



Silver Users Association

Washington Report

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Market Watch: Silver Price

Comex Spot Settlement

Month	High	Low	Avg.
January	6.85	6.43	6.63
February	7.52	6.55	7.07
March	7.60	6.91	7.27
April	7.33	6.90	7.13
May	7.44	6.84	7.05
June	7.53	7.03	7.31
July	7.24	6.83	7.02
August	7.28	6.69	7.01
September	7.50	6.94	7.18
October			
November			
December			

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This Month's Newsletter is Sponsored by:



Association News:

- **Press Releases:** Please send us your press releases and/or company announcements, so that we can include them in SUA's monthly newsletter.
- **Web Site:** Take a look at the web site at: <http://www.silverusersassociation.org/directory/index.shtml>

MEETINGS:

SUA Spring Meeting to be announced shortly. Plan to join us in May 2006.

Note:

- **Please send us any updates to your company profile so that we can update our records and web site.**
- **If you are interested in sponsoring the newsletter, please e-mail Paul Miller today at pmiller@mwcapitol.com**

Silver Users Association Reaffirms Its Position On A Silver ETF

At its October meeting in Washington, DC, the Silver Users Association reaffirmed its opposition to a silver ETF.

“This issue has received a lot of attention recently and we are glad”, stated Paul Miller, executive director of the SUA. “However, we do need to clarify, the SUA has not petitioned or “lobbied” the SEC in opposition of the ETF as reported in the press”, Miller added. “All we have done is issued a policy statement to our members on the official association position”, claimed Miller.

The Silver Users Association issued a policy statement earlier this summer opposing the issuance of a silver ETF. SUA opposes the creation of a silver ETF because of the concerns that doing so will require the holding of physical silver in allocated accounts, thus removing large amounts of silver from the market. By doing so, the ETF most likely would cause a shortage of silver in the marketplace. This removal of large quantities of physical silver could have a negative impact on silver-industry specific employment as well as the overall economy, both through job losses and inflation.

The Silver Users Associations supports the buying and selling of silver as an investment. There are already several ways to do so without creating a potentially harmful situation to industry. We don't endorse a silver ETF because of the potential liquidity problems it would create. The SUA urges the SEC to take these issues into consideration before it decides whether or not to issue a silver ETF.

Cons to the ETF on investors:

- Unlike stock based funds, commodity ETF's have storage and handling costs;
- Only institutions and the extremely wealthy can deal directly with the ETF sponsors (others must buy through a broker);
- ETF could potentially trade above or below the value of the underlying portfolios; and
- There are still taxation issues for commodity ETF's.

“This is not about the SUA trying to “manipulate” silver prices as suggested by some, this is about stability in a market that is not liquid enough to handle this type of ETF”, claimed Miller. “We continue to be concerned that if a silver ETF is approved by the SEC that it will mean an instability in the silver market, which will cost jobs. For our member companies the key here is keeping jobs in their companies. We believe at this time a silver ETF would translate into lost jobs, which is not good for the company, the employee, the community, the consumer, or overall economy of this country”, Miller concluded.

For more information on the SUA's reaffirmed position, log onto its website at www.silverusersassociation.org and click on Public Policy.

Acquisition Creates Top Nickel Producer

Inco has agreed to pay nearly \$11 billion in cash and stock for Falconbridge in a deal between two of Canada's top mining companies that will form the world's largest nickel producer.

Inco is the world's second-largest producer of nickel, which is used primarily for manufacturing stainless steel and batteries. Falconbridge is one of the world's top miners and smelters of copper and nickel. The companies estimated their combined nickel production for 2005 to 735 million pounds, which is forecast to grow to one billion pounds by 2009.

