receivables	—	43,516	—	**43,516**
Marketable securities	103,700	25,567	—	**129,267**
Trade and other payables	—	2,805	—	**2,805**
	103,700	71,888	—	**175,588**
Non-recurring measurements				
Inventory (note 6)	—	—	3,656	**3,656**
Assets held for sale (note 7)	—	—	3,876	**3,876**
Property, plant and equipment (note 7)	—	—	222,169	**222,169**
	—	—	229,701	**229,701**
Fair values disclosed				
Convertible notes (note 14)	191,487	—	—	**191,487**
	191,487	—	—	**191,487**

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Marketable securities, consisting of available-for-sale investments with no trading restrictions are valued using a market approach based upon unadjusted quoted prices in an active market obtained from securities exchanges. The fair value disclosed for our convertible notes is also included in Level 1, as the basis of valuation uses a quoted price in an active market.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Marketable securities with certain trading restrictions are included in Level 2, as are trade receivables from provisional invoices for concentrate sales, as the basis of valuation uses quoted commodity prices.

Accrued liabilities relating to DSUs, RSUs, and PSUs are included in Level 2, as the basis of valuation uses quoted prices in active markets.

Level 3 – inputs for an asset or liability that are not based on observable market data (unobservable inputs)

During the year ended December 31, 2013, the Pirquitas Mine CGU and two used ball mills were written down to their recoverable amounts, and inventory to NRV. The recoverable amounts and NRV become the carrying values and will not be revalued, but certain assumptions used in the calculation of these recoverable amounts and NRV are categorized as Level 3 in the fair value hierarchy (note 8).

There were no transfers between Level 1 and Level 2 or transfers into and out of Level 3 during the years ended December 31, 2013 or 2012.

23. FINANCIAL RISK MANAGEMENT

We are exposed to a variety of financial risks as a result of our operations, including market risk (which includes price risk, currency risk and interest rate risk), credit risk and liquidity risk. Our overall risk management strategy seeks to reduce potential adverse effects on our financial performance. Risk management is carried out under policies approved by the Board of Directors.

We may, from time to time, use foreign exchange contracts, commodity price contracts and interest rate swaps to manage our exposure to fluctuations in market prices foreign currency, metal prices and interest rates. We do not have a practice of trading derivatives. In the past, our use of derivatives was limited to specific programs to manage fluctuations in foreign exchange risk, which are subject to the oversight of the Board of Directors.

The risks associated with our financial instruments, and the policies on how we mitigate those risks are set out below. This is not intended to be a comprehensive discussion of all risks.

a) Market Risk

This is the risk that the fair values of financial instruments will fluctuate owing to changes in market prices. The significant market risks to which we are exposed are price risk, currency risk and interest rate risk.

(i) Price Risk

This is the risk that the fair values or future cash flows of our financial instruments will fluctuate because of changes in market prices. Income from mine operations in the next year depends on the metal prices for silver, and to a lesser extent, zinc. These prices are affected by numerous factors that are outside of our control such as:

- global or regional consumption patterns;
- the supply of, and demand for, these metals;
- speculative activities;
- the availability and costs of metal substitutes;
- inflation; and
- political and economic conditions, including interest rates and currency values.

The principal financial instrument that we hold which are impacted by commodity prices is the embedded derivative within trade receivables. The majority of sales agreements are subject to pricing terms that settle within one to three months after delivery of concentrate, and this adjustment period represents our trade receivable exposure to variations in commodity prices.

We have not hedged the price of silver or any other metal as part of our overall corporate strategy.

A 10% increase in the commodity prices as at December 31, with all other variables held constant, would have resulted in the following impact to our trade receivables and after-tax net income:

	2013	2012
	$	$
10% increase in silver price	**1,814**	3,387
10% increase in zinc price	**272**	—

We hold certain investments in marketable securities which are measured at fair value, being the closing price of each equity investment at the balance sheet date. We are exposed to changes in share prices which would result in gains and losses being recognized in total comprehensive income. A 10% change in prices would have a $12,927,000 impact on total comprehensive income.

