

Mineral Industry Surveys

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SILVER IN MARCH 2006

U.S. mines produced 100,000 kilograms (kg) of silver in March, about a 17% increase compared with February production of 85,500 kg, according to the U.S. Geological Survey. U.S. silver production decreased by 12% compared with March 2005 production of 113,000 kg.

Silver production for the first quarter of 2006 was 274,000 kg, a 7% decrease compared with first quarter 2005 production of 296,000 kg of silver.

Engelhard Industries' average silver price for March was \$10.42 per troy ounce, about a 9% increase from the average February price of \$9.55 per troy ounce, and 43% more than the average March 2005 price of \$7.27 per troy ounce.

In anticipation of the startup of Barclays Global Investors International, Inc.'s silver exchange traded fund (ETF), March silver prices rose to more than \$11 per ounce, a price not seen since 1983. In order to back its ETF, Barclays planned to buy large amounts of bullion and planned to trade the ETF on the American Stock Exchange, with each share representing 10 ounces of silver. The prospect of the ETF is most likely the reason for higher silver prices as there is neither a silver supply shortage nor increased jewelry demand (Davis, 2006).

Coeur d'Alene Mines Corporation (Coeur d'Alene, ID) reported record net income of \$14.3 million and a cash cost of \$3.94 per ounce of silver for the first quarter of 2006. Coeur signed an agreement to sell 100% of its shares in Coeur Silver Valley (CSV) to U.S. Silver Corporation (Wilmington, DE) for \$15 million, and Coeur expects the sale to close by June 1, 2006. Silver production at Coeur's Rochester Mine in Nevada was up modestly compared with production during the first quarter of 2005 (Coeur d'Alene Mines Corporation, 2006^{§1}).

Hecla Mining Company (Coeur d'Alene, ID) reported that in the first quarter of 2006, 37,000 kg (1.2 million ounces) of silver were produced at an average cash cost of \$2.05 an ounce, a 21%

decrease in production cost compared with that of the same period of 2005. Of the total silver mined by Hecla during the first quarter, 19,000 kg (614,094 ounces) came from the Greens Creek Mine in Alaska (Hecla Mining Company, 2006[§]).

New Jersey Mining Company (Kellogg, ID) updated its mine plan for the Silver Strand Mine, which is expected to commence production in the second quarter of 2006. Increased silver and gold prices are expected to result in a net smelter return of \$150 per metric ton of ore. The Silver Strand Mine contains reserves of silver-gold ore that will be shipped to the company's mill near Kellogg, ID (New Jersey Mining Company, 2006[§]).

Industrias Peñoles, S.A. de C.V. (Mexico City, Mexico), the world's leading producer of silver and one of Mexico's most diverse mining companies, reported that net income for the first quarter 2006 rose 100.9% compared with income in the first quarter 2005. Peñoles reported production of 756,000 kg (24,300,593 ounces) of silver in the first quarter of 2006 (Industrias Peñoles, S.A. de C.V., 2006[§]).

Reference Cited

Davis, Ann, 2006, Silver seduces the crowd, again: Wall Street Journal, The, March 31, p. C1, C5.

Internet References Cited

Coeur d'Alene Mines Corporation, 2006 (May 8), Coeur reports results for the first quarter of 2006, accessed May 10, 2006, via URL <http://www.coeur.com>.

Hecla Mining Company, 2006 (May 3), Hecla first quarter 2006 earnings top \$38 million, decrease in silver cash production costs, accessed May 10, 2006, via URL <http://www.hecla-mining.com>.

Industrias Peñoles, S.A. de C.V., 2006 (May 2), Industrias Peñoles reports record results for a quarter, accessed May 10, 2006, via URL <http://www.penoles.com.mx>.

New Jersey Mining Company, 2006, (February 9), New Jersey Mining Company to start silver production, accessed April 25, 2006, via URL <http://newjerseymining.com>.

¹References that include a section mark (§) are found in the Internet References Cited section.

TABLE 1
MINE PRODUCTION OF RECOVERABLE SILVER
IN THE UNITED STATES¹

	Kilograms
2005^P:	
March	113,000
April	99,200
May	95,500
June	107,000
July	94,800
August	99,100
September	99,100
October	90,500 ^r
November	94,100 ^r
December	100,000 ^r
January-December	<u>1,230,000 ^r</u>
2006:	
January	87,900 ^r
February	85,500 ^r
March	100,000
January-March	<u>274,000</u>

^PPreliminary. ^rRevised.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

TABLE 2
SILVER PRICES

(Dollars per troy ounce)

<u>Engelhard Industries:</u>	
<u>2005:</u>	
Low/date	6.42 Jan. 4
High/date	9.17 Dec. 12
Average	7.34
<u>2006:</u>	
<u>January:</u>	
Low/date	8.85/5 and 18
High/date	9.87/31
Average	9.18
<u>February:</u>	
Low/date	9.21/16
High/date	9.88/2
Average	9.55
<u>Year to date:</u>	
<u>March:</u>	
Low/date	9.81/8
High/date	11.67/31
Average	10.42
<u>Year to date:</u>	
Low/date	8.85 Jan. 5 and 18
High/date	11.67 Mar. 31
Average	9.71
<u>Handy and Harman:</u>	
2005, Average	7.34
<u>2006:</u>	
January	9.18
February	9.52
March	10.38
Year to date	9.69
<u>London Final:¹</u>	
2005, Average	7.32
<u>2006:</u>	
January	9.15
February	9.53
March	10.38
Year to date	9.69

¹Reported as "London Spot/US Equiv."