Ames Goldsmith and Solar form a Joint Venture in Taiwan for Silver Catalyst Refining and Metal Powders

Ames Goldsmith, a privately owned world leader in the refining of Spent Ethylene Oxide (EO) Catalysts and supplier of silver products with manufacturing operations in Glens Falls, NY, Cranston, RI, and Institute, WV, and Solar, a company publicly listed in Taiwan with manufacturing operations in Tainan, Taiwan, and in Kunshan, People's Republic of China, a world leader in sputtering targets, a refiner of precious metals and manufacturer of precious metals products, have incorporated an equally owned joint venture company in Taiwan under the name *Ames Solar Applied Silver Materials Corp.*

Ames Solar Applied Silver Materials will offer customers in East Asia locally the recovery of silver from spent EO catalysts, silver chemicals as well as metal powders and flakes.

The new company will provide the chemical industry in East Asia the first local state of the art EO catalyst refining operation, so that customers in the region have the opportunity to witness sampling locally, reduce transportation efforts, time and costs and most importantly to reduce their financing requirements significantly. Ames Solar Applied Silver Materials is presently sampling spent catalysts in a modern, automated sampling line in Tainan/Taiwan. The refining operations will start production at the end of the first quarter 2006 and will be located in a new factory in the Tainan Environmental and Science Technology Park.

The product portfolio of the company will include silver chemicals such as silver oxide and silver nitrate, including products meeting tightest specifications of the photographic industry, and metal powders and flakes for various electronic applications. Ames Solar Applied Silver Materials will serve existing customers of Ames as well as new customers in the region with fast and flexible local applied technology support, product development and manufacturing. Electronic materials produced by Ames will be stocked and distributed locally later this year, to be followed by production in Taiwan by 2007.

Dr. Friedhelm Schoene, highly experienced in the precious metals industry, will lead Ames Solar Applied Silver Materials in Taiwan as President and will be responsible for the planned expansion of its operations into the People's Republic of China.

Further information and contacts:

Ron Davies ronval@earthlink.net +1 518 792 5808

Friedhelm Schoene fschoene@solartech.com.tw +886 6 698 7612 Ext. 287

House Passes Frivolous Lawsuit Legislation

Earlier this month the House passed H.R. 420, the Lawsuit Abuse Reduction Act. This marks the third approval in two weeks of vital legislation aimed at boosting manufacturers' bottom line by curbing lawsuit abuses that endanger all of American business.

H.R. 420 joins last week's NAM-backed wins on H.R. 554, the Personal Responsibility in Food consumption Act; and S. 397, the Protection of Lawful Commerce in Arms Act. The fate of H.R. 420 and H.R. 554 will be up to the Senate, where passage of legal reform measures is more difficult because of the requirement of a supermajority (60 votes) to end debate on controversial legislation. The SUA will do everything it can to ensure that both bills are successful in the Senate. S. 397 was signed into law by President Bush yesterday.

All told, the bills give momentum to the SUA's work in Congress to help control abuses that work against American competitiveness. Tort litigation cost the U.S. economy \$246 billion in 2003, which amounts to more than 2 percent of our country's GDP – double the average of other industrialized countries.

H.R. 420 targets frivolous lawsuits, which are often brought for the purpose of trying to coerce a settlement. Meaningful sanctions need to be imposed against attorneys who bring these suits. In addition, some jurisdictions have opened their courthouse doors to lawsuits that have no relationship to the locale. These venues typically favor plaintiffs over out-of-state corporations.

In 1993, rules governing frivolous lawsuits were changed to make sanctions for filing such litigation discretionary. These changes also created a 21-day "safe harbor," whereby no sanctions would be imposed if the lawsuit was withdrawn. H.R. 420 eliminates the "safe harbor," makes sanctions mandatory and allows for the reimbursement of defense costs. It would also discourage "forum shopping" by requiring lawsuits to have a relationship with the jurisdiction in which they are filed.

Question Whether There Has Been a Reduction In Silver Recovery

It appears a number of discussions have been had with processors and silver recovery equipment vendors on the topic of lower silver yields and it appears based on these conversations that the consensus is that the amount of silver being recovered has decreased.

While the facts supporting this statement have yet to be proven, the discussions have centered on several possible reasons for the reduction in silver available for recovery. Those include less film being processed; a reduction in available silver in both film and paper; and possible changes in the chemical characteristics for photo-processing effluent attributed to increased digital prints.

