



CPM Group

Precious Metals and Commodities

Research, Consulting, Asset Management, and Investment Banking

PRESS RELEASE

**EMBARGOED UNTIL 9:00 A.M. EDT
25 April 2006**

CPM Group's 2006 Silver Yearbook Released

NOTE: Copies of the **Silver Yearbook** are available to the press. These reports may be requested in both printed and bound, and Acrobat PDF format. They may be requested for receipt prior to the release time of 9:00 a.m. EDT on 25 April 2006, but they are to be treated as embargoed until that release time. Request reports at info@cpmgroup.com.

New York, NY, 25 April 2006 Silver prices have risen sharply, both in 2005 and in the first four months of 2006. The forces behind these increases primarily reflect a fundamental shift in the silver market, in that old-line investors that have been net sellers of silver bullion over the past 16 years are reducing their sales, while other investors are increasing their new purchases of silver. As a result, the net flow of silver from investor stocks that has characterized the past 16 years drew to a close in 2005, and is being replaced by a new cycle of net silver purchases by investors. In this way, the next several years may resemble the 1980s more than the 1990s or early 2000s in the silver market. This is one of the key conclusions of **CPM Group's Silver Yearbook 2006**, released today by CPM Group and John Wiley & Sons, publishers.

CPM Group outlined some of the broad changes that were underway in the silver market in its 2005 **Silver Survey**. That report focused on the influx of new investors into the silver market, which was seen as of growing importance to the market. Many of these investors are familiar with the equity and fixed income markets, and are seeking greater detail and transparency in the silver market. These trends have accelerated in the silver market over the course of 2005 and early 2006, a fact that has been the basis for the sharp increase in silver prices since early 2005. The 2006 **Yearbook** further details the many changes now underway in the silver market, from mine production increasing to lower fabrication demand and rising investor demand.

Silver prices (basis the Comex nearby active futures contract) rose 9.7% from an average of \$6.70 in 2004 to \$7.35 in 2005. In the first quarter of 2006 silver prices averaged \$9.78, up 39.5% from the similar period last year.

The physical silver market operated in a deficit for the sixteenth consecutive year in 2005, with newly refined supplies falling short of industrial demand by 15.7 million ounces. This reflects a narrowing of the deficit from its peak of 194.9 million ounces in 1997. During the 16 years from 1990 through 2005, the cumulative net deficit was around 1.96 billion ounces. A net surplus is projected for 2006, which could total 48.4 million ounces.

Total supply rose 5.1% to 790.7 million ounces in 2005. In 2006, supplies could rise 3.0% to 814.1 million ounces. Mine production continued to rise in 2005, increasing 1.7% to 529.6 million ounces last year. In 2006, mine output could increase 2.9% to 545.0 million ounces.



Secondary supply increased 4.4% to 226.1 million ounces last year. In 2006, secondary supply could expand 4.9% to 237.1 million ounces.

Government disposals of silver more than tripled to 35.0 million ounces in 2005. This metal flow represented sales by the Reserve Bank of India. In 2006, the Indian government may sell another 32.0 million ounces, according to the report. The Reserve Bank of India had 67.5 million ounces of silver in its reserves going into 2005. It may complete selling these inventories during 2006.

Industrial demand for silver rose 0.7% last year, to 806.4 million ounces. The increase was centered on a sharp increase in silver use in electroplated jewelry and decorative objects in India, where solid silver items had become too expensive, prompting a massive shift to less expensive electroplated products.

Demand is expected to decline 5.0% to 765.7 million ounces in 2006. The photographic sector experienced a 14.2% decline to 208.2 million ounces last year. A 12.3% decrease to 182.5 million ounces in the photographic sector is expected for 2006. Demand for jewelry and silverware more than offset the decline in photography in 2005, with demand in this sector rising 19.0% to 288.8 million ounces. This year jewelry and silverware demand is expected to consume 271.6 million ounces, down 6.0%.

The net flow of metal into and out of the transitional economies shifted importantly in 2005. In 2005 net imports are estimated to have totaled 10.0 million ounces. This represents a shift from net exports of 5.0 million ounces in 2004. In 2006, net imports from the transitional economies are projected to remain at 10.0 million ounces.

Last year coinage demand used roughly 16.5 million ounces of silver. This year coinage demand could consume slightly more, totaling 16.8 million ounces of silver.