23. FINANCIAL RISK MANAGEMENT (Cont'd)

(ii) Currency Risk

Currency risk is the risk that the fair values or future cash flows of our financial instruments and value added tax receivable will fluctuate because of changes in foreign currency rates. Our financial instruments are exposed to currency risk where those instruments are denominated in currencies that are not the same as the functional currency of the entity that holds them; exchange gains and losses in these situations impact earnings.

The following are the most significant areas of exposure to currency risk, shown in thousands of U.S. dollars:

	December 31, 2013			
	Canadian dollar	**Argentine peso**	**Australian dollar**	**Mexican peso**
Cash	7,881	20,751	4,983	8,007
Marketable securities	126,428	—	2,839	—
Value added tax receivable	—	64,816	—	3,412
Trade and other payables (excluding VAT and income taxes)	(7,387)	(13,606)	—	(1,618)
Valued added tax payable	—	—	—	(6,467)
Income taxes payable	—	—	—	(15,885)
Total	126,922	71,961	7,822	(12,551)

	December 31, 2012			
	Canadian dollar	Argentine peso	Australian dollar	Mexican peso
Cash	35,860	62,612	5,583	1,482
Marketable securities	19,034	—	15,699	—
Value added tax receivable	—	65,976	—	3,521
Trade and other payables	(10,088)	(14,924)	—	(726)
Total	44,806	113,664	21,282	4,277

We monitor and manage this risk with the objective of ensuring our group-wide exposure to negative fluctuations in currencies against the USD is managed. As at December 31, 2013 we have not entered into any derivatives to mitigate this risk.

The Argentine government requires the repatriation of export revenues into Argentina and, where cash flows exceed our current cash repatriation schedule, this results in our Argentine peso cash balance increasing potentially significantly. In Argentina the official Argentine peso exchange rate published is significantly lower than the parallel market rate (also referred to as the Blue Chip rate). We use the official Argentine peso exchange rate for all re-measurement purposes which is consistent with the economic reality that foreign currency transactions entered into or paid out of Argentina are required to be converted at the official exchange rate. A sudden devaluation of the Argentine peso to a rate closer to the parallel rate would materially impact the value of our Argentine peso denominated cash and VAT receivables in U.S. dollar terms, but would improve our operating costs in U.S. dollar terms, all else being equal. We are actively seeking ways to mitigate the risk on our cash balance of a devaluation of the Argentine peso, and therefore, we are repatriating cash from Argentina under a fixed schedule of debt repayments.

Subsequent to the end of 2013 the Argentine peso has seen a significant devaluation, well above the pace of devaluation through 2013 as the government reduced intervention and relaxed capital controls. We are still assessing the impact of this devaluation on the Pirquitas mine. The devaluation will reduce the value of our Argentine peso denominated assets, principally cash and VAT receivables, and decrease Argentina peso denominated liabilities, principally accounts payable, when expressed in USD terms, our reporting currency.

23. FINANCIAL RISK MANAGEMENT (Cont'd)

A 10% increase in the U.S. dollar exchange rate on financial assets and liabilities denominated in the following currencies, with all other variables held constant, would have resulted in the following impact to our total comprehensive income:

Years ended December 31	**2013**	2012
	$	$
Canadian dollar	**(9,422)**	(3,361)
Argentine peso	**(4,826)**	(7,614)
Australian dollar	**(547)**	(1,490)
Mexican peso	**873**	(300)

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair values or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Interest rate risk mainly arises from the interest rate impact on our cash and cash equivalents because they are the only financial instrument we hold that are impacted by interest based on variable market interest rates. The convertible notes have fixed interest rates and are not exposed to fluctuations in interest rates; a change in interest rates would impact the fair value of the instruments, but because we record the 2013 Notes at amortized cost there would be no impact on our financial results. We monitor our exposure to interest rates closely and have not entered into any derivative contracts to manage our risk. Similar risk exposures existed for the 2008 Notes.