Source: Platts Metals Week.

TABLE 3
U.S. IMPORTS OF SILVER, BY COUNTRY¹

Period and country	Bullion		Dore		Ores and concentrates ²		Ash and residues		Total	
	Silver content (kilograms)	Value (thousands)	Silver content (kilograms)	Value (thousands)	Silver content (kilograms)	Value (thousands)	Silver content (kilograms)	Value (thousands)	Silver content (kilograms)	Value (thousands)
2005:										
December	339,000	\$92,900	21,200	\$8,410	--	--	454	\$103	361,000	\$101,000
Year	3,880,000	902,000	300,000	89,500	433	\$318	2,630	769	4,180,000	993,000
2006:										
January	416,000	112,000	20,300	8,570	--	--	355	92	436,000	121,000
February:										
Australia	1,910	693	--	--	--	--	--	--	1,910	693
Canada	145,000	44,600	--	--	--	--	--	--	145,000	44,600
Chile	3,100	929	--	--	--	--	--	--	3,100	929
Colombia	--	--	627	193	--	--	--	--	627	193
Honduras	--	--	67	20	--	--	--	--	67	20
Italy	--	--	32	13	--	--	--	--	32	13
Mexico	143,000	43,700	12,200 ³	6,350	--	--	--	--	155,000	50,100
Panama	28 ³	14	--	--	--	--	--	--	28	14
Peru	54,500	17,100	8,860	2,690	--	--	--	--	63,400	19,800
Taiwan	--	--	--	--	--	--	219	50	219	50
Total	347,000	107,000	21,800	9,270	--	--	219	50	369,000	116,000
Year to date	763,000	219,000	42,100	17,800	--	--	575	143	806,000	237,000

-- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes silver content of base metal ores and concentrates.

³All or part of these data have been referred to the U.S. Census Bureau for verification.

Source: U.S. Census Bureau.

TABLE 4
U.S. IMPORTS OF SILVER, BY COUNTRY¹

Period and country	Other unwrought silver (gross weight)		Metal powder (gross weight)		Silver nitrate (gross weight)		Semimanufactured forms ² (gross weight)		Waste and scrap (gross weight)	
	Quantity (kilograms)	Value (thousands)	Quantity (kilograms)	Value (thousands)	Quantity (kilograms)	Value (thousands)	Quantity (kilograms)	Value (thousands)	Quantity (kilograms)	Value (thousands)
2005:										
December	28,300	\$6,270	2,610	\$670	--	--	2,340	\$603	276,000	\$11,500
Year	357,000	80,400	29,300	6,990	669	\$118	180,000	39,700	4,170,000	19,100
2006:										
January	34,500	10,000	1,280	261	--	--	17,400	4,850	168,000	13,100
February:										
Australia	--	--	--	--	--	--	--	--	3,050	3
Brazil	--	--	--	--	--	--	1,860	446	8,190	289
Canada	6,620 ³	2,150	3 ³	3	--	--	556 ³	89	37,500	1,420
China	--	--	--	--	--	--	--	--	902	269
Costa Rica	--	--	--	--	--	--	--	--	4,470	115
Dominican Republic	--	--	--	--	--	--	--	--	34	103
France	--	--	24 ³	4	--	--	--	--	67,100	751
Germany	--	--	157	55	--	--	3,830	1,220	375	737
Guatemala	--	--	--	--	--	--	--	--	29	288
Honduras	--	--	--	--	--	--	--	--	3	2
India	28 ³	6	--	--	--	--	13	3	20,700	98
Jamaica	--	--	--	--	--	--	--	--	31	30
Japan	--	--	163 ³	33	--	--	--	--	19,200	2,620
Jordan	--	--	--	--	--	--	--	--	180	42
Korea, Republic of	--	--	--	--	--	--	--	--	3,740	449
Mauritius	--	--	--	--	--	--	--	--	16	5
Mexico	37,200	11,300	--	--	--	--	1 ³	7	21,400	2,930
Peru	--	--	--	--	--	--	29,300	8,500	--	--
Philippines	--	--	--	--	--	--	--	--	2	37
Switzerland	42 ³	7	20 ³	3	--	--	--	--	--	--
Taiwan	--	--	--	--	--	--	--	--	2,950	394
Thailand	--	--	--	--	--	--	--	--	1,070	13
United Kingdom	--	--	--	--	500 ³	86	--	--	17,300	1,420
Total	43,900	13,500	367	99	500	86	35,600	10,300	208,000	12,000
Year to date	78,400	23,500	1,650	360	500	86	53,000	15,100	377,000	25,100

-- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Containing 99.5% or more by weight of silver.