While the silver concentration decrease has yet to be confirmed with analytical data, common silver concentrations before recovery now stand at 1.2 grams per liter. If this is true, this represents up to 40 percent reduction over previous levels (commonly thought to be 2 grams per liter).

Small Firms Get More Time on Sarbanes-Oxley Rules

The Securities and Exchange Commission yesterday gave small companies one more year to comply with costly rules that require them to assess the adequacy of their financial controls.

The 5 to 0 vote marked the first public meeting chaired by the agency's new leader, former Republican lawmaker Christopher Cox. It was also the second time the commission has approved a grace period for small businesses, which complain they have fewer resources to undergo the expensive reviews.

The meeting, which lasted nearly three hours, underscored the SEC's attempts to balance the need for investor-friendly regulation with the expense the rules impose on industry.

A small-business advisory group created by the SEC had pushed for a delay in the control rules mandated by the Sarbanes-Oxley Act. Under the plan, public companies with a market capitalization of less than \$75 million will have until July 2007 to review their financial controls.

Also, yesterday, the SEC agreed to tighten deadlines for the largest public companies to release their financial reports at year-end. Businesses with public market capitalization of more than \$700 million must file annual reports within 60 days of their fiscal year-end, down from 75 days. The plan will be released for public comment and must be approved by a final vote before it takes effect.

Separately, the agency voted 5 to 0 to issue a proposal that would describe in greater detail the ways mutual fund investment advisers could use investors' money to pay for market research and support.

The proposal would make clear that commissions could be used only to pay for advice, analysis and reports with intellectual or informational content. Cox said the plan was designed to cut back on practices of "sometimes breathtaking audacity" in which money managers used so called soft-dollar fees to cover club dues, rent, telephone service and entertainment expenses.

The SEC has been trying to improve transparency in the mutual fund industry after a series of scandals exposed abusive trading practices. The proposal released yesterday, subject to a 30-day comment period, would amend language dating back nearly three decades that offered money managers a "safe harbor" for advisers who shunt a portion of their commissions to pay for reasonable services related to brokerage and research.

The meeting was mostly devoid of the bickering that characterized the final months of former SEC chairman William H. Donaldson's tenure. Donaldson drew barbs from Republican legislators for casting his vote with the agency's two Democrats on several controversial issues.

Scrap Recyclers Adopt New Policy Promoting Electronics Recycling, Design

A new policy on electronics recycling adopted by the Institute of Scrap Recycling Industries and promotes manufacturer financial responsibility and encourages improving product design to encourage recycling rather than disposal, ISRI officials told reporters in August.

The institute represents more than 1,200 companies that process, broker, and consume scrap commodities, including metals, paper, plastics, glass, rubber, electronics, and textiles. Its aim is to promote public awareness of the value and importance of recycling.

ISRI said it also was establishing a coalition of business and environmental organizations to address the recycling of what it calls "e-scrap."

Billy Johnson, ISRI manager of legislative and regulatory affairs told reporters that about one-fourth of the institute's members currently recycle electronic products and the list is growing rapidly. He said the board agreed to adopt a formal policy July 16 because of this growing membership and the increasing need to recycle electronic products and divert them from landfills.

Eric Harris, ISRI's director of government affairs said the institute believes electronics producers should "internalize" recycling costs through design adjustments or absorbing the costs of collecting, transporting, and recycling electronics rather than have consumers pay additional fees.

"In theory we think this encourages greater responsibility on the part of manufacturers to better design for recycling," Harris said.

Much of the debate on Capitol Hill and in other arenas has been on how to finance an electronics collection and recycling system, Johnson said. While important, he said, ISRI also wants to emphasize the importance of how these products will be used, what makes a sustainable products, in essence, the recycling process itself.

Focus on Process. While the institute supports producer responsibility, it also supports ending this responsibility as well consumer advance recycling fees “as soon as practicable,” according to the policy statement.

The goal, Harris said, is that the design of electronics will improve enough so they will have value to the recycler and can be recycled at no additional cost. “We think what this is all about is how best to recycle these commodities,” he said.