As at December 31, 2013, the weighted average interest rate earned on our U.S. dollar cash and cash equivalents was 0.32% (2012 - 0.41%). With other variables unchanged, a 1% change in the annualized interest rate would impact after tax net income by $3,292,000 (2012 - $2,619,000).

b) Credit Risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial contract. Our credit risk is limited to the collectibility of trade receivables in the ordinary course of business and the quality of our financial investments.

Credit risk related to financial institutions and cash deposits Under our investment policy, investments are made only in highly rated financial institutions, corporate and government securities. We diversify our holdings and consider the risk of loss associated with investments to be low.

Credit risk related to trade receivables We are exposed to credit risk through our trade receivables on concentrate sales, which are principally with internationally-recognized counterparties. Payments of receivables are scheduled, routine and received within a contractually agreed time frame. We manage this risk by requiring provisional payments of at least 80 percent of the value of the concentrate shipped and through utilizing multiple counterparties.

Credit risk related to other financial assets All other receivable balances are expected to be collectible in full due to the nature of the counterparties and/or a previous history of collectibility. Deferred consideration is also expected to be collectible in full.

We also have credit risk through our significant value added tax receivable balance that is collectible from the government of Argentina. The balance is expected to be recoverable in full, however due to legislative rules and the complex collection process, a significant portion of the asset is classified as non-current until government approval of the recovery claim is approved.

23. FINANCIAL RISK MANAGEMENT (Cont'd)

Our maximum exposure to credit risk as at December 31 was as follows:

	December 31, 2013	December 31, 2012
	$	$
Cash and cash equivalents	**415,657**	366,947
Value added tax receivable	**68,338**	70,159
Trade and other receivables	**44,510**	41,059
Other financial assets	**29,847**	1,847
	558,352	480,012

At December 31, 2013, no amounts were held as collateral.

c) Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our obligations over financial instruments as they fall due. We manage our liquidity risk through a rigorous planning and budgeting process, which is reviewed and updated on a regular basis, to help determine the funding requirements to support our current operations, expansion and development plans, and by managing our capital structure as described in note 23(d). Our objective is to ensure that there are sufficient committed financial resources to meet our business requirements for a minimum of twelve months.

Argentine government regulation of U.S. dollar inflows and outflows restricts the ability to repatriate cash generated by the Pirquitas mine although we are repatriating cash from Argentina under a fixed schedule of debt repayments, which has an impact on overall corporate liquidity.

In the normal course of business, we enter into contracts that give rise to commitments for future minimum payments. The following is a maturity profile of financial liabilities and operating and capital commitments presenting contractual undiscounted cash flows:

	Payments due by period (as at December 31, 2013)					At December 31, 2012
Contractual obligations	**Less than one year**	**1 - 3 years**	**4-5 years**	**After 5 years**	**Total**	Total
	$	$	$	$	$	$
Trade and other payables	**84,010**	**—**	**—**	**—**	**84,010**	77,143
Convertible notes [(i)]	**—**	**—**	**—**	**265,000**	**265,000**	138,000
Interest on convertible notes [(i)]	**7,619**	**22,856**	**15,238**	**3,809**	**49,522**	3,079
Capital expenditure commitments	**6,164**	**—**	**—**	**—**	**6,164**	18,875
Minimum lease rental and lease payments	**424**	**1,520**	**963**	**—**	**2,907**	3,528
Total contractual obligations	**98,217**	**24,376**	**16,201**	**268,809**	**407,603**	240,625

[(i)] Convertible notes mature in 2033 but are redeemable in part or in full at the option of the holder on February 1 at each of 2020, 2023, and 2028, or upon fundamental corporate changes. They are also redeemable by us in part or in full on and after February 1, 2018. The notes bear interest of 2.875% per annum and are convertible into common shares upon specified events at a fixed conversion price of approximately $20.00 per common share (note 14).

In our opinion, working capital at December 31, 2013 together with future cash flows from operations is sufficient to support our commitments through 2014, including payment for the acquisition and integration of the Marigold Mine in 2014 (note 26).

