



August 26, 2011

Frequently Asked Questions

1. Why haven't the resource estimate ounces increased the way we hoped they would with this most recent update August 11th?

The prior resource estimate from February of 2009 used undiluted ounces, with no allowance for mining methods, vein widths, or extraction techniques and recovery rates. The new resource estimate uses fully diluted ounces, which Pan American believes are reasonable, based on projections and planned methods at this time. A different set of assumptions, or updated project engineering, can dramatically improve the number of ounces of silver included in the resource estimate for the project. Also, additional drilling outside of the primary veins can increase the resource estimate ounces and potentially move resources into a higher category.

2. Is Orko only worth 45% of the Net Present Value calculation of the project included in the Preliminary Economic assessment of \$315 million? That seems low.

That NPV calculation uses at \$25 /oz silver price, when currently silver prices are around \$38 /oz. At \$38 /oz, the NPV is \$922 million. Also, the NPV calculation includes about \$64 million dollars of internal management fees payable to Pan American Silver for operating the project, and additional contingency funds. These management fees will only apply as long as the joint venture continues throughout the projected twelve year life of the mine. The true value of our share of the joint venture is likely greater than the simple 45% when the additional \$270 million of capital costs being contributed to construction by PAAS is added on. Also, this NPV doesn't include potential long term silver price increases.

3. What do you mean by, "Orko is fully-carried to commercial production?"

We own 100% of the project until Pan American constructs an operating mine and pours the first doré bar. They expect that to cost them around \$270 million. GMP research suggests the value of our share of the project is closer to 57% when these up-front costs are included. After commercial production starts, Orko and Pan American share costs according to the joint venture agreement.

4. What happens if Pan American tries to take Orko over?

Under the terms of the joint venture agreement, no hostile takeover bid is permitted. Any takeover would need to be approved by the board of directors before it is submitted to the shareholders and voted on at a shareholder meeting.

ORKO SILVER CORP.

Per:

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