The 2006 **Silver Yearbook** is sponsored by Apex Silver Mines Ltd., Apogee Minerals Ltd., Avino Silver & Gold Mines Ltd., Bear Creek Mining Corporation, Commodities Now, Endeavour Silver Corp., Excellon Resources Inc., First Majestic Resources Corp., Great Panther Resources Ltd., Hecla Mining Company, IMA Exploration Inc., Kimber Resources Inc., Macmin Silver Ltd., Minera Andes Inc., Mines Management, Inc., Noah Financial Innovation (Pty) Ltd., Orko Silver Corp., Sabina Silver Corporation, Scorpio Mining Corporation, Silver Dragon Resources Inc., Silver Standard Resources Inc., Silver Users Association, Silver Wheaton, Silvercorp Metals Inc., the Institute of Scrap Recycling Industries, the **Prospector** Exploration and Investment Newspaper, and UC Resources Ltd.

CPM Group has produced annual reports on gold and silver since the early 1970s. Beginning in 2006 CPM Group's annual surveys on gold, silver, and the platinum group metals are being published and distributed by John Wiley & Sons, one of the world's foremost publishers of financial market books and reports. John Wiley published the **CRB Commodities Yearbook**, one of the most important sources for basic data on a wide range of statistics. The CPM Group surveys, now retitled **Yearbooks**, are seen as excellent complements to that volume.

CPM Group began in the early 1970s as the research department of J. Aron and Company, one of the world's largest and most successful trading companies. In 1986 CPM Group spun off from Goldman Sachs, which had acquired J. Aron in 1981, to set up an independent research and consulting company. The company has produced annual reports on gold and silver since 1971, and annual surveys of the platinum group metals markets since 1981. It is considered one of the foremost authorities on precious metals in the world. The annual reports are used by major producers, users, investors, central banks, governments, and others as the basis for their views on precious metals supply, demand, and overall market mechanics.



2006 Calendar

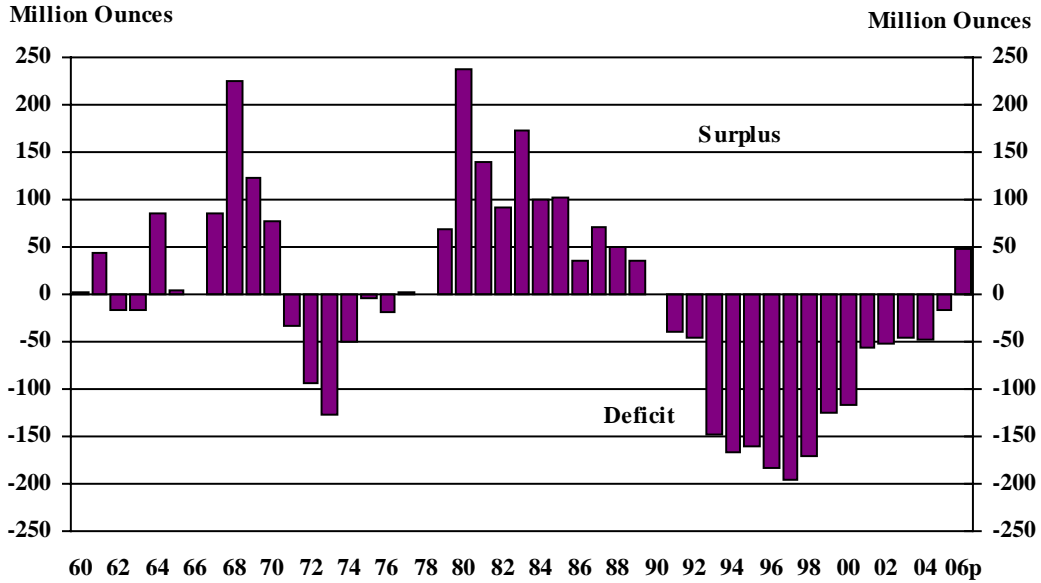
CPM Group released its annual **Gold Yearbook** on Tuesday, 28 February. CPM Group will release its annual **Platinum Group Metals Yearbook** on Tuesday, 27 June.

For more information, please contact CPM Group.

*CPM Group's **Silver Yearbook 2006** Available in printed and/or PDF format. US\$150.00. Available from CPM Group. 30 Broad St., 37th Floor. New York, NY 10004 Tel. 212-785-8320. Fax: 212-785-8325. email: info@cpmgroup.com. The report may be ordered and downloaded online at www.cpmgroup.com.*



Silver Market Surplus/Deficit



The Silver Market