23. FINANCIAL RISK MANAGEMENT (Cont'd)

d) Capital management

Our objectives when managing capital are:

- to safeguard our ability to continue as a going concern in order to develop and operate our current projects and pursue strategic growth initiatives;
- to maintain a flexible capital structure which lowers the cost of capital; and
- to provide an adequate return to shareholders.

In assessing our capital structure, we include in our assessment the components of shareholders' equity, convertible notes, and cash and cash equivalents. In order to facilitate the management of capital requirements, we prepare annual expenditure budgets and continuously monitor and review actual and forecasted cash flows. The annual and updated budgets are monitored and approved by the Board of Directors.

To maintain or adjust the capital structure, we may, from time to time, issue new shares, issue new debt, repay debt or dispose of non-core assets. We expect our current capital resources will be sufficient to carry out our exploration plans and support operations through the current operating period.

We issued convertible notes in 2013 (note 14) but these do not contain any financial covenants. Accordingly, as of December 31, 2013, there were no externally-imposed capital requirements.

24. RELATED PARTY TRANSACTIONS

a) Key management compensation

Key management includes our directors (executive and non-executive) and other key officers, including the CEO, CFO and Senior Vice Presidents. The compensation paid or payable to key management for employee services is shown below:

Years ended December 31	**2013**	2012
	$	$
Salaries and other short-term employee benefits	2,600	2,152
Post-employment benefits	21	15
Termination benefits	1,370	—
Share-based compensation [(i)]	1,704	3,897
Total compensation	**5,695**	**6,064**

[(i)] Share-based compensation includes mark-to-market adjustments on cumulative DSU positions as reported in the consolidated statements of income.

24. RELATED PARTY TRANSACTIONS (Cont'd)

b) Principal Subsidiaries

The consolidated financial statements include the accounts of Silver Standard Resources Inc. and our wholly-owned subsidiaries, the most significant of which are presented in the following table:

Subsidiary	Location	Ownership	Principal project
Pacific Rim Mining Corporation Argentina S.A.	Argentina	100%	Diablillos
Minera Silver Standard Chile S.A.	Chile	100% (1)	Challacollo
Silver Standard Durango, S.A. de C.V.	Mexico	100%	Pitarrilla
Silver Standard Exploraciones, S.A. de C.V.	Mexico	100%	Veta Colorada
Silver Standard Mexico, S.A. de C.V.	Mexico	100%	Nazas
Reliant Ventures S.A.C.	Peru	100%	San Luis
Sociedad Minera Berenguela S.A.	Peru	100%	Berenguela
Candelaria Mining Company	USA (Delaware)	100%	Candelaria
Maverick Silver Inc.	USA (Nevada)	100% (2)	Maverick Springs
Mina Pirquitas, Inc	USA (Delaware)	100%	Pirquitas

(1) On February 7, 2014, we completed the sale of Minera Silver Standard Chile S.A., the holder of the Challacollo property, to Mandalay.

(2) The Maverick Springs project is held in a joint venture in which we have a 55% interest, representing all of the silver resources hosted in the project.

25. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in working capital items during the year ended December 31, 2013 and 2012 are as follows:

Years ended December 31	2013	2012
		(restated note 2(u))
	$	$
Trade and other receivables	**(2,921)**	(38,273)
Inventory	**1,555**	18,679
Trade and other payables	**15,787**	23,270
	14,421	3,676

During the year ended December 31, 2013 and 2012 we conducted the following non-cash investing and financing transactions:

Years ended December 31	2013	2012
	$	$
Shares received for sale of mineral property	**25,420**	—
Transfer of share-based payment reserve upon exercise of stock options	**(56)**	(407)

26. EVENTS AFTER THE REPORTING DATE

Proposed acquisition of the Marigold Mine ("Marigold")

On February 2, 2014, we announced that we had entered into a definitive agreement pursuant to which we will acquire 100% of the Marigold Mine in Nevada, USA which is currently operated under a joint venture agreement between Goldcorp Inc. and Barrick Gold Corporation, for approximately $275 million, payable in cash. The purchase price will be satisfied from current cash reserves, the acquisition agreement is not conditional upon financing.