The institute’s policy statement also includes a ban on the disposal of recyclable electronics.

Harris said the institute supports portions of several pending bills aimed at encouraging electronics recycling, but has not formally endorsed legislation. Instead, he said, ISRI is developing model legislation it intends to present to Congress before the end of the year.

“Current legislative efforts have been far too focused on the costs of recycling e-scrap,” Harris said. “Effective legislation will address the e-scrap issue from all sides, including design, manufacturing, demanufacturing, and environmental impacts, as well as economic impacts.”

ISRI members and staff will visit with state and national legislators in coming weeks to introduce the policy and provide support for legislation to improve electronics recycling, the institute said.

Great Panther Resource Limited Acquires Gold-Silver Mines

Great Panther Resource announced that it has signed the formal purchase agreement for a 100% interest in a group of producing silver-gold mines in Guanajuato, Mexico. The three principal mines in Great Panther’s acquisition, the Valenciana, Cata and Rayas, occupy the heart of the 25 kilometre long Veta Madre (Mother Lode) structure that controls the majority of the silver-gold mineralization in the Guanajuato District. Silver was discovered in the area in 1548 and historic production for the district is estimated at 1.12 billion ounces of silver and 5.63 million ounces of gold.

Epithermal silver-gold mineralization in the mine complex is found in quartz veins and large stockwork bodies within the Veta Madre structure. These stockworks can reach widths of 30 metres or more and locally exceed 100 metres in strike length and down-dip extent allowing for bulk tonnage underground mining methods to be used. In some parts of the deposit, copper mineralization occurs in sufficient quantities to be recovered as a byproduct.

Great Panther is buying the mines from the last mining cooperative in Mexico, the Sociedad Cooperativa Minero Metalurgica Santa Fe de Guanajuato (the “Cooperative”). The Cooperative has operated the mines for the last 65 years but has had little need to conduct much exploration due to the size and richness of the deposit. Production has been quite variable and the plant last operated at full capacity in 1991 when 324,800 tonnes were milled resulting in the production of more than 900,000 ounces of silver and 8,600 ounces of gold. In 1994, with a reduced throughput, higher grades allowed the mine to produce more than 1.5 million ounces of silver and 11,000 ounces of gold. It is Great Panther’s objective to restore the plant to its full capacity.

In recent years, the operation has had little working capital and no holes have been drilled since 2000. There has been minimal grade control and there is no systematic mine plan in place, resulting in steadily declining production to the point where, this year, the plant has only been operating at about 20% capacity. Under these circumstances, mill feed has

been sought in areas with easy access rather than in areas with 'defined' ore reserves, even if the grade was below mine cut-off.

Limited drilling from the 1980's and 1990's, however, indicates that silver-gold mineralization continues to depth under the existing workings and, in some areas, it appears that grades may be improving with depth. Based upon this work, a "reserve" and "resource" estimation, representing a possible 4.7 million ounces of silver and 38,000 ounces of gold was completed in 2000 by the Cooperative and reported the following estimates:

The total purchase price for the Guanajuato mine complex is US\$7,250,000 which includes 1,107 hectares in 2 main properties, the 1,200 tonne per day plant, workshops and administration facilities, complete mining infrastructure, mining equipment, and certain surface rights (real estate). The Company has paid US\$1,450,000 to the Vendors and will pay an additional US\$5,800,000 in staged payments over the next 13 months. A technical report covering the acquisition (compliant with NI 43-101) has been filed with the TSX Venture Exchange and the BC Securities Commission. The TSX Venture Exchange has granted conditional approval on the transaction.

With this acquisition, Great Panther Resources Limited has firmly established itself as an emerging silver producer and is continuing its aggressive growth strategy focused on the exploration and development of silver and gold projects in Mexico. Great Panther's goal is to become one of the top five primary silver producers in the world. Robert F. Brown, P.Eng., Vice President of Exploration for Great Panther, is the Qualified Person for all of Great Panther's projects under the meaning of National Instrument 43-101 and has reviewed this news release.