³All or part of these data have been referred to the U.S. Census Bureau for verification.

Source: U.S. Census Bureau.

TABLE 5
U.S. EXPORTS OF SILVER¹

Period and country	Bullion		Dore		Ores and concentrates ²		Total	
	Silver content (kilograms)	Value (thousands)	Silver content (kilograms)	Value (thousands)	Silver content (kilograms)	Value (thousands)	Silver content (kilograms)	Value (thousands)
2005:								
December	2,780	\$721	9,830	\$2,390	120	\$24	12,700	\$3,130
Year	166,000	45,900	132,000	35,000	3,680	834	302,000	81,700
2006:								
January	23,900	6,370	7,240	2,110	1,850	3,520	33,000	12,000
February:								
Armenia	--	--	--	--	40	10	40	10
Canada	2,990	853	--	--	--	--	2,990	853
Guatemala	140	43	--	--	--	--	140	43
Mexico	155 ³	49	--	--	--	--	155	49
Norway	--	--	228	69	--	--	228	69
Spain	--	--	356	115	--	--	356	115
Switzerland	--	--	6,380	1,960	--	--	6,380	1,960
Trinidad and Tobago	--	--	--	--	28	11	28	11
United Kingdom	--	--	120	45	--	--	120	45
Total	3,280	945	7,090	2,190	68	20	10,400	3,150
Year to date	27,200	7,320	14,300	4,290	1,920	3,540	43,400	15,200

-- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes silver content of base metal ores and concentrates.

³All or part of these data have been referred to the U.S. Census Bureau for verification.

Source: U.S. Census Bureau.

TABLE 6
U.S. EXPORTS OF SILVER¹

Period and country	Other unwrought silver (gross weight)		Metal powder (gross weight)		Silver nitrate (gross weight)		Semimanufactured forms ² (gross weight)		Waste and scrap (gross weight)	
	Quantity (kilograms)	Value (thousands)	Quantity (kilograms)	Value (thousands)	Quantity (kilograms)	Value (thousands)	Quantity (kilograms)	Value (thousands)	Quantity (kilograms)	Value (thousands)
2005:										
December	1,470	\$377	78,700	\$13,400	4,280	\$245	23,100	\$4,020	343,000	\$63,700
Year	20,600	5,290	809,000	139,000	56,600	4,180	308,000	54,500	2,880,000	576,000
2006:										
January	3,980	924	81,400	13,900	2,240	193	25,900	4,550	281,000	56,400
February:										
Austria	--	--	--	--	--	--	212 ³	36	--	--
Belgium	--	--	167 ³	35	--	--	--	--	4,330	1,350
Brazil	--	--	--	--	281 ³	10	--	--	1,290	168
Canada	994 ³	299	2,800 ³	481	5,710 ³	180	13,300 ³	2,290	75,800	10,500
China	144 ³	48	505	86	1,120 ³	168	546 ³	98	50,200	7,450
France	30 ³	5	3,730 ³	635	--	--	1,000 ³	183	--	--
Germany	126	48	12,000 ³	2,040	17	5	1,820 ³	309	96,700	13,100
Hong Kong	--	--	5,060 ³	859	--	--	1,350 ³	230	1,680	273
Israel	--	--	--	--	--	--	187 ³	32	--	--
Italy	--	--	--	--	--	--	108 ³	18	48,700	15,700
Japan	63	25	18,900 ³	3,230	--	--	499 ³	85	393	4,520
Korea, Republic of	--	--	12,400 ³	2,110	--	--	--	--	5,020	652
Malaysia	--	--	--	--	--	--	256 ³	47	--	--
Mexico	100 ³	25	--	--	66 ³	19	3,510 ³	651	--	--
Netherlands	--	--	8 ³	5	--	--	1,780 ³	306	--	--
Philippines	--	--	--	--	--	--	138 ³	23	--	--
Saudi Arabia	--	--	--	--	--	--	--	--	12,700	1,650
Singapore	--	--	4,210 ³	716	--	--	1,030 ³	175	78	10
Spain	--	--	--	--	--	--	2,390 ³	405	--	--
Suriname	--	--	--	--	--	--	--	--	108	14
Sweden	--	--	3,640 ³	618	--	--	--	--	2,810	1,650
Switzerland	34 ³	7	587 ³	100	--	--	120 ³	24	--	--
Taiwan	--	--	22,300 ³	3,800	--	--	693 ³	118	5,760	603
Thailand	--	--	--	--	--	--	622 ³	108	--	--
United Arab Emirates	--	--	1,030 ³	175	--	--	29 ³	5	--	--
United Kingdom	--	--	9,770 ³	1,680	--	--	426 ³	72	25	50
Other	51 ³	28	53 ³	10	24 ³	4	89 ³	17	46	6
Total	1,540	486	97,200	16,600	7,210	386	30,100	5,230	306,000	57,700
Year to date	5,520	1,410	179,000	30,500	9,450	579	56,000	9,790	587,000	114,000

-- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Containing 99.5% or more by weight of silver.

³All or part of these data have been referred to the U.S. Census Bureau for verification.

Source: U.S. Census Bureau.