The purchase agreement includes typical closing conditions, including regulatory approvals. Closing of the transaction is expected to occur in the first half of 2014.

The acquisition will be treated as a business combination under IFRS 3, Business Combinations; the accounting for the transaction, including the allocation of the purchase price, will be completed once the transaction closes.

CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Smith, certify that:

1. I have reviewed this annual report on Form 40-F of Silver Standard Resources Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Dated: March 14, 2014

/s/ John Smith

John Smith

President and Chief Executive Officer

CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gregory J. Martin, certify that:

1. I have reviewed this annual report on Form 40-F of Silver Standard Resources Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Dated: March 14, 2014

/s/ Gregory J. Martin

Gregory J. Martin
Senior Vice President and
Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Silver Standard Resources Inc. (the "Company") on Form 40-F for the year ended December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Smith, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ John Smith

John Smith
President and Chief Executive Officer

Dated: March 14, 2014

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Silver Standard Resources Inc. (the "Company") on Form 40-F for the year ended December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory J. Martin, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Gregory J. Martin

Gregory J. Martin
Senior Vice President and Chief Financial Officer

Dated: March 14, 2014



CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the inclusion in the Annual Report on Form 40-F for the year ended December 31, 2013 of Silver Standard Resources Inc. ("**Silver Standard**"), filed with the United States Securities and Exchange Commission, of our report dated February 20, 2014 on the consolidated financial statements of Silver Standard, comprising the consolidated statements of financial position as at December 31, 2013 and December 31, 2012 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years ended December 31, 2013 and 2012; and on the effectiveness of the internal control over financial reporting of Silver Standard as of December 31, 2013.

We also consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-185498) of Silver Standard of our report dated February 20, 2014 referred to above.

/s/ PricewaterhouseCoopers LLP

Chartered Accountants
March 14, 2014

CONSENT OF EXPERT

I hereby consent to the use of and reference to my name, F. Carl Edmunds, and report, Technical Report for the San Luis Project Feasibility Study, Ancash Department, Peru dated June 4, 2010 (the "**Report**"), and the information contained in the Report that I reviewed and approved, as described or incorporated by reference in (i) Silver Standard Resources Inc.'s Annual Report on Form 40-F for the year ended December 31, 2013, and (ii) Silver Standard Resources Inc.'s Registration Statements on Form S-8 (File No. 333-185498), filed with the United States Securities and Exchange Commission.

Dated this 14th day of March, 2014.

Yours very sincerely,

/s/ F. Carl Edmunds
F. Carl Edmunds

CONSENT OF EXPERT

I hereby consent to the use of and reference to my name, Andrew W. Sharp, B.Eng., FAusIMM and reports, NI 43-101 Technical Report on the Pitarrilla Project, Durango State, Mexico dated effective December 14, 2012 and Technical Report for the San Luis Project Feasibility Study, Ancash Department, Peru dated June 4, 2010 (the "**Reports**"), and the information contained in the Reports that I prepared, or reviewed and approved, as described or incorporated by reference in (i) Silver Standard Resources Inc.'s Annual Report on Form 40-F for the year ended December 31, 2013, and (ii) Silver Standard Resources Inc.'s Registration Statements on Form S-8 (File No. 333-185498), filed with the United States Securities and Exchange Commission.

Dated this 14th day of March, 2014.

Yours very sincerely,

/s/ Andrew W. Sharp
Andrew W. Sharp, B.Eng., FausIMM

CONSENT OF EXPERT

I hereby consent to the use of and reference to my name, Trevor J. Yeomans, B.Sc. (Hons), ACSM, P.Eng. and reports, NI 43-101 Technical Report on the Pirquitas Mine, Jujuy Province, Argentina dated December 23, 2011, NI 43-101 Technical Report on the Pitarrilla Project, Durango State, Mexico dated December 14, 2012 and Technical Report for the San Luis Project Feasibility Study, Ancash Department, Peru dated June 4, 2010 (the "**Reports**"), and the information contained in the Reports that I prepared, or reviewed and approved, as described or incorporated by reference in (i) Silver Standard Resources Inc.'s Annual Report on Form 40-F for the year ended December 31, 2013, and (ii) Silver Standard Resources Inc.'s Registration Statements on Form S-8 (File No. 333-185498), filed with the United States Securities and Exchange Commission.

Dated this 14th day of March, 2014.

Yours very sincerely,

/s/ Trevor J. Yeomans
Trevor J. Yeomans, B.Sc. (Hons), ACSM, P.Eng.

CONSENT OF EXPERT

I hereby consent to the use of and reference to my name, Warwick S. Board, P.Geo. and report, NI 43-101 Technical Report on the Pirquitas Mine, Jujuy Province, Argentina dated December 23, 2011 (the "**Report**"), and the information contained in my Report, as described or incorporated by reference in (i) Silver Standard Resources Inc.'s Annual Report on Form 40-F for the year ended December 31, 2013, and (ii) Silver Standard Resources Inc.'s Registration Statements on Form S-8 (File No. 333-185498), filed with the United States Securities and Exchange Commission.

Dated this 14th day of March, 2014.

Yours very sincerely,

/s/ Warwick S. Board
Warwick S. Board, P.Geo.

CONSENT OF EXPERT

I hereby consent to the use of and reference to my name, R. Bruce Kennedy, P.E. and report, NI 43-101 Technical Report on the Pirquitas Mine, Jujuy Province, Argentina dated December 23, 2011 (the "**Report**"), and the information contained in my Report, as described or incorporated by reference in (i) Silver Standard Resources Inc.'s Annual Report on Form 40-F for the year ended December 31, 2013, and (ii) Silver Standard Resources Inc.'s Registration Statements on Form S-8 (File No. 333-185498), filed with the United States Securities and Exchange Commission.

Dated this 14th day of March, 2014.

Yours very sincerely,

/s/ R. Bruce Kennedy
R. Bruce Kennedy, P.E.

CONSENT OF EXPERT

I hereby consent to the use of and reference to my name, Kelly G. Boychuk, MBA, P.Eng., and report, NI 43-101 Technical Report on the Pitarrilla Project, Durango State, Mexico dated effective December 14, 2012 (the "**Report**"), and the information contained in my Report, as described or incorporated by reference in (i) Silver Standard Resources Inc.'s Annual Report on Form 40-F for the year ended December 31, 2013, and (ii) Silver Standard Resources Inc.'s Registration Statements on Form S-8 (File No. 333-185498), filed with the United States Securities and Exchange Commission.

Dated this 14th day of March, 2014.

Yours very sincerely,

/s/ Kelly G. Boychuk
Kelly G. Boychuk, MBA, P.Eng.

CONSENT OF EXPERT

I hereby consent to the use of and reference to my name, Dawn Garcia, P.G., C.P.G. and report, NI 43-101 Technical Report on the Pitarrilla Project, Durango State, Mexico dated effective December 14, 2012 (the "**Report**"), and the information contained in my Report, as described or incorporated by reference in (i) Silver Standard Resources Inc.'s Annual Report on Form 40-F for the year ended December 31, 2013, and (ii) Silver Standard Resources Inc.'s Registration Statements on Form S-8 (File No. 333-185498), filed with the United States Securities and Exchange Commission.

Dated this 14th day of March, 2014.

Yours very sincerely,

/s/ Dawn H. Garcia
Dawn H. Garcia, P.G., C.P.G.

CONSENT OF EXPERT

I hereby consent to the use of and reference to my name, Jeremy D. Vincent, B.Sc. (Hons), P.Geo. and report, NI 43-101 Technical Report on the Pitarrilla Project, Durango State, Mexico dated effective December 14, 2012 (the "**Report**"), and the information contained in my Report, as described or incorporated by reference in (i) Silver Standard Resources Inc.'s Annual Report on Form 40-F for the year ended December 31, 2013, and (ii) Silver Standard Resources Inc.'s Registration Statements on Form S-8 (File No. 333-185498), filed with the United States Securities and Exchange Commission.

Dated this 14th day of March, 2014.

Yours very sincerely,

/s/ Jeremy D. Vincent
Jeremy D. Vincent, B.Sc. (Hons), P.Geo.

CONSENT OF EXPERT

I hereby consent to the use of and reference to my name, Donald F. Earnest, P.G. and report, Technical Report for the San Luis Project Feasibility Study, Ancash Department, Peru dated June 4, 2010 (the "**Report**"), and the information contained in my Report, as described or incorporated by reference in (i) Silver Standard Resources Inc.'s Annual Report on Form 40-F for the year ended December 31, 2013, and (ii) Silver Standard Resources Inc.'s Registration Statements on Form S-8 (File No. 333-185498), filed with the United States Securities and Exchange Commission.

Dated this 14th day of March, 2014.

Yours very sincerely,

/s/ Donald F. Earnest
Donald F. Earnest, P.G.

CONSENT OF EXPERT

I hereby consent to the use of and reference to my name, Michael J. Lechner, P.Geo. and report, Technical Report for the San Luis Project Feasibility Study, Ancash Department, Peru dated June 4, 2010 (the "**Report**"), and the information contained in my Report, as described or incorporated by reference in (i) Silver Standard Resources Inc.'s Annual Report on Form 40-F for the year ended December 31, 2013, and (ii) Silver Standard Resources Inc.'s Registration Statements on Form S-8 (File No. 333-185498), filed with the United States Securities and Exchange Commission.

Dated this 14th day of March, 2014.

Yours very sincerely,

/s/ Michael J. Lechner
Michael J. Lechner, P.Geo.

CONSENT OF EXPERT

I hereby consent to the use of and reference to my name, Steve L. Milne, P.E. and report, Technical Report for the San Luis Project Feasibility Study, Ancash Department, Peru dated June 4, 2010 (the "**Report**"), and the information contained in my Report, as described or incorporated by reference in (i) Silver Standard Resources Inc.'s Annual Report on Form 40-F for the year ended December 31, 2013, and (ii) Silver Standard Resources Inc.'s Registration Statements on Form S-8 (File No. 333-185498), filed with the United States Securities and Exchange Commission.

Dated this 14th day of March, 2014.

Yours very sincerely,

/s/ Steve L. Milne
Steve L. Milne, P.E.

CONSENT OF EXPERT

I hereby consent to the use of and reference to my name, Robert M. Robb, P.E. and report, Technical Report for the San Luis Project Feasibility Study, Ancash Department, Peru dated June 4, 2010 (the "**Report**"), and the information contained in my Report, as described or incorporated by reference in (i) Silver Standard Resources Inc.'s Annual Report on Form 40-F for the year ended December 31, 2013, and (ii) Silver Standard Resources Inc.'s Registration Statements on Form S-8 (File No. 333-185498), filed with the United States Securities and Exchange Commission.

Dated this 14th day of March, 2014.

Yours very sincerely,

/s/ Robert M. Robb
Robert M. Robb, P.E.

CONSENT OF EXPERT

I hereby consent to the use of and reference to my name, Clinton Strachan, P.E. and report, Technical Report for the San Luis Project Feasibility Study, Ancash Department, Peru dated June 4, 2010 (the "**Report**"), and the information contained in my Report, as described or incorporated by reference in (i) Silver Standard Resources Inc.'s Annual Report on Form 40-F for the year ended December 31, 2013, and (ii) Silver Standard Resources Inc.'s Registration Statements on Form S-8 (File No. 333-185498), filed with the United States Securities and Exchange Commission.

Dated this 14th day of March, 2014.

Yours very sincerely,

/s/ Clinton Strachan
Clinton Strachan, P.E.